

# Congressional Record

---

## PROCEEDINGS AND DEBATES

OF THE

FIRST SESSION OF THE  
SIXTY-SEVENTH CONGRESS

OF

THE UNITED STATES  
OF AMERICA

U.S. GOVT. DOCUMENT

JUN 30 1981

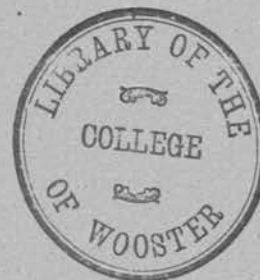
THE ANDREWS LIBRARY  
THE COLLEGE OF WOOSTER

---

### VOLUME LXI—PART 5

JULY 25 TO AUGUST 20, 1921

(Pages 4237-5378)



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1921





# Congressional Record.

## PROCEEDINGS AND DEBATES OF THE SIXTY-SEVENTH CONGRESS FIRST SESSION.

### SENATE.

MONDAY, July 25, 1921.

(Legislative day of Friday, July 22, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	Moses	Simmons
Ball	Heflin	Nelson	Smith
Borah	Johnson	New	Smoot
Brandegee	Jones, Wash.	Nicholson	Spencer
Broussard	Kellogg	Norbeck	Stanfield
Bursum	Kendrick	Norris	Sterling
Capper	Kenyon	Oddie	Townsend
Caraway	King	Overman	Trammell
Culberson	Ladd	Phipps	Underwood
Curtis	La Follette	Pittman	Wadsworth
Dial	Lenroot	Poindexter	Walsh, Mass.
Edge	McCormick	Pomerene	Walsh, Mont.
Ernst	McCumber	Ransdell	Warren
Fernald	McKellar	Reed	Watson, Ga.
Fletcher	McKinley	Robinson	Williams
Harrell	McLean	Sheppard	Willis
Harris	McNary	Shortridge	

Mr. McCUMBER. I wish to announce that the Senator from Pennsylvania [Mr. PENROSE] is engaged in a hearing before the Committee on Finance.

Mr. CURTIS. I desire to announce the absence of the Senator from New Hampshire [Mr. KEYES] on account of illness.

I am also requested to announce the absence of the Senator from West Virginia [Mr. SUTHERLAND] on account of a death in his family.

The VICE PRESIDENT. Sixty-seven Senators having answered to their names, a quorum is present.

### PETITIONS AND MEMORIALS.

Mr. WILLIS presented the memorial of L. J. Nelson and sundry other citizens of Mount Vernon, Ohio, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. CAPPER presented a resolution adopted by the Benjamin Franklin Association for the Recognition of the Irish Republic, of Topeka, Kans., favoring the passage of the so-called La Follette and Norris resolutions relative to Ireland, which was referred to the Committee on Foreign Relations.

### BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WADSWORTH:

A bill (S. 2299) to incorporate the Women's Overseas Service League; to the Committee on the Judiciary.

By Mr. BALL:

A bill (S. 2300) to provide for the examination of persons brought before the Juvenile Court of the District of Columbia; to the Committee on the District of Columbia.

By Mr. REED:

A bill (S. 2301) granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River; to the Committee on Commerce.

By Mr. EDGE:

A joint resolution (S. J. Res. 88) granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York; to the Committee on the Judiciary.

By Mr. LADD:

A joint resolution (S. J. Res. 89) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

### DECLARATIONS AND ACTS OF WAR.

Mr. LADD submitted the following resolution (S. Res. 116), which was referred to the Committee on the Judiciary:

Whereas there is no question touching the life and welfare of the people of the United States of such importance as the making of peaceful relations with other Governments; and

Whereas the right of the people to a voice in the settlement of all questions of even less importance is asserted in the Declaration of Independence and guaranteed by the Constitution: Therefore be it

Resolved, That it is the sense of the Senate that no declaration of war by Congress and no act of war by the executive branch of the Government of the United States shall be taken except to suppress insurrection or repel invasion, as provided for by the Constitution of the United States, until the question at issue shall be submitted to a referendum of the voters of the United States.

### THE SHIPPING BOARD.

Mr. LA FOLLETTE. Mr. President, I ascertain upon inquiry this morning that in so far as the Senator from Nebraska [Mr. NORRIS] is advised no one is prepared to speak upon the pending bill. I therefore avail myself of the opportunity, under the practices of the Senate, to address the Senate upon a resolution which I introduced some time ago. I ask the Secretary to read the resolution which I offered regarding the Shipping Board.

The VICE PRESIDENT. The Secretary will read as requested.

The reading clerk read the resolution (S. Res. 113), submitted by Mr. LA FOLLETTE on the 19th instant, as follows:

Whereas a controversy has existed since May 1 last, and still exists, between the United States Shipping Board and the men employed upon its ships and between the men and the private owners of American ships, whereby hundreds of ships, including those owned by the Government and those privately owned, and many thousands of men have been made idle; and

Whereas the loss to the owners of the ships as a result of the controversy has amounted to many millions of dollars, and the loss to the men in wages alone has amounted to several million dollars monthly; and

Whereas it is reported that as a result of this controversy large numbers of American seamen are leaving the sea to follow other pursuits, thus threatening the success of the program for the upbuilding and maintenance of an American merchant marine upon which billions of dollars of the people's money have already been expended; and

Whereas the people of this country, who are the real owners of the ships controlled by the United States Shipping Board, have the right to know fully all the facts respecting this controversy; and

Whereas the settlements recently made of strikes and controversies between seamen and ship owners and operators in Great Britain and other countries have released the full maritime resources of those countries to compete with the disorganized merchant marine of this country; and

Whereas the continued disorganization of our merchant marine must result in closing foreign markets to our agricultural and other products, except as they may be carried in foreign ships upon terms dictated by foreign rivals, and presents a situation which menaces the interests of all classes of our people; and

Whereas grave charges against the integrity and efficiency of the management by the Shipping Board of the public business and property committed to its care have been made in the press and in the public debate in the United States Senate; and

Whereas it has been charged in the press and on the authority of responsible men and organizations that in the present controversy the Shipping Board has used its great power in a manner inimical to the men and hostile to organized labor: Now, therefore, be it

Resolved, That the Senate Committee on Commerce, or any subcommittee thereof to be appointed by it, is hereby authorized and directed to make a thorough and complete investigation into the controversy above mentioned and the causes thereof, and into the questions of wages and working conditions involved in said controversy, and into the claims and contentions of the respective parties to said controversy and the merits thereof, and into the conditions existing in the maritime service of this country on both publicly and privately owned ships; and that said committee thoroughly investigate the methods and practices of said Shipping Board, including its attitude toward marine workers and their organizations, and the agreements, understandings, and relations, if any exist, between the shipowners or operators in the United States, including said Shipping Board, and all associations of shipowners among themselves and with the ship owners or operators or associations thereof in other countries, and any control or attempt to control the shipping interests or business of this country, or any portion thereof, or the regulation thereof, by any



foreign interests, concerns, or influences whatsoever, and to report its findings and conclusions thereon to the Senate with all convenient speed.

The said committee is hereby authorized to sit and perform its duties at such times and places as it deems necessary or proper and to require the attendance of witnesses by subpoenas or otherwise, and to require the production of books, papers, and documents, and to employ counsel and other assistance and stenographers at a cost not exceeding \$1.25 per printed page. The chairman of the committee, or any member thereof, may administer oaths to witnesses, sign subpoenas for witnesses; and every person duly summoned as a witness before said committee, or any subcommittee thereof, who fails or refuses to obey the process of said committee or appears and refuses to answer questions pertinent to said investigation shall be punished as prescribed by law. The expenses of said investigation shall be paid from the contingent fund of the Senate on vouchers of the committee or subcommittee signed by the chairman and approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. LA FOLLETTE. Mr. President, some weeks ago I introduced a resolution somewhat similar to that which has been read, but I did not press it for consideration at that time because about the time the resolution was introduced the new Shipping Board was appointed. I subsequently withdrew the original resolution and introduced a resolution in a somewhat modified form which has just been read by the Secretary.

The resolution provides for an investigation of certain practices of the Shipping Board and of the controversy which has existed since May 1 last between the marine workers and the various owners and operators of American ships, including the Government-owned ships under the control of the Shipping Board.

About the time of the introduction of the first resolution the personnel of the Shipping Board underwent a complete change with the exception of one member. I have waited during the several weeks since to learn whether the plans and policies of the new board promised a solution of the labor controversy and indicated an abandonment of those practices of the old board which I think should be justly condemned.

The present board has shown that so far as its labor policy is concerned it is apparently identical with that of its predecessor, and if its purpose is to change any of the deplorable practices of the old board such purpose has not manifested itself in action so far as I have learned.

I have, of course, no purpose to embarrass the present board by the resolution for an investigation which I have offered; nor in anything that I may say upon this subject is it my purpose to throw any obstacle in the way of any reforms in the practices of the predecessor of the present organized Shipping Board. It must not be assumed, it can not rightfully be assumed, that an investigation such as I propose is in any way hostile to the Shipping Board or its plans or purposes. On the contrary, it should be distinctly helpful to it.

Here is a board of seven men not one of whom, so far as I am aware, ever had any experience in the management or operation of ships or in the business of marine shipping until appointed to his present position. Yet these men are made responsible for the operation of something like 1,400 Government ships, and the disposal of hundreds of others. They are to supervise the construction of ships contracted for, open trade routes, establish trade agencies throughout the world, and generally to build up our maritime commerce.

Of the operation of these ships Admiral Benson said on April 27, last:

We are losing money every day, practically on every ship that we are sailing. We have, as you know, at least 50 per cent of the fleet tied up. We are spending millions every month to keep the ships going. The taxpayers of this country to-day are spending, as near as I can recall the figures, from \$14,000,000 to \$15,000,000 a month to keep our ships going—what we are running. (Stenographic report furnished by Shipping Board of hearing on wage reduction of seamen, pp. 48, 49.)

Sir, probably \$4,000,000,000 of the people's money have already gone into this enterprise, and hundreds of millions, and probably billions, more will be spent under the direction of this board. (See statement of former Commissioner Joseph N. Teal, CONGRESSIONAL RECORD, Mar. 3, 1921, pp. 4415-4427.) All this vast enterprise is taken over by the new Shipping Board in a condition of almost hopeless confusion and disorganization. Under these circumstances whatever information can be obtained by an investigation of the entire subject certainly ought to be welcomed by every person who wishes to see the Shipping Board succeed in the gigantic task which has been assigned to it.

But, more than this, there are two charges which have been constantly made against the Shipping Board almost from the time of its organization down to the present moment. One is that British influences have shaped or influenced the shipping policies of our merchant marine, and the other is that the Shipping Board has been hostile to the labor organizations of the sea. If these charges, or either of them, have any basis in fact then the facts ought to be fully known and the situation properly dealt with. If neither of these charges is true that

fact should be established and the Shipping Board freed from the suspicion entertained by millions of our people to-day that its policies are un-American and can never result in building up a genuine American merchant marine.

I propose briefly to examine both of these charges, not with the purpose of proving their truth, but with the purpose of showing that they both have sufficient foundation in fact to not only justify, but to require the investigation which I propose.

Let us consider the labor charge first.

#### AMERICAN SEAMEN ESSENTIAL TO THE AMERICAN MERCHANT MARINE.

I lay down this proposition that American seamen are essential to the American merchant marine.

I start this discussion with the proposition, which will not be controverted by anyone at all familiar with the subject, that we can never have an American merchant marine unless we can attract to the marine service and retain in it genuine American seamen and officers to man and operate the ships. I am not going to take the time to elaborate that proposition. Not only does the history of every maritime power in the world prove its truth but the manifest purpose of every country in the world to-day, except the United States, with any maritime pretensions, to man its merchant ships with its own citizens shows how universally the truth of the proposition I have just stated is recognized by the maritime nations of the world.

What good would a fleet of even 10,000 merchant ships have been to us during the late war if they had been manned by the nationals of some other country—possibly alien enemies. Such a fleet would have been a liability and not an asset, at least until such time as we could have trained up American seamen and officers to operate the ships, and this would have been a work of months or years. Even in time of peace we could not maintain American ships manned and operated by foreign seamen. The interests of such seamen would be foreign. If they were able to save a little money they would leave the service and return to their native land. Seamen are not made in a day or a month, but it is a process of years and means years spent on board ship. The officers necessary to navigate American ships could never be obtained except from American crews.

For a hundred years we have had the money; we have had the business; we could easily have had the ships. The reason we did not have a merchant marine was because we had not attracted American seamen to the service.

#### LABOR POLICY OF THE SHIPPING BOARD.

I now come, sir, to deal with the labor policy of the Shipping Board, not only the Shipping Board as constituted some weeks ago but the Shipping Board as reorganized under the present administration.

It follows from what I have already said that one of the most important and possibly the most important, duty of the Shipping Board is to adopt a labor policy which will attract to our ships genuine Americans of the kind which so largely predominate in our railroad service and other skilled and responsible employments. No matter what business reforms the Shipping Board may adopt, no matter what economies it may devise or what trade routes it may open, if it adopts a labor policy which drives American labor from the ships our attempt to build up an American merchant marine will be a colossal failure and the billions of dollars of the people's money will have been uselessly squandered.

The situation resolves itself into this: We can not have an American merchant marine without American seamen. We will not have American seamen unless we pay the wages and create the working conditions which approximate at least to American standards.

The present members of the Shipping Board when they were appointed a few weeks ago inherited the labor dispute then existing between the seamen and the Shipping Board. So important do I deem this subject that I am going to ask the indulgence of the Senate to make a brief statement of the principal points of difference in that controversy.

#### POINTS OF DIFFERENCE BETWEEN THE MEN, THE SHIPPING BOARD, AND THE SHIPOWNERS.

The seamen engaged in that controversy belong to two organizations. One, the National Marine Engineers' Beneficial Association; the other, the International Seamen's Union of America. The engineers' association numbers about 16,000 men. The bulk of them are on the Atlantic coast. The International Seamen's Union numbers about 100,000 men made up of three groups. The sailors or deck department constitutes one group; the firemen, oilers, water tenders, coal passers, and wipers make up the engine department, other than the engineers, and constitute another group; and the third group consists of the marine stewards, cooks, bakers, butchers, and



waiters, known as the steward or culinary group. A further group, not involved in the present controversy up to this time, is made up of the masters, mates, and pilots, and its organization is known as the National Association of Masters, Mates, and Pilots. Their contract does not expire until August 1, 1921. The word "International" is used in the name of the seamen's union because it has branches in Canada. Otherwise it is purely an American organization.

From May 1, 1920, to May 1, 1921, the agreement in force between the private owners, the United States Shipping Board, and the marine firemen, oilers, water tenders, and so forth (one of the groups of the International Seamen's Union), provided the following scale of wages, and I state it for the information of the Senate:

	Wages per month.
Deck engineers	\$100
Pumpmen	100
Donkey men	95
Storekeepers	95
Oilers	95
Firemen	90
Coal passers and wipers	75
Water tenders	95

This contract also provided that in port the working hours should be from 8 a. m. to 12 m. and from 1 p. m. to 5 p. m. It also provided for overtime work not necessary for immediate safety—which means practically work in port—at the rate of 60 cents per hour and subsistence for the crew when not fed on board the vessel at the rate of 75 cents per meal, and when compelled to sleep ashore each man was entitled to 75 cents per night for a room. It was further provided that the representative of the seamen's organization should be granted permission to visit vessels upon presenting a pass signed by the owner at the time of paying off and at such other times as were agreeable to the representatives of the owners, but under no consideration should the representative of the organization thereon interfere with the men at work. There were various other provisions designed to secure the health of the men and cleanliness of their quarters. This contract was typical of those made with the other seamen's organizations engaged in the present controversy, excepting that the wage scale is very different from the wage scale which I have just stated. The wage of able seamen provided in the agreement was only \$85 a month and \$90 a month for marine firemen. With this as a base, the wages were slightly higher or lower, according as the ratings of the men in the respective groups were higher or lower, than the able seamen or marine firemen.

Now, Mr. President, I come to the differences which arose between these seamen's organizations and the Shipping Board and the shipowners.

On January 25, 1921, the representative of the committee on wages and working agreements for the American Steamship Owners' Association wrote Mr. Pryor, secretary of the seamen's organization, urging a revision of the wage and working agreement mentioned and saying:

We now ask you if you will consent: (1) To immediate elimination of overtime; (2) to readjustment of subsistence and room allowance; (3) to a substantial reduction in wages to a basis which will enable American vessels to meet successfully the wage costs of our principal foreign competitors.

I continue to quote from that letter:

Because of the emergency we urge that you make a definite reply to us as soon as possible. Every week that passes sees more and more ships laid up, and we desire to check this process just as soon as our united efforts can accomplish it.

That letter, Mr. President, was dated January 25. On January 26 Admiral Benson, acting chairman of the Shipping Board, addressed a letter to the seamen, in which he urged acceptance of the terms laid down by the owners' association. The terms laid down were not very definite. They might have been definitely understood as they were to be worked out between the shipowners and Admiral Benson, who was then acting chairman of the Shipping Board; but there was nothing in the letter to indicate the extent of the reduction in wages or the changes that would be insisted upon in the rules and working conditions by the shipowners as communicated to the seamen in the letter which they received. Nevertheless, Admiral Benson, in his letter addressed to the seamen on the day following the date of the letter of the shipowners, urged the adoption of the plans proposed by the shipowners. In this letter he said:

I am in accord with the program which has been submitted to you in the attached letter and feel sure that we can count upon your hearty cooperation in taking such steps as are necessary to keep more of our ships in operation and more of our officers and men in the position to earn their livelihood by the practice of their profession.

I beg the attention of Senators to this correspondence. I venture to say that it shows a spirit on the part of the men

that should have worked out a solution of this trouble and insured our retention of American citizens in our so-called American merchant marine.

Now, sir, the letter addressed to the seamen's organization by the shipowners' association was dated January 25. The letter of Admiral Benson was dated January 26. On January 31, five days after the date of the letter of the shipowners' association, four days after the date of the letter of Admiral Benson, and probably within three days after those letters were received, the men replied to the steamship owners' letter as follows:

THE AMERICAN STEAMSHIP OWNERS' ASSOCIATION,  
Whitehall Building, 17 Battery Place, New York City.

GENTLEMEN: Your favor of the 25th instant signed by J. McCarthy, vice chairman of committee on wages and working conditions on board ship, received. After giving your communication the most serious consideration of which our joint grievance committee is capable, we respectfully submit the following to you:

You are urging a revision "at the earliest practicable date, of American wages and working rules," and you do this for the following reasons:

- "1. The general decline in the volume of sea borne commerce.
- "2. The intensifying competition of foreign ships operated at lower costs than American ships."

We respectfully beg to submit that your first reason seems to us to be of such a nature that any alterations in wages, overtime, or working rules will not meet the emergency. We are aware that a very large percentage of the tonnage of Norway, Sweden, Italy, and Great Britain are at present laid up. We, not knowing the real cause, have to accept as a cause, what seems to be the common understanding, namely, that the poverty of Europe, resulting from the war and peace, has made Europe unable to buy American products, either with gold or any other commodities, and that this has resulted in the stoppage of international commerce.

Your second reason—"intensifying competition of foreign vessels operated at lower costs than American ships"—seems to us to have some merit, and we feel that under certain conditions we could induce our membership to accept a revision of existing rules and conditions.

We beg to assure you that we are deeply and earnestly concerned about the development, the profitable operation, and the permanency of an American merchant marine and a real sea power for America. Feeling as we do, that in a large sense our interests are common, we shall be pleased to cooperate with you toward the ends sought to the utmost of our ability and in such a way as to retain under the American flag not only all the vessels but to man them with a sufficiently large number of citizen seamen, so as to make the merchant marine truly American.

You submit three concrete propositions. The first is immediate elimination of overtime; second, readjustment of subsistence and room allowance; third, substantial reduction in wages to a basis which will enable American vessels to meet successfully the wage cost of our principal foreign competitors. We assume that in making these propositions you are thinking of them as principles which you will be willing to modify upon a closer investigation of the facts as they exist here, in Europe, and in Japan. We further assume that you are willing to go into and examine all the facts and that, having thus examined the facts and come to some reasonable understanding that would be constructive and helpful to the building up of an American merchant marine, you would be willing to enter into an agreement for another year based on such facts and understanding.

We beg to assure you that we have from original sources some concrete and late information dealing with wages, subsistence, and overtime paid in European countries. We find that there is none of them who do not pay overtime for certain overtime work, and we find further that our own laws and our own decisions here in the United States run in the same direction. If it be your idea to revise the rules under which overtime is being paid, we shall be pleased to cooperate with you. We feel the same way about subsistence and, to some extent, about wages, but all these would have to be based upon a mutual understanding arising out of mutual good will and mutual and cooperative work for the building up of an American merchant marine.

We respectfully suggest that a conference be called at the earliest possible date, to go into the whole subject matter with a view of such revisions as can be agreed upon and as will then be made the basis for an agreement to carry us through another year.

Again assuring you of our utmost concern and our willingness and desire to cooperate with you on the propositions which we both have in view, and awaiting an early reply, we beg to remain,

Very respectfully, yours,

EASTERN AND GULF SAILORS' ASSOCIATION,  
By PERCY J. PRYOR.  
GUS. ERICSON.  
MARINE FIREMEN, OILERS, AND WATERTENDERS' UNION,  
By OSCAR CARLSON.  
JAMES LYNCH.  
MARINE COOKS AND STEWARDS' ASSOCIATION,  
By P. H. GRIFFIN.  
D. E. GRANGE.

The same day, mark you—January 31, 1921—the men also wrote Admiral Benson as follows; and I ask the Senate to let me tax their patience to listen to this letter. I think it very important, Mr. President, that the Senate—which is going to be called upon shortly to deal with the matter of increased appropriations for the Shipping Board, and legislation of the greatest importance concerning that organization—should understand in their entirety the details of the differences which have arisen between the American seamen and the Shipping Board; because, sir, I take it that it is almost axiomatic that we can not have an American merchant marine unless we can have American seamen, and we can not have American seamen unless we can preserve such relations with the men who could naturally be called to the sea as will invite and insure their retention upon the sea.



Therefore it seems to me that there must be a proper spirit—there must be such a recognition of the relations between the men who operate the ships, the men who own them, and the Government in whose interest they are run as is manifested at least by Great Britain, our principal rival, and before I finish I shall have occasion to contrast the attitude of Great Britain toward and her treatment of the organizations representing those who run the ships, man the ships, and operate them over on the other side and the attitude of our Shipping Board here and of our shipowners here toward our seamen.

The same day, on January 31, 1921, the men also wrote Admiral Benson as follows:

Hon. WILLIAM S. BENSON,

Chairman United States Shipping Board, Washington, D. C.

DEAR SIR: Your favor of the 26th instant received and same has been submitted to our joint grievance committee, together with the letter which you mentioned in your communication. Inclosed please find copy of letter which we have this day felt it our duty to send to the American Steamship Owners' Association.

In addition to what we have said in the letter to the American Steamship Owners' Association, we respectfully beg to call your attention to the fact that, as chairman of the United States Shipping Board, you are operating about 2,000 American vessels, or those vessels are at least operated under regulations insisted upon and issued by you.

Six years ago there was about 5 per cent of American citizens sailing before the mast, in American vessels. The latest census taken—in the only way it could be taken—indicates that 51 per cent are native Americans. We have no means of accurately ascertaining the number of naturalized Americans, but we do know that there is a considerable number of them.

Six years ago the difference in wages of foreign vessels sailing in competition with American vessels was in some instances so great that competition was impossible, and American vessels went under foreign flags.

The changing of the law—of the status—and of general conditions has brought this large number of native Americans to sea. They are now leaving. We don't know what they are saying when they arrive back home. They are leaving because of lack of work—the disposition of a large number of American shipowners to employ foreigners in preference to Americans—and further because of the strong rumor that wages are to be cut and existing conditions destroyed.

As stated in the letter to the American Steamship Owners' Association, we stand ready, eagerly ready, to cooperate for the upbuilding of a real American merchant marine and of a real sea power for America. We hoped, and still hope, to have the cooperation of the shipowners. We felt sure, and we still feel sure, that we shall be permitted to cooperate with you and the American Government, even though we should not be permitted to cooperate with the American shipowners.

The number of vessels which the Shipping Board controls will determine the wages and conditions for other ships, if the Shipping Board shall so desire. We beg to remind you that the shipowners and seamen of Europe, and it may include Japan, are now meeting at Brussels, Belgium, in an endeavor to arbitrate the hours of labor in maritime commerce and to come to an understanding about such other things as may be possible, and we do not feel that they are seriously considering the interests of the American merchant marine. We feel that in the coming year or two, perhaps three, it will take all the cooperation, good will, and strength of all the different factors constituting the American merchant marine to defend the interests of the growing merchant marine and sea power of the United States.

In the earnest hope and expectation that such cooperation may be arranged for and that such meeting will be called for that purpose and that such meeting will be successful, we beg to remain,

Most respectfully, yours,

EASTERN AND GULF SAILORS' ASSOCIATION,

By PERCY J. PRYOR,

GUS. ERICSON,

MARINE FIREMEN, OILERS, AND WATERTENDERS' UNION,

By OSCAR CARLSON,

JAMES LYNCH,

MARINE COOKS AND STEWARDS' ASSOCIATION,

By H. P. GRIFFIN,

D. E. GRANGE.

Mr. President, how were those letters received by the Shipping Board and the Shipowners' Association? Admiral Benson merely replied, acknowledging receipt of the letter, and the Shipowners' Association did not reply at all to the seamen's letter.

Now, mark you, the last letter I read was dated January 31. Not until some time in April, 1921, was a conference called at New York between the men, the owners, and the Shipping Board; and, mark you, sir, under the existing arrangements the contracts with the men terminated with the last day of April, with such tenders on the part of the seamen's organization as I have presented to the Senate, showing good will, showing a spirit of loyalty to the upbuilding of an American merchant marine.

This matter was permitted to drift along to within a few days of the expiration of the contracts under which they had been working for a year, and then a conference was called in New York. At that conference the owners finally delivered their ultimatum by presenting the form of a reduced wage scale which they would require all men to sign if they were to continue service on the ships after the 30th day of April, 1921.

A copy of the wage scale proposed for the firemen, oilers, and water tenders is herewith submitted, and this, with the contract to which I shall make reference later, was typical of their attitude toward the other organizations. I submit this wage scale because I have already stated to the Senate the scale of wages paid to the firemen, oilers, and water tenders.

It will be remembered by Senators that the wages under the existing contracts were as follows, and I repeat this scale in order that it may be in the minds of Senators when I state the changes which the shipowners, backed up by the Shipping Board, proposed to enforce:

	Wages per month.
Deck engineer.....	\$100.00
Pumpman.....	100.00
Donkeyman.....	95.00
Storekeeper.....	95.00
Oiler.....	95.00
Fireman.....	90.00
Coal passer and wiper.....	95.00
Water tender.....	95.00

The wage scale which they proposed was as follows:

	Wages per month.
Deck engineer.....	\$75.00
Pumpman.....	75.00
Donkeyman.....	70.00
Storekeeper.....	70.00
Oiler.....	70.00
Fireman.....	67.50
Coal passer and wiper.....	55.00
Water tender.....	70.00

It amounted to a cut of a little more than 25 per cent in the wages of the men—that is, what is called the base wage as applied to this schedule. This proposed wage scale reduced the base pay over 25 per cent and abolished all overtime pay, making, in fact, a total reduction of from 40 to 60 per cent in the wages of the men at one stroke.

But that was not all. To the proposed wage cut there was added an equally harsh and drastic revision of the rules, to which I will direct attention later.

It was proposed that the men should accept the slashing cut in wages, together with the revision of the rules, which imposed intolerable working conditions, and sign a new contract binding them to these proposals. But the shipowners reserved the right to abolish the contract at any time on 30 days' notice. Of course, this form of contract was rejected by the men. The proposals of the men were either all rejected or not considered at all, and the meeting ended. It should be stated in this connection that before men take service on board ship they are called up and individually required to sign the articles which contain the substance of the contract. If they refuse to sign, they are ordered off the ship. It was for failure to sign this proposed contract that the men were ordered off the ship by the officers. The so-called strike of the men, therefore, is really a lockout by the owners.

At the New York conference in April between the owners, the Shipping Board, and the men it was specifically stated by the seamen's delegation that the matter of first importance was the development of the American merchant marine. The second was wages and working conditions. It was pointed out that when the so-called seamen's bill became a law it was generally admitted that there were less than 7 per cent of native Americans sailing under the American flag, licensed officers excepted. On the 1st of December, 1920, there were 51 per cent of native Americans, licensed officers excepted, sailing under the American flag, and there was at least 10 per cent additional of naturalized citizens in the same service. This included the Lakes, coastwise, and ocean vessels.

Subsequently a meeting was called by Admiral Benson in Washington, in which he met the seamen's representatives, and after some discussion it was proposed by the seamen to submit the matters in controversy to the President of the United States, who, under the law, exercised large control over the board. This proposition was rejected. The men, however, as a last resort did address the President on the subject in a communication dated April 29, 1921, which contains a complete but brief review of what had occurred in the conferences to which I have referred.

Now, Mr. President, I read this letter, because in it the men submitted the whole matter to the discretion of the President, with the distinct statement that their interests were so great in the maintaining of a truly American merchant marine that they would accept any conditions that he imposed, to continue for a year. The letter reads:

WASHINGTON, D. C., April 29, 1921.

MR. PRESIDENT: This is a report and a prayer. All the agreements and arrangements between shipowners organized in the American Steamship Owners' Association, the United States Shipping Board, the organized marine engineers, sailors, firemen, marine cooks and stewards, these last three constituting the International Seamen's Union of America, will cease with to-morrow night.

The shipowners offered us a reduction amounting to 25 per cent on wages and subsistence, and the abolition of all pay for overtime work. This took place in the month of January. We wrote them a letter offering to meet them to do the utmost possible to come to an understanding, to take effect immediately, and to run until April next, 1922. There was no meeting until the 19th of this month. Then they offered us conditions that were utterly impossible for us to accept. We



countered with certain propositions which we deemed of absolute necessity for the upbuilding and preservation of the personnel of the merchant marine of America. They refused. We met them again on the 25th, and they refused to consider our proposals. This ended the meetings in New York.

Admiral Benson, chairman of the Shipping Board, called everybody interested to meet here in Washington on Wednesday, the 27th. There was a 10 per cent reduction in the cut proposed to us here, making it 15 per cent of the actual wages signed for on the articles; but the total cut would, under the rules proposed, be from 40 to 60 per cent of the actual income of the men employed; but no other change in the other things, except that in so far as the carrying out of the law was concerned, the admiral declared himself entirely in favor of the carrying out of the law and that he would do what he could to have the law enforced.

We submitted as a proposition that in the matter of employment the American citizen would have the preference for any rating which we would be qualified to fill and that men with intention papers should have the next chance of employment, basing their preference amongst them upon the length of time that such intention papers had been held. This was refused. There were several other propositions made and refused. Whereupon we made the offer to submit the entire question to you, declaring ourselves willing to accept whatever you should deem most advantageous to the building up of a merchant marine for the United States, and that in order to prevent any stoppage at all the present condition should remain until you had an opportunity to act upon the situation. This was first refused by Admiral Benson, stating that he would not burden you with this matter. It was then peremptorily refused by the shipowners. We renewed our offer and again were refused. Whereupon, it was stated by us that we felt that we did not burden you by submitting our judgment to yours. We felt that we were doing our duty to you and to the merchant marine.

We now respectfully submit the matter to you in the firm faith that you will act for the development and maintenance of the merchant marine.

(Signed) W. S. BROWN,  
President Marine Engineers' Beneficial Association.  
(Signed) ANDREW FURUSETH,  
President International Seamen's Union of America.

To the PRESIDENT OF THE UNITED STATES,  
The White House, Washington.

Without waiting for the President's answer to the seamen's letter, or to take any action in the premises, the owners on the next day, April 30, when the existing contracts had expired, excluded the men from the ships and the lockout was on.

An examination of the history of these negotiations shows that there was never any serious objection on the part of the men to accept a cut of 15 per cent in wages. The men refused to accede, however, to the proposals in which the Shipping Board and private owners agreed, to wit:

(a) Denial of the right of the men to have a representative of the unions present when they sign on or are paid off. That is on shipboard, and is only intended to insure a perfect understanding on the part of the men who sign as to what they are signing.

(b) Abolition of the three watches or 56-hour week for the men. That was one of the conditions that was imposed by the new rules and regulations—that the three watches should be taken away—and that meant an extension of the length of time that men should be required to serve on shipboard in maintaining two watches instead of three.

(c) Abolition of all pay for overtime.

(d) Reduction of subsistence allowance.

(e) The refusal to enter into any contract with the men exceeding six months or which was not subject to termination on 30 days' notice.

That the Shipping Board, as charged by the men, used its great power through the allocation of ships to prevent the men making more favorable terms with shipowners is shown by the orders which it issued.

Even where shipowners were willing to pay these men the then existing wages and continue them the power of the Shipping Board was exerted everywhere with shipowners who desired to secure the allocation of American ships to prevent their paying the men according to their own idea of what was fair.

I quote from the Journal of Commerce, May 7, 1921, mail edition, page 20:

WASHINGTON, May 5.

Admiral Benson declared to-day that any operating companies which violate instructions not to sign on men at the old wage scale will have their vessels withdrawn. These statements from the Shipping Board chairman also declare between 45 and 50 ships cleared to-day from various ports. Immediately following statement in the press this morning that several companies have taken on men at the old rate wage scale Admiral Benson started an investigation to determine the truth of the report. It was said that the Polish-American Navigation Co., United States Transport Co., and the C. W. Morse Co., operators of Government vessels, had agreed to pay the former wages. "There will be no leniency for these companies," Admiral Benson said, "if it is found that the reports are correct."

When it is remembered that at the time this order or statement was issued a number of the lines were ready to sign up with the men on terms more favorable than those offered by the Shipping Board it is readily seen how this threat, which amounted to notice that allocations of ships would be withdrawn from such companies, operated to prevent a settlement.

Besides this the American Shipowners' Association, chambers of commerce, and other institutions of great financial power combined to destroy the resistance of the seamen by all means in their power. For example, here is a telegram, under date of May 4, 1921, sent by the executive officers of the seamen in San Francisco to their New York office, which reads:

Seafarers' Council interviewed Frey of steamers *Yale* and *Harvard*. Is paying scale and overtime as of 1920 and in some instances more. Not member of American Shipowners' Association. Stands alone in that respect on Pacific coast. Is desirous of meeting all demands of organization, but fears to sign 12 months' agreement on account of chamber of commerce in Los Angeles and San Francisco, who would bring influence to have his fuel supply stopped. Immense pressure is being brought to bear on Vice President and General Manager Frey from American Shipowners' Association and other sources, as shown us by telegrams. Council favors operation on these two boats only, with no other exceptions, in view of knowledge at their hands and existing circumstances.

In addition to this, I have in my possession original affidavits, which, if they are true, show coercion and deception on the part of the agents of the Shipping Board in procuring men to sign up for sea duty. I also have a blank form of a letter purported to be signed by a representative of the Shipping Board and used in sending nonunion men, with their expenses paid from Chicago to Seattle, to take the place of union seamen. I do not care to put these original documents into the Record, but will be glad to submit them to the committee which undertakes the investigation under the resolution I have offered.

Not only have the new members of the Shipping Board done nothing of which I am aware to repudiate the acts of their predecessors, but they appear to have ratified and confirmed them. In the report of the proceedings of the convention of the American Federation of Labor held in Denver I find the following, purporting to be a press dispatch from Washington under date of June 17, 1921:

The "open shop" will be strictly enforced in the American merchant marine, Chairman Lasker, of the Shipping Board, announced Thursday. Mr. Lasker emphasized that there will be no discrimination against union seamen, provided they make no attempt to harass nonunionists or men who were hired to fill their places in the recent strike.

In the same report appears a telegram sent from the seamen's representatives in Washington to the president of the International Seamen's Union, at Denver, which says:

Representatives of the Atlantic district union this morning officially met with O'Connor and Benson as subcommittee for the new Shipping Board, at which undersigned were present. Both commissioners stated plainly that the new board would not give unions' agents privilege of visiting docks or ships. They also definitely stated that no new agreements would be ratified for longer than six months.

As illustrative of the attitude of the great labor bodies of this country, I quote further from the resolutions adopted by the American Federation of Labor at its annual meeting at Denver and contained in the published reports of its proceedings, in which it is directly charged:

That the Government, with its power and money, is to create, foster, and perpetuate the nonunion shop, proscribing the union men; and, second, that there is to be a further general reduction of wages in January, 1922.

Again, in the same resolution, it is said:

The United States Shipping Board is now, while hiding behind the smoke screen of hostility to trade-unions, torpedoing the merchant marine and sea power of these United States.

It will be said by some that this is prejudiced testimony. I am not discussing that. It is the testimony of all organized labor in this country concerning the United States Shipping Board. If it represents an erroneous view, it should be corrected by giving the widest publicity to the truth. If it represents the correct view, then certainly the public is entitled to know it.

That this view is not peculiar to organized labor appears from the article of Horace B. Drury in the Journal of Political Economy, volume 29, January, 1921, where, in the course of a most friendly discussion of the workings of the Shipping Board, he said:

The practical operations of the Shipping Board have, to a very large extent, been in the hands of a small group of shipping men, who represented in their former associations a group particularly hostile to trade-unionism.

Since the new members of the present Shipping Board took office the marine engineers—who must be distinguished from the so-called deck engineers—have signed a six months' agreement accepting a 15 per cent cut in wages and agreeing substantially to the other conditions laid down by the Shipping Board and the private owners respecting the union which I have enumerated. Marine engineers are, of course, really licensed officers, and their pay is about double that of the ordinary seamen. This so-called settlement, of course, means that the whole question will be reopened by this organization in January. There has been no settlement, however, with the groups constituting the International Seamen's Union. The strike has merely been declared off on the Atlantic coast, which means that many thousands of the seamen



will leave the sea service, in fact already have done so, and that others will make the best terms for themselves possible, renewing the struggle at a more opportune time.

Our entire force of seamen is therefore dissatisfied and smarting under a sense of wrong and injustice. Those who intend to continue in the marine service are only waiting the time when the demand for seamen will enable them to open the battle again with greater hope of success.

How different is the situation presented by our chief maritime competitor, Great Britain, and in fact every other country with which we must compete upon the seas. The responsible authorities in Great Britain adopted exactly the opposite course from that pursued by our Shipping Board. Instead of making war upon the seamen's organizations she has fostered and encouraged them. The Government, with the assistance of the unions, has established training schools from which the boys are sent on board ships to serve their apprenticeship in order to become able seamen. This practice of shipping boys or young men on board ship to learn the business was adopted to some extent in our merchant marine by agreement with the unions during the war, and the United States Shipping Board abandoned the practice at the first opportunity.

The result of the British policy is that British seamen have accepted a wage cut of £2 10s. per month, amounting to about 15 per cent of their war-time wage, other conditions remaining unchanged, and as a consequence the seamen's unions of that country are working in harmony with the shipowners to extend British maritime trade.

I am permitted to quote from a letter under date of June 14, last, written by J. Havelock Wilson, member of Parliament, president of the Sailors' and Firemen's Union of Great Britain and Ireland, and also a member of the maritime board, in which, writing to Mr. Furuseth, president of the International Seamen's Union of America, he said:

It seems strange to me that the owners in America are so strong on the "open shop," whereas the owners on this side are doing everything they can to make it the "closed shop." As a matter of fact the great majority of the owners have turned the entire shipping of men over to us and many of them have expressed the view that they do not know how they could do without us.

This is one particular, at least, in which we could well afford to learn from our great maritime rival.

A careful review of the controversy between the American seamen and the shipowners shows that the question of wages was secondary; that the men were at all times willing to sit down with the owners and revise the working rules; that it was the conditions on board the vessels and the conditions attendant upon the signing on and paying off of the men that were the primary points of dispute, for in this was involved the question whether or not the men would remain at sea and whether or not we could have a merchant marine manned by American sailors. The fight which the seamen have been making is much more than a fight for themselves. They have been making a fight upon the issue of which depends the question whether we shall have an American merchant marine or not.

The wages which they have offered to accept are far below that necessary to maintain an American standard of living. According to the Monthly Labor Review for December, 1919, the cost in August and September of 1919 of maintaining a family of five at the health and decency level was \$2,126.47.

Of the budget referred to, the Monthly Labor Review said:

It was intended to establish a bottom level of health and decency, below which a family can not go without danger of physical and moral deterioration. This budget does not include many comforts which should be included in a proper American standard of living.

The cost of maintaining a family in 1919, as shown by the Department of Labor, was \$2,126.47. The latest figures furnished by the Department of Labor, based upon its investigation of prices in 32 leading cities in the United States, establishes the fact that the reduction in the cost of living in this country since December, 1919, and down to May, 1921, six weeks ago, is exactly 18.9 per cent. Applying this percentage of reduction to the cost of maintaining a family at the health and decency level in 1919, establishes the cost at \$1,724.57.

While it is true that the seaman is furnished his food on shipboard, it is to be remembered that he is never employed more than 9 or 10 months out of the year and is often out of employment half the time, no matter how efficient and industrious he may be.

While the above and all similar figures are more or less approximations, they demonstrate conclusively that the wages received by seamen, even their war wages, if you please, do not permit a decent standard of living. On such wages no sailor could hope to maintain a home, however humble, or support a wife and children.

I am aware that it is said that seamen's wages must be reduced in line with the policy of economy demanded of the Shipping Board. Look at the facts for a moment. Admiral Benson, testifying before the Subcommittee on Appropriations, May 9, 1921—see page 551 of the hearings—said:

I think that the question of wages is always a little exaggerated, because under any system it is not much over 10 per cent of the total cost of operation.

I think the figures usually given are from 7 to 8 per cent, but accepting Admiral Benson's figures, it follows that out of every thousand dollars cost of operating a ship 10 per cent, or \$100, would represent the seamen's wages. Fifteen per cent of this, which is the reduction insisted upon by the Shipping Board and agreed to by the men, is \$15. Therefore it follows that the proposed reduction in wages would only amount to \$15 out of every thousand dollars cost of operation, or \$1,500 out of every hundred thousand dollars cost of operation.

The mistakes of an unskilled or inefficient crew in looking after the machinery or in the amount of fuel unnecessarily consumed would more than offset this so-called wage saving in a single voyage. It is not a question of wages at all. It is a question of destroying the men's organizations and of subjecting them to working conditions which they will not stand, and ultimately a question of driving the American seamen and the American merchant marine from the sea, enabling the shipowners to employ cheaper foreign labor and make still larger profits.

Think for a moment of the profits made and the surplus accumulated by every steamship company that has been engaged in business during the last five years. I have before me the figures showing the profits made and surplus accumulated by the principal ones. I am not going to stop to read them all, but they are fabulous. I ask leave, Mr. President, to insert them in my remarks.

The PRESIDING OFFICER (Mr. LENROOT in the chair). Without objection, permission is granted.

The matter referred to is as follows:

TABLE I.—Profits of Great Lakes passenger and package freight-boat companies.<sup>1</sup>

Name.	Capital stock, 1921.	Net income, 1916-1920.	Rate on capital.	Annual average.	Dividends paid, 1916-1920.	Added to surplus, 1916-1920.
Ashley & Dustin, Chicago, Duluth & Georgian Bay.....	\$215,500	\$149,249.35	Per ct. 69.3	Per ct. 13.9	\$111,060.00	\$124,344
Cleveland & Buffalo Transit Co., Detroit & Cleveland Navigation Co., Goodrich Transit Co., Great Lakes Transit Corporation..	\$857,900	316,817.68	35	7	16,712.50	203,538
	2,000,000	714,614.70	35.7	7.1	395,000.00	141,335
	\$6,038,000	3,849,574.34	76.8	15.4	\$4,304,091.50	\$413,445
	500,000	417,082.63	67.6	13.5	171,105.14	333,812
	3,500,000	4,895,777.66	139.9	28	3,839,375.00	\$311,721

<sup>1</sup> Compiled by the People's Legislative Service from the sworn reports of the companies on file with the Interstate Commerce Commission.

<sup>2</sup> \$253,100 worth of stock has been reacquired during the past five years and held alive.

<sup>3</sup> Increased from \$3,862,750 in 1915 by the issuance of two stock dividends of 25 per cent each.

<sup>4</sup> Includes two stock dividends of \$2,174,287.50.

<sup>5</sup> Decrease.

Mr. LA FOLLETTE. During the pendency of a bill which seeks to undermine the seamen's act, which was passed in 1915, there appeared before the committee of the House of Representatives certain witnesses, who were either themselves the owners or representing the owners of two of the lake steamship companies, who stated that it was impossible for them to operate with any profit their companies under the existing condition. They put up in their testimony there a most pitiful appeal as to their hard financial situation. Mr. President, under the law those steamship companies were required to submit to the Interstate Commerce Commission sworn statements with respect to their earnings, and since having my attention called to their testimony given before the House Committee on the Merchant Marine and Fisheries, I have had occasion to look into the sworn statements which they filed with the Interstate Commerce Commission. I name in the tables which I have asked to have inserted in my remarks the important companies which are typical of the lake service, and show what they earned upon their capital stock and what they were able to carry as surplus, in addition to the enormous earnings which

they made. I merely call attention now to the profits of two of the companies who stated their sad plight before the House committee:

The Ashley & Dustin Co., having a capital stock in 1921 of \$215,500; a net income from 1916 to 1920 of \$149,249.35; rate on capital, 69.3 per cent; annual average rate, 13.9 per cent. Besides that, they carried over and added to surplus from 1916 to 1920, \$124,340, or more than half of their total capital.

The Goodrich Transit Co. is one of the companies testifying as to the hard conditions under which they find themselves in operating their vessels. They are capitalized at \$500,000; net income from 1916 to 1920, \$417,082.63; rate on capital, 67.6 per cent; annual average rate, 13.5 per cent; dividends paid, \$171,105.14; and carried to surplus, \$333,812 in that period of time. I will not take the time of the Senate, Mr. President, to go into that matter more fully.

I have also here a table showing the profits of certain overseas lines which I ask to have printed in the RECORD without taking the time to read them.

The PRESIDING OFFICER (Mr. STERLING in the chair). Without objection, it is so ordered.

The tables referred to are as follows:

TABLE II.

Profits of some of the principal steamship lines on the Atlantic, Pacific, and Gulf coasts.<sup>1</sup>

Name.	Capital stock, 1921.	Net income (total net profit), 1915-1920.	Rate on capital.	Annual average.	Dividends paid, 1915-1920.	Added to surplus, 1915-1920.
Atlantic, Gulf & West Indies..	\$28,706,300	\$29,088,983	101.3	25.3	\$7,243,641	\$19,014,944
International Mercantile Marine.....	101,597,500	77,417,472	76.2	12.7	37,242,360	41,826,877
Pacific Mail Steamship Co.....	1,500,000	8,067,133	365.3	60.9	3,997,500	5,224,383
United Fruit Co.....	100,000,000	94,147,500	136.6	22.8	77,080,277	66,176,490

<sup>1</sup> Compiled from data furnished by the Standard Statistics Service to the Labor Bureau (Inc.).

<sup>2</sup> 1916-1919 only.

<sup>3</sup> The outstanding preferred stock (\$1,700,000) was retired on Sept. 1, 1918, at 110 and accrued dividend.

<sup>4</sup> Increased from \$50,000,000 by the declaration of a stock dividend of 100 per cent in 1920.

<sup>5</sup> Included \$50,000,000 stock dividend.

TABLE III.

Profits of some of the steamship lines, 1920.

	Net income.	Rate on capital.
Atlantic, Gulf & West Indies.....	(1)	Per cent.
International Mercantile Marine.....	\$7,500,000.00	73.8
Pacific Mail.....	1,277,470.00	85.2
United Fruit.....	29,008,307.00	29.0

<sup>1</sup> Not available.

Profits of some of the lake companies, 1920.

	Net income.	Rate on capital.
Ashley & Dustin.....	\$27,270.75	12.7
Chicago, Duluth & Georgian Bay.....	99,757.86	11.6
Cleveland & Buffalo Transit Co.....	263,105.31	12.2
Detroit & Cleveland Navigation Co.....	897,132.05	15.6
Goodrich Transit Co.....	165,461.48	33.1
Great Lakes Transit Corporation.....	815,079.55	23.3
All lake companies.....	2,267,807.00	17.3

Mr. LA FOLLETTE. Compare these profits with the \$75 or \$100 a month received by even the able seamen—\$85 a month, however, was the maximum for able seamen, even in war time—and it is obvious that the real controversy does not hinge upon saving a few dollars by cutting the monthly wages of the men. Besides all this, American shipowners are already given a subsidy by their exemption from taxation, providing only they will put the money back into new construction, which far more than equalizes any difference in wages that may exist between this and other countries. I refer to section 23 of what is commonly called the Jones Act. (See CONGRESSIONAL RECORD of Mar. 3, 1921, p. 4425.)

I am not aware that American seamen have ever claimed special credit for helping to win the World War. They are entitled, none the less, to great credit for the heroic and patriotic part they played in that work. Early in the war the representatives of all American seamen joined with the Shipping Board, with the Secretary of Labor, and with the private owners in an earnest appeal for all American seamen to return to American ships. More than that, at their convention in Buffalo, N. Y., December 3 to 12, 1917, they issued and gave nation-wide publicity to the following call:

#### A CALL TO THE SEA.

To all seafaring men ashore or afloat:

The International Seamen's Union of America, in annual convention assembled, representing the organized seamen of America, submits the following to all men of seafaring experience, ashore or afloat:

The Nation that proclaimed your freedom now needs your services. America is at war. Our troops are being transported over the seas. Munitions and supplies are being shipped in ever-increasing quantities to our armies in Europe. The bases are the ports of America. The battle fields are in Europe. The sea intervenes. Over it the men of the sea must sail the supply ships. A great emergency fleet is now being built. Thousands of skilled seamen, seafaring men of all capacities who left the sea in years gone by as a protest against the serfdom from which no flag then offered relief, have now an opportunity to return to their former calling, sail as free men, and serve our country.

Your old shipmates, men who remained with the ship to win the new status for our craft, now call upon you to again stand by for duty. Your help is needed to prove that no enemy on the seas can stop the ships of the Nation whose seamen bear the responsibility of liberty.

America has the right, a far greater right than any other nation, to call upon the seamen of all the world for service. By responding to this call now you can demonstrate your practical appreciation of freedom won.

All men of seafaring experience can get further information on this subject by applying to any representative of the United States Shipping Board or to any officer or representative of the International Seamen's Union of America or any of its district organizations. It should be understood that this statement is not issued because of any real shortage of men at this time. We must be prepared, however, to man the great new merchant fleet now building. Men must be ready and in training. It is in recognition of this need that we, as a duty to the Nation, submit this call to all seamen.

INTERNATIONAL SEAMEN'S UNION OF AMERICA.

After the war was over and the victory won, Robert P. Bass, director of the Industrial Relations Division, in his report to the United States Shipping Board under date of February 1, 1919, had this to say of American seamen:

The most serious aspect of the marine and dock labor situation, however, was not the expansion or the danger but the extreme need for continuous and efficient labor and the ease with which groups or individuals might have delayed traffic. As time passed the possibility of any interruption of traffic became constantly a matter of greater and greater national concern. The whole situation, indeed, was such as to afford unusual temptation to the men to try to take things into their own hands, and there were few industries where there were better opportunities or more dangers in the matter of enemy propaganda. \* \* \*

Fortunately for the success of the allied cause, no such disaster occurred. \* \* \* The burden placed upon marine and longshore employees was carried loyally and successfully. \* \* \* Not only was a tremendous volume of material handled effectively but in the whole field of marine and dock labor there was no serious disaffection or interruption of traffic during the period while the United States was at war. As far as the licensed officers and seamen on vessels were concerned, the elimination of strikes was practically complete, which was also true of the crews on harbor craft and barges. \* \* \*

The successful operation of America's merchant fleet during the war was to a very large extent due to the patriotism and sound leadership which prevailed among the men.

These, sir, are the men who now justly complain that the Government which they labored so heroically and patriotically to serve has through the United States Shipping Board denied them the opportunity to work on American ships at a decent wage and under decent conditions. One of the first results of the labor policy of the Shipping Board is that the extremely turbulent element of the seamen's organizations, encouraged thereby, are now trying to secure control of the seamen's union. The struggle has already begun on the Atlantic coast and is threatened on the Pacific coast. When the leaders to whose "patriotism and sound leadership" Mr. Bass paid such a high compliment are unable to secure from the United States Shipping Board either recognition for their union or reasonable working conditions for the men, a state of feeling is created on the part of the men of which the irresponsible and turbulent element among them is quick to take advantage. If our bitterest enemies had dictated the labor policy of the Shipping Board during the present controversy with the men, the board could not have done more than it has done to drive American seamen from our ships, thus nullifying our efforts to maintain a truly American merchant marine.

In conclusion, I again remind Senators that at the close of the year 1913, shortly before the seaman's law was passed, less than 7 per cent of the crews, exclusive of officers, on our merchant ships was made up of native Americans. The reason for this is plain. The American would not live and work under the conditions of service which obtained on board our ships.



All this was changed in a few years by the passage of the seaman's law. Though this law has never been properly enforced and has been constantly under fire by those concerns in this country and abroad who are interested in getting the cheapest possible sea labor, nevertheless it has worked a transformation in the personnel of American seamen. The best estimates I have been able to get indicate that just prior to May 1 of this year, when the ill-advised conduct of the Shipping Board precipitated the trouble with the men, there was in excess of 50 per cent of native Americans in the crews sailing under the American flag. In addition to this there was a very considerable number of naturalized Americans in these crews. The war probably added somewhat to these numbers, but the other opportunities for service to the country were so numerous the young American would never have been attracted to the seaman's life on board our ships except for the seaman's law that made it a decent and responsible occupation. For several years, also, prior to May 1 we had followed the English plan and established contractual relations between the seamen's organizations and the shipowners, and this had brought about a large measure of cooperation between the owners and the organizations of the men. All this is now changed, and changed primarily as a result of the mistaken policy of the Shipping Board.

In Great Britain the National Maritime Board, organized during the war to adjust maritime labor disputes, is still continued in successful operation. The National Sailors' and Firemen's Union of Great Britain and Ireland, which is the great seamen's union of Great Britain, is officially recognized and dealt with, and is working in perfect harmony with the shipowners. A reduction in the seamen's pay has been agreed upon between the British unions and the shipowners, and for approximately the same percentages of decrease the seamen were willing to accept in this country, but otherwise the conditions are unchanged. Great Britain is not making war upon her seamen's organizations, as the Shipping Board and private owners are doing in this country, but is strengthening her unions in every way, thus making British labor feel that it is an important factor and shares in the responsibility of maintaining Great Britain's merchant marine.

The same leadership which Mr. Bass extolled so highly in the report from which I have read was available to the United States Shipping Board in peace as well as war. That leadership was just as patriotic in peace as in war, and its supreme desire was to see American ships manned by American seamen under working conditions which made the seamen's calling an honorable one in which the best class of American labor might be enlisted. Accordingly the unions asked that preference be given to the American citizen in obtaining sea employment. Think of that for a moment! Not that preference be given to the unions but to American citizens in employment upon American ships! That was denied by the Shipping Board and the shipowners' association. The unions then asked that the men might have, as previously, the help of the regular representative of the union when the men were paid off and signed on. This was denied. The three watches or 8-hour day was withdrawn by the shipowners. Subsistence allowances were reduced, and in fact everything done which could be done to restore the old régime on board our ships. Plainly it was felt by the shipowners that the present dull period of shipping presented an excellent opportunity to enforce hard conditions on the men. The seamen's organizations in this country are anxious to cooperate with the shipowner and with the Government as heretofore to maintain the American merchant marine. They have established schools at their own expense to increase the skill and efficiency of the men. When all attempts to reach an understanding with the private owners and the Shipping Board had failed they proposed to leave the entire question and all questions involved with President Harding and to abide by his decision.

Find, if you can, anywhere in controversies between labor and capital a broader, more liberal spirit than that—a spirit more loyal to the best interests of the country. These men, when they could get no consideration and arrive at no understanding with either the Shipping Board or the owners, took this controversy to the President, and said: "You decide it, and we will continue at work upon whatever conditions you fix." But the forces, whatever they were, that were determined to bring on a crucial contest between the men and the shipowners of this country were too strong to be resisted. The lockout was put into effect, and we find our sea labor to-day disorganized, dissatisfied, and rebellious. The conditions exist which every enemy of the American merchant marine must desire to have exist.

But I believe it is not too late to change the labor policy of the Shipping Board. Whatever the Shipping Board does the

private owner must do. I think I have shown that the men made every reasonable effort to come to terms with the board. Their efforts were unavailing because the Shipping Board returned to the reactionary labor policies of a generation ago, and refused to follow in this respect the enlightened policy of Great Britain or to learn from our own experience during the last few years. It is simply robbing the people of this country to continue appropriating hundreds of millions of dollars for the use of the Shipping Board if it is committed to a labor policy that spells disaster to our merchant marine.

Mr. President, in my discussion so far I have dealt simply with the labor question as it is involved in the building up and maintaining of our merchant marine. I have not touched upon, directly at least, the charge that British influences are shaping the shipping policies of our merchant marine and our Shipping Board. I shall take up that question very soon—very soon—in connection with my resolution for an investigation. I shall speak of that when I can call up that resolution and have it laid before the Senate. We do not know, we can not know without an investigation, the extent to which British influences and propaganda are interfering with our efforts to build up and maintain an American merchant marine. I propose, however, when I discuss that branch of the subject, to lay before the Senate certain facts which will demand the most serious attention of every Senator and every person who is a friend of the American merchant marine.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. FLETCHER. Mr. President, in reference to the unfinished business, S. 1915, I wish to submit a few observations and take a little time just now, since there seems to be nothing particularly pressing on the attention of the Senate, to refer to some of the considerations which have led me to favor very cordially this bill.

I know there is some talk about "class legislation," and it would be almost amusing, if it were not so serious, to observe that that sort of talk comes mainly from people who are constantly urging legislation for the benefit of some particular interest. It seems to me that agriculture is such a vital, fundamental, and extensive industry that it can scarcely be separated from every interest affecting the people of the whole country. It is, of course, the largest single industry in the country, but it concerns not only the people directly engaged in agriculture, possibly exceeding 30,000,000 of our population, but it concerns every individual who wears clothes and eats food; every person who is not indifferent regarding the welfare of the people and the prosperity of the country.

Therefore we can not reasonably charge those who are making an effort to promote the interests of those engaged in agriculture, to encourage them, stimulate them, and to bring about a healthy agriculture in this country with advocating measures for the benefit of some particular class or interest.

We are now being furnished with the printed reports of the Department of Commerce giving the census figures for the year 1920. I have before me some of those figures. It appears from a statement sent out by the Department of Commerce, under date of July 1, that the number of farms in the United States in 1920 was 6,448,366; that the number of farms operated by tenants in the United States in 1920 was 2,454,746, about 38.1 per cent of the farms being operated by tenants. The remainder are supposed to be operated by the owners of the farms.

From this it appears, estimating five people on every farm, which is an underestimate rather than an overestimate, that there are some 32,000,000 people who live nearest the fountain of life in the divine economy, and they ought not to be the most burdened and the least compensated of all the people engaged in the undertakings of life under our Government.

That is not a very satisfactory condition, either—for 38.1 per cent of all the farms to be operated by tenants. One of the objects of the farm loan act was to provide a means whereby every man who cultivates a farm might own that or some other farm. One provision was that he could borrow 50 per cent of the actual value of the farm he desired to purchase, give his mortgage to the Federal land bank, and obtain the money at 5½ per cent, with the privilege of paying off the principal at the rate of 1 per cent per annum; and if it was found impossible to furnish one-half of the purchase price of the farm, in many instances it was presumed, and undoubtedly was true, that the proposed purchaser could arrange with the seller of the land to take a second mortgage for his half of the



purchase price, giving the first mortgage to the Federal land bank, thereby acquiring his own home.

Undoubtedly the ideal condition in any country is to have every man live under his own vine and fig tree, and I hope the time is not far distant when the number of these tenants will be decreased and the ownership of the farms will be invested in the men who operate the farms.

These figures are interesting further, Mr. President. The circular to be issued on the 27th of July gives us the value of farm property in the United States in 1920, and the figures are as follows:

All farm property, Jan. 1, 1920.....\$77,925,989,073  
Land and buildings.....66,334,309,556  
Implements and machinery.....3,595,317,021  
Live stock on the farms.....7,996,362,496

Other items were separated, as land alone, buildings, and so forth. I will ask to have that statement inserted in the Record precisely as it appears in the circular issued by the Department of Commerce, Bureau of the Census. This gives us an idea of the extent and the importance of this great industry, involving farm property amounting to \$77,925,989,073.

There being no objection, the matter was ordered to be printed in the Record, as follows:

Value of farm property in the United States, by classes, for geographic divisions and States: 1920 and 1910.

Division and State.	Value of all farm property.		Land alone.		Buildings.	
	1920	1910	1920	1910	1920	1910
United States.....	\$77,925,989,073	\$40,991,449,093	\$54,903,453,925	\$28,475,674,169	\$11,430,855,631	\$6,325,451,523
Geographic divisions:						
New England.....	1,173,019,594	867,240,457	488,125,250	382,134,424	429,343,334	336,410,381
Middle Atlantic.....	3,949,684,183	2,959,589,022	1,681,676,107	1,462,321,005	1,840,461,647	980,628,098
East North Central.....	17,245,412,555	10,119,128,095	12,046,118,684	7,231,699,114	2,891,572,987	1,642,292,480
West North Central.....	27,084,547,351	13,535,309,511	21,395,033,051	10,052,560,913	3,074,326,148	1,562,104,957
South Atlantic.....	6,132,917,750	2,951,200,773	4,000,681,904	1,883,349,675	1,201,091,568	603,086,799
East South Central.....	4,419,466,237	2,182,771,779	2,916,141,232	1,326,826,894	747,552,131	411,570,975
West South Central.....	7,636,237,632	3,838,154,337	5,426,145,973	2,716,098,530	882,669,924	412,498,352
Mountain.....	4,077,692,301	1,757,573,368	2,802,552,673	1,174,370,096	361,369,294	145,026,777
Pacific.....	5,307,011,460	2,780,451,777	4,166,943,043	2,246,313,548	502,468,688	231,832,705
New England:						
Maine.....	270,526,733	199,271,938	114,411,871	88,481,395	89,697,100	73,138,231
New Hampshire.....	118,656,115	103,704,196	47,425,331	44,519,047	42,570,539	41,397,014
Vermont.....	222,733,620	145,399,728	82,938,253	58,385,327	76,178,903	54,202,948
Massachusetts.....	300,471,743	226,474,025	127,653,607	105,532,616	119,934,221	88,636,149
Rhode Island.....	33,636,766	32,990,739	14,509,073	11,878,853	12,922,879	12,922,879
Connecticut.....	223,991,617	159,399,771	101,187,115	72,203,053	89,083,712	66,113,163
Middle Atlantic:						
New York.....	1,908,483,201	1,451,481,495	793,335,558	707,747,828	631,726,182	476,998,001
New Jersey.....	311,847,948	254,832,665	142,182,493	124,143,167	108,141,488	92,991,352
Pennsylvania.....	1,729,335,034	1,253,274,832	726,158,051	630,430,010	600,593,977	410,638,745
East North Central:						
Ohio.....	3,095,666,336	1,902,694,589	2,015,112,999	1,285,894,812	646,322,950	368,257,594
Indiana.....	3,042,311,247	1,809,135,238	2,202,566,336	1,328,196,545	451,077,637	266,079,051
Illinois.....	6,666,817,235	3,905,321,075	5,250,333,752	3,090,411,148	747,708,814	432,381,422
Michigan.....	1,763,334,740	1,088,858,379	959,186,538	615,258,348	477,499,672	285,879,951
Wisconsin.....	2,677,252,997	1,413,118,785	1,618,913,059	911,938,261	568,968,914	289,694,462
West North Central:						
Minnesota.....	3,787,420,118	1,476,411,737	2,750,323,432	1,019,102,027	550,839,893	243,339,399
Iowa.....	8,525,270,956	3,745,860,544	6,679,020,577	2,801,973,729	922,751,713	455,405,671
Missouri.....	3,591,068,085	2,052,917,488	2,594,193,271	1,445,982,399	468,774,429	270,221,997
North Dakota.....	1,759,742,995	974,814,205	1,279,313,627	730,390,131	209,207,868	92,276,613
South Dakota.....	2,824,413,768	1,168,096,980	2,286,421,792	902,676,751	186,275,299	102,474,058
Nebraska.....	4,193,825,242	2,079,818,647	3,393,153,180	1,614,539,313	382,048,200	198,807,622
Kansas.....	3,802,809,187	2,039,389,910	2,475,635,172	1,537,976,573	354,428,745	199,579,599
South Atlantic:						
Delaware.....	80,137,614	63,179,201	42,115,802	34,938,161	22,639,829	18,217,822
Maryland.....	463,638,120	286,167,023	259,901,017	163,451,614	126,692,803	78,285,507
District of Columbia.....	5,927,987	8,476,533	4,158,148	7,193,950	1,421,221	1,037,393
Virginia.....	1,196,555,772	625,055,383	756,354,277	394,658,912	268,080,748	137,399,159
West Virginia.....	496,439,617	314,738,540	307,309,704	207,075,759	103,473,702	57,315,195
North Carolina.....	1,250,166,995	537,716,210	857,815,016	343,164,945	218,577,941	113,459,662
South Carolina.....	953,034,742	392,128,314	647,157,209	268,774,854	166,326,991	64,113,227
Georgia.....	1,356,904,895	580,546,381	897,444,961	370,333,415	240,853,666	108,850,917
Florida.....	339,301,717	143,183,183	228,424,740	93,738,065	53,024,661	24,407,921
East South Central:						
Kentucky.....	1,511,901,077	773,797,880	1,050,752,680	484,464,617	254,403,256	150,994,755
Tennessee.....	1,251,964,585	612,520,836	807,782,296	371,415,783	217,197,598	109,106,804
Alabama.....	690,848,720	370,138,429	415,763,862	216,944,175	127,893,893	71,309,416
Mississippi.....	964,751,855	426,314,634	641,842,394	254,002,289	148,054,384	80,160,003
West South Central:						
Arkansas.....	924,395,483	400,089,303	607,773,440	246,021,450	145,337,226	63,145,363
Louisiana.....	589,826,679	301,220,988	383,618,162	187,803,277	90,420,631	49,741,173
Oklahoma.....	1,660,435,973	918,198,882	1,171,458,741	649,066,663	192,409,153	89,610,556
Texas.....	4,461,579,497	2,218,645,161	3,263,296,630	1,633,207,539	454,502,914	210,001,293
Mountain:						
Montana.....	985,961,308	347,828,770	691,912,265	226,771,302	84,855,264	24,854,628
Idaho.....	716,137,910	305,317,185	511,865,899	219,953,316	69,648,095	25,112,509
Wyoming.....	328,964,952	167,189,081	211,788,093	88,908,276	23,694,131	9,007,001
Colorado.....	1,076,794,749	491,471,806	763,722,716	362,822,205	102,290,944	45,696,656
New Mexico.....	325,185,999	159,447,990	196,341,050	98,806,497	25,473,162	13,024,502
Arizona.....	233,592,989	75,123,070	156,562,606	42,349,737	15,762,715	4,935,571
Utah.....	311,274,728	150,795,201	210,997,840	99,482,164	32,753,918	18,063,188
Nevada.....	99,779,666	60,399,365	59,362,239	35,276,599	6,892,975	4,332,740
Pacific:						
Washington.....	1,057,429,848	637,543,411	797,651,020	517,421,998	122,741,321	54,546,459
Oregon.....	818,559,751	528,243,782	586,242,049	411,696,102	88,971,235	45,880,207
California.....	3,431,021,861	1,614,694,584	2,783,054,977	1,317,193,448	290,755,132	133,096,040

Division and State.	Implements and machinery.		Live stock.		Value of all farm property per farm.	
	1920	1910	1920	1910	1920	1910
United States.....	\$3,595,317,021	\$1,265,149,783	\$7,996,362,496	\$4,925,173,610	\$12,085	\$6,444
Geographic divisions:						
New England.....	92,387,525	50,798,826	163,163,485	97,896,823	7,492	4,591
Middle Atlantic.....	359,152,336	167,480,384	583,394,093	349,159,535	9,290	6,319
East North Central.....	786,076,796	268,806,550	1,521,644,088	976,329,922	15,898	9,007
West North Central.....	1,163,341,332	368,935,544	2,361,816,820	1,551,708,097	25,511	12,193
South Atlantic.....	283,930,857	98,230,147	647,163,431	369,514,152	5,292	2,654

Value of farm property in the United States, by classes, for geographic divisions and States: 1920 and 1910—Continued.

Division and State.	Implements and machinery.		Live stock.		Value of all farm property per farm.	
	1920	1910	1920	1910	1920	1910
Geographic divisions—Continued.						
East South Central.....	\$176,064,886	\$75,339,333	\$579,707,988	\$369,034,607	\$1,203	\$2,094
West South Central.....	311,245,074	119,720,377	1,016,175,661	589,837,078	7,695	4,060
Mountain.....	190,710,423	49,429,975	723,059,996	388,746,520	16,704	9,581
Pacific.....	232,357,792	66,408,647	405,236,934	235,926,876	22,664	14,643
New England:						
Maine.....	26,637,660	14,490,533	39,780,102	25,161,839	5,609	3,320
New Hampshire.....	9,499,322	5,877,657	19,160,923	11,910,478	5,782	3,833
Vermont.....	21,234,130	10,168,687	42,385,331	22,642,766	7,661	4,445
Massachusetts.....	19,359,755	11,503,894	33,524,157	20,741,366	9,389	6,135
Rhode Island.....	2,408,561	1,781,407	4,840,279	3,276,472	8,238	6,234
Connecticut.....	13,248,097	6,916,648	23,472,693	14,163,902	10,019	5,944
Middle Atlantic:						
New York.....	169,866,766	83,644,822	313,554,695	183,090,844	9,879	6,732
New Jersey.....	25,459,205	13,109,507	36,064,757	24,588,639	10,499	7,610
Pennsylvania.....	163,826,365	70,726,055	238,774,641	141,480,032	8,530	5,715
East North Central:						
Ohio.....	146,575,269	51,210,071	287,655,118	197,332,112	12,090	6,994
Indiana.....	127,403,086	40,999,541	261,264,188	173,860,101	14,831	8,396
Illinois.....	222,619,605	73,724,074	446,154,064	308,804,431	28,109	15,505
Michigan.....	122,389,927	49,916,285	204,258,603	137,803,795	8,976	5,261
Wisconsin.....	167,088,909	52,956,579	322,312,115	158,329,483	14,143	7,978
West North Central:						
Minnesota.....	181,087,968	52,329,165	305,163,825	161,641,146	21,221	9,456
Iowa.....	309,172,398	95,477,948	614,326,268	393,003,196	39,942	17,259
Missouri.....	138,261,340	50,873,994	389,839,045	285,839,103	13,654	7,405
North Dakota.....	114,186,865	43,907,595	157,034,635	108,249,893	22,651	13,109
South Dakota.....	112,749,913	33,786,973	238,969,764	127,229,200	37,833	15,018
Nebraska.....	153,165,871	44,249,708	328,460,931	222,222,004	33,707	16,038
Kansas.....	154,716,977	48,310,161	318,025,292	253,523,577	19,982	11,467
South Atlantic:						
Delaware.....	6,781,318	3,206,095	8,600,665	6,817,123	7,903	5,830
Maryland.....	28,970,020	11,859,771	48,071,259	32,570,134	9,678	5,849
District of Columbia.....	104,252	92,350	246,366	152,840	29,059	39,062
Virginia.....	50,151,466	18,115,883	121,969,231	74,891,438	6,425	3,397
West Virginia.....	18,395,058	7,011,513	67,261,153	43,339,073	5,087	3,255
North Carolina.....	54,621,363	18,441,619	119,152,672	62,649,984	4,634	2,119
South Carolina.....	48,062,387	14,108,853	\$91,518,155	45,131,880	4,946	2,223
Georgia.....	63,343,230	20,948,056	155,043,349	80,393,993	4,357	1,995
Florida.....	13,551,773	4,446,007	35,300,540	20,591,157	6,116	2,863
East South Central:						
Kentucky.....	48,354,857	20,851,846	158,387,264	117,486,662	5,587	2,936
Tennessee.....	53,462,556	21,292,171	173,522,135	110,706,078	4,953	2,490
Alabama.....	34,366,217	16,290,094	112,824,748	65,594,834	2,098	1,408
Mississippi.....	39,881,256	16,905,312	134,973,821	75,247,033	3,546	1,554
West South Central:						
Arkansas.....	43,432,237	16,864,198	127,852,589	74,058,292	3,974	1,864
Louisiana.....	32,715,010	18,977,053	83,072,876	44,699,485	4,354	2,499
Oklahoma.....	80,639,827	27,088,866	215,928,252	152,432,792	8,649	4,828
Texas.....	154,458,000	56,790,280	589,321,953	318,646,509	10,232	5,311
Mountain:						
Montana.....	55,004,212	10,539,653	154,189,567	85,663,187	17,095	13,269
Idaho.....	38,417,253	10,476,051	95,208,693	49,775,309	17,008	9,911
Wyoming.....	11,772,699	3,668,294	81,710,029	65,605,510	20,889	15,217
Colorado.....	49,804,509	12,791,601	160,976,589	70,161,344	17,966	10,645
New Mexico.....	9,745,369	4,122,312	93,625,418	43,494,679	10,896	4,469
Arizona.....	8,820,667	1,787,790	52,447,001	26,050,870	23,418	8,142
Utah.....	13,514,787	4,468,178	54,008,183	28,781,691	12,130	6,957
Nevada.....	3,630,927	1,576,096	29,893,525	19,213,930	31,546	22,462
Pacific:						
Washington.....	54,721,377	16,709,844	82,316,139	48,965,110	15,952	11,346
Oregon.....	41,567,125	13,205,645	101,779,342	59,461,828	16,304	11,609
California.....	136,069,290	36,493,158	221,141,462	127,599,938	29,158	18,308

Mr. FLETCHER. Mr. President, it may be that the condition of the farmers in this country is not altogether as distressing as we have sometimes had it pictured here. Unquestionably, however, agriculture is languishing. Unquestionably the condition is such as to cause the abandonment of farms. There can be no doubt that under present conditions there is no future offered to the young man who would undertake farming as an occupation and a life work. We must do what we can to change that situation, because the prosperity of the country, the prosperity of every other industry, the welfare of the people, depend upon a prosperous and a healthy agriculture.

The number of mortgages on farms in this country is given also in this bulletin of July 1, 1921.

Mr. CURTIS. Mr. President, does the Senator intend to make that a part of his remarks? I think that information is very valuable.

Mr. FLETCHER. Yes; I am just putting in these figures separately.

The total number of farms mortgaged in 1920 was 1,611,378. The aggregate amount of the mortgages on farms in this country was \$4,112,711,213.

In 1910 the aggregate of the mortgages upon farms in this country was \$1,726,172,851. There has been an increase in farm mortgages of 132.5 per cent in the last 10 years.

We endeavored to meet the financial needs of those engaged in agriculture by establishing the only system ever in operation

here providing for long-term credits, the law being known as the farm loan act. There is not any question but what the operation of that act has been of immense benefit to the farmers of the country.

Mr. BRANDEGEE. Mr. President—  
The PRESIDING OFFICER (Mr. STANFIELD in the chair). Does the Senator from Florida yield to the Senator from Connecticut?

Mr. FLETCHER. I yield.  
Mr. BRANDEGEE. Did I hear the Senator correctly to state that the farm mortgages had increased 132.5 per cent in the last five years?

Mr. FLETCHER. That is according to the figures here.  
Mr. BRANDEGEE. Has the Senator any figures to show the increase in value of those farms during the same period?

Mr. FLETCHER. I think the census report does show that the value has increased. I think I can furnish that: The total value of all farm property on April 5, 1910, was \$40,991,449,090. The land and buildings are now worth \$66,334,309,556, and were estimated to be worth on April 15, 1910, \$34,801,125,697.

Mr. BRANDEGEE. So the value of the lands and buildings has more than doubled, as well as the mortgages?

Mr. FLETCHER. Very nearly doubled; yes.  
Mr. BRANDEGEE. More, is it not?

Mr. FLETCHER. No; the difference between sixty-six billion and thirty-four billion. It has very nearly doubled. Under the farm loan act the financial needs of the farmer could be met



to a certain extent and upon practically his own terms, and there have been loans to farmers in the United States, according to the statement just furnished by the Farm Loan Board, in pursuance of that legislation, the following amounts, according to this statement of June 30, 1921:

Net mortgage loans by the Federal land banks, \$356,106,112.48; and by the joint-stock land banks, established under provisions in the farm loan act, \$78,255,961.84 have been loaned, making a total of loans to those actually engaged in farming—because the money can not be loaned to anybody else, according to the very terms of the act—in pursuance of provisions of the farm loan act, \$434,362,074.32.

Mr. POMERENE. How many borrowers were there?

Mr. FLETCHER. I have not here a statement of the number of borrowers; but, of course, the act limits borrowing from the Federal land banks to \$10,000 by any one individual. The joint-stock land banks can loan more than that.

In spite of the litigation that was instituted in order to destroy that system by those who had benefited by making loans to farmers at much higher rates of interest, and getting commissions on those loans, foreclosing, and so on, renewing every three or five years, in spite of that litigation, which paralyzed the operation of this system for from 12 to 18 months, it has found for the farmers of this country this amount of money which I have mentioned, at 5½ per cent per annum, with the privilege of paying off the principal at the rate of 1 per cent per annum, and with the further privilege of paying off any or all of the principal at any interest period after five years.

It has been proposed. The Senator from Iowa [Mr. KENYON], as I recall, has introduced a bill to raise to \$25,000 the limit of \$10,000 to each individual borrower. I think that should be done, because land values have increased enormously since the law was enacted, and now there are plenty of farmers in the country owning farms worth \$50,000, and I see no reason why they should not be allowed the advantage of the system.

Mr. POMERENE. Mr. President—

Mr. FLETCHER. I yield to the Senator from Ohio.

Mr. POMERENE. Some of the farm organizations have recently taken a census of the farmers on that subject and the majority have voted in favor of an increase of the amount that might be loaned to \$25,000. I have not been entirely satisfied in my own mind that that was a wise thing. Perhaps it is. I have come to no definite conclusion, but this thought has occurred to me.

It necessarily follows that there is a limit on the amount of money which can be raised for this specific purpose. It has seemed to me, assuming that to be so, that it would be a good deal better to loan \$25,000 to three men than to loan \$25,000 to one man. I realize that there are many men who would like to have \$25,000, but I have been just a little bit fearful that if that amount were advanced it would be the big farmer who would get the benefit of the farm loan bill and not the small farmer. If I am wrong about that, I should like to be set right.

Mr. FLETCHER. My idea is that there ought to be found money enough under this system to serve all those actually cultivating farms and making that their business or occupation. Of course, if we can not get the money and it is impossible to raise sufficient funds to make the loans that are applied for and needed, then, I think, the Senator is perhaps correct in what I assume to be his present view, that we ought to loan that to the small farmer and allow the big operator to go into the commercial world, like other business men, and find his money there.

Mr. SHEPPARD. Mr. President, may I ask the Senator what is the position of the Federal Farm Loan Board on the matter?

Mr. FLETCHER. My understanding is that the bill was referred to a subcommittee, and the subcommittee called the members of the Farm Loan Board before it, and they took the position that it would not be wise now to increase the limit. They did so for the very reason indicated by the Senator from Ohio, that there is difficulty at this time in finding sufficient funds to meet the needs of those applying for loans.

Mr. KENYON. Mr. President, the statement by the Senator is correct. I heard the testimony given by them before the subcommittee, but they have heretofore twice recommended the increase.

Mr. FLETCHER. Yes; I think it will eventually come, and I am not so certain that it should not come now. I have prepared a bill which, in my judgment, will solve the problem. That bill was introduced, and is now before the Committee on Banking and Currency. I have asked for its reference to a subcommittee, and we propose to go into hearings on it. It provides that short-time negotiable paper having farm-loan

bonds attached as collateral security shall be eligible for rediscount in the Federal reserve banks.

What does that mean? It means that the instant that is written into our law the banks themselves all over the country will be calling for these farm-loan bonds. They can use them for reserve. They can use them as money, because if we make them eligible for rediscount the transaction would simply be this: You would take your note to a bank, a member of the Federal reserve system, with a farm-loan bond attached as collateral security to the amount of the note. That member bank can then take it to a Federal reserve bank and get Federal reserve notes for it. Therefore, the banks themselves will want to buy the farm-loan bonds. It at once creates a demand and a market for the bonds, practically unlimited, in addition to the demand and the market which we now have.

Mr. KENYON. I should like to ask the Senator how the Federal Reserve Board stands on that proposition?

Mr. FLETCHER. They have so far advised against it. I hope to convert them, but I do not know whether I can or not. Thus far they think it is not a liquid paper, and they base their position upon its lack of liquidity.

I will say to the Senator that I am prepared to meet that proposition. I am not going into an argument of the question this afternoon, however. We have simply branched off upon it for the moment. It is important, and important in this very connection, and I hope to show and expect to show that negotiable notes with farm-loan bonds as collateral are just as liquid, certainly just as safe and just as secure, as a promissory note which I might make to the Senator from Iowa for \$500 in the purchase of a horse from him. Why not?

The situation is perfectly absurd when you come to think about it. Under the present practice and system and laws, if I buy a horse from the Senator for \$500 and give him my note, he can take that note to his bank and that member bank can send that note to the Federal Reserve Bank and get reserve notes for it. I might sell that horse the next week to the Senator from Idaho [Mr. BORAH]. He might part with the horse, trade it off to the Senator from Kansas [Mr. CAPPER] for an automobile. The horse is then gone. The theory that my note originally given is to be made good by the sale of that horse is ridiculous. There is no security in connection with it.

The whole proposition is that the member bank takes the responsibility when it indorses that note and sends it up to the Federal Reserve Bank for rediscount. That note is to be paid first by the member bank when it falls due. It looks to me and to my indorser, the Senator from Iowa [Mr. KENYON], for instance, to make good that note, and has no regard whatever for the horse that originally entered into the transaction. The horse has disappeared.

Mr. BORAH. Mr. President—

Mr. FLETCHER. I yield to the Senator from Idaho.

Mr. BORAH. I hope when the Senator comes to look over his remarks he will change the figure a little. I do not wish to be charged in the Record with trading a horse for an automobile. [Laughter.]

Mr. FLETCHER. I shall try to make that satisfactory to the Senator. I ought to have changed that around and had the automobile come from the other direction, since the Senator from Idaho is so fond of horseback riding and appreciates a good horse. I am sure he would not trade a \$500 horse to the Senator from Kansas [Mr. CAPPER] for any automobile.

Mr. KING. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. Certainly.

Mr. KING. Does not the Senator's argument, however, go a little too far; and is it not destructive of the theory of commercial paper entirely, because the Senator supposes that the validity or the strength of the note rests upon the article, in this instance the horse, for which the note was given? The Senator knows that commercial products and commodities are purchased and notes or acceptances are executed and the commodities are destroyed or consumed. Nevertheless, the consumption of the commodity does not diminish the security, so far as the Federal reserve bank is concerned, because they look to the member bank which guarantees the note in payment.

It occurs to me that the Senator in using his illustration seems to stress too much the article which is in existence at one time, in one instance the horse and in another instance a commercial commodity, and does not give sufficient consideration to the maker of the note or the drawer of the draft or the bank itself, which guarantees the payment.

May I further call the Senator's attention, for my own information, to this query. It seems to me the Senator's argu-



ment with respect to farm paper and mortgages is not quite accurate if he bases his contention upon long-time paper. There is but little liquidity to a mortgage upon real estate extending over a period of five years, but a note for which a mortgage is given as security and which is due in a few months would possess liquidity that a 5-year note and a 5-year mortgage would not possess. Does the Senator distinguish between the long-time mortgages and short-time paper?

Mr. FLETCHER. Undoubtedly. I am referring now to short-time paper. Long-time accommodation is provided for under the system where the mortgages are made payable at the rate of 1 per cent per annum on the principal and the interest at 5½ per cent. That extends over a period of 35 years, say. Those are the provisions for long-time accommodations; but now I am interested in raising money whereby these loans can be made, and the money is to be raised by the sale of the farm-loan bonds issued against those mortgages.

Mr. DIAL. Mr. President—

Mr. FLETCHER. I will yield to the Senator in just a moment. Every issue by every bank is guaranteed by every other bank. The issue of one bank is just as valid and just as good as the issue of another bank anywhere in the country. The rate of interest is the same, the terms are the same, and every farm-loan bank among the whole 12 guarantee the issue of every other bank so that the bonds are perfectly good and in every way secured, no matter what bank issues them.

In my judgment there is no more sound security offered to the public in the country than these farm-loan bonds issued by authority of the board by the Federal land banks. They have back of them the mortgages that are given upon land at 50 per cent of the value of those lands appraised by the Government. They have back of them the bank that issues the bonds as well as the other 11 Federal land banks throughout the country. They have back of them in addition to that the obligation of the local Farm Loan Association and in addition to that the obligation of the individual borrower. If there is any security that is sound and safe in this country, it is the Federal farm-land bank bonds, known as farm-loan bonds.

I propose to attach that, not to a note running over five or six years at all, but to the 60 or 90 day note. I suggest that in answer to the query of the Senator from Utah. I propose to make that paper 60 or 90 days or 6 months, not over 6 months, so that it is liquid paper, just as liquid as the note given for the horse in the instance I have mentioned. It is a note given for a debt secured by the farm-loan bond attached to it, which is the very safest security that could be given, it seems to me, in any transaction. It certainly is a safer transaction for the bank to take a note secured by farm-loan bonds for the face value of the note than it is to take a note that arises out of the purchase and sale of a lot of goods or a horse, as I have indicated.

I now yield to the Senator from South Carolina.

Mr. DIAL. Mr. President, what we should like to do would be to accommodate as many borrowers as possible. In a conversation to-day with a member of a farm-land bank he stated to me that out of \$40,000,000 of bonds recently issued, the amount allotted to some of the branches would not realize over \$10,000 per county.

Mr. FLETCHER. That is the very trouble I am trying to cure, and if Congress will pass the bill which I have introduced and which is now before the Committee on Banking and Currency, a note having these bonds as collateral will be made eligible to rediscount in the Federal reserve bank, and then we will get the money, because the bonds will be readily sold and the demand will be many times extended over and over again. There will be no limit practically to the demand for those bonds. Every bank in the country will want them and seek them. We will have also the same people who are now willing to buy the bonds, the farmers themselves where they have the money to invest, and others who have money to invest, still purchasing those bonds, and in addition to that we will create a market coextensive with the limits of the country, and capital everywhere will be seeking these bonds. It is the proceeds of those bonds that are loaned to farmers under the farm loan act. The Federal land bank can not make loans unless it has money, and it can only get money by the sale of the bonds. If we create a demand for those bonds, if we create a market for those bonds, we at once solve the problem of selling the bonds, and we shall at once have provided a fund which will be ample to meet the needs of the farmers of the country.

Notwithstanding the splendid work which the Federal Farm Loan Board has done thus far and the magnificent results therefrom, notwithstanding the fact that the farmers of the country for the first time in their lives, in the history of the

country, have already obtained what appears to be the large sum of \$434,362,074 at 5 per cent, with the privilege of paying off the principal at the rate of 1 per cent per annum—notwithstanding that great achievement, when we remember that the mortgages on the farms in this country to-day amount to more than \$4,000,000,000, it may readily be seen that the surface has scarcely been scratched in the administration of the Federal farm loan act. We have not even begun to meet the needs of agriculture. We can not meet those needs unless we find a market for the farm-loan bonds. When we pass this legislation I have proposed, we shall have a demand, we shall have a market for these bonds, and we shall be able to sell the bonds and thus to procure the money with which to make the loans.

It is a shame that we can not at least raise enough money to pay off the farm mortgages, which are now bearing from 8 and 10 to 20 per cent, including commissions and other charges and costs, and allow the farmers who are burdened with these high-interest rates to get their money at 5½ per cent under the Federal farm loan act. That is a question to be thoroughly considered. When it is considered I believe Senators will agree that we must solve the problem in that way; that we must create a market for the bonds in order that they may be readily sold and in order that ample funds may be on hand to be loaned by the Farm Loan Board and thus to meet the demands of agriculture. The board can not accommodate the applications which are now on file with them; they can not begin to pay off the mortgages on the farms in this country to-day. They are hampered for lack of funds. The Senator from Kansas [Mr. CURTIS] recently introduced a measure whereby there was provided \$50,000,000 additional. That legislation has helped to some extent; but that is only a small amount, comparatively. We realize that, as I have said, when we remember that the farmers of the United States themselves are now carrying mortgages to an amount of over \$4,000,000,000.

Mr. KING. Mr. President, I should like to inquire of the Senator from Florida if in his study of this question he has reached a conclusion as to a safe ratio between farm values and farm loans that might be maintained in this country?

Mr. FLETCHER. I find no very serious objection to the present ratio adopted under the act, and that is 50 per cent of the actual value of the land and 20 per cent of the improvements thereon. That is the basis upon which the act is now being administered, and it certainly ought to be safe, it seems to me. So far the Farm Loan Board are having no trouble about collecting all of the amounts due them. I do not believe they have had any foreclosure suits or any defaults worth mentioning, and they have had but very few requests for extensions, according to my information.

The Senator from Georgia [Mr. WATSON] suggests that tax assessments would be a good basis for valuations on which to make loans. Of course, the assessment is made by State authority, and it might not be quite feasible to accept it. In some instances the assessment is away below the value; it is, I think, about one-third of the value of the land, usually. Farm land is ordinarily assessed at something like one-third of its value in a good many of the States and counties. However, in the case of loans under the farm loan act the Farm Loan Board appoints appraisers of the land. They are the representatives of the Government, the loaning authority. They go out and look at the land; they actually go upon it and examine it and appraise it; and it is upon the basis of that appraisement that the loans are made. The agents of the party making the loan themselves estimate the value of the land under the present system. If they find a farm is worth \$1,000 they say to the owner, "We will loan you \$500." It does seem that that ought to be safe. They do not accept the estimate of the local association or of the borrower or of any committee. They themselves send their own appraisers who appraise the value of the farm.

Mr. KING. However, it must be conceded that those appraisers are usually, and, indeed, always residents of the State in which they are appointed and of the districts which they represent, and too often, perhaps, they may respond to the inflated ideas as to the value of property which are possessed by its owners and by the local communities; but, in the main, I agree with the Senator from Florida that the appraisements have been very fair, and the Government is not in a position to sustain any losses.

If the Senator from Florida will pardon me, if it is not a digression from the point he is making, I should like the Senator's view as to whether or not the Government should issue any more tax-exempt securities. I invite the Senator's attention to the fact that recently, when I was in New York, I was told that many of the large real estate holders, some of the Astors and Vanderbilts, were disposing of their real estate because of the heavy burden of taxation—municipal, State, and



otherwise—and were using the proceeds derived from the sale to purchase tax-exempt securities. The Senator from Florida will realize that if that policy shall be continued and we continue to issue municipal, State, and national tax-exempt securities we shall soon have, perhaps, from thirty to forty billion dollars of tax-exempt securities.

They will be accumulated in the hands of the rich, who will dispose of real estate and other property subject to taxation and invest in tax-exempt securities, and thus vast sums will be withdrawn from taxation.

Does the Senator think that we ought to continue the policy of issuing tax-exempt securities? Does he not think that perhaps we ought to appeal to the States, and, if they fail to respond, then to amend the Constitution of the United States, so that they may not issue tax-exempt securities, at least securities that would be exempt from Federal taxation, to the end that there shall not drift into the hands of the rich billions and tens of billions of property which will be exempt from taxation, thereby imposing the burden of maintaining the States and the National Government upon what the French would call the bourgeoisie class.

Mr. FLETCHER. I will say in answer to the Senator, although his suggestion is quite aside from the line of argument that I had in mind, that I think perhaps we will have to take steps to limit the issuance of tax-exempt securities in this country. I know of no way by which we can prevent the States from doing as they please about it except by some constitutional amendment, and perhaps it will have to be reached in that manner, but we are not able now to sell the farm-loan bonds in sufficient quantities to supply the needs of the farmers. I do not see that we are being oppressed very greatly by capitalists who invest in farm-loan bonds which are tax exempt. As I have said, we are having difficulty in selling the bonds in sufficient quantities, and I do not know that we have any right to complain or criticize as to that feature of the bonds issued under the farm loan act.

I will say further that, whatever may be done in that connection hereafter, so far as relieving the bond issues from tax exemption of any sort is concerned, the farm-loan bonds ought to be the last ones from which the privilege of exemption should be taken away, because it is only by reason of the fact that they are tax exempt they are sold at the low rate at which they are sold; and that means that the borrower is able to get his money at the low rate for which he now gets it. If we at once relieve the bonds of the tax-exempt feature the farmers of the country must pay a higher rate of interest on their loans.

Speaking generally, there are two sides to the question, and we will hear very strong arguments on both sides when the subject is reached.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Georgia?

Mr. FLETCHER. I yield to the Senator.

Mr. WATSON of Georgia. I had not intended to say anything at all concerning the exempt feature, Mr. President, but I will suggest that the great trouble now is the exemption of invisible property, such as notes, mortgages, trust funds, shares in stock and bonds. We are struggling in the State of Georgia now, where there is a deficit of about \$3,000,000, to provide a stamp tax to compel those hidden securities to come from their places of concealment and pay their taxes.

As to the suggestion made by my friend the Senator from Utah—

Mr. KING. I will ask the Senator to bear in mind that I expressed no opinion.

Mr. WATSON of Georgia. I said "suggestion"—I should like to say to him, as a matter of actual experience, that when I was a young lawyer practicing my profession the farmers had no way of borrowing money at all, except from cotton factors, to whom they had to give mortgages on their property, generally on their land, at the rate of interest which was then permissible, running as high as 12 per cent. In addition thereto, they had to sign what was called a cotton contract to send one bale of cotton for each \$10 advanced, and in default of sending a bale of cotton for each \$10 borrowed they had to pay a dollar and a half storage and commission, just as if the bale of cotton had been shipped, stored, and sold. Consequently the interest charge amounted to away over 20 per cent.

Just at that time the Corbin Banking Co., of New York, for instance, came down into the South with a land-loan banking system, a farm-mortgage system. I represented that company in my local territory. One of the requirements of the company was not to lend more than a certain amount above the estimate which the taxpayer had been previously placing upon his land for purposes of taxation, conclusively presuming that he would

not return it for taxation at a higher value than was justified by the circumstances.

I will say, Mr. President, for the information of Senators, and in support of what the Senator from Florida is saying, that having represented that company for years and loaned out thousands and thousands and thousands of dollars of its money on that basis, I never knew it to lose a single loan, not one; and the company was of great benefit to the farmers, because they got money at about 8 per cent, plus the necessary expense of recording the mortgage.

Mr. FLETCHER. I am very glad the Senator has given us that information. Now, of course, those were not unreasonable terms. The fact is, as I have numerous letters in my office to show, that the farmers are paying all the way from 8 to 20 per cent on loans; but under this system those same farmers ought to get their money at 5½ per cent, with no commissions to be added, no fees, no charges except some small items for abstracts of title.

But, Mr. President, I must hurry on, because there are other Senators who desire to discuss this bill.

There is another proposed measure, which I have introduced and to which I would invite the Senate's attention, now before the Banking and Currency Committee, which would effect some economy. We hear very much in this Chamber about economy, and we are often told that it is very important that we should curtail expenditures, and we have no evidence that the meaning of the word economy is understood. The bill that I mention now proposes to save the Government at least \$25,000 a year, and to do so without any harm or injury or crippling to any service. I have introduced this bill to change the membership of the Farm Loan Board from four members, as now constituted, together with the Secretary of the Treasury ex officio chairman, to two members to be appointed by the President and confirmed by the Senate, the Secretary of the Treasury still to be ex officio chairman, and adding the Secretary of Agriculture as an ex officio member, so that the board would be composed of two active members instead of four, and would have the Secretary of the Treasury and the Secretary of Agriculture as ex officio members without additional compensation.

Each of the members of the Farm Loan Board to-day receives a salary of \$10,000 per annum. In my judgment the provision for four members originally was entirely wise and proper; but the board have organized the system. They have put the law into effect. They had to go out over the country and divide the whole country into 12 distinct districts. They have done all that. The Federal land banks are all established and functioning. Their agencies and means of carrying on the business are all systematized and operating, and there is no longer need of four members to sit in the office here in Washington, each drawing \$10,000 per annum, with 35 or 40 clerks here just to supervise the operations of the Federal land banks and sell the bonds. They do not sell the bonds in fact. The first sale of bonds they negotiated through a syndicate. I believe the syndicate was paid a commission to sell the bonds. They supervise the sale of the bonds. They have not been able to sell the last \$40,000,000 that they offered. I believe the Senator from South Carolina said that they had sold \$36,000,000 of them, or about that; but in my judgment that board could be limited to two active members here in Washington, together with the clerks that they require, instead of four, with each member now having a crowd of clerks around him looking after his particular branch of the work. That would save you \$25,000 per annum.

If you want to economize, there is an opportunity to evidence a little of that desire, and I am saying this not because of any antagonism that I have to the board or any member of the board. On the contrary, I have the highest esteem for them. I regard them as my personal friends. I am proud so to regard them. I certainly have no ill will toward any member of that board; I never have had; and I want to see that work continued without being in any way hampered or hindered. I do believe firmly, however, that there is no need of four members of that board here in Washington now, after this system is thoroughly organized and in thoroughly successful operation. That measure is pending.

Now, Mr. President, we have done much—not too much, in fact not enough—through the great Department of Agriculture to promote production, to encourage and help the farmers of the country. They are doing all right so far as production is concerned, but it is of no use to raise the produce, to create truck and farm products, and have them rot in the fields. Some years ago I endeavored to cure that trouble to some extent by an effort to extend the use of the parcel-post system so as to promote direct dealing between producers and consumers.



The Post Office Department were given a small appropriation and made some experiments, and they accomplished some good results in that direction. The last Congress cut off that appropriation, so that those experiments are not being carried on; but certain benefits developed from them, and there has been a certain amount of direct dealing carried on between producers and consumers, and that helps some. It helps toward the solution of the marketing question. The great problem now is the problem of distribution. That is the problem with which agriculture is confronted in this country, and that is the problem we must solve—the problem of distribution.

I am in favor of establishing an agency such as the corporation proposed in this bill, in the hope and with the belief that such an agency will tend very largely toward the solution of our problem of distribution. That corporation could form co-operative agencies throughout the various States. Those agencies could ascertain the quantities of farm products offered for sale, the quantities that could be assembled at centers here and there over the country, and then the corporation could find just where those products were wanted, upon what terms they would be taken, and direct their movement accordingly. It could harmonize and work with the International Institute of Agriculture, with headquarters at Rome, Italy. That institute gathers information all over the world. It knows from time to time precisely what farm products are produced in this country and in that country, where there is a surplus, and where there is a shortage. It knows as to prices; it knows as to the wants and needs of people in various countries respecting the different kinds of farm products; and if it were in touch with a corporation on this side, such as would be created by this bill, these products could be moved to the markets where there was demand for them, where there was need for them, and they could be kept out of and away from fields where there was already a surplus.

In my judgment, a great deal could be accomplished in this direction, and we never were in a better position to try it than to-day. In the first place, we have the ships. Those ships could be sent to every port in Christendom, if necessary. We could send those ships, with cargoes of such products as might be selected for the various markets, to United Kingdom and Continental ports, send them to Mediterranean ports, send them to South Africa, send them to the Orient through the Panama Canal, carrying the products of America to the waiting markets overseas. I can see great possibilities for a work of that kind.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. I yield to the Senator.

Mr. KING. I should like to inquire of the Senator whether, in his general indorsement of the measure now before us, he indorses that provision of the bill which puts the Government of the United States into the field as a buyer and as a seller—as a buyer in competition with all other buyers and exporters, as a seller in competition with all other sellers, whether they be sellers in the domestic market or sellers abroad?

If the Senator approves of that extreme socialistic and paternalistic policy, does not the Senator believe that the effect undoubtedly would be to drive from the field domestic buyers and sellers of agricultural products as well as foreign buyers and sellers—that is, those who are purchasing for export purposes? Does the Senator intend to give his general indorsement to that provision of the bill, as well as to the other provisions which call for the organization of this corporation to extend credits?

Mr. FLETCHER. No, Mr. President; I am not in favor of shutting out buyers who come here from abroad or domestic buyers. I am not in favor of limiting markets at all. On the contrary, it seems to me that the whole purpose of this bill and the whole idea back of it and the whole intent of the corporation if it properly pursues its duties will be to take care of the surplus production in this country, to increase the number of buyers and extend the field for distribution of these products, not to limit or cut off or interfere with other buyers and other dispositions that might be made of the domestic requirements at all, but to take care of the surplus production. We are producing a large surplus of agricultural products—not merely enough, for instance, for home consumption, but a surplus that must find markets in foreign countries—and the operation of this corporation will be with reference to foreign markets, to export products; in other words, dealing with our surplus. It will increase the number of agencies, perhaps, that might buy farm products to that extent, and there may be a certain amount of competition; but it will not be competition that will run out of the field any operators in our domestic markets.

Mr. KING. Then, Mr. President, as I interpret the position of the Senator, he does approve of the Government becoming a buyer and seller of agricultural products, but he attempts to limit it, as I understand his position, to the purchase and sale of those products which he denominates "surplus."

If that is the position of the Senator, may I suggest to him for his consideration, if he has not already considered it, that whenever the Government of the United States enters into the field for the purpose of buying and selling, it may not draw a dividing line and say, "On this side of the line it is domestic and on that side of the line the product is for export." The moment the Government goes into the buying, whether it announces that it is buying only for export purposes or not, it affects the entire market; and the experience has been that when the Government has gone into the market for the purpose of purchasing, it has usually affected the market disastrously to the producer.

Now, I am in favor of some sort of a measure that may facilitate the giving of credit to agriculturists, but I am not in favor of the Government of the United States becoming a buyer and a seller. If the Government of the United States should go into the market now and become a buyer and seller of agricultural products, the Senator must see that the effect would be to drive out of the market all of the instrumentalities now existing which have been built up by business men to aid in the exchange and sale in a domestic way and in a foreign way of agricultural products, and the Government in the end would be compelled to be the sole buyer and the sole seller of all of the agricultural products of the United States. It would fix the prices, domestic prices and foreign prices, because the prices which the Government thought it would sell for abroad would reflect the prices at home, and in the end you would have a great Government fixing the prices of products, both those consumed and those sold, and you would compel the Government in the end to take over all of the agricultural products of the United States.

Mr. FLETCHER. Mr. President, of course if all those things should happen, if I could see any reasonable prospect of their happening, under this bill, I would be opposed to the bill. But I do not agree with the Senator in his conclusions. I do believe this corporation ought to have authority to buy and they ought to have authority to sell those products in foreign markets, not in this country, but abroad; and they ought to be empowered to act as agents for purchasers and sellers here and as agents of the producer to transact the business in foreign markets. They ought to be able to extend credits and to guarantee transactions in such sort that this surplus can be disposed of in foreign markets, because, after all, as I said, the great problem confronting agriculture in this country is the problem of distribution, and I think this measure will very largely tend to solve that problem.

It may not accomplish all we expect and desire. It is not a permanent thing. Its life is for five years, and, of course, it is for Congress to say, at the end of that time, whether the work shall be continued or not, and the corporation kept alive. But it is limited to five years, to meet the present condition arising out of the world upheaval which has brought about this demoralization of markets and this distress to agriculture. As I said, it may not do all we hope it will do, but we recall that in "Measure for Measure" Isabella, when asked to help save her brother, answered:

"Alas! What poor ability's in me to do him good?"

To which Lucio replied, "Assay the power you have."

We may not have the ability, we may not have the foresight and the wisdom, or the power, even, to legislate so as to remedy this situation, but we can at least do what is in our power to relieve conditions, and that, I think, we should do.

I ask leave, Mr. President, to have printed as a part of my remarks an editorial from the Florida Times Union.

There being no objection, the editorial was ordered to be printed, as follows:

#### HELPING THE FARMER HELPS OTHERS.

"Just now there is a nation-wide interest in the farmer to be seen in the Government consideration more than ever before of the needs of the tillers of the soil. 'Why,' ask some people, 'should the farmer be singled out for State or National consideration and assistance more than any other class of toilers?' Because helping the farmer helps all others. Clear the stream at its source and it is possible for the water to be pure and healthful. And is it not true that agriculture is the source of life, physically and commercially?"

"Mr. Herbert W. Forster, writing in the New York Times, tells of the 'farms' silver lining,' due to enormous crops, plenty of work for all who want employment on the farms, and at rates of wages more than fair to worker and employer than prevailed



during several years past. After recounting what he saw during a recent trip through the great agricultural section of the West and referring to Government aid for financing the movement to market at home and abroad of these generous crops of the current year Mr. Forster says:

"Here are the wider aspects of the agricultural recovery that justify its raising a general economic hopefulness. There is its effect on the railroads. A big crop necessitates heavy transportation. The railroad men say they have the rolling stock on hand to carry it in a short time, and they add that this stimulus to transportation will help materially in pulling them out of the depression. The bankers and business men at the cattle pool conference held in Chicago a little while ago stated that if a large part of the crop were marketable within the next three months, as the market indicates it will be, it would help to relieve the whole financial situation throughout the country.

"Following this the writer quoted goes on to show how in ways other than those just mentioned helping the farmer helps others. He says:

"The combination of cheap labor, which has reduced the cost of production, and the size of the crops will bring the farmer large net returns this year. The farmer constitutes a vast buying public, and when he gets the money for his harvest he, who has also been on a buyers' strike, will declare the strike off and become a lively consumer once more. This is bound to make itself felt advantageously in all branches of industry, and is considered the most encouraging phase of the outlook. 'What helps the farmer helps everybody' is being put to the test, and it looks as though it were going to ring true.

"Just for a moment stop and consider what it would mean to all of us if suddenly, or even by slow degrees, the farmer should be deserted and allowed to bear his burdens unaided. There would be not only famine but all forms of enterprise and business would halt and work cease in proportion to the inactivity on the farms. Economically as well as physically all would suffer. The converse is equally true, that the activity and prosperity of the farmer precedes and presages activity in business and its prosperous conditions as well as promotes the general welfare. Therefore reasonable help for the farmer is help for all people."

#### ADJUSTMENT OF FOREIGN LOANS.

Mr. BORAH. Mr. President, if the funding of the foreign debt were solely a question of judgment with reference to finance or as to proper dealing with securities, I should not hesitate to select the Secretary of the Treasury as the man to whom should be given authority to deal with that subject. But the foreign debt involves much more than that. I do not know of any question which has so much to do with our relations with foreign Governments as the proper adjustment of our foreign debt. I do not know of any question which has so much to do with our economic domestic affairs as its proper disposition. Indeed, it touches almost every question with which the Congress could have to do just at this particular juncture of affairs. It necessarily follows that upon such a subject we must have opinions. Indeed, we are compelled to have opinions and are under obligation to urge them. It would be extraordinary for the Congress to abdicate its authority, surrender its judgment and its discretion, and delegate undefined power over this subject to one particular individual, regardless of the ability, the acknowledged standing in character, and the high patriotism of the man to whom that delegation of power was to be given.

Our foreign debt at this time amounts to about \$11,000,000,000. We have loaned to different Governments of Europe about \$10,000,000,000, and there is now unpaid interest upon the loans of nearly \$1,000,000,000. So the foreign debt represents about \$11,000,000,000. In addition to that, we have made loans to about \$5,000,000,000 in the way of loans on securities by individuals or corporations.

Mr. Reynolds, the Chicago banker, in an address made some weeks ago, said:

The extent to which European nations have been securing capital in the American market may not be fully comprehended. During the period 1915-1920 foreign loans floated through American bankers aggregated some \$5,000,000,000. Direct loans by the Federal Government to European nations amounted to some \$10,000,000,000. At the present time the unfunded debt of Europe probably amounts to somewhere between \$3,500,000,000 and \$4,000,000,000. In all, these figures represent an export of something like nineteen billions of capital.

Mr. Reynolds, continuing his remarks along the line indicated by the paragraph just read, said:

To show the significance of these figures a comparison may be noted. During the period 1915-1920 the total reported issues of securities—railroad and traction, industrial, municipal, and State, and those put out by the Federal Government—amounted to \$43,500,000,000. Of that total, \$15,000,000,000 went to Europe. Europeans received three billions more than were given to all American railroads, traction companies, and industries combined. They received as much as these with State and municipal issues added.

Justification for proposals to furnish Europe with even more capital is sought in the plea that the fortunes of the people of the United States are tied up with those of Europe. Failure, distress, and disaster there will mean failure, distress, and disaster here. The view

is urged that American goods, particularly raw materials, must be sold to Europeans not only in order to relieve the American market but also to furnish Europe the materials on which to work in the process of economic rehabilitation. Any proposal to furnish Europe with more capital should receive the closest scrutiny.

In many statements regarding the subject of exporting capital, the idea seems to be prevalent that money is the only form of capital. If the United States makes loans to France and the proceeds of the loans are expended in the United States it is felt that Americans will be safe because the money is still here. But in such case they have parted with capital goods which have been paid for with their own funds. They will receive for these capital goods the customary evidences of debt—bonds or notes which draw interest. This is as truly an export of capital as if gold had been sent abroad, and Americans have identical evidence in either case. American capital resources have been depleted to the same extent in either case.

That has all taken place since 1915. In six years we have exported capital from this country to foreign Governments to the extent, as Mr. Reynolds puts it, of about \$19,000,000,000. But that does not represent, by any means, all the capital which we have exported.

I have before me a statement purporting to give the donations which have been made by this country to Europe since 1915, and up to January 16, 1921, they aggregate \$2,393,418,567.80. It may be interesting, Mr. President, to give the leading items making up that total.

The figures are as follows:

Knights of Columbus	\$8,389,600.00
Jewish Welfare Board	670,000.00
Young Women's Christian Association	4,158,145.70
Young Men's Christian Association	25,591,413.49
Joint Distribution Committee	24,000,000.00
Sun Tobacco Fund	442,000.00
Reported by National Information Bureau: American Relief Administration, European Children's Fund, war chests, smaller organizations	825,000,000.00
Other war relief groups (N. Y. Bureau)	20,000,000.00
American Red Cross	217,265,588.76
Salvation Army	6,546,846.95
American Library Association (estimated)	300,000.00
European Relief Council (Herbert Hoover, chairman) (estimated)	30,000,000.00
American Food Administration, American Relief Commission (estimated)	100,000,000.00
Individual gifts, food, money, goods, 1914-1918 (estimated)	500,000,000.00
Societies, associations, etc., now out of existence, no records (estimated)	500,000,000.00
Money orders sent to friends in warring countries (from Postmaster General's fiscal reports for 1915, 1916, 1917, 1918)	131,054,973.00

They aggregate, as I have said, \$2,393,418,567.80.

We have exported to Europe in six years, therefore, from twenty to twenty-one billion of capital. That is nearly or quite two-thirds of the entire reparation claims assessed against Germany, which she is to have 40 years to pay. In six years we have either loaned or donated to European powers that vast and almost inconceivable sum of capital. We are now confronted with the proposition, earnestly presented and ably argued by certain economists and financiers, that the United States can not reabsorb, as it were, any part of this \$21,000,000,000 of capital without great detriment to the financial fabric. A country which has depleted itself in six years of the stupendous sum of \$21,000,000,000, we are informed, is not in a position to take any considerable portion of it back lest it disarrange and disorganize the whole of our financial and economic structure.

Those who undertake to support that proposition and to present it to the lay mind have a very great task before them. It is a difficult task which they have assumed to thus prove that a country parting with such a vast sum of capital could not, in the practical working out of international and domestic finance, find room for the safe use of a part of the vast capital with which it has parted. Those who undertake to show this will be met with many obstacles, the most conclusive of which is that it is unreasonable. There may be something in the mysterious operations and workings of finance which the ordinary man can not comprehend, but it will have to be revealed in an unmistakable fashion before it will be accepted by the American people, who are now in need of capital.

Mr. President, the first propaganda organized with some considerable force and effect, with reference to the foreign debt, was to cancel it entirely. There is no doubt where that originated. It did not originate in this country, although it was earnestly advocated by those who always represent in this country what foreign interests want. But that proposition was very successfully and conclusively vetoed by President Wilson. When the proposition was presented to him—and for a long time it was denied abroad it had been presented—his letter in response to the subject was conclusive, and, in my judgment, it correctly interpreted the views of the people of this country. He advised in courteous but unmistakable terms



that the debt would not be canceled; on the other hand, that we should expect payment, and payment of the entire amount.

The next proposition, after the question of the cancellation of the debt had been disposed of, was the funding of the debt for a long period of time and deferring the payment of the interest for 12 or 15 years. Of course there are a great many people who advocate the funding of the debt for a long period of time and the deferring of the payment of interest who were not associated with those who advocated cancellation and who do not believe in the cancellation of the debt; but the moving power for the funding of the debt and the deferring of the interest for 15 years was the same power which initiated the movement for the cancellation of the debt.

After it was ascertained that it was impossible to cancel the debt, the next proposition was that of funding it and deferring payment of interest until such time as it was believed that the American people as a people could be brought to the conclusion that it ought to be canceled. One of the most noted of the London papers in discussing the question said:

It perhaps is not within reason to expect the American people all at once to be converted to this very practical application of world solidarity.

That is to say, the cancellation of the debt, the subject they were discussing.

In a London dispatch, printed in the New York World under date of November 11, 1920, it was said:

Finance officials here would like to popularize the idea that the interallied war loans should not be considered at all, but treated as war expenditures and wiped off the slate.

If not now, later.

The two propositions are kindred in the source from which they sprang, and while as they move forward they have different advocates, the origin in my judgment is the same.

So long as the masses in Europe are led to believe, first, that Germany can pay all the expenses of the war and rehabilitate them financially and economically, and, secondly, that the United States will not only cancel the debt ultimately but will in the meantime continue the loan, either publicly or through private corporations, and donate millions to feed them, the nationals of Europe are not going to work. It has a perfectly demoralizing effect upon them. They have been educated to that belief to a very great extent. Two campaigns have been made in two of the leading nations of Europe, based largely upon that theory. The result of it is, as we are informed, that outside of a limited area in Europe the people are laboring under the belief that that is to be the ultimate program.

I read from an interview given out by John M. Glenn, secretary of the Illinois Manufacturers' Association, who has just returned from Europe a few days ago, in which he said:

Germany is the only European country that is working to any extent. Practically the rest of them are loafing. They want the United States to give them more money so they can go out and play some more. England needs a Wellington, France a Napoleon, and Italy a Garibaldi to make them go back to work. Apparently there is no one working in Europe but the Germans. I talked with a prominent American woolen manufacturer who had motored all over Britain and found loafing to be general. All the people I met at the International Chamber of Commerce spoke of the activity of Germany getting out production. Meanwhile the allied nations appeared to be sitting around waiting for the reparations to be handed out.

Of course, such statements are always criticized by certain people, but plenty of evidence could be gathered to the effect that they are refusing to go back to work; that they have refused to go back to work; and that they seem to be laboring, either consciously or unconsciously, under the supposition that somehow and in some way they are to be taken care of whatever the crisis may come to be.

At the present time there is no legal obstacle that I know of to interfere with the collection of this debt or the interest upon it. Of course, I realize perfectly, when I say the collection of the debt, that the entire debt could not be paid at once. I do insist, however, that the interest should be collected, certainly from some of the leading powers. I shall undertake to show in a few moments all they need to do is to turn some of the means which they have at their command into the channel of paying their debts instead of utilizing it in a manner which is neither beneficial to them nor anyone else.

But there is, as I said, at this time no reason, nothing standing in the way of an urgent but courteous demand that the debts and the interest be taken care of. Whatever change there would have to be in the way of form of the debt can be had under law now in existence. As pointed out by the Senator from Alabama [Mr. UNDERWOOD] very clearly a few days ago, there is sufficient authority already to deal with the debt under present laws if we are willing to come within the two limitations with reference to the interest and the length of the bond—two limitations which are wise.

I was interested to read a few days ago an earnest statement in the eastern press to the effect that until Congress should have granted this power and laws should have been enacted the interest upon this debt could not be collected. If there is any reason why it can not be collected at this time, it is not a legal inhibition but a mere question of policy or of incapacity to realize. It is not by reason of any want of authority. The debt, in other words, is just as binding, just as obligatory, and the evidence of it is just as plain and just as conclusive as if it were in the form of a bond.

One of the arguments with which we meet with reference to the debt is that owing to the sacrifices which the foreign nations made and the comparatively small sacrifices which we made, as it is argued, we should forgive the entire debt. As one writer has said, instead of Europe owing us, we really owe Europe. That is the basis really upon which they proceed to argue that the debt should either be canceled or deferred to such time as it might be disposed of in that way.

Do we owe Europe, Mr. President? I have called attention to the fact that we have exported to Europe in the last five or six years about \$20,000,000,000 or \$21,000,000,000 of capital. The United States did not claim as a result of the war a single dollar for reparations.

The United States has not claimed anything in the way of territory. She contributed of her capital, she contributed of her men, and under the circumstances under which we found conditions in Europe at the time we went into the war she contributed in a controlling way to the victory, and for that she has not claimed anything in return. She might well, according to the customs and practices of nations, have taken a different course. But we declined all spoils of war. Shall we now be called upon to contribute further by forgiving this entire debt? Neither conscience nor fair dealing, nor justice to our own people, nor the demands of humanity require any such course. Such a suggestion came from two sources; first, those whose sympathies are so keen for other peoples that they wholly lose sight of the rights of our own, and those whose interests are so keen as to private advantages that they overlook entirely the public interest.

The \$33,000,000,000 of reparation which is to be paid by Germany is to be distributed among the nations of Europe. The United States claims no part of it. The vast amount of territory which was divided up at Versailles has been distributed among the European nations, and no man can estimate the value, either now or in the future, of the land and territory which was divided up among the powers by the treaty of Versailles. It is far beyond anything of value that has been estimated for in dollars and cents in the way of reparation. When you balance the account, taking into consideration that the United States has stepped aside from all division of reparation and territory, it is pretty difficult to sustain the proposition even as cold bookkeeping that we owe Europe instead of Europe owing us.

Let us look at this division of territory. If we leave Persia out of consideration for the present, we find that there was distributed to the English Government territory equal in area to the territory of Washington, Oregon, California, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, Colorado, New Mexico, Texas, Oklahoma, and Kansas; a territory far larger in area than the original Thirteen Colonies; a territory consisting of more than 1,607,053 square miles and with 35,000,000 people. That is not taking into consideration Persia, which was practically distributed to England, neither does it undertake to estimate the incalculable mineral wealth which is found in these territories.

Scarcely less important was the distribution made to France. We ordinarily look upon that country as being a small country, with very small colonial holdings, but the territorial holdings of France outside of France proper are second only to that of Great Britain.

I have not the exact area or the precise extent of territory which France acquired by reason of the war. But we know of Kamerun, with an area of 166,489 square miles, to which should be added 107,270 square miles ceded to Germany by Caillaux in 1911. We know of German Togoland, with an area of 21,893 square miles; also Syria, with her population of 3,250,000 and a territorial area of 106,740 square miles, with great mineral wealth.

Of course, I am perfectly aware that some will say that some of these are merely covered by a mandate. I presume no one any longer contends that the mandate is anything but a camouflage for the real distribution of territory, according to the secret treaties which were made before we entered the war. It at least transpires that the mandates conform to the agreements in the secret treaties, and it also transpires that the territories are being dealt with under the mandates in the same

way as they would be if they had been deeded in fee simple. I am frank to say that neither Mr. Wilson nor Gen. Smuts had this idea of a mandate in mind, but others had, and their opinions, in practice at least, have prevailed.

In addition, France has acquired as a result of the war some of the largest mineral deposits of the world. She has at this time more iron lands than the entire Continent and the United Kingdom combined. It has been stated by Mr. Simons, the noted journalist, that "France is prospectively the great iron nation of Europe." The population of her territorial holdings will easily reach 60,000,000.

So, Mr. President, in casting up the account it is difficult to sustain the proposition that we owe Europe. On the other hand, it clearly appears that the debt which is under discussion is a just debt and one which the American taxpayer has a right to assume will be paid in full. I venture the opinion that so far as the leading nations are concerned it will be paid in full. It would be much wiser and far more conducive to good understanding in the future if all parties concerned should accept the proposition that the debt is a valid one, both in conscience and in law, and that it must be paid as rapidly as may be practicable. All parties should accede to this proposition. If foreign nations are misled, it will be because they misled themselves.

Mr. BRANDEGEE. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Connecticut?

Mr. BORAH. I yield.

Mr. BRANDEGEE. Is not the Senator familiar with the fact that many prominent foreigners have claimed, inasmuch as the World War was fought for a common purpose, was fought by them for three years before we went into it, that, therefore, the entire allied debt should be pooled, and that a great portion of the expense that was incurred before we entered the war we are morally bound to pay?

Mr. BORAH. Yes; I am aware of that argument. That would involve, Mr. President, a question which I am not going to discuss to-day, and that is, how we came to go into the war and for what purpose we went into the war. Even then, after that was determined, assuming that it was a war in which we had a common cause and fought for a common object, the distribution of which I have been speaking would still be pertinent to that proposition.

It is often said, of course, that the foreign Governments are unable to pay. I have no doubt, Mr. President, those Governments are unable now to pay the entire debt, and no one desires, I presume, to urge it to the extent of embarrassing those countries beyond reason; but certainly the leading countries to which I refer—having them in mind all the time rather than the smaller countries—are able to take care of the interest. Any one who will study their budgets, the manner in which they are dealing with their money, and the method in which they are disposing of it, will have no trouble at all in coming to the conclusion that they can meet the interest upon their debts. I think also that no one will have trouble in coming to the conclusion that we in this country could absorb the amount of the interest which is due us without disrupting our financial fabric. Three days ago I read the following in the press dispatches from London:

Over nine billion dollars is deposited to current account in the banks at present, with a large proportion waiting investment.

I also read at the same time that England had loaned \$50,000,000 to Argentina for the purpose of extending and building up her trade in South America. It is barely possible that we also, without wrecking our financial fabric, could take that same money and loan it to South American countries if it were necessary in order to look after our interests and transfer it to this continent to our benefit rather than to the benefit of a foreign power.

It is, of course, none of our concern and we should not censure any movement which England sees fit to make for the purpose of building up her foreign trade; it is in accordance with the English spirit; it is in accordance with national policy, and no one desires to object; but when we see these transactions going on we are less tolerant of the idea that those countries are unable to pay and that we ourselves would be unable to make use of the money if we had it. This article continues:

In order to attract this huge sum to industrial ventures the big interests are clamoring for a further reduction in the bank rate to 5 per cent. Financial experts say the way is clear for a big business revival, though the unprecedented heat and the vacation season is causing it to hang fire.

Labor Leader Clynes has announced that trade can now go full steam ahead as far as the workers are concerned and that the era of industrial disputes is ended.

The stock market is devoting close attention to the preliminaries of the Washington conference. It is agreed that if it is successful it will have a far-reaching effect on the world's finances.

The Financial Age, in its January 29, 1921, number, after reviewing this subject, says:

There is no doubt that the Allies are entirely solvent and willing to settle their indebtedness to the United States if pressed to do so.

Mr. President, all the leading financiers and economists do not agree with the proposition that we may not safely collect the interest which is due us from foreign Governments and absorb it. One of the most pronounced exponents of that view is Mr. Reynolds, the Chicago banker. He has been very outspoken in his views upon this question, and perhaps it may be worth while to insert them in the Record. He visited Washington some time ago, and the press reports announced him as occupying this position. I shall now quote from the Washington Herald, which ought to be in a position to know what takes place. That paper states:

Mincing no words, he [Reynolds] attacked as fallacious, chimerical, and destructive of American prosperity many of the schemes of domestic and foreign financing being urged upon the President by Wall Street interests. Reynolds pronounced unsound and injurious to American welfare projects for stimulation of an unnatural volume of foreign trade.

A plea to husband our resources for our own needs primarily was voiced by Reynolds in the course of an onslaught upon the proposals for extending additional credits to the debt-ridden countries of Europe, which, he said, would not revive trade but only increase a foreign debt to the United States that can be discharged eventually only in goods.

"Improvement in Europe is not worth buying at the price of America's impoverishment," said Reynolds when the discussion was at its height.

Nor did the Chicago banker hesitate to express, in the presence of the President and Secretary of the Treasury Mellon, his disapproval of the administration plan to sell to the American public the bonds of the funded \$10,000,000,000 allied debt to the United States. He opined that the bonds would find no extended market unless the United States were to guarantee them, which would be only adding a further complication to the existing situation.

The views of Reynolds, clashing not only with the notions of Cabinet members but the proposals of the eastern bankers, were echoed by many of the other financiers of the Middle West. In fact, there is good ground for stating that Reynolds uttered a declaration of independence of Chicago banks from the domination of the New York banking interests which are heavily interested in foreign financing.

In the address of Mr. Reynolds, from which I quoted in the beginning of my remarks, are some views particularly relevant to the point which I am now seeking to make. Certainly no one will underestimate the ability of Mr. Reynolds to deal with subjects like this. I freely acknowledge my reliance upon the judgment of other men in regard to the merely expert features of this subject, although I am frank to say I entertain some views of my own with reference to some of the general questions growing out of the subject. Mr. Reynolds says:

Reports indicate that the nations of continental Europe have made small progress in balancing their budgets. Deficits have accumulated. These nations must make serious efforts to improve public finances. This course involves stringent measures in the way of deflating inflated paper currencies. It also involves taxation of the most rigorous character. There must be retrenchment in public expenditures. Internal funding loans of greater proportions will doubtless be necessary to reduce floating debts—particularly to reduce debts to the State banks of issue, so as to bring about a reduction in the volume of outstanding bank notes. It seems clear that European nations—some more than others—must do all these things. But more, they must put such restrictions on imports as to bar out goods that are not vitally necessary for their rehabilitation. It is imperative that the European countries work, tax, save, restrict imports to necessities, and above all, reverse the mad policy of printing bank notes. On these points economists are in agreement.

If continental Europe does not show a disposition to put her house in order, it is not too much to suggest that British and American financiers, as well as the Governments of Great Britain and the United States, should exert at least moral pressure to bring about this result. The United States could even lay down as a condition precedent to its financial cooperation or aid serious and intelligent efforts at financial and monetary rehabilitation by the countries of Europe.

Further in his remarks he has this to say:

The United States owes to Europe, as well as itself, the duty of keeping its house in order. If the United States does not do the best it can with its own resources it will do less than is possible for Europe. In considering foreign trade and the export of American capital not only the needs or demands of Europe must be taken into account but also the capacity of Americans to export capital without seriously affecting domestic industry. Europe would not gain in the long run from the impairment of American resources and capital. Too much emphasis can be placed on what America can do for Europe and not enough on what Europe can and must do for herself. European countries owe America the duty of righting their economic position by strong adherence to sound and sane rules of financing, taxation, and fiscal operations. It is important that attention be given the needs of Europe for capital, but it is necessary also to consider American needs.

Mr. H. F. Poor, vice president of the Garfield National Bank, of New York, says:

These debts must be paid or canceled. If they are canceled, what will be the result?

The Treasury Department report shows that whatever interest was paid came from the proceeds of the new loans, and that when the credits were exhausted interest payments stopped, showing clearly that the proceeds of foreign taxation have not been used to pay interest or principal.



In other words, the foreigner has not been taxed to pay anything to America, so that the interest on \$10,000,000,000 of Liberty bonds, which Congress intended to be covered by the interest on these foreign loans, must now be raised by taxation in this country. The citizen of America is actually paying in taxation to-day the interest on these foreign loans.

Cancellation would therefore keep this burden on the backs of the American taxpayers, and in addition would add the burden of amortizing the ten billions of Liberty bonds.

On the contrary, if the foreigner paid us the interest and amortized the principal of these debts, these payments would cover the interest and amortization of a like amount of Liberty bonds and reduce our taxation by so much.

Cancellation would mean increasing our taxation about two hundred and seventy-five millions a year.

Payment by the foreigner should mean reducing our taxation by about eight hundred millions a year, or a net gain or loss of over a billion dollars, about 22 per cent of our present taxation.

The Financial Age, under date of January 29, 1921, page 170, says:

It is regarded as little short of ridiculous for this country to continue staggering along under its immense tax imposition, which might be greatly relieved by the collection of part of the allied principal due, certainly the back interest.

\* \* \* The interest at least should be paid. It is only justice to the overtaxed citizens of this country that this should be done.

I quote from another gentleman who has studied this question:

The United States went into the war with a debt of less than \$1,000,000,000 and came out of the war owing a debt of over \$24,000,000,000. About \$10,000,000,000 of this debt represents money loaned to allied Governments. Not one dollar of principal or interest on these loans has been paid.

I presume the writer means in cash, for some interest has been paid in goods or property.

The United States, however, has not defaulted in interest payments upon its Liberty bonds, and it is therefore in the position of assuming the burden of its debtors. It has been able to do this by imposing heavy taxes upon the people.

If the United States had expended all of the money raised by bonds, the people would ungrudgingly pay their taxes and recoup a portion of them by collecting interest on their Liberty bonds. But two-fifths of the debt ought to be lifted off the people and placed where it belongs, upon the shoulders of the borrowers. There is no fair play in requiring Americans to pay taxes upon \$10,000,000,000 to make up for the default of interest payments by foreign borrowers.

This is equivalent to compelling American taxpayers to contribute to the support of Great Britain, France, Italy, and the other allied countries. Americans are quite willing to be patient in collecting the loan, but they can not be expected to waive all interest and assume the burden themselves.

When foreign Governments owing money to the United States are in the attitude of defaulting in their interest payments while at the same time spending large sums for armies, navies, air fleets, forts, oil fields, commercial enterprises, and so forth, it is inevitable that Americans should question the wisdom of postponing indefinitely the adjustment of the loans. Time works to the disadvantage of the lender when there is a lack of clear agreements.

We are now, Mr. President, under this process, in fact, loaning foreign Governments about \$1,000,000 a day; in that we are forgiving the interest or deferring it we are, in fact, imposing upon the American taxpayers the burden of taking care of our taxes and continuing to loan to foreign Governments at the rate of nearly \$1,000,000 a day. To the extent which the foreign Governments can in good faith meet this debt and the interest upon it, we should inform them that we expect that to be done. The policy should be a definite, a positive, and a firm policy; otherwise it never will achieve anything.

There is one other feature of this question, Mr. President, to which I desire to call attention, and that is the relation of the foreign debt to disarmament. If I had my way about it I would not fund the foreign debt nor defer the interest, even assuming that at some time that might be done, until after the disarmament parley had concluded its final session. It may be a matter of very great importance in the treatment of the questions which will arise at that parley. Certainly, if the foreign Governments are unable, as they say, to meet their foreign debt and yet continue to expend the vast sums which they are now expending for armament, it would cause us to adopt an entirely different policy in case there should be a failure to agree upon disarmament. For one, if there should be a reluctance upon their part to enter upon any reasonable agreement with reference to disarmament, I should certainly consider that the American people would feel justified in insisting that they promptly arrange their debt and promptly meet the interest upon their debt.

France at the present time has about 800,000 men in her army. She is the most thoroughly militaristic nation in Europe if not in the world. Her expenditures for her military equipment are the greatest of any power in the world. I recognize, of course, in the relationship between Germany and France a situation which would justify a reasonable preparedness on her part; but an army of 800,000 men under the conditions in which Germany finds herself at the present time is very difficult to justify.

Mr. REED. Can the Senator tell us what that army is costing France?

Mr. BORAH. No; I have been unable to get that information.

Mr. REED. I think it is safe to say \$1,000,000 a day, is it not, in any event?

Mr. BORAH. Yes; I have endeavored to get it in more ways than one, but I have not been able to get it, and therefore can not state it; but Senators can imagine what 800,000 men are costing.

The British Navy will cost this year about \$765,586,080 and the British Army very much more. I have seen it stated as high as \$1,968,300,000—that is, her army in Ireland, in India, in China, in Mesopotamia, and so forth. I read a statement made by a Member of Parliament that England is expending in her attempt to control Mesopotamia \$40,000,000 per month.

Now, what is the effect of this under the present program, Mr. President? The effect of it is that the taxpayer of the United States is not only bearing the burdens with reference to our own armaments, but the American taxpayer is, in fact, carrying the burden of the armaments of France and England and Italy. Let it not be forgotten or misunderstood that under this policy we are not only financing our armaments program, but we are financing the armaments program of Europe, or a large part of Europe.

If I have a farm and finance it, stock it, and furnish the means to run it, and also furnish to my neighbor the means to stock his farm and run it, and collect neither principal nor interest, I am carrying both farms, am I not? So long as this debt remains unpaid and the interest remains unpaid, and the American taxpayer must meet the taxes which are imposed upon him because of the deferment of interest and the payment of the principal, we are taking care of the entire armaments of the United States and our late allies. I say, therefore, that it would be short-sighted policy, indeed, for the United States to place itself in a position where it might not modify its policy with reference to the payment of the debt or the interest according to the result of the disarmament conference. To my mind that is the most important feature at the present time connected with this question of the payment of the foreign debt.

Understand me, of course, Mr. President, in speaking of this matter, and urging as I do the taking care of this debt, I recognize that those countries have their obligations and their difficulties and adversities now the same as we have; but I insist that there should be the best evidence of the best of faith upon the part of these Governments in meeting their debt, and that the United States should insist upon that policy without equivocation or apology.

I am therefore, Mr. President, not in favor of any decisive movement with reference to this debt at the present time. It is there. The evidence of it is there. It is a legal obligation. It is just as binding as if it were in a bond. It is subject to call. We may ask for it now, the same as we could if we had a bond and it was due. There is no possible loss. We may utilize it. We may utilize the interest. There is only one thing involved, and that is the question of policy. There is no necessity for funding it for the purpose of putting it in better legal condition. So far no statement has been made as to any financial advantage. So far nothing has been said that would disclose an advantage to the American taxpayer, while upon the other hand if the debt is left subject to call, it is ours to utilize as emergencies arise and conditions suggest. It will play an important part at the Washington conference, whether it is ever mentioned or not. It will be there, coloring and shaping and directing all the proceedings, molding and shaping the councils in their final conclusion; and it will be vastly to the advantage of the United States if it remains just as it is now until we shall have determined whether the world can get rid of its armaments or whether we are to go forward over the road which we are now traveling and which leads inevitably to bankruptcy or war, and possibly both.

So vital and so commanding is the question of disarmament I would utilize all the power that this great Republic can command to change the program relative to armaments which is now being carried forward; and if I could use this vast debt, if the obligations which it imposes could be commanded to that end, I would not hesitate to do it. I would be considerate, I would be courteous, to all nations, but I would be brutal in the exertion of all power at my command before I would see humanity further tortured and civilization destroyed by keeping up this barbarous system of crushing armaments.

Mr. NELSON. Mr. President, I have listened with much interest to the very able speech of the Senator from Idaho [Mr. BORAH]; and in all that he has said about our efforts to collect

this debt and collect the interest, I concur. I think he is right; but in respect to all these loans that have been made to Europe by private parties and by the United States Government I think he looks at the question from what seems to me a stray angle. You would naturally conclude, from listening to the remarks of the Senator, that our country had been depleted by these loans to the extent of \$25,000,000,000. As a matter of fact, Mr. President, if the question is examined it will be found that the bulk of both these private loans and these Government loans was devoted to paying for American products and supplies, and the bulk of the money, the large share of the money that was advanced by private parties here and by the Government, never left the United States, but remained in this country to pay for American products and supplies.

Long before we got into the war the countries of Europe came here to get their food supplies and their munitions, and in order to get them they borrowed money from our bankers here. Neutral countries borrowed money, the countries at war borrowed money, and most of the money was left here in this country to pay for munitions, food supplies, and other articles that were shipped abroad.

Take these loans that were made since the armistice. A large share of them—I do not know exactly what proportion—were devoted to the purchase of American food supplies for the European countries, and but for those loans and advances that we made my opinion is that we would have had as poor a market for our products in Europe during the war as we have had this year. It was because of those advances and credits that our products found a market in Europe and that we got fair prices for them. So if you look into the question from that angle you will find, first, that the money constituting these enormous capital advances, as they are called, by our Government and private parties did not leave the country. Most of it remained here. What left the country were American products, agricultural products and manufactured products of various kinds. That was the bulk of it; I do not say all of it.

Mr. President, I want to draw a lesson in connection with the pending bill from our experience with these foreign loans. These foreign loans and commitments were in their essence, though not altogether, the same as is proposed in the bill now pending before the Senate. They were advances made to those countries to enable them to buy our food products and other supplies. We got all kinds of bonds and securities. There were the *de jure* Governments—France, Italy, England, and other countries—that could give us valid bonds. There were some instances—I can not at this moment recall them—in which *de facto* governments borrowed money from us, or got commitments, and gave such security as their *pro tempore* governments, such as they were, could give. Some of those securities are of very doubtful and questionable character. We have valid bonds and securities, I take it, as against England, France, and Italy; but in the case of some of the new countries that were created out of parts of old ones, it may be a question whether the new governments will be ready to approve the securities, and therefore they ought to be settled as soon as possible.

Coming now to the lesson, we are having a great deal of trouble in collecting this money. We shall have a great deal of trouble in collecting the interest, as the Senator from Idaho has well said. Now, take the bill that is under consideration here, creating this corporation. If we go on and buy the agricultural products of this country and sell them to Europe, we shall be, in the end, almost in the same fix about getting paid for the supplies that are to be bought by this corporation that we are in with respect to our foreign bonds to-day. Therefore, while one part of the program, the purchasing part, seems to me smooth sailing and easy enough, when you come to sell those products abroad you are confronted with the question of whether you can sell them for cash or on credit; and, if on credit, what kind of credit?

There is another question that I want to suggest at this moment. I have thought much about it, but I am getting too old to talk much about these things now. It is this:

We are anxious to build up trade and commerce with Europe. We are all anxious to have a market for our products, and to get paid for those products either in cash or in valid securities. But, Mr. President, here is one question that stares me in the face: With those devastated countries of Europe rendered almost helpless by the Great War, financially embarrassed, and seeking gradually to rehabilitate themselves, how can we hope that those people will have any money to buy our goods unless we give them a little chance to sell their own products in this country? To my mind, there never was a more critical time for preparing a tariff bill in this country than there is now.

Since the days of the Civil War economic and financial conditions in Europe never have been as they are to-day; and if you proceed with a tariff bill along the old lines, as the situation was when everything was booming and in good order in Europe, I fear it will be like a kicking gun.

I am only making these suggestions, Mr. President. I am not an expert on the tariff, and never have been; but the thought has occurred to me time and again, how can those poor people in Europe buy our products, which we are so anxious to sell? How can they trade with us unless we give them something of an opportunity to trade with us and sell some of their products?

Coming to this matter of credits, what is the situation? In this connection I want to say to my friend the Senator from Nebraska [Mr. Norris], who I know is very zealous in support of the farm export bill, and who deserves credit for it, that he represents the interests of the farmer from one angle. When this corporation is created and proceeds to buy the goods of the farmers—their cattle, their sheep, their wool, their wheat, and their cotton—the next duty of the corporation will be to sell those products to foreign Governments, or sell them to private individuals. Its duty is not only to sell them but to get something in return for them, either cash or some security that is valuable; and that will present the same question, as I said a moment ago, which confronts us in respect to the foreign loans.

Therefore, in view of these facts, I think the Committee on Finance, in framing the tariff bill, ought to take into consideration the questions I have in this brief manner suggested. I think it is very important that they should bear in mind, when they frame the tariff bill, that they must leave an opening, a door, for the farmers of this country to get in and obtain some protection.

Suppose you give the manufacturers of this country ample protection; suppose you fence them in, if you please, and prevent any interference with their trade. How will that aid the farmer? He has to pay the price of the manufactured goods, but his agricultural products are in the air, subject to the law of supply and demand; and we have had an illustration this year of how inexorable is the law of supply and demand. That is one of the questions that our farmers will have to confront.

Of all the classes of our people who were hit by the falling prices arising from the operation of the law of supply and demand, our cotton farmers, our grain farmers, and our cattle farmers were the worst hit of all. They were hit because they were more helpless; there was no law to protect them; they were subject to the inexorable law of supply and demand. But that is not the case with the others.

Readjustment has gone on slowly in this country, Mr. President. The farmers have been compelled by this law of trade to readjust the prices of their products. But how is it as to the other interests in the country?

Mr. President, I am no enemy of labor. I have been a hard-working man all my days, and my sympathies run in that direction; and they are pretty strong, too. But what is the situation? The laboring men of the country have been insisting upon war-time wages. We all know that there was a great scarcity of buildings during the war. All the mechanics and tradesmen were devoting themselves to Government work, and there was a great scarcity of buildings in the country. My opinion is that if the laboring men had come down to reasonable figures and not insisted on war pay, and if the material men had done the same, we would have seen the greatest building boom in the country ever known; we would not have seen a bricklayer or a painter or a plasterer idle in the country.

We have had the same experience in reference to our railroads. The railroad companies have been trying to get a reduction in the cost of operation. They have had hard sledding, but they have not been in as bad a fix as some of the other industries found themselves in. They have been subject to Federal control, and have in a measure recouped themselves by laying off a good many of their men. Thousands of men who were employed on railroads are to-day idle, because the railroad companies, in spite of the great increase in passenger and freight rates, are unable to make both ends meet.

We can never hope for prosperity in this country until there is a readjustment in these directions. The farmers have had to reduce their prices; the laboring men must, in all reason, expect to have their wages reduced from the high war figures to reasonable figures, and the wages paid railroad employees must be lowered, for without these reductions prosperity will not come to this country.

The wholesale dealers have come down a little in their prices. The great bane we are encountering to-day is the retail dealer.



The retail dealers refuse to come down; and although to-day a grass-fed steer is worth only 5 or 6 cents a pound, we still have to pay in the market 40 cents a pound for a roast or beefsteak. Such conditions are bad, Mr. President.

Now, one more word in respect to the pending bill. I am as anxious to help the farmers as anyone can be, but I do not think the plan proposed furnishes the proper remedy. I fear, as I said a moment ago, that when they come to sell these goods, and come to collect the price of them, either in money or credits, they will strike a snag that will be insurmountable, and will leave us in the future with a financial load as big as the one we have to-day in this foreign debt.

I do not want Senators to understand from anything I have said that I am in any way hostile to the payment of the foreign debt which is owed to our Government. I am as anxious as anyone to see that debt met as promptly as can be.

But we must look at it from this angle. Europe will not be able to meet this debt as promptly as she could if there were some industrial revival over there. Europe needs our raw materials for the development of her factories and industries. Unless there is an industrial revival in Europe, Senators must see on reflection that there will be a poor prospect of collecting anything from those countries. I hope that whatever legislation we enact will be of such a character that it will give those devastated and demoralized and financially crippled countries a reasonable opportunity to revive their languishing industries and put them on their feet, so that they will be enabled to meet their obligations and enabled to buy the products of the American farmers.

I hope Senators will excuse me for making this rambling talk. I have simply aimed to state, in a brief and perfunctory manner, how the situation at home and abroad strikes me.

Mr. McKELLAR. Mr. President, I was very greatly interested in the speech made a few moments ago on the question of the collection of our foreign debts by the distinguished Senator from Idaho [Mr. BORAH], who always makes a good speech, and this time made an unusually strong one. I indorse absolutely all he said about the advisability of the collection of the interest on our foreign debts generally. He has adduced facts and figures which are to my mind unanswerable. There is no reason whatsoever why the Secretary of the Treasury should not close the matter in accordance with existing law.

As to the question of postponing the collection or any steps toward the collection of the debts, or the interest thereon, until after the proposed disarmament conference, that is a matter which needs careful consideration, and, so far as I am advised, I can not say what course should be adopted, although the plan does seem to be well worthy of the most careful consideration, as the suggestions of the Senator from Idaho are always deserving of consideration.

But the question I want to put to the Senator from Idaho is, What have we in the Senate or House to do with it anyway? I do not know whether the Senator happened to read an editorial in yesterday's Washington Herald, owned and edited, I believe, by a member of the Cabinet, Mr. Hoover, who takes a very different view from that taken by the Senator from Idaho and from that I take in the matter, and I think a different view from that of many other Senators. I merely call attention to what he said in this editorial. I shall not read it all. Mr. Hoover believes, judging from this editorial, that the Congress is unfitted for the task of directing how the debts should be funded or of determining whether the interest should be collected or deferred. The only trouble with the Secretary's position is that the Constitution and laws of the United States, which he as well as we swore to uphold, puts the responsibility upon us to fix the law by which these debts are to be funded and the interest collected, and if we turn it over to the Secretary of the Treasury, without saying how it should be done, we are violating our duty. The Secretary has no duty in regard to the matter except what the Congress imposes, and confessedly he has not performed the duty that the Congress has already imposed upon him about these debts, namely, to take bonds for the debts, when he has only taken I O U's.

The editorial reads in part:

Secretary Mellon, as this Government's fiscal agent, has asked unlimited power to handle all of these obligations. The Senate committee, constituting itself a board of directors, appears to doubt either his ability or his trustworthiness. Even the impossible condition has been suggested, that any agreement he might make must be ratified by the Senate, where it might be debated to death or held until it died of starvation.

Is it not remarkable that the Senate should butt into this affair in accordance with the Constitution, when other "interests," as will appear later, want to handle it? I am sorry to see Mr. Mellon insisting on a power that no king or emperor on earth would ask for and none could obtain. I am just as

sorry to see Mr. Hoover uphold such a claim for feudal power, which could only be granted on the principle that the king can do no wrong.

The suggestion that the Senate has anything to do with this matter of \$11,000,000,000 is, according to this, impossible. The editorial continues:

Ultimately some one must be trusted to make these settlements.

Here is what I call to the attention of Senators particularly:

*When made, the agreement must satisfy the financial interests of this country, rather than the Senate or individual Senators.*

I stop in the reading of this editorial, which must be inspired by the administration, because coming from one of the organs of the administration, and therefore I say to my friend from Idaho that it seems Members of the Senate have nothing to do with it; it has to be passed upon by the "financial interests," not the Senate of the United States and by the House.

Mr. NORRIS. Mr. President, may I ask the Senator if that was a quotation from some testimony?

Mr. McKELLAR. No; I am reading from an editorial in yesterday's Washington Herald, commonly supposed to be owned by Mr. Herbert Hoover, Secretary of Commerce.

Mr. NORRIS. I misunderstood the Senator. I heard him say he was reading from an editorial, but I supposed it was quoting Mr. Mellon's testimony.

Mr. McKELLAR. No; I am reading from the editorial.

Mr. NORRIS. Very well.

Mr. McKELLAR. The editorial continues:

*When made the agreements must satisfy the financial interests of this country rather than the Senate or individual Senators. It will be the financial agencies, not the legislative, who must indorse these bonds as acceptable investments. It would seem to be beyond peradventure that if satisfactory to these men—*

Referring to the financial interests, of course—

*they would represent the best possible bargain in this country. If there is anyone better fitted to carry through these negotiations than is Mr. Mellon, or any commission, he says he would be glad to be relieved of the responsibility. Whether man or commission, the same experience Mr. Mellon has must be found and trusted. Whether one or more, they must consult with the same men with whom he will certainly consult. Maybe the best way out would be to name a nonpartisan commission of Senators.*

Listen to this. The editorial ends in this way:

*But certainly neither Senate nor House can lay down rules to be followed as to the greatest financial refunding problem the world has ever known, in which unknown elements will constantly develop.*

I am afraid that we who have thought that the Senate and House have some rights about the matter have been mistaken. This editorial reads us out of the sphere of the Constitution. We are but crafty interlopers. We should be shown our proper place.

If that last is a statement coming directly from the administration I fear that what Members of the Senate may think about the question of refunding the loans at this time, or at the time of the disarmament conference, or what we may think about collecting the interest at all, will be of no avail. The Secretary of the Treasury refuses to tell the committee how he is going to do it, and, according to the newspapers says he has no real plans himself. All I can say about this is we had better let the matter rest until he forms some plans about it, and then discuss them with him after he has informed himself and the committee.

Senators will remember that when we loaned this money we laid down certain rules and regulations by which the lending must be governed, and the rules in those acts have never been complied with by any department of the Government. For about a year now I have been complaining because this has not been done, and we have not even yet got the inside facts, though I have tried my best. I might have felt bad over my failure, but I have noticed members of the Finance Committee have been trying their very best to elicit information, but no real information has yet come. There is not a Senator on the floor who can say to what extent our Government has acted, directly or indirectly, in reference to these loans. There is not a Senator on the floor who can say whether there is an implied agreement that we must forego the interest for 1 year or for 2 years or 10 years or 15 years, and not a reason has been offered, not a suggestion has been made by the Secretary of the Treasury.

Whenever we ask these gentlemen a question before any of the committees we are told, "We do not know exactly ourselves, but we want absolute and complete authority; we want you to turn over the powers of Congress in regard to it. You are incapable of dealing with it," as this newspaper editorial said. What is the Senate for, anyway? What is the House for, anyway? They are here to legislate for the American people and to talk about things that are not material, but when it comes to dealing with a debt like \$11,000,000,000 the administration



must take it over. Congress is incapable of dealing with the matter. We must turn it over to an officer who has already failed to carry out the law and who says he has no views about how the new powers should be executed if given to him. All he wants is power to keep a meddling Senate or an inquisitive House from attempting to interfere.

By the way, when I say this I am not partisan about it, because the last administration seems to have taken exactly the same view of it that this administration takes, with one exception. As the Senator from Idaho [Mr. BORAH] has well said, President Wilson had the patriotism to stand up and say that the debts would never be forgiven and that the American people would insist upon payment and with interest. They are going to insist upon it, too.

Senators, I merely rose to make this statement and to read the editorial to show what is going on, because it is going to come right straight up to us to say whether we are going to have anything to do with the collection of the debt or whether we are going to turn it over to some one, when nobody knows what will be done, according to the undisputed testimony. The Secretary will not tell us what is going to be done; he has not told us yet, and if any Senator here thinks he has told us I would be delighted if he would rise in his place and tell us just what that plan is. If we permit this "cat in the bag" bill to pass, then there is no use for a Congress. We might as well let the administration, or any of its agents, issue ukases, and abide by them. It would be much more economical, and the result will be the same. I venture the assertion that our constituents will keep up with these debts, and if the Congress makes a slip about them all who do so will be held responsible. The Senator from Idaho is right.

Mr. REED. Mr. President, I shall occupy the time of the Senate only for a moment. I simply wish to make one remark, not exactly by way of reply, but in reference to the address of the Senator from Minnesota [Mr. NELSON], who always speaks with very great clarity and directness. I do not think he meant to leave the inference which might possibly be drawn from one part of his statement, but the statement is made in substance by many people that if we did loan this money to foreign governments that does not make very much difference because we sold them our goods for the money, and some people are inclined to treat that as though when we gave them the goods and got our own money back the transaction was balanced and we were out nothing.

I beg to suggest that even though foreign governments did spend this money in the United States for American goods they got the goods and they have the goods, and it took time and labor and money to produce the goods. All that we gained by having the goods purchased in this country was the profit upon the goods. That profit did not flow to the American people alike. That profit, as a matter of fact, reached directly only a very few people. Upon the other hand, it is a serious question in my mind whether the disruption of the ordinary course of commerce and the excessive prices paid for some of those goods were not in the long run a disadvantage to our country.

No better illustration can be found than in the fact cited by the Senator from Minnesota himself. He stated that we quit building houses, that wages had gone up to such a point due to the war, and part of that rise antedated our entrance into the war, that houses are not now being built.

Now let us see just what that means. Houses are not being built because of the advance in material and wages incident to the European war, and which would not have occurred in this country probably except for the loans. We therefore quit building houses. Rents accordingly mounted, and every citizen of the United States who had to pay rent has been paying a tribute ever since and is worse off to the amount of his rent than if he had never been concerned in loaning the money to Europe.

I speak of this because I have been frequently confronted before the Finance and other committees with the argument that all of this money was spent in the United States and that therefore we ought not to expect to be very insistent upon collecting either principal or interest. If the money was spent in the United States, speaking by and large a few great contractors and producers got the major portion of it. But even they were obliged to employ labor and capital that otherwise could have been employed and the goods remained in this country to the benefit of the country.

It is a fallacy to assume that because a foreign nation borrows money and then buys goods from us we are thereby made whole. We will be approximately made whole when they proceed to pay for the goods. They got \$10,000,000,000 worth of goods at the market price for the \$10,000,000,000 of money that we loaned to them.

Mr. EDGE. Mr. President, will the Senator yield for a question?

Mr. REED. Certainly.

Mr. EDGE. Does the Senator, then, following that line of argument, see any great difference in principle between the advancing of \$10,000,000,000 or thereabouts during the war and the advancing of money under the proposed unfinished business, the farmers' aid bill, providing for a Federal corporation to buy here and sell abroad?

Mr. REED. Yes; there is a great difference in principle, but the proposition now to advance money to sell goods abroad has not half the excuse back of it that could be advanced for the loaning of money during the war, not half.

Mr. President, while I am referring to that and in connection with the very illuminating remarks made by the Senator from Idaho [Mr. BORAH], who, contrary to the old aphorism, whenever he opens his mouth says something worth while, I submit that not only are the military establishments being maintained but the military establishments of these countries, not all of them but many of them, have been regularly employed in the destructive work of war. Poland had a great war and we sold to Poland on credit a vast amount of army supplies. We furnished a vast amount of money in addition to that which I once asserted was used to help Poland perpetuate that war. The reply came back that not a penny of it had been furnished to the Polish Army. All they had done with it was to feed the civilian population back of the army, thus enabling the army to keep in the field, the difference between tweedledee and tweedledum.

In addition to that, the papers of only the day before yesterday informed us that France proposed to settle the Silesian question by her army. The papers of this morning, I think, stated that that crisis had been passed over. But the holding of an army ready to march and in a menacing attitude costs money, and it costs not only money to France but to the countries interested upon the other side of the question.

Mr. MCCORMICK. Mr. President, will the Senator permit me to interrupt him for a moment to say that the nations which are our creditors now have under arms an aggregate of 3,000,000 men, or more than there were in that territory before the outbreak of the great European war?

Mr. REED. Following that statement, those 3,000,000 men can not be kept in the field and paid and provisioned and furnished with equipment and armament for less than \$2 per head per day, and that means \$6,000,000 a day. If that amount of money were set aside and turned over to the United States, our war debt would very speedily begin to disappear.

However, in connection with what I was saying, since the Washington Herald, the official organ of one member of the Cabinet, has been cited here, I cite another editorial appearing in the issue of to-day. After commenting upon the success which Greece has had recently in Turkey, the editorial continues:

Certainly Greece is entitled to support from France as well as Great Britain. She went to Asia Minor at the request of the Paris council's "big three," which included President Wilson. She was asked to occupy Smyrna to head off its seizure by Italy. More than this, Smyrna is Greek, as is the near hinterland. Italy does not forget, but France does, while the United States recognizes no moral obligation that was imposed by Mr. Wilson.

For the first time, the Turks are where they can be held, if Greece receives but decent recognition for her service.

One avowed purpose of the war, as evidenced by the treaty of Sevres, has been fulfilled.

I do not know whether this editorial was written by a Cabinet member or whether it was simply paid for by him, but it contains some statements of fact that have not hitherto been very public. If it is true that Greece was put in to the war at present being waged by the joint action of the Allies, then they are, of course, responsible for its continuance. If France and England are sending Greek armies into Asia Minor in order to keep Italy, another one of our allies, from grabbing that country, then that is a very important fact that we ought to know, because it forces the conclusion that what these countries are doing to-day is quarreling over spoils, and that England and France are inducing Greece to carry on a war in order to keep Italy from feeding herself full at the expense of the Turk; and we, as the Senator from Idaho [Mr. BORAH] has shown in his powerful argument, are really financing that operation.

But, sir, we have done it very directly. There was some kind of agreement, the inside of which has never yet been quite exposed, between England and France and the United States to furnish to Greece a stipulated sum of money. I have forgotten the exact figures, though I think the amount was \$50,000,000.



Mr. McCORMICK. It was thirty some million dollars on our part.

Mr. REED. The amount which they claimed the United States was to contribute was some thirty-odd million dollars. France and England refused to contribute their share, according to the best evidence I have been able to get, but within the last 90 days we have paid \$16,000,000. What for? Plainly we are engaged at least in helping Greece wipe out some of her debts, and thus directly contributing to the ability of Greece to carry on this conflict. It is a conflict which I do not think concerns us. Certainly I have no interest, and I believe the country has no interest, if Smyrna is to be taken away from Turkey, whether the Italian Government or the Grecian Government gets it.

I do not intend to hold the floor; but there are many things to be said about other loans which have been made in recent times. There is just one further remark I desire to make for the benefit of the Senator from Tennessee [Mr. McKellar], and that is, so far as the evidence before the Finance Committee goes, it tends strongly to show that while there never was a hard and fast agreement made and signed by which we promised to forego the payment of the interest upon the foreign debt due us for a period of three years, negotiations were carried on which began with that suggestion and with the further suggestion that we should forgive the interest upon the accumulated interest, amounting to approximately \$40,000,000 a year. In the subsequent negotiations, so far as they have been exposed and laid before us, the documents treat the extension of the interest as an accomplished thing, as something agreed upon, although each of these documents contains a clause that it is not binding until ratified.

The Secretary of the Treasury seemed, so far as I could make out his testimony—and it was very Delphic in its nature—to feel that there was probably an obligation to postpone the interest and to waive the payment of compound interest, because if there had been no absolute agreement there had been some sort of understanding that had been acted upon.

Mr. McKELLAR. Mr. President—

Mr. GERRY. Will the Senator from Missouri yield to me?

Mr. REED. The Senator from Tennessee [Mr. McKellar] first rose, and I will first yield to him.

Mr. McKELLAR. Mr. President, I do not know whether the Senator from Missouri was present in the Chamber when the Senator from Virginia [Mr. Glass], who was formerly Secretary of the Treasury, rose the other day and stated that while he was Secretary of the Treasury one of his assistants was sent to Europe and had about completed an agreement by which our foreign loans were to be funded into interest-bearing bonds. I wonder if the Committee on Finance have had that witness before them? I believe that that witness could give very valuable information.

Mr. REED. I think that witness has been sent for. We found his name in various papers, and I know certain members of the committee asked that he be called. I think he will be called, if he has not already been called. He has not, however, as yet testified.

Mr. GERRY. Mr. President, will the Senator from Missouri now yield to me?

Mr. REED. I yield.

Mr. GERRY. Perhaps I misunderstood the Senator from Missouri, but my understanding of the statement of the Secretary of the Treasury was to the effect that he had under consideration the question whether there was any moral obligation on the part of our Government not to demand interest until April, 1922; but I do not think he extended it beyond that period.

Mr. REED. That embraces the three years.

Mr. GERRY. I misunderstood the Senator.

Mr. REED. That completes the three years.

Mr. GERRY. But the Secretary has not as yet sent in his report to the committee?

Mr. REED. No; he has not finally answered that question.

Mr. GERRY. Exactly.

Mr. REED. But the whole trend of his testimony indicated that he thought there was an obligation of that kind.

Mr. GERRY. I think that is true.

Mr. REED. That is what I tried to say before, as nearly as I could.

Now, Mr. President, I desire to say a few words regarding the editorial which the Senator from Tennessee [Mr. McKellar] read from the Washington Herald, which contains the statement that it will be the financial agencies and not the legislative that must indorse the bonds as acceptable instruments, and that—

Certainly neither the Senate nor House can lay down rules to be followed as to the greatest financial refunding problem the world has ever known, in which unknown elements will constantly develop.

That is a very natural view for an Englishman to take, a man who has spent all of his grown life in England, dealing with British financiers, who is accustomed to the British form of government, under which the Government undertakes the direction of financial matters, makes up its budget, indicates where the money shall be spent and how it shall be spent, and then calls upon Parliament to make the appropriations. I am not at all surprised that Mr. Hoover takes this view. I do not think he means any discourtesy at all to the Congress of the United States; he simply does not understand the situation. Not having been here long enough as yet to vote and never having voted in the United States, and having his investments still in the syndicates of Great Britain, being in close touch with their financial interests and knowing how powerful and potential they are, it is only natural that he should take the view that Congress has no business to say anything about this matter; that it should be left to the financial authorities, and that they should be given carte blanche to do whatsoever seemed to them proper.

I say this, Mr. President, in order that the somewhat harsh criticism that the Senator from Tennessee made may be a little bit mollified. We should always take into consideration the circumstances under which any statement is made and the environment of the gentleman making it.

#### AMENDMENT TO NAVAL BUILDING PROGRAM.

Mr. KING. Mr. President—

Mr. McCORMICK. Let me ask if the Senator from Utah expects to address the Senate at this time.

Mr. KING. Yes; for a few moments only.

Mr. McCORMICK. I will yield to the Senator.

Mr. KING. I will yield to the Senator from Illinois if he desires to speak.

Mr. McCORMICK. I had expected to ask unanimous consent for the consideration of a resolution, but I will wait until the Senator from Utah concludes.

Mr. KING. I shall take but a few minutes.

Mr. President, I offer for reference to the Committee on Naval Affairs a bill to terminate construction on six battleships and three battle cruisers authorized by the act approved August 29, 1916, which provided what has been known as the 1916 naval program. The bill also provides for the conversion of two battle cruisers, authorized by the act in question, into airplane carriers, and also requires the Navy Department to let contracts for four fleet submarines which were likewise authorized by the act of 1916.

As Senators know, I have opposed the policy of the Navy Department in its blind adherence to the 1916 program. I have insisted that it was a mistake to construct 11 battleships costing nearly \$50,000,000 each, which were provided for in an act passed in 1916. I have contended, both in the Committee on Naval Affairs and upon the floor of the Senate, that if the act of 1916 were carried into effect it would cost the Government approximately \$1,500,000,000 for the construction of the vessels called for by the act, and the auxiliary vessels, and so forth, that would be required. I have also demonstrated that when these battleships are complete they would be out of date and that their construction would mean a waste of hundreds of millions of dollars. I called attention to the fact that our navalistic policy had quite recently driven Great Britain into the adoption of a naval program calling for four super-Hood capital ships, each one of which would have 55,000 tons displacement and carry 20-inch guns. These four super-Hoods will be so powerful that the capital ships authorized by the 1916 program will be comparatively valueless. My position was that we should complete those battleships that were more than 70 per cent finished, but that work upon the five battleships upon which but little had been spent should be suspended. I also contended that we should suspend work upon at least four of the six battle cruisers provided for in the 1916 program. My views were not adopted, and the Navy Department is continuing work upon the 10 battleships and 6 battle cruisers, although the amount of work done upon 5 of the battleships and the battle cruisers is comparatively unimportant.

There is no reason why we should not immediately suspend work upon the five battleships, and the battle cruisers with the exception of perhaps one. By so doing, we would save hundreds of millions of dollars to the taxpayers of our country. I have pressed this same question heretofore and have been defeated both in the committee and upon the floor of the Senate, but I believe the recent experiments conducted by the Navy and Army demonstrate the propriety of the policy which is suggested in the bill which I now offer.

I will not now take the time of the Senate to explain the tests which were recently made or analyze the results thereof, but will content myself with a brief reference thereto.



Senators are familiar with the fact that during the past few weeks experiments have been conducted at sea with a view to determining the importance of naval aircraft in naval warfare. Tests were also made by dropping bombs upon submarines, the German cruiser *Frankfort*, one or more destroyers, and the German battleship *Ostfriesland*. These tests emphasized the importance of a three-plane Navy and conclusively demonstrated that we must give more attention to naval aircraft. The tests show how impotent a battle fleet would be, unless protected by aircraft and submarines. In my opinion, the tests show that battleships are less important in naval warfare than many of the naval officials are willing to concede. The *Ostfriesland* was a battleship of approximately 25,000 tons and was probably one of the very best of the German ships. Its construction was of the highest order and the completed vessel measured up to a high standard of perfection. It was quickly sunk by a bomb dropped from an airplane; the bomb not striking the ship but exploding in the water in close proximity to the ship's hull.

I repeat, these tests make it imperative that our naval program be changed, and show the lack of wisdom in doggedly adhering to the 1916 program. We should at once cease work upon five of the battleships and convert two of the battle cruisers into airplane carriers.

I supported the proposition to build two airplane carriers, because I believed that aircraft were indispensable in naval warfare. I believe that if we would modify the 1916 program, cut out some of the battleships and some of the battle cruisers, modify the types, apply the lessons of the war to those completed, and then build better aircraft and two airplane carriers and a few first-class fleet submarines we would be not only lightening the burdens of the people but contributing to the building of a modern and efficient Navy. I feel confident that the position which I have taken is the sound one and that time will vindicate the same.

I sincerely hope that the committee will immediately take up this bill and report it back to the Senate in order that we may act upon it.

Mr. GERRY. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Rhode Island?

Mr. KING. I yield.

Mr. GERRY. Does the Senator's bill propose that two of the battle cruisers that we are now building shall be converted into airplane carriers?

Mr. KING. Yes; two of the battle cruisers.

Mr. GERRY. The Senator realizes that when the 1916 program is completed we will have only six battle cruisers?

Mr. KING. I appreciate that.

Mr. GERRY. And that battle cruisers are what the American Navy has been very much in need of for a long time past, and that if the policy of his bill is carried out he is taking two of the most valuable capital ships from the American Navy?

Mr. KING. Mr. President, I do not quite agree with my friend as to the value of the so-called capital ships. I believe that if we will emphasize the submarine and the airplane we will be doing a great service to the Navy and to the American people; and if we will change or modify the 1916 program and, if we are to build battleships, conform them to the lessons of the war, I am sure that we would be doing a great service to the country.

Mr. GERRY. I will say to the Senator that I am entirely in accord with his idea of the necessity of building airplane carriers; that before the naval bill was reported to the Senate I introduced an amendment authorizing the building of airplane carriers; that I heartily supported the provision in the bill which made the appropriation for those vessels, and I was very sorry when the House refused to agree to it in conference and insisted on the provision for those very necessary and valuable units being stricken out of the bill. I understand that it is the intention of the acting chairman of the committee—in fact, he stated it here on the floor of the Senate when the conference report was under discussion—that he would try to have passed a bill for the construction of two airplane carriers. I hope that bill will go through. I think they are essential to the Navy; but I can not agree with my friend from Utah that it would be wise, in order to obtain those airplane carriers, to give up our battle cruisers. I think we ought to have both.

There can be no question of the importance of the battle cruiser. As a matter of fact, the Japanese program in 1927 will have 12 battle cruisers to our six, even if our 1916 program is carried out. None of the great nations of the world who have studied the subject, who have studied the lessons of the war, are abandoning their battle cruisers. As a matter of fact, England is building more, and Japan includes them in her program in equal number.

Mr. KING. Mr. President, I did not intend to enter into a discussion of our naval program, but felt constrained, in view of the recent tests to which I referred, to call the attention of the Senate to what I conceived to be the necessary results of the tests and to the importance of modifying the 1916 program. I somewhat regret that my friend has interjected into the few observations which I made his long but very interesting statement, because it calls for a reply. I do not have the time now to consider it, but do not want the Senator and other Senators who hear me to reach the conclusion that a satisfactory reply can not be made thereto. I will only say at this time, by way of reply, that the tests recently made, in my judgment, call for a material change not only in the 1916 program but in the type of our capital ships. We must either build much larger ones or perhaps smaller ones, and both types must be protected from the bombs and explosives dropped from airplanes by heavy steel roofs. Capital ships must have a turtle deck or covering, and the armor plate must afford greater protection to the hulls than present plans provide.

I am not contending that the battleship is doomed, but I do insist that too much importance has been ascribed to it by those officers of the Navy who have failed to respond to the spirit of progress and development which is abroad in the land. There are old fogies in the Navy as there are in other branches of the Government and in all of the activities of life. What we need in the Navy to-day are men of brains and genius and vision. There should be a shaking up in the Navy Department, and if Secretary Denby will get rid of some of the dead timber and surround himself with men of genius and ability he will bring honor and credit to himself and at the same time he will be doing a great service to his country.

The bill (S. 2303) to terminate construction upon six battleships and three battle cruisers authorized by the act entitled "An act making appropriations for the naval service for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, and to provide for the conversion of two battle cruisers authorized by said act into airplane carriers, and to require the Navy Department to let contracts for four fleet submarines authorized by said act, was read twice by its title.

The VICE PRESIDENT. The bill will be referred to the Committee on Naval Affairs.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. KING. Mr. President, while I have the floor I desire to introduce a bill in the nature of a substitute for Senate bill 1915, known as the Norris bill. I ask that the bill which I introduce be printed and lie on the table, to be offered at the appropriate time.

The bill (S. 2302) to extend the term and powers of the War Finance Corporation for the purpose of promoting and protecting the export of agricultural products in the United States, was read twice by its title.

Mr. KING. Mr. President, I appreciate the serious condition of agriculture in the United States. I know how greatly the agricultural interests have suffered by reason of the extraordinary decline in the values of agricultural products. There is no question but what they have suffered more than most branches of industry. The declines in the value of their products have been greater, perhaps, than those of any other products and commodities in the United States. If the prices of manufactured articles, if agricultural implements, and all other things which the farmers are compelled to buy had fallen in the same proportion as their products, then the hardships to which they have been subjected would not have produced the same distress and brought about the acute situation which now exists in agricultural sections. Unfortunately the manufacturers, wholesalers, and retailers have resisted in every possible way the movement in favor of price reductions. The prices of most commodities have been and still are too high, and the demands of labor in many avenues have been extreme, and combinations have been formed with respect to many commodities and products to prevent price reductions and, indeed, to destroy all possible competition.

The Sherman antitrust law has been and still is ignored, and State statutes which aimed at the prevention of profiteering and the formation of trusts and monopolies, intrastate in character, have been disregarded. The result has been that the prices of many commodities have been held at war levels, or, at best, but slightly below war levels, and the agriculturalists have been thereby victims of these unfair if not criminal practices.



This has produced a situation which, if possible, should be remedied. Undoubtedly the prices of many commodities must be scaled down, and the combinations that exist to maintain these high levels of prices must be attacked and the criminal laws applied. Of course, the world condition particularly militates against the agriculturalists in the United States. They produced a surplus of agricultural products and must find foreign markets. The condition of Europe is such that there is a limited market for our products. Undoubtedly Europe would be glad to buy more of our agricultural products than she is now purchasing. However, there can be no normal market for our surplus products in foreign countries until Europe produces more and is able to find foreign markets for her exports. Europe can not buy what she would like to purchase upon credits which we extend. Her purchases can only reach a satisfactory level when she can pay for the commodities which she buys largely with her exports.

If we adopt the foolish and fatuous policy of interdicting imports, we are striking a deadly blow not only at agriculture but at the entire economic and industrial life of the people. Our prosperity is dependent largely upon our exports, and our exports are measured by our imports.

Undoubtedly the Senator from Nebraska by his bill hoped to improve the condition of the farmers and the agricultural interests of our country. I am in entire sympathy with the desire of the Senator from Nebraska. I am anxious for the agriculturalists of our country to have prosperity. They are the real producers. They are the builders of our Nation. We have too many parasites in the world and too few who make real contribution to the material advancement and upbuilding of the social organism. Upon the backs of the farmers and those who produce the things indispensable for life rest the superstructure in which we find refuge.

I shall not pause to examine the Senator's bill or to point out what I conceive to be some of its serious defects. I can only say in passing that I do not approve of the Government becoming the buyer and seller of commodities. I believe that that feature of the bill is dangerous and will prove not only injurious to the agriculturalists but to all classes. I do not think there is any necessity of creating a new corporation, even though a governmental corporation may be necessary to give aid to the agriculturalists of our country.

The War Finance Corporation is functioning. It has very great powers. It has an authorized capital of \$500,000,000, an amount greatly in excess of that permitted in the bill offered by the Senator from Nebraska. It likewise has power to issue bonds to the extent of three billions as against one billion, the authorized limit of the Norris bill. I think the authorized limit of the War Finance Corporation is too great and I should favor an amendment reducing the maximum amount of bonds which it may issue. The substitute which I am tendering gives specific authority to the War Finance Corporation to make advances for the purpose of assisting in financing the exportation of agricultural products. The powers given to accomplish this end are very liberal.

My substitute also extends the life of the corporation for a period of five years and permits it 10 years within which to liquidate its transactions. I believe that upon mature consideration the Senate will reach the conclusion that there is no necessity of creating a new corporation, or organizing new or additional machinery. There is a disposition too often to increase Federal agencies and to multiply the executive instrumentalities. We create bureaus and commissions and boards by the hundreds instead of consolidating and coordinating. We diffuse and scatter, thus increasing the expenses of the Government and preventing prompt, efficient, and energetic action. Our experience is that Government boards and agencies are usually failures; waste, extravagance, and inefficiency to the highest (or perhaps I should say to the lowest) degree, characterize their activities.

As stated, there is now a corporation, well officered, which has had considerable experience and is now engaged in aiding the agriculturists of the United States. It has already loaned millions to aid the farmers and cotton growers and horticulturalists to find foreign markets. With the machinery now in motion and the organization complete and ably officered, it would be unwise, in my opinion, to create a new organization.

In what I have said I do not mean to be understood as arguing that any corporation is required. There is some question as to whether any plan to put the Government further into private business is wise. Certainly there are grave objections to some of the provisions of the Senator's bill. However, if it is deemed necessary for the Government to take hold of this situation, then I believe the substitute which I have offered will be far more effective than the so-called Norris bill and

will, in the long run, be of far greater advantage and benefit to the agricultural interests of the United States.

#### REPUBLIC OF HAITI AND THE DOMINICAN REPUBLIC.

Mr. McCORMICK. Mr. President, with the permission of the Senator from Nebraska, I ask unanimous consent to call up Senate resolution 112.

Mr. ROBINSON. Mr. President, I ask the Senator from Illinois what is the subject matter of his resolution?

Mr. McCORMICK. It is a resolution for the appointment of a special committee to inquire into the occupation and administration of the territories of the Republic of Haiti and the Dominican Republic by the forces of the United States. I conceive that no Senator can object to an impartial investigation.

Mr. CURTIS. Is the resolution unanimously reported from the committee?

Mr. McCORMICK. It was unanimously reported from the committee, with amendments.

The PRESIDING OFFICER (Mr. STERLING in the chair). There being no objection, the Secretary will read the resolution.

Mr. HARRISON. Mr. President, without making any objection, let us have the resolution read.

Mr. McCORMICK. The Secretary is about to read it now.

Mr. HARRISON. The Presiding Officer said, "There being no objection."

The PRESIDING OFFICER. The Secretary will read the resolution.

The reading clerk read Senate resolution 112, submitted by Mr. McCORMICK on the 19th instant, as follows:

*Resolved*, That a committee of three Senators, appointed by the President of the Senate, is hereby authorized and instructed to inquire into the occupation and administration of the territories of the Republic of Haiti and of the Dominican Republic by the forces of the United States. For this purpose such committee, or any subcommittee thereof, is hereby empowered to sit during the recess and sessions of the Senate, at such times and such places as by it may be deemed advisable, to require by subpoena, or otherwise, the attendance of witnesses and the production of books, papers, and documents, to administer oaths, and to employ a stenographer at a cost not exceeding \$1.25 per printed page, and such other clerical assistance as may be necessary.

Mr. NELSON. Mr. President, has the resolution been referred to the Committee to Audit and Control the Contingent Expenses of the Senate?

Mr. McCORMICK. It has.

Mr. ROBINSON. Mr. President—

Mr. McCORMICK. Let me interrupt at this point to say that the resolution is amended by the committee to read "five Senators, two of whom shall be members of the minority."

Mr. ROBINSON. Will the Senator yield for a question?

Mr. McCORMICK. Certainly.

Mr. ROBINSON. Did the Senator and the committee reporting the resolution consider the advisability of having a joint committee or commission upon which both Houses of Congress would be represented?

Mr. McCORMICK. No. During the last session I attempted, I remember, to secure the consent of the House to the creation of a joint commission on another subject, and the House objected so strenuously that I saw no good reason to seek to create a joint commission to investigate this question.

Mr. ROBINSON. Mr. President, I have no intention of objecting to the consideration of this resolution. For some time I have felt that there should be an investigation of conditions in Haiti and the Dominican Republic respecting their occupation by the forces of the United States; but I suggest to the Senator from Illinois and to the Senate that inasmuch as any legislative action which may be taken hereafter in connection with the subject will require the concurrence of the body at the other end of the Capitol, it would be worth while to consider having both Houses represented upon the investigating committee.

We frequently find ourselves in this position: A special committee of one House or the other makes an investigation into some subject and recommends action respecting it. The other body is without the special information which is obtained by the special committee of the House making the investigation, and nothing substantial results from the investigation.

I have no intention of objecting to the consideration of the resolution; but I make that suggestion for whatever the Senator from Illinois may think it worth.

Mr. GERRY. Mr. President—

Mr. McCORMICK. I yield to the Senator.

Mr. GERRY. I think a little further consideration ought to be given to this resolution. I see that it was only reported from the committee on the 22d instant, which was Friday last; and therefore I object.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Georgia?

Mr. McCORMICK. In the light of the objection, I was going to yield the floor to the Senator from Georgia, or any Senator who might desire it.

Mr. WATSON of Georgia. May I ask the Senator if it is not also true that we have had our marines in occupation of Nicaragua for some years?

Mr. McCORMICK. Oh, I think so.

Mr. WATSON of Georgia. Should we not find out why that is done and when it is going to be discontinued?

Mr. McCORMICK. Mr. President, I could engage in a disquisition upon the military occupations of Nicaragua and Pekin and Yap and the Philippines, but it would take an hour.

Mr. WATSON of Georgia. Nobody has asked for a disquisition upon the subject.

Mr. McCORMICK. This resolution looks to an investigation of the occupation and administration of certain territory.

Mr. WATSON of Georgia. Is not that true of Nicaragua also?

Mr. McCORMICK. No.

Mr. WATSON of Georgia. My understanding is that it is.

Mr. NORRIS. Mr. President, of course the unfinished business has not been formally laid aside.

The PRESIDING OFFICER. No.

Mr. NORRIS. I was going to ask unanimous consent to lay it aside temporarily if there had been no objection to the consideration of the resolution referred to by the Senator from Illinois. It is necessary to have an executive session.

#### MALT LIQUORS AND WINES FOR MEDICINAL PURPOSES.

Mr. MOSES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New Hampshire?

Mr. MOSES. If the Senator is about to make a motion to go into executive session, I hope he will yield to me for the purpose of asking unanimous consent to introduce, out of order, a resolution which I send to the desk and ask to have read for the information of the Senate, in order that I may ask further unanimous consent for its immediate consideration.

Mr. NORRIS. I yield for that purpose.

The PRESIDING OFFICER. The Secretary will read the resolution.

The reading clerk read the resolution (S. Res. 117), as follows:

*Resolved*, That the Secretary of the Treasury be requested to transmit to the Senate a copy of the regulations which are reported to have been drawn by the Bureau of Internal Revenue, pursuant to an opinion rendered by Attorney General Palmer, to provide for the use of malt liquors and wines for medicinal purposes.

Mr. MOSES. I ask unanimous consent for the present consideration of the resolution.

Mr. NORRIS. If it will lead to no debate, I have no objection to the consideration of the resolution.

Mr. HEFLIN. Mr. President, what is this resolution?

Mr. MOSES. It is a resolution asking that the Secretary of the Treasury transmit to the Senate a copy of the regulations which we have been repeatedly told have been drawn by the Bureau of Internal Revenue, pursuant to Attorney General Palmer's opinion, for the use of malt liquors and wines for medicinal purposes; and it occurs to me that if, upon the disposition of the Norris bill, we should take up the so-called beer bill it might be desirable for the Senate to have this information before it. It may be that these regulations will make legislation unnecessary without casting any stigma upon the honorable profession of medicine or the equally honorable calling of the apothecary.

Mr. HARRISON. Does the resolution include, also, any regulations that have been promulgated in pursuance of any opinion by the present Attorney General?

Mr. MOSES. I think none have been promulgated, Mr. President.

Mr. HARRISON. That is why I made the inquiry. If there have been any, it seems to me they should be included also.

Mr. MOSES. I am very certain that none have been. I think everything has been awaiting the determination of the policy of Congress, and in order to determine the policy of Congress it may be desirable to know what the policy of the Treasury Department is to be. At any rate, I ask unanimous consent for the present consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. NELSON. Mr. President, I do not think the resolution ought to be considered at this late hour.

Mr. NORRIS. Does the Senator from Minnesota object?

Mr. NELSON. I do.

The PRESIDING OFFICER. The resolution will go over, under the rule.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

#### EXECUTIVE SESSION.

Mr. NORRIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened.

#### RECESS.

Mr. NORRIS. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 52 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, July 26, 1921, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate July 25 (legislative day of July 22), 1921.*

#### INTERIOR DEPARTMENT.

##### SURVEYOR GENERAL.

Clair Hunt, of Colville, Wash., to be surveyor general of Washington, vice Edward A. FitzHenry, term expired.

#### PROMOTIONS IN THE ARMY.

##### OFFICERS' RESERVE CORPS.

##### To be brigadier general.

Jacob Franklin Wolters, from July 18, 1921.

Howard Seymour Borden, late brigadier general, United States Army, from July 13, 1921.

#### PROMOTIONS IN THE NAVY.

The following-named captains to be rear admirals in the Navy, from the 3d day of June, 1921:

Richard H. Jackson.

Benjamin F. Hutchison.

Capt. Thomas P. Magruder, an additional number in grade, to be a rear admiral in the Navy, from the 3d day of June, 1921.

Lieut. George E. Brandt to be a lieutenant commander in the Navy, from the 8th day of June, 1920.

The following-named lieutenants to be lieutenant commanders in the Navy, from the 1st day of January, 1921:

Marshall Collins.

Henry E. Parsons.

Lieut. Aquilla G. Dibrell to be a lieutenant commander in the Navy, from the 11th day of February, 1921.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, from the 1st day of July, 1920:

Paul S. Goen.

Charles J. Wheeler.

James K. Davis.

Ingolf N. Kiland.

Edward H. Jones.

William W. Warlick.

Ensign Edward H. Jones to be a lieutenant (junior grade) in the Navy, from the 30th day of March, 1920.

Ensign William W. Warlick to be a lieutenant (junior grade) in the Navy, from the 29th day of June, 1920.

The following-named ensigns to be lieutenants (junior grade) in the Navy, from the 1st day of July, 1920:

Philip P. Welch.

Van Rensselaer Moore.

Charles R. Smith.

Charles H. Rockey.

George Kirkland.

The following-named pay directors to be pay directors in the Navy with the rank of rear admiral from the 7th day of July, 1921:

John S. Carpenter.

Livingston Hunt.

Assistant Paymaster George C. Simmons to be a passed assistant paymaster in the Navy with the rank of lieutenant from the 30th day of July, 1919.

The following-named assistant paymasters to be passed assistant paymasters in the Navy with the rank of lieutenant from the 1st day of July, 1920:

William V. Fox.

Stephen J. Brune.

Vernon H. Wheeler.

Louie C. English.

Howard N. Hartley.

Chauncey R. Murray.

Albert R. Schofield.

Charles J. Harter.

Hugh F. Gallagher.

Charles C. Timmons.

Verne V. M. Boggs.

Bert R. Peoples.



Leslie R. Corbin.  
Thomas A. Durham.  
Walter A. Buck.  
Ray C. Sanders.  
Howard M. Shaffer.  
Samuel H. Dickson, jr.  
Richard C. Adams.

Roark Montgomery.  
Gaillard Rembert.  
Thomas E. Hipp.  
Arthur Rembert.  
Harold H. Thurlby.  
Hugh O. Quinn.  
Murrey L. Royar.

Pay Clerk William E. Lund to be a chief pay clerk in the Navy to rank with but after ensign from the 8th day of January, 1920.

The following-named officers of the United States Naval Reserve Force to be passed assistant surgeons in the Navy with the rank of lieutenant to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Charles C. Ammerman.  
Samuel H. White.

Joseph M. Feder, a chief pharmacist mate in the Navy, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 5th day of July, 1921.

James J. O'Connor, a citizen of Idaho, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade) from the 13th day of July, 1921.

#### POSTMASTERS.

##### IDAHO.

Oren M. Laing to be postmaster at Meridian, Idaho, in place of J. J. Caldwell, deceased.

##### INDIANA.

Mary W. Lawrence to be postmaster at Earlham, Ind., in place of P. H. Brown.

##### IOWA.

Herman Ternes to be postmaster at Dubuque, Iowa, in place of Maurice Connolly, resigned.

##### KANSAS.

Walter H. Polley to be postmaster at Republic, Kans., in place of W. C. Polley, resigned.

##### MICHIGAN.

Henry M. Boll to be postmaster at Channing, Mich., in place of R. E. Boll.

##### MISSOURI.

Mary F. Walker to be postmaster at Mount Washington, Mo., in place of G. B. West.

John S. Gatson to be postmaster at Vandalia, Mo., in place of C. B. Ellis, resigned.

##### NEBRASKA.

May T. Douglass to be postmaster at Callaway, Nebr., in place of John Moran, resigned.

Heinrich D. Friesen to be postmaster at Henderson, Nebr., in place of H. G. Kroeker.

##### NEW JERSEY.

Joseph Cassio to be postmaster at Fairview, N. J., in place of J. D. Janssen.

William A. Cullen to be postmaster at Waldwick, N. J., in place of F. L. Peterson.

##### NEW YORK.

Agnes M. Tracy to be postmaster at Forestport, N. Y., in place of Frank Connors.

George F. Rivers to be postmaster at Rouses Point, N. Y., in place of C. M. Marnes, resigned.

##### OHIO.

Ellen M. Cumming to be postmaster at Fort Jennings, Ohio, in place of F. H. Kramer.

##### TEXAS.

George R. McManis to be postmaster at Breckenridge, Tex., in place of W. C. Allison, declined.

##### WEST VIRGINIA.

Lida Steinke to be postmaster at Iaeger, W. Va., in place of D. L. Anvil.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate July 25 (legislative day of July 22), 1921.*

#### TREASURY DEPARTMENT.

##### COLLECTOR OF CUSTOMS.

Judson LaMoure, jr., to be collector of customs, district No. 34, Pembina, N. Dak.

#### COAST AND GEODETIC SURVEY.

Joseph Murray Smook to be aid in Coast and Geodetic Survey, with relative rank of ensign in Navy.

#### DEPARTMENT OF JUSTICE.

George W. McClintic to be United States district judge, southern district of West Virginia.

#### PROMOTIONS IN THE NAVY.

William A. Moffett to be chief of the Bureau of Aeronautics, with rank of rear admiral.

#### MARINE CORPS.

Louis McC. Little to be colonel.  
Earl H. Ellis to be lieutenant colonel.  
Edmond H. Morse to be major.

#### POSTMASTERS.

##### SOUTH DAKOTA.

Fred Engelbrecht, Elkton.

##### PORTO RICO.

Alfredo Gimenez y Moreno, Bayamon.  
Ramon Collazo, Manati.  
Hortensia R. O'Neill, San German.  
Simon Semidei, Yanco.

## HOUSE OF REPRESENTATIVES.

MONDAY, July 25, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our Heavenly Father, Thou hast given us rest within the shadows of Thy divine care and opened for us the gates of the morning. Be merciful unto our imperfections and give strength to those with whom temptation is too subtle or too strong. In our busiest hours direct us, in our loneliest moments give us good cheer, and may gratitude be the language of our hearts and happiness the music of our souls. Continue to be the guide and the guardian of our country and give depth and power to the traditional fundamentals of our Government. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Thursday, July 21, 1921, was read and approved.

#### LOAN OF TENTS, ETC.

Mr. DOWELL. Mr. Speaker, I ask unanimous consent for the present consideration of House joint resolution 163, authorizing the Secretary of War to loan to the Eighty-eighth Division Association for their reunion at Des Moines, Iowa, tents, cots, mattresses, blankets, and galvanized-iron buckets, which I send to the desk and ask to have read.

The Clerk read as follows:

Joint resolution (H. J. Res. 163) authorizing the Secretary of War to loan to the Eighty-eighth Division Association for their reunion at Des Moines, Iowa, tents, cots, mattresses, blankets, and galvanized-iron buckets.

*Resolved, etc.,* That the Secretary of War be, and he is hereby, authorized to loan, at his discretion, to the Eighty-eighth Division Association the following equipment: Sufficient tentage for 10,000 men, 10,000 iron cots, 10,000 mattresses, 20,000 blankets, and 1,000 galvanized-iron buckets for use during their encampment at Des Moines, Iowa, August 26, 27, and 28, 1921: *Provided*, That no expense shall be caused the United States Government by the delivery and return of said property, the same to be delivered to said city designated at such time prior to the holding of said encampment as may be agreed upon by the Secretary of War and the secretary of said organization: *Provided further*, That the Secretary of War, before the delivery of such property, take from said organization a good and sufficient bond for the safe return of said property in good order and condition, the whole transaction to be without expense to the Government of the United States of America.

With the following committee amendment:

Line 5, page 1, after the word "equipment," insert "or as much thereof as may be available."

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. MANN. Mr. Speaker, reserving the right to object, has this matter been before the Committee on Military Affairs?

Mr. DOWELL. The Committee on Military Affairs has unanimously reported the resolution.

Mr. MANN. Is this a reported resolution?

Mr. DOWELL. A reported resolution.

Mr. KAHN. Mr. Speaker, as the gentleman from Iowa states, this resolution was before the Committee on Military Affairs and it received unanimously a favorable report from that com-

mittee. Most of the things loaned under the resolution are right upon the ground. They can be taken from the warehouse at Camp Dodge and used for the purposes intended in the resolution.

Mr. DOWELL. This meeting is at the place where this division was trained during the war before it went to France, and most of this equipment is now at Camp Dodge.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 1039. An act for the public protection of maternity and infancy, and providing a method of cooperation between the Government of the United States and the several States.

#### SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 1039. An act for the public protection of maternity and infancy, and providing a method of cooperation between the Government of the United States and the several States; to the Committee on Interstate and Foreign Commerce.

#### THE LEGISLATIVE PROGRAM.

Mr. GARNER. Mr. Speaker, under the right of the reservation of objection, I want to ask the gentleman from Wyoming [Mr. MONDELL] a question—and I do not intend to object to the consideration of the resolution. I think the gentleman from Wyoming would render a very great favor and a courtesy, to which I think the House is entitled, if he would tell the House what he expects to do for the next week or 10 days in the way of legislation. Many Members have asked me on this side what we are going to do and I can not tell them. I think the gentleman should give all of the information he can in order that they may accommodate themselves to this program.

Mr. MONDELL. Mr. Speaker, I shall be very glad to do that as far as I can. My understanding is that the Committee on Rules will bring in a rule this morning which will make in order a bill reported by the Committee on Naval Affairs having to do with a variety of matters touching the naval service. That rule will also make in order a bill from the Committee on Indian Affairs somewhat broadening the organic law of the Indian Service, so as to make in order the ordinary and usual items on the Indian appropriation bill. My understanding is that neither of those bills will, however, be called up immediately, but that the Committee on Military Affairs will, after the adoption of the rule, call up, one after the other, the two bills for which they already have the right of way through rules, one a bill authorizing settlement for the taking of certain radio patents by the Government and another relating to cadets at West Point.

Before those military bills are called up the chairman of the Committee on Accounts may present some small items from his committee.

The day will be occupied probably with those bills from the Committee on Military Affairs. One of them may go over until to-morrow, or it is possible that to-morrow we will take up one of the two bills made in order to-day.

On Calendar Wednesday the call rests with the Committee on Agriculture, and if no other arrangement be made that committee will have the call.

On Thursday we hope to take up, unless we do it earlier, the bill from the Committee on Naval Affairs to which I have already referred.

On Friday, if we are in session, it is hoped that we may take up bills on the Private Calendar unobjected to, although it is possible, in view of the fact that the rule reported from the Committee on Rules is not as broad as had been anticipated, that we may ask unanimous consent to take up bills on the Private Calendar unobjected to to-morrow instead of on Friday.

The Committee on Appropriations has before it a very important matter of an estimate for the Shipping Board. I have no knowledge at present how soon they will be prepared to report to the House on that bill, whether this week or not; possibly not until the first of next week.

There are two bills now in conference—one the so-called Sweet bill, for the consolidation of agencies having to do with ex-service men, and the other the packer bill. The conference reports on those measures will be considered when they come to the House.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. BLANTON. Yesterday in the press appeared a detailed statement, purporting to come from the gentleman from Wyoming [Mr. MONDELL], giving us a daily program for the next two weeks. It was stated that it was given for the benefit of the Congress. Has that program been changed in any way by the gentleman's statement?

Mr. MONDELL. That program has been changed in this way: Gentlemen often ask why we can not have programs, so that we may know in advance what we are going to do. The difficulty about that is that even those who know most about what the program might be must be governed not altogether by their own will, but by what the House and the committees of the House desire or conclude to do.

When the statement the gentleman referred to was given out I anticipated that the Committee on Rules would also make in order two bills from the Committee on Coinage, Weights, and Measures, having to do with standards of measures. The committee did not see fit to include those two bills in its rule. Barring those two bills, the statement given out yesterday is as near as we can approximate the work for the next 10 days. I gave that out because I thought it was my duty to let gentlemen know as nearly as possible what we were likely to do.

Mr. BLANTON. I think the gentleman ought to be commended for it.

Mr. OLIVER. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. OLIVER. Do I understand the naval bill will have the call on Thursday?

Mr. MONDELL. When I anticipated that we might have a rule on four bills, instead of on two, it was my thought that we would take up one of the bills from the Committee on Coinage, Weights, and Measures to-morrow.

But in view of the fact that the Committee on Rules did not include that bill in their rule, I thought that perhaps if it were satisfactory to the Committee on Naval Affairs we might take up their bill to-morrow. I can only say in regard to that, after consulting with gentlemen on both sides in regard to it, because the understanding has been that we take up that bill Thursday, if I find it is not agreeable to take up the bill from the Naval Committee to-morrow, I may submit a unanimous-consent request to take up bills on the Private Calendar unobjected to, with the expectation in that event to stand in recess from Thursday until Monday, as there are quite a number of gentlemen who are very anxious to be out of the city to attend important celebrations on Friday and Saturday. Of course, that will not be done except after consultation with Members on both sides.

Mr. CARTER. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. CARTER. What time does the gentleman think we might expect the revenue bill?

Mr. MONDELL. In two or three weeks.

Mr. KAHN. Will the gentleman yield for a question?

Mr. MONDELL. I will yield to the gentleman from California.

Mr. KAHN. Does the gentleman expect the Military Affairs Committee to call up its bills to-day and to-morrow?

Mr. MONDELL. That is my thought. My thought was that the committee might dispose of both of their bills to-day.

Mr. KAHN. We will try.

Mr. MONDELL. If they do not, one bill will go over until to-morrow, when the suggestion in regard to calling up bills on the Private Calendar might not be made.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. GARRETT of Tennessee. I did not hear the statement given to the press that the gentleman made reference to a moment ago, nor did I hear all the statement made from the floor, but there was a rule adopted some time ago, as I remember it, to make in order the consideration of a patent bill.

Mr. MONDELL. It has not been my thought to consider that bill just at this time, because some gentlemen much interested in that bill are not here.

Mr. BLANTON. And some opposed to it.

Mr. WINGO. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. WINGO. Has the gentleman taken into consideration the bill from the Banking and Currency Committee reported on Saturday?

Mr. MONDELL. My thought was as there is opposition to that measure in the committee and on the floor that we could not take it up within the next few days, because, very frankly, there are many Members absent, and my thought has been to



avoid taking up any question that would be very sharply controverted.

Mr. WINGO. Will the gentleman permit this suggestion? Of course, there is some opposition to it, and those who favor that bill would not be disposed to take snap judgment on anybody, but they would not be inclined to be overindulgent to gentlemen who would not be here, because the bill if passed at all ought to be passed at once.

Mr. MONDELL. Of course the bill was reported Saturday and there are bills on the calendar reported a month and more ago. There are bills on the calendar unanimously reported. The bill was reported by a narrow margin, and in the ordinary course of events a bill coming before the House in that way would not be considered with other bills pressing which have been before us for a long time. I have no doubt but what within a reasonable time it will be taken up.

Mr. WINGO. It was not reported by a narrow margin.

Mr. GARNER. If the gentleman will permit, if I understand the gentleman from Wyoming, it is that until the revenue bill is brought before the House by the gentleman from Michigan [Mr. FORDNEY] he proposes to take up this little chicken-feed stuff to which there is no opposition comparatively and kill time until Mr. FORDNEY gets ready to bring in a revenue bill.

Mr. MONDELL. That is hardly a fair statement, may I suggest.

Mr. GARNER. That is what it amounts to. Does it not look that way?

Mr. MONDELL. These bills are not of the great national importance that some other legislation is, but they relate to legislation that should be considered.

Mr. GARNER. I understand this legislation from the Committee on Military Affairs and Committee on Indian Affairs and the Naval Affairs Committee is to prepare for appropriation bills that will come next fall, and very properly so, and I think this legislation that the gentleman speaks of ought to be passed, but I understand the gentleman does not propose to take up anything over which there is a real contest until the revenue legislation is reported.

Mr. MONDELL. I will say what I said to the gentleman from Arkansas, that we hope to avoid for some few days questions which are sharply controverted.

Mr. WINGO. May I conclude my interrogatory? I suggest to the gentleman that the bill I had in mind was not reported by a narrow margin. It is not in the attitude of a good many bills he suggests. It is an emergency bill, and, of course, if there are other bills of an emergency character reported prior to this bill that ought to be considered first—

Mr. MONDELL. But in this bill there is involved the grave question as to whether we are going to raise interest rates in the United States.

Mr. WINGO. The Secretary of the Treasury has already settled that.

Mr. MONDELL. It is naturally a question that would arouse a great deal of interest, and to which there would be some opposition, and in that state of affairs we would hardly bring in a bill of that kind so soon after it was reported when a program had been arranged before the bill was reported.

Mr. WINGO. I was not suggesting that. I will say the question the gentleman suggests has already been settled by the Secretary of the Treasury. If he had not opposed for three years governmental loans at 5½, the committee would not have reported the bill. The committee was opposed to it unanimously until the Secretary of the Treasury raised the interest rate.

Mr. POUL. Will the gentleman yield?

Mr. MONDELL. If I have the floor.

Mr. MANN. May I ask the gentleman in all candor whether it is the expectation or intention to keep the House in continuous session during the dog days until the tax bill is reported from the Ways and Means Committee?

Mr. MONDELL. It is my opinion that there is sufficient important legislation already reported, and that is likely to be reported, to take up the time of the House until the tax bill shall have been reported, and that we could not well stand in recess for any considerable period of time without neglecting important matters which should have consideration and bills in conference, as for instance the Sweet bill, which is likely to be here from conference almost any day.

We ought not to be in recess when that bill comes from conference. The packer bill is likely to be here most any time. The Appropriations Committee is considering a matter affecting the Shipping Board that is very urgent and that must be taken care of in some way soon. There is also the bill from the Committee on Banking and Currency gentlemen have referred to.

Mr. MANN. I know; but, after all, that does not answer the question.

Mr. MONDELL. I am calling attention to the condition of the work of the House.

Further than that, there are certain measures that must be agreed upon before we pass our appropriation bills next winter. The bill from the Committee on Indian Affairs is one; the bill from the Committee on Naval Affairs is another. We can not say to these committees, from whom we have taken the appropriating function, that they shall never have their day in the House; that they shall never have an opportunity to present their legislation. My hope is that after we pass the tax bill we can get away for some little period, with our calendars fairly well cleared, and without anything on hand that requires immediate action. But in the meantime we must act on these matters, some of them of first importance and of primary importance, and some of them comparatively unimportant, perhaps, from a national standpoint, yet of sufficient importance that, take it all together, we would not be justified in standing in recess except as we adjourn over Saturdays, which I hope to be able to do, and possibly even over Fridays if we are not pressed too hard.

Mr. GARNER. Will the gentleman yield?

Mr. MANN. It is very convenient for those who live here to adjourn from Thursday to Monday, but as to those who want to get away for a while I would rather stay in session every Saturday and dispatch this immensely important "chicken-feed" business and get through and let some of us go home.

What I have to say is, that if, as I understand the gentleman, the House remains in session through the dog days, God help the country.

Mr. GARNER. I think the membership would be very much interested in this. Let me ask the gentleman—

Mr. MONDELL. Before I yield I want to say this in answer to what the gentleman from Illinois [Mr. MANN] just said. I do not take quite the view of the work of Congress that the gentleman's remark would seem to indicate he does. I think he does not really take the view that "God help the country when the Congress is in session." I think if Congress stays in session it will be doing excellent work, and work which, while it may not all be of great importance from the viewpoint of some gentlemen, is work that must be done.

Mr. GARNER. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. GARNER. I think the membership, considering the dog days and also the end of the dog days, would be interested to know whether the gentleman has courage enough—I think the term is justified—to take a recess after the revenue bill has been passed? Are you going to take a recess then?

Mr. MONDELL. Well, the "gentleman" does not pretend to any special courage.

Mr. GARNER. There will be "chicken feed" then.

Mr. MONDELL. The "gentleman from Wyoming" thinks that then we would be in a condition that we could take a considerable recess without in any wise retarding the transaction of public business.

Mr. GARNER. Do you mean a concurrent resolution for the purpose of giving gentlemen opportunity to go home, without being asked on every street corner what they are doing there when Congress is in session, or do you mean three-day recesses under a gentleman's agreement?

Mr. MONDELL. My own thought is, and I have no more to do with it than the gentleman from Texas—

Mr. MANN. Yes; you have.

Mr. GARNER. Yes. The "gentleman from Texas" would be glad to know.

Mr. MONDELL. My thought is that after we pass the tax bill we could not expedite the public business, we could not hurry the final settlement of the two big problems before the Congress, by remaining in session. The tariff and tax bills will both be before the Senate, and we might as well stand adjourned for a time.

Mr. MANN. Will the gentleman yield?

Mr. MONDELL. And my hope is that by that time we may have disposed of these chips and whetstones, as some of the gentlemen call them, and have the decks cleared, so that with a clear conscience and without in any wise retarding the public business we may get home for some little time.

Mr. MANN. Will the gentleman yield?

Mr. MONDELL. I yield.

Mr. MANN. Is it not almost certain that by the time the tax bill passes the House you will commence to consider what you will do with the revenue bill when it passes the Senate; that that must be sent to conference?

Mr. MONDELL. I do not anticipate that the revenue bill will have reached much less have passed the Senate at that time.

Mr. MANN. Oh, no; but the gentleman from Wyoming and other gentlemen here will say then, "How can we afford to be away from here when the revenue bill is passing the Senate? It must be sent to conference at once, and when it is sent to conference we can not afford to be away because the conference report must be acted upon as soon as it is called up." The fact is that now is the only time that it is safe to take a recess. Shortly after the tax bill passes the House, a month or six weeks or two months from now, we will have the revenue bill back.

Mr. MONDELL. The tax bill will pass the House much sooner than the date the gentleman fixes.

Mr. MANN. I hope not. A good tax bill will not pass then if it passes quickly. The sooner it passes the poorer it will be if it passes without consideration in the committee and without consideration in the House. What I said a while ago would then be true, God help the country! [Applause.]

Mr. GARNER. It will be bad enough anyway.

Mr. MONDELL. The country is rather impatient about the tax bill, and I think it need not take so long to take off some of the tax burdens.

Mr. MANN. Yes. They want it to be considered as a fair bill, not as a hodgepodge or a guess.

Mr. MONDELL. Well, gentlemen have been considering it—many gentlemen have been considering it for months—and the Treasury Department has been giving it careful consideration. So have Members of Congress. I do not believe that the questions involved in tax legislation are so numerous or so profound that they can not be settled with reasonable promptness. I hope they will be. I hope we will have the bill in here not later than the 15th of next month; at that date at the latest. I also hope and believe it will appreciably lighten the country's tax burdens.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. GARRETT of Tennessee. Have the plans progressed sufficiently far in the consideration of the tax bill that the gentleman can tell us whether it is the purpose to consider that bill under a rule that will cut off all amendments?

Mr. MONDELL. I have not conferred with any of the gentlemen who will have direct charge of that matter, and have no opinion in regard to it except I am confident the measure will be fairly and wisely considered.

#### LOAN OF TENTS, ETC.

The SPEAKER. The question is on the request of the gentleman from Iowa [Mr. DOWELL] for unanimous consent for the consideration of the resolution that has been reported. Is there objection to the present consideration of that resolution?

There was no objection.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

*Resolved, etc., That the Secretary of War be, and he is hereby, authorized to loan, at his discretion, to the Eighty-eighth Division Association the following equipment: Sufficient tentage for 10,000 men, 10,000 iron cots, 10,000 mattresses, 20,000 blankets, and 1,000 galvanized-iron buckets for use during their encampment at Des Moines, Iowa, August 26, 27, and 28, 1921: Provided, That no expense shall be caused the United States Government by the delivery and return of said property, the same to be delivered to said city designated at such time prior to the holding of said encampment as may be agreed upon by the Secretary of War and the secretary of said organization: Provided further, That the Secretary of War, before the delivery of such property, take from said organization a good and sufficient bond for the safe return of said property in good order and condition, the whole transaction to be without expense to the Government of the United States of America.*

With the following committee amendment:

Page 1, line 5, after the word "equipment," insert "or as much thereof as may be available."

The SPEAKER. The question is on agreeing to the committee amendment.

Mr. DYER. Mr. Speaker, I desire to be heard on the amendment.

The SPEAKER. The gentleman from Missouri is recognized.

Mr. DYER. I would like to have the attention of the gentleman from California [Mr. KAHN]. I notice in this resolution that it is a loan of Government property—tents, and so forth—to civilians. It is true these men have served their country and have served it gallantly, but I understood the policy of the War Department and the policy of the Committee on Military Affairs is that this equipage, tents, and so forth, could not be loaned to any organization except veteran soldier organizations known as the Grand Army of the Republic, the Confederate Veterans' Association, and I think probably one or two others specially named in legislation. Now, there are a number of organizations in this country that conduct large encampments. Some weeks ago I went to the War Department and to the Committee on Military Affairs and asked whether or not an organization hold-

ing an encampment in my city, semimilitary, known as the Modern Woodmen, might have the loan of this equipage. These men are compelled because of large numbers to camp out; they can not go to the hotels. I went, as I say, to the Committee on Military Affairs and the Secretary of War, and I was told that the War Department and the Committee on Military Affairs had established a policy among themselves whereby it would not be possible to loan tents to an organization of that kind, and that it was confined absolutely to the veteran organizations known as the Grand Army of the Republic and the Confederate Veterans' Association.

Mr. BLAND of Indiana. Mr. Speaker, will the gentleman yield?

Mr. DYER. Now, if it is changed, I think it is fair to all concerned that it should not be limited to specific groups. I yield to the gentleman from Indiana.

Mr. BLAND of Indiana. Is the gentleman under the impression that this is a veteran organization provided for in this bill?

Mr. DYER. No. I was under the impression that it was confined to the Grand Army of the Republic and the Confederate Veterans.

Mr. BLAND of Indiana. No. It is the policy of the War Department to loan what Congress says it shall loan. We could pass various bills through this House. However, the policy of the Committee on Military Affairs is not to loan pillows or cots or mattresses, but to loan tents, and I find they will not deviate from that rule. But with respect to any soldier organization it is the policy of the War Department and of Congress to loan them tents.

Mr. DYER. I am not objecting to the loan of tents and equipage to the organizations referred to. I think they are fully entitled to them. The War Department ought to let them have them without question, and Congress ought to adopt this resolution without question. But I am opposed to this narrow policy on the part of the War Department whereby they refuse to loan these tents, when the expense incident to it does not amount to a penny, to a large organization of citizens of this country such as the Modern Woodmen of America.

Mr. KAHN. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Missouri yield to the gentleman from California?

Mr. DYER. Yes.

Mr. KAHN. The War Department requires that tents shall be loaned to the Grand Army of the Republic, and to the Confederate veterans, and to the Spanish-American War veterans, and also to the veterans of the World War. It limits the loan of the tents to those military organizations. Of course, they say frankly at the War Department that although they loan these tents presumably without any harm to the tents, nevertheless every time the tents are loaned they deteriorate to a certain extent.

Mr. DYER. I do not think, Mr. Speaker, that they deteriorate to any extent worth paying attention to. For instance, to show the narrow-mindedness of the present policy of the War Department, the Committee on Military Affairs of the House seems to refuse anything unless the War Department is in favor of it along those lines. They refused to loan tents or to recommend the use of tents that were in my city at St. Louis at no expense whatever; they refuse to allow them to be taken out of storage. They are there in storage, rotting, half of them, and wasting, and this policy is so narrow on the part of the Committee on Military Affairs of this House, as recommended by the War Department, that they would not even loan them to the boys coming from the country to that city, but compelled them to sleep in the fields because the policy of the War Department was so narrow.

Mr. MONDELL. Will the gentleman yield?

Mr. DYER. I yield to the gentleman from Wyoming.

Mr. MONDELL. The gentleman knows perfectly well that the Congress is not going to make a general practice of loaning its equipment to civilians. Now, the Woodmen are a very worthy organization. So are the Masons and the Knights of Pythias—and somebody suggests the Anti-Saloon League—and a lot of other organizations.

Mr. DYER. The Modern Woodmen of America is a large organization that has a military training branch.

Mr. MONDELL. But when you go to loaning equipment to organizations beyond soldiers and veterans you are getting into a field that has no limit, and the gentleman knows that perfectly well. He is making a good speech, that ought to defend him—

Mr. DYER. I am not making any speech to defend myself, but I am making a speech, Mr. Speaker, to criticize what I believe to be a bad policy of this House and of the Secretary of War with reference to such matters.



Mr. MONDELL. I think the gentleman stands alone in that view—

Mr. DYER. I do not yield to the gentleman to permit him to lecture me. I am trying if I can to lecture the Committee on Military Affairs of the House and the Secretary of War. Now, the Modern Woodmen are not a little bit of an organization. They have thousands of men who are being trained. They have a military branch, and thousands of men are being trained in it; and training is what we need in this country, as was demonstrated in the Great War; and if the War Department is so narrow, and if the Committee on Military Affairs will not act without the approval of the War Department on such matters as the loaning of tents to an organization that would not hurt the tents as much as they would be hurt by being left to rot in storage, I say that is a bad policy and it ought to be condemned, and I do condemn it.

Mr. McKENZIE. Will the gentleman yield?

Mr. DYER. I yield to the gentleman.

Mr. McKENZIE. I want to state to the gentleman from Missouri, for the benefit of the members of the Committee on Military Affairs, that he is entirely mistaken about the attitude of that committee. The Secretary of War wrote a very forceful letter in opposition to this bill, saying he did not think it should be approved. The Committee on Military Affairs assumed the responsibility of reporting it to the House and declined to take the advice of the Secretary of War, and denied his request, and reported the resolution favorably. We acted on our own judgment, just as we have acted on our own judgment in denying the request of the gentleman from Missouri [Mr. DYER] when he asked us to grant tents to the Modern Woodmen of America.

Mr. DYER. I congratulate the Military Affairs Committee of the House that they have at last become an independent committee, and that they are not going to be absolutely bound by the recommendations of that branch of the War Department which gives these instructions and writes these letters, which is the narrowest department in the whole Government of the United States. I am opposed to it and am glad that the committee have finally agreed to report something that the Secretary of War did not recommend. I commend them for it and hope they will continue to do so.

Mr. BIRD. Will the gentleman yield?

Mr. DYER. I yield to the gentleman from Kansas.

Mr. BIRD. Manifestly there must be a limit somewhere. Where would the gentleman fix that limit?

Mr. DYER. I would fix it in the discretion of Congress, which has the authority to legislate upon it. I say that when a big organization like the one I have referred to comes and asks for the use of tents, where it has a semimilitary branch of which thousands of men are members, there ought not to be any hesitancy about loaning the tents, when, as in the case which I have referred to, the tents are right in the city of St. Louis, where the encampment was being held, thousands of tents in storage, with no use for them, and they are simply lying there rotting away.

In a case like that, why not use common sense and ordinary good judgment, and allow the boys of this land who have been fighting for the country and who are now in this organization to get the use of them for the little while that they want them. Why should they not have these tents? I think the policy of the War Department is foolish and narrow when they refuse so meritorious and worthy a request.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. DYER. I yield to the gentleman from Arkansas.

Mr. WINGO. There was so much confusion on the floor of the House that I could not hear much of what the gentleman said. I did not understand the name of the organization to which the gentleman refers. What is it that the gentleman wants?

Mr. DYER. I do not want anything now. A short time ago I made a request on behalf of the Modern Woodmen of America that held a large encampment in my city of St. Louis last month. As the gentleman knows, they have a large branch that is semimilitary in character. They train young men, they have uniforms, and they are of great benefit in time of war by having so many young men trained.

Mr. WINGO. Would not the War Department and the Committee on Military Affairs grant the request of the gentleman to loan tents to this organization?

Mr. DYER. No. I introduced a resolution providing for the loan of tents, and a great many Members of the House were in favor of it. I took it up with the War Department, and they were opposed to it; said they were opposed to loaning tents, and refused to grant their consent, although there were thousands of tents lying in storage in the city of St. Louis, where the encampment was to be held. It would not have cost them

a nickel. The Military Affairs Committee told me, unofficially, that they would not favorably consider the resolution because of the adverse report of the Secretary of War.

Mr. WINGO. The gentleman does not want to leave the impression that the Committee on Military Affairs of the House is listening to the dictates of the executive department, does he? That is a serious charge to make against the committee, and the gentleman ought not to make it.

Mr. DYER. I will say to the gentleman that I was hoping that under the present administration we would get completely away from executive domination such as characterized the last administration.

Mr. WINGO. That is a futile hope, I fear.

Mr. DYER. I believe we will do it eventually, but we have not so far gotten entirely away from it.

Mr. WINGO. I hope the gentleman can bring an end to that unbearable condition.

Mr. MANN. Mr. Speaker, there is a man in my district who enlisted during the war and served in the trenches. He owns an old Ford machine and would like to make a trip through the country. He would be very glad to have the Government furnish him with a tent and a stove, cooking utensils, and perhaps loan him some canned food and a few other things of that sort. I have wondered whether he was not as much entitled to the use of Government property as would be two men if they got together and made the request, or 200 or 2,000, if they made a request. Where do you draw the line? I have not noticed any sympathetic expressions in the House about loaning the Government property to this one man. The gentleman from Missouri thinks that we ought to loan the property to everybody, practically, if they come in bunches. If they do a good deal of destruction to a good deal of property, then we ought to let them have the property, but if one man wants it, he is turned down.

Mr. DOWELL. Mr. Speaker, I move the previous question on the bill and amendment.

The previous question was ordered.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. DOWELL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. MANN. Mr. Speaker, I make the point of order that no quorum is present.

The SPEAKER. The gentleman from Illinois makes the point of order that no quorum is present. The Chair will count. [After counting.] One hundred and seventeen Members present; not a quorum.

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fairfield	Kreider	Rodenberg
Anso	Fenn	Kunz	Rose
Anthony	Fitzgerald	Lampert	Rosenbloom
Atkeson	Fordney	Langley	Rossdale
Bacharch	Foster	Lee, N. Y.	Rouse
Bankhead	Frear	Lineberger	Rucker
Barbour	Free	Logan	Ryan
Beck	Freeman	London	Sabath
Beedy	Frothingham	Lowrey	Sanders, Ind.
Benham	Fuller	Luce	Schall
Bixler	Gallivan	McClintic	Shaw
Black	Gilbert	McCormick	Shaw
Bond	Glynn	McFadden	Siegl
Bowers	Goldsborough	McLaughlin, Nebr.	Slomp
Brinson	Gorman	McLaughlin, Pa.	Smith, Idaho
Britten	Gould	McSwain	Snell
Brooks, Pa.	Graham, Pa.	MacGregor	Snyder
Browne, Wis.	Green, Iowa	Magee	Stafford
Burdick	Griffin	Maloney	Stephens
Burke	Hardy, Tex.	Martin	Stiness
Burroughs	Harrison	Mead	Stoll
Burness	Hawes	Merritt	Strong, Pa.
Campbell, Pa.	Hawley	Michaelson	Sullivan
Carew	Hicks	Michener	Swing
Chandler, N. Y.	Hill	Mills	Tague
Christopherson	Himes	Moore, Ill.	Taylor, Ark.
Clark, Fla.	Hogan	Mott	Taylor, Colo.
Classon	Houghton	Mudd	Taylor, Tenn.
Codd	Hudspeth	Nelson, J. M.	Ten Eyck
Connell	Husted	Nolan	Thomas
Cooper, Ohio	Hutchinson	O'Brien	Tillman
Copley	Johnson, Ky.	Oipp	Tinkham
Coughlin	Johnson, S. Dak.	Osborne	Treadway
Cramton	Jones, Pa.	Paige	Underhill
Crowther	Keller	Perkins	Valle
Cullen	Kendall	Perlman	Vare
Dallinger	Kennedy	Petersen	Volk
Davis, Minn.	Kless	Porter	Walters
Dempsey	Kindred	Purnell	Wason
Dickinson	Kirkpatrick	Radcliffe	Watson
Dominick	Kitchin	Rainey, Ala.	Webster
Drane	Kleczka	Ransley	Wheeler
Drewry	Knight	Reed, N. Y.	Williamson
Edmonds	Knutson	Riddick	Wood, Ind.
Ellis	Kopp	Riordan	Woods, Va.
			Zihlman

The SPEAKER. Two hundred and fifty Members are present, a quorum.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

#### HOUSE BILL 5340.

Mr. FAIRCHILD. Mr. Speaker, I ask unanimous consent to insert in the RECORD a resolution of the Charles Crammes Post, No. 225, Veterans of Foreign Wars, on the bill H. R. 5340.

The SPEAKER. The gentleman from New York asks unanimous consent to insert in the RECORD a resolution adopted by the Charles Crammes Post, Veterans of Foreign Wars. Is there objection?

Mr. WALSH. Mr. Speaker, these resolutions ordinarily go through the basket. We do not fill the RECORD up with resolutions of that kind.

Mr. FAIRCHILD. I know that is usually so, but in this case there is a particular reason for it, and this is the only one that I have made a request for.

Mr. WALSH. I do not think that we ought to establish a precedent.

The SPEAKER. The gentleman from Massachusetts objects.

#### SURVEY OF YAZOO RIVER, MISS.

The Speaker laid before the House the bill (H. R. 5651) to survey the Yazoo River, Miss., with a view to a control of its floods, with Senate amendments.

The Clerk reported the Senate amendments.

Mr. HUMPHREYS. Mr. Speaker, I move that the House concur in the Senate amendments.

The motion was agreed to.

#### ORDER OF BUSINESS.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit the following privileged report from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

#### House resolution 159.

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the following bills: H. R. 7864, a bill providing for sundry matters affecting the Naval Establishment; H. R. 7848, a bill authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes; H. R. 7102, a bill to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes; H. R. 7103, a bill to establish the standard of weights and measures for the following wheat-mill and corn-mill products, namely, flours, hominy, grits, and meals, and all commercial feeding stuffs, and for other purposes.

The consideration of the bills made in order under this rule shall not displace business provided for on special days nor interfere with business reported from the Committee on Ways and Means or the Committee on Appropriations.

With the following committee amendments:

Line 8, page 1, strike out the remainder of line 8, after the word "purposes" and insert a period in lieu of the semicolon.

Strike out lines 9 to 14, inclusive, on page 1.

Strike out the paragraph on page 2.

Mr. CAMPBELL of Kansas. Mr. Speaker, the resolution as amended provides for the consideration of a bill from the Committee on Naval Affairs; also the Committee on Indian Affairs. Gentlemen will recall that during the consideration of the last Indian appropriation bill, providing for the activities of the Government with respect to the Indians, points of order were made to many of the items carried in the bill. Those points of order were sustained. The purpose of this rule is to enable the Committee on Naval Affairs and the Committee on Indian Affairs to at any time move to go into the Committee of the Whole House on the state of the Union for the consideration of these two bills.

The Committee on Rules did not report favorably for the consideration of the bills from the Committee on Coinage, Weights, and Measures provided for in the resolution as introduced.

Mr. WALSH. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. WALSH. I did not hear clearly what the gentleman said with reference to the purpose of the rule, but is it the idea of the Committee on Rules that we shall pass legislation to permit committees to do something that the rules of the House prevent them from doing now?

Mr. CAMPBELL of Kansas. The idea of the Committee on Rules and of the Committee on Indian Affairs and the Committee on Naval Affairs, which preceded the idea of the Committee on Rules, is that the legislative committee on Naval Affairs should legislate and put upon the statute books such legislation as has heretofore been carried from year to year in the Naval Affairs appropriation bill, and the same thing is true of the

Committee on Indian Affairs. Legislation is not in order from the Committee on Appropriations.

Mr. WALSH. It will not be in order after this bill passes, will it?

Mr. CAMPBELL of Kansas. It will then be in order for the Committee on Appropriations to pass the appropriation bills and meet the requirements of the Navy Department and the requirements of the Indian Office without objections due to points of order.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. GARRETT of Tennessee. The passage of this bill will not, of course, make legislation in order on appropriation bills in the future.

Mr. CAMPBELL of Kansas. Not at all.

Mr. GARRETT of Tennessee. But this will make permanent law if the naval bill passes and the Indian bill passes to include in the appropriation bills what has heretofore been commonly carried in them.

Mr. MONDELL. Mr. Speaker, the bill that has been reported from the Committee on Indian Affairs is simply a broadening of the organic law of the Indian Bureau so that it will make in order on an appropriation bill the usual items that have long been carried in the appropriation bill. It is not the purpose of anyone to in any way widen the jurisdiction further than the jurisdiction has heretofore been assumed in reporting the ordinary items in respect to the Indian Bureau.

Mr. WALSH. That is the third version.

Mr. CAMPBELL of Kansas. There is only one version. The Committee on Appropriations is not authorized to bring in legislative items. We are making it possible for the legislative committees to bring in legislation which will make in order items ordinarily and commonly heretofore carried in appropriation bills.

Mr. WALSH. Mr. Speaker, will the gentleman yield further?

Mr. CAMPBELL of Kansas. Yes.

Mr. WALSH. These bills as I read them merely contain authority for appropriations.

Mr. CAMPBELL of Kansas. Yes.

Mr. WALSH. They have nothing to do with the rules of the House.

Mr. BUTLER. Nothing whatever.

Mr. WALSH. They contain certain authority for appropriations.

Mr. CAMPBELL of Kansas. Yes; and the appropriations are not now in order without that authority.

Mr. MANN. As I understand the rule, it makes it in order to proceed with the consideration of these bills at once.

Mr. CAMPBELL of Kansas. Yes.

Mr. MANN. Is that the intention?

Mr. CAMPBELL of Kansas. It is not the intention, I believe, to at once move that the House resolve itself into the Committee of the Whole House on the state of the Union on either of those bills.

Mr. MANN. What is coming up now?

Mr. CAMPBELL of Kansas. I think the Committee on Military Affairs will go on with some matters they have been considering under a similar rule to the one now under consideration.

Mr. MANN. Under a prior rule.

Mr. CAMPBELL of Kansas. Yes.

Mr. MANN. The difficulty with these rules is that a man must not merely be familiar with the rules of the House, but he must follow up all of the time the Committee on Rules, hang to the coat tail of the gentleman from Kansas, in order to know what is coming up in the House. That is one of the great reforms that grew out of the claim some years ago that the Speaker had too much power.

Mr. CAMPBELL of Kansas. Yes.

Mr. MANN. At that time one could find out what was coming up. I heard the gentleman from Wyoming [Mr. MONDELL] this morning interrogated and he did not seem to know what is coming up. He side-stepped the proposition with his usual skill, and he is a very skillful gentleman. Now, the gentleman from Kansas comes in with a rule to make something else in order, but says that that something else is not coming up. It may come up next fall, I suppose, sometime—

Mr. CAMPBELL of Kansas. It may come up next week.

Mr. MANN. And we do not know what will be run in between this and the time when these measures come up. The gentleman may bring in something else that has been partly disposed of heretofore, coming over from last month. In other



words, we never have anything on the dot, but always work backward.

Mr. CAMPBELL of Kansas. Oh, no.

Mr. MONDELL. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. MONDELL. The gentleman from Illinois [Mr. MANN] I regret to say did not give me his attention.

Mr. MANN. Oh, I listened to every word the gentleman said. Of course I lack the intelligence of the gentleman from Wyoming, though I supposed that a man who is so much more intelligent than I could talk more plainly.

Mr. MONDELL. The gentleman does not lack intelligence. In fact he is rather more richly endowed with intelligence than most of us.

Mr. MANN. I lack understanding of what is coming up.

Mr. MONDELL. The truth is, the gentleman is in a critical mood this morning.

Mr. MANN. It is the dog days and it is going to be the dog days a long while, and I am not the only one in the House, either.

Mr. MONDELL. I am afraid the gentleman did not listen.

Mr. MANN. I know what the gentleman said. The gentleman said he did not know what was coming up.

Mr. MONDELL. Of course, no one Member of the House knows absolutely what is coming up—

Mr. MANN. The gentleman knew but he would not tell.

Mr. MONDELL. We are bringing this rule in in order that gentlemen might know what the program would be for the next week or so. The gentleman from Wyoming has been importuned time and time again by Members, very properly, as to what we are going to do, what is going to be the program. Now, we are endeavoring to arrive at a program so far as we can, and this rule is a part of the plan, and within a few days the bills made in order will be brought up.

Mr. MANN. Of course, I appreciate how very important these bills are.

Mr. MONDELL. They are.

Mr. MANN. The country is just waiting breathless for the disposition of these two bills made in order at some time by this rule, although I had not supposed people would cease breathing because the rule was not passed and the bills were not brought up, and now having determined they are so important they now determine they shall not come up until some later day—

Mr. CAMPBELL of Kansas. May I direct the attention of the gentleman from Illinois to the fact that we are waiting for some very important matters, and while we are waiting, even during the dog days, we can consider these matters?

Mr. MANN. We are killing time and wasting the time of the House and of the country trying to fool the people, and they know it. [Applause.] We pretend to be doing business, when we are not. We are wasting time, instead of having courage enough to quit a while and go home. We are wasting time.

Mr. CAMPBELL of Kansas. May I ask the gentleman from Illinois if he seriously contends that it is not important that both of these bills shall be enacted into law before taking up and considering the appropriation bills next fall?

Mr. MANN. It is not important whether they are ever taken up, so far as that is concerned.

Mr. CAMPBELL of Kansas. Oh, it is; it is important.

Mr. MANN. I am perfectly familiar with the subject.

Mr. CAMPBELL of Kansas. The Indian appropriation bill passed the House at the last Congress with practically nothing in it.

Mr. MANN. And yet it became a law with all these things in it.

Mr. CAMPBELL of Kansas. Oh, that was in another body and not—

Mr. MANN. It became a law with all those things in it. It is simply the difference between tweedledum and tweedledee. [Applause.]

Mr. MONDELL. Will the gentleman yield right there.

Mr. CAMPBELL of Kansas. I am as much affected by the dog days as my friend from Illinois, and I have the same longings at this moment that he has, but I shall not be able to gratify them.

Mr. MANN. I do not think the gentleman will be able to gratify them. The difficulty is I am not a part of the organization of the House. I do not have to bow my head. [Applause on the Democratic side.] I can express my honest opinion in the House, and I could not do that when I was a Republican leader in the House.

Mr. BUTLER. I think the gentleman did it anyhow.

Mr. MANN. And even then I had courage enough to quit when we got through. [Applause.]

Mr. KAHN. Will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes; I will yield to the gentleman from California.

Mr. KAHN. The gentleman from Illinois speaks of the bills which passed the House—the Indian appropriation bill and the naval bill. I want to call to his attention that by reason of the form in which those bills came to the House they were emasculated, and the Senate really appropriated the money under our rules.

Mr. MANN. It was by special vote. This is the first time practically in the history of the House that the House had a chance to vote on real items in an appropriation bill. The Senate added a lot of amendments, inserting items stricken out on points of order made by members of the committee, and when they came back to the House each of those items had to be voted upon in the House, and for the first time since I have been a Member of the House the House actually voted—actually voted on these questions. [Applause.]

But I do not think it hurt the House any. Of course, the House was just like this, with thumbs up and thumbs down, when men in charge of the bill made it thumbs up or thumbs down.

Mr. BUTLER. I wonder if any of us can be saved. [Laughter.] Will the gentleman from Kansas permit me to ask the gentleman from Wyoming a question or two?

Mr. MONDELL. The gentleman from Kansas has the floor.

Mr. BUTLER. I think I am the only one who has his senses here this morning.

Mr. MONDELL. I shall be glad to yield time if the gentleman from Kansas will yield me time.

Mr. BUTLER. I understand if this rule is adopted we will get along with the bill which the gentleman from California [Mr. KAHN] has. I hope, then, to-morrow, if the gentleman will permit me to express the wish, that the gentleman will obtain permission to consider bills on the Private Calendar to which there is no objection.

Mr. MANN. You will have to bring in a rule for that.

Mr. BUTLER. And then on Thursday next I will ask permission to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering the bill reported by the Naval Committee.

Mr. MONDELL. As I said a moment ago, it was our hope that the gentleman might bring his bill up on Thursday.

Mr. BUTLER. I will say to the Members that it is highly desirable for them to be here next Thursday, because in all my service there has been no more important bill to the country than the bill I will offer at that time.

Mr. CAMPBELL of Kansas. The gentleman regards it as important?

Mr. BUTLER. Very, very important. We held it back and considered it with great care, and finally were compelled by necessity to report it.

Mr. WALSH. Is that a bill to increase the cost of some of these battleships?

Mr. BUTLER. I will say now that the gentleman has put the question to me, yes. Will the gentleman permit me to add to my answer this, that only in two cases, in the case of two ships, while the increase was asked for six. We declined in the case of four, hoping in the future we could work it off without increasing the cost of the ships. The obligations are out.

Mr. FIELDS. Will the resolution the gentleman has offered in any way affect the jurisdiction of the legislative committee or transfer any part of that jurisdiction to the Appropriations Committee?

Mr. CAMPBELL of Kansas. Not at all. On the contrary, it is preserving to the legislative committees their jurisdiction.

Mr. CHINDBLOM. As I understand the rule, the conference report is not affected by it?

Mr. CAMPBELL of Kansas. Not at all.

Mr. CHINDBLOM. So that if the conference report on the Sweet bill comes in, which we are all anxiously waiting for, that may be disposed of. That having been disposed of, perhaps the most important bill outside of the tariff and the revenue bills will have been disposed of.

Mr. CAMPBELL of Kansas. The gentleman from Illinois might have added the packers' bill.

Mr. CHINDBLOM. Not the packers' bill.

Mr. CAMPBELL of Kansas. Yes; that also will come in.

Mr. CHINDBLOM. According to the statement of the gentleman the other day, we will cross that bridge when we come to it.

Mr. KINCHELOE. The gentleman has spoken about the importance of certain bills. Does not the gentleman think the bonus bill is about as important as anything that we could consider?

Mr. BLANTON. Will this rule the gentleman has proposed in any way affect matters of legislation that appear upon any of the other appropriation bills, like the sundry civil bill or the legislative bill?

Mr. CAMPBELL of Kansas. No.

Mr. BLANTON. It will not make in order any legislation on any of those bills?

Mr. CAMPBELL of Kansas. No; not unless it is legislation affecting the Naval Establishment or Indian affairs.

Mr. BLANTON. I hope, if the gentleman will permit—

Mr. CAMPBELL of Kansas. I can not yield further.

Mr. BLANTON. I do not begrudge the gentleman this extra power he has assumed.

Mr. BUTLER. This bill is purely a legislative bill. It involves an appropriation of money, not made by the Naval Affairs Committee, but authorizes the committee for a specific purpose, if it sees fit, to report an appropriation. But it does not in any way affect the jurisdiction of either committee, the Appropriations Committee or the Naval Affairs Committee.

Mr. SEARS. My good friend has just stated that the cost of some of these ships will be increased. I was wondering if any of them will be used for bombing purposes without dismantling them first?

Mr. BUTLER. The gentleman should refer that to somebody else. I do not know what they are going to do with these ships. I know they are not going to fight them after we have our conference.

Mr. CAMPBELL of Kansas. Even though we are in the midst of dog days, nothing has been advanced against agreeing to the resolution. I therefore yield 10 minutes to the gentleman from North Carolina [Mr. POU], and I reserve the remainder of my time.

Mr. POU. Mr. Speaker, the minority of the Committee on Rules did not see any special necessity for the adoption of this special rule, and yet did not feel that there was sufficient reason to object. It seems that we are in a situation where nobody will indicate the program of legislation to be enacted, and yet the situation of the country is, to put it mildly, the most desperate since 1907. I do not know how it is in other parts of the country, but I do not believe there is one cotton producer in the State I in part represent who even hopes to get the cost of production when he sells his commodity when placed upon the market. Yet with this situation confronting the country we are constantly hearing about three-day adjournments, and leaders of the majority now and then announce that because gentlemen have important business elsewhere we must adjourn over from Friday or Thursday until the following Monday. Mr. Speaker, I respectfully submit that this is one hour in the life of the Republic when no Member of this body can have any business more important than staying here in Washington and attending to his duties. [Applause.]

I do not know what the answer of the majority is going to be to the cry of distress that is going up from every part of the country. Nobody but a lunatic ought to expect relief from the Fordney tariff bill. It may be that some measure of relief will be afforded by the tax bill which the Ways and Means Committee is at this moment said to be considering. The country is anxiously hoping so. And there is no reason why the membership of this body should not remain here and consider that tax bill under the general rules of the House. Of course, when it is reported out by the Ways and Means Committee we will go through the usual routine; the Rules Committee will be called together and a special rule will be framed which will fix the time for a vote, which will cut off amendments, and which will put the framing of the bill as well as all amendments into the hands of the chairman of the Committee on Ways and Means and the majority members of his committee.

And yet this is the great measure which is expected to bring relief to the millions of this country who are in a worse condition to-day than they have been since 1907, during the Roosevelt panic. It is time that somebody was getting busy. It is time Members and particularly leaders of this House quit talking about going away and taking recesses. It is time to quit talking about Members having important business which takes them away from Washington. The suggestion of making this Nation a sporting playground is particularly inappropriate right now.

So far as the minority is concerned, we stand ready to remain on the job and cooperate with you during dog days and during days that are not dog days. Of course, we are just as anxious to get away as anybody. A vacation is just as bene-

ficial to the minority as it is to the majority. But I respectfully submit that the situation throughout the country, in every line of endeavor, in business, in agriculture, in manufacturing, with almost 2,000,000 men idle and out of employment—

Mr. LINTHICUM. Five million men—

Mr. POU. Yes; I stand corrected; 5,000,000 men out of employment, including ex-service men, walking the streets, begging for any sort of a job; it is time that the majority realized the necessity for action. The majority leader should issue a summons to the membership on your side, as our leader will do to the membership on our side, to stay on the job until some attempt is made to relieve the condition of distress which is driving men to desperation. [Applause on the Democratic side.]

Mr. CAMPBELL of Kansas. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has used 25 minutes.

Mr. CAMPBELL of Kansas. I yield 10 minutes to the gentleman from Wyoming [Mr. MONDELL].

The SPEAKER. The gentleman from Wyoming is recognized for 10 minutes.

Mr. MONDELL. Mr. Speaker, I realize that Congress having been in session since the 11th of April and working continuously, the weather having been unusually warm and uncomfortable, many Members of the House are desirous of taking a recess and having a vacation, a temporary relief from the burdens of the session. I hope I sympathize with that view, although I am one of those who never go home during the sessions of Congress. There has been a good deal of discussion of the propriety and wisdom of recesses for two or three weeks until the revenue bill shall be ready. I would be very glad, indeed, to approve of that program if the situation with regard to the work of Congress was one to warrant it. But I do not believe it is. There are two important bills in conference, one very important bill, a bill in which all of the ex-service men are interested and in which we are all interested with them. It is very important that we should be in session when that bill—the Sweet bill—reaches the House, in order that we may agree to the conference report. All of the gentleman present may not agree as to the virtues of the packers' bill, but it is an important bill, and we should all be here to dispose of that conference report also when it comes to us.

Further than that, this House quite recently very radically changed its rules in regard to appropriations. We took from seven important committees the right to appropriate and lodged that power in one great committee. If that plan shall prove successful—and we hope it will—it can only prove successful if we shall preserve fully and definitely the legislative jurisdiction of the committees that no longer appropriate. If the new policy shall be a success, it can only be in case we shall give those committees having important legislative jurisdiction an opportunity to present their legislation from time to time to the House. We have been very busy so far this session with other matters, and up to this time of these committees only the Committee on Military Affairs and the Committee on Agriculture have had an opportunity to present their legislative matters to the House. The Committee on Naval Affairs is a very important committee of the House; I think just as important a committee now as it was when it appropriated, if we shall clearly and definitely preserve its legislative authority. But it is bootless to preserve its legislative authority if we do not give the committee an opportunity from time to time to present its legislative proposals to the House.

For a month or more I have been endeavoring to find a time when we could give the Committee on Naval Affairs an opportunity to present some of its important problems to the House for its consideration.

When we reported the appropriation bills in the last session of the former Congress there were plenty of gentlemen in the House who prophesied that we would never pass our appropriation bills within the session; they said we could not do it under the conditions then existing. I was told repeatedly that it was an impossibility; that it could not be done and would not be done. But, thanks to the industry and good judgment of the House, we did dispose of our appropriation program. With the exception of the Army bill, which failed by reason of a presidential pocket veto, and the naval bill, which did not pass the Senate, with these exceptions our entire appropriation program was disposed of. But we labored under a very great handicap. The committees that have heretofore had joint legislative and appropriating authority had failed to provide the legislation necessary to make all the ordinary and usual items on their appropriation bills in order. They had depended on the good nature of the House to get by. But under the conditions that



existed in the last Congress practically every point of order was made that could be made, with the result that some of our appropriation bills, as they left the House, were as full of holes as a skimmer. Manifestly we can not go on indefinitely in that way. Even though we were to reverse our judgment of last winter and go back to the old program of appropriations, it would be necessary even in that event, now that the attention of Congress has been called to these questions, to have the ordinary and usual and essential items of appropriation bills made in order by law.

Mr. PADGETT. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. PADGETT. There is not one word, not one line or sentence in the bill that the Committee on Naval Affairs has reported, as embraced in this rule, that remedies, or seeks to remedy, or is intended to remedy that situation.

Mr. MONDELL. I referred to the naval bill a moment ago. I am now talking about the Indian appropriation bill. I have not at any time indicated that there was anything in the bill reported by the Committee on Naval Affairs that in any way affected the matter I am now discussing.

Mr. PADGETT. The chairman of the Committee on Rules, I think, so stated.

Mr. MONDELL. I have stated nothing of the sort, but I understand an amendment is likely to be offered to the naval bill covering that feature and that is no doubt what the gentleman from Kansas had in mind.

Mr. CAMPBELL of Kansas. I said it should be in.

Mr. MONDELL. The bill from the Committee on Indian Affairs is intended to cover the usual and necessary items for the Indian Service. It is absolutely essential that that bill be passed, and that we write it on the statute books at as early a date as possible.

Some suggestions have been made that this legislation is not important. Everything we are proposing to do in the next week or 10 days is important. There is difference in the relative importance of legislation, the relative importance depending somewhat on gentlemen's opinions. Some gentlemen are of the opinion that the bills on the Private Calendar are important, and they are important; and from the standpoint of those interested and entitled to fair treatment from the Government they are just as important as anything we do here. I am just as anxious to give the Private Calendar its day in the House, and opportunity for consideration, as I am to have the important public legislation disposed of.

Mr. LINTHICUM. Will the gentleman yield?

Mr. MONDELL. I yield to the gentleman from Maryland.

Mr. LINTHICUM. Let me ask the gentleman what is the purpose of the naval bill mentioned in the rule? What does it propose to do?

Mr. MONDELL. It provides for a variety of matters of importance relating to the Naval Establishment. I have no doubt that the gentleman has read the bill. If he has not, he can read it and he ought to read it.

Mr. BUTLER. It relates to sundry matters.

Mr. MONDELL. At one time and another gentlemen have discussed the matter of a House program. I realize how tremendously important it is that we should know as far in advance as possible what legislation we are to take up. I am very much interested in having that done, because I am anxious to have the Members of the House study the bills before they are taken up, and I very frequently call the attention of gentlemen to this bill, that bill, or the other and ask them to study them and be prepared to present their views on them when they shall be taken up for consideration. Unfortunately it is very difficult to determine far in advance absolutely and beyond question just what we shall do. On Saturday last I made an attempt to do that for a period covering some 10 days, and owing to the fact that the Committee on Rules did not entirely agree with me that guess went somewhat awry; but in the main the statement which I made indicates about what we will do in the next 10 days, and it is my purpose to suggest as far in advance as I may what we probably will take up for consideration. Of course, conditions are constantly changing. A committee may at any time report a bill that deals with a situation that is so much of an emergency, and it may be necessary to change the program entirely in order to give such a piece of legislation the right of way. Gentlemen who are greatly interested in measures that we intend to take up are sometimes necessarily absent on a certain day, and in such a case it is sometimes necessary, or at least reasonable, that the matter should be put over until it is possible for them to be present. Many things occur that interfere with any program; but I will say, not in apology or defense, but because it is the fact, that we have known more definitely in advance from the beginning of this Congress what the program was to be than at

any time since I have been in the Congress. So far as I shall have anything to say with regard to the procedure, I hope I may be fortunate enough to be able to make a reasonably fair guess as to the program and to be able to inform the Members relative thereto. I regret the Committee on Rules did not make in order all four of the bills specified in the rule they reported; that would have given us a longer definite program.

Mr. CAMPBELL of Kansas. Mr. Speaker—

Mr. GARRETT of Tennessee. Will the gentleman yield me a little time?

Mr. CAMPBELL of Kansas. I would like to move the previous question as soon as possible. How much time would the gentleman from Tennessee like?

Mr. GARRETT of Tennessee. I would like five minutes at least.

Mr. POU. How much of my ten minutes did I use?

The SPEAKER. The Chair thinks only five minutes.

Mr. POU. I intended to reserve the remainder of my time and I ask unanimous consent that I may do so now. I want to yield three minutes.

Mr. CAMPBELL of Kansas. I yield five minutes to the gentleman from Tennessee [Mr. GARRETT] and the gentleman from North Carolina [Mr. Pou] has five minutes to his credit.

Mr. GARRETT of Tennessee. Mr. Speaker, however important may be the legislative matters contained in the naval bill and the Indian bill, there is no one who undertakes to make any pretense that there is anything emergent about them. Sir, for about two weeks we considered a bill that more vitally affects, directly and indirectly, more people in the United States than any bill that this Congress will consider, not even excepting the tax or revenue bill that is to come. The tariff measure, which finally passed the House last Thursday, was considered under a rule and a practice that prevented the House from ever reaching any amendments except amendments that were offered by Republican members of the Committee on Ways and Means. The only opportunity that any other Member of the House ever had to offer an amendment was when he could offer an amendment to one of those amendments. We now start in on a period in which confessedly there is nothing emergent to do, and we are taking up what the gentleman from Wyoming himself has described as chips and whetstones.

Mr. MONDELL. Will the gentleman yield?

Mr. GARRETT of Tennessee. I yield to the gentleman.

Mr. MONDELL. The gentleman from Wyoming has not referred to them as chips and whetstones.

Mr. GARRETT of Tennessee. Perhaps I misunderstood the gentleman.

Mr. MONDELL. Some other gentleman used that expression. The gentleman from Wyoming believes they are important matters.

Mr. BUTLER. It was the gentleman from Illinois [Mr. MANN] who used that expression.

Mr. GARRETT of Tennessee. Of course, I do not want to put words in the gentleman's mouth that he did not use, and I very cheerfully withdraw them. I feel very much tempted to use that expression myself with regard to the consideration of these things that are in this rule at this particular time. The House could have done infinitely better if it had left that tariff bill open here and had given us an opportunity to consider it by offering amendments. [Applause.] What was done to the bill upon those propositions that the House had an opportunity to amend indicates that it might possibly have been made a somewhat decent bill, or at least a better bill, if the House could have had the opportunity which was denied it by the action of the overwhelming majority. And let me say here that no person who voted to hog tie that side of the House and the House entirely by voting for that rule can escape his responsibility for it.

Mr. MONDELL. Will the gentleman yield?

Mr. GARRETT of Tennessee. I yield to the gentleman from Wyoming.

Mr. MONDELL. The gentleman must not forget the occasion when he prevented gentlemen from offering amendments to the chemical schedule by interrupting the reading in the middle of a paragraph. Had that paragraph been completed, amendments would undoubtedly have been offered to it as well as to other paragraphs.

Mr. GARRETT of Tennessee. Oh, no. What would have been offered would have been some committee amendment. I am certain that no Member of the House other than a Republican member of the Ways and Means Committee would have had an opportunity to offer an amendment to the chemical schedule. The gentleman says I prevented it. As a matter of fact, what happened was, I rose to ask for recognition. I was within my

rights, and the Chair held that although I was entitled to ask for recognition I was not entitled to have it, and immediately recognized the gentleman from Massachusetts [Mr. TREADWAY], a member of the committee, who offered the preferential amendment. The gentleman knows that what I sought to do was to get that preferential amendment out of the way so the ordinary Member of the House might possibly have an opportunity to offer an amendment. We did not succeed. You adjourned two or three days at 4 o'clock in the afternoon because you did not have enough committee amendments to take up the balance of the day, and you were unwilling to give the ordinary Member of the House an opportunity to offer an amendment. You read about 26 lines of the bill out of more than 8,000 for amendment, and now you come in and propose to spend two or three weeks in dealing with these things not at all emergent while waiting for more material for grist from the Ways and Means Committee.

Now, as far as this special rule is concerned, we of the minority have no opposition to it now. But let me say this, that the Committee on Rules did strike out two of the propositions included in the resolution as introduced. They were trying to pile up too much of this stuff all at once. We at least expect to sort of feel our way on the measures and not have the calendar swamped with preferential stuff that is unimportant.

I want to say that while we are not resisting this rule at this time, yet until these matters already provided for from the Military Affairs Committee are concluded, and matters provided for in this rule are concluded, unless there does arise some real emergency, not some pretended emergency, I think the minority will be disposed to oppose the bringing in of further rules.

Mr. MONDELL. Will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. MONDELL. Coming back to this matter of program to give the House an opportunity to know what is to be taken up, the two bills that were contained in the rule to which objection was made by the minority and which were stricken out are rather important. There is no very great difference of opinion on them. They have to do with the standards of weights and measures, and it seems to me that the Committee on Rules might very well have let the House understand that within the next two weeks these would be among the measures considered. It would have given the Members an opportunity to study these bills.

Mr. GARRETT of Tennessee. I will say that the Committee on Rules is here and can take these matters up if it is deemed important to take them up; but we want something real to come in here, and the country wants something real to come in. The minority is ready to cooperate in trying to do something real, but the minority is getting tired of dealing with relatively unimportant matters while the country is suffering and begging the Republican Party to do something of value for the relief of almost universal distress.

Mr. POUL. Mr. Speaker, I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, usually I am in hearty accord with the distinguished gentleman from North Carolina [Mr. POU], but to-day I sincerely believe that if we were to put just the Sweet soldiers' relief bill and the Volstead antibeer bill into law and then adjourn Congress sine die there would be universal rejoicing throughout the United States to-morrow. All of their money would not then pour out of the Treasury. But we can not adjourn. The four newspapers in Washington will not let us. We never would be able to get their consent, so that we have to put that question aside.

I hope that the distinguished gentleman from Illinois [Mr. MANN] will not begrudge the little extra power that our friend from Kansas [Mr. CAMPBELL] is daily assuming. When a man has as much power as our great chairman of the great Rules Committee already has, I am not one of those who would begrudge him a little more. He has practically every power in this Nation to-day except one, and he would probably have that in four years from now if it was not for a fact over which he has no control. The place of his birth has kept him from succeeding the President in the White House, but daily he is assuming power and more power. Having as much as he has already, please let him have a little more. But my Republican friends who form this bunch to which some of our leaders refer as "the ordinary Congressman," what are you going to say to your constituents when you go home and they ask you something about these measures that passed the House—about the Fordney measure, for instance—and you tell them that you did not have a thing to do with it? You will be forced to admit that by a special rule brought in by the distinguished chairman of the Committee on Rules, passed by your votes, you were

deprived of privileges that a Congressman in this body has constitutionally. When you admit that to them, if they are like my people, they will not be satisfied with you. Why have not you got as much right as the leaders of the Ways and Means Committee to speak on matters of important legislation that interests and affects your constituents just as much as they interest and affect the constituents of the Committee on Ways and Means? Why have not you that privilege? Why do not you assert your rights, and when they attempt to bring in a rule to cut you off from your rights in passing important legislation, why do not you rise up and say you will not have any such rule? Are you going to be as meek as Moses all your life and bow to this little bunch of autocrats on the Rules Committee? [Applause.]

Mr. CAMPBELL of Kansas. Mr. Speaker, I can not permit to go unchallenged some statements made by the gentleman from Tennessee [Mr. GARRETT] with reference to water that has already passed over the wheel, to wit, the tariff bill. The gentleman from Tennessee complains that that bill was passed under a special rule that did not permit the minority to take up the remainder of this year in proposing amendments to that bill. He complains that the rule was drastic and that it should not have been agreed to and that no such rule should ever be agreed to again in a future Congress or at any other time. It so happens that it has not been very long since the gentleman from Tennessee himself brought a rule into this House for the consideration of a revenue measure, a measure which covered 101 pages, and the rule was so much more drastic than the rule under which the Fordney bill was considered that I am tempted to read some of its provisions to you.

Mr. COCKRAN. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. With pleasure.

Mr. COCKRAN. Does the gentleman think it is conducive to sound conclusions to justify one infamy by another?

Mr. CAMPBELL of Kansas. Hardly, and yet the gentleman from Kansas was just as anxious to get the Fordney bill through the House in the year 1921 as the gentleman from Tennessee [Mr. GARRETT] was to get the Kitchin bill through in 1916. It was a matter of getting the legislation through by those who were responsible for the enactment of it and to prevent its obstruction and mutilation by those who were opposed to it.

Mr. COCKRAN. Does the gentleman mean that an amendment by the minority means mutilation?

Mr. CAMPBELL of Kansas. Very often.

Mr. COCKRAN. So that amendments then should be excluded?

Mr. CAMPBELL of Kansas. But to the point that I have in mind. The resolution under which the Kitchin bill was considered and passed is as follows:

House resolution 291 (H. Rept. 923).

*Resolved*, That immediately upon the adoption of this resolution the House shall resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 16763; that the first reading of the bill shall be dispensed with; that general debate shall continue on the bill until not later than Friday next at 6 o'clock p. m., the time to be controlled one-half by the gentleman from North Carolina [Mr. KITCHIN] and one-half by the gentleman from Michigan [Mr. FORDNEY]; that while the bill is under consideration the House shall meet at 11 o'clock a. m.; that the bill shall be the order for all legislative days except Calendar Wednesday; that at the expiration of general debate the bill shall be read in full by the Clerk without interruption; that upon conclusion of the reading of the bill amendments may be offered to any paragraph of the bill and considered and disposed of under the 5-minute rule until Monday next at 5 o'clock p. m., when all pending amendments shall, without further debate, be voted on.

After all pending amendments shall be disposed of the committee shall rise and report to the House the bill and all amendments that shall have been recommended by the Committee of the Whole House on the state of the Union, whereupon the previous question shall be considered as ordered upon the bill and amendments to its final passage; and the House shall immediately proceed to vote on amendments, engrossment, third reading, and final passage of the bill without intervening motions, except one motion to recommit.

I want now to show the effect of the rule and to show how it operated. When the bill was read for amendment, Mr. KITCHIN rose and the following occurred:

Mr. KITCHIN. Mr. Chairman, since we have had so many political speeches, it has deprived many Members who have important amendments, or amendments which they consider important, and perhaps they are kept from offering them. It will be impossible for us to debate all these amendments, and I believe that they should be placed before the House and be voted upon. I do not know as we can ask unanimous consent in the Committee of the Whole, but I will make this suggestion, and I hope it will be agreed to, that from now on until the committee has to rise, under the rule, all gentlemen who have amendments may send them up to the desk, have them read, and voted on as soon as possible.

Mr. FORDNEY. Without debate.

Mr. KITCHIN. Without debate, because one amendment and debate would take up all the time.

Mr. HAMILTON of Michigan. When do we vote?

Mr. KITCHIN. The committee will rise at 5 o'clock.



Mr. HAMILTON of Michigan. That will give us 12 minutes to offer amendments.

The CHAIRMAN. The gentleman from North Carolina requests that those having amendments may offer them at this time and have them voted upon without debate.

Mr. BENNET. Reserving the right to object, this will be a useless mechanical performance. If we can not have time to consider an important bill like this, this automatic device for considering amendments is a waste of time, and I object.

Twelve minutes for the consideration of amendments to a bill containing 101 pages! That was provided for in the rule brought in by the gentleman from Tennessee [Mr. GARRETT], who a moment ago bemoaned the fact that we had a bill under consideration for amendment for a period of seven days. [Applause.]

Mr. COCKRAN. Is it then the idea of the gentleman that that condition should be made worse?

Mr. CAMPBELL of Kansas. We have improved upon it, from 12 minutes to 7 days.

Mr. COCKRAN. But with no amendments.

Mr. CAMPBELL of Kansas. Oh, yes.

Mr. COCKRAN. Oh, no. Not one.

Mr. BUTLER. Mr. Speaker, I thought we were here for the consideration of the rule now at the desk. I am interested in that.

Mr. REAVIS. Mr. Speaker, the precedent may not justify the rule for the Fordney bill, but the precedent created by the man who now criticizes goes to the good faith of the criticism, does it not?

Mr. CAMPBELL of Kansas. At least that far. Having completely answered all of the arguments against the rule now pending, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

#### SETTLEMENT OF DAMAGES FOR INFRINGEMENT OF RADIO PATENTS.

Mr. KAHN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7111) authorizing the Secretary of War, the Attorney General, and the Secretary of the Navy jointly to make settlement of damages and compensation due by the United States for infringement of radio patents connected with the prosecution of the war, and for other purposes.

Mr. GRIFFIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GRIFFIN. Is this bill one of those provided for in the rule which we just passed?

The SPEAKER. It is not.

Mr. KAHN. Mr. Speaker, pending the motion to go into the Committee of the Whole House on the state of the Union, I ask unanimous consent that the general debate be limited to one hour, 30 minutes of that time to be controlled by the gentleman from Kentucky [Mr. FIELDS] and 30 minutes by myself.

The SPEAKER. The gentleman from California asks unanimous consent that general debate be limited to one hour, one half to be controlled by himself and the other half by the gentleman from Kentucky [Mr. FIELDS]. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, what is the measure that is going to be debated?

Mr. KAHN. It is known as the radio bill, authorizing the Secretary of War, the Attorney General, and the Secretary of the Navy to make settlement of damages and compensation due by the United States for infringement of radio patents.

Mr. WALSH. How does the Committee on Military Affairs get jurisdiction of that bill?

Mr. KAHN. By the Speaker referring it to that committee. The Committee on Military Affairs did not take jurisdiction of the bill. The bill was sent to the committee by the Speaker, and it came to the Speaker signed by three Cabinet officers of this Government—the Secretary of the Navy, the Secretary of War, and the Attorney General.

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. Under the special rule providing for the consideration of this measure is debate limited to the bill?

The SPEAKER. No; it is not. Is there objection to the request?

Mr. CHINDBLOM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CHINDBLOM. Would it be out of order to ask to have the rule read?

The SPEAKER. It can be done by unanimous consent; it has been already adopted.

Mr. CHINDBLOM. Long ago? I did not recall it this morning.

The SPEAKER. The rule simply provides that the chairman of the Committee on Military Affairs may move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of this bill.

Mr. CHINDBLOM. That is all.

The SPEAKER. Is there objection to the request of the gentleman from California that the time be equally divided between himself and the gentleman from Kentucky [Mr. FIELDS]? [After a pause.] The Chair hears none, and it is so ordered. The question is on the motion of the gentleman from California that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of this bill.

The motion was agreed to; accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7111, with Mr. SCOTT of Michigan in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7111, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7111) authorizing the Secretary of War, the Attorney General, and the Secretary of the Navy jointly to make settlement of damages and compensation due by the United States for infringement of radio patents connected with the prosecution of the war, and for other purposes.

Mr. KAHN. Mr. Chairman, I ask unanimous consent—

Mr. WALSH. The bill ought to be reported.

Mr. KAHN. All right.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of War, the Attorney General, and the Secretary of the Navy, acting jointly, are hereby authorized to adjust, pay, and discharge on a fair and equitable basis any and all just and meritorious claims against the United States for or on account of the use or manufacture by or for the United States of any patented invention relating to radio communication in cases in which such patented invention was used without agreement with the owner as to compensation therefor; such settlement of claims to cover both past (whether prior to, during, or after the war) and future use where practicable in all cases, and to be based on the determination by such agency as the said Secretaries and Attorney General have designated or established or may designate or establish, of all questions of infringement, validity of patents, and value of such inventions: *Provided*, That this provision shall not be so construed as to deprive owners of patents who shall not accept settlement under this act of any rights of action conferred by the acts for the protection of the owners of patents approved June 25, 1910, and July 1, 1918, respectively; and for the payment of such claims the sum of 2,500,000, or so much thereof as may be necessary, is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated: *Provided further*, That no payment shall be made under the authority herein conferred to any person or persons entitled to recover unless such person or persons shall within a period of six months from the date of the approval of this act accept in writing the amount awarded jointly by the Secretary of War, the Attorney General, and the Secretary of the Navy.

The CHAIRMAN. The gentleman from California is recognized for 30 minutes.

Mr. KAHN. Mr. Chairman, the Committee on Military Affairs received this bill from the Speaker of the House, who had received it from the Secretary of War, the Secretary of the Navy, and the Attorney General. It developed at the hearing before the committee—

Mr. LINTHICUM. Mr. Chairman, before the gentleman gets into his argument, will he yield for one question?

Mr. KAHN. I want to state the purpose of the bill, if the gentleman will allow me.

Mr. LINTHICUM. I want to ask one question, which, it seems to me is very pertinent at this point. That is, the bill says "For the payment of such claims the sum of \$2,500,000"—

Mr. KAHN. Of course, when I discuss the bill I will explain that. It is a misprint. The dollar mark is left out.

Mr. LINTHICUM. I did not want to know about the dollar sign. But I wanted to ask how this appropriation—

Mr. KAHN. If the gentleman will allow me to explain, I will tell the committee just how that was arrived at.

Mr. LINTHICUM. But the gentleman does not get my question.

Mr. KAHN. There were claims put in approximating \$30,000,000. When the war broke out the Military Establishment and the Naval Establishment took possession of various pieces of apparatus used in radiotelegraph work.

Mr. LINTHICUM. Mr. Chairman, I make the point of order there is no quorum present.

Mr. KAHN. That is all right.

The CHAIRMAN. The Chair will count. [After counting.] The Chair is only able to count 95 Members on the floor.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Elston	Langley	Rosenberg
Ansorge	Fairchild	Layton	Rose
Anthony	Fairfield	Lee, N. Y.	Rosenbloom
Bacharach	Fenn	Lineberger	Rossdale
Bankhead	Fish	Little	Rouse
Barbour	Flood	Logan	Rucker
Beck	Foster	London	Ryan
Beedy	Frear	Luce	Sabath
Bixler	Free	Lubling	Sanders, Ind.
Bland, Ind.	Freeman	Lyon	Sanders, N. Y.
Boies	Frothingham	McArthur	Schall
Bond	Fuller	McClintic	Siegel
Bowers	Funk	McCormick	Sinclair
Bowling	Gallivan	McDuffie	Slemp
Brinson	Gilbert	McFadden	Smith, Idaho
Britten	Glynn	McLaughlin, Nebr.	Smith, Mich.
Brooks, Pa.	Goldsborough	McLaughlin, Pa.	Snell
Browne, Wis.	Goodykoontz	McSwain	Snyder
Burdick	Gorman	MacGregor	Stafford
Burke	Gould	Magee	Steenerson
Burrongs	Graham, Pa.	Maloney	Stephens
Butler	Green, Iowa	Mansfield	Stines
Campbell, Pa.	Hawes	Martin	Stoll
Carew	Hawley	Mead	Strong, Pa.
Chandler, N. Y.	Hays	Merritt	Sullivan
Christopherson	Hicks	Michener	Swing
Clark, Fla.	Hill	Mills	Tague
Claason	Himes	Mondell	Taylor, Ark.
Clouse	Houghton	Montague	Taylor, Colo.
Codd	Huddleston	Montoya	Taylor, Tenn.
Cole	Hudspeth	Moore, Ill.	Ten Eyck
Collier	Husted	Mott	Thomas
Colton	Hutchinson	Mudd	Tillman
Connell	Johnson, Ky.	Nolan	Tincher
Cooper, Ohio	Johnson, S. Dak.	O'Brien	Tinkham
Cooper, Wis.	Johnson, Wash.	Ogden	Towner
Copley	Jones, Pa.	Oliver	Treadway
Coughlin	Kearns	Olpp	Underhill
Cramton	Keller	Osborne	Valle
Crowther	Kelley, Mich.	Palge	Vare
Cullen	Kendall	Patterson, Mo.	Vestal
Dallinger	Kennedy	Patterson, N. J.	Volk
Davis, Minn.	Kiess	Perkins	Walters
Deal	Kindred	Perlman	Wason
Dempsey	Kirkpatrick	Peters	Watson
Dickinson	Kitchin	Petersen	Webster
Dominick	Klecza	Porter	Wheeler
Drane	Kline, N. Y.	Purnell	Williams
Drewry	Knight	Radcliffe	Williamson
Dunn	Knutson	Ransley	Winslow
Echols	Kreider	Reed, N. Y.	Wise
Edmonds	Kunz	Riordan	Woods, Va.
Ellis	Lampert	Roach	Zihlman

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SCORR of Michigan, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee finding itself without a quorum, under the rule he caused the roll to be called, whereupon 217 Members answered to their names, a quorum, and he reported the list of absentees, to be entered in the Journal.

The SPEAKER. The committee will resume its session.

The committee resumed its session.

Mr. KAHN. Mr. Chairman, as I was saying, when this bill came to the Committee on Military Affairs three Secretaries of the Government joined in the recommendation that it be passed by Congress and asked for an early hearing. The Committee on Military Affairs had before them the principals of the interdepartmental radio board, which had been working for three years on this matter. When the war broke out the Government found it necessary to seize a great many patented devices which were in use in the radio service. The owners of these devices were told that the Government needed them for war purposes and asked them to surrender these devices to the Government in the hope that eventually the Government would pay them for what they had taken. The testimony before the committee shows that the sum of \$14,800,000 was asked on the part of some claimants, and that there were as many additional claims put in, but for which no sum was stated, which claims would amount to as much as that and probably a little more.

It was believed that about \$30,000,000 was involved in all these claims. The interdepartmental board on these matters sent for the interested parties and took testimony which ran along over a protracted period. They finally agreed with the claimants that if the money were promptly allowed by Congress the claimants would be willing to settle for a total of \$2,500,000. There are two claims that are not represented in this matter. One of them is the so-called De Forest claim, approximating \$2,000,000, who want to take their claim into the Court of Claims and determine whether they have any claim or not; and there is also an individual company that has a claim of \$150,000. So that this bill covers all the other claims. There were some 2,500 patents that were, in one way or another, involved in this whole question. But finally the interdepartmental board re-

solved the matter down so that the number of patents upon which various amounts were asked were something like 149. Then they sifted that down again to something like 28, with the understanding that if the settlements were paid on those the owners of all the other patents would also give a receipt in full to the Government. So that one company, I think, had four claims for which allowance was made, but they had about 40 other claims for which they were asking payment. They were willing to lump those 40 claims in with the amount that was being paid for the four.

Mr. RICKETTS. Does the gentleman remember the name of the claimant that had a claim for \$150,000?

Mr. KAHN. I do not recall what company that was. It was rather a small company, and when the witness was before our committee he could not recall the name of the claimant.

Mr. RICKETTS. Does the gentleman know whether or not a Pittsburgh firm had a claim of any kind?

Mr. KAHN. I think you will find that in the report.

Mr. RICKETTS. I can not find it.

Mr. KAHN. There are 24 claimants named.

Mr. RICKETTS. The report does not name any claimant, in fact.

Mr. KAHN. I mean the hearings.

Mr. NORTON. I would like to ask the gentleman how many patents we acquire under this?

Mr. KAHN. We do not acquire any patents.

Mr. NORTON. It was for the use of the patents—simply for the license?

Mr. KAHN. Some of the companies have agreed to give the Government a grant to use the patents from now on.

Mr. NORTON. Perpetual licenses?

Mr. KAHN. Practically; some of them.

Mr. DAVIS of Tennessee. Is it intended that any of this appropriation shall go to those companies from which the Government leased their systems during the war?

Mr. KAHN. The money is to go to those people who furnished the actual patents or the devices which were manufactured under patents.

Mr. DAVIS of Tennessee. I know, but is it not the fact that the Government has already paid all the radio companies from whom they purchased their systems and all from whom they leased their systems, either the purchase value or for the lease of the property?

Mr. KAHN. I do not know whether the Government has, but that was not involved in this question.

Mr. DAVIS of Tennessee. Now, one further question. Why does this bill propose to cover the settlement of claims prior to and subsequent to the war as well as during the war?

Mr. KAHN. Well, I presume the Government had been using some of this patented apparatus before the war, and, of course, would be subject to a suit for having infringed those patents. I presume the intention was to include any prior claims in this bill.

Mr. DAVIS of Tennessee. Yes; but the title of your bill states that it is for infringement of radio patents connected with the prosecution of the war.

Mr. KAHN. Well, it is probably a little broader than that; but that arose, as I stated, from the fact that the Government probably had been infringing some of these patents before we got into the war. And this will take care of them all.

Mr. DAVIS of Tennessee. One further question. I notice it provides for or on account of the use or manufactured by or for the United States. Now, when it says "manufactured for the United States" does not that cause the Government to underwrite the liability of any private manufacturing concern which may have manufactured anything that was sold to the Government?

Mr. KAHN. Not altogether so. If the company lived up to its contract with the Government and delivered the devices, that was all there was to it. If they could not deliver the devices, I assume the Government had a good bond from the manufacturer to the effect that he would deliver according to his contract or pay a penalty.

Mr. DAVIS of Tennessee. I know; but the Government has paid these private manufacturing concerns for all apparatus that was purchased from them, and if they infringed upon somebody else's patent why should the Government be responsible?

Mr. KAHN. The letter of the Secretaries who sent this down to the Congress says at the very beginning:

Prior to the war with Germany the Government, principally the War and Navy Departments, found it necessary, because the validity of many patents relating to wireless telegraphy had not been judicially determined, to use wireless apparatus of various kinds without strict regard to the rights claimed by patentees.



And so on. That explains the reason for that. We had been using these very devices. We did not know who the patentee was or what rights he had, and that was all to be thrashed out. Now, the departments of the Government think that those claims should also be included with the claims that grew directly out of the war.

Mr. WHITE of Maine. Will the gentleman yield in that connection?

Mr. KAHN. Yes.

Mr. WHITE of Maine. As I understand this, you propose to authorize these three Secretaries to settle with certain persons who claim to own patents which were used by the Government. Suppose these three Secretaries settle with Mr. A, who claims to be the owner of a patent, and then it transpires through court proceedings that somebody else, in fact, owned that patent; what is the situation then?

Mr. KAHN. The interdepartmental board has gone into that very fully.

Mr. WHITE of Maine. Their decision is not above the decision of a court as to who actually owned the patent.

Mr. KAHN. I believe we have gone into these things so fully and so thoroughly—that was the information the committee received—that that question was not raised.

Mr. WHITE of Maine. My belief is they do not know anything about it.

Mr. MANN. Will the gentleman yield for a question?

Mr. KAHN. Yes.

Mr. MANN. As I understand, there are a great many of these radio patents.

Mr. KAHN. Twenty-five hundred of them.

Mr. MANN. And a great conflict between different patents as to what is legally covered?

Mr. KAHN. Quite a number.

Mr. MANN. Suppose the Government, through this agency, goes ahead and settles with one man, and the department or the Secretary finds that a certain patent covered certain things, and settles with the owner of that patent, and pays the money. Of course, that is not binding on the man who claims to have a conflicting patent. That is not binding on anybody else.

Mr. KAHN. No; but I understand that these gentlemen went into all that.

Mr. MANN. They can not determine legally that question. Patent decisions are the finest-haired court decisions that our courts render. It depends largely upon the immediate testimony. Now, supposing that the Government having settled with one man claiming that the patent covers a certain thing, the other claimant files a proceeding in the Court of Claims, and the Court of Claims finds that he is the owner of a patent covering this particular device. We shall have to pay again, will we not?

Mr. KAHN. I suppose that if under such circumstances the Government has paid, and it was found subsequently that the man who was paid was not the owner, then the Government would have to pay again. But I understand that these questions were boiled down so that a case of that kind can not happen.

Mr. MANN. I am not a patent lawyer, and I do not know whether there is one here.

Mr. KAHN. You know in this country they say when you get a patent you simply get an invitation to a lawsuit.

Mr. MANN. Yes; and the only place where that law suit can be determined is in a court of law or a chancery court. It can not be determined by a board appointed by three Secretaries, with or without our authority.

Now, different patent suits have been tried in this country, and in some of the courts they have been sustained and in some other courts they have not been sustained—the same patents—until the matter has reached the Supreme Court of the United States, where distinguished judges have differed as to the validity of title. How are we to fix it so that three clerks up here—not even secretaries, but three clerks—can determine it? I see they say they have appointed very eminent clerks. They may be experts. I did not know that they had an expert patent man in the Attorney General's office, and I did not know that they had an expert patent lawyer in the War Department or in the Navy Department. But suppose they have. Those gentlemen decide a thing according to their minds, but they do not determine the thing as a court would determine it, nor do they determine anything except on the evidence which they have. And after one man gets paid he has no interest in preventing another man from getting paid.

Mr. WHITE of Maine. I understand there are 2,500 of these claims.

Mr. KAHN. Yes; 2,500 patents. Mr. Chairman, how much time have I used?

The CHAIRMAN. Twenty-one minutes.

Mr. KAHN. I have nine minutes more?

The CHAIRMAN. Yes. The gentleman has nine minutes more.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. KAHN. I will answer one question and then I will reserve the balance of my time.

Mr. CHINDBLOM. I observe that this bill proposes to provide a settlement for violation of patents prior to the necessity of which arose out of the war.

Mr. KAHN. Yes. I have already explained that.

Mr. CHINDBLOM. Very well. Does the gentleman know whether there was any authority of law under which these departments prior to the war did violate patents? With reference to radio communication during the war, of course, they did.

Mr. KAHN. The matter has been much involved. Before 1910 the Government could always violate any patent and the patentee had to take his chances in getting paid. In 1910 Congress passed a law which would give the patentee certain rights. That law was extended still further in 1918 while we were in the war. But the War Department has been violating patents, I presume, right along.

Mr. WHITE of Maine. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. WHITE of Maine. Is not the whole thing predicated on the assumption that what the Government did was without authority of law?

Mr. KAHN. I think so. Now, Mr. Chairman, I reserve the balance of my time.

#### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and the Speaker having resumed the chair, a message in writing from the President of the United States, by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved and signed bills and joint resolution of the following titles:

On July 21, 1921:

H. R. 6573. An act to further reclassify postmasters and employees of the Postal Service and readjust their salaries and compensation on an equitable basis, and for other purposes; and

H. R. 5756. An act to amend an act entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for these islands," approved August 29, 1916; and to amend an act entitled "An act to establish a standard of value and to provide for a coinage system in the Philippine Islands," approved March 2, 1903.

On July 25, 1921:

H. J. Res. 32. Joint resolution to change the name of the Grand River in Colorado and Utah to the Colorado River.

#### SETTLEMENT OF DAMAGES FOR INFRINGEMENT OF RADIO PATENTS.

The committee resumed its session.

Mr. FIELDS. Mr. Chairman, I yield 20 minutes to the gentleman from Georgia [Mr. BRAND].

The CHAIRMAN. The gentleman from Georgia is recognized for 20 minutes.

Mr. BRAND. Mr. Chairman, on June 23 I made a speech in open session of this House wherein I submitted some observations relative to the policies of the Federal Reserve Board enforced by it last year and the influence the members of the board, particularly Gov. Harding, had over the Banking and Currency Committees of the House and Senate.

On June 27 Mr. Platt, vice governor of the board, wrote me a letter calling me to account for making this speech, saying, among other things, that the speech I delivered was "utterly unworthy of me," and that I should "apologize to Gov. Harding." The vice governor did not stop at this, which I regard as insolent and against the rules of good breeding, but he went further in his illegal and caustic criticisms and by implication, if not in express terms, threatened that I would pay a penalty of some character for making this speech.

Now, in order that the committee may understand my cause of complaint, it will be necessary for me to read Mr. Platt's letter. He says:

FEDERAL RESERVE BOARD,  
Washington, June 27, 1921.

HON. CHARLES H. BRAND,  
House of Representatives.

DEAR MR. BRAND: As a former colleague of yours in the Banking and Currency Committee, I must say that I think your speech on June 23 with regard to the farm loan bill amendment and especially your attack on the Federal Reserve Board and on Gov. Harding were utterly unworthy of you. You know as well as I do that the Federal Reserve Board even if it had so desired could not have been responsi-



ble for a world-wide slump in prices. Every thinking man knew that prices during the war and especially during the period following the war were too high and must come down. Every student of history knows that a similar slump of prices and a similar period of readjustment has taken place after every war since history began.

Furthermore, I notice with some concern for your political future that you are decidedly at odds with the accredited leader of the Democratic Party, former Gov. James M. Cox, of Ohio. Gov. Cox said in a signed editorial in his newspaper (copied in the Washington Post to-day) that the failure of the United States to ratify the peace treaty was the chief cause of present economic conditions.

"We are gathering the harvest of our own sowing," says he, and adds, "except for the operation of the Federal reserve bank system we would be in the midst of the worst panic the world has known."

Now, I don't mean to indorse all that Gov. Cox says by any means. The slump, as I have said above, is world wide and was inevitable, treaty or no treaty, but it is certainly true, as every economist recognizes, that the Federal reserve system has saved us from a crash, which would have been as bad as, and probably worse than, the historic panics of 1837, 1857, 1873, or 1893. Without the sustaining help of the Federal reserve system three-quarters of the banks in the country would have suspended and failure and disaster would have been on every hand. What are the actual facts? We have gone through a very serious world-wide crisis and seem to be beginning to recover from its effects—yet the number of failures has not at any time been much greater than normal. A good many small State banks have gone down in some sections of the country, and some national banks, but the failures in North Dakota were due largely to other causes than the slump in prices, and speculation in land or in oil or in so-called "blue sky" stocks has been at the bottom of many of the bank failures in other States.

Our country is in vastly better condition than most South American countries, and products of those countries, like rubber and sugar, have fallen much more than cotton has fallen from the peak. It may interest you to know that several countries are seeking to establish a Federal reserve system similar to ours and are asking our advice as to how to do it. Yet you and TOM HEFLIN and some others are persisting in declaring the Federal reserve system and the Federal Reserve Board, and particularly Gov. Harding, responsible for all our ills.

I want to tell you that you are going to have these things quoted against you in time if you keep them up. What would you gain if you should succeed in forcing Gov. Harding out of the Federal Reserve Board? Would the South thank you for it? Could President Harding find a better man? Would the South thank you for the apparent suggestion of assassination in your speech? You will find a reaction from all this talk in the not very distant future—before the next primaries come on at any rate.

Gov. Harding is the hardest working member of the Federal Reserve Board, the last man to leave every afternoon, and the one man whom we have never yet been able to persuade to take any real vacation. He has the best interests of the South and of the country very much at heart, as I believe you really know. You men from the South ought to be defending him instead of trying to force him out of the board. You owe him an apology.

In all friendship, yours, very sincerely,

EDMUND PLATT.

Perhaps I am taking your speech rather too seriously. Some members of the committee, whom I saw at or just after lunch to-day, have told me that you did not deliver all of it, but anyway you ought not to give circulation to ideas that may do harm and can't do any good. Your country banks in Georgia, according to our information, charge the farmer what amounts to an average of 10½ per cent on their agricultural notes. The Federal reserve rate is 6 per cent. Why not get after the real culprits? Georgia is one of the old original Thirteen States, and it ought to have eastern rates of interest to the farmers, as well as to merchants.

Mr. Chairman, I ask leave at this time to revise and extend my remarks. I do not wish to take up the time of the committee in reading all the correspondence that I have here.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to revise and extend his remarks in the manner indicated. Is there objection?

There was no objection.

Mr. GOODYKOONTZ. Does the gentleman propose to desist from further addressing the House, so that we can discuss this pending bill, wherein they are attempting to take from the Treasury two or three million dollars? We would like to have all the time possible to devote to the discussion of this bill.

Mr. BRAND. No; I propose to occupy the time allotted to me. Doing so will not delay defeating this bill.

I answered this letter, disclaiming any personal accusations against either Mr. Platt or Gov. Harding. My reply to his letter did not satisfy me, and I wrote him another letter to which he replied, and while still disclaiming to some extent it did not withdraw the sting that was in his original letter. You will notice that among other things in that letter, referring to the bankers of Georgia, he says:

Your country banks in Georgia, according to our information, charge the farmers what amounts to an average of 10½ per cent on their agricultural notes. The Federal reserve rate is 6 per cent. Why not get after the real culprits?

Then the following correspondence passed between us:

Hon. EDMUND PLATT,  
Federal Reserve Board, Washington, D. C.

JUNE 28, 1921.

DEAR MR. PLATT: Your letter of June 27 received this morning. Out of personal respect and regard for both you and Gov. Harding, I answer the same promptly.

In the first place, I don't consider that you have the right to lecture me in regard to my speech delivered last Thursday on the floor of the House of Representatives, because I said nothing about you personally and nothing about Gov. Harding personally. On the contrary, I was cautious not to do so. My purpose was not to make any personal references whatever to any member of the board, much less to Gov. Harding and yourself. You are the only two members of the board whom I

personally know. If you will carefully read the speech you will see my references were not personal, as above indicated, but they were general in their terms. For instance, I referred frequently to the "board" or the "Federal Reserve Board," to the "policies of the board," and to the "policies adopted by the board." The whole speech will show that what I was condemning was the policy adopted by the Federal Reserve Board last year. In one reference to my speech, on page 2967, referring to the policies adopted by the board last year, I made a qualification, as follows: "However honest the board may have been in promulgating this," and on page 2968, at the bottom of the first column, I made the distinct statement that I did not charge anybody with corruption.

In the reference to what Secretary Houston and Gov. Harding are said to have replied to the farmers' representation last fall, I did not charge that they made this statement, but did say according to press reports it was made. Besides, I referred to Gov. Harding as speaking for the Federal Reserve Board.

In the second column on page 2968 I tried to make myself clear in regard to the Dickens quotation by using this language: "Of course, I do not mean to invite such disaster to any human being or to make this reference in any sense personal to anyone." This statement was made on the floor during the deliverance of my speech. I was sincere in making it. I thought it was advisable to do so, and I am particularly gratified to know I had sense and discretion enough to do so, in the light of your criticism.

In reply to a question which carried a charge against Gov. Harding, made by Mr. KING, of Illinois, I distinctly stated that I did not in any sense intend to reflect upon him personally.

A careful and impartial reading of this speech will show that I was dealing in general with organized bodies, including the Banking and Currency Committees of the House and Senate, the Federal Reserve Board, and the Republican Party. These references express my honest conviction, whether it meets with the board's approval or not, and whether your criticism is just or not. The people of my district are in a terrible condition. This includes both the white and colored people, particularly the tenant class. I do not mean to say, however, that it does not also include the people who are landowners. Many people are without homes and without provisions to feed their families. They tried to make this year's crop while hungry and half clothed. Many farmers have been forced into bankruptcy. The accumulations of a lifetime have been swept away and destroyed on account of the sudden slump in the price of cotton, running it down from 45 cents to 10 cents a pound. This caused thousands and thousands of dollars to be lost by many of my own constituents. I honestly believe that this great reduction in the price of cotton has destroyed the values of at least 90 per cent of the property owners of my district. The future is ominous and dark, and I can see in it but little ray of hope for recovery in the future, and yet up to date not a single thing has been done for the southern people. The western farmers have been taken care of not only by the emergency tariff bill but by the efforts of Secretary Mellon, and, as I understand, arrangements made with your board whereby \$50,000,000 has been made available for the cattle growers of the West. The southern cotton grower has not been given the consideration to which he is entitled, and it is useless to dispute this fact.

The banks in my section of the State are not guilty of the charges as set forth in your postscript. So far as my knowledge goes the banks in my section are not charging usurious rates. They are not violating the usury laws of Georgia. I do not know of a single bank who charges the agricultural people over 8 per cent per annum, this being the lawful rate in Georgia. If they have done so, it does not meet with my approval. For your information I call your attention to the fact that you doubtless do not know that there are four banks within 30 miles of each other in Gwinnett County, near Lawrenceville, Ga., which was the county of my residence from maturity until about 18 years ago. You and Gov. Harding can not learn anything about the condition of the people of the country by staying here in Washington or by visiting the principal cities of the West and South.

The Federal Reserve Board is a great system. Gov. Harding deserves the unstinted gratitude of the United States and the world, so far as this is concerned, for the successful management of this board during the World War, but to my dying day I will believe that the policies of the board entered upon and promulgated last year, and the effect thereof, is the prime cause of the distressed and impoverished condition of the people of my section of Georgia. It gives me great concern and makes my heart bleed to think of their condition and hear their appeals, as I do, when I am at home and through their letters while here in Washington, particularly when nothing has been done for them in the past, and but little hope of having anything done for them in the future.

In conclusion, I may say my speech taken as a whole, and particularly in the light of the excerpts to which I have called your attention in this letter, shows that I did not intend in any sense to be personal against any member of the board, particularly Gov. Harding. As you doubtless know, this is the first time since I have been a Member of Congress when upon the floor of the House of Representatives I have made any public utterances or charges against the Republican Party, the Federal Reserve Board, or any organized committee of either branch of Congress, and yet criticism of the Federal Reserve Board and its policies has been freely indulged in and constantly so by Senators of the United States not only in the Senate but in the press and other public gatherings for months and months past. Not only is this true in regard to the Senators but it is likewise true in regard to many public men throughout the country and much of the press of the Nation.

What I have written, Mr. Platt, is in all kindness and with personal esteem and respect for both you and Gov. Harding.

Sincerely, yours,

(Signed) C. H. BRAND.

FEDERAL RESERVE BOARD,  
Washington, June 29, 1921.

Hon. CHARLES H. BRAND,  
House of Representatives.

DEAR JUDGE BRAND: I want to thank you for your frank letter of the 28th. I felt sure you could not have intended any personal reflection on Gov. Harding, but I knew how some people who had read the speech were construing it, and I decided to write the letter without consulting the governor, though I afterwards told him I had written it. KING and some others, of course, are always trying to egg somebody on in condemnation of Gov. Harding or of the board.

Of course, I haven't any right, except that of old friendship, to lecture you in regard to any speech you may deliver, but you know I



have always been rather frank and outspoken, and while of course criticisms of the board or its policies are legitimate I think you will admit that they are certainly arguable. I sympathize fully with the plight of the cotton growers, as well as with that of other farmers and with manufacturers who are in the same position, but I believe also that it might have been much worse than it is. If my memory is correct, cotton in previous times of business and financial crises has several times gone as low as 5 cents. Consider what might have happened last fall if confidence in the ability of the Federal reserve system had been impaired. Now, as you know, the reserves of the system were in May—several months before the normal time of greatest pressure—right on the edge of the legal requirements. They might have gone below, and we might have suspended reserve requirements, but if that had occurred as early as May or June, before the peak of the harvest requirements, and with the certainty that they must still go lower in the fall—unless the banks had quit loaning right when farmers most needed loans—confidence would have been impaired and the inevitable break of prices already begun in Japan in the silk panic, which had spread to wool and some other products, would have been much more severe and much more drastic than it was.

All over the world prices were on an inflated basis, some of them higher than war prices. No power on earth could have kept them up. In our own country the break would have come earlier if it had not been for the abnormal demand for our products abroad, stimulated by Government loans and subsidies—some of the loans those of our own Treasury, but most of them loans and subsidies of the European Governments which were often buying directly from us. That, of course, couldn't keep on. Bankruptcy was too close to most of them, and our own burden of debt was appalling.

When the break in the silk market began in Japan it found our Government no longer loaning to Europe for the purchase of our goods, and it found European Governments beginning to curtail and trying to put their people somewhat on their feet. Synchronizing with all this was the so-called "buyers' strike" in our own country against high prices. The result was a tremendous withdrawal of demand in the face of large crops produced at high costs. Nothing that the Federal Reserve Board or system could have done, in my opinion, could have stopped the decline. Had reserve rates been lowered, or left as low as they were during the war, that would simply have got the people, especially those who were producing primary products like cotton on borrowed money, in deeper and would have made their losses worse.

The only thing that the Federal Reserve Board can be fairly criticized for was for not raising its rates more promptly after the armistice. I am not sure that the speculation of the fall of 1919 and the spring of 1920 would have been wholly stopped by such action, but it would have been curtailed and the 1920 cotton and other crops would have been made with less cost. It was speculation that put cotton up above 40 cents and wheat to the neighborhood of \$3. Very little of either was ever sold at those prices, and they simply served to raise false hopes and to make people who really knew that a drop in prices must come feel that it wasn't coming yet, and that they were safe in going ahead blindly no matter what they had to borrow.

I am thoroughly convinced that the Federal reserve system can't operate properly or in accordance with the ideas of its proponents if there is a big profit in rediscounting. In your own State, with the banks loaning at 8 per cent and borrowing from the reserve bank at 6 per cent, there is still too much temptation to loan for the sake of the 2 per cent profit, though as the country banks are now all loaded with back loans I don't think the temptation can now be said to be operative.

Just a word as to the rate at the country banks in Georgia. Isn't it true that those banks often charge the farmer 16 per cent? Here's their game, as I have heard it stated by several people who are in a position to know: A farmer comes in to borrow \$1,000. The bank says, "All right; you can have it at 8 per cent." Then the farmer signs his note for six months and the bank discounts it, giving him credit for \$1,000, less \$80, or \$920. Now, they call that 8 per cent, but it really is 16 per cent. Such outrageous extortion ought to be stopped anyway, and it seems to me that 8 per cent is too high for an old Eastern State, one of the original Thirteen States, like Georgia. Federal reserve rates have nothing to do with the rates the farmers pay. When the reserve rates were 4 and 5 per cent the country banks got their 8 and 16 per cent just the same.

One trouble is that most of the country banks are too small. They haven't enough loaning power, or capital, and too many of them can't live without exorbitant interest charges, or the so-called "exchange" charge on the payment of their own checks. What is needed is a series of consolidations to strengthen the banks, and many of the smaller ones ought to be branches of strong institutions instead of independent banks. You have branch banking in Georgia, and it ought to be expanded and strengthened as has been done in California. I see no reason why, with such cities as Atlanta and Savannah, and ocean transportation for your splendid peaches and your cotton, you should not have as strong a banking system as California has, with branch banks in the smaller towns, backed by the capital of the large banks in the cities.

Yours, very truly,

EDMUND PLATT.

JUNE 30, 1921.

Hon. EDMUND PLATT,  
Federal Reserve Board, Washington, D. C.

MY DEAR MR. PLATT: After replying to your letter of June 27, I again carefully reread the same. There is one paragraph in it that I do not understand, which is as follows:

"I want to tell you that you are going to have these things quoted against you in time if you keep them up. What would you gain if you should succeed in forcing Gov. Harding out of the Federal Reserve Board? Would the South thank you for it? Could President Harding find a better man? Would the South thank you for the apparent suggestion of assassination in your speech? You will find a reaction from all this talk in the not very distant future—before the next primaries come, at any rate."

I do not know what you mean by the use of this language, particularly the first and the last sentences of this excerpt.

First, I would like to know what you have in mind when you say I am going to have these things quoted against me in time if I keep them up. Do you mean by my Democratic constituents or by some Republican who may run against me, or by the board?

Referring to the last sentence wherein you say I will find a reaction from this talk in the not very distant future, I would like to know what you mean by this statement. It contains a veiled threat which I can not solve. Do you mean that the board is going

to "start something" or you or Gov. Harding for the board, and if so, when and how? Do you mean that the board, or you, or Gov. Harding is going to try to get out some sort of opposition to me, either from Democratic or Republican sources, and that it is your intention to begin some sort of war on me in the not very distant future? In short, when you wrote this excerpt from your letter did you have in mind that some one was going to attack me? If so, who is going to do it, and how?

Mr. Platt, you are a very intelligent man, very cautious and careful, not only in your personal conversation but more so in writing, and after reflection, I therefore take it that you seem to have singled me out and some sort of revenge is to be heaped upon me. Entertaining this view, or being in doubt and uncertainty about it, I have concluded that I owe it to myself to write you this additional letter with the request which I respectfully make that you advise me what you had in mind when you wrote it.

I am sending this letter by special delivery, hoping that you may do me the kindness to promptly reply to the same.

I beg to remain, with regards,

Very truly, yours,

C. H. BRAND.

FEDERAL RESERVE BOARD,  
Washington, July 12, 1921.

Hon. CHARLES H. BRAND,  
House of Representatives.

DEAR JUDGE BRAND: I was very much surprised to find yours of the 30th awaiting me this morning on my return from a week in Connecticut—surprised because of the interpretation put upon words that were about what one Congressman might say to another in argument, and were certainly not intended to do more than show that with a change in sentiment, which it seems to me is already beginning to take place, what you had said might be used by an opponent against you. There was surely no implication that anything would or could be "started" by me or any member of the board. In fact, if any opponent of yours were to come to me—I can't imagine how any such person would think of doing so—my impulse would be to defend you as a friend and former colleague, and to say that while we had had our differences of opinion we had argued them out ourselves, and to maintain that certain interruptions in your speech had given it a twist that you did not intend.

To go a little further into the general subject between ourselves—where did the attacks on Gov. Harding and the board originate? Weren't they originally Republican propaganda, put out during the election campaign last fall? Didn't a good part of their circulation come from the Manufacturers' Record, of Baltimore, the editor of which is a Republican? I happen to know that for a little while some of this propaganda was found in Republican publicity items, but there were some prominent Republicans who considered it unfair and unwise and did what they could to stop it. Whether as a result of their efforts or not northern newspapers made very little use of these criticisms, but through the Manufacturers' Record they continued to obtain wide circulation in the South. It was certainly a queer situation, that what was originally Republican propaganda had most of its influence among Democrats, or at least in Democratic States. But already a number of publications have changed their tone and are giving the Federal reserve system credit for preventing a panic, which would have been far worse in its results than anything that has taken place, and it seems to me clear that propaganda of such origin isn't going to be always popular in the South.

The board, I may add, hardly ever meets without discussing the possibility of doing something further to relieve conditions in the cotton-growing sections. It doesn't seem, however, as if much could be done through member or nonmember banks that are already so over-loaded that they don't feel that they can go further. The Federal reserve banks are strong—particularly strong as a whole—but can not make loans except through member banks. We have a regional and not a central reserve banking system, and if the reserve bank of Atlanta, for instance, is not doing all it can, that is not the fault of the board, for the directors of the bank, not the board, decide what loans to make. From all I can see the reserve bank of Atlanta is doing what it can, but it can't go further than its member banks are willing to go.

Perhaps the latest war finance proposition announced in this morning's paper will give the help needed. I don't know how far it is wise to advise farmers to continue to hold cotton. Nobody can tell what will happen in Europe, and the price depends largely on foreign selling; but it looks to me, with the British coal strike over, as if stability ought gradually to return and with it an increased demand for cotton. When the political risk of socialist upheavals, etc., is lessened, the Edge corporations will begin to function on a larger scale, and that will help. One of them is already doing very well.

With best regards,

EDMUND PLATT.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield? Mr. BRAND. Yes; although I have very little time.

Mr. CHINDBLOM. As the gentleman knows, the Constitution says that a Member of Congress can not be questioned in any other place. Does that mean that a citizen can not criticize a Member of Congress?

Mr. BRAND. Of course not. I am opposing limitations upon free speech. I am contending for unhampered privilege of free speech. However, there is a distinction between criticism and insult; there is a distinction between criticism and intimidation; there is a distinction between criticism and threats, of which a Government officer, particularly one who has taken an oath to support the Constitution, should not be unmindful.

The difference between me and the vice governor amounts to nothing so far as other Members are concerned, because they are not interested in the personal phase of the controversy. His letter, however, presents a question in which every Member of the House is directly interested. It involves the privileges of every Member of the American Congress now and for all time to come. It involves the constitutional privileges of free speech guaranteed to Members of Congress by the Constitution of the United States.



The article and provisions to which I refer declares:

They (the Senators and Representatives) shall in all cases, except treason, felony, and breach of the peace, be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same; and for any speech or debate in either House, they (the Senators and Representatives) shall not be questioned in any other place.

If this provision of the Constitution means what it says, then the vice governor of the Federal Reserve Board has not only violated this provision of the Constitution but he also broke faith with the oath he took when as a Member of Congress he swore to support the Constitution of the United States and to bear true faith and allegiance thereto. My charge is he is guilty of a grave infraction of the Constitution of the United States, which he, with uplifted hand, has solemnly sworn he would support. He did so either through ignorance or, if with knowledge, for want of respect of the Constitution and in utter disregard of the sacredness of his oath.

This provision of the Constitution has been considered and reviewed not only by this House in cases which came within its jurisdiction but also by the Supreme Court of the United States.

In the case of *Kilbourn against Thompson*, in construing this provision, the court, in an opinion delivered by Mr. Justice Miller, says:

We may perhaps find some aid in ascertaining the meaning of this provision if we can find out its source, and, fortunately, in this there is no difficulty. For while the framers of the Constitution did not adopt the *lex et consuetudo* of the English Parliament as a whole, they did incorporate such parts of it, and with it such privileges of Parliament as they thought proper to be applied to the two Houses of Congress. The freedom from arrest and freedom of speech in the two Houses of Parliament were long subjects of contest between the Tudor and Stuart Kings and the House of Commons. When, however, the revolution of 1688 expelled the last of the Stuarts and introduced a new dynasty, many of these questions were settled by a bill of rights, formally declared by the Parliament and assented to by the Crown. One of these declarations is that the freedom of speech and debates and proceedings in Parliament ought not to be impeached or questioned in any court or place out of Parliament.

In *Stockdale against Hansard*, Lord Denman, speaking on this subject, says the privileges of having their debates unquestioned, though denied when the members began to speak their minds freely in the time of Queen Elizabeth, and punished in its exercise both by that princess and her two successors, was soon clearly perceived to be indispensable and universally acknowledged. By consequence whatever is done within the walls of either assembly must pass without question in any other place. For speeches made in Parliament by a member to the prejudice of any other person, or hazardous to the public peace, that member enjoys complete impunity. This case is reported in 103 United States, page 168.

In the case of *Williamson against the United States*, 207 United States, page 425, in discussing this provision of the Constitution the late Chief Justice White, delivering the opinion, among other things said:

Freedom of speech and debate in Congress shall not be impeached or questioned in any court or place out of Congress.

In the case of *Lovell H. Rousseau for contempt of the House*, in 1866, cited in *Second Hinds' Precedents*, section 1655, the House still recognized that the principles announced in this provision of the Constitution, namely, that Members of the House can not be questioned for any speech in any other place, were still in force. The committee in discussing the question announced the rule that parliamentary assemblies were founded on the theory of the inviolability of the person of the representative.

In *Third Hinds' Precedents*, section 2684, this case is cited: On August 12, 1848, Mr. George Fries, of Ohio, by leave presented a communication from the Commissioner of Indian Affairs which was read to the House.

This communication was in response to a speech in which Mr. Thomas L. Clingman, of North Carolina, had denounced the Indian Bureau as thoroughly corrupt. The letter of the commissioner was addressed "To the honorable the House of Representatives of the United States," and besides entering into a defense of the Indian Bureau charged the Member of the House making the charges with improper conduct in his representative capacity.

A motion was made by Mr. John A. Rockwell, of Connecticut, that the communication, being disrespectful in its language, be not received.

Considerable discussion arose, it being urged that the letter invaded the privileges of the House, a Member being privileged as to his remarks on the floor from being questioned in any other place.

Whereupon Mr. Fries withdrew the communication.

Judge Storey, in his *Commentaries on the Constitution*, says:

The next great and vital privilege is the freedom of speech and debate, without which all other privileges would be comparatively unimportant or ineffectual. This privilege is derived from the practice

of the British Parliament, and was in full exercise in our colonial legislation, and now belongs to the legislation of every State in the Union as a matter of constitutional right.

In the journal of the Constitutional Convention, volume 2, kept by James Madison, it is recorded that Mr. Pinckney submitted to the House the following proposition:

Each House shall be the judge of its own privileges, and shall have authority to punish by imprisonment every person violating the same or who in the place where the Legislature may be sitting and during the time of its session shall threaten any of its Members for anything said or done in the House.

In the *Columbia Law Review*, 1910, volume 10, there appears an able paper entitled "Absolute immunity in defamation," by Van Vechten Veeder, which has been approvingly referred to by one of the writers on the Constitution:

Freedom of speech is inherent in the idea of a deliberative assembly. Absolute immunity is confined to Members of Congress and of the State legislatures. Speech is the element which gives life and power of action to such a body, as air does to the natural body. And the free and fearless discussion of every plan and purpose, which is essential to wise legislation, would be impossible if members were subjected to the restraints imposed by law with respect to private reputation. The essential nature of such immunity is shown by the fact that it has followed parliamentary government in its progress throughout the world.

In discussing the resolutions introduced in Congress involving this provision of the Constitution Mr. Edward Everett, of Massachusetts, among other things makes this statement:

The freedom of debate, the dearest privilege of freedom, was involved.

Adding—

If the time should ever come when Congress does not assume the injuries inflicted on its Members as done to itself, the Constitution would no longer be worth living under. (*Hinds*, p. 1083.)

I have thus dealt at length with the history of this article of the Constitution, in order to show that there has been no difference in opinion in regard to what it means and no break in the current of the construction from the time that the letter was first submitted to the convention which framed the Constitution down the decades passed until the last decision rendered upon the question by the Supreme Court of the United States. Some have doubted and even disputed that this provision of the Constitution would include calling a Member of Congress to account by a written communication from another outside of Congress, whatever may be its character. I have no doubt in my own mind that Mr. Platt's letter to me comes squarely within its provisions. If this is true, I contend that this House has the right first to direct that Mr. Platt appear before the bar of the House for writing this letter, and, second, that the House has full authority, if it chooses to exercise it, to issue a decree against Mr. Platt either for censure, reprimand, and probably to fine for contempt.

However, in view of Mr. Platt's disclaimer in his last letter I shall not insist upon my constitutional privilege in this regard. I do not care to humiliate him by even having him cited to appear before the bar of the House. Neither do I have any wish to have him censured or reprimanded for his conduct, and I shall make no request along this line. I have no ill feeling for Mr. Platt, though I have a supreme contempt for his letter.

This is true notwithstanding he intended by writing his last letter to disclaim and atone for the injustice he did me in his first letter. I do not believe that Mr. Platt was sincere when he wrote the last letter, because it does not take the sting out of his first letter, and Mr. Platt knows it. His profession of friendship for me as set forth therein is likewise insincere. To my mind it has the taint of Judas.

I have been coming in contact with the public in the capacity of a practicing attorney, the State's prosecuting attorney, judge of the superior court, and to some extent as a business man for nearly 40 years, and yet this is the first time within my whole public career that I was told that I had done something which was "utterly unworthy of me" or that I had said something on account of which I was virtually ordered to render an apology.

Whether Mr. Platt is dealt with as an individual, an ex-Congressman, or a Government officeholder, his offense, in my judgment, is no less odious.

No individual with the proper sense of decency would indite such a letter to one who claims he is a friend.

No Member of Congress or ex-Member of Congress who has the proper conception of the true instincts of a gentleman would voluntarily send such a communication to one of his colleagues.

No Government officer holding an appointment under the President of the United States and in one of the greatest institutions of the Government who has any intelligent regard for the proprieties of his position and who has that high sense of honor becoming one holding such a position would so debase himself.



The truth is, this letter is an evidence of duress or intimidation, or at least undue influence, which may have been heretofore put in operation and brought to bear over Members of this House in regard to pending legislation, particularly over members of the various committees. I do not make this charge, and yet this letter bears upon its face this deduction. Such influences, if sought to be exercised, can never be proved, because it is like the undertow of the ocean surf—it can be felt but can not be seen.

His letter is full of pride, vanity, and arrogance. The idea that a Representative in Congress should be so fearless as to criticize the policies of the Federal Reserve Board is a monstrous proposition to Mr. Platt. He would punish those of us who criticize his acts as members of Parliament were punished in the days of Elizabeth. Threats and intimidation are his weapons.

I attribute much of this ugly phase of the vice governor's character to the position which he now occupies and also to the unprecedented majority which the Republican Party had over the Democratic Party in the November elections of last year. The truth is, the appointment to the office which he now holds and this great majority in favor of the Republican Party have turned the vice governor's head. Mr. Platt, a gentleman polite and courteous when in Congress, has become Platt "the imperious," as vice governor of the Federal Reserve Board.

In passing I remind this high-browed officer that he may not hold his office always, and also that a great majority has frequently been followed by a small minority. Many believe in the truth of the remark of the Duke of Wellington, who said: "Next to a great defeat, the greatest disaster is a great victory."

Mr. Platt wrote this letter with knowledge of this constitutional provision or through ignorance of it.

If he wrote the letter in ignorance of this provision, then I doubt the wisdom of his appointment to the position he now holds. If he wrote the letter with full knowledge thereof, then he has built for himself a monument to which the finger of scorn should point as long as his infamy may be remembered among men; and yet this is paying him more or less distinction, because there is a sacredness and a sense of grandeur about a monument, even though erected by one's own folly; and, on second thought, I prefer to liken his conduct in writing this letter to the dying mackerel in the sunshine, which "stinks as it rots and rots as it stinks."

One of the troubles with Mr. Platt is he has little sympathy for the southern people. This may be due to the fact that he knows nothing about their suffering and sacrifices. As an evidence of this conviction of mine I call your attention to the fact that he referred to the bankers and money lenders of my State as culprits. A culprit is a criminal. That is, a culprit is one who is accused or convicted of a crime. To charge over the legal rate of interest is usury, of course, and the Federal Reserve Board is the chief exponent of such conduct, but the only penalty in most of the States is to forfeit the interest and to make void in some States deeds and other allegations which are given to secure debts. There is no criminality attached to it in the sense of penal servitude, and yet Mr. Platt deliberately brands a great class of the people of Georgia as criminals.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BRAND. Mr. Chairman, this being a personal matter, I ask unanimous consent to proceed until I finish it. It will take me only two or three minutes.

The CHAIRMAN. The gentleman knows that the Chair would be very glad to accommodate him, but the time has been limited by the House. The gentleman was granted unanimous consent to extend his remarks.

Mr. BRAND. That was simply for the purpose of publishing the correspondence, provided I finished my speech.

The CHAIRMAN. The Chair is precluded from submitting his request in view of the fact that the time was limited by the House before going into the Committee of the Whole.

Mr. BRAND. Has not the committee the right to waive that and grant me unanimous consent?

The CHAIRMAN. The House has, but the Chair doubts whether the committee has.

Mr. BRAND. Has not the committee the right to waive that?

The CHAIRMAN. The Chair thinks not.

Mr. CRISP. The rulings have been to the contrary.

Mr. BRAND. I will ask the gentleman from California to give me a few minutes.

Mr. KAHN. I regret to say that there seems to be so much interest in the bill that I shall have to use all of the eight minutes which I have remaining. I would like to accommodate the gentleman, but I am so much pressed for time that I can not do it.

Mr. FIELDS. I yield five minutes to the gentleman from Texas.

Mr. BLANTON. If I may be permitted, I will yield two minutes of my time to the gentleman from Georgia. Or if there is objection to that I will yield back two minutes of my time to the gentleman from Kentucky for the purpose of allowing him to yield it to the gentleman from Georgia.

Mr. FIELDS. Then I yield to the gentleman from Georgia two minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia for two minutes more.

Mr. BRAND. In his first letter Platt strikes like a scorpion, but after some one told him of this constitutional provision he runs away like a peacock who struts on the lawn and about the homestead like a king when the sun shines, but is always the first of the fowls in the lot to take to the barn house when a storm arises and the thunder begins to roll.

The ire of Platt recalls to my mind a convulsion of rage on the part of the great Friar Bungey, one of Lord Lytton's characters, when he roared forth at one who differed with him as follows:

Darest thou unslip thy boundlike malignity upon great Bungey? Knowest thou not that he could bid the walls open and close upon thee; that he could set yon serpents to coil round thy limbs and yon lizards to gnaw out thine entrails?

That is Platt, the vice governor of this powerful board; that is the way the vice governor of the Federal Reserve Board, which holds the power of life and death over a Nation of suffering people, feels when a Member of Congress criticizes the board's policies.

The truth is Mr. Platt felt called upon to defend his chief, Gov. Harding, because without Gov. Harding's consent and O. K. Mr. Platt never would have been appointed as a member of the Federal Reserve Board. Many are satisfied that without the recommendation of Gov. Harding, whom I personally esteem—who stood high with President Wilson—Mr. Platt never would have been appointed. For this reason I dismiss him from further consideration, because there is much truth in the saying of the Patriarch Isaiah, "The ox knoweth his owner, and the ass his master's crib."

In one of the Voorhees beautiful periods he says:

It is a historic fact that Vesuvius was not known to have volcanic fires in her bosom until they broke forth in a devastating deluge near the dawn of the Christian era. For nearly a thousand years we can see by the light of history a contented, unsuspecting, prosperous people building villages and cities around the base of that famous mountain, ascending its easy, sloping, and fertile sides, erecting homes, planting vineyards, rearing generation after generation in peace and happiness, with no thought of danger. If anyone more curious or more intelligent than the rest ever detected and pointed out as an evil omen a thin line of smoke rising above its crater and mingling with the clouds, he was doubtless silenced as a disturber of public tranquillity and an enemy to the public credit. The entombed ruins of Herculaneum and Pompeii, however, remain to illustrate the power of nature's secret unheeded forces.

This is a historic simile of the awful avalanche, terrible and destructive in its consequences, which was suddenly turned loose last year upon a happy and prosperous and contented people of the cotton-growing States, engulfing in its mighty currents men, women, and children, white and colored alike, leaving many of them homeless, many penniless, and almost all hopeless, whose cries of distress and appeals for help have been heard across a continent and lashed the shores of every European nation where heretofore cotton has been king in the marts of trade and the markets of the world, and yet cotton, the ark of the covenant to the South and the hope of humanity, is no longer king, but has been stripped of its royalty and at present is almost as impotent as Prometheus fettered to the rocks of Mount Caucasus with every vulture known to avarice plunging their beaks into its vitals.

This picture I tried to paint in my speech, believing as I did and do yet that the policies of the Federal Reserve Board promulgated last year brought about this great calamity, and yet because I, among many others in and out of Congress, honestly and freely expressed my views, this czar of the Federal Reserve Board levels his guns at me with a malignant intolerance unprecedented.

In conclusion, Mr. Chairman, in relation to the issue of culpability, I summon to the witness stand the great multitudes of farm producers and laboring people from the South and West, the greatest farming sections of this Republic, and let them testify from their sorrow, suffering, and destitute condition who shall be the victim of their crucifixion, and upon this issue I am willing for the present to write its verdict and posterity to record its decree. [Applause.]

Mr. FIELDS. I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the time for debate is practically exhausted, yet no one has opposed this bill. I am not going to give my support to this bill that is under consideration. I may be the only one who votes against it, but I am going to vote against it. It involves 2,500 patents. Of these 2,500 the

board sifted down to 27 claims that it considered, and then it gave its real final consideration to 7 out of the 27. It states that these 7 that it did give consideration to involved \$14,800,000, and Lieut. Commander Loftin, on page 18, states that the balance of them, in his judgment, would run up to \$30,000,000 or \$40,000,000. Judging from that statement, I believe this bill might involve \$50,000,000 of claims that could be turned over to these three men to settle. My friend from California [Mr. KAHN] may be willing during these dog days to pass that kind of a bill and thus pass the buck, because it is a little unpleasant for Congress to have to pass on these little matters of claims involving only \$30,000,000 or \$40,000,000. He may be willing to shift the burden over to three unidentified men, but I am not willing to delegate the duties of Congress to any three men in any such way as that. [Applause.] It is a matter involving \$30,000,000 or \$40,000,000. Are you going to retain the reins of government and the purse strings of the Treasury in your hands, or are you going to turn them over to somebody else? Every one of my Republican brothers on the other side of the aisle has been criticizing this Cabinet officer and that Cabinet officer for the amounts of money that they have paid out on claims during the war and since the war, and there will be room for further criticism if you leave such an amount as this to three men in this Government to settle. Let us retain jurisdiction of these cases ourselves. Let these claims come through the proper channels. Let them bring them before the Court of Claims. Let them produce their evidence. Let there be a Government attorney there to look after the interests of the Government. Let there be a Government judge there to decide the cases, and not three Cabinet officers who know nothing about them and who in turn will have some of their subs to look after the matter. For this job will be delegated to subs in the end.

Mr. WHITE of Maine. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Maine.

Mr. WHITE of Maine. As I understand it there are seven claims which aggregate \$14,800,000.

Mr. BLANTON. Concerning which in this bill they propose to pay \$2,500,000 in cash settlement, but they do not stop with that. They provide that the Committee on Appropriations hereafter shall appropriate such sums of money as this unknown board may decide to be due to other claimants, and those other sums of money in my judgment might amount to \$50,000,000, although Lieut. Commander Loftin says in his judgment the amount is only \$30,000,000 to \$40,000,000.

Mr. WHITE of Maine. Will the gentleman yield further?

Mr. BLANTON. I am sorry I can not. I have just a little time. What are you going to do about it? Just because there are only a handful of men here are you going to follow our distinguished chairman of the Military Affairs Committee, the gentleman from California [Mr. KAHN], just because he says for you to pass it? Are you going to shut your eyes blindly and vote "yes" with him like you voted on the tariff bill? I am not going to do it. I am going to reserve to myself the responsibility of my vote, that responsibility which my people placed upon me when they had confidence enough to send me here, and I am going to vote against any such wasteful measure as this. [Applause.]

Mr. KAHN. Mr. Chairman, some gentleman asked me whether this would provide for the patents seized by the Government before the war. I call attention to a statement which was sent to the committee by the three Secretaries of the Government who are advocating this legislation:

It was considered that under the conditions established by the acts of 1910 and 1918, the Government would be involved in a multiplicity of suits under patents and that these would be different in character, depending upon the time at which the infringement complained of occurred and, in some cases, upon the question of whether the Government or the contractors with the Government were original or contributory infringers.

Mr. BEGG. Will the gentleman yield for a question?

Mr. KAHN. I would like to finish this statement which explains this very thing that I was asked about:

The varying conditions of warranties affecting different contracts, some warranties being by the contractor and some by the Government, in so far as liability of patent infringement is concerned, introduced a serious complication. Under these warranty contracts the Government naturally became interested in suits pending anywhere in the United States involving alleged infringement of letters patent under which claims might be made against the Government.

So it is very evident that in order to avoid appearance in a great multiplicity of suits the Government officials deemed that by coming to some amicable arrangement all around a great deal of time, labor, and possibly expense could be saved. Now I yield to the gentleman from Ohio.

Mr. BEGG. The gentleman is talking right on the point. Is that the only excuse that the gentleman has to give why these claims should not be put through the Court of Claims, namely, that these Government officials do not want to be bothered with them?

Mr. KAHN. That is not all.

Mr. BEGG. That is the only reason that the gentleman gave.

Mr. KAHN. The gentleman from California gave no reasons of his own. He has just taken what the officials of the Government charged with the duty of settling these claims, one of whom is the Attorney General, sent to the Committee on Military Affairs as the reason for this legislation.

Mr. BEGG. Is that the only reason they gave, that they did not want to appear in court?

Mr. KAHN. Oh, no.

Mr. BEGG. What is the reason?

Mr. KAHN. If the gentleman will read the report he will find two or three pages of it.

Mr. BEGG. I have read the report, and got no satisfaction as to why these claims amounting to two and a half million dollars could not be settled in the court.

Mr. KAHN. The accumulated claims amounted to thirty millions.

Mr. BEGG. I recently got from the War Department a list of the men that claimed to receive damages from the Government during the war, and there were 10,000, the amount of which runs up to nearly \$3,000,000,000. One man has received over ten millions, and I think these claims should go to the Court of Claims.

Mr. KAHN. There is no use in getting excited about this. This Government is going to deal fairly with the people who dealt fairly with it. During the war we passed the so-called Dent bill as a part of the military legislation. And there was a good deal of dissatisfaction about it.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. KAHN. No; I want to make this statement: That law was finally adopted by Congress, and I dare say that a great many claims that the gentleman from Ohio speaks of were included in those claims.

Mr. BEGG. Nearly all of them.

Mr. KAHN. Nearly all. But if these people had not given assistance to the Government during the war probably the steel mills of this country would have had to close up and the people employed there would have been thrown out of work.

Mr. BEGG. One word on that proposition—

Mr. KAHN. I will not yield further. I do not know anything about these claims. I know there was a great demand made upon Congress for remedial legislation. People who entered into contracts with the Government on account of some informality in the completion of the contract were without any remedy whatever. They could not receive a cent, and therefore that legislation was passed to allow these men to go before Government officials and show, if possible, that they had lived up to their contract; they asked that they be paid for the contract they had performed for the benefit of the Government and at its request. Do you want to object to that kind of thing and refuse to settle claims of the citizens of this Government? Thank God, I was born with an entirely different view regarding the scope and character of my Government. I was brought up to believe that whenever a citizen had a fair claim against his Government he had a right to have that claim adjudicated.

Mr. WYANT. Will the gentleman yield?

Mr. KAHN. Yes.

Mr. WYANT. Adjudicated where?

Mr. KAHN. Wherever the law of the land said he might get his adjudication.

Mr. WYANT. And we have the Court of Claims established for that purpose.

Mr. KAHN. They could get their remedy in the Court of Claims in a very few cases and in others they could not. Under the Dent Act you could not go to the Court of Claims at all, and that is what the gentleman from Ohio was speaking about.

Mr. WYANT. One more question. Does this great committee believe—

Mr. KAHN. I anticipate the gentleman's question. As I have said, the Committee on Military Affairs is a hard-working committee of this House. It wants to deal fairly by the citizens of the country and the Government. I think Members of this House will generally say that the committee has acted fairly by the Government and by the people. Now, this claim came to us in a peculiar way. We were told that if prompt legislation could be enacted we would save many millions of dollars. We had complete hearings upon this bill. The committee was convinced that these people had just claims, and if the Gov-



ernment could settle these claims for two and a half million dollars it would be better than to pay out eight or ten or fifteen million dollars through the Court of Claims. So the committee decided to report this bill favorably.

Mr. FIELDS. Mr. Chairman, I yield five minutes to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Chairman, I dislike to take the time of the committee upon this bill this hot afternoon, and I would not do so if I did not believe it a dangerous bill for us to pass. According to the report, there are 2,500 patent claimants. These have been finally sifted down by this interdepartmental radio board to 147. The total amount of the claims filed were \$30,000,000, and seven claims amounted to \$14,000,000. They have a certain small number of these claimants to agree that they will take two million and a half dollars to settle their claims. But notice what the bill says:

*Provided*, That this provision shall not be so construed as to deprive owners of patents who shall not accept settlement under this act of any rights of action conferred by the acts for the protection of the owners of patents approved June 25, 1910, and July 1, 1918, respectively.

Now, you are settling by this bill with a few of these people who have patents, and all the balance of the holders of \$30,000,000 of claims have a right to go to the court under those and have their claims adjudicated, and it will be up to Congress to make settlement.

You are opening up an avenue here for the presentation of claims, a veritable Pandora's box, the end of which none of us can see. If we wish to settle these claims we ought to know now what the amount is to be. If it is to be \$2,500,000, let us pay and be done with it, and if it is to be \$5,000,000, and they are just claims and Congress thinks they ought to be paid, let us pay them; but do not let us pay some few of the owners of these patents \$2,500,000 and leave \$27,500,000 worth of claims unsettled and compel the claimants to go to the Court of Claims. There is no telling when we will ever reach the end of the payment of these claims if you pass this bill. Is this bill so important that we must consider it under a special rule? It seems to me we ought to have more Members here in order to consider it. We ought not to undertake to take money out of the Treasury of the United States under these special rules when the matter can be postponed until a larger membership is present. The President has told us that the Treasury is depleted of funds; that we are unable to take care of the soldiers as we would like to take care of them, and yet we pass special rules to pay owners of patents to the amount of \$2,500,000. If I thought this were just and right I should certainly favor it, but I know it to be most unjust to the taxpayers of the country.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. FESS. The gentleman says that we pass a special rule to do this thing. As a member of the Committee on Rules I voted to bring this matter up for consideration of the House, but I reserved the right to vote against the bill.

Mr. LINTHICUM. I am glad the gentleman reserved that right. It is entirely proper that he should vote against it. It would not be like him to support such claims.

The CHAIRMAN. The time of the gentleman from Maryland has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.*, That the Secretary of War, the Attorney General, and the Secretary of the Navy, acting jointly, are hereby authorized to adjust, pay, and discharge on a fair and equitable basis any and all just and meritorious claims against the United States for or on account of the use or manufacture by or for the United States of any patented invention relating to radio communication in cases in which such patented invention was used without agreement with the owner as to compensation therefor; such settlement of claims to cover both past (whether prior to, during, or after the war) and future use where practicable in all cases, and to be based on the determination by such agency as the said Secretaries and Attorney General have designated or established or may designate or establish, of all questions of infringement, validity of patents, and value of such inventions: *Provided*, That this provision shall not be so construed as to deprive owners of patents who shall not accept settlement under this act of any rights of action conferred by the acts for the protection of the owners of patents approved June 25, 1910, and July 1, 1918, respectively; and for the payment of such claims the sum of 2,500,000, or so much thereof as may be necessary, is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated: *Provided further*, That no payment shall be made under the authority herein conferred to any person or persons entitled to recover unless such person or persons shall within a period of six months from the date of the approval of this act accept in writing the amount awarded jointly by the Secretary of War, the Attorney General, and the Secretary of the Navy.

Mr. KAHN. Mr. Chairman, I desire to offer an amendment.

Mr. GOODYKOONTZ. Mr. Chairman, I rise for the purpose of offering a preferential motion.

Mr. KAHN. Mr. Chairman, I desire to insert the dollar sign before the figures "2,500,000."

The CHAIRMAN. The Chair will recognize the gentleman from California.

Mr. BLANTON. Mr. Chairman, I make the point of order that the motion which I understand the gentleman from West Virginia [Mr. GOODYKOONTZ] is going to offer is preferential over anything else, inasmuch as it is a motion to strike out the enacting clause.

Mr. WALSH. The gentleman had not said that was his motion.

Mr. MANN. He was not recognized, anyway.

The CHAIRMAN. The Chair will be glad to recognize the gentleman at the proper time.

Mr. KAHN. Mr. Chairman, I think the chairman of the committee after a bill has been read has a preference to recognition.

The CHAIRMAN. The gentleman from California is recognized.

Mr. KAHN. Mr. Chairman, on page 2, line 13, before the figures "2,500,000," I move to amend by inserting the dollar sign.

The CHAIRMAN. The gentleman from California offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KAHN: Page 2, line 13, before the figures "2,500,000," insert the dollar sign.

Mr. WALSH. Mr. Chairman, I have no objection to the amendment which the gentleman from California has offered, provided it be followed up by the striking out of the figures, leaving the dollar sign there. I am not in favor of this measure. I think it is time we stopped being quite so tender in respect to the rights of people who file exorbitant claims against the Government for the use of their property during the war. This is an entirely new procedure, a little different from the Dent Act, but it extends the vicious provisions of the Dent Act further than I believe is warranted. These three Secretaries will not pass on these claims. Why, they did not even write the letter which is contained in the report. Here is a letter written within two or three months after the present Secretary and the Attorney General took office, and listen to what it says:

A board designated "Interdepartmental radio board" was appointed by ourselves consisting of experts in the War Department, Department of Justice, and the Navy Department to consider all such claims, each with reference to its own merits, and the merits of all the others. Such board has been considering the matter for nearly three years—

And they had been in office less than two months when they wrote that letter. It shows that the letter was written by some of these eminent experts, who succeeded in sifting down claims for radio patent violations to the sum of \$2,500,000. This is but an entering wedge. If this measure is passed it will permit claimants not yet heard of to come in and file their claims against this administrative board, and I do not think that under the circumstances a board of administrative officers should pass on and adjudicate claims that raise highly technical questions and legal propositions. We have a Court of Claims, but these three distinguished Secretaries through their three eminent experts say:

Realizing that the use by the Government had infringed the rights of many patentees, while some of the claims possess little or no merit, and that a fair and reasonable determination of the whole matter would be difficult, long drawn out, and expensive to the Government as well as to the claimants—

Mr. Chairman, a "fair and reasonable determination" might be difficult, but we have officials in the Government service whose duty it is to participate in hearings before judicial tribunals, to represent the Government, and that is where these claimants ought to go. We had a condition bordering almost upon scandal in some of the adjudications that were made or sought at least under the provisions of the Dent Act. It will not do any great amount of harm to permit these people to await a fair and reasonable adjudication of these claims, rather than to permit some subordinates down in three of the great departments of the Government to settle these claims upon a just and equitable basis.

It is provided in the bill:

Such settlement of claims to cover both past—whether prior to, during, or after the war—and future use, where practicable, in all cases.

While, of course, it could not be so written into this law, I think it would be a very wise provision to write into some law that when this great Government issues letters patent they should contain a reservation that in case of war the Government shall have the right to make use of those patent rights without compensation to the owners thereof and compensate them only for property that is taken.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WALSH. Mr. Chairman, I ask unanimous consent that I may speak for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WALSH. I apologize for asking that extension of time, but the chairman of the committee used 30 minutes in favor of the bill and there was no opportunity for people to get time in opposition except the energetic gentleman from Texas [Mr. BRANTON], who got three minutes, and the gentleman from Maryland [Mr. LINTHICUM].

Mr. WHITE of Maine. Mr. Chairman, will the gentleman yield?

Mr. WALSH. Yes.

Mr. WHITE of Maine. I call the gentleman's attention to the fact that the law of 1912, which authorized the Government to take over in time of war or emergency radio stations and the apparatus therein, was limited to the stations and the apparatus, and there was no provision for taking over patents or compensation for patents.

Mr. WALSH. Of course, some of this was done without any authority of law whatever, because right in this letter from which I quoted it is said that they did it before we entered this war, simply because the Government found it necessary to use apparatus of various kinds. It was done before we entered the war.

Mr. CHINDELOM. Will the gentleman yield?

Mr. WALSH. I will yield?

Mr. CHINDELOM. Of course, it has not escaped the very astute mind of my friend from Massachusetts that these claims are not the ordinary kind of claims that have been passed upon heretofore; these are speculative.

Mr. WALSH. They are highly technical claims, some speculative, and they involve questions which involve judicial determination the same as other patents have to submit to when their rights are claimed to have been violated.

Mr. McKENZIE. Will the gentleman yield?

Mr. WALSH. I will.

Mr. McKENZIE. I wish to state before I ask my question that, as one member of the Committee on Military Affairs, I did not have an opportunity to be present while the hearings were being had on this bill. It was my understanding—

Mr. MANN. This bill was introduced one day and reported the next.

Mr. KAHN. No.

Mr. MANN. The day after.

Mr. WALSH. Introduced June 13 and reported June 15.

Mr. KAHN. Will the gentleman allow me to explain that?

Mr. WALSH. I will yield, but it will probably consume all my time.

Mr. KAHN. I will get the gentleman more time if I can, but the bill was introduced some weeks before it was reported out. It had some amendments, and in order to get the bill before the House in the form that the War Department itself desired, and the committee desired, they ordered me to reintroduce the bill in its present shape and to report it with the committee's amendments, and the next day—

Mr. WALSH. The gentleman from Illinois is correct. This bill was introduced one day and two days later was reported.

Mr. KAHN. But it had been before the committee some weeks.

Mr. MANN. I do not know how it was originally introduced or what changes were made. Nobody said anything about that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PARKER of New Jersey. Mr. Chairman, I desire to offer an amendment.

Mr. McKENZIE. I ask unanimous consent that the gentleman's time be extended five minutes.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the time of the gentleman from Massachusetts be extended five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. McKENZIE. I want to say to the gentleman from Massachusetts, however, that I understand the purpose of this bill as reported by the Committee on Military Affairs is not to open the door of the Treasury to all these claims but to have the other effect; that is, to close the door. But the gentleman from Massachusetts has stated there are 2,500 of these claims—

Mr. WALSH. No; 2,500 patents.

Mr. McKENZIE. Of the four hundred and some odd claims, every one will have the right to go to the Court of Claims.

Mr. MANN. They still have the right.

Mr. McKENZIE. As I understand the purpose of this bill, it is to have this commission of experts sift out those who have claims that have some merit and act upon those, and in that way save the Government perhaps many millions of dollars that might be allowed by the Court of Claims.

Mr. WALSH. It is very apparent that the gentleman is not present at the hearings, because that is not what the bill means at all. [Applause.] The statement here is made:

Such a task has been stupendous and has required a force of experts—expert to begin with, but which became more expert daily in its specific task as it gained knowledge from experience.

No wonder we have been unable to reduce the personnel of some of these departments down here. They have been sifting out claims with some merit for the Committee on Military Affairs, and, by the way, the War Department had fewer claims filed than the Navy Department; the larger number are in the Navy Department, which run amuck, so to speak, amongst the radio telegraphers and those owning apparatus several months before we entered this war.

Mr. KAHN. The Navy Department owns almost all its radio stations.

Mr. WALSH. They may own some radio stations, but they had the larger number of claims for violation of these patents.

Mr. KAHN. They own most of the radio stations.

Mr. WALSH. They state here that—

Under our judicial system, and with extreme difficulty in presenting patent cases, it is probable that the task could not have been covered in the courts in 25 years in the same comprehensive but centralized method of the board.

Why, what they have done and what they intended to do will not relieve the courts. These claimants still have the right in case of an adverse decision, in case they do not present their claims to this board, to go to the courts and have a judicial determination of whether their rights have been invaded on any of these 2,500 patents.

Mr. MANN. Will the gentleman yield?

Mr. WALSH. I will.

Mr. MANN. The gentleman states that if they did not present their claims to this board under this bill—can not a claimant present his claim to the board and after a determination by the board, if he does not accept the determination, still go to the Court of Claims?

Mr. WALSH. I think under the language of the bill that is true.

Mr. KAHN. Will the gentleman yield?

Mr. WALSH. I will.

Mr. KAHN. I believe the gentlemen who appeared before the Committee on Military Affairs stated that they had sent letters to all the claimants asking them to put in writing just what their claims were and whether they would agree to accept this settlement and I understand they all agreed with the exception of two, the De Forest Co. and another company that had, I think, a \$150 claim.

Mr. BLANTON. The De Forest Co. has a \$2,000,000 claim.

Mr. WALSH. That is the information we get through this sifting process. We do not know as a result of this legislation how many claims now unknown may spring up encouraged at an opportunity to get into the Federal Treasury through the office of some assistant or some subordinate of these three great departments. These departments down here, as I understand, are also to administer the law. They have no business whatever to pass upon claims and to adjudicate legal questions and technical questions, and while during the war and immediately after in the great pressure Congress had established a precedent somewhat akin to this method now we are to go further away from constitutional conditions. It is time that we should go back and put these people where they belong and take away this extraterritorial jurisdiction, so to speak, from the administrative offices of the Government. For that reason I am opposed to conferring the authority contained in this bill.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

Mr. DAVIS of Tennessee. Mr. Chairman, I desire to offer an amendment.

Mr. MANN. And I desire to be heard in opposition to the amendment that is pending.

The CHAIRMAN. The gentleman has already offered an amendment.

Mr. PARKER of New Jersey. I desire to offer an amendment to the amendment.

The CHAIRMAN. Is the amendment of the gentleman from Tennessee to the amendment?

Mr. DAVIS of Tennessee. No.

Mr. PARKER of New Jersey. I have an amendment to the amendment.

The CHAIRMAN. I think the Chair would have to recognize the gentleman from Illinois [Mr. MANN] in opposition to the amendment, pending the recognition of some other Member to offer an amendment to the amendment. The gentleman from Illinois [Mr. MANN] is recognized.

Mr. MANN. Mr. Chairman, the report in this case states, as the gentleman from Massachusetts [Mr. WALSH] has already called the attention of the committee to, that the Secretary of War, the Secretary of the Navy, and the Attorney General stated that the Interdepartmental Radio Board was appointed by "our



selves." The letter stating this is dated May 14. They went into office on March 4, and having said that they, "ourselves"—and everybody knows what "ourselves" means—had appointed this Interdepartmental Board and stated that the board had been in operation for three years. That of itself is an indication of the whole thing.

The Secretary signed this letter automatically, without knowing what was in it, and prepared by somebody in one of the departments. Who was authorized to name the board in the first place? Where was any authority granted by Congress to these three department heads to settle claims of this kind against the Government? There was no authority. Proceeding without authority to begin with, and then having proceeded without authority, they assume that they can settle these questions better than somebody else properly authorized to settle them.

This bill does not settle any claims at all. It authorizes the payment of claims to men who are satisfied with what they get; it does not settle any claims if a man is not satisfied with what he gets. It pays claims to people who receive and are satisfied that they are receiving their whole claim, but those who think they have more of a claim can sue in the Court of Claims. That is a one-sided arrangement. It does not give any protection to the Government whatever.

Then, these patent claims are all intricate. They are conflicting. It takes courts after years of testimony sometimes to determine the validity of a patent and the infringement of a patent and whether patents conflict or not. Here it is proposed to have three boys up there, not judicial officers, not judges, not experienced in patent law, perhaps, say that a certain patent covers a certain device used by the Government, and pay one man for that device, while another man claims he owns it. The latter can go into the Court of Claims and can prove that he owns it and the Government has to settle with him. There is no adjudication by this bill. There is no determination by this bill. It is simply giving a chance to those who can reach into the Treasury, but does not shut one single hand out of the Treasury. I believe it is a good time to stop this thing of presenting bills and claims without merit, simply because somebody wants them. [Applause.]

Mr. DAVIS of Tennessee. Mr. Chairman, I move to amend the amendment offered by the chairman of the committee, by striking out the figures "2,500,000" on page 2, line 13.

Mr. MANN. That is not an amendment to the amendment.

Mr. DAVIS of Tennessee. He moves to amend by adding the dollar mark in front of the figures "2,500,000."

Mr. KAHN. The amendment is certainly not an amendment to my amendment.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

Mr. GOODYKOONTZ. Mr. Chairman—

Mr. DAVIS of Tennessee. Mr. Chairman, I move to amend his amendment by offering a substitute to strike out the figures "2,500,000."

Mr. MANN. That is not a substitute. We should proceed to present these amendments in an orderly way.

Mr. GOODYKOONTZ. I rise to submit a preferential motion.

The CHAIRMAN. The Chair thinks that the proper way would be to dispose of the amendment now before the House and then take up the other ones.

Mr. PARKER of New Jersey. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PARKER of New Jersey to the amendment offered by Mr. KAHN: Before the dollar sign insert the words "not more than," so as to read, "not more than \$2,500,000."

Mr. PARKER of New Jersey. Mr. Chairman, I would like to be heard on that.

Mr. GOODYKOONTZ. I offer a preferential amendment.

Mr. GARRETT of Tennessee. Mr. Chairman, I do not care anything about it, but of course that is no more an amendment to the amendment than was the one proposed by my colleague.

The CHAIRMAN. It is offered for that purpose, and the Chair can not pass upon it—

Mr. GARRETT of Tennessee. Then I make the point of order that it is not an amendment to the amendment.

Mr. PARKER of New Jersey. Mr. Chairman, when they insert a certain thing I can add something to the amount that was inserted, and I add the words "not more than" to the dollar mark.

Mr. KAHN. Mr. Chairman, my amendment simply proposed to add the dollar sign. Now, I think the gentleman is

clearly in order if he endeavors to amend the amendment by adding additional words that are not found in the bill.

Mr. FESS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FESS. If it is an amendment to the amendment, would it not be virtually "not more than a dollar sign"?

The CHAIRMAN. The Chair was under the impression when the amendment was offered inserting the dollar sign that it was not more than the amount provided in the bill. Now, this amendment provides that the words "not more than" shall precede the dollar sign. The Chair is inclined to believe that this amendment would be an amendment to the amendment, and so holds.

Mr. PARKER of New Jersey. Mr. Chairman, I hope I may not be limited absolutely to five minutes, because the committee does not understand this bill.

During the war the United States absolutely seized the use of all radio patents, for which there were 2,500. They seized the use of the great initial patents of the Marconi Co., and all sorts of improvements on them that are mentioned in the hearings. Suits were brought against Government contractors whom the Government had guaranteed and warranted in putting those machines in their vessels, or in manufacture, or whatever they might be. Hundreds of suits were pending, and the Government sent word to the courts and to the litigants, saying, "We can not try these suits now and take our experts away from this work. Stop the suits, and we will do justice by you." And they stopped their suits.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. WOODRUFF. Is it not a fact that the Government also seized upon the persons of something more than 4,000,000 young men?

Mr. PARKER of New Jersey. We have tried to take care of the young men. Now we are trying to take care of these patentees whose property was confiscated by the Government. They made no objection, because they were patriots, just as the young men did not make objection. Now, at the end of the war here is this fact—the United States used the great radio patents. There were 2,500 patentees who could bring suits in the Court of Claims on their various patents against the Government under the claims act, and certainly they could sue the contractors of the Government who used these devices all over the United States, and the question is, What can be done that is just? There ought to be some way of disposing of the matter, as is done in claims against a vessel, by bringing everybody into court. There is no way of doing it through the Court of Claims. It is not practicable to have lawyers and agents going over the country separately litigating these cases and seeing that they do not interfere with each other. It would be interminable. And so, Mr. Chairman, the United States appointed a board of experts, assisted by the Attorney General, who sent word to everybody, saying, "We are going to try and adjust this matter in a fair way," and about three or four hundred patentees came before them. The rest were indifferent and would not come, and only two of them have said that they would not be bound by the decisions of this board, namely, the De Forest Co., with \$2,000,000 involved, and another concern with \$150,000 involved, both of which cases the board thought had no merit and was willing to defend the cases in court. There were other claims that were serious, including that of the Marconi Co., amounting to \$14,300,000, as they stated them, and other claims stating no figures, all aggregating \$30,000,000, and the claimants were willing to make an agreement to satisfy all these claims, amounting to \$30,000,000 by the payment of \$2,500,000. The United States officials state in their report how much they will pay to each claimant, and this bill authorizes them to go ahead and make that settlement. It is a fair thing, and for the benefit of the Government. [Applause.]

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. KAHN. Mr. Chairman, I ask unanimous consent that the time of the gentleman from New Jersey be extended five minutes.

The CHAIRMAN. The gentleman from California [Mr. KAHN] asks unanimous consent that the time of the gentleman from New Jersey [Mr. PARKER] be extended five minutes. Is there objection?

Mr. BLANTON. I object.

The CHAIRMAN. Objection is heard.

Mr. GOODYKOONTZ. Mr. Chairman, I move to strike out the enacting clause of the bill.

The CHAIRMAN. The gentleman from West Virginia moves to strike out the enacting clause.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. Is it not in order to recognize somebody in opposition to the amendment before this motion is acted upon?

The CHAIRMAN. It is always in order to move to strike out the enacting clause.

Mr. GRAHAM of Illinois. That is true; but the gentleman from New Jersey [Mr. PARKER] offered an amendment to the amendment and debated it in the affirmative, and I think recognition should be given to some one against it.

The CHAIRMAN. The Chair having recognized the gentleman from West Virginia, he thinks he ought to be allowed to proceed.

Mr. GOODYKOONTZ. Mr. Chairman and gentlemen of the House, this Congress is in extraordinary session. I think it was the purpose and desire of the Executive in assembling this Congress in extraordinary session that the Congress should attend to matters of extraordinary importance—legislation affording relief in matters that could not wait, including tariff revision, tax revision, relief for our soldiers, and the peace resolution, ending the war and repealing the war laws. It was never intended that Congress should stay in session all summer long, and that Members have dinned into their ears by every committee of the House arguments in favor of the enactment of bills of all sorts and character. It was never intended that Congress should at this extra session take up and consider miscellaneous war claims, of which there are billions floating around. There are but few Members present, and the attendance will grow smaller as the days go by, and if Congress should continue in session and measures of this character were allowed consideration the country would be in constant danger.

The bill before us authorizes the appropriation of \$2,500,000 to be credited on claims aggregating \$30,000,000 asserted by certain people for alleged infringements of alleged patents relating to radio communication during the war. The recommendation of the Military Affairs Committee is that we vote out of the Treasury, as a starter, two and one-half millions of dollars, and as many more millions of dollars as the so-called interdepartmental committee shall see fit to dish out to Tom, Dick, and Harry for alleged infringement of patents. These claims are nebulous—as thin as air and as weak as skimmed milk. The Government, in justice, does not owe them, and they ought not to be paid.

Mr. Chairman and gentlemen of the House, the time has come when we should assert our independence of all committees and exert ourselves to defeat measures of this kind. [Applause.]

A gentleman suggested that if these patent holders had not come forward with their inventions and patents the Government could not have operated and we would not have won the war. I will say that if they had not come forward they ought to have been hanged. That is what I have to say about it. [Applause.]

And so we see here an effort to push ahead of meritorious measures a bill for the relief of tramp corporations that have patented so-called inventions for radiogram communication, and I will venture the suggestion that not a few of them never were able to radiate anything more than a lot of hot air. [Laughter.] And that is what we have been treated to this afternoon by some of those in support of this bill. I am in favor of defeating the bill, and I shall move to strike out the enacting clause. As the gentleman from Massachusetts [Mr. WALSH] has well said, this Government ought in time of war to have the power to use freely the patents issued by it, because the rights of the patentee are nothing more nor less than a grant without consideration—an act of mere grace by the Government of the United States. [Applause.]

A number of claims have not been paid. Many public-spirited men and women in this country all during the war devoted all their time and their energy, without money and without price, to help win the war. The soldiers, as has been suggested by a Member this afternoon, went forward and fought, and many of them bled and died, and yet those living have not been compensated. Their bill for claims has been sidetracked in the Senate, while this bill is being given right of way in the House. The dead can not be compensated, for they are gone to the dominions of silence.

If the claims of the Aerograph people be just, let them go to the Court of Claims and there vindicate their rights, if any they have. [Applause.]

Mr. DAVIS of Tennessee. Mr. Chairman, I ask to be recognized on the amendment just offered by the gentleman from West Virginia [Mr. GOODYKOONTZ].

The CHAIRMAN. For or against the amendment?

Mr. DAVIS of Tennessee. I ask to be recognized against it in order that I may speak for it. [Laughter.]

The CHAIRMAN. The gentleman from Tennessee [Mr. DAVIS] is recognized for five minutes.

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen, in the first place I do not know how it happened that this bill got before the Committee on Military Affairs. It should have been referred to the Committee on the Merchant Marine and Fisheries, the only committee of the House that has any jurisdiction over radio matters, and the committee which has handled all other radio matters which have been legislated upon by this House and the only committee that knows very much about the subject, judging from the action and report on the bill under consideration.

We have here the anomalous situation of a bill being introduced for the relief of men who so far failed to come into court with clean hands; that according to the report there were 2,500 patents involved and over 400 claimants, and after investigating them this board decided that there were only claims of 7 concerns as to 27 patents that were meritorious. They propose to pay these 7 claimants \$2,500,000 for claims aggregating over \$14,000,000 for 27 patents.

Mr. WARD of North Carolina. Will the gentleman yield for a question?

Mr. DAVIS of Tennessee. For a brief question.

Mr. WARD of North Carolina. Can the gentleman tell us what standard of measurement of damages they adopted?

Mr. DAVIS of Tennessee. No; we have no light on that subject. Now, in the hearings are set out these seven claimants whose claims it is proposed to recognize and who are to be paid this \$2,500,000. In that list is the Marconi Wireless Telegraph Co., with a claim of \$6,000,000. This Government purchased from that same company during the war, as I thought, most, if not all, of their property, and paid several million dollars for it, and that which they did not purchase they took over under the radio act, and, as I understand, have paid the Marconi Co. for the use of it. I can not understand how they could still have any claim against the Government. Yet it is one of the seven claims that are recognized by this board as being meritorious.

That simply gives you an indication of what this bill means and the extent to which it will go. These seven claimants have claims to the extent of \$14,860,000, and we are not told the amount of the claims of about 400 other claimants on 2,500 patents that they do not propose to settle and who, of course, will still have the right to go into the Court of Claims and prosecute their claims there.

Furthermore, as has already been suggested, it is proposed to recognize claims accruing "whether prior to, during, or after the war," although the title of the bill states that it is to provide for the "settlement of damages and compensation for infringement of radio patents connected with the prosecution of the war." Furthermore, it proposes, in line 7 of page 1, to settle claims "for or on account of the use or manufacture by or for the United States of any patented invention"; and it was explained by the chairman, as I understood him, that this was to cover devices which the Government had purchased from manufacturing concerns in which infringements had been made upon patents of others by those manufacturing concerns, and upon the theory that if the Government used them it was legally responsible. Now, any lawyer knows, and for that matter every sensible man knows, that, even if the Government is liable at all in a case of that kind, it can be only a secondary liability. These infringing manufacturing concerns would certainly be primarily liable for the infringement of the patent, no matter by whom used. And yet this bill proposes to authorize the settlement of such claims before it has even been judicially determined that such manufacturing concerns have infringed upon any patents in the manufacture of apparatus sold to the Government, and, of course, before efforts have been exhausted to first hold responsible such manufacturing concerns, if guilty of infringement. It is a preposterous proposition. This is a vicious bill, and the motion to strike out the enacting clause should prevail. [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GRIFFIN. Mr. Chairman, I ask for recognition.

Mr. KAHN. Mr. Chairman, a parliamentary inquiry. Under the rules of the House has not any Member the right to speak in opposition to the amendment? The two speeches that have been made so far have been in favor of the amendment. I understand that the gentleman from New York [Mr. GRIFFIN] desires to speak against the amendment.



Mr. GRIFFIN. That is correct.

Mr. MANN. Mr. Chairman, I move that all debate on the amendment to strike out the enacting clause close in five minutes.

Mr. WINGO. A parliamentary inquiry. Is this debate running under the 5-minute rule?

The CHAIRMAN. Yes.

Mr. WINGO. Is not the debate already exhausted?

The CHAIRMAN. If the committee desires to give five minutes more, it can do so.

Mr. BLANTON. I make the point of order, first, that under the rule the motion to strike out the enacting clause is not debatable, although chairmen have held that it is.

Mr. MANN. The gentleman ought to go and study the rules.

Mr. BLANTON. Chairmen of the Committee of the Whole have held on various occasions that there may be two speeches, and two only, upon a motion to strike out the enacting clause.

Mr. MANN. What is the point of order against my motion, if the gentleman has one?

Mr. WINGO. The point of order is that the debate is already exhausted.

Mr. MANN. That is not a point of order against my motion.

Mr. WINGO. The gentleman's motion was to close debate on this amendment.

Mr. MANN. Yes; in five minutes.

Mr. WINGO. And I make the point of order that debate is already exhausted.

Mr. MANN. That is another question. That is no point of order against my motion.

Mr. WINGO. It is if the debate is already exhausted.

Mr. GRIFFIN. The gentleman's motion has the effect of extending the debate.

Mr. KAHN. The rule allows five minutes for and five against the motion?

The CHAIRMAN. What is the gentleman's point of order?

Mr. WINGO. I make the point of order that under the rules debate is exhausted.

Mr. FIELDS. I make the point of order that there has been no debate against the motion.

Mr. MANN. The point of order is not against my motion.

Mr. WINGO. The motion is to close debate, and I make the point of order that debate is exhausted under the rule, and you can not do that in committee.

Mr. MANN. The gentleman makes the point of order that debate is exhausted, but that has nothing to do with the motion I made. I insist that the point of order does not lie against the motion I made.

Mr. WINGO. Debate is already exhausted.

Mr. MANN. Debate is not already exhausted as far as that is concerned.

The CHAIRMAN. The Chair will rule that debate has not been exhausted, because there has been no debate in opposition to the preferential motion.

Mr. WINGO. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. WINGO. If debate is not exhausted, anybody opposed to the amendment is entitled to five minutes without motion, and it is mere surplusage.

The CHAIRMAN. The Chair will rule that debate is not exhausted on the amendment, and the motion of the gentleman from Illinois is the question before the committee.

The question was taken, and the motion was agreed to.

Mr. GRIFFIN. Mr. Chairman and gentlemen of the committee, I judge from the way the debate has drifted that Members have jumped to a very hasty conclusion in regard to the purport of this bill. I am not on the Military Committee. I am opposed politically to the majority of the committee, and yet I must frankly say, after mature consideration, that I think this is a perfectly defensible bill; not only defensible but highly meritorious, in that it puts an end to litigation. The Secretaries of the Navy and War and the Attorney General in forming this interradio board displayed mighty good judgment, and the interradio board, in disposing of these claims without litigation, has accomplished a wonderful, commendable piece of work.

Now, gentlemen, have patience, do not rant wildly against this thing simply because it means the expenditure of \$2,500,000. Why, suppose these claimants should be driven into the courts to enforce their claims. Do you not see that they might hang there for years and that the delay might not be more injurious to them than to the Government itself? Suppose some of these devices commandeered during the war should jump into great

importance. To-day they can be bought for a song. To-morrow they may be worth millions of dollars. It takes from 5 to 20 years to decide these patent claims in our courts. When the cases are decided the Government, some day in the future, is likely to be mulcted out of millions.

Mr. KAHN. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. KAHN. The claim of the Marconi Co., one of the chief basic patents, is for \$6,000,000.

Mr. GRIFFIN. Yes. Gentlemen talk about this interradio board not being the proper tribunal in which to hear claims. What of that? Are we here to protect the Government or to make lawsuits? One would imagine that there was a lawyers' union and that their representatives in the House were determined that nothing shall be done unless done by the lawyers. We really ought to thank God that these men had common sense enough to settle these claims without putting them in the hands of lawyers and without compelling the claimants to go to law.

Mr. STEVENSON. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. STEVENSON. If the Marconi claim is \$6,000,000 and there are 27 other claims, they must think that their claims are not worth very much if they are willing to settle for \$2,500,000.

Mr. GRIFFIN. I will answer that. A compromise is always possible where there is a certain amount of patriotism involved. These ideas and devices were taken by the Government during the war, and I think you visualize the reason.

Mr. KAHN. They were promised that if they would take this money the claims should be settled up very quickly.

Mr. ARENTZ. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. ARENTZ. I want to say to the gentleman from New York that I am not a lawyer, but if they started out with four hundred and odd claims with the idea of settling with seven claimants with 27 patents for \$100,000 for every patent, or approximately \$425,000 for each of the seven claimants, in my estimation this committee has not done very much toward the settlement of the four hundred and odd claims.

Mr. GRIFFIN. That is a hasty conclusion and wrong in its figures, too. I am willing to give the interradio board the credit of exercising judgment and discrimination in the exclusion of the unjust claims. Here we have an adjudication practically upon 149 patents, and out of all they find only 27 claims worthy of allowance, which the Government can settle for \$2,500,000. I am bound to say that I consider this a very commendable achievement.

Rather caustic reference has been made to the letter of Secretaries Weeks and Denby, which is also signed by Attorney General Daugherty, and it is pointed out that they take the credit for the appointment of the interdepartmental radio board, although it has been working on these claims for three years. It is said, in effect, "We have found Cabinet members in a lie. They had only been in office two months when the letter of May 14 was written. Notwithstanding the apparent paradox, let me advise the learned gentlemen who are so hasty to criticize that the present Cabinet officials have full right in an official communication, signed with their official titles, to accept responsibility for the official acts of their predecessors. The man may change, but the office remains. There is no interregnum. They were, therefore, right when they said the board was appointed by themselves."

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. Is there objection?

Mr. WALSH. Mr. Chairman, I object.

The CHAIRMAN. The question is on the motion of the gentleman from West Virginia to strike out the enacting clause: The question was taken; and on a division (demanded by Mr. GRIFFIN) there were—ayes 87, noes 11.

Mr. GRIFFIN. Mr. Chairman, I demand tellers, and pending that I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from New York makes the point of order that there is no quorum present. The Chair will count.

Mr. GRIFFIN (interrupting the count). Mr. Chairman, I withdraw the point of no quorum.

The CHAIRMAN. One hundred and twenty Members present, a quorum.

Mr. GRIFFIN. Mr. Chairman, I withdraw the request for tellers.

Mr. MANN. Mr. Chairman, I move that the committee do now rise and report the bill with the recommendation that the enacting clause be stricken out.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SCOTT of Michigan, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7111 and had directed him to report the same back to the House with a recommendation that the enacting clause be stricken out.

Mr. MANN. Mr. Speaker, I move the previous question on the recommendation of the committee.

The previous question was ordered.

The SPEAKER. The question is on striking out the enacting clause.

The question was taken, and the enacting clause was stricken out.

On motion of Mr. MANN, a motion to reconsider the vote by which the enacting clause was stricken out was laid on the table.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. HAWES, for 10 days, to appear in Jefferson City, Mo., to attend hearings on good-roads legislation before the Missouri State Legislature.

To Mr. BANKHEAD, indefinitely, on account of important business.

To Mr. CLOUSE, indefinitely, on account of important business.

To Mr. WHEELER, indefinitely, on account of illness in family.

To Mr. KNUTSON, indefinitely, at the request of Mr. NEWTON of Minnesota, on account of illness.

#### NORWEGIAN SHIP "INGRID."

The SPEAKER. The Chair lays before the House the following message from the President of the United States.

Mr. BLANTON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. Does the gentleman desire to press his point before the reading of the message?

Mr. BLANTON. At the request of the minority leader, I withdraw the point of no quorum for the present.

The Clerk read the message, as follows, which, with the accompanying papers, was referred to the Committee on Foreign Affairs:

#### To the Senate and House of Representatives:

I transmit herewith a report from the Secretary of State in relation to a claim presented by the Government of Norway against the Government of the United States based on the action of the authorities of Hudson County, New Jersey, in holding for their appearance as witnesses in a criminal case in that county, in violation of treaty provisions between the United States and Norway, as the Norwegian Government alleges, three members of the crew of a Norwegian ship called the *Ingrid*, and I recommend that, as an act of grace, and without reference to the question of the liability of the United States, an appropriation be made to effect a settlement of this claim in accordance with the recommendation of the Secretary of State.

In view of the comparatively small amount of this claim and in view of the lapse of time since the case was first presented to the Congress, I hope that provision may be made for the payment thereof at an early date.

WARREN G. HARDING.

THE WHITE HOUSE, July 22, 1921.

#### MUSCLE SHOALS.

Mr. HULL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing therein a letter from Henry Ford to Gen. Beach, containing an offer for the lease and future operation of Muscle Shoals.

The SPEAKER. The gentleman from Iowa asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. MANN. Mr. Speaker, I understand this is the official letter released by the Secretary of War?

Mr. HULL. Yes.

Mr. GARRETT of Tennessee. It is a photostat copy of the letter released by the Secretary of War.

The SPEAKER. Is there objection?

There was no objection.

The letter referred to is as follows:

DEARBORN, MICH., July 8, 1921.

Gen. LANSING H. BEACH,  
Chief of Engineers, United States Army,  
Washington, D. C.

Sir: In response to your advice that the Government invites an offer for the power at the Muscle Shoals Wilson Dam on my part or on the part of a company to be formed by me (and throughout this proposal to be called "the company," I hereby and through you place at the disposal of the President, the Secretary of War, and Congress the following tender:

1. If the United States will promptly resume construction work on the Wilson Dam and as speedily as possible complete the construction of the dam and progressively install hydroelectric facilities and equipment for generating 600,000 horsepower, then the company will agree to lease from the United States the Wilson Dam, its power house, and all of its hydroelectric and operating appurtenances, together with all lands and buildings owned by the United States connected with and adjacent to either end of the Wilson Dam, for a period of 100 years from the date of the completion of the dam and its power-house facilities; and the company will pay to the United States 6 per cent on the remaining cost of the locks, the dam, and power-house facilities, taken at \$20,000,000, in payments of \$1,200,000 annually, except that during the first six years of the lease period payments shall begin and be made annually as follows:

Two hundred thousand dollars one year from the date when 100,000 horsepower is generated and continuously ready for service, and thereafter \$200,000 annually at the end of each year for five years. After the first six years payment of \$1,200,000 shall be made annually at the end of each calendar year during the lease period.

2. At the beginning of the seventh year of the lease period and annually thereafter the company will pay to the United States a sum not greater than \$39,537 to retire during the remaining period of 94 years the total cost of the Wilson Dam and its power house, substructures, superstructures, machinery, and appliances, including locks, all taken at \$40,000,000, the sinking-fund investments to bear the highest rate of interest obtainable, but not less than 4 per cent per annum.

3. The company will further agree to pay to the United States \$35,000 annually for repairs, maintenance, and operation of the dam, gates, and locks at Wilson Dam, all repairs, maintenance, and operation of the same to be under the direction, care, and responsibility of the United States during the 100-year period.

4. The company will furnish the United States free of charge, delivered at a point on the lock grounds designated by the Chief of Engineers, electric power not to exceed 200 horsepower for the operation of the locks.

5. If the United States shall accept the above proposal for leasing the Wilson Dam and its power installation, then as a condition of acceptance the company will ask that immediately upon release of suitable construction equipment and facilities at the Wilson Dam and upon the release of labor forces the United States will forthwith proceed to construct and fully complete with reasonable promptness Dam No. 3 as designed and proposed by the United States engineers, the power installation at Dam No. 3 to be taken in this proposal at 250,000 horsepower.

6. When the lock, dam, and power-house installations at Dam No. 3 are completed the company offers to lease Dam No. 3, its power house, and all of its hydroelectric and operating appurtenances for a period of 100 years from the date of the completion of the dam and its power-house facilities, and the company will pay to the United States 6 per cent on the cost of the dam, lock, and power-house facilities taken at a cost of \$8,000,000 in payments of \$480,000 annually, except that during the first three years of the lease period payments shall begin and be made annually as follows:

One hundred and sixty thousand dollars one year from the date when 80,000 horsepower is generated and continuously ready for service, and thereafter \$160,000 annually at the end of each year for two years. If and when after the first three years the entire power-house generating equipment of 250,000 horsepower is continuously ready for service, payments of \$480,000 shall be made annually at the end of each calendar year during the remaining 97 years of the lease period.

7. At the beginning of the fourth year of the lease period and annually thereafter the company will pay to the United States a sum not greater than \$7,010 to retire during the remaining period of 97 years the total cost of Dam No. 3 and its power house, substructures, superstructures, machinery, and appliances, including locks, all taken at \$8,000,000, the sinking fund investments to bear the highest rate of interest obtainable, but not less than 4 per cent per annum.

8. The company will further agree to pay to the United States \$20,000 annually for repairs, maintenance, and operation of dam, gates, and lock at Dam No. 3, all repairs, maintenance, and operation of the same to be under the direction, care, and responsibility of the United States during the 100-year period.

9. The company will furnish the United States free of charge at Dam No. 3, to be delivered at a point on the lock grounds designated by the Chief of Engineers, electric power not in excess of 100 horsepower for the operation of the lock.

10. If the United States shall accept the above several proposals in their entirety, then the company offers to purchase from the United States the following properties, viz:

(a) All of the property at nitrate plant No. 2 and its adjacent steam-power plant, land, buildings, material, machinery, fixtures, equipment, apparatus, appurtenances, tools, supplies, and the right, license, and privilege to use any and all of the patents, processes, methods, and designs which have been acquired by the United States (and which the United States has a right to transfer and assign the use of to any purchaser of nitrate plant No. 2), together with the sulphuric-acid units now in storage on the premises.

(b) All of the properties of the United States at nitrate plant No. 1, its steam power plant, land, buildings, material, machinery, fixtures, equipment, apparatus, appurtenances, tools, supplies, and the right, license, and privilege to use any and all of the patents, processes, methods, and designs appertaining to said nitrate plant No. 1, which have been acquired by the United States; but nitrate plant No. 1 shall not be operated as an air nitrogen fixation plant as designed to be.

(c) All of the property at the quarry of the United States, known as the Waco Quarry, including all material, buildings, quarry tracks, machinery, railroad tracks, tools, and other equipment.



(d) Also the steam plant, built and owned by the Government at Gorgas, Ala., on the Warrior River, including material, buildings, machinery, fixtures, apparatus, appurtenances, tools, supplies, and the transmission line from the Gorgas steam plant to nitrate plant No. 2, at Muscle Shoals; the United States to acquire title to the right-of-way lands necessary along the transmission line, and also to acquire the title to the land and site occupied by the steam plant and by all Government buildings and other structures at the Gorgas steam plant.

For the foregoing plants and other properties, as set forth and described above under a, b, c, d, the company offers to pay the United States five million dollars (\$5,000,000), the terms of payment to be agreed upon between the Secretary of War and the company, the Secretary of War having the authority to dispose of said plants and other properties as above enumerated.

11. At any time prior to the expiration of said lease period of one hundred (100) years, the company shall have the right to negotiate with the Government for a renewal of the leases for the two above dams, their power houses, etc. In the event of disagreement as to terms of the renewal, the United States and the company shall each appoint an arbitrator, and these arbitrators shall choose a third. The decision of the arbitration board of three shall be final and binding upon both parties.

12. If the United States agrees to sell, and the company purchases these several properties, nitrate plants, quarry, steam power plants, transmission lines, etc., and at prices and on terms mutually satisfactory, the company will operate nitrate plant No. 2 to approximate present capacity in the production of nitrogen and other fertilizer compounds, with the following special objectives:

(a) To determine by research on a commercial scale whether by means of electric furnace methods and industrial chemistry, there may be produced fertilizer compounds of higher grade and at cheaper prices than the fertilizer-using farmers have in the past been able to procure, and to determine whether in a broad way the application of electricity and industrial chemistry may do for the agricultural industry of the country, what they have economically accomplished for other industries.

(b) To maintain nitrate plant No. 2 in a state of readiness to be promptly operated in the manufacture of materials necessary in time of war for the production of explosives.

13. If the above offers of the company are accepted by the United States, and if the agreement between the Secretary of War and the company can be made for the purchase of the above-described properties, it will naturally and reasonably follow that the buyers of fertilizers, will desire to be assured that fertilizers produced at nitrate plant No. 2 shall be sold at fair prices and without excessive profits.

14. To meet this reasonable expectation on the part of the farmers of the country who buy fertilizer, the company proposes that the maximum net profit which it shall make in the manufacture and sale of fertilizer products at nitrate plant No. 2, shall not exceed 8 per cent. The company also suggests that a board be created composed of officially designated members and representatives of farmers' national organizations, such as the American Farm Bureau Federation, the National Grange and the Farmers' Union, together with a representative from the Bureau of Markets of the Agricultural Department (to be an ex officio member of this board, serving in an advisory capacity, without right to vote) and two representatives of the company. It is expected that the board shall have access to the books and records of the company at any reasonable time, and that its duty shall be to investigate costs and revenues and to determine, for public information, whether the profits of the company are being kept within the established limit of 8 per cent, as above set forth; and it is also suggested that this board determine upon the territorial distribution of fertilizers produced at nitrate plant No. 2. If and when this board can not agree upon its findings and determinations, then the points of disagreement by the board, at any time, shall be referred to the Federal Trade Commission for arbitration and settlement, and the decision of the Trade Commission shall be final and binding upon the board.

15. Whenever, in the event of war, the United States shall require any part of the operating facilities of nitrate plant No. 2, for the production of materials necessary in the manufacture of explosives, then the United States shall have the immediate right, upon notice to the company, to take over and operate the same for the national defense of the country, and the company will supply the United States with hydroelectric power necessary for such operations, together with the use of all patented processes which the United States may need in time of war for munition purposes, and which the company owns and has the right to use, and any of the company's personnel and operating organization, required in times of war for operating any part of nitrate plant No. 2, in the manufacture of materials for explosives, shall be at the disposal of the United States. All duly authorized agents and representatives of the United States shall have free access, at all reasonable times during the lease period, to inspect and study all of the operations, chemical processes, and methods employed by the company at nitrate plant No. 2, provided such agents and representatives shall not use the information and the facts about any of the company's operations, except for the benefit and protection of the United States.

16. It will be obvious to you that, should the above proposals and offers of the company be accepted by the United States, there will be many details in the lease and purchase agreements to be worked out; but it is believed that the above will furnish all of the information required for decision by the United States upon the tender herein submitted.

17. The above proposals of the company are submitted as a whole and not in part.

18. The plans of the company with respect to its hydroelectric power needs are such that it is hoped that you, and those to whom you refer these proposals, will be able to arrive at prompt decisions regarding the company's offer, and that it can be confidently expected that the undersigned will very soon receive an answer to this communication.

Respectfully,

HENRY FORD.

ADJOURNMENT.

Mr. KAHN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly at (4 o'clock and 42 minutes p. m.) the House adjourned until to-morrow, Tuesday, July 26, 1921, at 12 o'clock noon.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. KING, from the Committee on Banking and Currency, to which was referred the bill (S. 1811) to amend the Federal farm loan act, as amended, reported the same with an amendment, accompanied by a report (No. 282), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. LEHLBACH, from the Committee on Reform in the Civil Service, to which was referred the bill (H. R. 3164) supplemental to an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes" (Public No. 215, Sixty-sixth Cong.), approved May 22, 1920, reported the same without amendment, accompanied by a report (No. 283), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (H. R. 104) to amend an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1913, and for other purposes," approved August 24, 1912, reported the same without amendment, accompanied by a report (No. 288), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. CURRY, from the Committee on the Territories, to which was referred the bill (S. 2062) ratifying, confirming, and approving certain acts of the Legislature of Hawaii, granting franchises for the manufacture, distribution, and supply of gas, electric light, and power, and the construction, maintenance, and operation of a street railway, and for other purposes, reported the same without amendment, accompanied by a report (No. 284), which said bill and report were referred to the House Calendar.

Mr. BUTLER, from the Committee on Naval Affairs, to which was referred the bill (H. R. 7264) providing for the transfer to the Regular Navy of certain chaplains of the Naval Reserve Force, reported the same with amendments, accompanied by a report (No. 285), which said bill and report were referred to the House Calendar.

Mr. KALANIANAOLE, from the Committee on the Territories, to which was referred the bill (H. R. 7881) to authorize the governor of the Territory of Hawaii to ratify the agreements of certain persons made with the commissioner of public lands of the Territory of Hawaii, and to issue land patents to those eligible under the terms of said agreements, reported the same without amendment, accompanied by a report (No. 286), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. SINNOTT: A bill (H. R. 7908) to authorize and regulate the grazing of live stock on the public domain, and for other purposes; to the Committee on the Public Lands.

By Mr. KAHN: A bill (H. R. 7909) to amend section 9 of an act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," approved October 3, 1917, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. RAMSEYER: A bill (H. R. 7910) to amend Title IV of the revenue act of 1918; to the Committee on Ways and Means.

By Mr. FITZGERALD: A bill (H. R. 7911) creating the District of Columbia insurance fund for the benefit of employees injured and the dependents of employees killed in hazardous employments, providing for the administration of such fund by the United States Employees Compensation Commission, and making appropriation therefor; to the Committee on the District of Columbia.

By Mr. UNDERHILL: A bill (H. R. 7912) to provide a method for the settlement of claims arising against the Government of the United States in sums not exceeding \$1,000 in any one case; to the Committee on Claims.

By Mr. BEGG: A bill (H. R. 7913) to extend for the period of 24 months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919,

and for other purposes; to the Committee on the District of Columbia.

By Mr. KISSEL: Joint resolution (H. J. Res. 179) for the relief of ex-service men and women; to the Committee on Ways and Means.

By Mr. IRELAND: Concurrent resolution (H. Con. Res. 25) to authorize the payment of compensation to the operators of Capitol telephone exchange; to the Committee on Accounts.

By Mr. RHODES: Memorial of the Legislature of the State of Missouri, favoring the use of the interest on our loans to foreign countries during the late war in the payment of a bonus to our soldiers of the World War; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 7914) granting a pension to James W. Tuckerman; to the Committee on Pensions.

By Mr. BOND: A bill (H. R. 7915) for the relief of Philip A. Hertz; to the Committee on Military Affairs.

By Mr. CLOUSE: A bill (H. R. 7916) granting a pension to John F. Beaty; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7917) granting a pension to Claiborne Beaty; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7918) to remove the charge of desertion standing against Arkley Christian; to the Committee on Military Affairs.

By Mr. CRAMTON: A bill (H. R. 7919) to remove the charge of desertion from the military record of Aaron Middaugh; to the Committee on Military Affairs.

By Mr. KAHN: A bill (H. R. 7920) for the relief of the United Railroads of San Francisco; to the Committee on Claims.

Also, a bill (H. R. 7921) granting six months' pay to Alice P. Dewey; to the Committee on Naval Affairs.

Also, a bill (H. R. 7922) to authorize the Secretary of War to release a certain right of way no longer needed for military purposes at Springfield Armory, Mass.; to the Committee on Military Affairs.

By Mr. KELLER: A bill (H. R. 7923) for the relief of the Canadian Pacific Railway Co.; to the Committee on Claims.

By Mr. KING: A bill (H. R. 7924) granting an increase of pension to Samuel M. Childs; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H. R. 7925) granting a pension to Henry C. Block; to the Committee on Pensions.

By Mr. LANGLEY: A bill (H. R. 7926) granting an increase of pension to Harlin L. Clark; to the Committee on Pensions.

By Mr. LYON: A bill (H. R. 7927) granting an increase of pension to Robert H. Cowan; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN of Michigan: A bill (H. R. 7928) for the relief of B. G. Oosterbaan; to the Committee on Claims.

Also, a bill (H. R. 7929) granting a pension to William J. Barr; to the Committee on Invalid Pensions.

By Mr. MONTOYA: A bill (H. R. 7930) for the relief of the estate of Reymundo Trujillo, deceased; to the Committee on Claims.

Also, a bill (H. R. 7931) referring to the Court of Claims the claims of the heirs and legal representatives of John P. Maxwell and Hugh H. Maxwell, deceased; to the Committee on Claims.

By Mr. MOORES of Indiana: A bill (H. R. 7932) granting a pension to Emma Wiley; to the Committee on Invalid Pensions.

By Mr. NORTON: A bill (H. R. 7933) to authorize the President of the United States to appoint James Dickson Polley, late a captain in the Ordnance Department of the United States Army, a first lieutenant in the Ordnance Department; to the Committee on Military Affairs.

By Mr. PURNELL: A bill (H. R. 7934) granting a pension to Phebe Cooper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7935) granting a pension to Catherine Moler; to the Committee on Invalid Pensions.

By Mr. SEARS: A bill (H. R. 7936) for the relief of Louisa Frow; to the Committee on Claims.

By Mr. SHELTON: A bill (H. R. 7937) granting a pension to Walter H. Cannon; to the Committee on Invalid Pensions.

By Mr. SMITH of Michigan: A bill (H. R. 7938) granting a pension to Rosa De Graff; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 7939) granting a pension to Emma A. Littrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7940) granting a pension to Hannah M. Morris; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 7941) for the relief of Rufus Hunter Blackwell, jr.; to the Committee on Claims.

By Mr. WHITE of Maine: A bill (H. R. 7942) granting a pension to John W. Fish; to the Committee on Invalid Pensions.

By Mr. CLOUSE: Resolution (H. Res. 160) authorizing and directing the Clerk of the House of Representatives and the Clerk of the Ways and Means Committee of the House of Representatives of the Sixty-sixth and Sixty-seventh Congresses of the United States to disclose by deposition certain minutes and proceedings of said committee, and the vote of former Congressman Cordell Hull, one of its members, on a certain bill referred to said committee; to the Committee on Rules.

By Mr. REAVIS: Resolution (H. Res. 161) authorizing the Committee on the Judiciary to investigate the pardoning of one Thomas H. Matters, to sit during the sessions of the House, to send for persons and papers, to compel the attendance of witnesses, and to administer oaths to witnesses; to the Committee on Rules.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2135. By the SPEAKER (by request): Resolution adopted by the delegates at the Midbiennial Conference of the Federation of Women's Clubs in Salt Lake last month, favoring the passage of the Fess-Capper bill; to the Committee on Education.

2136. Also (by request), petition of Mrs. Julia Ryan and 599 others, of the eleventh congressional district of Missouri, favoring the recognition of the Irish republic; to the Committee on Foreign Affairs.

2137. By Mr. BEGG: Petition of citizens of the thirteenth Ohio district, praying for relief from 10 per cent sales tax upon bottled carbonated beverages; to the Committee on Ways and Means.

2138. By Mr. BULWINKLE: Petition of C. H. Robinson and 32 residents of Burke and Catawba Counties, in the State of North Carolina, praying for the repeal of the 10 per cent sales tax on manufactures of carbonated beverages, as provided in section 628a of the revenue act of 1918; to the Committee on Ways and Means.

2139. By Mr. COOPER of Wisconsin: Petition of citizens of Waukesha and other citizens of Wisconsin against passage of Sunday observance bill, House bill 4388; to the Committee on the District of Columbia.

2140. By Mr. CRAMTON: Petition of Theodore Stringer and other residents of Lapeer County, Mich., protesting against the passage of Senate bill 1948, known as the Sunday observance bill; to the Committee on the Judiciary.

2141. By Mr. KAHN: Resolution by San Fernando Valley, San Gabriel Valley, San Bernardino Valley, and Shafter Potato Growers' Associations, of California, denouncing the present high freight rates and urging relief and an investigation of freight rates on California vegetables; to the Committee on Interstate and Foreign Commerce.

2142. By Mr. KIESS: Resolution from Miners' Local Union 1924, of Bitumen, Pa.; to the Committee on Mines and Mining.

2143. By Mr. KNUTSON: Petition of Auxiliary to United Spanish War Veterans, Los Angeles, Calif.; Caroline Steele, Toledo, Ohio; Auxillary to United Spanish War Veterans, San Francisco, Calif.; General Eugene Griffin Camp, No. 11, United Spanish War Veterans, Schenectady, N. Y.; Walker-Jennings Camp, No. 4, United Spanish War Veterans, St. Louis, Mo.; Auxiliary to United Spanish War Veterans, Long Beach, Calif.; United Spanish War Veterans, Department of Rhode Island, Providence, R. I.; Ida Saxton McKinley Auxiliary, No. 27, United Spanish War Veterans, Long Beach, Calif.; J. R. Beebe, Leavenworth, Kans.; J. C. Annis, Sacramento, Calif.; and Col. Edward Kittilsen Camp, No. 27, Department of Illinois, United Spanish War Veterans, favoring passage of House bill No. 4; to the Committee on Pensions.

2144. Also, petition of Mrs. William Eldridge, of Port Townsend, Wash., and Gen. O. O. Howard Camp, No. 7, National Indian War Veterans, Soldiers' Home, Calif., favoring the passage of House bill No. 5; to the Committee on Pensions.

2145. By Mr. LEHLBACH: Petition of citizens of Newark, N. J., favoring recognition of the Irish republic; to the Committee on Foreign Affairs.

2146. By Mr. MONDELL: Petition of veterans of Spanish-American War, Mexican border service, and Regular Army and Navy men located at Battle Mountain Sanitarium, Hot Springs,



S. Dak., relative to hospital treatment; to the Committee on Interstate and Foreign Commerce.

2147. By Mr. MOORES of Indiana: Petition of 10,000 people of Indiana, asking that 10 per cent sales tax on beverages be removed; to the Committee on Ways and Means.

2148. By Mr. A. P. NELSON: Petition of residents of Price County, Wis., protesting against the passage of House bill 4388; to the Committee on the District of Columbia.

2149. By Mr. RAKER: Petition of Mrs. Fannie Hackney, of Long Beach, Calif., urging the passage of House bill 4, providing for increase in the pensions of widows of Spanish War veterans; to the Committee on Pensions.

2150. Also, petition of the Republican Study Club, of Los Angeles, Calif., indorsing legislation for the relief of ex-service men; to the Committee on Interstate and Foreign Commerce.

2151. Also, petition of J. E. Rhoads & Sons, of Wilmington, Del., indorsing the Sterling bill, Senate bill 1253; International Typographical Union, Indianapolis, Ind., protesting against House joint resolution 171; and International Longshoremen's Association, Buffalo, N. Y., protesting against the importation of Chinese coolie labor into the Hawaiian Islands; to the Committee on Immigration and Naturalization.

2152. Also, petitions of Federal Highway Council, of Washington, D. C., protesting against any tariff on oil; Fred H. Hall, of Bakersfield, Calif., urging tariff on oil; Corning Chamber of Commerce, of Corning, Calif., urging tariff on olives; and Automobile Club of Southern California, of Los Angeles, Calif., protesting against any tariff on oil; to the Committee on Ways and Means.

2153. Also, petition of Tom A. Nerney, of San Francisco, Calif., urging support of increased tariff for almonds; C. L. Preisker, supervisor of Santa Barbara County, Santa Maria, Calif., urging a tariff of 3 cents per pound on foreign beans; to the Committee on Ways and Means.

2154. Also, petition of California Bean Dealers' Association; Poultry Producers of Central California; Harry S. Maddox, State market director; Central California Berry Growers; California Pear Growers' Association; and California Bean Growers' Association, all of San Francisco; Lompoc Valley Chamber of Commerce, Lompoc, Calif.; and California Prune and Apricot Growers' Association, San Francisco, Calif., urging a 3-cent tariff on beans; to the Committee on Ways and Means.

2155. Also, petition of Chico Almond Growers' Association, Chico; M. French Gilman, Banning; and Corning Chamber of Commerce, Corning, all of California, urging increased tariff on almonds; and California Almond Growers' Exchange and 25 other producing interests of California, urging increased tariff protection for basic agricultural industries of California; to the Committee on Ways and Means.

2156. Also, petition of California Almond Growers' Exchange, San Francisco; Antelope Almond Growers' Association, Roseville; H. C. Compton, Chico; I. N. Rosekrans, Winton; A. P. Barrow, Red Bluff; Nelson Realty Co., Arbuckle; United Chambers of Commerce of the Sacramento Valley, Benicia; George X. Fleming, Sacramento; Northern California Counties' Association, Redding; T. C. Tucker, San Francisco; California Almond Growers' Exchange, San Francisco; Heileman, of Berkeley; California Development Board, California Industries Association, San Francisco; Merchants' National Bank, San Francisco, all in the State of California, relative to tariff on almonds; to the Committee on Ways and Means.

2157. By Mr. ROGERS: Petition of J. Stepien and 68 others of Lowell, Mass., favoring the elimination of the 10 per cent sales tax on manufacturers of carbonated beverages in closed containers, now imposed under section 628a of the revenue act of 1918; to the Committee on Ways and Means.

2158. By Mr. ROSSDALE: Petition of the American Legion, national legislative committee, Washington, D. C., favoring the passage of House bill 1 and Senate bill 506; to the Committee on Ways and Means.

2159. By Mr. SMITH of Michigan: Petition of 31 citizens of Battle Creek, Mich., protesting against House bill 4388; to the Committee on the District of Columbia.

2160. By Mr. TAYLOR of Tennessee: Resolution of the First Baptist Church of Alcoa, Tenn., indorsing the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159) and urging its immediate passage; to the Committee on the Judiciary.

2161. By Mr. WALSH: Petition of 36 retailers of carbonated beverages in southeastern Massachusetts, praying for the elimination of certain taxes under sections 628a and 630 of revenue act of 1918; to the Committee on Ways and Means.

2162. By Mr. WEAVER: Petition of various citizens of North Carolina relative to tax on carbonated beverages; to the Committee on Ways and Means.

## SENATE.

TUESDAY, July 26, 1921.

(Legislative day of Friday, July 22, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhulse, its enrolling clerk, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 5651) to survey the Yazoo River, Miss., with a view to the control of its floods.

The message also announced that the House had passed a joint resolution (H. J. Res. 163) authorizing the Secretary of War to loan to the Eighty-eighth Division Association for their reunion at Des Moines, Iowa, tents, cots, mattresses, blankets, and galvanized-iron buckets, in which it requested the concurrence of the Senate.

## EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. KELLOGG obtained the floor.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Minnesota yield to the Senator from Oregon?

Mr. KELLOGG. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Minnesota yield for that purpose?

Mr. KELLOGG. I yield for that purpose, if I shall not lose the floor.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harris	McNary	Simmons
Ball	Harrison	Moses	Smith
Brandeggee	Heflin	Nelson	Smoot
Broussard	Johnson	New	Spencer
Capper	Jones, Wash.	Newberry	Sterling
Caraway	Kellogg	Nicholson	Swanson
Culberson	Kendrick	Norbeck	Townsend
Curtis	Kenyon	Norris	Trammell
Dial	King	Oddie	Underwood
Dillingham	Ladd	Overman	Wadsworth
Edge	La Follette	Phipps	Walsh, Mass.
Ernst	Lenroot	Poindexter	Walsh, Mont.
Fernald	McCormick	Ransdell	Warren
Fletcher	McCumber	Reed	Watson, Ga.
Gerry	McKellar	Robinson	Watson, Ind.
Hale	McKinley	Sheppard	Willis
Harrell	McLean	Shortridge	

Mr. MOSES. I wish to announce the absence of my colleague [Mr. KEYES], who is detained from the Senate by illness. I ask that this announcement may stand for the day.

Mr. SMOOT. I desire to announce that the Senator from Pennsylvania [Mr. PENROSE] is detained from the Senate on account of the hearings on the tariff bill before the Committee on Finance. I ask that this notice may stand for the day.

I also wish to announce that the Senator from West Virginia [Mr. SUTHERLAND] is absent because of a death in his family.

I wish to announce also that the Senator from Arizona [Mr. CAMERON] is unavoidably absent.

The PRESIDING OFFICER. Sixty-seven Senators have answered to their names. A quorum is present. The Senator from Minnesota is entitled to the floor and will proceed.

Mr. KELLOGG. Mr. President, I send to the desk an amendment in the nature of a substitute affecting the proposed legislation now under discussion, Senate bill 1915, and ask, as there is no print yet made of it, that it may be read, and I then desire to submit a few remarks upon it.

Mr. NORRIS. Mr. President, I wonder if there will be any objection on the part of the Senator from Minnesota and others, both in the Senate and in the White House and in the Cabinet who have prepared this substitute, to members of the Committee on Agriculture and Forestry remaining in the Senate while it is being read. We have not been able to find out anything about what has been going on for two or three days or to get a copy of the proposed substitute.

Mr. KELLOGG. Mr. President, I think the remarks of the Senator from Nebraska are unnecessary and unjust. Before the proposed amendment is read perhaps I should say that the amendment is offered by me not through any hostility to what the chairman and his committee are attempting to do. I had not expected until late last evening to offer it. The substitute does not represent my ideas entirely. I mean by that that its



provisions were principally suggested by the officers of the War Finance Corporation.

Mr. RANDELL. Mr. President, I understood the Senator from Minnesota asked to have the substitute read. Am I wrong about that?

Mr. KELLOGG. I did so ask.

Mr. RANDELL. I should like very much if it could be read before the Senator begins his remarks.

Mr. KELLOGG. I shall ask that it be read before I discuss it.

Mr. RANDELL. That is what I thought, and I am anxious to hear what it is before the Senator begins his remarks.

Mr. KELLOGG. If the Senator from Louisiana will wait a moment, he will learn that I am not going to discuss the amendment until it is read, but the Senator from Nebraska [Mr. NORRIS] offered some remarks which, personally, I feel I ought to speak about before the amendment is read.

The provisions of the amendment in the nature of the substitute have been suggested almost entirely or principally by officers of the War Finance Corporation, and, I might say, by Senators on both sides of the Chamber. It is not the only amendment which has been offered. Many amendments have been offered to accomplish substantially the same thing which this proposed amendment intends to accomplish.

Furthermore, the Senator from Nebraska ought not to take exception to that any more than the other amendments which have been offered in the Chamber. I wish to say that, so far as I am concerned, it is out of no hostility whatever to the Senator from Nebraska or his committee, with whom I have worked on many Agricultural bills, and whom I am anxious to aid in every way I can.

Mr. NORRIS. Mr. President, may I interrupt the Senator again?

Mr. KELLOGG. I yield to the Senator from Nebraska.

Mr. NORRIS. I do not wish the Senator to take what I said in any offensive way. I simply felt that it was proper and that I would not be doing my duty if I did not state that the bill now the unfinished business had been the unfinished business since the 18th day of July. It has been known for some time that officials of the Government outside the Senate were secretly preparing a substitute for the bill. Members of the Committee on Agriculture and Forestry have not been consulted, and have been unable to get a copy of it. Since these negotiations of which the Senator is speaking had been conducted without any opportunity for any member of the Committee on Agriculture and Forestry to get sight even of the substitute, when, after all the discussion which has gone on, they waited until we ought to be voting on the bill and then have a substitute brought in without consultation with any of those who have been friendly to the legislation, it seemed to me that it was not out of place to suggest that probably these same persons would object to members of the committee listening to the secret substitute.

Mr. KELLOGG. I wish to be entirely fair about the matter. I wish to lay the whole matter before the Senate. I am not criticizing the Senator. The Senator from Nebraska has done a great work in bringing before the Senate the subject of the condition of the agricultural communities of the country. It is a bill, however, of very great importance which involves principles of far-reaching effect in our commerce and business in this country and abroad. It is a bill that I believe has been studied by Senators generally more than any measure that has come before the Senate for many months. The officers of the War Finance Corporation have been asked since the bill was brought before the Senate to make suggestions. They have been so asked by many Senators. I am not the spokesman for everyone who has discussed the amendment which I have offered or the other amendments. I have simply consented to offer an amendment, to explain it to the Senate, and to make a speech on the subject this morning. I did not get the amendment completed so that it could be introduced yesterday.

I think a matter of this great importance, which involves the question of whether the Government is going again into business, deserves the most careful consideration of the Senate.

Mr. President, I shall comment on the proposed substitute, by sections, and as I have not, as I have stated, had an opportunity heretofore to offer the amendment and have it printed, I will ask that the Secretary read it, when I shall proceed with my remarks.

The PRESIDING OFFICER. The Secretary will read the amendment intended to be proposed by the Senator from Minnesota.

The ASSISTANT SECRETARY. It is proposed to strike out all after the enacting clause and to insert the following:

The War Finance Corporation act, as heretofore amended, is further amended by adding after section 21 thereof the following sections, to be known as sections 22, 23, 24, 25, 26, and 27:

"Sec. 22. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States, which is normally exported in substantial quantities, and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine—

"(a) To any person, firm, corporation, or association engaged in the United States in dealing in or marketing any such products, for the purpose of assisting such person, firm, corporation, or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate of not less than 1 per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made.

"(b) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person, firm, corporation, or association as is described in paragraph (a) of this section for the purpose therein set forth. The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company, for purposes herein described. Such advances shall bear interest at rates fixed by the corporation.

"Sec. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

"All advances made under section 21 or under section 22 of this act shall be made against the promissory note or notes, or other instrument or instruments, in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The corporation shall retain the power to require additional security at any time.

"Sec. 24. Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made.

"The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time upon like security extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation.

"Advances or purchases may be made under this section at any time prior to July 1, 1922.

"Sec. 25. The aggregate amount of all advances made under sections 21, 22, and 24, and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

"Sec. 26. Whenever in this act the words 'bank, banker, or trust company' are used, they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

"Sec. 27. In order to enable the corporation to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized to furnish to the corporation for its confidential use such reports, records, or other information as he may have available relating to the financial condition of national banks to which the corporation has made or contemplates making advances, and to make, through his examiners, for the confidential use of the corporation, examinations of banks, bankers, or trust companies, other than national banks, to which the corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company."

SEC. 2. Section 21 of the War Finance Corporation act is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

SEC. 3. The first paragraph of section 12 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"Sec. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than twice its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be



determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge on all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine."

The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1927, but no notes or bonds shall mature later than July 1, 1927.

Sec. 4. Paragraph 1 of section 13 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper of corresponding maturities."

Mr. KELLOGG. Mr. President, I suggest, if possible, that the amendment in the nature of a substitute proposed by me be printed at the earliest possible moment.

With the permission of the Senate, I now desire to give my reasons for opposition to some provisions of the original bill introduced by the Senator from Nebraska and to explain as well as I can the provisions of the proposed amendment.

Mr. President, the Senator from Nebraska, in making his speech upon that bill, stated, with commendable frankness, that he had no pride of opinion concerning it and that if any plan could be produced which would accomplish the object better than it could be accomplished by the bill introduced by him he would welcome it. I believe that to be his attitude.

I shall not take the time of the Senate again to go over the question of necessity for aid to the agricultural districts of this country. It has been done so ably by the Senator from Nebraska and other Senators that it would be a work of supererogation for me to attempt it. In passing, however, let me remark that the distress for want of credit on account of the tremendous decrease in the prices of agricultural products, which seem to have been the first commodities to have been affected by a pronounced and material reduction in prices and because of which the farmers of the country, North and South, East and West, are in a very precarious condition, warrants the Government in going much further in legislation to-day in aid of the farmers than in normal times; in fact, almost as much as we would in time of war, because we all know that agriculture lies at the foundation of all our prosperity and of all our business, both in the country and in the city.

I assure the Senator from Nebraska and other Senators that I would rather some one else much better able than myself to do so would attempt the explanation of this subject. I have taken the burden only because of my desire to do whatever I can to assist to the fullest extent to use the resources of the banks, the trust companies, and the Government to aid the agricultural interests of this country.

Mr. President, before explaining the particular provisions of the bill as I understand them, permit me to make some suggestions as to my views on certain of the provisions of the original bill. I realize that on this question of the principle of the Government going into business there is a difference of opinion. I belong, however, to the old school that believes that the least government in business and the most business in government, as we have often heard, is the best. I do not believe that the Government should engage in the purchase and sale of the products of the farm or manufactured products unless it is an absolute necessity to save the very life of the Nation.

Mr. President, I consented to vote for one bill which authorized the Government to engage in the purchase and sale of farm products. I did so under protest, and our experience since then has taught me that it was unwise. I shall not go into the details of that experience. The appalling losses and waste in the operation of the railways are fresh in the mind of every Senator. I do not criticize any individual, but the very fact of the Government by central bureaus undertaking to carry on the business of 260,000 miles of railroads made it impossible and led inevitably to a breakdown. The appalling losses which have been brought to our attention in the Shipping Board, Senators, should warn us against Government operation; and in that I make no criticism. Much of it occurred through the necessity of hasty preparation of a merchant marine during the war, and I am not going back to criticize; but, Senators, in times of peace let us use all the resources of this Nation that we can, and only bring the Government into it when it is necessary to save the very industrial life of the Nation; and in this case I do not believe that is necessary.

Mr. President, the particular provision of the bill to which I object in that respect is the one authorizing this corporation to buy agricultural products, either in their natural state or prepared or manufactured, from any person within the United States, and to sell such products to any person or Government or subdivision of Government outside the United States.

Mr. NORRIS. Mr. President, has the Senator another copy of the substitute which he has offered?

Mr. KELLOGG. I have a copy which I shall want to use in my remarks.

Mr. NORRIS. If the Senator wants to use it, I will not ask him for it at this time.

The PRESIDING OFFICER. A rush print has been ordered of the amendment, and it is hoped that it will be here soon.

Mr. KELLOGG. Mr. President, I object to this provision of the pending bill. If our experience in the past teaches anything, this would not be in the interest of the farmers of this country.

We had some experience with the Wheat Corporation. We were led to believe that in order to conserve the food of this country, to supply our allies first, and to sell the balance to neutral countries to which we were under obligations, it was absolutely necessary that the Government should fix the price of wheat and certain other cereals, and buy and sell them through the Grain Corporation. Now, what was the result? The result is so fresh in the minds of Senators that it hardly needs explanation by me. The Grain Corporation was compelled to or at least did fix the price of every bushel of grain that was bought in the market in the United States, and was the only purchaser and the only exporter; and since it could fix the price of purchase and fix the price of sale it did not, of course, lose money, because anybody who can fix the price of the product he buys and has an unlimited market, as we had in war time, and can fix the price when he sells, can, of course, prevent loss.

What was the result, Mr. President? The result was that while the price of wheat, through the abnormal demand of war and the cutting off of the supply from Russia, Argentina, and Australia by reason of war and want of ships, went up all over the world, and it was selling at \$2.50 a bushel in the United States when the President fixed the price at \$2.25, and while during the two years the Grain Corporation—and I do not criticize it, because I think it was managed as well as it could be—lost no money, the farmers of the country lost hundreds of millions of dollars which they could have gotten out of the normal prices in the market.

Now, Mr. President, it is inevitable that a Government corporation which is authorized to purchase and to sell farm products and the manufactures of farm products would have to fix the price, and would be the only purchaser and the only seller in export.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Mississippi?

Mr. KELLOGG. I yield to the Senator from Mississippi.

Mr. HARRISON. I am anxious to know—I have just heard this substitute read—the difference between the substitute that is offered by the Senator from Minnesota and the bill that is pending.

As I heard it read, the substitute proposes to substitute the War Finance Corporation for the proposed new corporation which is to handle these products under the Norris bill. That is one difference?

Mr. KELLOGG. Yes.

Mr. HARRISON. The substitute, as I heard it read, is for the purpose of making advancements to firms, corporations, and banks on agricultural products?

Mr. KELLOGG. Yes; for both domestic and foreign business.

Mr. HARRISON. Yes; and the Senator includes in the substitute also live stock?

Mr. KELLOGG. Yes, sir.

Mr. HARRISON. There is nothing in the Senator's substitute that proposes to make advancements to anyone outside of the United States who might desire to purchase agricultural products in the United States, as I understand.

Mr. KELLOGG. No; I shall come to that provision. I think it would be very unwise to do so.

Mr. HARRISON. I am simply trying to get in my mind just the difference between the substitute and the pending bill.

Mr. KELLOGG. That is quite right.

Mr. HARRISON. So the Norris bill is different from the substitute in that the Norris bill proposes to have this new corporation act as an agent in the sale of agricultural products, and the substitute does not, as I understand. Is that right?



Mr. KELLOGG. Yes, sir.

Mr. HARRISON. Another difference is that the Norris bill, of course, provides for the buying and selling of agricultural products, and the substitute does not.

Mr. KELLOGG. Yes, sir.

Mr. HARRISON. Another difference, as I heard it read, is that the substitute proposes to make advancements to firms and corporations and banks within the United States on agricultural products, and the Norris bill provides for making advancements to individuals, raisers of agricultural products, banks, and corporations in the United States as well as without the United States. Is that right?

Mr. KELLOGG. I do not think the Norris bill goes far enough in making advances to domestic banks, corporations, individuals, and so forth, in carrying domestic products until they can be exported. The substitute bill specifically covers that; and if the Senator will allow me, in just a few moments I will take up the sections, if I do not trespass too much upon the patience of the Senate, and explain my view of the differences.

Mr. President, just a further word.

Mr. HARRISON. One more question. It is suggested by the Senator from Ohio [Mr. POMERENE] that I get clearly before the Senate, if I can, the advancements to foreigners. There is nothing in the substitute that proposes to authorize the War Finance Corporation to make advances to any person outside of the United States who desires to purchase agricultural products in the United States?

Mr. KELLOGG. No; but the War Finance Corporation is now, and has been all the time, making advances to domestic corporations and individuals for use in carrying exports to foreign countries.

Mr. HARRISON. I understand that thoroughly.

Mr. KELLOGG. But the substitute does not authorize the direct sale to foreign Governments and foreign institutions and taking their paper separate and distinct from American institutions.

Mr. HARRISON. Yes; and the Norris bill does.

Mr. KELLOGG. Yes, sir.

Now, Mr. President, as I said before, the Grain Corporation cost the farmers of this country hundreds of millions of dollars; and I do not believe that the farmers—at least, those farmers and farm representatives with whom I have consulted—wish the Government again to go into the price-fixing business.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. KELLOGG. I yield to the Senator.

Mr. POMERENE. If the Senator will permit me to press a little further the question asked by the Senator from Mississippi a moment ago, as I understand the Norris bill, any moneys which might be advanced here by the Government, or the proceeds of the sales of bonds, might be given to foreign Governments or to foreign firms. In other words, it would be increasing the financial favors which we are extending to foreign Governments; and to the extent that this money is loaned to foreign Governments it would cripple the corporation here in making loans directly to our domestic firms. Is that right?

Mr. KELLOGG. The Senator is entirely right, in my view of the matter.

Mr. POMERENE. So that if these loans amounted to \$1,000,000,000 we would be increasing the present indebtedness of the foreign Governments and their nationals from eighteen billions, as they are now, to nineteen billions.

Mr. KELLOGG. Exactly. I will explain to the Senate in a few minutes my view of certain of these provisions and the reasons why I think they are preferable. Allow me one further word.

We must remember that the provisions of this bill not only authorize the purchase and sale of farm products but all the manufactured products of the farm, all the cotton goods made on the farm, and boots and shoes. It is, I believe, a well-established principle of trade that where the Government comes in with the amount of capital which this bill would authorize it practically becomes, as during the war, the only purchaser and the only seller, and nobody believes that a billion dollars will handle even the grain and cotton crops of this country, to say nothing about the manufactures from farm products. If we are going to attempt what this pending bill contemplates, we would have to make an appropriation far in excess of anything we are dreaming of doing to-day.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. KELLOGG. I yield.

Mr. NORRIS. The Senator's substitute does not provide for manufactured products?

Mr. KELLOGG. Yes; it covers everything, as far as the aiding of exporting goes. But it does not authorize any purchasing and selling.

Mr. NORRIS. I understand; I wanted to get the Senator's idea. I know the amendment proposed to the original bill included farm products in their manufactured state. It was the idea of the committee in proposing that amendment to include in the products this corporation could deal in such things, for instance, as flour and canned meats. We had no idea of the corporation dealing in boots and shoes—

Mr. KELLOGG. I understand that.

Mr. NORRIS. Or calico or cotton prints, and we never thought, and I do not think now for a moment, that this corporation would do that. I take it that if we are to include farm products we ought to include flour, because we would rather export flour than wheat. I think that is conceded, to begin with.

Mr. KELLOGG. I think the Senator is entirely right.

Mr. NORRIS. I want to get the Senator's judgment. Supposing the amendment were not agreed to and that the bill simply covered the exportation of farm products, does the Senator think that would include flour?

Mr. KELLOGG. I do not think that would be sufficient.

Mr. NORRIS. We wanted to include canned meats and cured meats.

Mr. KELLOGG. I entirely agree with the Senator from Nebraska that if we are going to have an independent agency to buy and sell, his bill goes no further than it is necessary to go, and no further than the War Finance Corporation has power to go to-day; and the Senator was entirely right in including the manufactured products, because, as the Senator said, it would do no good simply to sell wheat when it is in the interest of the American farmer and manufacturer and everyone else to sell flour instead of wheat. I do not criticize the Senator's bill in that regard.

Mr. NORRIS. I understood the Senator was criticizing on account of the fact that we did not have money enough to go into all of these other things.

Mr. KELLOGG. No; that was simply the question of buying and selling; that is all.

Mr. NORRIS. Of course, the committee never had any idea that they would go into those things, and I am safe in saying that if these words are too broad, and we can include the things that everybody concedes we ought to include, if there is a modification of the definition, we would welcome such a change, and if the term "agricultural products" includes flour and includes canned meats, we would not want to modify it at all. The only suggestion made before the Committee on Agriculture was that it had been held by some court that the baling of cotton was in the nature of the manufacture of a raw product, although I did not look it up and verify it.

Mr. KELLOGG. Mr. President, the Senator entirely misunderstood me. If we are going to authorize—

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from North Carolina?

Mr. KELLOGG. I yield.

Mr. SIMMONS. I think the distinction between the Norris bill and the War Finance Corporation act, with reference to advances made for export purposes, is that the War Finance Corporation, as it now exists, is permitted to make advances upon goods, wares, and merchandise of all kinds.

Mr. KELLOGG. Farm products and everything else.

Mr. SIMMONS. Including farm products.

Mr. KELLOGG. Certainly.

Mr. SIMMONS. For the purpose of financing their present exportation?

Mr. KELLOGG. Certainly.

Mr. SIMMONS. This adds a provision to permit them to finance the exportation of agricultural products, which are not ready for exportation now, because they can not be sold to advantage if forced upon the markets of Europe at one time, and to enable them to hold them from one to two years and market them abroad as conditions may be favorable.

Mr. KELLOGG. The Senator from North Carolina has accurately stated one of the principal features of this bill. I am not criticizing the committee's bill on the ground that it is too broad. It is not too broad so far as aiding in the exportation of farm products is concerned, not at all. I simply said that if a corporation, an agency, were organized to buy and sell, it would necessarily fix the prices, and the field in which it could operate in this case would practically give it the power to fix



the prices of nearly everything made from farm products. I do not at all criticize the bill in so far as the attempt to aid not only in the exportation of farm products, but of all manufactured products, is concerned. That is necessary, and it is carried in both bills.

Now, just one word about extending credits to foreign countries, in answer to the Senator from Mississippi [Mr. HARRISON] and the Senator from Ohio [Mr. POMERENE]. I have thought about that considerably. The principal foreign Governments which buy our products, to which I will further refer before I finish my remarks, are, of course, Great Britain, France, Italy, Germany, Austria, Poland, and Czechoslovakia. Principally, of course, England, France, and Italy are the big purchasers of our products in Europe. They owe us \$10,000,000,000, and there is now being negotiated the question of whether they shall pay the back interest, and, as I think I can show before I conclude my remarks, if they paid it all it might so unsettle exchange that we could not sell any farm products. But I am not an advocate of their not paying, as I want our Government to collect all it can of what is owing us.

But I do not believe it is wise that any agency should have authority to deal directly with and extend credits directly to foreign Governments. Mr. President, the moment we open the doors of this corporation to credits of foreign Governments, the propaganda and pressure of every nation in the world for credits would exceed anything we have ever seen in war time.

Mr. McCORMICK and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Minnesota yield; and if so, to whom?

Mr. KELLOGG. I yield to the Senator from Illinois, who rose first.

Mr. McCORMICK. I wish to say to the Senator from Minnesota that there has come to my attention the instance of one of the new States of central Europe where the owners of the cotton mills are buying to the full extent of their legitimate credit, but their Government would prefer to borrow and to buy in this country, in order to distribute the products of the mills under some form of popular subvention.

Mr. KELLOGG. That is quite true, and I do not think there is any objection to stating that that is Poland.

Mr. NORRIS. I would like to inquire of the Senator where, under the substitute he has offered, he expects these farm products finally to be consumed? Does he think they will be consumed in foreign countries?

Mr. KELLOGG. To a very large extent in foreign countries, and I expect the War Finance Corporation to do exactly what they are doing now—take credits of institutions in foreign countries. Some of them are guaranteed by the governments of those countries, but the guaranty is subsidiary. It is not the obligation of a foreign government and a dealing directly between this corporation and a foreign government.

Mr. NORRIS. Very well. Does the Senator expect to get better security in foreign countries for a sale in foreign countries through the instrumentality of the substitute than through the bill itself?

Mr. KELLOGG. I think so. I would not say better security, I will say to the Senator, because I do not imagine any corporation would sell directly to a foreign government unless it thought its security was good. But I object to the principle, and I think it unwise and unworkable.

Mr. NORRIS. I am conceding, of course, that the Senator has a perfect right to make that objection. But I call his attention to the fact that his substitute, as well as the original bill for which his substitute is offered, contemplates, and it seems to me, as far as I am able to see, any plan must contemplate, eventually a sale on time in foreign countries, and when that is done, somebody must take the security, whether it is done through the instrumentality of one form of corporation or another. The Senator, I understand, criticizes the bill reported by the committee because these countries, as the Senator has said, are going to get too much; are going to try to borrow too much, and go in debt too much, and he gives acquiescence to the suggestion of the Senator from Illinois that one government is now trying to get all the extended credit it may get. Would it not be possible under the substitute for the War Finance Corporation, if they wanted to, to give more credit to that government? I am not arguing that they would, but the criticism is that the corporation set up in the pending bill would have power to give credit that should not be given, and the Senator's substitute would give the power to another corporation without any limitation on it whatever. Are they not both equally dangerous? Is there any difference?

Mr. KELLOGG. The War Finance Corporation can not sell directly to the Polish Government and take the Polish Government's obligations. It can sell to Polish manufacturers or

Polish merchants, and it can take their obligations, indirectly, only through an American concern, and not directly with the foreign Government or the foreign merchant, as stated by the Senator from Illinois.

Mr. WADSWORTH. Is it not a fact that the credit is really a domestic credit?

Mr. KELLOGG. The credit is a domestic credit.

Mr. SIMMONS. Mr. President, when we revived the powers of the War Finance Corporation for the purpose, and only for the purpose, of permitting them to make advances on exportations, we had in mind, of course, the requirements of the industrial nations of Europe for our products. Formerly these countries had been in the habit of buying, as our own mills had been in the habit of buying, a year's supply of cotton, we will say.

Mr. KELLOGG. Mr. President, I yielded to the Senator, but I was about to explain that feature of the proposed substitute at this time.

Mr. SIMMONS. Therefore, we framed our law accordingly. We permitted them to finance only for the purpose of exportation. It has not worked, because Europe can only buy two or three months' supply at best. She is in no condition to buy in three or four months what she is going to consume in her mills in a year. That leaves the surplus here, and it has to remain here until European or other foreign purchasers are ready for it, and we desire to finance it while it is being held for that ultimate purpose. The substitute provides for that.

Mr. KELLOGG. I was about to come to that feature of the proposed substitute.

Mr. FERNALD. Mr. President, I regret exceedingly to interrupt the Senator, because he is making a very interesting speech and I am delighted to listen to it, but it seems to me right at this point it is quite pertinent to ask how he expects to get any credit from nations whose bonds to-day are not worth a cent and whose money is not worth a cent in the market. We have been speaking of Poland—

Mr. KELLOGG. Mr. President, I wish Senators would be a little patient. I realize that this is a dry subject.

Mr. FERNALD. Not at all; it is exceedingly interesting, but I do wish that I may have an answer to my question.

Mr. KELLOGG. My reasons for believing that it is wise to take an existing agency—the War Finance Corporation—are these: In the first place, the War Finance Corporation has had four years of experience in, to a certain extent, the same kind of business in which we now propose to have it engage. It has a capital of \$500,000,000 paid in. At one time it issued \$200,000,000 of bonds, found a ready sale for them, and those bonds were paid inside of a year. It now has available in the Treasury, ready to take hold of this export proposition for the purpose of extending credit to domestic banks and concerns, exceeding \$400,000,000. It has an organization consisting of men of great experience, a board of directors known to Senators, and a manager, Mr. Meyer, who I think has not only the confidence of the public but the confidence of the Senate and the confidence of the farm organizations of the country. He has already done a great deal in the limited way in which he has carried on the business.

As far as possible we ought now to avoid the creation of new agencies, new corporations, new bureaus, and new associations. We organized many during the war.

In the haste of preparation for war, in the feverish effort to get ready for the great conflict, there were many organized that were really not a necessity. If we have one now that is functioning and has the capital and which could perform the services, I believe it to be wiser to use that agency.

As to the board and its officers, I think no one would suggest that it has not been managed wisely, so let us use it to the extent we can. I believe we can use the War Finance Corporation to better advantage than to create a new corporation. Many Senators know what it has done. I am not going into the details, but we realize that some of the great staples which we must export are cotton, grain and flour, live stock and the products of live stock. There is not a nation on the face of the earth using cotton for manufacture to-day to which the War Finance Corporation has not a stock ready to deliver and sell for cash or credits which are handled through local domestic exporters or firms and corporations.

In the case of Poland, mentioned by the Senator from Illinois [Mr. McCORMICK], they have sold all the cotton Poland wants direct to her manufacturers, taking their obligations which are guaranteed by their banks, and have handled them to the entire satisfaction of everyone without the loss of a dollar. The manufacturers of Poland to-day do not want the Government to buy their products. I speak with assurance from having talked



with men who are familiar with the subject. I am sure Senators who are familiar with the business in the cotton States will bear me out, that that is one branch of the business which has been conducted with a large degree of benefit. I think, as I go on, I can explain why the powers of the War Finance Corporation are not now broad enough to aid the local banks and institutions now carrying farm products until they can be sold in foreign countries, and that is one of the principal provisions of the proposed substitute.

Now, Mr. President, it is true that the necessity for domestic credit is much greater than it was before the war, for the reasons mentioned by the Senator from North Carolina [Mr. SIMMONS] in his question to me. Formerly the principal nations of Europe using cotton and grain and flour made their purchases, and especially of cotton, a year's supply in advance, because the stable market for exchange had varied but slightly from month to month and the ability to obtain credit in their own country enabled them to buy a year's supply of cotton, a year's supply of wool from the countries which sold wool, and a year's supply of wheat which they purchased at certain seasons of the year and carried as security to their manufacturers during that year.

They can not do that now. Why? First, because of the rate of exchange, which so fluctuates that no importer in a foreign country dares to purchase a year's supply of cotton. I remember an incident last fall when exchange on the 1st of August of last year between here and Great Britain was selling at \$3.80, I believe, and on account of conditions then arising it went down to \$3.30 and immediately stopped the exportation of goods to Europe and knocked prices down. No man dares buy a year's supply of cotton in England to-day with the rates of exchange fluctuating 50 or 60 cents or even 30 or 40 cents. It is worse in France and it is worse in Germany, Hungary, Poland, and other countries.

Again, they have not the capital. They must buy now from hand to mouth more than as they bought before, and this especially applies to cotton, which they manufacture as rapidly as possible and turn it over and over to get their money back. Therefore it is necessary for the American farmer and cotton raiser, the American seller and warehouseman, to carry this year's cotton crop, corn crop, and other crops, for a longer period than it was necessary to do before the war or even during the war, because during the war we could sell anything we had at almost any price we asked.

I think Senators who will apply thought to the subject will find that one of the principal things necessary in any legislation is to give some agency, the War Finance Corporation or some other agency outside of the Federal reserve bank, authority, temporary under the great exigency of this condition of things at the present time, to extend credits to the local banks in the country, many of which are not members and are not eligible for membership in the Federal reserve system, who are loaded up with farm paper, cotton paper, cattle paper, and all sorts of paper which must be carried until there is finally a market.

Mr. RANDELL. Mr. President, will the Senator yield?

Mr. KELLOGG. Certainly.

Mr. RANDELL. I have been under the impression that the principal need of our agriculture now is markets rather than credits. I ask the Senator how the substitute which he proposes would assist us in getting markets for the great surplus of our agricultural products that we have on hand?

Mr. KELLOGG. It proposes to extend credit not only to carry products domestically and relieve the country banks which are carrying them, but it proposes to extend credit to any person, corporation, firm, or bank engaged in exporting, in order to export and sell and to take the paper not only under certain sections running one year which might be renewed for another year but bonds which may run until July 1, 1927. It extends in fact all the assistance and all the credit which, I think, any corporation can safely extend in the export business. That is my opinion.

Mr. RANDELL. Then, if I understand the Senator, in each instance the credit will be extended to some individual or corporation in America, and that individual or corporation in America must extend the credit to the farmer?

Mr. KELLOGG. Yes.

Mr. RANDELL. So that there will be an American individual or corporation standing in every instance between the Government and any accommodation, if you please to call it such, that is given to foreigners in selling our products?

Mr. KELLOGG. Yes.

Mr. RANDELL. And we must have patriotic Americans in every instance willing to take the risk of these sales to foreigners. Is it not so?

Mr. KELLOGG. Certainly, Mr. President. America to-day is the greatest commercial, manufacturing, and agricultural country in the world.

Mr. DIAL. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from South Carolina?

Mr. KELLOGG. Let me answer the Senator from Louisiana first, if the Senator please.

We have, I believe, the business capacity, the foreign commerce if properly handled, and the credit to place every dollar of American products in any country in the world that can be legitimately placed and sold. If the Senator wishes to organize a corporation or authorize the Government to go into the business of buying the products in this country and selling them to whoever may wish them in foreign countries, of course we can buy and sell unlimited quantities to countries that never will pay and to institutions which are insolvent. There are principles of finance, of international trade and commerce, which can not be violated without ruin to our own people and to our own institutions.

Mr. SIMMONS. Mr. President, if the Senator will pardon me—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from North Carolina?

Mr. KELLOGG. I wish first to yield to the Senator from South Carolina [Mr. DIAL], but for a question only. I do not want to get into a general discussion.

Mr. DIAL. I desire to ask the Senator from Minnesota if he thinks that the amendment introduced by him to-day will encourage our exporters to increase exports? As I understand, manufacturers in foreign countries are willing to buy our exports and to furnish bank guaranties, and their Governments also are willing to furnish guaranties; but exporters in this country are somewhat timid about it, not so much on account of financial risk as on account of political risk. To my mind, however, when our exporters get the money through our Government they will feel that the Government will stand behind them in seeing that their debts are collected.

Mr. KELLOGG. Mr. President, if the Government wishes to buy and sell, there is no trouble about it buying and selling unlimited quantities of products to Austria, to Czechoslovakia, to Poland, to Turkey, to Russia, or anywhere else.

Mr. DIAL. I am not advocating the Government selling, but I am advocating the Government doing just what the Senator proposes—lending money to our exporters. Then, when the exporters know that our Government is their creditor, they will feel safe in believing that the Government will stand up and make their debtors settle with them.

Mr. KELLOGG. I did not understand the Senator at first, but he is perfectly right. I will say now that as the result of my inquiries I believe that the actual aid which the War Finance Corporation has given to exports has not been measured by the number of dollars it has actually loaned for export purposes but by the encouragement, the psychological advantage, which it has given to our exporters, the exporters thinking that in some way the Government was behind them.

Mr. DIAL. And the amendment which the Senator from Minnesota now proposes will stimulate that feeling?

Mr. KELLOGG. It will stimulate it.

Mr. SIMMONS. Mr. President, if the Senator will pardon me—

Mr. SMITH. Will the Senator from Minnesota yield to me?

Mr. KELLOGG. I yield first to the Senator from North Carolina.

Mr. SIMMONS. Mr. President, I do not think the Senator from Minnesota caught the significance of the question which was asked him by the Senator from Louisiana [Mr. RANDELL]. I understood the Senator from Louisiana to be troubled about this point: If the advances were made to a firm, person, or corporation in order to enable them to hold their cotton until there was an export market abroad, the Senator's theory, according to the question as I understood it, was that the particular person, firm, or corporation would have to export the cotton or the product, whichever it might be, and that that would not be practicable. I do not know whether I correctly understood the Senator from Louisiana or not.

Mr. RANDELL. Mr. President, the Senator from North Carolina misunderstood me. I did not say that the individual would be obliged to export the product, but I said that in case it were exported and sold it would in every instance be at the risk of the American individual or bank; that in every instance the American private citizen or private corporation would stand between the Government and a loss. If I may be permitted to say so at this moment, in the abnormal condition of the world at this time, when the whole world is topsy-turvy,



when business of every kind and sort has been torn to pieces, the great institution known as Lloyds in England, which formerly insured any and every thing in the world that a man desired insured, from how a prize fight would end to the result of a business venture, and especially sales of export goods or sales to home concerns, now refuse to do so. Because of the condition of the exchange market in no place in the world of which I know is very extensive exportation being carried on. Exchange is so uncertain, it is varying so greatly from day to day, that the exportation business is being considered as a political business. Private concerns are afraid to go into it. It is a well known fact that only a few days ago one of the big banks in New York wrote off \$15,000,000 of loss because of some of its export business.

I wish the Senator from Minnesota would take up some of those points now, for they are pertinent in this connection. Can the individual be induced to export, and thereby get rid of some of the surplus products? Can the individual find markets for those surplus products? Senators, it is not credits, it is markets that we need.

Mr. KELLOGG. Mr. President, I must insist when a Senator has asked his question that he give me an opportunity to answer it. If the Senator from Louisiana will allow me to complete my statement as to section 1 of the amendment I have introduced and to make an explanation of it, I will now do so. Section 1 of the amendment is as far as I have gone. However, I will take up the Senator's question and answer it at the present time, if he insists on my doing so.

As I have heretofore said, in the South, and especially in the West, I am informed—I know it to be true in the West from personal knowledge and experience—the country banks have loaned and are going to be called on to loan to the farmers and to the cattlemen amounts of money largely in excess of what ordinarily heretofore has been loaned in the autumn, winter, and summer. In my own State I know during the last autumn and at the present time the loans of the country banks which were necessitated by the condition of the farmers far exceed what ought to exist according to the principles of good finance. I am told that the same condition exists in the South.

Mr. BURSUM. Mr. President—

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Minnesota yield to the Senator from New Mexico?

Mr. KELLOGG. I yield for a question.

Mr. BURSUM. In connection especially with loans to cattlemen, does the amendment proposed by the Senator from Minnesota provide for an extension of individual loans?

Mr. KELLOGG. No; not of individual loans, but it provides aid, in addition to the credit which has already been extended, by a pool which is entirely outside of the corporation.

Mr. BURSUM. Of course, unless there is provision for making advances to individuals or firms, and taking the securities direct, there will be no appreciable relief to any of the banks.

Mr. KELLOGG. I discussed that with the War Finance Corporation, and they thought that they could cover all of the loans which were necessary for that purpose; but, of course, if the Senator thinks that any amendments should be made which will make the proposed legislation broader he may offer them. If the Senator, however, will allow me to proceed with my explanation I will now do so, for I hope to get through the discussion some time this afternoon.

It seemed to me that we needed something more in the present condition than simply loans to exporters or in aid of actual exportation; that we needed some agency which could in emergencies extend credit to certain banks and institutions and corporations and firms, which, like many of the cattle loan associations which the Senator from New Mexico has in mind, are loaded up with paper which they can not carry, and yet it is not subject to be rediscounted at the Federal reserve banks unless we throw open the doors, which it would be unwise to do. Therefore, as I have said, section 1 of the amendment proposes to extend credit to persons, firms, corporations, or associations who are engaged in dealing in these products before the products are exported.

The Senator from Louisiana [Mr. RANSDELL] has asked me a question to which he desires an immediate answer. I am willing to stop here and to do my best to answer the Senator's question. I have already stated that I do not believe it is a proper and safe province for any corporation organized under this Government to deal directly with and extend credit to foreign Governments and directly to foreign institutions. We should employ, we must employ, all the resources, the capital, the energy, and the enterprise of all of our domestic manufacturers, agencies, and firms, which are far more able to push our commerce than are foreign countries.

The Senator from Louisiana says we can not sell commodities now; that there is no market. Mr. President, I will place in the RECORD a statement which I believe to be accurate, but which I will not stop to read at length, which shows that in the fiscal year 1913-14 we exported about 167,000,000 bushels of wheat of a value of \$157,000,000, while in the fiscal year 1920-21 we exported, in spite of the condition of Europe, 513,000,000 bushels of wheat, of which probably about 70,000,000 bushels were reexportations, of a value of \$1,076,000,000; that of animal fats and meats we exported in 1913-14, 1,303,000,000 pounds, of a value of \$145,000,000, while in 1920-21 we exported 2,202,000,000 pounds, of a value of \$432,000,000.

I think cotton has suffered more than any other product, and to-day needs really more aid in order to push its exportation into foreign countries than any other single product. In 1913-14 we exported 9,000,000 bales—I am giving the round numbers—of a value of \$610,000,000, while in 1920-21 we exported 5,000,000 bales, of a value of \$600,000,000.

I will not give the figures as to tobacco and other articles, but I ask that the table be incorporated in my remarks, as it may be of some use to Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

	Fiscal year 1913-14.		Fiscal year 1920-21. <sup>1</sup>	
	Quantity.	Value.	Quantity.	Value.
All grains.....	<sup>2</sup> 167,963,570	\$157,747,541	<sup>2</sup> 513,707,887	<sup>2</sup> \$1,076,475,000
Animal products and fats.....	<sup>3</sup> 1,303,267,164	145,684,753	<sup>3</sup> 2,202,531,000	432,500,000
Cotton.....	<sup>4</sup> 9,165,300	610,475,301	<sup>4</sup> 5,309,102	600,495,000
Tobacco.....	<sup>4</sup> 446,944,435	53,903,336	<sup>4</sup> 490,547,000	295,275,000

<sup>1</sup> Last month estimated.

<sup>2</sup> Bushels.

<sup>3</sup> Includes some reexports, probably 70,000,000 bushels.

<sup>4</sup> Pounds.

<sup>5</sup> Bales.

Of the above quantities (fiscal year 1921) approximately 390,000,000 bushels of grain, 4,515,000 bales of cotton, and 1,615,000,000 pounds of meats and fats were shipped to Europe.

Mr. KELLOGG. My information from the most careful investigation I have been able to make, although I may be mistaken, is that 85 per cent of our food products and 70 per cent of our cotton are sold to countries which readily financed themselves last year and in which better conditions of finance now obtain than was the case last year. I include in that list Great Britain, France, Belgium, Italy, the Netherlands, Norway, Sweden, the principal countries of Europe, exclusive of Poland, Hungary, and Austria. Eighty-five per cent of our food products and our cotton goes to England, to France, and to other countries, which financed the largest purchases in their history last year, because it must be remembered that when the war was over restrictions on consumption were removed. The British Government does not need credit to buy food, cotton, and other exported articles. She does not expect it or ask it.

I do not mean by that that we do not need an agency to aid in financing our people who are selling to foreign merchants and manufacturers and the Governments that do buy, although I think now the Governments as such have ceased to buy and have turned over their purchases to individual merchants, manufacturers, and other agencies. In other words, the war restrictions on purchases and sales have practically been released in all of those countries.

Mr. President, I will say to the Senator from Louisiana—and I should not have gone into this subject but for his question—that we have left Poland, Austria, Hungary, and Germany, which take about 15 per cent of our food products and about 30 per cent of our cotton. We all know that if the Reparations Commission will permit Germany to buy raw materials and food products and pay for them in advance before she pays the reparations, Germany is perfectly capable of buying all she needs. She bought over 1,000,000 bales of cotton last year and about 30,000,000 bushels of wheat.

If the Reparations Commission are not willing, we would be simply pouring money into their pockets if we gave the German Government credit. That is a question that has to solve itself. I believe that the Reparations Commission is going to permit Germany to buy the cotton and food products necessary to rehabilitate the German people, because you can not exterminate a nation, and I believe that the enlightened sentiment of Europe and of the world will permit Germany to finance her food supplies and her raw material supplies in order that she may support her people, and we must realize that if the Reparations

Commission does not do it we can gain nothing by giving the German Government credit.

Mr. KING. Mr. President, will the Senator permit just a suggestion?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Utah?

Mr. KELLOGG. I yield.

Mr. KING. I suggest to the Senator that quite recently—indeed, within the past week—private interests have raised in the United States more than \$40,000,000 for credits for Germany. In addition to that, I suggest to the Senator that within a very short time, probably, a German loan will be floated in the United States aggregating a great many millions of dollars. So Germany, notwithstanding the reparations exacted and the losses which she sustained as a result of the war, will, in my opinion, be able to finance herself and obtain such things as she requires which are compatible with the reparations requirements.

Mr. KELLOGG. I believe with the Senator from Louisiana that the War Finance Corporation, with its experience with German business and with other countries, will be very valuable in aiding in selling not only to German merchants and manufacturers but to all of the other countries in the East, and also to England, France, and Italy, because it has had a great deal of experience along this line.

Mr. President, when you take up the question, as I shall not undertake to do, and go into the details of Poland, Hungary, and Austria, I believe that Poland will produce within another year substantially all of her food supply, and she will need a large amount of cotton, and my best information is that she is getting it, and that the War Finance Corporation has cotton available for every manufacturer. Now, I do not believe we should stop there. We must aid in financing this cotton until it is ready for the market. We must aid in every country where it can be sold, and equally so with flour and wheat and the other products.

Senators, I do not minimize the necessity for maintaining a foreign commerce that swelled during the war beyond anything known in history in any nation. When we stop to think that our foreign commerce, by reason of the demands of the war, rose from three or four billion dollars to \$12,000,000,000, out of which nearly \$9,000,000,000 was exports, we realize that all the energies of our bankers, our manufacturers, our financial institutions, and the people of this country will be necessary to maintain that part of that commerce which will make prosperity among the farmers and the producers and the manufacturers of this country. I do not minimize it. If I thought the bill presented by the Agricultural Committee would better do that, I think I would waive my objections to the Government going into business, and I would be willing temporarily to go that far. I do not believe it will do it, however, for the reasons which I have stated; and I am sure that the chairman of the committee—who I wish were present—can not claim that the country I represent is not interested and its prosperity is not dependent upon the great agricultural interests.

Mr. CARAWAY. Mr. President, will the Senator yield just for a question?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Arkansas?

Mr. KELLOGG. Yes; I yield.

Mr. CARAWAY. It may be unfortunate that I did not come into the Chamber in time to hear the first part of the Senator's statement; but, as I understand, the Senator proposes to extend credits to banks, individuals, and corporations. If the Senator will permit me to make a brief statement before asking the question I have in mind, the situation in my country is that the banks are loaded up on loans made, the security being agricultural products. The price of those products has fallen until now the security is not sufficient to cover the indebtedness. Is there any possibility of helping banks and other institutions in that situation?

Mr. KELLOGG. I will say to the Senator that I did explain that section 1 of this substitute is intended to relieve that identical thing.

Mr. CARAWAY. How will they furnish security to the War Finance Corporation?

Mr. KELLOGG. They are authorized to purchase, as the Senator will see from another section of the bill, paper and securities of local banks.

Mr. CARAWAY. But it must be solvent?

Mr. KELLOGG. Why, of course. Nobody is going to buy worthless stuff.

Mr. CARAWAY. The bill that we thought was going to help them would furnish them some means of selling this security, the cotton.

Mr. KELLOGG. It does.

Mr. CARAWAY. If you are merely going to loan money to a bank which has already loaned on cotton more money than it is worth, and do not furnish it any means of moving the cotton, I do not see how the bill will help it.

Mr. KELLOGG. The bill authorizes the corporation to take off the hands of these local banks paper secured by warehouse receipts, by cotton, and by farm products, and to carry it, and makes them eligible with these securities at the Federal reserve banks, where they are not now eligible because many of these institutions that have loaned money are not members of the Federal reserve system. When the Senator comes to examine all the provisions of the bill, I think he will see that aid is extended as far as reasonable principles of finance will permit.

Mr. CARAWAY. If the Senator will pardon me, the thing I had in mind—possibly I did not make it clear—was that we need some kind of an agency that will market the product. We have had all the credit we are entitled to under our security, and we want something to move the product. I do not see how a mere extension of credit would help us in that situation.

Mr. KELLOGG. Now, Mr. President, I will skip over some provisions of the substitute and just mention others.

I might mention that section 25 simply limits the obligations which this corporation may incur for these purposes to \$1,000,000,000. That, in the opinion of the War Finance Corporation, is sufficient. If it is not, of course we can extend it, but it seemed to them that that is sufficient.

Section 26 extends the definition of the words "bank," "banker," or "trust company" to include reputable and responsible financial institutions with adequate resources. The purpose of this amendment is to clear up a doubt which has arisen whether certain institutions engaged in financing transactions of the character contemplated by the War Finance Corporation act, but not technically incorporated under banking laws, can qualify as borrowers from the Federal corporation; and I take it that that is a wise provision.

I might add that in all these advances, of course, the corporation is charged with obtaining full and adequate security, and thorough protection is thrown around its transactions. I do not believe there was ever a bill of the kind of the War Finance Corporation act that was more carefully drawn than the Finance Committee drew the original act, in which the Senator from North Carolina [Mr. SIMMONS] had a very honorable part. It threw around the corporation the protections that business and banking experience has indicated are necessary to good financing and to safe investments and safe business; and while those protections have been changed and liberalized, and in one case the rate of interest at which the corporation can loan has been reduced, in a general way those protections have been preserved in the bill and in the amendment.

Section 24 is designed to permit the corporation to deal with an acute situation existing in the case of many small banks in agricultural districts. Many of these banks are ineligible for membership in the Federal reserve system, and have no adequate rediscounting facilities at their disposal. The amendment authorizes the corporation to make advances to these banks against their promissory notes or other direct obligations, adequately secured, to reimburse them for advances made for agricultural purposes, including live stock. The corporation is further authorized in exceptional cases to purchase from banks, bankers, or trust companies paper secured by agricultural products, including live stock. The purpose of this authorization is to enable the corporation to deal with a situation which frequently arises where a bank in an agricultural district may have reached the limit of its borrowing power as conferred by its charter or the State law, and hence can not borrow from the War Finance Corporation.

The bank may nevertheless hold sound and adequately secured agricultural paper. The amendment will authorize the War Finance Corporation, as an emergency measure, to relieve the bank of such paper, thus putting it in funds and extending its borrowing power accordingly.

Mr. President, of course it is impossible for anyone to describe adequately to what extent this power will be exercised; but we know that in many of the agricultural districts of the country, in the cattle country, in the cotton country, and in the grain countries, many of the local banks and banking concerns who are not even members of the Federal reserve system are loaded up with paper, much of which is good and most of which is good, but which is not available for rediscount at the Federal reserve banks, and their correspondent banks in the larger cities are carrying them to the limit of their capacity. The actual loans probably will not be as great as the effect of the knowledge that here is an institution with half a million dollars



of capital, and which may borrow a billion more on good credit, which stands ready to aid the banking and financial institutions of the country which are loaded up with this paper.

Why, we know that within the past few months \$50,000,000 was raised by a pool and put in the hands of certain gentlemen to finance the cattle raisers, and I know that last autumn many cattle-loan companies which had loaned money and made a regular business of loaning money to farmers to carry their cattle until they were ready for market lost every dollar of their capital, and many of them had to make assessments and raise money in that way, and were not in position to extend any more credit or the kind of credit which was necessary in the cattle business.

So a pool was made up of \$50,000,000. This corporation is authorized to aid local institutions and banks, as well as exporters, in relieving that particular situation, and I believe will be of great assistance. I would not ordinarily think it wise for the Government even to go that far, but I am willing and anxious to go to most any extent within the bounds of what I consider to be safe finance to relieve this situation for the farmers.

I have no doubt that this War Finance Corporation will be able to do some such thing as it has already done. It has sold to the merchants and manufacturers of Czechoslovakia a large consignment of cotton, and took the mills' paper, guaranteed by certain banks and by the Government of Czechoslovakia. The local bank or exporter turned the paper over to the War Finance Corporation, and the War Finance Corporation has used millions and millions of dollars in the aid of exports, but has never lost a penny for the Government of the United States.

Mr. President, it is perfectly easy, of course, if we want to vote an appropriation, to organize a Government company to buy all the products in the country; but we would have to sell them, and there are certain principles of world finance which can not be violated without disaster to ourselves. If this will not accomplish the desired result, I will help in getting through any bill, within what I believe to be reasonably sound finance, to do it, and my only object in taking the time of the Senate this morning is to explain, as far as I am able to, my investigations of this subject.

Now, if I may pass to one or two other sections, I will be through. Section 27 first makes it possible to secure the assistance of the Comptroller of the Currency in obtaining information regarding all banks. It also reenacts section 12 of the War Finance Corporation law, with certain amendments. Instead of issuing bonds alone, it authorizes notes and bonds, which may be issued, of course, in serial numbers, or on short time, so that it will not be compelled to sell long-time bonds, running a year, or even six months, if it can obtain temporary credit in the sale of notes or short-time bonds. The amount of bonds this corporation is authorized to issue is reduced from \$3,000,000,000, which we authorized during the war, to \$1,000,000,000. Maybe that is not sufficient. The Congress can increase it if it is not. It is the opinion of Mr. Meyer, of the War Finance Corporation, in whom I have great confidence, that \$1,000,000,000 is all that is necessary, in addition to its capital, which is \$500,000,000. It seemed to us and to him wise that the unlimited power to issue bonds, which is a great power, and which I voted for with great hesitation, should be cut down to somewhere near the limit of the necessities of the case.

Mr. POMERENE. What rate of interest is provided for?

Mr. KELLOGG. That is left to the War Finance Corporation, to be approved by the Secretary of the Treasury.

Mr. POMERENE. Without any limit whatsoever?

Mr. KELLOGG. As to the rate of interest?

Mr. POMERENE. Yes.

Mr. KELLOGG. There has been no limit in the past, except this, as I will show: In certain advances it must not be less than 1 per cent more than the standard rate of the Federal reserve banks, because it would not do for this corporation to interfere with the flow of all the credit that the Federal reserve banks may give. The rate of interest so far paid on the \$200,000,000 they issued, I am informed by one of the officers of the corporation, was 5 per cent, less a small discount in the sales price of three-eighths of 1 per cent.

Mr. POMERENE. If there was not some limit made, we would be in about the same position the War and the Navy Departments were in during the war when they were bidding against each other.

Mr. KELLOGG. As far as I am personally concerned, I am perfectly willing to leave it to the Senate to impose any limitation it thinks should be put on it.

As to these bonds, of course, they are not guaranteed by the Government. Among many Senators and public men I know there now seems to be a great objection to the Government issu-

ing any more bonds, which necessarily come in competition with the Liberty loan bonds and the Victory loan bonds, which the people of this country purchased at par and which they are now holding to the extent of nearly \$20,000,000,000; because the Government, if it sold a direct loan of its own, could not sell it at the rate of interest which the bonds we sold during the war carried. But the War Finance Corporation does not issue and sell a Government bond backed by a Government guaranty. The bond is a first charge on all its assets, and it has a capital of \$500,000,000 back of the bonds. The bonds, to be sure, are exempt from normal taxes only. They are subject to the inheritance tax and to the surtaxes.

I object very seriously, of course, to the Government issuing any very large amount of bonds that are tax exempt. I think it would be better for the country if neither State, Federal Government, nor any agency could issue a tax-exempt bond. But we are facing a condition which exists, and not an ideal theory of government. The Senator from Nebraska was confronted with the same problem, and he followed the War Finance Corporation.

The bonds that this corporation has issued have been readily salable, were paid off within the year, and I am informed that the managers believe they will have no difficulty in raising the amount of money necessary to aid the commerce of the country. If they should, of course, we can easily extend the limit; but there ought to be a limit, and \$3,000,000,000 is too great a limit for times of peace. We do not need any such amount.

The last paragraph to which I wish to call the attention of the Senate has been submitted to the Federal Reserve Board and has been considered with great care. I would like to read it:

That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation, and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper of corresponding maturities.

I will say to Senators that I am aware that the claim may be made that this may cause some expansion, but I believe under the management of a board of directors of the character and standing of that of this corporation it will not and can not be seriously abused. The principal difference between the law as it is now and the pending bill is that under subdivision 4, as proposed, the rediscount of paper secured by War Finance Corporation bonds is authorized at the 90-day commercial discount rate, instead of 1 per cent more, as required by the original War Finance Corporation act. In other words, it seemed to the War Finance Corporation, and it seems to me, and I think it will appeal to other Senators, that under these circumstances, where this paper becomes eligible for rediscount it ought not to be charged 1 per cent more than is charged on the rediscount of other paper. I am quite aware that during the war this clause was put in there to prevent an undue expansion of rediscounts.

Mr. McCORMICK. Mr. President, will the Senator indicate where the language of the amendment suggests a difference in the rate of interest?

Mr. KELLOGG. Yes; I refer the Senator to section 13 of the original War Finance Corporation act, which contains the following language:

No discount or rediscount under this section shall be granted at a less interest charge than 1 per cent per annum above the prevailing rates for eligible commercial paper of corresponding maturity.

That is taken out.

Mr. McCORMICK. The provision regarding the additional 1 per cent is taken out?

Mr. KELLOGG. Yes; that is taken out.

Mr. SMITH. Mr. President, while the Senator is on this question of the modification of the present War Finance Corporation act, I notice that in the proposed amendment to section 12, as I understood the substitute when it was read, the substitute proposes to change section 12 where it says:

That the corporation shall be empowered and authorized to issue and have outstanding at any one time its bonds in an amount aggregating not more than six times its paid-in capital.

Under the Senator's amendment that would be reduced to two times?

Mr. KELLOGG. Yes; I explained that in passing.

Mr. SMITH. I was not in the Chamber when the explanation was made.

Mr. KELLOGG. Under the original War Finance Corporation act we authorized the corporation to issue bonds to the extent of six times its capital. Of course, that was in time of war, and no one knew to what extent the credit of this corpora-

tion might be demanded. As I understand it, it is the opinion of the officers of the War Finance Corporation that they will not need over \$1,000,000,000. In fact, they have issued but \$200,000,000 of bonds and have met all the demands upon them which it seemed wise to meet. If, of course, \$1,000,000,000 is not enough, the Congress can readily give further authority.

Mr. SMITH. The only point I wanted to make was that the granting of this authorization and their failure to use it is hardly an argument that would appeal, because, as the Senator has just stated, in case they needed more than the \$1,000,000,000 it would necessitate their coming back to Congress. Of course, it is hardly a point worth considering, but it seems significant that in an emergency as great as that with which we are now confronted the probabilities are that we may need more credit than we have ever needed before along the line proposed by this modification.

Mr. KELLOGG. I will say to the Senator that personally I have not the slightest objection to its being made \$1,500,000,000 or any other sum which the Senate thinks may be needed in this emergency and in the next year or two. I have confidence in the officers of this corporation and the Secretary of the Treasury that that power will not be abused, and I have not the slightest objection to its being made \$2,000,000,000.

Mr. McCORMICK. Does the Senator in his substitute increase the capital?

Mr. KELLOGG. No.

Mr. SIMMONS. My information is that the chairman of the War Finance Corporation thought that instead of the proposed capital of \$1,500,000,000 the already existing capital of \$500,000,000 would be sufficient, and the reason why he did not want the bill to provide for more was because he feared, and I think very justly feared, that the larger amount might interfere with the sale of the bonds of the corporation. In other words, he thought a corporation with a paid-in capital of \$500,000,000 could sell its bonds much more readily if it was only authorized to issue twice the amount of its paid-in capital than it could if it was authorized to issue bonds to six times the amount of its paid-in capital.

Mr. KELLOGG. I think the Senator is quite correct. In the discussion I had quite forgotten that point. It is quite true that Mr. Meyer was of the opinion that \$500,000,000 would be more than he could use, turning it over as he does, in all the export transactions which would come to the Finance Corporation.

Mr. McLEAN. Mr. President—

Mr. KELLOGG. I yield to the Senator from Connecticut.

Mr. McLEAN. Does the Senator know how much available capital the War Finance Corporation now has?

Mr. KELLOGG. I stated that it had on hand upward of \$400,000,000, probably from \$400,000,000 to \$430,000,000 available to use immediately in this work.

Mr. McLEAN. So it will call for no additional contribution from the Treasury?

Mr. KELLOGG. It will call for no appropriation whatever from the Treasury, and I am assured by the gentlemen in charge of the War Finance Corporation that they believe that their credit is such that they will have no difficulty in borrowing such sums of money at reasonable rates of interest as they may need to finance all of the export business and domestic business which it is legitimate for that corporation to carry on.

Mr. SIMMONS. Mr. President, I should like to add to what I just said that, of course, this is to be a revolving fund—

Mr. KELLOGG. That is quite true.

Mr. SIMMONS. If at any time the corporation should have loaned out to the full extent of its \$1,500,000,000 resources it would, of course, have on hand a very large amount of perfectly liquid and solvent securities, and it could sell as many of those securities as might be necessary to enable it to go on conducting the business provided for.

Mr. SMITH. Mr. President, as I understand the law, if the Senator will allow me, under the War Finance Corporation act they are not allowed to sell any securities that they may have except their bonds. They can sell the bonds, but they are not allowed to sell any of the securities which they hold.

Mr. SIMMONS. No; Mr. President, the Senator is entirely mistaken. They have sold a lot of Liberty bonds. They can sell any security which they may buy.

Mr. ROBINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Arkansas?

Mr. KELLOGG. Certainly.

Mr. ROBINSON. Is there any provision in the proposed amendment which the Senator from Minnesota has submitted forbidding the War Finance Corporation to sell its assets or any part thereof?

Mr. KELLOGG. The War Finance Corporation may, of course, realize on its loans, but it can not liquidate its capital stock. If it realizes on its loans, it has the money in the place of the loan. It is prohibited from mortgaging its assets by the law, because as the Government is not back of its bonds, there must be some reasonable security. At the time the War Finance Corporation issued its bonds they were readily taken by the public, and the War Finance Corporation now has good credit standing among banking institutions and investors, which the Senator knows is largely a matter of growth and confidence.

Mr. President, I have taken much more of the time of the Senate than I intended in this discussion of the provisions of the bill and in conclusion I merely desire to say—

Mr. WILLIS. Mr. President, will the Senator permit a question before he concludes?

Mr. KELLOGG. I yield to the Senator from Ohio.

Mr. WILLIS. Is there anything in the amendment offered by the Senator from Minnesota that in any way modifies or amends section 17 of the War Finance Corporation act? That is the section, the Senator will recall, which provides that the United States shall not be liable for the payment of any bonds or other obligations.

Mr. KELLOGG. No; that is not amended in any way. I stated before that the War Finance Corporation bonds were secured simply by the assets of the corporation, which of course amount to \$500,000,000. The Government owns the stock and no further appropriation or guaranty is involved.

Mr. McLEAN. May I ask just what is the character of securities held by the War Finance Corporation? Do they hold any foreign securities?

Mr. KELLOGG. I am not able to say just what they hold at this time. They have held the securities of local exporters secured by notes of foreign manufacturers, banks, and Governments, but the corporation has the direct obligation of the domestic exporter or manufacturer or bank.

Mr. McLEAN. They probably have the guaranty of some domestic institution?

Mr. KELLOGG. They must have, under the present act, the direct obligation of a domestic corporation or institution. In one instance with which I was familiar, as I said before, the War Finance Corporation took a large amount of the obligations of cotton exporters and as security received the notes of the leading cotton mills in Czechoslovakia, of the banks, and, thirdly, the guaranty of the Government. The American concerns turned them over, and they were carried by the War Finance Corporation. I might explain in passing that the extent of the credit under section 22 is one year, but may be extended for two years more. No bond can be issued after January 1, 1927, and all bonds must be repaid by July 1, 1927.

All that I have done in this matter and in the investigation I have made has been since the bill was reported to the Senate. I assure the members of the Committee on Agriculture and Forestry and the Senate that my sole object was to do everything that could be done, which I believe should be done, in a safe business way, consistent with our institutions and our finances, to relieve the exporter and the farmer, not only in carrying the products, but in marketing them in foreign countries.

I have believed and now believe that the War Finance Corporation is one of the best agencies, the safest and the most effectual agency, that we created during the war, and it has been one of the best managed. I believe that its assistance in this crucial financial period in this country will not be confined to the money it advances in particular cases, but that its assistance and its aid to the exporters, banks, and business men of the country with resources of \$1,500,000,000 behind it, well managed, will be of far-reaching benefit to our commerce and to our domestic institutions in this time of great financial stress.

Mr. McLEAN. I think the War Finance Corporation has a profit of something like \$40,000,000.

Mr. KELLOGG. I am not able to say as to that. As I believe I have said before, it now has supplies of cotton in nearly every country of the world ready to be sold, it has its agencies in foreign countries, pushing our commerce, and I believe anything that we may do to strengthen it will be of great benefit to the local producer, to the farmer, and the local banker in the country.

Mr. SMITH. Mr. President, before the Senator takes his seat I wish to ask him one question. I would have asked it earlier, but did not care to break the continuity of the Senator's explanation.

The difference between the present War Finance Corporation act and the amendment proposed by the Senator is that under the Senator's amendment it is proposed, in view of the fact that the foreign markets are not in a position to absorb the products



of this country, that the scope of the War Finance Corporation shall be now enlarged so it may go to the assistance of the local banks, the little banks in the agricultural communities which have accepted paper on farm products to their limit under the laws governing them. This corporation takes up that paper and thereby relieves those who must have some means of carrying on their farm work and realize enough to meet their more pressing obligations; and this corporation will now take that paper and liquidate it for those banks, and in lieu of exporting it will hold the stuff from the market until such time as there is an export market. Is not that in a word the difference between the present law and the one proposed by the Senator?

Mr. KELLOGG. I will say in answer to the Senator that it is partly that. This corporation, of course, does not buy and hold any products. It can make advances not only to persons, corporations, firms, and banks in aid of carrying products for domestic concerns, but in aid of selling them in foreign countries as well. I have tried to explain as well as I could the provisions in that regard. The bill offered by the committee authorizes a new corporation, requiring an appropriation of \$100,000,000, to issue Government-guaranteed bonds to the extent of \$1,000,000,000 and to buy and sell farm products. I believe that provision to be unwise.

Mr. SMITH. Mr. President—

Mr. KELLOGG. If the Senator will permit me, I wish to close, because I have used altogether too much time.

I submit these remarks not with any view that the amendment is perfect or that there may not be other amendments which would accomplish the same object, but the careful study I have given to the bill in the last week or 10 days leads me to believe that if we are going to accomplish any real benefit to the farmer and the producer of this country we should pursue this course rather than to organize a corporation to buy and sell products and launch into new fields which, based on similar experiments, will undoubtedly prove most disastrous.

Mr. HARRISON. Mr. President, before he takes his seat will the Senator allow me to propound a question?

The Senator says that he has given a great deal of study to this question since the consideration of the so-called Norris bill began in the Senate. We all know the Senator is a close student of such matters. Does the amendment represent the views of the administration on this question?

Mr. KELLOGG. I can not say as to that.

Mr. HARRISON. The reason I ask the Senator the question is that the newspapers have printed the news that the President would send a message to the Senate this morning in reference to this legislation, and that the administration was preparing a bill on the subject. I suppose, of course, if this is the administration bill, it would carry more weight than the weight that would be carried by a bill which was merely the work of the Senator introducing it and it represented merely his individual views.

Mr. KELLOGG. As I stated frankly this morning, I have never discussed the details of the amendment with the President, though I have discussed its details with the members of the War Finance Corporation, and I am told the measure has been discussed with the Secretary of the Treasury, though I have not discussed it with him.

Mr. HARRISON. Does this measure meet their approval?

Mr. KELLOGG. So far as I am able to say, it is believed by the Treasury Department and the Comptroller of the Currency and the War Finance Corporation that the amendment will accomplish much more than the bill of the Senator from Nebraska, and embodies all that it is safe for the Government to launch upon.

Mr. HARRISON. And they prefer the Senator's substitute to the Norris bill?

Mr. KELLOGG. I said in opening my remarks that the principal features of the amendment had been considered with care, and had been discussed by various Senators with the War Finance Corporation. I want the Senator from Mississippi to know all there is about it, for there is no mystery in reference to the matter. I believe that Mr. Meyer and his associate directors have had a great deal of experience, and I believe that their advice is very valuable. I for one do not pretend to be competent to pass upon all the provisions of the proposed substitute, but I have frankly given the Senator from Mississippi all the information I have.

Mr. HARRISON. I agree with the Senator from Minnesota thoroughly, but I merely wished to be informed in reference to the status of his amendment.

Mr. RANDELL and Mr. SIMMONS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Minnesota yield; and if so, to whom?

Mr. KELLOGG. I yield the floor.

# SENATOR FROM DELAWARE.

During the delivery of Mr. KELLOGG's speech, Mr. BALL. Mr. President, my colleague, Mr. DU PONT, whose credentials have heretofore been presented and placed on file, is present and ready to take the oath of office.

The VICE PRESIDENT. The newly appointed Senator from Delaware will present himself at the desk for that purpose.

Mr. DU PONT was escorted to the Vice President's desk by Mr. BALL, and the oath prescribed by law having been administered to him, he took his seat in the Senate.

After the conclusion of Mr. KELLOGG's speech,

## OBLIGATIONS OF THE GOVERNMENT TO THE RAILROADS (S. DOC. NO. 54).

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

Mr. KENYON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Johnson	Newberry	Smoot
Borah	Jones, Wash.	Nicholson	Spencer
Brandagee	Kellogg	Norbeck	Stanfield
Broussard	Kendrick	Norris	Stanley
Capper	Kenyon	Oddie	Sterling
Caraway	King	Overman	Townsend
Curtis	Ladd	Phipps	Trammell
Dial	La Follette	Pittman	Underwood
Edge	Lenroot	Poinexter	Wadsworth
Ernst	McCormick	Pomerene	Walsh, Mont.
Fernald	McKellar	Ransdell	Warren
Fletcher	McKinley	Reed	Watson, Ga.
Gerry	McLean	Robinson	Watson, Ind.
Gooding	McNary	Sheppard	Williams
Harris	Moses	Shortridge	Willis
Harrison	Nelson	Simmons	
Heflin	New	Smith	

The VICE PRESIDENT. Sixty-six Senators having answered to their names, a quorum is present. The Secretary will read the message from the President.

The reading clerk read the message, as follows:

### To the Senate and House of Representatives:

It is necessary to call the attention of Congress to the obligations of the Government to the railroads and ask your cooperation in order to enable the Government to discharge these obligations. There is nothing new about them, but only recently has there come an understanding which seems well to justify a sincere endeavor to effect an early settlement. These obligations already have been recognized by the Congress in the passage of the transportation act restoring the railroads to their owners, but previous recognition was made in the contract under which the railroads were operated by the Government for the period of the World War.

The contract covering operation provided that the railways should be returned to their owners in as good condition as when taken over by the Government, and the transportation act, recognizing that betterments and additions belong to capital account, provided that such sums as the railway companies owed the Government for betterments and new equipment, added during the period of Government operation, might be funded. There has been at no time any question about the justice of funding such indebtedness to the Government. Indeed, it has been in progress to a measurable degree ever since the return of the railroads to their owners. It has been limited, however, to such cases as those in which final settlements with the railway administration have been effected. The process is admittedly too slow to meet the difficult situation which the owners of the railroads have been facing, and I believe it essential to restore railway activities and essential to the country's good fortune to hasten both funding and settlement.

Quite apart from the large sums owing to the Government, which we are morally and legally bound to fund, the Government admittedly owes the railway companies large sums on various accounts, such as compensation, depreciation, and maintenance. There has been a wide difference of opinion relating to the amount the Government owes, due in the main to the claim of the owners that in spite of materials and hours of labor being estimated in proper relations to similar expenditure in the prewar test period, the "inefficiency of labor" still left a wide difference between actual upkeep and the expenditure made during the Government operation.

In order to expedite settlement and funding an informal understanding, which is all that is possible or practical, has been reached, under which the railway claims based on the "inefficiency of labor" are to be waived to hasten complete and final settlements, without surrender of any rights in court



in case there is failure to settle. I have no doubt that early, final, and satisfactory settlements will be reached, since the policy of the railway administration already has been effective in finally settling the accounts of roads filing claims amounting to \$225,568,764, resulting in the payment to them of \$68,141,222.

The way now would seem to be clear to very early adjustment and relief, except for the fact that the railway administration, though possessing assets, does not command the funds necessary to meet what will be its admitted obligations.

There is no thought to ask Congress for additional funds. Perhaps \$500,000,000 will be necessary. The Railroad Administration has, or will have in the progress of funding, ample securities to meet all requirements if Congress only will grant the authority to negotiate these securities and provide the agency for their negotiation.

With this end in view, you are asked to extend the authority of the War Finance Corporation so that it may purchase these railway funding securities accepted by the Director General of Railroads. No added expense, no added investment is required on the part of the Government; there is no added liability, no added tax burden. It is merely the grant of authority necessary to enable a most useful and efficient Government agency to use its available funds to purchase securities for which Congress already has authorized the issue and turn them into the channels of finance ready to float them.

I can readily believe that so simple a remedy will have your prompt sanction. The question of our obligation can not be raised, the wisdom of affording early relief is not to be doubted, and the avoidance of added appropriation or liability will appeal to Congress and the public alike.

The after-war distresses of two great and fundamental activities have been riveting the anxious attention of the country. One is the readjustment and restoration of agriculture, the other is the distress of our railway transportation system.

Pending proposals for relief and their discussion have already brought to the attention of Congress the very promising possibilities of broadening the powers of the War Finance Corporation for the further relief of agriculture and live-stock production. This corporation has proven itself so helpful in the relief thus far undertaken that I can not help but believe that its broadened powers, as have been proposed, to meet agricultural needs will enable it wholly to meet the nation-wide emergency. This is an impelling moral obligation to American farming in all its larger aspects, and it will be most gratifying to have your early sanction.

In the case of the railroads there is a moral and a contractual obligation, and your favorable action is no less urgent and will no less appeal to public approval. Railway solvency and efficiency are essential to our healthful industrial, commercial, and agricultural life. Everything hinges on transportation.

After necessary and drastic curtailments, after harrowing straits in meeting their financial difficulties, the railways need only this financial aid which the fulfillment of our obligations will bestow to inaugurate their far-reaching revival. Its effects will be felt in varied industries and will banish to a large degree the depression which, though inevitable in war's aftermath, we are all so anxious to see ended.

I am appending herewith memoranda concerning the progress of railroad liquidation and revealing existing conditions which Congress will be interested to note, while considering the simple remedy proposed for the relief of the situation. The information is submitted by the Director General of the Railroads.

WARREN G. HARDING.

THE WHITE HOUSE, July 26, 1921.

The VICE PRESIDENT. The message will be printed, and, with the accompanying paper, referred to the Committee on Interstate Commerce.

#### PETITIONS AND MEMORIALS.

Mr. WARREN presented a resolution adopted by the Lovell Commercial Club, of Lovell, Wyo., protesting against the enactment of Senate bill 1355, to provide for the establishment and maintenance of a post roads and interstate highway system, to create a Federal Highway Commission, and for other purposes, unless the bill shall be amended so as to provide for the continued administration of roads and trails within the national forests by the Department of Agriculture with necessary appropriations therefor, which was referred to the Committee on Post Offices and Post Roads.

Mr. WILLIS presented a resolution adopted by the American Federation of Labor at its recent convention in Denver, Colo., favoring the enactment of an adequate import tariff on crude

oil and its by-products so as to protect the independent petroleum and coal-producing interests operating in the United States, etc., which was referred to the Committee on Finance.

He also presented a resolution adopted by the board of directors of Deaconess Hospital, of Cincinnati, Ohio, protesting against any proposed increase in the tariff on surgical instruments, which was referred to the Committee on Finance.

Mr. POINDEXTER. Mr. President, I present resolutions adopted at a meeting of the national executive committee of the Private Soldiers' and Sailors' Legion, held in Washington, D. C., July 24, 1921, which I ask may be printed in the RECORD.

There being no objection, the resolutions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD as follows:

#### NATIONAL HEADQUARTERS PRIVATE SOLDIERS AND SAILORS' LEGION OF THE UNITED STATES OF AMERICA, Washington, D. C., July 24, 1921.

At a meeting of the national executive committee of the Private Soldiers and Sailors' Legion, held at the national headquarters, 810 F Street NW., Washington, D. C., on July 24, 1921, there were adopted by unanimous vote the following resolutions:

*Resolved by the national executive committee of the Private Soldiers and Sailors' Legion, on behalf of all our members, men who know from personal experience what war really means, That we do hereby most heartily congratulate Warren G. Harding, President of the United States, on his wise and humane action in inviting the great nations of the earth to a disarmament conference at Washington; and*

*Resolved, That we feel that the action of President Harding in taking the lead in this movement to relieve our people and the peoples of all nations from the crushing burden of military armaments and preparations for war will in its far-reaching results for the good of humanity rank as one of the wisest and most beneficent acts of any President since the foundation of this Republic; and*

*Resolved, That we extend to President Harding our heartfelt thanks, our earnest support, and our warmest good wishes for complete success in his efforts for disarmament and the relief it will bring to suffering humanity, and for the advancement of peace and prosperity for our own country and all the nations of the earth which will flow from this great movement.*

[SEAL.]

MARVIN GATES SPERRY,  
Chairman National Executive Committee,  
The Private Soldiers and Sailors' Legion.  
EARL L. SEAL, Secretary.

#### AMENDMENT TO FEDERAL RESERVE ACT.

Mr. McLEAN, from the Committee on Banking and Currency, to which was referred the bill (S. 2263) to amend the Federal reserve act approved December 23, 1913, reported it with an amendment and submitted a report (No. 234) thereon.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WILLIS:

A bill (S. 2304) granting a pension to Bertha Greaves (with accompanying papers); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 2305) to carry out the findings of the Court of Claims in the case of Charles C. Adams; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 2306) to authorize the Secretary of War to release a certain right of way no longer needed for military purposes at Springfield Armory, Mass.; and

A bill (S. 2307) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2308) granting an increase of pension to Sallie Blevins (with accompanying papers); to the Committee on Pensions.

#### EXPORTATION OF FARM PRODUCTS.

Mr. EDGE submitted an amendment intended to be proposed by him to the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, which was ordered to lie on the table and to be printed.

#### HOUSE JOINT RESOLUTION REFERRED.

The joint resolution (H. J. Res. 163) authorizing the Secretary of War to loan to the Eighty-eighth Division Association for their reunion at Des Moines, Iowa, tents, cots, mattresses, blankets, and galvanized-iron buckets was read twice by its title and referred to the Committee on Military Affairs.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.



Mr. RANSDELL. Mr. President, as a member of the Agricultural Committee and a Senator from a State intensely interested in agriculture, I am delighted to see that our President and his advisers are taking a deep and a most intelligent interest in trying to devise legislation to assist in the difficult agricultural situation which now confronts the Nation.

The Committee on Agriculture and Forestry had the Norris \$100,000,000 export corporation bill under consideration for several weeks. We took the advice of everyone who was willing to appear and assist us, and the result of our efforts was the preparation and favorable report of this bill. It has been considered in the Senate about 10 days, and has aroused unusual public interest. The efforts of the committee and the Senate debates have, I am sure, convinced the country that the situation of agriculture is very serious, and something should be done to afford immediate relief.

Why is the situation serious? It is because there is a vast surplus of agricultural products on hand, because there is a growing crop, and in a few months a large additional amount of these products will come on the market. The evidence before the committee shows that in the single State of Iowa there are about 250,000,000 bushels of corn on hand. Now, corn does not keep indefinitely. That corn is going to be destroyed after a while. There are large quantities of corn in the other great grain States, especially Nebraska and Illinois. There is little or no demand for that corn. The average price to the farmer for corn in those three States at the present time is about 34 cents per bushel at the elevator, and we were told that it costs 14 cents a bushel to haul, husk, and sack it, leaving the farmer for the rent of his land and for all his labor in connection with the production of that corn the miserable pittance of 20 cents per bushel. The quotations on the eastern markets are considerably higher than the 34 cents at the elevators of Iowa, Illinois, and Nebraska, but, sirs, the railroads receive an average of 60 cents per 100 pounds for transporting corn from those States to the Atlantic seaboard, or an average of about 36 cents per bushel. So at the present prices, if the corn could be transported and sold at the seaboard the railroads would get a great deal more out of it than the producers.

Mr. President and Senators, from the best evidence before your Committee on Agriculture and Forestry there is a considerable surplus in our country of every agricultural product except wheat. There are on hand vast quantities of cotton, rice, hides, barley, oats, meatstuffs—not live cattle, I am sorry to say—great quantities of every kind of agricultural products except wheat, and a good crop in the ground, a good crop being produced. What are we to do with this surplus and with the increasing surplus? Echo answers, "What?" Is it not the duty of the Senate to try to devise some means to assist the farmers in disposing of their products?

How do we happen to have such a surplus? Who is responsible for the largely increased production of agricultural products of every kind and sort? Did not our great Government, through the Agricultural Department and the Food Administration, cry out from every housetop to the farmers of America, "Produce! Produce! Produce! Increase your production! The world needs every pound of cotton and every pound of food that you can produce, and all that you can produce for several years to come?"

Who was more active in that cry for increased production than the gentleman now at the head of our Department of Commerce, Mr. Hoover? He was honest in his efforts. We applauded his efforts. We followed his advice, and we have a very great surplus of agricultural products on hand.

I submit, Mr. President and Senators, that as the Government through its authorized agents insisted upon this increased production, it is at least morally bound to assist the farmers in getting rid of this surplus product. No one can deny that proposition, and it is certainly a most important national matter.

The farmers of America constitute about 48 per cent of all of our people. The farmers' wealth is estimated at \$77,000,000,000. Now, "seventy-seven billions" rolls glibly off the tongue; but when you compare that sum with the railroad valuation of twenty billions, and reflect that the farmers of this country are worth in round numbers four times as much as all the railroads, it calls for serious consideration and very careful attention to anything which the farmers ask for. Fifty per cent, in round numbers, of our population, seventy-seven billions of our wealth! Why, we have just heard read a message from the President in regard to the railroads.

I understand that we are going to be called upon to give them \$500,000,000. Probably we shall have to do it. I have always

voted for everything that they seemed absolutely to require. I realize that we can not live without the great transportation system of this country; but, sirs, when we are called upon to give the railroads five hundred millions, let me remind you that the Norris bill calls for only one hundred millions for the farmers of America, whose aggregate wealth is four times as much as that of the railroads. The railroads are to be given five hundred millions and the farmers one hundred millions. If you were to put the farmers on a parity with the railroads you would have to give them at this time two billions instead of one hundred millions, twenty times as much as the Norris bill proposes. Those things require thoughtful consideration, Senators.

Mr. McLEAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Connecticut?

Mr. RANSDELL. I shall be delighted to yield to the Senator.

Mr. McLEAN. Can the Senator give us any idea of the total value of the surplus agricultural products that now are pressing for market?

Mr. RANSDELL. It would be impossible, Mr. President and Senators, to answer that question. It is certainly very large. A conservative estimate is \$1,000,000,000, and I believe one and a half billion is nearer correct. A number of Senators from the South have been trying very hard to get a careful census made of the cotton now on hand. The best evidence I have been able to obtain in regard to cotton indicates on hand on the 1st of next month about 6,750,000 bales. I saw a wild statement in the paper yesterday—you probably read it—that some department of the Government was going to declare that we had about 10,500,000 bales of cotton on hand.

Mr. HEFLIN. Mr. President—

Mr. RANSDELL. I am satisfied that that is entirely incorrect. I examined the question with great care a short while ago, when I wanted to make an address in New York before the American Cotton Congress; and from the best evidence then obtainable, counting the balance of carry over, as it is called, on the 1st of August of last year, calculating the total production of cotton during the year 1920-21, as we describe it, and deducting the actual exportation from that time to the present and the actual consumption from that date to the 1st of next month, I made out about 6,750,000 bales of cotton. Now, the Senator knows about what that is worth as well as I do.

Mr. HEFLIN. Mr. President—

Mr. RANSDELL. If the Senator will excuse me just one moment, then I will yield. If you were to sell it at the present time, I doubt if you could get over 7 or 8 cents per pound for it. At 8 cents per pound it would be \$40 per bale, so you can make your own calculation.

I yield to the Senator from Alabama.

Mr. HEFLIN. Mr. President, I interrupt the Senator to inform him that I have just received a statement from the Director of the Census to-day, and the amount of cotton on hand on July 31, as indicated by the Bureau of the Census, will be 6,139,000 bales.

Mr. RANSDELL. I thank the Senator very much. I was just going to say, when interrupted by him, that I had to make an estimate of the foreign exports of cotton for three months when I made that speech. I have not looked at the figures since, and the exports, I am glad to say, have been larger, in proportion, than I estimated. It has been moving a little more freely to the Old World than we had hoped.

Mr. McLEAN. The exports of cotton were about double in June of this year what they were last year?

Mr. RANSDELL. I am not sure.

Mr. McLEAN. What would be the normal hold over of cotton?

Mr. RANSDELL. I could not give the Senator a satisfactory answer to that; there is a big difference of opinion. About 8 or 10 years ago, if I recall the figures, there was a hold over of around 5,000,000 bales. I should say the normal hold over is between three and four million bales. But 6,000,000 bales is a great deal more than the normal; 6,750,000 bales is nearly 3,000,000 bales above the normal.

Mr. McLEAN. My information is that the normal hold over would be nearly 5,000,000 bales, which is 1,000,000 bales larger than the Senator from Louisiana thinks would be the yearly hold over. But even at 4,000,000 bales, taking into consideration the fact that the next crop probably will be 4,000,000 bales short—

Mr. RANSDELL. I hope so, Senator. The acreage is very much reduced. The area in cotton is reduced about 11,000,000 acres—from something like 37,043,000 in 1920 to 26,519,000 this

year. In other words, the reduction in acreage is very nearly 30 per cent, and that normally would indicate a reduction of about 4,000,000 bales, from a normal crop of about 12,000,000 bales.

Mr. McLEAN. The prospect is for a very short cotton crop. Adding the hold over to the current crop, you will have next January less cotton by two or three million bales than you would ordinarily have.

Mr. RANDELL. I wish I could think so. About the most bullish estimate—for that is the term we use—is something over 8,000,000 bales for the present crop. You would add to the 8,000,000 the 6,200,000 carry over, as indicated by the Senator from Alabama [Mr. HEFLIN], and that would make well over 14,000,000 on the 1st of January.

Mr. McLEAN. There is not an extraordinary and unusual surplus of cotton at the present time, according to the Senator's own estimate.

Mr. RANDELL. It is not extraordinary, if we could get at the facts. If the Senator from Alabama has been furnished a statement of the real facts as to the carry over being 6,139,000 bales, and the crop is not more than 8,500,000 bales, the carry over will not be very troublesome, I will say to the Senator; we will be able to handle it. But there are several "ifs" intervening.

The first is, is that estimate of the Census Bureau correct? The second is, will the crop be only about 8,500,000 bales? The boll weevil is said to be very bad at the present time. There has been entirely too much rain in many sections of the belt and too much drouth in others. The cotton crop is not in a very promising condition. But I have seen things change wonderfully from the 1st of August, and a crop that was not promising on the 1st of August turned out remarkably well in October and November, when it was gathered.

Mr. McLEAN. At present prices the Senator would not expect any difficulty in financing the cotton crop this year? It would not take more than one-half of the capital ordinarily used to finance the cotton crop—to handle it this year?

Mr. RANDELL. I will say to the Senator that the price is considerably below the prewar price, and if cotton is going to remain at anything like its average present price it certainly would not take a great deal of money to finance it.

Mr. McLEAN. The banks probably would be able to finance it at its present price?

Mr. RANDELL. I beg the Senator's pardon—

Mr. McLEAN. What the Senator wants is a higher price for the cotton?

Mr. RANDELL. I would like very much to have higher prices, but I do not wish to have the farmers hold the cotton abnormally. I want the cotton to move. I will say to the Senator that even though cotton will last indefinitely if it is properly housed in a perfectly dry warehouse, much of it, I am sorry to say, is not so housed. Much of it is on the farms, under barns, under the edges of galleries, and is deteriorating rapidly. It ought to be sold, beyond any question, and there is a considerable surplus on hand right now.

Mr. McLEAN. Of course, there is a surplus of cotton, but cotton is an indestructible product, almost, if properly housed.

Mr. RANDELL. If properly housed, yes; but, unfortunately, a great deal of it is not properly housed.

Mr. McLEAN. I fancy that what the southern cotton grower really wants is not the money to carry his crop against an uncertain market, but a present sale at a profit, if he can get it.

Mr. RANDELL. I think the Senator has expressed that very nicely, a present sale at a profit; but how can he get a present sale at a profit, when his cotton cost him over 30 cents, and he can not hope to have it go up as high as that?

Mr. McLEAN. That is the problem we are facing here. The question is, What can the Government do in the premises, and what ought the Government do in the premises?

Mr. RANDELL. This substitute, I will say, proposes to lend the southern farmer money with which to hold his cotton; to hold it maybe two or three or four or five years. The Norris bill proposes to create a corporation that will try to find immediate buyers for the cotton abroad—people who will take the surplus of two or three million bales off the growers' hands, give them money, and let them close their books. The grower knows he is in for a very heavy loss in any event, but he would like to close his books and see just where he stands, not borrow a large amount of money, and carry on indefinitely.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator yield to the Senator from Illinois?

Mr. RANDELL. I yield.

Mr. McCORMICK. At the risk of asking the Senator to elaborate, I wish he would explain, if he will, how the cor-

poration provided for in the Norris bill would find a market abroad. Under what provision of the Norris bill does the Senator think that market could be found?

Mr. RANDELL. Under the provision which authorizes this corporation of three persons to sell exports to foreign countries.

Mr. McCORMICK. The Senator means he would have the corporation buy the cotton and sell it abroad?

Mr. RANDELL. That was provided in the bill as originally drawn, I will say to the Senator, but I think that feature of it is going to be changed. I do not disclose any secret when I say that the committee this morning agreed to amend that phase of it somewhat, and to have the corporation act as agent for the owners of goods in this country in finding the purchasers abroad and selling the goods to them, taking the very best securities we can get, Government guaranties if possible—and we are assured we can get Government guaranties in many instances—and then using those securities and guaranties as the basis for an issue of bonds.

Mr. McCORMICK. Let me ask the Senator, further, under what provision of the Norris bill can credits be established in Europe more easily than under the provisions of the substitute offered by the Senator from Minnesota?

Mr. RANDELL. Under the terms of the Norris bill, if the Senator will look at section 9, he will find it is provided that the corporation is authorized—

to act as agent of any person producing or dealing in such agricultural products within the United States; and (3) to make advances for the purpose of assisting in financing the exportation of agricultural products upon such terms and subject to such rules and regulations as may be prescribed by the board of directors of the corporation to any person producing such products within the United States.

Now, listen to this:

or to any person, government, or subdivision of government without the United States purchasing such products, but in no case shall any of the moneys so advanced be expended without the United States.

In other words, this corporation can act as agent. Under the proposed amendment, it can not buy, but it can act as the agent of myself, for instance, a representative of the cotton producers, let us say, and assist me in selling my cotton to some one in Germany, Czechoslovakia, Rumania, Poland, or any other countries, getting from the purchaser the best securities possible, advancing money to them on the securities, and then turning that money over to me; so I will get paid in that instance. That is the modus operandi of the corporation provided for in the pending bill.

Mr. McLEAN. Mr. President—

Mr. RANDELL. If the Senator will pardon me, the Senator from Illinois had not finished.

Mr. McLEAN. I do not wish to interrupt him.

Mr. McCORMICK. Mr. President, under the provisions to which the Senator from Louisiana has alluded, the corporation may make advances to any government or subdivision of government without the United States.

Mr. RANDELL. Yes.

Mr. McCORMICK. Requiring security equal to at least 100 per cent of the amount advanced by the corporation.

Mr. RANDELL. Yes, sir.

Mr. McCORMICK. Suppose the value of the security were to fall 30 per cent overnight, as now happens more often than not in some of the countries in which this cotton will be sold. Then what?

Mr. RANDELL. I suppose the corporation would be unfortunate in that instance, just as the Senator would be if he had loaned a man something on a security that lost its value. That might happen, as a matter of course. But I want to ask the Senator this, if it is not far better for our great Government, representing all the people and trying to look after the interests of its entire citizenry, to take chances on these securities falling 30 per cent overnight than it is for the private person to take that chance? The Government can take it better than the individual can.

Mr. McCORMICK. Yes; it took it in the matter of the railroads and the Shipping Board.

Mr. RANDELL. Yes; it took it on account of the greatest war the world ever saw, and the echoes of that war are unfortunately still with us. We can not get away from that war, Senators. That is the main difference between some Senators and myself. They are trying to apply to this awful situation the ordinary rules and practices of normal times. The times are abnormal and we can not apply to the present abnormal situation the rules and principles which govern business ordinarily. Just as we were compelled to have, or thought we were compelled to have, a railroad administration, and knew we had to have a shipping board, so, in my judgment, we need something now.



Let me read to Senators in this connection—and then I will be glad to answer any other questions—a statement that I find in the Washington Herald, the organ of Mr. Hoover, dated July 20. It is on the eleventh page, the last paragraph. This is the heading:

**FIRMS OF ENGLAND WILL NOT INSURE EXPORT CREDITS—TOO LARGE AN UNDERTAKING FOR COMPANIES TO ASSUME RISK—POLITICS INVOLVED—BRITISH WRITER POINTS OUT THAT ONLY GOVERNMENT COULD TAKE CHANCE.**

I hope Senators will listen to this, because it fits our situation as a glove fits the hand:

A writer to the Manchester Guardian-Commercial sets forth the principal reasons why insurance companies could not undertake the insurance of export credits, as proposed in Great Britain.

Reviewing the numerous new classes of risks assumed during the year, he said that up to two years ago it seemed as if the principles of insurance were flexible enough to adapt themselves to any contingencies; but, he adds, "We now know that they have definite limitations. Insurance can flourish in any direction except where it impinges upon politics; it can not exist when its commercial principles have to be tempered to the exigencies of a political situation."

Senators, that political situation exists all over the world to-day, and it is a bad one.

Two striking examples of this limitation are offered by unemployment.

Have you thought much about this unemployment problem? I have a letter here from the Secretary of Labor showing that on the 1st of January of this year four and one-half million people were unemployed in this country. I had a report from the Irving National Bank, of New York City, dated the 18th of this month, showing that the unemployment in 1,428 establishments in 65 of the biggest commercial centers of the country during the month of June increased 2.9 per cent as compared with May. Those firms, 1,428 of them, had 715,000 employees on the 1st of January. Up to the 1st of July they had discharged 101,000 of these employees.

All of us know, from the appeals of our friends and constituents, that the Government is turning its employees off very fast. We are going to hear more about the Government employees who are being thrown out of employment. Unemployment is growing by leaps and bounds. This writer in England speaks about unemployment there being one of the things against which they can not insure. Does any Senator here think an insurance company of this country would dare insure a man against unemployment? Certainly not; and yet we all know that the great English Lloyd's would insure against unemployment as it would insure against anything under the sun in normal times; but it will not do it now.

Mr. KING, Mr. McLEAN, and Mr. McCORMICK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. RANDELL. I yield to the Senator from Connecticut, who rose first.

Mr. McLEAN. If there are 4,000,000 or more men out of employment in the country, I suppose a large percentage of them were dropped from manufacturing and mercantile establishments.

Mr. RANDELL. I imagine a great many of them were, but a great many came from the farms, because I have just stated that the cotton crop was reduced 30 per cent, and that certainly means less people on the farms.

Mr. McLEAN. That would certainly indicate that there is a large surplus of manufactured goods in this country—

Mr. RANDELL. I rather think so.

Mr. McLEAN. Which would like to have a market provided abroad for them.

Mr. RANDELL. Not necessarily abroad, I will say to the Senator. The best market for our manufactured goods is America. We buy 90 per cent of our own goods right here, and the farmers are about the best buyers of the manufactured goods. If we let them have this money to aid them to get rid of their surplus products, every dollar of it will stay in America, and every dollar of it will be paid out to the manufacturing establishments, to the merchants, and to the banks. It will not go abroad; it will stay here and help build up this country.

Mr. McLEAN. Will the Senator bear with me a moment?

Mr. RANDELL. Yes; I will.

Mr. McLEAN. America is the best market for American agricultural products—

Mr. RANDELL. Yes; and a mighty good market for manufactures, too.

Mr. McLEAN. Honors are even in that respect, so we will come back to the assumption, which I think is a correct one, that there is a very large quantity of manufactured goods in this country that would like a market somewhere at a profit.

Mr. RANDELL. Yes.

Mr. McLEAN. Would not the Senator think it fair to include them in his bill with the agricultural products?

Mr. RANDELL. I will say to the Senator that the Committee on Agriculture and Forestry feels that it is specially charged with the duty of looking after agriculture. We do not like to do everything in one bill. We felt that the War Finance Corporation was a very good institution, was getting along fairly well in some particulars, and was caring moderately for manufactures. It has loaned a great deal of money to the banks, which are extremely close to the manufactures. We felt that American agriculture, represented by 50 per cent of the people in round numbers and \$77,000,000,000 of wealth, was important enough to require one commission to look after it.

We did not include manufactures, although we knew that perhaps something ought to be done for the manufactures. If the Senator from Connecticut, or some of those personally interested in the manufacturers, will prepare a similar bill to this in their behalf, I think he will find the agricultural Senators not particularly unfriendly to that measure.

Mr. LENROOT and Mr. FERNALD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. RANDELL. I yield first to the Senator from Maine, and then I shall be glad to yield to the Senator from Wisconsin.

Mr. FERNALD. Mr. President, I am deeply interested in the remarks of the Senator, and it is just occurring to me what is the purpose of the bill. I did not know the purpose of the bill really, but I can now see how it will be a very valuable measure and of great assistance to the people. I am sure the manufacturers in my section of the country would not object to a present market at a profitable price on their goods; and, if the Senator will join in supporting a bill where all products of the country would find a ready market at an advanced price, I can see how we can all be greatly benefited.

I did not quite understand, though I am learning much about the bill, how the poor fellows who are out of employment, 4,500,000 of them, about whom we have not heard much in the last three months, are going to be benefited. The arch defenders of the poor and oppressed for many weeks before November were talking of those men all over the country. I have not heard much of them of late. I can not readily understand how they will be benefited by an advance in the price of bread or wheat.

Mr. RANDELL. I will try to give the Senator the best answer I can. I do not pretend to intimate that we can legislate prosperity into the country. It is a doubtful problem. I am not wild enough to get up here and say we can legislate prosperity and get good prices for our agricultural and other products. We can only assist to the best of our ability; we can help along somewhat. That answers that part of the Senator's question.

As to helping the poor oppressed laboring man, suppose that the 250,000,000 bushels of surplus corn in the State of Iowa, as an illustration, instead of lying in the bins—much of it rotting and going to destruction—could have a market found for it in Europe, and the railroads could haul it to the seaboard at 36 cents per bushel transportation charge, would not that give a great many laborers work to-day who are now idle? Beyond question it would.

Suppose that 250,000,000 bushels of corn could be sold, and the farmers of Iowa could get 34 cents per bushel for it. That is what they are getting now, though I imagine it will bring a little more, but even if they got only 34 cents per bushel, out of which they would pay 14 cents per bushel for hauling to the elevator, sacking, and so forth, that would give work to many people who are now idle. It would furnish those farmers with a good many million dollars—250,000,000 times 34 cents in that State alone. The farmers would pay the banks, I take it; the banks in turn would pay some of their creditors. The money would get in trade; it would revive business. Where there is now stagnation it would make life.

It would make things move in a lively way, and hence unquestionably reduce the percentage of the 4,500,000 people now out of employment. It would be to the advantage of a large percentage of the unemployed.

Now, let me ask the Senator this question: The cotton crop last year fell off in value about \$750,000,000 from \$2,500,000,000; possibly less than that. It fell off in round numbers from \$2,000,000,000 to \$1,500,000,000. Suppose we had gotten that amount for cotton; where would the money have gone? Would it have stayed in the South? No. The southern cotton grower spends it very largely in New England and in the East Atlantic Seaboard States, spends some of it in the Senator's own State and buys those magnificent juicy commodities which his own

firm manufactures into such wonderful foodstuffs. They would have spent that money in Ohio, Illinois, Indiana, and other States to buy automobiles and machines of every kind and sort, to buy better foodstuffs than they raise down there. Every dollar of it practically would have been spent in the North. We could not spend it in the South because we have not got it; that is the only reason. The whole country would be benefited if we could dispose of our products.

I now yield to the Senator from Wisconsin.

Mr. LENROOT. Mr. President, the Senator indicates that personally he would be willing to apply the principles of the Norris bill to all manufactures. Instead of making so many bites of the cherry, would it not be better for the Government to buy everything produced in the country at a high price and sell it at a low price, and thus bring prosperity to everybody?

Mr. RANDELL. No; I hardly think that would answer the distressed condition we are now in. I do not think the Senator can be trying to make any ridiculous answer to the argument which I am trying to present here.

Mr. McLEAN. Mr. President—

Mr. RANDELL. Just a moment. The manufacturers are not in the same distressed condition that the agriculturists are, if I know anything about it. I remember a debate between the former Senator from Alabama, Mr. Comer, and myself about a year ago, when there was evidence adduced on the floor of the Senate to show that the cotton manufacturers of the South had been making 300 per cent profit. I wish some one would show me a farmer who has been making any such big percentage of profit as that. I wish anyone would show me the farmer who has been charged with profiteering or who has been prosecuted for profiteering or who has been paying any very large excess-profits or income tax. The manufacturers of the country have been paying the very heaviest taxes of that sort. They are not in the same situation as the farmers at all. I indicated, and I again indicate, that if they need relief I would give them relief.

I now yield to the Senator from Connecticut.

Mr. McLEAN. I wish the Senator from Louisiana to understand that I am sympathizing with the farmers. I think I could qualify for admission into the agricultural bloc of the Senate. I think I probably own as many acres of poor land as any member of that bloc. Possibly I have lost on the average as much money in agricultural experiments. I know very well that with the untimely frosts and floods and droughts and hails and blights and bugs and uncertain prices the farmer has about as much chance to acquire an independence as John Brown had to exceed the longevity record.

But, Mr. President, there is a principle involved here which is basic and which I think the Senator will agree with me is very important. If, as the Senator says, the need of the agriculturists is to secure a market for their product—and I think that is what they need, not credit to carry them along a year or two, during which time they must pay interest, but a market, the best market they can obtain—

Mr. RANDELL. That is the principal thing they need.

Mr. McLEAN. I think that is what they need, and that is what I should like them to get, and I am willing to assist them in every way to get it. And it seems to me there certainly is a method by which the problem can be solved with entire justice to all concerned and without violating any principle.

If the Polish people, for instance, need wheat, and they have a Government there which is worthy of the name and which they can operate as a government, which is willing to stand back of the Polish people and issue its obligations or guarantee the obligations of the Polish buyer, it will be absolutely fair and feasible and workable in every way for an exchange to be created in this country whereby the Polish Government could issue its securities in denominations, we will say, of from \$1 to \$1,000, and those securities be turned over to the cotton grower or the wheat grower, or whoever has the cotton or the wheat or the agricultural product to sell. That is a fair transaction.

Mr. RANDELL. I will say to the Senator that that is the ordinary course of business, and in normal times that would operate. I wish to finish reading this article and show Senators the situation in England. They will see that the English people have come to the conclusion that the Government alone can fill the breach. Poland is now in such a situation that I am convinced a prudent business man like the Senator from Connecticut would not sell his own private goods on credit to Poland. A Polish mark is of such little value that it is said the Germans are using Polish marks as labels for their goods.

Mr. McLEAN. If that is true—

Mr. RANDELL. Pardon me. I wish to finish reading the article, and then I will hear the Senator further.

Mr. McLEAN. Very well.

Mr. RANDELL. Continuing the reading from the article in the Herald:

The difficulties are not obscure—

This writer continues—

if we reflect for a moment upon the essentials of the problem.

I will reach Poland in a moment.

"A," in Poland, say, wants to buy textile machinery from "B" in England. "A's" credit in Poland may be quite sound; if the problem were merely to insure that "A" after a period of 6 or 12 months would be able to put up a certain number of Polish marks, no great difficulty would arise. But that was not the problem; it was to insure that "A" after 6 or 12 months would be able to put up sterling in England for a certain amount. As the Polish Government prints notes at will to "pay" for its various ventures, the value of Polish marks leaps about. No one can say what the value of Polish marks expressed in sterling may be 6 or 12 months hence.

Credit insurance in a specific currency and within the limits of a specific country is a possible branch of insurance business, but no commercial insurance system can face simultaneously the three risks of (1) individual credit, (2) fluctuations in individual and national credit arising out of political adventures or disturbances, and (3) the fluctuations of exchange when any government may print as many currency notes as it pleases. In the course of their examination of the subject the insurance offices—and we believe also the banks—came to the conclusion that risks (2) and (3)—those of political adventures or disturbances and the fluctuations of exchange—could not be covered under any method of insurance. The risks were incalculable and no experience of the past gave the slightest indication of what those risks might be in the future.

#### POLITICAL RISKS.

In this matter of international credits the greater the need for insurance the more conspicuous appeared the impossibility of providing it upon the financial scale or with the flexibility which trade required. \* \* \*

Now, I ask the attention of Senators to this:

The British Government was compelled to adopt a guaranty system of its own supported by the exchequer.

From the point of view of the insurance offices the problem was political not commercial. The Government's political purpose—a worthy and necessary purpose—was to find means—

Here is the point. I call the attention of the Senator from Connecticut to this—

by which British goods could be sold to the distressed countries with collapsed exchanges, and so to lessen unemployment in Great Britain and to stimulate the markets abroad.

Is not that our situation? Is it not our desire to sell our goods abroad in the "collapsed countries" of Europe and relieve unemployment in our own land?

Mr. McLEAN and Mr. WILLIS rose.

Mr. RANDELL. In one moment I will yield. This article continues:

But the achievement of this purpose involved financial risks which no commercially run business organization could possibly face.

We may lay down the general principle that the moment politics enters substantially into a commercial risk the insurance market is compelled to step out and the Government step in.

Under the proposed substitute amendment we shall lend, if necessary, to the manufacturers and the farmers of this country \$1,500,000,000 to enable them to hold their manufactured goods and their farm products; but what insurance will they be given, if they sell their goods to Poland, to Czechoslovakia, to Germany, or to certain other countries, that payment is going to be made to them? The risk is too great for private enterprise; the risk is too great for the Government to undertake; but it is far better that the Government undertake such a risky transaction than the individual. Now, I yield to the Senator from Connecticut.

Mr. McLEAN. If the Senator from Louisiana is correct in his assumption that the probabilities all are that the parties who buy the goods will not pay for them, then it is very evident that whoever does pay for them will give them away.

Mr. RANDELL. I do not think that is the correct assumption. For instance, if our Government should sell to the people of Poland on terms of long credit, from three to five years, a large quantity of the corn, which now exists in such great abundance over the land, in order to help the Polish people tide over the distressful conditions in which they find themselves, I think they would eventually pay for it. Nothing would cause them to fail to pay for it except the failure of their Government. Possibly their Government may go to pieces.

Mr. WILLIS. Mr. President—

Mr. RANDELL. I will yield in one moment. Possibly their Government may go to pieces; if it does we should, perhaps, lose the money expended for the corn; but the Government of Poland would not give that corn away; it would sell it to its own citizens, and probably those citizens would pay for it.

Mr. McLEAN. The Senator from Louisiana does not understand me. What he proposes would be taking money from one American pocket and loaning it to another.

Mr. RANDELL. Not to another American pocket. That money would all stay here. Let me explain to the Senator that under the pending bill we could not send any money



abroad. We should loan to foreign peoples credits with which to buy American products here. That money would all go to the American farmers, and, as I have shown, the American farmers would take the money and pay debts with it or they would buy goods in New England or in other portions of the country. The money would all stay in America.

Mr. WILLIS. Who would furnish the money?

Mr. McLEAN. The man who furnished the money would never see it again.

Mr. RANDELL. The Government would furnish the money.

Mr. WILLIS. Where would the Government get it?

Mr. RANDELL. It would get it in part from these very farmers. Probably 50 per cent of it would come from the farmers themselves, as they constitute in point of numbers 50 per cent of the population, and the other 50 per cent would come, I take it, from the remainder of the American people.

I say to the Senator that, in my humble judgment, if every dollar of the \$1,000,000,000 were lost it would be a wise expenditure. Did we hesitate one moment to lend our allies, not \$1,000,000,000 but \$9,000,000,000, when the war was on? We did that to save humanity. In my judgment, it is now necessary to save the agricultural interests of this country and to do something to help our farmers. The situation is serious.

Mr. WILLIS and Mr. EDGE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Louisiana yield; and if so, to whom?

Mr. RANDELL. I will yield to the Senator from Ohio, inasmuch as he has already asked me a question.

Mr. WILLIS. Mr. President, I wish to pursue the illustration which the Senator used concerning Poland and Great Britain. What is the reason that the people of Poland can not buy goods in Great Britain?

Mr. RANDELL. I assume it is because of the political situation, as the writer from whom I have quoted says. In Poland there is a very unstable government; no one can tell how long that government will last; and the rate of exchange as against Poland is extremely low.

Mr. WILLIS. Then, because of the unstable government and the unsatisfactory rate of exchange, there is no business man in Great Britain who would regard Polish security as good. The Senator thinks, as I understand him, that at that juncture it would be wise policy for the Government of Great Britain to tax all of its people in order to finance somebody in Poland, in order that the people of Poland may buy goods in Great Britain and make somebody in Great Britain prosperous. Is that the Senator's philosophy?

Mr. RANDELL. Not exactly.

Mr. WILLIS. Then, what is it?

Mr. RANDELL. If the people of Great Britain had a very considerable surplus of manufactured goods or agricultural commodities which were going to destruction, which were rotting in the bins, as corn in this country now is, as the Senator knows, I think it would be best for the Government to take some chance in selling that corn, not necessarily to Poland—I used Poland simply as an illustration—but wherever in the world it could sell it. If it sold a reasonable quantity of it to Poland in order to help the Poles get on their feet, I believe that would be a humanitarian effort and not an unwise piece of statesmanship. It is a matter, however, for the Government to handle and not for the individual; it is too big for the individual; the risk is too great; it is a matter for governments, not for individuals or private corporations.

Mr. WILLIS. I do not like to interrupt the Senator, but I wish to get his view of this matter. Now, taking our own case, there is so much corn in Iowa that can not be sold to the people in Europe. Those people want to buy our corn; they are hungry. We want to sell it. Why do they not buy it? Is it not because they can not pay for it and can not furnish security that any American business man would take? Is not that the reason?

Mr. RANDELL. They have not the money, I will say to the Senator; they need credit.

Mr. WILLIS. Yes.

Mr. RANDELL. And some of them have pretty good security.

Mr. WILLIS. But it is security that an American business man would not now take. The proof of that is the fact that they will not take it.

Mr. RANDELL. I will say to the Senator that most of these new countries of Europe, especially those you mentioned, have no established credit rating because their banks are new and unknown. All business done heretofore was done through German or British banks of known standing. Now, they are independent countries and must build up their own banking institutions, and I will also say to the Senator that a great many

American business men would not lend money under any circumstances. I heard one of the most reliable Members of the United States Senate say no longer ago than yesterday that he applied to a bank in his community—and he is a wealthy man—for \$2,000, but he could not get it, because the bank had none to lend. It is almost impossible to get money now, and the Senator knows it as well as I do. Money is the most timid thing in the world; it is afraid of its own shadow, and, with so much trouble existing in the world, credit is not going to be given. The Government has got to step in if we are to extend any credits. Does the Senator believe that he as a business man would be willing to sell his corn to the people in Poland or the people in Germany or the people in Italy or the people in France or the people in any other country? No; he would not do it.

Mr. WILLIS. Certainly, I would not, and, therefore, I do not think that is the wise policy on the part of the Government to pass a law that will provide ultimately that all the people of this country who pay the taxes must advance of their substance in order to enable people in Poland to buy corn of us. That is my position.

Mr. NORRIS. Mr. President—

Mr. RANDELL. In one moment I will yield. Does not the Senator think the Government has to take a very broad view of some economic questions? When there is a very serious situation, a very bad situation, confronting 50 per cent of its citizens, and when that bad situation can be relieved at a chance with an investment, let us say, of \$1,000,000,000, a portion of which may never be paid back, and when the investment of that money will not only save the great agricultural industry of this country, but will relieve unemployment very materially, and will help manufacturers very materially, is not that a broad piece of statesmanship that the country can well afford to undertake, and is that piece of statesmanship on broad lines comparable to the business of a private citizen? Not at all Senators; it is a different thing altogether.

Mr. WILLIS. Mr. President, if the Senator propounds that as an inquiry to me, I do not think that it is broad statesmanship to adopt a system under which all of the people shall be required to pay taxes in order to enable some of the people to sell their products. I do not believe that is wise. But if the Senator will answer one other question I shall not interrupt him further. It will develop the difference of opinion between him and me. Why did the committee make the change which it proposes to make in sections 13 and 14? The author of the bill very wisely provided in section 14 substantially the same thing that is provided in section 17 of the War Finance Corporation act. I have it here.

Mr. NORRIS. Mr. President, before the Senator takes up that matter, will he let me interrupt the Senator from Louisiana on a question that has been passed by?

Mr. WILLIS. Certainly.

Mr. RANDELL. I shall be very glad to yield to the Senator from Nebraska.

Mr. NORRIS. I should like to suggest that it seems to me it comes with poor grace from men who are in favor of the substitute to continually give out the impression that this bill provides that we must sell products to Poland and that Poland is bankrupt.

The Senator from Louisiana has had only the opportunity of hearing the bill read by the Secretary. While other Senators have been in secret conclave and have had inside information, he has had to listen to it as it came from the Secretary's lips; but coming from them, is it not true that under the substitute the War Finance Corporation could advance money to exporters of goods to Poland?

Mr. RANDELL. Certainly.

Mr. NORRIS. And that they could sell to Polish people, the Polish Government, or what not, and if they failed the exporter, who depended on them to make this payment to the War Finance Corporation, would fail, and hence the same difficulty would arise that arises under their construction of the original bill? In other words, they say we are passing a law that will result in selling goods to a bankrupt party or nation, when there is not a single syllable in the bill that requires such a sale. There is not anything different as far as that point is concerned—the loss of exported goods—between the bill and the substitute. In either case there may be a loss, and will be a loss, if the persons taking the security are not careful.

Mr. RANDELL. I thank the Senator for that explanation. Just let me add to what he is saying, that the Export Corporation is composed of three men, one of whom is the Secretary of Agriculture, and the other two are to be appointed by the President. I should not be a bit surprised if the President named Secretary Mellon as one of them, or Mr. Eugene Meyer, the head



of the War Finance Corporation, as one. He surely is going to pick out two of the very best men in America.

The bill provides that Mr. Wallace, the Secretary of Agriculture, shall be one, and I do not imagine that a board such as the President will name is going to do anything very unwise. I do not share the fears of some of my colleagues on the other side of the aisle that a man whose whole heart and soul is wrapped up in agriculture—as is Mr. Secretary Wallace—is likely to go into the exportation of shoes and other manufactured goods. I do think, however, that these men will have to be permitted to take some risks which this proposed substitute does not permit of or little or no business will be done. Of our total surplus, admittedly at least one billion, the War Finance Corporation, owing to restricted credit limits, has actually been able to move less than 2 per cent, and if we do not throw down the bars and take a chance we will accomplish nothing by all this controversy.

Mr. NORRIS. Mr. President, if the Senator will yield to me—

The PRESIDING OFFICER. Does the Senator from Louisiana further yield to the Senator from Nebraska?

Mr. RANSDELL. I yield.

Mr. NORRIS. The Committee on Agriculture and Forestry this morning agreed to several committee amendments, and I ask unanimous consent for a reprint of the bill that will show those committee amendments, so that Senators may have it to-morrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

Mr. CURTIS. Does that include the amendment offered to-day by the Senator from Minnesota [Mr. KELLOGG]—all amendments?

Mr. NORRIS. No.

Mr. CURTIS. Just the committee bill with the amendments?

Mr. NORRIS. The same bill, with the changes that the committee made by their amendments this morning.

Mr. CURTIS. I have no objection.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered.

Mr. RANSDELL. May I suggest that before we adjourn to-day I suppose an order will be made for publishing this substitute if that is necessary. It will be published as a matter of course; will it not?

The PRESIDING OFFICER. The Chair will say to the Senator from Louisiana that the substitute has already gone to the Printing Office.

Mr. RANSDELL. That is what I assumed. I now yield to the Senator from Ohio.

Mr. WILLIS. Mr. President, I desire to ask the Senator from Louisiana one further question touching the liability of the Government.

Section 17 of the War Finance Corporation act provides:

That the United States shall not be liable for the payment of any bond or other obligation or the interest thereon issued or incurred by the corporation, nor shall it incur any liability in respect of any act or omission of the corporation.

The author of this bill, in my judgment, very wisely provided in section 14—

That the United States shall not be liable for the payment of any bond or other obligation or the interest thereon issued or incurred by the corporation, nor shall it incur any liability in respect of any act or omission of the corporation.

Substantially the same thing as section 17 of the War Finance Corporation act. Now, the committee of which the Senator is a distinguished and most capable member provides in section 13—

That the United States shall be liable for the payment of all bonds and other obligations, together with interest thereon, issued by the corporation.

To me, that is the crux of this bill—that it is proposed to make the United States Government liable for all the bonds and obligations of this corporation. Why did the committee, in its wisdom, make that very vital change in the bill?

Mr. RANSDELL. Because the committee did not wish to do a vain and foolish thing. The committee did not wish to limit the activities of this corporation to \$100,000,000, and it felt that if the Government was not to be liable for the securities issued by the corporation under the terms of the bill those securities would not be salable, and that after exporting or giving credit to the extent of \$100,000,000 they would then be at the end of their rope, they could do nothing else, and the purposes of the bill would not be accomplished. One of the things that influenced us was the extreme difficulty the Federal farm loan bank is having in disposing of its bonds. Those bonds, as the Senator knows, are secured by first mortgage on real estate at not more than 50 per cent of the estimated value of that real estate; and not only that, but every one of the 12 banks of the

system is responsible for every obligation issued by any one of the banks; yet in spite of that wonderful security it is practically impossible for the Federal farm loan banks to sell their bonds. We felt that if we are going to accomplish something we must be frank and manly about it, and not attempt to fool the farmers—they are pretty sensible people—not offer them something that never would amount to what they expected of it. That is why we put it in there.

Mr. WILLIS. I thank the Senator for that response, but I still do not fully understand the reason that he assigns. The Senator does not maintain that the Congress did a vain and foolish thing when it provided, under the War Finance Corporation act, that the United States should not be liable. There has been no difficulty about disposing of those bonds. Why does the Senator think, therefore, that it would be necessary to provide in this act that the United States must be liable?

Mr. RANSDELL. I should like to say to the Senator, with all due respect to the War Finance Corporation, that the bonds spoken of by the Senator as having been sold by the War Finance Corporation never existed. If the Senator will take the trouble to inform himself he will, if I am not mistaken, find out that the War Finance Corporation has not even used a small portion of its initial capital.

I dislike repeating these statements which show how little has been done by this organization, for I am convinced they have done their best, but your questions keep forcing this weakness to the surface.

It has done it in the most cautious manner, in a manner which would be approved by the most conservative banker in the United States. We felt, sir, that we had to get away from the strict business principles governing and controlling the War Finance Corporation. We felt that if we were really going to export anything abroad, we must take some risks. The War Finance Corporation does not take any risks. It can not take any risks, under the terms of the act. It has been administered as well as it could be administered under the terms of the act. Its managers have been patriotic, but they have been able to put out very, very little money. We regarded the agricultural situation as a great emergency. We thought it was necessary to do something now, not six months from now, not four months from now, but to do it now.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. RANSDELL. I yield to the Senator from New York.

Mr. WADSWORTH. Can the Senator from Louisiana say whether or not the amendments just offered by the Senator from Nebraska eliminate this governmental guaranty?

Mr. RANSDELL. No, sir; they do not eliminate the governmental guaranty.

Mr. WADSWORTH. Do those amendments eliminate the exemption on these bonds?

Mr. RANSDELL. No, sir; they do not eliminate it.

Mr. WADSWORTH. Do those amendments eliminate the power given to this corporation to buy and sell?

Mr. RANSDELL. Yes; they eliminate that. They strike out that clause in section 9 which begins, on line 25, with the figure "1," and reads:

To buy agricultural products either in their natural state or prepared or manufactured from any person within the United States and to sell such products to any person or Government or subdivision of Government without the United States.

Those words are stricken out.

Mr. WADSWORTH. Then the governmental guaranty of the bonds remains, and also the tax exemption?

Mr. RANSDELL. Yes, sir; and I will tell you another thing which was put in. In section 10, line 7, page 6, the amount is reduced from ten times the paid-up capital to five times.

Mr. WADSWORTH. So that the aggregate of the bonds shall not exceed \$500,000,000?

Mr. RANSDELL. Yes, sir. It was \$1,000,000,000 before—ten times \$100,000,000. That would be, in the aggregate, \$1,000,000,000. That has been reduced one-half.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Washington?

Mr. RANSDELL. I yield to the Senator from Washington.

Mr. JONES of Washington. The Senator stated, as I understood him, a moment ago that we desire an agency that will act promptly.

Mr. RANSDELL. Yes, sir.

Mr. JONES of Washington. That we must not wait five or six months for relief; that we need it right away. I agree with the Senator in that; but does he not think that it will take four or five or six months to get the agency provided in this bill in operation, at least judging from experience in the past; and if it is desirable—and I think it is—that we shall have an



agency that will act promptly, would it not be wiser and better to take an agency that is already in existence, organized, and acting?

Mr. RANDELL. If we are to judge the future by the past, I will say to the Senator that it will probably take a good, long while, but I hope that the great chief of the party, of which the Senator is such an honored member, will, if we pass this bill, realize that a great emergency confronts us, and act very promptly. I will further say to the Senator that if the amendments proposed to the War Finance Corporation act produce the relief which all of us here feel is so essential, it probably could function more promptly than the proposed corporation.

Personally, I am very glad that this substitute has been offered, because it is at least a promise of something. No promise whatsoever was held out to the agriculturists until we presented this bill. Nobody was solicitous for them. Nobody was asking that they be given \$500,000,000, or any other sum, until the Agricultural Committee brought in this bill and debated it very thoroughly; and then somebody woke up and realized that we must do something for the farmers, and they offered a substitute here which will, I imagine, do some good. It will give some credit to the farmers. It will help them in that way. It is certainly better than nothing; and if we can not get the Norris bill, the other, in my judgment, is a whole lot better than nothing.

Mr. EDGE. Mr. President—

Mr. RANDELL. I yield to the Senator from New Jersey.

Mr. EDGE. Does not the Senator consider that the passage of the emergency bill, which revived the War Finance Corporation and permitted them to do the work they are now engaged in, was some consideration to the problem which the farmers are facing?

Mr. RANDELL. It was a little, and it originated, I will say to the Senator, with the Committee on Agriculture, not with any other committee. In that connection, I say to the Senator that we have done a little something for foreign exports. We passed the Webb-Pomerene Act, if I mistake not, for the purpose of permitting combinations of exporters, in the hope that they would really do some business abroad; then we assisted the Senator in passing a bill to which his name is attached, the Edge Export Corporation Act, for the purpose of assisting in foreign exports; then we revived the War Finance Corporation.

Unfortunately, Senators, this is a very dangerous disease. We gave it a little mild treatment, what might be called weak pills, with the Webb-Pomerene bill. Then we gave it some stronger bitters through the Edge export corporation act, and recently we applied a pretty strong tonic—or we thought we were applying one—in the War Finance Corporation act. But none of them has accomplished very great results. The agricultural world is still in the slough of despond, and we have to do something else, and if the efforts of the Committee on Agriculture accomplish no more than to get the loan of \$1,500,000,000, as provided by the substitute, I think our efforts will have been pretty well paid for.

Mr. EDGE. Mr. President—

The VICE PRESIDENT. Does the Senator yield to the Senator from New Jersey?

Mr. RANDELL. I yield.

Mr. EDGE. I think I heard the Senator remark a while ago that, in his judgment, even if the Government lost the entire \$100,000,000 in financing exportations, it would be money well spent, if it assisted the farmers in their present difficulty.

Mr. RANDELL. I said the farmers and the people of America—bankers, merchants, and manufacturers—who would get that money which the farmers would pay over to them. It would not be confined to the farmers.

Mr. EDGE. Then does not the Senator from Louisiana, holding that view, believe that it might be better to directly pay them in some form of subsidy, a pure, unadulterated subsidy, rather than run the additional risk, with the additional expense, the overhead expense and loss, of establishing or erecting a business in Washington?

Mr. RANDELL. No; I do not think that would be a wise plan; but it seems to me we had a message a few minutes ago which practically called for a good, big subsidy to the railroads. I do not favor a subsidy unless it is in the case of a very great emergency. But I will say to the Senator, if a subsidy must come to maintain the American merchant marine, on which we have expended over \$3,000,000,000, I am one Democrat who will not be scared by that word "subsidy." We have to maintain the property of this great country. We have to maintain that American merchant marine and make it go, and we have to maintain the agricultural interests of this country. We must do, by legislation, whatever is necessary to keep our farmers going and make them prosperous.

All wealth, as the Senator knows, comes from the soil, and we must stand by those who till it. If he calls that a subsidy, it does not alarm me in the least. I do not consider it such.

Mr. EDGE. Mr. President, I speak as one of those who joins with the Senator from Louisiana. The word "subsidy," under certain emergency conditions, is not to be sidetracked. I am not afraid of the word, either, so I am simply coming back to the thought that if the agricultural situation is as bad as represented—and I appreciate it is very bad—and if it will be necessary, as has been more or less brought out in debate, to sell these surplus farm products, if surpluses exist, to nations whose credit is questionable or doubtful, then perhaps it will be wise—I am not prepared to say it is, because I am not entirely sure of the existence of all these surplus stocks—perhaps it will be wise to consider frankly an unadulterated subsidy to those people who are suffering rather than to run this additional risk and incur the additional expense of setting up a business in Washington and of running it by the Government. I say in all seriousness, with the condition as it is, I would rather face a plain, unadulterated subsidy under the name and under the word "subsidy" than to resort to the subterfuge of running a business from Washington, that which can never, in my judgment, be successful.

Mr. RANDELL. Of course, the Senator's argument is based upon his assumption that these credits would all be ill-advised and the amounts would not be paid back. I have looked into it as well as I could, and am convinced that a great proportion of these advances would be paid back. Some of them, probably, never would be returned; but, Senators, it is my candid conviction, after giving it the best thought I have been able to give, that if we extend a reasonable credit to these foreign nations who need our surplus products, and do not charge them too great a rate of interest, and allow them two, three, or five years in which to pay it back, practically every dollar loaned to them in the way of credits by sale of our goods will be returned. I have said, and I repeat, that possibly some of it will never come back, but do not overlook the fact that the money does not go abroad; the goods go abroad. The American owner of those goods is paid for them, and he in turn scatters that money around. It revives business, it stays here in our country, and it would be very different, I submit, from a subsidy. The principle of the thing would be altogether different from that of a subsidy.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Wisconsin?

Mr. RANDELL. I yield.

Mr. LENROOT. Assuming that these foreign countries will not pay, then, I ask the Senator, who will pay?

Mr. RANDELL. It would be a dead loss.

Mr. LENROOT. Who will pay the loss?

Mr. RANDELL. The people of America, the same people who paid the loss on our shipping program; the same people who are paying the loss resulting from the Government operation of railroads; the same people who are paying a good many other losses suffered by the Government; and who are going to pay a good part of the \$10,000,000,000 we loaned to our allies.

Mr. LENROOT. Then, I ask the Senator whether he believes prosperity can be restored in America by piling up additional losses?

Mr. RANDELL. That depends. If the Government, by investing \$1,000,000,000, can revive and put on its feet a struggling industry, engaged in by 50 per cent of its citizenry, I think it is justified. Many a time when I have had a bad investment, I have thrown what was called good money after bad, but it did not always turn out badly; it sometimes turned out well, and I saved the investment. Every prudent business man knows that there are times when he has to take risks; when he has to spend money in order to save some that would be lost if he did not risk an additional amount.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. RANDELL. I yield.

Mr. KING. Mr. President, the Senator is a member of the Committee on Agriculture, and heard the testimony of Mr. Hoover and Mr. Meyer. I hastily read the testimony of Mr. Hoover—I might say all the testimony before the committee—but, as I recall Mr. Hoover's testimony, it is very clear that this bill will not accomplish any of the results which the Senator seeks to have accomplished. As I recall, he stated that the corporation provided for in this bill would not find any additional markets for the surplus agricultural products of the United States. Does the Senator think that the testimony of Mr. Hoover is not to be believed, or is not to be relied upon,



and that his knowledge of European conditions is so imperfect that we should rely upon the statements of others who are not so familiar with European conditions rather than upon his?

Mr. RANDELL. Answering the Senator's question, I have in my hand a speech delivered in the Academy of Music, Philadelphia, April 16 last, by Mr. Herbert Hoover, on "The economic administration during the armistice," dated the 15th of April. Here are some of the things he said:

"To meet this demand—for supplies of food and textiles to our allies—we, in America, through the extra exertion of our farmers and the savings of our women, had at the armistice prepared a surplus of some 20,000,000 tons of food and textile supplies, the minimum amount necessary to have carried the European allies in the war until the harvest of 1919.

"In order to stimulate production in the United States and to meet the economic levels resulting from allied buying before we came into the war, we had given moral pledges"—

I hope the Senator will listen to this—

"and in some cases legal pledges to our farmers that they should realize certain basic prices for their produce.

"The price levels at the armistice in the isolated markets of the Southern Hemisphere were scarcely one-half those in the United States, and the Allies naturally wished to abandon our market.

"The motion of this swollen stream of supplies that passed from the farm house, through the manufacturer to the American seaboard, could not be interrupted by a diversion such as the Allies contemplated without a price collapse, thus not only betraying the assurances given to American farmers but bringing a complete financial crash to the whole of our interior banks, for they, in loans to the farmer and manufacturer, had given confidence in the stability of prices."

Then he added:

"We Americans, on the other hand, were compelled to insist that we could not have a break in the level which we had assured our farmers and our manufacturers in order to secure a production on allied behalf. We ultimately succeeded in preventing a break by using the resources made available under our own war powers in purchase of food supplies, and we were able to tide over the readjustment period without a debacle in the United States."

Senators, a debacle is a rout, stampede, downfall. It seems to me we are pretty nearly in the midst of a debacle right now, though I am very sorry to feel obliged to say so.

I wish to read further from another speech of Mr. Hoover, in answer to the Senator's question, delivered at Atlantic City, before the United States Chamber of Commerce on the 28th of April, just a few days after he delivered the Philadelphia speech, and this is in special reference to the Senator's question:

"We are at a disadvantage against European manufacturers and exporters in our foreign marketing machinery and our lack of foothold in industry abroad. Except in a few industries, we do not have an adequate representation of native Americans in wholesale business, and in general business enterprises in foreign countries." \* \* \*

"Every merchant will agree with me that the sale of goods abroad is a matter of salesmanship and national sentiment as well as of quality and prices. None except our own citizens can properly represent these factors. We can liken our present foreign marketing system to a supply train and a general staff, with no fighting men on the front. Our competitors hold the front line and naturally we lose the market when competition arises.

"In addition to distribution, one of the strongest foundations of foreign trade is our own citizens engaged in foreign industry. Their enterprises constitute a constant pull of machinery and supplies. It is useless for the Government to say to Americans, 'Exile yourselves; get into business, distribution, and industry; protect our foreign trade.' Other nations, even under the pressure of necessity, have required generations to build up their marketing systems and their foreign industries. Our Government has tried to devise a short cut to the establishment of distribution agencies through the Webb-Pomerene law, by which the risks that individuals would hesitate to take can be spread over numbers of manufacturers."

It will be seen that he calls attention to the Webb-Pomerene law, under which the risk which individuals would hesitate to take can be spread over a number of manufacturers.

He continues:

"If our laws are inadequate to stimulate production and give equality to American citizens who exiled themselves in trade abroad, then we should legislate further."

That is what Mr. Hoover stated on the 28th of April.

"We should legislate further."

This is the first piece of legislation I know anything about that has been undertaken.

Mr. CARAWAY. Mr. President—

Mr. RANDELL. In just a moment I will yield to the Senator.

He concludes:

"One thing is certain, that so long as nonresident Americans are the only nationality who pay income taxes to their home Governments on foreign earnings, they have no equality in competition."

Here is the Secretary of Commerce telling us—and I am going to bring it out in detail in a moment—that so long as nonresident Americans are the only nationality who have to pay income taxes to their home Government on their foreign earnings they have no equality in competition. Are Senators aware of that? Do they know that when an American exporter engages in business in any foreign country and his earnings are \$100,000, let us say, that he has to pay his income tax and his excess-profits tax on that earning, while his foreign competitors from France, England, and Japan do not pay any income or excess-profits tax? I will go into that in detail in a moment.

I now yield to the Senator from Arkansas.

Mr. CARAWAY. Will the Senator permit me to suggest, in reply to the suggestion of the Senator from Wisconsin [Mr. LENROOT], that if Mr. Hoover is correct and no market will be developed under the Norris bill, not a penny will be expended and therefore no taxpayer will be charged with a single nickel?

Mr. RANDELL. I thank the Senator for the suggestion. It is absolutely pertinent. I now wish to call the attention of the Senate to a very interesting bulletin issued this month—July—the exact date is not given—by the National Foreign Trade Council, of New York City, of which Mr. James J. Farrell is president. I hope I can have the close attention of the Senate, for this is something that was entirely new to me, and I doubt if it is known by other Senators who insist on private persons doing this export business.

Do you Senators on the other side of the aisle know that when a private exporter in this country sends his goods to Europe, Asia, or Africa he has to pay income and excess-profits taxes on his earnings, while his foreign competitor who sells goods in the same countries does not have to pay those taxes at all? The United States is the only country in the world which imposes income and excess-profits taxes upon the earnings of her people engaged in foreign trade. If our Government itself were to engage in this trade to the extent of selling our surplus agricultural products, it would not be handicapped in that way. Let me give a concrete illustration that has been worked out in this bulletin in case No. 1.

This is a country where no substantial taxes are levied. Let us say \$100,000 is the income of the man engaged in business in this foreign country where no substantial taxes are levied by the Government. The United States income tax on that earning would be \$31,190. That \$31,190 would be a handicap as against the competing Frenchman, Briton, or Jap. How can our people survive against such a handicap as that?

Here is case No. 2 in a country where taxes other than income or excess-profits taxes are levied. We take the same earnings, \$100,000. The foreign tax on that amount would be about \$1,800. The net income in that instance would be \$98,200. The United States income tax would be \$30,182. The United States exporter would have to pay that \$30,182 of tax, which is not exacted by Great Britain, Japan, or France from its exporter engaged in the same business. How can he stand such a handicap as that?

At the proper time, no matter what issue the pending bill may take, I propose to offer an amendment to the revenue laws correcting that great inequality and placing our foreign traders on terms of parity with the traders of other countries.

I have had to proceed in a rather desultory way owing to the number of interruptions, but I wish now to read from an exceedingly interesting speech delivered by Mr. Crissinger, Comptroller of the Currency, one of the warmest personal friends of the President, and, according to my information, one of the ablest and best men connected with this administration. This speech was delivered to the Ohio Bankers' Association in the city of Toledo on the 14th of this month, thus being a very recent utterance. Here is what he said, in part:

"Our farmers, stimulated by the Government's appeals and by patriotic purposes to win the war, put their energies and resources into the production of world supplies, and at the same time were denied by the Government, in some instances, an open market, ruled by the free law of supply and demand, in which to sell. They were not permitted to profiteer. Their profits were intended to be a fair recompense for service but hardly for investment. The war's end found the farm machine



producing more and more, and this production reached its maximum in the crop season of 1920."

This is no farmer making that statement. This is the Comptroller of the Currency, Mr. Crissinger, saying that we induced the farmers in every way to make this great surplus production and that it reached its maximum in the crop season of 1920. He then continues:

"The order for deflation, for such it was construed to be, found granaries and warehouses bulging with farm products produced at war costs, which were and are being sold, when buyers can be found, at less than half their production costs. The result is an imposition of distress, of bankruptcy, upon farmers by millions. And this distress has been reflected in our industries. So it should be, and is our business—"

Senators, please listen to Mr. Crissinger—

"So it should be, and is, our business now to open up markets for our surplus wares in order to ameliorate this condition. We must be mindful that to prosper our own people is our first duty."

That speech convinces me that Mr. Crissinger is a wise man, with a just comprehensive grasp of some very difficult questions.

The essential purpose of the pending bill is to open markets. My contention is that the provisions of the substitute, while helpful to a very great degree, while infinitely better than the nothing that was offered us before the Committee on Agriculture and Forestry presented the pending bill, will not furnish markets for our surplus products in anything like the same degree that the Norris bill will furnish them. I am glad that the administration has finally interested itself and offered that much.

Mr. President, the farmers are charged with hoarding, at least the wheat growers were charged with hoarding, but let me give just a fact or two in connection with that hoarding.

Speculators out in the cities of the State represented, in part, by the Senator from Minnesota [Mr. KELLOGG], the author of the substitute bill, bought very extensively of wheat in Canada. Something like 56,000,000 bushels of wheat were purchased in Canada in the last 11 months. Owing to the difference in exchange between Canada and this country, those speculators made about 35 to 40 cents per bushel on that Canadian wheat and cleaned up, so I am reliably informed, something like \$30,000,000 by their speculating in that Canadian wheat. I am not criticizing that, but I am offering it as a reason why the wheat farmers of the West could not sell their wheat. The men who needed wheat were buying Canadian wheat, and it was not until the price had gone down considerably that the farmers of the Dakotas had a chance to sell their wheat.

Mr. KELLOGG. Mr. President, will the Senator yield?

Mr. RANSDELL. Certainly.

Mr. KELLOGG. I think the Senator is mistaken about 50,000,000 or 60,000,000 or 70,000,000 bushels of wheat having been purchased in Minnesota on account of the difference in the rate of exchange. The fact is that the reason why the wheat was purchased was that after the Canadian Government had removed any duty on wheat to the United States, under the Underwood tariff bill, the wheat came in free, and from the time that the war embargoes and the duty were removed in Canada on the 1st of September, 1920, until the emergency tariff bill was passed in 1921 there was no duty, and from 50,000,000 to 60,000,000 bushels of Canadian wheat was bought because there was no duty upon it. That is the reason why it was purchased.

There is no question that the difference in the rate of exchange also aided the American purchaser, because he paid for his wheat in American dollars and got the advantage of the premium in Canada. It was not confined to Minnesota alone. It was all along the Canadian border. Chicago, Milwaukee, Buffalo, and every city that could bought Canadian wheat when the tariff bars were let down and wheat was allowed to come in free. Those are the facts.

Mr. RANSDELL. I am glad to have the Senator's explanation. He corroborates what I said, but he did not go into quite as much detail as I did. As long as I am not a wheat grower or very familiar with wheat, I am going to read the exact explanation.

Mr. KELLOGG. I do not agree with the Senator. I stated the facts.

Mr. RANSDELL. I was stating facts, too, I will say to the Senator.

Mr. KELLOGG. The Senator is reading from some paper and I do not know what it is.

Mr. RANSDELL. Yes; and it is just as reliable a man who gave it to me as any Senator on the floor.

Mr. KELLOGG. I do not deny it. I simply say that the reason why I supported the emergency tariff bill was because

I thought the farmer was entitled to some market, and the merchants and manufacturers, too.

Mr. RANSDELL. Yes; and I supported it, too. There is no difference between the Senator and myself about that. The Senator corroborates what I said. The Senator said there was a difference in exchange. That is the only point.

Let me read it, so the Senator will see there is no difference between us. We do not wish to fall out over a very simple matter. Here is what my informant said:

"The importation of wheat from Canada during the last 11 months was 56,000,000 bushels. The Canadian price in the early part of the season averaged \$2.30 per bushel sterling. During the same time it was \$2.26 in the United States. At that time sterling was worth about \$3.80, as compared with the normal rate of \$4.86. At this difference in exchange the American purchaser of Canadian wheat received from 40 cents to 65 cents per bushel in exchange alone over and above the price of the American wheat."

Of course they did not have to pay duty on it; it came in free.

"In round numbers the value of sterling was 20 per cent less than our money, hence Canadian wheat cost \$2.30 less 20 per cent, or about 46 cents per bushel, which makes an average of around 42 cents less than the American price."

"Forty per cent of all wheat and flour traded on the Minnesota exchange during the 11 months ending May 31 last was Canadian, and the American dealers in Canadian wheat cleared in round numbers \$30,000,000 on exchange alone. They did not purchase wheat from the American farmers, but purchased in Canada"—

I would have done likewise if I had been one of them. If I had an opportunity to save 42 cents a bushel on wheat, I am sure I would have gone up there and bought it.

"sending all their buyers to Canada, and taking over 56,000,000 bushels of this Canadian wheat at a time when the price was up and the American farmers anxious to sell, but had no market for their product. These operations in Canadian wheat prevented our farmers from selling at least to the extent of 56,000,000 bushels until the price had gone down very materially, and they were obliged to dispose of their wheat at a much less price. Yet these American wheat farmers were called hoarders by the governor of the Federal Reserve Board when they were trying to sell and could not do so because of the great advantage enjoyed by the Canadian wheat growers through the manipulations of the speculators on the Minnesota exchange"—

And I suppose also the Chicago Exchange. I do not reckon they let a plum like that go by them. I do not imagine that the constituents of the Senator from Illinois [Mr. McCormick] would let such an opportunity as that go by. The article further states that they "reaped \$30,000,000 by their unholy activities."

Mr. WADSWORTH. Will the Senator from Louisiana explain what manipulation there was about it?

Mr. RANSDELL. I do not know that there was any manipulation. I am reading what the memorandum sets forth.

Mr. WADSWORTH. The Senator has just read from some article or statement by a gentleman who he says is reliable as is any Senator upon the floor.

Mr. MCCORMICK. Who is the gentleman?

Mr. WADSWORTH. What manipulation or speculation was there involved in American wheat buyers purchasing Canadian wheat at a cheaper price because there was no duty?

Mr. RANSDELL. Does the writer of this article use the word "manipulation"?

Mr. WADSWORTH. The Senator from Louisiana just read it.

Mr. MCCORMICK. Who is the gentleman?

Mr. RANSDELL. Yes. The word "manipulation" is used in this article. I do not know that there was any unjust manipulation. I said that if I had been there I would have done the same.

Mr. MCCORMICK. Who is the gentleman who prepared the article?

Mr. RANSDELL. Mr. Louis F. Crossette, who is a most reliable man.

Mr. MCCORMICK. Is he an operator?

Mr. RANSDELL. No, sir; he is not an operator.

Mr. MCCORMICK. What is he?

Mr. RANSDELL. He is a gentleman who is engaged in the business of agriculture, one of the most honorable businesses of which I know in the world.

Mr. MCCORMICK. Is he engaged in agriculture in the section of the country referred to?

Mr. RANSDELL. I think his home is in Utah. He was down here assisting the Agricultural Committee. He testified before that committee several times. He is one of the most intelligent

men I have ever met, and, I believe, a thoroughly reliable man. He is vouched for, I will say, by Mr. Carl Vrooman, the recent Assistant Secretary of Agriculture and one of the constituents of the Senator from Illinois. I do not think there was anything objectionable in this so-called manipulation. If I had been doing business up there on the exchange and had a chance to buy wheat in Canada at a saving to me of 42 cents a bushel, I should have bought it.

Senators, do not misunderstand me. My only purpose in bringing this out is to defend the wheat growers of the West from an accusation that I consider unfair—that they were hoarding—when they had not a chance to sell, and the reason they did not sell was because 56,000,000 bushels of Canadian wheat were being bought and brought in by Americans. That is the only point.

Mr. NORRIS. May I interrupt the Senator on the hoarding proposition?

Mr. RANSDELL. I shall be delighted to yield to the Senator from Nebraska.

Mr. NORRIS. Did the Senator observe from the reading of the famous document which emerged into the public light to-day that it provides for hoarding?

Mr. RANSDELL. I did not understand the Senator.

Mr. NORRIS. Did the Senator from Louisiana observe that this famous amendment has a provision in it which permits hoarding?

Mr. RANSDELL. It specifically provides for it.

Mr. NORRIS. Yes.

Mr. RANSDELL. It enables any farmer to secure a loan of money and to hoard his products for as long as five years. I understand under the substitute one may borrow and re-borrow, may discount and rediscount his paper for five years. It is the greatest hoarding proposition I have ever seen.

Mr. WADSWORTH. Is the Senator from Louisiana opposed to the kind of hoarding, so-called, for which the proposed substitute provides?

Mr. RANSDELL. I want to get some money to enable me to carry my products, if I can not sell them. I had rather sell them and close my books; but if I can not do so, I should be mighty thankful to our good Government if it would lend me some money to enable me to carry my products, for it is very hard for me to get money from the banks to carry it.

Mr. WADSWORTH. Then the Senator does not oppose it?

Mr. RANSDELL. I have said several times, and the Senator would have heard me had he been listening, that the amendment contains much merit; it is the next best thing to the Norris bill.

Mr. NORRIS. May I again interrupt the Senator from Louisiana?

Mr. RANSDELL. I shall be delighted to have the Senator do so.

Mr. NORRIS. The criticism was made in reference to the bill as reported by the committee that it would permit the buying of agricultural products and then hoarding them, which was objected to, but the amendment provides for hoarding, not by buying but by loaning money on them. Eventually, of course, if the owner of the product keeps up the borrowing long enough, the interest will eat up everything and he will not have anything left to hoard.

Mr. RANSDELL. Certainly; and it will encourage people to store products much of which are seriously injured by being kept for a long time.

I am not an authority on corn, but I know that down in my section of the country we can not keep corn over 12 months. Perhaps in the West it may be kept indefinitely, but it may not be so kept down South.

Mr. KELLOGG. Will the Senator allow me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Minnesota?

Mr. RANSDELL. I yield.

Mr. KELLOGG. Who made the argument against the Norris bill on the ground that it permitted hoarding?

Mr. NORRIS. I can not recall the name of the Senator now, but I assure the Senator from Minnesota that that objection was made and emphasized and paraded here in the Senate.

Mr. KELLOGG. I did not do it.

Mr. NORRIS. I do not accuse the Senator of having done that; but it was stated that if the bill was passed it would have the effect not of selling our agricultural products but of piling them up. That was a terrible vice in the original bill, but it is a virtue under the substitute. I called it to the Senator's attention simply to emphasize the method of argument being employed. I am not objecting to it in the proposed sub-

stitute, for if we are going to have the substitute adopted I think that is a good provision. I have referred to it not by way of criticizing that provision but to call attention to the unfair method of argument that is being used, that it is a sin to make such provision in the committee bill but a virtue to make it in another way in the proposed substitute bill.

Mr. SIMMONS. Mr. President—

Mr. RANSDELL. I yield to the Senator from North Carolina.

Mr. SIMMONS. Mr. President, one of the great criticisms that this side of the Chamber and Senators from agricultural States on the other side of the Chamber have been making for the last six or eight months against the Federal Reserve Board is that by its rulings with reference to loans the farmers of the South and West, who could find no market for their products, were not permitted to borrow money through their home banks for the purpose of enabling them to withhold those products from the market, because the Federal reserve bank refused to advance money to the member banks or to the State banks through the member banks upon advances made to farmers for the purpose of enabling them to hold their crops. That, of course, was placing an interdict, so far as the Federal Reserve Board through the exercise of its power could place one, upon the procedure which was the salvation of the farmers of the South of raising money upon that part of their crop which they were unwilling to sacrifice by throwing it upon the market when there was no market. It seems to me a strange proposition that the Senator from Louisiana or any other Senator should now be finding fault either with the Norris bill or with the substitute for the Norris bill because it provides a systematic method by which farmers may withhold their crops from the market by which they may secure loans upon advances that are made for that purpose, and not have that class of security tabooed by an institution of the Government upon the ground that it is speculative, and that, too, at a time when that institution was loaning millions upon millions of dollars through the Federal reserve bank of New York to the stock gamblers of that city.

Mr. RANSDELL. Mr. President, the Senator from North Carolina surely misunderstood me. I have not criticized the proposed substitute at all. I have said time and again that the proposed substitute was a very good piece of legislation, although nothing like as good, in my judgment, as the Norris bill, but one which would be very helpful if we can not secure the passage of the Norris bill. I want to notify Senators right now that if we can not secure the passage of the Norris bill I am going to take the proposed substitute as the next best thing and vote for it.

I think the next best thing to enabling the farmer to sell his goods—his cotton, tobacco, wheat, corn, or whatever products he may have—is to lend him money on reasonable rates of interest to permit him to hold his crop. I understand that in many instances banks are crowding farmers and insisting upon the sale of their products that the farmers' debts may be paid. If the substitute bill be adopted I think that in many instances farmers are going to be given reasonable loans on their products, permitting them to pay the banks, which, I must say, have been very lenient with them, in the main, and enable them to continue to hold their agricultural products, if necessary, for four or five years. That is what I said. The Senator surely misunderstood me.

Mr. SIMMONS. I understood the Senator as animadverting upon hoarding, and I understood the Senator from Nebraska to acquiesce.

Mr. RANSDELL. Not at all. The Senator from Nebraska did not acquiesce in such a suggestion or animadvert upon it at all; it was simply arguendo; he was answering an argument of the other side against hoarding by showing that the proposed substitute provided for hoarding a great deal more than did the original bill.

Mr. SIMMONS. A most dangerous method sometimes of animadverting is arguendo, as suggested by the Senator.

Mr. NORRIS. Mr. President, will the Senator from Louisiana yield to me?

Mr. RANSDELL. I will be glad to yield to the Senator.

Mr. NORRIS. I distinctly stated, not because I was criticizing the provision but in answer to a criticism that was made that the committee bill provided a means by which agricultural products could be hoarded, that the proposed substitute specifically provided for hoarding in another way which I think is more objectionable than the method provided in the committee bill, if either one be objectionable. I think it is a good provision; I was only answering the argument of those who are complaining about the committee bill that it will enable products to be bought and kept out of the market. Nothing of the



kind has been intended, although technically it might be done. I was answering that argument against the bill by showing that the substitute, this holy of holies, that has come into the Senate to-day contains a provision of the same kind, and those who are fighting the original bill on that ground certainly ought to be opposed to the proposed substitute.

Mr. SIMMONS. Then, Mr. President, accepting the disclaimer of both of the Senators, I want to say that for myself I welcome the kind of hoarding which both the Norris bill and the substitute provide for.

Mr. NORRIS. So do I.

Mr. RANDELL. Mr. President, if I may be permitted—I have just about finished my argument—I want to call attention to one or two criticisms which seem to me very unfair by way of comparing the pending bill with the act establishing the Shipping Board.

Poor old Shipping Board! It does not seem to have very many friends on the floor of the Senate at this time. I am one of its friends; I think it is a great institution. I think it is going to become greater all the time, although we have got to charge off a big portion of the war costs, just as we charged off the war costs of the Navy and the Army and many other things. I am not going into detail on that subject now; but it seems to me very unfair to criticize this proposition, because the Shipping Board cost a lot of money and was handled badly in war time, when everybody was saying, "Ships! Ships! More ships! For God's sake, get the boys across the sea! We must do it. We must not spare any money at all." We saw the big yard built up there at Hog Island, where it was necessary to use dynamite to open a hole for every pile that was driven, and enormous expense was incurred everywhere; and yet they compare this bill to that. Why, in the name of common sense, do they not take up a fair comparison? Why do they not mention the Grain Corporation? It functioned pretty well; it was organized to handle grain. This corporation is to handle grain of various and sundry kinds.

I recollect very well that the Grain Corporation was supposed to be wonderfully well handled. Mr. Julius Barnes, from the great State of Minnesota, was the head of the Grain Corporation, and he reported having earned \$80,000,000. The Senator from Minnesota [Mr. KELLOGG] said this morning: "Of course it is no trouble to earn \$80,000,000 if you fix the price of what you buy, and then fix the price of the commodity that you sell." Be that as it may—and I am not going to go into a discussion of the grain situation, for it is too complicated—here was one Government institution which functioned very nicely, and turned over \$80,000,000 to the Government. It is true that Mr. Hoover borrowed \$60,000,000 of that from Mr. Barnes, and bought grain for some suffering people, I believe, over in Poland, and they probably owe him the money on it yet, so we have not the \$80,000,000; but it was earned nevertheless.

Mr. KELLOGG. Mr. President—

Mr. RANDELL. I yield to the Senator if he wishes to ask me a question.

Mr. KELLOGG. I just wish to correct the Senator. Mr. Hoover did not borrow \$50,000,000. The Congress authorized the Grain Corporation to sell \$50,000,000 worth of flour to the suffering peoples in Europe and to take any credit they could get, as a matter of charity.

Mr. RANDELL. That was on the suggestion of Mr. Hoover, though, was it not?

Mr. KELLOGG. I do not know whether Mr. Hoover suggested it or not.

Mr. RANDELL. I think Mr. Hoover suggested it; let us give him credit for it. He does not get as much credit on this floor as he is entitled to. I want to give him some.

Mr. KELLOGG. How much of that has been collected by the Government, I am unable to say. It was a charitable transaction and was authorized by the Congress.

Mr. NORRIS. Mr. President, may I interrupt the Senator again?

Mr. RANDELL. I shall be delighted to yield to the Senator.

Mr. NORRIS. I think it would be very appropriate at this point to suggest that all of this profit of \$80,000,000 made by the Grain Corporation came out of the farmers of this country.

Mr. RANDELL. That is true. I thank the Senator for the suggestion.

Mr. NORRIS. And it ought, it seems to me, to constitute an appealing argument when some legislation is attempted in their behalf.

Mr. KELLOGG. Yes; and several hundred millions more came out of the farmers of this country in prices they could have gotten for their grain if the market had not been interfered with.

Mr. RANDELL. But did not Congress fix the price of that grain?

Mr. KELLOGG. The President fixed it.

Mr. RANDELL. Congress passed a law on the subject, anyhow; but I am not going into that matter.

Mr. KELLOGG. Congress fixed the minimum, and the President fixed both the minimum and the maximum.

Mr. RANDELL. Well, all right. We gave him the authority; but I will not take time on that.

There is another little agricultural corporation which seems to have escaped the attention of Senators—the Sugar Equalization Board. Most of you have not any sugar up in your States, and perhaps you do not take sugar in yours, but I do in mine when I can get it. The Sugar Equalization Board was a Government corporation. I think there were seven men appointed by the President. It functioned very well. It cleaned up \$39,000,000, which went into the Treasury of Uncle Sam. One of the Senators suggests they cleaned up the sugar-growers. If the advice of the Sugar Equalization Board had been taken by the late chief of my party, and the Cuban crop of 1920 had been bought at between 6 and 7 cents a pound, as they wanted to have it bought, we would not have paid what we did pay for sugar; but I am not going to go into that now. I am just trying to remind you that here was a board organized to handle one farm product. It functioned magnificently, and caused the American people to get very much cheaper sugar than they would have gotten otherwise. They used up the sugar growers, as the Senator from Arkansas suggests, but they benefited the great mass of the American people. If we can judge by these two precedents—the Grain Corporation and the Sugar Equalization Board—I imagine that this corporation of three men provided by the Norris bill would do pretty well.

Senators, most of us are lawyers. Most of us want precedents. Most of us can not adopt anything unless we can point to some time in the history of the world when somebody else did likewise. I have given you two precedents, the Grain Corporation and the Sugar Equalization Board, which are pretty nearly the same thing. They furnish precedents to you gentlemen of legal minds who want precedents to point to.

I have held the Senate too long, Mr. President. There are other things I should like to say, but I wish to conclude by stating it as my firm conviction that this legislation, or something very similar to it, something along the same lines, something intended to carry out the same purposes, is necessary to protect American agriculture.

I thank the Senate.

Mr. McCORMICK. Mr. President, I should like to ask the Senator a question before he sits down. He told the Senate, earlier in his address, that the Committee on Agriculture and Forestry had determined upon one amendment to the bill as reported. Are there other amendments?

Mr. RANDELL. Yes, sir; I think there are two or three. I answered the Senator from New York [Mr. WADSWORTH] about them.

Mr. McCORMICK. If the Senator has those amendments, I should be glad to have them.

Mr. RANDELL. I think I can tell the Senator what they are.

Mr. NORRIS. Mr. President, a new print of the bill has been authorized, and a copy of it will be on the Senator's desk in the morning.

Mr. McCORMICK. Carrying the amendments which the committee has made to its own bill?

Mr. NORRIS. Yes.

Mr. McCORMICK. I thank the Senator.

Mr. CURTIS obtained the floor.

Mr. NORRIS. Mr. President, just a suggestion.

Mr. CURTIS. I yield to the Senator.

Mr. NORRIS. The substitute bill that has been offered by the Senator from Minnesota [Mr. KELLOGG] has been printed, and just a few moments ago a copy of it was placed in my hands. Of course I shall not have the opportunity or time to analyze that bill now; but almost at a glance it has occurred to me that every criticism that I recollect that has been made against the pending bill is multiplied in the substitute bill, and before the debate is over, when I can get the time, I expect to analyze it and show that to the Senate. With perhaps one exception, as I glance through it, there has not been, in my judgment, an evil pointed out or a criticism made but that you will find it duplicated in the substitute. It is covered up in an indirect way, but it is there.

Before the Senator from Kansas makes a motion to go into executive session, I understand that the Senator from Illinois [Mr. McCORMICK] desires to get up his resolution.

Mr. McCORMICK. Mr. President, I should like to call up again to-day the resolution to which objection was made on yesterday.

Mr. HARRISON. Mr. President, before we get off the subject that is now before the Senate, the President's message has been delivered to the Senate, and about twenty times as much of that message is taken up in discussion of the railroads and advancements to the railroads as is taken up in a discussion of the farmers and their necessities. In examining the message I find that about 2 inches of it pertains to agricultural conditions and asks for some relief touching them, and the balance of the message is devoted to the railroads.

Mr. NORRIS. Mr. President, will the Senator permit an interruption there?

Mr. HARRISON. Yes.

Mr. NORRIS. I think the Senator ought to realize that in various methods, by the grapevine route, it has percolated through that originally the substitute that has been offered to-day was intended to include relief for the railroads; and I presume the message was written while that program had been developed that far and was unchanged.

Mr. HARRISON. Yes; I think without any question that must be true.

Mr. NORRIS. But evidently after the message was written they discovered that it was necessary to eliminate that from the substitute, at least until after it had been agreed to, in order to get enough votes to defeat the other bill; so I hope the Senator will not offer any criticism.

Mr. HARRISON. It was not in a spirit of criticism that I said what I did. I just want to know in what direction we are traveling. I imagined, from what we have seen in the papers, that the substitute would embody some legislation to take care of the railroad situation. While the program named in the message is a simple one, and they say that it will incur no obligation on the part of the Government, it will take no appropriation, it will cost the Government nothing, surely if what the President has urged is carried out in legislation it will mean that the railroads will borrow about \$500,000,000 from the War Finance Corporation. In view of what we have seen in the papers, and the urgent appeal of the President, and the general submissiveness of some gentlemen to the wishes of the President, I am wondering if this is the only amendment that will be offered to the Norris bill—whether there is another amendment coming up, which will receive the united support of the administration forces, to take care of the railroad proposition in this bill. I knew that the Senator from Nebraska would not know anything about it, because evidently they have ignored him in this matter.

Mr. NORRIS. I should like to suggest to the Senator that it is hardly fair that he should ask his question in the Senate. Probably Senators do not know yet. That is decided outside of the Senate, and when it is decided it will be worked in here in some way.

Mr. HARRISON. I withdraw the question for the present.

Mr. CURTIS. Mr. President—

Mr. EDGE. Mr. President, will the Senator from Kansas yield to me for just a moment?

Mr. CURTIS. I yield to the Senator from New Jersey.

Mr. EDGE. I simply want to offer an amendment to the pending bill and ask that it take the usual course.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. McCORMICK. Mr. President—

Mr. CURTIS. I yield to the Senator from Illinois, if his matter will take no time.

Mr. McCORMICK. Mr. President, if there be no debate, or no lengthy debate, I should like to call up, subject to unanimous consent, Senate resolution 112, providing for the appointment of a special committee to inquire into the occupation and administration of the territories of the Republic of Haiti and the Dominican Republic by the forces of the United States.

Mr. JONES of Washington. Mr. President, I hope the Senator will not call up that resolution to-day. I want to talk to him a little about it before it is brought up in the Senate. I may not have any objection to it, but I would rather he would not call it up to-day.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. CURTIS. I understand that the Senator from Washington objects.

Mr. NORRIS. Mr. President, no request has been made to lay aside the unfinished business, and under the circumstances there is no use of making that request, because objection is going to be made to the present consideration of the resolution referred to by the Senator from Illinois.

#### EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After six minutes spent in executive session, the doors were reopened.

#### MISSOURI RIVER BRIDGE.

Mr. SHEPPARD. Mr. President, from the Committee on Commerce I report back favorably, with amendments, the bill (S. 2301) granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River, and I submit a report (No. 235) thereon. I ask unanimous consent for the present consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were, in line 7, after the word "at" where it occurs the second time, to strike out "or near the foot of Main Street, of," and in line 9, after the word "Missouri," in line 8, to strike out "two thousand four hundred and eighty feet downstream from the present location of the Missouri, Kansas & Texas Railway bridge across said stream at said point," so as to make the bill read:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to Old Trail's Bridge Co. (a Missouri corporation) and its successors and assigns to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at the city of Boonville, Mo., in the county of Cooper, in the State of Missouri, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### ADJOURNMENT.

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 51 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, July 27, 1921, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate July 26 (legislative day of July 22), 1921.*

#### POSTMASTERS.

##### ARKANSAS.

Selvin T. Butler to be postmaster at Warren, Ark., in place of J. E. Bradley, resigned.

##### IDAHO.

Willard G. Sweet to be postmaster at Arco, Idaho, in place of E. M. Long, resigned.

Lillie B. Young to be postmaster at Kuna, Idaho, in place of F. B. Fiss, resigned.

##### ILLINOIS.

Carl M. Crowder to be postmaster at Bethany, Ill., in place of C. M. Davis, resigned.

Arthur W. Shinn to be postmaster at Toulon, Ill., in place of Otto Bacmeister, removed.

##### INDIANA.

Virgil S. Watson to be postmaster at Brownsburg, Ind., in place of M. L. Harding, resigned.

Albert Honehouse to be postmaster at Kouts, Ind., in place of B. F. Hofferth, resigned.

##### IOWA.

Joseph T. Larson to be postmaster at Cambridge, Iowa, in place of Frank Thompson, deceased.

Lee E. Friar to be postmaster at Grimes, Iowa, in place of D. A. Bestor, resigned.

##### KANSAS.

Grant D. Bollinger to be postmaster at Everest, Kans., in place of C. R. Johnson, resigned.

##### KENTUCKY.

William Blades to be postmaster at Island, Ky., in place of J. E. Hancock, resigned.

##### MASSACHUSETTS.

Everett A. Thurston to be postmaster at Swansea, Mass., in place of F. E. Wood, resigned.

Webster L. Kendrick to be postmaster at West Brookfield, Mass., in place of O. P. Kendrick, resigned.



## MICHIGAN.

Sumner Blanchard to be postmaster at Perry, Mich., in place of C. E. Rann, resigned.

## MISSOURI.

Earl M. Mayhew to be postmaster at Callao, Mo., in place of G. P. Hicks, resigned.

Hubert Lamb to be postmaster at Pineville, Mo., in place of C. T. Boren.

## NEBRASKA.

David Johnson to be postmaster at Brady, Nebr., in place of Flora Moulds, resigned.

Henry C. Hooker to be postmaster at Leigh, Nebr., in place of R. H. Kloppel, resigned.

## NEW JERSEY.

Frank C. Dalrymple to be postmaster at Pittstown, N. J., in place of S. R. Reed, deceased.

## NEW YORK.

Guy L. Stone to be postmaster at Luzerne, N. Y., in place of O. W. Howe, resigned.

Harley D. Jock to be postmaster at Moira, N. Y., in place of H. J. Adams, resigned.

## NORTH DAKOTA.

Laura A. Kline to be postmaster at Crystal, N. Dak., in place of J. J. Kline, resigned.

Lars S. Jacobson to be postmaster at McVile, N. Dak., in place of J. E. Dick, resigned.

Jennie E. Smith to be postmaster at Steele, N. Dak., in place of P. J. Filbin, resigned.

## OHIO.

Lester L. Leech to be postmaster at New London, Ohio, in place of D. D. Granger, resigned.

Henry E. Fisher to be postmaster at Osborn, Ohio, in place of C. L. Barkman, resigned.

Charles B. Saxby to be postmaster at Weston, Ohio, in place of L. S. Baker, resigned.

## PENNSYLVANIA.

Walter F. Miller to be postmaster at Liberty, Pa., in place of W. H. Merithew, resigned.

## RHODE ISLAND.

Ralph H. Chapman to be postmaster at Esmond, R. I., in place of C. H. West, resigned.

## SOUTH CAROLINA.

William C. Stepp to be postmaster at Taylors, S. C., in place of C. C. Williams, resigned.

## SOUTH DAKOTA.

Fayette A. Nutter to be postmaster at Alcester, S. Dak., in place of F. A. Nutter, resigned.

Frank A. Northrup to be postmaster at Draper, S. Dak., in place of Sherman Bates, resigned.

## WASHINGTON.

Benjamin G. Brown to be postmaster at Ridgefield, Wash., in place of J. T. Harris, resigned.

Frederick E. Tuttle to be postmaster at Twisp, Wash., in place of E. H. C. Ramm, resigned.

## WEST VIRGINIA.

Martin L. Campbell to be postmaster at Salem, W. Va., in place of H. H. Davis, declined.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate July 26 (legislative day of July 22), 1921.*

## TREASURY DEPARTMENT.

## ASSISTANT SOLICITOR.

Thomas Lack, of Pennsylvania, to be Assistant Solicitor of the Treasury.

## DEPARTMENT OF JUSTICE.

## UNITED STATES ATTORNEY.

Ernest F. Cochran to be United States attorney, western district of South Carolina.

## POSTMASTER.

## ALASKA.

John Hegness, Nome, Alaska.

## HOUSE OF REPRESENTATIVES.

TUESDAY, July 26, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O our eternal Father, Thou art all wise and almighty and nothing is impossible with Thee. Along the pathway on which we move forth Thou dost show Thy power and mercy. The pillars of Thy throne are truth and righteousness, yet Thou art pitying like a father and comforting as a mother. As the conflict is great, give increasing success and strength to goodness and break the right arm of evil. O may we rest in the Lord and wait patiently for Him. Give comfort to any heart sitting at the hearthstone asking the reason of an empty chair. Console any who may be murmuring in the darkness of grief. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

## EDNA DUCE AND ETHEL MASON.

Mr. IRELAND. Mr. Speaker, I ask consideration of the privileged resolution which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

## House resolution 127.

*Resolved*, That the Clerk of the House of Representatives be, and he is hereby, authorized and directed to pay, out of the contingent fund of the House, to Edna Duce the sum of \$153.33 and to Ethel Mason the sum of \$153.33, being the amount received by them per month as clerks to the late Hon. William E. Mason at the time of his death, June 17, 1921.

Mr. IRELAND. Mr. Speaker, this is the usual resolution for the employees of a deceased Member, and the record in the matter has been verified. I ask for the adoption of the resolution.

The question was taken, and the resolution was agreed to.

## SUBSTITUTE TELEPHONE OPERATORS.

Mr. IRELAND. I ask consideration for the following resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

## House resolution 138.

*Resolved*, That there shall be paid out of the contingent fund of the House compensation at the rate of \$3 per diem each for the services of three substitute telephone operators during the remainder of the present session, including the compensation of one substitute telephone operator during the month of June, 1921.

Mr. IRELAND. Mr. Speaker and gentlemen of the House, it has been found necessary during the heated season to employ additional substitute operators at the switchboard. Illness during the heated weather has disabled many of them, and this has been found necessary and is recommended by the chief operator and the Clerk of the House. I shall make a further reference to this in another resolution, which I shall offer within a short time.

The question was taken, and the resolution was agreed to.

## MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

A message, in writing, from the President of the United States, by Mr. Latta, one of his secretaries.

## EXPENSES OF JOINT COMMITTEE ON REORGANIZATION OF THE ADMINISTRATIVE BRANCH OF THE GOVERNMENT.

Mr. IRELAND. Mr. Speaker, I ask consideration of this resolution, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

## House resolution 151.

*Resolved*, That pursuant to the authority contained in the joint resolution entitled "Joint resolution to create a Joint Committee on the Reorganization of the Administrative Branch of the Government" (Public resolution No. 54, 66th Cong.), and in the joint resolution entitled "Joint resolution to authorize the President of the United States to appoint a representative of the Executive to cooperate with the Joint Committee on Reorganization" (Public resolution No. 1, 67th Cong.), there shall be paid out of the contingent fund of the House one-half of the expense of said Joint Committee on Reorganization, upon vouchers countersigned by the chairman of the said committee on the part of the House and approved by the Committee on Accounts.

Mr. GARRETT of Tennessee. Mr. Speaker, I hope the gentleman will withdraw that resolution.

Mr. GARNER. You will have to have a quorum to pass it.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. IRELAND. Certainly.

Mr. GARRETT of Tennessee. The salary of the man appointed by the President, and who was subsequently elected

chairman of the committee, is not going to be paid out of the contingent fund of either House if I can prevent it. I hope the gentleman will withdraw that resolution.

Mr. IRELAND. What were the provisions of the two resolutions on which this was based?

Mr. GARRETT of Tennessee. Mr. Speaker, I will make the point of order it is not privileged—no; I will withdraw that and we will come to the straight issue on it.

Mr. IRELAND. This is my understanding—

Mr. WINGO. Mr. Speaker, pending that I will make the point of order there is no quorum present.

Mr. GARRETT of Tennessee. I wish the gentleman from Arkansas would restrain himself for a few minutes.

Mr. IRELAND. Will the gentleman withhold—

Mr. WINGO. It requires a good deal of restraint to do so, but at the request of the gentleman from Tennessee I will do it.

Mr. IRELAND. This is my understanding of the matter. The first resolution passed creating this Joint Committee on Reorganization was later amended by a second resolution embodying the appointment of a representative of the Executive. It was my understanding at that time that the expenses of this commission or committee were to be paid out of the contingent funds of the House and Senate, one-half each. Am I correct in that?

Mr. GARRETT of Tennessee. Substantially so.

Mr. IRELAND. This resolution is simply to make that workable. There was a provision in the second resolution, or the first, I do not recall accurately from memory, that made it necessary that no expense of the commission be paid without further action of the House.

Mr. GARRETT of Tennessee. I know some of us would like—may I offer this suggestion—

Mr. IRELAND. Certainly.

Mr. GARRETT of Tennessee. That the gentleman reserve this—

Mr. WINGO. Mr. Speaker, I now call the attention of the Speaker to the fact and make the point of order that there is no quorum present.

The SPEAKER. It is clear there is no quorum present.

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Favrot	Lampert	Rossdale
Ansorge	Fenn	Langley	Rouse
Anthony	Focht	Larson, Minn.	Rucker
Bacharach	Foster	Leatherwood	Sabath
Bankhead	Frear	Leibach	Sanders, Ind.
Barbour	Free	Linthicum	Schall
Beck	Freeman	Logan	Scott, Mich.
Bixler	Frothingham	London	Shaw
Boies	Fuller	Luce	Siegel
Brinson	Gallivan	Luhbring	Slemp
Britten	Gilbert	McCormick	Smith, Idaho
Brooks, Pa.	Glynn	McLaughlin, Pa.	Snell
Browne, Wis.	Goldsborough	MacGregor	Stafford
Burdick	Gould	Magee	Stiness
Burke	Graham, Pa.	Maloney	Stoll
Burrhoughs	Green, Iowa	Mead	Strong, Pa.
Campbell, Pa.	Haugen	Merritt	Sullivan
Cantrill	Hawes	Michaelson	Tague
Christopherson	Hawley	Michener	Taylor, Ark.
Clark, Fla.	Hays	Mills	Taylor, Colo.
Classon	Himes	Moore, Ill.	Ten Eyck
Clouse	Houghton	Moore, Va.	Thomas
Codd	Huddleston	Mudd	Tillman
Cole	Hudspeth	Nelson, J. M.	Tinkham
Connell	Hukriede	Newton, Minn.	Treadway
Cooper, Ohio	Humphreys	Nolan	Underhill
Copley	Husted	O'Brien	Valle
Coughlin	Hutchinson	O'Connor	Vare
Cramton	Jeffers, Nebr.	Olpp	Volk
Crowther	Johnson, S. Dak.	Osborne	Walters
Cullen	Jones, Pa.	Paige	Ward, N. Y.
Dallinger	Keller	Perkins	Ward, N. C.
Deal	Kelley, Mich.	Perlman	Wason
Dempsey	Kennedy	Petersen	Weaver
Dickinson	Kiess	Purnell	Webster
Dominick	Kindred	Rainey, Ala.	Wheeler
Draue	Kirkpatrick	Rainey, Ill.	Williamson
Drewry	Kitchin	Ransley	Woods, Va.
Dunn	Klecza	Reber	Yates
Dupré	Kline, N. Y.	Reed, N. Y.	Zihlman
Edmonds	Knight	Riddick	
Ellis	Kreider	Riordan	
Fairfield	Kunz	Rose	

The SPEAKER. Two hundred and sixty-one Members have answered to their names, a quorum.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors.

Mr. IRELAND. Mr. Speaker, I have a well-defined suspicion that there is a grave possibility the House will not find itself

in happy accord on this resolution, or, at least, there may be some slight differences of opinion expressed. Therefore, I ask unanimous consent that I may temporarily withdraw the resolution before the House.

The SPEAKER. The gentleman has the right to withdraw it.

Mr. REAVIS. I hope the gentleman will not do that. We are very greatly embarrassed.

The SPEAKER. Has the gentleman any other resolution?

Mr. IRELAND. Yes. I ask consideration of the resolution—

Mr. GARRETT of Tennessee. Was that resolution withdrawn?

The SPEAKER. Yes. The Clerk will report the next resolution.

#### TELEPHONE OPERATORS IN CAPITOL.

The Clerk read as follows:

House concurrent resolution 25.

*Resolved, etc.* That there shall be paid, out of the contingent funds of the Senate and House of Representatives, respectively, until otherwise provided by law, compensation at the rate of \$100 per month each for the services of telephone operators in the Capitol telephone exchange, seven in the employ of the Senate and nine annual and three session in the employ of the House; and for the services of a chief operator at compensation at the rate of \$150 per month: *Provided*, That such employments shall be in lieu of a like number of telephone operators now authorized and provided in the legislative, executive, and judicial appropriation act approved March 3, 1921.

Mr. IRELAND. Mr. Speaker and gentlemen of the House, this is the resolution that I referred to a short time ago when we passed the one for temporary substitute operators. It has been brought about by the largely increased service that the Capitol switchboard renders and the inability of the manager or the chief operator to secure bright, keen, quick-witted young ladies without the provision for training that the commercial telephone companies offer to employ on the Capitol force. This raises their salary somewhat. It is a substantial raise, but it is found necessary, and I think the majority will agree that it is justified. These girls are on duty for unusually long hours and their work is very difficult. They have to be far above the average telephone operator in ability. They must not only be good telephone operators but they must memorize the list of the Members and officers of the House, so that they can call by name rather than number, as most of us do, and this makes their work additionally difficult. During the heated period they have had quite a bit of illness on the force, largely because of the confining nature of the work, and it has been next to impossible for the manager to keep the force intact and give adequate service to the House and Senate and Capitol Buildings.

I am very glad to say that this report received the unanimous approval of the committee present. These girls answer about 2,500 calls each a day, perhaps 400 an hour, which must be surprising to all of us. If there is any other information desired, I will be glad to give such as I have at hand. This raises their salaries just slightly above the rate paid by the commercial companies for like services, and gives the manager \$1,800 a year instead of \$1,500. The assistant manager and another operator are appointed by the Superintendent of the Capitol, and I am led to believe that a corresponding proportional increase will be given the assistant chief operator.

Mr. DYER. Will the gentleman yield?

Mr. IRELAND. Certainly.

Mr. DYER. The gentleman says that two of them are appointed by the Superintendent of the Capitol. How are the others appointed?

Mr. IRELAND. There are nine annual operators appointed by the House, and three session operators; eight by the Senate, and there is a provision for certain substitutes—I think one on each side. I am not positive about that. Two are appointed by the Superintendent of the Capitol, one of which is assistant chief operator.

Mr. STRONG of Kansas. What do the operators receive now?

Mr. IRELAND. Seventy-five dollars a month.

Mr. STRONG of Kansas. What do they get by this resolution?

Mr. IRELAND. One hundred dollars.

Mr. DYER. Will the gentleman yield?

Mr. IRELAND. I will.

Mr. DYER. They get the bonus, also, do they not?

Mr. IRELAND. Yes, sir.

Mr. CHINDBLOM. I want to say this, that anyone who has had experience with telephone operators must be impressed with the fact that these operators in the Capitol are giving very exceptional service.

Mr. IRELAND. They certainly are. It is the most wonderful telephone service in the world.

The SPEAKER pro tempore (Mr. WALSH). The question is on the passage of the House concurrent resolution.

The question was taken, and the resolution was agreed to.



## THE HOUSE LIBRARY.

Mr. IRELAND. Mr. Speaker, I ask consideration of the privileged resolution which I send to the Clerk's desk.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

## House resolution 152.

*Resolved*, That the Clerk of the House is hereby directed to make a survey and classification of the books and documents in the House Library and of the reserve stock stored in the House Office Building, and to dispose of such excess volumes through the Superintendent of Documents, as provided by law, as, in the judgment of the Clerk, the Librarian of Congress, and the chairman of the Committee on Disposition of Useless Executive Papers, may not be necessary as a reserve library with which to supply the Hall Library. And the Clerk is further directed, in conjunction with the Architect of the Capitol, to remove the contents of the rooms now occupied by the House Library, and to refit and make ready said rooms for the occupancy of the journal clerk, tally clerk, chief bill clerk, enrolling clerk, and their respective assistants, and of such other employees of the Clerk's office as may therein be accommodated. All expenses in connection with the execution of this resolution, including labor, additional clerical assistance, and equipment not exceeding \$25,000, shall be paid out of the contingent fund of the House upon vouchers approved by the Committee on Accounts.

Mr. GARRETT of Tennessee. Is the gentleman presenting that as a privileged resolution?

Mr. IRELAND. Yes.

Mr. GARRETT of Tennessee. I make the point of order that it is not a privileged resolution.

The SPEAKER pro tempore. The gentleman from Tennessee makes a point of order that the resolution is not privileged. Does the gentleman from Illinois [Mr. IRELAND] desire to be heard on the point of order?

Mr. IRELAND. Will the gentleman from Tennessee withhold the point of order temporarily?

Mr. GARRETT of Tennessee. I will reserve it.

Mr. IRELAND. This, if I may have the gentleman's attention, is what is sought to be done by this resolution:

The congestion in the accommodations of the Capitol, which is apparent and within the knowledge of every Member, seems to have pointed this route as the best solution for that congested condition. The rooms are under the assignment of the Speaker, and the only place found for the journal clerk, bill clerk, and so forth, is in this room on the lower corridor, where the ventilation, light, and air are very bad, and if we had to put in our time there all day, as they do, I do not think we would find it comfortable or healthful. In conjunction with this it was thought that by augmenting the small library here in the House and transferring this library to the House Office Building it would prove of a greater convenience to the vast majority of Members and would not inconvenience anyone by reason of the transfer, and it would give well-ventilated, well-lighted, and commodious quarters to these boys that are in the employ of the Clerk. It seemed the best solution, and it is the best thought of the men about the Capitol who have been consulted about it, and who thought that possibly by this method we might ultimately find additional quarters in connection with the change in the rest of it.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. IRELAND. Certainly.

Mr. GARRETT of Tennessee. Mr. Speaker, there are quite a number of Members of the House who are not chairmen of committees who have offices in the Capitol Building. I have no objection to their having offices here, but if they did not have them, if they were in a situation where they were associated with us in rooms in the House Office Building, could not this space, or the space now occupied by them, be utilized for these matters without the expense that is involved in this resolution?

Mr. IRELAND. I hardly think so. We have canvassed that situation. By the way, I do not believe there is a single available room in the House Office Building at present which is habitable. The necessitated increase of accommodations for the enlarged Committee on Appropriations also entered into this proposition.

Mr. GARRETT of Tennessee. To that I think there would be no objection, if that were brought in alone—that matter of the Committee on Appropriations. But the trouble of it is that it seems hard to consider doing something or having something done that is right without doing something wrong in connection with it.

Mr. IRELAND. That is so. But this seemed to be the best thought we could secure on the situation. The question to be decided by the membership, it seems to me, is whether they will be greatly inconvenienced by the removal of this library to the House Office Building or whether they would not in reality receive a greater accommodation for the majority of the membership by the removal. It will enable us to do several

things in the Capitol here that the membership will later on find advantageous, I am sure. Much hinges on this one move.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. IRELAND. Yes.

Mr. BLANTON. Does the gentleman think this shifting around will cost the sum of \$25,000, which is estimated for in the gentleman's resolution?

Mr. IRELAND. Hardly; but it was very difficult to arrive at an estimate that was accurate, and our time was so short that we placed that figure as the outside sum. It will probably be under \$20,000.

Mr. BLANTON. What is it about this shifting that is going to cost even several thousand dollars?

Mr. IRELAND. I can only give you the benefit of such advice as we have received on it.

Mr. BLANTON. Moving books is not very expensive.

Mr. IRELAND. No; but we must realize that there are a lot of filing cases where the anchorage to the floor must be removed and replaced, and several things entering into it make the amount of cost seem unreasonable. I hope they will be held down.

Mr. GREENE of Vermont. Mr. Speaker, will the gentleman yield?

Mr. IRELAND. Certainly.

Mr. GREENE of Vermont. Will the gentleman kindly identify more particularly the spaces in the Capitol that are referred to in the terms of this resolution? I doubt if many of us are carrying in our minds quite accurately what offices the gentleman means. He does not, of course, mean this reference library here?

Mr. IRELAND. No; that would not be disturbed. It would simply be augmented.

Mr. GREENE of Vermont. Will the gentleman please identify more particularly the other rooms affected by the resolution?

Mr. IRELAND. There are none affected except the library directly on the floor above here. That is the only one that would be vacated by this move; but the idea is to put the bill clerks, the journal clerk, and the clerks in the office of the Clerk, and in all probability the Committee on Enrolled Bills, and provide accommodations for further clerical force up there from other departments.

Mr. GREENE of Vermont. And put all those people on the first floor up here in the library space?

Mr. IRELAND. Exactly.

Mr. BYRNS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. IRELAND. Yes.

Mr. BYRNS of Tennessee. I understood the gentleman to say it was contemplated moving the books in this library to the House Office Building?

Mr. IRELAND. That was the thought.

Mr. BYRNS of Tennessee. I understood the gentleman to say awhile ago that there were not any rooms in the House Office Building available to those who occupy offices in the Capitol.

Mr. IRELAND. I am told that there are rooms over there that might be available that would not be sufficiently light or well ventilated; for instance, vacant rooms that might be used for the time one would be in the library, but which people would not want to occupy continuously as an office. That was the hope, to get around that objection.

Mr. BYRNS of Tennessee. If we could save, as my colleague from Tennessee suggested, \$20,000 or \$25,000 by continuing to utilize the Capitol for this library purpose, where, I beg to say to the gentleman, it would be more convenient to Members, because many Members while the House is in session go to the library upstairs for the purpose of quickly looking up information—if we could save \$20,000 or \$25,000 possibly, as my colleague suggested, by having a few of our colleagues associated with us in the House Office Building who now have offices here in the Capitol, it would be a proposition of economy that ought to commend itself to the membership.

Mr. IRELAND. How often does the gentleman use the library here?

Mr. BYRNS of Tennessee. I have been up there several times. I do not make a daily habit of it, but on several occasions I have gone up there to get records or have some matters looked up. I think I would do it here more than I would in the House Office Building.

Mr. GREENE of Vermont. Is it not true that the test of a library above all things is not what is in it but where it is when you want it?

Mr. BYRNS of Tennessee. Yes; and I will say this to my friend from Vermont, with the permission of the gentleman

from Illinois, that if you put this library over in some basement office or room in the House Office Building, as suggested, it will be of little use, because it would hardly be available, and certainly not convenient—

Mr. KINCHELOE. Mr. Speaker, will the gentleman yield?

Mr. IRELAND. Yes.

Mr. KINCHELOE. Does not the gentleman think that the fact that this library is so close here is the thing that makes it a reference library, while we who happen to be in the House Office Building can get more quickly to the Library of Congress?

Mr. IRELAND. Yes.

Mr. KINCHELOE. Another thing that I want to ask the gentleman about: Of course, the gentleman and his committee did not come in here and arbitrarily fix the sum at \$25,000 unless they had thought the cost would be in that neighborhood. It strikes me as rather amazing. I can not conceive upon what facts the gentleman based his estimate of \$25,000. There are no books to be bought?

Mr. IRELAND. Oh, no. It is on the physical work of the building.

Mr. KINCHELOE. It seems to me that sum would be a good start to build another library.

Mr. IRELAND. I confess I was surprised by the figure. But that economy may be used in the removal the gentleman may be certain.

Mr. BLANTON. Will the gentleman yield?

Mr. IRELAND. I promised to yield to the gentleman from Tennessee [Mr. PADGETT].

Mr. KINCHELOE. I wanted to ask why we should remove this library at all?

Mr. PADGETT. I wanted to ask a question somewhat collateral, as a result of the statement of the gentleman from Illinois. He said there was no room now available in the House Office Building for Members who are housed in the Capitol Building.

Mr. IRELAND. No room is available for Members' offices. I am so informed.

Mr. PADGETT. If that is true with the present membership of the House, what will be the situation if the membership is increased to 460 instead of 435, as it now is?

Mr. BLANTON. We will be in a devil of a jam.

Mr. IRELAND. I agree with the gentleman from Texas.

Mr. GOODYKOONTZ. I want to ask the gentleman from Illinois to what space in the House Office Building it is proposed to remove this library?

Mr. IRELAND. I do not recall from memory. The Clerk can give the gentleman that information.

Mr. GOODYKOONTZ. Can the gentleman tell us about how many Members of the House are accommodated with offices in the Capitol?

Mr. IRELAND. No; I can not, but I should hazard the guess that perhaps there are from 16 to 20.

Mr. STEAGALL. Will the gentleman yield?

Mr. IRELAND. Certainly.

Mr. STEAGALL. Did I understand the gentleman to say that \$25,000 is the estimate submitted to the Committee on Accounts?

Mr. IRELAND. That is an outside figure.

Mr. STEAGALL. That would be authorized by the resolution?

Mr. IRELAND. Yes; but only so much of it will be used as is needed.

Mr. STEAGALL. Would it not be better to have a request for \$100,000 and then adopt a resolution providing \$25,000, so that we could report to the country that we had saved \$75,000 while we were doing this?

Mr. IRELAND. Evidently the gentleman has not the confidence in the economic methods of the Committee on Accounts that the committee has in itself.

Mr. STEAGALL. But we are saving a great deal of money by that process. Every now and then we have estimates sent in for large amounts, and we appropriate less than the amount estimated, and then we report to the country how much we have saved.

Mr. IRELAND. That may be.

Mr. WALSH. Mr. Speaker, I ask for the regular order.

Mr. KINCHELOE. Will the gentleman yield for one more question?

Mr. IRELAND. I shall be glad to do so.

The SPEAKER. The gentleman from Massachusetts demands the regular order. The regular order is the point of order reserved by the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. I am still willing to reserve the point of order; but if the regular order is demanded I make the point of order.

The SPEAKER. Will the gentleman from Tennessee state his point of order?

Mr. GARRETT of Tennessee. That this is not a privileged resolution. It clothes the Clerk of the House with authority that he does not now have either under the law or the rules of the House. It brings into the determination of what is probably a legislative question the chairman of the Committee on Disposition of Useless Executive Papers. It does not bring in the committee, but just the chairman. Then it directs the Clerk further, in conjunction with the Architect of the Capitol, to remove the contents of the rooms now occupied by the House library. The Clerk has no jurisdiction over the House library. It directs him to refit and make ready said rooms. The Clerk of the House has no jurisdiction under the law over the matter of refitting the rooms.

The SPEAKER. It has been held in a number of cases that matters pertaining to the convenience of the House are privileged matters. It is a question with the Chair as to whether this would not come under that rule.

Mr. GARRETT of Tennessee. Of course, that is true if the resolutions are presented in the right way, and not undertaking to confer authority upon somebody who has no authority under the law, or even under the rules of the House.

Mr. IRELAND. I submit that this resolution makes certain provisions for the payment of necessary expenses out of the contingent fund of the House, which gives the resolution its privileged status. I submit that the other is an incidental and immaterial matter.

Mr. GARRETT of Tennessee. Take, for instance, one of the first items in this resolution, which authorizes the Clerk to make a survey and classification of books and documents in the House library and of the reserve stock stored in the House Office Building. I take it that is the reserve from the document or folding rooms.

The SPEAKER. The only ground the Chair sees for it is that this library is for the convenience of the Members, and the question in the mind of the Chair is whether it is not proper in providing for the convenience and privileges of the Members of the House to make such disposition as is necessary of these books and of the rooms. The Chair is not entirely certain about it, and would be glad to hear any statement that the gentleman desires to make about it.

Mr. GARRETT of Tennessee. What does the language—

And to dispose of such excess volumes through the Superintendent of Documents—

mean? That is, beginning in lines 4 and 5.

Mr. IRELAND. I beg the gentleman's pardon. What was that question?

Mr. GARRETT of Tennessee. Beginning in line 4 the resolution contains the language—

And to dispose of such excess volumes through the Superintendent of Documents.

The SPEAKER. The Superintendent of Documents is authorized now by law to dispose of books that are not necessary, and the Chair supposes it is intended that under the jurisdiction of the House he should exercise the same right. All that gives this matter privilege is the fact that these are our own books.

Mr. MANN. May I ask the gentleman from Tennessee a question?

Mr. GARRETT of Tennessee. Yes, indeed.

Mr. MANN. Does not the law provide that certain documents shall be delivered to the Clerk of the House for distribution in certain ways, and is not the reserve stock stored in the House Office Building a part of these documents, so that the law now provides how they shall be distributed?

Mr. GARRETT of Tennessee. I understand that they have to be distributed through the folding room.

Mr. MANN. Oh, no; this has nothing to do with the folding room. Committees get various documents, and they get them through the Clerk of the House. I am not sure. I am asking for information as to whether the Clerk having received these documents under the law is then at liberty to turn around and hand them over to the Superintendent of Documents to be sold or given away, or whether he is obliged by law to follow a prescribed course.

If it was permissible for the Clerk to enter into the discussion he could give the information, for he knows.

Mr. GARRETT of Tennessee. May I ask the gentleman from Illinois a question? If he obtained them in accordance with law, does the gentleman from Illinois think that by a simple



House resolution we could authorize him to distribute them in a manner not in accordance with law?

Mr. MANN. If the law prescribed what should be done with them I do not think by a House resolution we could change the law. It would be perfectly plain that the House could not change the law by a simple House resolution.

Mr. WALSH. Mr. Speaker, while I assume that the purpose of this resolution is for the convenience of Members of the House—

Mr. KINCHELOE. Mr. Speaker, I make the point of order that there is no quorum present. The gentleman is so important and would not give others a chance to speak that I think there should be a quorum here to hear him.

The SPEAKER. The gentleman from Kentucky makes the point that there is no quorum present. It is obvious that there is no quorum present.

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Elston	Kunz	Schall
Ansorge	Favrot	Lampert	Scott, Mich.
Anthony	Fenn	Langley	Siegel
Bacharach	Flood	Leatherwood	Slemp
Bankhead	Fordney	Linthicum	Smith, Idaho
Barbour	Foster	Logan	Smith, Mich.
Beck	Free	Landon	Snell
Bixler	Freeman	Luce	Snyder
Boies	Frothingham	Lubring	Stafford
Brinson	Fuller	McCormick	Stiness
Britten	Gallivan	McLaughlin, Nebr.	Stoll
Brooks, Pa.	Gilbert	McLaughlin, Pa.	Strong, Pa.
Browne, Wis.	Glynn	MacGregor	Sullivan
Burdick	Goldsborough	Magee	Summers, Tex.
Burke	Gould	Maloney	Tague
Burrongs	Graham, Pa.	Mansfield	Taylor, Ark.
Cantrill	Green, Iowa	Merritt	Taylor, Colo.
Christopherson	Griffin	Michaelson	Taylor, Tenn.
Clague	Hawes	Michener	Ten Eyck
Clark, Fla.	Hawley	Mills	Thomas
Classon	Hays	Moore, Ill.	Tillman
Clouse	Himes	Moore, Va.	Tinkham
Codd	Houghton	Nolan	Treadway
Cole	Huddleston	O'Brien	Underhill
Connell	Hudspeth	O'Connor	Vaile
Cooper, Ohio	Husted	Olpp	Vare
Copley	Hutchinson	Osborne	Vinson
Coughlin	Jefferis, Nebr.	Paige	Volk
Cramton	Johnson, S. Dak.	Perkins	Walters
Crowther	Jones, Pa.	Perlman	Ward, N. Y.
Cullen	Keller	Petersen	Wason
Dallinger	Kelley, Mich.	Purnell	Weaver
Deal	Kelly, Pa.	Rainey, Ill.	Webster
Dempsey	Kennedy	Ransley	Wheeler
Denison	Kiess	Reed, N. Y.	Williamson
Dickinson	Kindred	Riordan	Wise
Dominick	Kinkaid	Rose	Woods, Va.
Drane	Kirkpatrick	Rossdale	Wright
Drewry	Kitchin	Rouse	Young
Dunn	Klecza	Rucker	Zihlman
Dupré	Kline, N. Y.	Ryan	
Edmonds	Knight	Sabath	
Ellis	Kreider	Sanders, Ind.	

The SPEAKER. Two hundred and sixty-one Members have answered to their names. A quorum is present.

Mr. MONDELL. Mr. Speaker, I move to suspend further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. GARRETT of Tennessee. Mr. Speaker, in reference to the point of order I made, I ventured to direct the attention of the Speaker to the fact that the Committee on the Disposition of Useless Papers is not a committee created by the rules of the House alone. It is a committee created by statute.

Mr. IRELAND. The committee is not involved in this; it is simply the chairman of the committee.

Mr. GARRETT of Tennessee. That is precisely it. This resolution undertakes to confer upon the chairman of the committee created not alone by the rules of the House but by law the functions which ought to be performed by the full committee, if performed at all.

The SPEAKER. The Chair is somewhat perplexed by this proposition. It has been held in a number of cases that a proposition relating to the convenience of Members of the House is privileged, such as the building of elevators, and so forth. But the right to dispose of documents is provided by law, and this does seem to change it by saying that the Clerk shall dispose of them, not as now but with the concurrence of the chairman of the Committee on the Disposition of Useless Papers and the Librarian of Congress. It seems to the Chair that that does change the power the Clerk now has by law, and so the point of order is sustained.

#### THE RAILROADS AND AGRICULTURE.

The SPEAKER laid before the House the following message from the President of the United States, which was read, and,

with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce and ordered printed:

To the Senate and House of Representatives:

It is necessary to call the attention of Congress to the obligations of the Government to the railroads, and ask your co-operation in order to enable the Government to discharge these obligations. There is nothing new about them, but only recently has there come an understanding which seems well to justify a sincere endeavor to effect an early settlement. These obligations already have been recognized by the Congress, in the passage of the transportation act restoring the railroads to their owners, but previous recognition was made in the contract under which the railroads were operated by the Government for the period of the World War.

The contract covering operation provided that the railways should be returned to their owners in as good condition as when taken over by the Government, and the transportation act, recognizing that betterments and additions belong to capital account, provided that such sums as the railway companies owed the Government for betterments and new equipment, added during the period of Government operation, might be funded. There has been, at no time, any question about the justice of funding such indebtedness to the Government. Indeed, it has been in progress to a measurable degree ever since the return of the railroads to their owners. It has been limited, however, to such cases as those in which final settlements with the Railway Administration have been effected. The process is admittedly too slow to meet the difficult situation which the owners of the railroads have been facing, and I believe it essential to restore railway activities and essential to the country's good fortune to hasten both funding and settlement.

Quite apart from the large sums owing to the Government, which we are morally and legally bound to fund, the Government admittedly owes the railway companies large sums on various accounts, such as compensation, depreciation, and maintenance. There has been a wide difference of opinion relating to the amount the Government owes, due in the main to the claim of the owners that in spite of materials and hours of labor being estimated in proper relations to similar expenditure in the prewar test period, the "inefficiency of labor" still left a wide difference between actual upkeep and the expenditure made during the Government operation.

In order to expedite settlement and funding an informal understanding, which is all that is possible or practical, has been reached, under which the railway claims based on the "inefficiency of labor" are to be waived to hasten complete and final settlements, without surrender of any rights in court in case there is failure to settle. I have no doubt that early, final, and satisfactory settlements will be reached, since the policy of the Railway Administration already has been effective in finally settling the accounts of roads filing claims amounting to \$225,568,764, resulting in the payment to them of \$68,141,222.

The way now would seem to be clear to very early adjustment and relief, except for the fact that the Railway Administration, though possessing assets, does not command the funds necessary to meet what will be its admitted obligations.

There is no thought to ask Congress for additional funds. Perhaps \$500,000,000 will be necessary. The Railroad Administration has, or will have in the progress of funding, ample securities to meet all requirements if Congress only will grant the authority to negotiate these securities and provide the agency for their negotiation.

With this end in view you are asked to extend the authority of the War Finance Corporation so that it may purchase these railway funding securities accepted by the Director General of Railroads. No added expense, no added investment is required on the part of the Government, there is no added liability, no added tax burden. It is merely the grant of authority necessary to enable a most useful and efficient Government agency to use its available funds to purchase securities for which Congress already has authorized the issue, and turn them into the channels of finance ready to float them.

I can readily believe that so simple a remedy will have your prompt sanction. The question of our obligation can not be raised, the wisdom of affording early relief is not to be doubted, and the avoidance of added appropriation or liability will appeal to Congress and the public alike.

The after-war distresses of two great and fundamental activities have been riveting the anxious attention of the country. One is the readjustment and restoration of agriculture, the other is the distress of our railway transportation system.

Pending proposals for relief and their discussion have already brought to the attention of Congress the very promising possibilities of broadening the powers of the War Finance Corporation for the further relief of agriculture and live-stock produc-

tion. This corporation has proven itself so helpful in the relief thus far undertaken, that I can not help but believe that its broadened powers, as have been proposed, to meet agricultural needs, will enable it wholly to meet the nation-wide emergency. This is an impelling moral obligation to American farming in all its larger aspects, and it will be most gratifying to have your early sanction.

In the case of the railroads there is a moral and a contractual obligation, and your favorable action is no less urgent, and will no less appeal to public approval. Railway solvency and efficiency are essential to our healthful industrial, commercial, and agricultural life. Everything hinges on transportation.

After necessary and drastic curtailments, after harrowing straits in meeting their financial difficulties, the railways need only this financial aid which the fulfillment of our obligations will bestow, to inaugurate their far-reaching revival. Its effects will be felt in varied industries, and will banish to a large degree the depression which, though inevitable in war's aftermath, we are all so anxious to see ended.

I am appending herewith memoranda concerning the progress of railroad liquidation and revealing existing conditions which Congress will be interested to note, while considering the simple remedy proposed for the relief of the situation. The information is submitted by the Director General of the Railroads.

WARREN G. HARDING.

THE WHITE HOUSE, July 26, 1921.

#### JOINT COMMITTEE ON REORGANIZATION.

Mr. IRELAND. Mr. Speaker, I call up House resolution 151, which I send to the desk and ask to have read.

The Clerk read as follows:

#### House resolution 151.

Resolved, That pursuant to the authority contained in the joint resolution entitled "Joint resolution to create a Joint Committee on the Reorganization of the Administrative Branch of the Government" (Pub. Res. No. 54, 66th Cong.), and in the joint resolution entitled "Joint resolution to authorize the President of the United States to appoint a representative of the Executive to cooperate with the Joint Committee on Reorganization" (Pub. Res. No. 1, 67th Cong.), there shall be paid out of the contingent fund of the House one-half of the expense of said Joint Committee on Reorganization, upon vouchers countersigned by the chairman of the said committee on the part of the House and approved by the Committee on Accounts.

Mr. GARRETT of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The question is on the motion of the gentleman from Tennessee that the House do now adjourn.

The question was taken; and on a division there were—ayes 53, noes 83.

Mr. GARRETT of Tennessee. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 77, nays 161, answered "present" 1, not voting 191, as follows:

#### YEAS—77.

Almon	Driver	Larsen, Ga.	Quin
Aswell	Dupré	Lazaro	Raker
Bell	Fields	Lee, Ga.	Rankin
Bland, Va.	Fisher	Lowrey	Rayburn
Blanton	Fulmer	Lyon	Sanders, Tex.
Bowling	Garner	McClintic	Sandlin
Box	Garrett, Tenn.	McDuffie	Sears
Brand	Garrett, Tex.	Mann	Stegall
Briggs	Griffin	Mansfield	Stedman
Buchanan	Hammer	Martin	Stevenson
Bulwinkle	Hardy, Tex.	Montague	Swank
Byrnes, S. C.	Harrison	O'Connor	Upshaw
Byrnes, Tenn.	Humphreys	Oldfield	Vinson
Cantrill	Jacoway	Oliver	Wilson
Carter	Johnson, Ky.	Overstreet	Wingo
Collins	Johnson, Miss.	Padgett	Wise
Connally, Tex.	Jones, Tex.	Park, Ga.	Wright
Crisp	Kincheloe	Parks, Ark.	
Davis, Tenn.	Lanham	Parrish	
Doughton	Lankford	Pou	

#### NAYS—161.

Ackerman	Colton	Funk	James, Mich.
Andrews	Connolly, Pa.	Gahn	Johnson, Wash.
Appleby	Cooper, Wis.	Gensman	Kahn
Begg	Curry	Gerner	Kearns
Bird	Dale	Gorman	Kendall
Blakeney	Darrow	Graham, Ill.	Ketcham
Bland, Ind.	Denison	Greene, Mass.	King
Bowers	Dowell	Griest	Kinkaid
Brennan	Dunbar	Hadley	Kissel
Brooks, Ill.	Dyer	Hardy, Colo.	Kline, Pa.
Burtiness	Echols	Haugen	Knutson
Burton	Elliot	Hays	Kopp
Butler	Elston	Herrick	Kraus
Cable	Evans	Hersey	Larson, Minn.
Campbell, Kans.	Fairchild	Hickey	Lawrence
Campbell, Pa.	Fairfield	Hicks	Lea, Calif.
Cannon	Faust	Hill	Lee, N. Y.
Chalmers	Fess	Hoch	Leibach
Chandler, N. Y.	Fish	Hogan	Lineberger
Chandler, Okla.	Fitzgerald	Hukriede	Little
Chindblom	Focht	Hull	Longworth
Clague	French	Ireland	McArthur

McFadden	Newton, Mo.	Robison	Thompson
McKenzie	Norton	Rogers	Tilson
McLaughlin, Mich.	Ogden	Rosenbloom	Tincher
McPherson	Parker, N. J.	Sanders, N. Y.	Towner
Madden	Parker, N. Y.	Shaw	Vestal
Mapes	Patterson, Mo.	Shelton	Volstead
Miller	Porter	Shreve	Walsh
Millsbaugh	Pringle	Sinclair	Watson
Mondell	Radcliffe	Sinnot	White, Kans.
Molloy	Ramseyer	Speaks	Williams
Moore, Ohio	Ransley	Sproul	Wood, Ind.
Moore, Ind.	Reavis	Stephens	Woodruff
Morgan	Reber	Strong, Kans.	Woodyard
Morin	Reece	Summers, Wash.	Wurzbach
Mudd	Rhodes	Sweet	Wyant
Murphy	Ricketts	Swing	Yates
Nelson, A. P.	Riddick	Taylor, N. J.	
Nelson, J. M.	Roach	Taylor, Tenn.	
Newton, Minn.	Robertson	Temple	

ANSWERED "PRESENT"—1.

Collier

#### NOT VOTING—191.

Anderson	Dunn	Kunz	Sanders, Ind.
Ansorge	Edmonds	Lampert	Schall
Anthony	Ellis	Langley	Scott, Mich.
Arentz	Favrot	Layton	Scott, Tenn.
Atkeson	Fenn	Leatherwood	Siegel
Bacharach	Flood	Linthicum	Sisson
Bankhead	Fordney	Logan	Slemp
Barbour	Foster	London	Smith, Idaho
Barkley	Frear	Luce	Smith, Mich.
Beck	Free	Lubring	Smithwick
Beedy	Freeman	McCormick	Snell
Benham	Frothingham	McLaughlin, Nebr.	Snyder
Bixler	Fuller	McLaughlin, Pa.	Stafford
Black	Gallivan	McSwain	Steenerson
Boies	Gilbert	MacGregor	Stiness
Bond	Glynn	Magee	Stoll
Brinson	Goldsbrough	Maloney	Strong, Pa.
Britten	Goodykoontz	Mead	Sullivan
Brooks, Pa.	Gould	Merritt	Summers, Tex.
Brown, Tenn.	Graham, Pa.	Michaelson	Tague
Browne, Wis.	Green, Iowa	Michener	Taylor, Ark.
Burdick	Greene, Vt.	Mills	Taylor, Colo.
Burke	Hawes	Moore, Ill.	Ten Eyck
Burroughs	Hawley	Moore, Va.	Thomas
Carew	Hayden	Mott	Tillman
Christopherson	Himes	Nolan	Timberlake
Clark, Fla.	Houghton	O'Brien	Tinkham
Clarke, N. Y.	Huddleston	Olpp	Treadway
Classon	Hudspeth	Osborne	Tyson
Clouse	Husted	Palge	Underhill
Cockran	Hutchinson	Patterson, N. J.	Vaile
Codd	James, Va.	Perkins	Vare
Cole	Jeffers, Nebr.	Perlman	Voigt
Connell	Jeffers, Ala.	Peters	Volk
Cooper, Ohio	Johnson, S. Dak.	Petersen	Walters
Copley	Jones, Pa.	Purnell	Ward, N. Y.
Coughlin	Keller	Rainey, Ala.	Ward, N. C.
Cramton	Kelley, Mich.	Rainey, Ill.	Wason
Crowther	Kelly, Pa.	Reed, N. Y.	Weaver
Cullen	Kennedy	Reed, W. Va.	Webster
Dallinger	Kless	Riordan	Wheeler
Davis, Minn.	Kindred	Rodenberg	White, Me.
Deal	Kirkpatrick	Rose	Williamson
Dempsey	Kitchin	Rossdale	Winslow
Dickinson	Klecza	Rouse	Woods, Va.
Dominick	Kline, N. Y.	Rucker	Young
Drane	Knight	Ryan	Zihman
Drewry	Kreider	Sabath	

So the motion to adjourn was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. JOHNSON of South Dakota with Mr. KITCHIN.

Mr. TREADWAY with Mr. COLLIER.

Mr. FULLER with Mr. KUNZ.

Mr. VAILE with Mr. DRANE.

Mr. STINESS with Mr. RUCKER.

Mr. FREE with Mr. RIORDAN.

Mr. GOULD with Mr. HUDSPETH.

Mr. KENNEDY with Mr. STOLL.

Mr. PAIGE with Mr. GILBERT.

Mr. FROTHINGHAM with Mr. DEAL.

Mr. MAGEE with Mr. FLOOD.

Mr. PERLMAN with Mr. WEAVER.

Mr. SIEGEL with Mr. LOGAN.

Mr. WHEELER with Mr. HAYDEN.

Mr. DUNN with Mr. COCKRAN.

Mr. HUTCHINSON with Mr. MEAD.

Mr. WINSLOW with Mr. BRINSON.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. WALTERS with Mr. SULLIVAN.

Mr. SANDERS of Indiana with Mr. BARKLEY.

Mr. VOLK with Mr. DOMINICK.

Mr. CONNELL with Mr. LONDON.

Mr. ANTHONY with Mr. MOORE of Virginia.

Mr. REED of New York with Mr. TAGUE.

Mr. FORDNEY with Mr. RAINEY of Illinois.

Mr. BIXLER with Mr. MCSWAIN.

Mr. BACHARACH with Mr. TYSON.

Mr. LAMPERT with Mr. DREWRY.



Mr. BROOKS of Pennsylvania with Mr. SISSON.  
 Mr. PURNELL with Mr. GOLDSBOROUGH.  
 Mr. BURROUGHS with Mr. FAVROT.  
 Mr. REED of West Virginia with Mr. GALLIVAN.  
 Mr. KREIDER with Mr. O'BRIEN.  
 Mr. ELLIS with Mr. CULLEN.  
 Mr. DALLINGER with Mr. CAREW.  
 Mr. BOLES with Mr. SABATH.  
 Mr. MALONEY with Mr. SMITHWICK.  
 Mr. OSBORNE with Mr. TAYLOR of Arkansas.  
 Mr. PATTERSON of New Jersey with Mr. HAWES.  
 Mr. LAYTON with Mr. BANKHEAD.  
 Mr. LUHRING with Mr. TEN EYCK.  
 Mr. MOORE of Illinois with Mr. KINDRED.  
 Mr. MERRITT with Mr. HUDDLESTON.

Mr. OLPP with Mr. THOMAS.  
 Mr. EDMONDS with Mr. SUMNERS of Texas.  
 Mr. ATKESON with Mr. TAYLOR of Colorado.  
 Mr. COLE with Mr. JAMES of Virginia.  
 Mr. KIESS with Mr. WARD of North Carolina.  
 Mr. PERKINS with Mr. TILLMAN.  
 Mr. DAVIS of Minnesota with Mr. WOODS of Virginia.  
 Mr. COOPER of Ohio with Mr. LINTHICUM.  
 Mr. GRAHAM of Pennsylvania with Mr. BLACK.  
 Mr. RODENBERG with Mr. JEFFERS of Alabama.  
 Mr. COUGHLIN with Mr. RAINY of Alabama.

Mr. COLLIER. Mr. Speaker, I voted "aye." I am paired with the gentleman from Massachusetts [Mr. TREADWAY] and I would like to know if he voted.

The SPEAKER pro tempore (Mr. HICKS). He did not vote. Mr. COLLIER. I desire to withdraw my vote and answer "present."

The name of Mr. COLLIER was called and he answered "Present."

The result of the vote was announced as above recorded.

Mr. IRELAND. Mr. Speaker, I yield 10 minutes to the gentleman from Nebraska [Mr. REAVIS].

Mr. REAVIS. Mr. Speaker and gentlemen of the House, I wish to express regret and some surprise that this resolution has excited the antagonism that is so apparent. It seems to me perfectly harmless in nature and one that is inspired solely by a desire to facilitate the work of the committee. The Committee on Reorganization, which has now been functioning for some time and working with more or less regularity, was appointed under authority of a resolution passed in the Sixty-sixth Congress, which authorized, among other things, the committee to employ assistants, to fix salaries, and to provide for the payment of salaries out of the contingent funds of the House and the Senate by resolutions passed by those bodies, the language being as follows:

Such expenditures to be paid in equal parts from the contingent funds of the House of Representatives and the Senate as from time to time may be duly authorized by resolution of those bodies.

In another portion of the resolution the committee is empowered to employ such assistants as it requires at such salaries as the committee may deem reasonable. Subsequent to the passage of this resolution another resolution with reference to the activity of this committee was passed by the House in the Sixty-seventh Congress, which authorized the appointment of a representative of the Executive to cooperate with this committee, fixing his salary at \$7,500 a year, payable monthly, and provided for payment in harmony with the provisions of the original resolution; that is to say, by resolutions passed by the House and the Senate.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. REAVIS. I do.

Mr. GARRETT of Tennessee. Is the gentleman thus appointed now the chairman of the committee?

Mr. REAVIS. He is acting chairman of the committee.

Mr. WALSH. Who is chairman of the committee?

Mr. REAVIS. The acting chairman of the committee is Mr. Walter Brown, the representative of the Executive.

Mr. WALSH. Who was chairman of the committee?

Mr. REAVIS. There are separate chairmen, a chairman of the Senate side and a chairman of the House side, and Mr. Walter Brown, representing the Executive, presides over the meetings of the committee.

Mr. WALSH. Under what authority is a person not named a member of this joint committee made chairman of the committee?

Mr. REAVIS. He was made under the authority of a vote of the committee. Let me say in this connection that the representative of the Executive has no vote in this committee. He has never sought the right and has no right under the resolution

to participate in the deliberations of this committee except to preside over its sessions and assist the committee in reference to its work outside.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. REAVIS. In one moment. I want to say this for Mr. Brown, and I am very glad of the opportunity of saying it: When the resolution was first presented to me with reference to the employment of a representative of the Executive I was not entirely in accord with it, but after the matter was brought more fully to my attention and the necessity for this appointment disclosed, I became more amenable to the suggestion. Mr. Brown, of Toledo, Ohio, the representative of the Executive on this committee, left a law business of very large proportions to come down here for the purpose of serving his country in any way that he could. It is no secret that he was offered the ambassadorship to Japan, and that he replied he wanted no job; but if there was some way he could serve his country, if he could be of beneficial service in these days of reconstruction, he would accept the opportunity. He has been working since the 6th of May, not in the front pages of the newspaper, not looking for notoriety or newspaper publicity, but, I say to you, after being intimately familiar with his service, that there is no man working for the Government to-day who has given greater service to his country than this self-same Walter F. Brown. [Applause.]

Mr. WALSH. What is he doing?

Mr. REAVIS. I will tell the gentleman what he is doing, and I am glad the gentleman asked the question. With infinite patience, with courage, and with signal ability he has gone through the various ramifications of this Government, he has gone into the many activities of this Government where there is duplication, such as the constant competition between the War and Navy Departments, such as the competition in the Consular Service in the State Department and the representatives abroad of the Commerce Department, he has not only seen the necessity, by reason of unusual mental attainments, of the coordination of those things, but with courage and with patience he has gone to the heads of these departments as the representative of President Harding, speaking the voice of the Executive, and has nearly completed, with the assistance of this committee, a plan of reorganization which I believe this House will unanimously indorse, and because of his labor and tact will encounter no contest in any department of the Government.

I can not go into the various details of what he is doing—I have not the time—but since the 6th of May down to this good hour he has been employed long hours day after day performing a national service more beneficial than the service of any other man of whom I now know.

Mr. FESS. Will the gentleman yield?

Mr. REAVIS. With pleasure.

Mr. FESS. Is it not true that within a day or two after the head of the budget system was brought here a chart was demanded by Mr. Brown as to where they could cut out this and that, one of the early pieces of work, and how long it would take to do it?

Mr. REAVIS. It is quite impossible for me to estimate it, but I do know this, that many of the things that have appeared in the newspapers as to economy in other branches of this Government for which men are taking credit have resulted because of the work of this committee and Mr. Brown. He has claimed no credit nor has he sought newspaper publicity.

Now, let me revert to the purpose of this resolution. The resolution now before the House will not cost the country a dollar. It does not provide for the expenditure of a penny, but it does provide that instead of being compelled to come to the House or to the Senate with a resolution asking for the payment of the salaries of the employees of this committee, as the two original resolutions provided, these expenses may be paid upon vouchers and orders signed by myself as the chairman of the House committee and the other half paid by the Senate under a Senate joint resolution, upon order signed by Senator Smoot as chairman of the Senate committee. It is merely a matter of convenience. Mr. Brown, under employment by virtue of the resolution passed by this House, has been working since the 6th of May without the payment of a dollar, because we have had no opportunity to get in here with resolutions to pay these salaries. We have a stenographer and a secretary, or clerk, of the committee, neither one of whom has drawn a penny, and it may be interesting to you to know that their salaries have been paid out of the pocket of Mr. Brown because we could not get these resolutions passed. Now, it is merely a matter of convenience to provide for the payment of the help of this committee, not by coming in every two weeks, as under our contract with the stenographer we would have to come in, with a resolution and take up the time of the House in the con-

sideration of it, but to pay it out of the contingent fund of the House on a voucher signed by myself.

Mr. MANN. Will the gentleman yield?

Mr. REAVIS. I will.

Mr. MANN. The original resolution provided, as I understand the gentleman has indicated, for the payment of these by vote of the House?

Mr. REAVIS. Yes, sir.

Mr. MANN. Has such a resolution as that been introduced at any time?

Mr. REAVIS. There has not.

Mr. MANN. It has been two months, and the committee has wholly disregarded that provision of the original resolution.

Mr. REAVIS. The committee has not disregarded it, I will say to the gentleman from Illinois.

Mr. MANN. It has not acted upon it.

Mr. REAVIS. The matter has been the subject of conversation several times as to when time could be given for resolutions of that kind, and we thought as a matter of convenience, if the House would authorize this committee, as it authorizes practically every other committee doing the same character of work, to pay on an order signed by the chairman. It would relieve us of the necessity of coming here every two weeks or every month with a resolution providing for the payment of salaries.

Mr. MANN. I think the gentleman himself introduced the resolution which was passed. Why did you put that provision in if you did not mean it?

Mr. REAVIS. I put that provision in for this reason: The resolution as introduced by me had been passed by the Senate. I put in a copy of the Senate resolution after a conference with those interested in the proposition on that side, with the idea of economizing in time.

Mr. MANN. I was in hopes the gentleman was for the resolution he introduced.

Mr. REAVIS. The gentleman has no right to assume I was not for it.

Mr. MANN. The gentleman says he is only for it because it was as it passed the Senate.

Mr. REAVIS. The gentleman will pardon me. I did not say anything of the kind. The principle of the Senate resolution provided for the thing I desired. Some of the details, probably, I might have wished some other way, but to secure the principle with the least possible expenditure of time I introduced in this House a copy of the Senate resolution.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. GARRETT of Tennessee. Will the gentleman give me a little time?

Mr. REAVIS. I would like to, ask the gentleman from Illinois [Mr. IRELAND] to yield to me three minutes more.

Mr. IRELAND. I yield to the gentleman three additional minutes.

Mr. REAVIS. I want to say further to the House that notwithstanding this committee has done a great deal of work, and I think a great deal of valuable work, with which I hope you will largely agree when the report is made to the House, the total expenditure of the committee, outside of the salary of the representative of the Executive, since it started to function in the early days of May, has been less than \$200. The stenographer and the clerk of the committee would neither have received a dollar had it not been that Mr. Brown took care of it.

Mr. WALSH. Will the gentleman yield?

Mr. REAVIS. I will.

Mr. WALSH. Does the gentleman care to indicate when this joint committee may submit some recommendation for the action of the House?

Mr. REAVIS. That is rather difficult; but I will say this, that I think a complete plan will be before the committee for its consideration in probably the next two or three weeks. There will be some hearings on that plan, because the members of the committee are not entirely in accord with some of the provisions made in the plan. There may be short hearings on it, but I am hoping that we will soon get it before the House for its consideration. The exact time I would not pretend to state.

Mr. MONDELL. Will the gentleman from Nebraska yield?

Mr. REAVIS. I will yield.

Mr. MONDELL. The manner of payment now provided is the manner of payment usually provided for expenses of committees of the House?

Mr. REAVIS. There may be exceptions, but none has been called to my attention. The manner called for in this resolution is the manner that has always been provided for every committee doing similar work, so far as I know, during my service in Congress.

Mr. BLANTON. Will the gentleman yield?

Mr. REAVIS. In just a moment.

Now, we made the agreement with Mr. Brown. We passed a resolution fixing his salary and the manner of payment. Under that resolution and under that agreement he left his business in Toledo and is now in Washington doing the very serviceable work I have indicated. I do not think that this House in honor can refuse to abide by its contract.

Mr. BLANTON. Just after the gentleman was appointed on this committee, in a speech on the floor he promised the House that the committee was going to do its best to get rid of the surplus employees here in Washington, and I wanted to call the gentleman's attention to the fact that we still have about 87,000 of them on the pay roll, and even Mr. Brown from Ohio, sitting here, has not been able to get rid of any of them.

Mr. REAVIS. One of the reasons why that is so is because this committee is unable to function as it should. For two years I have been advocating the appointment and the activity of this committee as a business proposition, and I have never come on the floor of the House on this proposition, entirely alien as it is to any partisanship or any politics, that that side has not engaged in filibuster.

Mr. CHALMERS. I want to challenge the statement of the gentleman from Texas [Mr. BLANTON]. He said Mr. Brown had been here for some time and no clerks had been discharged. I want to say in a bureau of the War Department there were employed on the 1st of July, 1920, 2,200 clerks. On the 1st day of this month in the same bureau there were employed 202 clerks.

Mr. BLANTON. But they are employed in other departments. They are on other pay rolls. They have not yet been gotten rid of.

Mr. REAVIS. I do not yield, Mr. Speaker, to any further controversy between gentlemen.

Mr. KAHN. Mr. Speaker, will the gentleman yield?

Mr. REAVIS. Yes.

Mr. KAHN. The War Department discharged 1,900 clerks on the 1st of July.

Mr. REAVIS. Yes; and I say the Department of Justice had effected a saving of \$400,000 by the discharge of clerks. But this committee has had nothing to do with it.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. GARRETT of Tennessee. Mr. Speaker, would not the gentleman be willing for me to be recognized in my own right for an hour, with the right reserved to him to move the previous question?

Mr. IRELAND. I think that would be unreasonable.

Mr. GARRETT of Tennessee. Will the gentleman yield me some time?

Mr. IRELAND. Would 10 minutes be sufficient?

Mr. GARRETT of Tennessee. Ten minutes would be entirely sufficient to me personally, but there are some other gentlemen on this side to whom I hope the gentleman will yield?

Mr. IRELAND. We will see to that.

The SPEAKER. The gentleman from Tennessee is recognized for 10 minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, some wonder was expressed when the resolution, authorizing the President to appoint what is virtually a member of this committee, was up before that resistance was made to that upon the Democratic side of the House, and some wonder seems to be expressed now, when this resolution is up to pay that individual out of the contingent fund of the House and Senate in accordance with that former resolution, that determined opposition is made to it here now. I wish to try to explain why it is.

The gentleman from Nebraska [Mr. REAVIS], if I understood him correctly in the confusion that prevailed during the latter part of his remarks, made one statement which was inaccurate. If I understood him correctly, he said that at all times when he sought to get the original resolution up creating this committee it met with resistance upon the Democratic side.

That is an error. The resolution authorizing the creation of this joint committee was passed unanimously from the Committee on Rules; it met with no opposition on the Democratic side when it was called up for passage, but, on the contrary, it met with its unanimous support.

Mr. REAVIS. Mr. Speaker, will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly.

Mr. REAVIS. When the original resolution was first brought into this House, it was brought under suspension of the rules. We failed to get two-thirds majority, because every man on that side of the House voted against it.

Mr. GARRETT of Tennessee. I do not remember what was up on that particular day under suspension of the rules. My



recollection is that there was something up ahead of it on the question of suspension, but there was never any real opposition. The gentleman from Virginia [Mr. MOORE] was the originator of this idea. [Applause on the Democratic side.] The gentleman from Virginia introduced the first resolution to create a joint committee, and subsequently the gentleman from Nebraska [Mr. REAVIS] introduced a resolution with the same object. Democrats never opposed it. I do not know what happened on suspension day when other things were going on at that time, but Democrats supported this resolution when it finally passed, and supported it earnestly and unanimously.

Mr. REAVIS. Mr. Speaker, will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly.

Mr. REAVIS. The gentleman can not go further than I do in his desire to commend the gentleman from Virginia [Mr. MOORE]. My recollection is that the resolution introduced by the gentleman from Virginia was a measure to provide for an examination of public works, and incorporated with it was his proposition for a joint committee.

Mr. GARRETT of Tennessee. Let me say a word about the reason animating gentlemen who think as I do about this matter of resistance, now and heretofore. For eight years during the Wilson administration there was a constant cry from the Republican side of the House to the effect that those upon the Democratic side were rubber stamps, that we were subject to Executive domination. Mr. Speaker, so far as my knowledge of history goes, there has never been, until this came up, a time when a President of the United States practically demanded the right to appoint a member of a legislative committee [applause on the Democratic side], and that man not a member of either legislative body. What occurred was that at the beginning of the present administration, or very shortly after it began, the President of the United States passed the word down that he wished to appoint a member of this committee created to reorganize the departments. That met with the objection of every member of the joint committee at the time, including the gentleman from Nebraska. [Applause on the Democratic side.] But the days passed by; finally the original resolution, introduced in another body, which in terms provided that that individual appointed by the President should be the chairman, was modified so that when it came before us here it did not carry the idea that he would be the chairman of the committee. And so the resolution passed over Democratic opposition, received the unanimous support of the Republican side, and a few days later the committee met and elected as the chairman of a joint legislative committee an individual appointed by the Executive.

I suppose he is a good man. I have never heard anything to his discredit. There is nothing personal toward Mr. Brown about this matter. I am willing to accept the tribute that has been paid him by the gentleman from Nebraska as being entirely true. If the committee had employed him, which it had the right to do, never would any question have been made on this side of the Chamber about paying \$7,500 or \$10,000 or \$12,000, or whatever that committee in its judgment might have deemed proper to pay a man of his attainments and his ability. But that is not the question. The proposition is that the Executive has demanded and has officially received the authority to appoint a chairman of a legislative committee.

Mr. REAVIS. Mr. Speaker, will the gentleman yield?

Mr. GARRETT of Tennessee. I yield. Certainly.

Mr. REAVIS. I want to correct the gentleman. The President has made no demand at any time on this committee.

Mr. GARRETT of Tennessee. Oh, well; he made a suggestion, which was accepted as entirely equivalent to a command, evidently, by the gentleman from Nebraska and by that side of the Chamber. [Applause on the Democratic side.]

Mr. REAVIS. Mr. Speaker, will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly.

Mr. REAVIS. I will agree that the President made a suggestion. I also will state that the suggestion that he be given the right to have a representative cooperating with the committee met with the approval of the Democratic members of the committee.

Mr. GARRETT of Tennessee. Yes; so I understood finally, although it met the disapproval of every member in the beginning, including that of the gentleman from Nebraska.

Mr. REAVIS. "The gentleman from Nebraska" never disapproved of the proposition of the Executive having a representative to cooperate with the committee, but the gentleman from Nebraska never favored and did oppose any man being a member of the committee who was not a Member of Congress.

Mr. GARRETT of Tennessee. May I ask the gentleman this question: Can the committee meet except by the call of Mr. Brown now?

Mr. REAVIS. Yes; it can.

Mr. GARRETT of Tennessee. Does it? [Applause on the Democratic side.]

Mr. REAVIS. No; it does not; but the only reason it does not has been that Mr. Brown has been so active that he calls the committee together so often that the committee is irritated at the calls.

Mr. GARRETT of Tennessee. The fact is that that committee has never met since Mr. Brown was chairman except as Mr. Brown called them together, and it never will meet except when Mr. Brown calls them together. Infringement upon the legislative branch of the Executive! Why, Mr. Brown is the Executive.

Why could the joint committee not employ Mr. Brown as an expert without his having the sanction, the authority, and the power of a representative of the Executive?

Mr. REAVIS. Will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. Will the gentleman from Illinois yield me some more time?

Mr. IRELAND. I will yield to the gentleman one more minute.

SEVERAL MEMBERS. Make it 10 minutes.

Mr. IRELAND. I yield to the gentleman three minutes.

Mr. GARRETT of Tennessee. The gentleman from Nebraska [Mr. REAVIS] wanted to interrogate me.

Mr. REAVIS. No; I wanted to answer the question the gentleman asked. It will not take me three minutes.

The SPEAKER. How much time does the gentleman yield?

Mr. GARRETT of Tennessee. Let me have five minutes.

Mr. IRELAND. I yield to the gentleman five minutes.

Mr. REAVIS. Will the gentleman permit me to answer his question as to why the committee did not employ Mr. Brown rather than accept him as the representative of the Executive?

Mr. GARRETT of Tennessee. Yes.

Mr. REAVIS. In the constant irritation and conflict between the departments as to whether one department shall give up this activity and it shall go to another one, or whenever there is a conflict between two departments the President must be the umpire and determine which one is to give in. In order to effect that determination, the President having such a manifold number of things to take care of, Mr. Brown speaks his voice. As an employee of the committee he could not speak it, but as the representative of the Executive he can.

Mr. GARRETT of Tennessee. Oh, the representative of the Executive speaks the voice of the Executive to a legislative committee. [Applause and laughter.] Mr. Speaker, when before in our legislative history have the House and Senate been invited to pay out of their respective contingent funds an appointee of the Executive? There are certain funds set aside for particular purposes—a contingent fund of the House to take care of House matters, a contingent fund of the Senate to take care of Senate matters. We give to the different departments their secret and special funds. Here, now, in these days of legislative separation and sovereignty, in these days when there is no disposition upon the part of the Executive to interfere, he appoints a man who becomes a chairman of a legislative committee, and it is proposed that we shall pay his salary out of the contingent funds of the House and Senate. This man's salary can be taken care of in a deficiency bill. It ought to be taken care of in a deficiency bill. What has happened ought never to have happened. He ought never to have been appointed and given the authority given him as a representative of the Executive. [Applause.] That is not personal to Mr. Brown. That is not personal to the President. I have said nothing harsh about the President of the United States. I certainly have nothing harsh to say about him now and nothing harsh about Mr. Brown. I am pleading, if I can, to try and maintain not only the theory but the fact of the severance between the legislative and executive branches, and therein lies the fundamental reason why we upon my side of the Chamber are going to resist to the extreme the passage of this resolution and everything relating to it. [Applause.]

I yield back whatever time I have.

The SPEAKER. The gentleman used all his time.

Mr. MONDELL. Mr. Speaker—

The SPEAKER. How much time does the gentleman from Illinois yield?

Mr. IRELAND. I yield to the gentleman from Wyoming five minutes.

Mr. MONDELL. Mr. Speaker, I should regret to feel so badly about any question under heaven as the gentleman from Tennessee [Mr. GARRETT] would seem to feel with regard to the matter now before the House. [Applause.] If he feels about it as he appears to and as he apparently would have us think



he does, then he must feel that this, indeed, is the end of the Republic. What is the use of further effort? Everything is lost, including honor!

What is the situation which so disturbs the gentleman from Tennessee? The trouble with gentlemen on the minority side is that they got so accustomed to Executive dictation and coercion during the recent Democratic administration that they can not understand honest, friendly Executive cooperation with the Congress. [Applause.] I do not suppose they ever will grow accustomed to the kindly, friendly methods of cooperation with Congress which have characterized Republican Presidents in the past and that peculiarly characterizes the Republican President of to-day. They were coerced, browbeaten, given orders, told what to do, had their instructions issued to them, which they promptly, though often sullenly, obeyed, and which to a considerable extent under the stress of the days of war we also joined them in obeying. But, fortunately, the war is over. No longer would there be the war excuse, even if we had a Democratic President in the White House, for the coercion which we so often witnessed from the White House in days past. Gentlemen on the Democratic side grew so accustomed to that sort of thing under the late administration that now, when the President, in good faith and in fine spirit, cooperates with the House and the House with the President, gentlemen on the other side can not understand it or get accustomed to it. They will in the course of time, let us hope. In this case the President suggested to a committee of Congress a man of splendid capacity and attainments, devoted to the public service, whom he knew would be helpful and useful to them in their labors. That man was appointed to a position in which he could be of great assistance to the committee. It was a very proper thing that, having no vote, he should preside over the deliberations of this committee. He is doing a fine work, aiding the committee tremendously in carrying out the great undertaking they have in hand; and to-day when it is proposed that in the usual way the laborers in this important undertaking shall be paid their reasonable hire the gentlemen on the other side, still smarting and uncomfortable in the recollections of Executive coercion of the past, can not find it in their hearts to join us to-day in carrying on the good work in progress in the new area of friendly cooperation between the Congress and the Executive. [Applause.]

Mr. IRELAND. I yield five minutes to the gentleman from Texas [Mr. BLANTON].

The SPEAKER. The gentleman from Texas is recognized for five minutes.

Mr. BLANTON. Mr. Speaker, I favored this Committee on Reorganization because we expected from it coordination of governmental functions, the stopping of waste and duplication, and one thing especially that was promised was the sending home of the surplus war emergency employees. I did not vote for this extra member of the committee who was coming from the outside, because when he was proposed certain Members stated frankly on the floor that it was merely to find a place for a political henchman in Ohio, and Mr. BYRNS of Tennessee then asserted that it was Mr. Brown who would get it. True he was a big political chairman, had rendered great political service, and a place had to be made for him. There was not any local State partisanship in it because he was neither a LONGWORTH man nor a FESS man. He was a Brown man and there was no local State partisanship shown in appointing him. But I did not vote for it. We expected that committee after it was organized to cut down these surplus employees.

Now, it has been stated that they have been cut down. The War Department has cut a number of employees off the pay roll. If they had been sent home it would be all right. Most of them, however, were immediately transferred to another department and still kept on the rolls. The War Risk Bureau cut off several thousand employees, and if they had been sent home it would be well and good. But most of them were immediately transferred to other departments. There is a way whereby we can tell how many have been cut off the pay roll, and that is through the Civil Service Commission. I have a statement which was furnished me by President Martin A. Morrison, of the Civil Service Commission, showing that on June 30, 1916, we had the following employees: 39,259 in the District of Columbia, and 400,539 employees elsewhere in the United States, making a total of 439,798 civil-service employees then in the United States. He also certifies that on the date of the armistice, November 11, 1918, we had the following civil-service employees: 117,760 in the District of Columbia, and 800,000 elsewhere in the United States, making a total of 917,760 civil-service employees then in the United States. He also certifies that on December 31, 1920, we had the following civil-service employees: 86,650 in the District of Columbia, and 553,525 elsewhere in the United

States, making a total of 640,175 civil-service employees then in the United States.

He also certifies that on May 1, 1921, we had 84,231 civil-service employees in the District of Columbia, and that on July 1, 1921, it was contemplated that this number would be reduced about 4,500.

In other words, from December 31, 1920, when we had 86,760 civil-service employees in the District of Columbia, until May 1, 1921, when we had 84,231 civil-service employees in the District of Columbia, we succeeded in reducing the surplus employees here in Washington only 2,529 in number; and even if the further reduction contemplated by President Morrison of 4,500 by July 1, 1921, was accomplished, we have reduced the surplus employees here in Washington only 7,029 from December 31, 1920, to July 1, 1921.

Even with this contemplated reduction accomplished on July 1, 1921, we still have 40,472 more civil-service employees here in Washington than we had before the war. And for two years I have been clamoring to get these surplus employees sent home and taken from the pay roll. It is true that since the armistice to July 1, 1921, we have reduced the number of civil-service employees here in Washington from 117,760 to 79,731, yet we must remember that we had only 39,259 before the war, and the people are looking to us to get rid of this surplus.

Is this reorganization commission going to get rid of them? If not, who is going to get rid of them? The departments turn them loose, and you take them and put them into other departments. "You say, 'Here, find a place for my constituent.'" Is Mr. Brown stopping you from doing that? If he can not stop you from putting them back, there is no way to get rid of them. If the President can not stop you from putting them back, if the department can not stop you putting them back, when are we going to get rid of them? I will venture the assertion that at this time next year you will find about 75,000 of these employees still on the pay roll, because you will not let them go home, but just as fast as they are turned loose you put them into some other department. I will say that if Mr. Brown was able to do something and send these surplus employees home, I would be willing to pay him twice the salary.

Mr. HERRICK. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HERRICK. Is the gentleman from Texas speaking from experience?

Mr. BLANTON. I am. I always speak from experience and observation.

Mr. HERRICK. How many has the gentleman taken down there and had put back? [Laughter.]

Mr. BLANTON. Not a single one. As far as I have dared to go, being a Democrat, was to request a department in selecting the ones who were to be retained to give preference to one very efficient, deserving employee.

Mr. HERRICK. I thought the gentleman said he was speaking from experience.

Mr. BLANTON. I am speaking from both experience and observation. If my friend from Oklahoma, who is always frank, will say to his employee constituents the same as I do to mine, he will not put any of them back.

Mr. HERRICK. I assure the gentleman that I have had none put back.

Mr. BLANTON. When they come to me I tell them that there are 40,000 surplus employees who must be sent home, and I am not going to try to keep them here. I will vote to send them home, and if you will help me, we will get rid of about 40,000 of them. [Applause.]

Mr. IRELAND. Mr. Speaker, I yield five minutes to the gentleman from Iowa [Mr. TOWNER].

Mr. TOWNER. Mr. Speaker, after all of our partisan amusement let us see what we have of real merit in this proposition. We organized for the specific purpose, a very desirable purpose, a joint committee of Congress consisting of three Senators and three Representatives in Congress. When it came to the consideration of the work of this joint committee it was a suggestion of the President that the administration and the executive departments could cooperate in that work if they had a place upon the committee, not upon the committee itself but with the committee, and so we took action in Congress for the appointment which resulted in the selection of Mr. Brown.

I know, as was well stated here by the chairman the gentleman from Nebraska [Mr. REAVIS], of the House committee, that there was some apprehension felt among both the House and Senate Members with regard to this appointment. However, I believe I am justified in saying that there is not one single member of the joint committee of Congress that is not now not only satisfied but gratified by the appointment of Mr. Brown. [Applause on the Republican side.] In other words, we have



had just what the gentleman from Wyoming suggests, we have had in the work of this committee not only harmony but an absolutely essential cooperation between Congress and the executive departments. They have worked together to see if they could not make effective what was desired by Congress; they have worked together for the purpose of making effective, for the purpose of really doing the thing desirable to do. In the selection of Mr. Brown a most fortunate selection was made. He is not only desirous of carrying out the will and purpose of the Executive, which is only the making effective the wish of the commission, but he has with great enthusiasm and great ability aided the commission in the performance of their duties. They not only welcome his help and the cooperation between the executive and legislative departments which has resulted, but they appreciate in the highest degree the great work he has undertaken. Whatever may be the final plan of reorganization agreed upon and reported by the committee, it can not but be better because of his work.

Now, what is the proposition before us? Gentlemen on the other side of the House say that they will fight this bill. For what purpose? For the purpose of defeating the purpose of the commission, for the purpose of defeating the cutting down of extravagance and duplication of work? Do the gentlemen on that side desire to take that position? Do they not indorse their own commission? Do not they believe that the commission has the confidence of every Member of the House on both sides? Do they think that in their opposition to this resolution they will further the work of the commission? Do they think they will assist in securing a more reasonable remedy and a more complete determination of what is desired by opposing this resolution? Certainly gentlemen can not desire to hinder or oppose the work of the commission, and it seems to me that any partisan feeling should be set aside when they come to consider the great object and purpose which is to be furthered and will be furthered by the passage of this resolution. [Applause on the Republican side.]

Mr. IRELAND. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania [Mr. TEMPLE].

Mr. TEMPLE. Mr. Speaker, I do not think there is any real misapprehension on the part of Members of the House as to the purpose of this committee or the purpose of appointing upon it to cooperate with it a personal representative of the President.

One Member a moment ago asked how many clerks and employees of the various departments this committee had discharged. Either the Member does not know or he does know that this committee was not appointed for that purpose, and has absolutely no authority to discharge anyone. If he does know, then his question was a trick; and if he does not know, I am telling him now. [Applause on the Republican side.]

Everyone with any experience in Congress knows that whenever we begin to legislate about the various departments we have a lobby in every corridor and in every office. I do not object when men who know more about the work they are doing than I know come and tell me what they know, and if we make proposals that would injure the service in which they are engaged they have a right to come and tell us. If they come with any improper lobbying methods, I shall know how to meet them; but if they come with information that I ought to have, I am glad to get it. I am not afraid of a lobbyist. But we know perfectly well that if this committee on reorganization of the administrative services were to propose something that had not the support of the executive branch of the Government we would not get very far with it. We proposed to have on the reorganization committee a personal representative of the President, who would confer with the President, and through the President with the members of the Cabinet, so that if we should suggest, for example, that Congress should take out of the Treasury Department the Public Health Service, which does not belong there, or if we should propose to take out of any department of the Government a service that is not in harmony with the general purposes of that department and put it where it belongs we should not have members of the Cabinet and heads of the various bureaus lobbying against us. We want the Executive to agree with the plan when we propose it. That means cooperation and not compulsion, of course. We want to agree. The Republican administration and the Republican Members of Congress must agree, and it is not at all surprising that the Democratic Members of Congress are trying to throw a monkey wrench into the machinery. They want to make trouble between the Republican President and the Republican Congress. Do not let them do it. We want the support of the administration for the bills that we propose; and I want to say this, that we need the knowledge which is in the possession of the executive and administrative officers of the Government concerning their organizations. We must depend upon them for it. Is there

any man in Congress who knows as much about any particular service as the men who are performing that service?

Is there any Member of Congress who knows as much about the 220 bureaus and services as he can get from the 220 heads of the various services? We must get facts from the men who are familiar with them. We must have their advice as to the policies, and we may depend upon their patriotism and their desire for economy as certainly as we may depend upon our own desire for economy. We want hearty cooperation between the executive and administrative branch of the Government on the one hand and the legislative on the other, and Mr. Walter F. Brown is the link between these two branches.

As to the proposal to pay him out of the contingent fund, I call attention to the fact that that provision exists in the present law. In the resolution approved May 5, after providing for the appointment of a representative of the President, who shall receive an annual salary of \$7,500, payable monthly, we provide that said salary be "paid in equal parts from the contingent funds of the Senate and the House, as from time to time may be duly authorized by a resolution of those bodies." We are asking now that this be done.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. GARRETT of Tennessee. Mr. Speaker, in view of the fact that they do not seem to be able to communicate with the Republican President except through an intermediary, I move that the House do now adjourn.

Mr. IRELAND. Does the gentleman want some time?

The SPEAKER. The Chair thinks that the gentleman from Illinois [Mr. IRELAND] has the floor.

Mr. GARRETT of Tennessee. But I move to adjourn.

The SPEAKER. The gentleman from Illinois has the floor for an hour.

Mr. GARRETT of Tennessee. Then, Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present. The Chair will count. [After counting.] There is no quorum present.

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fairchild	Lampert	Rose
Ansorge	Favrot	Langley	Rosenbloom
Anthony	Fenn	Layton	Rossdale
Bacharach	Fish	Leatherwood	Rouse
Bankhead	Flood	Lee, Ga.	Rucker
Barbour	Foster	Linthicum	Ryan
Beck	Free	Little	Sabath
Benham	Freeman	Logan	Sanders, Ind.
Bixler	Frothingham	London	Schall
Boles	Fuller	Luce	Scott, Mich.
Brinson	Gallivan	Lubring	Siegel
Britten	Gensman	McCormick	Slomp
Brooks, Pa.	Gilbert	McKenzie	Smith, Idaho
Brown, Tenn.	Glynn	McLaughlin, Pa.	Smith, Mich.
Browne, Wis.	Goldsborough	McPherson	Smithwick
Buchanan	Goodykoontz	MacGregor	Snell
Burdick	Gorman	Magee	Snyder
Burke	Gould	Maloney	Stafford
Burroughs	Graham, Pa.	Mann	Stiness
Byrnes, S. C.	Haugen	Mead	Stoll
Cantrill	Hawes	Merritt	Strong, Pa.
Chandler, N. Y.	Hays	Michaelson	Sullivan
Christopherson	Himes	Michener	Summers, Wash.
Clague	Hogan	Mills	Summers, Tex.
Clark, Fla.	Houghton	Montague	Sweet
Clarke, N. Y.	Hudspeth	Moore, Ill.	Tague
Classon	Husted	Moore, Va.	Taylor, Ark.
Clouse	Hutchinson	Morgan	Taylor, Colo.
Cockran	James, Mich.	Mudd	Ten Eyck
Codd	James, Va.	Nolan	Thomas
Cole	Jeffers, Nebr.	O'Brien	Thompson
Connell	Jeffers, Ala.	O'Connor	Tillman
Cooper, Ohio	Johnson, S. Dak.	Oliver	Tinkham
Copley	Johnson, Wash.	Olpp	Tyson
Coughlin	Jones, Pa.	Osborne	Underhill
Cramton	Keller	Paige	Vaile
Cullen	Kelly, Pa.	Perkins	Vare
Dallinger	Kennedy	Perlman	Vestal
Deal	Kiess	Peters	Volk
Dempsey	Kindred	Petersen	Walters
Dickinson	Kinkaid	Pou	Ward, N. Y.
Dominick	Kirkpatrick	Purnell	Wason
Drane	Kitchin	Rainey, Ill.	Weaver
Drewry	Klecza	Reed, N. Y.	Webster
Dunn	Kline, N. Y.	Reed, W. Va.	Wheeler
Dyer	Knight	Rhodes	Williams
Edchols	Knutson	Riddick	Williamson
Edmonds	Kreider	Rirdan	Woods, Va.
Ellis	Kunz	Rodenberg	Zihlman

The SPEAKER. Two hundred and thirty-four Members have answered to their names, a quorum is present.

Mr. IRELAND. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.



The SPEAKER. The Doorkeeper will open the doors.

Mr. IRELAND. Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS of Tennessee. Mr. Speaker, I do not know that I would have asked for any time had it not been for the statement made by the gentleman from Nebraska [Mr. REAVIS] to the effect that every time this resolution had been before the House it met with opposition on this side of the Chamber. I recall that in the closing days of the session which ended in June, 1920, this resolution was brought up under suspension of the rules, and I then offered such opposition as I could to it for a number of reasons. In the first place, I may say that at that time the budget bill was actively pending and there was in the minds of some of those who favored that bill a suspicion that this proposition had been favored and promoted by some who were opposed to budget legislation of any kind and were supporting this for the purpose of defeating the budget bill. Of course, in making that statement I acquit the gentleman from Nebraska and other gentlemen upon the floor of this House who favored the resolution at that time and who have favored it since that time from any such motive, because they favored budget legislation. I opposed it then for that reason and also from the fact that we had just had a report from the Reclassification Commission, a commission composed of Senators and Representatives, who had spent something over \$100,000 in investigating the departments for the purpose of making a report and recommendations in the interest of economy and efficiency; and also because there was a Bureau of Efficiency, for which Congress is appropriating more than \$100,000 a year, and the further fact that it was understood that budget legislation would be adopted and this would be a clear duplication of the work of those three agencies. It was defeated at that time by nearly a majority vote under a suspension of the rules vote, which required two-thirds. As my colleague from Tennessee [Mr. GARRETT] stated, it came up in December from the Committee on Rules with the unanimous report from that committee from both the Republicans and Democrats, and there was no opposition upon the floor of this House to its passage at that time. I am opposed to this resolution because I am opposed to this method of making appropriations. [Applause on the Democratic side.] I believe that what Congress should do when it makes an appropriation is to make a direct appropriation, rather than an indefinite appropriation, because I dare say there will not be 25 Members of this House, unless they go to the trouble of looking up the record and making an investigation, who will ever know just how much this reorganization committee will spend on this work if this resolution is adopted, as it will be. There is going to be a deficiency bill reported to this House in 10 days, or possibly two weeks. Why is it not possible to make provision in that deficiency bill to pay the salary of Mr. Brown or the salary of the other employees of this reorganization committee? That is what ought to be done. That is the businesslike method to pursue. That is the only method by which you can proceed in order and let the country know just what Congress is appropriating for this and for other purposes. Something has been said here about Executive interference. My colleague from Tennessee [Mr. GARRETT] has stated that in the past eight years the country has been entertained by gentlemen on the other side who have insisted that President Wilson was almost daily and constantly interfering with the legislative branch of our Government.

Gentlemen, in my judgment the passage of the resolution creating this position, an officer appointed by the President, and who is a Member of neither the House nor Senate, but who was made a member and chairman of a legislative committee, surpasses any Executive interference in the whole history of this Government. [Applause on the Democratic side.] You can search the legislative history of this country from beginning to end and you will find no case, in my opinion, where any such thing as this has been done. Why, my good friend, the gentleman from Wyoming [Mr. MONDELL], says that this is only "friendly" cooperation between the Executive and the legislative. Friendly cooperation when, as the gentleman from Pennsylvania [Mr. TEMPLE] says, it was essential and important to have a man as member of the committee who was in touch with the Executive and could make known to the Executive what the legislative branch of the Government desired.

Mr. TEMPLE. No; the gentleman does not wish to misquote me; I did not say that.

Mr. BYRNS of Tennessee. That is the effect of what the gentleman stated.

Mr. TEMPLE. Not in my judgment at all.

Mr. BYRNS of Tennessee. I submit to the gentleman that he said that it was important to have some one who could reach the Executive and the departments—

Mr. TEMPLE. Not at all.

Mr. BYRNS of Tennessee. I do not intend to do my friend an injustice, but I think if the gentleman will read his remarks he will find he said something like that.

The SPEAKER. The time of the gentleman has expired.

Mr. IRELAND. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Speaker, I think that I am not overstating when I say that it was universally conceded that one of the great reforms to be worked in the Government was a reorganization of the departments. While I do not know that the Democratic national platform so asserted, I do know that the Republican platform did, and the statement has been repeated often from our side of the House, and I think it has been from the Democratic side of the House. The need of reorganization is because we have grown-up for years until through accretion there is no coordination. I know of no movement that has a greater response than the demand for a reorganization to reduce the duplication of work. The present President took a decided view upon that in the campaign, speaking to this feature at times and specifying that as one of the things to be done. One of the men speaking through the country on the same subject with great effect because of his talent for organization and dealing in detail was the man who afterwards was brought here to represent the President. He was chosen, as the gentleman from Nebraska stated, not because of what has been suggested by some of our good friends on the Democratic side. Mr. Brown was not a candidate for any position, but, as the gentleman from Nebraska [Mr. REAVIS] has said, he declined, I know, the offer of an ambassadorship, for I talked with him and expressed my surprise that he did not accept the honor.

His statement to me was that he was not seeking position, but if there was anything that he could do for the benefit of the Nation and the administration he might be willing to be drafted into the service. I regret more than I can tell that a gentleman of this type of service to the Nation should have his motives impugned as they have been by some of our thoughtless friends. It does not reflect great promise on securing talent of high grade for such service.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. FESS. Not by my friend from Tennessee, because he did not impugn the motives of Mr. Brown.

Mr. BYRNS of Tennessee. I never intended to do so.

Mr. BLANTON. I said he was neither a FESS nor a LONGWORTH man, but a Brown man.

Mr. FESS. I am rather inclined to think the gentleman ought not to bring an argument of that sort, an argument of such a puerile basis as that. If the gentleman does not know that he is disrespecting his own position in the House the membership of the House does know it.

Here is a reorganization of what? Of the executive departments. And why is it that the Executive, who must know the needs of the organization, who is committed to the need of reorganization, is refused to have a spokesman committed with him to the reorganization? That is why the President has suggested there be a representation on this committee. And, secondly, it is wrong to assume that the President asks that he be made the chairman of the committee. If the selection of Mr. Brown for chairman of the committee is a crime or a fault, then it is congressional—a fault of the Congress, not of the Executive—because the committee elected him as the chairman and did it in accordance with their own view. And I think it was a wise thing to do. The point with me is, whether you vote this up or down, this reorganization must be accomplished. The President ought to have a liaison officer between the appropriating body and the executive body. That person is now the chairman by the choice of the committee itself, the joint committee. That we would inject here such suggestions that the position is created for the purpose of making a place for a politician is pitiable, gentlemen. I think we ought to stop this sort of business and do what we have obligated ourselves to do and not further play politics on a question like this.

The SPEAKER. The time of the gentleman has expired.

Mr. IRELAND. Mr. Speaker, I move the previous question on the resolution.

Mr. GARRETT of Tennessee. Mr. Speaker, pending that, I move that the House do now adjourn.

The question was taken, and the Speaker announced that the yeas seemed to have it.

Mr. GARRETT of Tennessee. Division, Mr. Speaker.

The House divided, and there were—ayes 45, noes 93.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point that there is no quorum present, and I challenge the vote for that reason.



The SPEAKER. It is not necessary that there should be a quorum on a vote for adjournment.

Mr. GARRETT of Tennessee. It does not require a quorum to adjourn, but it requires a quorum not to adjourn. I ask for the yeas and nays.

Mr. Speaker, as a matter of fact, however, I am right about that. Of course, it does not require a quorum to adjourn if a majority should vote in favor of adjournment, but they could not adjourn if a majority voted against adjournment, and I think I was entitled to make the point of no quorum on that basis. But I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 67, nays 125, answered "present" 9, not voting 229, as follows:

## YEAS—67.

Almon	Fields	Lanham	Rayburn
Aswell	Fisher	Lankford	Sanders, Tex.
Barkley	Fulmer	Larsen, Ga.	Sandlin
Black	Garrett, Tenn.	Lyon	Sears
Bland, Va.	Garrett, Tex.	McClintic	Smithwick
Blanton	Griffin	McDuffie	Stegall
Bowling	Hammer	McSwain	Stedman
Box	Hardy, Tex.	Mansfield	Stevenson
Bulwinkle	Hayden	O'Connor	Swank
Byrnes, Tenn.	Huddleston	Overstreet	Upshaw
Carew	Humphreys	Padgett	Vinson
Collins	Jacoway	Park, Ga.	Ward, N. C.
Connally, Tex.	Jeffers, Ala.	Parks, Ark.	Wilson
Davis, Tenn.	Johnson, Ky.	Parrish	Wingo
Doughton	Johnson, Miss.	Quin	Wise
Driver	Jones, Tex.	Raker	Wright
Dupré	Kincheloe	Rankin	

## NAYS—125.

Ackerman	Focht	Little	Ricketts
Andrews	French	Lowrey	Roach
Appleby	Gerner	McArthur	Robertson
Atkeson	Graham, Ill.	McFadden	Robison
Beedy	Greene, Mass.	McLaughlin, Mich.	Rogers
Begg	Greene, Vt.	McLaughlin, Nebr.	Scott, Tenn.
Bird	Griest	McPherson	Shaw
Bland, Ind.	Hardy, Colo.	Mapes	Shelton
Bond	Herrick	Miller	Shrove
Brennan	Hersey	Millspaugh	Speaks
Brooks, Ill.	Hickey	Mondell	Sproul
Burtress	Hicks	Montoya	Stephens
Butler	Hill	Moore, Ohio	Strong, Kans.
Cable	Hoch	Moore, Ind.	Summers, Wash.
Campbell, Pa.	Hukriede	Morin	Sweet
Cannon	Hull	Mott	Swing
Chalmers	Ireland	Murphy	Taylor, N. J.
Chindblom	Kahn	Nelson, A. P.	Temple
Colton	Kearns	Nelson, J. M.	Timberlake
Connolly, Pa.	Ketcham	Norton	Tincher
Cooper, Wis.	King	Ogden	Townner
Curry	Kinkaid	Parker, N. J.	Volstead
Dale	Kissel	Parker, N. Y.	White, Kans.
Darrow	Kline, Pa.	Patterson, Mo.	White, Me.
Denison	Kopp	Patterson, N. J.	Wood, Ind.
Dowell	Kraus	Pringle	Woodruff
Dunbar	Larson, Minn.	Radcliffe	Wurzbach
Elliott	Lawrence	Ransley	Wyant
Elston	Lea, Calif.	Reavis	Yates
Evans	Lee, N. Y.	Reber	
Faust	Lehlbach	Reece	
Fess	Lineberger	Rhodes	

## ANSWERED "PRESENT"—9.

Benham	Burton	Fairchild	Sisson
Brand	Campbell, Kans.	Sinnott	Winslow
Briggs			

## NOT VOTING—229.

Anderson	Collier	Gahn	Kindred
Ansoorge	Connell	Gallivan	Kirkpatrick
Anthony	Cooper, Ohio	Garner	Kitchin
Arentz	Copley	Gensman	Kiecza
Bacharach	Coughlin	Gilbert	Kline, N. Y.
Bankhead	Cramton	Glynn	Knight
Barbour	Crisp	Goldsborough	Knutson
Beck	Crowther	Goodykoontz	Kreider
Bell	Cullen	Gorman	Kunz
Bixler	Dallinger	Gould	Lampert
Blakeney	Davis, Minn.	Graham, Pa.	Langley
Boies	Deal	Green, Iowa	Layton
Bowers	Dempsey	Hadley	Lazaro
Brinson	Dickinson	Harrison	Leatherwood
Britten	Dominick	Haugen	Lee, Ga.
Brooks, Pa.	Drane	Hawes	Linthicum
Brown, Tenn.	Drewry	Hawley	Logan
Browne, Wis.	Dunn	Hays	London
Buchanan	Dyer	Himes	Longworth
Burdick	Echols	Hogan	Luce
Burke	Edmonds	Houghton	Lubring
Burroughs	Ellis	Hudspeth	McCormick
Byrnes, S. C.	Fairfield	Husted	McKenzie
Cantrill	Favrot	Hutchinson	McLaughlin, Pa.
Carter	Fenn	James, Mich.	MacGregor
Chandler, N. Y.	Fish	James, Va.	Madden
Chandler, Okla.	Fitzgerald	Jeffers, Nebr.	Magee
Christopherson	Flood	Johnson, S. Dak.	Maloney
Clague	Fordney	Johnson, Wash.	Mann
Clark, Fla.	Foster	Jones, Pa.	Martin
Clarke, N. Y.	Frear	Keller	Mead
Classon	Free	Kelley, Mich.	Merritt
Clouse	Freeman	Kelly, Pa.	Michaelson
Cockran	Frothingham	Kendall	Michener
Codd	Fuller	Kennedy	Mills
Cole	Funk	Kiess	Montague

Moore, Ill.	Ramseyer	Snell	Valle
Moore, Va.	Reed, N. Y.	Snyder	Vare
Morgan	Reed, W. Va.	Stafford	Vestal
Mudd	Riddick	Steenerson	Volgt
Newton, Minn.	Riordan	Stiness	Volk
Newton, Mo.	Rodenberg	Stoll	Walsh
Nolan	Rose	Strong, Pa.	Walters
O'Brien	Rosenbloom	Sullivan	Ward, N. Y.
Oldfield	Rossdale	Summers, Tex.	Wason
Oliver	Rouse	Tague	Watson
Olpp	Rucker	Taylor, Ark.	Weaver
Osborne	Ryan	Taylor, Colo.	Webster
Palge	Sabath	Taylor, Tenn.	Wheeler
Perkins	Sanders, Ind.	Ten Eyck	Williams
Perlman	Sanders, N. Y.	Thomas	Williamson
Peters	Schall	Thompson	Woods, Va.
Petersen	Scott, Mich.	Tillman	Woodyard
Porter	Siegel	Tilson	Young
Pou	Sinclair	Tinkham	Zihlman
Purnell	Slemp	Treadway	
Rainey, Ala.	Smith, Idaho	Tyson	
Rainey, Ill.	Smith, Mich.	Underhill	

So the motion to adjourn was rejected.

The Clerk announced the following additional pairs:

Mr. MARTIN (for) with Mr. RODENBERG (against).

Mr. POE (for) with Mr. WOODYARD (against).

Mr. NEWTON of Missouri (for) with Mr. BELL (against).

General pairs:

Mr. ANDERSON with Mr. OLDFIELD.

Mr. WALSH with Mr. BYRNES of South Carolina.

Mr. MUDD with Mr. GARNER.

Mr. WILLIAMS with Mr. CRISP.

Mr. CHANDLER of Oklahoma with Mr. MONTAGUE.

Mr. WATSON with Mr. OLIVER.

Mr. KENDALL with Mr. BRINSON.

Mr. GORMAN with Mr. CANTRELL.

Mr. HAYES with Mr. LEE of Georgia.

Mr. KNUTSON with Mr. HARRISON.

Mr. LONGWORTH with Mr. BUCHANAN.

Mr. DYER with Mr. LAZARO.

Mr. VARE with Mr. HAWES.

Mr. JONES of Pennsylvania with Mr. CARTER.

Mr. JOHNSON of Washington with Mr. TAYLOR of Colorado.

Mr. SISSON. Mr. Speaker, I desire to vote.

The SPEAKER. Was the gentleman present and listening?

Mr. SISSON. I was present. I do not know whether I was listening at the time or not, but I did my best to listen.

The SPEAKER. The gentleman must decide that question for himself.

Mr. SISSON. I can not positively state whether or not I was listening at the time my name was called, but I did my best.

The SPEAKER. The gentleman must decide.

Mr. SISSON. I do not know. If I had been listening at the time, I think I would have heard my name called.

The SPEAKER. Can the gentleman state that he was listening when his name was called?

Mr. SISSON. I can not.

Mr. BRIGGS. Mr. Speaker, I was outside the Chamber telegraphing when my name was called, and I just came in.

The SPEAKER. The gentleman does not qualify.

Mr. BURTON. Mr. Speaker, I did not hear the bells.

Mr. BRAND. I heard only one set of bells.

The SPEAKER. That does not qualify the gentleman.

Mr. BRAND. I suppose so, but the bells ought to be corrected.

Mr. FAIRFIELD. Mr. Speaker, I came over on the first bell.

The SPEAKER. The gentleman can qualify for a quorum. The gentleman from Texas [Mr. BRIGGS] can also be counted as present.

Mr. SISSON. That is what I understand. Must I be counted as present?

The SPEAKER. The gentleman can be counted as present. The gentleman from Georgia [Mr. BRAND] is in the same position.

Mr. BURTON. Can I be counted as present?

The SPEAKER. Yes.

The Clerk called the name of Mr. BURTON, and he answered "present."

Mr. FAIRFIELD. Mr. Speaker, I started when the first bell rang, and I came over as rapidly as I could.

The SPEAKER. The gentleman can be recorded as present.

Mr. BRIGGS. Can I be recorded as present?

The SPEAKER. Yes.

Mr. BRAND. And I?

The SPEAKER. Yes.

The result of the vote was announced as above recorded.

The SPEAKER. The motion to adjourn is rejected.

Mr. GARRETT of Tennessee. Mr. Speaker, does that represent a quorum as present?

The SPEAKER. It does not.

## CALL OF THE HOUSE.

Mr. MONDELL. Mr. Speaker, I move a call of the House.  
The SPEAKER. The gentleman from Wyoming moves a call of the House. The question is on agreeing to that motion.  
The motion was agreed to.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fairchild	Kunz	Rose
Ansorge	Favrot	Lampert	Rosenbloom
Anthony	Fenn	Langley	Rossdale
Bacharach	Fish	Larson, Minn.	Rouse
Bankhead	Foster	Lazaro	Rucker
Barbour	Frear	Leatherwood	Ryan
Beck	Free	Lee, Ga.	Sabath
Bell	Freeman	Linthicum	Sanders, Ind.
Bixler	Frothingham	Little	Schall
Blakeney	Fuller	Logan	Scott, Mich.
Boles	Gahn	London	Siegel
Brinson	Gallivan	Luce	Slemp
Britten	Garner	Luhling	Smith, Idaho
Brooks, Pa.	Gensman	McCormick	Snell
Browne, Wis.	Gilbert	McLaughlin, Pa.	Snyder
Buchanan	Glynn	MacGregor	Stafford
Bulwinkle	Goldsborough	Magee	Steenerson
Burdick	Gorman	Maloney	Stiness
Burke	Gould	Mann	Stoll
Burroughs	Graham, Pa.	Martin	Strong, Pa.
Butler	Green, Iowa	Mead	Sullivan
Byrnes, S. C.	Hardy, Colo.	Merritt	Summers, Tex.
Cantrill	Harrison	Michaelson	Tague
Carter	Haugen	Michener	Taylor, Ark.
Chandler, N. Y.	Hawes	Mills	Taylor, Colo.
Christopherson	Hawley	Montague	Taylor, Tenn.
Clague	Hays	Moore, Ill.	Ten Eyck
Clark, Fla.	Himes	Moore, Va.	Thomas
Clarke, N. Y.	Hogan	Morgan	Thompson
Classon	Houghton	Mott	Tillman
Clouse	Hudspeth	Mudd	Tinkham
Cockran	Humphreys	Newton, Minn.	Treadway
Codd	Husted	Newton, Mo.	Tyson
Cole	Hutchinson	Nolan	Underhill
Connell	James, Mich.	O'Brien	Vaile
Cooper, Ohio	Jeffers, Nebr.	Oldfield	Vare
Copley	Johnson, S. Dak.	Oliver	Vestal
Coughlin	Johnson, Wash.	Olpp	Volk
Cramton	Jones, Pa.	Osborne	Walsh
Cullen	Kahn	Paige	Walters
Dallinger	Keller	Perkins	Ward, N. Y.
Davis, Minn.	Kelly, Pa.	Perlman	Wason
Deal	Kendall	Peters	Weaver
Dempsey	Kennedy	Petersen	Webster
Dickinson	Kless	Pou	Wheeler
Dominick	Kindred	Purnell	Williamson
Drane	Kitchin	Rainey, Ala.	Woods, Va.
Drewry	Klecza	Reed, N. Y.	Woodyard
Dunn	Kline, N. Y.	Reed, W. Va.	Zihlman
Dupré	Knight	Riddick	
Edmonds	Knutson	Riordan	
Ellis	Kreider	Rodenberg	

Mr. BLANTON. Mr. Speaker, may I ask if the gentleman from Minnesota [Mr. KNUTSON] is recorded as being present?

The SPEAKER. He is not recorded as present.

Mr. BLANTON. I heard some one answer, who I thought perhaps was answering when his name was called.

The SPEAKER. On this roll call 225 Members have answered to their names. A quorum is present.

Mr. MONDELL. I move to dispense with further proceedings under the call.

The SPEAKER. The gentleman from Wyoming moves to dispense with further proceedings under the call. Without objection, it will be so ordered.

Mr. GARRETT of Tennessee. Mr. Speaker, I object.

The SPEAKER. The gentleman from Tennessee objects. The question is on the motion of the gentleman from Wyoming [Mr. MONDELL].

The question being taken, on a division (demanded by Mr. GARRETT of Tennessee), there were—ayes 123, noes 53.

Mr. GARRETT of Tennessee. Mr. Speaker, that vote was pretty close. I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 147, nays 73, answered "present" 3, not voting 208, as follows:

## YEAS—147.

Ackerman	Brooks, Ill.	Curry	Fordney
Andrews	Burtess	Dale	French
Appleby	Burton	Darrow	Funk
Arentz	Cable	Dowell	Gerner
Atkeson	Campbell, Kans.	Dunbar	Goodykoontz
Beedy	Cannon	Elliott	Graham, Ill.
Begg	Chalmers	Elston	Greene, Mass.
Benham	Chandler, Okla.	Evans	Greene, Vt.
Bird	Chindblom	Fairfield	Griest
Bland, Ind.	Colton	Faust	Hadley
Bond	Connolly, Pa.	Fess	Haugen
Bowers	Cooper, Wis.	Fish	Herrick
Brand	Crisp	Fitzgerald	Hersey
Brennan	Crowther	Focht	Hickey

Hill	McKenzie	Porter
Hoch	McLaughlin, Mich.	Pringle
Hukriede	McLaughlin, Nebr.	Radcliffe
Hull	McPherson	Ramseyer
Ireland	Mapes	Ransley
Kearns	Michaelson	Reavis
Kelley, Mich.	Miller	Reece
Ketcham	Millsbaugh	Rhodes
King	Mondell	Ricketts
Kissel	Montoya	Roach
Kline, Pa.	Moore, Ohio	Robertson
Kopp	Moore, Ind.	Robison
Kraus	Morin	Rogers
Lawrence	Mott	Sanders, N. Y.
Layton	Murphy	Scott, Tenn.
Lea, Calif.	Nelson, A. P.	Shaw
Lee, N. Y.	Nelson, J. M.	Shelton
Leibach	Norton	Shreve
Lineberger	Ogden	Sinclair
Little	Parker, N. J.	Sinnot
Longworth	Parker, N. Y.	Smith, Mich.
McArthur	Patterson, Mo.	Speaks
McFadden	Patterson, N. J.	Sprout

## NAYS—73.

Almon	Fields	Lankford	Rayburn
Barkley	Fisher	Larsen, Ga.	Sanders, Tex.
Bell	Flood	Lowrey	Sandlin
Black	Fulmer	Lyon	Sears
Bland, Va.	Garner	McClintic	Sisson
Blanton	Garrett, Tenn.	McDuffie	Smithwick
Bowling	Garrett, Tex.	McSwain	Stegall
Box	Griffin	Mansfield	Stedman
Briggs	Hammer	O'Connor	Stevenson
Bulwinkle	Hardy, Tex.	Oldfield	Swank
Byrnes, S. C.	Huddleston	Overstreet	Upshaw
Carew	Jacoway	Padgett	Vinson
Collins	James, Va.	Park, Ga.	Ward, N. C.
Connally, Tex.	Jeffers, Ala.	Parks, Ark.	Wilson
Davis, Tenn.	Johnson, Ky.	Parrish	Wingo
Doughton	Johnson, Miss.	Quin	Wright
Driver	Jones, Tex.	Rainey, Ill.	
Dupré	Kincheloe	Raker	
	Lanham	Rankin	

## ANSWERED "PRESENT" 3.

Aswell	Collier	Volstead
--------	---------	----------

## NOT VOTING—208.

Anderson	Ellis	Knutson	Rose
Ansorge	Fairchild	Kreider	Rosenbloom
Anthony	Favrot	Kunz	Rossdale
Bacharach	Fenn	Lampert	Rouse
Bankhead	Foster	Langley	Rucker
Barbour	Frear	Larson, Minn.	Ryan
Beck	Free	Lazaro	Sabath
Bixler	Freeman	Leatherwood	Sanders, Ind.
Blakeney	Frothingham	Lee, Ga.	Schall
Boles	Fuller	Linthicum	Scott, Mich.
Brinson	Gahn	Logan	Siegel
Britten	Gallivan	London	Slemp
Brooks, Pa.	Gensman	Luce	Smith, Idaho
Brown, Tenn.	Gilbert	Luhling	Snell
Browne, Wis.	Glynn	McCormick	Snyder
Buchanan	Goldsborough	McLaughlin, Pa.	Stafford
Burdick	Gorman	MacGregor	Steenerson
Burke	Gould	Madden	Stiness
Burroughs	Graham, Pa.	Magee	Stoll
Butler	Green, Iowa	Maloney	Strong, Pa.
Campbell, Pa.	Hardy, Colo.	Mann	Sullivan
Cantrill	Harrison	Martin	Summers, Tex.
Carter	Hawes	Mead	Tague
Chandler, N. Y.	Hawley	Merritt	Taylor, Ark.
Christopherson	Hayden	Michener	Taylor, Colo.
Clague	Hays	Mills	Taylor, Tenn.
Clark, Fla.	Hicks	Montague	Ten Eyck
Clarke, N. Y.	Himes	Moore, Ill.	Thomas
Classon	Hogan	Moore, Va.	Thompson
Clouse	Houghton	Morgan	Tillman
Cockran	Hudspeth	Mudd	Tinkham
Codd	Humphreys	Newton, Minn.	Treadway
Cole	Husted	Newton, Mo.	Tyson
Connell	Hutchinson	Nolan	Underhill
Cooper, Ohio	James, Mich.	O'Brien	Vaile
Copley	Jeffers, Nebr.	Oliver	Vare
Coughlin	Johnson, S. Dak.	Olpp	Vestal
Cramton	Johnson, Wash.	Osborne	Voigt
Cullen	Jones, Pa.	Paige	Volk
Dallinger	Kahn	Perkins	Walsh
Davis, Minn.	Keller	Perlman	Walters
Deal	Kelly, Pa.	Peters	Ward, N. Y.
Dempsey	Kendall	Petersen	Wason
Denison	Kennedy	Pou	Weaver
Dickinson	Kless	Purnell	Webster
Dominick	Kindred	Rainey, Ala.	Wheeler
Drane	Kinkaid	Reber	Williams
Drewry	Kirkpatrick	Reed, N. Y.	Williamson
Dunn	Kitchin	Reed, W. Va.	Wise
Dyer	Klecza	Riddick	Woods, Va.
Echols	Kline, N. Y.	Riordan	Woodyard
Edmonds	Knight	Rodenberg	Zihlman

So the motion to dispense with further proceedings under the call was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. RODENBERG (for) with Mr. MARTIN (against).  
Mr. BUTLER (for) with Mr. HUMPHREYS (against).  
Mr. WOODYARD (for) with Mr. POU (against).  
Mr. TREADWAY (for) with Mr. COLLIER (against).  
Mr. REBER (for) with Mr. WISE (against).



Mr. NEWTON of Missouri (for) with Mr. BUCHANAN (against).  
Mr. DENISON (for) with Mr. Woods of Virginia (against).  
Mr. HICKS (for) with Mr. CAMPBELL of Pennsylvania (against).

Mr. KAHN (for) with Mr. HAYDEN (against).  
Mr. VOLSTEAD. Mr. Speaker I desire to vote in the affirmative.

The SPEAKER. Was the gentleman present and listening when his name should have been called?

Mr. VOLSTEAD. I am not sure about that.

The SPEAKER. The gentleman can vote "present."

The Clerk called the name of Mr. VOLSTEAD and he answered "present."

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. GILLET, and he voted in the affirmative.

The result of the vote was announced as above recorded.

Mr. GARRETT of Tennessee. Mr. Speaker, does the vote develop a quorum?

The SPEAKER. It does. The question is on the motion of the gentleman from Illinois [Mr. IRELAND] for the previous question.

Mr. GARRETT of Tennessee. Mr. Speaker, pending that, may I make a parliamentary inquiry?

The SPEAKER. Certainly.

Mr. GARRETT of Tennessee. In view of the closeness of the vote to a quorum, would it be in order for the gentleman from Wyoming, for instance, to offer a resolution to permit the President to appoint a few Members here to vote on this question?

Mr. MONDELL. Regular order, Mr. Speaker.

The SPEAKER. That is not a parliamentary inquiry. The question is on the motion of the gentleman from Illinois [Mr. IRELAND] for the previous question.

Mr. GARRETT of Tennessee. Mr. Speaker, on that motion I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken, and there were—yeas 149, nays 56, answering "present" 5, not voting 221, as follows:

## YEAS—149.

Ackerman	Fess	Lehlbach	Rogers
Andrews	Focht	Lineberger	Scott, Tenn.
Appleby	Fordney	Longworth	Shaw
Arentz	Funk	McArthur	Shelton
Atkeson	Gerner	McKenzie	Shreve
Beedy	Goodykoontz	McLaughlin, Mich.	Sinclair
Begg	Graham, Ill.	McLaughlin, Nebr.	Sinnott
Benham	Graham, Pa.	McPherson	Smith, Mich.
Bird	Greene, Mass.	Madden	Speaks
Bland, Ind.	Greene, Vt.	Mapes	Sproul
Bond	Griest	Michaelson	Stephens
Bowers	Hadley	Miller	Strong, Kans.
Brennan	Hardy, Colo.	Millsbaugh	Summers, Wash.
Brooks, Ill.	Haugen	Mondell	Sweet
Brown, Tenn.	Herrick	Montoya	Swing
Burtness	Hersey	Moore, Ohio	Taylor, N. J.
Burton	Hickey	Moore, Ind.	Taylor, Tenn.
Cable	Hicks	Mott	Temple
Campbell, Kans.	Hill	Murphy	Thompson
Cannon	Hoch	Nelson, A. P.	Tilson
Chalmers	Hogan	Nelson, J. M.	Timberlake
Chandler, N. Y.	Hukriede	Newton, Minn.	Tincher
Chandler, Okla.	Hull	Norton	Volstead
Chindblom	Ireland	Ogden	Watson
Colton	Kearns	Parker, N. Y.	White, Kans.
Connolly, Pa.	Kelley, Mich.	Patterson, Mo.	White, Me.
Cooper, Wis.	Kelly, Pa.	Patterson, N. J.	Williams
Crowther	Ketcham	Porter	Winslow
Curry	King	Pringle	Wood, Ind.
Dale	Kinkaid	Ramsayer	Woodruff
Darrow	Kissel	Ransley	Wurzbach
Dowell	Kline, Pa.	Reavis	Wyant
Dunbar	Kopp	Roece	Yates
Elliott	Kraus	Rhodes	Young
Elston	Lawrence	Ricketts	The Speaker
Evans	Layton	Roach	
Fairfield	Lea, Calif.	Robertson	
Faust	Lee, N. Y.	Robison	

## NAYS—56.

Almon	Davis, Tenn.	Jacoway	Park, Ga.
Aswell	Doughton	James, Va.	Parrish
Barkley	Driver	Johnson, Ky.	Quin
Black	Dupré	Jones, Tex.	Rainey, Ill.
Bland, Va.	Fields	Kincheloe	Raker
Blanton	Fisher	Lanham	Rankin
Bowling	Fulmer	Lankford	Sanders, Tex.
Box	Garner	Larsen, Ga.	Sandlin
Briggs	Garrett, Tenn.	Lowrey	Smithwick
Bulwinkle	Garrett, Tex.	Lyon	Stedman
Byrns, Tenn.	Griffin	Mansfield	Swank
Carew	Hammer	O'Connor	Ward, N. C.
Connally, Tex.	Hardy, Tex.	Overstreet	Wilson
Crisp	Huddleston	Padgett	Wright

## ANSWERING "PRESENT"—5.

Collier	French	Parker, N. J.	Sanders, N. Y.
Denison			

## NOT VOTING—221.

Anderson	Fenn	Lee, Ga.	Ryan
Ansorge	Fish	Lanthicum	Sabath
Anthony	Fitzgerald	Little	Sanders, Ind.
Bacharach	Flood	Logan	Schall
Bankhead	Foster	London	Scott, Mich.
Barbour	Frear	Luce	Sears
Beck	Free	Luhning	Siegel
Bell	Freeman	McCormick	Sisson
Bixler	Frothingham	McDuffie	Slomp
Blakeney	Fuller	McFadden	McClintic
Boies	Gahn	McLaughlin, Pa.	Smith, Idaho
Brand	Gallivan	McSwain	Snell
Brinson	Gensman	MacGregor	Snyder
Britten	Gilbert	Magee	Stafford
Brooks, Pa.	Glynn	Maloney	Steagall
Browne, Wis.	Goldsborough	Mann	Steenerson
Buchanan	Gorman	Martin	Stevenson
Burdick	Gould	Mead	Stiness
Burke	Green, Iowa	Merritt	Stoll
Burroughs	Harrison	Michener	Strong, Pa.
Butler	Hawes	Mills	Sullivan
Byrnes, S. C.	Hawley	Montague	Summers, Tex.
Campbell, Pa.	Hayden	Moore, Ill.	Tague
Cantrill	Hays	Moore, Va.	Taylor, Ark.
Carter	Himes	Morgan	Taylor, Colo.
Christopherson	Houghton	Morin	Ten Eyck
Clague	Hudspeth	Mudd	Thomas
Clarke, Fla.	Humphreys	Newton, Mo.	Tillman
Clarke, N. Y.	Husted	Nolan	Tinkham
Classon	Hutchinson	O'Brien	Towner
Clouse	James, Mich.	Oldfield	Treadway
Cockran	Jeffers, Nebr.	Oliver	Tyson
Codd	Jeffers, Ala.	Olpp	Underhill
Cole	Johnson, Miss.	Osborne	Upshaw
Collins	Johnson, S. Dak.	Paige	Vale
Connell	Johnson, Wash.	Parks, Ark.	Vare
Cooper, Ohio	Jones, Pa.	Perkins	Vestal
Copley	Kahn	Perlman	Vinson
Coughlin	Keller	Peters	Voigt
Cramton	Kendall	Petersen	Volk
Cullen	Kennedy	Pou	Walsh
Dallinger	Kiess	Purnell	Walters
Davis, Minn.	Kindred	Radcliffe	Ward, N. Y.
Deal	Kirkpatrick	Rainey, Ala.	Wason
Dempsey	Kitchin	Rayburn	Weaver
Dickinson	Klecza	Reber	Webster
Dominick	Kline, N. Y.	Reed, N. Y.	Wheeler
Drane	Knight	Reed, W. Va.	Williamson
Drewry	Knutson	Riddick	Wingo
Dunn	Kreider	Riordan	Wise
Dyer	Kunz	Rodenberg	Woods, Va.
Echols	Lampert	Rose	Woodyard
Edmonds	Langley	Rosenbloom	Zihlman
Ellis	Larson, Minn.	Rossdale	
Fairchild	Lazaro	Rouse	
Favrot	Leatherwood	Rucker	

Mr. COLLIER. Mr. Speaker, I voted "no," but I have a pair with the gentleman from Massachusetts, Mr. TREADWAY. I therefore wish to withdraw my vote and answer "present."

Mr. GARRETT of Tennessee. Mr. Speaker, may I inquire if the roll call has been concluded?

The SPEAKER. The Chair is waiting for the figures from the Clerk.

Mr. MONDELL. Mr. Speaker, am I recorded?

The SPEAKER. The Clerk informs the Chair that the gentleman voted "aye."

Mr. GARRETT of Tennessee. Mr. Speaker, I regret to see the majority leader conduct a filibuster here. [Laughter.]

The SPEAKER. The yeas are 150 and the nays 55, "present" 5. A quorum is not present, and the Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

Mr. GARRETT of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The gentleman from Tennessee moves that the House do now adjourn.

Mr. MONDELL. Mr. Speaker, I submit that that motion is not in order after a call of the House.

Mr. GARRETT of Tennessee. There are two things in order, one to adjourn and the other for somebody with responsibility to make a motion that the Speaker issue his warrant and get the Republicans in.

Mr. IRELAND. By what right does the gentleman exclude the Democrats?

Mr. GARRETT of Tennessee. We are here.

The SPEAKER. The Chair does not think it is too late to make the motion.

Mr. BLANTON. Mr. Speaker, I demand the regular order.

The SPEAKER. The Chair is only hesitating as to whether or not the motion is dilatory.

Mr. MONDELL. It is an automatic call.

Mr. GARRETT of Tennessee. There is no one on the floor who has even suggested that the motion is dilatory.

The SPEAKER. It is not necessary that it be suggested. It is the duty of the Speaker not to admit a dilatory motion. The Chair is always slow to hold a motion dilatory. The Chair

thinks the only time he should hold a motion dilatory is when he not only thinks it dilatory himself but when he thinks the whole membership would agree that it is dilatory. Early in the afternoon the gentleman from Tennessee [Mr. GARRETT] announced his implacable hostility to this resolution. He has moved to adjourn several times, and all these motions have been defeated by a party vote. If the gentleman from Tennessee will say that the motion is not dilatory, then the Chair will recognize it; but, of course, the Chair has no right to ask the gentleman to say that.

Mr. GARRETT of Tennessee. Mr. Speaker, would it be dilatory if the gentleman from Wyoming were to make the motion?

The SPEAKER. No; the Chair thinks not. The Chair thinks that would be quite different.

Mr. MONDELL. The gentleman from Wyoming has made no such motion.

The SPEAKER. Being made as it is, the Chair thinks the motion is dilatory and that the gentleman has no right to make it.

Mr. BARKLEY. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. It has been a partisan vote right through during the afternoon, and the gentleman from Kentucky [Mr. BARKLEY] having voted, the Chair presumes, in the same way—

Mr. BARKLEY. But the Chair has no right to presume how I voted on the motion to adjourn.

The SPEAKER. All of the Democratic side have voted to adjourn. The Chair holds the motion to be dilatory. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll. The question is on ordering the previous question.

Mr. GARRETT of Tennessee. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARRETT of Tennessee. Is the Clerk to call the names simply of those who did not answer on the last call?

The SPEAKER. No. He is to call the whole roll again. It is just the same as a division. When a quorum fails to appear on a division an automatic roll call follows. Speaker Clark made this same ruling.

Mr. MONDELL. Mr. Speaker, I demand the regular order.

The SPEAKER. The Clerk will call the roll.

The Clerk called the roll, and there were—yeas 152, nays 61, answered "present" 3, not voting 215, as follows:

## YEAS—152.

Ackerman	Fess	Lea, Calif.	Robison
Andrews	Focht	Lee, N. Y.	Rogers
Appleby	Fordney	Lehlbach	Sanders, N. Y.
Arentz	French	Lineberger	Scott, Tenn.
Atkeson	Funk	Little	Shaw
Beedy	Gahn	McArthur	Shelton
Begg	Gensman	McFadden	Shreve
Benham	Gerner	McKenzie	Sinclair
Bird	Goodykoontz	McLaughlin, Mich.	Sinnot
Bland, Ind.	Graham, Ill.	McLaughlin, Nebr.	Smith, Mich.
Bond	Graham, Pa.	McPherson	Speaks
Bowers	Greene, Mass.	Mapes	Sproul
Brennan	Greene, Vt.	Michaelson	Stephens
Brooks, Ill.	Griest	Miller	Strong, Kans.
Brown, Tenn.	Hadley	Millsbaugh	Summers, Wash.
Burtness	Hardy, Colo.	Mondell	Sweet
Burton	Haugen	Montoya	Swing
Cable	Herrick	Moore, Ohio	Taylor, N. J.
Cannon	Hersey	Moore, Ind.	Taylor, Tenn.
Chalmers	Hickey	Murphy	Temple
Chandler, N. Y.	Hicks	Nelson, A. P.	Thompson
Chandler, Okla.	Hill	Newton, Minn.	Tilson
Chindblom	Hoch	Norton	Timberlake
Colton	Hogan	Ogden	Tincher
Connolly, Pa.	Hukriede	Parker, N. J.	Volstead
Cooper, Wis.	Hull	Parker, N. Y.	Walsh
Crowther	Ireland	Patterson, Mo.	Watson
Curry	Kearns	Patterson, N. J.	White, Kans.
Dale	Kelly, Pa.	Pringle	White, Me.
Darrow	Ketcham	Ramseyer	Williams
Denison	King	Ransley	Winslow
Dowell	Kinkaid	Reavis	Wood, Ind.
Dunbar	Kissel	Reber	Woodruff
Elliot	Kline, Pa.	Reece	Wurzbach
Elston	Kopp	Rhodes	Wyant
Evans	Kraus	Ricketts	Yates
Fairfield	Lawrence	Roach	Young
Faust	Layton	Robertson	The Speaker

## NAYS—61.

Almon	Carew	Griffin	Lazaro
Aswell	Connally, Tex.	Hammer	Lee, Ga.
Barkley	Crisp	Hardy, Tex.	Lowrey
Bell	Davis, Tenn.	Huddleston	McSwain
Black	Doughton	Jacoway	Mansfield
Bland, Va.	Driver	Jeffers, Ala.	Overstreet
Blanton	Fields	Johnson, Ky.	Padgett
Bowling	Fisher	Jones, Tex.	Park, Ga.
Box	Flood	Kincheoe	Parrish
Brand	Fulmer	Lanham	Porter
Briggs	Garner	Lankford	Quin
Byrns, Tenn.	Garrett, Tenn.	Larsen, Ga.	Rainey, Ill.

Raker  
Rankin  
Sanders, Tex.  
Saudlin

Sisson  
Smithwick  
Stedman  
Swank

Tyson  
Ward, N. C.  
Wilson  
Wise

Wright

## ANSWERED "PRESENT"—3.

McClintic

Rayburn

Sears

## NOT VOTING—215.

Anderson	Edmonds	Lampert	Rodenberg
Ansorge	Ellis	Langley	Rose
Anthony	Fairchild	Larson, Minn.	Rosenbloom
Bacharach	Favrot	Leatherwood	Rossdale
Bankhead	Fenn	Linthicum	Rouse
Barbour	Fish	Logan	Rucker
Beck	Fitzgerald	London	Ryan
Bixler	Foster	Longworth	Sabath
Blakeney	Frear	Luce	Sanders, Ind.
Boies	Free	Luhling	Schall
Brinson	Freeman	Lyon	Scott, Mich.
Britten	Frithingham	McCormick	Siegel
Brooks, Pa.	Fuller	McDuffie	Slomp
Browne, Wis.	Gallivan	McLaughlin, Pa.	Smith, Idaho
Buchanan	Garrett, Tex.	MacGregor	Snell
Bulwinkle	Gilbert	Madden	Snyder
Burdick	Glynn	Magee	Stafford
Burke	Goldsborough	Maloney	Stegall
Burroughs	Gorman	Mann	Steenerson
Butler	Gould	Martin	Stevenson
Byrnes, S. C.	Green, Iowa	Mead	Stiness
Campbell, Kans.	Harrison	Merritt	Stoll
Campbell, Pa.	Hawes	Michener	Strong, Pa.
Cantrill	Hawley	Mills	Sullivan
Carter	Hayden	Montague	Summers, Tex.
Christopherson	Hays	Moore, Ill.	Tague
Clague	Himes	Moore, Va.	Taylor, Ark.
Clark, Fla.	Houghton	Morgan	Taylor, Colo.
Clarke, N. Y.	Hudspeth	Morin	Ten Eyck
Classon	Humphreys	Mott	Thomas
Clouse	Husted	Mudd	Tillman
Cockran	Hutchinson	Nelson, J. M.	Tinkham
Codd	James, Mich.	Newton, Mo.	Towner
Cole	James, Va.	Nolan	Treadway
Collier	Jeffers, Nebr.	O'Brien	Underhill
Collins	Johnson, Miss.	O'Connor	Upshaw
Connell	Johnson, S. Dak.	Oldfield	Vaile
Cooper, Ohio	Johnson, Wash.	Oliver	Vare
Copley	Jones, Pa.	Olpp	Vestal
Coughlin	Kahn	Osborne	Vinson
Cramton	Keller	Palge	Voigt
Cullen	Kelley, Mich.	Parks, Ark.	Volk
Dallinger	Kendall	Perkins	Walters
Davis, Minn.	Kennedy	Periman	Ward, N. Y.
Deal	Kless	Peters	Wason
Dempsey	Kindred	Petersen	Weaver
Dickinson	Kirkpatrick	Pou	Webster
Dominick	Kitchin	Purnell	Wheeler
Drane	Klecza	Radcliffe	Williamson
Drewry	Kline, N. Y.	Rainey, Ala.	Wingo
Dunn	Knight	Reed, N. Y.	Woods, Va.
Dupré	Knutson	Reed, W. Va.	Woodyard
Dyer	Kreider	Riddick	Zihlman
Echols	Kunz	Riordan	

Mr. GARRETT of Tennessee. Mr. Speaker, I ask for order.

The SPEAKER. The House will be in order. [Laughter.]

Mr. HERRICK. Does that include the gentleman from Tennessee?

Mr. IRELAND. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. IRELAND. I would like to inquire if the calling for order by the gentleman who has been the chief disturbing element of the day—

Mr. BLANTON. Mr. Speaker, I make the point of order that this is out of order.

Mr. IRELAND. Is a matter of self-discipline?

The SPEAKER. That is not a parliamentary inquiry.

Mr. BLANTON. Mr. Speaker, I ask for the regular order.

The SPEAKER. The regular order is to wait until we get a quorum.

Mr. BLANTON. Mr. Speaker, I move that the House do now adjourn. I am sure the Speaker will not hold that out of order.

Mr. MONDELL. Mr. Speaker, that is dilatory.

Mr. KINCHELOE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KINCHELOE. Has the vote of the recent roll call been announced?

The SPEAKER. There is no quorum present.

Mr. KINCHELOE. I was wondering how that could be determined without the tally clerk striking a total.

The SPEAKER. The tally clerk notified the Speaker.

Mr. KINCHELOE. I did not know.

The SPEAKER. The roll call discloses eight short of a quorum.

Mr. GARRETT of Tennessee. Mr. Speaker, I yield to the gentleman from Wyoming to move that the House do now adjourn.

Mr. MONDELL. I understand the Speaker has issued his warrant—

Mr. GARRETT of Tennessee. By what authority?



Mr. MONDELL. For absent Members, who will soon be here, sufficiently to make up a quorum.

Mr. WILLIAMS. Send the Sergeant at Arms to the Post Office Department and he will get a batch.

Mr. BLANTON. Or the baseball game.

Mr. BARKLEY. That would be true perhaps at 4.30, but not this late.

Mr. BLANTON. It is now five minutes to 6 o'clock.

Mr. GARRETT of Tennessee. Mr. Speaker, may I inquire if the statement just made by the gentleman from Wyoming is correct, that the Speaker has issued his warrant for Members?

The SPEAKER. Certainly.

Mr. GARRETT of Tennessee. May I inquire by what authority?

The SPEAKER. Clause 4 of Rule XV.

Mr. GARRETT of Tennessee. Mr. Speaker, as I remember clause 4 of Rule XV, it requires that there should be passed a resolution by the House. Less than a quorum could pass such a resolution; but the Speaker, on his own initiative, as I remember it, can not issue a warrant.

The SPEAKER. The rule says that the Sergeant at Arms shall forthwith proceed to bring in absent Members.

Mr. GARNER. And he has to get authority by resolution, at least since I have been here.

The SPEAKER. The Chair will read the rule:

Whenever a quorum fails to vote on any question, and a quorum is not present and objection is made for that cause, unless the House shall adjourn, there shall be a call of the House, and the Sergeant at Arms shall forthwith proceed to bring in absent Members, and the yeas and nays on the pending question shall at the same time be considered as ordered. The Clerk shall call the roll, and each Member as he answers to his name may vote on the pending question, and then, after the roll call is completed, each Member arrested shall be brought by the Sergeant at Arms before the House, whereupon he shall be noted as present, discharged from arrest, and given an opportunity to vote, and his vote shall be recorded.

If those voting on the question and those who are present and decline to vote shall together make a majority of the House, the Speaker shall declare that a quorum is constituted, and the pending question shall be decided as the majority of those voting shall appear. And thereupon further proceedings under the call shall be dispensed with. At any time after the roll has been completed, the Speaker may entertain a motion to adjourn, if seconded by a majority of those present, to be ascertained by actual count by the Speaker.

Mr. GARRETT of Tennessee. Mr. Speaker, it is true, of course, that it is the duty of the Sergeant at Arms to notify absentees when a quorum fails to appear, but I do not believe that the Speaker at any time has ever issued his warrant except by a resolution of the House passed authorizing the same to be done.

The SPEAKER. The rule says:

After the roll call is completed each Member arrested shall be brought by the Sergeant at Arms before the House.

Now, the Sergeant at Arms would not have authority to arrest without the warrant of the Speaker, therefore it must contemplate the warrant.

The Chair finds a decision by Speaker CANNON as follows, in Hinds', section 3043:

The Chair is still of opinion that under the practice in the House he is authorized to issue the warrant, although, as stated before, the Chair is inclined to be of the opinion that when the fact arises under clause 4 of Rule XV the Sergeant at Arms, on verbal direction of the Speaker, as that rule provides, can bring in absent Members.

The Chair thinks it was exactly on all fours with the present case.

Mr. GARRETT of Tennessee. Then, as I understand, Mr. Speaker, the Speaker holds that without previous authority, by resolution or otherwise, from the House, he may issue his warrant directing the Sergeant at Arms to take in custody absent Members and bring them to the bar of the House?

The SPEAKER. In the absence of a quorum on an automatic call.

Mr. TEMPLE. Is it not obvious that the gentleman from Tennessee is confusing section 4 of the rule with section 2?

Section 2 provides:

In the absence of a quorum, 15 Members, including the Speaker, if there is one, shall be authorized to compel the attendance of absent Members.

But section 4 provides for an automatic call of the House:

Whenever a quorum is not present and objection is made for that cause, unless the House shall adjourn there shall be a call of the House, and the Sergeant at Arms shall forthwith proceed to bring in absent Members.

That is precisely the situation that arose. There was an automatic call of the House and the House did not adjourn, and it became the duty of the Speaker to instruct the Sergeant at Arms to perform his duty.

Mr. GARRETT of Tennessee. It is not a question of instructing the Sergeant at Arms. It is a question of the right of a Speaker to issue a warrant for the arrest of Members. Per-

haps what I had in thought was a provision of the Constitution, section 5, Article I, to the effect that:

Each House shall be the judge of the elections, returns and qualifications of its own Members, and a majority of each House shall constitute a quorum to do business; but a smaller number may adjourn from day to day, and may be authorized to compel the attendance of absent Members, in such manner, and under such penalties as each House may provide.

Mr. TEMPLE. Yes, Mr. Speaker, and the House has provided that rule to carry out that provision of the Constitution, and the rule which requires the procedure of which the gentleman from Tennessee is speaking is in section 2 of Rule XV, and the automatic call under which we are proceeding now is in section 4, which provides precisely for the procedure that has been carried on at the present time.

Mr. GARRETT of Tennessee. I am not complaining about the automatic calls at all. The Speaker has been entirely correct in his rulings about that. I have some question about the wisdom of the ruling which was made a little bit ago, that caused a complete call when the absence of a quorum had been developed; that is, a complete call the second time. I understood the Chair followed a precedent as to that. I am not complaining of the rulings of the Speaker. But I doubt very much—and I think we can be serious for a moment—I doubt very much the right of the Speaker to issue his warrant for the arrest of Members except by authority expressly given by the House.

The SPEAKER. The Chair understands the gentleman from Tennessee—

Mr. GARRETT of Tennessee. Mr. Speaker, may I inquire if Members are brought in under arrest it will be laid before the House that they are brought in under arrest?

The SPEAKER. The Chair thinks so.

Mr. GARRETT of Tennessee. Then, of course, Mr. Speaker, we should have to inquire a good many times as to where they had been and why they were absent from their duties.

Mr. IRELAND. Does the gentleman think it entirely wise to insist on that procedure?

Mr. BARKLEY. In view of the fact that most of the absentees are Republicans, I do not think it would be.

Mr. IRELAND. That has not developed as yet.

Mr. GARRETT of Tennessee. Mr. Speaker, the truth of it is, there is no good reason on earth why this House should not now adjourn.

Mr. CONNALLY of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNALLY of Texas. Is a motion to adjourn in order at this time?

The SPEAKER. The Chair will cross that bridge when the time comes.

Mr. CONNALLY of Texas. I make a motion to adjourn.

The SPEAKER. The gentleman from Texas moves that the House do now adjourn.

Mr. MONDELL. Mr. Speaker, I hold that that is dilatory.

Mr. CONNALLY of Texas. If it is dilatory under the rules of the House, you can only get a quorum or adjourn.

The SPEAKER. The Chair will quote the rule to the gentleman:

At any time after the roll call has been completed the Speaker may entertain a motion to adjourn, if seconded by a majority of those present, to be ascertained by actual count by the Speaker.

The Chair thinks the gentleman has a right to make the motion.

Mr. MONDELL. I hold that that is manifestly dilatory, Mr. Speaker.

The SPEAKER. But the question is, Does a majority of those present second him? As many as desire to second the motion to adjourn will rise and be counted. [After counting.] Fifty-three gentlemen have risen in the affirmative. Those opposed will rise and be counted. [After counting.] One hundred and fourteen gentlemen have risen in the negative.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask for tellers.

The SPEAKER. The rule says the second is to be ascertained by actual count by the Speaker; therefore tellers can not be demanded.

Mr. FAIRFIELD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order that nothing is in order in the absence of a quorum.

Mr. FAIRFIELD. Is not a parliamentary inquiry in order?

Mr. TEMPLE. If that is the case, is it in order for the gentleman from Tennessee [Mr. GARRETT] to reply to a parliamentary inquiry?

The SPEAKER. The Chair thinks it in order to make a parliamentary inquiry.

Mr. FAIRFIELD. Would it be in order to ask permission to correct the Record on a vote?

The SPEAKER. No; the Chair thinks not.

Mr. SISSON. Mr. Speaker, I desire to vote "no."

The SPEAKER. The gentleman from Mississippi changes his vote from "present" to "no." On this vote the yeas are 152, the nays 61, present 3. A quorum is present. The yeas have it, and the previous question is ordered. [Applause.]

The Clerk announced the following additional pairs:

Mr. ROGERS (for) with Mr. DUPRE (against).

Mr. BUTLER (for) with Mr. RIORDAN (against).

Mr. RODENBERG (for) with Mr. MARTIN (against).

Mr. WOODYARD (for) with Mr. POV (against).

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. Will the gentleman withhold that for a moment, while the Chair submits some personal requests?

Mr. MONDELL. Yes.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. JAMES, indefinitely, on account of the illness of his father.

To Mr. REED of West Virginia, for 10 days, on account of illness in his family.

To Mr. DRANE, indefinitely, on account of important business.

To Mr. MORGAN, for five days, on account of important business.

Mr. IRELAND. Mr. Speaker, will the gentleman from Wyoming withhold his motion to adjourn for a moment?

Mr. MONDELL. Yes.

Mr. IRELAND. I ask leave of absence for the gentleman from Michigan [Mr. SCOTT], on account of illness—an indefinite leave of absence.

The SPEAKER. Is there objection to the gentleman's request?

There was no objection.

#### ADJOURNMENT.

The SPEAKER. The gentleman from Wyoming moves that the House do now adjourn. The question is on agreeing to that motion.

The motion was agreed to; accordingly (at 6 o'clock and 15 minutes p. m.) the House adjourned until to-morrow, Wednesday, July 27, 1921, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. KRAUS, from the Committee on Naval Affairs, to which was referred the bill (H. R. 7870) for the relief of L. C. Johnson, jr., reported the same without amendment, accompanied by a report (No. 292); which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 2558) for the relief of Richard P. McCullough, reported the same without amendment, accompanied by a report (No. 293); which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 5859) for the relief of Ellen M. Willey, widow of Owen S. Willey, reported the same without amendment, accompanied by a report (No. 294); which said bill and report were referred to the Private Calendar.

Mr. BUTLER, from the Committee on Naval Affairs, to which was referred the bill (H. R. 2556) to advance Capt. Benjamin S. Berry to the permanent rank of major, reported the same with amendments, accompanied by a report (No. 295); which said bill and report were referred to the Private Calendar.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 7349) granting an increase of pension to Christopher C. Webber, and the same was referred to the Committee on Invalid Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. KAHN: A bill (H. R. 7943) to further amend an act entitled "An act for making further and more effectual pro-

vision for the national defense, and for other purposes," approved June 3, 1916; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H. R. 7944) to change the name of Four-and-a-half Street SW., in the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 7945) to provide playgrounds for the children of the District of Columbia; to the Committee on the District of Columbia.

By Mr. KEARNS: A bill (H. R. 7946) for the coinage of a Grant souvenir gold dollar in commemoration of the centenary of the birth of Gen. Ulysses S. Grant, late President of the United States; to the Committee on Coinage, Weights, and Measures.

By Mr. HOCH: A bill (H. R. 7947) to amend the "transportation act, 1920," approved February 28, 1920; to the Committee on Interstate and Foreign Commerce.

By Mr. SUTHERLAND: A bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska; to the Committee on the Public Lands.

By Mr. WOOD of Indiana: A bill (H. R. 7949) to bring about the more effective coordination of Government purchases, to establish the bureau of supply, and for other purposes; to the Committee on Appropriations.

By Mr. JACOWAY: A bill (H. R. 7950) to provide for the prevention of waste in drilling and producing oil and natural gas in the State of Arkansas; to the Committee on Mines and Mining.

By Mr. COOPER of Wisconsin: A bill (H. R. 7951) amending section 22a of the act approved June 4, 1920, entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice"; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ATKESON: A bill (H. R. 7952) granting a pension to Ellen A. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7953) granting a pension to Thomas B. Leeper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7954) granting a pension to Robert C. Wright; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7955) granting a pension to Newton Allison; to the Committee on Invalid Pensions.

By Mr. CABLE: A bill (H. R. 7956) granting a pension to Ambrose Runyon; to the Committee on Invalid Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 7957) granting a pension to John Gust Pearson; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 7958) granting a pension to Clara J. Merwin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7959) granting a pension to Nelson Yarnell; to the Committee on Pensions.

By Mr. HOUGHTON: A bill (H. R. 7960) granting a pension to Anna B. Hurd; to the Committee on Invalid Pensions.

By Mr. KAHN: A bill (H. R. 7961) to confer jurisdiction upon the Court of Claims to ascertain the cost of the Alaska Commercial Co., a corporation, and the amount expended by it from November 5, 1920, to April 18, 1921, in repairing and rebuilding the wharf belonging to said company at Dutch Harbor, Alaska, which wharf was damaged and partially destroyed on or about November 5, 1920, through collision therewith by the United States Navy steamship *Saturn*, and to render judgment therefor; to the Committee on Claims.

By Mr. LANHAM: A bill (H. R. 7962) granting an increase of pension to S. V. Hamilton; to the Committee on Pensions.

By Mr. MICHAELSON: A bill (H. R. 7963) for the relief of Peter C. King; to the Committee on Military Affairs.

By Mr. MORGAN: A bill (H. R. 7964) granting an increase of pension to Eliza M. Clark; to the Committee on Invalid Pensions.

By Mr. MORIN: A bill (H. R. 7965) granting a pension to Calvin Logan; to the Committee on Invalid Pensions.

By Mr. SHAW: A bill (H. R. 7966) granting a pension to Harriet Dietrich; to the Committee on Invalid Pensions.

By Mr. SMITHWICK: A bill (H. R. 7967) granting certain lands to Escambia County, Fla., for a public park; to the Committee on the Public Lands.

Also, a bill (H. R. 7968) granting to the city of St. Andrews, Fla., the right to remove shells, sand, and gravel from certain public lands for road-building purposes; to the Committee on the Public Lands.



By Mr. SWING: A bill (H. R. 7969) granting a pension to Sarah E. Foster; to the Committee on Pensions.

By Mr. THOMPSON: A bill (H. R. 7970) granting the distinguished service cross to Charles A. Musgrave; to the Committee on Military Affairs.

By Mr. VAILE: A bill (H. R. 7971) granting a pension to Clara C. Parker; to the Committee on Pensions.

By Mr. WILLIAMS: A bill (H. R. 7972) granting a pension to Mary E. Wright; to the Committee on Invalid Pensions.

By Mr. WOODYARD: A bill (H. R. 7973) granting a pension to Ida D. Campbell; to the Committee on Invalid Pensions.

By Mr. WOODRUFF: A bill (H. R. 7974) to remove the charge of desertion from the service record of John Winton and grant him an honorable discharge; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2163. By the SPEAKER (by request): Letter from Samuel Gompers, transmitting a copy of resolutions adopted by the American Federation of Labor at the Denver convention relative to the reclassification of the civil service; to the Committee on Reform in the Civil Service.

2164. Also (by request), petition of R. Larounis and 49 others, favoring the repeal of the 10 per cent sales tax on bottled carbonated beverages; to the Committee on Ways and Means.

2165. Also (by request), petition of Carl Fertel and 1,078 others, of the thirteenth congressional district of New York, urging the recognition of the Irish republic; to the Committee on Foreign Affairs.

2166. By Mr. BURROUGHS: Petition signed by Mr. A. B. Thayer and others, of Meredith, N. H., protesting against the passage of the Shields bill regarding the interstate shipment of small arms; to the Committee on the Judiciary.

2167. By Mr. CRAMTON: Petition of George Richards and others, of New Haven, Mich., asking for the passage of House bill 7459; to the Committee on Ways and Means.

2168. By Mr. FROTHINGHAM: Petition of residents of the fourteenth congressional district of Massachusetts, asking for relief from the present 10 per cent sales tax on bottled carbonated beverages; to the Committee on Ways and Means.

2169. Also, resolution passed by General Lander Post, No. 5, Grand Army of the Republic, of Lynn, Mass., urging immediate action in granting maximum pension of \$72 to all Civil War veterans; to the Committee on Invalid Pensions.

2170. By Mr. GARRETT of Tennessee: Petition of L. B. Kenley & Son and 134 others, of Tennessee, favoring the elimination of the 10 per cent sales tax on manufactures of carbonated beverages now imposed under section 628a of the revenue act of 1918; to the Committee on Ways and Means.

2171. By Mr. HILL: Petition of Miss Delia Kyne and 145 others, favoring the repeal of the 10 per cent sales tax on bottled carbonated beverages; to the Committee on Ways and Means.

2172. By Mr. KAHN: Resolution adopted by the Riverside Chamber of Commerce, protesting against the city of Los Angeles endeavoring to monopolize the water-power resources of the Sierra Nevada Mountains and the Colorado River, to the detriment of the interests of the interior counties of southern California; to the Committee on Water Power.

2173. Also, resolution by the convention assembled at New Orleans, La., May, 1921, urging the President of the United States and Congress to declare December 7 of each year a national memorial day in honor of Fisher Harris; to the Committee on the Library.

2174. By Mr. KELLEY of Michigan: Petition of 127 business firms of the sixth congressional district of Michigan, in favor of the repeal of the tax on bottled carbonated beverages; to the Committee on Ways and Means.

2175. By Mr. KISSEL: Petition of the American Legion of Washington, D. C., favoring the enactment of House bill 1 and Senate bill 506; to the Committee on Ways and Means.

2176. By Mr. LARSON of Minnesota: Petition signed by E. T. Russell and about 581 other citizens of the United States, of Duluth, Minn., protesting against the enactment of laws relative to Sabbath keeping; to the Committee on the Judiciary.

2177. By Mr. LUCE: Petition of Oaks Square Methodist Episcopal Church, of Brighton, Mass., indorsing bill to prohibit exportation of opium to China; to the Committee on Ways and Means.

2178. By Mr. MAPES: Petition of Sebastian and Stanley Orlets and 148 others, of Grand Rapids, Mich., favoring the elimination of the 10 per cent sales tax on manufacturers of

carbonated beverages, now imposed under section 628a of the revenue act of 1918; to the Committee on Ways and Means.

2179. By Mr. RAKER: Petition of Henry Eugene Meyer, of Groveland, and the board of education of Santa Monica, Calif., indorsing the Towner-Sterling bill; also petition of the Lincoln Heights Board of Trade of Los Angeles, Calif., indorsing the Smith-Towner bill; to the Committee on Education.

2180. Also, petition of Berkeley Manufacturers' Association, of Berkeley, Calif., relative to the railroad situation; to the Committee on Interstate and Foreign Commerce.

2181. Also, petition of H. N. Christopher, of Emeryville, Calif., indorsing Senate bill 1452 and House bill 5823; to the Committee on Agriculture.

2182. By Mr. SINCLAIR: Petition of Mandan Lodge, No. 73, of the United Brotherhood of Maintenance-of-Way Employees and Railway Shop Laborers of Mandan, N. Dak., protesting against the proposed sales tax; to the Committee on Ways and Means.

#### SENATE.

WEDNESDAY, July 27, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we approach Thee this morning with gladsome hearts, recognizing the goodness that is continued unto us day by day. We want so to appreciate Thy continued favor that our lives shall bear testimony of our gratitude, that we may live before Thee according to Thine own good pleasure. Through Jesus Christ, our Lord. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Friday, July 22, 1921, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a concurrent resolution (H. Con. Res. 25) providing for the employment of telephone operators in the Capitol telephone exchange, in which it requested the concurrence of the Senate.

#### CORRECTION OF THE RECORD.

Mr. NORRIS. Mr. President, I wish to call attention to an error in the RECORD of yesterday's proceedings. The RECORD does not state just what happened, and because I expect later on in the debate on the unfinished business to discuss just what did happen I wish to call attention this morning to the error in the RECORD. I am not caring whether the Senate desires to change it or not, but I think, technically, I would be entitled to have it changed.

The RECORD starts out in this way:

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Next is a message from the House of Representatives.

The RECORD is wrong in this respect. It ought to state that the Senator from Kansas [Mr. CURTIS] was in the chair. It does not state that. It ought to state next after that the recognition of the Senator from Minnesota [Mr. KELLOGG] by the Presiding Officer. As a matter of fact, the Senator from Minnesota was recognized by the Senator from Kansas, the Presiding Officer, who called the Senate to order, before anything else was done and before the Senator from Minnesota addressed the Chair.

As I said, I am not particular about having the RECORD show it, but that is what happened, and because I expect to discuss it later on when I get the floor and the unfinished business is before the Senate I desired to call attention to just what occurred.

#### PETITIONS AND MEMORIALS.

Mr. CURTIS presented a petition of sundry veterans of the Spanish-American War and the Mexican border campaign, now at Battle Mountain Sanitarium, Hot Springs, S. Dak., praying for the enactment of legislation granting them the same hospital privileges as are extended ex-service men of the World War, which was referred to the Committee on Finance.

He also presented a resolution of sundry citizens of Tampa, Lost Springs, Marion, Hillsboro, Hope, Ramona, Herington, Woodbine, and Chapman, all in the State of Kansas, protesting against the enactment of the so-called Ralston-Nolan bill, or any sales or single tax bill, favoring the enactment of legislation placing the tax burden upon big business and large incomes and compelling it to pay back taxes which may have been evaded by

stock issues, etc., and also favoring the enactment of legislation defining profiteering and providing penalties therefor, which was referred to the Committee on Finance.

He also presented a resolution of the Women's Auxiliary, James R. Cutler Post, the American Legion, of Abilene, Kans., favoring the enactment of legislation providing adequate relief for disabled ex-service men, which was referred to the Committee on Finance.

He also presented a petition of the Ladies' Presbyterian Missionary Society, of Bucklin, Kans., praying that permanent relief and protection be afforded the imperiled peoples of the Near East, particularly of Armenia, which was referred to the Committee on Foreign Relations.

He also presented a resolution of the municipality of the city of Pittsburg, Kans., favoring the recognition of the republic of Ireland by the President of the United States, which was referred to the Committee on Foreign Relations.

He also presented two petitions of sundry citizens of Garnett and Richmond, both in the State of Kansas, praying for the recognition of the republic of Ireland by the Government of the United States, which were referred to the Committee on Foreign Relations.

Mr. NEWBERRY presented a petition of sundry citizens of Climax, Mich., praying for the calling of an international disarmament conference by the Government of the United States, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of East Jordan, Mich., praying that permanent relief and protection be afforded the imperiled peoples of the Near East, particularly of Armenia, which was referred to the Committee on Foreign Relations.

He also presented four memorials of sundry citizens of Dublin, Reed City, Kingley, Fife Lake, and Traverse City, all in the State of Michigan, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. RANSDELL. Mr. President, I present a resolution adopted at a meeting of the agricultural committee of the Louisiana Bankers' Association, urging Congress to use efforts toward bringing about a readjustment and substantial lowering of freight rates; also indorsing the attitude of the Government in fostering and encouraging water transportation. It is very brief, and I ask that it be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

LOUISIANA BANKERS' ASSOCIATION,  
AGRICULTURAL COMMITTEE,  
June 9, 1921.

At a meeting of the agricultural committee of the Louisiana Bankers' Association, composed of the following members: Dr. R. O. Young, Youngsville, chairman; T. F. Flournoy, Monroe; R. A. Kent, Kentwood; W. E. Lawson, Crowley; and C. C. Gaspard, New Orleans, secretary, held in the city of Baton Rouge, La., on this day, the following resolutions were offered and unanimously adopted:

"Whereas the foundation of our national prosperity is based upon agriculture; and

"Whereas the present unsettled conditions are due, in a great measure, to the losses sustained by the farmers of this country as a result of the large decline in the prices of farm products; and

"Whereas the farmers of this country are directly affected by the increased freight rates, for the reason that what they have to sell is taxed and what they purchase also bears the burden of high freight rates; and

"Whereas we believe it is the policy of the present administration to relieve as far as possible the present unfortunate conditions existing in the farming districts of our country: Therefore be it

"Resolved, That we respectfully urge upon our Senators and Members of Congress the using of their influence and efforts toward bringing about a readjustment and substantial lowering of freight rates as they now exist.

"We also desire to commend and approve the attitude of the Government in fostering and encouraging water transportation which will have the effect of bringing relief by the readjusting of freight rates. We trust that it will continue its efforts along this line as far as is consistent."

The foregoing is a true copy of resolutions passed by the agricultural committee of the Louisiana Bankers' Association, June 9, 1921, at Baton Rouge, La.

C. C. GASPARD,  
Secretary Agricultural Committee.

Mr. KENDRICK. Mr. President, I present a resolution of the Commercial Club, of Lovell, Wyo., protesting against the provisions of Senate bill 1355, to provide for the establishment and maintenance of a post-roads and interstate-highway system, and so forth, which it is maintained would have the effect of destroying the authority of the Secretary of Agriculture over road and trail construction within the national forests. I ask that it be referred to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. It will be referred to the Committee on Post Offices and Post Roads.

Mr. KENDRICK. I also present a resolution adopted by the Wyoming State Board of School Land Commissioners, indorsing Senate bill 1721, to vest titles to school lands in the State in which the lands are situated if a proceeding is not instituted before the Department of the Interior within 12 years after the State is admitted to the Union, or within 12 years after the survey of the school-land sections was approved, to determine whether such lands were of known mineral character. I ask that it be referred to the Committee on Public Lands and Surveys.

The VICE PRESIDENT. It will be so referred.

#### FREIGHT RATES AND THE TRUCKING INDUSTRY.

Mr. DIAL. Mr. President, I present and ask to have printed in the RECORD resolutions adopted by produce growers of Williston, S. C., and near-by territory relative to the prohibitive freight rates on fruits and vegetables.

There being no objection, the resolutions were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

Resolutions adopted by the growers at Williston, S. C., July 13, 1921.

The production of cotton having proven disastrous to the farmers of this section, and realizing that the future held no relief in store, owing to the advent of the boll weevil and the decline in price of cotton— which price is now below cost of production—our farmers turned their attention to food crops, with the result that a large acreage was planted in truck in the spring of the current year. The yield from these crops has been excellent and the prices obtained in the northern markets highly satisfactory, but the returns from the sales have revealed the fact that the transportation charges have absorbed practically the entire gross proceeds, as evidenced by many returns received by our growers, a copy of one of which returns being appended hereto: Therefore be it

Resolved by the produce growers of Williston and territory contiguous thereto, That we vigorously protest against the exorbitant and prohibitive freight rates on fruits and vegetables in force from this section, rates which if maintained will kill the trucking industry in this section, bring about the reduction of our progressive citizenship to abject poverty, and render our material resources valueless; and we feel that we are justified in demanding relief from such outrageous discrimination in order that an equitable distribution of the proceeds of our produce may be made between the grower and the railroads.

Resolved further, That copies of these resolutions be sent to our Representatives in Congress, to the Interstate Commerce Commission, and to the President of the United States.

Sales for account of Dixie Produce Exchange, Williston, S. C.

H. E. SCHWITTERS & SONS,  
WHOLESALE RECEIVERS AND DISTRIBUTORS,  
SOUTHERN FRUITS AND VEGETABLES,  
New York, July 7, 1921.

30 crates squash, at \$1.75	\$52.50
72 baskets cukes, at \$7.25	90.00
325 baskets cukes, at \$1	325.00
	<b>\$467.50</b>

Route, Pennsylvania Railroad:	
Sorting charges	2.99
Freight	364.04
Commission	37.40
	<b>404.43</b>

Net proceeds	63.07
E. O. E. commission.	

AMBASSADOR GEORGE HARVEY.

Mr. SIMMONS. Mr. President, I desire to present and ask to have printed in the RECORD a letter from a group of ladies composing the Mount Holly Branch of the Charlotte (N. C.) War Camp Community Service, protesting against certain utterances of Mr. Harvey, ambassador of this country to Great Britain.

There being no objection, the letter was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

MOUNT HOLLY, N. C., July 19, 1921.

HON. F. M. SIMMONS,  
United States Senate, Washington, D. C.

MY DEAR SIR: We, a band of patriotic women, composing the Mount Holly Branch of the Charlotte War Camp Community Service, feel that we would be untrue to the loyal traditions to which we cling and disloyal to the Stars and Stripes, to which we proudly owe allegiance, if we failed to denounce the recent utterances of Ambassador Harvey at the Court of St. James. His sentiments, as expressed, may be typical of the paltry politicians who would prostitute their high positions to avenge personal grievances, as he has done; but they are not representative of the mass of American citizenship, as is evidenced by the storm of disapproval that has arisen from every part of this great country. To this disapproval we wish to give our hearty and vigorous indorsement.

In the days of preparation for the conflict we cooperated with our Government in every particular. Aside from "Hooverizing" in our homes, doing our part as Red Cross workers in the preparation of surgical dressings and supplies, purchasing Liberty bonds and war savings stamps, we helped to sustain the morale of the boys in the training camps. In our homes they were not only welcome but honored guests. While they were wading through the mud and blood and the stench of the battle fields, we upheld them by our messages of cheer, our gifts, and our prayers. Now that they have come home battle scarred and maimed, marked by disease and death as their lawful prey, we are still proving our loyalty, as the records of Oteen, Kenilworth, and Sevier will show.



Having thus demonstrated our faith by our works, we feel that we have the right to condemn the remarks of Ambassador Harvey as un-American, misleading, and unworthy of the brave boys who fell in Flanders fields, and unbecoming the representative of this great country of ours.

Mrs. T. M. McCoy,  
*President.*  
Mrs. W. T. JOHNSON,  
*Vice President.*  
Miss ADA DUNN,  
*Recording Secretary.*  
Mrs. LOUISE D. HENDERSON,  
*Corresponding Secretary.*

These resolutions were adopted several weeks ago, but owing to peculiar circumstances have been delayed in forwarding.

#### JAPANESE IMMIGRATION AND COLONIZATION (S. DOC. NO. 55).

Mr. JOHNSON. Mr. President, the other day, on behalf of the Japanese Exclusion League of California, with the approval of the entire California delegation, a brief was presented to the Secretary of State upon the question of Japanese exclusion and Japanese colonization. The brief is pertinent to a pending matter of very great consequence to the West and to the Nation, too. I desire to have that brief printed as a public document. I have submitted the matter to the Senator from Utah [Mr. SMOOT] and to the Senator from New Hampshire [Mr. MOSES], neither of whom objects. I therefore ask leave to have it printed as a public document.

The VICE PRESIDENT. Without objection, it is so ordered.

#### ASSOCIATION OF AGRICULTURAL PRODUCERS.

Mr. WALSH of Montana, from the Committee on the Judiciary, to which was referred the bill (H. R. 2373) to authorize association of producers of agricultural products, reported it with an amendment in the nature of a substitute and submitted a report (No. 236) thereon.

#### INVESTIGATION OF LOBBYING ACTIVITIES.

Mr. NELSON. Mr. President, on the 1st of July the Senator from Iowa [Mr. CUMMINS] reported from the Committee on the Judiciary Senate resolution 77, creating a special committee to investigate the expenditures made in behalf of various propaganda and in the maintenance of lobbies in Washington. By mistake the resolution was not referred to the Committee to Audit and Control the Contingent Expenses of the Senate, but was placed on the calendar. I ask that the resolution be referred to that committee.

The VICE PRESIDENT. Without objection, the resolution will be taken from the calendar and referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. EDGE (for Mr. FRELINGHUYSEN):

A bill (S. 2309) to incorporate the Hudson River Pontoon Bridge Co., and to authorize the construction of a pontoon bridge and approaches at or near the city of Yonkers, Westchester County, N. Y., across the Hudson River to the State of New Jersey, to regulate commerce in and over such bridge between the States of New York and New Jersey, and to establish such bridge a military and post road; to the Committee on Commerce.

By Mr. STERLING:

A bill (S. 2310) for the relief of James Rundle; and

A bill (S. 2311) for the relief of Erick Iverson (with accompanying papers); to the Committee on Claims.

By Mr. WALSH of Montana:

A bill (S. 2312) to authorize the leasing for mining purposes of unallotted lands on the Fort Peck and Blackfeet Indian Reservations in the State of Montana; to the Committee on Indian Affairs.

By Mr. CURTIS:

A bill (S. 2313) granting an increase of pension to Clement F. S. Aimes (with accompanying papers);

A bill (S. 2314) granting a pension to Mary Trott (with accompanying papers); and

A bill (S. 2315) granting a pension to Sarah A. Dickinson (with accompanying papers); to the Committee on Pensions.

By Mr. BURSUM:

A bill (S. 2316) to amend an act entitled "An act to provide for the adjudication and payment of claims arising from Indian depredations"; to the Committee on Indian Affairs.

A bill (S. 2317) providing for a limitation of the time within which actions may be commenced questioning the title to lands granted States or Territories; and

A bill (S. 2318) providing for a limitation of the time within which actions may be commenced questioning the title to lands granted States or Territories (with an accompanying paper); to the Committee on Public Lands and Surveys.

A bill (S. 2319) to amend an act entitled "An act to enable the people of New Mexico to form a constitution and State government and be admitted into the Union on an equal footing with the original States"; and

A bill (S. 2320) to amend the act entitled "An act to codify, revise, and amend the laws relating to the judiciary" approved March 3, 1911, commonly known as the Judicial Code of the United States; to the Committee on the Judiciary.

By Mr. SHEPPARD:

A bill (S. 2321) for the relief of W. M. G. Mackechney;

A bill (S. 2322) for the relief of T. T. Murphy; and

A bill (S. 2323) for the relief of Anna M. Tobin, independent executrix of the estate of Frank R. Tobin, deceased; to the Committee on Claims.

#### AMENDMENTS TO TARIFF BILL.

Mr. JONES of Washington. Mr. President, I desire to present two amendments intended to be proposed by me to the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes, which I ask may be printed and referred to the Finance Committee.

The VICE PRESIDENT. It will be so ordered.

Mr. JONES of Washington. I have also a resolution passed by the Shipping Board, touching the subject of one of the proposed amendments, which I ask may be printed in the Record and referred also to the Committee on Finance.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the Record, as follows:

UNITED STATES SHIPPING BOARD,  
Washington, July 26, 1921.

HON. WESLEY L. JONES,  
Chairman Committee on Commerce,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: By direction of the board, I beg to advise you that the following resolution was adopted by the Shipping Board at a meeting to-day:

Whereas the United States tariff law now provides that—

"A discriminating duty of 10 per cent ad valorem in addition to the duties imposed by law shall be levied, collected, and paid on all goods, wares, or merchandise which shall be imported in vessels not of the United States," etc.; and

Whereas the above statute was but the transforming into law of emphatic declarations which had been made by both great political parties; and

Whereas the retention of this law was clearly contemplated when the provision in section 34 of the Jones bill, so called, was enacted; and

Whereas such legislation is necessary to enable American vessels to meet the higher operating expenses and maintain the higher standard of wages paid on American vessels and thus enable such vessels successfully to engage in the foreign carrying trade of this country; and Whereas the making effective of such provision should tend to raise the market value of American ships to replacement figures and should cause shipping men to invest in the ships now owned by the United States, and thus put the Shipping Board fleet into private hands as Congress and the public desire—

Resolved, That the Shipping Board recommends that the above quoted statute of the United States be made a part of the tariff bill now before Congress.

For the information of the Senate a copy of the foregoing resolution has also been transmitted to the President of the Senate.

Sincerely, yours,

CLIFFORD W. SMITH, Secretary.

Mr. CURTIS submitted two amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

#### EXPORTATION OF FARM PRODUCTS.

Mr. BURSUM submitted sundry amendments intended to be proposed by him to the amendment in the nature of a substitute offered by Mr. KELLOGG to the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. EDGE submitted an amendment intended to be proposed by him to the amendment in the nature of a substitute offered by Mr. KELLOGG to the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, which was ordered to lie on the table and to be printed.

MARTHA E. HART.

On motion of Mr. CURTIS, it was

Ordered, That the papers accompanying the bill (S. 1846, 66th Cong., 3d sess.) granting a pension to Mrs. Martha E. Hart be withdrawn from the files of the Senate, no adverse report having been made thereon.

#### CAPITOL TELEPHONE OPERATORS.

The VICE PRESIDENT. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The concurrent resolution (H. Con. Res. 25) was read, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That there shall be paid out of the contingent funds of the Senate and House of Representatives, respectively, until otherwise provided by law compensation at the rate of \$100 per month each for the services of telephone operators in the Capitol telephone exchange—seven in the employ of the Senate and nine annual and three session in the employ of the House—and for the services of a chief operator at compensation at the rate of \$150 per month: *Provided*, That such employments shall be in lieu of a like number of telephone operators now authorized and provided in the legislative, executive, and judicial appropriation act approved March 3, 1921.

Mr. KING. Mr. President, a parliamentary inquiry. What is the status of the concurrent resolution from the House of Representatives which has just been read?

The VICE PRESIDENT. It should be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, and will be so referred.

#### REPUBLIC OF HAITI AND THE DOMINICAN REPUBLIC.

Mr. McCORMICK. Mr. President, I desire to call up Senate resolution 112, to which objection was made yesterday afternoon by the Senator from Washington [Mr. JONES], providing for the appointment of a select committee of five Senators to inquire into the occupation and administration of the territories of the Dominican Republic and the Republic of Haiti. I do not know whether Senators wish to ask any further questions about the resolution as amended by the committee. I desire to offer as an amendment to the resolution a proviso, omitted by inadvertence, to cover the expenses of the committee.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. HEFLIN. Mr. President, I just came into the Chamber. May I inquire what is the resolution?

The VICE PRESIDENT. The Secretary will report the resolution for the information of the Senate.

The ASSISTANT SECRETARY. Senate resolution 112, reading as follows:

*Resolved*, That a committee of three Senators—

Amended to read "five," and also amended by adding "two of whom shall be members of the minority," so that as proposed to be amended by the Committee to Audit and Control the Contingent Expenses of the Senate the resolution will read:

*Resolved*, That a committee of five Senators, two of whom shall be members of the minority, appointed by the President of the Senate, is hereby authorized and instructed to inquire into the occupation and administration of the territories of the Republic of Haiti and of the Dominican Republic by the forces of the United States. For this purpose such committee, or any subcommittee thereof, is hereby empowered to sit during the recess and sessions of the Senate, at such times and such places as by it may be deemed advisable, to require, by subpoena or otherwise, the attendance of witnesses and the production of books, papers, and documents, to administer oaths, and to employ a stenographer at a cost not exceeding \$1.25 per printed page, and such other clerical assistance as may be necessary.

Mr. HEFLIN. I have no objection to the consideration of the resolution.

Mr. KING. May I inquire of the Senator from Illinois whether he deems it necessary to add the second amendment, requiring that two shall be of the minority party? I think we have such confidence in the Vice President that there is no necessity for it.

Mr. McCORMICK. That amendment seemed to me to be entirely unnecessary. I had assumed, when I introduced the resolution, that of course the Chair would guard the rights of the minority, but the minority member of the committee to which the resolution was referred sought to protect the minority interests by the amendment, and therefore I make no objection to it.

Mr. KING. It seems to me to be a rather bad precedent to insert in every resolution which calls for appointment by the presiding officer the proportion of the minority and the proportion of the majority. Speaking for myself as a member of the minority, I would not ask it. I am willing to trust the Vice President.

The VICE PRESIDENT. Is there objection to the consideration of the resolution?

The Senate, by unanimous consent, proceeded to consider the resolution.

Mr. JONES of Washington. Mr. President, I did not object to the consideration of the resolution, which has been favorably reported by the committee, but I am opposed to it. I do not think any good will come from its passage or that there is any necessity for it. I think it will simply mean that much additional expense without any good result.

It seems to me that the State Department and the Navy Department, having charge of the occupation of Haiti and the Dominican Republic, and therefore being in possession of the facts,

could present them to one of the regular standing committees of Congress. Then, if that committee, after having obtained the facts which the administration sent to it, should deem it necessary that further examination should be made, it might be well so to recommend to Congress. The passage of this resolution will furnish a very nice trip, probably, to a committee of the Senate to go down there and look into what appears to have been the situation in a past administration. If there is any criticism it is likely the committee will divide on party lines; the majority will condemn and the minority will uphold, and the only result will be the expenditure probably of several thousand dollars. For these reasons I am going to vote against the passage of the resolution, though I did not feel that I ought to object to its consideration.

The VICE PRESIDENT. The amendments reported by the committee will be stated.

The amendments reported by the Committee to Audit and Control the Contingent Expenses of the Senate were in line 1, before the word "Senators," to strike out "three" and insert "five"; and in the same line, after the word "Senators," to insert "two of whom shall be members of the minority"; so as to make the resolution read:

*Resolved*, That a committee of five Senators, two of whom shall be members of the minority, appointed by the President of the Senate, is hereby authorized and instructed to inquire into the occupation and administration of the territories of the Republic of Haiti and of the Dominican Republic by the forces of the United States, etc.

The amendments were agreed to.

The VICE PRESIDENT. The amendment proposed by the Senator from Illinois [Mr. McCORMICK] will be stated.

The ASSISTANT SECRETARY. It is proposed by the Senator from Illinois to add the following at the end of the resolution:

All expenses of the committee or any subcommittee thereof incurred under this resolution shall be paid out of the contingent fund of the Senate on vouchers authorized by the committee, signed by the chairman thereof.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Illinois.

The amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

#### MALT LIQUORS AND WINES FOR MEDICINAL PURPOSES.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Assistant Secretary read the resolution (S. Res. 117) submitted by Mr. MOSES on the 25th instant, as follows:

*Resolved*, That the Secretary of the Treasury be requested to transmit to the Senate a copy of the regulations which are reported to have been drawn by the Bureau of Internal Revenue, pursuant to an opinion rendered by Attorney General Palmer, to provide for the use of malt liquors and wines for medicinal purposes.

Mr. BRANDEGEE. Mr. President, the Senator from New Hampshire [Mr. MOSES], the author of the resolution, does not appear to be on the floor. I therefore ask that the resolution may go over without prejudice until to-morrow, retaining its present position.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

#### EXTENSION OF DISTRICT RENT ACT.

The VICE PRESIDENT. Morning business is closed.

Mr. BALL. Mr. President, I ask unanimous consent for the immediate consideration of Senate bill No. 2131.

Mr. STERLING. Mr. President—

Mr. KING. Let the title of the bill be reported, Mr. President.

The VICE PRESIDENT. The Senator from Delaware asks unanimous consent for the immediate consideration of the bill (S. 2131) to extend for the period of seven months the provision of Title II of the food control and the District of Columbia rent act, approved October 22, 1919, and for other purposes.

Mr. STERLING. I should like to ask the Senator from Delaware if he thinks the consideration of the bill will lead to any discussion?

Mr. BALL. It is impossible for me to state, but I hope not.

Mr. STERLING. In view of the fact that the Senator from Delaware is unable to state—

Mr. BALL. If the Senator will permit me, I desire to state that the bill for which I ask consideration ought to be acted on now, because the rent law expires on the 22d of October next. The bill will have to pass the Senate and go to the other House, and if any action is to be taken on it, it ought to be taken promptly.

Mr. WALSH of Montana. I should like to appeal to the Senator from South Dakota [Mr. STERLING] to allow the meas-



are suggested by the Senator from Delaware [Mr. BALL] to come before the Senate for consideration. It has heretofore had rather extensive consideration. I believe it is of such an urgent nature that action ought to be had upon it.

Mr. STERLING. I quite agree with the Senator from Montana in that respect, but the bill of which I have charge has been pending now for a long time before the Senate; it has been discussed on three several days in the Senate; and it is very important that it should be speedily passed. The demand which is being made upon the Commissioner of Internal Revenue for regulations relative to the manufacture of beer makes it, I think, more important than anything that could come before the Senate at this time. I hope the Senator from Delaware will not be disposed to insist on the consideration of his bill now.

Mr. BALL. If the Senator from South Dakota objects, of course, I can not have the bill taken up, but unless there is objection I will press its consideration.

Mr. STERLING. I shall feel it my duty, under the circumstances, to object to the consideration of the bill at this time.

The VICE PRESIDENT. Is there objection to the present consideration of the bill referred to by the Senator from Delaware?

Mr. STERLING. I object.

The VICE PRESIDENT. There is objection.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. STERLING. I now ask unanimous consent that the Senate proceed to the consideration of House bill 7294.

The VICE PRESIDENT. Is there objection.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill H. R. 7294, supplemental to the national prohibition act.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee on page 2, line 4.

Mr. BROUSSARD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	Moses	Smoot
Ball	Heflin	Nelson	Spencer
Brandeggee	Hitchcock	Newberry	Stanfield
Broussard	Johnson	Nicholson	Sterling
Bursum	Jones, Wash.	Norbeck	Sutherland
Capper	Kendrick	Norris	Townsend
Culberson	Kenyon	Oddie	Trammell
Curtis	Keyes	Overman	Underwood
Dial	King	Phipps	Wadsworth
Dillingham	Ladd	Poindexter	Walsh, Mass.
Edge	La Follette	Pomerene	Walsh, Mont.
Fernald	Lenroot	Reed	Warren
Fletcher	McCormick	Robinson	Watson, Ga.
Gerry	McKellar	Sheppard	Watson, Ind.
Hale	McKinley	Shortridge	Weller
Harrell	McLean	Simmons	Williams
Harris	McNary	Smith	Willis

Mr. SMOOT. I desire to announce the absence of the Senator from Pennsylvania [Mr. PENROSE]. He is in attendance on the Finance Committee.

I also desire to announce the Senator from Arizona [Mr. CAMERON] is absent on official business.

The VICE PRESIDENT. Sixty-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment reported by the committee on page 2, line 4.

Mr. BROUSSARD. Mr. President, considerable criticism has been made of the Senators who have opposed the passage of this measure without full discussion. The Judiciary Committee, in reporting this bill, has claimed for it that it is an emergency measure. While there was unfinished business of great importance to this Nation, and while the maternity bill was under consideration under a unanimous-consent agreement, an effort was made to agree on a date for voting on this bill. The Senator from Iowa [Mr. KENYON], who I think favors the passage of this bill, urged certain objections which might complicate matters; and for that reason, and at the instance of a great many Members who questioned the constitutionality of this bill, I objected to unanimous consent. For that the lobby of the Anti-Saloon League have criticized those of us who, in justice to our oaths and to the people we represent, have merely asked that the Senate hear the discussion of this matter.

It is claimed for this bill that it is an emergency measure; and what is the emergency that we find here? We find that the conditions which present themselves in the consideration of this bill are such that those who are criticized really are the law-abiding element in the Senate. We find that on March 3, 1921, the Attorney General rendered an opinion to the effect that the Volstead Act or the national prohibition act never prevented the prescription of beer and wine. That opinion has

been concurred in by the Judiciary Committee of the Senate, and no one on this floor has claimed that that opinion was not in accordance with the spirit and the letter of the national prohibition act. So that the emergency here, Mr. President, is that those who are charged with the execution of this law do not find that the laws suit them, and for that reason ask the Congress to enact a law that is according to their liking; and those who merely want to request permission to discuss not only the merits, but the constitutionality of the bill have been criticized throughout this country.

I want to show this morning that not only since March 3, 1921, have the agents of this Government, in defiance of the law, refused to carry out the mandates of Congress, but that within 11 days after the national prohibition act went into effect it was the opinion of the commissioner and of the enforcement officer of the Federal Government that there never was any inhibition against the prescription of beer, and that they have had under consideration since the month of February, 1921, the formulating of the regulations which were to govern the prescription of beer and wine.

I have here, Mr. President, a letter written by a Member of Congress, who is on the Ways and Means Committee, on January 21, 1920. You will recall that the prohibition law went into effect on January 16, 1920, so that within five days after that a Member of Congress addressed a letter to the Commissioner of Internal Revenue asking for a ruling on the question now being discussed in this body. The letter reads as follows:

HOUSE OF REPRESENTATIVES,  
Washington, January 21, 1920.

Hon. DANIEL C. ROPER,  
Commissioner of Internal Revenue,  
Washington, D. C.

DEAR MR. ROPER: A constituent of mine has asked for a ruling on the following matter, which does not seem to be covered clearly by the Volstead Act:

Is it possible to manufacture an ale containing perhaps 4 or 5 per cent of alcohol, this ale to be manufactured and placed on sale as a medicinal product? If so, what regulations would govern the manufacture and sale of this product?

Your attention is called to the Volstead Act, section 7, in which it is stated that only a physician holding a permit to prescribe liquor shall issue any prescription for liquor. The word "liquor" used here, I suppose, also means malt liquors. However, a little further down in the same section it is stated:

"Not more than a pint of spirituous liquors to be taken internally shall be prescribed for use by the same person within any period of 10 days, and no prescription shall be filled more than once."

Malt liquors are, of course, not spirituous liquors. I shall appreciate greatly an immediate ruling on this matter.

Yours, sincerely,

I shall not divulge at this time the name of the Member of Congress who wrote this letter, but if it is questioned I am prepared to prove its authenticity, as well as the following, which was received in response:

TREASURY DEPARTMENT,  
BUREAU OF INTERNAL REVENUE,  
OFFICE OF FEDERAL PROHIBITION COMMISSIONER,  
Washington, January 27, 1920.

Hon. ————,  
House of Representatives.

MY DEAR MR. ———: Replying to your communication of the 21st instant, you are advised that under the national prohibition act liquor may be prescribed by a physician when necessary, and the limit on such sales is not to exceed 1 pint for the same patient during a period of 10 days. Undoubtedly under said act it is legal to prescribe malt liquors, such as beer, ale, and porter, for medicinal purposes in such quantity as the physician who is in attendance upon the patient deems necessary for the patient's relief. The matter of fixing a limit as to the quantity of malt liquors and wine that may be prescribed is now under consideration, and it is expected that a decision will be reached at an early date, when the public will be fully advised in the premises.

Beer or wine should be prescribed by the physician, and the prescription filled by the pharmacist in the manner now provided by regulation No. 60 for spirituous (distilled) liquor, but it will be understood that the pint limitation is not applicable to the malt liquor and wine.

A copy of the Treasury decision in question is inclosed.

Sincerely, yours,

JOHN F. KRAMER,  
Prohibition Commissioner.

Those who urge that this measure is an emergency measure find themselves in this attitude: They have come here on the floor of the Senate and insinuated by innuendo that the brewers are making a fight here. The press of the Antisaloon League, its lobby, and its agents have been very busy trying to cast upon those who under their oaths intend to discuss this matter, and to see that it is fully understood before it is voted upon, the stigma that they are not actually engaged in the discharge of their duties, but that they are for lawlessness, that they are against law enforcement. That propaganda, which was so ably discussed the other day by my friend from Tennessee [Mr. McKELLAR], when he referred to the activities of certain agencies here at the time we had the coal bill under discussion, is widespread throughout this Nation, and it is sought to impress upon the American people that there are certain lawless Senators on this floor who stand up and want to discuss a measure when, as a matter of fact, it is absolutely necessary to pass this

bill in order that some physician may not prescribe a pint of wine to some sick patient, and that in order to do that, as was so ably stated by the Senator from Nebraska [Mr. NORRIS], the Congress must sit and hold its breath and pass this bill immediately.

On the other hand, Mr. President, there is revealed here a fact to which my friend the Senator from Tennessee [Mr. McKELLAR] called attention the other day when he referred to the fact that some agent of the Government criticized the Congress for asserting its right to pass upon the refunding of the foreign debts. That is not anything unusual. Since I have been able to follow the course of the Government of the United States, I have learned to know that the Congress creates commissions or bureaus or agencies, and that in creating them it gives them power to promulgate regulations, and immediately that agency of the Congress of the United States will come back and say what the Congress meant, and when it does not suit its purpose will withhold regulations which clearly are within the intent and the purposes of the act which the Congress has passed. So it is in this particular case we find a disregard of the present statutes on the part of those who admitted on January 31, 1920, that a doctor had a right to prescribe beer, ale, and porter. Notwithstanding that, they have absolutely declined to formulate and publish these regulations, and they have kept this fact secret up to this time; but those who desired these permits pressed that department, and upon inquiry I have ascertained that about 10 days before the Attorney General, Mr. Palmer, issued his opinion, this matter was referred to him, although it was absolutely admitted in this letter of Mr. Kramer that ale and porter and beer never were intended to be and were not covered by the prohibition act in effect now.

Mr. President, I can not conceive how Mr. Kramer could write such a letter to a Member of Congress, a member of the Ways and Means Committee, admitting that the law did not permit him to withhold a permit to a physician and then withhold the permits. I want to know under what authority he subsequently withheld the issuance of these regulations.

Mr. President, I have taken this attitude with reference to this bill for very many reasons, one of which is that the Congress of the United States has made the Commissioner of Internal Revenue, through the enforcement agency of this Government, the supreme authority on the question not only of the prescription of medicine but that they have sought, and are now attempting under this very act, to interfere with the legitimate industries of this country, without rendering any account to the Congress of the United States.

But I want to inquire, What is that power which can prevent the Commissioner of Internal Revenue, or prevent the enforcement officer of the department under the commissioner, from issuing regulations? I want to know the great power that is controlling these departments, and then, when the Congress asserts itself and wants to discuss the legality of the regulations which they refuse to issue, will say, "Well, the brewery advocates are at work again. They are a lawless set. They are against law enforcement." I ask the Senator in charge of the pending bill if he knew that the commissioner, through the enforcement officer, on January 31, 1920, took the position that beer and wine could be prescribed by a physician to a sick patient without limit?

Mr. STERLING. Does the Senator from Louisiana want an answer to that question now?

Mr. BROUSSARD. I would like to have the Senator answer.

Mr. STERLING. I will say that I did not know, and I think there were very few people in the whole country who did know that that was the opinion of the prohibition commissioner at the time; and it was not generally supposed that there was the right to prescribe beer and wine until the opinion of the Attorney General was rendered.

Mr. BROUSSARD. Mr. President, that is the opinion of the Senator, and I accept it to be absolutely true, because I know he would not make a statement which was not absolutely according to the facts as he understood them. But the facts are, nevertheless, that the department, within 11 days after this law went into effect, decided what it meant. Not only did it decide that but it wrote this letter, and I want to add at this time that the Member of Congress to whom this letter was addressed is a man who voted for the eighteenth amendment, a man who voted for the national prohibition act, and a man who voted for what you gentlemen are pleased to term the antibeer law, but which I claim to be an antiprescription law; and, further than that, a law intended to interfere with the legitimate industries of this country, notwithstanding the fact that it has been amended since introduced in the House of Representatives. I propose to prove those facts to be true when I discuss the bill.

But, Mr. President, is it not time for the American people to know, is it not time for the American people to realize, that when the Government of the United States, through its Congress, has enacted laws which everybody is called upon to respect, and then has intrusted the enforcement of those laws to an agency of the Government, Wayne B. Wheeler or the Antisaloon League people have no authority to intervene and to stop the functioning of the Government according to the spirit and the letter of that law as admitted by them?

These gentlemen have overreached themselves. I would not want to use the names of Senators on this floor, but it has been told to me that Mr. Wheeler, acting for the Antisaloon League, has, since this administration went into power, gone to the enforcement officer of the Government and insisted upon naming the enforcement directors in the different States of this Union; and I think he did that during the previous administration, because I know that these regulations would have been issued except for his intervention in the matter. I even know of a case where he has opposed the appointment of a man in a State where the Senators and all the Members of Congress were united in the indorsement of the man. In this connection I call the attention of the Senate to an article in the Washington Herald of July 25, 1921, under the heading "Senator Protests Dry League's O. K." The article reads:

Senator SPENCER, of Missouri, has written a letter to Internal Revenue Commissioner Blair protesting against alleged influence of the Antisaloon League in the appointment of prohibition enforcement officers.

SPENCER's letter was written when he learned that one of the candidates for the office of prohibition director in Missouri had promised to resign if his services were unsatisfactory to the league.

In other words, the only purpose that Mr. Wheeler, acting for the Antisaloon League, can have in this matter is that he shall impose upon the man before his appointment the condition that if his services are not satisfactory to the league he will tender his resignation. I read further from the article:

"Such an abdication of authority is indefensible," wrote SPENCER. "To allow the State superintendent of the Antisaloon League, or any other individual or official, to have absolute veto power upon appointments can not be tolerated."

The letter which Dr. E. H. Lindley, the candidate, is said to have addressed to Rev. W. C. Shupp, State superintendent of the league, said in part—

Here is what the man who expected to get this appointment had to comply with; here is a pledge he had to take before Mr. Wheeler would agree that he could be appointed:

"I want you to be thoroughly satisfied of my determination to conduct the affairs of the office of prohibition director to the full satisfaction of the prohibition forces and assure you that I will appoint no one to any position in the department who is not fully approved by you; and in case my administration is not entirely satisfactory I will, upon request, submit my resignation."

So that the Congress, Mr. President, is now witnessing the spectacle of one of the lobbyists, men who were so ably denounced the other day and whom the law of this land denounces, whose business it is to sit in the gallery every time the beer bill is called up, after having prevented the enforcement through a previous administration of the law which was passed by the Congress, now before you saying that there is an emergency which makes necessary a law which he likes, because he refuses to permit his agents, who are Government agents, to carry out the spirit of that law; and then, when Senators stand up in their places and ask for time to discuss this matter they are denounced as supporters of the breweries, as favoring lawlessness.

Mr. WATSON of Georgia. Mr. President, will the Senator from Louisiana allow me to ask him a question?

Mr. BROUSSARD. Certainly.

Mr. WATSON of Georgia. Does the Senator know the age of Mr. Wayne B. Wheeler?

Mr. BROUSSARD. I do not.

Mr. WATSON of Georgia. Does he know how long he has been a prohibitionist?

Mr. BROUSSARD. I do not.

Mr. WATSON of Georgia. Does he know how much he is paid to be a prohibitionist?

Mr. BROUSSARD. I would like to know that. Just in line with that, it might be of great interest to the Nation to know what he is getting, and the source of the money which pays him. I have an idea, after reading the Volstead Act, junior, offered in the House, which was intended to regulate the production of industrial alcohol, that Mr. Rockefeller fears the development of the alcohol engine, which in time will displace the gasoline engine, and for that reason is contributing largely to the salaries which Mr. Wheeler and others are getting. This matter will be established in due time. I expect, if I live to see my term of six years expire, it will be demonstrated on this floor within that time that John D. Rockefeller is not contributing



his money for moral uplifting, but for the purpose of protecting the business in which he accumulated his large fortune.

Mr. President, I believe that all law-abiding citizens of this Nation, whether they be prohibitionists or not, should take warning from the facts revealed in connection with the conduct of this department. We have a condition which is intolerable in a free country such as ours. We can not permit lobbyists to place in power and to place at the head of the law enforcement departments of this country men who will construe the law, not according to the way Congress enacts it, but in accordance with the ideas these people have in urging their enactment.

Mr. TRAMMELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. BROUSSARD. I yield.

Mr. TRAMMELL. Does the Senator object to the present law because it does not authorize the prescription of denatured alcohol to human beings? The Senator is talking about the kind of alcohol with which alcohol engines are run.

Mr. BROUSSARD. I am very glad the Senator from Florida has asked that question, and I want to ask the Senator from Florida if he knows what denatured alcohol is.

Mr. TRAMMELL. I never sampled any of it.

Mr. BROUSSARD. How is it made?

Mr. TRAMMELL. I do not know how it is made. I have steered clear of it up to the present time, and I think I will continue to do so.

Mr. BROUSSARD. I know the Senator will, and after I read him what it is I know he will, even if his disposition were to go to it. I am glad the Senator asked me that question. Here are the formulæ prescribed by the Internal Revenue Bureau:

Formulæ prescribed by Internal Revenue Bureau which druggists and pharmacists must observe in compounding so-called "medicated alcohol" for rubbing, bathing, and general household uses. All the denaturants are considered poisons and the Government requires a poison label to be affixed to the containers thereof.

There is a list of all the denatured alcohols, and I had intended to cover that, because I want to show that there is ample ground for my assertion that this is not an antibeer measure, but is an antiprescription measure; and when I say antiprescription I mean for lawful purposes, which are medicinal purposes. Let me read this. The first on the list is:

Bichloride of mercury, 1 part; alcohol, 2,000 parts.

That is one of the denatured alcohols. Another one is:

Bichloride of mercury, 0.8 gram; hydrochloric acid, 60 c. c.; alcohol, 64 c. c.; water, 300 c. c.

The "c. c." means cubic centimeters. The third is:

Bichloride of mercury, 1½ grains; hydrochloric acid, 2 drams; alcohol, 4 ounces.

The fourth formula is:

Formaldehyde, 2 parts; glycerin, 2 parts; alcohol, 96 parts.

The fifth is:

Carbolic acid, 1 dram; tannic acid, 1 dram; alcohol, 1 pint; water, 1 pint.

The sixth is:

Alum, one-half ounce; formaldehyde, 2 drams; camphor, 1 ounce; alcohol and water, each 1 pint.

The seventh is:

Liquor cresolis comp. (U. S. P.), 10 c. c.; alcohol, 1,000 c. c.

I will say to the Senator from Florida that under this law as framed, if the Senator from Florida were tempted to try one of these denatured alcohols, and were to drink it, the authority is vested in the Commissioner of Internal Revenue to outlaw even this poison and to force a change of this formula.

What I wish to discuss is the statement made by the chairman of the Committee on the Judiciary, the Senator from Minnesota [Mr. NELSON], and, I think, by the Senator from South Dakota [Mr. STERLING], and possibly by the Senator from Ohio [Mr. WILLIS], to the effect that the limitations on alcohol did not interfere with the prescription of alcohol for other or external purposes. I wish to make the statement that anyone who knows, and everyone on the floor does know, what the elements are, and also knows that the United States Government even requires that druggists shall put upon the bottles the word "Poison," because they are poisonous.

There is no one here, whether he has ever heard of medicine or not, who would want a member of his family suffering with typhoid fever and needing an alcohol bath to be rubbed down with one of those seven formulas that are presented, because they are the vilest poison. I have been informed by a practicing physician that he has attempted that, and after having applied three or four baths to different people his hand

peeled off and swelled up, which is easily understood, and, therefore, that it is injurious to the sick person, of course. I do not think any well man would want to take a bath with those poisons. If I remember anything about treatment, there are cases where the patient is too weak to take quinine internally, and I have seen them rubbed with quinine in order to reduce their fever. If that be the practice with any drug at all, the penetrating properties of the drugs which are in solution in denatured alcohol are bound to be taken into the system through that method of application.

I am very glad the Senator from Florida asked the question. Now I am glad to yield to any other question he may desire to ask.

Mr. TRAMMELL. Of course, I was merely jesting with the Senator a little, but in view of the fact that he is so admirably qualified as an expert on the question I should like to know if the same kind of alcohol that is used for generating power in a human being is the kind that is utilized for the purpose of generating power in a gasoline engine. The reason why I ask that question is because he charges Mr. Rockefeller's interest in the matter, owing to the fact that he is afraid if this bill is not passed he will have the sale of gasoline diminished.

Mr. BROUSSARD. I did not understand the Senator's question. Is he talking about alcohol which is generated in his system or alcohol which is generated in a still?

Mr. TRAMMELL. I asked the question as to the difference between the alcohol which generates power in a gasoline engine and that which is taken into the human system and generates power in the human system and causes additional activities on the part of the human system. I should like to know if there is a difference between the two kinds.

Mr. BROUSSARD. From the question asked I should think that the Senator would know that there are now engines which are operated by alcohol. If the Senator has any question to ask about engines, I shall be very glad to supply him with that information at some other time. I hardly, believe, however, that the Senator from Florida would stand in his place on the floor of the Senate and put into the RECORD a statement to the effect that it is not possible to operate an engine with alcohol. If the Senator were to take that position and would say that he was in earnest, I would simply pass it by without notice, because there are too many really important questions to be discussed here.

So far as the effect upon the system is concerned, I could testify about that, but I know that the alcohol in my system acts differently from the way it acts in the body of my friend from Florida, and I have never seen him in action, either.

However, to get back to the subject, I wish to assure Senators—

Mr. TRAMMELL. I acknowledge that I am not an expert on the subject, so my friend from Louisiana could lead me far adrift and far astray on the question if he were to attempt to do so.

Mr. BROUSSARD. I could easily convert the Senator if his mind were open, but I think he is pledged to vote the other way, so I shall not lose any time on him. I am always glad to be interrupted by the Senator, even in a jovial way. Of course, I do not blame the Senator, who, wishing to advocate the bill, attempts to joke it off, but to me it is a serious matter.

I wish to show, first, that the provisions of the pending bill propose to cut down by one-half the amount of alcohol which may be prescribed by a physician.

Mr. MOSES. Mr. President—

The PRESIDING OFFICER (Mr. BORAH in the chair). Does the Senator from Louisiana yield to the Senator from New Hampshire?

Mr. BROUSSARD. Certainly.

Mr. MOSES. Before the Senator takes up a discussion of the measure in detail, section by section, he having already discussed the question of the regulations under which the law has been administered, I wish to call attention to the fact that I have pending before the Senate a resolution asking the Secretary of the Treasury to send to the Senate the regulations which are reported to have been prepared by the Bureau of Internal Revenue providing for the use of malt liquors and wine for medicinal purposes. I intend to call up that resolution at the earliest opportunity and ask for the action of the Senate upon it; but in the meantime, as a commentary upon the manner in which the law has been enforced, I wish to read from a letter which I received this morning, as follows:

We notice that you have offered in the Senate a resolution calling upon the Commissioner of Internal Revenue to submit the draft of the tentative regulations governing the use of beer and wines for medicinal purposes. Your action has prompted us to place before you a copy



of our issue of April 7 last, where you will find printed the full text of these regulations as drawn by the Internal Revenue Bureau. We do not believe this text has been printed in any other place. We call your attention, further, to the fact that the regulations is appended a memorandum for the Secretary of the Treasury written by the commissioner which interprets the provisions.

This letter is signed by Homer Joseph Dodge, editor of the Publicity Corporation of Washington. Accompanying the letter is a copy of his publication to which he refers, dated Thursday morning, April 7, 1921, and containing, beginning on the first page and running over to the second and third pages, what purports to be the full text of the revised wine and beer regulations, and so forth.

Mr. President, I wish to call the attention of the Senate to the fact that the Senate of the United States, considering a measure dealing with this very question, has not been put in possession of those regulations, and yet the regulations are printed in full in the Federal Trade Information Service, a publication maintained by the Publicity Corporation.

In order that the regulations as printed by this private concern and denied thus far to the Senate may have further publicity and the acquaintance of the Senate, I ask that they may be printed in the Record, so that if the Senate shall adopt my resolution at some later day we may know whether this private concern was able to get an authoritative text of regulations which the Senate itself has not yet obtained. For that purpose I ask that it may be printed in the Record.

Mr. STERLING. Mr. President, I shall have to object. This only purports to be a publication by some private concern. It is under no public authority at all that it has been published or printed in any periodical. It can not be said that these are the regulations of the Commissioner of Internal Revenue. Furthermore, I think it altogether improper that at this time in the discussion there should be put into the Record that which is alleged to be regulations prepared by the Commissioner of Internal Revenue in advance of his issuance of those regulations.

I think that if a resolution should be passed here asking the Commissioner of Internal Revenue with regard to those regulations, he might have reason to say in advance of their issue that it is incompatible with the public interest that regulations, which he is now preparing or which he contemplates issuing some time in the event of the passage of this bill, should be now published or sent to the Senate for their consideration. In addition they are immaterial to any issue before the Senate, and therefore I object.

Mr. BROUSSARD. Mr. President, I wish to say to the Senator from South Dakota that these regulations are not inconsistent with the present law, and that the Commissioner of Internal Revenue has had no backing and no authority, and there is no law which protects him in withholding from the public and from the Congress regulations based upon the law which has been admitted since January, 1920, to be clearly within the province of that department.

Mr. STERLING. Let me say to the Senator from Louisiana that they are not regulations. They are not yet issued by the commissioner. Regulations prepared and lying upon the commissioner's desk are not regulations. They do not govern anyone.

Mr. MOSES. May I say to the Senator from South Dakota that his bill is not a law until it has passed, and these regulations may show that his bill is absolutely unnecessary.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana further yield to the Senator from South Dakota?

Mr. BROUSSARD. I yield.

Mr. STERLING. It is clear upon the face of it that the Senator from New Hampshire can not be right. The bill prohibits the prescribing of beer for medicinal purposes. For the purposes of my objection that is all the bill does, and that is the only issue before the Senate so far as these alleged regulations are concerned.

Mr. MOSES. There is still the stigma passed upon the medical profession. I do not happen to have the floor. It belongs to the Senator from Louisiana at this time, but inasmuch as the Senator from South Dakota objects to the printing of the regulations, I will ask the Senator from Louisiana to be good enough to read them in his speech so they may appear in the Record, and so we may have the benefit of having the text of them so that if the Senate shall later pass my resolution we may see whether the Publicity Corporation was able to obtain them at a time when the Senate could not.

Mr. BROUSSARD. Provided I do not lose the floor, I do not object to yielding to the Senator from New Hampshire so he may read the regulations.

Mr. MOSES. I will ask the Senator from Louisiana if he will not be good enough to read them.

Mr. BROUSSARD. At a later moment in the course of my remarks I shall read them. I wish now, however, to proceed with my argument as I had started to do.

I wish to lay this proposition before the Senate, that although it is claimed this is an antibeer measure, its provisions reduce by 50 per cent the quantity of alcohol which may be prescribed for internal use. That is a matter of serious import in cases of pneumonia, for instance, and similar serious cases. I am amply supported by evidence that I have from physicians to the effect that there are certain cases where half a pint of alcohol in 10 days is perfectly useless as a remedy.

The national prohibition act, in section 7, provides that not more than a pint of spirituous liquor may be prescribed by a physician. Under the provisions of the pending bill, that has been changed to provide that only one-half pint of alcohol or one pint of spirituous liquor containing not more than one-half pint of alcohol may be prescribed in any 10 days; so that if one stops to think that spirituous liquor may be as high as 90 or 100 per cent alcohol, which could be prescribed under the law, it will be seen that under the provisions of the pending bill where the alcoholic content prescribable is limited to one-half pint there has been a diminution by 50 per cent of the quantity which may be administered internally.

The very same clause in section 7 of the national prohibition act provided that this limitation was to 1 pint of spirituous liquor to be administered internally, and there was no limit to the amount of alcohol which a physician might prescribe for external use.

Under the present law, the change has been made so as to limit the quantity of alcohol which the physician may prescribe not only to one-half pint for internal and external use but the regulation has been so worded that if any wine is prescribed the total aggregate of spirits or of alcohol prescribed for internal use, either in the form of whisky or in the form of wine, added to the quantity prescribed for external use, shall be, in all, limited to one-half pint.

The portion of my argument which I intended to make with reference to the use of denatured alcohol for external use was brought out in answer to the question of the Senator from Florida [Mr. TRAMMELL]. I wish now again to say to Senators that denatured alcohol is a very dangerous alcohol for physicians to prescribe even for external use.

Mr. President, I think that several of the Senators on this floor, men of very eminent qualifications, Senators of the standing of the Senator from Massachusetts [Mr. LODGE], the Senator from Pennsylvania [Mr. KNOX], the Senator from Mississippi [Mr. WILLIAMS], and others have expressed the opinion that this proposed law would not be constitutional. The Senator from Montana [Mr. WALSH] sought to answer that argument and to show that it would be constitutional. I know that this phase of the subject will be discussed again by other Senators, but I do not care to pass by such an important feature of the bill without making some comment.

The Senator from Montana, in support of his contention that under the eighteenth amendment Congress has the power to prevent a physician from prescribing beer, I think, argued from the point of view that it was an implied power which the people have delegated to Congress. I think, in support of his contention, the Senator read a case which came, I believe, from Mississippi, where the Supreme Court of the United States held that a law which had been passed by the Legislature of the State of Mississippi, which was authorized and had a right under its constitution or under the powers which the people had reserved when it went into the Union to provide that no physician could prescribe beer.

Without having studied particularly the constitution of the State of Mississippi, I will say that, so far as I can see, the only basis for such a construction placed upon a statute preventing the prescription of beer would be under a power which the people of Mississippi had retained to themselves, and which is commonly called the police power. However, we have in the Federal Constitution no such police power. The principle of this Government has been that all of the powers not specifically granted to the Government of the United States were reserved to the respective States and the people of those States.

We have the eighteenth amendment, but I do not think the eighteenth amendment conveys to the Congress of the United States anything but a very limited and specific power with reference to the question of prohibition. In carrying out the argument in support of the pending bill, in response to a suggestion the other day of the Senator from Arkansas, I think, who inquired of the Senator from Montana whether or not there



was a distinction between the power of a State to prohibit the manufacture and the prescription of beer, and the power of the United States to do likewise, the answer was made that, as to the powers which the people of the United States had delegated to the Congress of the United States to regulate interstate commerce, the legislation having been construed by the Federal courts to mean that there was also delegated the power, if it was found necessary properly to carry out that delegation, to interfere with intrastate shipments, by analogy the same power was intended to be conveyed under the eighteenth amendment. In this connection I desire to submit this very practical proposition: Let us assume, for the sake of argument, that the delegation of power to the Federal Government to regulate interstate commerce had been limited to the delegation of power to regulate interstate commerce, say, in coal, and had stopped there. Is there a Senator on this floor who would contend that such a delegation of power to Congress to regulate interstate shipments of coal would also of necessity carry the regulation of the interstate shipment of agricultural products? I do not think anyone would ever take that position.

If in the particular grant of power under the eighteenth amendment the people had delegated to Congress the power to regulate the use of alcoholic liquors without any limitation, without any restriction, by an unlimited grant of power, such as was done in the case of interstate commerce, then the argument made by the Senator from Montana would be supported, at least, by a case analogous to the one under discussion. That, however, is not the case here. The people of the United States did not even grant the power to Congress to regulate the manufacture and sale of alcoholic liquors. As a matter of fact, if it had done that I doubt whether the eighteenth amendment would have been enacted into a law. There were, however, two limitations. The first was that the people of the United States granted to Congress the right to regulate the use of intoxicating liquors. It was a specific and restricted delegation of power, as if in the case I have previously mentioned the people had granted the right to regulate commerce with reference to agricultural products or to coal products or to any specific line of industry.

The limitation in the eighteenth amendment goes further. There is another limitation put upon the power of Congress in the eighteenth amendment, and that is that the Congress is delegated simply with authority to regulate the manufacture and sale of intoxicating liquors for "beverage purposes."

There was never any other grant of power to the Congress, even incidentally, by implication or by any other method of reasoning or logic which appeals to me. I think that limitation of power is absolutely binding upon any act of Congress. Not only that but consider the intent of the very Members of the House and the Senate who voted to submit the eighteenth amendment to the States. They were the same men who enacted the national prohibition act which is now in force, and when they undertook to enact that measure they stated in its title that it was to regulate the manufacture, transportation, and use of intoxicating liquors for beverage purposes and to encourage the use for all other purposes for which alcohol was known at that time, specifically so stating.

Mr. President, I do not think anybody will claim that the enactment of the eighteenth amendment abrogated any other amendment to the Constitution. The eighteenth amendment did not repeal any other amendment; it was not intended so to do. The tenth amendment to the Constitution is really a part of the Bill of Rights of the American people, which they adopted just so soon as Congress met after the ratification of the Constitution. The very first thing that the Congress did was to submit the first 10 amendments which were ratified by the States. The tenth amendment reads:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

Now, let us see if there is anything in the eighteenth amendment which is in absolute conflict with or contradictory to the tenth amendment. The eighteenth amendment is not a broad, unlimited grant of power to the Congress, but it is limited to such an extent that nobody in the country believed that an effort would ever be made to regulate the use of alcohol in the practice of medicine or in industrial pursuits in this country. That amendment reads:

After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

I submit to you, Mr. President, and to the Senate that the case discussed by the Senator from Montana where broad, unlimited power had been delegated to a State legislature has no application here.

In answer to another question, I think, the Senator from Montana said that Congress had already regulated the doctors with reference to prescribing medicine, by that inferring that, under the narcotic law to which he referred, doctors are prohibited from prescribing narcotic drugs. I have the narcotic law before me, and there is not a word in it which prohibits a doctor from administering any of the narcotics to any patient; to the contrary, I find that under that law a doctor may carry narcotics in his pocket, or in his valise, or in his medicine case, or whatever it may be called; he may carry narcotics in his automobile; he may carry them and not even have them labeled; and not only that but his chauffeur may carry them for him.

I ascertain that under that law a doctor, finding somebody needing a narcotic, may administer it directly without the writing of a prescription. I find that the only inhibition in that law is that a doctor is not permitted to prescribe a narcotic to a person who is not sick; that he is not permitted to prescribe it except directly to the patient; or, if a narcotic prescription must be filled by a pharmacist, the doctor must then write the prescription and must keep a record of it, and the pharmacist must also keep a record of it. There is no analogy there. The doctor is not any more restricted now in the prescription of narcotic medicines to patients than he was previous to the time when the narcotic law was enacted. If he thinks that a patient needs a narcotic, he need tell nobody, but may administer it. If he must give the patient a prescription, then the law steps in and says, "We want to control the prescription; we want to follow it up; we do not want a prescription to be given to a sick man and another man to get the drug." That is the only limitation, and there is no analogy there. There is nothing there in the interpretation of this act which would warrant anyone in the belief that the courts would hold that this law is parallel, and there is no analogy at all.

Now, I want to come to one phase where I am satisfied that the proponents of this bill do not realize what they are doing when they, under the pretext of saving the face of a set of officials who have been absolutely disregarding the law since January 31, 1920, and whose duty it is to issue regulations, are claiming that this so-called beer bill is an emergency bill. I say I am sure they do not realize what is contained in this bill.

Take line 13 of page 2, Mr. President, and you will find that it says:

If the commissioner shall find after hearing, upon notice as required in section 5 of title 2 of the national prohibition act, that any article enumerated in subdivisions b, c, d, or e of section 4 of title 2 of said national prohibition act is being used as a beverage, or for intoxicating-beverage purposes, he may require a change of formula of such article, and in the event that such change is not made within a time to be named by the commissioner he may cancel the permit for the manufacture of such article unless it is made clearly to appear to the commissioner that such use can only occur in rare or exceptional instances—

And so forth.

Mr. President, subdivisions b, c, d, and e, referred to, of the national prohibition act relate to the following. This is section 4 of the national prohibition act:

The articles enumerated in this section shall not, after having been manufactured and prepared for the market, be subject to the provisions of this act if they correspond with the following descriptions and limitations, namely:

- (a) Denatured alcohol or denatured rum produced and used as provided by laws and regulations now or hereafter in force.
- (b) Medicinal preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, National Formulary, or the American Institute of Homeopathy that are unfit for use as beverage purposes.
- (c) Patented, patent, and proprietary medicines that are unfit for use for beverage purposes.
- (d) Toilet, medicinal, and antiseptic preparations and solutions that are unfit for use for beverage purposes.
- (e) Flavoring extracts and sirups that are unfit for use as a beverage, or for intoxicating beverage purposes.
- (f) Vinegar and preserved sweet cider.

Those substances which are manufactured from or are the products of alcohol, or which contain alcohol, under the national prohibition act never were intended to be interfered with; but the enforcement department and the Commissioner of Internal Revenue have been trying, ever since this law went into effect, to limit the production and sale and use of a great many household products. I have in mind an antiseptic which is known in the South as Tichnor's antiseptic. It is a product which was known long before I was born. It was a household article, used as an antiseptic, and used possibly by 90 per cent of the people in my section of the State, and I should not be surprised if it was used in Mississippi and Texas and the other adjoining States; and still I know it to be a fact that the Commissioner of Internal Revenue put this article under ban, and it required the activities of the United States Senators and the Congressmen from my State immediately after this law went into effect, because the commissioner had called upon the manufacturer of this article to change his formula.



We have something like five or six thousand different articles, some of them foods, others household medicines, others connected with the industries of this country, which absolutely depend upon the use of alcohol; and under this law which you term an anti-beer measure, if it is reported to the Commissioner of Internal Revenue that somebody is reckless enough or is insane enough to drink a bottle of one of these medicines not intended for beverage purposes, the commissioner is empowered to call up this man and say to him: "You have been manufacturing this stuff for 75 years. It is a commonly known remedy; everybody uses it; but I found that a man who wanted to commit suicide, or a man who thought he wanted to get drunk, was crazy enough to drink it, and I am vested with power now to notify you that if you do not within 30 days change your formula, proceedings will be taken against you, and you may go to court; but I am authorized under the law to debar this article and to prevent its manufacture."

I am tempted to revert all the time to that spirit among some of the Members of this body who think that all of these things are said in justification of the doctor who wants to violate the law, and who in possibly one case out of 10,000 or 100,000 will let a man have a bottle of intoxicating liquor; but these are very serious problems.

They affect the very industries of this country. I have been studying this matter since this law came here, because I never fully agreed, for instance, with the absurd proposition that forty-nine one-hundredths of 1 per cent by volume of alcohol in a beverage is not intoxicating, but fifty one-hundredths of 1 per cent of alcohol by volume in a beverage is intoxicating. Those things are so repellent to one who wants to interpret an article of the Constitution honestly, who wants to try to ascertain what the people meant when they ratified this amendment, that I have been looking into that subject. I find that there are thousands of people whose business will be materially affected if the power is granted to the commissioner to come to a firm which has been engaged in some instances for two or three generations in the manufacture of something which prior to this act nobody ever thought of drinking, but now, due to your ridiculously severe laws, somebody may avail himself of the alcoholic content of that article and drink it to his injury, and say to these people who have millions of dollars invested in that line of industry: "We are going to revoke your formula for a perfumery or a tonic or a flavoring extract or other like product"—even the tires that are manufactured for automobiles, and all of the various thousands of articles in which alcohol plays a part as a solvent. You are going to permit the commissioner to hale these fellows up before him in cases of that kind.

You will say, of course, as you always say, "Why, he will not abuse that power"; but that does not settle the question. Where are the people engaged in these industries to find the money to finance themselves in the face of a law which it is proposed to pass at the behest of the lobbyist of the Anti-Saloon League, who reports to the commissioner that somebody drank a bottle of poison, and he calls upon this industry that is legitimate, that is working as one of the industries competing with foreign competitors, and says: "I find that six fellows somewhere got drunk on that," and tells them to change their formula. Why, where would they get the money to carry on that business? How can you explain that and justify your pretended anti-beer regulation?

You are going much further than you think you are going, and the chemists of this Nation are watching you. You may produce thousands of selected indorsements of physicians who have nothing else to do, but I am here to tell you that the real practitioner in this Nation is too busy to fool with your foolish laws. He is going about his way, relieving suffering, and when necessary, disregarding your laws. He does not stop to see what you are doing here; but when you interfere with his legitimate practice, and when you interfere with the industries of this Nation, and when the chemists of this Nation explain to the American people what it means to them, you will be sorry that you ever advocated any of these measures.

Mr. BRANDEGEE. Mr. President—

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Louisiana yield to the Senator from Connecticut?

Mr. BROUSSARD. Yes; I do.

Mr. BRANDEGEE. Will the Senator allow me at that point to have read from the desk a telegram stating the position of some of these manufacturers of flavoring extracts and fruit sirups? I have a good many communications on that point.

Mr. BROUSSARD. Certainly.

The PRESIDING OFFICER. Without objection, the Secretary will read the telegram.

The reading clerk read as follows:

BOSTON, MASS., July 7, 1921.

HON. FRANK B. BRANDEGEE,  
Senate Office Building, Washington, D. C.:

We strongly protest House bill 7294, supplement to national prohibition law, containing the following amendment:

"If the commission shall find that any article enumerated in subdivisions B, C, D, or E of section 4 of title 2 of the national prohibition act is being purchased for use as a beverage, or for intoxicating-beverage purposes, he may require a change of formula of such article or cancel the permit for the manufacture of such article, unless it is made clearly to appear to the commissioner that such use can only occur in rare or exceptional instances; but such action of the commissioner may, by appropriate proceedings in a court of equity, be reviewed as provided for in section 5, title 2, of the national prohibition act."

As manufacturers of flavoring extracts and fruit sirups for soda fountains it is absolutely necessary to use nonbeverage alcohol in flavoring extracts and less than half of 1 per cent in fruit sirups to cut natural oil in fruit. Have no objection to national prohibition law, but this amendment if passed would disastrously affect our business. Urge you to examine bill carefully and vote against amendment.  
LOGAN JOHNSON (LTD.).

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. BROUSSARD. Certainly.

Mr. WILLIS. Will the Senator permit me to have read into the RECORD at this point, on the subject referred to by the Senator from Connecticut, a telegram from Mr. H. B. Thompson, the general counsel for the proprietary medicine people of this country?

Mr. BROUSSARD. I have no objection.

The PRESIDING OFFICER. The Secretary will read the telegram.

The reading clerk read as follows:

PIEDMONT, OHIO, July 7, 1921.

HON. FRANK WILLIS,  
United States Senate, Washington, D. C.:

Volstead bill as now amended by Senate committee is satisfactory to proprietary association and will be pleased if it is given early consideration.

H. B. THOMPSON.

Mr. BROUSSARD. Mr. President, the article referred to in the telegram which the Senator from Connecticut had read refers to that power which is vested with the commissioner, and we have no assurance that this commissioner will ever think or ever be convinced that they are not violating the law when somebody happens to think so little of his life that he will endanger it in order to get a little bit of alcohol.

But what can you expect of the justice which the commissioner will mete out to these industrial people if the commissioner, who must be satisfied that this can not happen often, is an officer such as the facts disclose the past and present commissioners to be, who, notwithstanding that everybody admits that these permits should be granted to the physicians, withholds from the public the very regulations which have been prepared, and then, when the Attorney General issues a statement, persists in withholding them in order that the Congress may pass a law which they would like to see on the statute books? There is no guaranty there at all as to the rights of property owners or of those engaged in industries, and unless these features are removed they will be bound to be repealed later.

Now, I want to touch on one phase of this which has to do with the shipment of alcohol. You will find that in section 5, relating to the imposition of duties upon the alcohol, the House of Representatives provided that if distilled spirits are lost by theft or fire or other casualty while in the possession of a common carrier the tax upon them would not be due.

When this measure came before the Judiciary Committee it read:

This provision shall apply to any claim for taxes or tax penalties.

And the Senate committee inserted the words "not collected," so as to make it read:

This provision shall apply to any claim for taxes or tax penalties not collected that may have accrued since the passage of the national prohibition act or that may accrue hereafter.

As I understand it, most of the industrial alcohol people have never manufactured alcohol for beverage purposes, having a regular line of customers who take their industrial alcohol from them; but since the passage of the prohibition law, the desire on the part of the public to get hold of this alcohol and the inducement to unscrupulous people to steal it, due to the fact of its great value now, has put the alcohol people to great loss because of the theft of alcohol in shipment.

The House sought to protect them by a provision to this effect, that if this alcohol was shipped and was stolen in transit and the shipper could demonstrate that he was not a party to the theft, that there was no collusion between him and the parties who stole the alcohol, the Government would rebate the tax.



The Senate has changed that so as to provide that if he has not paid the tax he will not owe any tax on the stolen alcohol, but that if he has paid it he can not recover it.

It strikes me that that is not fair. In answer to the question which I propounded to the Senator from Montana, his answer was that the proponents of this bill were not interested in that at all; that those who are opposed to it may be; but, so far as they were concerned, they did not care at all about that, and that is the spirit in which the proponents of this bill consider this measure. They forget that alcohol is the most essential of all the ingredients entering into the products of many industries of this Nation. They forget that if we should absolutely stop the manufacture of alcohol to-day we would retrograde a hundred years and that this country would be overrun by foreign manufactured articles. They do not appreciate that alcohol is as essential to the industries of this country as pig iron is to the steel manufacturer. If you destroy the iron mines, you close down the steel factories, and when you close the steel factories you close the foundries of this country and you close the machine shops of this country. They forget that, and they say, "Well, we are not interested in that," intimating, as it were, that we are interested in seeing industrial alcohol stolen while in transit.

That is not the question at all. We are trying to put our manufacturer on the same footing with his foreign competitor in the same line of business. The prohibition director in Alabama might give a man engaged in the manufacture of industrial alcohol the opportunity of shipping, and might wait until his alcohol was delivered, and then, when delivered, collect the tax; but the director in Mississippi might, in his discretionary power, refuse to permit a carload of alcohol to be shipped unless the taxes imposed upon it were paid, and then when it was shipped and stolen on the way, through no fault of the shipper, he, having paid and having been made to pay, would have no abatement of that tax.

We can easily understand that where you have a director in every State in the Union there is no universal way of enforcing the law; that there is no uniform regulation; that the director in one State may permit the shipment to go on, knowing that the firm is responsible and that they may come next week and collect for that; whereas the other man, in the other State, may be arbitrary, and he may say, "You can not ship until you have paid the tax"; and because he can not ship without paying the tax, and because, having paid the tax, through no fault of his the alcohol is stolen en route, he loses it, whereas if he had lived in the other State he would not have been called upon to pay it at all.

When the proponents of this bill stand here and say, "We have no interest in that," they confess that they do not take into consideration the immensely important part which alcohol plays in all of our industries. I would say that there is no man who does not daily come in contact with a thousand articles, the manufacture of which depends upon industrial alcohol. You can not get away from it, and if this Nation, in carrying out this hysterical idea, is going to limit our important industries, is going to impose burdens and restrictions and handicap our industrial concerns in this country, is going to have a commissioner who may at any time call upon them to change their formulas of an article which is a household article, and which everybody in this country uses, and may call upon them to change the formula overnight, then you will absolutely cut off those industries from the banks, so that they can not borrow money to carry on their business, when here in Washington is vested arbitrary and discretionary power to kill their products, just because it is reported that somebody in Kalamazoo drank a bottle of their stuff, which is intended and recognized to be a very good ingredient for other than internal use.

That is what this bill does, and you can not get around it, and there is no reason for Senators standing on this floor and saying, "This is no concern of mine," when, as a matter of fact, a man who has typhoid fever in his home and is told by a good physician or a good nurse to get a bottle of alcohol to give an alcohol bath to his sick child, will be relegated to the use of denatured alcohol to rub that child, and that contains formaldehyde and other powerful poisons, which are already, under the Government regulation, labeled "Poison." When you prescribe such restrictions you indicate that you do not trust your physician, you do not trust anybody in this country, and the people of the United States will not stand for such measures. The doctors of this country will take a hand in this matter unless the Congress comes back to a practicable, sensible basis, and permit doctors to use the medicines which are necessary to save human life; and we must permit our industrial people to compete with foreign manufacturers on a just basis.

Mr. STANLEY. As I understand it, distilled spirits, whether for industrial or other purposes, are distilled in bond, just as the beverages were?

Mr. BROUSSARD. Yes.

Mr. STANLEY. They are kept in bond under the absolute control of the Government until the tax is paid?

Mr. BROUSSARD. Absolutely; and they have increased the tax something like 300 per cent.

Mr. STANLEY. If a distiller distills a thousand barrels of alcohol, it goes into a bonded warehouse, which is under the absolute control of the Federal Government. Is that correct?

Mr. BROUSSARD. Yes, sir.

Mr. STANLEY. The warehouse is locked by a storekeeper?

Mr. BROUSSARD. Absolutely under Government control.

Mr. STANLEY. Government guards are around it, and the distiller has no more control over it than he has over the mint?

Mr. BROUSSARD. None at all.

Mr. STANLEY. Suppose by the negligence of the Government officials that warehouse takes fire and that alcohol is burned; under this act it would break the man who owned the alcohol, unless he were a millionaire.

Mr. BROUSSARD. Absolutely. Not only that, but if that alcohol is stolen, no matter how it is stolen, the manufacturer who is supplying a demand which this Congress recognized when the war broke out, as indicated in the national prohibition act, which was to encourage the manufacture and use of alcohol for industrial purposes and for scientific research, loses his investment; and I am going to tell you now that the future of this Nation depends upon the scientific research and the chemical development of this Nation for future advance, just as it did before, as the war demonstrated, and yet it is being used as an excuse and pretext for the passage of a law to stop a doctor from giving a sick man a glass of beer, and you are imposing restrictions upon the very manufacture of the article which you intended, under the national prohibition act, to promote.

Mr. STANLEY. Mr. President, I am inclined to believe that the proponents of this bill inadvertently put this expression "not collected" into the measure, without a realization of its far-reaching effect, because I am not inclined to believe, however much Senators may differ as to the propriety of prohibiting the manufacture and sale of alcoholic liquors for beverage purposes, that any Senator would be so ignorant of the legitimate use of alcohol for industrial and other purposes as not to want to encourage its manufacture; and, in the second place, not to be willing, when it could serve no legitimate purpose, to mule in ruin the manufacturer of industrial alcohol by virtue of this provision. I wish at this point, not desiring to interrupt the Senator, to ask another question. We will suppose, which I doubt, that the Government would permit the shipment of alcoholic liquor from a bonded warehouse to a consignee without the payment of the tax. Five or 10 carloads of alcohol, worth, say, 40 or 50 cents a gallon, would be on its way between a distillery in Kentucky or Pennsylvania to a dye works in Chicago, or on the way to the manufacturer of some well-known flavoring extract or of some legitimate proprietary medicine concern, or the manufacturer of a perfume, or the manufacturer of any of the thousand and one things in the manufacture of which alcohol is used. On the way that train would be ditched or go through an open draw, or something of that kind, and the entire shipment would be lost, and known to be lost. Under the terms of the bill the manufacturer and shipper of that alcohol, notwithstanding its known loss, would be required to pay 500 per cent more than the alcohol is worth by virtue of the fact that it was lost, though without his fault.

The VICE PRESIDENT. The hour of 2-o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. BROUSSARD. Mr. President, I have not concluded my remarks, but at the suggestion of Senators who are interested in the farmers' relief bill, as I am also, I prefer to stop at this time and will resume discussion of the bill which has been before the Senate whenever it shall come before the Senate again. I understand the Senator from North Carolina desires to address the Senate on the unfinished business at this time.

Mr. SIMMONS. Mr. President, I am perfectly willing that the Senator from Louisiana should proceed. I had expected to speak on the unfinished business at the end of the morning hour, but I am perfectly willing that he should go on if he desires.

Mr. BROUSSARD. No; I prefer to stop at this time.



## EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. SIMMONS obtained the floor.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll and the following Senators answered to their names:

Ashurst	Heflin	Moses	Spencer
Ball	Hitchcock	Nelson	Stanfield
Brandeggee	Johnson	Newberry	Stanley
Broussard	Jones, Wash.	Norbeck	Sterling
Bursum	Kellogg	Norris	Sutherland
Cameron	Kendrick	Oddie	Swanson
Capper	Kenyon	Overman	Townsend
Curtis	Keyes	Phipps	Trammell
Dial	King	Poinexter	Underwood
Edge	Ladd	Pomerene	Wadsworth
Ernst	La Follette	Ransdell	Walsh, Mass.
Fernald	Lenroot	Reed	Walsh, Mont.
Fletcher	McCormick	Robinson	Watson, Ga.
Gerry	McCumber	Sheppard	Weller
Hale	McKellar	Simmons	Williams
Harris	McKinley	Smith	Willis
Harrison	McNary	Smoot	

Mr. SMOOT. I wish to announce that the Senator from Pennsylvania [Mr. PENROSE] is detained at a hearing before the Committee on Finance.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Sixty-seven Senators having answered to their names, a quorum is present. The Senator from North Carolina [Mr. SIMMONS] will proceed.

Mr. SIMMONS. Mr. President, it is well known that I was in the beginning an ardent champion of what is known as the Norris bill reported from the Committee on Agriculture and Forestry. I vigorously opposed the proposed recess because I thought the exigencies of the agricultural situation were so great that relief ought not to be postponed. The Norris bill was at that time the only measure pending in the Senate that promised to afford or was intended to afford relief to agriculture. I gave my support to that measure then, but not because it was satisfactory to me, for it was not. I regarded some of its provisions as somewhat radical, but the situation with which we were dealing in my judgment called for a radical measure if it could not be cured by conservative and moderate remedies.

For these reasons, Mr. President, and because I thought that the door would be open to amendments, and that the Norris bill could be perfected and enlarged so as to more adequately reach the situation and possibly more conservatively reach it, I supported the measure. I am frank to say that I supported it not only because of those reasons, but I supported it also because I thought it furnished a good vehicle by which we might force from the majority party, which was responsible for legislation, better terms in behalf of agriculture. I knew that on account of two provisions in the Norris bill, namely, the buying provision and the Government guaranty provision, there was bitter opposition to it on the part of the administration and on the part of a large element on the other side of the Chamber which generally speaks for the administration. I knew, therefore, that it was legislation not desired by the administration, but I knew also that the administration would be afraid, in fact I thought it would hardly dare, to defeat the only pending proposition for the relief of the farmer without offering something equally as good or better.

Mr. President, I wish to make no criticisms of the so-called Norris bill. I would have voted for it if something better had not been offered. I think it has been understood all along, as we have progressed, that that was my position; that I was going to support that bill, although it was not entirely satisfactory, unless something better were offered; but I have said and maintained that something better would be offered, and something better has been offered; in my judgment, something very much better has been offered. I think if I can get Senators to bear with me until I can have an opportunity to fully analyze and explain the provisions of the proposed substitute they will agree with me that it meets the agricultural situation much more effectively than does the Norris bill.

I feel that a great many misunderstandings now exist with respect to the substitute. I have had two prominent Senators, members of the Committee on Agriculture, to speak to me about it, and I have found, from what they stated, that they wholly misunderstood the scope of the substitute.

Mr. President, since the substitute was offered—and even before it was offered, for it was understood that it was being prepared—we have heard very much about its being a scheme

formulated in hostility to farmers' relief legislation and with a view of according only sham relief. We have been told on this side of the Chamber that the majority has prepared, presented, and passed through Congress several measures purporting to be in the interest of agriculture, practically all of which have turned out to be of no benefit whatever, and that any substitute that might come here with the approval of the administration, or "the old guard" Republicans in this Chamber, would be of the same character—only sham legislation not in the interest of the farmer but to deceive and mislead him and to sidetrack and thwart legislation in his interest.

I have no doubt that the pressure in behalf of the Norris bill did bring the administration to the recognition of the overwhelming and compelling necessity for measures to relieve the present distressful situation of agriculture in the United States. I have no doubt that until recently, until the disclosures which were made here in connection with the argument and discussion of the Norris bill, and the attention which the subject received throughout the country as the result of the pendency of that measure, and the fact that the administration was confronted with the necessity for some kind of action with respect to the question and could not evade or escape it, caused the administration to set in motion investigations which they had neglected to make in the past with respect to the actual conditions. As the result of those inquiries and investigations and the aroused sentiment and interest in behalf of agricultural relief, I have no doubt in the world that the administration has at last come to a full realization of the necessity of speedily enacting some legislation that will be effective in meeting the exigencies of the situation.

However, Mr. President, I want to say—and I say it with full knowledge, because I have had, I confess, some connection with the framing of the substitute; I have had many conferences with the men who actually framed it and wrote it—that it was not framed according to any dictation from the White House or the Treasury Department, for I have discussed many of the questions with the men who framed it, and have made suggestions, some of which were written into the substitute.

After the administration had become thoroughly aroused upon this subject and had been forced to the admission of the necessity for effective action, inasmuch as it was not desired under present conditions to raise the requisite money by an appropriation out of the Treasury, naturally the eyes of the administration turned to the War Finance Corporation as the agency through which relief could be granted, just as during the war, when it became necessary for us to make large advances to finance war industries and industries contributory to the war, we created the War Finance Corporation for the purpose of financing them. Naturally, I say, the administration turned to the War Finance Corporation, and Mr. Meyer, the head of that corporation, and Director McLean, of my State, who was the managing director during Mr. Meyer's retirement and who has been a director of the corporation ever since it was founded, were asked to draft a measure that would provide adequately for the financing of agriculture—not merely the exportation of agricultural products, as some Senators have told me this morning the substitute contemplates, but for the financing of exports, the holding of surplus products for export, and the financing of the domestic situation with respect to agriculture.

I want to say that the men who drafted this legislation drafted it in a spirit of sympathy with agriculture and not in a spirit of hostility. Not only had I been in conference with Mr. Meyer and Mr. McLean about this matter before we began to discuss the Norris bill, but Democratic Senators from the South have met Mr. Meyer in conference about financing our general agricultural situation. Mr. Meyer not only discussed it with us in a sympathetic manner, but he outlined some plans that were in his mind at that time. The Senator from South Carolina [Mr. SMITH] and myself gave him a number of suggestions which, as I called to the attention of the Senator from South Carolina this morning, have been written into this measure. Mr. Meyer became deeply interested. He showed deep interest in the southern situation and recognized that in the cotton belt and the tobacco sections of the South the situation was probably more acute than in any other section of the country.

So he took it upon himself to make a visit to the South. He went from State to State in the South investigating and probing into conditions and trying to advise himself of what could be done, and how it could be done, to relieve the distress which he found actually exists.

I am stating this, Mr. President, with reference to Mr. Meyer because I want to disabuse the minds of Senators on this side of the Chamber of the idea that the substitute has been pre-



pared by unsympathetic minds and that it has any partisan tinge further than the forced attitude of the administration toward doing something that will be effective.

Now, with reference to Mr. McLean, the collaborator of Mr. Meyer in the preparation of the substitute, I want to say that he and Mr. Meyer are two of the most valuable men in the Government service in Washington to-day. They are both broad, patriotic, wise, and experienced, and they have in their combined experience the exact experience and knowledge that we need in the preparation of a measure of this kind. In the city of New York, where he lives, Mr. Meyer has long been recognized as a financier of great ability. He has had large and broad experience in connection with international finance as well as national finance. Mr. McLean is one of the most remarkable men that my State has ever produced. Less than 50 years of age, he is one of the largest farmers in North Carolina and in the South, and a very successful one until last year, when he suffered very severe losses, as all of us did. He is the president of one large banking institution, and a director and, I think, vice president of another. He owns very large stock interests in both of them. He has large interests in two of the largest textile manufacturing establishments in my State, and they have been successfully managed. He has, practically out of his own resources, built a railroad of something over 50 miles, and is operating it with success; and in addition to that he is one of the ablest lawyers in the State. At the time he was called here to Washington to serve the country at a great personal sacrifice he had one of the most lucrative law practices of any man at the bar in North Carolina.

I am stating this because I want the Senate to know that the men who drafted this measure knew what they were doing, knew the situation that had to be met, had the ability to devise legislation to meet it, and had the experience out of which that legislation should be drafted.

Mr. President, no new principle is written in this legislation. Let Senators dismiss from their minds the idea that there is any mystery about it, or any attempt to deceive or mislead anybody, or that it is intended to lay a trap for agriculture. If I had the time I could take the War Finance Corporation act and I could show that most of the provisions of this bill are taken bodily from that act, changing the provisions only to fit the conditions which are sought to be remedied here instead of the conditions which were sought to be remedied and provided for in the original bill.

Mr. REED. Mr. President—

The PRESIDING OFFICER (Mr. FERNALD in the chair). Does the Senator from North Carolina yield to the Senator from Missouri?

Mr. SIMMONS. I do.

Mr. REED. I do not want to interrupt the course of the Senator's remarks, and if answering this question at this time will have that effect, the Senator can answer it at the place in his speech that he prefers.

The President stated in his message, when he was referring to the \$500,000,000 to be paid to the railroads, the following:

There is no thought to ask Congress for additional funds. Perhaps \$500,000,000 will be necessary. The Railroad Administration has, or will have in the progress of funding, ample securities to meet all requirements if Congress only will grant the authority to negotiate these securities and provide the agency for their negotiation.

With this end in view you are asked to extend the authority of the War Finance Corporation so that it may purchase these railway funding securities accepted by the Director General of Railroads. No added expense, no added investment is required on the part of the Government; there is no added liability, no added tax burden.

I want to ask the Senator, since he has given this bill a study, to tell us out of what resources the Finance Corporation is to pay this money.

Mr. SIMMONS. Which money?

Mr. REED. The money to take care of the railroads, which is part of the recommendation of the President. It may be aside from the course of the Senator's remarks. If so, he need not answer. My inquiry is not made in an antagonistic spirit—

Mr. SIMMONS. I understand that.

Mr. REED. But I want to know how the Government is going to pay the railroads \$500,000,000 without getting the money somewhere.

If it gets it from the Finance Corporation, then where did the Finance Corporation get it? And if the Finance Corporation got it upon Government obligations, and we take from the corporation \$500,000,000 of its assets and turn them over to the railroads, will not the Finance Corporation or the Government be obliged to repay the equivalent of that sum to the people from whom the Finance Corporation got it?

Mr. SIMMONS. The Senator, of course, is aware that there is no provision in this substitute with reference to that matter.

Mr. REED. No; but the substance of the President's address was that he wanted to employ the Finance Corporation for two purposes—one to take care of the railroad indebtedness, the other to float this scheme or plan of taking care of agricultural products; the two plans in a sense united. I want to know where the Finance Corporation is to get the money to do either of these things.

Mr. SIMMONS. I will explain that to the Senator.

Mr. President, let me again say that there is no provision in this substitute authorizing the Finance Corporation to lend any money upon advances made to railroads or upon the obligations of railroads, or for the purpose of helping in financing railroads. This substitute, of course, is a practical amendment of the Finance Corporation act, and neither under this substitute, if it is enacted just as it is now before the Senate, nor under the amendment to the Finance Corporation act, which would be in force after its enactment, would it be possible, without additional legislation, for the Finance Corporation to lend \$1 to the Government upon railroad securities or to the railroads upon their own security. The powers of the Finance Corporation are restricted to the express purpose specified in the grant of power.

Some time ago we revived that part of the old Finance Corporation act which provided for the exportation of products of all kinds, agricultural and manufactured products alike.

Mr. KING. You rehabilitated it.

Mr. SIMMONS. We rehabilitated it. It was in suspension. It was dormant. We rehabilitated it; but in rehabilitating it we confined it to advances made for the purpose of financing the exportation of products of agriculture or of the factory.

Mr. REED. Where does it get its money?

Mr. SIMMONS. I will get to that, if the Senator please. I can not handle both phases of the matter at the same time.

In this substitute it is proposed to revive the power of the Finance Corporation with reference to making loans to banks that have made advances, and to limit it, just as that power was limited in the original act. In the original act that power was limited to advances made for the purpose of assisting war industries, or industries contributing to the war, and in this substitute the power is confined to loans by the corporation to banks for advances made by banks for agricultural purposes; so that if this substitute is passed the only power which the corporation will possess to lend money at all will be in aid of exportation of manufactured or agricultural products and in aid of agriculture, or, to use the language of the substitute, "advances for agricultural purposes." Therefore, if the railroads are to be helped in the way indicated by the Senator it will be necessary to have additional legislation for that purpose. There can be no question about that.

Mr. KING. Mr. President, would it interrupt the Senator if I should ask him a question?

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from North Carolina yield to the Senator from Utah?

Mr. SIMMONS. I do.

Mr. KING. Does the Senator mean to indicate by his statement that the exportation must be of agricultural products only?

Mr. SIMMONS. Oh, no; oh, no. I said that under the substitute and the act as revived they must be exportations either of agricultural products or of products of the factory. In other words, I said that it revived the power of the corporation with reference to exportations, and in that act reviving this power we gave the right to make these advances not only for exports of agricultural products but for exports of manufactured products.

Mr. KING. I understood the Senator to limit it to agricultural products.

Mr. SIMMONS. Oh, no.

Mr. KING. I thought, if the Senator did, he was in error.

Mr. SIMMONS. What I was saying in reference to that is that the twenty-fourth section of this substitute, which deals with loans made by the corporation upon advances made by banks, limits them to advances made in the interest of agriculture; that is, for agricultural purposes.

Now, Mr. President, with reference to the question of how the money will be obtained for the purpose of aiding agriculture, or, if there should be additional legislation, including the railroads within the power of the corporation, for the purpose of affording them financial aid, I wish to say to the Senator that the only way in which that corporation can get any money is through the subscription made by the Government to its capital stock and the authority to issue bonds in twice the amount of its capital stock, which is \$500,000,000, all of which is owned by the Government. The Government has subscribed the full amount of that stock, and the full amount of \$500,-

000,000 has been deposited in the Treasury to the credit of this corporation. Of course, when the corporation acquires securities it can sell them and reloan the proceeds of such sales.

The corporation has done much business, lent a great deal of money, sold some of its bonds, sold some of the securities it had bought when it was functioning formerly, and has bought and sold a great many Liberty bonds. It has now balanced its account with the Treasury, and it has in the Treasury at this time something over \$400,000,000, and has on hand a very large lot of securities undisposed of.

Mr. REED. I asked the question because I thought we would get substantially that answer. So, if I understand, the present assets of the War Finance Corporation had their origin in a \$500,000,000 appropriation by Congress. That is, Congress took \$500,000,000 worth of stock in this institution, and paid for it?

Mr. SIMMONS. Yes.

Mr. REED. Since that was done the corporation has been loaning money, making advances, and has received securities of various kinds, so that if its securities are all good its assets to-day are substantially \$500,000,000, partly in cash and partly in securities?

Mr. SIMMONS. No; they have made some profits.

Mr. REED. How much?

Mr. SIMMONS. I do not at this moment have the figures.

Mr. REED. Not large profits?

Mr. SIMMONS. No; I should think not.

Mr. REED. Has the War Finance Corporation issued any securities in its own name which it has sold and obtained money upon?

Mr. SIMMONS. If it has, it has the credits to represent that money.

Mr. KELLOGG. Mr. President, I think I can answer that question.

Mr. SIMMONS. I shall be glad to have the Senator answer it.

Mr. KELLOGG. During the war they issued \$200,000,000 of bonds for one year, and they were paid for when they came due.

Mr. REED. So that they are wiped out?

Mr. KELLOGG. They are wiped out.

Mr. REED. Then we get down to this situation—if the Senator will pardon me just a moment, for I would like to clear this up—the War Finance Corporation has \$500,000,000 of assets, partly in cash and partly in securities, but all of that, except some small profits, was furnished by the United States Government?

Mr. SIMMONS. That is true.

Mr. REED. The United States Government owes the people of the United States on bonds which it negotiated for that amount.

Now, it is proposed that this capital now on hand shall be employed for two purposes. One purpose is to pay the railways \$500,000,000 in cash and to take the railway companies' bonds for that amount. The other is to employ the capital of the corporation to handle farm products and foreign business. That is right, is it not?

Mr. SIMMONS. Yes.

Mr. REED. Then we are asked to appropriate \$500,000,000 more. Is it proposed that the corporation be authorized to issue bonds?

Mr. SIMMONS. In the original act authority was given to issue bonds for six times the amount of the paid-in capital. But the substitute changes that to \$1,000,000,000; that is to say, twice their capital stock.

Mr. REED. And is the Government of the United States to be liable for that billion, or not liable?

Mr. SIMMONS. Certainly not legally liable.

Mr. REED. But the assets of the corporation, to wit, the \$500,000,000 which the Government has already furnished, it would be liable for?

Mr. SIMMONS. Certainly.

Mr. REED. And the Government, if the venture were unfortunate, might lose its original capital stock?

Mr. SIMMONS. Undoubtedly.

Mr. REED. And, of course, the Senator knows the Government would not allow the War Finance Corporation to go into bankruptcy and its creditors suffer; that the Government would have to stand back of it, and would stand back of it, no matter what this bill says.

Mr. SIMMONS. I hope it would not allow it to go into bankruptcy. It would not be legally liable, and it has been argued by some that it would not be morally liable, but I do hope the Government would make good any losses that might be sustained.

Mr. REED. I just wanted to take one step further.

Mr. SIMMONS. I took that position when the War Finance Corporation act was passed. I take it now. But I want to say to the Senator that the situation we are now trying to relieve, or asking to have relieved by the use of this agency, is just as serious and just as important as the situation we were trying to provide for during the war. The Government's liability will be the same now as it was then.

Mr. REED. I am not arguing against the bill at present; I may vote for this bill. I am just trying to get some facts clear in my own mind, and taking a good deal of the Senator's valuable time to do it. But I think these colloquies sometimes clear up matters. The President has said, speaking of the railway transaction—which is not immediately in this bill, and yet is related to it, because it is proposed to get money from the same fund and the same institution—that we can advance the railroad companies \$500,000,000; and he has made the statement "that no added investment will be required on the part of the Government," and "there will be no added liability and no added tax burden." Nevertheless, if that \$500,000,000 is taken out of the War Finance Corporation's funds to-day, it would practically leave it without a dollar, would it not?

Mr. SIMMONS. Yes; without a dollar until it sold some bonds.

Mr. REED. It can not sell bonds very well unless they are guaranteed by the Government, unless it has some assets.

Mr. SIMMONS. It has assets.

Mr. REED. It will not have any assets if it pays out the \$500,000,000.

Mr. SIMMONS. It will not pay out \$500,000,000 without getting \$500,000,000 in securities in place of it. If the corporation should do that, its directors would be subject to impeachment and ought to be impeached.

Mr. REED. Is it proposed that the railroads are to give the War Finance Corporation \$500,000,000 of securities when this transaction takes place?

Mr. SIMMONS. Mr. President, if the Senator will pardon me, I will explain to him what I understand to be the nature of this proposed transaction to which he refers.

Mr. REED. I wish the Senator would.

Mr. SIMMONS. I am able to do that, because I know that it was originally intended—and there is no reason for any concealment about this—to couple this railroad proposition with the agricultural proposition. But certain friends of the agricultural proposition, who knew of the preparation of this substitute, insisted that that should not be done, and it was not done. But I know what the provisions of that proposed section would have been.

It was not proposed to do what the Senator from Missouri has in mind at all. It was to provide for another situation. The railroads owe the Government of the United States, admittedly, \$500,000,000.

Mr. REED. The railroads owe the Government a balance of \$500,000,000?

Mr. SIMMONS. Yes, sir; admittedly, \$500,000,000. Of course, the Government owes the railroads a considerable sum, but it is admitted that the railroads owe the Government that sum, for advances made by the Government during the era of Government control, in the way of improvements, equipment, and the like.

It was proposed that the railroads give to the Government their bonds for that \$500,000,000, properly secured. The proposition, as it was incorporated in the draft I saw, was to permit the War Finance Corporation to make a loan to the Railroad Administration, which is a Government agency and the custodian of the \$500,000,000 of railroad bonds, and to purchase from the Railroad Administration the \$500,000,000 of bonds belonging to the Government and given by the railroads to the Government to cover the railroad indebtedness to the Government.

Of course, I understand that if that were done, if the War Finance Corporation should buy those bonds and pay for them in cash, that money would go into the United States Treasury or it would go into the hands of the Railroad Administration, I do not know which, not having closely investigated it. I assume that probably it would go into the hands of the Railroad Administration. The money might then be available, in the hands of the Government, to be lent to the railroads or to be paid over to the railroads in settlement of any sum the Government might owe the railroads.

That is the nature of that transaction, as I understood it, and I think, as I remember it now—the Senator from Minnesota [Mr. KELLOGG] will know whether I am correct or not—that the power of the War Finance Corporation with reference to lending for these purposes was to be confined to loans made to the Railroad Administration on bonds of the railroads held by the Government and in its hands.



Mr. REED. If I understand the Senator—and I just want to get this plain in my mind—the railroads owe the Government half a billion dollars?

Mr. SIMMONS. Yes.

Mr. REED. And have given some kind of obligation to the Railroad Administration for that amount?

Mr. SIMMONS. They are to do it, if they have not done it.

Mr. REED. It is proposed now that the War Finance Corporation shall take over those securities, or others issued in lieu of them, and pay the Railroad Administration this sum of \$500,000,000 out of its funds, which are Government funds.

Mr. SIMMONS. It buys those bonds.

Mr. REED. The Railroad Administration, then, gets cash in place of bonds it has, and the War Finance Corporation gets bonds in place of the cash it has, and thereupon the Railroad Administration turns the \$500,000,000 cash over to the railways.

Mr. SIMMONS. Yes; that is correct.

Mr. REED. So the Government is in exactly the same situation, except there are different agencies holding the debt. When the \$500,000,000 goes into the hands of the Railroad Administration, if that organization were to transfer it to the Treasury, then the United States would be whole on the transaction; but if it takes that \$500,000,000 and pays it over to the railroads, then that is just the same as a new advancement to the railroads.

Mr. SIMMONS. Payment of the Government's indebtedness to the railroads. The Government owes the railroads more than \$500,000,000.

Mr. REED. If that is true, then why all this legerdemain? Why this shifting of securities? Why should we not simply sit down with the railroads, with a pencil and a piece of paper, find out how much we owe them and how much they owe us, and subtract what they owe us from what we owe them, and, having ascertained the balance, proceed to pay it?

Mr. SIMMONS. Mr. President, that is very simple. The railroads, in this refunding agreement with the Government, give their bonds running for 10 years in settlement of their obligations to the Government. I have nothing to do with the policy of that transaction, but that was to be the transaction. The railroads have made an arrangement with the Government by which their debt is extended for 10 years. Now, the Government has those bonds for that debt. It will sell those bonds to get cash to be paid on its indebtedness to the railroads. As I understand Mr. Harding's message, the Government is going to pay a part of its indebtedness to the railroads. In other words, the Government is not asking the railroads for time, but the railroads are asking the Government for time, and time has been accorded them. That is what it means.

Mr. REED. Boiled down, this is the transaction: The railroads owe us \$500,000,000 and we owe the railroads more than \$500,000,000. It is proposed that we pay the roads what we owe them and give them time on what they owe us. Why, then, all this shifting of securities?

Mr. KELLOGG. Mr. President—

Mr. REED. Just a moment, if the Senator please. The railroads owe the Government \$500,000,000, and we propose to extend the time of the payment of that sum for 10 years or more, and to that end we go through this scheme of shifting of securities. Then the Government owes the railroads more than \$500,000,000. That sum the Government proposes to pay in cash. In other words, we give the railways 10 years' time on what they owe us and we pay them in cash what we owe them. That is to say, there being a mutual indebtedness, instead of setting one debt off against the other and paying the balance, we pay our side of the account and give the railways time on their side of the account.

Mr. SIMMONS. That is the proposition.

Mr. REED. That is a remarkable transaction.

Mr. SIMMONS. The evident purpose of it is to enable the railroads to get some additional money. I have nothing to do with that transaction—

Mr. REED. I understand.

Mr. SIMMONS. And I do not think it has anything to do with this matter to the extent that we are going into it now.

Mr. REED. But the transaction is that the Government shall extend the time of the payment of the debt of the railroads to it and, on the other hand, the Government is to pay the railroads in cash what the Government owes them. That is the transaction which is described in this language:

With this end in view you are asked to extend the authority of the War Finance Corporation so that it may purchase these railway funding securities accepted by the Director General of Railroads. No added expense, no investment is required on the part of the Government; there is no liability—

And so forth.

We have an open account with the railroads. On one side of the balance sheet they owe us \$500,000,000. On the other

side of the sheet we owe them a sum which is said to be larger. It is proposed to extend the time of the payment of the \$500,000,000 which they owe us and to pay them in cash what we owe them. If that does not increase our obligations, then I do not know anything about figures or the English language.

Mr. KELLOGG. Mr. President, I am loath to interrupt the Senator in the midst of his speech—

Mr. SIMMONS. I am glad if the Senator will deal with this proposition. It is his proposition and not mine; I mean it is the Republican Party's proposition and not my party's proposition.

Mr. KELLOGG. The funding of the debt between the Government and the railroads was provided for by the Esch-Cummings law, and it is not proposed and no one has suggested that that law be changed in any respect at all, not in the slightest degree.

Mr. RANSDELL. Mr. President, will the Senator from North Carolina yield?

Mr. SIMMONS. I should like very much to finish this speech this afternoon, but I yield to the Senator from Louisiana.

Mr. RANSDELL. I should like to ask a question to clear the matter in my own mind. Do I understand the Senator from North Carolina to state that the substitute which he is discussing contemplates including in its terms the payment of \$500,000,000 to the railroads, or is that an outside matter?

Mr. SIMMONS. I have been over that repeatedly, but the Senator was not here.

Mr. RANSDELL. The question of the Senator from Missouri I thought indicated that he was tying it up with the proposed substitute.

Mr. SIMMONS. The Senator from Missouri asked that question and I answered it.

Mr. RANSDELL. I am sorry I was not here.

Mr. SIMMONS. I will answer it again, as the Senator from Louisiana evidently was not present. I answered the question and answered it quite fully. The Senator from Missouri then continued his inquiries along other lines. Undoubtedly there is a misapprehension about the matter. I notice that the Senator has had it.

Mr. RANSDELL. I do not have it, I will say to the Senator. I understood clearly that the bill does not contemplate tying the railroads up with it, but I could not get any other inference from the questions of the Senator from Missouri, and I desired that the Senator from North Carolina should tell me whether I have misunderstood it.

Mr. SIMMONS. I had stated to the Senator from Missouri that there is no such provision in the substitute. I had stated to the Senator from Missouri that I had knowledge outside of the President's message that it was to be proposed hereafter to further amend the War Finance Corporation act so as to include advances to railroads, but I stated to the Senator that unless some additional legislation were had there would be no power, as the result of the passage of the proposed substitute or of the present law granting powers to the War Finance Corporation, by which they could advance a single, solitary cent to the railroads.

Mr. RANSDELL. I am very glad to have that explanation. It is quite in accord with my understanding of the substitute.

Mr. SIMMONS. The present power of the War Finance Corporation to make loans is confined to loans made for the purpose of the exportation of products, and the proposed additional powers with which it is desired to invest them would increase their powers only to the extent that they would be authorized to lend for the purpose of aiding or financing agricultural undertakings.

I do not know when it may be sought to further amend this act. I do not think for the present that we need concern ourselves about that. Certainly the railroads are not coupled up with the proposed substitute and certainly Senators in voting for the substitute ought to vote for it upon its merits, and we can take care of any situation that may develop with reference to the railroads in the future.

Mr. President, the line of my discussion, of course, has been very much broken into by the Senator from Missouri [Mr. REED]. I do not wish to detain the Senate long, but I do wish to make some slight comparisons between the Norris bill and the substitute, and when I say that I mean between the powers conferred under the Norris bill and the powers conferred under the proposed substitute, without reference to whether the one or the other is the better vehicle for the transmission of those powers and their exercise.

The Norris bill confines this power absolutely to the financing of exports. In that respect it is no broader than the present powers conferred upon and now being exercised by the War Finance Corporation. That corporation has power to finance exports. The Norris bill grants only this power. It has some



additional provisions, but they do not relate to powers. They do not relate to what powers the two corporations, the one proposed in the Norris bill and the present corporation, may exercise. The powers conferred by the Norris bill and the powers now lodged in the War Finance Corporation in this respect are limited even for the purpose of financing exportations. They both have relation to practically the immediate exportation of products. They both have relation to providing the means by which exportations may take place at the present time, and in that respect neither of them meets the exigencies of the existing situation.

What we need to relieve the situation—and the Senator from South Carolina [Mr. SMITH] will remember that I pointed that out to Mr. Meyer when we were talking about the matter—is a provision to advance money to enable the producer of agricultural products to carry over those products until they can be marketed abroad in an orderly way. The substitute provides for that.

Mr. President, when we revived the War Finance Corporation and gave it certain powers with reference to financing exports, we thought the situation in Europe, with reference to the purchase of our surplus crops—and Europe is our chief market, both for our agricultural products and our manufactured products—would be substantially what it was in prewar times. In prewar times Great Britain and all the leading industrial and textile countries of Europe bought cotton from us during the three or four months in the fall and winter when we were housing and marketing our crops, bought supplies sufficient to last them for a year. In other words, they bought a year's supply in advance. We supposed that would be the way they would buy at this time. Therefore, when we revived those powers in the War Finance Corporation we had that in view and revived them so as to only permit advances to be made for immediate export.

The situation has changed. It has developed that on account of the tightness of money in Europe, on account of the exchange situation, and the general financial and economic condition there, our European customers must buy in the markets of the world just exactly as our jobbers and retail merchants have been doing in this country. They have been buying from hand to mouth, as we express it down South, buying only to supply the needs and requirements of the hour. Europe is buying our products only as they are needed, so we are unable to find a present market in Europe for our surplus products and the owners of these surplus products in this country, unless they obtain some such relief as is now proposed, will be forced to sell that surplus in the markets of this country for whatever it will bring, and that will be whatever speculators in those products wish to pay for them. If we are to escape such a disaster as I have pictured, we must provide some means by which the owners of these surplus products may hold them and carry them over, not for a day or a month, but as long as is reasonably necessary in order to enable Europe and the other markets of the world to take them as they are needed and can be purchased for consumption. The only way in which Europe can take them is as they are actually needed for consumption. It is necessary, therefore, that the advances for exportation shall be on long time. The substitute which is now offered provides this additional power which neither the existing law nor the bill proposed by the Senator from Nebraska [Mr. NORRIS] provides. Under the substitute the cotton farmer borrowing money may carry his crop over for two years, if necessary, by a process of renewals, which are provided for in the substitute.

Mr. NORRIS. Mr. President—

Mr. SIMMONS. I yield to the Senator from Nebraska.

Mr. NORRIS. Under the substitute, the Senator from North Carolina would not contend that the farmer could borrow money from the Finance Corporation? He would have to get it from a bank.

Mr. SIMMONS. No; the farmer could not borrow the money direct from the corporation, but he would borrow it from a bank, with the understanding at the time it was borrowed that it was a loan that might be extended, if the situation required it, from one to two years or until the situation which made it necessary for him to hold his crop should have disappeared. That is a very important matter.

Mr. President, I confess that if it were a mere matter of financing exportations for which we were providing I should have no particular preference between the substitute and the bill of the Senator from Nebraska; but I want to say, with a full knowledge of the export situation—and I have studied it very fully—that while it is one of the important problems connected with the agricultural condition, it is not by any means the most important problem. Its importance now is not so

great as it was at one time. The most important problem to-day is the financing of the domestic requirements of agriculture. Two Senators from the Agricultural Committee, after that committee had a meeting this morning, told me that the substitute, like the Norris bill, dealt only with exportations; that they had had a meeting and discussed the question. They came out of the meeting and told me there was nothing in the substitute that dealt with any other phase of the agricultural question except that of the exportation of products.

Mr. President, I would not refer to that but for the fact that in talking with two other Senators within two hours—Senators who are not members of the Agricultural Committee—the same thought was expressed. I wish to say that if that were true, then I would not be interested in the substitute. But my interest in the substitute, I will say to my good friend, the Senator from Nebraska [Mr. NORRIS]—and I want to request him to study that section—is to be found in section 24 of the substitute. The section follows the last word with reference to the powers granted concerning exports. It starts a new subject; and it deals with it, in my judgment, in a very broad, a very comprehensive, and a very satisfactory manner. I wish to say to the Senator from Nebraska, and to the other Senators who do me the honor to listen to me to-day, that if we should adopt section 24 of the substitute and strike out of the substitute and out of the bill of the Senator from Nebraska every other provision, under that one section—section 24—we should be able to finance the holding of our cotton and tobacco crops in the South; we should be able to place in circulation in those money-starved districts of the South enough money with which to again start the wheels of industry and to restore prosperity.

What does that provision do? That provision, as I have said, has nothing to do with exportations. Senators will remember that when we passed the War Finance Corporation bill we were in sore distress to find means with which to finance the vast and complicated operations of the industries that were engaged in war work in this country. It was found that the banks were inadequate for that purpose; it was found that all the resources of private capital were inadequate for that purpose. It required not millions—up to that time we were dealing in millions in this country—but it required billions of dollars. It was the first manifestation of the fact that this country had passed from a million-dollar basis to a billion-dollar basis in ordinary appropriation language. In order to provide means for financing those undertakings and for the purpose of drawing out all the hidden and hoarded financial resources of the country, and to make them available for this purpose by inspiring confidence, we established the War Finance Corporation, which was backed by the Government, every dollar of its stock being owned by the Government. We provided, among other things—and that was the main provision—that the corporation might lend to any bank or other financial institution which had advanced money for any purpose connected with the war or contributory thereto. It was a very broad power. It was not necessary to exercise it very much. It was stated here upon the floor of the Senate, and I myself, then chairman of the Finance Committee and having this bill in charge, stated upon the floor of the Senate that if we created this Government agency with the power to lend money for this specific purpose, the confidence which would be inspired would bring forth the concealed, the retired resources of the country, and would make it unnecessary that very much money should be lent through the agency thus created. The same thing will be true if we give the corporation the power that it is now sought to confer upon it.

But what I was going to say to the Senate and to the Senator from Nebraska, who I had hoped would see the great value of this provision and either accept the substitute or, if he could not accept all of it, at least accept this portion of it and put it in his bill, was that I do not care who is the author of this bill; I do not care what committee this bill comes from; I am interested in relieving the agricultural situation, and I would as soon vote for a provision that will do that coming from the other side or coming from the administration as I would for a provision coming from this side or from other Democratic sources.

I would just as soon vote for such a measure when it comes from somebody outside of the committee in charge of the subject as from the committee in charge of the subject. So far as this matter is concerned, my view upon it rises above party; it rises above personal preferences, and rises above committee privileges and committee rights. I want to get the best measure possible for the farmer.

Now, I wish to say to the Senate that section 24, which I think is the meat of the whole thing and which is the one thing in which I am most deeply interested in connection with this proposed legislation, simply reenacts in effect the prin-



ciple underlying the power of the War Finance Corporation with respect to advances for war purposes. It changes that provision only to the extent of striking out in effect "for war purposes" and inserting "for agricultural purposes."

Mr. President, I wish to impress upon Senators for a few moments how far-reaching that will be in its effect upon agriculture. The situation as it exists in my section of the country—and I think in agricultural districts elsewhere—does not confine itself to the farmer. It reaches also the credit man in whatever line of business he may be operating, if his credits have anything to do with agriculture. It reaches, first, the credit supply stores. The Senator from Georgia knows that scattered all over our Southland, in every little village and hamlet and in every little country town, as well as in the larger towns, there are agricultural credit stores, where our tenant farmers and our landlord farmers go and get credit for supplies with which to cultivate their crops, with the understanding that they are to be paid for in the fall when the crop is sold. It takes in the farm-implement man who does the same thing. It takes in the stock-supply man who does the same thing. It takes in the fertilizer man who sells to the farmer upon credit, to be paid when the crop is sold. But all of these different credit agencies, beginning at the store and including the horse and mule dealer and the agricultural-implement dealer and the fertilizer dealer, all of these people who make these credits take the farmer's paper and go to the bank and discount it or hypothecate it and borrow money upon it. Where the landlord has become responsible for advances made to his tenants or where he has to make those advances out of his own pocket, he goes to the bank and borrows the money with which to pay for those supplies; so that all of these institutions of credit connected with the agricultural situation of the country have been forced to have recourse to the banks, and that fact has drawn the banks into the problem.

Last year the farmer was not able to meet his obligations. These different agencies had to go to the bank and secure an extension of credit for another year. In the meantime the process of advancing again on this year's crop has gone on, and the accumulated advances have been taken care of by the bank as far as it can, and finally the bank has reached a condition in which it is impossible for it any longer to carry the burden. It has become necessary that that burden shall be lifted before that bank can again discharge its functions and obligations to the community, to enable that community to carry on the ordinary business in which its people are engaged. The result is stagnation, and bankruptcy in many instances.

Mr. President, that is the situation we must relieve. If this provision is adopted—I do not care whether it is adopted as a part of the substitute, or is incorporated in the Norris bill and adopted in that way—if this substitute is adopted then this corporation, with ample resources, with \$400,000,000 in cash in the Treasury upon which it can draw a check to-morrow, with a billion dollars of resources in the sale of its bonds—and the interest is to be adjusted in a way to make those bonds marketable and easily floatable in the markets of the country—with a billion and a half in money to be loaned, this corporation will have no trouble in meeting the requirements of the agricultural situation. The billion and a half may not be all that is needed; but as it lends money this corporation will do now as it did when it functioned before; it will sell its securities, get more money, and this will become a revolving fund. If it lends this money out, it will simply sell some of the bonds and the stock and the securities that it has bought in the course of business and get other money.

I should say that in this way this billion and a half of money would do the work of at least two and a half if not three billions of dollars. If the railroads are added hereafter in a separate amendment, there is no trouble in the world about our increasing the amount of bonds that the corporation may issue. In war times we authorized the corporation to issue in bonds six times its paid-in capital, which would have amounted to \$3,000,000,000. We have in this bill reduced the authorization to one billion, twice the capital. We can increase it to three times the capital stock if we want to or four times the capital stock. There is no trouble about it.

Think about this situation, Senators. Under this substitute the corporation is permitted to lend to banks for agricultural purposes on any advances for agricultural purposes not to be made hereafter only but also any advances for agricultural purposes that have been heretofore made. That includes every dollar that the banks have lent to the farmers on their agricultural undertakings.

The banks have not been able to use their securities to the full extent in borrowing from the Federal reserve banks.

I need not go into that. You all understand it. Their vaults have been full of what the Reserve Board has declared to be frozen credits, excluded from the Federal reserve banks by reason of the fact that they were lent upon what the board called speculative ventures; and for various and sundry other reasons which I do not want to take the time of the Senate to recount here, those obligations, covering the advances that the banks made last year and this year, have not, except to a limited extent, been available to them for the purpose of securing money from the Federal reserve banks or from any other kind of bank. Now, these securities will all be made available for the purpose of borrowing money from the Finance Corporation.

Mr. HARRISON. Mr. President, will the Senator yield for a question? I do not want to interrupt him.

Mr. SIMMONS. I want very much to get through, I will say to the Senator, but it is all right. I shall be glad to have the Senator interrupt me.

Mr. HARRISON. I know that the Senator is familiar with the substitute, and I want to get his opinion about what it means touching the advancements by the War Finance Corporation to these banks that have made advancements. The Senator has his copy of the bill there. There is a limitation on that proposition, and I should like to get the Senator's idea as to just what it means.

Mr. SIMMONS. Does the Senator refer to a limitation on the advances in section 24?

Mr. HARRISON. I think it is section 24 to which it applies. I think that is the section dealing with those advances.

Mr. SIMMONS. Very well. I shall be glad to have the Senator point it out.

Mr. HARRISON. I have not it before me. I remember reading it.

Mr. SIMMONS. After section 24 there follows:

Advances or purchases may be made under this section—

That is, section 24—

at any time prior to July 1, 1922.

Then commences another section, section 25:

The aggregate amount of all advances made under sections 21, 22—

Those sections relate to exports—

and 24—

Which relates to domestic matters—

and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

Mr. HARRISON. I have just procured a copy of the bill. Here is what I want the Senator to give me his opinion about, on page 2 of the substitute, at line 23, subdivision (b), about the advancements to any bank, banker, or trust company.

Mr. SIMMONS. That has reference to exports.

Mr. HARRISON. Yes.

Mr. SIMMONS. I was not discussing that then.

Mr. HARRISON. I wanted to get from the Senator what he thinks about this provision:

The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described.

Mr. SIMMONS. The amount remaining unpaid?

Mr. HARRISON. Yes.

Mr. SIMMONS. It means that the power to borrow is the full limit of the advances made; but if a part of those advances have been paid, then the power to borrow on account of those advances is reduced to the amount remaining unpaid.

Mr. HARRISON. But the bank can never borrow from the War Finance Corporation any more than it has advanced to its customer? Is that the idea?

Mr. SIMMONS. That is the idea. It can borrow the full amount that it has advanced for agricultural purposes. It can borrow that amount, but no more than that.

Mr. HARRISON. Yes.

Mr. SIMMONS. Mr. President, there is only one other thing I desire to say at this time.

Senators will notice that in section 24 there is a provision with regard to exceptional cases. It is analogous to the provision in the old War Finance Corporation act which dealt also with exceptional cases. That provision as to exceptional cases is to reach the situation that may be created as to certain State banks in States where, as in my State, there is a limitation upon the amount that the bank may borrow. In my State a State bank is not permitted to borrow in excess of its paid-in capital plus its accumulated surplus. Most of the State banks have already borrowed to that extent and can not borrow any more; but this provision as to exceptional



cases in section 24 provides in effect that in such a case the bank having made advances and taken securities for those advances which are held to be adequate may take them to the War Finance Corporation and sell them outright, without indorsement, to the extent that they may hold that they are good and safe security. That may not apply in many States, but it does apply in my State and in some others. It is a very valuable provision for that reason.

Mr. President, I have detained the Senate much longer than I expected, and my presentation has been much more unsatisfactory to me than I would like to have it because I have been thrown off the line of my thought by interruptions.

In conclusion, I wish to say simply that in supporting this substitute I am doing it solely because there is nothing in the world to-day in which I am more interested than in relieving the situation which I know my people are in. My sole purpose is to get legislation here which will accomplish the object I have in view, and I am going to vote without reference to party or without reference to personalities.

When this bill is finally perfected, after all the amendments and substitutes shall have been discussed, I am going to vote for that proposition which, to my mind, will most fully, completely, and equitably meet the existing conditions.

An act (S. 1915) to amend the War Finance Corporation act, approved April 5, 1918, as amended, to provide relief for producers of and dealers in agricultural products, and for other purposes.

Be it enacted, etc., That when used in this act the term "person" includes partnerships, corporations, and associations, as well as individuals.

"Sec. 2. That section 1 of the War Finance Corporation act, approved April 5, 1918, as amended, is amended to read as follows:

"That the Secretary of the Treasury, the Secretary of Agriculture, and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the War Finance Corporation (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That except as otherwise provided by this amendatory act the corporation shall not exercise any of the powers conferred by this act except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States."

Sec. 3. The War Finance Corporation act, approved April 5, 1918, as amended, is amended by adding after section 21 thereof the following new sections:

"Sec. 22. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine;

"(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding 1½ per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made;

"(b) To any person without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time.

"(c) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person as is described in paragraph (a) of this section for the purpose therein set forth or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a). The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described. Such advances shall bear interest at the rates fixed by the corporation.

"Sec. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

"All advances made under section 21 or under section 22 of this act shall be made against the promissory note or notes, or other instrument or instruments in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The corporation shall retain the power to require additional security at any time.

"Sec. 24. Whenever in the opinion of the Board of Directors of the Corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not in-

consistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year, and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made. The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described.

"The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal reserve act: *Provided*, That no purchase of debentures, promissory notes, or other obligations of the said banking corporations shall be made nor any loan or advance be made to said banking corporations except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

"Advances or purchases may be made under this section at any time prior to July 1, 1922.

"Sec. 25. (a) The corporation shall have power and is authorized and empowered, upon request therefor by the Federal Farm Loan Board, created by the Federal farm loan act approved July 17, 1916, as amended, to make advances to Federal land banks, at a rate of interest not exceeding the rate of interest charged by Federal land banks for loans under the provisions of such Federal farm loan act, as amended, and to accept as security therefor farm loan bonds issued by such Federal land banks maturing within five years of the date of issue, or to purchase such bonds from the capital, earnings, reserve fund, or other assets of such corporation to the amount of \$100,000,000 during the calendar year ending December 31, 1921, and \$100,000,000 during the calendar year ending December 31, 1922.

"(b) Every Federal land bank shall have power, subject to the provisions, limitations, and requirements of the Federal farm loan act approved July 17, 1916, as amended, and of this section, to receive and pay interest upon such advances, to issue farm loan bonds as security therefor, to issue and sell farm loan bonds, to buy the same for its own account at any time, and to retire any or all of such bonds at or before maturity.

"Sec. 26. The aggregate amount of all advances made under sections 21, 22, and 24, and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

"Sec. 27. The corporation is empowered and authorized to investigate upon its own initiative or in cooperation with other governmental agencies foreign market conditions and to advise where disposition may be advantageously made of such agricultural products.

"Sec. 28. Whenever in this act the words 'bank, banker, or trust company' are used, they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

"Sec. 29. In order to enable the corporation to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized to furnish to the corporation for its confidential use such reports, records, or other information as he may have available relating to financial condition of national banks to which the corporation has made or contemplates making advances, and to make, through his examiners, for the confidential use of the corporation, examinations of banks, bankers, or trust companies, other than national banks, to which the corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company.

"Sec. 30. No person, bank, banker, or trust company receiving money under the provisions of this act shall loan such money at a rate of interest greater than 2 per cent per annum in excess of the rate of interest charged or received by the corporation upon such money."

Sec. 4. Section 21 of the War Finance Corporation act is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

Sec. 5. The first paragraph of section 12 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"Sec. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than four times its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge on all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association, at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine."



The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1927, but no notes or bonds shall mature later than July 1, 1927.

SEC. 6, Paragraph 1 of section 13 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper or corresponding maturities."

Passed the Senate July 27 (calendar day, Aug. 4), 1921.

Mr. NORRIS addressed the Senate. After having spoken for more than an hour,

Mr. CURTIS. Can the Senator complete his remarks to-night? I would like to have a short executive session of the Senate, if the Senator does not care to occupy the floor longer.

Mr. NORRIS. I have just commenced an analysis of the proposed substitute. That was the thing I really took the floor to do, and I have just gotten to it. I shall not be able to finish to-day, unless the Senate sits later than it will probably want to stay here.

#### EXECUTIVE SESSION.

Mr. NORRIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session, the doors were reopened.

#### RECESS.

Mr. CURTIS. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to, and (at 5 o'clock and 10 minutes p. m.) the Senate took a recess until to-morrow, Thursday, July 28, 1921, at 12 o'clock meridian.

#### AGREEMENT BETWEEN UNITED STATES AND NORWAY.

In executive session this day, the following agreement between the United States and Norway was ratified, and on motion of Mr. KELLOGG the injunction of secrecy was removed therefrom.

To the Senate:

I transmit herewith, to receive the advice and consent of the Senate to its ratification, an agreement signed on June 30, 1921, between the United States and Norway, for the submission to arbitration of certain claims of Norwegian subjects against the United States arising out of requisitions by the United States Shipping Board Emergency Fleet Corporation.

WARREN G. HARDING.

The WHITE HOUSE, July 1, 1921.

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to its ratification, if his judgment approve thereof, an agreement between the United States and Norway, signed on June 30, 1921, for the submission to arbitration of certain claims of Norwegian subjects against the United States arising out of requisitions by the United States Shipping Board Emergency Fleet Corporation.

Respectfully submitted,

CHARLES E. HUGHES.

DEPARTMENT OF STATE,

Washington, July 1, 1921.

#### AGREEMENT BETWEEN THE UNITED STATES AND NORWAY.

The United States of America and His Majesty the King of Norway, desiring to settle amicably certain claims of Norwegian subjects against the United States arising, according to contentions of the Government of Norway, out of certain requisitions by the United States Shipping Board Emergency Fleet Corporation;

Considering that these claims have been presented to the United States Shipping Board Emergency Fleet Corporation and that the said corporation and the claimants have failed to reach an agreement for the settlement thereof;

Considering, therefore, that the claims should be submitted to arbitration conformably to the convention of the 18th of October, 1907, for the pacific settlement of international disputes and the arbitration convention concluded by the two Governments April 4, 1908, and renewed by agreements dated June 16, 1913, and March 30, 1918, respectively;

Have appointed as their plenipotentiaries for the purpose of concluding the following special agreement:

The President of the United States of America; Charles E. Hughes, Secretary of State of the United States; and

His Majesty the King of Norway; Mr. Helmer H. Bryn, His Envoy Extraordinary and Minister Plenipotentiary at Washington;

Who, after having communicated to each other their respective full powers, found to be in good and due form, have agreed on the following articles:

#### ARTICLE I.

The arbitral tribunal shall be constituted in accordance with article 87 (Chapter IV) and article 59 (Chapter III) of the said convention of October 18, 1907, except as hereinafter provided, to wit:

One arbitrator shall be appointed by the President of the United States, one by His Majesty the King of Norway, and the third, who shall preside over the tribunal, shall be selected by mutual agreement between the two Governments. If the two Governments shall not agree within one month from the date of the exchange of ratifications of the present agreement in naming such third arbitrator, then he shall be named by the President of the Swiss Confederation, if he is willing.

The tribunal shall examine and decide the aforesaid claims in accordance with the principles of law and equity and determine what sum, if any, shall be paid in settlement of each claim.

The tribunal shall also examine any claim of Page Bros., American citizens, against any Norwegian subject in whose behalf a claim is presented under the present agreement, arising out of a transaction on which such claim is based, and shall determine what portion of any sum that may be awarded to such claimant shall be paid to such American citizens in accordance with the principles of law and equity.

#### ARTICLE II.

As soon as possible, and within five months from the date of the exchange of ratifications of the present agreement, each party shall present to the agent of the other party two printed copies of its case—and additional copies that may be agreed upon—together with the documentary evidence upon which it relies. It shall be sufficient for this purpose if such copies and documents are delivered at the Norwegian Legation at Washington or at the American Legation at Christiania, as the case may be, for transmission.

Within 20 days thereafter each party shall deliver two printed copies of its case and accompanying documentary evidence to each member of the arbitral tribunal, and such delivery may be made by depositing these copies within the stated period with the international bureau at The Hague for transmission to the arbitrators.

After the delivery on both sides of such printed case, either party may present, within three months after the expiration of the period above fixed for the delivery of the case to the agent of the other party, a printed counter case—and additional copies that may be agreed upon—with documentary evidence, in answer to the case and documentary evidence of the other party, and within 15 days thereafter shall, as above provided, deliver in duplicate such counter case and accompanying evidence to each of the arbitrators.

As soon as possible and within one month after the expiration of the period above fixed for the delivery to the agents of the counter case, each party shall deliver in duplicate to each of the arbitrators and to the agent of the other party a printed argument—and additional copies that may be agreed upon—showing the points relied upon in the case and counter case, and referring to the documentary evidence upon which it is based. Delivery in each case may be made in the manner provided for the delivery of the case and counter case to the arbitrators and to the agents.

The time fixed by this agreement for the delivery of the case, counter case, or argument, and for the meeting of the tribunal, may be extended by mutual consent of the parties.

#### ARTICLE III.

The tribunal shall meet at The Hague within one month after the expiration of the period fixed for the delivery of the printed argument, as provided for in article 2.

The agents and counsel of each party may present in support of its case oral arguments to the tribunal, and additional written arguments, copies of which shall be delivered by each party in duplicate to the arbitrators and to the agents and counsel of the other party.

The tribunal may demand oral explanations from the agents of the two parties as well as from experts and witnesses whose appearance before the tribunal it may consider useful.

## ARTICLE IV.

The decision of the tribunal shall be made within two months from the close of the arguments on both sides, unless on the request of the tribunal the parties shall agree to extend the period. The decision shall be in writing.

The decision of the majority of the members of the tribunal shall be the decision of the tribunal.

The language in which the proceedings shall be conducted shall be English.

The decision shall be accepted as final and binding upon the two Governments.

Any amount granted by the award rendered shall bear interest at the rate of 6 per cent per annum from the date of the rendition of the decision until the date of payment.

## ARTICLE V.

Each Government shall pay the expenses of the presentation and conduct of its case before the tribunal; all other expenses which by their nature are a charge on both Governments, including the honorarium for each arbitrator, shall be borne by the two Governments in equal moieties.

## ARTICLE VI.

This special agreement shall be ratified in accordance with the constitutional forms of the contracting parties and shall take effect immediately upon the exchange of ratifications, which shall take place as soon as possible at Washington.

In witness whereof, the respective plenipotentiaries have signed this special agreement and have hereunto affixed their seals.

Done in duplicate at Washington this 30th day of June, 1921.

CHARLES E. HUGHES.  
HELMER H. BRYN.

IN EXECUTIVE SESSION,  
SENATE OF THE UNITED STATES.

*Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive F, Sixty-seventh Congress, first session, an agreement between the United States and Norway for the submission to arbitration of certain claims of Norwegian subjects.*

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate July 27, 1921.*

## TREASURY DEPARTMENT.

## COLLECTOR OF CUSTOMS.

Robert W. Humphreys to be collector of customs, collection district No. 22, headquarters, Galveston, Tex.

## DEPARTMENT OF THE INTERIOR.

## SURVEYOR GENERAL OF WASHINGTON.

Clair Hunt to be surveyor general of Washington.

## RECEIVER OF PUBLIC MONEYS.

Frank Seymour Reed to be receiver of public moneys at Glasgow, Mont.

## REGISTER OF THE LAND OFFICE.

Edwin Malcolm Kirton to be register of the land office at Glasgow, Mont.

## POSTMASTERS.

## FLORIDA.

William L. Bryan, Jasper.

## INDIANA.

Mary W. Lawrence, Earlham.

## MICHIGAN.

Allison I. Miller, Fremont.

Charles C. Malosh, Lake.

Olof Brink, Tustin.

## MINNESOTA.

Frank H. Nichols, Comfrey.

Emmett R. Brown, Kasson.

## NEW JERSEY.

David Hastings, Boundbrook.

## OHIO.

Harry E. Kearns, Amelia.

Ellen M. Cumming, Fort Jennings.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, July 27, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou art the source of all life and the crown of all earthly glory. Each day bears the map on which are inscribed the tokens of Thy loving kindness. Incline our hearts with reverence and godly fear to seek Thy favor, and in all our ways may we acknowledge Thee. Enable us to speak the words of wise counsel, and grant that Thy truth may be our joy, Thy law our light, and Thy service our glory; and with these gifts of Heaven's graces selfishness shall be destroyed and the higher life magnified. Then shall our refuge be secure and blessed and our lives shall be large, and we shall possess an inheritance that is incorruptible and fadeth not away. In the name of Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2301. An act granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River.

## SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2301. An act granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River; to the Committee on Interstate and Foreign Commerce.

## CALENDAR WEDNESDAY.

The SPEAKER. This is Calendar Wednesday. The Clerk will call the roll of committees.

The Clerk called the Committee on Agriculture.

## THE PINK BOLLWORM.

Mr. HAUGEN. Mr. Speaker, I call up S. J. Res. 72, for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm.

Mr. WALSH. Mr. Speaker, I make the point of order that this resolution contains language making an appropriation, which the committee has not jurisdiction to report. I direct the attention of the Speaker to the words on page 2, line 1, "available until expended."

The SPEAKER. The gentleman's point of order is to the words "available until expended"?

Mr. WALSH. Yes; that that is an appropriation.

Mr. HAUGEN. The appropriation is made for the current year. This proposition is to make \$200,000 of the \$554,000 available for the payments of rentals of land in the noncotton zones.

Mr. WALSH. Available until expended.

The SPEAKER. Available until expended, whereas unless that particular language appeared in the original appropriation that sum would not be available until expended.

Mr. HAUGEN. The Chair has repeatedly held that the point of order must be directed to the appropriation and not to the bill. I take it there is no question about the committee having jurisdiction over the bill.

The SPEAKER. The Chair did not understand the gentleman from Massachusetts to make the point of order to the jurisdiction. The Chair understands he makes it to the appropriation.

Mr. HAUGEN. If he makes it to the provision of the bill, I did not so understand it.

The SPEAKER. That is what the Chair understood; and unless the gentleman from Iowa can show that a similar phrase was in the original bill, it seems to the Chair that it is subject to a point of order.

Mr. MANN. Mr. Speaker, I have examined the act making the appropriation, and there is no language in that act extending the appropriation beyond the current fiscal year.

Mr. HAUGEN. But the bill makes no additional appropriation. It simply contains legislation as to how the money shall be expended.

The SPEAKER. It extends the time of the appropriation.

Mr. HAUGEN. As to the time, and how it shall be expended.



Mr. JONES of Texas. This resolution does not extend the time for the appropriation at all. The appropriation was made for the current fiscal year, and this simply removes the restriction from the appropriation and enables them to use a fund already appropriated for the current fiscal year. In other words, I have the original act before me, and it appropriates \$554,840—

To enable the Secretary of Agriculture to meet the emergency caused by the existence of the pink bollworm of cotton in Mexico, and to prevent the establishment of such insect in the United States by the employment of all means necessary, including rent outside of the District of Columbia and the employment of persons and means in the city of Washington and elsewhere.

The original appropriation act makes this appropriation of \$554,840 for the purpose of eradicating the pink bollworm.

The SPEAKER. If the gentleman will allow the Chair, that is available, of course, during the present fiscal year.

Mr. JONES of Texas. Yes.

The SPEAKER. The language in this resolution makes it available until expended.

Mr. ASWELL. What effect would it have upon the resolution if the words "available until expended" were stricken from it? Would that relieve the situation?

The SPEAKER. If that language was not in the joint resolution it would not be subject to the point of order.

Mr. ASWELL. What effect would it have upon the resolution?

Mr. HAUGEN. If there is objection to those words, I am perfectly willing to withdraw them.

Mr. GARNER. Mr. Speaker, let me see if I understand the point of order. As I understand, the gentleman from Massachusetts makes the point of order that the committee has not jurisdiction of this joint resolution, or rather has not the authority under the rules of the House to report it, because it extends beyond this fiscal year an appropriation that has been made by Congress.

The SPEAKER. The Chair did not understand that the gentleman made the point of order against the joint resolution but against the appropriation. He claimed that was out of order.

Mr. GARNER. He must have some ground for it being out of order, and I was trying to find what the ground is.

The SPEAKER. The gentleman from Massachusetts will state it.

Mr. WALSH. If the gentleman from Texas had been listening, he would have known the point of order that I made, which is that this joint resolution contains an appropriation, and I directed the attention of the Chair to the language indicated, "available until expended," and that that was an appropriation which this committee did not have jurisdiction to report.

Mr. GARNER. If I understand it, then, the proposition is that they make available until expended an appropriation that has been made by Congress, and that that language is equivalent to making an original appropriation.

Mr. WALSH. I will say that there is another point of order when this is disposed of.

Mr. ROGERS. Mr. Speaker, it would seem to me that in cases of this kind it would be the duty of the Chair to sustain the point of order when the joint resolution was being read for amendment, but that the point of order does not lie against the consideration of the joint resolution by the House.

Take, for example, the case of an elaborate bill reported by some committee other than the Committee on Appropriations, clearly within the power of that reporting committee, with one exception. After 50 sections of a legislative character, the fifty-first section says "the sum of so many dollars is hereby appropriated." That provision is beyond the power of the committee. A point of order could be raised, and would lie against that section when the bill came up in the House; but it does not seem to me that the jurisdiction of the committee or the jurisdiction of the House to consider the bill is defeated by the fact that there is one provision that is out of order tucked away somewhere within the four corners of the bill.

The SPEAKER. Under the rule the point of order can be made at any time.

Mr. ROGERS. The point of order can be made at any time, but the point of order should not go to the consideration of the entire bill by the House, as contended by the gentleman from Massachusetts.

Mr. WALSH. I have made no such contention.

Mr. ROGERS. I understood the point of order was whether the House or the Committee of the Whole had authority to consider this bill at all with this language in it.

The SPEAKER. The Chair did not understand that that was the proposition.

Mr. ROGERS. If the point of order is simply to certain language in the bill I have no objection to its being sustained, but I think it is important that the authority of the House to consider a bill should not be diminished or defeated simply because there is somewhere in it a provision that the committee did not have the authority to report.

Mr. MANN. Mr. Speaker, the bill contains two different things. It is specifically provided in this appropriation act that the appropriation shall be available beyond the fiscal year by the language "available until expended." The Agricultural appropriation act, as to this item referred to in this resolution, only makes the appropriation available for the current fiscal year. It seems to me that it may be a somewhat close question, whether the legislative committee has the authority to provide for the use of an appropriation already made by legislation for purposes other than those now in an appropriation act. But making an appropriation available beyond the fiscal year is making a new appropriation, and is clearly contrary to the rule of the House. Whether under the rule the question can be raised at any time I believe the precedent is that it can be raised in the House before the bill is taken up in committee, and it can be raised, I assume, on the reading of the bill in committee, the Speaker having properly decided some time ago that it did not go to the reporting of the bill because otherwise the House could not take any action at all on a Senate bill carrying an appropriation.

Mr. HAUGEN. Mr. Speaker, this appropriation has been made and the money is available. All that is sought to do in this bill is to direct when and how the money shall be expended. That is clearly legislation. If this committee has not the power to legislate, certainly the Committee on Appropriations has not the power, and the House has got itself into a condition where it must refer legislation to the Senate. I am not responsible for the rule, but we must have an interpretation, and to interpret it as contended for would be to refer legislation to the Senate. This is clearly legislation. The Committee on Appropriations has no jurisdiction. Are we going to surrender our rights to the Senate? Have we no rights under our rules in the House? Some committee in the House should have jurisdiction over legislation. This is clearly legislation, hence the Committee on Appropriations has no jurisdiction. If so, the House is helpless and dependent upon the Senate, as it was in the passing of appropriation bills.

Mr. ASWELL. Mr. Speaker, I ask unanimous consent to strike out of the bill the words "available until expended."

The SPEAKER. The gentleman from Louisiana asks unanimous consent to strike out of the bill the words "available until expended." Is there objection?

Mr. HAUGEN. I object. I think we should have a ruling, so that we may know where we stand.

Mr. MANN. A parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MANN. If the specific words referred to are stricken out how does it go back to the Senate as a House amendment?

Mr. HAUGEN. It goes back as every other bill goes back.

Mr. MANN. I did not ask the gentleman from Iowa.

The SPEAKER. If the Chair recalls, it would be messaged over from the House that the House had amended the bill by striking out those words.

Mr. MANN. And that would throw the amendment into conference. I will not pursue the parliamentary inquiry any longer, but, query, the conferees would then agree to it without a vote in the House.

Mr. GARNER. If the Chair holds that this point of order is well taken, is there any committee in the House with authority to report the bill under the rules of the House?

The SPEAKER. The Chair will rule. The Appropriations Committee appropriated the sum of \$554,840 for the eradication of the pink bollworm. That appropriation expires on the 1st of July next. The Agricultural Committee comes in with an amendment which would make a part of that appropriation available during the following year and until expended. In other words, it appropriates a certain portion of the \$550,000 for succeeding years. The Agricultural Committee has no jurisdiction over appropriations, and it seems to the Chair that this clearly is an appropriation. The Chair sustains the point of order.

Mr. HAUGEN. Mr. Speaker, I offer the bill with the three words stricken out.

The SPEAKER. The ruling of the Chair on the point of order strikes out the three words.

Under the rule, the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of Senate joint resolution 72, with Mr. HUSTED in the chair.

The CHAIRMAN. The Clerk will report the joint resolution. The Clerk read as follows:

Joint resolution (S. J. Res. 72) for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm.

*Resolved, etc.* That when any State shall have enacted legislation and taken measures, including the establishment and enforcement of noncotton zones, adequate, in the opinion of the Secretary of Agriculture, to eradicate the pink bollworm in any area thereof actually infested, or threatened, by such pest, the said Secretary, under regulations to be prescribed by him, is authorized, out of the appropriation of \$554,840 for "Eradication of pink bollworm" made by the Agricultural appropriation act of March 3, 1921, to utilize not to exceed \$200,000, in reimbursing such States for expenses incurred by them in compensating any farmer for his loss due to the enforced nonproduction of cotton within said zones: *Provided*, That such reimbursement of any State shall be based upon the fair rental value of said land; that such reimbursement shall not exceed one-third the amount actually paid by the State to any farmer, and, in no event, shall exceed \$5 per acre; and that no reimbursement shall be made in respect of any farmer who has not complied in good faith with all quarantine and control regulations prescribed by said Secretary of Agriculture and such State relative to the pink bollworm.

Mr. HAUGEN. Mr. Chairman, as stated in the resolution, whenever a State shall have enacted legislation and taken measures, including the establishment and enforcement of noncotton zones, adequate, in the opinion of the Secretary of Agriculture, to eradicate the pink bollworm, and so forth, the Secretary may use \$200,000 of the \$554,840 appropriated for the current year to pay a fair rental value for the land taken over. There are, I think, 50,000 acres in the Texas district and about 22,000 acres in Louisiana and New Mexico to be included in the noncotton producing zone. The Department of Agriculture, as stated in the letter of the Secretary printed in the report, states that it is believed that this is the most effective way of eradicating the pink bollworm.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. WALSH. Has the Government heretofore, in eradicating pests or wiping out enemies of agricultural or forest growth, ever paid for land that is not used, on a rental value?

Mr. HAUGEN. It has not paid for land, but it has paid for animals destroyed in order to stamp out the foot-and-mouth disease.

Mr. WALSH. But I asked the gentleman a question.

Mr. HAUGEN. And I answered the question that it has not.

Mr. WALSH. It has not paid for any land. Has it ever paid for any forest growth where it has had to be cut down to remove the cause of the attack of some disease or insect?

Mr. HAUGEN. Not of my knowledge. It has been prohibited by act of Congress.

Mr. WALSH. In all cases where payment has been made, the only cases have been where animals have been killed.

Mr. HAUGEN. Exactly, so far as I know.

Mr. WALSH. In this case, how is it to be determined that there is an actual, definite loss. A man might have planted so many acres of cotton and the very same year he planted them there might be a drought, and cotton in other acres might not have yielded any crop at all. How are they going to ascertain what the actual, definite loss is?

Mr. HAUGEN. Of course, it would be for the State and the department to determine what the loss is.

Mr. WALSH. Then, if I understand the gentleman, this sum made available here is just a starter on this program?

Mr. HAUGEN. Just a starter, but to eradicate these pests. The policy and purpose of the department is to eradicate and not to be dilly-dallying along.

Mr. ASWELL. Mr. Chairman, will the gentleman yield, in order that I may answer the gentleman from Massachusetts?

Mr. HAUGEN. I yield to the gentleman.

Mr. ASWELL. In respect to the question of payment to farmers, there is a commission appointed by the State, and that commission fixes the rental value and the loss. That commission which is appointed by authority of the legislature, in cooperation with the Federal Government, and in response to the regulations of the Federal authorities, fixes the sum.

Mr. WALSH. This money would only be paid in those States where there has been some legislative action?

Mr. ASWELL. Absolutely.

Mr. MANN. Mr. Chairman, may I ask somebody a question? If a farmer gets his fair rental value because he does plant cotton, may he then plant corn and have the benefit of his corn crop?

Mr. ASWELL. In some sections corn does not grow.

Mr. MANN. But there is no section where something does not grow.

Mr. ASWELL. Oh, yes, there is. There is one section in Louisiana.

Mr. MANN. Then Louisiana does not produce anything except cotton and statesmen?

Mr. ASWELL. In one section the salt water prevents the growth of corn and other things.

Mr. MANN. I take it that it does not prevent the growth of everything. That does not answer the question which I put.

Mr. ASWELL. In case the man plants other crops, this commission takes that into account and does not pay him for the full value of his loss.

Mr. MANN. But this resolution says that such reimbursement shall be paid upon a fair rental value of the land. I assume that that is fixed in advance?

Mr. ASWELL. No.

Mr. MANN. When is it fixed?

Mr. ASWELL. It is fixed by this commission during the progress of the year's development.

Mr. MANN. Oh, it is fixed in advance, as far as it can be. Is a man permitted then to use the land?

Mr. ASWELL. He is, but that is to be deducted from the rent.

Mr. MANN. That would not be the fair rental value of the land.

Mr. ASWELL. If he deducts what he makes in addition, it would be.

Mr. MANN. It would not be deducting the fair rental value of the land. The gentleman may have in mind one thing and I may have in mind another.

Mr. ASWELL. That is the intention of the resolution and there would be no objection to an amendment covering that point.

Mr. HAUGEN. The department says rent, less the value for other purposes.

Mr. MANN. But that is not what the resolution says.

Mr. HAUGEN. That is what the regulations of the department say. Of course, it is for the State and the department to determine.

Mr. MANN. Of course, that is the trouble all of the time. Gentlemen in the department say one thing and then use language which means another thing.

Mr. ASWELL. I think it would be entirely satisfactory if the gentleman would offer an amendment of that kind.

Mr. MANN. But I have not any amendment in mind. I have not sufficient information, and I hoped that somebody who is interested would have.

Mr. JACOWAY. In no event shall the fair rental value of the land exceed \$5.

Mr. MANN. Oh, no; \$15.

Mr. JACOWAY. I mean in so far as the payment by the Government is concerned.

Mr. MANN. Fifteen dollars is a pretty fair rental value for land.

Mr. JACOWAY. For some land it is.

Mr. MANN. Ought not this to be fixed so that it shall not exceed a fair rental value, and not say that it shall be based on a fair rental value?

Certainly the desire is not to urge gentlemen not to plant cotton and not to plant anything else. There may be a reason for providing that they shall not plant cotton, but they ought to be encouraged to plant something else if they can not plant the cotton.

Mr. ASWELL. They are encouraged to plant, and the amount paid is reduced by the value of what they plant.

Mr. MANN. Not under the language of this bill.

Mr. ASWELL. The department and the State legislatures cooperate in doing that.

Mr. JACOWAY. Trying to answer the question further, if I may, as I understand the resolution the farmer can plant anything he wants to, providing he does not plant something that will harbor this bollworm, and I imagine, at the end of the time or if the rental is fixed before that time, he will take into consideration the acreage of crops he raises other than cotton.

Mr. MANN. The gentleman's imagination may be correct, but would it not be just as well to state it in the law and not leave it to a question of imagination?

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. HAUGEN. In answering the question, the general way would be for the Government to rent the land and pay the rental value, say, for instance, pay \$5 and rent for three. The difference between the five and three would be \$2; that would be the orderly way of doing business.

Mr. GREENE of Vermont. The gentleman from Iowa suggested we were now undertaking to embark upon a new policy?

Mr. HAUGEN. Not at all.

Mr. GREENE of Vermont. Well, in effect it is that.



Mr. HAUGEN. We embarked upon that policy a number of years ago in the eradication of the foot-and-mouth disease and also tuberculosis.

Mr. GREENE of Vermont. To compensate farmers for the loss of their crops?

Mr. HAUGEN. For the loss of animals. We paid the difference between the value of the animal and the salvage, exactly as we are to do in this instance.

Mr. GREENE of Vermont. Let us see. Stated in plain terms in the English language this thing means that hereafter the Federal Government is going to insure the farmers now against the loss of a certain standardized crop if it is caused by disease—

Mr. HAUGEN. It means this, that the Government is going to do its best in eradicating this disease.

Mr. GREENE of Vermont. I want to state the thing in the language it bears and not in the language of the gentleman's presentation.

Mr. HAUGEN. The thing is to reimburse the farmer.

Mr. GREENE of Vermont. Ah, exactly. The eradication of the disease may be the main objective, but the effect is that the Federal Government will insure every farmer who is put out of a crop by reason of there being some pest or disease on his land—

Mr. HAUGEN. If he complies with the rules and regulations.

Mr. GREENE of Vermont. That is what it comes to. That is one way of eradicating the disease, to insure the farmer. Now, how much longer will it be before we insure other people for losses made in their business because of a similar misfortune?

Mr. HAUGEN. Does the gentleman contend we can take property without due process of law?

Mr. GREENE of Vermont. This is what I contend: I may be using my acres to breed a pest that may go over on my neighbor's acres and destroy his crop.

Mr. HAUGEN. Well, so far as his acres may be concerned—

Mr. GREENE of Vermont. Can we breed a pest on our acres and, more than that, be paid for making ourselves a nuisance?

Mr. HAUGEN. How are you going to eradicate it?

Mr. GREENE of Vermont. You are getting to a philosophy here that some day will turn around and meet this Congress coming back, and we will not have money enough to meet it, and we will have to sacrifice every principle upon which the Government was founded.

Mr. HAUGEN. We seem to have plenty of money for everything except to pay the farmer.

Miss ROBERTSON. Mr. Chairman, I was probably the only Republican Member who attended the meeting called by the Secretary of Agriculture to consider the dangers from this pink bollworm to the South, and I am one of those people who believe that whatever affects one person, one State, one Commonwealth, will affect all, whether it be the cotton spinner in Massachusetts or the cotton grower in Texas or Louisiana. I went to that conference, I listened, and I know that this concerns you more perhaps than you think because of past conditions. Texas, in the first place, did not take hold of the first boll-weevil invasion that came across the border from Mexico. Oklahoma came into the Union as a Democratic State because the boll weevil drove cotton raisers before its ravages from Texas up into our region seeking soil free from infection, and these cotton raisers made all the southern counties solidly Democratic. We have enough Democratic voters now, and possibly with one Republican Member here already Texas will have need of them. We have had too much cotton lately. Our cotton people are earnest, hard-working, and industrious people, but are starving now, almost. But this pink bollworm is a new pest. It may be stopped. Future crises may again demand cotton, as in the war so lately past. We dare not risk making the supply impossible. Massachusetts had the gypsy moth and California had the San Jose scale, and a billion dollars would not pay for the annual damage that has been done since, which prompt action might have prevented. This is not one crop, but two or three or four crops, because the land has got to be taken under Government supervision, and the extermination has got to go below the surface to kill the pests. In the South we do not have the frosts to kill insects as you do in the North. I believe in economy of the most rigid sort, but I think it is nothing but common, decent justice to do this. [Applause.]

Mr. GRAHAM of Illinois. Mr. Chairman, I was struck with what the chairman said as to the foot-and-mouth disease. In my part of the country we were in the heart of that trouble. This is what happened: Many farmers by strict quarantine regulations were prevented from thrashing their grain, and

men who did not have the foot-and-mouth disease on their farms were prevented from selling their stock. The consequence was that thousands of acres of land in our country on which crops were raised were largely unproductive. As a result of the unfortunate condition that arose from the desire of the country to stamp out that pest, which threatened the live-stock industry of the country, many farmers through our section were made to lose great sums of money for which they were not recompensed. The question in my mind is, How far should the Government go in this thing as regards paying these losses which were merely incidental to the general quarantine regulations which were put in force down there? It does seem to me, Mr. Chairman, if we are to pay any damage at all, it ought to be restricted simply to the amount we lose; not what some State has arbitrarily fixed, but what the farmer himself actually lost.

Mr. HAUGEN. Not one dollar can be paid out unless the State passes a law limiting the amount. The present rental value in the irrigated districts is from \$20 to \$60 an acre, and the maximum amount to be paid by the Government is \$5. The rest is to be paid by the State. The question is, Are you going to give this pink bollworm the right of way to destroy from 20 to 50 per cent of the cotton crop, or are you going to use in an effective way this money already appropriated to stamp out the pest?

Mr. GRAHAM of Illinois. I am not in favor of letting it pursue its ravages. I am in favor of stopping it like we stopped the foot-and-mouth disease, but there are certain incidental damages that ought not to be permitted to come in.

Mr. HAUGEN. The Department of Agriculture has been experimenting with it for years, and it has got beyond its control, and the only way it can handle it is to do it in this way. Are you going to try it?

Mr. LAZARO. Will the gentleman yield to me? If the gentleman will permit, I will read section 314 of our State law creating our commission dealing with this problem.

Mr. HAUGEN. I suggest that the gentleman take time later on. I yield to the gentleman from Kansas [Mr. TINCHER].

Mr. WALSH. Mr. Chairman, I would like to know who controls the time in opposition?

The CHAIRMAN. The Chair understands that the gentleman from Arkansas [Mr. JACOWAY] controls it.

Mr. MANN. Oh, no; he is in favor of it. We had a case yesterday where both sides were in favor of a bill.

Mr. HAUGEN. I reserve the balance of my time, Mr. Chairman.

Mr. WALSH. Under the Calendar Wednesday rule the time is divided between those in favor and those against.

The CHAIRMAN. The Chair will recognize any member of the committee in opposition to the legislation.

Mr. JACOWAY. Mr. Chairman, I understood that the gentleman from Iowa [Mr. HAUGEN] yielded to the gentleman from Kansas [Mr. TINCHER].

The CHAIRMAN. Is there any member of the Committee on Agriculture present who is opposed to the bill? If not, is there any other gentleman present who demands recognition in opposition to the bill?

Mr. WALSH. Mr. Chairman—

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts, in opposition, for one hour.

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. TINCHER].

Mr. TINCHER. Mr. Chairman, it had not been my purpose to take up time on this measure, but there is so clearly a misunderstanding among certain Members of the House concerning it that I feel constrained to explain it the way I understand it.

We have appropriated so much money in an effort to rid the cotton belt of this pest. The Department of Agriculture has decided that it would be proper to cooperate with certain States in fixing what they call a noncotton zone, in which to prevent the raising of cotton at all for the coming season. They have advised the use of the \$200,000 of this money that has been appropriated for this purpose by matching it against \$400,000 that these States are willing to expend in that way.

Now, there are some things that are definite and certain. The money we have appropriated to exterminate the bollworm will be spent; it will not go back into the Treasury, because this evil is recognized in that section, and they are going to spend the money in that effort. Personally, I am convinced that the departments in those States that are spending twice as much money as they are asking the Government to spend are right, and that this is the best way to get rid of the evil. My memory goes back to the time when this Government did violate all precedents and pay to the owners of live stock one-third the

value of the animals destroyed in an effort to wipe out the foot-and-mouth disease. That was advised by the department and the best veterinarians of the Nation, and we did succeed once in exterminating the disease among the live stock, and it was done along this line. I can not conceive of a conspiracy among the farmers of the cotton belt to not plant their land and then have a commission of that State appraise the rental value of it for the purpose of getting one-third of that money out of the Treasury.

I believe with the Secretary of Agriculture that they have decided that the best way to exterminate this pink bollworm is not to plant certain tracts with cotton. I do not know that the Federal Government could go down there and tell a man not to plant his land, but by cooperation with the State they have decided that certain zones shall not be cotton-producing zones for this season. This is not embarking on any new undertaking. The money will never go back to the Federal Treasury. It will be spent in attempts to exterminate the pink bollworm, and the States, by the action of their legislatures, and the Government, through the Department of Agriculture, advise using it in this way. By reason of the wording of the law, if it is not used in this way it says you can take the \$200,000 and use it that way. I can not see, for the life of me, why anyone should be so worried and excited about it.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield?

Mr. TINCER. Yes.

Mr. SUMMERS of Washington. Supposing a farmer planted that particular tract in cotton and the pink bollworm destroyed it. Would the State deprive him of anything when he has not planted anything?

Mr. TINCER. No. That is not the idea at all. They have said that a certain zone shall be noncotton producing. There is no evidence that the bollworm will destroy that at all.

Mr. SUMMERS of Washington. Where is that to be located? Near the tract that the pink bollworm has worked over?

Mr. TINCER. It is in the discretion of the Department of Agriculture.

Mr. SUMMERS of Washington. I know they tramp straight on and on.

Mr. TINCER. They have taken a whole zone that the farmer could not use this year. They have \$200,000. They are going to spend it. It would take twice as much to free the land of the bollworm infection where it has already infected the land. I think we are splitting hairs now if we say that by reason of a certain principle—that we have never paid rent on land—you shall say to the Department of Agriculture, "Spend the money outright, but you can not spend any of it by paying money to the farmer who uses the land, because we are going to spend the money for the extermination of the bollworm generally."

Mr. MCKENZIE. Mr. Chairman, will the gentlemen yield?

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAUGEN. Mr. Chairman, will the gentleman from Massachusetts [Mr. WALSH] use some of his time?

Mr. WALSH. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. MANN].

The CHAIRMAN. The gentleman from Illinois is recognized for 10 minutes.

Mr. MANN. Mr. Chairman, I do not obtain my time under false pretenses; I do not know that I am opposed to the bill. I would favor rather radical and drastic legislation which I thought would eradicate the pink boll weevil, which I regard as a very great danger. I have read the letter of the Secretary of Agriculture, who prepared this resolution. So far as I know, the letter is the only information upon the subject available. The letter is not very informing. I would like to make an inquiry or two in reference to what is proposed here.

A man plants a field of cotton. Clearly if it is not invaded by the pink boll weevil there is no reason for destroying the cotton and paying him rent for the land. Suppose it is invaded by the pink boll weevil. Why, then, should he be paid the rental value of his land? The cotton is no good. Is it proposed to pay—

Mr. LAZARO. I can answer the gentleman's question if he will give me an opportunity—

Mr. MANN. Gentlemen can get all the time they want—

Mr. LAZARO. Because I am in one of those zones.

Mr. MANN. I prefer to let gentlemen answer in their own time.

Mr. LAZARO. I thought the gentleman was making an inquiry.

Mr. MANN. I was. I doubt if the gentleman knows. If he does, I hope he will get all the time he desires. I am not through with my inquiry. I am trying to be respectful without

having my time wasted by gentlemen who usually waste the time that is yielded to them.

Suppose a man does not plant cotton at all. Is he to be paid the rental value of his land? Is it the purpose of this bill to have the State board declare that a certain county shall be a noncotton county and that nobody shall plant cotton in that county, or in several counties, or in large districts, and nobody plants cotton there, and then pay the fair rental value of the land in order to let it lie fallow? Is that the purpose of the bill? That is what the reading of the bill indicates.

Now, these gentlemen who know may be able to tell us, but certainly the Secretary of Agriculture in his letter has not told us how this is to be worked out. The gentleman from Kansas [Mr. TINCER] said this is only \$200,000 that will be spent, anyhow. Two hundred thousand dollars is a mere bagatelle, so far as the killing out of the pink boll weevil is concerned. Two million dollars would be a very small sum. But if you are to pay the rental value of great areas of land, \$2,000,000 will not go very far, much less \$200,000 in one year, much less in a series of years; and I hope the gentlemen who have gone into this matter thoroughly, if anybody has—and I doubt it—will tell us what the procedure is to be and how we are to ascertain what our liability is.

A man has a cotton field infected with the pink boll weevil, and if you can take that cotton field and destroy the cotton and end the boll weevil I think he would be glad to pay for it. But that is not what the bill provides or contemplates, so far as I can see. Well, his cotton, if infected, is not worth much; certainly not worth the fair rental value of the land. So far as I can read the bill, in its terms it proposes to hire men and not to cultivate the soil.

Now, if that sort of thing prevails, where is it to end? I get a notice every year in my little garden—and I apologize for not being there—from the State entomological inspector, telling me to destroy a certain thing because it has some kind of scale on it, and that I must not raise certain things. So far as I know, neither he nor the State of Illinois nor the Government of the United States has ever suggested that I be recompensed for the rent of the land or for the things which are destroyed.

Where are we going to end? Where will we go with this bill? This is a general authority to the Secretary of Agriculture to do what he pleases. If it were only \$200,000 involved, we might be glad to spend the money. I may vote for the bill. But I think a matter of this sort ought to be carefully considered and the lines laid down so that we may know what we are doing before we start precedents which will lead us to pay for land lying fallow for a thousand and one purposes. If you could destroy all the crops in the United States and raise nothing new for 10 years, you would probably end the corn borer. But who has proposed that if the corn borer gets out in my State the farmers shall be paid the rental value of their land for not raising corn or not raising anything else? [Applause.]

Mr. WALSH. Mr. Chairman, if I recall correctly, it was not many months ago that a certain distinguished Member of this House, a man who was called a Member of the House at the time, rambled through the Southland, making eloquent speeches to the cotton farmers, pleading with them not to plant their cotton fields, in order that they might curtail the crop and thus raise the price. I do not know how many of them took his advice, but I do know that there is a lot of cotton there and no demand for it in the market, and that the price is low.

Now it is proposed, not only when the price is low but when the farmer has no incentive to increase the cotton acreage, to permit the Department of Agriculture, in cooperation with the respective agricultural departments of the States in the cotton belt, to go to the farmers and say, "So many acres of your plantations shall not be planted with cotton, and we will pay you a portion of the fair rental value."

The gentleman from Iowa states that this is not a precedent, but I submit that it is distinctly a new precedent in this particular line of activity on the part of the Department of Agriculture. Now, some of the States have found it necessary to inhibit the planting of corn in various counties because the corn borer has been ravaging the corn crop and has been gradually spreading, but there has been no proposal in any State that I have ever heard of that because you can not plant corn we will pay you a proportion of the fair rental value of the land. Now, the State and the district from which I come have more than the ordinary interest in the cotton crop of this country. There are some 30 or 40 cotton mills in the district which I have the honor to represent, with millions of spindles, dependent for the most part on the cotton crop of the South. They are interested in seeing that any pest or disease is kept within control, but I



do not believe that the people of the Nation, if they understood the proposition here, would be willing to embark upon this particular kind of a policy, because this is but the start, and while the sum here is insignificant, once you establish the policy, there will be demands from people who fear they are going to be threatened with this pest that will roll up the expenses in an enormous sum. Now, in eradicating the hoof-and-mouth disease the Department of Agriculture destroyed the animals and paid for them. In eradicating hog cholera, I think, they kill the animals and pay for them, but there is nothing speculative in that.

Mr. LONGWORTH. How would the gentleman interpret this phraseology?—

To compensate any farmer for his loss due to the enforced nonproduction of cotton within said zone.

How is that to be determined?

Mr. WALSH. I was just about to say that in the case of hog cholera and the hoof-and-mouth disease there was nothing speculative, because the Government only paid for animals destroyed, but this seems to open up a wide field for speculation. Now, it may be that the States have laid down certain policies and regulations under which this can be ascertained, but I will venture to say that if the States have reduced it to an exact science, when some of these experts from the Department of Agriculture arrive on the scene they will upset the scheme entirely and put in something that no sane man had ever dreamed of before.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. JACOWAY. Will the gentleman yield?

Mr. WALSH. I yield to the gentleman from Illinois.

Mr. GRAHAM of Illinois. In paying these losses for the foot-and-mouth disease I want to call the attention of the gentleman to the fact that nothing was paid except for property actually destroyed.

Mr. WALSH. That is the point I made. They paid the value of the animal that was destroyed.

Mr. LONGWORTH. I can not conceive of anything more highly speculative than to determine what a farmer might lose through the nonproduction of cotton. It depends entirely on the price on the day he sold it.

Mr. WALSH. Absolutely.

Mr. LONGWORTH. And there is no price here to determine that.

Mr. WALSH. No.

Mr. HAUGEN. We took over the railroads and we compensated them. We are now taking over these farms, and we propose in this resolution to compensate the farmers.

Mr. WALSH. Bad as the railroad administration was, we got a little service for what we took over, and we made a contract with them when we took the railroads over; but none of these men have any contracts with the Federal Government or anybody else as to what they shall do with their cotton crop.

Mr. HAUGEN. If the gentleman will read the language of the joint resolution he will find that a contract is to be made.

Mr. WALSH. The contract is to pay these farmers for not planting cotton and to pay the fair rental value.

Mr. HAUGEN. Congress did not make the contract with the railroads.

Mr. WALSH. Mr. Chairman, as pointed out by the gentleman from Ohio [Mr. LONGWORTH] it is proposed to reimburse the States for expenses incurred by them in compensating the farmer for his loss due to the enforced nonproduction of cotton within the zones fixed in the States. That is the contract to which the agriculturalist from Iowa refers. You are holding out encouragement for nonproduction. Now, it may be true that the bollworm is on the rampage in that particular locality and that a strip of land many acres in area and width and many rods or miles in length is put within the restricted zone and that no cotton grows there. Just beyond that zone cotton is grown and the bollworm gets in there and destroys the crop.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. WALSH. I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. I simply want to ask a question. The language about which the gentleman from Ohio [Mr. LONGWORTH] asked a question means this, does it not, that the Government is not to pay the farmer, but it is to reimburse the States in part for moneys which they have already paid to the farmer, expenses incurred by the States in compensating the farmer for his losses. The State has already determined the loss and paid the farmer and incurred the expenses, and this is in part to reimburse the States. There is nothing speculative in so far as this particular language is concerned.

Mr. WALSH. The gentleman ought to read the proviso. He stopped with the colon and did not read the proviso. If he had read it he would then see how the speculation is involved.

Mr. COOPER of Wisconsin. One moment. We will see whether I am correct or not. This is to reimburse the States for expenses incurred by them. A State incurs expenses before it will be reimbursed. We do not reimburse any State except where it has compensated the farmer, based on the fair rental value.

Mr. WALSH. The gentleman is wrong, because the reimbursement is based upon the conditions laid down in the proviso. The State does not fix the conditions of reimbursement. They are fixed according to the terms of this act, that the reimbursement shall be based upon the fair rental value of the land, that it shall not exceed one-third the amount paid by the State and shall not exceed \$5 per acre, and shall not be made in respect of any farmer who has not complied in good faith.

Now, Mr. Chairman, I recall very recently, within a few years, that the Department of Agriculture, in an effort to wipe out the wheat rust, went into the estates and grounds and gardens and ripped up the barberry bushes, some varieties of which were very costly, that had been planted at a great expense as ornamental shrubs, but I have not heard of anybody suggesting that they should be compensated or that there should be paid by the Federal Government any fair rental value of the gardens or estates that were destroyed. I believe that if the cotton farmer in the various areas suffers a loss there may be some way provided by cooperation between the States whereby the actual loss suffered as a result of this pest might be compensated for, but you say to John Doe in the State of Mississippi, "You may not plant your plantation with cotton this year, but you can plant it to anything else; we want to stop the boll weevil, and then we will pay you a fair rental for the value of your land," and under this act the crop raised would not affect the fair rental value. They say to him, "We will pay you for not raising cotton, but you can raise some other crop." I say, Mr. Speaker, we ought to hesitate before establishing this precedent. How much time have I left?

The CHAIRMAN. The gentleman has used 14 minutes; 22 altogether.

Mr. WALSH. Mr. Chairman, I yield to the gentleman from Michigan [Mr. McLAUGHLIN] 10 minutes.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I oppose this resolution on principle. I believe it is a vicious proposition; that whenever the Government appropriates money, goes out and tries to relieve the people of a pest which affects them, the Government must follow it up and pay every conceivable loss or damage which may result. The gentleman from Massachusetts talks about a matter of speculation that enters into it. That would be a difficulty in the operation of the law. As I say, I oppose it on principle. I believe that it is a dangerous precedent for this Government to establish. It is an outrageous proposition that when the Government is called upon to do work for the relief of people that it must follow it up and pay them for accepting the relief which the Government would give.

It has been tried before. Only a few years ago there was a scourge of the citrus canker in the South, and the Government appropriated a lot of money for it. Some of us learned that the agents of the Government, as they are carrying on the work now under consideration, proposed to destroy some of the orange groves of the South and pay for them. At my instance an amendment was put in the bill which refused the use of the money to pay the loss of any property that was found necessary to be destroyed in order to regulate, control, or eradicate the scourge.

For an illustration, the Government establishes a hospital to fix up a man or perform an operation on him to save his life. It takes him there, performs the operation, and some of the committee think we must pay him for his time, for the privilege we exercise of saving his life, reimbursing him for all the loss he imagines he has sustained by reason of the beneficent act performed.

The foot-and-mouth disease has been alluded to. That was a case where the Government went out and gave the people no choice. They took the animals, used the strong arm of the law, and destroyed them. Whether the owner was willing or not, the animals were destroyed, and it was felt incumbent on the Government, partially, at least, to reimburse owners.

The Government later embarked on a policy, wise or not, to eradicate tuberculosis, for which the Government undertakes to pay a portion of the value of animals destroyed, but it is optional with the owner of the animal whether he shall permit the destruction or whether he shall permit the State or the Federal authorities to have anything to do with his animals.



Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. JOHNSON of Washington. Is that quite so, that the owner has an option in the foot-and-mouth disease?

Mr. McLAUGHLIN of Michigan. I said it was optional with the owner in the matter of tuberculosis. In the foot-and-mouth disease the Government used its strong arm and the owner had no option in the matter.

Mr. WILLIAMS. Is it optional with the farmer to plant cotton?

Mr. McLAUGHLIN of Michigan. As far as the United States Government is concerned, yes, but some of the cotton States have laws by which they can compel farmers to refrain from using their lands, and when one of these States functions under that law the owners are not permitted to use their land for cotton. Now, this resolution would compel the Federal Government to reimburse the State for money it pays such owners.

The Department of Agriculture is carrying on all kinds of activities, making all kinds of investigations, analyses, experiments, and demonstrations. I have been on the Committee on Agriculture a good many years and am quite familiar with the work of that department. I have always favored in every way possible the work of the Government in making investigation. Let its officers and employers carry on all kinds of experiments, let them make all kinds of demonstrations, but when they have determined and reached a result and found a remedy for existing troubles, and nothing remains but to apply it with the use of the money, and the use of labor, then it is up to the people themselves largely to put forth that effort and to use their own money. [Applause.]

We often find that when the Government works out a proposition and discovers a remedy for a more or less serious evil existing, the Government makes its demonstrations, the people like it and they wish the Government to shoulder the entire burden, take up and carry on the work with its own agents, its own money, a policy which I believe is altogether wrong. I have opposed every such proposition to the limit of my ability as long as I have been on the committee, just as strongly as I insist that there should be money and legislation provided for extensive and all kinds of experiments and discoveries and analyses wherever there is need or promise of removing trouble or of improving conditions.

But the idea that the Federal Government must go out into the country and carry all these things out, do all the work, pay all the expense, bear all the burden, when it is simply a question of ordinary work and the laying out of money, I think is all wrong, and the Government should not be asked to do it.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. McLAUGHLIN of Michigan. I oppose this as a matter of principle. If we establish this principle to-day, we open wide the door. There is no limit to it. We will be called upon to go out and do for the people, care for them, nurse them, assist them, advise them, and for any burden imposed upon them we shall have to recompense them. It is wrong in principle. If we have violated that principle heretofore, for God's sake do not carry it any further. Better retrace our steps and get on the right road than to keep our faces in the wrong direction and keep on going at the pace this vicious legislation would take us. [Applause.]

I trust the membership of this House will defeat this resolution.

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, the Congress appropriated for this fiscal year \$554,840 for the eradication of the pink bollworm. I fail to see how anyone who favors the original appropriation can oppose this resolution. This \$554,840 appropriated by Congress was for the purpose of eradicating this pest which scientific men say will, if allowed to remain in this country, destroy from 25 to 50 per cent of our production. That being the purpose of the appropriation, this resolution simply provides that \$200,000 of the appropriation may be expended in a manner not originally authorized, to wit, for the reimbursement of certain States which by legislation have created non-cotton-producing sections and incurred expense by payment of loss to owners of such land. The Secretary of Agriculture says that after going into this matter thoroughly with the scientific men, understanding this proposition and this great problem, they have come to the conclusion that the most economical and effective way of fighting this pest is by creating these noncotton-growing districts. This being true, what is wrong with this resolution? Why should we care how the money is spent, so long as it is spent effectively and for the purpose for which it was appropriated?

The question here to-day that Members on the Republican side of the House coming from the great agricultural sections of the West and the Northwest must determine is whether they will follow the advice and the leadership of Secretary Wallace, who is a farmer, a broad-minded, thinking, progressive farmer, or follow the leadership of the gentleman from Massachusetts [Mr. WALSH], who for six long years has spoken and voted against every proposition for the benefit of the farmer, North or South, which has been brought onto this floor. That is the question we have to decide. In the discussion of the tariff bill we saw this sentiment and feeling cropping out in certain gentlemen to vote against everything that affected the farmer, everything that was in the farmer's interest. I say to you that it is essentially important to every section of this great country, North and South, that our capacity to produce cotton be not impaired, and this pest of the pink bollworm, an insect which has invaded this country from Mexico, is one of the most serious things that cotton growers and the people interested in the production of cotton in this country now have to confront. The Secretary of Agriculture says that the expenditure of this \$200,000 in this way will probably lessen the ultimate cost in fighting and eradicating this pest.

It is said that it is uncertain and speculative. Not so. The resolution provides that where certain States by legislation have created noncotton-producing areas, where the owners of the land shall be reimbursed, the Federal Government may, to the amount of one-third, contribute to the expense of the money paid out by those States. What is wrong with that? It is simply fighting this pest in a way that the Secretary of Agriculture and the scientific men in the Department of Agriculture say is most feasible and expedient. To stand here and quibble and talk about embarking on new propositions and new ventures is entirely beside the question. Do we favor the original proposition for the expenditure of this \$500,000 for this purpose? It is assumed that the Congress did, because it was passed by a unanimous vote. Then why quibble as to how \$200,000 of it shall be expended if, in the view of those who know, who have investigated the matter, and to whom we must naturally look for advice on this proposition, it is for the best interests of the country and will go further than anything else to eradicate the pest?

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. HAUGEN. Mr. Chairman, I yield seven minutes to the gentleman from Arkansas [Mr. JACOWAY].

Mr. JACOWAY. Mr. Chairman, the pending resolution is a most important one, especially to the South, but for that matter, to the entire Nation, because in every sense it can be classed as a national question. Ultimately, if the ravages of this worm are not checked, its work of devastation will seriously cripple the chief industry in 812 cotton-growing counties of the South, and directly and vitally affect 30,000,000 of people. This being so, the consideration to be given the matter should receive the most earnest and honest consideration on both sides of the aisle. I have given the provisions of the pending resolution the greatest of care and studied investigation. I do not believe there is a man who sits on the Republican side of the Chamber who, when he correctly understands what the resolution will accomplish, will withhold his vote in support of it but be vigorous in its support.

Mr. ROSENBLUM. Mr. Chairman, will the gentleman yield?

Mr. JACOWAY. Not now. As suggested by the gentleman from Illinois [Mr. WILLIAMS], who has just preceded me, in matters of this character, upon what authority do we rely and whose conclusions should throw light and be convincing? I would answer this by saying that the present Secretary of Agriculture, in whom I have great confidence, both on account of his heart and brain qualities, has written a letter, after the most far-reaching investigation, to the chairman of the Committee on Agriculture, which letter, in my judgment, answers every argument which has been made on the other side of the Chamber in opposition to this resolution, and in my judgment it should unerringly and beyond doubt convince every Member on that side of the Chamber and cause him to support this resolution. Notwithstanding my time is limited, I am going to read the Secretary's letter, because of its convincing nature, and besides, it is couched in a most dignified diction and presents an argument upon which I can not improve in the time at my disposal. The letter is as follows:

DEPARTMENT OF AGRICULTURE,  
Hon. GILBERT N. HAUGEN,  
Washington, June 3, 1921.  
Chairman Committee on Agriculture, House of Representatives.  
DEAR MR. HAUGEN: Some days ago I transmitted to Senator WARREN the draft of proposed legislation, for inclusion in the deficiency appropriation bill, authorizing this department to participate in the expense



of maintaining noncotton zones in States where infestation by the pink bollworm of cotton has been found. Unfortunately, my letter did not reach Senator WARREN until after the deficiency bill had been reported to the Senate. A revised draft of the item is inclosed herewith.

This legislation proposes the use of not to exceed \$200,000 of the appropriation of \$554,840 for pink bollworm eradication made available by the Agricultural appropriation act of March 3, 1921, for the purpose of reimbursing States for a portion of the expenses incurred by them in compensating farmers for losses due to the enforced non-production of cotton within the prescribed zones. On account of its great importance to the cotton industry of the country I am taking the liberty to suggest the advisability of dealing with the matter through special legislation which will involve no additional appropriation.

We have come to the critical period in our fight against the pink bollworm. This is a more dangerous pest to the cotton plant than any of which we have knowledge. It first made its appearance in the United States in 1917, coming in from Mexico. Mexico got it from Egypt and Egypt from India. Careful investigations indicate that if once it spreads through our cotton belt it will destroy from 20 to 50 per cent of the crop and possibly more at times.

The department agents detected its presence in this country promptly and set about measures of holding it in check or eradicating it. It has been held in check fairly well up to the present time, but all of our people are now convinced that safety lies in following the most approved methods of eradication. These methods require the establishment of zones in which no cotton shall be grown for a period of three years, and, of course, must have the full cooperation of the States. When we establish a noncotton zone, which means that we forbid the growing of cotton in that zone for the period fixed, we work a hardship upon some of the farmers in that zone who find cotton a much more profitable crop than any other they can grow. For this reason it is necessary and just that farmers who suffer in this way shall be partially reimbursed on the same theory that we partially reimburse farmers whose live stock is killed in the process of stamping out a contagious disease.

This whole matter was brought to my attention shortly after I became the head of this department. I called a conference of representatives from the various cotton States. They met here a couple of weeks since and went over the whole matter with the scientific men in our department. The various State representatives indicated an earnest desire to cooperate in every way possible in an effort to eradicate this pest and promised to do everything in their power to secure in their respective States whatever legislation may be considered necessary. Some of them felt, however, that in view of the national menace it would be only fair that the Federal Government should participate to some extent with the States in partially reimbursing those cotton farmers who may suffer loss because of the measures necessarily adopted. This seems to me to be a reasonable view.

It is the opinion of our scientists, who are very familiar with this whole matter, that the use of some of this money for reimbursement purposes will result in saving money in the fight against this pest, for much of the area involved in the proposed reimbursement will not be a continuing charge. Either the pest will be eliminated in two or three years or the effort will have failed. It now costs approximately \$10 per acre to clean infested cotton land of old cotton. In noncotton zones, which our present plan would permit us to establish, this cost would be eliminated, and we believe that the reimbursement proposed would be less than the clean-up cost.

The request I am now making comes after very full investigation of the whole matter, both by the scientists of this department and by the scientists and authorities in the States involved.

Very sincerely,

HENRY C. WALLACE, Secretary.

Mr. ROSENBLOOM. Mr. Chairman, will the gentleman yield?

Mr. JACOWAY. Not now. In my opinion, that letter covers this case, and from my viewpoint is unanswerable. The gentleman from Michigan [Mr. McLAUGHLIN], the gentleman from Massachusetts [Mr. WALSH], and the gentleman from Illinois [Mr. MANN] say that this is a dangerous precedent upon which the American Congress is embarking. In the conclusions they reach I take serious issue with them. I am glad to occupy the opposite of this issue. The legislative history of the American Congress writes a positive traverse on the conclusions they reach. If you will recall, the Congress has passed numerous agricultural bills through this House, and which have become laws, and which have carried appropriations for many millions of dollars for the eradication of tuberculosis in cattle. As a member of the Committee on Agriculture I took pleasure in voting for these items, because they assisted in building up the beef industry of the country, and in addition to that were great health-improvement measures. The question of eradicating tuberculosis in cattle became so alarming and the task so huge that Federal aid was asked, and Congress was quick to respond to the call. I read from the following table showing the date of the appropriation, amount appropriated, operating expenses, as also indemnities, as also a table of totals:

*Eradicating tuberculosis.*

Appropriation act.	Amount appropriated.	Expenditures.		
		Operating expenses.	Indemnities.	Total.
Oct. 1, 1918.....	\$500,000	\$408,430.37	\$91,569.63	\$500,000.00
July 24, 1919.....	1,500,000	500,000.00	1,000,000.00	1,500,000.00
May 31, 1920.....	1,480,440	769,080.00	1,085,440.00	1,854,520.00
Mar. 3, 1921.....	405,000			
	1,978,800	950,840.00	1,000,000.00	950,800.00

EXPENDITURES FROM FEDERAL FUNDS.  
*Eradicating foot-and-mouth disease.*

Appropriation act.	Amount appropriated.	Expenditures.		
		Operating expenses.	Animal indemnities.	Total.
Jan. 25, 1915.....	\$2,500,000	\$1,730,324.57	\$2,621,609.25	\$3,720,775.24
Mar. 4, 1915 <sup>1</sup> .....	2,500,000			1,631,158.58
Aug. 11, 1916.....	( <sup>2</sup> )	47,583.15		47,583.15
Mar. 4, 1917.....	( <sup>2</sup> )	41,448.46		41,448.46
Oct. 1, 1918.....	( <sup>2</sup> )	45,131.23		45,131.23
July 24, 1919.....	( <sup>2</sup> )	55,903.34		55,903.34
May 31, 1920.....	( <sup>2</sup> )	60,000.00		60,000.00
Mar. 3, 1921.....	( <sup>2</sup> )	60,000.00		60,000.00
Aug. 11, 1916 <sup>3</sup> .....	1,250,000	( <sup>4</sup> )		
Mar. 4, 1917 <sup>3</sup> .....	1,000,000	( <sup>4</sup> )		
Oct. 1, 1918 <sup>3</sup> .....	1,000,000	( <sup>4</sup> )		
July 24, 1919 <sup>3</sup> .....	1,000,000	( <sup>4</sup> )		
May 31, 1920 <sup>3</sup> .....	50,000	( <sup>4</sup> )		
Mar. 3, 1921 <sup>3</sup> .....	50,000	( <sup>4</sup> )	( <sup>5</sup> )	

<sup>1</sup> Estimated.

<sup>2</sup> Balance reappropriated.

<sup>3</sup> Appropriated for emergency use.

<sup>4</sup> Not used.

<sup>5</sup> No prospective use.

*Summary of expenditures on account of foot-and-mouth eradication, 1914-1916, by States.*

State.	One-half appraised value Government's share.	Cost of burial.	Value of property destroyed.
Connecticut.....	\$24,153.05	\$2,358.46	\$1,341.39
Delaware.....	4,033.88	1,325.10	509.50
Illinois.....	997,662.24	36,948.59	
Iowa.....	62,638.69	4,359.22	1,329.48
Kansas.....	39,460.99	1,629.74	103.86
Kentucky.....	67,130.00	2,362.50	1,191.55
Maryland.....	32,103.67	3,339.66	6,201.26
District of Columbia.....	1,603.50	10.80	215.00
Michigan.....	105,087.92	5,381.21	1,517.50
Indiana.....	89,276.37	4,315.93	1,639.06
Montana.....	33,746.35	861.12	77.50
Massachusetts.....	115,384.06	8,631.77	8,489.76
New York.....	221,154.18	10,076.39	7,990.65
New Jersey.....	61,503.44	952.95	1,570.22
New Hampshire.....	2,479.75	189.95	219.50
Ohio.....	181,550.20	12,744.54	2,657.82
Pennsylvania.....	467,098.80	17,684.88	77,958.40
Rhode Island.....	34,475.25	5,164.03	2,418.12
Virginia.....	13,025.30	500.44	896.54
West Virginia.....	6,403.58	458.84	1,308.44
Washington.....	2,025.00		
Wisconsin.....	59,579.03	6,025.70	3,959.56
Total.....	2,621,609.25	125,322.42	121,075.11

<sup>1</sup> The cost of burial and value of property destroyed was shared equally between the United States and the State involved.

In no sense of the word am I taking the position that these amounts should not have been appropriated, but, to the contrary, I take the position that they were most just, that it was the duty of the Federal Government to lend its aid in stamping out this disease, which had become too big for the States to deal with separately or collectively, and that instead of it being an expenditure of money that was wasted, it was a great investment, and the beneficent results that have flowed from these investments are too obvious to need comment from me. I am also quite sure that the committee is entirely familiar with the appropriation that has been made from time to time for the eradication of what is known as the white-pine blister rust. In the brief that I submit is shown the Federal appropriation, Federal expenditures, and State expenditures, as follows:

*White pine blister rust.*

	Federal appropriations.	Federal expenditures.	State expenditures.
Urgent deficiency act, Feb. 28, 1916.....	\$20,000.00	\$14,277.44	\$15,400.00
Fiscal year 1917:			
Balance from above \$20,000.....	5,722.56	5,722.56	
Immediately available Mar. 4, 1917.....	150,000.00	47,037.48	40,800.00
Fiscal year 1918, including the immediately available above.....	300,000.00	211,634.38	123,624.17
Fiscal year 1919.....	230,448.00	214,150.64	82,147.83
Fiscal year 1920.....	220,728.00	216,965.66	120,307.14
Fiscal year 1921.....	214,108.00	202,735.80	83,851.89
Total.....	1,085,344.00	922,923.96	406,131.03

Segregating these funds by States we have the following table:

State.	Federal funds expended.	State funds expended.
Connecticut.....	\$11,265.32	\$23,180.54
Maine.....	26,968.25	23,216.13
Massachusetts.....	94,660.33	81,473.11
New Hampshire.....	116,084.32	82,509.58

The same principle involved in the pending resolution is reflected in these statements referred to. I also wish to call the attention of the committee to a list of the States whose forests were affected by white-pine blister rust and the amount of Federal funds expended as also State funds expended, as follows:

State.	Federal funds expended.	State funds expended.
Rhode Island.....	\$16,784.13	\$11,240.10
Vermont.....	25,841.41	20,450.59
New Jersey.....	6,799.94	900.00
New York.....	201,887.01	166,240.71
Pennsylvania.....	6,896.49	10,533.91
Delaware.....	172.70	.....
Georgia.....	41.52	.....
Maryland.....	2,058.59	.....
North Carolina.....	813.52	.....
Virginia.....	1,943.31	.....
West Virginia.....	2,202.38	.....
Illinois.....	5,736.87	500.00
Indiana.....	1,941.91	500.00
Michigan.....	19,694.73	500.00
Ohio.....	8,361.00	.....
Wisconsin.....	41,431.28	23,699.48
Iowa.....	5,555.62	600.00
Kansas.....	925.01	.....
Minnesota.....	96,975.29	20,586.88
Missouri.....	2,131.64	.....
Nebraska.....	1,227.88	.....
North Dakota.....	144.28	.....
South Dakota.....	215.69	.....
Kentucky.....	1,154.04	.....
Tennessee.....	1,501.11	.....
Arkansas.....	536.55	.....
Oklahoma.....	815.01	.....
Texas.....	2,751.17	.....
Arizona.....	8,990.71	.....
Colorado.....	3,385.25	.....
Idaho.....	5,464.46	.....
Montana.....	5,991.31	.....
Nevada.....	688.85	.....
New Mexico.....	2,894.31	.....
Utah.....	1,873.29	.....
Wyoming.....	1,527.39	.....
California.....	28,772.79	.....
Oregon.....	4,345.95	.....
Washington.....	9,838.04	.....
Unallotted for the period.....	143,633.05	.....
Total.....	922,923.96	466,131.03

The Federal funds for white pine blister rust were expended for the following lines of work:

1. Local control of the disease by the eradication of ribes in cooperation with the Northeastern and Lake States (\$1 for \$1 cooperation)..... \$553,754.38
2. Experimental control work to develop control methods and reduce the cost of protecting pine stands, educational demonstration of control methods..... 92,292.40
3. Protecting the public and private 5-needle pine interests of the West, including scouting for the disease, inspection of nursery stock in transit to prevent the movement of host plants of blister rust from quarantine areas into uninfected regions, tracing and having destroyed under State authority all shipments of host plants made in violation of the Federal blister rust quarantine, gathering data on the destruction of blister rust host plants, educational, etc..... 276,877.18

I desire to further call the attention of the committee to the fact that when the citrus-fruit industry of the United States was in danger of being badly crippled, if not entirely exterminated, it was the part of wisdom on the part of the Federal Government to lend its aid and to reach out its strong arm and assist in preventing a great economic loss, which it willingly and generously did, thus saving the citrus-fruit industry of the United States, and instead of seeing the day when it would have been exterminated and a lost industry in which many millions of American capital was invested, to the contrary it saw the disease entirely stamped out. This action on the part of the Government of the United States, in my judgment, will make the United States the chief market for citrus fruits. In my judgment, no one can say that this was a useless expenditure of money, but that it was wise and well timed.

For the benefit of the committee, I wish to state that the extent of these appropriations and a summary of Federal expenditures as well as State expenditures are as follows:

*Citrus canker eradication.*

	Federal appropriations.	Federal expenditures.	State expenditures.
Urgent deficiency appropriation, January, 1915.....	\$35,000		
Urgent deficiency appropriation, February, 1916.....	300,000	\$138,044.94	
Fiscal year 1917.....	250,000	602,311.29	\$769,983.96
Fiscal year 1918 (\$180,000 of this immediately available).....	430,000	209,879.68	
Fiscal year 1919.....	250,000	171,552.02	
Fiscal year 1920.....	196,320	118,734.03	86,988.29
Fiscal year 1921.....	109,720	66,574.41	125,143.32
Total.....	1,571,040	1,307,096.37	982,114.57

<sup>1</sup> State expenditures not available for the fiscal years 1916-1919, inclusive; total for the four years, \$769,983.96.

Segregating these funds by States, we have the following table:

State.	Federal funds expended.	State funds expended.
Alabama.....	\$115,422.15	\$22,053.39
Louisiana.....	78,052.82	57,414.62
Florida.....	870,649.64	726,930.84
Mississippi.....	63,594.18	66,000.00
Texas.....	154,554.82	97,713.72
Georgia.....	24,822.76	12,000.00
Total.....	307,096.37	982,114.57

While many other instances could be cited, I desire also to call the attention of the committee to the statement of appropriations for the prevention of the spread of moth from 1907 to 1922, inclusive, as follows:

BUREAU OF ENTOMOLOGY.

STATEMENT OF APPROPRIATIONS FOR "PREVENTING SPREAD OF MOTHS," FISCAL YEARS FROM 1907 TO 1922.

1907.....	\$82,500
1908.....	150,000
1909.....	250,000
1910.....	300,000
1911.....	300,000
1912.....	284,840
1913.....	284,840
1914.....	300,000
1915.....	310,000
1916.....	310,000
1917.....	305,050
1918.....	305,050
1919.....	304,050
1920.....	304,050
1921.....	250,000
1922.....	400,000

The committee will see at a glance that all of these appropriations to which I refer have been made for the purpose of eradicating some disease that afflicts either the animal life of the country, its forest resources, or horticultural activities, and I do it for the purpose of showing and demonstrating to the committee that the nature of this resolution is not new nor the principle involved one that is newly found, but that more than ample authority is written in the history of governmental legislation to justify the passage of the present resolution, and that in a manner the opposition is estopped from setting up these contentions.

Mr. ROSENBLUM. Will the gentleman yield right there to clear up this matter?

Mr. JACOWAY. I will yield.

Mr. ROSENBLUM. Does not that involve the principle of appropriating Federal money to be again appropriated by State legislatures?

Mr. JACOWAY. Yes, sir; and the State legislatures go two-thirds and the Federal Government one-third.

COTTON CONFERENCE HELD IN WASHINGTON RELATIVE TO CONTROL OF PINK BOLLWORM.

In May of this year, at the instance of the present Secretary of Agriculture, a pink bollworm conference was called to meet in Washington for the purpose of considering measures to be taken to eradicate from the United States this newly introduced cotton pest. This conference was attended by representatives from practically all of the cotton-growing States. The delegates who attended this convention included appointees by the governors and representatives of the important farm, cotton, and

<sup>1</sup> Plus \$225,000 deficiency.



educational associations. A committee nominated by the State delegations formulated a report, which was universally approved by the conference, stating:

The conference recognized that the pink bollworm presents the most serious menace that has ever confronted the cotton industry of this country and believed, from the existing status of the pest and from the evidence presented, that there is a reasonable opportunity, with adequate Federal and State cooperation, of eradicating it. The conference endorsed the policy of the Department of Agriculture looking to eradication.

The conference recommended that, in view of the fact that this pest is a menace to the entire cotton industry of the country, the burden of its control should be shared by the Federal Government with the States actually infested.

The conference recommended, further, that the States concerned and other States provide legislation which will give ample authority through the agency of noncotton and regulated zones for such regional control as necessary to effect extermination.

The delegates from Texas, representing the important farm interests of that State, promised full support in securing adequate legislation and cooperation on the part of Texas.

The present appropriation of \$200,000 carried in the resolution was recommended by this conference called by the Secretary of Agriculture, and I feel quite sure that it will greatly assist in ridding the cotton-growing sections of the country from a pest whose ravages are more devastating and fatal than those of the boll weevil and which, as suggested by the Secretary of Agriculture, whose letter I have just read, will in the future be the means of saving to the South anywhere from 1,600,000 to 2,700,000 bales of cotton, and measured in dollars and cents will result in an economic national saving of many hundreds of millions of dollars, from which the entire Nation will derive benefit.

Mr. ROSENBLOOM. What authority have we—

Mr. JACOWAY. I can not yield further. I will say that the State of Arkansas, which I have the honor in part to represent, is awake to the dangers of the ravages of the pink bollworm, and during the sitting of its last legislature, in response to a suggestion from the Federal Government, and in anticipation of the Federal Government doing its part to meet this national issue, passed a law clothing the State officials with full power to meet any exigency that might arise and to be fully prepared should this pest invade our State. In answering further the interrogatory of my colleague [Mr. ROSENBLOOM] will say that the State of Louisiana has also passed the necessary legislation to cooperate fully and in a most whole-hearted manner with the Federal Government in meeting this agricultural problem so vital to the farmers of the South and which in its last analysis means the saving of a vast wealth that probably would be lost unless, as said by the Secretary of Agriculture, Mr. Wallace, the crisis is immediately and effectually solved and this pest exterminated at once.

Mr. Chairman, the question of cotton is not a sectional proposition, and it would be a misnomer to call it a national proposition, for it is even broader than that. From cotton is made the cloth that clothes the world, and this matter therefore falls within the realm of those things which in their broadest sense are international. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. WALSH. Mr. Chairman, how does the time stand?

The CHAIRMAN. The gentleman from Massachusetts has 29 minutes and the gentleman from Iowa 23 minutes.

Mr. WALSH. I yield five minutes to the gentleman from Maryland [Mr. HILL].

Mr. HILL. Mr. Chairman and members of the committee, I come from a consuming district, but I come from a district that depends upon the farmer and stands with the farmer.

Mr. BLANTON. What do they consume?

Mr. HILL. I should not speak upon this bill unless I believed it involved a very dangerous principle. During the recent war our constitutional and governmental principles had to go temporarily by the board, but at the present time we are starting on a system of reconstruction in this country, and every precedent we make is one which may be followed to the benefit or detriment of this Government. This Government is founded on the theory of the National Government doing its own work and the States doing their own work. The original appropriation made by the Agricultural appropriation bill was based on that theory. There were \$400,000 appropriated in order for the National Government to do certain specific things—to exterminate the pink bollworm. Let us see what those things were. Among other things, the Federal Government was—

To establish in cooperation with the States—

Not pay the States for doing the work of the Government, but to establish in cooperation with the States—

a zone or zones free from cotton culture on or near the border of any State or States adjacent to Mexico, and to cooperate with the Mexican Government or local Mexican authorities—

There was a proviso that carried \$400,000 for this—

Provided, That no part of the money herein appropriated shall be used to pay the cost or value of crops or other property injured or destroyed.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. HILL. I decline to yield. Now, the gentleman from Illinois said that any man who opposed this measure opposed aid to cotton and opposed the Committee on Agriculture. I should have voted for the Agricultural appropriation bill, but propose to vote against this bill, because the Agricultural bill was based on the sound governmental principle of the United States doing its own work to aid the States, but this bill is based on the vicious principle of paying money to the States to do the work that this National Government should do itself. [Applause.]

I yield back whatever time may remain.

The CHAIRMAN. The gentleman yields back one minute.

Mr. WALSH. Mr. Chairman, I yield six minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Chairman, there is a vast difference between the principle involved in this bill and that which operated in the foot-and-mouth disease legislation. The latter was based upon the question of health just the same as the elimination or the attempted elimination of tuberculosis in cattle. There was in mind then the health of the child who would drink the milk, and in the foot-and-mouth disease the legislation was based on the quarantine powers of the Government to maintain the health of the people of the country. We did not put it upon the basis of mere profits, while this legislation is purely on the basis of profits and can not be urged at all as a precedent in confirmation of this legislation.

Mr. JACOWAY. Will the gentleman yield?

Mr. FESS. I can not yield. There is another feature that is, I think, misunderstood. My friend from Illinois [Mr. WILLIAMS] said that we are not in favor of the farmer if we vote against this proposed legislation. It is not in the interest of the farmer. This money we propose to give does not go to the farmer. This money goes to the States. It is a reimbursement. The Congress is reimbursing such States for expenses incurred by them in compensating any farmer for his loss and to enforced nonproduction of cotton. The States have paid it, that is true, but you are not making a contribution to the individual, who has already been paid under the State authority; you are here called upon to now pay to the State when the State has paid under its own contract, its own obligation. It is a demand by the State upon the Government of the Nation to pay its own obligation under the guise of quarantine powers. It is not fair. Then there is another feature here that is worse than all—

Mr. PADGETT. Will the gentleman yield?

Mr. FESS. It is scientifically unsound. I speak of the provision that invites idleness by paying a rental for land not used.

The CHAIRMAN. The gentleman declines to yield.

Mr. FESS. It is economically vicious. What is it? Why, we are told that if you want to eradicate an evil, the bollworm, you do it under the order of the State by enforced nonproduction of the article that is endangered. In this case cotton. Then why not stop raising cotton under this bill and let the Government pay for the cotton land for not raising it? What is the use to go along and make an effort to raise anything when the Government is willing to step in and say, "We will pay you"? Where is the incentive to work? The gentleman from Illinois [Mr. MANN] brought out this distinctive item: The farms might be producing something else. But by this bill it is most profitable to the cotton farmer to allow his land to rest idle. The very want of a variety of industry in the cotton States is the greatest danger to the southern country that they face to-day. It has always been an economic thralldom against which the people have struggled, and against the advice of the leading men of the country, including the leading thinkers of the cotton section.

It is almost universally recognized that they have not sufficiently variegated the industries of the States. The Secretary of Agriculture—and I want the membership of the Democratic side of the House to recognize this—the Secretary of Agriculture recognized that this land might be put into some other thing than cotton, for he says in his letter:

When we establish a noncotton zone, which means that we forbid the growing of cotton in that zone for the period fixed, we work a hardship upon some of the farmers in that zone who find cotton a much more profitable crop than any other they can grow.

Oh, let the Government step in and instead of inducing the Southern farmer to plant the less profitable crop tell him to leave his ground vacant, save his time and labor, and pay him on the basis of the more profitable crop. I think that is perfectly vicious, and we ought not to tolerate it for one minute.

Mr. ASWELL. That is not a statement of the facts.

Mr. FESS. That is what the Secretary says. He says it will work a hardship, because the farm would produce less profit if planted to something else.

Mr. ASWELL. I know what the Secretary of Agriculture said.

Mr. FESS. I have just read what he said, and I do not yield further.

The truth of the matter is that there is a certain demand coming from certain sections of the country that "whether we work or not we have to be paid." And that thing must stop somewhere. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES of Texas. Mr. Chairman, I think a good deal of the opposition that has been voiced to this measure has arisen from a misunderstanding of its purpose. I have noted a number of things that have been offered in objection to the measure. Most of them would not, I believe, have been made had those who made those objections understood just how the thing will work out in detail.

As a matter of fact the National Government took the first step in this matter. The department even suggested the quarantining of the entire State of Texas and forbidding all shipment interstate. Thus Texas had little choice in the matter.

Now, as a matter of fact, the National Government has made a lot of appropriations to eliminate the foot-and-mouth disease and tuberculosis in cattle, but even those troubles arose in the country itself. This is a stronger case than either of those, for the reason that the pink bollworm is not indigenous to Texas or to southern soil or to any other American soil. It comes into this country like an invading army from another country. And, as the Secretary intimates in his letter, it is a national question for that reason. If an invading army were to come into New England or into the West or North, or into any other section of the United States, no one would stop to raise the question of its being a local matter. Now, this is an outside pest that comes in here after that form. Some curious objections have been made to the measure. One man said if the pest destroyed the crop, the property would not have any rental value, and a number of questions have been raised along that line, as though the only one that would have the non-cotton zone fastened upon him would be the one who was afflicted with the pest. The reports, and the hearings before the committee when this original appropriation was made, show that in fighting this matter it is necessary to draw a circle around where the pest is found.

There may not be more than two or three found in the original field, but it is necessary, in order to stop the pest, to make a circle around that on the man that has not the pest. You talk about taking the value of a man's property in cattle and other things. When you forbid a man to plant on land that is uninfected the very thing that that land is suited to grow, you take his property, when he has done nothing, when his own property is not infested, and when it is useful for a certain purpose. This is the taking of private property.

Mr. BUTLER. Will the gentleman yield for just one question?

Mr. JONES of Texas. I will.

Mr. BUTLER. Does the Government pay for the loss of cattle when destroyed for tuberculosis?

Mr. JONES of Texas. The Government pays one-third of the value of the cattle and the State pays one-third, or two-thirds, whichever it may see fit to pay. But, as a matter of fact, let me make just this suggestion: The Secretary of Agriculture says—and that was shown all the way through—that this is simply a method of eradication. Everyone concedes the pest ought to be eradicated. Now, they can go in and destroy the actual crop where the pest is found; it takes \$10 an acre to do that. They have found by drawing a noncotton zone around the infested field and prohibiting the growing of cotton on that ground, they can best eradicate the pest.

Now, some one has suggested that what we appropriated for the foot-and-mouth disease and for tuberculosis was a question of health. As a matter of fact, it was an agricultural matter, referred to the Agricultural Committee, and the appropriation made by the Agricultural Committee as an agricultural matter. Of course, incidentally health was affected. Incidentally health will be affected here.

Now, my friends, this is a pest that works after a worse fashion than has ever been known.

Again, let me make the suggestion that our Constitution forbids the State of Texas or any other State interfering with interstate or foreign commerce. The only way to keep the pink bollworm out of Texas is to stop importation of cotton

seed from Mexico. Likewise its carriage to other States is a matter that can not be controlled by them. It can only be handled by the Federal Government.

Mr. WALSH. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, there is no Member of this House more favorable to the interests of agriculture than I. I voted for the appropriation for the suppression of the boll weevil. But I can not see that this is a proper function of the United States Government. It so happens I have had some experience in the growing of cotton and observing the ravages of the boll weevil, and I have suffered from the effects of that pest to a very considerable extent. My observation shows that it comes through the country from the southwest to the northeast and reaches a certain point each year.

Mr. PARRISH. This is the bollworm and not the weevil.

Mr. SUMMERS of Washington. It comes from the same direction.

Mr. PARRISH. It has different habits. It comes from Egypt and then into Mexico.

Mr. SUMMERS of Washington. All right. The point that it reaches this year is where it is probably going to begin work next year, and if this noncotton zone were not established that is probably the area that would be attacked next year and that crop probably would be destroyed anyhow if it had not been made a noncotton area.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield right there?

Mr. SUMMERS of Washington. I can not yield.

The CHAIRMAN. The gentleman declines to yield.

Mr. SUMMERS of Washington. So far as I can see, the cotton grower in the noncotton area has not suffered any great loss, because had he planted a crop probably it would have been destroyed. On the other hand, a cotton crop, especially this year, I am told by my friends on the other side, is not a very profitable crop; in fact, it is not profitable at all, and it is so regarded at this time. Those cotton lands in almost every instance will grow corn, or oats, or cowpeas, or some forage crop, and this land could be planted, if it were set aside as a noncotton area, in some other crop, and that would serve the same purpose; so that it seems to me it is hardly the thing for the Federal Government to go in and place a price on a crop that has never been planted and which would probably have been destroyed by the pest had it been planted.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman yields back two minutes.

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Louisiana [Mr. LAZARO].

The CHAIRMAN. The gentleman from Louisiana is recognized for five minutes.

Mr. LAZARO. Mr. Chairman and gentlemen of the committee, about three years ago the pink bollworm invaded Louisiana. It was first found in the parish of Cameron, in my district. Immediately our governor and our commissioner of agriculture called a conference. A proposition was made to the farmers to declare a nonplanting zone, and they were asked if they would cooperate and help stamp out this worm if they were paid for their losses, and they agreed. The result was that the legislature passed two acts, one creating a commission, and the other creating a fund to pay the losses.

Mr. ASWELL. Mr. Chairman, will the gentleman yield?

Mr. LAZARO. Not now.

This commission is composed of five members, headed by the commissioner of agriculture. The members of this commission receive no salary or emolument whatever except their traveling expenses. Our people have cooperated with their State board of agriculture and the Federal Department of Agriculture, and the result is that we have exterminated the worm so far. I have received a letter from Dr. Howard, at the head of the Bureau of Entomology, recently, in which he said that if the worms were not found this year, the people in that section would be permitted to plant cotton there next year.

There is one thing sure about this proposition, and that is if you want to get results you must be practical, and you can not appropriate money and attempt to tell the Department of Agriculture how to spend this money. As lawmakers you have got to appropriate the money necessary to do the work, and then depend on your Department of Agriculture to spend this money wisely. It was so done in our case, and that is why this worm was stamped out.

Now, gentlemen, I want you to consider the cotton industry not as a sectional industry. It is a national industry. Every man, woman, and child in the United States is vitally interested in this industry. Another thing that I want to call your



attention to is that the Department of Agriculture has recently issued a crop estimate, and the estimate is this: The cotton acreage has been reduced 28 per cent and the cotton crop 8,434,000 bales. Now, my friends, I want you to pause and think. There is a crop of 5,000,000 bales less than last year, and yet you propose to say you are going to vote against setting aside a fund of \$200,000 to spend in exterminating this worm when we know that unless it is exterminated now it will ruin the cotton industry in the end.

Another thing that I want to call your attention to is this: Gentlemen who come from congested centers who say they represent consumers are constantly opposing these appropriations on the ground that they will do an injustice to their consumers. My friends, if you destroy this industry, or permit the pink bollworms to destroy this industry, and our purchasing power is paralyzed, why, think of what would happen to your factories in your congested centers and what would happen to your consumers in the end. I appeal to you not to consider this matter as a sectional matter, but to consider it as a national matter. [Applause.]

Now, we have already appropriated the money to exterminate the pink bollworm. Why not leave it to the Secretary of Agriculture to say how this money shall be spent? He recommends that this bill be passed. It has passed the Senate; it has been considered by the House Committee on Agriculture, and that committee has recommended it for final passage. And I appeal to you, gentlemen, to consider this matter in a practical way and help us to save the cotton industry. [Applause.]

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. WALSH. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. CAMPBELL].

Mr. LAZARO. Mr. Chairman, will the gentleman permit me to insert these two acts of the legislature of our State for the information of the Members of the House?

Mr. CAMPBELL of Kansas. Yes.

Mr. LAZARO. Mr. Chairman, I ask unanimous consent to insert in the RECORD the two acts of our State legislature dealing with this matter, for the benefit of the House.

The CHAIRMAN. The gentleman from Louisiana asks unanimous consent to insert in the RECORD certain acts relating to the subject under discussion. Is there objection?

There was no objection.

Following are the acts referred to:

#### Act No. 72.

An act (house bill 182) to protect the cotton-producing industry of Louisiana from the ravages of the Mexican pink bollworm; to create a commission for the purpose of enforcing the order of the commissioner of agriculture establishing noncotton zones and regulated zones; to appropriate \$250,000 in 1920 and \$250,000 in 1921, or so much thereof as may be necessary for the purposes of this act, and to reimburse such farmers, tenants, and others as are deprived of a means of livelihood by the necessary execution of the orders of the commissioner of agriculture and the commission; and to define the powers and duties of the commission.

Whereas the cotton-producing industry of the State of Louisiana is threatened with disaster by the invasion of a new pest, the Mexican pink bollworm, whose ravages in other parts of the world are as destructive, or more so, as the ravages of the boll weevil, in the opinion of the Federal and State entomologists; and

Whereas it has been deemed essential to the protection of the cotton-producing industry of Louisiana for the commissioner of agriculture of Louisiana to exercise the power vested in him by law to declare noncotton zones and regulated zones in the infested areas and in suspected areas in Cameron, Calcasieu, and Jefferson Davis Parishes and certain other points in this State; and

Whereas the execution of these orders has and will impose a distressing hardship upon some 700 (more or less) farmers and others in the parish of Cameron, who are thereby deprived of their only means of livelihood for the protection of the cotton-producing industry of the remainder of the State: Therefore

SECTION 1. *Be it enacted by the General Assembly of the State of Louisiana*, That there is hereby created the Pink Bollworm Commission of Louisiana, which shall be composed of the commissioner of agriculture of Louisiana, who shall be chairman; the director of extension of Louisiana, who shall be vice chairman; the dean of the Louisiana State Agricultural College; and two citizens of Louisiana identified with the cotton-producing industry, to be appointed by the governor of Louisiana, who shall serve on this commission until, in the opinion of a majority of the commission, the emergency shall have passed or they are removed by death, resignation, or by the governor for failure to perform the duties incumbent on them, in event of which vacancies the governor shall fill same by appointment. No member of the commission shall draw any salary or emolument for such service except traveling expenses and a per diem of \$6 while in attendance on sessions of the commission or performing some official duty ordered by the commission, which sums shall be paid on the warrant of the chairman or, in his absence or incapacity, the vice chairman.

SEC. 2. *Be it further enacted by the General Assembly of the State of Louisiana*, That there is hereby appropriated out of the pink bollworm license tax fund to carry out the purposes of this act the sum of \$250,000 for the fiscal year ending June 30, 1921, and \$250,000 for the fiscal year ending June 30, 1922, or so much thereof as may be necessary, to be paid out on the warrant of the chairman or, in the event of his absence or incapacity, the vice chairman, on the approval of a majority of the commission. In the event that a special fund is created for the purposes of this act the appropriations shall be limited to the amount raised in this special fund.

SEC. 3. *Be it further enacted by the General Assembly of the State of Louisiana*, That the Pink Bollworm Commission of Louisiana shall engage such clerical and other help as may be necessary; and shall investigate conditions in said parish of Cameron (or elsewhere when in the judgment of the commission it is necessary), and cause a survey to be made to determine the names of the farmers, tenants, or other persons whose property has been destroyed or damaged or rendered unproductive to protect the cotton industry of the remainder of the State, and to determine the amount of loss accruing to them, and shall adjust these claims equitably and make payment to those persons at the earliest possible moment, so as to avert as much as possible unnecessary suffering and privation.

SEC. 4. *Be it further enacted by the General Assembly of the State of Louisiana*, That the Pink Bollworm Commission of Louisiana shall keep accurate records of its work and of the disbursements made, as to expenditures and reimbursements to sufferers, and shall make a full report to the governor annually, or more often if he should require it.

SEC. 5. *Be it further enacted by the General Assembly of the State of Louisiana*, That all laws or parts of laws in conflict with this act be, and the same are hereby, repealed.

R. F. WALKER,

Speaker of the House of Representatives.

HEWITT BOUANCHAUD,

Lieutenant Governor and President of the Senate.

Approved July 6, 1920.

JNO. M. PARKER,

Governor of the State of Louisiana.

A true copy.

JAMES J. BAILEY,

Secretary of State.

#### Act No. 138.

An act (house bill No. 380, substitute for house bill No. 332) to impose an annual license tax upon the business of ginning cotton, crushing cotton seed, selling spot cotton on commission, or for profit, selling or buying cotton future round contracts, and cotton pickeries, so as to provide revenue for the protection of the cotton industry of Louisiana from pest ravages; to create the pink bollworm license tax fund out of the proceeds of this license tax; to define the several businesses to which this license tax applies and what comprises a cotton futures round contract; to provide for the method of collection and the date when it is collectible; and to provide for the disposition of any surplus arising in the fund.

Whereas the cotton fields of Louisiana have been invaded by a new pest known as the Mexican pink bollworm, whose ravages are declared by scientific authorities to be as bad or worse than those of the boll weevil; and limiting the operations of this act to two years; and Whereas it has been deemed necessary for the commissioner of agriculture to declare noncotton and regulated zones in certain areas in this State, so as to protect the remainder of the State from infestation and the possible annihilation of the cotton industry, and it has been and will continue to be the cause of great hardship to many persons who are thereby deprived of a means of livelihood and to whom the honor of the State has been pledged for a fair deal; and

Whereas it has been deemed necessary to create the pink bollworm commission of Louisiana, and to appropriate \$250,000 a year for two years to meet this situation: Therefore,

SECTION 1. *Be it enacted by the General Assembly of the State of Louisiana*, That an annual license tax, due and collectible on September 1 of each year, is hereby imposed and levied upon the carrying on of the following businesses:

(a) The ginning of cotton, which business is conducted by persons, firms, or corporations who receive the seed cotton from the producer and separate the lint from the seed, and put the lint up in bales of approximately 500 pounds each;

(b) The crushing of cotton seed, which business is conducted by persons, firms, or corporations at oil mills, who buy such seed by the ton and manufacture various products therefrom;

(c) The selling of spot cotton, which business is conducted by cotton commission merchants (as persons, firms, or corporations), who sell cotton on a commission basis, or for profit;

(d) The selling or buying of cotton future contracts, which business is conducted on exchanges by cotton future brokers (persons, firms, or corporations), on a commission basis, either for themselves or acting as agents for others. A cotton future round contract, for the purposes of this act, is hereby defined as being an agreement, contract, or other evidence of sale or purchase of every 100 bales or fraction thereof of cotton for future delivery, either purchased or sold through the agency of such broker;

(e) The cotton pickery business is that conducted by persons, firms, or corporations, in which soiled or damaged cotton is reginned, repicked, and rebaled, for which a charge is made.

SEC. 2. *Be it further enacted by the General Assembly of the State of Louisiana*, That the annual license tax hereby imposed and levied is to be levied on the basis of the total number of transactions during the 12 months preceding August 1 of the year, and graduated for each business in the following manner:

(a) On the ginning of cotton:

50 bales or less	\$4.00
51 to 100 bales	8.00
101 to 150 bales	12.00

And 8 cents per bale for each bale over 150.

(b) On the crushing of cotton seed:

50 tons or less	12.50
51 to 100 tons	25.00
101 to 150 tons	37.50

And 25 cents per ton for each ton over 150.

(c) On the selling of spot cotton on commission or for profit:

50 bales or less	4.00
51 to 100 bales	8.00
101 to 150 bales	12.00

And 8 cents per bale for each bale over 150.

(d) On the buying or selling of cotton future round contracts:

50 round contracts or less	12.50
51 to 100 round contracts	25.00
101 to 150 round contracts	37.50

And 25 cents per round contract for each one over 150.

(e) On the cotton pickery business:

50 bales or less	4.00
51 to 100 bales	8.00
101 to 150 bales	12.00

And 8 cents per bale for each bale over 150.



SEC. 3. *Be it further enacted by the General Assembly of the State of Louisiana*, That it shall be the duty of every such ginner, crusher, cotton merchant, future broker, and cotton pickery to make annual returns of the total number of transactions within the purview of this act for the 12 months preceding August 1, on the 1st day of September of each year, one copy to be given to the State tax collector in the parish in which his business is domiciled at the time of the payment of the license tax herein provided; one copy to be forwarded to the treasurer of the State of Louisiana in Baton Rouge; and one copy to be forwarded to the supervisor of public accounts in Baton Rouge, who is hereby authorized to traverse the books of any business herein defined, for the purpose of verifying such statement. They are allowed 10 days of grace after September 1 in which to make both written return and cash payment, and falling in which they shall become delinquent and subject to the penalties for delinquency as provided in the general license law.

SEC. 4. *Be it further enacted by the General Assembly of the State of Louisiana*, That if any such ginner, crusher, cotton merchant, future broker, or cotton pickery desires to take out a license for a six months' period instead of one year, that privilege is hereby granted, and such six months' license shall be based upon the number of transactions for the six months preceding August 1 and be due and collectible on September 1, as provided in sections 2 and 3 of this act. The license for the succeeding six months' period shall be based upon the transactions from August 1 to February 1 and shall be due and collectible on March 1, under the provisions of sections 2 and 3 of this act.

SEC. 5. *Be it further enacted by the General Assembly of the State of Louisiana*, That all State tax collectors shall open a separate account in which to record the collections of the license taxes herein provided, to be known as the pink bollworm license tax fund, and shall make separate return of such moneys to the treasurer of the State of Louisiana; that the treasurer of the State of Louisiana shall keep the proceeds of these license taxes separately in a fund to be known as the pink bollworm license tax fund, to be paid out as provided in the act creating the pink bollworm commission of Louisiana.

SEC. 6. *Be it further enacted by the General Assembly of the State of Louisiana*, That when in the opinion of the pink bollworm commission of Louisiana, as expressed by a majority vote of said commission, and approved by the governor, any moneys in this fund not required for the purposes of the said commission shall be transferred to the general fund by the treasurer of the State of Louisiana: *Provided*, That the licenses imposed by this act shall be collected for two full years only.

SEC. 7. *Be it further enacted by the General Assembly of the State of Louisiana*, That this act shall take effect and be of full force immediately after its passage.

SEC. 8. *Be it further enacted by the General Assembly of the State of Louisiana*, That all laws or parts of laws in conflict with this act be and the same are hereby repealed.

R. F. WALKER,

Speaker of the House of Representatives.

HEWITT BOUANCHAUD,

Lieutenant Governor and President of the Senate.

Approved: July 7, 1920.

JNO. M. PARKER,

Governor of the State of Louisiana.

A true copy.

JAMES J. BAILEY,

Secretary of State.

The CHAIRMAN. The gentleman from Kansas [Mr. CAMPBELL] is recognized.

Mr. CAMPBELL of Kansas. Mr. Chairman, the amount involved in this bill is not of very great consequence, but the principle involved and the precedent that would be established are of the greatest importance.

I can not help reverting back in memory to the time when pests ravaged the crops on the prairies of Kansas—the crops that were being raised by the pioneers. I remember well just what happened. Entire wheat fields would be swept down by chinch bugs. They would go from the wheat fields to the oat fields and destroy them, and then go into the corn fields and leave practically nothing for the farmer in the fall of the year. Those old pioneers never thought once that the Government of the United States was responsible for their having gone to the prairies of Kansas, where it was dry and where the chinch bug thrived better than crops, or responsible for the chinch bug that ravaged their crops. [Applause.] They did not appeal to the Congress of the United States to help them. They relied upon their own resources. The brave fight they made developed men and women and children who have made of Kansas a great, independent, forceful State, that stands and takes from all quarters any wind that blows. But if you pass this bill, I can conceive of a generation in Kansas—

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. CAMPBELL of Kansas. Not now.

The CHAIRMAN. The gentleman declines to yield.

Mr. CAMPBELL of Kansas. I can conceive of a generation that might say, "We will not sow any wheat this fall, because the chinch bugs will take it next spring and the Government will pay us for the use of the land; and we will not sow any oats, and we will not plant any corn, because the Government pays for the use of land that lies idle, because if crops were put in they would be destroyed by pests." When the chinch bugs were taking everything in our section of the country, our people planted castor beans that the chinch bugs did not attack and we made a living. By this precedent you are making it possible to make the Government of the United States an insurer of every enterprise out of which people make a living if that enterprise fails. You are simply teaching the people

that the Government of the United States was organized and created to do for the people what they alone can do for themselves.

Mr. BLACK. Will the gentleman yield?

Mr. CAMPBELL of Kansas. No; I can not. There ought not to be a dollar appropriated out of the Treasury of the United States for the purpose provided for in this bill. Is the cotton crop important? Yes; but no more so than wheat, no more so than oats, no more so than corn. Why should a Texas or Louisiana planter of cotton have the Government pay him for the use of his fallow land because if he plants it in cotton the pink bollworm takes it? Why, the Kansas and Oklahoma farmers might say the same thing about wheat and chinch bugs. I think they have chinch bugs in Oklahoma. We have them in Kansas. They have them in Missouri. They have them in Iowa. They have them where small grain crops are grown, which they attack, and the annual ravages of that one pest will aggregate into the hundreds of millions of dollars. Why, if you pass this bill we will all have to put our arms into the Treasury and have the Government of the United States insure everyone who loses in any enterprise he undertakes. There are more losses in other crops than there are in the cotton crop.

You Democrats were taught in the early days of your political party not to rely upon the Government of the United States but to rely upon yourselves for your success and your prosperity. You Republicans were never taught that the Government of the United States was to become the guardian and the insurer of the enterprises of the people of the United States in their investments or in their crop raising. Individual matters and individual enterprises depend upon the individual citizen. But as long as we appropriate money for the purpose proposed in this bill the bureaus in Washington will spend it to the ruin of all. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAUGEN. I yield two minutes to the gentleman from Ohio [Mr. MURPHY].

Mr. MURPHY. Mr. Chairman and gentlemen of the House, in two minutes one can not say very much, and yet he may say something. After listening to the speeches made by a number of very intelligent gentlemen it seems strange, indeed, that they have such peculiar views with reference to this matter. What would you think of the intelligence of gentlemen who have spoken against this resolution if they were to be asked to-day whether they would legislate to allow the use of eggs to build up the system of a person suffering from tuberculosis? That is all that the farmers of the South are asking now—a chance to allow the Agricultural Department of this Government to use its intelligence in the most intelligent way for the purpose of stamping out this pest, which if not done means the absolute destruction of this industry, an industry that concerns not only the people of the South, but the mills of Massachusetts. It means much to all civilized people who wear clothing. I tell you, gentlemen, we had better think a little in a great big broad way and not be so small. The gentleman talks about the chinch bug destroying the crops of Kansas! Do you suppose if the Government had found some way of circumscribing the ravages of the chinch bug that they would not have tried to do it? Of course they would, and that is what they are trying to do with the pink bollworm.

Mr. CAMPBELL of Kansas. We had more courage than to ask them to do it.

Mr. MURPHY. The folks down in the cotton belt have plenty of courage, I find, and they can not raise a great many different kinds of crops on that land. Up where we live the wheat crop or the tobacco crop is the main money crop. What would we think if they should tell us we ought to plant no wheat or no tobacco, but that we ought to raise something else, when we knew that it could not be done? So let us be fair with the farmer to-day, no matter from which section of the country he comes. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAUGEN. I yield three minutes to the gentleman from Texas [Mr. GARRETT].

Mr. GARRETT of Texas. Mr. Chairman, I am certainly surprised and disappointed at some arguments that have been made by gentlemen hailing from some parts of this country. The gentleman from Kansas [Mr. CAMPBELL] admonished my side of the House that we had been taught not to rely upon the Government but to rely upon ourselves. I will answer the gentleman by saying yes, and we are adhering to that; but we likewise have been taught to adhere to the Federal Constitution, which says you shall not take private property without just compensation. You gentlemen do not seem to understand the question involved here. It is not a question whether the farmers



are going to grow cotton or not grow cotton. Our farmers are not asking the Government for anything; they are not beggars, nor do they ask anything at the hands of the Government but common justice. The question is whether or not the farmers' property is going to be taken by the strong hand of the law, Federal and State, without making just compensation therefor. That is what is proposed here, and your Department of Agriculture is generous enough to say that when the strong hand of the Federal Government is invoked in cooperation with the authority of the States, and when they say to the farmer, "You shall not plant your crop this year, because the very planting of that crop threatens the entire cotton crop of the world and threatens the very clothes that people wear," the Government shall pay a portion of the damages caused by thus taking away from the cotton farmer the right to plant cotton. This is no local matter, gentlemen. There is nothing local about it. It is as national as cotton goods are national. Do you men not know that the Federal Government proposes that if Texas grows cotton in that part of the State where the pink bollworm is, the Government will quarantine the State of Texas and try to hold within that State every bale of cotton that she grows? But your Secretary of Agriculture, being broad minded, has a vision not only of the South but of the North and the East and the West, and he realizes that the way for him to destroy and stop this threatened pest is to act in cooperation with the States, and if the farmer is compelled to stop the growing of cotton in these regions where the bollworm has appeared, then he shall be properly and justly compensated. [Applause.]

Mr. HAUGEN. Mr. Chairman, I yield three minutes to the gentleman from Texas [Mr. WURZBACH].

Mr. WURZBACH. Mr. Chairman, as a matter of principle I am opposed to Federal appropriations to make up individual losses, and as much as I think of the people of my State I would oppose the resolution if I did not believe it involved a national problem. I want to say that if the production of cotton in the South were reduced by one-half, either by voluntary abandonment of cotton acreage or by the ravages of the pink bollworm, the producers of cotton would receive just about as much for their half crop as they would receive from a full crop, but it would mean a tremendous loss to the men that buy the cotton from the producer, and it would consequently mean a tremendous loss to the ultimate consumer of cotton and cotton goods. High-priced cotton necessarily means high-priced cotton goods. I therefore find a clear distinction in this case from the ordinary case of the Federal Government making an appropriation to pay the losses of individuals. This is a national problem. It means as much to the people of the North and of the East as it does to the people of the South, and therefore I hope that my Republican friends over here, although they do not come from cotton-growing sections, will give this resolution their support. [Applause.]

Mr. WALSH. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman from Massachusetts has nine minutes remaining.

Mr. WALSH. Mr. Chairman, I want to take a minute or two. I agree with the gentlemen who are contending that this is a national problem. There is no greater national problem that comes before this House than the proposal to take money out of the Federal Treasury to reimburse certain things. [Applause.] The distinguished agriculturist from Illinois [Mr. WILLIAMS] adverted to the fact that I had opposed many measures introduced here in behalf of agriculture. I have, I think I have, on more than one occasion been the only gentleman in the House that voted against an appropriation bill for the Agricultural Department, and I believe the farmers of this country would be in a far better condition to-day if that department were abolished, and that the laboring people would be in a far better condition if the Department of Labor were abolished. We are encroaching on State rights year after year, and now the gentleman from Texas, who has just finished his speech, states that we are paying for property destroyed. The Federal Government did not order these nonproduction areas; the State orders them, and why should not the State bear the burden? Up in our section of the country in the eradication of the gypsy moth we are presented with a tax bill for the spraying of trees by the tree wardens in the various towns, and if we do not pay, we are subjected to a penalty. We believe that the pest should be eradicated, just as the producer of cotton ought to be willing to bear some expense of the eradication of the pink bollworm rather than to come around and ask to be reimbursed for not being permitted to grow cotton. [Applause.] Mr. Chairman, I yield the balance of my time to the gentleman from Wyoming [Mr. MONDELL].

Mr. BLANTON. Will the gentleman yield?

Mr. WALSH. I said that I yielded the balance of my time to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, I feel it my duty, occupying the position I do, to support the committees of the House if I can do it consistently, and frequently I go far afield in trying to adjust my views to the views of the committee. I should support the committee in this case did I not feel that they are inaugurating a policy which is exceedingly dangerous.

It is curious how gentlemen modify their principles in the face of an appropriation.

Mr. WILLIAMS. This is not an appropriation.

Mr. MONDELL. The gentlemen on the minority side may be good Democrats except when there is an appropriation involved; otherwise they would probably be shouting to us in stentorian tones that we were interfering with State rights; but so long as we are proposing to pay Federal money to the States the little matter of interfering with State rights does not count.

In the country in which I live the State in the exercise of its sovereignty may, under its quarantine laws, deny owners the use of their own land for grazing purposes in order to prevent the spread of animal diseases. So far the State has never, so far as I know, reimbursed the owners for their losses in such an event. It would be entirely proper should the State see fit to do so, but I am satisfied the people of the State would under no circumstances expect the Federal Government to reimburse the State should the State meet what it believes to be its obligations in that event.

We should eradicate the pink boll weevil if we can and we may properly spend large sums of money in doing it, but when it comes to reimbursing individuals for losses that may arise through measures taken for the eradication of a pest or plant or animal diseases, we should be very careful, if we reimburse at all, that we reimburse only for actual, definite, unquestioned losses. We do now reimburse to a certain extent the owners of live stock for stock killed to prevent the spread of certain diseases. But that is a loss definite, unquestioned, easily determined, and if there is any obligation it may properly be considered partly a Federal obligation if the Federal Government participates in the procedure.

But here is a loss that if it be a loss at all is an uncertain one, a loss that can not be definitely determined. The State says to the owner of the land, you can not use your land for the growing of cotton, but he can use it for the growing of any other crop, and the most of us are of the opinion that in many parts of the cotton-growing region it would be a very good thing if the people grew less of cotton and a larger acreage of a variety of crops.

Very frequently I have no doubt the establishment of a non-cotton zone in the South is helpful rather than injurious, because it compels, or at least encourages, the planting and growing of other crops. It is by no means certain that the owner would not be better rewarded with some other crop he might plant than he would have been if he had planted cotton. If, as a matter of fact, the State noncotton zone is intelligently placed, the planting of cotton in such a zone even if allowed would in all probability bring little or no return, else the non-cotton zone should not be established. On the other hand, there is a wide variety of agricultural products that might be planted and that would bring an abundant return. Gentlemen, open this door, begin to use Federal money in the payment of uncertain indefinite obligations here and there fixed and established, not by Federal action or by any of the Federal agencies but by State and other agencies, and I do not know where you can stop. I know of no limit that could be placed on possible Federal obligations.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. COOPER of Wisconsin. The gentleman has observed, I suppose, that the Secretary of Agriculture calls this a national menace in his letter. Is the gentleman familiar with this provision—

Mr. MONDELL. Mr. Chairman, I am not opposing the use of Federal money for the stamping out of this menace to cotton. I am opposed to the use of Federal money in the way that it is proposed and for the purposes set out in the bill.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. HAUGEN. Mr. Chairman, I yield two minutes to the gentleman from Mississippi [Mr. Sisson].

Mr. Sisson. Mr. Chairman, of course one can not discuss the principles involved in this bill in the time allowed me. I want to say this, that this bill should not be looked upon as a bill for the



South or the southern cotton farmer. The South would in a few years be better off without cotton, and if some pest should make the production of cotton impossible, the South would prosper. But what of your cotton mills in the North? The man who raises cotton with his own hands is destined to pauperism, in my judgment. One crop has been a curse to the South. You people of the North that have your mighty cotton factories, destroy this crop if you wish; you will not do us such a great injury, and it would prove a great blessing. The boll-weevil condition is bad enough, but if what is said of the pink bollworm be true, then, if not checked, it will destroy absolutely the cotton crop of the South. This bill did not originate with the committee of Congress. It did not originate with a southern Representative, but this method of destroying the pink bollworm originated with your Secretary of Agriculture, because it is the only way, and because the department thinks the situation can be handled successfully—that is, by destroying the cotton upon which this pest feeds in the infected districts—is the cheapest, surest, and most certain method of saving this great cotton crop which brings millions and millions of dollars into this country and which fixes the balance of trade in our favor. The gentleman from Wyoming [Mr. MONDELL] said that he is not opposed to the destruction of the pink bollworm but is opposed to the payment of anything for the land. The great trouble is that you can not wreck the land in respect to a certain crop unless you are to remunerate the owner for it. If he, Mr. MONDELL, is in earnest in saying that he favors an appropriation to destroy this pest, then he must favor its use for the purpose of destroying the evil, and if the only way to do it legally is to pay for the crop, then he must favor paying for the cotton.

Mr. HAUGEN. Mr. Chairman, I yield one minute to the gentleman from Oklahoma [Mr. GENSMAN].

Mr. GENSMAN. Mr. Chairman, I am indeed sorry that I have no further time to talk to you upon this subject. I coincide with what the gentleman from Mississippi [Mr. Sisson] just said. I come from a State that is directly between the North and the South. You have heard a great many people from the South this afternoon talk about the boll weevil, experts on the boll weevil; on the other hand, you have heard the chinch-bug expert from Kansas [Mr. CAMPBELL]. I came originally from the great State of Kansas, and know all about the chinch bug, and I pride myself on knowing a little about the boll weevil, and I want to say to you in the one minute that I have that the chinch bug is no more to be compared with the pink bollworm than is the East with the West. They are entirely two separate and distinct insects, and act in an entirely different way.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. GENSMAN. I say to you that this bill should receive your support; that you ought to take care of this pink bollworm.

Mr. HAUGEN. Mr. Chairman, this measure has been characterized as a vicious measure. If you fail to pass the resolution then the taking over of 50,000 acres in one tract and 22,000 acres in another without compensation, is a vicious measure, and you have very correctly characterized it. Gentlemen say that it is not on a par with the payment of indemnities for live stock destroyed. Suppose the Government takes a building over for the use of the Post Office Department. Would anyone suggest taking it over without paying compensation for it? The proposition here is to take over 50,000 acres of land in one tract and 22,000 in another.

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. The gentleman has had his time.

Mr. CAMPBELL of Kansas. By what authority does the gentleman say that the United States takes over a building for a post office without compensation?

Mr. HAUGEN. The gentleman has referred to the grasshoppers and the chinch bugs, and it is said that they did not have courage enough down there to come up to Congress and ask for an appropriation.

Mr. CAMPBELL of Kansas. I said that we had too much courage.

Mr. HAUGEN. They had the courage and they came, and Congress gave them an appropriation. The gentleman said that we should specify. The gentleman has drafted bills. He has assisted in passing a number of bills. When did he suggest that specification should be put in the bill to take over the railroads? Money was then paid by Congress in lump-sum appropriations, by the billions of dollars, but when it comes to asking \$200,000 out of a \$554,000 appropriation already made

and now available for the use of the farmers, the gentleman says that we must specify, that Congress must specify in the legislation what the terms of the contract shall be. Much has been said about what we should do for the farmer, but when it comes to an appropriation for a small sum to help the farmer, then someone suggests that we must specify. However, when it is a matter of paying out billions of dollars to the railroads or for other purposes, no question is ever asked.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

*Resolved, etc.,* That when any State shall have enacted legislation and taken measures, including the establishment and enforcement of noncotton zones, adequate, in the opinion of the Secretary of Agriculture, to eradicate the pink bollworm in any area thereof actually infested or threatened by such pest, the said Secretary, under regulations to be prescribed by him, is authorized, out of the appropriation of \$554,840 for "Eradication of pink bollworm" made by the Agricultural appropriation act of March 3, 1921, to utilize not to exceed \$200,000 in reimbursing such States for expenses incurred by them in compensating any farmer for his loss due to the enforced nonproduction of cotton within said zones: *Provided*, That such reimbursement of any State shall be based upon the fair rental value of said land; that such reimbursement shall not exceed one-third the amount actually paid by the State to any farmer, and in no event shall exceed \$5 per acre; and that no reimbursement shall be made in respect of any farmer who has not complied in good faith with all quarantine and control regulations prescribed by said Secretary of Agriculture and such State relative to the pink bollworm.

Mr. GRAHAM of Illinois and Mr. HAUGEN rose.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise and report the joint resolution back to the House with the recommendation that it do pass.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. Is an amendment to the bill not in order?

The CHAIRMAN. An amendment is in order. The Chair will recognize the gentleman. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 2, line 5, strike out "fair rental value" and insert "actual loss suffered by the owner" in lieu thereof.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. Am I entitled to five minutes?

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen, I was a member of the Illinois Legislature when the foot-and-mouth epidemic swept over our country. I presume that in my particular district it was more prevalent than any other place in our State, and being conversant with the situation I want to call attention now to what happened down there in our State during the prevalence of the disease. The Federal Government through the Congress appropriated considerable sums to stamp out that disease. Our State also appropriated many millions of dollars for the same purpose. The two agencies cooperated throughout the State, and they went about the State making quarantine areas. They destroyed large herds of cattle and hogs; they destroyed a good many of our cattle and hogs which were not at all infected and were perfectly healthy. They made quarantine areas where the roads were shut up and people could not travel. They did not permit farmers in those areas to thrash their crops and they rotted in the fields. A vast number of acres laid fallow in that State in that year. Herds of pure-bred cattle were slaughtered, and farmers were paid the price of ordinary beef. This was done all over the State, and the bills began coming into the Illinois Legislature for allowance for the losses suffered by the people. We did not allow a single bill of that kind. Nobody was allowed but the actual cash damage that they suffered by the killing of their stock, valued at their fair cash beef or swine value, and the value of the buildings which were burned down in trying to stamp out that disease. Nobody thought of claiming anything for his land that lay fallow, although a good many men wanted an appropriation to be made because of the loss of their crops that rotted in the fields. Now, what is this proposition? Did anybody in this House ever hear of an appropriation made by the Congress to a State to reimburse a State for money which it had paid out on its own account in stamping out a disease? If anybody did I would like to know it now. So far as I know, this is the first example of the kind that has ever hap-



pened in the history of the country. Now, I am in favor of stamping out the bollworm. I voted for the appropriation, and I will vote other millions for that purpose, but I do object to laying down the proposition that we are to contribute from the Federal Treasury to the State for the purpose of paying fair rental to men who have not farmed their land, and that is what this bill does.

The amendment I have offered is to fix the basis of the amount to be paid on the actual loss that is occasioned. Do you think it is proper for the authorities of your State to go to some man and say, "Smith, you must not farm this land in cotton," and that then he can remain idle and get the fair rental value of his land? Should he not try to make as much production as possible by planting something else if he can and recover only what he has actually lost? Ought he not to decrease the damage as much as possible?

Mr. GARRETT of Texas rose.

Mr. GRAHAM of Illinois. I have not the time to yield. In the first place, I am very doubtful in my mind as to the wisdom of passing this bill, but if it is going to be passed let us put this safety provision in it so that when the Government agents go to settle these claims they can say to the man, "If you did not farm the land, why not?" and if they did not produce a crop, let it be settled at the actual loss which they suffered. Fifteen dollars an acre, gentlemen, is a pretty good rental for such land. If the farmer can raise a crop of corn or something else, he has no right to let his land lie fallow and depend upon the Government to pay him its full rental value.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONNALLY of Texas. Mr. Chairman—

The CHAIRMAN. Is the gentleman opposed to the amendment?

Mr. CONNALLY of Texas. I am.

The CHAIRMAN. The Chair recognizes the gentleman from Texas.

Mr. CONNALLY of Texas. Mr. Chairman, so far as I am personally concerned, I have no objection to the amendment offered by the gentleman from Illinois. Of course, I assume that if you adopt the amendment of the gentleman from Illinois you will strike out, in line 8, the limitation of \$5 an acre, because he says that his proposition is that the farmer who is prohibited from planting ought to be paid for his actual loss. If that is to be the measure of his damage, then there ought to be no limit whatever. But I am entirely satisfied, as I am sure gentlemen on the other side of the House are, with the bill as it stands. You will find that with the limitation of \$5 an acre it will cost the State and the Government much less money than if you pay the owner for the actual loss sustained by his failure to grow cotton, because the cotton crop in certain sections of the South is the only crop that can be raised with any profit. If you prohibit the farmer from raising cotton and estimate the real loss which he may sustain, the Government will be obligated for an amount much larger than \$5 per acre.

But aside from that, I want to say just a few words on this bill. I want to call the attention of the gentlemen on the Republican side of the House to the fact that the Government has already appropriated \$544,000 to exterminate the pink bollworm, for use during the present fiscal year. That money will be spent whether you adopt this resolution or not. I want to spend that money, and it seems to me that gentlemen on this side of the House ought to want to spend it in a manner that will really accomplish some results.

When you adopted the provision for exterminating the pink bollworm the supposition was you really wanted to kill it. If you want to kill him, and are going to instruct the department to kill him, for God's sake, kill him in the way the Department of Agriculture says he can be killed and the only way in which he can be killed. You give the Department of Agriculture \$544,000 and tell it to go ahead and kill the pink bollworm, but you tell it to kill it in a particular way and no other. The Department of Agriculture comes back and says, "Boss, we can not kill the pink bollworm in the way you told us to kill it, with this \$544,000, but if you let us use \$200,000 of that in another way, we can kill it." But Congress says, "Go on and spend that money like we told you to." The Secretary of Agriculture says, "I can not kill this snake in any other way than with a stick. I have a knife that I can trade off and get a stick with." Congress replies: "You shall not have a stick. Get out that pocketknife and cut his head off, like I told you to do. I do not care how the money is spent. I appropriated that money simply to get it out of the Treasury. I am not concerned with whether it effects the result or not."

Now, let us be sensible. The gentleman from Massachusetts says that he is very much concerned; that it is a national ques-

tion when you appropriate money out of the Public Treasury. So am I concerned. I am also concerned, though, when we do appropriate money out of the Public Treasury, in knowing that it is going to accomplish some useful purpose. Now, the Department of Agriculture ought to want to spend the money of the Federal Government effectively and efficiently and to get results. That department says the only way it can stamp out the pink bollworm is in cooperation with the States; is to induce the States to pass laws that shall say to the people, "You shall not plant cotton at all in this certain territory." And it is the only way you can stamp it out. Now, neither the State nor the Federal Government can take the property of a citizen without compensating him, and that is the situation that confronts us.

The States will bear two-thirds of the expense, and the Federal Government, according to the Secretary of Agriculture, will save money, because he says it now costs \$10 an acre to pull the bolls under the present method, and with a rental of \$5 per acre cotton may not be grown in the noncotton zones and the pest speedily exterminated.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. Mr. Chairman, this proposition seems to me a very simple one. The cotton crop, which is a national asset, is threatened by the pink bollworm. The experts have said that a certain method is the best and most practical way to destroy the pest, or, rather, to avert that evil. That plan contemplates the strong arm of the Federal Government and of the State governments, saying to a farmer, "You shall not exercise your inherent privilege of growing any crop you please on your land and should be restrained from doing that for the general public good." All right. Then you propose to compensate that man properly. I think the measure of compensation offered by the amendment of the gentleman from Illinois [Mr. GRAHAM] is right and fair, and I am going to support it because no citizen is entitled to accept compensation other than that which he actually loses by yielding his private right to the public good.

Now, the gentleman from Texas [Mr. CONNALLY] says—

Mr. BARKLEY. Will the gentleman yield?

Mr. WINGO. I have but five minutes, and I would rather not.

The gentleman from Texas says he is opposed to the pending amendment because another provision limits the payment to \$5 an acre. I wish I could get somebody to underwrite the cotton crop in my district next year and guarantee the farmers \$5 net profit an acre on the crop, because I fear he will not get cost of production. If there is a man down there in that cotton zone whose land is not fit for anything but cotton, he can show that he has lost the entire value of his cotton crop. But, on the other hand, if he finds that he can, by the exercise of proper diligence and by the same amount of labor that he would devote to the production of a cotton crop, raise a crop of a different kind that would compensate him, then in equity he is entitled only to the difference between what he would have received if he had produced a cotton crop and what he gets from the crop that he grew in lieu thereof.

Let me say to my friends of the cotton belt, it is always best to bottom your proposition on that which is fair and on that which you can defend. If we agree to accept a proposition to compensate a man for his actual loss, then I can see that there are some gentlemen on this side who as a business proposition can support your proposition on a business basis. But I can imagine the doubts that confront a man when it is proposed to give somebody a specific sum for the rental of his property, whether he loses or suffers any loss or not.

I do not believe in that attitude. I believe in compensating a man for the actual loss he has sustained; and then, having done that, he has no complaint when the public has compelled him to yield his private rights for the public good. [Applause.]

Mr. ROSENBLUM. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from West Virginia moves to strike out the last word.

Mr. ROSENBLUM. Mr. Chairman, I propose to oppose the bill for reasons as to which I may possibly be in error; and if I am in error, I shall be pleased to be corrected. I understand the argument is made here that this specific sum of \$554,840 was appropriated for the purpose of assisting in the eradication of the boll weevil; and, so far as that goes, it meets with my hearty approval, and I would be happy to see the money expended in that way. But this resolution provides that \$200,000 of that money may not be used for that purpose; and, as I understand the purpose of this resolution, it is not to continue the fight against the boll weevil, but it is to reimburse various States—



Mr. RANKIN. This resolution has nothing to do with the boll weevil.

Mr. ROSENBLOOM. It is to reimburse the States.

Mr. RANKIN. It is the pink bollworm.

Mr. ROSENBLOOM. Well, there is a lot of "bull" about it, weevil or worm. [Laughter.] I think the gentleman understands what I am referring to.

Mr. RANKIN. There is a lot of "bull" about that speech, too. [Laughter.]

Mr. ROSENBLOOM. I understand. But the point I am trying to make out is this: In the case of this \$200,000, as I understand it, the theory is that the money has already been expended, and that this is to reimburse the States.

Mr. HAUGEN. The gentleman is in error about that. The appropriation was made for the current year.

Mr. ROSENBLOOM. I understand it is to reimburse the various States for the excessive expenses they have incurred in compensating the farmers for losses in the nonproduction of cotton in the so-called zones.

Now, if that is the case, what would prevent the States, after securing this \$200,000 for the purpose of reimbursing the States for money they have expended for this purpose, from spending that money on roads, or in paying salaries in the States? There is nothing in this resolution to prevent that. The money is appropriated to reimburse the States for moneys expended in that way, without direction as to how that money of the Federal Government is to be expended.

Mr. HAUGEN. The State of Louisiana has already appropriated money.

Mr. ROSENBLOOM. This is for the purpose of reimbursement. How can you reimburse a State, or how can you reimburse anybody for anything, unless the amount has already been expended? What is the meaning of the word "reimburse"? That is an essential word in this resolution. So I say that this money, under the wording of this resolution, can be expended to build roads, or to pay salaries, or for any purpose for which the State legislatures see fit to use it if they, on their part, have spent the money in reimbursing farmers for the use of their land. There is no restrictive clause here that prevents them from doing it. My chief objection to this bill is that I do not believe that Congress has the right to turn over to the agencies of a State moneys to be expended by authority of the officers in a particular State. The money of the Federal Government is raised by the collection of taxes under laws passed by the Congress, and it is to be expended by Congress through its recognized agencies; and if this \$554,840, the money of the United States, is to be expended by the United States Department of Agriculture, well and good, but I do not think we have the authority to allow this money to be expended by the agricultural department of any particular State. I do not think we are warranted under any circumstances in paying the money out of the Treasury of the United States and placing it in the treasury of a particular State, and allowing it to be expended by men over whom we have no control, and who are not answerable to Congress for the way in which the money is expended. In my opinion it is proposed in this bill that Congress, without devising the agencies which shall supervise the expenditure of this money, is to take \$200,000 from the Treasury of the United States and put it into the treasuries of the different States, and that it is wholly without our scope and wholly beyond our power to do it. [Applause.]

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. WALSH. Mr. Chairman, I make the point of order that all debate is closed.

Mr. HAUGEN. I ask unanimous consent, Mr. Chairman, that all debate on this resolution and all amendments thereto close in 25 minutes.

Mr. WALSH. I object.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on this resolution and all amendments thereto close in 25 minutes. Is there objection?

Mr. WALSH. I object. I make the point of order that all debate on the pending paragraph and amendments thereto is exhausted.

The CHAIRMAN. The point of order is sustained.

Mr. GRAHAM of Illinois rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. GRAHAM of Illinois. I rise to make a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. I ask unanimous consent to modify my amendment by inserting between the words "actual" and "loss" the additional words "and necessary," so that the amendment will read "actual and necessary losses."

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to modify his amendment in the respect indicated. The Clerk will report it.

The Clerk read as follows:

Mr. GRAHAM of Illinois asks unanimous consent to modify his amendment by inserting, after the word "actual," the words "and necessary," so that the language will read "actual and necessary losses."

The CHAIRMAN. Is there objection?

Mr. WALSH. I object.

The CHAIRMAN. The gentleman from Massachusetts objects. The question now recurs on the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

Mr. MANN. Oh, no; not at all. The Chair held that all debate was exhausted. That was on the amendment to strike out the last word.

Mr. SUMNERS of Texas. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The Chair thinks it all depends upon considering the pro forma amendment withdrawn.

Mr. MANN. Then I renew the pro forma amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McLAUGHLIN of Michigan. The amendment was offered by the gentleman from Illinois [Mr. MANN]. Another gentleman offered an amendment to that amendment, to strike out the last word, so that the motion to close debate was on the amendment of the gentleman from Illinois, and the amendment of the gentleman who offered the pro forma amendment to strike out the last word, so that I think the gentleman from Illinois is wrong in saying that debate is closed only on the amendment to strike out the last word.

The CHAIRMAN. The Chair thinks that debate has been closed on all pending amendments, but the Chair will recognize the gentleman from Illinois to offer a further amendment.

Mr. MANN. I do not care to do so.

Mr. PARRISH. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Texas moves to strike out the last two words and is recognized for five minutes.

Mr. PARRISH. Mr. Chairman and gentlemen of the committee, it seems to me that there are a great many Members who do not understand the real conditions involved in this legislation. In the first place, there are men on the Republican side of the House who are not familiar with the cotton-growing industry who seem to think that the pink bollworm is now destroying all the cotton in the sections where it has made its appearance, and that the farmers would lose their crop planted on the land regardless of whether noncotton zones were declared or not, as is proposed by the Agriculture Department. The truth is, gentlemen of the committee, that such is not the case. There has not been very much cotton actually destroyed by the pink bollworm in the sections that have been invaded by them, and it is desired to use this money largely as a precautionary measure and not in any sense as insurance in favor of the farmers to protect them against the ravages of the bollworm. In other words, the experts who have gone there from the Department of Agriculture and other experts already on the ground under the direction of the several State authorities hold that unless these noncotton zones are established the pests in the near future will undoubtedly increase rapidly in numbers and spread over larger territory and ultimately destroy from 30 to 50 per cent of the entire cotton crop of the Nation.

Now, what is the real situation? The Federal Government, acting under the direction of its Department of Agriculture, has advised the States in the sections where the pest has made its appearance that if the States do not take the necessary precautionary measures, such as the establishment of the noncotton zones, the Federal Government will quarantine against the State so failing to meet these requirements. In other words, the Federal Government is undertaking to deal with this problem, and should at least do its part in carrying the financial burdens that will necessarily be imposed upon the innocent farmers who may become involved by reason of the efforts in common to suppress this pest.

Who is to blame for this situation? Are the States lying on the border responsible for the conditions? The pest has come from Egypt into Mexico and from Mexico into the United States. We did not bring them across the border. They came here through commerce with foreign countries, and we all know that the American Government and not the State governments regulate and control foreign commerce. You brought the pest here through commerce which you regulate, and the Government



as a whole, and not any particular section, is responsible for the appearance of the pink bollworm.

In view of these facts, is it fair for the Federal Government to insist upon the enforcement of certain noncotton zone regulations which require as a precautionary measure that men living 3 to 5 miles from where any of the pests have been found must forego the planting of their main crop? Many of the people involved own small tracts of land from 80 to 160 acres.

It is all they have upon which to sustain themselves and families, and cotton is the only crop that will furnish them a means of earning a living on this land, and if you destroy this right through the agencies of the Government they are undoubtedly entitled to some just compensation and the Federal Government should contribute its part in payment of the actual loss they must thus sustain. You have already established a precedent for this. Many times before the Federal Government has made appropriations to pay for cattle that were killed to prevent the spread of the foot-and-mouth disease, and tuberculosis in cattle, and there is no difference in principle in what has been done and what you are now asked to do, and I trust that the gentlemen on the Republican side of the House will understand the situation as it really exists and in voting on this question will keep in mind the fact that the pest was brought here through means of commerce which the American Government, and not the State governments, controls and regulates.

I wish I had time to discuss this matter more fully, because it seems to me that it ought to appeal to the men on the opposite side of the aisle who must of necessity depend, indirectly at least, upon the cotton crop of the South. It ought to appeal to the men of the North who touch elbows with the men of the South. It ought to appeal to the men of the East who touch elbows with the men of the West, because together we are fighting a great national pest, one which is threatening the destruction of the cotton industry of America.

I hope that the gentlemen of the committee, regardless of the section from which they come, will not view this from a narrow or partisan standpoint, because to do so, in my judgment, would be unjust and unfair and contrary to the real spirit of cooperation that should prevail throughout the entire country. [Applause.]

Mr. HAUGEN. I yield to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. I offer an amendment to the amendment.

Mr. WALSH. I make the point of order that the amendment is not in order.

Mr. HAUGEN. I ask unanimous consent that all debate on all amendments to the paragraph and all amendments to the bill close in five minutes.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that all debate on all amendments to the paragraph and all amendments to the bill close in five minutes. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois to his own amendment: After the word "actual" and before the word "loss" insert the words "and necessary."

Mr. GRAHAM of Illinois. Mr. Chairman, the object of this amendment to the amendment is to insert the words "and necessary." It has been suggested to me by some Members that if we put in only the word "actual" the same result may occur—that is, a man might let his land lie fallow—but if we put in the words "and necessary," we will supply the other element which will make it a good amendment.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Illinois.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now recurs on the original amendment as amended.

Mr. HULL. Mr. Chairman and gentlemen of the committee, I have listened to all the arguments on this resolution, and after having listened to all of them I shall vote for the resolution.

There is considerable confusion in regard to what this does. It is not an appropriation at all. I hold in my hand the Agricultural bill which you have already passed, and on page 35 is a section for the eradication of the pink bollworm, in which you appropriate \$554,840. Now, this resolution permits the Agricultural Department to take some of that money which you have already appropriated for that very purpose and use it more scientifically than you have provided for in the appropriation bill. This resolution has the approval of the Secretary of Agriculture and the scientists of the Department of Agriculture,

and they have come to you in a letter from the Secretary asking you to pass this measure. Now, that is all there is in the controversy. The details are all to be worked out by legislation in the different States, and I want to say that I commend the committee for leaving it to the States and giving the States the right to lay down the rule by which this money is to be paid to the farmers. That is the proper way to do it. The pink bollworm is a great national calamity; it is not a small, sectional matter. Some people wonder why the National Government helps in these matters. In my district a few years ago we had the foot-and-mouth disease, and the National Government paid out in that district hundreds of thousands of dollars to stamp out the foot-and-mouth disease, which is a cold-weather disease. This, the pink bollworm, is a disease attacking the cotton-growing sections of the country. I do not pretend to be an expert on how to stamp it out. I presume the men who have brought the measure in, the agricultural scientists in the Department of Agriculture, know what they are talking about. There is no money to be paid out by them directly. The money is all appropriated and they are permitted to pay this money, to the States to be paid out to individual farmers under the laws laid down by the States. I hope we have enough big, broad-minded men in this House to pass this measure. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GRAHAM of Illinois. Mr. Chairman, I ask unanimous consent that the text of my amendment may be read.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

The Clerk read as follows:

Page 2, line 5, strike out the words "fair, reasonable value" and insert in lieu thereof "actual and necessary losses suffered by the owner."

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HUSTED, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration Senate joint resolution 72, and had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass.

Mr. HAUGEN. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question now is on the third reading of the Senate joint resolution.

The resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the resolution.

The question was taken; and on a division (demanded by Mr. WALSH), there were 102 ayes and 47 noes.

Mr. WALSH. Mr. Speaker, I make the point of order that no quorum is present, and I object to the vote on that account.

The SPEAKER. The gentleman from Massachusetts makes the point of order that no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The question was taken, and there were—yeas 177, nays 84, answered "present" 2, not voting 167, as follows:

YEAS—177.

Almon	Brown, Tenn.	Cooper, Wis.	Focht
Aswell	Buchanan	Crisp	Fordney
Atkeson	Bulwinkle	Curry	Frear
Barkley	Burness	Dale	French
Bell	Butler	Davis, Tenn.	Fulmer
Benham	Byrnes, S. C.	Doughton	Garner
Bird	Campbell, Pa.	Driver	Garrett, Tex.
Black	Carew	Dunbar	Gensman
Blakeney	Carter	Dupré	Gorman
Bland, Va.	Chandler, Okla.	Elliott	Graham, Ill.
Blanton	Clague	Elston	Green, Iowa
Bowling	Clarke, N. Y.	Evans	Greene, Mass.
Box	Cole	Fairchild	Hardy, Colo.
Brand	Collier	Faust	Hardy, Tex.
Brennan	Collins	Favrot	Harrison
Briggs	Colton	Fields	Haugen
Brooks, Ill.	Connally, Tex.	Fisher	Hayden

Herrick	Lyon	Rainey, Ala.	Sumners, Tex.
Hershey	McClintic	Rainey, Ill.	Swank
Hickey	McDuffie	Raker	Sweet
Hoch	McPherson	Ramsayer	Swing
Hull	McSwain	Rankin	Taylor, Tenn.
Humphreys	Mann	Ransley	Ten Eyck
Jacoway	Mansfield	Rayburn	Tincher
James, Va.	Martin	Reece	Tyson
Jeffers, Ala.	Millsbaugh	Rhodes	Vestal
Johnson, Miss.	Montague	Robertson	Vinson
Jones, Tex.	Montoya	Robison	Volgt
Kearns	Moore, Ohio	Sanders, Tex.	Volstead
Ketcham	Moore, Va.	Sandlin	Ward, N. C.
Kincheloe	Murphy	Scott, Tenn.	Weaver
King	Nelson, A. P.	Sears	White, Kans.
Kinkaid	Nelson, J. M.	Shaw	Williams
Kopp	Newton, Mo.	Shelton	Wilson
Lanham	O'Connor	Sinclair	Wingo
Lankford	Oldfield	Sinnot	Wise
Larsen, Ga.	Oliver	Sisson	Wood, Ind.
Larson, Minn.	Overstreet	Smith, Idaho	Wright
Lazaro	Padgett	Smith, Mich.	Wurzback
Lea, Calif.	Park, Ga.	Smithwick	Yates
Lee, Ga.	Parks, Ark.	Speaks	Young
Lineberger	Parrish	Stegall	Zihlman
Linthicum	Porter	Stedman	
Little	Pringley	Stevenson	
Lowrey	Quin	Strong, Kans.	

## NAYS—84.

Ackerman	Garrett, Tenn.	Leatherwood	Roach
Andrews	Gerner	Leibach	Rogers
Appleby	Goodykoontz	Longworth	Rose
Arentz	Graham, Pa.	McArthur	Rosenbloom
Beedy	Greene, Vt.	McFadden	Shreve
Begg	Hadley	McLaughlin, Mich.	Sproul
Bond	Hill	Mapes	Stephens
Bowers	Hogan	Miller	Summers, Wash.
Burton	Houghton	Mondell	Taylor, N. J.
Byrns, Tenn.	Huddleston	Moore, Ind.	Temple
Cable	Hukriede	Mott	Thompson
Campbell, Kans.	Husted	Norton	Tilson
Chalmers	Ireland	Ogden	Timberlake
Connolly, Pa.	Johnson, Wash.	Olpp	Walsh
Crowther	Kelly, Pa.	Parker, N. J.	Watson
Darrow	Kendall	Parker, N. Y.	Webster
Denison	Kissel	Patterson, Mo.	White, Me.
Dunn	Kline, Pa.	Patterson, N. J.	Winslow
Echols	Kraus	Peters	Woodruff
Fess	Lawrence	Reber	Woodyard
Fitzgerald	Layton	Ricketts	Wyant

## ANSWERED "PRESENT"—2.

Dowell Tague

## NOT VOTING—167.

Anderson	Edmonds	Kline, N. Y.	Reed, W. Va.
Ansorge	Ellis	Knight	Riddick
Anthony	Fairfield	Knutson	Riordan
Bacharach	Fenn	Kreider	Rodenberg
Bankhead	Fish	Kunz	Rossdale
Barbour	Flood	Lampert	Rouse
Beck	Foster	Langley	Rucker
Bixler	Free	Lee, N. Y.	Ryan
Bland, Ind.	Freeman	Logan	Sabath
Boies	Frothingham	London	Sanders, Ind.
Brinson	Fuller	Luce	Sanders, N. Y.
Britten	Funk	Luhning	Schall
Brooks, Pa.	Gahn	McCormick	Scott, Mich.
Browne, Wis.	Gallivan	McKenzie	Siegel
Burdick	Gilbert	McLaughlin, Nebr.	Siepp
Burke	Glynn	McLaughlin, Pa.	Snell
Burroughs	Goldsborough	MacGregor	Snyder
Cannon	Gould	Madden	Stafford
Cantrill	Griest	Magee	Steenerson
Chandler, N. Y.	Griffin	Maloney	Stiness
Chindblom	Hammer	Mead	Stoll
Christopherson	Hawes	Merritt	Strong, Pa.
Clark, Fla.	Hawley	Michaelson	Sullivan
Classon	Hays	Michener	Taylor, Ark.
Clouse	Hicks	Mills	Taylor, Colo.
Cockran	Himes	Moore, Ill.	Thomas
Codd	Hudspeth	Morgan	Tillman
Connell	Hutchinson	Morin	Tinkham
Cooper, Ohio	James, Mich.	Mudd	Towner
Copley	Jeffers, Nebr.	Newton, Minn.	Treadway
Coughlin	Johnson, Ky.	Nolan	Underhill
Cramton	Johnson, S. Dak.	O'Brien	Upshaw
Cullen	Jones, Pa.	Osborne	Valle
Dallinger	Kahn	Paige	Vare
Davis, Minn.	Keller	Perkins	Volk
Deal	Kelley, Mich.	Perlman	Walters
Dempsey	Kennedy	Petersen	Ward, N. Y.
Dickinson	Kiess	Pou	Wason
Dominick	Kindred	Purnell	Wheeler
Drane	Kirkpatrick	Radcliffe	Williamson
Drewry	Kitchin	Reavis	Woods, Va.
Dyer	Kieczka	Reed, N. Y.	

So the joint resolution was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. BANKHEAD (for) with Mr. CONNELL (against).  
 Mr. STOLL (for) with Mr. COUGHLIN (against).  
 Mr. DAVIS of Minnesota (for) with Mr. CHINDBLUM (against).  
 Mr. TAYLOR of Arkansas (for) with Mr. PERKINS (against).  
 Mr. HUDSPETH (for) with Mr. HUTCHINSON (against).  
 Mr. DOMINICK (for) with Mr. BACHARACH (against).  
 Mr. LOGAN (for) with Mr. RADCLIFFE (against).  
 Mr. DRANE (for) with Mr. GRIEST (against).

## General pairs:

Mr. JOHNSON of South Dakota with Mr. KITCHIN.  
 Mr. TREADWAY with Mr. TAGUE.  
 Mr. LANGLEY with Mr. CLARK of Florida.  
 Mr. MORGAN with Mr. UPSHAW.  
 Mr. WHEELER with Mr. HAMMER.  
 Mr. SIEGEL with Mr. THOMAS.  
 Mr. FREE with Mr. GALLIVAN.  
 Mr. PURNELL with Mr. BRINSON.  
 Mr. MAGEE with Mr. GOLDSBOROUGH.  
 Mr. BIXLER with Mr. CULLEN.  
 Mr. STINESS with Mr. TAYLOR of Colorado.  
 Mr. VOLK with Mr. DREWRY.  
 Mr. BURROUGHS with Mr. HAWES.  
 Mr. WALTERS with Mr. SABATH.  
 Mr. KAHN with Mr. WOODS of Virginia.  
 Mr. REAVIS with Mr. JOHNSON of Kentucky.  
 Mr. MUDD with Mr. CANTRILL.  
 Mr. DOWELL with Mr. RIORDAN.  
 Mr. HAYS with Mr. COCKRAN.  
 Mr. SANDERS of Indiana with Mr. MEAD.  
 Mr. FULLER with Mr. KUNZ.  
 Mr. CANNON with Mr. FLOOD.  
 Mr. DYER with Mr. TILMAN.  
 Mr. OSBORNE with Mr. KINDRED.  
 Mr. REED of West Virginia with Mr. O'BRIEN.  
 Mr. ANTHONY with Mr. DEAL.  
 Mr. ELLIS with Mr. SULLIVAN.  
 Mr. BOIES with Mr. LONDON.  
 Mr. LUHRING with Mr. GILBERT.  
 Mr. KIESS with Mr. RUCKER.  
 Mr. EDMONDS with Mr. GRIFFIN.  
 Mr. CHRISTOPHERSON with Mr. POUL.  
 Mr. TAGUE. Mr. Speaker, I had a pair with the gentleman from Massachusetts, Mr. TREADWAY. I voted "yea." I wish to withdraw that vote and answer "present."

The name of Mr. TAGUE was called, and he answered "Present."

The result of the vote was announced as above recorded.

A quorum being present, the doors were opened.

On motion of Mr. HAUGEN, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

## EXTENSION OF REMARKS.

Mr. PARRISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the resolution just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. JACOWAY. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

## PELLAGRA IN THE SOUTH.

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, a report has been put out by one of the departments here in Washington that a great many people of the South are suffering from pellagra, and are in destitute circumstances. The truth of the matter is that the high price which is charged them by the railroads and the low price paid for farm products has brought about the only embarrassment that exists in my country, which is the State of Oklahoma. I have just received the following telegram which I shall ask the Clerk to read in my time.

The SPEAKER. Without objection, the Clerk will read the telegram.

There was no objection, and the Clerk read the telegram, as follows:

OKLAHOMA CITY, OKLA., July 27, 1921.

Hon. JIM McCLINTIC, M. C.,  
Washington, D. C.:

Propaganda about pellagra in the South, especially Oklahoma, is groundless. I look upon it as vicious, malicious, and calculated to injure the South. Oklahoma has never had better crops or greater food supply than at the present time. With 50,000,000 bushels of wheat, 120,000,000 bushels of corn, good cotton crops, with vegetables and truck patches, and cattle selling at 3 cents per pound, food is especially plentiful in rural districts. What we need is assistance in stabilizing prices on our great variety and bountiful crop and live stock. Oklahoma resents imputations of lack of food or varieties, and brands it as malicious propaganda. Furnish copy of telegram to other Members.

J. A. WHITEHURST,  
President State Board of Agriculture.

## CALL OF COMMITTEES.

The SPEAKER. The Clerk will continue the call of committees.



## EXPOSITION AT PORTLAND, OREG.

The Clerk called the Committee on Foreign Affairs.

Mr. ROGERS. Mr. Speaker, by direction of the Committee on Foreign Affairs, I call up Senate joint resolution No. 5, which I send to the desk and ask to have read.

The Clerk read as follows:

Joint resolution (S. J. Res. 5) authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925.

*Resolved, etc.,* That the President of the United States is hereby authorized and requested to invite foreign countries to participate in an exposition to be held in the city of Portland, State of Oregon, in the year 1925, to celebrate the completion of transcontinental and Pacific highways, the centennial of the invention of the electromagnet, and to exemplify the development of hydroelectric energy: *Provided*, That the United States Government shall be put to no expense by reason of the extending of the invitation.

Mr. ROGERS. Mr. Speaker, this resolution passed the Senate unanimously on June 6, and is unanimously reported by the Committee on Foreign Affairs of the House. It is in the usual form, and similar resolutions have many times been adopted in that form by the Congress preliminary to other expositions of national and international character. It provides that the passage of the resolution shall subject the United States Government to no expense.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. ROGERS. Yes.

Mr. GARRETT of Tennessee. What is the date at which these foreign Government are to be invited?

Mr. ROGERS. Nineteen hundred and twenty-five.

Mr. GARRETT of Tennessee. Do I understand the gentleman to say that this is a forerunner of an exposition?

Mr. ROGERS. Yes.

Mr. GARRETT of Tennessee. And I presume that language properly interpreted means that hereafter we are to be called upon for appropriations for exhibits at that exposition.

Mr. ROGERS. Mr. Speaker, as far as the information of the Committee on Foreign Affairs is concerned, this is the end of the Federal Government's participation in this exposition. It is possible, of course, that the exposition as it develops may request the Federal Government to have a Federal building at the exposition itself, but I am assured by the sponsors of the resolution, both in the Senate and the House, that there is no intention of calling upon the Federal Government for an appropriation to aid in the actual exposition.

Mr. GARRETT of Tennessee. Mr. Speaker, this is to be in 1925?

Mr. ROGERS. Yes.

Mr. GARRETT of Tennessee. And this is 1921. That is, the exposition is to be four years hence. Is there any hurry about this resolution?

Mr. ROGERS. There is this hurry in all these cases: Those who are behind the exposition in Oregon—and they include the governor of the State of Oregon and the mayor of Portland—are naturally anxious to know, as far as practicable and as long ahead as practicable, what the probable scope of this exposition is to be. They have incorporated with a capital stock of \$5,000,000. They propose to have this a great international fair, the greatest international fair, with the exception of San Francisco, that has ever been held west of the Mississippi. It is natural for them to want to know whether the exposition is, so far as the Federal Government is concerned, to have the sanction of the Federal Government, and it is important for them in proceeding with their plans to know whether they are to be allowed to have foreign Governments invited to participate. I may say to the gentleman further that the practice of Congress has been in many cases, some of which are set forth in the report, to grant this authority from two to three years and in some cases four years before the actual date of the exposition. This is a very large enterprise, and, of course, it can not be undertaken or put through overnight.

Mr. GARRETT of Tennessee. Mr. Speaker, I should like to have a little time on the resolution after the gentleman has concluded.

Mr. ROGERS. I should be very glad to yield to the gentleman now. How much time does he desire?

Mr. GARRETT of Tennessee. Five minutes.

Mr. ROGERS. Mr. Speaker, I yield five minutes to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. Mr. Speaker, I do not wish to seem either narrow or ungracious, but I can not escape the feeling that under the world's conditions which now prevail it would be wise to postpone the consideration of this resolution at least for a few months. I speak not only of the world conditions with respect to the feeling that exists between nations but of the financial condition of the world. This does not seem

to me to be the time when a resolution of this kind should pass. It may be that a few months from now, after, for instance, a disarmament conference has been held, we might be in much better situation to determine what we desire to do in respect to this. I wish very much that the gentleman from Massachusetts would agree to postpone the consideration of the resolution. If the gentleman is not willing to do that, of course, if I can get an opportunity to do so, I shall move to postpone it. I yield back the remainder of my time.

Mr. ROGERS. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the constituents of each and every Member of Congress are looking to him to help decrease the burden of taxation. There is but one way to do that, and that is to quit spending. Uncle JOE CANNON has well said that every time we spend we have got to tax to make up for it, and I have made up my mind definitely upon one thing, and that is that I am not going to vote for a single other proposition in this House which is unnecessary that can be gotten along without which involves the expenditure of the people's money. I think the gentleman from Tennessee [Mr. GARRETT] has well said that this is a matter that we can rest upon our oars with respect to just now, especially when it is four years off, and when we men know absolutely that just as sure as we pass this resolution it is going to call for large appropriations out of the Treasury in the future.

Why, the people of Oregon will come back here and say, "You did not treat us right. You invited foreign Governments over here to our exposition, and you did it by act of Congress; you wanted them to come to Portland and see an exposition that is not backed by the Federal Government, upon which the Federal Government has not spent any money, and we want you now to come across with a good, fat, liberal appropriation." That is what is going to follow the passage of this resolution, and I am one man who is not going to vote for it. I am one man who is going to vote against every such proposition in this House until we get our Government upon its feet financially and decrease the taxation that is now laid so heavily upon the shoulders of our people. The people of the United States have just one thought now above all else, and that is for us to take off some of the burden and get back to normalcy. How are you going to do it? Keep on spending? Keep on doing this and doing that which takes more money? We do not do it privately when we are in a hard shape financially. Personally, when we have to make ends meet through great effort we stop and take a survey of our affairs and see to it that the receipts at least equal our disbursements, and we economize. Why, we ought to stop this everlasting spending and we ought to set aside this resolution, and if the majority sees fit to force it upon us we ought to defeat its passage.

Mr. GOODYKOONTZ. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. GOODYKOONTZ. I wonder if the gentleman from Texas could secure the figures to insert in his remarks the amount of the several appropriations for the various great expositions that we have had in this country such as the one at Philadelphia, Buffalo, St. Louis, New Orleans, and the western coast. As one Member I would like to know something about what we are likely to be called upon to appropriate.

Mr. BLANTON. I thank the gentleman from West Virginia for his suggestion. We are indebted to the committee report for the following figures showing the cost to the Government, as follows:

1876. Philadelphia.—International Centennial Exposition, May 10 to Nov. 10, 1876:	
National appropriation.....	\$2, 183, 184.50
1884. New Orleans, La.—World's Industrial and Cotton Centennial Exposition, Dec. 16, 1883, to June 30, 1884:	
National appropriation.....	1, 650, 000.00
1893. Chicago.—World's Columbian Exposition, May 1 to Oct. 30, 1893:	
National appropriation.....	5, 840, 329.64
1895. Atlanta, Ga.—Cotton States and Industrial Exposition, Sept. 15 to Dec. 31, 1895:	
National appropriation.....	200, 000.00
1897. Nashville, Tenn.—Tennessee Centennial Exposition, May 1 to Oct. 31, 1897:	
National appropriation.....	130, 000.00
1898. Omaha, Nebr.—Trans-Mississippi Exposition, June 1 to Nov. 1, 1898:	
National appropriation.....	240, 000.00
1901. Buffalo, N. Y.—Pan-American Exposition, May 1 to Nov. 2, 1901:	
National appropriation.....	1, 015, 000.00
1901. Charleston, S. C.—South Carolina International State and West Indian Exposition, Dec. 1, 1901, to June 1, 1902:	
National appropriation.....	250, 000.00



1904. St. Louis, Mo.—Louisiana Purchase Exposition, Apr. 30 to Dec. 1, 1904: National appropriation	\$11,122,500.00
1905. Portland, Oreg.—Lewis and Clark Exposition, June 1 to Oct. 1, 1905: National appropriation	485,000.00
1907. Jamestown, Va.—Jamestown Ter-Centennial Ex- position, Apr. 26 to Nov. 30, 1907: National appropriation	2,650,000.00
1909. Seattle, Wash.—Alaska-Yukon-Pacific Exposition, June 1 to Oct. 16, 1909: National appropriation	600,000.00

But, Mr. Speaker, the amount of money appropriated by the Government for these expositions is only a very small part of the expense to the people connected therewith. We all know that it is a very expensive trip to Portland, Oreg. We all know that for people properly to attend that exposition as it should be, if it be one of international importance, it would require the people of this country to spend much money that some of them are not able to spend, and sometimes people do spend money that they ought not to spend when they are tempted to do so in such cases, and I say we ought to hesitate before we pass a bill of this kind. It behooves our Government to be economical. And just now it behooves all of our people individually to be economical. Let us get our Government on its feet first and then will be time enough to have expositions and rejoicings.

Mr. ROGERS. Mr. Speaker, I yield five minutes to the gentleman from Oregon [Mr. McARTHUR]. [Applause.]

Mr. McARTHUR. Mr. Speaker, the enterprising citizens of the State of Oregon, speaking through the legislative assembly which met last winter, the various commercial bodies, the council of the city of Portland, and the enterprising men and women who have inaugurated and organized this great exposition company, come forward at this time and ask the Federal Government to give them authority to invite foreign nations to participate in an exposition of world-wide importance which will be held in the city of Portland in 1925. We propose to hold an exposition there backed by our own money, our own enterprise, and our own foresightedness, and we believe we will have something there to display, something that the world will be glad to journey there to see. I trust, gentlemen, that you will give us this authority, because we are in earnest about this matter. We held an exposition in Portland in 1905. It was a great success. Another was held in the city of Seattle in 1909, and it was a great success. You all know of the great success attendant upon the Panama-Pacific Exposition at San Francisco in 1915. This proposed exposition will be unique because we expect to exemplify the use of electric energy which will be generated in that part of the country from our tremendous water power.

Now, we are asking Congress to permit us to invite foreign nations to participate in this exposition. Later on there will undoubtedly be an invitation to the Federal Government to participate, and at that time it will be incumbent upon Congress to determine whether or not the Government will make an exhibit, but at this time we are asking nothing. We are not seeking to impose any obligation upon the United States, but we are merely asking the Congress to give us permission to make this great affair international in its scope.

Mr. RICKETTS. Will the gentleman yield?

Mr. McARTHUR. I will.

Mr. RICKETTS. Does not the gentleman know that in all probability the Government of the United States will be called upon finally to appropriate about \$5,000,000 in order properly to be represented at this exposition?

Mr. McARTHUR. The Government of the United States will not be called upon to appropriate anything like \$5,000,000. The Government appropriated for the 1905 exposition in Portland, Oreg., \$485,000. We are in earnest about this matter. We hope that you will give us a favorable vote upon this resolution in order that we may go ahead with our plans.

Mr. ARENTZ. Mr. Speaker, I am in absolute accord with the people of Oregon in wanting this exposition. That of 1905 drew the people from all over the world to Portland. It showed the people of Texas what they had in the North, and it showed the people of other countries what we had in the North as well as in Texas. And speaking about normal times, the gentleman from Texas seems to think that we are going to get back to normal times by being pessimists. The only way to get back is to have a little vision and optimism, for everyone to work and feel like spending a normal amount of money. We can not get down to normal again until we begin spending again and putting people back to work, and you can not do it until you believe in the future.

Mr. McARTHUR. I agree with my friend, and I wish to say that the Rocky Mountain States and the Pacific Coast

States are back of this legislation, and that it has been indorsed by all of the commercial clubs of the great West.

Mr. CHINDBLOM. The suggestion I have to make may have been made before, but if so, I did not hear it. In all probability is not this the first chance for the nations of the world to get together in a peaceful way for the purpose of showing what has been accomplished under the arts of peace since the Great War?

Mr. McARTHUR. I think the gentleman has stated it correctly.

Mr. ROGERS. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. COOPER].

Mr. COOPER of Wisconsin. Mr. Speaker, I heard the testimony before the Committee on Foreign Affairs of those who were before us in advocacy of this resolution. In my judgment the time, 1925, will be very opportune for the holding of that exposition. For, as the gentleman who has just taken his seat has said, it will afford the first opportunity after the close of the World War for the peoples of the earth to get together at an exposition of this character. And in this respect the exposition will be of vast importance. But it will be very important also in many other ways, and chiefly, in my judgment, because it will show the world as has never before been possible the actualities and the possibilities of hydroelectric development. There is, I think, no reading man who is at the same time a thinking man but will agree that hydroelectric power is destined to work a transformation in the industries of the world greater than has steam. The transformation is going to be even more wonderful not only industrially but also and especially in promoting the comfort and real happiness of men. This exposition is to be held in a State which has, according to expert engineers, 11,000,000 potential electric horsepower. There are 3,000,000 of such horsepower in one river a few miles away. Great currents are to be brought onto the grounds and facilities created for the most magnificent display of hydroelectric development that the world has even seen. Nobody can tell what immeasurable benefits this will bring to the business interests of every nation and to mankind generally. [Applause.]

Mr. ROGERS. Mr. Speaker, I yield three minutes to the gentleman from West Virginia [Mr. GOODYKOONTZ].

Mr. GOODYKOONTZ. Mr. Speaker and gentlemen, of course I take pride, as every other citizen does, in the greatness and glory of the Golden West, and I should be glad, if I could see my way clear, to vote for the initial step proposed to be taken here, calculated, if successful, to establish at Portland, Oreg., another exposition to be financed in part by the Federal Government. But the time has come when we should stop preaching economy unless we propose to practice what we preach by ceasing to authorize all expenditures that are not imperatively necessary. We went upon the hustings last campaign and promised the people all sorts of economies, and yet the proponents of this resolution ask us to vote for it, well knowing that if the resolution is adopted the Government will be in honor bound and obliged to spend a vast sum of money in support of the proposed exposition out of the Federal Treasury.

The State governments will also be expected to make appropriations for exhibits and the like, and the people will be expected, in addition, to visit the exposition, calling for a further great cost and expense.

I wish to direct your attention to what other expositions have cost the Federal Government. In 1876, when we had the Philadelphia Exposition, this Government appropriated \$2,183,000; the Atlanta (Ga.) Exposition in 1881 did not cost us anything, but the one at New Orleans in 1884 cost us \$1,650,000; the one at Chicago in 1893 cost us \$5,840,000; the one at Atlanta in 1895 cost \$200,000; the one at Nashville in 1897 cost us \$130,000; the one at Omaha in 1898 cost us \$240,000; the one at Buffalo in 1901 cost us \$1,015,000; the one at Charleston, S. C., in 1901, cost us \$250,000; the one at St. Louis in 1904 cost us \$11,122,000; the Jamestown Exposition in 1907 cost us \$2,650,000; the one at Seattle in 1909 cost us \$600,000.

Mr. FAIRCHILD. Tell us what the other exposition at Portland cost.

Mr. GOODYKOONTZ. The Portland (Oreg.) Exposition held only a few years ago I am reserving for the last, because in 1905 Portland took out of Uncle Sam's Treasury \$485,000. And now Portland is here again laying the foundation for another donation for exposition purposes. I suggest, if we mean to keep faith with those who sent us here, if we mean to live within the letter and spirit of the promises we made, if we propose to fulfill the obligations we are under to the people who voted for us, we will vote against this resolution. [Applause.]

Mr. ROGERS. Mr. Speaker, I yield two minutes to the gentleman from Alabama [Mr. ALMON].



Mr. ALMON. Mr. Speaker, the gentleman who just preceded me has advised the House as to what former expositions cost the United States Government, but he did not say, and I do not believe he will say now, that that was not money well spent. [Applause.] I have never heard any criticism of Congress for appropriations heretofore made in order to assist people of this Nation in making known to the world through these expositions the achievements of the American people. [Applause.] I am in favor of economy, but there is no economy in taking steps to prevent a great exposition such as is contemplated by the great State of Oregon. I feel we ought to encourage those public-spirited, wide-awake, progressive people of that great empire State of the West in making known to the people of the United States and of the world what they have achieved in that great Commonwealth in so short a time. This resolution calls for no appropriation, but even if its passage results in a small appropriation hereafter, it will be for a good cause. I call to the attention of my Democratic colleagues from the South to the fact that most of the western Members voted to-day for the bill making appropriation to aid in protecting the cotton farmers of the South from the ravages of the pink boll weevil. Should we not vote for their resolution simply authorizing the President to invite foreign countries to participate in the exposition to be held at Portland, Oreg., in 1925, especially as the resolution expressly provides that the United States is to be put to no expense by reason of extending the invitation? I shall vote for the resolution. [Applause.]

Mr. ROGERS. Mr. Speaker, I yield five minutes to the gentleman from Oregon [Mr. SINNOTT].

Mr. SINNOTT. Mr. Speaker, I hope the membership of the House will not listen to the suggestion or the appeal that this matter be deferred to another time. This exposition has already been inaugurated by the energetic citizens of the State of Oregon. The enterprise has already received the enthusiastic indorsement of all of the Pacific Coast States and many of the interior States, and I trust that Congress itself will not throw a wet blanket upon what promises to be one of our great expositions.

Some gentlemen strain at a gnat and swallow a camel. The gentleman from Texas [Mr. BLANTON] opposes this bill. He fears a future appropriation. There is not a dollar of appropriation provided for in this bill. A few moments ago I voted in favor of a \$200,000 appropriation for the eradication of the pink bollworm, and doubtless a large share of that money is going into his State, the State of Texas. [Applause.]

This exposition is designed to call the attention of the Nation to its great assets. Come to Oregon, come to Washington, and see what you have reserved as the wood lot for the Nation. Nearly 30,000,000 acres in forest reserves in the two States have been reserved as a wood lot for the benefit of the remainder of the Nation. Come out and see the great natural resources that are going to be developed and utilized through the instrumentality of the water power bill that we passed in the last Congress.

In the Columbia River Basin we have one-third of the potential 60,000,000 horsepower of this Nation, and we invite you out there to see those great water powers within 150 miles of Portland; to see the water powers of the Cascade Locks, 400,000 potential horsepower; The Dalles, 800,000 potential horsepower; on the Deschutes River, 500,000 potential horsepower; at the Umatilla Rapids, 320,000 potential horsepower. We are inviting you to come to our western country, where the Government has reserved millions of acres of land, and where it has reserved these great water powers. I invite you out there to see those scenes.

See once those stately scenes, then roam no more;  
No more remains on earth to cultured eyes;  
The cataract comes down, a broken roar,  
The palisades defy approach, and rise  
Green moss'd and dripping to the clouded skies.  
The canyon thunders with its full of foam  
And calls loud-mouth'd, and all the land defies;  
The mounts make fellowship and dwell at home  
In snowy brotherhood beneath their purpled dome.

[Applause.]

We invite you to Oregon, to the Pacific coast, and to Portland, the Rose City, in 1925. [Applause.]

Mr. ROGERS. Mr. Speaker, I yield one minute to the gentleman from California [Mr. LINEBERGER].

The SPEAKER. The gentleman from California is recognized for one minute.

Mr. LINEBERGER. Mr. Speaker and Members of the House, California adds her heartiest approval to this proposition for an exposition in 1925 at Portland, Oreg. The California Legislature has indorsed the proposition, and various chambers of commerce throughout the State have added their approval. Personally I think it would be worth \$500,000 alone for the Members of this House to visit the great outdoors west of the Rocky Mountains. It would make bigger and

broader men of many of you, and you would not hereafter quibble over a proposition of indorsing an exposition of this kind, wherein the whole American people are to be enlightened and the world given an opportunity to see what we are doing in the expansion of our great electrical and hydroelectrical resources. [Applause.]

Mr. CHINDBLOM. Mr. Speaker, the gentleman from West Virginia [Mr. GOODYKOONTZ] recited the sums of money which the Federal Government has appropriated for the various expositions, but he did not tell the House how much the people of the States and of the cities in which those expositions were held had themselves contributed to these national enterprises. The Philadelphia exposition was in commemoration of the establishment of this Republic. [Applause.] While the Federal Government contributed \$2,183,000, the people of Pennsylvania and of Philadelphia contributed \$5,300,000. [Applause.] The World's Fair at Chicago was a national enterprise in commemoration of the discovery of this continent, and while the National Government contributed \$5,800,000, the people of Chicago and of Illinois contributed \$13,800,000. [Applause.] The exposition at St. Louis was in commemoration of the Louisiana Purchase, a national undertaking, and while the National Government contributed \$11,000,000, the people of Missouri and the people of St. Louis also contributed \$11,000,000. [Applause.]

It is idle, Mr. Chairman, to argue that the National Government is giving, out of its generosity or out of its charity, aid to these enterprises. These expositions are for the upbuilding of the Nation; they are for the improvement of the whole country; they are for the expansion of the business and commerce and industry of the entire United States. [Applause.]

Mr. ROGERS. Mr. Speaker, does the gentleman from Tennessee desire that I yield further time?

Mr. GARRETT of Tennessee. If the gentleman can yield to me three minutes, I shall be glad.

Mr. ROGERS. Mr. Speaker, I yield three minutes to the gentleman from Tennessee.

The SPEAKER. The gentleman from Tennessee is recognized for three minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, under the rules of the House it is provided that when a question is under debate no motion shall be received but to adjourn, to lay on the table, or the previous question, and to postpone for a day certain. That is four of them, and it is provided that those shall be taken up in the order named; that is, that they shall have preference in the order named.

What I really desire to do, what I would like to do, is to move to postpone the consideration of this resolution until the 8th day of December, 1921. That will be Thursday after the meeting of the first regular session of this Congress. That is not done for the purpose of delay or of defeat. If I wanted to defeat it, of course, I could move to lay it on the table, or I could move to postpone it indefinitely, if I had the opportunity, and I could take the floor away from the gentleman from Massachusetts now to move to lay it on the table, but I do not desire to do that. If the previous question is voted down, I shall move to postpone the consideration of this matter until that day, and I think it ought to be postponed.

This is a pretty serious thing that we have to deal with in the light of world conditions. It is a matter widely published that there is to be a conference here some time in this coming autumn vitally more important to the world than the matter of an exposition. [Applause.]

I think we ought to defer the consideration of this matter pending that great conference. The interests of this great community are not going to suffer by the postponement of it until that time. I do not wish to move to lay it on the table. I am not going to claim the right to make that preferential motion. The next preferential motion in order would be for the previous question, and the gentleman from Massachusetts [Mr. ROGERS] will make that. I simply wish to say that if the previous question is voted down, then I shall move to postpone. If the previous question is not voted down and this matter is to progress to a vote, why then we will see what will happen.

Mr. ROGERS. Mr. Speaker, I want to call to the attention of the House very briefly just what this resolution does, because I think the Members who have listened to the debate and who have not read the few lines of the resolution might easily be misled. There is an express proviso that the United States Government shall be put to no expense by reason of the extending of the invitation. Now, it may be that at some future time the United States will be asked to appropriate for an exhibit at this exposition. If we are, then if the fiscal condition of the Government warrants it, I hope that invitation will be accepted at the proper time; but that is one or two or three or four years hence, and it is entirely open to the Congress of

that day and time to determine whether that appropriation shall be made. This simply starts the machinery going so that the exposition authorities themselves may make plans concerning the scope and size and importance of this exposition. We have been assured by the authors of this resolution in the Senate and House that there will be no request for a direct appropriation in aid of the fair itself; and, as far as I am concerned, I shall oppose any such appropriation.

Mr. BARKLEY. Will the gentleman yield for a question?

Mr. ROGERS. I yield to the gentleman from Kentucky.

Mr. BARKLEY. I assume that the object of this invitation to other nations is to induce them to have exhibits at this exposition, is it not?

Mr. ROGERS. That is precisely it.

Mr. BARKLEY. If the United States Government officially invites the other nations of the earth to have exhibits at this fair, does it not create a sort of moral obligation on the part of the United States to do the same, whether we do it now or not?

Mr. ROGERS. I hope the United States Government will be liberal in accepting similar invitations relating to world-wide affairs. I believe it is good for the United States and for the world that we should do that. [Applause.] I believe it is an excellent expenditure of the public money, and as some one has said here, I think the money we have spent for world affairs in the past has been well spent. But, be that as it may, that question is not presented in this resolution to-day. It will not be presented to this Congress. It will be presented, perhaps, to some future Congress, to be decided in the light of the facts as they then exist.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The gentleman from Massachusetts moves the previous question.

The question being taken, on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 92, noes 27.

Accordingly the previous question was ordered.

Mr. GARRETT of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The gentleman from Tennessee moves that the House do now adjourn.

The question was taken, and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 26, noes 101.

Accordingly the motion was rejected.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The joint resolution was ordered to a third reading, and was accordingly read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The question being taken, on a division (demanded by Mr. BLANTON) there were—ayes 111, noes 16.

Mr. BLANTON. Mr. Speaker, I object to the vote, because there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point of order that there is no quorum present. Evidently there is no quorum present. The question is on the passage of the joint resolution. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken, and there were—ayes 197, noes 29, answered "present" 5, not voting 199, as follows:

## YEAS—197.

Ackerman	Clarke, N. Y.	French	Kearns
Almon	Cole	Garrett, Tenn.	Kendall
Appleby	Collins	Gensman	Ketcham
Arentz	Colton	Gerner	Kissel
Aswell	Connally, Tex.	Gorman	Kline, Pa.
Atkeson	Connolly, Pa.	Graham, Ill.	Knutson
Barkley	Cooper, Wis.	Green, Iowa	Kopp
Begg	Crisp	Greene, Mass.	Kraus
Bird	Crowther	Greene, Vt.	Lankford
Bland, Va.	Dale	Griest	Larsen, Ga.
Bowers	Darrow	Hadley	Larsen, Minn.
Bowling	Davis, Minn.	Hardy, Colo.	Lawrence
Brennan	Denison	Hardy, Tex.	Lea, Calif.
Briggs	Doughton	Harrison	Leatherwood
Brooks, Ill.	Dowell	Hersey	Leibach
Buchanan	Driver	Hickey	Lineberger
Bulwinkle	Dunbar	Hill	Linthicum
Burtness	Elliott	Hoch	Little
Burton	Elston	Houghton	Lyon
Byrns, Tenn.	Evans	Hukriede	McArthur
Cable	Fairchild	Hull	McClintic
Campbell, Kans.	Favrot	Husted	McDuffie
Carew	Fess	Ireland	McLaughlin, Mich.
Chalmers	Fields	Jacoway	McLaughlin, Nebr.
Chandler, N. Y.	Fisher	James, Va.	McPherson
Chandler, Okla.	Focht	Jeffers, Nebr.	McSwain
Chindblom	Fordney	Johnson, Miss.	Madden
Clague	Frear	Johnson, Wash.	Mapes

Martin	Rainey, Ill.	Smithwick	Volstead
Miller	Raker	Speaks	Watson
Millsbaugh	Ramseyer	Sproul	Weaver
Mondell	Rankin	Stegall	White, Kans.
Montoya	Ransley	Stedman	White, Me.
Moore, Ohio	Rayburn	Steenerson	Williams
Moore, Ind.	Reece	Stephens	Wingo
Murphy	Rhodes	Strong, Kans.	Winslow
Nelson, A. P.	Roach	Summers, Wash.	Wise
Nelson, J. M.	Robertson	Sweet	Wood, Ind.
Norton	Robison	Swing	Woodruff
O'Connor	Rogers	Tague	Woods, Va.
Ogden	Rose	Taylor, N. J.	Wright
Oldfield	Rosenbloom	Temple	Wurzbach
Overstreet	Sandlin	Ten Eyck	Wyant
Padgett	Scott, Tenn.	Tilson	Yates
Park, Ga.	Shaw	Timberlake	Young
Parker, N. Y.	Shelton	Tincher	Zihlman
Patterson, Mo.	Shreve	Tyson	
Patterson, N. J.	Sinnott	Upshaw	
Peters	Smith, Idaho	Vestal	
Porter	Smith, Mich.	Vinson	

## NAYS—29.

Andrews	Fulmer	Jones, Tex.	Sanders, Tex.
Black	Garner	Kincheloe	Sisson
Blanton	Garrett, Tex.	Lanham	Swank
Bond	Goldsborough	Olpp	Thompson
Box	Goodykoontz	Parks, Ark.	Woodyard
Byrnes, S. C.	Hogan	Parrish	
Davis, Tenn.	Huddleston	Quin	
Echols	Johnson, Ky.	Ricketts	

## ANSWERED "PRESENT"—5.

Cannon	Herrick	Layton	Parker, N. J.
Collier			

## NOT VOTING—199.

Anderson	Edmonds	Kreider	Reber
Ansorge	Kills	Kunz	Reed, N. Y.
Anthony	Fairfield	Lampert	Reed, W. Va.
Bacharach	Faust	Langley	Riddick
Bankhead	Fenn	Lazaro	Riordan
Barbour	Fish	Lee, Ga.	Rodenberg
Beck	Fitzgerald	Lee, N. Y.	Rossdale
Beedy	Flood	Logan	Rouse
Bell	Foster	London	Rucker
Benham	Free	Longworth	Ryan
Bixler	Freeman	Lowrey	Sabath
Blakeney	Frothingham	Luce	Sanders, Ind.
Bland, Ind.	Fuller	Luhning	Sanders, N. Y.
Boles	Funk	McCormick	Schall
Brand	Gahn	McFadden	Scott, Mich.
Brinson	Gallivan	McKenzie	Scars
Britten	Gilbert	McLaughlin, Pa.	Siegel
Brooks, Pa.	Glynn	MacGregor	Sinclair
Brown, Tenn.	Gould	Magee	Slemp
Browne, Wis.	Graham, Pa.	Maloney	Snell
Burdick	Griffin	Mann	Snyder
Burke	Hammer	Mansfield	Stafford
Burroughs	Haugen	Mead	Stevenson
Butler	Hawes	Merritt	Stiness
Campbell, Pa.	Hawley	Michaelson	Stoll
Cantrill	Hayden	Michener	Strong, Pa.
Carter	Hays	Mills	Sullivan
Christopherson	Hicks	Montague	Summers, Tex.
Clark, Fla.	Himes	Moore, Ill.	Taylor, Ark.
Classon	Hudspeth	Moore, Va.	Taylor, Colo.
Clouse	Humphreys	Morgan	Taylor, Tenn.
Cockran	Hutchinson	Morin	Thomas
Codd	James, Mich.	Mott	Tillman
Connell	Jeffers, Ala.	Mudd	Tinkham
Cooper, Ohio	Johnson, S. Dak.	Newton, Minn.	Towner
Copley	Jones, Pa.	Newton, Mo.	Treadway
Coughlin	Kahn	Nolan	Underhill
Cramton	Keller	O'Brien	Valle
Cullen	Kelley, Mich.	Oliver	Vare
Curry	Kelly, Pa.	Osborne	Voigt
Dallinger	Kennedy	Paige	Volk
Deal	Kiess	Perkins	Walsh
Dempsey	Kindred	Perlman	Walters
Dickinson	King	Petersen	Ward, N. Y.
Dominick	Kinkaid	Pou	Ward, N. C.
Drane	Kirkpatrick	Pringle	Wason
Drewry	Kitchin	Purnell	Webster
Dunn	Klecza	Radcliffe	Wheeler
Dupré	Kilne, N. Y.	Rainey, Ala.	Williamson
Dyer	Knight	Reavis	

So the joint resolution was passed.

The following additional pairs were announced:

Until further notice:

Mr. ANDERSON with Mr. DUPRÉ.

Mr. CONNELL with Mr. BANKHEAD.

Mr. PERKINS with Mr. TAYLOR of Arkansas.

Mr. COUGHLIN with Mr. STOLL.

Mr. HUTCHINSON with Mr. HUDSPETH.

Mr. RADCLIFFE with Mr. LOGAN.

Mr. BACHARACH with Mr. DOMINICK.

Mr. TREADWAY with Mr. COLLIER.

Mr. WALSH with Mr. BELL.

Mr. HICKS with Mr. MANSFIELD.

Mr. NEWTON of Missouri with Mr. MONTAGUE.

Mr. FROTHINGHAM with Mr. CARTER.

Mr. BUTLER with Mr. CAMPBELL of Pennsylvania.

Mr. BLAND of Indiana with Mr. RAINEY of Alabama.

Mr. MORGAN with Mr. STEVENSON.

Mr. PAIGE with Mr. HUMPHREYS.

Mr. KAHN with Mr. LOWREY.



Mr. REBER with Mr. LAZARO.  
 Mr. GLYNN with Mr. OLIVER.  
 Mr. MAGEE with Mr. MOORE of Virginia.  
 Mr. PERLMAN with Mr. WARD of North Carolina.  
 Mr. DUNN with Mr. SUMNERS of Texas.  
 Mr. BLAKENEY with Mr. SEARS.  
 Mr. KENNEDY with Mr. LEE of Georgia.  
 Mr. FAUST with Mr. BRAND.  
 Mr. GOULD with Mr. RIORDAN.  
 Mr. KING with Mr. DRANE.  
 Mr. LAMPERT with Mr. HAYDEN.  
 Mr. JONES of Pennsylvania with Mr. JEFFERS of Alabama.  
 Mr. COLLIER. Mr. Speaker, I am paired with the gentleman from Massachusetts, Mr. TREADWAY, and I therefore answered "present." If it were not for the pair, I would vote "aye."

The result of the vote was announced as above recorded.  
 On motion of Mr. ROGERS a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### LEAVE OF ABSENCE.

By unanimous consent the following leave of absence was granted:

To Mr. BOIES, indefinitely, on account of sickness in family.  
 To Mr. HAMMER, until Friday, July 29, on account of the meeting of the North Carolina Press Association.

To Mr. GOODYKOONTZ, for one week, on account of public business.

To Mr. DOUGHTON, for three weeks, on account of important business.

#### ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 5651. An act providing for a preliminary examination of the Yazoo River, Miss., with a view to the control of its floods.

#### ADJOURNMENT.

Mr. ROGERS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p. m.) the House adjourned until to-morrow, Thursday, July 28, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

197. Under clause 2 of Rule XXIV, a letter from the Secretary of the Navy, transmitting request for the repeal of section 1481 of the Revised Statutes of the United States, regarding the retirement of naval officers, was taken from the Speaker's table and referred to the Committee on Naval Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. DRIVER, from the Committee on the Public Lands, to which was referred the bill (H. R. 6863) granting to certain claimants the preference right to purchase unappropriated public lands in the State of Arkansas, reported the same with an amendment, accompanied by a report (No. 298), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

He also, from the same committee, to which was referred the bill (H. R. 7109) to accept the cession by the State of Arkansas of exclusive jurisdiction over a tract of land within the Hot Springs National Park, and for other purposes, reported the same without amendment, accompanied by a report (No. 299), which said bill and report were referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. LARSEN of Georgia, from the Committee on the Public Lands, to which was referred the bill (H. R. 7290) to confirm private-land claim of the widow and heirs of Joseph Etier, reported the same with an amendment, accompanied by a report (No. 297), which said bill and report were referred to the Private Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. PORTER: A bill (H. R. 7975) to authorize the payment of an indemnity to the Norwegian Government for the detention of three subjects of Norway in Hudson County, N. J.; to the Committee on Foreign Affairs.

By Mr. FRENCH: Joint resolution (H. J. Res. 180) extending the provisions of the act of February 25, 1919, allowing credit for military service during the War with Germany on homestead entries, and of public resolution 29, approved February 14, 1920, allowing a preferred right of entry for at least 60 days after the date of opening in connection with lands opened or restored to entry to citizens of the United States who served with the allied armies during the World War; to the Committee on the Public Lands.

By Mr. GOODYKOONTZ: Resolution (H. Res. 162) providing for the authorization of the building of public highways and for the relief of laboring men; to the Committee on Rules.

By Mr. DYER: Memorial of the Legislature of the State of Missouri, urging Congress to provide a plan whereby the money received as interest on loans made by this Government to other nations shall be converted into a fund to be paid to ex-service men of the late war, and for other purposes; to the Committee on Ways and Means.

By Mr. KAHN: Memorial of the Legislature of the State of California, relative to an expression of confidence on the part of the California Legislature in the integrity and ability of Gen. Alvaro Obregon as President of the Republic of Mexico; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAKENEY: A bill (H. R. 7976) for the relief of Dorothy M. Murphy; to the Committee on Claims.

Also, a bill (H. R. 7977) for the relief of Mrs. M. McCollom; to the Committee on Claims.

Also, a bill (H. R. 7978) for the relief of Margaret Gantt Jackson; to the Committee on Claims.

By Mr. CANTRILL: A bill (H. R. 7979) granting an increase of pension to Mary Shearer; to the Committee on Invalid Pensions.

By Mr. EVANS: A bill (H. R. 7980) granting an increase of pension to James Neary; to the Committee on Pensions.

By Mr. FORDNEY: A bill (H. R. 7981) granting a pension to Electa E. Rockwell; to the Committee on Invalid Pensions.

By Mr. McPHERSON: A bill (H. R. 7982) granting a pension to Sarah Elizabeth Billeneyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7983) granting a pension to W. H. Taylor; to the Committee on Invalid Pensions.

By Mr. PARKER of New Jersey: A bill (H. R. 7984) for the relief of James Kelly; to the Committee on Claims.

Also, a bill (H. R. 7985) for the relief of Alice Barnes; to the Committee on Claims.

By Mr. ROSE: A bill (H. R. 7986) granting a pension to George Gordon; to the Committee on Invalid Pensions.

By Mr. TAGUE: A bill (H. R. 7987) for the relief of George E. P. Mitchell; to the Committee on Military Affairs.

By Mr. TREADWAY: A bill (H. R. 7988) granting a pension to Patrick Manning; to the Committee on Pensions.

By Mr. VESTAL: A bill (H. R. 7989) granting an increase of pension to Lemuel A. Mitchell; to the Committee on Pensions.

By Mr. WILLIAMSON: A bill (H. R. 7990) granting a pension to Daniel Lynch; to the Committee on Invalid Pensions.

By Mr. WARD of New York: Resolution (H. Res. 163) for the relief of Jay Wilcox, nephew of George Jenison, late an employee of the House of Representatives; to the Committee on Accounts.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2183. By Mr. BRIGGS: Protest of Palestine (Tex.) Chapter, Daughters of American Revolution, against granting water-power concessions to national parks, and voicing opposition particularly to Walsh bill (S. 27); to the Committee on Interstate and Foreign Commerce.

2184. By Mr. CLAGUE: Petition of citizens of Jackson and Alpha, Minn., favoring international conference for concurrent disarmament; to the Committee on Foreign Affairs.

2185. Also, petition of Methodist Church, of Lamberton; Presbyterian and Methodist Churches, of Madelia; Presbyterian Church, of Pipestone; Presbyterian Church, of Slayton; Methodist Episcopal Church, of Worthington; Baptist Church, of Medo, and Methodist Episcopal Church, of Winnebago, all in the State of Minnesota, urging world conference for disarmament; to the Committee on Foreign Affairs.

2186. By Mr. CRAMTON: Petition of Blevins & Warren, of Port Huron, Mich., and other retailers of carbonated beverages from the seventh district of Michigan, protesting against the 10 per cent sales tax now imposed on manufactures of carbonated beverages in closed containers; to the Committee on Ways and Means.

2187. By Mr. CURRY: Petition of Hon. Will C. Wood, State superintendent of public instruction of California, against vocational education of others than veterans of the World War being turned over to the Veterans' Bureau; to the Committee on Interstate and Foreign Commerce.

2188. Also, petition of 125 citizens of the third congressional district of California, favoring the enactment of the Towner-Sterling bill; to the Committee on Education.

2189. By Mr. DRIVER: Petition of Earle Bottling Works, of Earle, Ark., for repeal of soda-water tax; to the Committee on Ways and Means.

2190. By Mr. DYER: Petition of William S. Mitchell, president of the St. Louis section of the American Society of Civil Engineers, favoring the passage of House bill 7541, which places the sanitary engineers of the Public Health Service on a par with the medical officers thereof; to the Committee on Interstate and Foreign Commerce.

2191. By Mr. HILL: Petition of organizations of Americans of Ukrainian ancestry and Ukrainians resident in Baltimore, Md., urging relief for the people of East Galicia; to the Committee on Foreign Affairs.

2192. By Mr. KISSEL: Petition of National Tuberculosis Association, of New York City, N. Y., urging legislation for the benefit of the ex-service men suffering with tuberculosis; to the Committee on Interstate and Foreign Commerce.

2193. By Mr. RAKER: Petition of American Federation of Labor, urging that an adequate tariff be placed on oil; also, petitions of Georgetown Lumber & Supply Co., of Georgetown; Alfred Kuhn and Norman S. Kuhn, of Henleyville; Howard Wilson and Edgar E. Wilson, of Corning, all of the State of California, protesting against a tariff on oil; also, petition of Gladding, McBean & Co., of San Francisco, Calif., urging protection for the manufacturers of refractories; also, petition of Axelson Machine Co., of Los Angeles, and H. E. Wiskman, of Gridley, Calif., urging adequate tariff on walnuts; to the Committee on Ways and Means.

2194. Also, petition of the Mother Lode Club of California, Oakland, Calif., indorsing the McFadden bill to aid the mining industry, and urging support of the same; to the Committee on Mines and Mining.

2195. Also, petition of the International Federation of Technical Engineers, Architects, and Draftsmen's Union, Local No. 11, of San Francisco, Calif., protesting against resolution admitting Chinese coolies into Hawaii; to the Committee on Immigration and Naturalization.

2196. Also, petition of Jantzen-Railsback Co. (Inc.), of Los Angeles, Calif., protesting against the American-valuation clause in the Fordney tariff bill; to the Committee on Ways and Means.

2197. By Mr. TINKHAM: Resolution adopted by the General Lander Post, No. 5, Grand Army of the Republic, urging the enactment of legislation granting the maximum pension of \$72 to all Civil War veterans; to the Committee on Invalid Pensions.

2198. By Mr. YATES: Petition of Association of Millers' Organizations, of Chicago, Ill., urging tariff on wheat; to the Committee on Ways and Means.

2199. Also, petition of M. M. Morrissey, of Bloomington, Ill., urging passage of House bill 13, known as the Dyer bill; to the Committee on the Judiciary.

2200. By Mr. YOUNG: Petition of sundry citizens of North Dakota, praying for the recognition of the republic of Ireland by the United States; to the Committee on Foreign Affairs.

2201. Also, petition of the Women's Nonpartisan League Club, of Adrian, N. Dak., praying for an international disarmament conference and opposing further appropriations for military purposes; to the Committee on Foreign Affairs.

## SENATE.

THURSDAY, July 28, 1921.

(Legislative day of Wednesday, July 27, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed without amendment the joint resolution (S. J. Res. 5) authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925.

The message also announced that the House had passed the joint resolution (S. J. Res. 72) for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm, with amendments, in which it requested the concurrence of the Senate.

## ENROLLED BILL SIGNED.

The message further announced that the Speaker of the House had signed the enrolled bill (H. R. 5651) providing for a preliminary examination of the Yazoo River, Miss., with a view to the control of its floods, and it was thereupon signed by the Vice President.

## AMERICAN TROOPS IN GERMANY (S. DOC. NO. 56).

The VICE PRESIDENT laid before the Senate the following communication from the Secretary of War, which was read, referred to the Committee on Military Affairs, and ordered to be printed:

WAR DEPARTMENT,  
Washington, July 26, 1921.

The PRESIDENT OF THE SENATE,  
Washington, D. C.

SIR: In response to Senate resolution No. 114, directing the Secretary of War to advise the Senate of the number of United States troops in Europe, the cost of maintaining them, and the amount of indebtedness of Germany to the United States on their account, by direction of the President I transmit to you the following information:

1. The number of troops which the United States now has in Europe:

Commissioned officers	480
Warrant officers	20
Army Nurse Corps	54
Enlisted men	13,241
Aggregate	13,795

The above figures are taken from reports of June 30, 1921, the latest available.

2. The total cost for keeping these troops in Europe from December 18, 1918, to April 30, 1921 (the latest data available), has been \$275,324,192.18, or an average of \$966,049.80 per month.

3. On April 30, 1921, the balance due the United States by Germany was \$240,744,511.89.

Respectfully,

JOHN W. WEEKS,  
Secretary of War.

## REPUBLIC OF HAITI AND THE DOMINICAN REPUBLIC.

The VICE PRESIDENT. Pursuant to the provisions of Senate resolution 112, the Chair appoints Mr. McCORMICK, Mr. KNOX, Mr. ODDIE, Mr. POMERENE, and Mr. KING, the committee to inquire into the occupation and administration of the territories of the Republic of Haiti and the Dominican Republic by the forces of the United States.

## SPECIAL COMMITTEE ON READJUSTMENT OF SERVICE PAY.

The VICE PRESIDENT. Pursuant to the provisions of section 13 of the act approved May 18, 1920, entitled "An act to increase the efficiency of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service," the Chair appoints Mr. WADSWORTH, Mr. NEWBERRY, Mr. MCKINLEY, Mr. FLETCHER, and Mr. WALSH of Montana, as the members on the part of the Senate of the special committee to investigate and report to Congress relative to the readjustment of the pay and allowances of the commissioned and enlisted personnel of the several services mentioned in that act.

## PETITIONS AND MEMORIALS.

Mr. WILLIS presented the memorial of G. W. Schwab and sundry other citizens of New Philadelphia, Dover, and Leesville, all in the State of Ohio, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. CAPPER presented a resolution of Zebal Lodge of Perfection No. 5, Ancient and Accepted Scottish Rite of Freemasonry, of Lawrence, Kans., favoring the enactment of legislation providing adequate relief for disabled ex-service men, which was referred to the Committee on Finance.



Mr. SPENCER presented 21 petitions of Charity Grace and 29 others; Robert W. Bira and 29 others; John F. W. Dammann and 29 others; Edwin M. Schaefer and 29 others; James P. Doyle and 29 others; Mrs. Mamie Weisman and 29 others; Mrs. S. B. Kenney and 29 others; Elizabeth Duffey and 29 others; M. C. Kinsella and 29 others; Nicholas Remmas and 29 others; Theodore Schrech, jr., and 29 others; Mrs. Julia Ryan and 29 others; Jessie Glessman and 29 others; Benjamin McCabe and 29 others; Edward Lee Martin and 29 others; Patrick F. Dallard and 29 others; Lawrence D. McCann and 29 others; Mary F. Jackson and 29 others; Emil Scharlott and 29 others; Bertha Steinmeyer and 29 others; and Katherine Kenney and 29 others; all of St. Louis, Mo., praying for the recognition of the republic of Ireland by the Government of the United States, which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted at the annual picnic of the American Association for the Recognition of the Irish Republic, held at Normandy Grove, St. Louis, Mo., July 17, 1921, favoring the recognition of the republic of Ireland by the Government of the United States, which was referred to the Committee on Foreign Relations.

Mr. KENDRICK presented petitions of sundry citizens of Thermopolis and Basin, Wyo., praying for the repeal of section 628-A of the revenue act of 1918, providing for a 10 per cent sales tax on manufacturers of carbonated beverages in closed containers, which were referred to the Committee on Finance.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NELSON:

A bill (S. 2324) granting a pension to Joseph Vermilyea; to the Committee on Pensions.

By Mr. SPENCER:

A bill (S. 2325) granting an increase of pension to John H. Smith; and

A bill (S. 2326) granting an increase of pension to William H. Howell (with accompanying papers); to the Committee on Pensions.

By Mr. SWANSON:

A bill (S. 2327) to authorize the Commissioner of Patents to investigate the extension of a patent issued to Earnest W. Ladd, Hunter Arnold, William H. Rohrer, Harry L. Wheatley, B. M. Quinn, and Thomas J. Farrar; to the Committee on Patents.

By Mr. HALE:

A bill (S. 2328) for the relief of Margaret I. Varnum; to the Committee on Military Affairs.

A bill (S. 2329) granting a pension to Katherine E. Murphy (with accompanying papers); to the Committee on Pensions.

By Mr. PHIPPS:

A bill (S. 2330) to extend the time for payment of grazing fees for the use of national forests during the calendar year 1921; to the Committee on Agriculture and Forestry.

By Mr. KING (by request):

A bill (S. 2331) to lay duties, imposts, and excises, to raise revenues for the operation of the Government, and for the payment of the public debt; to the Committee on Finance.

By Mr. JONES of Washington:

A joint resolution (S. J. Res. 90) authorizing the United States Spruce Production Corporation to impose certain conditions on the sale of its railroad in Clallam County, State of Washington; to the Committee on Military Affairs.

#### ASSISTANT IN SENATE DOCUMENT ROOM.

Mr. CALDER submitted the following resolution (S. Res. 118), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Secretary of the Senate be, and he is hereby, authorized and directed to appoint an assistant in the Senate document room to take the position that was omitted in the present legislative, executive, and judicial appropriation act approved March 3, 1921, at the rate of compensation provided for this position in the legislative, executive, and judicial appropriation act approved May 29, 1920; to be paid out of the contingent fund of the Senate until otherwise provided by law.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. NORRIS rose.

Mr. ASHURST. Mr. President, will the Senator yield to me to submit an amendment to the pending bill—

Mr. NORRIS. I yield to the Senator.

Mr. ASHURST. And to make a statement of not to exceed three minutes in length explaining my amendment to the pending bill and to ask that the same may be printed?

My amendment proposes to cure an obvious and unfortunate defect in the so-called Federal farm loan act. It will be remembered by all Senators who have investigated the legislation, or who took part in its enactment, that it was the intention of Congress, expressed on the floor of the Senate and the House, and expressed by the Secretary of the Interior, that the Federal farm loan law should and would apply to lands under Government reclamation projects; but the interpretation which has been placed upon the Federal farm loan act so operates as to preclude any farmer or landowner from participating in the benefits of the Federal farm loan law or obtaining loans thereunder, because the act of June 17, 1902, and the acts supplemental thereto, known as the reclamation laws, provide, in effect, that the charges for construction and maintenance of a reclamation project shall be a first lien upon the lands so reclaimed and receiving water; and the Federal farm loan law requires that the money loaned under the Federal farm loan law shall also create a first lien on the irrigated lands, whereas obviously there could not be two first liens; that is to say, the Government charges for constructing and maintaining the irrigation project could not be a first lien and the loan to the farmer, made under the Federal farm loan law be a first lien also on the same lands at the same time.

My amendment simply proposes that, for the purposes of the Federal farm loan law, the lien held by the Government of the United States for construction and maintenance charges of a Government irrigation project shall not be deemed as a lien paramount or superior to the lien on the same land created or placed thereon when the landowner or water user under the irrigation project secures a loan from the Government under the Federal farm loan law. In short, as the law now stands it is impossible for landowners or water users under the Government reclamation projects to obtain any benefit from the Federal farm loan law. In other words, I do not believe the charges for constructing a project under the reclamation laws should preclude a loan from the Government under the Federal farm loan act.

The reclamation of the arid lands of the West is an epic and an epoch in the history of this hemisphere.

The Reclamation Service is now supplying abundant water to 2,000,000 acres; that is to say, 2,000,000 acres are now receiving all their water from the Government projects, and 1,000,000 acres more are receiving a supplemental supply from Government projects, so I may say that within 19 years the reclamation law has transformed 3,000,000 acres of land, worth 19 years ago probably \$5 per acre, into 3,000,000 acres of land worth now, about as follows: One million acres of it at \$400 an acre, present value, and 2,000,000 acres of it present value \$100 an acre, or a total valuation now of \$600,000,000. In other words, the transmutation has turned 3,000,000 acres of land worth \$5 per acre, or \$15,000,000, into land now worth \$600,000,000.

Mr. NORRIS. Now, Mr. President—

Mr. ASHURST. Mr. President, let me finish my statement. On these reclaimed lands \$90,000,000 worth of crops are grown annually. Five hundred thousand people are housed or homed or find employment on the Government reclamation projects. Fifty thousand homes have been built, and since the reclamation law took effect \$400,000,000 worth of crops, not counting live stock or stock products, but crops alone, have been raised, and yet people who own the land or obtain water from the reclamation projects are not permitted to participate in the benefits of the Federal farm loan law.

I hope the Senate will agree either to my amendment or some other amendment that will cure the defect in the Federal farm loan laws. I have no pride of expression, certainly no pride of opinion; but if the Senate wishes, as I know it does wish, to aid the farmer, let it amend the Federal farm loan law so that those who live under reclamation projects and have lands may secure a loan.

I must close. I am admonished by the clock that I must stop. My three minutes have expired.

Mr. FERNALD. Mr. President, will the Senator from Nebraska yield to me just for a correction?

Mr. NORRIS. I do not desire to yield for discussion of a different subject than that which I am about to discuss.

Mr. FERNALD. This is just a correction of a statement, which I am sure the Senator will permit.

Mr. NORRIS. Well, Mr. President, I yield the floor and when the Senators get through then I will try to get it again.

Mr. FERNALD. Mr. President, in making his statement the Senator from Arizona said 3,000,000 acres of land would be worth \$150,000,000. He should have said \$15,000,000.

Mr. ASHURST. No; I mean 3,000,000 acres of land are now worth \$600,000,000. They were previously worth \$15,000,000.

Mr. FERNALD. The Senator said \$150,000,000.

Mr. ASHURST. I thank the Senator from Maine for the correction.

Mr. NORRIS rose.

Mr. ASHURST. Does the Senator wish to propound a question to me?

Mr. NORRIS. No; but I should like to finish the remarks that I began on yesterday.

Mr. ASHURST. I know when a speech is bottled up in a Senator how tyrannical that speech is and how it fizzes and clamors for expression and I sympathize with my friend, but he can do no greater service for the people of the country, and he has done great services for his country, for he is an ideal Senator, industrious, superb, with intelligence of a high order, but he never can in his career do a greater service for his country than to champion my amendment, which will permit the farmers under the reclamation projects to obtain loans from the Government, as the law intends.

I ask that the amendment be printed and placed upon the desks of Senators to-morrow morning.

I thank the Senator from Nebraska for yielding to me.

Mr. NORRIS. Mr. President, I yielded to the Senator from Arizona to introduce an amendment. I am not finding fault with his amendment, but I hardly think I ought to be expected to yield for a Senator to make a speech on a different subject than that which I am discussing. I wish to yield to Senators, and I shall always do so, but I hope they will not take advantage of my yielding to proceed to make a speech on free silver or something of that kind, or some other amendment that I am not discussing.

Mr. ASHURST. Mr. President, will the Senator yield to me further?

Mr. NORRIS. No.

Mr. ASHURST. I wish to ask—

Mr. NORRIS. I do not yield to the Senator from Arizona.

Mr. ASHURST. I ask to have a letter printed in the Record in connection with my remarks. I thank the Senator.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arizona to insert in the Record a letter as a part of his remarks?

The Chair hears none, and it is so ordered.

The letter is as follows:

PHOENIX, ARIZ., July 12, 1921.

HON. HENRY F. ASHURST,  
United States Senate, Washington, D. C.

DEAR MR. ASHURST: We, the undersigned citizens under the Salt River Valley project, holding lands to which we have received patent, since the 9th day of August, 1912, under which patent the Government expressly retains a lien for construction charges, feel that we are unjustly discriminated against by the refusal of the Farm Loan Board to allow us to participate in the benefits of the farm loan act.

We appreciate your efforts and the action of the Farm Loan Board in placing all the other lands under the project under the benefits of this act, and feel that it was a step in the right direction for the relief of the farming interests in this community, but we would urgently request that you do all in your power to hasten the legislation now pending before Congress designed to clear up all uncertainties in reference to the lands which are entitled to the benefits under this act, and to authorize lands having against them a construction charge to participate in the benefits of the act.

We feel sure that you will realize the justness of our claim, when at least 75 per cent of the lands under this project are entitled to loans, but the other 25 per cent, which are in identical condition, so far as liability for construction charges are concerned, are deprived of this benefit.

If you would use your influence with the Farm Loan Board in reference to getting this discrimination removed and allow us to participate in the benefits of this act the same as all other lands in the project, we would appreciate it as a personal favor.

Thanking you for your former courtesies, we remain,

Yours, very truly,

J. C. DOBBINS.  
C. L. WAGONER.  
WM. WETZLER.  
WM. J. MORGAN.  
I. P. SILLIMAN.  
ERIC HANSON.  
E. T. SMITH.

CHAS. S. PURTYMUN.  
J. W. EYER.  
JESSE EYER.  
INA E. EYER.  
L. P. HEDGPETH.  
F. H. FINNICAL.

ALLAN WILKINSON,  
Honorary Secretary, R. F. D. 5, Phoenix.

Mr. NORRIS resumed the speech begun by him yesterday. After having spoken for some time,

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. McNARY. Will the Senator yield to me for the purpose of offering an amendment?

Mr. NORRIS. I yield for that purpose.

Mr. McNARY. On behalf of the Committee on Agriculture and Forestry I offer an amendment in the nature of a substitute for the pending bill and ask that it may be printed and lie on the table.

The PRESIDING OFFICER. In the absence of objection, it is so ordered.

Mr. SIMMONS. Mr. President, I want to make an inquiry. A few days ago, when it was desired to get the Kellogg substitute printed and in the hands of Senators as quickly as possible, I think some arrangement was made for its immediate printing—an emergency printing. Can not that same arrangement be made with reference to this substitute? I am very anxious myself to see it.

Mr. McNARY. I will say to the Senator from North Carolina that it is the hope of the committee that it may be printed at once.

The PRESIDING OFFICER. The Chair is advised by the clerks at the desk that the substitute will be printed and back here within perhaps two hours.

Mr. NORRIS resumed and concluded his speech, which is entire, as follows:

Wednesday, July 27, 1921.

Mr. NORRIS. Mr. President, I want to analyze—to some extent, at least—the proposed substitute offered by the Senator from Minnesota [Mr. KELLOGG]. Before I do that I desire to say that I have no criticism to offer against any Senator or any other man who thinks the committee bill is wrong, who is opposed to any legislation on the subject. Those who object to any legislation—and there are many of them, honest and able men, both in the Senate and out—may be right. I think that the condition of the producers of our country is such that we are warranted in legislating in a way that we would not think of doing under ordinary circumstances. I may be wrong and the committee may be wrong.

So that I am not finding fault with any Senator who says that the action we propose to take through the bill that we have reported to the Senate is too radical or will not bring relief. We thought it would when we reported it, although no one believed that it would be a cure-all for all the evils that exist now, even in agriculture.

I am not finding fault with any Senator who prefers the substitute. I recognize his privilege, which I freely grant. Yet, Mr. President, before I commence an analysis of the substitute I want to talk just a little about the method by which it reached the Senate. It is no secret that the administration is now and always has been against the legislation proposed by the committee, and that is a right those who compose the administration have, and I am not criticizing them on that score. But no one has denied and no one dare deny but that the Committee on Agriculture, recognizing the difficult situation, were acting in the best of faith, trying faithfully and earnestly to produce some remedy for the deplorable condition of agriculture.

We had hearings, extending over about 10 days. It was quite apparent when Mr. Hoover appeared on the stand and when Mr. Meyer appeared on the stand, both of whom were invited by the committee to come, that they were opposed to this legislation. They were very courteous in their opposition. But it was not long after that bill had been reported and had been taken up and made the unfinished business of the Senate before it became apparent that Congress was going to pass some kind of a bill on the subject, and it was not long before the opposition was shrouded—to a considerable extent, at least—in mystery. We all knew that those close to the administration were opposed to the bill, and little by little it leaked out that there was going to be a substitute bill drafted.

The program was not disclosed to the Committee on Agriculture. No suggestion of such a procedure was made by Mr. Meyer or Mr. Hoover, who are two of the principal moving spirits, representing not only themselves but somebody else higher up, against this legislation; and yet it became apparent that somewhere in the Capital City there was a powerful influence working against this legislation, and that we would probably be confronted with some kind of a bill in opposition to the one the committee had reported.

There were two things necessary in framing that substitute and getting it ready. Those who were behind it did not want anything except probably a bill to turn some Federal funds over to the railroads, and so it became a question of how little they could put in the substitute and get by with, and that accounts for all the negotiations and the buttonholing that went on for several days prior to the introduction of this substitute.

Mr. KELLOGG. Mr. President—



The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. NORRIS. In a moment I will yield. There were two classes of Senators who it was apparent might be gotten. One was composed of the cotton men of the South, Democrats; the other branch of Senators who might be induced to get in the administration band wagon was composed of Republicans who wanted to be stamped with the indelible stamp of regularity.

Mr. KELLOGG. I do not know whether the Senator knows, but it is not true that I am opposed to any legislation. I have been in favor of legislation from the beginning and have done everything possible to aid the farmers. I differ with the Senator from Nebraska as to the means. He may be wrong, or he may be right; but I have not opposed legislation of any kind looking to the benefit of the farmer now or at any other time.

Mr. NORRIS. Mr. President, the Senator reminds me of a man whom the sheriff once undertook to arrest. There had been a murder—maybe for the purpose of the illustration I should not say "a murder"—there had been a horse stolen in the community and the sheriff walked up to a man and put his hand on his shoulder, and immediately the man said, "I didn't steal that horse," and the sheriff said, "I had no idea that you did. I have no warrant for your arrest. You have never been charged with the crime, and if there is any suspicion that you ever stole the horse it has come out just now."

I did not say the Senator from Minnesota was opposed to the legislation. I have not charged him with being unfriendly to the farmer. He says he wants to do anything to help the farmer, and if he will let me proceed I am going to show how he was selected, because he was a friend of the farmer, to father this mysterious bill that all at once came into the light.

Mr. KELLOGG. The Senator said those who favored the substitute wanted to beat any legislation.

Mr. NORRIS. No; I did not say that.

Mr. LENROOT. Did not the Senator say that those behind this substitute did not want anything except to get money for the railroads? I have taken the Senator's language down.

Mr. NORRIS. If I said that as to those behind this substitute, that is what I meant. I do not put the Senator from Wisconsin behind it. I have not put the Senator from Minnesota behind it. I have not put anybody in the Senate behind it. It did not originate in the Senate. Its father is not here. It came from other places, and those who finally came to the conclusion—and they are powerful—that we are going to have legislation on this subject did not want any legislation on it, and they are getting just as little of it as they possibly can, and when they come to carry out their wish then they have to work with Senators.

Some Senators are opposed to any legislation, and I have the utmost respect for them. I have no intention of criticizing them, as I said before, and they have a perfect right to be opposed to it, and they may be right, too. I think they are wrong, but I respect their opinions and their judgment just as much as I would like to have mine respected, although I do not always have it respected.

Now, let me see, Mr. President, where was I when I was diverted? I believe I was talking about these two sources from which this opposition would be gathered; that is, in addition to those who were opposed to any legislation whatever.

So they started out to frame a substitute bill. I shall talk about the cotton men first, then I will take the Republicans up afterwards. Did it ever occur to you that they paved the way to get the cotton men by resorting to a sort of psychology? They wanted to make an atmosphere that would be pleasing to the cotton men, and the War Finance Corporation commenced all at once to issue bulletins. I have a large number of them in my hand, issued daily, practically daily bulletins. They had not been doing much. We had rejuvenated them, but there was not much indication of life. They became busy all at once, and their industry, their energy, their time, and their efforts were confined to cotton, and every day they issued a bulletin to the effect, "Yesterday we financed this man's cotton and that man's cotton," and so on, and the next day another one.

It was not long before the cotton men began to see that the War Finance Corporation was their friend, and you had to break up what appeared to be a combination, but what was a natural coalition of the agricultural interests, which included cotton, corn, live stock, and wheat. That was the method by which the way was paved to approach the cotton men, and they became interested, naturally, in the financing of cotton. Their hearts were opened up to the messengers, self-appointed or otherwise, who might buttonhole Senators and talk about what legislation could be had, and would be put through, and the War Finance Corporation resurrected itself almost out of the grave in its activities to save the cotton situation. It

was a good thing, I think. So, no matter what may happen, this legislation did some good for the cotton men. Thus the way has been paved to take the cotton men away from the bill. We will see when the roll is called how many have succumbed, and it will be quite a number.

On the other hand, there were Republicans who would rather be with the administration and be a regular than to be almost anything else. The same means that are always used by the political powers and machines, whether it is under a Democratic President or a Republican President, were brought to bear to bring into line for administration measures the fellows who were standing out on the edges and who were probably watching the plum tree, and who did not want to be edged away from the pie counter, and who would hate worse than anything else to be labeled as irregular or irreconcilable or insurgent.

Now, it became necessary to put something in here, to take something out there. The Senator from North Carolina [Mr. SIMMONS], in his very able address this afternoon, has told of suggestions that he made, and he found, when the substitute got here, that it had them in. He was a most enthusiastic supporter of the committee bill a few days ago, but the suggestions which he made went in, and suggestions from fellows on this side went in or in some cases went out.

As I said originally, and, of course, I have had to get my information in various ways, some of it I can prove and some of it, I think, is a fair conclusion from things that are apparent, the substitute first had in it a provision for the loaning of money to the railroads. It does not have it in now. They did not take it out because they wanted to, but because they found there were Senators whose support they needed, which they could not get if it had that provision in it, and so at the eleventh hour they took it out, and it does not appear now. It probably will not show up again until after this combination succeeds in displacing the committee bill with the proposed substitute that is brought in here, and then it will probably be offered as an amendment, and possibly if it is found dangerous to offer it then, it will come in as a separate bill.

Why, Mr. President, when we had the bonus bill here and when it was pending before the Senate the President appeared and made an argument against it and immediately Senators who had voted to take it up voted to send it back to the committee. It worked. It had its effect. The end was accomplished. Whether it is good or bad I am not now arguing, but the administration had its way. We heard, to begin with, that the President was going to appear again, because he had been so successful on that bill, and make a speech on this bill. It was finally determined that he would send a written message to avoid the criticism of coming up here and debating questions that were in the Senate or for fear, probably, that the Senate might ask the President to submit to the Senate rules and be questioned when he undertook to debate questions that were immediately pending. So the President sent a message. We all remember that message, as it was read yesterday. It told of the necessity of loaning some money to the railroads. Now, that message was undoubtedly written when that provision was in the substitute bill.

Mr. CARAWAY. Mr. President—

Mr. NORRIS. Just a moment. Although at the last moment the substitute had to be changed to keep some Senators in line, the President forgot to change his message and let it come just as he had it before.

I now yield to the Senator from Arkansas.

Mr. CARAWAY. I was just going to suggest to the Senator that there was one paragraph about the necessities of agriculture, and the remainder of the message about the necessities of the railroads.

Mr. NORRIS. Yes. Of course, if he had struck out what he said about the railroads, there would not have been enough left to make a message, and it would not have looked well to send up only a sentence on the pending bill.

During all this time the Committee on Agriculture and Forestry had been investigating the subject in the best faith. When we reported the bill we said, "We invite criticism. Amend the bill if it is not right. We are laying our cards on the table, face up. We have nothing to conceal. We are out in the open and have been from the beginning. We think the bill will help. If, after debate, the majority of the Senate can change it and make it better, we welcome it."

But this mysterious force that was going around to make up the substitute bill never came out in the open. The Senator from North Carolina to-day came nearest to telling a couple of the people who were behind it. He said the administration had nothing to do with it. Of course, the administration will be delighted with the defense which the Senator from North Carolina



made for it. That means, as I take it, from what the Senator said, that the administration never came to see the Senator. He told us who did. He made suggestions, but no one who knows anything about it, no man in the Senate has any doubt that Mr. Meyer had consultations at the other end of the Avenue as well as in the Senate Office Building at this end. No one thinks otherwise.

It would be just the same, if we relieved the power behind them from having anything to do with it, to say that Mr. Meyer had nothing to do with it, who the Senator says actually prepared it. I presume it was written by a young lady on the typewriter. We might find out who she was and just put the whole blame on her, and say that she wrote it, she prepared it, and relieve everybody else. To talk about a couple of men, Meyer and the other man named by the Senator and whom he eulogized so much—both of them probably entitled to every word of praise that he uttered—and to say that they prepared the substitute bill, it seems to me is to say what every Senator must understand to be an erroneous statement, at least. I have no doubt, and if you will give me compulsory attendance of witnesses I think I can prove it, that many a consultation was had about the bill in the White House. I suppose there was always a guard on the door for fear somebody might find it out. Whether it was a consultation in the darkness of the cellar of the White House or in the inaccessible recesses of the attic of the War Finance Corporation's habitation, there were many, many of them, participated in by many, many men, high and low, in and out of office, outside of the Senate.

I do not believe one could find in the history of the Senate of the United States an instance where this kind of procedure has been carried on. The committee, while it was conceded that they might be fools, were at least honest and were doing the best they could, but it was entirely kept from them. Where was the place to go if they wanted to correct this proposition?

Two of the men who had a great deal to do with this, Hoover and Meyer, had been before the committee, after the Secretary of the Treasury had been invited to come before the committee, and I ought to say, because some man will criticize me if I do not, that I do not blame him for not coming, because he had another appointment, so he said, and I have no doubt it is true, and was not able to come; but he was invited, at least.

Mr. McNARY. Mr. President—

Mr. NORRIS. Why was it that the Committee on Agriculture and Forestry from the beginning to the end of this mysterious and secret method was never taken into consultation in any way?

I yield to the Senator from Oregon.

Mr. McNARY. I wish to ask the chairman of the committee how often and under what circumstances the Secretary of the Treasury was invited to appear before the Committee on Agriculture and Forestry?

Mr. NORRIS. The Secretary was asked to appear.

Mr. McNARY. Under what circumstances, and what opportunity did he have? Was he asked more than once?

Mr. NORRIS. No.

Mr. McNARY. Was not the suggestion brought to the attention of the chairman to call him?

Mr. NORRIS. I know that he was invited only once. I never was instructed to invite him the second time and I never did invite him again. If that is a sin, I will bear it right on my own shoulders.

Mr. McNARY. Is it not usual for the chairman to transmit bills that affect certain departments, that require departmental exercise of discretion, and ask their opinion on matters of that kind?

Mr. NORRIS. I do not think it would be usual to send to the Secretary of the Treasury such a bill as this. If the Senator himself, who was a member of that committee, thought it ought to be done, why did he not do his duty and ask that that be done? I would have been very glad to have done it if anybody had asked it. It never occurred to me that that ought to be done.

Mr. McNARY. I will say to the chairman of the committee that on two different occasions I made the request that the Secretary of the Treasury be invited, and the chairman of the committee will recall the answer that he made the first time.

Mr. NORRIS. I invited him, I will say that to the Senator.

Mr. McNARY. Perhaps it was in response to the second request.

Mr. NORRIS. Maybe it was the second.

Mr. McNARY. At the time of the first request he did not approve the action.

Mr. NORRIS. I did not care to have him. Of course, I knew what Secretary Mellon would say. Is there anybody here who did not know? Is there anybody here who would accuse

Mr. Mellon—and I say it in perfect respect to him; he has lived that kind of life, he has looked through those glasses from the time he got out of the cradle, big business, big money, trusts, banks—is there anyone here who would not know now without hearing Mellon that Mellon was against the bill? I said then that he was against it. And, let me repeat, he had a perfect right to be against it. I knew he would be against it. I knew that when I introduced the bill. I did not ask him whether I might introduce it or whether he would be for it. If the Senator from Oregon wanted to prepare a bill would he go to Secretary Mellon if it were something about agriculture and ask him whether he might introduce it?

Mr. EDGE. Mr. President—

Mr. NORRIS. I yield to the Senator from New Jersey.

Mr. EDGE. The fact that the chairman of the Committee on Agriculture and Forestry believed that the Secretary of the Treasury would be against the bill is no good reason why any reason he had in fundamental objection to that class of legislation should not be laid before the committee at a public committee hearing?

Mr. NORRIS. I do not get the Senator's question yet.

Mr. EDGE. I will try to repeat it and make it clear.

Mr. NORRIS. I wish the Senator would do so.

Mr. EDGE. If the chairman of the Committee on Agriculture and Forestry felt, as he expressed himself, that the Secretary of the Treasury would fundamentally be against that type of legislation, is that any reason why he, as a very important officer of the Government, should not be called before the committee to give his views, even though they were contrary to the legislation?

Mr. NORRIS. None whatever. There is no dispute about these facts. I said then what I say now, only a great deal more briefly. I simply said that I knew Secretary Mellon would be against the legislation. I did not care to ask him to come; I would not have asked him to come. When the suggestion was made I acquiesced in it. There was no vote concerning it. I did not object to it; I did not demand a vote on it. I made the request, and invited him to come. I concede that a man who is against a measure has just the same right to appear against it as those who favor it; but it is not the business of those who favor legislation to hunt up fellows to come and fight it. If that is a sin, I am guilty, and I am ready to take the responsibility now and here. I did not ask him to come until I was requested to do so. I repeat, there was not any vote on it in committee, but it was merely acquiesced in, and he was invited to come.

I would say the same thing about Hoover. Who got any light from Hoover's testimony before the committee? I invited Hoover at the suggestion of the committee. We had other people there; anybody who was suggested we invited to come before the committee.

Of course, I was laboring under the impression at that time that the Senator from Oregon [Mr. McNARY] was favorable to the legislation. If any Senator, on the committee or otherwise, had appeared there or had seen me personally and asked that somebody be summoned to come, I would have asked him to come. I knew of some who were favorable to the legislation when they came before the committee, and I knew of some who were opposed to the legislation when they came; but I invited men at the request of others to come before the committee, without knowing whether they were for the legislation or against it. I did not try to cover up anything; nobody did. From questions which are asked, however, it now seems to be a sin because when Mr. Mellon could not come the day he was asked that I did not invite him to come some other day. The Senator from Oregon, if he had been at the meeting of the committee, could have made the request and secured Mr. Mellon's attendance.

Mr. McNARY. Mr. President, I will state again that I think the chairman of the committee expressed indifference; perhaps, he desired not to have either Mr. Mellon or Mr. Meyer, upon the theory that, as he understood, those men would be against this character of legislation in the form proposed; but I still insist that it would have been wise to have had both those gentlemen before the committee. As it was, however, we had Mr. Meyer and Mr. Hoover, but not Mr. Mellon.

Mr. NORRIS. Yes, we had Mr. Meyer; we had Mr. Hoover; and we had Mr. Fisher, who was against the legislation, a Wall Street man. We also had the Secretary of Agriculture before us; and it seems to me that he was the man to invite to be heard upon this kind of legislation, and was the person to whom the legislation ought to be referred. I can not now say whether I sent him a copy of the bill or not, but I think I did. However, whether I did or not, whatever penalty applies to the case I am willing to stand for it; and the Senator from Oregon can take it up either here or in the committee and see what kind of punishment he can mete out.



Mr. McNARY. Mr. President, I am not criticizing the chairman of the committee. It is rather unfortunate to use the phrase "meting out punishment" to the chairman because we disagree over the character and purposes of a bill. It is not a question of punishment; it is a question of having the truth developed. That is what I am trying to do.

Mr. NORRIS. Well, if the Senator is satisfied with the truth, I am sure I am.

Now, I will go on and tell some more things that I believe to be true. I am a little at a loss to know where I was when I was diverted. I believe, however, I was speaking about the message of the President and how he had written it at a time when he thought he could get through a different kind of bill.

Mr. President, the bill was finally gotten together; the child was born; but it was illegitimate; it had no parents. The administration had to hunt up somebody to father it. It would not do to take the Senator from New Jersey [Mr. EDGE], who had made an argument somewhat along the line of the substitute; that would not be strategy, because the Senator from New Jersey comes from a manufacturing State; there is not very much farming in that State.

The Senator from New Jersey thinks there is, perhaps, but the farmers know there is not; there is a little gardening there, and that is about all. Those who had brought this mysterious child into the world wanted an agriculturist, a farmer from a real farming community to be its father, and bring it in to the christening. So they looked over the country, and they said, "Here is Minnesota, a great agricultural State. It will help to some extent if we can get some one from a State like that to father the bill." It just happened that the junior Senator from Minnesota [Mr. KELLOGG] was likewise well qualified for the task—a farmer, a horny-fisted son of toil. He would be just the man, if he would do it. He was always doing something for the farmer, being a real farmer himself—a scientific farmer, with a large library of farming books. In his library you would find Washburn on Real Property—all farmers have real property; Parsons on Contracts—all farmers make contracts; Bishop's Criminal Law—all farmers are liable to commit crimes. Then, probably, you would find a morocco-bound volume entitled "The Relation of Golf to Chicken Raising"; and if you would look a little further along in that great farmer's library you might find another volume entitled "Hoyle on Other Games." So, the Senator from Minnesota was selected to be the godfather of this child. It had to be christened. Nobody had yet seen it, except a few favored wet nurses who were there when it was actually born. The Senate Agricultural Committee had not seen it; the Senate had not observed it; it was desired to bring it into the Senate and to have it properly christened according to ancient form.

Now, it just happened—and it was probably something which had been thought of—that it might not be possible for the Senator from Minnesota to secure the floor at once. I think it is a bad practice, but sometimes Senators see the Presiding Officer and tell him they want to be recognized, and we have known sometimes that there is a list up there on the throne, and Senators are recognized according to the list, although it is in violation of the rules of the Senate.

It just happened—it was only an accident—that a member of the Agricultural Committee wanted to speak on the pending bill. Of course, I am not defending a member of the Agricultural Committee who wanted to speak on this bill that came from that committee. That may be an offense, and therefore I will not mention the Senator's name; but he did want to address the Senate on the bill. So he saw the Vice President and communicated his wish that, being a member of the Agricultural Committee, he thought he would like to be recognized to speak upon this agricultural bill.

The Vice President did not come in when the Senate convened. He was not far away; he came in a few minutes afterwards and occupied the chair; but what usually happens in the morning when the Vice President comes in and calls the Senate to order did not happen on this occasion. Of course, it might have been due to accident; he might have been caught under his automobile out here and not been able to get out from under in time; but when 12 o'clock arrived the Senator from Kansas [Mr. CURTIS] walked in and called the Senate to order. After the Senator from Minnesota had started the Vice President walked in, a little late, and took his place on the throne where he now sits.

If this incident went no further we might not be able to draw conclusions; but the fact that the Vice President came in so soon afterwards at least demonstrates that he was not very far away; and the fact that a member of the committee had indicated a wish to him that he be recognized when the Senate convened to speak on this bill and that the Vice President was

away just long enough for somebody else to occupy the chair and until he could recognize some other Senator makes it look as though the coming in of the Senator from Kansas was not an accident.

But that is not all. The Senator from Kansas walked upon the platform and called the Senate to order, and, without looking in the direction where the Senator from Minnesota stood, recognized the Senator from Minnesota, who had not yet addressed the Chair.

Mr. KELLOGG. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. NORRIS. I yield to the Senator.

Mr. KELLOGG. I am not going to discuss in the Senate the insinuations and sneers of the Senator from Nebraska.

Mr. NORRIS. Then the Senator had better sit down.

Mr. KELLOGG. I will not sit down until I finish the statement.

Mr. NORRIS. The Senator, if he goes too far, will sit down unless he disregards the rules of the Senate.

Mr. KELLOGG. I will say that I arose at 12 o'clock, as I had notified the chairman of the Agricultural Committee that I desired to do, asked the recognition of the Chair, and was recognized. I went to the Senator's room, and told him what I proposed to do, and said that I should like to offer the substitute and make some remarks upon it at 12 o'clock, as the Senator knows.

Mr. NORRIS. Is that all the Senator has to say about it?

Mr. KELLOGG. Yes.

Mr. NORRIS. That does not refute what I have asserted; and I happen to know what occurred, because I know a Senator on the committee who had requested recognition. I was watching it, because I told that Senator that the Senator from Minnesota had come to the committee room—and that is the first notice we had of this christening that was to take place, or of the existence of the child that was going to be christened—about 11.30, just before the convening of the Senate, and told me that he was going to offer a substitute at 12 o'clock; and when he told me that, although he did not even then give to me or to the committee a copy of this new bill that he was going to propose, I told the member of the committee who had previously told me he was going to speak, and had already seen the Vice President about it, to be on his feet and to be ready, because unless he was he probably would not get recognition. Therefore, I was watching the situation, and I want to say now that the truth is that the Senator from Minnesota was recognized before he addressed the Chair.

Mr. KELLOGG. That, Mr. President, is a mistake. It is not so.

Mr. NORRIS. Mr. President, it is not a mistake. I will concede that the Senator may think otherwise. The Senator was standing on his feet, and did address the Chair after the Chair had said, "The Senator from Minnesota," and I was watching it in the place where I am now, able to see both the Senator from Minnesota and the Chair within my vision; and the Senator from Kansas rapped on the desk, and the first words that he uttered were, "The Senator from Minnesota," and the Senator from Minnesota then said, "Mr. President."

I am not saying that the Senator from Minnesota is practicing any deception whatever. I know he is mistaken about it. He knew what he was going to do, and undoubtedly the man in the chair knew what he was going to do. There is no doubt about that; but the Chair was too quick for the Senator from Minnesota. If you have a difficult job to put over at any time and you want a man with the necessary courage that can do it without a blink or a wink, get the Senator from Kansas. He put it across so quickly that the Senator from Minnesota did not have time to catch his breath. If there had been a machine here taking down what was said, you would not have found even the length of a comma between the rap of the gavel and the voice of the Presiding Officer saying, "The Senator from Minnesota." It was all one.

That is a little thing in itself, Mr. President, but it only shows how carefully every detail is looked after when this great political machine is going to put something over. Forget nothing, and if a Vice President has possibly made some arrangement that conflicts with it, push him aside and put another man in the chair who is not bound by the agreement. And so, Mr. President, the foster father of this poor child comes into the Senate and exhibits it before us.

Now, let us brush aside these velvet and silken clothes in which this young thing is dressed and ascertain whether it is a thing of flesh and blood and has real life, or whether after all it is a rag baby, a dry piece of clay, inanimate and dead. Let me say in all candor about it that I think it has some life. I would



rather have it than have no bill at all. It is better than nothing. It would, in my judgment, accomplish a great deal of good; but a fundamental difference between it and the committee bill is that while the committee bill provides for a corporation that shall be the link between the producer and the consumer, this new bill, with a halo of regularity about it, provides nothing for the producer. It does not consider him at all. He is left out entirely. The bill deals with bankers, with middlemen, with trust companies, and confers all its favors upon them. All of their machinery must be oiled and paid for by the producer or the consumer, or both.

Now let me take up this substitute. Let us see what it means.

The very first thing after the introductory part it says:

Whenever the board of directors of the corporation—

That is, the War Finance Corporation—

shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States which is normally exported in substantial quantities and that the ordinary banking facilities are inadequate to enable producers or dealers in such products to carry them until they can be exported—

All those things must exist first, in the opinion of the board. When they are of the opinion that conditions arising out of the war or the disruption of foreign trade created by the war interfere with these things they can operate. They have a discretion that the proposed law does not attempt to take away—a discretion not as to securities, not as to time, but a discretion as to whether agricultural conditions are bad; and there is not an agricultural man on the board. The Secretary of Agriculture is not there. It is composed of Mr. Mellon, Mr. Meyer, and these other fellows, like the man from North Carolina, whose name I have forgotten. As the Senator from North Carolina in praising him said, he is the biggest farmer in North Carolina, the biggest manufacturer in North Carolina, and the greatest lawyer in North Carolina; so he is some man, to be sure, with all those accomplishments.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. NORRIS. Yes.

Mr. SIMMONS. I have not said he was the greatest lawyer in North Carolina or the greatest manufacturer in North Carolina.

Mr. NORRIS. I understood the Senator to say so.

Mr. SIMMONS. I said that he was a large manufacturer and a successful one; that he was a large farmer and a successful one; that he was a large banker and a successful one; that he had built a railroad, and that he was one of the most prominent lawyers in the State, with a lucrative practice.

Mr. NORRIS. Well, I accept that. That is a good deal better than what I said. That is one of the fellows who is going to decide whether, in his opinion, there is something wrong with agriculture. I am casting no aspersion upon the Senator's friend. I concede all that he said about him. I say nothing against these men.

Mr. SIMMONS. All I want to say to the Senator is that if he knew how much that man had lost in agriculture last year he would know that that man sympathizes with other farmers.

Mr. NORRIS. Probably he does. I did not say he did not sympathize with them; but we are going to leave this discretion entirely to people who are not agriculturists in the main. I know and you know and God knows what kind of a farmer it is who is practicing law. We know how his hands are all blistered from following the plow. We know the farmer who is running a lot of banks or the farmer who is one of the biggest manufacturers in some of the textile industries in North Carolina. We know how sore his feet are from driving the cows home from pasture. We know that he suffers awfully in the work of agriculture; and, of course, we know also as to these other men, great and good and holy as they are in their several occupations and followings, about how much they have to do with agriculture. They may own a lot of farms and have a lot of fellows working for them. Almost all of them do, as a kind of a pastime. They can tell you a great deal about a game of golf, but they do not know very much about the milking of a cow or the setting of an old hen. They do not know much about farming, and the troubles and the trials and the tribulations of the real toiler on the farm are unknown to them. Now, they may be much better than the farmer for all that, but they do not know what the farmer has to contend with. They can not know. They must get it all second hand; and it is to that kind of a board, before they can do anything under this substitute,

that we will leave the discretion and let them decide to begin with whether agriculture is hard up or whether it is otherwise. That is the discretion we leave to them in the beginning.

Let us see how many ways they could have to get out of doing anything.

They may be of the opinion that the farmer is starving to death, but that the conditions did not arise on account of one of these enumerated reasons, and if they are, they will not have any right to do anything for him.

They may think that this disruption of the foreign trade was not a result of the war, and if they do, they can not do anything under this act.

They may think that while it was caused by the war, or was a disruption brought about as a result of war, there was no abnormal surplus; and if they think that, they can not do anything for the farmer.

They may think that the product concerned was not in other years normally exported in substantial quantities; and if they do, they can not do anything under this bill.

They may think that the farmer does have the ordinary banking facilities; and if they do, this bill is of no account. They can not do anything.

Mr. EDGE. Mr. President, will the Senator yield?

Mr. NORRIS. Yes; I yield.

Mr. EDGE. Returning to the review of the personnel of the board, the Senator's original bill, as I remember, called for the appointment of the Secretary of Agriculture and two citizens to be appointed by the President; did it not?

Mr. NORRIS. Yes.

Mr. EDGE. Does the Senator assume that when two men are to be appointed by the President to handle purely a banking proposition with a capital of \$100,000,000 and with the right to issue bonds to a total of \$1,000,000,000, any administrative officer having the responsibility of appointment would not attempt to find a combination of men who knew the agricultural situation and who also knew how to conduct a very large banking institution?

Mr. NORRIS. Again the Senator is putting a straw man up to knock him down. I have not said that there ought not to be a man on this board who understands banking. I think there ought to be a man who understands foreign securities. I have not made that suggestion. But I have said that on this board that exists now there is no farmer, and there is nobody who represents agriculture. The committee bill provides that the Secretary of Agriculture shall be chairman of the board.

Mr. EDGE. I understood the Senator to criticize the gentleman from North Carolina, whose name I do not recall, who was described by the Senator from North Carolina to be a very large farmer in that State.

Mr. NORRIS. Yes; but I did not criticize the gentleman from North Carolina, and I do not criticize the other members of this board. I have the very highest regard for them. But if I wanted a man to milk cows I would not hire the Senator from New Jersey to do it.

Mr. EDGE. The Senator is correct in his analysis.

Mr. NORRIS. I would expect him to make a complete failure of it, although probably to run a bank with a billion dollars he would be just the man to take; and when we have here an agricultural proposition, admittedly an agricultural proposition, together with others, it is true we ought to have somebody who is an agriculturist or represents agriculture fairly on the board. A lawyer who has a farm can not qualify as a farmer. I have an idea that the Senator from New Jersey has a farm.

Mr. EDGE. I am not that wealthy. I can not stand the expense of such a luxury.

Mr. NORRIS. It does take a good deal of money to stand the luxury, if you go into the farming business, and you would find it would take a good deal of money to operate it correctly, and more brains than it would to run a bank or to practice law, and do it successfully and correctly. Farming is going to be one of the most scientific things in the world. The farmer of the future is going to be a chemist; he is going to be the best educated man there is, and he ought to be to make the highest success of agriculture.

So, Mr. President, I want to repeat that I am not criticizing, and it seems to be necessary to repeat it, because even Senators seem to think that I am criticizing somebody when I say that this proposition ought not to be left to Secretary Mellon and to Mr. Meyer and a lawyer down in North Carolina.

The man who runs a law office, or the man who runs a bank, or the capitalist who does not actually toil in the fields can not comprehend the farmer's problems; he does not know them.



When he pays a big price for beefsteak he blames it on the farmer, who has not gotten enough out of the steer out of which the beefsteak was taken to pay for the corn that was fed to the steer the last three months of its life. He has not comprehended the farmer's problems, and these men are going to decide for the farmer, first, whether the farmer is hard up; second, whether the condition that made him hard up was brought about by the war; third, whether the farmer has sufficient banking facilities; and if he has, then they are going to let him alone and let him work out his own problem.

Mr. LENROOT. Mr. President, I am very sure the Senator wishes to accurately state the contents of this substitute, and the limitations he now refers to apply only to the export business or to agricultural products held until they can be exported. Those limitations do not apply to section 24 and subsequent sections.

Mr. NORRIS. No; the Senator is correct in that—they do not apply to section 24, because section 24 is not an export proposition. Before I finish I will analyze section 24. I am only going to pause here long enough to say that I think that section 24 is a good provision. As a member of the committee which reported the other bill, if the Senator from North Carolina had taken section 24 right out of this en bloc without a change and offered it as an amendment to the bill I would not have objected to it myself.

But these discretions I have been talking about apply to the exportation proposition, and while the Senator from North Carolina thinks section 24 is the most important I do not agree with him at all on that. I think the great question to solve in connection with this is the question of exportation. It is more a question of getting a market than anything else, although the other question is an important one, I concede.

So, Senators, when you are looking at this substitute, to start with, think of the improbability of it ever having any effect whatever when it is left to men who, great as they may be, do not realize the farmers' problems, and that is just the condition this bill would bring about. In my judgment we could stop right at the point I have reached, and reasonably conclude that if we pass this substitute all up to section 24 will never be effective.

The War Finance Corporation did not do very much until we commenced to agitate, until the pending bill got to a dangerous place, where they thought it might pass, and when it is over with and the storm is passed whatever bill gets through, if any, I have an idea they will probably rest again, as they did before.

They can not understand the farmers' problems. This War Finance Corporation does not understand the farmers' problems. Among these bulletins they have been issuing there is just one that tells about wheat, and that tells about collecting some money for a sale of wheat that was made in Belgium during the war. But they did not buy that wheat of the farmer. I would not be surprised if many of these men on this board would not know a field of wheat if they saw one. They do not know how it is gathered by the farmer, and how it is turned into flour. I have an idea that some of them do not know whether it grows like a potato, in the ground, or is picked off a tree, like an apple; and without any disrespect to them, Senators, are we going to leave to men who have no knowledge of farming the question as to whether farmers shall be relieved or not?

They might be able to pass on one of these questions very well, whether the farmer has sufficient banking facilities. They must find that the farmer is suffering, that agriculture is down. They must find, next, that it is a result of the war, or a result of the disruption of things caused by the war; that the products are produced in abnormal quantities and can not be exported in normal quantities; that under ordinary circumstances in the past they have been exported; and that the farmer has no banking facilities. They must find all those things first under this sacred substitute.

I ought to pause right there, before I go on with the substitute, to say that if I brought in a proposition like this and asked the Senate to pass it, on an important question of this kind, it would be objected to, and very properly. Senators would say, "This ought to go to a committee of the Senate. It ought to be thrashed out." That would be a very proper objection. But it does not apply to something that has a sacred birth like this holy of holies. It does not apply to this wandering child, whose parentage is fostered by the Senator from Minnesota [Mr. KELLOGG]. That has not been considered by a committee, but the Senate is asked to swallow it at one gulp.

Mr. President, if this had been sent to a committee of which the Senator from Wisconsin [Mr. LENROOT], let us say, had

been a member, knowing him as I do, I know that one of the first things he would have pointed out would have been these provisions I have already called to the Senate's attention. They are similar to the "whereases" of a resolution.

Here is a board that has not a farmer on it, or within sight of it, that is going to say whether there is a condition of hardship among the agriculturists of this country; they are going to pass on it. They are going to pass on all those other propositions before the law can become effective, and we are going to pass the substitute without ever having referred it to a committee or without it ever having been considered by a committee.

I have been criticized here to-day by a member of the Committee on Agriculture because I did not invite Secretary Mellon the second time to come to the committee meeting. Suppose I said here now, "Have you invited Secretary Mellon to consider this substitute?" It would probably be answered in the affirmative, because I have an idea that he had a good deal to do with its preparation. But why does it not apply to their bill as well as to ours? Why is not the sauce that is good for the goose good for the gander also? Why is it that you apply one rule to the Committee on Agriculture and do not apply the same rule to this secret combination of Senators and outside parties? Why can from some unseen source a bill on an important subject like this be dropped, as it were, through the skylight and the Senate be asked to pass it? Why is it that anybody must be criticized if they object to the procedure?

The other bill had to run the gauntlet; it did run the gauntlet. This substitute has just emerged in a bright, new dress, right out of the sacred chamber of an unknown bunch of fellows, unnamed, and the Senate is asked to pass it without hearing anybody, even Mr. Mellon.

Of course, everybody knows that Mellon knows all about this bill, and so does Hoover, and they both approve it, probably not because they like it but because it is what they have decided is the least they will have to give to kill the committee bill.

I wish that Senators would take the criticism that has been made during this discussion, applied to the bill which the committee reported, and apply it to this substitute. I am going to do it before I finish, and I am going to show that the sins that have been charged against the committee bill are quadrupled in the substitute bill.

Practically every criticism that has been made in the several days, more than a week, of discussion here in the Senate against the committee bill can be applied with double force to this substitute bill.

[At this point Mr. NORRIS yielded the floor for the day.]

Thursday, July 28, 1921.

Mr. NORRIS. Mr. President, when the Senate took a recess yesterday I had reached the point in my remarks where I had begun an analysis of the amendment offered by the Senator from Minnesota [Mr. KELLOGG]. Indeed, I had taken up one section of it and analyzed it somewhat. The first section of the amendment, which I have analyzed, lays down a certain state of facts that must be found to exist before the War Finance Corporation can take any action under the proposed bill unless it be with the exception probably that was called to my attention yesterday by the Senator from Wisconsin [Mr. LENROOT], section 24, which is an independent proposition which I shall discuss later.

I do not know how long this particular provision that I have been discussing was in the proposed substitute or how often, if at any time, it has been changed during the various processes of its incubation. I understand, however, that there was a time in the life of the proposed substitute that it contained a provision that the War Finance Corporation, to carry out its provisions, included the Secretary of Commerce, Mr. Hoover, but that he was eliminated because it was feared that might bring about some opposition here. I am not sure whether he was eliminated out of regard for the Senator from Missouri [Mr. REED], or from some other cause, but at least he does not appear in the document now.

Personally, I have no particular objection to Mr. Hoover being in, but if we are going to get an Englishman to look after the agriculturists of America I would prefer the Prince of Wales.

I understand he is an excellent player of the game of cricket, and that game has to be played out upon the soil, and he perhaps gets somewhat acquainted with the questions that pertain to the soil.

Now, the members of the War Finance Corporation, whose only knowledge of agriculture has perhaps been acquired in their tedious trudging over the golf links, before they can use any of the funds for the purpose of helping agriculture, must



find that the conditions arising out of the war or out of the disruption of foreign trade created by the war have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States which is normally exported in substantial quantities, or they must find that the ordinary banking facilities are inadequate to enable the producers of or the dealers in such products to carry them until they can be exported or sold for export in an orderly manner. They have a complete discretion as to all questions pertaining to agriculture. If they find that certain conditions exist, then what can they do? What is the next step after they have made their finding? After these farmers, who have viewed the crops from the twentieth story of a building in Wall Street, have decided that the farmer does not have good banking facilities or that he has a surplus of products that are ordinarily exported, and that there ought to be more of them exported if their discretion in all these questions finally decides in favor of the farmer, then they can take some steps. What are they? In that case they shall—

Be empowered to make advances for periods not exceeding one year from the respective dates of such advances, upon such terms not inconsistent with this act as it may determine.

They can make advances to whom?

(a) To any person, firm, corporation, or association engaged in the United States in dealing in or marketing any such products, for the purpose of assisting such person, firm, corporation, or association to carry such products until they can be exported or sold for export in an orderly manner.

Observe that they can only make advances to corporations, firms, persons, or associations "dealing in or marketing any such products, for the purpose of assisting such person, firm, corporation, or association to carry such products." They can make no advances to the producer, but make them to the middleman, the speculator. The man who buys of the producer is the man they take care of; he is the man who may be accommodated under the proposed substitute by the loaning of money so that he may hold the products. The producer has lost title to them; perhaps the producer sold them when prices were depressed. The middleman has acquired title, and he acquired it just as cheaply as he could.

Mr. KELLOGG. Mr. President—

Mr. NORRIS. But when he acquires the products for the purpose of holding them he can get advances from the War Finance Corporation through the fund which is to be provided. I now yield to the Senator from Minnesota.

Mr. KELLOGG. I ask the Senator from Nebraska if under his bill any advances may be made to anybody to carry domestic products? Under his bill advances can only be made for export.

Mr. NORRIS. Yes; such advances may be made. The bill as originally drawn provided that the farmers' export financing corporation might even buy such products, but an amendment has been suggested by the committee and will be pending to eliminate that provision from the bill. I am going to take up the committee bill before I get through and show what the differences are between it and the substitute proposed by the Senator from Minnesota.

Mr. LENROOT. Mr. President, will the Senator from Nebraska yield to me at that point?

Mr. NORRIS. Yes.

Mr. LENROOT. I should like to ask the Senator whether he knows of a single grower of grain in the United States who is himself an exporter of such grain?

Mr. NORRIS. Mr. President, there is now being organized among the wheat producers of the country a cooperative organization for the purpose of eliminating the middleman and carrying their products from the farmer to the consumer. The committee bill would take care of that kind of a proposition and would eliminate the middleman.

Mr. LENROOT. Then, I should like to ask the Senator from Nebraska whether under the terms of his bill as originally drawn it would take care of anybody except such a cooperative association?

Mr. NORRIS. Yes.

Mr. LENROOT. Would it not be necessary for the grower of grain also to be an exporter in order to receive the benefit of the bill so far as advances are concerned?

Mr. NORRIS. The growers' cooperative organizations are going to be exporters. They are organizing for the purpose of exporting.

Mr. LENROOT. I ask the Senator whether anybody except cooperative associations could receive advances?

Mr. NORRIS. They will, if the organization is perfected. That was in mind when the committee bill was originally drafted. If the organization is perfected, the producers are going to export their own products; it is to be an association of

producers, which nowhere in this substitute has any standing whatever. Nobody but the middleman, nobody but the speculator, nobody but the man who has bought the product from the producer and who wants to hold it for higher prices can get any of the money proposed to be advanced under the substitute.

Mr. KELLOGG, Mr. LENROOT, and Mr. BURSUM addressed the Chair.

Mr. NORRIS. I yield to all three Senators at once.

Mr. BURSUM. Mr. President, does not the Senator from Nebraska know that the War Finance Corporation has already arranged to advance \$5,000,000 to the Cotton Cooperative Association?

Mr. NORRIS. I have a number of bulletins to which I referred on yesterday, and the Senator from New Mexico now has one in his hand, I think.

Mr. BURSUM. Yes.

Mr. NORRIS. That is the way that this unseen power has been able to get a good many votes in order to vote down the committee bill and to vote up the substitute.

Mr. BURSUM. Mr. President, I do not think we ought to try to solve the problem now confronting us by any exhibition of feeling, of prejudice, or of antagonism of any kind toward anyone. Whether the ideas which come into the Senate come from any unseen source or wherever they may come from, we have a very delicate situation throughout the country. We want to solve it, and do so according to the facts.

Mr. NORRIS. We have only one thing to do, and that is to follow when this unseen force or any other power injects a bill into the Senate in an irregular way. We find, however, that they have not done anything for the producer.

They have surrounded the corporation with a lot of discretions that will enable them arbitrarily to deny to anyone, on their ipse dixit, any support whatever and without any reason by simply saying "We believe you have sufficient banking facilities now and we will not help you." But when they do help the producer is cut out.

Has it come to this, Mr. President, that because a bill comes in that I do not think is right, no matter from what source it comes, I am precluded from calling attention to what I believe to be its bad features? I think this is one of them.

Mr. BURSUM. Not at all, Mr. President; in fact, I think that everyone gives great credit to the Senator from Nebraska for his devotion, his activity, his earnestness, and his desire to do something to relieve the situation. It does not necessarily follow, however, that we should treat with antagonism any other proposal that may be brought forth, no matter what its source may be. Each bill must stand on its own bottom and be judged according to the facts. There is nothing to be gained by stirring up prejudice against the administration of the War Finance Corporation. I come from a producing section, and I happen to know that not so very long ago arrangements were made by which the War Finance Corporation would make advances to live-stock growers. I happen to know—and the record will verify the statement—that thousands of loans were made to live-stock producers, and that the administration of the War Finance Corporation was conducted in behalf of the public interest and in behalf of the live-stock industry.

The War Finance Corporation has functioned well. I have great faith in its management. I believe that Mr. Meyer, who is the managing director, is a "live wire" and has at heart the prosperity and success of this country. I believe that the matters alluded to in the bill with reference to abnormal conditions on account of the war are the prime reasons why we should at this time pass the character of legislation proposed. If we had normal times, it probably would not be necessary. I believe further that we must assume that any act which Congress may pass will be administered in the best of good faith; it will be administered as intended by the Congress, and that the construction placed upon it will be liberal and will coincide with the administration of other matters which the War Finance Corporation has hitherto had in charge.

Mr. NORRIS. I hope the Senator will not, as did the Senator from Arizona, make a speech in my time. I desire to be courteous to Senators, but the Senator from New Mexico is going to have plenty of time to argue this question.

Mr. BURSUM. If I have unduly infringed, I ask the Senator's pardon.

Mr. NORRIS. The Senator has not done that, but he must realize that if every Senator, as two of them have already done this morning, shall occupy a considerable portion of my time I will not be through within a week. I will yield for questions and suggestions, and I want to be liberal about it.

Mr. LENROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?



Mr. NORRIS. I am up against the proposition that I have a 15-minute speech to answer, and two other Senators are on their feet. I will ask them to wait until I answer the Senator from New Mexico, and then I will yield to them.

Mr. President, the argument of the Senator from New Mexico is all right; I am not finding fault with it; but it is strange that I have to repeat the statement that I have not anything against the men who compose the War Finance Corporation. Senators may call them saints, if they desire, and I will admit that they are. I have no objection to any of them. Senators may call them great and good men, and I will agree with them; but they are not farmers. We have an agricultural proposition to settle, however, and it is proposed to turn it over to Wall Street and let them settle it.

Mr. BURSUM. Is there anything that would prevent the managing director of the War Finance Corporation cooperating with the Secretary of Agriculture? Could he not summon to his aid all of the information possessed by the Government with reference to agriculture?

Mr. NORRIS. There is not a thing in the world to prevent it.

Mr. BURSUM. Is there any reason to doubt that he will do so?

Mr. NORRIS. Of course, he will not do so.

Mr. BURSUM. He has done so.

Mr. NORRIS. Of course, he will not do so; nobody expects him to do so.

Mr. BURSUM. He did so in reference to cotton.

Mr. NORRIS. I would not do so, and the Senator would not do so. Is there any reason why on the board, or whatever it may be called, there should not be some man who knows something about agriculture? Senators stand up here and say that these men love the farmers. Perhaps they do; I believe they do; I never disputed that; but they have all their lives looked through Wall Street glasses, and do not know what the burden is that is resting upon and bending the farmer to the earth now. They do not know anything about it, honest and great and good though they may be.

I am claiming, this being an agricultural proposition, that there ought to be somebody to handle it who knows something about agriculture. When I say the members of the War Finance Corporation do not know about agriculture, then I am called to order because I am intimating, it is said, that they are not friendly to agriculture. I do not mean that, as I have repeated a dozen times. It is admitted that there is not anybody on the War Finance Corporation who has anything to do with agriculture. If we were proposing to pass a law here relating to the officers of national banks, and it was proposed that the law should be administered by the Secretary of Agriculture, what would the Senator say? What would I say, and what would anybody else say?

If I should propose such a thing as that, the Senator could criticize me, and then I would answer him as he has answered me: "Why, do you not suppose the Secretary of Agriculture wants the banks to be all right? Do you not believe he would call the Secretary of the Treasury into consultation with him when he was taking action on a bank?"

Mr. BURSUM. That is exactly what he would do.

Mr. NORRIS. Of course he would; but the Senator would not for a moment contend that he ought to be the man to carry out the national banking act; neither would anybody else. You might just as well say, "Why, we ought to abolish the Secretary of Agriculture, and let Mr. Mellon be Secretary of Agriculture."

Mr. BURSUM. You have a practical live-stock man on that board, Mr. McLean. I happen to know that Mr. McLean is very well versed in cattle and in sheep. He knows more about those things than almost any man that I know of.

Mr. NORRIS. There are very few people who know that Mr. McLean is on the board.

Mr. BURSUM. He is one of the board, however.

Mr. NORRIS. Yes; but you have not heard of him in all of these bulletins or in all of this discussion.

Mr. BURSUM. The live-stock men heard of him when they were making applications for loans.

Mr. NORRIS. Mr. Meyer is the board; the Secretary of the Treasury is the board. They are running the operations; and the live-stock man probably, if you found out about him, would be like the farmer from North Carolina, a big banker, a railroad man, having a controlling interest in some of the largest textile manufacturing institutions in the State, and above it all the greatest lawyer in the State; but he owns some farms, and therefore he is a farmer.

Mr. BURSUM. What is the difference between a live-stock grower who becomes a banker and a banker who becomes a live-stock grower?

Mr. NORRIS. One is just the reverse of the other, if that has anything to do with this discussion. One commences at one end and goes to the other, and the other fellow commences at the opposite end and comes up to the place where the other one started. I do not know that that has anything to do with it, however.

Now, I yield to the Senator from Minnesota.

Mr. KELLOGG. Mr. President, I am not going to trespass on the Senator; but I yielded to everyone who wished to ask me a question, and I hope the Senator will do the same thing.

Mr. NORRIS. I yield to the Senator.

Mr. KELLOGG. The Senator stated, as I understood, that the measure offered by me did not propose to loan any money to anyone except the dealer and the middleman, and cited a farm organization or association as an instance. If the Senator will refer to subdivision (a), of section 1, he will see that the corporation is empowered to loan "to any person, firm, corporation, or association engaged in the United States in dealing in or marketing any such products." That would include any farm organization, and has already included them in loans. If the Senator will turn to the original act, section 21, he will find that we have not reenacted that in the proposed amendment, because that includes for export loans to any person, firm, corporation, or association engaged in business. If the Senator wishes to include producers, I have not the slightest objection. He knows, of course, that no corporation is going to be able to loan directly to all the producers in the country; but I have no objection to it. If the Senator wants the Secretary of Agriculture on this board, I have not the slightest objection to that, so far as my individual opinion is concerned.

Mr. NORRIS. I am very glad to hear the Senator say that. This board undoubtedly never will loan to individual producers, unless they might be extremely large, of course. I realize that the board can not go out and loan to every farmer; but I also realize that there are associations of producers in some of the States that have more farm products of their own that they have produced than any individual dealing in them in the same State owns at any one time.

Mr. KELLOGG. This is intended to cover them, and I believe does cover them.

Mr. NORRIS. I do not think it does.

Mr. KELLOGG. And if it does not cover them, if anybody will suggest any broader language, I am willing to put it in.

Mr. NORRIS. If the Senator will look at the committee bill, he will find some broader language.

The Senator from Wisconsin interrupted me, and I now yield further to him.

Mr. LENROOT. Right along the same line, I asked the Senator whether under his bill advances could be made to any producer of agricultural products unless he was also an exporter. The Senator replied: "Probably not," but added that cooperative associations were now being formed to engage in the export business. I again call the Senator's attention to his bill, which provides that the person to whom the loan is made must be a producer of agricultural products and also an exporter. Unless this cooperative association does produce agricultural products as an association, under the Senator's bill advances can not be made. Under the substitute bill advances may be made to such a cooperative association if engaged in exporting but not under the Senator's bill.

Mr. NORRIS. No; I think the Senator is wrong about that. The word "person" is defined by the committee bill and is defined to include associations. There is not any question but that they are included. There never was any question raised before in regard to their inclusion. It was the intention of the committee to include them. I think we have included them. I have not any doubt of it; and I will say again that if these Senators were so anxious to get the producer in, and he was not in, they have certainly gone a good way astray in drafting a bill that does not use the word; and if that was left out of the bill they might very easily have had it put in by a simple amendment. It would not have been necessary to go through all this performance for the last week to get an entire substitute to get the producer in. It was the producer that the committee had in mind when they framed their bill. It is the producer that I am contending for now, as against the middleman. We wanted to eliminate the middleman, and I think the bill which the committee reported would have enabled the organized producers of agricultural products in this country to carry their own products from the farm to the markets in foreign countries. If the operation of the bill had been successful and the time came for it to go out of operation, as it does by its own terms, there is not any doubt, if it had been a success—and I think it would have been—that these producers themselves would have taken the very machinery that the bill set up

temporarily and would have made it permanent, and they would have had to a great extent a permanent elimination of the middleman.

After all, Mr. President, that is one of the great causes of the high cost of living. Between the producer and the consumer there is a gulf, inhabited mostly by millionaires and profiteers. I do not condemn them all now. I do not condemn any of them, as a matter of fact. I do not blame any of them for making all they can out of it, and some middlemen are going to be necessary; but I think every man who will give the matter fair consideration will agree that all the agencies that can be eliminated between the producer and the consumer ought to be eliminated, not only for the benefit of the producer but for the benefit of the consumer as well; and that includes everybody in the country.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. LENROOT. Does the Senator admit that under his bill no producer can receive advances unless that producer is either an exporter or a member of a cooperative association that is an exporter?

Mr. NORRIS. I never had an idea that a producer, an ordinary individual farmer, was going to get a direct loan under the bill. I do not think that is contemplated by anybody. I do not suppose the Senator contemplates that by this amendment. This corporation, no matter what it might be or how it might be constituted, would not be able to advance money to all the individual farmers of the country. I am not asking that. I am not claiming that. I do not want that, although even if the law goes far enough to give them the authority to do that, it might be, when you have to make a law general, that it would include a good many people who under the practice of carrying it out would be in effect excluded.

Mr. LENROOT. Then does the Senator admit that the only producers who could receive advances under this bill would be members of a cooperative association?

Mr. NORRIS. No; I do not admit that.

Mr. LENROOT. Will the Senator explain, both in explaining his own bill and in attacking the substitute, what producers will receive the benefit under his theory, and how they will receive it?

Mr. NORRIS. Yes; I am going to do that when I get to it. I am discussing now the particular provision in the substitute bill that provides for the advancing of money to the middlemen, to the agents, to the exporters.

Mr. LENROOT. Will the Senator yield further?

Mr. NORRIS. Yes.

Mr. LENROOT. If the cooperative association is engaged in exporting, is it not entitled to advances under the substitute?

Mr. NORRIS. That might be true under the language I have read; but why do you cover it up with doubt? Why do you not say in your bill that you are going to provide for cooperative organizations, instead of drawing a complete bill that has gone up and down the Avenue for several days, for weeks, and no one of all these farmers' friends anywhere has thought of the word "producer," or thought of a cooperative organization of producers?

Mr. KELLOGG. Mr. President, if the Senator will yield, I will answer that question. His bill describes the persons who can be aided as follows:

"Person" includes partnerships, corporations, and associations, as well as individuals.

Of course, "persons" includes individuals, anyway.

The proposed bill, in subdivision (a), uses exactly the same words—

Person, firm, corporation, or association.

And the original act included the same language. Now, will the Senator show me any difference?

Mr. NORRIS. What are these corporations, associations, and persons doing, though, under the substitute bill? Let us read a little further. They are dealing in or marketing such products. They are dealers; they are exporters—they are middlemen, in other words. That is what these corporations are doing.

Mr. KELLOGG. The Senator admits that under his bill they must be the same.

Mr. NORRIS. The Senator's argument, then, comes down to this: This substitute is just the same as the original bill, and all the sins of that bill were paraded before the public, in the Senate, and by a great many of the newspapers. It was criticized as putting the Government into business and providing for its buying farm products and hoarding them. Now, in order to set up the virtues of the Senator's substitute, he argues that it is just the same as the other bill. What is it here for, then? What business has it here? What standing has it here? What is the object of it?

The committee bill was criticized because it would enable the corporation set up by it to buy farm products and hoard them, or would enable the producers to hoard them and keep them off the market, and thereby increase the price. It was said that when the corporation got these products together and hoarded them it could hold them until a hungry world, frenzied and mad with hunger, would be compelled to pay fabulous prices to get its food. That was the picture that went from San Francisco to New York in the newspapers that were condemning the bill. That was the picture that was set up here on the floor of the Senate. The bill was condemned because it was a hoarding proposition; and I concede that under the provision of the original bill if the corporation had disregarded all the rights of the people and had violated the very reason for its existence that might have occurred. But what does the substitute say?

Hoarding is condemned under the committee bill. It is a virtue in the substitute. The only difference is that under the committee bill the hoarding, if it took place, would be by the producers of the country—by this corporation representing the producers and the consumers also.

Under the substitute, if hoarding takes place, it is by the middlemen; it is by the speculators. Just let me read a little part of this very clause I have been discussing. What can they advance the money to these speculators for? "To carry such products until they can be exported or sold for export in an orderly manner."

I am not condemning that, Senators, and I am not objecting to that provision. I think there ought to be an instrumentality, whether it is provided for in this bill or any other, by which a reasonable amount of loans can be made, and it is in that regard that I think there are some provisions in the substitute that are good.

Mr. BURSUM. Mr. President—

Mr. NORRIS. Let me get one paragraph ended, and then I will yield to the Senator. What I am criticizing is that the same fellows who are backing up this substitute, which admittedly permits hoarding, condemn the committee bill because they claim it permits hoarding. This reads, "until they can be exported." Under the committee bill they buy them and hold them. Under the substitute they loan money upon them to the speculator and let him hold them. That is the difference.

I am not afraid of that provision in this clause of the substitute. Let me repeat, I am not condemning it because there is a possibility of evil in it. There is also a possibility of good, and if these men do their duty it can be practically worked out so that it will be a benefit and not an evil. I want Senators to get the point. I am calling attention to the fact that what is a vice in the bill which came in from the Committee on Agriculture, under which there might be a possibility of the same thing, is a virtue when this unknown child sticks its head up here on the floor of the Senate.

Now I yield to the Senator from New Mexico.

Mr. BURSUM. Does not the Senator from Nebraska believe that under the authority granted in section 24—

Mr. NORRIS. I will not yield now for a question as to that section.

Mr. BURSUM (continuing). Ample facilities will be provided—

Mr. NORRIS. Mr. President, the Senator ought to recognize that I have the floor and that he can not interrupt me without my consent. He is asking me a question about section 24. In due time I will come to that. But please do not ask me a question about section 24 until I get to it, and I will yield to the Senator to ask his question when I get to it. I do not want to jump from the front of the bill to the back of it, and section 24 is the tail of the bill, and I am talking about the first of it.

Mr. BURSUM. Reference having been made by the Senator—

Mr. NORRIS. All right; if the gentleman persists, let him go ahead and ask his question about section 24. If I can not prevail on him to be courteous enough to wait, let him ask it now.

Mr. BURSUM. I will not interrupt the Senator.

Mr. NORRIS. I thank the Senator very much. Now, I will refer to another thing the corporation can do. I have just enumerated what they can do under paragraph (a), and one class of people they can advance money to. Under subdivision (b) they can advance, "To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any person, firm, corporation, or association as is described in paragraph (a)." In other words, this money can be used not only to loan to a speculator himself, but after they have loaned it to him, and he has borrowed some more money



from a bank, they can loan money to the bank which made that loan—to a banker again, allow me to emphasize, or a trust company, a middleman, not to any association of producers. This is a banker's bill, and while I am not contending that there should not be loans made to bankers and even the middlemen, I recognize that in this substitute bill there is but one class of fellows who can be accommodated. There is no provision in it under which anything can be done for agriculturists without a rake-off to somebody, a banker, or a dealer, or a speculator.

Mr. LENROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield.

Mr. LENROOT. The Senator says "not to any association of producers." Is there not included in the language in that subdivision before the Senator's eyes the word "association," and does not the word "association" include producers in the substitute if it does in the committee bill? The word is identically the same.

Mr. NORRIS. Again the Senator eulogizes his substitute because it is similar to the committee bill. That is worthy of note as we pass along. But I am reading paragraph (b), which provides that loans may be made to any bank, banker, or trust company in the United States which has made a loan to any of the dealers or the speculators in the farmer's products. It is a loan to a banker, and nobody else. It is a loan to a middleman.

We were criticized and condemned and laughed at because we were going to use the money of this governmental corporation to help the producer and associations of producers, and now we are met with a substitute which says, in effect, "You shall not help the producer except through the instrumentality of the middlemen, the speculators, the bankers, and the loaning companies."

Mr. BURSUM. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BURSUM. I submit that section 26 provides what a banker is and who can engage in these transactions. It says the word bank shall include any institution which is responsible. That may include a cooperative association.

Mr. NORRIS. Let us read it out of the bill.

Mr. BURSUM. "With resources adequate"—

Mr. NORRIS. I will read section 26. That will be better than the Senator's explanation, probably.

Mr. BURSUM. All right.

Mr. NORRIS. It reads:

Whenever in this act the words "bank, banker, or trust company" are used, they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

That makes it a little worse. The definition adds something to the banker. It will not only include a banker or a trust company, but it shall be deemed to include any reputable and responsible financing institution. Any corporation organized for the purpose of financing can get money under this. They are middlemen. That is not the producer. That is not an association of producers. It is another illustration of another middleman popping up his head here.

Mr. BURSUM. Is there anything to prevent a cooperative association from doing that very thing?

Mr. NORRIS. I never heard of a cooperative institution as such going into the financing business. We all know what that means. There are financing corporations in Wall Street, and that is about the only place in the United States, I think, where they exist.

Mr. BURSUM. How did the Cooperative Cotton Association finance?

Mr. NORRIS. The Cooperative Cotton Association is not a financing institution. They may have to borrow money.

Mr. BURSUM. They may become such.

Mr. NORRIS. Not unless they go into the business of loaning money to somebody else.

Mr. BURSUM. Not necessarily.

Mr. NORRIS. It does not mean that because somebody borrows money he is in the financing business. This refers to men and financing institutions loaning money to men and corporations, and the Senator can not by any legerdemain construe that into meaning a cooperative institution which itself has to borrow money. That does not make it a financing institution, and nobody will claim it.

The balance of paragraph (b) is:

The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described. Such advances shall bear interest at rates fixed by the corporation.

Now, let us take up the famous section 24, the one which the Senator from North Carolina [Mr. SIMMONS] said was the best thing in the whole bill. I think he said that if everything else were stricken out, this would still be a good thing.

Mr. KENYON. Mr. President, may I interrupt the Senator?

Mr. NORRIS. Yes; I yield.

Mr. KENYON. The Senator may have discussed the proposition of the rate of interest under subdivision (a). Did the Senator do that?

Mr. NORRIS. No; I did not discuss the rate of interest.

Mr. KENYON. The Senator may have discussed the proposition of the rate of interest under subdivision (a). Did the Senator do that?

Mr. NORRIS. No; I did not discuss the rate of interest.

Mr. KENYON. What does the provision mean as to the rate of interest? It reads:

Any such advance shall bear interest at a rate of not less than 1 per cent.

Mr. NORRIS. I have an idea that is a misprint.

Mr. KENYON. Under that there is no limitation. Interest could be charged at the rate of 10 per cent, or 20 per cent.

Mr. NORRIS. Oh, yes.

Mr. KENYON. Is that a misprint?

Mr. KELLOGG. It was in the original War Finance Corporation act.

Mr. KENYON. Should there not be some maximum?

Mr. KELLOGG. I have no objection.

Mr. KENYON. Should there not be a maximum limit, instead of a minimum?

Mr. KELLOGG. I have no objection. It was in the original War Finance Corporation act, and there has been no change made.

Mr. KENYON. It seems to me a very peculiar provision.

Mr. KELLOGG. It may be peculiar, but it passed the Senate once, and it was simply put into this substitute without change from the original act.

Mr. KENYON. Some very peculiar things pass the Senate once in a while.

Mr. KELLOGG. I have no objection to a change being made in that.

Mr. NORRIS. I supposed that particular provision was simply a misprint.

Mr. SMOOT. No; it is not a misprint.

Mr. KENYON. It does not seem to be a misprint.

Mr. NORRIS. I thought it was only an error, which would be corrected.

Mr. LENROOT. Will the Senator yield?

Mr. NORRIS. Yes.

Mr. LENROOT. I think I remember the purpose of inserting that in the original act, and I presume the same purpose existed for putting it in the substitute. In order to enable the War Finance Corporation to market its bonds, there must be adequate security, and therefore it was provided that the rate of interest should never be less than 1 per cent in excess of the rate of discount by the Federal reserve bank.

Mr. SMOOT. That is a very proper provision, Mr. President. If it were not there, then they could bring an obligation back here from the Federal reserve bank and some other institution have to pay it, if it falls short of paying expenses.

Mr. KENYON. Then, should there not be a maximum limitation, too?

Mr. SMOOT. There is a maximum limitation.

Mr. KENYON. What is the maximum limitation in the law?

Mr. SMOOT. Six per cent.

Mr. NORRIS. I do not care to discuss that, but I think the Senator is wrong about that maximum limitation.

Mr. KENYON. I think he is, too; I do not think there is any limitation.

Mr. NORRIS. I do not care much about it. Whatever the rate is, the farmer pays it in the end, and under this substitute he pays the rate that is fixed by the bank. The bank, of course, must have its profit. If it is through a speculator or a dealer, he must have his profit, and he must get enough out of the producer or the consumer to pay the interest which he has to pay for the accommodation and the extension; and if, in addition to the loan that is made to him, a loan is made likewise to a banker who has loaned to him, that is more added to it, and the farmer or the consumer foots the bill.

The Senator from North Carolina [Mr. SIMMONS] thought a great deal of section 24, and I said to the Senator that I had no objection to section 24 being in the bill, but that I did not agree with him as to its importance. My own idea is, Mr. President, that if effect is given to section 24 so as to bring any appreciable relief to the agriculture of the country, it must likewise be done through the instrumentality of the middlemen. If any

material relief comes, it will cost \$20,000,000,000 to bring it about. If we are going to relieve the situation by buying notes and mortgages from banks and giving them the money for them, we are putting this institution in the banking business. Some little relief may come out of it; it must necessarily be small, because the magnitude of the situation, when you take into consideration all the banks of the country, is such that the money, a billion dollars, as provided in the substitute, would not be a drop in the bucket. There would not be any money left to do any of the other things provided for in the substitute. If this \$1,000,000,000 were used in the State of North Carolina, it probably would not go around and relieve the banking situation.

While I am not objecting to the provision I think it almost useless. I do not believe much good can be accomplished through the instrumentality of section 24. It ought to be and it is a banking proposition. It ought to be a provision giving this authority to the Federal Reserve Board to relieve the situation by furnishing additional funds. They are equipped to do it, I think, but to allow it to be said that the War Finance Corporation shall have the privilege of performing the functions provided for in section 24 with this money means that if they do anything that amounts to anything that will do any good to anybody they will not have anything left to do anything anywhere else.

Before I read section 24 it just occurs to me, when I speak of the billion dollars provided for in the substitute, that I should compare that with the committee bill.

We were criticized most severely. I have papers and financial journals from the leading cities sent to me criticizing and condemning us and calling us crazy and everything else because we propose to authorize this corporation to issue bonds to the extent of a billion dollars. The committee changed the provision and reduced it to one-half, to \$500,000,000. That is where it stands now under the committee amendment. They have authority to issue bonds amounting to five times the amount of their capital stock. The maximum of their capital stock is \$100,000,000, so that under the committee amendment as it stands now there is a maximum of \$600,000,000; and while it was almost a crime to suggest that to the Senate of the United States in the eyes of bankers and financial writers and even of Senators, here comes a substitute right out of the air, without hearings, at least in public, without consideration by a committee, swallowed down with one gulp like a drunken man would swallow a raw oyster, which provides \$1,000,000,000. There is not a word of criticism from these same alleged financial experts. One difference is that the amount is twice what the committee bill proposes and another difference is that this billion dollars all goes through the hands of bankers and middlemen to enable them to get their rake-off.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. NORRIS. Certainly.

Mr. LENROOT. Does the Senator mean that that is the only difference in the proposition?

Mr. NORRIS. Oh, no.

Mr. LENROOT. Is the one guaranteed by the Government and the other not?

Mr. NORRIS. I will take that up right now. The committee bill provides that its bonds shall be guaranteed by the Government. The substitute makes no guaranty. Every Senator knows and the Senator from New Jersey [Mr. EDGE], who argued against the committee bill, was honest and fair enough to admit on the floor of the Senate that he had no objection to that guaranty because the Government would be morally bound anyway.

The substitute bill provides as to the corporation that every dollar of stock is taken by the Government, and every officer of the corporation is a governmental official. It is provided that it can issue its bonds. To begin with, its capital stock furnished by the Government is \$500,000,000 as against \$100,000,000 provided for in the committee bill. Then it is provided that it can issue bonds to twice the amount of its capital stock. That means a billion dollars in addition to the \$500,000,000 all furnished by the Government and all officered by Government officials.

Is there any man here, is there any man who will ever give any consideration to the proposition, who will not agree with the Senator from New Jersey that the Government is morally bound? I repeat, under the substitute bill, although technically it is not in the bill, the Government morally, rightfully, and honestly is just as much bound to pay every dollar of those bonds, every dollar of interest, as though it were stipulated in the bond. Is there a Senator who is going to say that he will vote to build up a governmental corporation, officered by our own officials, and then to say to the people on the strength of

that governmental corporation if they buy these bonds and the corporation fails and there is a loss instead of a gain, that he as a Senator will not feel morally bound to pay every man every dollar that he loses? Why, Mr. President, morally there is no difference between the two propositions.

We laid our cards on the table, yours are concealed in the darkened room, but on that proposition they are just the same excepting the probability of loss. Under our bill there is only half the amount that can be involved, and therefore the loss can only be half as much as under your bill, and that is the difference. I confess that it makes me tired to hear the financial writers, the political leaders and their satellites here, condemning the one proposition where we are honest and say yes; we are going to be legally bound by that which we are morally bound, and then without a word of criticism take another proposition that will treble the liability and leave the possibilities of loss just three times as great.

But we have another advantage on that proposition. We want these bonds to float. They will float better with the Government guaranty than without it, and at a lower rate of interest. Everyone knows that. If the Government is going to lose in the end, it will lose less if we will guarantee it on its face and have a less amount of interest to pay than though we were only morally bound to make that good.

Let me repeat: The maximum of Government money that can be involved under the provisions of the committee bill is less than that involved in the substitute bill. In round numbers, it is only one-third as much. Now, Mr. President, I am not contending here that these men will lose the money. I do not believe they will do so under the provisions of either bill. I have more faith in your War Finance Corporation than you fellows have. I think they are going to do an honest business, no matter what bill is passed. I do not believe they will lose money in the aggregate. It may be they will make loans that it will take a good while to collect. I believe that will be true. It will be a good while before the money will come back.

Yet we can not, of course, close our eyes to the possibility of a total loss if the instrumentality provided for in the bill to carry the law into effect is faulty. If the men are all dishonest, if they lose this money at poker, if they throw it into the ocean, if they lose it all, we have lost it. Everybody must concede that under the provisions of either bill. I have an idea they will be as careful as they can. They will do business on business principles. They have the same powers that any private corporation has. They can sue, then can be sued; they can take real estate, if necessary, to protect themselves. They can do everything that an individual can do, the difference being that they have the great Government of the United States behind them.

Now, the question is presented whether it is a good policy to put the Government behind this proposition. That is the policy lying behind all of this kind of legislation, upon which wise and honest men may differ. We all agree, however, that there is a condition confronting us that is deplorable and which we must remedy. I think we can afford even to take some risk to remedy it. It is almost necessary, it seems to me, in order to prevent agricultural disaster, that something be done.

I am not afraid of that guaranty. I think it is the only honorable position to take. I am not willing to put the Government of the United States behind a proposition of this kind to induce citizens to subscribe their money where they have no voice in it whatever, where the Government itself through its officers operate it all, with any possibility of losing their money. We need that money. We ought to make it inviting for our people to invest their money. And we should both as a matter of honesty and economy make the investment in these bonds absolutely secure.

Since I am diverted from a discussion of section 24 to taking up another proposition, I am reminded of still another one which I will discuss right now. The committee bill has been criticized again and condemned severely because it is provided that the bonds to be issued by the corporation, amounting under the committee amendment to a maximum of \$500,000,000, should have tax-exemption features, that they should be exempt from the surtax, and that \$5,000 thereof held in the hands of any one individual should be exempt not only from the surtax, but the normal tax.

That provision has been criticized, and I realize that there is great ground for such criticism. I think we are justified in leaving that provision in the bill, but it has been severely criticized because we are partially exempting from taxation these bonds. It was criticized, I think, unreasonably, very severely, and everybody, especially myself, whose name happened to be connected with the bill was condemned as reactionary and, in



some of the editorials that have been sent to me, as unpatriotic, by men moved by motives of demagoguery, men who were willing that their country should be ruined if they could get some political capital out of it.

That is the kind of argument that came to me and that is still coming every day, and yet here we are, with this holy of holies that has been dropped down from the sky upon us, that has in it the same thing except that it is covered and we can not see it, and not one of these fellows kicking about it. They object to exemption of these bonds, if the producer is going to get any benefit, but they have no word of protest against it if the middleman and the banker and the speculator will get something out of it. That is the difference.

The substitute bill does not say a word about exempting, but, like the traveling man's overcoat, it gets in there just the same. It revives the War Finance Corporation act. It extends it. It is under that extended act that the substitute comes into operation as an amendment; and in that act, carefully tucked away, is the identical language, word for word, that is in the committee bill as an exemption from taxation, absolutely no difference, exactly the same; so that although there is nothing on the face of the substitute bill itself the exemption from taxation is there just the same.

Again let me say that I do not mention that in the way of criticism. I am defending the proposition in the original committee bill. I believe that we were justified in so providing, although I do concede that there can be made against it a very good and a very logical argument. I would not stand for it; I would not be for it under normal conditions; but I am only calling attention again to the denunciation that has been made against those who supported the committee bill and who voted it out, after full discussion, into the light of day. I am calling attention of those who criticized it that the ground for that criticism exists as well in the substitute bill.

The provisions relative to exemption from taxation which are contained in the committee bill were taken, word for word, from the War Finance Corporation act. The only difference is that under the substitute bill there may be more bonds issued than under the committee bill; that is all; so there would be more bonds exempt under the substitute bill than there would be under the committee bill. In all honesty, Mr. President, in all fairness, I will say as to those who have been fighting the committee bill for the reasons that I have outlined—and I have only outlined them briefly—is it any wonder that those who are defending the committee bill should be indignant that the same things which are condemned in it are also contained in the substitute bill, but are covered up in it, and yet not a word of criticism of the substitute bill is heard on that account. That is holy; that is righteous; but when Senators come to examine the substitute, and to get at the bottom of it, they will find that instead of the producer being protected by that measure it will be the gambler in food products, it will be the speculator, it will be the banker who will be protected. The banker and the dealer in food products are engaged in a legitimate business; I am not saying they are not; but they must have their "rake-off" in every case; and either the producer or the consumer, or both, must foot the bill. Now, let me return to section 24 of the substitute. That section reads:

Whenever in the opinion of the board of directors of the corporation—

That is, the War Finance Corporation—

the public interest may require it the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine—

To whom can such advances be made? To any association of producers, or, to take the other horn of the dilemma, to the consumers or any association of consumers? Oh, no, Mr. President. Following the same policy which runs all through the substitute, such advances can be made—

to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock.

As I have previously said to the Senator from North Carolina [Mr. SIMMONS], I have not any objection to that provision, although I think it will be nearly a dead letter. However, I would vote for it rather than have nothing; I would vote for it as an amendment to the committee bill. There may be a possibility of good in it, but, as I look at it, the possibility is very small. If anything is done under that provision and the one that I shall read later, we shall need not only the billion dollars which is provided for in the substitute bill but we shall need \$20,000,000,000. I think, to be fair, that this matter ought to be turned over to the Federal Reserve Board. That board has the facilities, I think, to carry out this provision and to do just exactly what it provides for.

Mr. SIMMONS. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. SIMMONS. The Senator from Nebraska has stated that it would require \$20,000,000,000 to finance the domestic requirements of the American farmer. My understanding is that in the best agricultural year we have had, that of 1919, the entire agricultural product of the country was valued at about \$16,000,000,000. So the Senator's estimate would mean \$4,000,000,000 more to finance the requirements of the farmer than the entire crop which was produced in the bumper year of 1919 was worth.

However, that is not the point which I wished to discuss, if the Senator will pardon me.

Mr. NORRIS. Of course, the figures which I have given represent only an estimate. I have not any direct figures, but I know what the banking condition is, I think, in the agricultural sections of the country, and a billion dollars would not be a drop in the bucket.

Mr. SIMMONS. I do not think the Senator from Nebraska was quite serious in his statement; I thought he was merely making it without reflection.

Mr. NORRIS. Let me say right there that I am serious about the matter, but I will say to the Senator that I confess the figures which I gave represented merely an estimate.

Mr. SIMMONS. I had reference to the amount which would be necessary to finance the situation, as stated by the Senator from Nebraska.

Mr. NORRIS. As to that amount, the figures which I gave were merely an estimate.

Mr. SIMMONS. However, I wish to say to the Senator that he has raised a question which I wish frankly to discuss with him for a moment. Does the Senator think that billion and a half dollars, which would be the potential capital which this corporation would have under the substitute measure—

Mr. NORRIS. Am I right about that being the amount which would be available?

Mr. SIMMONS. Yes; the Senator is right about that. The billion and a half dollars covers the capital stock and bonds which the corporation may issue. The Senator from Nebraska, however, does not take into account the fact that this is to be a revolving fund. As the War Finance Corporation loans money and acquires securities, it may sell those securities, it may collect on them, and lend out the money, so that it may loan very much more than the amount provided. However, that is not so important; but I think the Senator is entirely mistaken in his assumption that \$1,500,000,000 will not be amply sufficient, both for the purposes of financing exports and for the purposes of financing the domestic situation.

The Senator will remember that during the war, when we organized the War Finance Corporation to meet the tremendous demands that were then being made to finance our great war industries, the same point was made then, that the capital that would be provided for that institution would not be sufficient for the purpose. The answer was made—and experience has confirmed the soundness of the answer—that there was money in the country, probably reasonably adequate to finance the industries, but, for some reason or other, on account of lack of confidence, probably, money could not be obtained. It was available for other purposes, but not for the particular purpose. It was further answered that the passage of the act, putting the Government, through an agency created by it, behind the financing, so that it could furnish the funds, would so inspire confidence in capital and in investments in connection with these industries that probably but very little of that money would have to be loaned out by the corporation. Experience proved that that conjecture was well founded, because almost instantly after we passed that bill it was found that the great financial institutions of the country and private investors came to the rescue, and it was not necessary for the Finance Corporation to invest any large amount of money.

Mr. NORRIS. Mr. President, I will be compelled to conclude very shortly, and I hope the Senator will allow me to proceed.

Mr. SIMMONS. I can elaborate the thought later, if the Senator objects to my proceeding now. I thought that probably he would at this time welcome some discussion of the question that he had raised.

Mr. NORRIS. I do not want to be discourteous to the Senator; I realize that what he was saying has weight.

Mr. SIMMONS. I could finish in a few moments what I was going to say.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Nebraska yield further to the Senator from North Carolina?



Mr. NORRIS. I yield.

Mr. SIMMONS. Again, Mr. President, the Senator knows that a few years ago when the farmers of the country were finding it exceedingly difficult to finance their crops, Secretary McAdoo came to their rescue and deposited with the banks of the South and the West \$400,000,000, and immediately upon his doing that the money came from financial sources in this country amply sufficient to finance the crop. The fact that the Government got behind the movement brought forth the necessary money.

Recently, as the Senator knows, when we were about to pass an act for the purpose of appropriating \$50,000,000 to relieve the situation confronting the stock raisers of the country, the moment that it was seen that the Government was ready and willing to go to the rescue of that great industry to the extent of \$50,000,000, the banks, which had been refusing and withholding credit, came down here and said, "If the Government wants to do this thing we are willing to do it, and there is no necessity of the Government furnishing this money; we will go home and will make arrangements to let the stock raisers have all the money they may need."

Mr. President, this bill will act in the same way even if the fund is not adequate. I think it is adequate in itself; but, if it is not adequate, it will restore the needed confidence in the investing public. There is an abundance of money here to finance the crop, but it has not confidence; it does not want to do so unless it is compelled to do so, unless somebody else steps in and will do so and thereby take away from it the privilege of financing the business of the Nation. As soon as the Government enters into the business of loaning sufficient money to finance the agricultural situation, in my judgment we will find that the tight money in the great financial centers will at once become loosened and those centers will furnish the money for the financing of the whole agricultural situation, just as they said they would furnish money to finance the live-stock industry of the country provided the Government was going to do it if they did not do it.

I will not detain the Senate any longer. I merely injected that because I think the Senator probably has reached an erroneous conclusion about the sufficiency of the fund.

Mr. NORRIS. Mr. President, I have in the main, so far as I heard it, no fault to find with the Senator's argument. In the main, I think it is an argument that under existing conditions the Government is justified in going into some kind of a plan or scheme to help finance the agricultural situation. I still disagree with the Senator as to the amount of money necessary to do any good under section 24. I have read only a part of it. As I look at it, it is a banking proposition entirely. This morning I asked a Senator from the South—from the cotton belt—how much, in his judgment, it would take to relieve the situation if section 24 were used as a means by which it should be done; and he gave me his opinion that it would take, I think, four or perhaps it was five billions of dollars to do it in his State alone.

Why, Mr. President, we ought to realize the magnitude of the proposition; and when you criticize the committee bill for putting the Government into business, if that strikes you hard, this proposition will make you dizzy and take away your breath. There is no end to it. It is an enormous undertaking. My own idea, as I said before, is that it ought to be handled by the Federal Reserve Board, who have the instrumentality, I think, to do it. This corporation will not be able to relieve the situation. Under the substitute bill, if they should use all the capital stock of the corporation and all the bonds to the maximum limit, they would get altogether a billion and a half—\$1,500,000,000. If they used all of that under section 24, it would not, in my judgment, when spread over the United States, or the agricultural portion of it, over the South and the West, be a drop in the bucket; and if they used it all there, there would not be anything left to do any of the other things provided for in the substitute bill.

Now, Mr. President, if I may proceed again with section 24, this clause that I have read, which was only a part of it, provides that this money can be loaned to any bank or banker—there is a case where you can loan it to an individual if he is in the banking business, provided he has loaned something to a farmer on agricultural products—to any bank, banker, or trust company in the United States. They can use this money for that purpose to relieve the banking situation.

Mr. SIMMONS. Mr. President, I wish to say to the Senator that while I do not know, I think this word is not used altogether in the sense in which he interprets it. If it is, probably it ought to be changed. The word "banker," I think, is intended there to cover the case of an individual who is doing a

banking business. There are, I suppose, in all the agricultural sections many banks that are owned absolutely by one person who is engaged in the banking business. That is his business. He has a bank of his own.

If it does not mean that there, it ought to be so defined as to make it mean that.

Mr. NORRIS. If that is what it is desired to do, there is not any use in using the word "banker," because "bank" will include a bank that is owned by one man as well as a bank that is owned by a thousand men; but he must be a banker, anyway. He must be in the banking business. He must be a man who is going to get a rake-off. The farmer pays the bill. It is a loaning proposition. The producer has to pay the interest.

Before I read the balance of this section, which adds greatly to the amount of money that will be expended and carries it away out into the field of business, let me pause right there just a moment. Probably I had better read the balance of it, however. I shall not read all of the language, because it is simply instructive as to how these advances can be made. They must be made upon a promissory note or notes or other instrument of indebtedness and they must impose upon the bank or banker or trust company an obligation to repay the advance when it is due—of course, that would be understood—and such advances may be made for a period not exceeding a year, and may be extended from time to time through renewals or the substitution of new obligations or otherwise, but the time for the payment of any such advance shall not extend beyond two years from the date on which such advance was originally made.

Now, think of that language, how broad it is. They can take this money, that comes from the Federal Treasury and from the sale of bonds to the people of the United States, and loan it to any bank or banker or trust company for a year. They can extend it to two years. The banking company can take up the securities and substitute other securities or additional securities can be demanded. It is a real banking proposition; so we are putting the Government, through the instrumentality of this corporation, into the banking business absolutely.

Mr. SIMMONS. If the Senator will pardon me, I think the Senator misunderstands that provision.

Mr. NORRIS. Probably I do.

Mr. SIMMONS. It is not intended to extend two years' credit to the bank. It is intended to extend two years' credit to the person to whom the bank has made advances.

Mr. NORRIS. It extends two years' credit to the bank.

Mr. SIMMONS. If the Senator will pardon me just a minute, the bank is not permitted to borrow of the corporation except to the extent of the advances that it has made for agricultural purposes. Now, it may renew that obligation from time to time and run it on for two years, but in the renewals it can not renew for any greater sum than the unpaid amount of the advances, so that the bank can get no credit except for the purpose of taking care of an obligation that it holds against a farmer for an advance, and at no time more than the amount of the unpaid advances.

Mr. NORRIS. Let me read the language, Mr. President. I do not think there is any disagreement between the Senator and myself as to what it means. I do not believe there can be any doubt that this puts the Government into the banking business. This talk about putting the Government into business was one of the fundamental criticisms of the committee bill from the beginning, and one that has been used to condemn us from one end of the country to the other as reactionaries, as fools, and as idiots. Why, Mr. President, we have not come within a million miles of putting the Government in business as far as this provision puts it in. Under this provision the corporation has authority to loan the money that it has thus acquired to any bank or banker or trust company in the United States. It can extend the loans, providing it does not extend them for more than two years.

The bank must sign a note to pay the debt; that is true. The bank must agree to pay the debt at maturity, and it must have loaned money to farmers. That is putting the Government in the banking business with a vengeance. That is the same way that the city bank loans money to the country bank, the same way that the Federal reserve bank loans to its member banks. They ought to be doing this business instead of the Government; and you fellows who have condemned the Agricultural Committee as being idiotic and crazy because they are putting the Government into business ought, if you are sincere in that criticism, to be struck dead with this proposition. It goes so far beyond anything that we had proposed that there is no comparison between the two; and yet you swallow it as though you liked it, without a word of condemnation or criti-



cism. If the banks get a rake-off, if the speculator "gets his," it is all right then for the Government to go into the banking business.

Following the clause that I read, and to clear up any possible misunderstanding between the Senator from North Carolina and myself, let me read about these advances:

Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to pay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year—

That is what I said—

and the corporation may from time to time extend the time of payment of any such advance—

That is what I said—

through renewals, substitution of new obligations, or otherwise—

That is more than I said—

but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. NORRIS. Yes.

Mr. SIMMONS. I want to say to the Senator that at the time I was discussing this matter a little while ago I made the statement that this loan, if postponed, would have to be postponed in the interest of the borrowing farmer, because there is a provision in the bill to the effect that the loan shall not exceed the unpaid amount of the original advance.

Mr. NORRIS. That language is not in this section.

Mr. SIMMONS. Mr. President, I was about to say to the Senator what has just been called to my attention by the Senator from Illinois [Mr. McCormick], that it is in the section with reference to exports. I was under the impression that it was also in the section with reference to domestic loans; but I find that it is not, and I think very clearly it ought to be put there by an amendment.

Mr. LENROOT. I will say to the Senator from Nebraska that it is my purpose to offer an amendment inserting the same provision in section 24 as is inserted in section 22, making the same limitation, so that it will be confined to advances for agriculture.

Mr. SIMMONS. The point I am making is that the bank can not renew that loan at any time if the obligation has been paid. If it renews it, it must renew it for the purpose of further protection.

Mr. NORRIS. The Senator was mistaken about that being in here.

Mr. SIMMONS. Yes; it ought to be put in both sections.

Mr. NORRIS. My idea is that it would help it some. It would still leave it, according to the theory of this substitute, in such a condition that no farmer or bunch of farmers could get any of this money except through a banker. We have in my State alone an organization of producers, the Farmers' Union, which I presume sometimes in one day takes into the various elevators which they own in the State enough of the members' own wheat to load a ship. But if that organization came to this corporation with 1,000,000 bushels of wheat as security and said, "We have \$1,000,000 worth of good wheat, and we want to borrow some money," what would the corporation say? They would say, "See a banker. We can not loan you farmers anything. You are not entitled to any of this money. Go your way." But if you borrow some money of a banker, even though you do not put up any security at all and are not worth a dollar, we are empowered to loan to the banker who has loaned to you. Go to a speculator. Go to any financing corporation. Go to a trust company and mortgage your property to them. They will fix you a rate that will be liberal, and they will let it run until the interest runs up so high that there will not be anything left, and they will foreclose it. But we can not let you have any of this money. That would be putting the Government in business, and we must not do it. We deal with bankers, not with farmers. Here is a farming proposition, here is an agricultural proposition, but it must be operated by bankers, it must be operated by middlemen, it must be operated by speculators.

They are welcome to come to the Treasury of the United States and reach in their hands, and get the taxpayers' money, and loan it to the farmers themselves, but if you bring all the farmers in America, with the cotton piled up as high as a mountain, with 25,000,000 bushels of wheat, and offer to put it all at the feet of this corporation and mortgage it all to them, they will not loan you a dollar, not a dollar.

That is the situation in which we are. That is what we are up against now, as between these two bills putting the Government into business.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield.

Mr. LENROOT. What would happen if they wanted to borrow money under the Senator's bill?

Mr. NORRIS. If we had the bill as I wanted it—

Mr. LENROOT. Could they borrow a dollar?

Mr. NORRIS. This corporation would be able to buy. It will be able to finance cooperative organizations of producers of wheat, or cotton, or any other agricultural products.

Mr. LENROOT. They will be able to do so under this substitute, if they are engaged in exporting, will they not?

Mr. NORRIS. The farmers might get together, under this provision, and organize a bank. They might get together and organize a trust company, under section 24, and get some money.

Mr. LENROOT. I wanted to ask the Senator whether, except for exporting, his bill would offer any relief whatever so far as advances are concerned.

Mr. NORRIS. Yes; I think it would.

Mr. LENROOT. How could it?

Mr. NORRIS. Let me take up now another difference between these two bills which is fundamental.

Mr. POMERENE. Will the Senator yield for a question?

Mr. NORRIS. I yield to the Senator.

Mr. POMERENE. Mr. President, I have been obliged to attend two committee meetings this morning and will have to attend one this afternoon, and will not be able to hear all of the Senator's argument, and it is for that reason that I was particularly anxious to ask a question along the line of the question of the Senator from Wisconsin, to develop the thought further.

Under the Senator's bill, power is given to this corporation to buy and sell. I think I can understand how, if this corporation went out to buy five or ten million bushels of wheat in a given State, for the time being it would perhaps create an additional demand, and thereby increase the price which the farmer might get at that particular moment. But suppose it comes to the time later when this corporation has a very large quantity of wheat on hand and seeks to dispose of it. Will not the fact that the Government has that large quantity of wheat, and is likely to sell it at any time, have a very unsteady effect upon the market—just as, for instance, during the war the Government bought up very large quantities of wool for war purposes?

The end of the war came much earlier than was anticipated by many. The Government had that wool. Of course, the price was increased somewhat when the wool was bought, but later on these great warehouses filled with wool have disturbed the market very greatly, and each time the Government has attempted to unload that wool, or sell it, the effect has been, as I understand it, materially to interfere with the price that the farmer gets for his wool. My thought is, if we were to adopt the plan proposed in the Senator's bill, might it not in the end have a very unsteady effect upon the market?

Mr. NORRIS. Mr. President, I want to be perfectly frank with the Senator, and I am going to be; and I frankly say to the Senator from Ohio that if that provision remained in the bill, and the corporation set up in the bill were in operation, it would be possible for it to do just what the Senator has said, in my judgment. I think that could happen.

Mr. POMERENE. Will not the Senator make that statement stronger, and instead of saying that it is "possible," say that it would probably happen?

Mr. NORRIS. No; I would not say that. I do not believe it would happen. Let me give the Senator an example of what may happen when we try to frame a bill for anything. When the committee brought in an amendment about agricultural products in their manufactured as well as in the raw state, we were condemned and laughed at and made fun of because we used the word "manufactured." They said that under that you could engage in the exporting of cotton cloth. Technically, they were right. But the committee wanted to put in "manufactured" principally because they wanted to enable this corporation to export flour instead of wheat, oatmeal instead of oats, corn meal instead of corn, wherever they could, and we thought that language was necessary. It never was contemplated that the corporation would engage in the shipping of boots and shoes, for instance, the products of hides; yet, technically, they would have authority to do that.

I think if this corporation started out to do evil, and had an evil mind, were not acting in good faith, and used their money to buy up any crop, or a large portion of it, and hoard it and



keep it, they might perform the very operation the Senator has outlined. Yet, if we give them the authority, we have to rely somewhat upon their intelligence and their honesty and take whatever risk there is in it. You can not give to any corporation, set up in any bill, any authority which may not be abused. There may be evil come out of it, I concede.

Mr. POMERENE. Mr. President, the Senator has been very kind and very frank in his statement, but it seems to me this situation would present itself: Let us assume, for the sake of the argument, that this corporation had a hundred million bushels of wheat on hand. Of course, it must follow that if the Government buys this wheat it must sell it, and the very minute it tries to sell this hundred million bushels of wheat might there not be a lot of Representatives and Senators and others from certain localities saying to the Government corporation which held this wheat, "Now, do not sell that; we want to unload our wheat"; and the result would be that perhaps those in charge might be influenced to the extent of holding that wheat when it ought to have been sold, and that might bring about a very serious loss to the Government?

Mr. NORRIS. Mr. President, that might happen. Let me picture a thing that might happen under the substitute bill, and I do not offer it as an objection to the bill, but to show how you can conjure up dire consequences which may result from the passage of any bill.

The Senator has referred to the fact that Representatives and Senators would try to influence the corporation. Of course, they have not any right to attempt that. If this corporation is honorable and honest, they will not yield to anything of that kind, no matter what Senators or what Representatives ask them to do it. The probabilities are that no Representatives or Senators will ask them to do it.

But let us take section 24 of the substitute bill. Here is the provision which enables this corporation to loan—and there is no limit fixed—to any bank or banker or trust company in the United States. Suppose they were in operation now, and the banks of North Carolina wanted a lot of money, and they loaned it to them. The banks out in Wyoming might want to get some, the banks out in Kansas might want to get some, and the banks out in Nebraska might want to get some, and the corporation would say, "We have not one-tenth of enough to go around. What are we going to do?"

Here are some Representatives, here are some Senators, more influential than others. They say, "We will get it for our States; let the others go." I do not think that would happen, but it is a possibility which may happen under this provision.

Mr. POMERENE. Mr. President—

Mr. NORRIS. You will never get any cure, I will say to the Senator, for any evil on earth but what there is a possibility of somebody abusing the authority that is given them under the law. I yield now to the Senator from Ohio.

Mr. POMERENE. I entirely agree with the Senator in that last statement. I am as anxious as he to get something that is going to be helpful, but the possibilities which I have suggested are not entirely imaginary. Let me illustrate.

In my own State we have a large machine-tool industry. They sold machine tools in enormous quantities to the Government. The Government sold many of those machine tools in France. Some of those people wrote me protesting against the sale of these machine tools in France by the Government, because to the extent that they sold those machine tools in France it would destroy their market in France for other machine tools.

I could go on and give several other illustrations of that same kind. Another one was a little experience that I had in connection with tractor engines. I did not interfere. I felt that the Government ought to sell and dispose of those things. I felt that many of those people had received very substantial profits in their sales, and I hardly thought it was the right thing to ask public officials to interfere and have the Government keep on hand those materials for which we had no use.

Mr. NORRIS. The Senator's own illustration answers his own argument. He is afraid if we pass this bill that some Senator or Congressman will influence some of those officials not to do their duty right or to be selfish about it, and yet he gives an illustration where it did not work.

Mr. POMERENE. No; it did not.

Mr. NORRIS. It did not work. The Senator is afraid that some other place it will work, and perhaps it will. I am not going to vouch, no matter which bill is passed or if any bill is passed, that there will not be a great many mistakes made. Some of them ought to be avoided, and some of them will per-

haps be very wrong. I do not know how to cure that, but I would like to do so if I could.

I had a letter just a few days before the Fourth of July from an organization which wanted me to get an appropriation of \$5,000 through Congress at once—it was only 10 days before the Fourth of July—for them to use in celebrating the Fourth of July, and to back it up they showed how patriotic the organization had been in the war, how many soldiers they had, how many had been killed, and so forth. They made a great showing. "Now, we are going to celebrate the saving of civilization by the American Army, and we think it is fair that you should get \$5,000 appropriated out of the public fund, because it was the United States Government that we saved." That did not work either.

We can not avoid these things. I presume the people who make the demands in most cases are moved by an honest motive. They do not realize that they are biased and prejudiced. They are unconsciously prejudiced, biased, and selfish, and do not know it. That criticism will apply, I think, to anything that we may pass, either on this subject or any other.

When I was diverted I was about to read the balance of section 24, which I have not yet finished.

Mr. DIAL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I will yield for a question, but I do wish Senators would not take up my time, because I am just about exhausted. I am very tired.

Mr. DIAL. Very well, Mr. President; I will not interrupt the Senator.

Mr. NORRIS. Mr. President, I was about to make a comparison of which I was reminded by an interruption of the Senator from Wisconsin [Mr. LENROOT] which I believe is fundamental between the two bills. I think they both have two good features in them. I would not object; indeed, I would be glad to have some of those propositions in the substitute bill added to the committee bill as an amendment, but the committee had in mind a market and not a financing proposition. There is a fundamental difference between the two. One is a marketing proposition and the other is a financing proposition, which means the holding of the agricultural products until a market suitable to the holder is found.

I think that while the financing of the agriculturists and the holding of agricultural products for reasonable market conditions is important and desirable, it does not compare with the fact that what we need more than anything else is a place to sell the surplus products. That is what the committee bill tries to solve. The financing proposition carried on, if a market does not present itself, means in itself ultimately the ruin of the agriculturists. If you can borrow money on your cotton and hold it and continue to pay interest to the bankers on your borrowed money, the time will come when you will be bankrupt and will lose all of your cotton. The banker will have it in the way of interest. There must come a time of liquidation. There must come a day of sale. If you finance only and never make provision for the sale or exportation of your product, you have only delayed for a time the ruin that must come.

This corporation, under the provisions of the substitute bill, will loan to banks and bankers. Under section 24 those loans can run for two years.

If at the end of two years the market is unsatisfactory, the product must be sold under the hammer for whatever it will bring. The farmers of America need a market more than any other one thing, and so, while I would welcome some of these provisions for temporary assistance, it is nothing in my opinion that will bring relief unless some provision is made for the financing of the absolute sale in foreign countries on time—because that is the only way we can sell there—of the farm products of America. It will only add to the burden by postponing the day of liquidation and adding to it the interest that the banker must have in the meantime.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. NORRIS. Certainly.

Mr. SIMMONS. I wish to ask the Senator a question for information. The Senator's bill confines itself to financing exports. I wish to ask the Senator if he thinks under the provisions of the bill that the great stock-raising industry of the West could possibly get any benefit in view of the fact that live stock is not exported from this country. I wish to ask him if he thinks under the provisions of his bill the wool producer of the West, in view of the fact that we do not raise enough wool for our own consumption and are not exporters



of wool, could possibly get any benefit under that provision. I am asking for information what his views are about that.

Mr. NORRIS. Again let me say to the Senator, as I have so often said, that I think some of the provisions are good. I am not objecting to the provision to loan the money to the stock raisers. I think we ought to do it. I think it is a banking proposition, and that the Federal reserve banks ought to do it. But if we can do it through this instrumentality I am willing to do that. Let me tell the Senator more at length my theory of it.

If we only finance these agricultural products, wool, cotton, corn, or wheat, to be held by the middlemen under the provisions of the bill, if we only finance them so they can be held, or even go further and finance them through cooperative organization, as the Senator from Minnesota [Mr. KELLOGG], seems to think could be done under the provisions of the bill; if we do nothing else, if we make no provision for a market, no place to sell, when the note is due, what are you going to do then? No one has got anything out of it but the banker. He gets his interest, and when that condition goes on long enough he gets the product and the farmer gets nothing, but is probably left in debt when he gets through.

The theory that I have in mind, and what I think will work out under the committee bill, would be to market these surplus crops as provided in the bill, in foreign countries, to sell the bonds of the corporation and repeat the operation and get rid of the surplus. The farmer who has produced it gets the money. He pays his note in the bank and the bank gets relief. The bank pays the larger bank from which it has borrowed. Mr. Jones pays his borrowed money to Mr. Smith. The money all gets into the channels of commerce and business gets better. Men are not in debt as much as they were. The farmers commence to buy. Everybody else commences to buy.

When we start the prosperity upon the farmer, with the sale of the surplus products, it runs through all the lines of business clear to the top, and everybody gets the benefit of it, the hard times disappear, men get work, and factories start up again.

There is more demand for wool. People commence to wear woolen clothing instead of going in rags. They have had some money, because as the foundation corner stone of it all there has come relief in the shape of money. The agricultural surplus products have been sold. The farmer has paid his debt and everybody else pays his debt, and the money that the farmer gets goes into the bank, and before it gets through in its travels it has paid a thousand debts and the country is prosperous.

We will never get prosperity simply by loaning money and having everything held in statu quo. There must come a day of liquidation. There must come a day when those things must be sold, and if we do not take advantage of it now and provide for a market under fair conditions, the banker's chattel mortgage eventually, when he no longer can extend the time, because the interest has mounted up until the security is not sufficient to pay the debt, will be foreclosed and the security sold for cash under the hammer in a locality where nobody has any money, where there is no money, and where it will not bring one-half what could be got for it now. That is what I fear if we do not provide a market.

Mr. SIMMONS. Mr. President, may I interrupt the Senator again?

Mr. NORRIS. Certainly.

Mr. SIMMONS. I think the Senator has entirely misconceived my question. The Senator's bill provides for no advancement of money by the corporation except money loaned for the purpose of the immediate exportation of farm products.

The statement with which I prefaced the question which I asked in my first interruption was, as the stock raisers of this country do not export their stock, the stock raisers could get no part of the proposed advances; as the woolgrowers do not export their wool, the woolgrowers could get no part of the proposed advances under the Senator's bill. Under the substitute there is an additional provision with reference to the financing of exports which permits the corporation to loan to a farmer or other person, in order to enable him to hold his product and carry it until it can be sold on a reasonable market.

Mr. NORRIS. I do not object to interruptions, but I must insist that I am not able to proceed much longer. I shall have to conclude.

Mr. SIMMONS. I am only trying to develop my question.

Mr. NORRIS. The Senator from North Carolina is doing a good work; his speech is fine, and all that; but if the Senator insists on continuing his speech, I shall have to surrender the floor.

The PRESIDING OFFICER. The Senator from Nebraska declines to yield further.

Mr. SIMMONS. I certainly shall not insist upon interrupting the Senator if he does not desire me to do so.

Mr. NORRIS. I do not wish to be discourteous to the Senator from North Carolina; his remarks are absolutely applicable; but I have answered them, and I am not going to answer them again.

Mr. SIMMONS. If the Senator will pardon me, he did answer them, but his answer included grants under the substitute and not the grants under his bill.

Mr. NORRIS. I differ with the Senator as to that.

Mr. SIMMONS. I was asking the Senator about his bill.

Mr. NORRIS. I think the committee bill, as I have tried to outline it, would bring about the relief in the particular channels of which the Senator from North Carolina has spoken. However, I repeat that I am not opposing the loaning of money to cattlemen; I favor it; but I think the Federal reserve bank ought to do that. Let me repeat, I shall not object to a provision being inserted in the bill by the Senate that will do it, though I do not believe the relief which the Senator thinks will be afforded will be realized under the kind of a provision found in the proposed substitute.

Whether that is good or not, it, at least, is my explanation. The Senator ought to remember that my own theory was that when the farmer sold his product, instead of holding it and going in debt more in order to hold it, he got the money; he paid the bank with the money; he paid the neighbor that he owed, if he owed a neighbor; the bank paid its debts; everybody paid their debts; that money paid a thousand debts; it went all the way up. The farmer out in Nebraska who pays his bank will enable the bank to pay somebody in New York; the payment of that debt will enable the recipient to pay somebody in Chicago; and he will pay somebody else. In other words, when it is started going from the bottom the payment of debt travels all through our system of business. What does that mean? It means that prosperity instead of stagnation will prevail in the country; it means that people will commence to buy woolen clothing and wool will go up; it means a demand for the products that have no market abroad, the sale of what must be marketed abroad, and the getting of the money back into America with which to pay debts that are owed by the people who have the products which ought to be exported. It will help the sale of the products, and it will help those who own the products which are exported.

But, on the other hand, the financing operations will only delay the day of judgment. There must eventually be a market, and that market must be abroad. It may be that the situation may be financed until—and I suppose that is the theory—there will be a market abroad. That plan may work; I hope it will if it is necessary for us to have that system. However, I desire to do, and the committee bill provides for doing, something to take our surplus products to the starving people who wish to buy them, who are willing to mortgage everything they have on earth and to work with bended backs until they pay their debts.

Mr. President, I have not yet finished with section 24 of the substitute; I have only read a part of it. Let me commence where I left off and read some more. That section continues:

The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies' notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time upon like security extend the time of payment of any note, draft, bill of exchange or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange or other instrument was acquired by the corporation.

Advances or purchases may be made under this section at any time prior to July 1, 1922.

That is Government in business with a vengeance. Those who have been criticizing and deriding and denouncing us because we had put the Government into business under the committee bill are now standing for a proposition that will enable the War Finance Corporation to take the money, go out into the country and buy chattel mortgages of banks wherever they please; anywhere in the United States. They can extend the time of payment to the banks and bankers and trust companies up to two years. They can not buy a note or a chattel mortgage from the producer; they can not buy a note or a chattel mortgage on a million bushels of wheat secured by a cooperative association of farmers; they can not loan money on a



thousand bales of cotton owned by the producers, secured by chattel mortgage on that cotton, but they can buy the chattel mortgage of the bank; they can buy the note of the bank; they can buy the note of the banker; they can buy the note of the trust company. If a cooperative association having property of a value of a million dollars went to this corporation, representing the Government and having funds contributed by the taxpayers of America, and said, "Here is a million dollars' worth of our own cotton that we have produced; we want to avoid the middleman and the banker and the speculator; lend us a hundred thousand dollars on it and we will give you a million dollars of security," what would the corporation say? They would say, "Go to a banker; we will not loan to you; the Congress has provided that we can not loan to you. We must have a middleman who must have a rake-off in this deal; we can not deal with you, no matter how much you may have or what your security may be."

The Government in finance! If the War Finance Corporation have money enough, under this provision they could buy all the notes and mortgages that are held by all the banks and trust companies of the United States. If the corporation is supplied with sufficient money, under section 24 they could put the Federal reserve banks out of business; they could buy up all the notes, all the mortgages, and all the certificates of indebtedness.

The Government in business! Oh, you who are so afraid that the Government, through the instrumentality of the corporation set up in the committee bill, might do something for the agriculturist, something for the producer in the effort to remove some of his burdens, to enable him to sell some of his surplus products, to avoid the middleman—you who are so anxious to have that done, for God's sake why do you resort to the method provided in the substitute bill? You will let the farmer starve; you will let the farmer die unless he is able to get help and assistance through the instrumentality of a bank, a speculator, a dealer, or a hoarder of agricultural products.

The Government in business! Afraid to put the Government in business! The substitute proposes to start the Government out on a procedure that if carried to its maximum extremity will eliminate and wipe out of existence the Federal reserve banking system. I do not see how anybody can stand for it.

Put in the bill, if you want to do so, some provisions that will enable the corporation to loan money to live-stock men for a reasonable length of time, but never start out loaning to the agriculturists of this country on interest that he must pay and, added to the interest that he ought to pay, a rake-off to the middleman—never ask him to do that, unless you provide also some way by which he will be able to sell the product that he has mortgaged. If you do not so provide you have done him an injury instead of a benefit; you have made a gamble that, without any assistance, without any attempt in that direction, the markets abroad will open up sufficiently to relieve the situation. Would it not be safer to pass some provisions similar to the one which is in the committee bill by which at least we make an extreme effort to find a market and to finance the sale of surplus agricultural products in foreign markets? That will bring money to the farmer, instead of a new note that he must sign, involving the payment of more interest to the banks. That is the fundamental difference between these two propositions, as I see it, Mr. President.

The Government is all right in business when it will take a risk for financial men that they are not willing to take themselves. The Government is all right in business if the middleman and the banker and the trust company can get their rake-off. Then it is all right. Then it is a virtue. If they are eliminated it is a crime, it is foolish, it is reactionary, it is populist, it is dishonorable, it is unpatriotic. The Government is all right in business if it will vote some money to railroads. It is all right in business if it will help the bankers. It is all right in business if it will help the corporations that want to hold the farm products of America for higher prices. It is all right then. It is all wrong if the farmer gets into it. Then it is a crime. Then it is a bad governmental policy.

Induce the farmers of America to add another mortgage on top of their present indebtedness, secured by their surplus products, by which they agree to pay two years more of interest at 10 or 12 per cent, and in some places a higher rate. That is government in business. That is all right. So that you will place the farmer at the end of the two years, unless relief comes in some other way, at the mercy of the man who holds the chattel mortgage; and I am not finding fault with the man who holds the chattel mortgage. He is entitled to his money. He will not extend that mortgage any longer than he realizes his security is good. I do not find fault with him; and within the two years, if no market comes, then the banker must foreclose, and

the market, if there be none better than now, will be such that the product will not pay the indebtedness.

What happens then? The country bank fails; the city bank goes with it; the factory has to stop, and these banks that have sold the farmers' notes to this corporation, financed by your money, will not be able to collect from the banker; and what then? There is a possible loss. There is a probable loss. It can not go beyond two years, under the terms of the bill itself; and with the interest accumulated now, with the price of the market, and no sale for the surplus farm products, it will not be two years that the farmer can stand paying additional interest on the already overburdening indebtedness; and when he can not pay the bank can not collect, and when the bank does not collect we all go down together, including this corporation.

But get a market, and what is the difference? Sell this product. There are millions of people who want to buy it, and who are suffering for it now. They have not the cash. The committee bill provides a means by which it can be done; and then the farmer, instead of signing a new note for more money, gets the money to pay his indebtedness, and the whole thing loosens up as I have heretofore described.

Mr. President, we never can get on our feet right until we are able to sell our surplus products in a foreign market. We can not sell them here. We never have. We never will be able to. We can not sell them in a foreign market now and sell them for cash. We must sell on time. Under the committee bill, if everything went to smash and they lost everything there would be a maximum loss to the taxpayers of \$600,000,000—\$100,000,000 capital and \$500,000,000 bonds. That is the maximum loss that can come. What would happen under the substitute bill? The maximum loss there is \$1,500,000,000—\$500,000,000 capital stock subscribed by the Government, and \$1,000,000,000 of bonds. There is practically three times the amount of money involved in the substitute that is involved in this much-condemned and criticized bill.

I am not anticipating a loss in either case; but the loss, if it must come, is more liable to come under the substitute, because the substitute does not profess to get a market. It is a method of adding to the indebtedness already existing by paying more interest. Eventually the product must be sold in order for the corporation to get out, and get out whole. The other proposition starts out at the beginning to get a market. I think some provisions of the other bill ought to be included—at least, I have no objection to their inclusion—that would enable some financing to be done. I think that is necessary. I voted in favor of every proposition of that kind; but standing alone it will come home to plague us. It will rise up in our pathway a year or two from now, and ruin and financial disaster will stare us in the face.

Mr. KING. Mr. President—

Mr. NORRIS. I yield to the Senator for a question.

Mr. KING. I did not hear all of the statement of the Senator; but, as I recall, his position is that the substitute, if it shall be enacted into law, will cause greater loss to the Government in the event of loss than could possibly ensue under the bill reported by the committee.

Mr. NORRIS. Yes.

Mr. KING. Now, may I make just one observation, and if that is incorrect I shall be glad to be advised.

The bill which has been reported by the committee calls for an appropriation of \$100,000,000 to form the capital of the corporation which is to be organized. It also puts the Government behind the bonds which may be issued, and guarantees them. That is indefinite, or at least it may go to \$1,000,000,000, and we do not know how much more.

Mr. NORRIS. No, no; it does guarantee them. I argued that, and the Senator was not in the Chamber at the time. I do not think I ought to go over that subject again; but I do not want the Senator's question to stand in the Record apparently unanswered, so I will go over it again.

The committee has reported an amendment that cuts down the bonded indebtedness that this corporation can contract to five times its capital stock instead of ten. That means that the maximum amount under that bill, supposing that every dollar was lost that could be lost, would be \$100,000,000 capital and \$500,000,000 of bonds.

Mr. KING. That would be \$600,000,000.

Mr. NORRIS. That would make \$600,000,000. That is what I have stated already. Now, then, this corporation under the substitute bill has a capital stock of \$500,000,000, all subscribed by the Government. They have a right under the substitute to issue bonds to the amount of twice their capital stock. That is \$1,000,000,000. That makes \$1,500,000,000. So the maximum loss, taking both together now—just taking the



maximum in each case—is \$1,500,000,000 in the substitute, and \$600,000,000 in the committee bill.

Mr. KING. The Senator assumes, then, that under the substitute bill the Government is a guarantor of all the bonds which could be issued by the corporation?

Mr. NORRIS. Yes; and I went over that.

Mr. KING. I do not think the bill means that. I admit that the Government would be responsible for the capital which is pledged, which would be \$500,000,000, and that might be absorbed in meeting the obligations.

Mr. NORRIS. I am going to argue it now on the theory that the Government is not liable. I argued that when the Senator was not in the Chamber. I do not want to go over it again, but I will, briefly.

Under the substitute bill the capital stock is \$500,000,000, every dollar of which is subscribed by the Government; so when they lose, even if the Government never guaranteed a bond and never paid a bond, if there is a maximum loss it must lose \$500,000,000. Under the committee bill, if there was a maximum loss, if every dollar was squandered, then they would lose \$600,000,000. That would be \$100,000,000 more under the committee bill than under the substitute bill, providing the Government did not feel like guaranteeing the bonds, but as I have shown, I think, and as was argued by the Senator from New Jersey, who was criticizing and condemning our bill, the Government is morally bound in this corporation for every dollar of bonds and for every dollar of interest on them, and I do not believe anybody will question the fact that it is morally bound. It is a corporation the capital stock of which is made up entirely of Government funds. The officers are Government officials. No individual in his individual capacity has a word to say. They sell a billion dollars' worth of bonds. It is all done by a Government corporation, with Government money behind it, with Government officials doing it. Would anybody say that the Government was not morally bound to stand behind the bonds that were thus issued?

Mr. President, there are some other things that I wanted to argue, but I am not able to do it, and I shall have to yield the floor at this time.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Brandegge	Harrison	McKinley	Smoot
Broussard	Heflin	McLean	Spencer
Bursum	Hitchcock	McNary	Stanfield
Calder	Johnson	Moses	Sutherland
Cameron	Jones, Wash.	Nelson	Swanson
Capper	Kellogg	Newberry	Townsend
Caraway	Kendrick	Nicholson	Trammell
Curtis	Kenyon	Norbeck	Underwood
Dial	Keyes	Oddie	Wadsworth
Dillingham	King	Overman	Walsh, Mass.
Edge	Ladd	Phipps	Walsh, Mont.
Fletcher	La Follette	Polindexter	Warren
Gerry	Lenroot	Robinson	Watson, Ga.
Gooding	McCormick	Sheppard	Weller
Hale	McCumber	Simmens	Williams
Harris	McKellar	Smith	Willis

Mr. CURTIS. Mr. President, I am requested to announce the absence of the senior Senator from Pennsylvania [Mr. PENROSE] on official business. He is in attendance on the Committee on Finance.

I also desire to announce the absence of the junior Senator from Oklahoma [Mr. HARRELD.]

The VICE PRESIDENT. Sixty-four Senators have answered to their names. A quorum is present.

Mr. LENROOT. Mr. President, I am sure that every Senator regrets the temper in which the distinguished chairman of the Committee on Agriculture has discussed this bill yesterday and to-day. It is in striking contrast with his usual custom, and in striking contrast with his opening speech which began the debate upon this measure. Yesterday and to-day the chairman of the committee has attacked and impugned the motives of nearly everybody who has not agreed with him as to what legislation should be passed in aid of the agricultural interests of the country.

He has attacked the Secretary of Commerce, Mr. Hoover, as being an Englishman, devoted first to the interests of the British Empire. He has attacked the War Finance Corporation as being a lot of golf players. He has attacked the Senator from Minnesota [Mr. KELLOGG], who offered this substitute, and attempted to ridicule him as posing as a friend of the farmers.

I know that the Senator from Nebraska was not in his usual, normal frame of mind, or he never would have said some of the things that he did say, and I shall spend but very little time in replying to those features of his speech. With refer-

ence to his attack upon the Senator from Minnesota, who offered this substitute, I may say that the Congressional Directory shows that the chairman of the Committee on Agriculture is the same kind of a farmer as is the Senator from Minnesota. I find they were both raised upon a farm. I find that since that time both the chairman of the Committee on Agriculture and the Senator from Minnesota have devoted themselves to those volumes to which the Senator from Nebraska referred, such as Parson on Contracts, and other well-known textbooks. So that if the Senator from Minnesota is to be ridiculed and placed before the Senate and the country as a false friend of the farmer because of his profession, the Senator from Nebraska must put himself in the same category.

With regard to his attack upon the the Secretary of Commerce, Mr. Hoover, I am very sorry that the Senator is absent, but I want to say, Mr. President, that Mr. Hoover is rendering a greater service to the agricultural interests of America every day while he is occupying the important position that he now holds than the chairman of the Committee on Agriculture or I will ever be able to render them so long as we live. It is the favorite pastime of two or three Senators upon this floor to attack Mr. Hoover. They will understand in the future, some day, that any such attack upon him reacts only upon themselves.

With regard to his attack upon the War Finance Corporation, ridiculing the members of that corporation as being a lot of golf players, having no understanding of the interests of agriculture, implying that they have no sympathy with them, the chairman of the committee has undergone a very marked change of opinion since the hearings were had upon this bill. Mr. Meyer, the managing director of the War Finance Corporation, appeared before the committee, and I want to read a paragraph of what the chairman of the committee himself said at that time concerning the War Finance Corporation, which he would now have the country believe to be unfriendly to agriculture. He said:

Of course, Mr. Secretary, Mr. Meyer is connected with the War Finance Corporation. I presume it would be human nature for him to feel as though another organization that would do exclusively the things that his organization has a legal right to do would be looked upon, perhaps unconsciously, with some prejudice. I am satisfied that this committee has a very high regard for Mr. Meyer; I know I have personally, and the rehabilitation of the War Finance Corporation came about from the action of this committee. The resolution which was finally enacted into law rehabilitating that corporation originated in this committee. I was very much in favor of it.

That was the position of the chairman of the committee on June 30, a little over 30 days ago, and I might read much more, quoting the remarks of the chairman, concerning his high opinion of the War Finance Corporation in the service that it was rendering.

To-day it was very clear from his remarks that the Senator would have the country understand that, so far as he is concerned, he has no confidence in the War Finance Corporation being either able or willing to be of assistance to the agricultural interests of the country.

Mr. President, what is it that has brought about this change of mind on the part of the chairman of the Committee on Agriculture? I think it must be clear to every Senator. The chairman of the committee feels—and I do not doubt honestly feels—that some advantage has been taken of him, that there has been some underhanded and surreptitious work going on in connection with this bill because of some animosity toward him. Mr. President, I know a little something of the history of this bill. I listened carefully to the opening speech of the Senator from Nebraska. In that speech he said:

Let me say, Mr. President, that the committee is moved only by a patriotic desire to relieve what is believed to be a dangerous condition. We have no pride of authorship.

That is what the chairman said one week ago Tuesday.

He also said:

We are here in good faith, Mr. President, and I am glad to say that as far as any debate that the Senate has heard so far is concerned, those who oppose the legislation are exhibiting the same patriotic good faith.

Again, he said:

I appear in no sense to criticize the War Finance Corporation; but through the operation of that corporation it became apparent, I think, to those who have followed it somewhat, that they were not fully equipped to meet the situation, and so, in good faith, with only a desire to legislate so as to relieve the present agricultural condition, the Committee on Agriculture and Forestry have recommended to the Senate the passage of this bill. Many of its provisions are tentative. The Senate may, upon due consideration and debate, amend or change them, but I hope that all those who oppose it will approach the subject in that spirit. We wish to relieve the situation which everyone admits exists.

Mr. President, the day that speech was made by the chairman of the committee a clear issue was presented, and existed in the Senate at that time, and that issue was whether the



committee bill should be passed or whether it should be defeated. There was a very well developed movement in this Chamber to defeat the bill in toto. I, as one Senator, accepted in good faith the statement of the chairman of the committee that they would welcome amendments; not that the committee would, because the bill had gone from the jurisdiction of the committee. It was pending before the Senate. There was only one place where an amendment could be offered under the rules of the Senate, and that was here in the Senate. I as one Senator did not believe that legislation upon this subject should be defeated. There is an emergency, in my opinion, which calls for action. There is such an emergency in relation to agriculture as justifies this Government in doing everything it possibly can, along reasonable and proper lines, to relieve present conditions.

So I, as one Senator, took the position at that time that this bill ought not to be defeated, that it should be amended by having stricken out at least the most objectionable feature, which, to my mind, was the authority to the corporation to buy and sell agricultural products.

I consulted with a number of Senators. I made inquiry if the chairman of the committee would be willing to consider any compromise with regard to this bill. I was told that the proposition was presented to the chairman of the committee, or he was asked if he would be willing to agree to the striking out of that provision of the bill which provided for the authority of this corporation to engage in the business of buying and selling agricultural products, that he was asked whether he would be willing to so modify the personnel of this proposed corporation so that the Secretary of Commerce, the managing director of the War Finance Corporation, and the Secretary of Agriculture should constitute the directors of the corporation.

I was told, Mr. President, that those propositions were presented to the chairman of the committee, and that the reply was made that he could not consider any compromise which would strike out the power to buy and sell agricultural products; that he considered that a very vital feature of his bill.

Possibly I was not correctly informed, but, relying upon that information, I for one felt that it was absolutely useless for any Senator to confer with the chairman of the committee unless he was willing to include in the compromise the power to buy and sell those products, which I, as one Senator, was not.

That being the chairman's position, what possible good could have been accomplished by anyone consulting him with reference to any compromise or substitute bill so long as he held that position?

Then, Mr. President, I myself prepared for offering certain amendments striking out what I believed to be the most dangerous features of the bill. It was then suggested by Senators, not elsewhere, but by Senators upon this floor in private conversation, that instead of creating a new corporation the powers of the War Finance Corporation ought to be enlarged so that the War Finance Corporation might do everything that properly could be done in this emergency. I had forgotten that it was suggested in the debate, but I am just told that it was openly suggested on the floor in discussion of the bill.

Mr. KING. Mr. President, will the Senator yield?

Mr. LENROOT. Certainly.

Mr. KING. I should like to say to the Senator that on this side of the Chamber, believing that the War Finance Corporation should be entrusted with the activities provided for in the bill, some of us prepared amendments, or rather a substitute. But, speaking for myself, I suggested to a number of Republicans, notably the Senator from Illinois [Mr. McCORMICK] and the Senator from New York [Mr. WADSWORTH], as I recall, that perhaps the substitute should come from that side of the Chamber, they being the majority side and the bill having been reported from a committee the Republican members of which preponderated.

So, on this side of the Chamber a number of Senators believed that a transfer of activities of the organization to the War Finance Corporation should be made, and I prepared a substitute which I intended to tender to the Senate in the event that the Republicans did not provide a substitute, transferring the activities of the proposed organization to the War Finance Corporation.

Mr. JONES of Washington. Mr. President—

Mr. LENROOT. I yield to the Senator from Washington.

Mr. JONES of Washington. I have just noticed in the RECORD that on July 22 the Senator from South Dakota [Mr. STEHLING] proposed an amendment giving the War Finance Corporation those powers.

Mr. LENROOT. The only point I desired to make was that the suggestion that this be done through the War Finance Corporation, so far as I know, originated among Senators upon this floor and not elsewhere. That is the only point I desire to make.

Mr. EDGE. Mr. President, if I may interrupt a moment—  
Mr. LENROOT. Certainly.

Mr. EDGE. I addressed the Senate on this subject before the Senator from Nebraska explained the bill, and in that discussion suggested the use of the War Finance Corporation.

Mr. LENROOT. Mr. President, it was the evening of the same day that the chairman made his speech that the Senator from Minnesota [Mr. KELLOGG] and I had a conference with Mr. Meyer, the managing director of the War Finance Corporation, and Secretary Hoover. We had several conferences thereafter, and this substitute was framed. I know that the Senator from North Carolina [Mr. SIMMONS] was consulted, as were others. It was not with a thought that anyone was abrogating to himself any authority that he could not properly assume. There was no thought upon the part of anyone of injuring in anyway the chairman of the committee. We had a situation here where the committee bill, with those vicious features, as some of us thought, was before the Senate, and the chairman himself had invited us expressly to offer something in its place if any Senator thought he could offer something that was better. Time went on. My last connection with the framing of the substitute was last Saturday. I think one or two changes were made after that time.

The charge has been made that this was a deep-laid scheme upon the part of the administration to pull the railroad legislation through and use this as a pusher to do it. Mr. President, so far as I know, not one single Senator was in favor of any such proposition. I had no conversation with the President of the United States prior to the introduction of the substitute, but I think I can say that the President of the United States never suggested to a living soul that those two things should be coupled together.

The substitute is now here and ought to be considered upon its merits. Notwithstanding the feeling that the chairman has, it is no different than any other bill that comes to the Senate with the backing of the committee where any other Senator or group of Senators if they please, if they believe they can offer something that is an improvement over the committee bill, have a perfect right to do so, and there are no ethics of the Senate that demand that they shall go to the chairman of the committee and first ask him how he likes the substitute.

The substitute is here before the Senate now. In the last half hour of the speech of the chairman of the committee he was occupied in denouncing certain provisions of it that the agricultural bloc, so called, of the Senate, of which the chairman is one of the most prominent members, had been insisting should be adopted from the first day that that agricultural bloc met. But here we find him to-day denouncing those very things and trying to prejudice the measure in the eyes of the country because, he says, it seeks to deal with banks and middlemen and not with the original producer.

The contention has been, so far as the credit features are concerned—and section 24 relates only to credit facilities—and speech after speech has been made upon the floor asserting that the Federal Reserve Board withheld, as is claimed, credit facilities from the banks of the country and thus brought about, as is claimed, the condition that now exists; yet when there is offered in a substitute bill the same relief for those credit facilities that these gentlemen, including the chairman of the committee himself, had been urging, it meets with the denunciation of the chairman of the Committee on Agriculture and Forestry.

Now, Mr. President, I wish to turn to the bill itself and compare the substitute introduced by the Senator from Minnesota [Mr. KELLOGG] with the original introduced by the committee. I may say in passing that according to my understanding the Committee on Agriculture and Forestry this morning determined to cast aside the original bill which the Senator from Nebraska has been championing, and have reported this afternoon substantially the substitute bill, with two or three amendments or changes to which I shall advert before I conclude.

The substitute bill eliminates one very important provision in the original Norris bill, the power to buy and sell agricultural products. The Senator from Nebraska, the chairman of the committee, has stood here to-day, yesterday, and in his opening speech saying that what we need is a market. We all agree. He said there is a demand in Europe from millions of starving people for our wheat; our corn, our oats, and our cotton, and that we want to supply that demand. Yes, Mr. President, there is a demand for everything that we have, in the sense in which the chairman of the committee has used it, and we need not cross the Atlantic Ocean to find that kind of a demand. It exists right here in the United States.

Why, in the same sense in which the chairman used the expression, there is a demand for diamonds in the United States to-day far exceeding the supply. There is a demand in the



United States to-day for \$5,000 automobiles far exceeding the supply. We would all like diamonds, we would all like better automobiles, we would all like more of everything, and in that sense there is a demand for it. But the reason why we can not wear diamonds, the reason why all of us can not own \$5,000 automobiles, is because we have not the wherewithal to pay for those things.

It is only in that sense that there is a demand in Europe that is not being met. Mr. President, there is not a country in Europe to-day that will not use its credit facilities first for the supply of food products to the full extent those products are necessary for the support of its people. No one can gainsay that. No nation can produce anything unless its people are fed first and clothed secondly.

Now, I have no doubt that there are many countries that would buy more freely of our agricultural products if they did not have to pay for them or if they could give such security for them as no business man would ever think for a moment of accepting. We do not need to go to Europe to find such a demand as that. I think I could furnish a thousand men in the United States to-day who would be willing to buy every pound of surplus cotton, every bushel of surplus wheat, and give their notes for it at 20 per cent above the market price if we would sell it to them, and they would make money, too. They could sell it at or below the market price and tell this corporation, "Take your judgment against me if you want to." We will at least be having a good time while we are doing it.

Now, because people in Europe would like to buy more things from us does not mean that there is a demand for those things in any business sense. I think we might as well understand just what is in the minds of some of these gentlemen who originated the proposition in the Norris bill to empower this corporation to buy and sell agricultural products.

It undoubtedly was this: They would have the Secretary of Agriculture, who is a splendid gentleman and who is splendidly fulfilling the duties of his office, and then hope to have the other two members of the board, such men as the chairman of the committee appears to think are the only men who are qualified to deal with questions affecting agriculture, so far as the financing problem is concerned, men, such as he indicated, who milk their own cows and till their own soil, to handle this \$600,000,000 corporation. Evidently it is thought it would be a very simple proposition for the proposed Government corporation to use the \$600,000,000 in the purchase of agricultural products, own them, and then sell them at any price they saw fit.

I should like to ask some member of the committee who may still be supporting the committee bill or that provision of it which the Senator from Nebraska thinks so valuable, supposing this authority were granted and the corporation had \$600,000,000 with which to go out and buy cotton and wheat, what would they do? Would they simply offer the market price for the cotton? If they did, how would the cotton raiser or the producer be benefited if they paid no more than the market price? Is it proposed that they shall pay more than the market price? Evidently that is the assumption; that as soon as the corporation has the \$600,000,000 on hand, they will immediately go out and say, "We will pay you 10 or 20 or 30 per cent more for your agricultural products than is the price to-day." That would be a very easy financing proposition, so far as buying is concerned; that, I admit, would raise the price of the product, for a time at least, to the producer; but it would be upon the hands of the Government. What are we going to do with it, then? It is proposed that we sell it abroad and take such securities in payment for it as no business man would take. That is the proposition.

May I say in passing that perhaps the principal mover behind this bill outside of the Senator from Nebraska is one Carl Vrooman, who was Assistant Secretary of Agriculture during the preceding administration. He appeared before the Committee on Agriculture and Forestry and also appeared the other day before the Commission on Agricultural Inquiry, of which I am a member. He defended the committee bill. I may also say that Mr. Vrooman appears to be one of those farmers who own a great many farms and let them out on a fifty-fifty basis or for a cash rental. He testified before our committee that he was in favor of the committee bill; that he thought that it ought to be passed, even though the Government lost every single dollar of the \$1,100,000,000 which was provided for in the original bill. Of course, no one can argue with anyone who believes that the Government should go into this business irrespective of loss. However, that provision has been stricken out of the bill by the committee; it is no longer in the bill even as proposed to be amended by the committee the other day, and

the provision is not contained in the substitute which has now been offered by the Senator from Oregon [Mr. McNARY].

Mr. President, I wish to compare the provisions of the two bills which the chairman of the committee has also compared. Let us see which bill is in the real interest of the farmer and which is more likely to benefit him.

I will first observe, Mr. President, that the Senator from Nebraska, when the word "association" is used in his bill, says that includes farmers' cooperative associations, but when the same word is used in the substitute bill, in the same connection and in the same way, he says it does not include farmers' cooperative organizations. Now, let us see what the bill of the Senator from Nebraska would do aside from the authority to buy and sell. It provides that the proposed farmers' export financing corporation may—

act as agent of any person producing or dealing in agricultural products, either in their natural or prepared state, within the United States in the exportation and sale of such products.

So far as that provision is concerned, without the corporation using its financial means, merely acting as agent, without power to make advances or to furnish money, it would be of little value, for that is one of the most important functions of any agency. The bill goes on to provide:

And to make advances for the purpose of assisting in financing the exportation of such agricultural products for periods not exceeding five years from the respective dates of such advances, upon such terms and subject to such rules and regulations as may be prescribed by the board of directors of the corporation, to any person producing such products within the United States, or to any person, Government, or subdivision of Government without the United States purchasing such products—

And so forth. The power to buy and sell having been stricken out in the bill as reported by the Senator from Nebraska, what power is left in the bill? There is left in the bill the power to advance the \$600,000,000 for the purpose of aiding in financing exports and authorizing advances to producers, to foreign subjects, and to foreign Governments.

Observe, Senators, that under the bill of the Senator from Nebraska not one dollar could be advanced to any cooperative association of farmers, for cooperative associations of farmers are not engaged in producing agricultural products. It is the individual members who are doing that; as an association it is not producing agricultural products, and not one dollar would be advanced to a producer under the chairman's bill unless that producer were also an exporter.

I asked the chairman of the committee if he knew of a single grain producer in the United States to-day who was an exporter. Senators will remember his reply. He said that, while there may be no producers who are exporters, the producers are forming cooperative associations for the purpose of exporting. I will come to that in just a moment.

There may be some cotton producers who are exporters—I do not happen to know of any—some of the Senators from the Southern States may—but, if there be such, they are the only persons under the bill as it came from the committee who could receive any advances of the money provided for any purpose whatever.

It follows that under the bill as it came from the committee advances under conditions that exist can not and could not be made to any American citizen unless he is both a producer and an exporter. To whom, then, could advances be made? Under his bill no advances could be made to any firm engaged in the exportation of agricultural products or in the marketing of agricultural products unless that firm also produces them. No advances could be made to any bank that has been assisting in the financing of the exportation of agricultural products. So it follows that such loans can not be made at all to American citizens, but they can be made—to whom? They can be made to foreign subjects and to foreign Governments.

I wish to say in passing that I have no particular objection to including the power to make loans, upon adequate security, to foreign buyers. I have such confidence in the War Finance Corporation that I am satisfied such power would not be abused; but, Mr. President, it is surprising, to say the least, to find the chairman of the committee advocating the loaning and providing in a bill for the loaning originally of \$1,100,000,000, but now as amended a maximum of \$600,000,000, to foreign Governments. That is exactly what his bill does. It is all the more surprising, Mr. President, when one turns to the CONGRESSIONAL RECORD of July 11, when the bonus bill was under consideration, and finds that the chairman of the committee offered an amendment to that bill in the following words:

The Secretary of the Treasury is hereby directed to collect the interest due on the various loans made by the Government of the United States to foreign Governments during the war, and said sum so collected, together with all other interest payments on said loans subse-



quently collected, is hereby set aside as a separate fund and the same is hereby appropriated for the purpose of carrying out the provisions of this act.

Irrespective of the condition of any foreign country that owes us money, irrespective of their need to use their credit to buy agricultural products produced by American farmers, the chairman of the committee proposed to compel the collection of every dollar of interest that was due, but now he turns around in this bill and proposes to reloan or to give authority to reloan to foreign Governments to the extent of \$600,000,000.

It is all the more surprising, too, when one considers the speech of the Senator from Nebraska on this subject a week ago last Tuesday, when he said:

I hope no one will be so selfish as to think that when we find a part of the people of the world failing or starving or out of work because they can not get food, that we ought to let them die for fear if we help them up and get them on their feet they may compete with us afterwards.

Yet it was less than two weeks previously, Mr. President, when the same Senator offered an amendment to the bill to which I have referred compelling the Secretary of the Treasury to collect every dollar of interest that every foreign Government owes to the United States. So under the bill so eloquently championed by the chairman of the committee we find—what? Authority to make advances to any American? No; not for carrying his products for export or otherwise, but advances may be made to foreign Governments and to foreign buyers, creating an additional indebtedness on the part of foreign Governments to the United States.

Now, I want to say just this: I, as one Senator, am opposed to and will oppose making further loans to any foreign Government out of the Treasury of the United States of America.

Mr. RANSEDELL. Mr. President, will the Senator yield?

Mr. LENROOT. Yes.

Mr. RANSEDELL. Do I understand the Senator to say that the bill—the original bill and the bill as amended by the committee—does not permit advances to citizens of this country, and that it is limited to making advances to foreigners?

Mr. LENROOT. I spoke of the original bill as introduced by the committee and the first amendments. I am not speaking of the substitute bill offered to-day.

Mr. RANSEDELL. No; I am speaking of the original bill with the subsequent amendments.

Mr. LENROOT. Yes.

Mr. RANSEDELL. Now I will ask the Senator if he will not kindly look on page 5 of the original bill as amended, lines 6 and following, which read in this way:

And to make advances for the purpose of assisting in financing the exportation of such agricultural products for periods not exceeding five years from the respective dates of such advances, upon such terms and subject to such rules and regulations as may be prescribed by the board of directors of the corporation, to any person producing such products within the United States, or to any person, Government, or subdivision of Government without the United States purchasing such products, but in no case shall any of the moneys so advanced be expended without the United States.

Mr. LENROOT. That is the very language I have been discussing.

Mr. RANSEDELL. I understood the Senator to say that no advances could be made to citizens of the United States, but that all of these advances must be made to foreigners.

Mr. LENROOT. No; I said that under this language no advances could be made to any citizen of the United States unless in addition to being a producer he was an exporter of his products.

Mr. RANSEDELL. I will say to the Senator that the language may be faulty, but the committee certainly intended to have these advances made to producers in order that their products might be exported abroad. I do not think the language is ambiguous, because it says "advances \* \* \* to any person producing such products within the United States," or to outsiders. The committee surely intended that these advances of money should be made to people in the United States who produce agricultural products in order that those products might be sent abroad to people who need them, or that the advances should be made to people abroad in order that they might themselves purchase the agricultural products; the idea being, however, as shown by the last few lines, "but in no case shall any of the moneys so advanced be expended without the United States"; that if you advance money to outsiders they must use that money in purchasing products in this country for export. So it seems to me that the money clearly would go to the American producer of agricultural products. That certainly was the intention of the committee.

Mr. LENROOT. I do not question but that the proceeds of the loans we may make to foreigners must be expended in the United States. That is true.

Mr. RANSEDELL. For agricultural products.

Mr. LENROOT. For agricultural products; and I do not question the Senator's statement that the committee did not intend any such result as clearly follows from this language; but I am very sure that upon reflection the Senator will see that this language does limit the advances to producers who are also exporters. The purpose of the advance can only be for assisting in financing the exportation, and if a producer is not exporting or does not propose to export his products there is no authority to advance him any money whatever.

Mr. RANSEDELL. May I add that the bill, of course, is to aid in the exportation of farm products, and none of the money would go to an American producer unless he were either an exporter or desired to export these products. He is going to have it done; he will not do it himself, possibly, but will do it through some exporting company or some exporting agency; but he gets the benefit just the same. If the corporation advances money to some bank which in turn will buy his products and export them, or advances the money to some foreigner who in turn will buy his products and export the products, that gives him the benefit. The resultant is that the American producer who now has no market gets his products shipped abroad.

I know that that was the intention of the committee, and if the language is faulty we shall have to correct it.

Mr. LENROOT. Whatever the intention may have been, it is very clear that there would be no authority upon the part of this corporation to advance a dollar to a producer unless that producer satisfied the corporation that he was getting that advance for the purpose of assisting him in exporting the very product that he produced.

Mr. RANSEDELL. Mr. President, I do not want to break into the Senator's speech, but that is just the purpose of the bill, to assist him in exporting, and unless he could show that he was going to export the products that were paid for with the money he ought not to get it.

Mr. LENROOT. Very well; very well. Then I want to ask the Senator how many producers in the United States export their products?

Mr. RANSEDELL. Mr. President, I am unable to answer that question; but there are a great many producers who could employ agents to export their products for them, and they are the people who under the spirit of this act would get the benefit.

Mr. LENROOT. Mr. President, of course the substitute that is now pending, reported from the committee itself, has cured all this, because I understand that while this language is continued in the substitute bill, or a portion of it, it is made clear in other portions of the bill that there will be authority to make advances to anyone dealing in export products, and generally to widen agricultural credits, and I shall refer to that in a moment.

Mr. President, that is all there is of the Norris bill—takes away the power to buy and sell products and this limited power, to which I am sure I have given the proper construction, and if the Norris bill were passed it would result in just one thing: That would be the power to make these enormous loans to foreign Governments and to foreign buyers upon security that no business man would accept, because if he would accept it this medium is not needed.

Mr. WILLIS. Mr. President, will not the Senator admit one other thing that it would do—that is, it would fix upon this Government the liability for at least a billion one hundred million dollars.

Mr. LENROOT. Of course, it would; and, of course, it is expected that there will be losses here; and there is another reason why this loan to foreign Governments should be stricken out of the committee bill that was introduced this afternoon, and I hope it will be.

If a Government corporation is to be given power to make loans to foreign Governments, what situation are we going to be in? There will be pressure from the representative of every foreign Government in Washington to make a loan to his Government, make loans to one Government and refuse to make loans to another Government, and what is going to be the feeling engendered between the United States and those Governments to whom loans are refused? It is expected that these loans will be made to Governments that may have—though we hope not—the same experience that Russia has had. It is frankly stated that business men will not take the chances involved in the political conditions in some countries in Europe. Well, neither should the United States Government take any such chances. This money belongs to the people of the United States. We have no business to throw away the money of the people of the United States and give it to foreign Governments upon the theory that while they may never pay it back the



money, at least, will stay here, and that we will benefit the farmers by using it for that purpose.

Mr. President, the chairman of the committee very severely criticized the substitute bill, especially section 22, because he alleged that it was not permitted to make loans directly to producers. This is the first time, Mr. President, that I have heard it seriously contended by anybody that the Government should make loans directly to producers. The complaint has been always—and this is a financing matter wholly, so far as credits are concerned—that the trouble with the country so far as agriculture is concerned is very largely the frozen credits; that the banks are loaded up to their limit; that the Federal Reserve Board has made such rigid rules with reference to discounts that further credit can not be extended.

I did not suppose anyone would contend that the Government should go into the business directly of loaning to farmers and producers. In fact, I think the Record will show, when the speech of the chairman of the committee is printed, that in response to a question I asked him with regard to the exportation he said in the early part of his speech that he did not contemplate that the Government would loan money directly under his bill or under this bill to producers.

Now, what does this substitute bill do? It provides that advances may be made to any person, firm, corporation, or association dealing in or marketing any agricultural products for the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner, and the Senator from Nebraska very severely criticizes the first part of this section because of the limitations that are there laid down in order to authorize these advances. It can only be done if the board shall be of opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple product of the United States which is normally exported in substantial quantities and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, and so forth.

Mr. President, why is that done? The Senator very truly said that section 22 authorizes and encourages hoarding. It does authorize and encourage, under these abnormal conditions, the very thing that during the war we made it a criminal offense to do. It is only because there is such an abnormal condition, such a great emergency affecting agriculture, that this very extraordinary power is warranted now. That these conditions do exist everyone knows. That the conditions are due to these very reasons everyone knows.

That the War Finance Corporation will so hold everyone knows. Then why put it in the legislation? Mr. President, it is a very good thing to have in this legislation, so that in the future, a generation from now perhaps, this legislation shall not be pointed to as being an ordinary, normal function of Government. A reading of the legislation in years to come should disclose that this was only done in the face of a great emergency, and it should be so stated upon the face of the legislation.

The Senator from Nebraska states that no advances can be made except to middlemen, speculators, and profiteers. Mr. President, the language is "to any person, firm, corporation, or association engaged in the United States in dealing in or marketing any such products."

That provision is just as broad, Mr. President, as the Senator himself, the chairman of the committee, could write in a bill. If a producer is engaged in marketing his product for export, he is entitled to the benefits of it. If there is a cooperative association of farmers who are engaged in exporting their products they are entitled to the benefit of this bill.

I said in the beginning that the chairman of the committee would give one definition to the word "association" in his bill, and a contrary definition to the word "association" when used in the substitute. The words are the same in both bills, exactly the same. The substitute does provide for the making of advances to any producer if he markets his products for export, and any cooperative association of farmers which markets the products of the members of their association. So that the Senator's criticism of this paragraph absolutely fails.

Then paragraph (b) which he so criticizes provides:

To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person, firm, corporation, or association as is described in paragraph (a) of this section for the purpose therein set forth.

The Senator criticizes that, and what basis is there for his criticism? Suppose a bank has made advances upon agricultural products for the purpose of assisting in financing their exportation. Is it to the interest of the producer that advances

be permitted so that that bank may make further advances for the exportation of these products? It is exactly the same thing which the agricultural bloc, so called, has been contending almost since this session convened, the Federal Reserve Board should have the power to do for the banks just what it is proposed in this paragraph that the War Finance Corporation shall have authority to do.

Then we come to section 24, which the Senator so much criticized; and let me say that the authority granted in section 24 covers a field of credits, a field of advances, that is not covered at all by the bill of the Senator from Nebraska. As was pointed out by the Senator from North Carolina, the bill of the Senator from Nebraska would not be worth one copper penny to any cattle grower in the United States, not a penny to any sheep grower in the United States, not a penny to the producer of any agricultural product in the United States that is not exported.

Mr. President, the benefit to agriculture in this section alone so far outweighs any possible benefit to agriculture under the bill of the Senator from Nebraska, granting for it all that he claims for it, that there is no comparison. Yet the Senator stood here to-day and for more than three hours denounced the provisions of this bill because they did not go further, when his own bill did not go at all.

Mr. President, I did not expect to spend as much time upon this as I have taken. There are some amendments which should be made to this substitute, although I have not had an opportunity to examine it as carefully as I should like. If the substitute does not impose the same limitation upon advances in section 24 that is now imposed in section 22, I shall offer an amendment providing for that limitation.

So far as I have been informed as to the changes made by the committee in this bill and the additions to it, I think I shall be able to support them all, with one exception, and that is as to the power to make loans to foreign governments, and I sincerely hope that before the bill is passed that part of it will be stricken out.

Mr. NELSON. Let me ask the Senator a question. Suppose an American exporter can sell goods to a foreign government, can sell a lot of wheat, for instance, and the foreign government has not the money to pay for it. Would the Senator prohibit the exporter from taking the securities of that foreign government?

Mr. LENROOT. No.

Mr. NELSON. I thought not.

Mr. LENROOT. Not if the American exporter wants to sell to a foreign government and wants to borrow money under the provisions of this bill to assist him in financing the sale. If he wishes to offer as collateral to his own security the bonds of that foreign government, I have no objection whatever to it. But that is not the provision I am objecting to.

Mr. NELSON. With the permission of the Senator, I want to call his attention to the fact that a number of times since the armistice those Governments have bought food products for their people, the Government as a government buying them and distributing them among their own people. That condition may arise in the future, and if the American exporter has a chance to sell to a foreign Government, that foreign Government might not be able to pay the cash but might be able to give bonds as security. Would the Senator prohibit the taking of said bonds?

Mr. LENROOT. I would not prohibit it.

Mr. NELSON. I thought that the Senator said awhile ago that he would not approve a loan to a foreign Government.

Mr. LENROOT. I did; I am opposed to our Government making such loans.

Mr. NELSON. They would make a loan precisely as the loan they contracted before.

Mr. LENROOT. I beg the Senator's pardon. If an exporter chooses to make a loan to a foreign Government, or make advances to a foreign Government, and comes to this War Finance Corporation and asks aid in financing that export, and the War Finance Corporation takes the obligation of the exporter, and the exporter wishes to attach as security the bonds of that other Government, I have no objection. That is not the United States Government making a loan, or any corporation owned by the United States Government making a loan, to any foreign Government, which is what I am objecting to.

Mr. President, there was one other matter which the Senator from Nebraska very severely criticized which I want to spend just a moment or two upon, the last part of section 24, which provides that:

The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages,

warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock.

What does that do? It enables in exceptional instances this War Finance Corporation, where a bank in the West or South has made all the loans it can make, secured by these products, to buy those instruments of indebtedness secured by chattel mortgage, and thus relieve the bank so that it may make further advances to the producer. It enables the War Finance Corporation, therefore, to extend a credit to the producer himself, not exceeding two years, that may save the producer from ruin and bankruptcy.

Yet the chairman of the committee criticizes that, and made the statement that that power would enable this corporation, if it had money enough to buy every security in every bank in the United States, to put the Federal reserve bank out of business.

The Senator must have known that this power is confined to evidences of indebtedness secured by a staple agricultural product. He must have known that this provision was wholly in the interest of agriculture, and if it had not been for the frame of mind that my good friend is in, I believe he would have discussed not only this section but the other provisions of the bill in a very different way from what he has done.

Mr. President, in conclusion, there is altogether too much of a tendency upon the part of some people to arrogate to themselves that they are the only friends of the farmers. The best friends of the farmers of the United States are those who, realizing the great emergency which exists, realizing that the full power of the Federal Government, in so far as it properly can be exercised, should be exercised for their relief, propose to legislate in such a way as will be of real benefit to them and at the same time in accordance with principles that can be sustained in the future. I want to help the farmers, Mr. President, but when they ask for bread I do not want to give them a stone, as is proposed by the original Norris bill.

Mr. GOODING. Mr. President, at this time I want to pay my respects to House bill 7456.

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Oregon?

Mr. GOODING. I yield.

Mr. McNARY. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Brandegge	Heflin	Newberry	Sterling
Broussard	Jones, Wash.	Nicholson	Swanson
Bursum	Keyes	Oddie	Townsend
Cameron	King	Overman	Trammell
Capper	La Follette	Phipps	Underwood
Caraway	Lenroot	Poindexter	Wadsworth
Curtis	McCumber	Ransdell	Warren
Dillingham	McKellar	Sheppard	Watson, Ga.
Fletcher	McKinley	Simmons	Willis
Gerry	McNary	Smith	
Gooding	Moses	Smoot	
Harris	Nelson	Stanfield	

Mr. CURTIS. I wish to announce the absence of the Senator from Pennsylvania [Mr. PENROSE] on official business.

Mr. LA FOLLETTE. I desire to announce that the senior Senator from Nebraska [Mr. NORRIS] is unavoidably detained on account of a slight illness.

The VICE PRESIDENT. Forty-five Senators having answered to their names, a quorum is not present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. DIAL, Mr. LADD, and Mr. REED answered to their names when called.

Mr. SUTHERLAND, Mr. ERNST, Mr. STANLEY, Mr. POMERENE, Mr. MCCORMICK, Mr. BORAH, Mr. PITTMAN, and Mr. ROBINSON entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-six Senators having answered to their names, a quorum is present. The Senator from Idaho has the floor.

Mr. McKELLAR. Will the Senator from Idaho yield to me for a moment?

Mr. GOODING. Certainly.

#### HEALTH AND FOOD CONDITIONS IN THE SOUTH.

Mr. McKELLAR. On Tuesday there was a highly sensational article published in the morning paper and sent out, as I understand, by the Associated Press, containing a letter from President Harding. The lurid headlines of the article were as follows:

Asks famine inquiry—Harding calls for Health Service and Red Cross to aid South—100,000 pellagra victims—Health authorities estimate the death toll at 10,000.

I shall not read the entire article, but it seems that the President wrote to the Chief of the Public Health Service and the chief of the Red Cross service, asking their aid in the matter. Among other things, the President said:

I have been greatly concerned to note the public statement from the Public Health Service as to the menace of pellagra and condition of at least semifamine in a large section of the cotton belt.

And again:

Immediate and effective measures of amelioration are manifestly demanded if conditions even approximate the gravity suggested by the Public Health report.

Mr. President, I am sure that President Harding has been misinformed about this matter. In his goodness of heart, he has been misled. I have telegraphed to Tennessee to know if such conditions as the President describes exist in Tennessee. I have a number of telegrams here indicating that they do not exist in my State. I wish to say that in so far as the people of my State are concerned, that the reported is incorrect. Nor are we objects of charity down there. We are greatly obliged to the President for his good intentions, but we surely do not need the services of the Red Cross or any other charitable institution. Times have been hard with us because of inability to sell our products in the last year or two and because of the shortsighted policy of closing European markets against us and because of the high interest rates established, but we are amply able to look after all the distress that may exist among us. We regret that the President has seen fit to look upon us as objects of charity, and that he has seen fit to write letters along this line without, as we can not but believe, sufficient examination and upon insufficient information. On behalf of my State, I wish, respectfully, to ask the President not to include Tennessee in his appeal for Red Cross or other charity. Our people are delighted to contribute to the Red Cross and have done so at all times and will continue to do so, but there is no state of semifamine in our State, and will not be.

I ask that the telegrams to which I have referred may be incorporated in the RECORD, and I thank the Senator from Idaho for allowing me to interrupt him.

The VICE PRESIDENT. Without objection, leave will be granted.

The telegrams referred to are as follows:

KNOXVILLE, TENN., July 27, 1921.

Hon. KENNETH McKELLAR,  
United States Senate, Washington, D. C.:

Published statement referred to absolutely incorrect as to conditions here. Statistics of Knoxville and vicinity show six deaths from pellagra to date 1921. Same period 1920 had nine. Food conditions absolutely normal.

WM. R. COCHRANE, M. D.,  
Director Department of Health.

NASHVILLE, TENN., July 26, 1921.

Senator K. D. McKELLAR,  
United States Senate, Washington, D. C.:

Our official report to July 1 does not indicate any increase of pellagra. Have wired county health officer for information to-day. Shelby County reports by wire to-day show increase in that county. Expect more pellagra this year than last. No famine in Tennessee and never will be.

OLIN WEST, Secretary.  
NASHVILLE, TENN., July 26, 1921.

Senator KENNETH D. McKELLAR,  
Washington, D. C.:

One case of pellagra reported to city board of health since January 1, 1921. No truth in the famine report.

W. E. HIBBERT, M. D.,  
City Health Officer.

CHATTANOOGA, TENN., July 26, 1921.

Senator KENNETH McKELLAR,  
Senate Chamber, Washington, D. C.:

So far as I am able to ascertain, we have not received reports of 20 cases of pellagra in this county. Certainly no more than we have had heretofore. No deaths from this disease. Certainly there are no conditions here to indicate a famine.

E. B. WISE, M. D.,  
Director of Health.

MEMPHIS, TENN., July 27, 1921.

Senator KENNETH McKELLAR,  
Washington, D. C.:

Pellagra deaths city of Memphis, 1918, 32; 1919, 29; 1920, 24; 1921, 9; first 6 months approximately 75 known cases in Memphis at this time, which represents no increase.

J. J. DURRETT, M. D.,  
Superintendent Health Department.

Mr. TRAMMELL. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Florida?

Mr. GOODING. I yield.

Mr. TRAMMELL. While on this subject, I desire to state that having observed the press dispatch, I wired to the State health service of Florida, and also to the governor of Florida,



asking for information. Of course, I was not apprehensive that there was a condition existing in Florida like an epidemic of pellagra or a famine.

I have received a telegram from the State health officer giving the statistics since 1917, showing that there has been a decrease in pellagra in my State continuously since 1917. I have also received a telegram from the governor, stating that there was no condition of famine existing in the State of Florida, but that, on the contrary, Florida, with her variety of resources and strong financial condition, is at present experiencing an era of prosperity. I ask permission to have these telegrams incorporated in the Record.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

TALLAHASSEE, FLA., July 27, 1921.

Hon. PARK TRAMMELL,  
United States Senate, Washington, D. C.:

I know of no financial distress in any section of this State. On the contrary, Florida, with her variety of resources and strong financial condition, is at present experiencing an era of prosperity.

CARY A. HARDEE, Governor.

JACKSONVILLE, FLA., July 27, 1921.

Hon. PARK TRAMMELL,  
Washington, D. C.:

Re your telegram. Pellagra in Florida shows decided decrease. Statistics of deaths from 1917: Nineteen seventeen, 218. Nineteen eighteen, 184. Nineteen nineteen, 113. Nineteen twenty, 111. First six months in 1921, 46 deaths.

RAYMOND C. TURCK,  
State Health Officer.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. GOODING. I yield.

Mr. SMITH. I should like to read the headlines from a paper published in the State of South Carolina. It will only take a moment. The headlines read:

Scout famine idea in South Carolina—Slight increase in pellagra cases, officials say—No cause for any alarm—State health department head believes poorer classes in State are affected.

The body of the article goes on to state that the increase is not so great as it was last year, according to State statistics. I do not think it is right to have the report go out that the South is suffering from a case of famine. We are suffering, of course, from a lack of the prosperity with which we have heretofore been blessed in that section, but we are not destitute nor plague stricken.

Mr. REED. Mr. President, will the Senator from Idaho yield to me just a moment?

Mr. GOODING. Certainly.

Mr. REED. I am glad to hear the statements of the Senators that the article to which they refer is untrue; but I wish to remark that it is not much worse in its character of exaggeration than some of the speeches I have heard on the floor of the Senate. I think any ordinary newspaper man, taking some of these speeches for his text, might have written the particular article without visiting the White House.

#### ERADICATION OF PINK BOLLWORM.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 72) for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm, which were, on page 1, line 12, to strike out "available until expended"; and, on page 2, line 3, to strike out "fair rental value" and insert "actual and necessary loss suffered by the owner."

Mr. SMITH. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

#### THE TARIFF.

Mr. GOODING addressed the Senate. After having spoken for some time, he said:

Mr. President, the hour is getting late, and I can not finish to-day. I have reached a point where I am going to pay my respects to the Fordney tariff bill, so I will yield the floor, with the understanding that I may resume to-morrow.

Mr. ASHURST. Mr. President, I merely wish to say that I have listened to a large part of the Senator's address, and the more I study the wool schedule of the bill the more I am convinced that the Senator is correct. I again say that the wool schedule and the cotton schedule must have correction or it will be a public scandal.

Mr. GOODING. Mr. President, I shall claim the right to continue when the Senate meets in the morning.

The PRESIDING OFFICER (Mr. STERLING in the chair). The Chair will state to the Senator from Idaho that no right

can be given by the Chair for the Senator to continue to-morrow, but that the right is generally conceded by the Senate.

Mr. CURTIS obtained the floor.

Mr. HARRIS. Mr. President—

Mr. CURTIS. I yield to the Senator from Georgia.

#### HEALTH AND FOOD CONDITIONS IN THE SOUTH.

Mr. HARRIS. Mr. President, my colleague and I have received a number of telegrams from Georgia, from the Atlanta Chamber of Commerce and many others, protesting against the alarming statements sent out in regard to pellagra and semi-famine conditions in our State. Our people appreciate the President's interest in health conditions in the South. When he was a Member of the Senate I served with him upon the Committee on Public Health and National Quarantine and I know he has shown great interest in the health of the people. I remember a bill he offered making a large appropriation to prevent another influenza epidemic. But he has been imposed upon in regard to the pellagra situation in my State.

I ask to have the telegrams, which I send to the desk, printed in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

ATLANTA, GA., July 26, 1921.

Senator WILLIAM J. HARRIS.

Senate Office Building, Washington, D. C.:

We strongly protest published reports of alarming pellagra menace and semifamine condition in cotton belt as unwarranted by the facts and likely to prove another serious blow to the South. Reports to State health board show no increase over last year and no prospect of such menace as indicated. Situation certainly does not justify such adverse comment.

ATLANTA CHAMBER OF COMMERCE.

TIFTON, GA., July 27, 1921.

Hon. THOMAS E. WATSON,

United States Senate, Washington, D. C.:

The sensational newspaper reports regarding famine and the prevalence of pellagra in this section of Georgia is a base fabrication and a slander on the people of this section. When this part of Georgia suffers from a famine the rest of the world will be dead.

TIFTON BOARD OF TRADE,  
W. E. ALGEE, Secretary.

Mr. SIMMONS. Mr. President, I have received a letter from the editor of the Progressive Farmer, a paper published in my State, which I am going to read:

THE PROGRESSIVE FARMER,  
Raleigh, N. C., July 27, 1921.

Hon. F. M. SIMMONS,

Washington, D. C.

DEAR SENATOR SIMMONS: It seems to me that you and our other southern Senators ought to expose the alarmists who misled President Harding into giving credence to that fearful falsehood about conditions in the South. The Progressive Farmer has offices in Raleigh, Atlanta, Birmingham, Memphis, and Dallas, and I keep in touch with general conditions in every important section of the South, and I have nowhere heard of conditions that afford any justification for such assertions as the United States Public Health Service has sent out.

As a matter of fact, our farmers have unusually large quantities of food. The 28 per cent decrease in cotton acreage has gone largely into food crops, many of which are already maturing, and it is noted that farmers are bringing larger quantities of food to Raleigh and other sections to market than ever before. The complaint I hear here is not that there is not enough food but that the surplus does not command adequate prices.

President Harding has no doubt spoken with the best intentions, and it would be ungracious not to recognize this fact, but the whole country needs to be informed that what the South wants is not more food but better markets for the food, cotton, and tobacco which we have already produced in abundance.

It seems to me that the United States Senate offers the best pulpit for putting the exact facts before the people, and I hope you will utilize it. If this letter is of any service to you, you may utilize it in any way you wish.

Sincerely, yours,

CLARENCE POE,  
President and Editor.

Mr. President, I wish to add to that simply this, that I have no doubt many tenant farmers in the South, on account of the hard times, have been compelled to economize in their expenses both as to food supplies and in other directions; but personally I have heard of no cases of suffering as a result of the lack of the ordinary foods that the people in the different sections of life in my State use.

I do not think there is any justification for the report with reference to underfeeding and famine and disease as a result of these causes existing in my State. I make this statement emphatically, as a result of my knowledge and the information that I have received since the report of the United States Health Service was made public with reference to conditions in the South.

Mr. CURTIS. Mr. President—

Mr. HARRISON. The Senator is about to move an executive session?

Mr. CURTIS. I am.

Mr. HARRISON. Will he withhold the motion for just a moment?

Mr. CURTIS. Certainly.

Mr. HARRISON. Mr. President, while this matter is before the Senate I desire to say that I agree thoroughly with what the senior Senator from North Carolina [Mr. SIMMONS] has said touching the question of pellagra in the South. There has been a slight increase in the spread of the disease in my State over last year, and I presume that is true in other States in the South, but I am sure that the reports are quite exaggerated and that the alarm is not justified.

I had a conference with Dr. Goldberger on yesterday, he being at the head of this work in the Public Health Service here, and he informed me that my State was pretty well organized with reference to information as to pellagra, and that the reports, which are quite correct, show the following condition:

In 1920 in January there were 138 new cases of pellagra in my whole State, while in January of 1921, the present year, there were 143 new cases, a slight increase over last year.

In February of last year there were 201 new cases in the whole State, and in February of this year there were 209 new cases. In March of last year there were 293 cases, and in March of this year, 331 cases. In April of last year there were 432 new cases, and in the same month of this year 638 cases. In May of last year there were 667 new cases, and in May of this year there were 1,817 cases.

Of course, during the summer months the disease, as the facts show, always increases. In June of last year there were 1,022 cases, and in June of this year there were 2,239 cases. In July of last year there were 1,212 cases, and I do not know how many cases there are in the present month of this year. The figures are not yet available. In August last year there were 739 new cases in the State, and in September the number of new cases fell off to 452. In October a further decrease was shown, the number being 323. In November 220, and December last year 178. So you will observe that the number of new cases always shows a decrease from the previous month, beginning in August and continuing to the end of the year. The Public Health officials inform me that nothing can be done by the Congress and that the situation is well in hand.

#### EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened:

#### RECESS.

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The question is on agreeing to the motion of the Senator from Oregon.

The motion was agreed to; and (at 5 o'clock and 12 minutes p. m.) the Senate took a recess until to-morrow, Friday, July 29, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate July 28 (legislative day of July 27), 1921.*

#### DEPARTMENT OF JUSTICE.

##### ASSOCIATE JUSTICE, PHILIPPINE ISLANDS.

James A. Ostrand, of Minnesota, vice Percy M. Moir, resigned.

##### UNITED STATES ATTORNEY.

Louis H. Burns, of Louisiana, to be United States attorney, eastern district of Louisiana, vice Henry Mooney, resigned.

#### DEPARTMENT OF THE INTERIOR.

##### RECEIVER OF PUBLIC MONIES.

Mrs. Eva A. Brittain, of Leadville, Colo., to be receiver of public monies at Leadville, Colo., vice Mrs. Annie G. Rogers, whose term expires July 31, 1921.

#### PROMOTIONS IN THE REGULAR ARMY.

##### QUARTERMASTER CORPS.

###### To be colonel.

Lieut. Col. Irvin Leland Hunt, Quartermaster Corps, from July 17, 1921.

##### MEDICAL CORPS.

###### To be captain.

First Lieut. Leland Elder Dashiell, Medical Corps, from July 4, 1921.

##### VETERINARY CORPS.

###### To be first lieutenants.

Second Lieut. Harry Lawrence Watson, Veterinary Corps, from July 18, 1921.

Second Lieut. Samuel Weir Clark, Veterinary Corps, from July 23, 1921.

#### REAPPOINTMENTS IN THE REGULAR ARMY.

##### FIELD ARTILLERY.

###### To be first lieutenant with rank from July 21, 1921.

Julius Joseph Mussil, late second lieutenant, Coast Artillery Corps, Regular Army.

##### COAST ARTILLERY CORPS.

###### To be major with rank from July 22, 1921.

Homer Adolph Bagg, late captain, Coast Artillery Corps, Regular Army.

##### INFANTRY.

###### To be lieutenant colonel with rank from July 18, 1921.

Richmond Smith, late major, Infantry, Regular Army.

###### To be first lieutenant with rank from July 22, 1921.

Edward Thomas Harrison, late first lieutenant, Infantry, Regular Army.

#### APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

##### QUARTERMASTER CORPS.

Maj. Robert Pattison Herbold, Infantry, with rank from July 1, 1920.

Maj. Arthur Lee McCoy, Infantry, with rank from July 1, 1920.

##### AIR SERVICE.

Capt. Lester Thomas Miller, Infantry, with rank from July 1, 1920.

##### POSTMASTERS.

##### ARIZONA.

Alice V. Taylor to be postmaster at Inspiration, Ariz., in place of Alice V. Cooper, resigned.

##### CALIFORNIA.

Eldo R. West to be postmaster at Yorba Linda, Calif., in place of C. J. Drake, removed.

Flora A. Hastings to be postmaster at Coachella, Calif., in place of H. G. Hastings, deceased.

##### IDAHO.

Ralph M. Castater to be postmaster at Parma, Idaho, in place of D. O. Castater, deceased.

Henry R. Owens to be postmaster at Fairfield, Idaho, in place of E. G. Lightfoot, resigned.

##### ILLINOIS.

Warren S. Bunker to be postmaster at Equality, Ill., in place of H. L. B. Mason, deceased.

Paul W. Gibson to be postmaster at Louisville, Ill., in place of A. J. Ikemire, deceased.

Lewis S. Shrum to be postmaster at Orient, Ill., in place of J. J. Smith, resigned.

John W. Vangilder to be postmaster at Sumner, Ill., in place of J. O. McDowell, resigned.

##### INDIANA.

Herman U. Blood to be postmaster at La Fontaine, Ind., in place of J. A. Misner, resigned.

Jesse F. McGehee to be postmaster at Washington, Ind., in place of E. E. Forsythe, resigned.

Edith B. Robertson to be postmaster at Ambia, Ind., in place of M. E. McIntyre, resigned.

James B. King to be postmaster at Star City, Ind., in place of C. A. King, deceased.

##### IOWA.

George Kraft to be postmaster at Melvin, Iowa, in place of H. L. Bangert, resigned.

Allan Mullenburg to be postmaster at Sioux Center, Iowa, in place of J. G. Winter, removed.

##### KENTUCKY.

Arthur G. Powell to be postmaster at Irvine, Ky., in place of J. R. White, resigned.

James M. Wolfbarger to be postmaster at Ravenna, Ky., in place of L. C. Wilson, jr., removed.

##### MAINE.

Harvard M. Armstrong to be postmaster at Cape Cottage, Me., in place of E. L. Field, resigned.



## MASSACHUSETTS.

Frank W. Niles to be postmaster at Charlemont, Mass., in place of M. S. Tyler, removed.

## MICHIGAN.

Levant A. Strong to be postmaster at Vicksburg, Mich., in place of R. D. Jenkinson, resigned.

Elsie R. Stephens to be postmaster at Davison, Mich., in place of P. H. Peters, resigned.

## MISSOURI.

Minerva Norton to be postmaster at Winona, Mo., in place of R. L. Norton, deceased.

## NEBRASKA.

Elias E. Rodysill to be postmaster at Johnson, Nebr., in place of L. J. Zook, removed.

## NEW JERSEY.

John R. Fetter to be postmaster at Hopewell, N. J., in place of J. A. Reddan, resigned.

William C. Swackhamer to be postmaster at White House Station, N. J., in place of M. E. Hoffman, deceased.

## NEW YORK.

Harry B. McLaughlin to be postmaster at Liberty, N. Y., in place of M. A. Borden.

Edna Glezen to be postmaster at Blasdell, N. Y., in place of G. K. Lester, resigned.

## NORTH DAKOTA.

Anton M. Jacobson to be postmaster at Makoti, N. Dak., in place of M. M. Williams, resigned.

William E. Bowler to be postmaster at Noonan, N. Dak., in place of W. F. L. Makee, removed.

## OHIO.

Emma E. Thorne to be postmaster at Berea, Ohio, in place of Paul Machovina. Incumbent's commission expired September 7, 1920.

Theodore A. Sherman to be postmaster at Deshler, Ohio, in place of M. H. Darby, resigned.

## OKLAHOMA.

Ira B. Johnson to be postmaster at Vian, Okla., in place of H. F. Turner, resigned.

John C. Patrick to be postmaster at Crescent, Okla., in place of W. A. Prince, resigned.

## PENNSYLVANIA.

Zeta N. Shumaker to be postmaster at Jerome, Pa., in place of C. R. Steck, resigned.

## SOUTH DAKOTA.

Henry C. Grinde to be postmaster at Colton, S. Dak., in place of Tom Larson, resigned.

Clarence S. Johnson to be postmaster at Milbank, S. Dak., in place of C. W. Martens, resigned.

## WASHINGTON.

Ira G. Allen to be postmaster at Pullman, Wash., in place of G. W. Reed, resigned.

## WEST VIRGINIA.

Elmer J. Dacey to be postmaster at Holden, W. Va., in place of H. S. Percival, resigned.

Charles M. Jarrell to be postmaster at Oak Hill, W. Va., in place of T. G. Burke, deceased.

## WISCONSIN.

Ervin D. Koch to be postmaster at Kewaskum, Wis., in place of G. H. Schmidt, resigned.

Clyde D. Sullivan to be postmaster at Phillips, Wis., in place of J. S. Barry, resigned.

## UTAH.

John W. Guild to be postmaster at Kamas, Utah, in place of Herrington Hicks, removed.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate July 28 (legislative day of July 27), 1921.*

## DEPARTMENT OF THE INTERIOR.

## REGISTER OF LAND OFFICE.

Miss Nemecia Ascarate to be register of land office at Las Cruces, N. Mex.

## POSTMASTERS.

## COLORADO.

Vivian A. Flaugh, Pagosa Springs, Colo.

## IOWA.

Herman Ternes, Dubuque, Iowa.

## NEBRASKA.

Gerhard J. Naber, Antioch, Nebr.

David Johnson, Brady, Nebr.

Heinrich D. Friesen, Henderson, Nebr.

Henry C. Hooker, Leigh, Nebr.

Leonard E. Byrd, Lewellen, Nebr.

James W. Gilbert, Minatare, Nebr.

Archle V. Jones, Mitchell, Nebr.

John Q. Kirkman, Wood Lake, Nebr.

## NORTH DAKOTA.

Laura A. Kline, Crystal, N. Dak.

Lars S. Jacobson, McVile, N. Dak.

## OHIO.

Lester L. Leech, New London, Ohio.

Charles B. Saxby, Weston, Ohio.

## SOUTH DAKOTA.

Fayette A. Nutter, Alcester, S. Dak.

Frank A. Northrup, Draper, S. Dak.

## TEXAS.

George R. McManis, Breckenridge, Tex.

## WASHINGTON.

Benjamin G. Brown, Ridgefield, Wash.

Frederick E. Tuttle, Twisp, Wash.

## HOUSE OF REPRESENTATIVES.

THURSDAY, July 28, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our heavenly Father, Thou art so mindful of us that not a single day must be given up to fear or to murmurings. Let nothing be done or lost through indifference, but make the mission of the message of Thy mercy stimulate us in the performance of all good works. Teach us that unity of heart, after all, is rather to be chosen than unity of brains. Thus may we cultivate the bondage of fellowship and recognize in others the rights and the privileges vouchsafed unto us through our common fatherhood. Deliver us from every kind of bondage, show us the strength of Thy sacrifice, the beauty of Thy gentleness, the might of Thy condescension, and the dominion of Thy love. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

## SWEARING IN OF A MEMBER.

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent that Mr. CYRENUS COLE, Representative-elect from the fifth congressional district of Iowa, be sworn in at this time. The Clerk is in receipt of a telegram that the certificate has been forwarded, although it has not yet reached the office. There is no contest.

The SPEAKER. The gentleman from Iowa asks unanimous consent that Mr. COLE, a Member-elect from the fifth district of Iowa, be sworn in, although the papers have not yet arrived. Is there objection?

There was no objection.

Mr. CYRENUS COLE appeared at the bar of the House and took the oath of office.

## ONE HUNDREDTH ANNIVERSARY OF THE REPUBLIC OF PERU.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. The gentleman from Wyoming asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. MONDELL. Mr. Speaker, this is an important anniversary, the one hundredth anniversary of the Republic of Peru. The magnificent bouquet of American Beauty roses now resting on the Speaker's desk is a reminder to the House of this important and happy anniversary. It was presented to an honored Member of this House by Mr. F. A. Pezet, ambassador of the Republic of Peru, and I ask unanimous consent to have read in my time a letter from the ambassador explaining this token of appreciation.

The SPEAKER. Without objection, the Clerk will read the letter.

There was no objection, and the Clerk read as follows:

EMBAJADA DEL PERU,  
Washington, D. C., July 28, 1921.

MISS ALICE ROBERTSON,  
Representative from Oklahoma.

MY DEAR CONGRESSWOMAN: For the first time in the annals of history a lady Representative in the parliament of a great Nation became Speaker pro tempore, the motion under debate being the passage of the joint resolution of the Senate and House of Representatives of the United States of America, authorizing the President to appoint a special mission to represent the Government and people of the United States at the celebration of the one hundredth anniversary of the proclamation of independence in the sister Republic of Peru.

As the representative of the Peruvian Government and nation in this Capital, I wish to express to you on this day my gratification in that the first event of a lady presiding over one of the branches of the Legislature should have coincided with taking of a vote in reference to a participation in my country's celebration. To-day that the Republic of Peru celebrates its hundredth birthday I wish in the name of the Peruvian Government and people to present these flowers to you, bound with the colors of Peru, as a token of our respect and admiration for the great American democracy, the beacon light which guides the other free nations of America.

Very sincerely, yours,

F. A. PEZET,  
Ambassador of Peru.

[Applause.]

#### EXPENSES OF JOINT COMMITTEE ON REORGANIZATION.

The SPEAKER. The unfinished business is House resolution 151, providing for the payment of the salary of the representative of the Executive on the Joint Committee on Reorganization, on which the previous question was ordered. The question is on agreeing to the resolution.

The question was taken, and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 59, noes 22.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman makes the point of order that there is no quorum present. Obviously there is not. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll. The question is on agreeing to the resolution.

The Clerk called the roll; and there were—yeas 178, nays 86, answered "present" 1, not voting 166, as follows:

#### YEAS—178.

Ackerman	Fairchild	Lee, Calif.	Rogers
Andrews	Fairfield	Leatherwood	Rose
Appleby	Faust	Lehlbach	Rosenbloom
Atkeson	Fess	Lineberger	Ryan
Beedy	Focht	Little	Scott, Tenn.
Begg	Fordney	Longworth	Shaw
Benham	Free	McArthur	Shelton
Bird	French	McCormick	Shreve
Blakeney	Funk	McFadden	Sinclair
Bland, Ind.	Gensman	McKenzie	Sinnot
Bond	Gerner	McLaughlin, Mich.	Smith, Idaho
Bowers	Gorman	McLaughlin, Nebr.	Smith, Mich.
Brennan	Graham, Ill.	McPherson	Speaks
Britten	Green, Iowa	Mann	Sproul
Brown, Tenn.	Greene, Mass.	Mapes	Steenerson
Burtness	Greene, Vt.	Miller	Stephens
Burton	Hadley	Millsbaugh	Strong, Kans.
Butler	Hardy, Colo.	Mondell	Summers, Wash.
Cable	Haugen	Montoya	Sweet
Campbell, Kans.	Hawley	Moore, Va.	Swing
Campbell, Pa.	Hays	Moore, Ind.	Taylor, N. J.
Cannon	Herrick	Mott	Taylor, Tenn.
Chalmers	Hersey	Murphy	Temple
Chandler, N. Y.	Hickey	Nelson, A. P.	Thompson
Chandler, Okla.	Hicks	Nelson, J. M.	Tilson
Chindblom	Hoch	Norton	Timberlake
Clague	Houghton	Ogden	Tincher
Clarke, N. Y.	Hukriede	Parker, N. J.	Towner
Cole, Iowa	Hull	Parker, N. Y.	Vestal
Cole, Ohio	Husted	Patterson, Mo.	Voigt
Colton	Ireland	Patterson, N. J.	Volstead
Connolly, Pa.	Jefferis, Nebr.	Peters	Walsh
Curry	Johnson, Wash.	Pringle	Walters
Dale	Kearns	Radcliffe	Watson
Darrow	Kendall	Ramsayer	Webster
Davis, Minn.	Ketcham	Ransley	White, Kans.
Denison	King	Reber	White, Me.
Dowell	Kinkaid	Reece	Wood, Ind.
Dunbar	Kissel	Rhodes	Woodruff
Dunn	Kline, Pa.	Ricketts	Wurzbach
Dyer	Knutson	Riddick	Wyant
Edmonds	Kopp	Roach	Yates
Elliott	Larson, Minn.	Robertson	Young
Elston	Lawrence	Robison	
Evans	Layton	Rodenberg	

#### NAYS—86.

Almon	Buchanan	Driver	Huddleston
Aswell	Bulwinkle	Dupré	Humphreys
Barkley	Byrnes, S. C.	Fields	Jacoway
Bell	Byrns, Tenn.	Fisher	James, Va.
Black	Cantrill	Fulmer	Jeffers, Ala.
Bland, Va.	Carew	Garner	Johnson, Ky.
Blanton	Carter	Garrett, Tenn.	Johnson, Miss.
Bowling	Collins	Garrett, Tex.	Jones, Tex.
Box	Connally, Tex.	Griffin	Lanham
Brand	Crisp	Hardy, Tex.	Lankford
Briggs	Davis, Tenn.	Hayden	Lazaro

Lee, Ga.  
Linthicum  
Lowrey  
Lyon  
McClintic  
McDuffie  
McSwain  
Mansfield  
Martin  
Oldfield  
Oliver

Overstreet  
Padgett  
Sears  
Park, Ga.  
Parks, Ark.  
Parrish  
Quin  
Rainey, Ill.  
Raker  
Rankin  
Rayburn  
Sanders, Tex.

Sandlin  
Sisson  
Smithwick  
Stegall  
Stedman  
Summers, Tex.  
Swank  
Tague  
Ten Eyck  
Thomas

Tyson  
Upshaw  
Ward, N. C.  
Weaver  
Wilson  
Wingo  
Wise  
Woods, Va.  
Wright

ANSWERED "PRESENT"—1.

Cooper, Wis.

NOT VOTING—166.

Anderson  
Anson  
Anthony  
Arentz  
Bacharach  
Bankhead  
Barbour  
Beck  
Bixler  
Boies  
Brinson  
Brooks, Ill.  
Brooks, Pa.  
Browne, Wis.  
Burdick  
Burke  
Burroughs  
Christopherson  
Clark, Fla.  
Classon  
Clouse  
Cockran  
Codd  
Collier  
Connell  
Cooper, Ohio  
Copley  
Coughlin  
Cramton  
Crowther  
Cullen  
Dallinger  
Deal  
Dempsey  
Dickinson  
Dominick  
Doughton  
Drane  
Drewry  
Echols  
Ellis  
Favrot

Fenn  
Fish  
Fitzgerald  
Flood  
Foster  
Frear  
Freeman  
Frothingham  
Fuller  
Gahn  
Gallivan  
Gilbert  
Glynn  
Goldsborough  
Goodykoonz  
Gould  
Graham, Pa.  
Griest  
Hammer  
Harrison  
Hawes  
Hill  
Himes  
Hogan  
Hudspeth  
Hutchinson  
James, Mich.  
Johnson, S. Dak.  
Jones, Pa.  
Kahn  
Keller  
Kelley, Mich.  
Kelly, Pa.  
Kennedy  
Kiess  
Kincheloe  
Kindred  
Kirkpatrick  
Kitchin  
Klecza  
Kline, N. Y.  
Knight

Kraus  
Kreider  
Kunz  
Lampert  
Langley  
Larsen, Ga.  
Lee, N. Y.  
Logan  
London  
Luce  
Luhling  
McLaughlin, Pa.  
MacGregor  
Madden  
Magee  
Maloney  
Mead  
Merritt  
Michaelson  
Michener  
Mills  
Montagne  
Moore, Ill.  
Moore, Ohio  
Morgan  
Morin  
Mudd  
Newton, Minn.  
Newton, Mo.  
Nolan  
O'Brien  
O'Connor  
Olpp  
Osborne  
Paige  
Perkins  
Perlman  
Petersen  
Porter  
Pou  
Purnell  
Rainey, Ala.

Reavis  
Reed, N. Y.  
Reed, W. Va.  
Riordan  
Rossdale  
Rouse  
Rucker  
Sabath  
Sanders, Ind.  
Sanders, N. Y.  
Schall  
Scott, Mich.  
Siegel  
Slomp  
Snell  
Snyder  
Stafford  
Stevenson  
Stiness  
Stoll  
Strong, Pa.  
Sullivan  
Taylor, Ark.  
Taylor, Colo.  
Tillman  
Tinkham  
Treadway  
Underhill  
Valle  
Vare  
Vinson  
Volk  
Ward, N. Y.  
Wason  
Wheeler  
Williams  
Williamson  
Winslow  
Woodyard  
Zihlman

So the resolution was agreed to.

The Clerk announced the following pairs:

On the vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).  
Mr. TREADWAY (for) with Mr. COLLIER (against).  
Mr. WOODYARD (for) with Mr. POU (against).  
Mr. LANGLEY (for) with Mr. CLARK of Florida (against).  
Mr. ANDERSON (for) with Mr. FAVROT (against).  
Mr. WILLIAMS (for) with Mr. TAYLOR of Arkansas (against).  
Mr. KIESS (for) with Mr. CULLEN (against).  
Mr. OLPP (for) with Mr. RIORDAN (against).  
Mr. BIXLER (for) with Mr. MONTAGUE (against).  
Mr. WHEELER (for) with Mr. O'CONNOR (against).  
Mr. NEWTON of Missouri (for) with Mr. BANKHEAD (against).  
Mr. WINSLOW (for) with Mr. COCHRAN (against).  
Mr. GRIEST (for) with Mr. GALLIVAN (against).  
Mr. MAGEE (for) with Mr. LARSEN of Georgia (against).  
Mr. SIEGEL (for) with Mr. DRANE (against).  
Mr. KAHN (for) with Mr. STEVENSON (against).  
Mr. COUGHLIN (for) with Mr. VINSON (against).  
Mr. BURROUGHS (for) with Mr. HARRISON (against).  
Mr. KIRKPATRICK (for) with Mr. DEAL (against).  
Mr. ANTHONY (for) with Mr. FLOOD (against).  
Mr. FULLER (for) with Mr. KUNZ (against).  
Mr. LUCE (for) with Mr. DOUGHTON (against).  
Mr. REAVIS (for) with Mr. RAINEY of Alabama (against).  
Mr. REED of West Virginia (for) with Mr. O'BRIEN (against).  
Mr. MORGAN (for) with Mr. GILBERT (against).  
Mr. STINESS (for) with Mr. DREWRY (against).  
Mr. SANDERS of Indiana (for) with Mr. HUDSPETH (against).  
Mr. PAIGE (for) with Mr. BRINSON (against).  
Mr. OSBORNE (for) with Mr. SULLIVAN (against).  
Mr. PURNELL (for) with Mr. KINDRED (against).  
Mr. BOIES (for) with Mr. TAYLOR of Colorado (against).  
Mr. DICKINSON (for) with Mr. KINCHELOE (against).  
Mr. VOLK (for) with Mr. TILLMAN (against).  
Mr. BACHARACH (for) with Mr. HAMMER (against).  
Mr. CHRISTOPHERSON (for) with Mr. DOMINICK (against).  
Mr. HOGAN (for) with Mr. GOLDSBOROUGH (against).  
Mr. PERLMAN (for) with Mr. STOLL (against).



Mr. GOULD (for) with Mr. LOGAN (against).  
 Mr. ELLIS (for) with Mr. LONDON (against).  
 Mr. FROTHINGHAM (for) with Mr. HAWES (against).  
 Mr. LUHBRING (for) with Mr. RUCKER (against).  
 Mr. GLYNN (for) with Mr. MEAD (against).  
 Mr. MORIN (for) with Mr. SABATH (against).

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present; the Doorkeeper will open the doors.

Mr. GARRETT of Tennessee. Mr. Speaker, may I ask for the announcement of the vote again?

The SPEAKER. The ayes were 174 and the noes 86.

Mr. GARRETT of Tennessee. That is too bad.

On motion of Mr. IRELAND, a motion to reconsider the vote by which the resolution was passed was laid on the table.

Mr. GARNER. Mr. Speaker, I would like to proffer a unanimous-consent request. I ask unanimous consent that when the House adjourns to-day it adjourn to meet on next Monday.

The SPEAKER. The Chair did not understand—

Mr. GARNER. If the Chair does not want to recognize me for that purpose, I will not take advantage of the Chair.

The SPEAKER. The Chair does not think he ought to recognize the gentleman.

Mr. GARNER. Very well.

#### NAVAL ESTABLISHMENT.

Mr. BUTLER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, and pending that, with the Chair's permission, I would like to ask my colleague [Mr. PADGETT] whether we can not have an agreement upon time for general debate, and I want to say to my colleague the gentleman from Tennessee that I have but one or two gentlemen who would like to talk for a few minutes, and, if agreeable to my colleague, let us fix 40 minutes for general debate and I will yield to any gentlemen who are opposed to the bill or to any gentlemen who are in favor of it.

Mr. PADGETT. That is 20 minutes to a side.

Mr. BUTLER. Twenty minutes to a side.

Mr. PADGETT. I have requests for more time than that.

Mr. BUTLER. The gentleman from Ohio [Mr. KEARNS] would like to have 18 minutes—

Mr. MANN. This is a very important bill and it ought not to be disposed of in 20 minutes to a side by gentlemen both of whom are in favor of it.

Mr. BUTLER. I will yield to any gentlemen who are opposed to it. I do not even care to control the time.

Mr. MANN. No one can better control the time for or against a bill than the gentleman from Pennsylvania, in my opinion.

Mr. BUTLER. I think we can best spend our time—I know it is a very important matter—explaining it section by section. However, I will not make any effort to cut off debate.

Mr. MANN. It seems to me a bill like that, with 10 sections, if it has that many—

Mr. BUTLER. And there will be another one proposed.

Mr. MANN. All on different matters, ought to be explained to the House before we go into the bill for amendment.

Mr. BUTLER. If the gentleman will suggest the time, I will make an effort—

Mr. MANN. As a matter of fact, any one of the first sections of the bill by itself will certainly demand an hour on a side, but the other sections of the bill which I have read I do not understand, and I do not know what they mean. I may be in favor of them or I may be opposed to them; but I do not know, and I would like to have them explained so I will know.

Mr. BUTLER. Mr. Speaker, I appreciate fully the situation in which the gentleman from Illinois finds himself, and I want to say this: I spent seven half days earnestly endeavoring to understand all about this bill and I am almost afraid to undertake to explain it, because gentlemen may ask some questions which I can not answer. We have experts here and they have made a synopsis of this bill, prepared it so every gentleman of this House may have an opportunity to read it and endeavor to ascertain what these provisions mean, so that they may with intelligence ask questions of those of us who are supposed to understand it.

Mr. MANN. Where is the synopsis—in the report?

Mr. BUTLER. The report is very full—

Mr. MANN. I read the report, and here is the bill up for consideration. Now the gentleman suggests that they have something new that explains the bill. If that is the case, the bill ought to go over for a day and give us an opportunity to read it.

Mr. BUTLER. I want to say to my friend the synopsis is plain, short, and sets out an explanation of what these different sections mean. It is only an enlargement of the report.

Mr. MANN. I have read the bill and have read the report. Mr. GARRETT of Tennessee. Mr. Chairman, I demand the regular order.

Mr. MANN. I do not know what the bill does.

Mr. BUTLER. Mr. Speaker, is there objection to the 40 minutes?

Mr. WALSH. I object.

Mr. BUTLER. Will objection be made to one hour?

The SPEAKER. Objection is made.

Mr. BUTLER. Then I give notice that at the proper time I will move that the committee rise after I have explained the bill.

Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7864.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, with Mr. LONGWORTH in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment.

*Be it enacted, etc.,* That the Secretary of the Navy, under such regulations as he may prescribe, is hereby authorized and directed to receive and investigate claims, submitted under oath and filed with the Navy Department within 60 days from the passage of this act, looking to reimbursement of contractors, through appropriations to be made by Congress for that purpose, upon estimates furnished by the Secretary from time to time, for actual losses under fixed-price contracts occurring after April 6, 1917, but not including losses of anticipated profits, which actual losses have been brought about by the action of Government agencies, sovereign or otherwise, and not by the fault or negligence of the contractor, after the date upon which such contracts were entered into and which have arisen under contracts made between April 6, 1917, and November 11, 1918, or under contracts which were entered into before and were due for completion after April 6, 1917, either by the terms of the contracts or authorized extensions thereof, but no such claim shall be received or investigated unless the claimant shall file with the Secretary of the Navy an affidavit in writing that he did not make a net profit of 6 per cent on the entire volume of his business with or for the United States Government upon contracts entered into during the period between April 6, 1917, and June 30, 1919, or that were entered into before and were due for completion after April 6, 1917, either by the terms of the contracts or authorized extensions thereof: *Provided*, That "net profits" hereunder shall be ascertained as provided in section 302 of the revenue act approved September 8, 1916: *Provided further*, That the amount of compensation to be paid by the Government to any such contractor for his losses shall not increase his net profit on the entire volume of such business above 6 per cent.

The Secretary shall reject claims for losses arising from loss or cancellation of commercial business resulting from mandatory orders placed by the Navy Department or from fixed-price contracts made by or under the authority of the Secretary of the Navy voluntarily entered into with the Navy Department; and claims based upon any contract or order modified or canceled in whole or in part, the terms of which modification or cancellation shall have been agreed upon by the parties to the contract since November 11, 1918; but execution of a final voucher or release under the provisions of a contract shall not bar the claimant from relief under this act if he is otherwise entitled thereto. In case the performance of the contract by any contractor as contemplated herein is not completed prior to the passage of this act the claimant may file a preliminary claim within 60 days after the passage hereof and may thereafter, within 30 days after the completion of work under such contract, file final claim.

SEC. 2. The word "contractors" shall be deemed to include subcontractors and material men who may present their claims either directly to the Secretary of the Navy or through their respective contractors. The Secretary of the Navy, for the purposes of this investigation, shall have the right to summon witnesses and examine them under oath, acting either in person or through such agencies as he may establish, and may require the claimant to exhibit his books and papers, and may, within his discretion, submit affidavits of the claimant to the Secretary of the Treasury to be compared with income-tax or other returns from the affiant on file in the Treasury Department, and whenever it shall be found by the Secretary of the Treasury that there is a discrepancy he shall notify the Secretary of the Navy that the affidavit appears to be insufficient, and whenever the discrepancy appears to be of such nature as to warrant such action shall make the necessary reference to the Department of Justice.

SEC. 2a. That the Secretary of the Navy be, and he is hereby, authorized to adjust and determine the amount equitably and justly due to any contractor under a formal contract executed by the Secretary or under his authority, which amount is in addition to or an element of the consideration named in such contract, where such amount has been expended by the contractor in accordance with any written agreement, whether in statutory form or not, or on the faith of any written promise of reimbursement, authorization, or order, when said agreement, authorization, promise, or order was made by the Secretary of the Navy or under his authority in connection with the performance of such formal contract and was made because of the exigencies arising out of the war; and such adjustment and determination shall be conclusive upon the accounting officers of the Government, and the amount thus found shall be paid from any appropriation available therefor. In case there is no appropriation available for such payment the Secretary of the Navy shall report to Congress his findings and recommendations in relation thereto.



Sec. 2b. That the Secretary of the Navy is hereby authorized, as an incident to the relief contemplated by this act, to waive, mitigate, or remit liquidated damages for delays in completion of contracts, deducted under the provisions of contracts falling within the scope of this act, in those cases and to the extent that such delay is ascertained to be due to the causes specified in section 1 of this act, and he is authorized to prescribe regulations for the purpose of carrying this provision into effect.

Sec. 2c. That an appropriation is hereby authorized, out of any money in the Treasury not otherwise appropriated, of a sum not exceeding \$50,000, or so much thereof as may be necessary, for the payment of the expenses of the investigations authorized by the foregoing provisions of this act, including such additional clerical and technical assistants as the Secretary of the Navy may see proper to employ.

Sec. 3. That all men transferred from the Regular Navy to the Fleet Naval Reserve, who have heretofore reenlisted or may hereafter reenlist in the Navy, shall, from the date of reenlistment, be credited with pay at the same rate, exclusive of retainer pay, that they were receiving when on active duty in the Navy as members of the Fleet Naval Reserve prior to date of reenlistment in the Navy, and shall be required to serve under their reenlistment only such time as added to the time served in the enlistment in which serving when transferred to the Fleet Naval Reserve and the time of active service in the Navy while members of the Fleet Naval Reserve shall equal four years, when they shall be entitled to be discharged by reason of expiration of enlistment.

That any enlisted man of the Navy or Marine Corps who has been discharged to enable him to be enrolled in the Naval Reserve Force or Marine Corps Reserve as a commissioned or warrant officer, and who has heretofore reenlisted in the Navy or who may hereafter reenlist in the Navy within four months from the date of termination of his service as an officer in the Naval Reserve Force or Marine Corps Reserve, shall be restored to the grade, rank, or rating held by him at time of discharge from the Navy to permit enrollment in the Naval Reserve Force or Marine Corps Reserve, and he shall be entitled from the date he has heretofore so reenlisted, or may hereafter reenlist, to the same rate of pay, including subsequent increases therein, as he was receiving at time of discharge from the Navy to permit enrollment in the Naval Reserve Force, and shall be required to serve under such reenlistment only for such time as, added to the unexpired portion of the enlistment from which discharged and his active service in the Naval Reserve Force, shall equal four years, when he shall be entitled to be discharged by reason of expiration of enlistment.

That any member of the Fleet Naval Reserve, transferred thereto after 16 or 20 years' service in the Navy, who has heretofore been discharged therefrom to accept temporary appointment as an officer in the Regular Navy shall, upon the revocation of temporary appointment as an officer, be deemed to have reverted to his former status in the Fleet Naval Reserve, and shall be entitled to retainer pay at the same rate he was receiving prior to discharge from the Fleet Naval Reserve from the date he is herein deemed to have reverted to his former status therein: *Provided*, That reenlistment in the Navy following revocation of temporary appointment as an officer shall not deprive him of the benefits of this section, and he shall be entitled to receive the pay, including retainer pay, authorized for members of the Fleet Naval Reserve when on active duty during the period served under enlistment.

That enlisted men of the Navy who were discharged at expiration of enlistment and had completed 16 or 20 years' service at time of discharge, and were thereafter enrolled in the Naval Reserve Force and assigned provisional rank as warrant or commissioned officers, shall be deemed to have been transferred to the Fleet Naval Reserve on date of discharge from the Navy and then to have been transferred to the class of the Naval Reserve Force in which they were given provisional assignment as warrant or commissioned officers: *Provided*, That they shall be entitled to receive the same pay, allowances, and other benefits from and after the date said transfer to the Fleet Naval Reserve is herein deemed to have been made as is provided by law for men transferred to the Fleet Naval Reserve.

That any enlisted man who was discharged from the Navy to enable him to be enrolled in the Naval Reserve Force in a commissioned rank, who was thereafter at his own request reduced to the same rating in the Naval Reserve Force as held by him at the time of his discharge from the Navy, and transferred to the Regular Navy to serve the unexpired portion of his enrollment, in accordance with the act approved July 11, 1919, shall be entitled, from the date he was so transferred and so long as he shall continue in the naval service, to the same rate of pay and other benefits that would have been received by him if he had not been discharged from the Navy to permit enrollment in the Naval Reserve Force.

Sec. 4. That the Secretary of the Navy shall establish the rates of base pay for enlisted men serving in the insular force of the Navy: *Provided*, That such rates of pay shall not exceed one-half the rates of base pay of the enlisted men of the Navy in the same or similar ratings.

Sec. 5. The Secretary of the Navy is authorized to cause to be prepared in the Office of Naval Operations, Navy Department, a publication known as the Shipping Bulletin, and to publish and furnish the same to the maritime interests of the United States and other interested parties at the cost of collecting and publishing the information, including the cost of printing and paper and other necessary expenses. The expenses of such bulletin shall be paid from the appropriation "Engineering," Bureau of Engineering. The money received from the sale of such publication shall be credited to appropriation "Engineering."

Sec. 6. That the naval appropriation act approved June 4, 1920, is hereby amended so that any chaplain in the Naval Reserve Force who was more than 50 years of age on the date of said act and who now holds the confirmed rank of commander may be transferred to and appointed in the same permanent grade and rank in the Regular Navy not in the line of promotion and not eligible for retirement: *Provided*, That any chaplain transferred to the Regular Navy in accordance with this authorization shall be wholly retired without pay upon attaining the age of 64 years or becoming physically incapacitated for active duty: *Provided further*, That nothing contained in this section shall operate to increase the number of chaplains with the rank of commander as now authorized by law.

Sec. 7. That in all cases where it shall be made to appear to the satisfaction of the President that a commissioned or warrant officer or an enlisted man with the charge of desertion now standing against him on the rolls and records of the Navy or Marine Corps has since such charge was entered served honorably in the war with the German Government, either in the military forces of the Allies or in other branches of the military service of the United States prior to November 11, 1918,

the President is hereby authorized, in his discretion, to cause an entry to be made on said rolls and records of the Navy or Marine Corps, relieving said officer or enlisted man of all the disabilities which he had heretofore or would hereafter suffer by virtue of said charge of desertion thus appearing against him; and upon such action being taken by the President such officer or enlisted man shall be regarded as having been honorably discharged on the date the charge of desertion was entered against him: *Provided*, That nothing contained in this section shall operate to entitle said officer or enlisted man to back pay or allowances of any kind.

Sec. 8. That all retired commissioned and warrant officers of the United States Navy and Marine Corps who served on active duty in the Navy and Marine Corps of the United States during the war with Germany shall be credited with all active duty performed since retirement during the period from April 6, 1917, to March 3, 1921, in the computation of their longevity pay.

Sec. 9. That the accounting officers of the Treasury are authorized and directed to allow in the settlement of the accounts of disbursing officers of the Navy and Marine Corps payments made by them for civilian outfits furnished enlisted men of the Navy and Marine Corps upon discharge for bad conduct, undesirability, or inaptitude since November 13, 1917.

Sec. 10. That the limits of cost heretofore authorized and below enumerated are increased as follows: Battleship No. 44, from \$12,750,000 to \$14,750,000; battleship No. 46, from \$15,000,000 to \$17,000,000; submarine No. 119 to submarine No. 122, both inclusive, each from \$1,750,000 to \$1,990,000.

Also the following committee amendment was read:

Page 11, line 17, strike out "\$1,925,000" and insert in lieu thereof "\$1,990,000."

During the reading the following occurred:

Mr. BUTLER. Mr. Chairman, is it in order to ask unanimous consent that we may dispense with the first reading of the bill?

The CHAIRMAN. It is.

Mr. BUTLER. I desire to present that request.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

Mr. WALSH. I object.

The CHAIRMAN. Objection is heard. The Clerk will resume the reading of the bill.

The Clerk concluded the reading.

Mr. BUTLER. Mr. Chairman, I understand that I am entitled to one hour. I yield 10 minutes of that hour to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman and gentlemen, there have been considerable hearings extending over a period of a year and a half to two years on this so-called contractors' relief bill. The bill has been unanimously reported twice by the Committee on Naval Affairs. I realize that at this season of the year most men are heated and impetuous and are inclined to believe that contractors generally have made barrels of money, and therefore are inclined to feel adversely to any bill that may come before the House for the relief of contractors who have been working for the Navy Department. Yet, gentlemen, contractors who operated under the Treasury Department, under buildings and grounds, and under the War Department, have been settled with for claims that do not compare in the slightest degree with the claims of the various contractors now pending before the Navy Department.

This bill, I believe, has woven about it every safeguard for the National Treasury. It does not give contractors a special legal status. It provides particularly that where a contractor has made 6 per cent on all of his Government work, from any governmental agency, he is entitled to no redress for loss sustained through governmental action.

Mr. McKENZIE. Will the gentleman yield?

Mr. BRITTEN. I will.

Mr. McKENZIE. Suppose a contractor made one-half of 1 per cent profit, he would not have suffered loss, which goes without saying. Would that man have a right to file a claim?

Mr. BRITTEN. No. He would only have the right to file a claim for a loss or a damage that was sustained through governmental action direct. In other words, we have had cases like this: A contractor was building a tug and he had his mechanical equipment ready for installation, when some governmental agency comes along with a priority order and takes that mechanical equipment out of this man's yard. Of course, he has to get additional mechanical equipment, and it may take him 30, 60, or 90 days to get it.

Under the decision of the comptroller the Navy Department could not extend the time for the completion of that contract and had to assess liquidated damages. Of course, there is no one in the House who will say that is fair or even desired. Among men that would not be fair. We have another case—and there are numberless cases—where a contractor was building a magazine at about the time we went into the war. We got into the war, and the bolsheviks and the I. W. W.'s were blowing up buildings and railroads and bridges, and that contractor was notified by the Secretary of the Navy to build a



certain kind of fence around those magazines for the protection of Government property. His bill for extras under that supplemental agreement might have been \$6,000 or \$7,000 for that fence. It was a valid claim against anybody excepting the United States. But the comptroller says the Government got nothing in addition to its original contract; that the fence might have been put there by the contractor for his own protection. There was a lack of consideration in the order or in the supplemental agreement, and the gentleman, of course, lost \$6,000 or \$7,000. Among men that contract would be good. There are supplemental agreements that are signed by the Secretary of the Navy or by the Chief of the Bureau of Yards and Docks, or the Chief of the Bureau of Construction and Repair on the one hand, and the contractor on the other. The contractor was led to assume that he had a legal contract, but because of lack of proper consideration in the supplemental agreement the comptroller says the Navy Department can not pay it, and the contractor has suffered a loss.

Mr. OLIVER. The gentleman understands that under this bill the finding of the Secretary does not constitute a legal obligation against the Government on which suit can be filed in the Court of Claims, but is simply a recommendation to Congress that an appropriation be made.

Mr. BRITTEN. Yes.

Mr. OLIVER. Would the committee object to a proviso to make that clear?

Mr. BRITTEN. The committee thought that that was clear, but if it is not, we would be glad to have the gentleman's amendment making it particularly clear. Let me suggest to gentlemen that claims of this kind can not go into the Court of Claims. Their only redress is Congress, and section 1 of the bill merely authorizes the Secretary to receive claims, investigate them, and report to Congress, when Congress will make appropriation. That is the only redress the contractor has. He has no other on earth, I am told.

Mr. BRIGGS. Can he not do that now? Can he not ask the Secretary of the Navy for a report on the claim, as in other cases?

Mr. BRITTEN. No. The Committee on Claims has not done that.

Mr. BRIGGS. Can it not do it?

Mr. BRITTEN. That is exactly what the legislation is going to provide, and the claim will be where it belongs, in the Navy Department and in the Committee on Appropriations.

Mr. BRIGGS. It will go through the Committee on Claims?

Mr. BRITTEN. No; through the Committee on Appropriations, in the usual way, with an appropriation for a specific purpose.

Mr. BRIGGS. It does not go through the Committee on Claims at all?

Mr. BRITTEN. No. I do not think that the Committee on Claims is as qualified to pass upon these claims as the Committee on Appropriations and the Committee on Naval Affairs and the Navy Department itself.

Mr. BRIGGS. The Committee on Appropriations, as I understand it, now makes appropriations that the Committee on Claims authorizes?

Mr. BRITTEN. Yes; and it makes appropriations for the Navy Department, just as the Committee on Naval Affairs formerly did. We thought it was wise to give these contractors relief, many of whom are bankrupt or on the verge of bankruptcy. The only redress of this kind is through the action of Congress.

Mr. BRIGGS. This will substitute the judgment of the Secretary of the Navy for the judgment of the Committee on Claims?

Mr. BRITTEN. Yes; and final action by Congress. There is no other way to get the money.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. Yes; I yield to the gentleman from Massachusetts.

Mr. WALSH. Are these claimants now under the law of such standing as would entitle them to go to the Court of Claims?

Mr. BRITTEN. No.

Mr. WALSH. Then what sort of legal claims do they have? Is this another attempt to settle claims upon an equitable basis?

Mr. BRITTEN. Yes; you may put it that way.

Mr. WALSH. Does the gentleman contend that the instance he cited, where the fence is built by the contractor, that among business men there would be any right to bring a suit for such a claim as that?

Mr. BRITTEN. Oh, yes; I do; among men.

Mr. WALSH. Then if there is a right among business men, why is there not a right to bring that claim into the Court of Claims?

Mr. BRITTEN. There is no such right.

Mr. WALSH. I have my doubts about that.

Mr. BRITTEN. They have no right to go into the Court of Claims.

Mr. WALSH. If that is the only information we have—

Mr. BRITTEN. There are gentlemen on the floor who can explain that.

Mr. WALSH. I do not care where he is, or who he may be. I have my doubts about that particular information. A claim that between business men would entitle one of them to bring suit as the result of a contract—why they can not under the existing law get into the Court of Claims as the result of a contractual obligation with the Government—

Mr. BRITTEN. That was my impression.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BRITTEN. Mr. Chairman, may I have more time?

Mr. BUTLER. Mr. Chairman, I yield to the gentleman from Illinois five minutes more.

The CHAIRMAN. The gentleman from Illinois is recognized for five minutes more.

Mr. BRITTEN. I will say to my friend from Massachusetts that his line of thought is in complete accord with my own, and I asked that very question yesterday of the expert from the solicitor's office, and he says the only redress the contractor has is by an act of Congress and by a special appropriation.

Mr. WALSH. Do I understand the gentleman to say that the expert from the solicitor's office was on the floor of the House?

Mr. BRITTEN. Yes; he was acting as the committee clerk.

Mr. WALSH. Who is the other gentleman sitting by him?

Mr. BRITTEN. He is the assistant from the Judge Advocate General's office.

Mr. WALSH. Then one or the other of them is here without authority. But I have no objection to their being here.

Mr. BUTLER. Now, if the gentleman from Massachusetts objects to one or the other of these gentlemen being here, they will retire.

Mr. WALSH. I do not object.

Mr. BUTLER. I asked them to be here, so that they might furnish members of the committee with correct information. I have stated that on some points I am unable to give the information desired, and I do not want to make a misstatement. We asked the gentlemen to come here.

Mr. WALSH. I am trying to get my information from a member of the committee, and some member ought to have the information.

Mr. BRITTEN. Some of the members of the committee have it.

Mr. WALSH. I appreciate the fact that the chairman of the committee has a lot of work to do, and that he can not necessarily be familiar with all the details; but some member of the committee ought to be.

Mr. BRITTEN. Some member of the committee probably is.

Mr. WALSH. I will ask the gentleman if he has made any further investigation about the question I propounded, about the matter of building a fence, making a contractual obligation?

Mr. BRITTEN. The comptroller and best authority in the Navy Department say the contractor's only relief is in Congress.

Mr. WALSH. I do not understand some of the provisions of this bill. Has the committee got a list of the claimants? Does it know how many of these claims there are?

Mr. BRITTEN. We have a list, but in all fairness and frankness I will say to the gentleman that I do not think that list is complete. It is impossible to determine the number of claimants that may file claims within 60 days after the passage of this act.

Mr. WALSH. How much do the pending claims amount to?

Mr. BRITTEN. The pending claims amount to about \$4,000,000 or \$5,000,000. But in a way they are not claims; a greater portion of them are not claims in the usual definition of the word. Sixty per cent of the claims under this bill will be for the return of liquidated damages assessed by the department, against the will of the department, where some governmental agency came along and stopped a man's work and took his material from him. In the case of a Navy Department contractor having his cement on the dock, a War Department officer came along and took his cement away from him, and the Navy Department had to assess liquidated damages for delay. The cement was needed more in France than at Norfolk. Of course the contractor had no voice in the matter whatever. But there are hundreds of smaller cases where liquidated damages were assessed where the Government came in and took possession of a man's plant and later gave him a voucher in full for his money. When the voucher was received by the comptroller for his O. K. or approval, he disapproved it, he-

cause, he said, the bureau chief had no authority to waive the liquidated damages under the law. This bill is intended to remedy that.

Mr. WALSH. Does not the gentleman know that in the case he has mentioned, where the Government agent comes and takes the contractor's cement away from him, it is like the case of an individual?

Mr. BRITTEN. My good friend from Texas [Mr. BLANTON] says the contractor can go into the Court of Claims. Gentlemen, do we want to send contractors into the Court of Claims to get payment when the Government itself desires to pay them? The Navy Department desires to waive these liquidated damages. It has shown its disposition to waive liquidated damages by having given the contractors vouchers in full. No appropriation is necessary, because the Navy Department has the money on hand for the completion of certain contracts. It desires to pay the contractors, but the comptroller says to the Secretary of the Navy, "You can not pay these men." Surely we do not want to drive them into the Court of Claims.

Mr. BLANTON. That is exactly what this House decided the other day by an overwhelming vote, that we want these men to go into the Court of Claims and have their claims properly adjudicated with a Government attorney there to pass upon the Government side of it and a Government judge to pass on the merits of the case.

Mr. BRITTEN. Let me suggest to my good friend that I think the Secretary of the Navy and his staff are better qualified to pass on these claims than is any Court of Claims.

Mr. BLANTON. I do not agree with the gentleman.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BUTLER. I yield 10 minutes to the gentleman from Tennessee [Mr. PADGETT], if he desires the time.

Mr. PADGETT. Not at this time.

Mr. BUTLER. Then I yield 10 minutes to the gentleman from Texas [Mr. GARNER].

Mr. GARNER. Mr. Chairman and gentlemen of the committee, I want to talk about a matter foreign to this bill. I believe, under the rules, that is permissible. I think every Member of this House ought to be interested when the rights and privileges of the House are infringed upon or neglected by its membership.

In this morning's paper, in an Associated Press report, in the authentic organ of the administration we find this statement, referring to the program outlined by the secret conference held at the White House by 14 Senators and the President of the United States. Just why it should have been secret I do not know; but evidently the Senators thought after the conference that its results should not be kept secret, and we have what purports to be the result of that conference. Among other things is this:

The program was said to leave the tariff bill subject to indefinite delay, possibly until the winter session of Congress, although some Senate leaders reiterated that it would be enacted before adjournment of the present extra session.

Does that sound familiar, gentlemen? Do you recall anything I said during the consideration of that bill which indicated that this program would be carried out?

Although some Senate leaders reported that it would be enacted before adjournment of the present extra session.

We also have this statement:

President Harding told the Senators, it was said, that he was assured by House leaders of speedy passage of a tax revision bill. It is planned to incorporate tax changes recommended recently by the Treasury Department and rush the bill through, leaving most other revision to the Senate.

Now, gentlemen, what I rose for was to protest against that program and that procedure in the House of Representatives. You will recall how we rushed through the tariff bill without an opportunity of offering an amendment. You will recall also that the program with reference to internal-tax revision was outlined by the Treasury Department on April 11, 1921. Now, I want to suggest to you Republicans, if you want to continue to be worthy of the name of this House, if you want the House to continue to be worthy of the name of the membership of the House, that you assert your prerogatives and see that the tax laws that pass this body are thoroughly considered and are the views of the American people. [Applause.] Just why you are willing to have your colleagues of the Ways and Means Committee stultify themselves—because that is what it means when they permit a bill to go through this House without thorough consideration, with a view of having it revised and made perfect at the other end of the Capitol—I am unable to understand. I can not understand why you should be willing to do that. It is a stultification of their duties and it is a neglect of the constitutional requirements and a reflection on the House of Representatives. Let us see whether that program is justifiable. In

the same paper, by the Associated Press, under an article headed "Speed tax hearings to permit recess," we find this statement referring to the Ways and Means Committee:

Some leaders hope to put the bill through in a few days after its formal presentation, but plans for handling it in the House have not been fully shaped up. The general procedure is expected by committee members to be similar to that adopted with relation to the Fordney tariff bill—a Republican caucus to consider the measure and the adoption by the House of a rule to limit debate and shut off general amendments.

Gentlemen, I am going to tell you Republicans what they are going to offer you, and see whether you are willing to take it without an opportunity of repealing other taxes. They are going to offer you a bill repealing the excess-profits tax. They are going to offer you a bill cutting down the surtaxes to four or five brackets, with a limitation of 25 to 35 per cent. They are going to increase your corporation taxes, and then they are going to let it rest. Not another tax probably will be included in that bill, and you gentlemen on the Republican side are expected to take that bill and depend upon the United States Senate to correct your misdeeds or neglect of the interests of the American people and of your duty as required by the Constitution. As a Member of this House I want to protest, and as a member of the Ways and Means Committee, a committee that has stood out for a century as the leading committee of the House, I want to protest against its subordinating its powers and its rights and privileges and duties to the United States Senate. [Applause.] I say to the present Chairman of the Committee of the Whole [Mr. LONGWORTH] that if he expects to make the Committee on Ways and Means what it has been for many years, if he expects to retain the power that he has as a member of that committee, he must cease the procedure that he has adopted with reference to the tariff bill and give this House an opportunity to legislate on internal tax matters. [Applause.]

You continue to adopt the method adopted in the consideration of the tariff bill, presenting amendments, preventing an opportunity to consider the bill, taking for granted the judgment and wisdom of the Ways and Means Committee, when it has been stated in the public press that they have surrendered their judgment, surrendered their own prerogatives of making the bill and sending it to the United States Senate without thorough consideration. What are we going to do? The Republican membership of the Ways and Means Committee will meet in secret, as they did at the White House, a secret conference of 14 Senators—and, by the way, I have seen that they have sent for some Members of the House; I presume Dr. MONDELL and Dr. FESS and two or three other doctors, who will be there to-night at the White House dinner, and they only give them seats for 12, whereas they gave the Senate 14, and I protest against that. [Laughter.] I do not think they should cut down the number of the House Members, but give them at least a representation in proportion to the representation in the number of Members of the House and the Senate.

What will they do? You Republicans will not be there, except a dozen or so, and they will fix up a program, arrange the internal revenue to collect \$4,000,000,000, bring it back, and in a secret conference of the Ways and Means Committee prepare the bill, bring it in here, and say, "This is what we have decided upon and what you have got to put through." Gentlemen, you have got the majority, and you can do as you please, but I arose to protest against such a procedure in the House of Representatives on the part of the Republicans. [Applause on the Democratic side.]

Mr. BUTLER. Mr. Chairman, after a great deal of labor and a desire to do justice between the Government and men, covering a period of six or eight months, we concluded to report this bill for the consideration of the House. Personally it matters not one bit what you may do with it, strike out the enacting clause or adopt what appears to you to be the more desirable sections—10 of them in number. Three of the sections, which the gentleman from Illinois [Mr. BRITTEN] covered in his remarks, are what is known to us of the committee as the contractors' bill, had the unanimous vote of the Committee on Naval Affairs.

Mr. ROSE. Will the gentleman yield?

Mr. BUTLER. I shall be glad to yield to my friend.

Mr. ROSE. I want to know whether the passage of this bill would make it possible for a contractor who actually lost money by reason of failure to procure materials and employ labor at prices obtaining at the time his bid was submitted to now present his claim and instead of suffering a loss be awarded a 6 per cent profit on his contract?

Mr. BUTLER. No, sir.

Mr. ROSE. Will the gentleman permit one other question? Section 7 provides that in a case of desertion charged against



an officer the President is given authority to remove the disability. Under the present law can the President remove the disability of any soldier of the Civil War? All such disabilities are now under the authority of Congress, and I oppose the delegation of such power to any individual.

Mr. BUTLER. Only when authorized by Congress. If we reach that section of the bill I shall be delighted to take the floor and explain to my friend, the best I know how, its provisions.

Mr. BRITTEN. Will the gentleman from Pennsylvania yield to me for a suggestion?

Mr. BUTLER. Yes.

Mr. BRITTEN. In answer to the gentleman from Pennsylvania [Mr. Rose], this section merely intends to remove a charge of desertion against the record of a man which occurred prior to our participation in the war. A young fellow in the Navy was alluringly promised certain things in the service, saw pictures of Hawaiian girls, and he went into the Navy expecting to get action, but he deserted when the European war broke out and joined the Canadian or British forces. We are waiving the charge of desertion.

Mr. ROSE. In the Civil War, where a man was charged with desertion, if he wanted to get relief he had to come to Congress.

Mr. BUTLER. My nature is very good this morning and I do not propose to work hard, but I would like to have an opportunity to explain for two or three minutes several of the provisions of the bill.

Mr. PADGETT. Will the gentleman yield?

Mr. BUTLER. I will yield to my friend.

Mr. PADGETT. A question was asked about this profit of the contractor. The bill does not guarantee any profit whatever. This provision in the bill as to contractors is a limitation on the opportunity to get consideration of his case. For illustration, a man has two contracts, on one he lost and on the other he made a profit. Now, combining the two, if he gets as much as 6 per cent profit on the two he could not get any consideration of his case at all of the contract where he lost. But if he made less than 6 per cent on the total contracts he can get consideration of the contract where he made a loss and his compensation is limited not to exceed 6 per cent on all of his contracts.

Mr. SEARS. Suppose a man makes 50 per cent on both contracts by efficient management, as I understand the gentleman, the Government gets nothing back, but if a man, even through inefficient management, loses on his contract, he is reimbursed.

Mr. HUSTED. Will the gentleman yield?

Mr. BUTLER. I will yield, but I am not sure that I can answer all these questions put to me, especially those questions directed at a sentence that contains 240 words.

Mr. HUSTED. I find on page 3, line 7, there is a provision for the execution of the final voucher or relief, and that a provision of the contract shall not bar the claimant for relief. In other words, if a man gets a final release entered into voluntarily, that is disregarded.

Mr. BUTLER. I am glad the gentleman has directed my attention to that. Some of these contractors were hard driven. They had to have money or else fail. They did make settlements with the Navy Department. On some of these vouchers there is a privilege given that they may renew their demands later, if Congress authorizes the claim for further compensation. There are other cases where the vouchers are complete, where there is a full surrender of rights. Those receipts and releases were taken from contractors under the same condition—men who claim to have been driven to it. Whether or not in equity they would be relieved under the condition, I do not know. That is for a chancellor to determine, but here we have written into the bill an authority for relief, the Secretary of the Navy to be the judge, because there must be some one, some tribunal, to determine whether or not the man who signs the final release did it under such pressure that in equity he ought to be relieved from its consequences.

Mr. HUSTED. In order to get part of the money due him, was he compelled to execute a release for all of the money?

Mr. BUTLER. In some instances, I would say to the gentleman from New York, he was; a result which has brought about a great deal of distress in cases that we know of. Therefore we have asked the House to consider the propriety of submitting the question of relief to the Secretary of the Navy, and to such as he may bring into assistance with him, to determine whether or not there should be relief given.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. DAVIS of Tennessee. Is it not a fact that under general law anyone who is prompted by coercion or fraud to sign an instrument can be relieved on that ground without any additional legislation?

Mr. BUTLER. There is no doubt about that.

Mr. DAVIS of Tennessee. That being true, is it intended to relieve business men from contracts into which they entered in order to get the money at that particular time? Is not that the same motive that very frequently enters into compromises between individuals?

Mr. BUTLER. My friend and I know that that element oftentimes enters into an agreement which men make. They may be driven to it, forced to it under stress of circumstances. The settling officer said, "give this receipt in full," and whether or not in equity they can be relieved I can not say, but what we ask the Congress to do is to permit the question to be submitted to the Secretary of the Navy to determine.

Mr. HARDY of Texas. Does not that provision make simply a scrap of paper out of all of the settlements that have been made?

Mr. BUTLER. I think not. It was not so considered by us.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. BEEDY. I would like the views of the chairman of this committee in respect to the accuracy of the statement made by the gentleman from Tennessee [Mr. PADGETT]. I am interested in that proposition, and I want to know if what he said is correct.

Mr. BUTLER. I did not hear all that the gentleman from Tennessee said, but knowing my colleague for 20 years, and knowing his extreme care in statements on questions of legislation, I think the gentleman may rely upon the accuracy of the statement that he made.

Mr. BEEDY. I understood the gentleman from Tennessee to state that if a contractor had two different jobs with the Government, on one of which he made 3 per cent and on another of which he lost money, that he could join the two, and if on the two he could show that he had not made 6 per cent, he might, if this bill were enacted, come in and be recouped. Is that correct?

Mr. BRITTEN. Mr. Chairman, will my colleague yield for a suggestion?

Mr. PADGETT. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I shall endeavor to answer the question. What did the gentleman from Tennessee say?

Mr. PADGETT. I stated distinctly that it does not give any profits whatever. This only seeks to make good losses, and if upon his contract he made \$1 of profit, the Government does not make good anything, but if he made less than 6 per cent on all of his business, he has a right to come in and have consideration given to his contract on which he claims a loss to see whether or not he had a loss on this contract.

Mr. WYANT and several Members rose.

Mr. BUTLER. Oh, I must insist that I be secured in my rights. The hour will soon go by, and I have not yet touched the part of the bill which I desire to speak on. Gentlemen who will remain in this House for 25 years will finally realize the importance of closing out business that is presented to them while they are living and not bequeathing it to their descendants. Claims of some sort are being presented every day against this Government, growing out of the Great War of 1861 to 1865, and now, while we are all alive, while Secretary Daniels is living, while his chiefs of bureaus are living, while the accounting officers are living, while these contractors are living, let us give authority to some one or some department to investigate and determine what the Congress ought to do, or have them submit to the Congress the wishes of the department on the subject of adjustment. Obtain the facts now and settle what we owe our just creditors.

Mr. KELLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. KELLEY of Michigan. It is my understanding that the provisions of the bill for the payment of losses refer only to those losses occasioned by the action of the Government.

Mr. BUTLER. Yes.

Mr. KELLEY of Michigan. In preventing proper execution of the contract and not under the contract.

Mr. BUTLER. That is correct. There is a statute requiring the observance of certain formalities when making a contract with the Navy. The contract must be in writing. I recall a time when I went to the Secretary of the Navy, when the recent war was about to break on us, when I was feverish

and hot, because I feared lest something we should do would be kept undone that would protect the lives of our children who would reach the battle fields. It was then I asked him to hasten the construction of the great ship *Idaho*, in order that she might be ready to go to sea as soon as possible. He telegraphed to the works at Camden, N. J., to hasten the construction of the ship, authorizing its builders to put upon the ship three shifts of men at eight hours a shift, to employ all sorts of labor, to cover every available space of the boat with men in order to get the ship to sea a year ahead of the time when the builders had contracted to complete her.

They are out of pocket between two and three million dollars, and unless the Congress says that they shall be paid for this extra labor cost not one dollar will they recover. I feel myself partly responsible for urging this hastened completion—listen, gentlemen of the House—because the comptroller held that the authority to advance these ships was not in writing, as prescribed by the act of Congress, no recovery can be had. All work was rushed on and on and on in an effort to get ready for this war. Now, it is found that a few million dollars, perhaps five to seven million, will close out all of these losses. It will not enrich any one, and in order that you may understand my personal feeling I am ready to vote to take the great profits from the men who made them during the war and pay the debts of this great Government, for I have a feeling of dislike for the selfish profiteer. I am almost afraid to say even though his claim might be just and I would be suspicious of his demands. In case of the *Idaho* and as in the case of some of the submarines it does seem to me, and these people are not my constituents, I know them not at all, but, my friends, it does seem to me that it is not fair dealing between them and the Government that they should be deprived of the money they expended under the direction of the Government. It is only a formality that stands in their way. This money can be taken from the decrease to the Navy. Before we are through perhaps a motion may be made to reduce it further, but these debts that are owing by the Government to these people should be paid, but no profits should be paid. We have surrounded this bill by what we think is every protection that will safeguard the Government. We have further provided that these men who made huge profits shall not in any way break through and recover from the Government. That is not intended, and we believe we have guarded safely against it. To repeat what I said at first—Mr. Chairman, how much time have I left? I can not take all the hour.

The CHAIRMAN. The gentleman has until three minutes of two o'clock.

Mr. BUTLER. I want to yield to other gentlemen. Here is my friend from Oklahoma.

Mr. McKENZIE. Will the gentleman yield?

Mr. BUTLER. I do.

Mr. McKENZIE. I think the gentleman from Pennsylvania, as chairman of the committee, can probably give as much information as anyone, and I would like to ask him one question.

Mr. BUTLER. The gentleman can do that.

Mr. McKENZIE. I would like to ask the gentleman from Pennsylvania whether or not under this bill the New York Ship Building Co., who was represented by Mr. Humphreys at your hearing, and which company has had contract for building the *Saratoga*, which will not be completed for several years yet according to his testimony, whether or not it will have the right to come in for the time between April 6, 1917, and the other time limit fixed by this bill and figure profits and losses during that block, and then come on and finish the contract, and, as Mr. BRITTON, a member of the committee, suggested, might make \$200,000 on the completion of the contract. Do you propose to let that company come in and get payments on losses during that period under this bill?

Mr. BUTLER. Now, let me endeavor to answer that question. I have nothing to evade, but it is with great difficulty I answer because of my ignorance. We fix the date as subsequent to the armistice, six months, for the advantage of the Government, that it might include that time in order to determine whether or not there are any losses. I want to say this New York shipbuilding concern at Camden had a contract prior to the war for the construction of ships, additional contracts during the war, and those contracts will run until—may be postponed further—but in my judgment will run until 1927. But you can not tell what they will make between now and then. This extension of six months, I believe, was made unanimously by the Naval Affairs Committee. It would give the Government the advantage of six months in which to include from the date of the declaration of war to six months after 1918. That time was for the advantage of the Government, and we

think that six months ought to be perhaps the time the Government might have.

Now, so far as the New York Shipbuilding Co. is concerned, that work will be anticipated up to the date; and section 2a of section 2, I believe, will cover such cases, so there may be an estimate made of the amount of profits that might have been made and could have been made up to this date by this company and might at that time be adjusted and settlement made with the company and not wait for a settlement until 1927. It may not be finished before 1930. It is my judgment that some of these ships may never be completed, for I feel as a living man we have voted through here the last large naval appropriation bill. I have confidence in the judgment of the nations, and I believe an agreement will be reached that will relieve us of the large burden we now have upon us in the way of preparing a naval armament. But the other question is this: These contracts have been made; these great losses have been sustained. Let me give you an illustration. However, I agreed to yield before I stop.

Mr. WYANT. Will the gentleman yield?

Mr. BUTLER. I will.

Mr. WYANT. The question which I had in mind was asked by the gentleman from Michigan. The answer to his question, I find, was incorrect, as I believe, because section 2a provides for an additional class of claims.

Mr. BUTLER. It does.

Mr. WYANT. I would like to hear some explanation of section 2a.

Mr. BUTLER. Now, Mr. Chairman, I would be delighted, if we reach that section after a while, unless the bill dies by the stroke of the House, to go fully into that with my friend.

Mr. STEAGALL. Will the gentleman yield to me?

Mr. BUTLER. I must yield to my floor leader. If the time comes when you can ask questions and I can answer them, I will be glad to yield to the gentleman. I promised to yield to the gentleman from Wyoming, and I yield to him the balance of my time.

Mr. MONDELL. Mr. Chairman, this is a very important measure. It deals with a variety of subjects important in the development of the Navy. By reason of the fact that it deals with quite a variety of subjects I am of the opinion that the bill can be best considered under the 5-minute rule. The difficulty about general debate on a bill of this character is that one gentleman asks a question about one paragraph and another gentleman asks questions about or discusses another paragraph, and we all become more or less confused. Under the 5-minute rule, with plenty of time, the attention of the House will be centered upon the paragraph under discussion, and I believe we will make better headway and have more intelligent discussion than we would under an extension of the general debate. My advice to the gentleman from Pennsylvania would be that at the expiration of his time he ask the committee to rise and close the general debate and begin discussion under the 5-minute rule. I simply make that suggestion for his consideration.

Mr. BUTLER. I thank you very much.

Mr. WALSH. The gentleman is now making the suggestion that general debate be permitted to those in favor of the bill, but that those who are opposed to it must get along under the 5-minute rule.

Mr. MONDELL. It is not that. The gentleman agrees with me surely that it is very difficult for those who are favorable, as well as those who are not favorable to the different provisions of the bill to carry on an intelligent discussion of a measure dealing with many problems under a general debate in which one gentleman discusses one paragraph and another discusses another and a third asks questions about still another paragraph. But that is simply a suggestion. The matter is under the control of the House.

Mr. Chairman, I should not take the time of the committee at all at this time in a discussion outside of the purview of this bill if it were not for some remarks made by the gentleman from Texas [Mr. GARNER]. I am sorry he is not here that I might mingle my tears with his over his fears of the decadence of the House. Really I have been under the impression that the House was "doing fairly well, I thank you," in maintaining its proper place and its proper dignity and having its proper share in the settlement of questions of legislation. I am sorry that my friend feels troubled about that matter. His troubles do not, however, relate so much to anything that has occurred as they do to matters that he fears may occur. My advice to him is to remember that it is just as well not to trouble yourself about things that may never happen. Sufficient unto the day is the evil thereof, and we are so very busy that we



really have not time to bother ourselves about things that may never occur.

Mr. GARNER. Will the gentleman yield?

Mr. MONDELL. I have a very brief period only. I am sorry I can not.

Mr. GARNER. I did not want the gentleman to deplore my absence from the Chamber. I wanted him to know that I was here for any assaults he might desire to make.

Mr. MONDELL. No assault is, of course, intended. My regret was that the gentleman was not here that I might mingle my lamentations with his.

The gentleman has read in a newspaper somewhere that the House is to be hurried with its consideration, in committee and in the House, of the revenue bill. The gentleman might have read in other papers regrets and caustic criticisms to the effect that the House was taking too much time and would continue to take too much time in the consideration of the revenue bill.

These fine pleasant young gentlemen who make their living by writing for the newspapers write as accurately as they may, and when they are not in possession of all the facts, and frequently because of the fact that there is no one that can prophesy just what will occur, it is necessary for them to make the best guess they can as to the probable march of events.

Mr. GARNER. Will the gentleman yield for a question?

Mr. MONDELL. Now, what is to happen, as I understand it, is this: That the Committee on Ways and Means, a splendid committee both as to its majority and minority members, will carefully consider the questions of revenue, will in due time, after deliberation, report a bill, which bill will be considered in the House in such form and manner as may be determined upon after full consultation by the majority in conference, under its responsibility; after proper consideration in the House the bill will be sent to the Senate, as the best possible product of our judgment. We hope it will be an excellent measure. The Senate may disagree with some of its items, but I do not want my friend from Texas to feel badly about it in advance. He may be very well satisfied in the future. We are quite sure that most everybody else will be at any rate.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. MONDELL. If I have time.

Mr. GARRETT of Tennessee. Has the matter progressed far enough for the gentleman to be able to tell us whether the revenue bill will be brought in under a rule that will cut off amendment?

Mr. MONDELL. I just stated a moment ago, if the gentleman was listening, what would be done; that the majority in conference on its responsibility would finally determine what should be done and how it shall be done. And in due course the gentleman from Tennessee will be informed.

The gentleman from Texas [Mr. GARNER] is worried because, among other things, he fears that the dignity of the House is to suffer in the matter of a reported dinner at the White House. I rise to assure the gentleman that he need have no fears in that matter. There will, I am informed, be at least as many Members of the House present at the dinner this evening as there were Members of the Senate at the dinner day before yesterday.

All this, I am sure, the gentleman will be delighted to know; and I hasten to afford him this additional evidence—that the dignity and the prestige of the House is being preserved. [Applause on the Republican side.]

Mr. BUTLER. Mr. Chairman, I do not think I am wrong—and I will be indebted to the Chair if he will put me right in case I am wrong—in thinking that in the absence of any agreement in the House as to time of general debate on the bill it is within the jurisdiction of the committee, by unanimous consent, to fix the time for general debate. Is not that right?

The CHAIRMAN. The committee has that power, by unanimous consent.

Mr. BUTLER. Then I will ask the gentlemen of the committee to consent that the general debate may close in 20 minutes, and that the gentleman from Texas [Mr. HARDY] and the gentleman from Alabama [Mr. OLIVER] and the gentleman from Texas [Mr. BLANTON] and the gentleman from Michigan [Mr. KELLEY] may have five minutes each.

Mr. MCCLINTIC. I would like to have five minutes. I am a member of the committee.

Mr. BUTLER. I beg my friend's pardon. I did not intend to overlook him.

Mr. DAVIS of Tennessee. Mr. Chairman, I would like to have five minutes.

Mr. BUTLER. We can do it all under the 5-minute rule. But inasmuch as gentlemen, like the gentleman from Alabama [Mr. OLIVER] and the gentleman from Michigan [Mr. KELLEY], have worked on this bill while members of the Committee on

Naval Affairs, they are anxious to say something on this bill in advance of the debate under the 5-minute rule. They can not tell what movement will be made. Therefore I ask that the general debate close in 40 minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks that the general debate be limited to 40 minutes from now. Is there objection?

Mr. GARRETT of Tennessee. I object.

The CHAIRMAN. The gentleman from Tennessee objects.

Mr. BUTLER. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LONGWORTH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 7464) providing for sundry matters affecting the Naval Establishment, had come to no resolution thereon.

Mr. BUTLER. Now, Mr. Speaker, I would like to ask the gentleman from Tennessee [Mr. GARRETT] whether he would renew his objection now to 40 minutes' general debate? I do not want to move, but—

Mr. GARRETT of Tennessee. I do not want any time at all.

Mr. BUTLER. I understand; but several gentlemen have asked for time. I want to accord it to them. I will state to my friend from Tennessee that the members of the committee will have to take the floor and explain different matters. Forty minutes will cover it, if the gentleman will not object.

Mr. GARRETT of Tennessee. I do not know. I do object to the Committee of the Whole fixing the time of debate.

Mr. BUTLER. I understood that was the gentleman's objection, and therefore I moved that the committee rise.

Mr. GARRETT of Tennessee. The gentleman can make his motion.

Mr. BUTLER. Mr. Speaker, I move that the general debate be closed on this bill in 40 minutes.

Mr. GARRETT of Tennessee. The gentleman has not moved to go into Committee of the Whole.

Mr. BUTLER. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union; and, pending that motion, I move that the general debate be limited to 40 minutes.

The SPEAKER. The gentleman from Pennsylvania moves that the general debate be limited to 40 minutes.

Mr. WALSH. Mr. Speaker, will the gentleman permit an inquiry?

Mr. BUTLER. Certainly.

Mr. WALSH. Will the general debate be based on the idea that unanimous consent will be given to the gentleman to control the time?

Mr. BUTLER. I intend to yield to those gentlemen who have made requests for time.

Mr. MANN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MANN. The gentleman from Pennsylvania [Mr. BUTLER] having consumed his time in favor of the bill—I assume one hour of time—the House now goes into Committee of the Whole House on the state of the Union. Is not some Member opposed to the bill entitled to control the time allowed up to an hour?

The SPEAKER. Of course, that would be a matter for the chairman in the committee to determine, but it would seem to the Chair that that would be so if the gentleman had used one hour.

Mr. BUTLER. Mr. Speaker, following the remarks made by the gentleman from Illinois [Mr. MANN], I ask the gentleman from Massachusetts [Mr. WALSH] whether he desires to have time in opposition to the bill yielded to those in opposition?

Mr. MANN. He is not the only one in opposition in the House. What I am trying to do is to get a fair discussion of this bill from men in the House, so that members of the Committee on Naval Affairs may know something about it.

Mr. GARRETT of Tennessee. Am I correct in the idea that the motion pending is to limit debate to 40 minutes?

The SPEAKER. That is the motion made by the gentleman from Pennsylvania.

Mr. GARRETT of Tennessee. I demand the regular order.

Mr. GRAHAM of Illinois. Mr. Speaker, will the gentleman yield?

Mr. BUTLER. Yes; but that takes me off my feet.

Mr. GARRETT of Tennessee. That brings the House to an immediate vote.

Mr. BUTLER. Nevertheless, I have no time to yield to anyone.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Pennsylvania [Mr. BUTLER] that general debate shall be limited to 40 minutes.

The motion was agreed to.

The SPEAKER. The question is on the motion of the gentleman from Pennsylvania that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7864.

The question was taken, and the Speaker announced that the "ayes" appeared to have it.

Mr. WALSH. Mr. Speaker, I ask for a division.

The SPEAKER. The gentleman from Massachusetts asks for a division.

The House divided; and there were—ayes 64, noes 15.

Mr. WALSH. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The "ayes" have it.

Mr. GARRETT of Tennessee. Mr. Speaker, was a point of no quorum made?

The SPEAKER. The Chair did not hear any.

Mr. WALSH. I withdraw it, Mr. Speaker.

The SPEAKER. The "ayes" have it, and the House resolves itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7864. The gentleman from Ohio [Mr. LONGWORTH] will please resume the Chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment (Mr. LONGWORTH in the chair).

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7864, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 7864) providing for certain matters affecting the Naval Establishment.

Mr. OLIVER. Mr. Chairman, I ask for recognition.

The CHAIRMAN. The gentleman from Alabama is recognized.

Mr. OLIVER. Mr. Chairman and gentlemen of the House, I have the greatest respect for and confidence in the members of the legislative Committee on Naval Affairs. I regret being unable to bring myself, however, to the point of agreeing to the provisions of a bill seeking to direct the Secretary of the Navy to consider numerous claims against the Government and to adjudicate them in the manner which this bill provides. The House will be interested to know that it was brought to the attention of the Appropriations Committee at a recent meeting that there are large unexpended balances in the Navy, in the War, and other departments of the Government, and the Committee on Appropriations are now seeking to ascertain what these unexpended balances amount to.

This bill you are now considering would authorize the Secretary of the Navy under very general authority to determine what are valid claims against the Government and to authorize payment of those claims out of any unexpended appropriations.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. OLIVER. Yes.

Mr. GRAHAM of Illinois. And his judgment, thus arrived at, would have the effect of a judgment in a court, would it not?

Mr. OLIVER. It would. Now, this is a responsibility of the House, and the House should not shirk it. When this matter was being considered by the Naval Committee, while I was a member of the committee, I recall that the chairman and other members of the committee were in pretty full agreement that we should only authorize the Secretary of the Navy to have hearings on these different claims and to report back his findings to the House, and not to direct that he ascertain and determine what are valid claims and that such claims be paid out of existing appropriations without further reference to Congress. This bill is not drawn so as to accord with that purpose.

Mr. BRITTEN. Will the gentleman yield right there?

Mr. OLIVER. Certainly.

Mr. BRITTEN. Section 1 provides for just the contrary to what the gentleman has said.

Mr. OLIVER. Other sections provide for exactly what I said. It is always unfortunate to have contradictory sections. Let me read to the gentleman from the bill the following:

Such adjustment and determination shall be conclusive upon the accounting officers of the Government, and the amounts thus found shall be paid from any appropriation already available therefor.

Mr. BRITTEN. May I suggest to the gentleman what he probably knows as well as I do, that this section applies only to informal contracts, supplemental agreements signed by the Navy Department and by the contractor himself, which the comptroller has held to be illegal. It does not apply to the great majority of the claims against the Government at all.

Mr. OLIVER. The fact is that the objections I offer apply to all kinds of claims, which this bill seeks to authorize the Secretary of the Navy to determine are valid claims against the Government. If the parties contracting with the Navy Department at the time they made their contracts knew that the Secretary of the Navy had no authority to make the contracts in the form in which they were made, they must rely on a strong equitable claim in demanding pay for work done, and that is a matter which Congress should reserve to itself to hereafter pass on. Why, the gentleman indicated that he was willing that this amendment be accepted, viz:

*Provided, That no finding or action of the Secretary of the Navy under the provisions of this act shall constitute a claim against the Government on which suit can be filed in any court or be evidence in any court of an obligation by the Government.*

I think that proper. Yet at the same time I think the Government should also be protected against the payment of these claims, so ascertained by the Secretary or his subordinates, out of any existing appropriations.

The Navy Department now has many appropriations that are carried over from year to year out of which many amounts ascertained under this bill could be paid. Surely, until the Appropriations Committee can ascertain what these balances are and for what purposes they are carried, the House will not authorize an indefinite number of obligations to be paid out of those balances. That is why I felt the House would like to have this information, because these appropriations which are carried over belong to the National Treasury. Why not have a statement of what these amounts are before we give blanket authority to the Secretary of the Navy to create obligations payable out of such funds?

Mr. BUTLER. I want my friend to tell us, please, where this money is. No doubt the gentleman is entirely accurate in what he has said, but I had no idea there were unexpended balances out of which these claims could be paid. I did not suppose that until this minute when I have just heard it.

Mr. OLIVER. The committee had that in mind and the Navy Department had it in mind in drawing this bill. Let me read to the gentleman these lines in section 5.

In case there is no appropriation available for such payment the Secretary of the Navy shall report to Congress his findings and recommendations in relation thereto.

The Navy Department well understood that there were many accumulating appropriations carried over from year to year and out of which these amounts could be paid. There can be no question about that.

Mr. BUTLER. I have understood that some of these claims might be paid out of the appropriations made for the increase of the Navy.

Mr. OLIVER. Unquestionably so.

Mr. BUTLER. Hereafter to be made by the gentleman's committee, but I express my surprise at the statement of the gentleman that there are existing balances out of which they could be paid.

Mr. OLIVER. There are many millions of dollars carried over under different appropriations made in previous years still unexpended.

Mr. BUTLER. Available to be used for this purpose?

Mr. OLIVER. That could be used for this purpose.

Mr. BUTLER. I did not know that.

Mr. OLIVER. The chairman of the committee mentioned just a few minutes ago that some of these claims might be paid out of the appropriation for the increase of the Navy.

Mr. BUTLER. Yes.

Mr. OLIVER. That is an amount carried over from year to year, and you are providing for the payment of some claims that might properly be considered under the increase of the Navy.

Mr. BUTLER. Under future appropriations.

Mr. OLIVER. They have unexpended balances to their credit. I think the hearings show that they had upwards of \$37,000,000 unexpended out of the increase last year.

Mr. MANN. May I ask the gentleman a question in connection with the same matter?

Mr. OLIVER. I yield.

Mr. MANN. Under that language in the bill can not these claims be paid out of appropriations hereafter made?

Mr. OLIVER. I think it susceptible of that construction.



Mr. MANN. Here is an appropriation for certain engineering accounts or ship construction in general language, a large sum appropriated. Would not that appropriation be available for the payment of these claims?

Mr. OLIVER. I am inclined to think so. I wish to call the attention of the chairman of the committee to the fact that I was a member of the legislative committee when some of the hearings were had, and if you will turn to the hearings you will find that officers, appearing before the committee, made the statement that if given authority to adjudicate these claims, as provided in this bill, they had on hand sufficient money now appropriated to care for such claims. You will find that in the hearings before the legislative committee in the last Congress.

Mr. BRITTEN. Will the gentleman yield for a suggestion?

Mr. OLIVER. Yes.

Mr. BRITTEN. I suggest that the appropriation "for the increase of the Navy" might be used in connection with the construction of ships, but could not be used in connection with the claims on a building contract under yards and docks.

Mr. MANN. No; but it could be paid under the appropriation for yards and docks. What I want to get at is this, and it has not been explained yet. Is this a bill which permits the payment of money, or is it a bill for the investigation of claims yet to be audited, to be reported to Congress for future action by the Committee on War Claims or Claims?

Mr. OLIVER. It is of a dual character—for the payment of money and also for the investigation of claims. In some cases it may be necessary to report the claims back to Congress for an appropriation.

Mr. MANN. Here is an important matter. A claim becomes a legal claim against the Government if it is audited. Audited claims are paid as a matter of course by Congress in the general deficiency bill. A claim authorized to be investigated and report made to Congress of the investigation is a claim up in the air and can only be acted upon by a proper report of the Claims Committee of the House. That amounts to nothing in the way of the payment of a claim. I suspect, although I do not know and I ask for information, that the astute gentlemen who prepared this bill are not attempting to go through an idle performance, and that it is intended in some way to get these claims in a class where they are paid either out of funds appropriated for the Navy or as audited claims by Congress.

Mr. OLIVER. I think that is answered in the statement I just made.

Mr. MANN. I can not tell from the bill.

Mr. OLIVER. It reads:

In case there is no appropriation available for such payment, the Secretary of the Navy shall report to Congress his findings and recommendations in relation thereto.

There will be many claims, practically all of them, paid out of appropriations already made.

Mr. MANN. That does not say out of appropriations now made. Most of the naval appropriations are of large sums for general purposes, and under that language it looks to me as though they could settle any claims almost and pay them out of money hereafter appropriated for general purposes.

Mr. OLIVER. I think the gentleman is correct. I desire to say that I know the chairman and members of the committee hesitated and expressed grave doubt about the propriety of passing this bill at the last session of Congress. There was great pressure from the outside for a bill of this kind. There are meritorious claims, but this bill as now drawn is too broad, and the House should so amend it as to authorize only an investigation by the Secretary, the House reserving to itself the right of supervising his findings and determining whether appropriations should be made hereafter to pay the same.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. OLIVER. Yes.

Mr. MOORE of Virginia. As I caught the language of the gentleman's amendment, it does not accomplish the purpose that he has in view.

Mr. OLIVER. Only in a partial way.

Mr. MOORE of Virginia. It would leave the Navy Department free, as the gentleman from Illinois suggests, to pay the claims.

Mr. OLIVER. The amendment I read was not intended to cover all of the objections I make to the different sections.

Mr. BRITTEN. Will the gentleman yield?

Mr. OLIVER. Yes.

Mr. BRITTEN. I would like to say that the only claims the Navy Department can settle under section 2 are claims existing under supplemental agreements, supplemental contracts, for a particular thing, where the Navy Department agrees to pay a certain amount of money for certain work to be executed by

the contractor. The contractor has executed the work, and the Navy Department desires to pay him under the contract. It has the money with which to do so, and in most instances it is for a specific purpose. There is no dispute between the Navy Department and the contractor; and while it is called a claim, there is no disputed amount of money, because it has been agreed upon and the Navy Department desires to pay the amount. In many instances the department issued the voucher under the contract with the Navy Department which they thought was valid and legal. There was no way to know that the contract was illegal until the comptroller ruled upon it.

Mr. OLIVER. I can not yield further just now.

Mr. BRITTEN. That is the only character of claim that the department can settle. The other claims can not be settled by the Secretary of the Navy.

Mr. OLIVER. The trouble about the gentleman's statement is this: The bill as drawn is susceptible of a construction that would lead us far astray from the purposes he has announced.

Mr. BRITTEN. I have no objection to the gentleman's amendment.

Mr. BUTLER. Mr. Chairman, I would like to ask the gentleman from Alabama, in whose judgment I have a great deal of confidence and with whose views I am usually in entire accord, and am here, what he would suggest in the premises? He knows from his examination and I know from mine that there are many claims here that should be paid. Is not that true?

Mr. OLIVER. Yes.

Mr. BUTLER. There are some claims that ought not to be paid, as my friend knows, and we have endeavored to shut them out.

Mr. OLIVER. Yes.

Mr. BUTLER. What would he suggest? How can we proceed? What can we do in order to bring to the attention of Congress these claims of merit which should be paid?

Mr. OLIVER. I would suggest that we do exactly what I understood the chairman at the last session advised. I think I quote him correctly when I say that he advised that we simply direct an investigation of these claims by the Secretary of the Navy and a report by him to Congress.

Mr. BUTLER. Does not the first section about cover that?

Mr. OLIVER. The trouble is that the first and the second sections go further and authorize the payment of these claims out of existing appropriations. It was not the purpose of the committee, when I was a member, to go that far. I hope the gentleman will amend the bill so as to conform to the original purpose of the committee.

Mr. BUTLER. Does not the gentleman think that section 1 about covers his views? I do not think there is authority in that to pay. That is given in section 2.

Mr. OLIVER. Yes; that is correct.

Mr. BUTLER. Section 1 only gives authority to investigate.

Mr. OLIVER. Yes.

Mr. BUTLER. Does not that about cover the gentleman's views?

Mr. OLIVER. Yes; but section 2a would also have to be changed.

Mr. EVANS. Mr. Chairman, referring to section 1, on page 3, lines 7, 8, and 9, will that not set aside any compromise where a voucher has been issued?

Mr. OLIVER. I think so.

Mr. EVANS. Then that should certainly not be so broad as that.

Mr. OLIVER. No; I think that is a mistake.

Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. McClintic].

Mr. McClintic. Mr. Chairman, when this bill was considered by the Naval Affairs Committee I voted against it for the reason that it contains two very objectionable clauses. If any Member will turn to section 1 and read the proviso found at the end of line 19 I think he would say that if he has a contract with the Navy and it is adjudicated under the terms of this bill he would be able to collect a profit up to 6 per cent, because the language says that the amount of compensation to be paid by the Government to any such contractor for his losses shall not increase his net profit on the entire volume of such business above 6 per cent. If the English language means anything to me it certainly means that any contractor who has a claim against the Navy can collect up to 6 per cent, because the language says that.

Mr. CHALMERS. Even covering a contract where he took it too low.

Mr. McClintic. I do not care what kind of a contract it is; if he has made below 6 per cent, he can file a claim with the Navy Department. In the committee I offered an amendment to strike that language out, and I am going to reoffer the



amendment in the Committee of the Whole. The distinguished gentleman who is the leader of the minority said a few moments ago on the floor that the object of this bill was not to pay any contractor a profit.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC. Yes.

Mr. BRITTEN. Does not the gentleman think that the language at the bottom of page 1, referring to the losses, which says—

Which actual losses have been brought about by the action of Government agencies—

covers the matter, so that if he loses money on his contract the Government will not reimburse him, unless the Government itself is responsible for the loss.

Mr. McCLINTIC. If the gentleman is of that opinion, then why should we object to striking out this particular section, so that it would say that it shall not include any profit? It would not affect the status of a single claimant. I am in favor of giving these contractors proper consideration. I am in favor of allowing them such consideration as would not cause them to lose any money, but I am not in favor of allowing a bill to go through this House which anyone who reads the section will conclude gives a contractor the right to claim up to 6 per cent.

Then if gentlemen will turn to page 3, line 7, they will find another clause to which attention was called a few moments ago by the gentleman from Alabama [Mr. OLIVER], which he thought was entirely too broad. I also offered an amendment in the committee to strike out that language, because it would allow any claimant who has had a settlement with the Navy to again come in and ask for a new deal. I hope the House will eliminate those two particular clauses, because they will open the gate in such a way as to allow thousands of contractors who have already made a settlement to come into the Navy Department and say that the settlement is not satisfactory; that the Congress has passed a new bill, which allows them to disregard the settlement made in the past; and that now they present certain claims on the basis of this bill in order that they may obtain some more money out of the Treasury. I think contractors who have had business with the Navy ought to be very glad indeed to make a settlement upon the basis of not making any profits; but I fear that unless you strike out the language on page 2 every contractor who has not made as much as 6 per cent will come in and by the terms of this act collect that amount of money. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. OLIVER. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I am of the opinion that neither naval officers nor Army officers are qualified to pass upon claims involving money against the Government. They make a mighty poor mess of it when they go to sit as adjudicating courts. From the time they first have connection with the Government, when they leave their homes and enter West Point or Annapolis, money begins to come easy to them. Their initial expenses from their homes to Annapolis is paid to them, and they are allowed so much a year, in addition to their education, even while going to school, and after they get out and get their commissions their salaries seem to come easy. They are allowed to buy their goods and their merchandise at cost, while other people pay 100 cents on the dollar for what they buy. Everything to them comes easy, and they are not very careful about finances. I do not think that any officer or any subofficer in the Navy Department ought to pass upon millions of dollars of such claims, and the committee to-day can not tell us just how many millions of dollars these claims involve. Now, let us see. We had up just such a question on May 26, 1920, when there was a bill brought in here from the Committee on the Merchant Marine and Fisheries, seeking to authorize the Shipping Board to settle certain claims with wooden-ship contractors involving about \$50,000,000, and that bill was argued extensively here on this floor by various Members, and if I am not mistaken there was almost a unanimous report from the committee favoring that bill, and yet when it was examined closely it was defeated. There was a motion to recommit it to the committee, and upon a division there were, ayes 164 and noes 50, and that bill went back to the Committee on the Merchant Marine and Fisheries to die, and it has slept the sleep of death there ever since May 26, 1920. The committee has never brought it back here and it is as dead as Hector. What happened here the other day? I call attention to the fact that on July 25, 1921, just the other day, there was a bill brought here by the Committee on Military Affairs, with almost a uni-

mous report of the committee favoring it, to permit the department to settle radio claims, and it sought to appropriate \$2,500,000 as an initial appropriation. That bill involved claims amounting to thirty or forty million dollars as admitted by various officers of this Government, and when my friend from West Virginia [Mr. GOODYKOONZ] moved to strike out the enacting clause on that bill, on a division there were 87 ayes and noes 11, and so the enacting clause of that bill was stricken out because of the good judgment of this House, which said that the settlement of such claims ought not to be left to these boards and these officers down in these departments. They ought to go to the Court of Claims. They ought to be passed upon by the judicial officers of this Government. There ought to be the Government district attorney there to see that the Government gets a fair deal. There ought to be a Federal judge to render a proper judgment. Let me say to the gentleman from Illinois [Mr. BRITTEN] that every one of these claims he has mentioned here this afternoon could go to the Court of Claims without any authorization from the Congress. Why, take the matter of the Government taking a contractor's cement. Is not that a matter upon which the law gives the right to the contractor to go into the Court of Claims? Of course it is.

Take the matter of the War Department directing a contractor to build a fence around certain Government work. That is a matter where the contractor who spent the money under the direction of the Government could go to the Court of Claims and have it adjudicated.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLANTON. I have but a few moments, but I will yield.

Mr. BRITTEN. There is no question about getting pay for cement, but there are the liquidated damages of the delay.

Mr. BLANTON. Oh, that would be considered in the Court of Claims, and he would be given a just deal, and that is where he ought to go.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BUTLER. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. KELLEY].

Mr. KELLEY of Michigan. Mr. Chairman, I am not familiar with the specific language carried in this bill. I, however, am more or less familiar with the purpose of the legislation. During the war a great many contracts were interfered with by the Government itself, to the great detriment of the contractor. I have in mind one case where a fixed-price contract was awarded for the construction of a dry dock. The Government subsequently commandeered the cement in that whole region so that the contractor could not supply the cement for the construction of the dock at the price at which he expected to be able to obtain it when the contract was entered into. Then Government boards fixed the wages in the Government yards and plants and even in private yards throughout that whole region, and the contractor was forced to go out and hire men competing with the Government yards and Government plants where wages had been fixed by the Government in excess of what the contractor had expected to pay when he made his contract. So it is a matter of common knowledge on the part of every Member of the House that with the contract made under those circumstances the contractor might be forced into bankruptcy, which was the case in a few instances. Now, my understanding is that the gentleman from Pennsylvania desires to provide relief only in those cases where the Government by its own act interfered with the proper and lawful execution of a contract. I hope that if this language does not properly safeguard the Government the Committee of the Whole will modify the language, but I should very much regret to see the entire paragraph stricken out, because some of those contractors are poor men, and their funds have been tied up and their bank accounts tied up and great injustice has been done in some cases. Of course, the language should not be so wide open as to permit the expenditure of unexpended balances for the payment of these claims.

Payment should be provided for by appropriations made in the proper way, and I presume the gentleman from Pennsylvania [Mr. BUTLER] would be glad to accept any amendment that would do that.

Mr. OLIVER. I share fully in the opinion that that was the primary purpose of the gentleman from Pennsylvania. I think perhaps some amendments will be acceptable to him.

Mr. McPHERSON. Take the case of the *Idaho*, which was referred to, if the Secretary of the Navy thought there was due the builder, the New York Shipbuilding Co., a certain sum of money, how could we ascertain, having no accounting force, whether the statement was right or not?



Mr. KELLEY of Michigan. I am not sure that I grasped the gentleman's question. But there is a provision in the paragraph that makes it a condition precedent to filing the claim that the contractor shall file an affidavit to the effect that he did not make as much as 6 per cent on his entire business with the Government between certain dates. The only effect of the 6 per cent provision is to give the Secretary of the Navy jurisdiction of any claim, and if the contractors can not file such a statement his claim can not be considered.

Mr. McPHERSON. Certain gentlemen seem to think that it is an objection to this bill that you will not find out that any of these claims should be paid without coming back to Congress, and the amendment that is promised to be offered is that the Secretary, when he ascertains the amount, will report it to us. My idea is whether there would be any value in doing that? If the Secretary reported certain sums due on one of these contracts, like the one I have instanced, Congress has no means of knowing, have they, whether or not the Secretary has made a mistake?

Mr. KELLEY of Michigan. I suppose the proper committee making the appropriation could make the determination.

Mr. McPHERSON. That would require at least an auditing of the account.

Mr. KELLEY of Michigan. Whether they would act more wise than the Secretary of the Navy I do not know. But the authority to pass on all demands for money would and should, of course, lie with Congress in the last analysis.

Mr. OLIVER. Mr. Chairman, I yield the remainder of my time to the gentleman from Tennessee [Mr. DAVIS].

The CHAIRMAN. The gentleman from Tennessee is recognized for one minute.

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen, of course, I can not discuss this bill in one minute. But I wish to say that I think this bill ought to be defeated, and it ought to be defeated for the same reason that the House overwhelmingly defeated the bill just the other day to provide for payments to claimants for radio patents, and for the same reason that during the last Congress we overwhelmingly defeated a bill providing relief for wooden-ship contractors. It is on a par with them. I believe, as I think the House believes, because of its action on those matters, that such claims ought to be determined by a judicial tribunal. If these claimants have legal rights, they can assert them and recover in the Court of Claims. If they have no legal rights, we ought not to pay them. This Government ought to be just to the taxpayer before it is charitable to the contractor [applause], and that is especially so at this time, when the people are righteously demanding and are entitled to economy. Instead of economizing, we are here proposing to pay large sums of money to men who are not legally entitled to them, and in a bill about which one member of the committee just said there were grave misgivings on the part of the committee itself as to whether it should be reported out. I think it is time to stop this digging into the Public Treasury in order to pay Tom, Dick, and Harry. If you are going to try to compensate everybody who incurred losses by reason of the war, even if right, it can not be done, and I say it is not right unless there is a legal liability on the part of the Government. Look at the hundreds of thousands of farmers who, under pressure and encouragement of the Government, planted certain crops, which they raised at a loss, and some of which they could not sell at all. Is there any legislation to reimburse them? There are large numbers of manufacturers who went into the manufacture of various supplies for governmental uses under the encouragement of Government officials, and when the war was terminated unexpectedly they were left with goods on hand which they were unable to sell, or, if sold, were compelled to sell at a loss. Machinery and factories which they provided for this business were left on their hands and are without value. Numberless other citizens incurred losses of various kinds. We have just as much right to reimburse those as we have to reimburse these contractors. We have not even enacted the adjusted compensation bill for the soldiers who did our fighting. And yet we are asked to pay millions to these contractors, who are disappointed because they did not make enormous profits out of their contracts with the Government, as they had expected, although they are not entitled to such payments either by contract or law. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. The Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc., That the Secretary of the Navy, under such regulations as he may prescribe, is hereby authorized and directed to receive and investigate claims, submitted under oath and filed with the Navy Department within 60 days from the passage of this act, looking to reimbursement of contractors, through appropriations to be made by Congress for that purpose, upon estimates furnished by the Secretary from time to time, for actual losses under fixed-price contracts occur-*

*ring after April 6, 1917, but not including losses of anticipated profits, which actual losses have been brought about by the action of Government agencies, sovereign or otherwise, and not by the fault or negligence of the contractor, after the date upon which such contracts were entered into and which have arisen under contracts made between April 6, 1917, and November 11, 1918, or under contracts which were entered into before and were due for completion after April 6, 1917, either by the terms of the contracts or authorized extensions thereof, but no such claim shall be received or investigated unless the claimant shall file with the Secretary of the Navy an affidavit in writing that he did not make a net profit of 6 per cent on the entire volume of his business with or for the United States Government upon contracts entered into during the period between April 6, 1917, and June 30, 1919, or that were entered into before and were due for completion after April 6, 1917, either by the terms of the contracts or authorized extensions thereof: Provided, That "net profits" hereunder shall be ascertained as provided in section 302 of the revenue act approved September 8, 1916: Provided further, That the amount of compensation to be paid by the Government to any such contractor for his losses shall not increase his net profit on the entire volume of such business above 6 per cent.*

*The Secretary shall reject claims for losses arising from loss or cancellation of commercial business resulting from mandatory orders placed by the Navy Department or from fixed-price contracts made by or under the authority of the Secretary of the Navy voluntarily entered into with the Navy Department; and claims based upon any contract or order modified or canceled in whole or in part, the terms of which modification or cancellation shall have been agreed upon by the parties to the contract since November 11, 1918; but execution of a final voucher or release under the provisions of a contract shall not bar the claimant from relief under this act if he is otherwise entitled thereto. In case the performance of the contract by any contractor as contemplated herein is not completed prior to the passage of this act, the claimant may file a preliminary claim within 60 days after the passage hereof and may thereafter, within 30 days after the completion of work under such contract, file final claim.*

Mr. McCLINTIC. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

The Clerk read as follows:

*Amendment by Mr. McCLINTIC: Page 2, line 10, after the word "make," strike out the words "a net profit of 6 per cent" and add the words "any profit."*

Mr. McCLINTIC. Mr. Chairman, this amendment will make it read, if he did not make any profit on the entire volume of his business, and so forth. If you will turn to page 1, line 10, you will see that this bill provides for "actual" losses. I can not see any reason why we should leave the bill in such a way that it would be subject to be construed that a person who had not made up the 6 per cent would have a right to file a claim with the Government. If this House wants this bill only to refer to actual losses, then I think the amendment ought to be adopted. So I ask for a vote on the amendment.

Mr. BUTLER. Mr. Chairman, it has been a common understanding among men that 6 per cent is a proper interest on their investment, and I would not belong to any combination of men that would charge more than that. It was suggested a larger sum should be written in here. The Secretary of the Navy, to my recollection, finally suggested it should be 6 per cent. Now, I think it is only fair that upon the volume of business that a man has he may be entitled to make 6 per cent. That is the interest that I pay upon my mortgage, I believe, and I think the mortgagee is entitled to his interest and the manufacturer is entitled to profit up to 6 per cent. I take it that it is only fair among men.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes.

Mr. McCLINTIC. If I understand the gentleman correctly, it is right to allow 6 per cent?

Mr. BUTLER. Six per cent profit. I understand it will be 6 per cent that they made. Now, how shall that be computed? It is provided in this bill that it shall be ascertained in a certain way; that it shall be ascertained according to the provisions of the act of Congress authorizing the collection of certain taxes, reference being made to a provision of Congress later on. You can do no better than that.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Massachusetts.

Mr. WALSH. This section is for the purpose of having an investigation of the claims made?

Mr. BUTLER. Yes, sir.

Mr. WALSH. An investigation of somebody's claims made?

Mr. BUTLER. Yes.

Mr. WALSH. Now we want to know what the claims are.

Mr. BUTLER. Yes.

Mr. WALSH. What difference does it make whether he lost 6 per cent on one contract and made 12 per cent on another? What we want to find out is what he is claiming.

Mr. BUTLER. Mr. Chairman, it is a condition precedent under the provisions of this act that unless he can write it down in his affidavit that he has not made on the whole volume of his business 6 per cent the Secretary of the Navy has no power to investigate it.

Mr. WALSH. Then if on his own admission a man has made 6 per cent on the rest of his business, no matter how harsh the Government was in interfering with the operations under this particular contract, of stopping materials and taking materials away from him, or raising wages, or doing any of these other things about which they complain, if on all the rest of the Government's business with him he made 6 per cent the Government was justified in treating him that way and he has no loss upon which to present a claim against the Government.

Mr. BUTLER. I want to explain my view of it, not in response to what the gentleman from Massachusetts has stated, but following up the statement the gentleman made. If on all the business the contractor had, of all kinds, with the Government during a certain period, all added up, he has made as much as 6 per cent profit, he can not even for actual damages make a claim against the Government.

Mr. WALSH. What about his claim in the Court of Claims, if he has any?

Mr. MOORE of Virginia. He is unable to go to the Court of Claims.

Mr. WALSH. Some of these claims, it was explained by the gentleman from Illinois [Mr. BRITEN], involved contractual obligations and breach of contract.

Mr. BUTLER. I would say where he has a legal right to press his claim in the Court of Claims he will not be considered here. It was my understanding that in this bill we cover nothing but equitable rights, and wherever a written contract was made with the Government and the contractor has the right under the law, he will go in the Court of Claims and settle it. We are authorizing the department to investigate claims where the rights are equitable only.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BUTLER. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

Mr. SPEAKS. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. SPEAKS. I desire to ask the gentleman a question.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes; if the gentleman from Ohio [Mr. SPEAKS] will excuse me for a moment.

Mr. SPEAKS. Very well.

Mr. McKENZIE. Suppose a contractor made \$300,000 on one contract with the Government, and that he lost \$300,000 on another contract with the Government. He would then have just broken even and would have suffered no loss. Is that true?

Mr. BUTLER. Yes.

Mr. McKENZIE. Is it intended under the provisions of this bill to permit that gentleman to come in before this board and ask that he be granted 6 per cent? Is that the idea?

Mr. BUTLER. Yes.

Mr. McKENZIE. If that is true, let me ask the gentleman, further, is it to compensate him for the loss or is it to compensate him or his claim agent for his nerve?

Mr. BUTLER. No; I want to say to the gentleman from Illinois that I do not care what you do with this bill. I am not treating it as a joke. I believe that the Government ought to deal honestly and squarely with its own citizens. I want to say to my friend that, as I understand it, on the whole volume of business that may be done if it is shown or the contractor admits that he has had a profit of 6 per cent, he has no claim whatever of any kind against the Government.

Mr. CHALMERS. Mr. Chairman, will the gentleman yield?

Mr. PADGETT. Mr. Chairman, will the gentleman yield to me?

Mr. BUTLER. I am not going to stand on my feet much longer. It matters not to me what you do.

Mr. SPEAKS. I would like to ask the gentleman a question. I am a member of the Committee on Claims. As a subcommittee two claims have been referred to me for investigation, both identical, as I recall. Down in Arkansas in 1916 a man took a contract to carry the mails, based, of course, upon normal conditions. In 1917 this Congress declares war, all beyond the possibility of the gentleman from Arkansas to foresee. A military camp is established in his immediate community, with the result that the volume of mail is increased fourfold, and the poor fellow loses \$15,000. Is it not almost a parallel case, and would it not be fair to offer an amendment authorizing the Postmaster General to take up this and similar claims and adjust them in the same manner?

Mr. BUTLER. I want to say to the gentleman that the Post Office Department has authority under law already made to

adjust that. The Post Office Department and the Treasury Department, on all public-building work, and the War Department, on river and harbor work, all have the authority that is asked here, although it is more confined.

Mr. SPEAKS. The War Department disclaims any such right.

Mr. BUTLER. If the Government, without any fault of this contractor, caused him to suffer loss, the Government ought to make him whole.

Mr. CHALMERS. I ask the gentleman from Pennsylvania [Mr. BUTLER] to yield to me for an honest question. I want to get some information.

Mr. BUTLER. I will yield to my friend and I will try to give him an honest answer.

Mr. CHALMERS. The gentleman from Illinois [Mr. McKENZIE] referred to the case of a man who had two contracts, on one of which he made \$300,000 and on the other of which he lost \$300,000. I want to ask the gentleman, if a man had one contract with the Government and he lost \$300,000 on it, could he come in under this bill and be reimbursed?

Mr. BUTLER. I am going to answer that the best I know how.

Mr. PADGETT. Will my friend yield to me to allow me to answer that question?

Mr. BUTLER. If the gentleman [Mr. CHALMERS] will permit, I will yield to the gentleman from Tennessee [Mr. PADGETT] to answer the question, because he has given this measure a great deal of attention.

Mr. PADGETT. Take the specific case of a contractor who had two contracts.

Mr. CHALMERS. No; I am asking about a man who had one contract.

Mr. PADGETT. If a man had two contracts and on one he lost \$300,000 and on the other he gained \$300,000, he could come to the Secretary of the Navy and have the question of his loss on the one contract determined; not to get 6 per cent or any profit whatever, but simply to make good his loss on the one contract on which he lost.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WALSH. Mr. Chairman, I move to strike out the section.

Mr. MANN. The gentleman means the section after the enacting clause?

Mr. WALSH. The section after the enacting clause.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the section. The Chair is in doubt whether that is in order until the amendment to perfect the text has been acted upon.

Mr. WALSH. The perfecting amendment should be voted on first, but that does not affect my right to offer the motion now.

The CHAIRMAN. The gentleman from Massachusetts moves to strike out the section. All those in favor of the motion will say aye. [The affirmative vote was taken.] All those opposed will say no. [The negative vote was taken.] The ayes appear to have it.

Mr. BUTLER. I ask for a division, Mr. Chairman.

Mr. CHINDBLOM. Mr. Chairman, a parliamentary inquiry. Is not the amendment to perfect the section to be voted upon first?

The CHAIRMAN. The gentleman from Massachusetts moved to strike out the section.

Mr. MANN. He had a right to offer his motion, but not to have it voted upon before the perfecting amendment was voted upon.

Mr. MONDELL. The Chair has submitted the motion and the committee is voting upon it. No point of order was made against it.

Mr. MANN. No point of order could be made against the motion, but the rule is that an amendment to perfect the section is voted upon before the motion to strike out the section.

The CHAIRMAN. The Chair is inclined to think that the gentleman from Illinois [Mr. MANN] is correct, and that the vote must first be had upon the motion to perfect the text, even though the Chair erroneously put the other motion first.

Mr. WALSH. I did not want the Chair to understand that I was contending that my motion should be voted upon first. I was only contending that I had the right to offer it now, notwithstanding the motion to perfect the text should be voted upon first.

The CHAIRMAN. The question is, first, on the motion of the gentleman from Oklahoma to perfect the text.

Mr. WALSH. I should like to discuss my motion.

Mr. HARDY of Texas. May I be heard in opposition to the motion of the gentleman from Massachusetts or of the gentleman from Oklahoma [Mr. McCLINTIC]? I should like to be heard in opposition to that motion.



The CHAIRMAN. There has been debate on that motion.

Mr. HARDY of Texas. I do not believe there has been anybody heard in opposition to the motion of the gentleman from Oklahoma [Mr. McCLINTIC].

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. WALSH].

Mr. WALSH. Mr. Chairman, I should like to ask some member of the committee what the language at the top of page 2 means—

By the action of Government agencies sovereign or otherwise?

Mr. BUTLER. That is the language used by the comptroller in passing upon some of these claims.

Mr. WALSH. But what does the language mean?

Mr. McPHERSON. Mr. Chairman, I can answer that question. The Railroad Administration have exercised governmental authority, and the priorities board—

Mr. BUTLER. Both those bodies.

Mr. McPHERSON. All these bodies acting within the scope of their authority have done certain things, and this refers to the action of such governmental agencies, for which the comptroller has held that no one can claim damages.

Mr. MANN. It is easy enough to give illustrations of what it is, but where do you draw the line? What is it?

Mr. McPHERSON. We do not draw any line, because no action—

Mr. MANN. The sky is the limit.

Mr. McPHERSON. The idea of the committee was to cover cases where anyone had suffered loss on account of any wrongful action of a governmental agency, because the courts have all held that no one may bring an action against the United States for a tort or wrongful action of a governmental agency.

Mr. WALSH. This does not necessarily involve wrongful action.

Mr. McPHERSON. It certainly does. For instance, it involves cases like the taking of the man's cement, when the contractor had done as he agreed to do, and had his cement on the dock at the place where he was about to use it, and the priorities board took his cement away from him and sent it to France.

Mr. WALSH. Who says that was wrong?

Mr. McPHERSON. I say it was wrong.

Mr. WALSH. The contractor says so.

Mr. McPHERSON. I say so. A man had a contract to build a dock and required a shipload of cement. He procured the cement and was ready to do the work. The priority board took the cement and gave it to some one else, commandeered it, and took it away and sent it to Europe. If it had been a private citizen, it would have been a conversion or a trespass, but the Government is not liable for a conversion or a tort or a trespass.

Mr. WALSH. If the Government is not liable for a conversion, how can it be wrongful?

Mr. McPHERSON. The Government may not be legally liable and yet commit a wrongful act.

Mr. WALSH. It can be wrongful if it does something that the contractor does not like. From a legal point of view the Government is not liable for a conversion.

Mr. McPHERSON. No; but it is wrongful for the Government. It is a trespass, and it is wrong. The Government is not liable because it is a sovereign power, but it is wrong just the same.

Mr. WALSH. The gentleman says that a sovereign can do no wrong, but if it is something the contractor does not like it is wrong.

Mr. McPHERSON. I take the position that it is wrong, but the Government is not required to respond in damages.

Mr. WALSH. Is it wrong to increase wages?

Mr. McPHERSON. It is a wrong to the contractor.

Mr. WALSH. But from the Government standpoint it is not wrong.

Mr. McPHERSON. If the Government in its sovereign capacity creates a loss through railroad administration in failing to furnish cars, or takes the material that the contractor had and gives it to some one else whereby the contractor suffers a loss on that account, I think he ought to be paid.

Mr. WALSH. Sure; that is it. Now, what do you mean by the words "or otherwise" on the top of page 2? That is my difficulty. I am not cognizant of what some of these terms mean.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. WALSH. Mr. Chairman, I ask for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WALSH. What do the words "or otherwise" mean?

Mr. McPHERSON. We mean that if the Government of the United States, through any of these agencies—Railroad Administration, the Shipping Board, or any other agency—has occasioned these contractors a loss, we want to pay them for it.

Mr. WALSH. But what do the words "or otherwise" mean?

Mr. McPHERSON. That includes other ways and methods and other agencies.

Mr. CHALMERS. Will the gentleman yield?

Mr. WALSH. I will.

Mr. CHALMERS. In the gentleman's judgment, if the contractor has one contract and loses \$300,000, under this bill he could be reimbursed?

Mr. WALSH. I understand from the explanations made by the gentleman from Tennessee that he could.

Mr. CHALMERS. In that case he would be reimbursed for losses even for mismanagement.

Mr. WALSH. Absolutely.

Mr. SWING. Will the gentleman yield?

Mr. WALSH. Yes.

Mr. SWING. It is not mismanagement, because the only loss to be reimbursed for here is a loss caused by the act of the intervention of the Government. It is not a loss caused by mismanagement.

Mr. McKENZIE. Will the gentleman yield?

Mr. WALSH. Yes.

Mr. McKENZIE. I should like to ask the gentleman if the Government was not exercising sovereign power when it took a young man drawing \$100 a month in a bank and put him into the Army at \$30 a month?

Mr. WALSH. Absolutely. I think I endeavored in a feeble way to point that out when we had the other measure in here for the adjustment of claims infringing radio patents. This is along the same line, on a little different plan, but the principle is practically the same.

Mr. HARDY of Texas. Mr. Chairman, I rather think the dog days are here and that the House is in such a humor that perhaps the best thing is to adjourn and sleep over it. Let me say in reference to the bill, however, that its purpose is right and just. It simply provides that where the Government made a contract with one of its citizens and through its own action caused that citizen a loss in executing the contract, it shall compensate him for the loss caused by the action of the Government. That is right. That feature of the bill ought to appeal to every just man.

Now, the motion of the gentleman from Oklahoma is wrong, because he misconceives the paragraph he is seeking to strike out. This bill, in fact, does not fully give what is just between man and man, and says that notwithstanding the contractor may have lost something by the act of the Government in connection with one contract, if on other contracts he has made enough to make him an aggregate of 6 per cent, he can not be paid anything whatever for the loss caused to him by the action of the Government.

Mr. McCLINTIC. Will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. McCLINTIC. How does the gentleman get around this language:

In case there is no appropriation available for such payment the Secretary of the Navy shall report to Congress his findings and recommendations in relation thereto.

Mr. HARDY of Texas. If the gentleman will have patience and let me complete my remarks, I will try and answer him. Take the case spoken of by a Member a moment ago. Two ships at equal price are authorized to be built, and one ship the contractor proceeds on without interruption, without any loss caused by the Government, and makes 20 per cent profit. On the other ship he is obstructed by the Government, he is commanded to do this, that, and the other thing; his help is taken away from him, his supplies are taken away from him, and he makes a loss of 4 per cent on that. The two together would show a net profit of 8 per cent. In that case he could not get a cent for the losses caused by the action of the Government, because if he got anything he would make over 6 per cent in the aggregate. The paragraph the gentleman wants to strike out is a limitation. If you strike that out, the rest of the bill would authorize the contractor to recover 4 per cent which he had lost by the action of the Government in one contract, even though he had made unconscionable and profiteering profits on other work for the Government. The paragraph in question wipes out his loss in one case by his excess profits in another. It is more than just to the Government, because if two men made two contracts, each contract would be a law unto itself, and no just claim for loss in one could be offset by profits made in the other.

Mr. DOWELL. Suppose he had lost on the other contract, then what?

Mr. HARDY of Texas. If there was a loss on both contracts, one a loss without the intervention of the Government?

Mr. DOWELL. Yes.

Mr. HARDY of Texas. Then you permit him to collect whatever loss to him had been occasioned by the action of the Government, and that would be right.

Mr. DOWELL. You permit him to collect everything that he has lost through the action of the Government, and if he lost on the other ship he would be permitted to collect the balance under this bill.

Mr. HARDY of Texas. He would be permitted to collect all that he lost by the action of the Government.

Mr. DOWELL. That is what this bill permits under any other contract that he had with the Government.

Mr. HARDY of Texas. Yes; certainly. As I say, the House seems to be suffering from a lack of deliberate study or a befuddled mental condition.

Mr. DOWELL. That is a proviso in this bill.

Mr. HARDY of Texas. The language of the proviso is that if he sustains a loss through the action of the Government he may recover all of that loss unless in other transactions he has made enough profit to swallow up his loss and still leave him 6 per cent profit on the whole.

Mr. DOWELL. But if he lost in the other transactions, then he is permitted to supply that under this proviso.

Mr. HARDY of Texas. Not at all. He is not permitted to recover anything but the loss caused by the Government in a given transaction, and not permitted to recover that if in other transactions he has made a profit sufficient to make 6 per cent on the sum total of his contracts.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. Yes.

Mr. BEGG. Will the gentleman state briefly why this is a better way than to submit each individual claim to a committee, I do not care whether it be the Committee on Military Affairs or the Committee on Claims?

Mr. HARDY of Texas. The Secretary of the Navy is the man provided by this bill to provide the agencies, the lawyers or the courts, or whatever it is to determine these matters, and would you not rather put it in his charge than in that of a committee of this House, who might or might not be well advised?

Mr. BEGG. No.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JONES of Texas. Mr. Chairman, I move to strike out the last word. I intended to offer an amendment, and shall offer it if the paragraph does not go out, to strike out the part of lines 5, 6, and 7 which gives authority to recover losses on contracts that were made before the war on which there might not have been a completion until after the war had started. Surely you should not allow losses for contracts that occurred prior to the war.

But I want to call the attention of my colleague from Texas [Mr. HARDY] to the particular provision that he was talking about—

*Provided further, That the amount of compensation to be paid by the Government to any such contractor for his losses shall not increase his net profit on the entire volume of such business above 6 per cent.*

That 6 per cent refers to the increases and not to the total profit. It is as if the language read "shall not increase his net profit on his total business more than 6 per cent." If any man will read that carefully he will see that that is true. If a man had made 24 per cent, and this did not increase his total profit above 6 per cent, he could still get the loss, no matter if he had made 24 per cent profit on his total business, and I defy any man to read that and come to any other conclusion. My colleague says that it was not read carefully by the House. I submit that it has been. This provision does not say "increased to a point where the profits shall not exceed 6 per cent." If it said that it shall not increase his net profits to a point where his total profits would be above 6 per cent, it would accomplish the purpose intended, but this says that it shall not increase his net profits above 6 per cent; that is what the language says, and any man who will read it carefully will come to that conclusion. In other words, as it now reads, the claimant could recover any loss, provided the amount was not so large as to increase the net profits on his total business more than 6 per cent.

Mr. HARDY of Texas. Does the gentleman think this paragraph is not a restriction or a limitation?

Mr. JONES of Texas. I most assuredly do not think that it is a restriction. I think it was intended as a restriction, but

when you come to construe language you construe not what was meant by the person in his mind but what is meant by the language itself. The intent as shown by the language governs.

Mr. HARDY of Texas. Could the gentleman draw an amendment that would make it a limitation?

Mr. JONES of Texas. I think I could, but I think the better way is to strike out the paragraph. But it can be drawn to accomplish the purpose intended, of course. You can class it as a limitation, but it is not a limitation as it is drawn here.

Another reason why this paragraph should go out is the provision that reads as follows:

*But execution of a final voucher or release under the provisions of a contract shall not bar the claimant from relief under this act if he is otherwise entitled thereto.*

By putting that language in there you open the floodgates so that every man who has settled his contract in respect to anything connected with the Navy, no matter how fair the settlement may be, can take it up again and present his claim.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. Is this debate on the amendment of the gentleman from Oklahoma?

The CHAIRMAN. The Chair assumes it was on the motion to strike out the last word.

Mr. GRAHAM of Illinois. Is the amendment of the gentleman from Massachusetts open for discussion at this time?

The CHAIRMAN. It is open for discussion.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word. Mr. Chairman, during the last hour I have tried my hand at trying to fix this bill by an amendment so that the bill might read as I thought this committee intended it to be in the first place. I believe it was the intention of the committee, from what the gentleman from Alabama stated, to put machinery in the hands of the Secretary of the Navy by which he might investigate these claims and by which he might recommend them to the Congress and Congress might allow them. But you have done more than that, gentlemen. You have got here another Dent Act that will be worse than that act. The Dent Act and the claims which were allowed under it constituted our worst experience of the war. The trouble about the matter was that the machinery was not executed by the Secretary of War and it will not be executed here by Secretary Denby. It will be executed by a lot of subordinates who are in his office. They can allow claims according to what they believe to be the justice of the matter, and I am convinced, as a lawyer, after reading this bill time and time again, if these claims are allowed by these agencies of the Navy Department, such allowances will constitute valid judgments which will be binding upon this Congress. Gentlemen, as a result of the Claims Board work during this war under the Dent Act up to this time the financial officers of the War Department have recovered back over \$24,000,000 which was wrongfully paid under that act, and just because somebody, not knowing what to do or how to do it, allowed claims and allowed the contractors to rush in and get everything they claimed—

Mr. BEGG. Will the gentleman yield for a question?

Mr. GRAHAM of Illinois. I will.

Mr. BEGG. The Claims Board allowed claims of over \$3,000,000,000. No wonder they recovered \$24,000,000.

Mr. GRAHAM of Illinois. That is true. There is not any limitation on these things. Do not let us do this thing. Let the gentleman from Pennsylvania take it to his committee and rereport it the way it ought to be. [Applause.] When you report it back that way I will vote for it.

Mr. BUTLER. What I am after is to have it perfected; to have it right. Now, will the gentleman lay down just exactly what his view is?

Mr. GRAHAM of Illinois. I will tell the gentleman what my view is. I would say to Secretary Denby, "We will give you money. You organize your machinery, investigate these things, sift out the claims which are just, and then after you have sifted them out bring them in and we will bring in individual bills and we will pay them." [Applause.] I would not give him the right to pay anything he desires. That will not do. We had our experience in this war. I walked up and down this rostrum and tore my hair about this very kind of thing during the last Congress.

Mr. BUTLER. I sat here and the gentleman did tear his hair, and when we tried to learn what became of the money expended on aircraft we never were told—

Mr. GRAHAM of Illinois. God knows, I do not know. We are trying to find out now. So let us not do the same thing.



Mr. BRITTEN. Will the gentleman yield?

Mr. GRAHAM of Illinois. I will.

Mr. BRITTEN. The gentleman's suggestion to the chairman of the Committee on Naval Affairs is exactly what the bill provides in every instance where there is a claim against the Government, excepting under section 2, whenever the claim is based on a specific supplemental agreement with the contractor—a written agreement.

Mr. GRAHAM of Illinois. Let us look at that for a moment—

Mr. BRITTEN. In every instance.

Mr. GRAHAM of Illinois. The gentleman has said that several times. However, the bill gives ample and full authority to settle all kinds of claims, legal and illegal, and to bind the Congress by such settlements.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MANN. Mr. Chairman, I move that all debate on the pending amendments and all amendments to the paragraph be now closed, except the section.

The CHAIRMAN. The gentleman from Illinois moves that debate upon the section and all amendments thereto be now closed.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Oklahoma.

Mr. McCLINTIC. May we have that again reported?

The CHAIRMAN. Without objection, the amendment will be again reported.

There was no objection.

The amendment was again reported.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The question was taken, and the amendment was rejected.

The CHAIRMAN. The question is on the amendment of the gentleman from Massachusetts to strike out the section.

The question was taken, and the Chair announced the ayes appeared to have it.

Upon a division (demanded by Mr. MANN) there were—ayes 73, noes 28.

So the amendment was agreed to.

Mr. WINGO. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. WINGO. Does the amendment strike out the section or the paragraph?

The CHAIRMAN. The section.

Mr. BUTLER. Then, Mr. Chairman, we come to section 2.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. The word "contractors" shall be deemed to include subcontractors and material men who may present their claims either directly to the Secretary of the Navy or through their respective contractors. The Secretary of the Navy, for the purposes of this investigation, shall have the right to summon witnesses and examine them under oath, acting either in person or through such agencies as he may establish, and may require the claimant to exhibit his books and papers, and may, within his discretion, submit affidavits of the claimant to the Secretary of the Treasury to be compared with income-tax or other returns from the affiant on file in the Treasury Department, and whenever it shall be found by the Secretary of the Treasury that there is a discrepancy he shall notify the Secretary of the Navy that the affidavit appears to be insufficient, and whenever the discrepancy appears to be of such nature as to warrant such action shall make the necessary reference to the Department of Justice.

Mr. BUTLER and Mr. WALSH rose.

Mr. BUTLER. Inasmuch as the committee struck out section 1, which is only a part of the machinery, I move that section 2 be stricken out.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: Page 3, line 16, strike out the remainder of page 3, and, on page 4, down to and including line 8.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Pennsylvania.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. HERRICK. Mr. Chairman, I move to strike out the enacting clause.

Mr. MANN. Do not make that motion yet.

Mr. HERRICK. Let us get rid of it. I move to strike out the enacting clause.

Mr. BUTLER. Mr. Chairman, I demand the regular order.

Mr. PADGETT. Mr. Chairman, the rest of the bill relates to the personnel of the Navy, the right to rectify discharges and injuries that were done to the enlisted personnel of the Navy that served during the war, and if the enacting clause is

stricken out there is a provision of the rules that the same subject can not be considered again at the same session of Congress. And it would be a very great injustice to the enlisted personnel of the Navy.

Mr. BUTLER. Mr. Chairman, I demand a vote.

Mr. DAVIS of Tennessee. I would like to ask if section 10 does not provide for increase of authorized limits of cost on certain battleships?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. HERRICK] to strike out the enacting clause.

The question was taken, and the Chair announced that the noes seemed to have it.

Mr. HERRICK. Division, Mr. Chairman.

The question was taken, and there were—ayes 1, noes 99.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read.

Mr. STEAGALL. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. STEAGALL. I move to recommit the bill.

The CHAIRMAN. That is out of order at this time. The Clerk will read.

The Clerk read as follows:

SEC. 2a. That the Secretary of the Navy be, and he is hereby, authorized to adjust and determine the amount equitably and justly due to any contractor under a formal contract executed by the Secretary or under his authority, which amount is in addition to or an element of the consideration named in such contract, where such amount has been expended by the contractor in accordance with any written agreement, whether in statutory form or not, or on the faith of any written promise of reimbursement, authorization, or order, when said agreement, authorization, promise, or order was made by the Secretary of the Navy or under his authority in connection with the performance of such formal contract and was made because of the exigencies arising out of the war; and such adjustment and determination shall be conclusive upon the accounting officers of the Government, and the amount thus found shall be paid from any appropriation available therefor. In case there is no appropriation available for such payment the Secretary of the Navy shall report to Congress his findings and recommendations in relation thereto.

Mr. BUTLER. Mr. Chairman, owing to the action of the committee as to the first section, this ought to go out. I therefore offer an amendment to that effect.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: Page 4, line 9, strike out all of the remainder on page 4, and on page 5 strike out lines 1, 2, 3, and 4, inclusive.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read.

Mr. BUTLER. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. BUTLER. Mr. Chairman, I ask unanimous consent that sections 2b and 2c be not read, but stricken from the bill.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that section 2b and section 2c be stricken from the bill without reading. Is there objection? [After a pause.] The Chair hears none.

The following are the sections which were stricken from the bill:

SEC. 2b. That the Secretary of the Navy is hereby authorized, as an incident to the relief contemplated by this act, to waive, mitigate, or remit liquidated damages for delays in completion of contracts, deducted under the provisions of contracts falling within the scope of this act, in those cases and to the extent that such delay is ascertained to be due to the causes specified in section 1 of this act, and he is authorized to prescribe regulations for the purpose of carrying this provision into effect.

SEC. 2c. That an appropriation is hereby authorized, out of any money in the Treasury not otherwise appropriated, of a sum not exceeding \$50,000, or so much thereof as may be necessary, for the payment of the expenses of the investigations authorized by the foregoing provisions of this act, including such additional clerical and technical assistants as the Secretary of the Navy may see proper to employ.

The Clerk read as follows:

SEC. 3. That all men transferred from the Regular Navy to the Fleet Naval Reserve who have heretofore reenlisted or may hereafter reenlist in the Navy shall, from the date of reenlistment, be credited with pay at the same rate, exclusive of retainer pay, that they were receiving when on active duty in the Navy as members of the Fleet Naval Reserve prior to date of reenlistment in the Navy, and shall be required to serve under their reenlistment only such time as added to the time served in the enlistment in which serving when transferred to the Fleet Naval Reserve and the time of active service in the Navy while mem-

bers of the Fleet Naval Reserve shall equal four years, when they shall be entitled to be discharged by reason of expiration of enlistment.

That any enlisted man of the Navy or Marine Corps who has been discharged to enable him to be enrolled in the Naval Reserve Force or Marine Corps Reserve as a commissioned or warrant officer, and who has heretofore reenlisted in the Navy or who may hereafter reenlist in the Navy within four months from the date of termination of his service as an officer in the Naval Reserve Force or Marine Corps Reserve, shall be restored to the grade, rank, or rating held by him at time of discharge from the Navy to permit enrollment in the Naval Reserve Force or Marine Corps Reserve, and he shall be entitled from the date he has heretofore so reenlisted, or may hereafter reenlist, to the same rate of pay, including subsequent increases therein, as he was receiving at time of discharge from the Navy to permit enrollment in the Naval Reserve Force, and shall be required to serve under such reenlistment only for such time as, added to the unexpired portion of the enlistment from which discharged and his active service in the Naval Reserve Force, shall equal four years, when he shall be entitled to be discharged by reason of expiration of enlistment.

That any member of the Fleet Naval Reserve, transferred thereto after 16 or 20 years' service in the Navy, who has heretofore been discharged therefrom to accept temporary appointment as an officer in the Regular Navy shall, upon the revocation of temporary appointment as an officer, be deemed to have reverted to his former status in the Fleet Naval Reserve, and shall be entitled to retain pay at the same rate he was receiving prior to discharge from the Fleet Naval Reserve from the rate he is herein deemed to have reverted to his former status therein: *Provided*, That reenlistment in the Navy following revocation of temporary appointment as an officer shall not deprive him of the benefits of this section and he shall be entitled to receive the pay, including retainer pay, authorized for members of the Fleet Naval Reserve when on active duty during the period served under enlistment.

That enlisted men of the Navy who were discharged at expiration of enlistment and had completed 16 or 20 years' service at time of discharge, and were thereafter enrolled in the Naval Reserve Force and assigned provisional rank as warrant or commissioned officers, shall be deemed to have been transferred to the Fleet Naval Reserve on date of discharge from the Navy, and then to have been transferred to the class of the Naval Reserve Force in which they were given provisional assignment as warrant or commissioned officers: *Provided*, That they shall be entitled to receive the same pay, allowances, and other benefits from and after the date said transfer to the Fleet Naval Reserve is herein deemed to have been made as is provided by law for men transferred to the Fleet Naval Reserve.

That any enlisted man who was discharged from the Navy to enable him to be enrolled in the Naval Reserve Force in a commissioned rank, who was thereafter at his own request reduced to the same rating in the Naval Reserve Force as held by him at the time of his discharge from the Navy, and transferred to the Regular Navy to serve the unexpired portion of his enrollment, in accordance with the act approved July 11, 1919, shall be entitled, from the date he was so transferred and so long as he shall continue in the naval service, to the same rate of pay and other benefits that would have been received by him if he had not been discharged from the Navy to permit enrollment in the Naval Reserve Force.

Mr. WALSH. Mr. Chairman, I move to strike out the last word for the purpose of asking some member of the committee to please explain the effect of section 3. It is rather a long section. I have endeavored to figure out just what its effect would be.

Mr. PADGETT. Mr. Chairman, in the war we had three organizations. This legislation relates altogether to the enlisted personnel. We had the enlisted personnel in the regular Navy; then we had the enlisted personnel of the Naval Reserve, in which there were six divisions, but we called it all the "Naval Reserve." Then we had a temporary organization in the Navy in the commissioned personnel as well as in the Regular Navy. Now, it occurred that men were picked out of the Navy, enlisted men, who were well qualified, and because of their fitness were selected and given temporary commissions. At the expiration of the temporary commission of such a man he went back into the enlisted personnel. The comptroller rules that, having gone out of the enlisted personnel of the Navy and gone into a commissioned rank, he lost the benefit of his continuous service, and when he went back into the enlisted personnel he went in as on a first enlistment. Now, then, a man in the Naval Reserve who was a deserving man was picked out for a commission. He served in a commissioned rank, and at the expiration of the commission, when he went back into the Naval Reserve, the same ruling was made as to him. He lost the benefit of his continuous service. All of this section 3 is intended to meet the ruling of the Comptroller of the Treasury.

Mr. WALSH. Is that all that is done?

Mr. PADGETT. That is all. It is to remedy and correct this, and to preserve for them the benefits they would have had under existing law if they had remained in the positions they held in the enlisted personnel and had not taken these preferences and these commissioned ranks.

Mr. WALSH. Does it call for any increase in the personnel of the Navy?

Mr. PADGETT. None whatever.

Mr. WALSH. Or any increase in the appropriation for that purpose?

Mr. PADGETT. None whatever.

Mr. WALSH. It is just legislation?

Mr. PADGETT. Pure and simple.

Mr. WALSH. Legislation to overcome the ruling of the Comptroller of the Treasury, and to permit men to be restored to their former enlisted status, and have them go along with continuous service as though they had not been out of the enlisted service?

Mr. PADGETT. That is it.

Mr. McKENZIE. Mr. Chairman, I would like to ask the gentleman from Tennessee a question.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. McKENZIE. Mr. Chairman, I move to strike out the last word. I wish to ask the gentleman from Tennessee a question.

The CHAIRMAN. The gentleman from Illinois is recognized. Mr. McKENZIE. You had, as I understand it, the Regular Navy, the Fleet Naval Reserve, and the Naval Reserve?

Mr. PADGETT. Yes. The Naval Reserve is the general name, and the Fleet Naval Reserve is one of the six general divisions of the Naval Reserve Force. The Naval Reserve Force is the generic name, and the Fleet Naval Reserve is one branch of it.

Mr. McKENZIE. As I understand it, an enlisted man in the Navy who has had considerable experience and might have held some higher grade, not a commissioned officer, as I understand it, but a higher grade in the enlisted personnel, could be selected and be given a commission in one of these subordinate branches?

Mr. PADGETT. Yes.

Mr. McKENZIE. He served for a certain length of time. When the war was over and the commissioned personnel had to be reduced he wanted to go back in his old place in the enlisted personnel.

Mr. PADGETT. Yes. The commissioned personnel was reduced, and he came back to his enlisted place, and he could not get there. The comptroller ruled that he came in as a new recruit, as if on a first enlistment.

Mr. McKENZIE. The question I want to ask the gentleman from Tennessee is this: Do these men who were given this commissioned status when they go back into the enlisted branch of the Navy get credit for the length of time served in the commissioned service, to be added to their enlisted service, to be computed in connection with their increase of pay?

Mr. PADGETT. My impression is that they do.

Mr. McKENZIE. Is not that one of the real things behind it? I am not quarreling with the committee about it. First, it will give them the right to go back to their old status, and, second, they will not be charged up with loss of time while serving as commissioned officers?

Mr. PADGETT. Yes. Otherwise such a man would lose the benefit of all the promotion he may have earned during his service. For instance, a man has served 16 years. That is four enlistments. He gets a little increase of pay with each enlistment. After the first enlistment, I believe, under the order of President Roosevelt fixing the rate of pay, he got \$5 increase on his second enlistment, and on each one after that he got \$3 a month increase. Now, when he was selected because of his efficiency and given this temporary promotion and a commission and surrenders his commission and comes back, the comptroller rules that he has to start back all over again as a first-enlisted man. That was not right. To remedy this in the different forms is the sole purpose of section 3.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Illinois has expired. The pro forma amendment is withdrawn.

Mr. MANN. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. MANN. I could not hear all that the gentleman from Tennessee [Mr. PADGETT] stated. The little I heard was along the lines of the report. I think the House is quite willing to do the thing that the gentleman has stated. But, frankly, we have been fooled several times by legislation coming from the Navy Department. We were badly fooled a year or so ago and enacted some legislation that I think nobody in the House knowingly voted for. Now, I want to be sure, if I may, that there is no joker in this provision.

Mr. PADGETT. If there is any there, I do not know it, and I have no reason to suspect it.

Mr. MANN. That is not the question. I know if the gentleman knew it he would have told us. I want to know if somebody has investigated this provision enough to know whether there is a joker in it.

Mr. PADGETT. We tried to investigate it, and the Secretary of the Navy has written a letter setting out and explaining the



purposes and aims of it. We had officers appear before us, and we went into it as fully as we could.

Mr. MANN. I asked several members of the Committee on Naval Affairs, and they said they did not know anything about it.

Mr. PADGETT. We had hearings upon it.

Mr. MANN. That may be.

Mr. PADGETT. I think it is entirely bona fide and is justified.

Mr. BUTLER. I have sat and listened to the testimony, and I thought I understood it.

Mr. MANN. Is the gentleman sure he understands it?

Mr. BUTLER. I am not sure. This is complicated legislation. We inquired whether or not it was for the purpose of reaching certain objects, and we were well satisfied from the examination we made of it. I want to assure my friend that the gentleman from Tennessee [Mr. PADGETT], who wrote this act, is very familiar with it.

Mr. MANN. Oh, all these acts are really written up in the Navy Department. I have read the letter of the Secretary of the Navy, but of course he himself did not write it. I do not know who wrote it. Probably some very estimable gentleman. Yet sometimes these things are slipped through without our knowledge. Now, no one here pretends to be very familiar with this subject except my friend from Tennessee [Mr. PADGETT]. If he will assure me that there is not anything hidden in this, after his careful investigation, that is enough; but I do not want him to say we passed this simply because we received a letter from the Secretary of the Navy, written by some one in the department at the instance of a clerk or officer down along the line somewhere. Are any commissioned officers involved in this anywhere?

Mr. PADGETT. It relates only to the enlisted personnel.

Mr. MANN. The paragraph on page 7, beginning on line 5, does that relate in any way to commissioned officers?

Mr. PADGETT. It reads:

That any member of the Fleet Naval Reserve, transferred thereto after 16 or 20 years' service in the Navy, who has heretofore been discharged therefrom to accept temporary appointment as an officer in the Regular Navy shall, upon the revocation of temporary appointment as an officer, be deemed to have reverted to his former status in the Fleet Naval Reserve, and shall be entitled to retainer pay at the same rate he was receiving prior to discharge from the Fleet Naval Reserve from the date he is herein deemed to have reverted to his former status therein.

And so forth. My understanding is, sir, that that relates altogether to the enlisted men of the Fleet Naval Reserve that have been transferred in order to get temporary commissions.

Mr. BUTLER. And now they go back.

Mr. MANN. Where they use an officer of the Regular Navy, that is a temporary appointment, I understand.

Mr. PADGETT. These are members of the Fleet Naval Reserve. They were not in the Regular Navy.

Mr. MANN. I know, but this provides that where they do become regular officers in the Navy—

Mr. PADGETT. That was temporary. That was under the act of May 22, 1917.

The CHAIRMAN (Mr. BURTON). The time of the gentleman has expired. Without objection the pro forma amendment will be withdrawn and the Clerk will read.

SEC. 5. The Secretary of the Navy is authorized to cause to be prepared in the Office of Naval Operations, Navy Department, a publication known as the Shipping Bulletin, and to publish and furnish the same to the maritime interests of the United States and other interested parties, at the cost of collecting and publishing the information, including the cost of printing and paper and other necessary expenses. The expenses of such bulletin shall be paid from the appropriation "Engineering," Bureau of Engineering. The money received from the sale of such publication shall be credited to appropriation "Engineering."

Mr. HICKS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HICKS: Page 9, line 11, after the word "bulletin," insert "for the entire fiscal year 1922."

Mr. HICKS. Mr. Chairman, I desire to make a statement in regard to this paragraph, in order that gentlemen may know its purpose. During the war the Navy Department published a document known as the Shipping Bulletin, which contained information pertaining to the movements of vessels all over the seas. It was done in order that the Navy Department could make up their convoys and could better handle the war situation afloat. This Shipping Bulletin was published confidentially at that time. Then when the war terminated requests were made from chambers of commerce, insurance men, and shipping men generally, owners of ships, as well as owners of cargoes, that this bulletin should be continued, because of the information that was contained therein. At first it was a

mere typewritten circular. Then it was printed by presses and was issued entirely free, the expense being charged to the Bureau of Engineering of the Navy Department. In November, 1919, the head of the Bureau of Engineering in the Navy Department objected to having the expense charged to his bureau, so the Secretary of the Navy made an arrangement with the Printing Committee by which the printing of it should be done by the Government in the city of New York, and copies were to be sold at cost, which was figured at 70 cents per copy. A provision was inserted in one of the deficiency acts of 1920 providing that the Bulletin should be published for one year, terminating June 30, 1921, at the cost of printing, paper, and so forth. The work has gone forward and 400 subscribers are now on the lists, but the limit of time has expired, and so this paragraph is inserted in order to carry it along for a further period. At first they charged 50 cents a copy. That was too low. Then they estimated the cost at 70 cents a copy, but that was too low. Now they estimate that the cost will be in the neighborhood of \$1.18 a copy. In February of this year the price was raised to \$1. The two amendments I have offered are for the purpose of legalizing the publication since July 1, 1921, and the other to limit its publication for one year, for, at the end of that time, it may be thought advisable to place its publication in some other department.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. HICKS. I yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. What information does the bulletin contain?

Mr. HICKS. This bulletin contains a statement of the movements of every ship on the seas, their arrival in port, their clearing, and their location at sea. It is published every morning, in the city of New York, Sundays and holidays excepted, and the city of New York, realizing the importance of the project, have allowed the Government Printing Office there the free use of a building, the Government supplying only heat and light, in addition to the tabulation and printing costs. The Government owns the printing presses, and the bulletin is printed under the authority of the Printing Committee. I will say that the reason why the Government is publishing this bulletin is because no private enterprise will undertake it. Effort has been made to interest private concerns, but without success. I personally feel that the Government should keep out of business as much as possible, but here is something which the shipping interests need, small shipowners and shippers as well as large ones, and no private concern will publish it because the costs are prohibitive.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. HICKS. I should like to finish my statement. Why will no private concern publish this bulletin? Because of the cost. You may say, "Well, if it would cost an individual a large amount, it must cost the Government a large amount." I will explain that. Nearly all this information comes by radio from Government agents. For instance, a vessel on the high seas will radio its location in latitude and longitude. The owners of vessels want to know about their ships, and the radio message is sent free. If the vessel is in the North Atlantic the message will be picked up by a Government radio plant somewhere north of Norfolk and by it transmitted to the office in the city of New York. There is no expense attached to the land transmission, because the Government owns these radio plants. If these messages are picked up around the Gulf or South Atlantic they are received at some navy yard in the South and are then transmitted from that navy yard, if conditions permit, to the radio plant in New York. If conditions do not permit this they will be sent by telegraph at Government rates.

Mr. COOPER of Wisconsin. Now will the gentleman yield for a question?

The CHAIRMAN. The time of the gentleman has expired.

Mr. HICKS. I ask for five minutes more.

Mr. WALSH. Reserving the right to object—

Mr. DOWELL. Reserving the right to object, will the gentleman answer a question?

Mr. HICKS. I will be happy to answer all questions if I first get an opportunity to make a statement of what this bulletin does and how it is made up, because I think the gentlemen would like to hear about it. A great deal of the information, of course, comes from the Pacific Ocean. We have a radio plant at Cavite, which is the central radio station in the Orient. We have one at Peking, one at Samoa, one at Vladivostok, one in Hawaii. Wherever they collect this information it is sent from that point to these central offices and from there transmitted via Pearl Harbor and San Diego to New York. There is no expense between Government stations, for we own and operate the stations. The only expense we have in the Orient



is for cabling from Yokohama, Hongkong, Kobe, or Shanghai to Cavite or Peking. In South American waters and ports the messages go via cable or telegraph to Balboa, and thence by radio to New York. In Europe the arrangements are even better. By reciprocal arrangements with the French Government there is a free exchange of official messages between our radio plants and the Lafayette station at Bordeaux. All European news is transmitted to Bordeaux at special rates and then to New York. This news is collected by consular agents, attachés, and other officials, whose salaries are already provided for, and there is no expense in collecting; this is the reason the Government can do this work and no private concern can, for a private concern would have to pay for the collecting as well as the transmission of the information. Now I yield to the gentleman from Massachusetts.

Mr. WALSH. Does the gentleman think that simply because this news comes by Government radio it does not cost anything?

Mr. HICKS. The cost is too small to estimate, for these stations are maintained by the Government and they will be maintained anyway whether you strike this item from the bill or not.

Mr. WALSH. Is that included in the cost of the publication of the book?

Mr. HICKS. No. The costs include the transmission of messages when sent outside Government stations, the cost of publication, and the salaries of employees. There are 41 civilian employees engaged in this work—editor, typesetters, printers, and five officers of the Navy give about one-twentieth of their time to the publication, and the rest of their time is given to regular naval work. There is no enlisted man engaged in the work at all. The pay of the officers is not included in the cost of publication.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. HICKS. Yes.

Mr. COOPER of Wisconsin. I understand the gentleman to say that the great shipping interests want this publication. That is true, is it not?

Mr. HICKS. Yes.

Mr. COOPER of Wisconsin. It will enable them to keep track of all vessels and small competitors, and know what they are doing.

Mr. HICKS. Every chamber of commerce wants it and every insurance company wants it.

Mr. COOPER of Wisconsin. That is immaterial. It will enable every great shipping company—and there are some of great power—to keep track of every tramp steamer and every other steamer of every other company, small or large, to know exactly what they are doing.

Mr. HICKS. What is the idea?

Mr. COOPER of Wisconsin. The idea is that in these days of intense competition we find some great corporations in the United States hiring men to get secrets from the books and to reveal who their competitors' customers are.

Mr. HICKS. If the gentleman wants to ask a question, I would be willing to answer, but I do not want him to make a speech in my time, because there are other gentlemen who want to ask questions.

Mr. COOPER of Wisconsin. The gentleman asked me what my idea was about it.

Mr. HICKS. I decline to yield further.

Mr. WHITE of Maine. Will the gentleman yield?

Mr. HICKS. I will.

Mr. WHITE of Maine. Has this been published since the 1st of July of this year?

Mr. HICKS. It has.

Mr. WHITE of Maine. By what authority?

Mr. HICKS. I do not know, and I am afraid no authority exists.

Mr. WHITE of Maine. Under what authority was it published before the deficiency act was passed?

Mr. HICKS. I think by some sort of a gentleman's agreement between Mr. Daniels and some of the committees of Congress.

Mr. WHITE of Maine. It was published in utter defiance of law, there is no question about that.

Mr. HICKS. It may have been.

Mr. WHITE of Maine. It is published daily in New York. What value is the information published in New York to a man on the Pacific coast or a man on the Gulf?

Mr. HICKS. If he cares for it, he can have the information telegraphed to him at his own expense.

Mr. WHITE of Maine. In other words, the man outside of New York has to pay for the information, while the great shipping interests and the insurance companies in New York get it at the Government expense.

Mr. HICKS. I want to say that some of the most urgent requests for the continuation of the publication come from Boston, New Orleans, Mobile, and from Chicago. New York happens to be the shipping center of America, and it would seem appropriate to publish it where the demand was greatest.

Mr. DOWELL. Will the gentleman yield?

Mr. HICKS. Certainly.

Mr. DOWELL. What was the actual cost of printing the document?

Mr. HICKS. The cost of printing the document for the fiscal year 1921 was \$128,621 and the receipts were \$59,457, but this included seven months when the Bulletin was sold for 50 cents per copy.

Mr. DOWELL. Per annum?

Mr. HICKS. For the last year.

Mr. DOWELL. What is the circulation?

Mr. HICKS. The circulation is 400.

Mr. DOWELL. The Government is paying this amount of money to furnish the information to 400 subscribers?

Mr. HICKS. That is the present circulation. But I want to repeat that we received about \$60,000 from subscriptions. With the price at \$1 we will probably get all the expense back, with the exception perhaps of 18 cents a copy.

Mr. DOWELL. With this expenditure of \$128,000, that does not include all of the expenditures; you have a number of officers who devote their time to preparing it?

Mr. HICKS. One-twentieth of the time of five officers.

Mr. DOWELL. You have five officers devoting one-twentieth of their time, and, of course, they have clerical assistance?

Mr. HICKS. Clerical assistance is included in the costs.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MANN. Mr. Chairman, I move to amend by striking out section 5. [Applause.]

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. MANN: Page 9, beginning at line 4, strike out section 5.

Mr. MANN. Mr. Chairman, I do not believe it is the duty of the Government to issue publications of this kind. It is not a governmental function. In the second place, it is not the duty of the Navy Department to engage in furnishing information purely of commercial vessels. This publication is now being issued without authority. They obtained authority of the printing commission under provisions of the law for the publication of this bulletin last year. But there is a provision of law under which they may not continue unless they have express authority from the Printing Committee. In the past there were some 500 or 1,000 publications issued by different bureaus of the Government until the things grew so nasty that it smelled to everybody. [Applause.] We have tried to curb it. These various branches of the Government have been seeking to override the commission which has jurisdiction over the latter and obtain direct legislative authority where the commission could not interfere with it. The Navy Department is not the first one that has proposed that a certain publication issued by them should be legalized by Congress. The boldness of this proposition, I must say, excites my admiration. There is no limit on the cost, no requirement that the expense shall be met by the receipts of the publication—just a provision that out of the total appropriation for the Bureau of Engineering, which amounts to many millions of dollars a year, they may spend as much as they want to publishing information for persons with whom they have no connection. The main purpose of this publication is not to furnish information. The main purpose of the publication is to give an excuse for employing men in the radio stations under the Navy Department, and when they are able to say that Congress has directed them to issue a publication for the mercantile interests, then they have every excuse for adding to their appropriations for the personnel in the radio stations.

Mr. Chairman, I am tired of having these departments of the Government seeking to extend their authority, their jurisdiction, their personnel, and their pay for things which are not their functions. [Applause.] The Navy Department is properly engaged in building up and maintaining a Navy, and if they will do that well, they will do better than they have done heretofore, without branching out. [Applause.]

Mr. EDMONDS. Mr. Chairman, I do not like to take issue with the gentleman from Illinois [Mr. MANN] in regard to this publication, but I think it would be a great mistake at the present time to stop the publication. Undoubtedly it is of use to the mercantile interests. Undoubtedly it is needed at the present time. The gentleman from Wisconsin [Mr. COOPER] in speaking a few minutes ago said this gave the larger opera-



tors information as to what the small operators were doing. It also gives the small operators information as to what the large operators are doing. It also gives the American operators information as to what foreign ships are doing and where they are going. Just at the present time it is a useful publication to the Merchant Marine of the United States. It may not be of use at a later date. We have a lot of young men in business who want this information, who use it. There are probably only four or five hundred people in the United States who want the publication. No man would be justified in publishing it, and it would be up to the Government or to some department of the Government to publish this for the use of these people. It may be possible that in 5 or 10 years from now, when these men get full knowledge of the shipping business of the world, they can do without the publication, but I believe at the present time it would be an error to stop it.

The gentleman from Illinois knows well that nobody has more opposed the entry of the Navy into the radio activities of the country than I have myself.

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. In one second. I do not believe they should be in the radio business. I do not believe they ever had any right to take the radio stations and purchase them as they did, but they are there, and they are doing the business, and the only way to get this information is through the Navy Department at the present time.

Let us hope that at some future time the shipping interests will grow large enough to take care of this themselves without asking the Government to do it. I yield now to the gentleman from Mississippi.

Mr. JOHNSON of Mississippi. How long has this publication been running?

Mr. EDMONDS. It has been running, I think, now for about three years.

Mr. JOHNSON of Mississippi. And it costs \$128,000 a year to publish it?

Mr. EDMONDS. Yes; and during the war it was considered very useful by the Army and the Navy.

Mr. JOHNSON of Mississippi. Its direct benefits, except to the Navy and the Government, inure to whom?

Mr. EDMONDS. The merchant marine gets the benefit of it.

Mr. JOHNSON of Mississippi. What other individual?

Mr. EDMONDS. No other individuals.

Mr. JOHNSON of Mississippi. The merchant marine do not want 400 copies of it, do they?

Mr. EDMONDS. Those are all of the big shipping men there are in the United States.

Mr. JOHNSON of Mississippi. There are a great many people engaged in the shipping business. They do not pay for it?

Mr. EDMONDS. Yes; they do.

Mr. JOHNSON of Mississippi. As I understood the gentleman from New York [Mr. Hicks], he admitted that this publication is running in violation of law, and that it costs \$128,000 a year. What does the gentleman say about that?

Mr. EDMONDS. I can not answer that.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. JOHNSON of Mississippi. Mr. Chairman, I ask unanimous consent that his time be extended for one minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JOHNSON of Mississippi. The gentleman does not know?

Mr. EDMONDS. I do not know whether it is published in violation of law or not. Since the 1st of July it has been published in violation of law.

Mr. JOHNSON of Mississippi. Does the gentleman agree with the gentleman from New York that we ought to pay for something that has been done in violation of law?

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. EDMONDS. Does the gentleman desire to answer the question?

Mr. HICKS. Yes.

Mr. EDMONDS. Go ahead.

Mr. HICKS. During Mr. Daniels's period of office he thought he was not justified in going ahead with this publication, and he had a communication with Senator Smoot. They sort of made a gentleman's agreement to go ahead with the thing. I think that is the fact.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. I quite agree with the gentleman from Illinois [Mr.

MANN], as I do frequently, whenever he moves to strike out a paragraph to prevent extravagance and waste of public money. The paragraph ought to be stricken out, and this unauthorized expenditure of money stopped.

But I want to use this occasion to say something in behalf of the present Public Printer. Mr. George H. Carter, who now presides over the Government Printing Office, is a most efficient public official and a splendid gentleman. I am a partisan Democrat, but I must say that conditions have changed down there since the 4th day of last March, and changes for the better are continuing there almost every day. In a very short time the Public Printer will have the Government Printing Office run on a strictly business basis, in behalf of all of the people of the United States, as it is no longer to be run by a particular clique or class of individuals for selfish interests. I take my hat off to Mr. Carter. Even though I am a most partisan Democrat, I am glad to hail him as the successor of the former official.

Why am I rejoicing, Mr. Chairman? It is because that until now our Government Printing Office has been run as a "closed shop" wherein only union men with cards were welcome and could work for any length of time, as life there was made so unpleasant and unbearable to all employees who refused to join the union and pay to it their regular dues, such employees were unable to withstand long the "silent treatment," ostracism, and assaults upon their efficiency records.

I received the following letter from an employee of the Printing Office:

WASHINGTON, D. C., July 19, 1921.

HON. THOMAS L. BLANTON,  
Representative from Texas, Washington, D. C.

DEAR SIR: I am an employee of the Government Printing Office, being a compositor on the seventh floor. I have held such position continuously for about two years. I receive 75 cents per hour, plus the \$240 a year bonus.

Against my will I was forced to join the union, as I was given to understand by employees that I could not hold my job long in the Government Printing Office without it. In addition to the 5 per cent assessment that comes out of our salary each month, one-half of which goes as dues to our local, we have been assessed an additional 10 per cent to pay the expense of the strikes that have been going on over the United States in behalf of the 44-hour week, for which our union is contending.

I deemed the oath to my union, which I was compelled to take when I joined, contrary to the pledges I made in my oath to my Government, which I took at the time I entered the service.

Mr. Flanagan, who is chapel secretary for our union, likewise works for the Government, and makes a practice of going among the men during business hours and collecting dues. When the first payment of assessments in June was due, I refused to pay same, as I felt that same was an imposition. On last Friday, during business hours, Mr. Flanagan, the chapel chairman, advised me that unless I paid my assessments to the union I could not work in the Government Printing Office any longer. While a number of employees do not carry cards in the union any longer, the union makes it so unpleasant that work there is practically unbearable. I appeal to Congress to see that we are not further molested.

Very truly, yours,

MILLARD FRENCH.

I was greatly surprised, Mr. Chairman, at the contents of said letter, inasmuch as I had received on May 25, 1921, the following communication from the Public Printer, to wit:

OFFICE OF THE PUBLIC PRINTER,  
Washington, May 25, 1921.

HON. THOMAS L. BLANTON,  
House of Representatives.

MY DEAR MR. BLANTON: I am pleased to acknowledge receipt of your letters of May 13 and 24, asking to be advised as to whether the Government Printing Office is run on the "open-shop" basis and whether an order was issued by the President making this office an "open-shop."

I regret very much that owing to the demand on my time by important investigations and personal illness during the past week I have been unable until now to comply with your request. I trust, therefore, that you will pardon my delay in this instance.

Every position in the Government Printing Office, except that of the Public Printer, his private secretary, and certain laborers employed under an Executive order during the war, is under the civil service. Accordingly, with these exceptions, every appointment has to be made from lists of persons who have passed the competitive examinations as held under the direction of the Civil Service Commission. As you undoubtedly know, the eligible list is made up by the Civil Service Commission in the order of the ratings made on the examinations, and the appointing officer has to make his selection from groups of three in the order that the names appear on such eligible list.

As far as I know, and to the best of my belief, the question of whether a person belongs to a labor organization or not is not considered by the Civil Service Commission in conducting its examinations or preparing its lists of eligible applicants for positions in the Government service. No inquiry is made by this office as to whether persons eligible for appointment are or are not members of labor organizations. Their eligibility for appointment is determined solely by the civil-service requirements. Nor is there any rule that an employee shall or shall not belong to a labor organization in order to retain his position in the Government Printing Office. If by the term "open shop" you mean a place where a person may be employed regardless of whether he belongs to a labor organization, then I presume the Government Printing Office may be called an "open shop" under the system of appointments through the civil service, as I have above stated.

It is but fair to advise you, however, that I have been informed that most of the employees in the skilled trades of the Government Printing Office do belong to their respective labor organizations. Such member-



ship, I assume, is a matter entirely in their own discretion. I take it that they have the same right to become affiliated in trade organizations as we have to join the various religious and fraternal organizations that may seem beneficial to us.

In regard to an Executive order making the Government Printing Office an "open shop," I presume that you refer to the action of President Roosevelt which was prompted by the so-called "Miller case" in 1903. W. A. Miller, who was a bindery foreman in the Government Printing Office, was reported to have been dismissed at that time by the then Public Printer following Miller's expulsion from the local union of bookbinders. The Civil Service Commission refused to recognize Miller's expulsion as a just ground for his removal from the Government Printing Office and requested the Public Printer to reassign him to duty. In ordering the reinstatement of Miller, President Roosevelt said in his letter of July 13, 1903, to Secretary Cortelyou of the Department of Commerce and Labor, whom he had directed to investigate the matter that—

"On the face of the papers presented Miller would appear to have been removed in violation of law. There is no objection to the employees of the Government Printing Office constituting themselves into a union if they so desire; but no rules or resolutions of that union can be permitted to override the laws of the United States, which it is my sworn duty to enforce.

"Please communicate a copy of this letter to the Public Printer for his information and that of his subordinates."

Miller was accordingly reinstated by the Public Printer and returned to his work in the Government Printing Office.

President Roosevelt is quoted as having further defined his position to a committee of labor men who called upon him on September 29, 1903, in regard to the Miller case, as follows:

"As regards the Miller case, I have little to add to what I have already said. In dealing with it I ask you to remember that I am dealing purely with the relation of the Government to its employees. I must govern my action by the laws of the land, which I am sworn to administer, and which differentiate any case in which the Government of the United States is a party from all other cases whatsoever. These laws are enacted for the benefit of the whole people, and can not and must not be construed as permitting discrimination against some of the people. I am President of all of the people of the United States without regard to creed, color, birthplace, occupation, or social condition. My aim is to do equal and exact justice as among them all. In the employment and dismissal of men in the Government service I can no more recognize the fact that a man does or does not belong to a union as being for or against him than I can recognize the fact that he is a Protestant or a Catholic, a Jew or a gentile, as being for or against him.

"In the communications sent me by various labor organizations protesting against the retention of Miller in the Government Printing Office the grounds alleged are twofold: (1) That he is a nonunion man. (2) That he is not personally fit. The question of his personal fitness is one to be settled in the routine of administrative detail, and can not be allowed to conflict with or to complicate the larger question of governmental discrimination for or against him or any other man because he is or is not a member of a union. This is the only question now before me for decision, and as to this my decision is final."

Trusting that this statement furnishes the information you desire, I beg to remain,

Very sincerely, yours,

GEORGE H. CARTER,  
Public Printer.

I judged, therefore, Mr. Chairman, that the rule in the Miller case inaugurated by the great Theodore Roosevelt would be understood by all employees to be again in full force and effect, and that they would quit hounding men into joining the union against their will. So immediately upon the receipt of the letter from Mr. Millard French, who has a wife and five little children to support, I sent it to the Public Printer in order that he might be apprised of what was going on in the Government Printing Office, and I requested him to protect this employee from further persecution. I received the following reply:

GOVERNMENT PRINTING OFFICE,  
OFFICE OF THE PUBLIC PRINTER,  
Washington, July 23, 1921.

Hon. THOMAS L. BLANTON,  
House of Representatives.

MY DEAR MR. BLANTON: I am pleased to acknowledge receipt of your letters of July 15, 20, and 22, relative to the reports you have received concerning activities of labor organizations in this office, especially as to the case of Millard French.

Upon receipt of your letter of the 20th, I at once called for Mr. French and had what appeared to be a satisfactory talk with him. I understood then that he was going to advise you as to my position in the matter, which seemed to meet with his approval.

I have also talked with Mr. Flanagan, in regard to whom Mr. French made his complaint, and several other employees of the shop who I thought might have some knowledge of the alleged activities of the organizations to which you referred. I called their attention to the letter which I addressed to you under date of May 25, 1921, and the statement of President Roosevelt which I quoted therein. I informed these employees that I am in full accord with the views of President Roosevelt on this subject. Mr. Flanagan denied to me that he had told Mr. French that the latter "could not work in the Government Printing Office any longer" if he did not pay his union dues. I advised him and the other employees with whom I talked that I will not permit any intimidation of the employees in this office and that the working time of the shop can not be used for other than the business of the Government. I received assurances that my directions would be complied with and that there will be no ground for further complaint.

Thanking you for calling the matter to my attention, I beg to remain,

Sincerely, yours,

GEORGE H. CARTER,  
Public Printer.

Mr. Chairman and colleagues, it took a great amount of courage for our Public Printer to write the above letter. If he had not been a man of sterling character, courage, and

integrity, he could not have written it. And I want every employee in the Government Printing Office to note that when the Public Printer said—

I will not permit any intimidations of the employees in this office, and the working time of the shop can not be used for other than the business of the Government—

he proclaimed to the Nation that the American "open shop" has again been established in at least one bureau of our Government.

And I want all of the employees of the Government in the Printing Office to understand that if they object to the oath of the union, which puts the union above fraternity, God, and country, they have the right to withdraw from the union and still hold their jobs. And I want all of the Government employees in the Printing Office to understand that if they object to paying this extra 10 per cent assessment that has been levied against their salary as dues to the union to carry on the Typographical Union's strikes all over the United States for a 44-hour week they can stop paying that tremendous drain on their salary, withdraw from the union, and still hold their job with the Government. It is optional with them entirely. If they believe that every able-bodied man ought to work 48 hours instead of only 44 hours each week of 168 hours and that the demand by his union for a 44-hour week is unjust, they have a perfect right to quit the union and quit paying for the expense of its unjust strikes.

We are reminded, Mr. Chairman, that in June, 1918, during the war, when the various unions of the Government employees demanded the first \$120 bonus that was granted to them, the Borland amendment was passed requiring these Government employees to work eight hours instead of only seven hours a day during the war when drawing their \$120 bonus. This was in the legislative, executive, and judicial appropriation bill, which with these provisions went to the President in plenty of time for him to sign it so that it would become a law by July 1, 1918, the beginning of the new fiscal year. These unions of Government employees, headed by Mr. Samuel Gompers, immediately besieged President Wilson with demands that he veto this bill, so that they could still work only seven instead of eight hours per day. They were willing to wreck the whole bill to keep from working eight hours a day during war time. We then had over a million soldiers in the trenches of France, receiving only \$33 per month and working sometimes 24 hours a day out of the 24, and would have been shot against a brick wall in everlasting dishonor had they even murmured. Yet these unions of Government employees in Washington demanded that the President veto a big supply bill, so that they be not compelled to work eight hours a day, but could continue working only seven hours, when that 8-hour provision at the same time granted them a bonus of \$120 each.

On the front page of the Washington Herald for Saturday, June 29, 1918, appeared a column of protest against the 8-hour provision and the demands of the union for the President to veto the bill. On the same front page appeared a long article from J. G. Gurley, a union official, headed in large letters, "President—Veto! Veto! Clerks' Plea," which article was concluded on page 2 thereof. And on page 3 of such issue was a double 2-column article signed by H. M. McLarin, president National Federation of Federal Employees, 410 A. F. of L. Building, and heading same with a quotation from Samuel Gompers in huge letters, as follows: "Borland's plan damnable—Gompers." "Mass meeting in protest, Sunday, June 30, 1918, at 2.30 p. m.," and after a long harangue, ending up with the following:

Now is the time to organize for the present and the future to prevent profiteering in labor and to secure justice. There is no other way. Do something for yourself, your family, and your fellows.

The above also appeared on page 4 of the Washington Post June 29, 1918. And on the front page of the Washington Herald for Sunday, June 30, 1921, appeared another column of protest, in which was stated:

A great mass meeting will be held to-day at Masonic Temple.

The question will be discussed from all angles.

On Monday, if Congress does not adjourn, a great mass meeting of 10,000 Federal employees will meet Congress to request 15 per cent additional pay for the additional hour and to give time and a half pay for all work overtime.

And, Mr. Chairman, promptly on Monday, July 1, 1918, in response to the demands made by Mr. Samuel Gompers and the Government employees, the President did veto said entire bill and sent it back, saying:

To the House of Representatives:

Though I realize very keenly the inconvenience to the Government of returning without my signature H. R. 10358, making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1919, and for other purposes, I feel constrained to do so because of the provision contained in the last para-



graph of the bill, which increases the hours of work for the employees of the Government within the District of Columbia from seven to eight hours per day.

And I want to say, Mr. Chairman, I honestly and sincerely believe that it was this truckling to class interests and selfishness during the war that more than anything else caused the people to take the reins of Government from the hands of my party. And the typographical union ought to take a lesson from this circumstance and abandon its foolish 44-hour week and call off all of its strikes and tell its men to go back to work. Let me remind the Government employees that besides said \$120 bonus they have since then drawn from the Government four other bonuses of \$240 each, drawn by all employees with salaries up to and including \$2,500 per year. And our ex-service men, who brought a world victory back from France, have been denied their bonus.

But, Mr. Chairman, I want our worthy and efficient Public Printer to know just exactly what is going on in his Government Printing Office. I have received this morning another communication from another employee in the Government Printing Office who does not want to disclose his name, and he states:

1. A printer goes into the shop ignorant that it is closed to nonunion men. Immediately after he is assigned work he is approached by the "walking delegate" (using Government time) and asked for his "card." If he hasn't one, he is told that this is a union shop; that everyone in the shop carries a card.
2. If he delays taking out a card, which costs all the way from \$5 up to \$25, pressure in every conceivable manner is brought to bear till life is made unbearable, and if sensible of injustice a condition is made to render honest work impossible. He is told by "voluntarily confidential" that he will not likely cross over the dead line of probational service (six months), and that he need not expect promotion without a card.
3. It is a safe estimate that seven-eighths of the force now in the Government Printing Office have been forced to join the union, one by one, as they come in the shop.
4. The "walking delegate" collects dues during work hours from a list made up from the Government time slip, and if working in pairs his partner is idle during this time.
5. The "walking delegate" calls time to commence and quit work.
6. This appointed agent of the union can and does assess fines for any infraction of the union rules.
7. Girl helpers and laborers are told by the "walking delegate" that they will be taken care of in preference to nonmembers.
8. It is an open secret that the "walking delegate" in some divisions has more to say in the conduct and control than the authorized foreman.
9. The regular union dues are 2 per cent of all earnings; old-age pension, 2½ per cent of all earnings; and for the "strike assessment," 10 per cent of all earnings—total, 14 per cent of every dollar earned by a printer. Every printer pays the union each month approximately \$25.
10. If the 44-hour "strike" is won, no Government employee can benefit by it, even if he favored it.
11. Bulletin boards in every division are plastered with union bulletins that would tend to intimidate and hold in line weak members.
12. In arguments over the "strike" more than one printer has been heard to say: "I hold my allegiance to the union above that of the Government."
13. The secretary of the Washington City union is sick. "Spadge" Parsons, foreman of the monotype section (day), Government Printing Office, is acting in his stead. If a printer refuses to "take out a card," this man (Parsons) is in the dual capacity of "secretary of the union" that says "keep him out" and that of a sworn Government official passing on his qualifications at the end of six months' probational service.
14. The obligation required to enter the Government service and that required by the union are at entire variance; hence the closed condition of the Government print shop forces every employee to indirectly perjure himself.

Mr. Chairman, we all ought to rejoice that the Public Printer has ordered all of the above evils stopped; and I give notice now to the union employees in the Government Printing Office that if they keep up these evils, if they persecute any more men who withdraw from the union with their "silent treatment" and their insults, calling them "rats" or other names, I am going to find it out and report it to the Public Printer and have them answer for it; and they are not going to interfere with their efficiency records, either.

I ask unanimous consent to extend my remarks in the Record on conditions existing in the Government Printing Office.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the Record on the subject indicated. Is there objection?

Mr. DOWELL. Mr. Chairman, reserving the right to object, may I ask the gentleman a question?

Mr. BLANTON. Certainly.

Mr. DOWELL. Would he state in his extension of remarks that the Public Printer comes from the great State of Iowa?

Mr. BLANTON. I shall be very happy to do so. He does come from Iowa and does great honor and credit to that State.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. Hicks].

Mr. HICKS. Mr. Chairman, I think that that amendment better be reported again because it legalizes the expenditure for this bulletin, made since the 1st of July.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

Mr. BLANTON. Mr. Chairman, I object. We all know what it is.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. Hicks].

The question was taken; and on a division (demanded by Mr. Hicks) there were—ayes 20, noes 67.

So the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Illinois [Mr. MANN].

The question was taken; and on a division (demanded by Mr. MANN) there were—ayes 70, noes 25.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 6. That the naval appropriation act approved June 4, 1920, is hereby amended so that any chaplain in the Naval Reserve Force who was more than 50 years of age on the date of said act and who now holds the confirmed rank of commander may be transferred to and appointed in the same permanent grade and rank in the Regular Navy not in the line of promotion and not eligible for retirement: *Provided*, That any chaplain transferred to the Regular Navy in accordance with this authorization shall be wholly retired without pay upon attaining the age of 64 years, or becoming physically incapacitated for active duty: *Provided further*, That nothing contained in this section shall operate to increase the number of chaplains with the rank of commander as now authorized by law.

Mr. BUTLER. Mr. Chairman, if gentlemen will give me their attention for a few minutes. It is perhaps not well to say it, but I do say it, that I take more interest in this section than any I have voted for since I have been in the Congress. This provides, without cost to the Government, a continuation in the military service of the Government of two men, one a chaplain at the station at Newport, the penal station at Newport, and the other is the chaplain at Quantico, below here. Both of these men came into the service in 1917. They are both about 50 years of age, indeed, they are 58. They left their churches and they spent their time in the service, and it is earnestly requested that they might remain until they are 64 years of age, then to leave the service without pay of any kind or sort, without retirement, and if they should become incapacitated in the meantime they will be discharged without retirement. There are—

Mr. MANN. Will the gentleman yield for a question?

Mr. BUTLER. With pleasure. There are—let me finish this sentence—64 vacancies for chaplains in the service. In this grade there are 28 vacancies. This provides there shall be no increase in the number, no increase in the salary. Now, before I give the reason why I ask earnestly for you to allow this section to remain in the bill I will yield to my friend from Illinois.

Mr. MANN. This provision that they shall not be eligible for retirement is upon the recommendation of the Navy Department and with the acquiescence of the gentlemen who will be the beneficiaries of this legislation?

Mr. BUTLER. The gentlemen who will be the beneficiaries, one of them especially, and I understand also the other, asks that it should be recommended in the bill that they should not be retired, but they should be permitted to hold their posts and shall not have the advantage of what is known as the retirement law.

Mr. MANN. There are two of these gentlemen?

Mr. BUTLER. Two.

Mr. MANN. Did my friend give their names?

Mr. BUTLER. They are both in the report. One was—

Mr. MANN. I would like to have it in the Record. Possibly it may be while I am here there will be a bill in Congress providing for the retirement of these men, and I would like to have the Record show that they stated they would not ask for it.

Mr. BUTLER. One is Chaplain Brokenshire and the other is Chaplain Niver. Chaplain Niver comes from Baltimore and Chaplain Brokenshire, who I do not know very well, was born in Canada and came to this country.

Mr. MANN. I would be willing to contribute toward a halo to both of these gentlemen if they stick to it.

Mr. BUTLER. Gentlemen, just one word. At Quantico, below here, they have a system of schools of education for the enlisted men. Many of you perhaps know it. I want to say this for Chaplain Niver, that largely the success of that camp belongs to him. The magnificent discipline of that camp belongs to the influence of this great chaplain. The enlisted men want him retained. He is a companion and he is a friend. He is the guiding hand of most of them spiritually and oftentimes physically. He is a man practically without means, and Chaplain Niver told me that he had some insurance which

would perhaps carry him through the balance of his life. The enlisted men and officers have asked me to urge the Congress to permit this chaplain to remain and serve his time until he is 64. Gentlemen, understand it will cost the Government nothing. It does not add to the number of chaplains. There are 28 vacancies and he will simply take one of these vacancies. There are 64 chaplain vacancies now. This does not increase the number, but just simply permits a worthy man, who served through the war, who has done a service for humanity, who has the love and respect of the officers and men, to remain for the good of the personnel of this camp. [Applause.]

Mr. FIELDS. Mr. Chairman, I move to strike out the last word partly for the purpose of asking the gentleman from Pennsylvania a question. One of these chaplains is at Quantico?

Mr. BUTLER. Yes, sir.

Mr. FIELDS. This provision is recommended by the officer in command of that camp, is it not?

Mr. BUTLER. I want to say to the gentleman he is my son, and it is the only thing he has ever asked me to do, and therefore I feel like doing it.

Mr. FIELDS. Well, Mr. Chairman, I think it is well to say that which the gentleman from Pennsylvania, under the circumstances, would not feel like saying for the Record. He is too modest to do so. I know of no officer in the military service of the Government whose recommendation would go further with me than the recommendation of the commanding officer at Quantico. [Applause.] During my 10 years of service upon the Committee on Military Affairs I have observed the actions of a great many of the military men of our Government, and I make this statement, not because I am in the presence of the worthy gentleman from Pennsylvania, whose son is the commanding officer at Quantico, but because the honest dictates of my conscience impel me to make it, that with all my experience with the military men of this country none surpass and I doubt if any equal Gen. Smedley Butler, the commanding officer at Quantico. [Applause.] I observed his work overseas in command of the camp at Brest, where much criticism had previously been made of the condition of the camp and the treatment of the men. Much of the criticism of conditions at Brest was no doubt well founded, but when Gen. Butler took charge conditions changed, and it was made one of the best camps in our overseas activities.

I will say in fairness to other officers that the much-complained-of conditions at Brest in the winter of 1918-19 were due in the main to the great flow of troops through that camp immediately after the armistice, when adequate preparations had not been made for them. No one knew that the armistice would come so soon, therefore no one was to blame for the lack of proper housing facilities and proper sanitation, which made conditions so deplorable. But these conditions were relieved with amazing rapidity by Gen. Butler after he took charge. I observed the work of other officers there, as I have observed their work in this country, and much of it was very splendid indeed. But if there was one officer who surpassed all others in holding a high standard of efficiency and at the same time getting his arms around the enlisted personnel of his command and his fingers upon their heart chords, it was Gen. Butler. [Applause.] If there was an organization anywhere in which this cussed social distinction was not practiced, it was in the organization under the command of Gen. Butler. [Applause.] That sort of thing is so repulsive to me that I feel it is only an act of justice on my part, when I find an officer who measures up to my ideals, to pay him my compliments whenever I have an opportunity to do so. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 7. That in all cases where it shall be made to appear to the satisfaction of the President that a commissioned or warrant officer or an enlisted man with the charge of desertion now standing against him on the rolls and records of the Navy or Marine Corps has since such charge was entered served honorably in the war with the German Government, either in the military forces of the Allies or in other branches of the military service of the United States prior to November 11, 1918, the President is hereby authorized, in his discretion, to cause an entry to be made on said rolls and records of the Navy or Marine Corps, relieving said officer or enlisted man of all the disabilities which he had heretofore or would hereafter suffer by virtue of said charge of desertion thus appearing against him; and upon such action being taken by the President, such officer or enlisted man shall be regarded as having been honorably discharged on the date the charge of desertion was entered against him: *Provided*, That nothing contained in this section shall operate to entitle any officer or enlisted man to back pay or allowances of any kind.

Mr. MONDELL. Mr. Chairman, I would like to ask just what this paragraph is intended to accomplish.

Mr. BUTLER. Mr. Chairman, we divided up the work over yonder—

Mr. MONDELL. The thought I have in mind is this: From a hurried reading of the paragraph I understand it provides

that if the charge of desertion stood against the name of an enlisted man or an officer, warrant or otherwise, prior to the war, if he served honorably with the Allies during the war, or in some other branch of the American service than the Navy, he is to have the charge of desertion removed?

Mr. BUTLER. Yes, sir.

Mr. MONDELL. There is nothing in the paragraph, as I read it, that would authorize the removal of the charge of desertion from a man who had served in the Navy prior to the war and who served in the Navy during the war. Now, this is supposed to be general legislation. If it is, it is wrong in that form. If its purpose is general, it ought to give the same relief to a man who deserted from the Navy before the war and served in the Navy during the war that it gives to a man who served in the Navy before the war and served with the Allies or in the Army during the war. Is it a fact that, written in general language, it is only intended to relieve one or two individual cases and is so drawn as to cover those cases and none others?

Mr. BUTLER. No.

Mr. MONDELL. Then why is it drawn in the way that I have indicated?

Mr. BUTLER. It was intended to be drawn for the relief of all enlisted men and officers who served in the Great War, who have had against them what I call a black mark, a mark for desertion, who afterwards obtained an honorable discharge. I will tell you the inducing feature.

Mr. MONDELL. My question does not go to the merit of the proposition necessarily, but why do you draw the paragraph so that it does not relieve a man of the charge of desertion if he served in the Navy or Marine Corps during the war?

Mr. KELLEY of Michigan. I rather assume if a man deserted from the Navy he could not reenlist in the Navy as long as the charge stood against him.

Mr. MONDELL. He may have done so. He could not serve in any other branch of the American service if he told the truth.

Mr. KELLEY of Michigan. The Army might not have his record, but the Navy would have.

Mr. BRITTEN. Let me suggest that it is barely possible that a man may have deserted from the Navy and reenlisted in the Navy under an assumed name, and if he did, and afterwards served throughout the war and was honorably discharged, I think the provisions of this bill should cover his case as well as the others.

Mr. MONDELL. I think it should. Assuming the provision is meritorious, it certainly ought to include the case of a man who served in the Navy or Marine Corps during the war, as well as the man who served with the Allies or in the Army.

Mr. BUTLER. Will the gentleman suggest an amendment there? It was intended to work as he has suggested.

Mr. LAYTON. I would suggest to the chairman of the committee to strike out the words "other branches" and place in lieu thereof the words "any branch."

Mr. BUTLER. Does the gentleman from Wyoming think that will do it?

Mr. MONDELL. The gentleman from Delaware has not put his amendment in just the proper form, I think. If you would strike out the words "in other branches of"—

Mr. PADGETT. Not the word "in."

Mr. MONDELL. The words "other branches of."

Mr. BUTLER. What would you put in there?

Mr. MONDELL. Put in nothing. I move to amend by striking out, on page 10, line 10, the word "other," and, on line 11, the words "branches of."

The CHAIRMAN. The gentleman from Wyoming offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MONDELL: Page 10, lines 10 and 11, strike out the words "other branches of."

Mr. HICKS. Mr. Chairman, it seems to me the word "further" ought to be included there.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that I may proceed for two minutes more.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent to proceed for two minutes. Is there objection?

There was no objection.

Mr. MONDELL. I ask unanimous consent to withdraw my amendment. It is never easy to amend hurriedly on the floor.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.



Mr. MONDELL. The suggestion has been made that the word "military" as written here may be construed in a narrow sense, as relating only to the Army, and therefore a somewhat different amendment is necessary.

Mr. MANN. While the gentleman is acting on that, I move to strike out "other branches" and insert in lieu thereof the words "any branch" and insert after the word "military" the words "and naval."

Mr. BUTLER. "Or Marine Corps."

Mr. MANN. "Or naval."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. MANN: Page 10, line 10, at the end of the line, strike out "other branches" and insert in lieu thereof "any branch," and after the word "military," in line 11, insert the words "or naval."

Mr. BUTLER. I think you ought to put the Marine Corps in there, although it is a part of the naval service.

Mr. MANN. Is not the Marine Corps a branch of the naval service?

Mr. BUTLER. Yes. Yet we always use the two names. They are used that way before.

Mr. PADGETT. I would insert "Navy or Marine Corps."

Mr. MANN. I would say "Army, Navy, or Marine Corps."

Mr. BUTLER. You could not put "Army" in there, but it is intended for all.

Mr. MANN. It would be easy enough to say "or in the Army, Navy, or Marine Corps of the United States."

Mr. BUTLER. If we are not trespassing upon the jurisdiction of the Military Committee, that might be well.

Mr. MCKENZIE. The words "armed forces," as are used in various acts, would cover it.

Mr. MANN. I assume, probably without justification, that the original language was prepared in the Navy Department.

Mr. BUTLER. I confess I do not know where the language came from. I read it several times, and I thought it covered the situation. But we have no pride of authorship. If it could be amended to make it more certain it would be well. The gentleman from Wyoming [Mr. MONDELL] gave me the suggestion that, as drawn, it would not do exactly what we intended to do.

Mr. MONDELL. I think the suggestion of the gentleman from Illinois [Mr. MANN] covers the case.

Mr. GRAHAM of Illinois. Mr. Chairman, I desire to move an amendment to the amendment.

Mr. PADGETT. I would suggest to the gentleman that his amendment be in the language he suggested a moment ago, to strike out "other branches of the military service" and insert "Army, Navy, or Marine Corps," and then it will read, "or the Army, Navy, or Marine Corps of the United States," and that makes it clear beyond any dispute or any mistake of interpretation.

Mr. MANN. I think the gentleman from Tennessee is well posted. The two gentlemen ranking on the naval committee make the same suggestion, and I ask leave to withdraw my amendment.

The CHAIRMAN. The gentleman from Illinois asks permission to withdraw his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. MANN] has expired.

Mr. MANN. Mr. Chairman, I offer this amendment: Strike out the words "other branches" and insert in lieu thereof—

Mr. PADGETT. "Other branches of the military service."

Mr. MANN. Wait a moment—"the Army, Navy, Marine Corps, or other military service."

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MANN: Page 10, line 10, strike out the words "other branches" and insert "Army, Navy, Marine Corps, or other military service."

Mr. MANN. Mr. Chairman, I offer an amendment to insert, after the word "or," the words "Army, Navy, or Marine Corps, or." That would cover the Coast Guard and the Lighthouse Service.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Amendment offered by Mr. MANN: Page 10, line 10, after the word "or," insert the words "Army, Navy, or Marine Corps, or."

Mr. GRAHAM of Illinois. I move to amend the amendment by inserting, also, after the word "military," in line 10, the words "or naval," so that the amendment will include anybody

who enlisted in either the military or naval forces of the Allies.

Mr. BUTLER. I think it will do that, anyhow.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 10, line 10, after the word "military," insert the words "or naval."

Mr. TEMPLE. Mr. Chairman, a point of order. I do not like to make a point of order, but I do not know how else to get at it. This is not an amendment to the amendment, but is a separate amendment to the bill and should be so presented.

Mr. STEPHENS. Mr. Chairman, I desire to offer a separate amendment if it is in order.

The CHAIRMAN. The Chair can not tell until he hears the amendment read.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. Did the Chair rule on the point of order of the gentleman from Pennsylvania [Mr. TEMPLE]?

The CHAIRMAN. No. The Chair did not understand that the gentleman made a point of order.

Mr. GRAHAM of Illinois. The gentleman did make a point of order on the ground that my amendment was not properly an amendment to the amendment, but that it should have been offered as a separate amendment.

Mr. TEMPLE. As a separate amendment to the bill.

Mr. GRAHAM of Illinois. I desire to offer it as a separate amendment and have it pending.

Mr. MANN. I should like to have my amendment reported. I would like to modify it by inserting after the word "or" the words "in the."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois, as modified.

The Clerk read as follows:

Amendment offered by Mr. MANN: Page 10, line 10, after the word "or," insert the words "in the Army, Navy, or Marine Corps, or"—

So that as amended the lines will read:

served honorably in the war with the German Government either in the military forces of the Allies, or in the Army, Navy, or Marine Corps, or in other branches of the military service of the United States.

The CHAIRMAN. Without objection, the Clerk will report the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The Clerk read as follows:

Amendment offered by Mr. GRAHAM of Illinois: Page 10, line 10, after the word "military," insert the words "or naval."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

Mr. RAKER. Mr. Chairman, I rise in opposition to the amendment, more for information than anything else. Suppose charges are preferred against a man for desertion. He leaves his own country and goes over and joins the armies of the Allies and participates in the World War. The President is authorized to correct a military record. Does that apply to a man who has not been honorably discharged? I should like to get that information from the chairman.

Mr. McPHERSON. May I answer the gentleman?

Mr. RAKER. Yes.

Mr. BUTLER. I did not hear the gentleman's question. Will he please repeat it?

Mr. RAKER. Would this provision apply to a man who was court-martialed during the late war?

Mr. BUTLER. Men are often tried and acquitted. If so, they are honorably discharged; but if the court-martial determined that a man was guilty, then he would be dishonorably discharged and it would not cover him.

Mr. RAKER. This bill does not provide that a man must receive an honorable discharge. It says "served honorably."

Mr. BUTLER. Such officer or enlisted man who served honorably.

Mr. MONDELL. A man who served honorably is honorably discharged.

Mr. RAKER. I knew a man who was an officer over on the other side. He was a major. He served a year and a half. On armistice day he left for three days and for that he was court-martialed and discharged from the Army. The question is whether or not you intend to relieve only those who are honorably discharged.

Mr. BUTLER. Only those who got an honorable discharge.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. MANN].

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Illinois [Mr. GRAHAM].

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 10. That the limits of cost heretofore authorized and below enumerated are increased as follows: Battleship No. 44, from \$12,750,000 to \$14,750,000; battleship No. 46, from \$15,000,000 to \$17,000,000; submarine No. 119 to submarine No. 122, both inclusive, each from \$1,750,000 to \$1,990,000.

The CHAIRMAN. The question is on the committee amendment.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word. I do this for the purpose of making an inquiry of the chairman of the committee. What is the purpose of section 10 increasing these appropriations?

Mr. BUTLER. Mr. Chairman, this gives me a very great disappointment. This provision is reported here and is in the bill which I put my name to. These obligations have been incurred and the ships are about completed. The cost was increased without authority of Congress. I am not here to defend or shield anybody. It has been a habit for years to finish the ships when near completion although they run over the cost authorized by Congress. The *California* is entirely completed and the *Maryland* is the other one and is about completed and ready for commission.

Mr. DOWELL. The gentleman means to say that the department has expended these large sums of money for the construction of these vessels.

Mr. BUTLER. Yes.

Mr. DOWELL. Without authority for the use of the extra sums.

Mr. BUTLER. Yes.

Mr. DOWELL. Does the gentleman mean that for the completion of all the other battleships the committee is going to explain to us that the Navy Department has gone beyond the appropriations irrespective of the action of Congress and has created an indebtedness for which the committee will ask Congress to make further appropriations?

Mr. BUTLER. Now, if the gentleman will give me a chance to reply. They asked to increase the cost of these ships. I talked with the chairman of the subcommittee on appropriations for the Navy and I also talked with the gentleman from Alabama [Mr. OLIVER], and our minds were the same, and I went back and reported to the Naval Affairs Committee that we would vote to accept an increase for two, but warned the officers that we were going slow on the program and would delay the other ships and would not vote to increase the cost on the other four. This has happened and the other has not happened. We have got them warned. They say that we may have it to do, but I do not intend to do it if I can avoid it. These ships have been built and the money has been spent. I am not apologizing for anyone and I am not making any defense for anyone.

Mr. DOWELL. I want to ask the gentleman another question; from the statement of the gentleman I take it that we have no assurance that the Naval Committee will not be asked to come before Congress for a further appropriation for each of the battleships not mentioned in this bill?

Mr. BUTLER. In reply to the gentleman's query I can only speak for myself. I have given them warning and I propose to ask the Secretary of the Navy to join with me in delaying the completion of these vessels, to build them within the figures named if we have to run until 1930.

Mr. DOWELL. Why will not the gentleman add such an amendment to this section of the bill to delay the construction of these vessels?

Mr. MANN. Will the gentleman allow me a suggestion?

Mr. DOWELL. Yes.

Mr. MANN. This is a House bill and the matter can not come before the House in the regular way except by a House bill or by Senate amendment. Does anybody doubt that the four ships will be in the bill when it comes back from the other House?

Mr. DOWELL. I think we can expect such action by the Senate.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. DOWELL. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BUTLER. Will the gentleman permit me?

Mr. DOWELL. Certainly.

Mr. BUTLER. If the gentlemen in the committee will bear with me for a minute, give me their attention, I want to say that if I should be on the conference committee between the

House and the Senate upon this bill or any other, and these other ships should be put in, the House will have a chance to vote on them.

Mr. DOWELL. The gentleman, as chairman of the committee, has brought before us and for our consideration the increase of the appropriations for two ships, but there are four others which he intimates may be brought in.

Mr. BUTLER. Not at this time, but two years later. It was told us that they would not have to have an extension now, and therefore I do not anticipate that it will come in this bill from the Senate. But I promise, gentlemen, that when it does come the House shall have an opportunity to vote on it if I am on the conference committee.

Mr. DOWELL. Will the gentleman offer an amendment that will preclude the Navy Department from continuing the construction of the other ships, thus making an additional appropriation unnecessary when the bill comes back from the Senate?

Mr. BUTLER. I would do it if I knew how.

Mr. PADGETT. Mr. Chairman, will the gentleman yield?

Mr. DOWELL. Yes.

Mr. PADGETT. I want to make a statement in justice to the present Secretary of the Navy. These matters were presented to the Congress in the last Congress in a bill which failed. Then in March, when the present Secretary came into office, he found the condition of these ships such that they were almost completed, and that if he stopped work there would be a very large and unjustifiable additional expense, which would accrue by reason of stopping the work. The ships were 98 and 99 per cent completed.

Mr. DOWELL. Does that excuse him from going beyond the appropriations?

Mr. PADGETT. Yes. He has not gone beyond the appropriation, but he has gone beyond the authorized limit of cost. The question presented to the Secretary was whether it would be better to incur this additional expense by reason of stopping the work or to go ahead and complete the ships. After conferring over the matter he determined to go ahead with the expenditure, because that was the better policy to pursue. He has violated the law, there is no doubt about that, but the justification for it was that in doing so he pursued the wiser and less expensive policy.

Mr. WALSH. Was this increased cost caused by changes in design of the ships and adding new devices, new material that was not contemplated in the original plan?

Mr. PADGETT. These ships were built upon the cost-plus basis.

Mr. WALSH. Did the additional cost come from doing something new?

Mr. PADGETT. There were some changes made, as are made in all ships. Then there was the additional cost of labor and material which was not anticipated at first.

Mr. EVANS. If the ships were 98 and 99 per cent completed on the 4th of March, there must have been \$2,000,000 increase since then.

Mr. PADGETT. This is to pay for work already done.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. TINCHER. Mr. Chairman, I move to strike out section 10.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kansas.

Mr. GARRETT of Tennessee. Mr. Chairman, before that amendment is reported, will the gentleman yield to me for a moment?

Mr. TINCHER. Yes.

Mr. GARRETT of Tennessee. This bill is privileged under the rules by the special rule. Does not the gentleman from Pennsylvania think that we might rise now?

Mr. MONDELL. Mr. Chairman, will the gentleman yield to me?

Mr. GARRETT of Tennessee. I have not the floor. The gentleman from Kansas has the floor?

Mr. TINCHER. I yield.

Mr. MONDELL. Mr. Chairman, I understand that gentlemen desire to discuss this section and that an important amendment will be offered in the way of an additional section, which will require some discussion. In view of that fact, may I suggest to the gentleman from Pennsylvania that it might be well to rise at this time?

Mr. BUTLER. I shall be delighted to do that. I have only been waiting for somebody to give me the tip. [Laughter.]

Mr. Chairman, I move that the committee do now rise.

Mr. FIELDS. Mr. Chairman, before that motion is put I ask unanimous consent to extend my remarks in the RECORD.



The CHAIRMAN. The gentleman from Kentucky asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the motion of the gentleman from Pennsylvania that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LONGWORTH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7864 and had come to no resolution thereon.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. TAGUE, on account of illness in family.

To Mr. KNUTSON, for two weeks, on account of illness.

To Mr. LARSEN of Georgia, indefinitely, on account of illness in family.

#### ADJOURNMENT OVER—ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-morrow it adjourn until Monday next, and that to-morrow the only business in order shall be bills on the Private Calendar unobjected to.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-morrow it shall adjourn until Monday next, and that to-morrow the only business in order shall be bills on the Private Calendar unobjected to. Is there objection?

There was no objection.

#### THE COTTON CROP.

Mr. FULMER. Mr. Speaker, I ask unanimous consent to speak for one minute out of order.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, for the past 10 months we have heard a good deal of argument in connection with the Federal Reserve Board in respect to the matter of deflation and the increasing of the rates of interest and various other things. Gentlemen from the South understand the serious conditions of the banks, of the cotton farmers, and, in fact, of every line of business in the South.

I have been very much interested in the matter in behalf of my people and have been trying for the last 30 days to bring about some plan whereby the Federal Reserve Board should make a statement to create confidence and whereby it would extend a further line of credit to help harvest the incoming cotton crop and put the same on the market.

On the 11th of this month I received from Mr. J. S. Wannamaker, president of the American Cotton Association, a letter urging me to take up the matter with Gov. Harding and the members of his board in the effort to secure authorization for the extension of, say, \$100,000,000 additional credit on customers' notes secured by cotton warehouse receipts.

On the same day I wrote Gov. Harding to this effect, and on the following day I received from him a reply setting forth the attitude of the Federal reserve banks of the South to their member banks in connection with rediscounting their paper. He further stated that he had mailed a copy of my letter to five Federal reserve banks of the cotton section asking them to place the same before their boards and make public statements as to their policies.

In the meantime, being further impressed with the importance of the matter and the evident fact that there was general misunderstanding concerning it, Gov. Harding called a conference of the heads of these reserve banks to meet with his board in Washington on the 19th instant, and at that conference a full statement was issued by the meeting in accordance with my request.

Mr. Speaker, I ask unanimous consent of this body to have printed in the RECORD the letters I have mentioned.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to print the letters referred to in the RECORD. Is there objection? [After a pause.] The Chair hears none.

AMERICAN COTTON ASSOCIATION,  
NATIONAL HEADQUARTERS,  
St. Matthews, S. C., July 8, 1921.

Hon. HAMPTON P. FULMER, M. C.,  
Washington, D. C.

DEAR MR. FULMER: As you of course know southern banks are so tied up with loans carried over from last fall and winter that they are unable to function in their usual way and to make loans for current business out of their present resources. Consequently business is

shrinking from day to day and distress is becoming more and more acute.

There is no real market for spot cotton at present. Cotton can only be sold in a limited way at about one-third the cost of production. Sales now made are practically all distress sales—cotton that the farmers are forced to sell, regardless of price and market conditions. Confidence, undoubtedly, must be restored promptly to save the situation.

I have outlined the proposition contained herein to numbers of leading bankers, merchants, business men, and farmers, and each in turn expressed a firm belief that it would effectually accomplish the purpose desired; that it would restore confidence and would relieve the present distressing situation in the South and restore some measure of its normal business. It was unanimously agreed that the conditions are so distressing that immediate relief is of the utmost importance to prevent even a more distressing situation, and that the relief as outlined could be more promptly and effectually put into execution than any other proposition that has been advanced.

#### PROPOSED PLAN.

The simplest method of giving the required relief would be through the Federal reserve banks in the shape of rediscounts of paper secured by cotton, and I think, if possible, this privilege should be given to banks in the cotton States, whether they are members of the Federal reserve system or not, but it should be distinctly understood that these rediscounts are not to have any bearing upon the ordinary accommodation granted by such Federal reserve banks to member banks of the system, somewhat in line with rediscounts granted on Liberty loan bonds, which, you will remember, were not counted against the credit of the borrower or of the bank rediscounting during the time these bonds were being sold.

In my judgment—and I find, as outlined, that it meets the unanimous approval of the judgment of the leading bankers, merchants, business men, and farmers in various sections of the cotton belt—if it was announced that the Federal reserve banks were prepared to loan \$100,000,000 to the banks of the cotton States, upon customers' paper secured by warehouse receipts for cotton properly insured at, say, 80 per cent of its market value, or upon cotton manufacturers' acceptances of drafts against shipments of cotton for consumption in their mills, then confidence, and with it business, would be restored to a very large extent. All such paper should run from 30 to 90 days and should be renewable during the year 1921, or until markets are opened and confidence is restored; these loans to be made on the basis of 80 per cent of the market value of cotton, which would offer a security equally as valuable as Liberty loan bonds.

If the Federal reserve could be induced to grant this accommodation, as outlined above, their offer to grant loans of \$100,000,000 would at once restore confidence and establish a firm market upon a better basis than now exists. It would bring great benefits not alone to the farmers but to the bankers, merchants, manufacturers, and, in fact, to every line of business in the South, and be of great benefit to the business of the entire Nation.

I do not believe that 25 per cent of the amount offered would be taken, because it would be found unnecessary. I wish to emphasize again that it would have to be made clear that these loans would be special and would not be counted in the original accommodation granted by the Federal reserve banks to its member banks. Unless this was done it would prove of no benefit, as the southern banks are so tied up with loans carried over from last fall and winter that they are unable to function in their usual manner and to make loans for current business out of their present resources. Of course, if the loans were made by the Federal reserve banks of the southern territory, these banks would have to rediscount with the other Federal reserve banks, but the whole system is in excellent shape to do this at the present time. They could easily extend many times this amount of credits and still have a gold reserve far in excess of the legal requirement.

There is urgent necessity for this relief in the immediate future. I beg that you at once call upon the Secretary of the Treasury, the Comptroller of the Currency, and the governor of the Federal Reserve Board; and in addition to this, that you select a special committee and call upon the President and Secretary Hoover, and urge that they use their influence to have the relief, as outlined above, granted without delay.

This matter has received the marked attention of the leaders in agriculture and business of the various cotton-growing States, and I have assured them that we would immediately lay the matter before you, urging your concentrated efforts, and that you call into cooperation with you Congressmen and Senators, not only from the South but from other agricultural sections, for the purpose of securing this relief, and that we would immediately telegraph them the result of your efforts.

Please let us hear from you without delay, as the matter is very urgent, and oblige, with all good wishes,

Sincerely,

J. S. WANNAMAKER,  
President American Cotton Association.

JULY 11, 1921.

Mr. J. S. WANNAMAKER,  
St. Matthews, S. C.

MY DEAR MR. WANNAMAKER: Your mimeographed letter, dated July 9, outlining a plan for rediscounting paper secured by cotton, received to-day.

I have accordingly addressed a personal letter to Gov. Harding and each member of the Federal Reserve Board, Secretary Mellon, and Comptroller Crissinger, outlining your plan and requesting immediate action.

In the meantime I shall study and reflect upon the matter and cover it in any other way that seems proper.

Sincerely, yours,

H. P. FULMER, M. C.

JULY 11, 1921.

Hon. WM. P. G. HARDING,  
Governor Federal Reserve Board, Washington, D. C.

MY DEAR MR. HARDING: I wish to call to your attention, for as earnest consideration and quick action as you may find possible, a plan just proposed by Mr. J. Skottowe Wannamaker, president of the American Cotton Association, for the relief of the present distressing situation in the South. It is this:

#### THE REDISCOUNTING OF PAPER SECURED BY COTTON.

Authorize the loan of \$100,000,000 through the Federal reserve banks to the banks of the cotton States, upon customers' paper secured by



warehouse receipts for cotton properly insured at, say, 80 per cent of its market value, or upon cotton manufacturers' acceptances of drafts against shipments of cotton for consumption in their mills, paper to run from 30 to 90 days, renewable during 1921, or until the markets are opened, the distinct understanding being that these discounts are not to have any bearing upon the ordinary accommodations by the Federal reserve banks to their member banks. Without this understanding the loans would prove of no benefit, as the southern banks are so tied up with loans carried over from last year that they are unable to function in their usual manner and make loans for current business out of their present resources.

Leading bankers, merchants, business men, and farmers have expressed the firm belief that this loan would accomplish the purpose of relieving conditions and restoring some measure of normal business. Business is now shrinking from day to day, and distress is becoming more acute. Confidence must be restored promptly.

I therefore ask that you take immediate cognizance of this proposition. As I see it, if assistance is not forthcoming at once conditions will become so acute that it will take years to overcome the disastrous effect. This matter has received the marked attention of leaders in business and agriculture, and I have assured them that I would immediately lay the matter before you and request your prompt and favorable action.

Very sincerely, yours,

H. P. FULMER, M. C.

Copies to: Hon. A. W. Mellon, D. R. Crissinger, Edmund Platt, Adolph C. Miller, Chas. S. Hamlin, John R. Mitchell.

FEDERAL RESERVE BOARD,  
Washington, July 12, 1921.

DEAR CONGRESSMAN FULMER: I acknowledge receipt of your letter of the 11th instant, in which you suggest as a means of relieving the present distressing situation in the South the authorization of a loan of \$100,000,000 through the Federal reserve banks to the banks of the cotton States, upon customers' paper secured by warehouse receipts for cotton properly insured at, say, 80 per cent of its market value, or upon cotton manufacturers' acceptances of drafts against shipments of cotton for consumption in their mills, the paper to run from 30 to 90 days, renewable during 1921, or until the markets are opened. You suggest, further, that there should be a distinct understanding that these discounts will not have any bearing upon the ordinary accommodations by the Federal reserve banks to their member banks, stating that without such an understanding the loans would prove of no benefit, as the southern banks are so tied up with loans carried over from last year that they are unable to function in their usual manner and make loans for current business out of their present resources.

In reply, I would advise you that such loans are already authorized, and all Federal reserve banks in the cotton sections are carrying paper of this character for their member banks and have been doing so for many months past. There is no question of the ability of the Federal reserve banks to rediscount paper to the amount named, or more if necessary, under the terms presented by the Federal reserve act. While the Federal reserve banks of Richmond and Dallas would be considerably below their required reserves to-day if put upon their own footing, they are maintaining them by rediscounting with other Federal reserve banks and will have no difficulty in rediscounting such additional amounts as may be needed. The Federal Reserve Bank of Atlanta has for some time past maintained its required reserve without rediscounting with other Federal reserve banks, although it is quite likely that it will be rediscounting in a short while. The Federal Reserve Bank of St. Louis has a stronger reserve than any of the other banks in the cotton sections and does not anticipate any difficulty in meeting all legitimate demands out of its own resources. The Federal Reserve Bank of Kansas City also has a strong reserve, which stands but a few points below that of the St. Louis bank. The Federal Reserve Banks of Richmond, Atlanta, St. Louis, and Dallas all have a flat rate of 6 per cent. The only bank in the system which still maintains the progressive rate is the Federal Reserve Bank of Kansas City, which has a normal rate of 6 per cent, an intermediate rate of 7 per cent, and a maximum rate of 8 per cent.

There seems to be a good deal of misapprehension and confusion as to the functions and powers of the Federal Reserve Board and the Federal reserve banks. Some people seem to be under the impression that we have a central bank in this country. This is not the case. The powers of the directors of the Federal reserve banks are defined in section 4 of the Federal reserve act, while those of the Federal Reserve Board are defined specifically in section 11. Section 13 gives the board the right to determine or define the character of paper eligible for rediscount within the meaning of the act and the limitations of that section. The directors of the Federal reserve banks are charged with the administration of their respective institutions. They have the sole power to pass upon eligible paper offered their respective banks for rediscount, and the board can not force them to take paper which may be, in their opinion, unsafe or undesirable. The lending power is in the hands of the banks and not of the board. Each Federal reserve bank is a body corporate and as such each bank, among other things, is authorized "to exercise by its board of directors or duly authorized officers or agents all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act." "Every Federal reserve bank shall be conducted under the supervision and control of a board of directors. The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law." Nowhere in the act is the Federal Reserve Board given power to pass on credits and the board maintains no credit files. The board itself is not organized as a banking institution, but merely as a supervisory body, having general supervision subject to the express reservations in section 4 of the Federal reserve act.

In your letter you touch upon one of the difficulties in the present situation. You say that "the southern banks are so tied up with loans carried over from last year that they are unable to function in their usual manner and make loans for current business out of their present resources." A considerable number of the member banks in the cotton districts are not rediscounting at all, and of those that are rediscounting more than one-half are rediscounting very heavily. Many member banks are carrying loans in larger volume, no doubt, than their own directors would like to have them carry, and I know of some member banks which are very reluctant to add to their contingent liability as indorser on any terms.

While the suggestion made in your letter raises a question of banking policy which should be determined by the Federal reserve banks themselves rather than the Federal Reserve Board, I may say that I do not believe any advantage would be gained in having an understanding that any new loans will not be counted as part of the bank's regular line. No loans can be made by any Federal reserve bank except with the indorsement of a member bank, and the indorsing bank's liability is there whether it is regarded as part of its regular line or not.

With the concurrence of other members of the board, I am sending copies of your letter to the governors of the Federal reserve banks of Richmond, Atlanta, St. Louis, Kansas City, and Dallas, with the request that it be brought to the attention of their respective boards of directors and suggesting that each bank, as promptly as possible, make a public announcement of its policy regarding cotton loans. It is the board's view, and the board has so advised the banks, that it is the duty of the directors of each Federal reserve bank to give consideration to all applications for rediscount of eligible paper and that the directors of each Federal reserve bank or its duly authorized officers must be the sole judges of the soundness and desirability of paper offered for rediscount.

The board feels assured that the Federal reserve banks are fully informed of the conditions in their respective districts and that they will adopt a broad and liberal policy in assisting their member banks to meet the requirements of the situation.

Very truly, yours,

W. P. G. HARDING, Governor.

Hon. H. P. FULMER,  
House of Representatives.

FEDERAL RESERVE BOARD.  
STATEMENT FOR THE PRESS.

[For release in morning papers Wednesday, July 20, 1921.]

In view of the vital importance of the problem incident to the harvesting and marketing of the coming cotton crop, the Federal Reserve Board to-day held a conference with the governors of the Federal reserve banks of Richmond, Atlanta, St. Louis, Kansas City, and Dallas, the banks located in or brought in closest touch with the member banks in the cotton States, for the purpose of reviewing the credit situation in these States and determining what further credit will be needed to facilitate the harvesting and orderly marketing of this crop.

At the present time the five reserve banks in question are lending to their members \$457,000,000, or more than 26 per cent of the loans of the entire system, the Richmond bank borrowing from other reserve banks \$20,000,000 and the Dallas bank borrowing \$16,000,000 for that purpose. The total loans of these five reserve banks to their member banks exceed their reserve deposits by \$192,000,000, whereas the reserve deposits of the other seven reserve banks exceed their loans to their members by \$118,000,000.

The amount now loaned by these reserve banks to their members is four and one-half times the amount borrowed at any one time by all the national banks of the country prior to 1914, or before the establishment of the Federal reserve system.

The Federal Reserve Board and the governors of the Federal reserve banks announce that the Federal reserve banks, in addition to credits already extended, are able and stand ready to extend further credit for the purpose of harvesting and marketing the coming crop, in whatever amount may legitimately be required, either directly to their member banks, or, under a ruling now issued by the Federal Reserve Board, indirectly to nonmember banks acting through the agency and with the indorsement of a member bank. These loans will be made by the Federal reserve banks upon notes, drafts, and bills of exchange issued or drawn in accordance with the terms of the Federal reserve act and the regulations of the Federal Reserve Board for the harvesting or orderly marketing of the coming cotton crop.

In order, however, that these rediscount facilities of the Federal reserve banks may be made fully effective it will be necessary that member banks in the cotton States place their loaning facilities freely at the disposal of cotton producers and dealers in their respective localities with the knowledge and assurance that the Federal Reserve Board and the Federal reserve banks recognize the urgency of rendering all proper assistance to these important interests during such abnormal times.

Mr. Meyer, managing director of the War Finance Corporation, who attended the conference, reviewed the activities of the War Finance Corporation in making loans for financing cotton for immediate and future export. Gov. Strong, of the Federal reserve bank of New York, and representatives of certain New York member banks were also invited to the conference to discuss the necessity or advisability of having various commercial banks through the country establish a fund for the purpose of making loans upon cotton. In view of the conclusions reached by the conference as to the ability of the Federal reserve banks effectively to take care of all of the legitimate requirements of the cotton interests, it was felt that the establishment of such a fund at this time is neither necessary nor advisable. Gov. Strong stated, however, that he had received assurances from a number of important banking institutions in New York City that if the facilities now offered by the Federal reserve banks and the War Finance Corporation should prove to be inadequate, they will cooperate in the establishment of a cotton loan fund in whatever amount the situation might demand.

WASHINGTON, D. C., July 19, 1921.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to address the House for two minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. SEARS. Mr. Speaker, the statement has gone out that in the Southern States we are suffering from famine and possibly a pellagra epidemic. Of course, that would include Florida. I would like to have the Clerk read in my time a telegram in reference to this matter, as I am positive no one desires, intentionally, to injure my State.

The SPEAKER. Without objection, the Clerk will read the telegram.

There was no objection.



The Clerk read as follows:

Hon. W. J. SEARS,

Member of Congress, Washington, D. C.:

Have referred your telegram to State board of health. You know, of course, that there is neither pestilence nor famine in Florida, nor any semblance of such.

MARION L. DAWSON,  
Secretary to the Governor.

Mr. SEARS. Mr. Speaker, my State has had the pleasure of entertaining the Speaker, and recently the President visited my State. On several occasions I have opposed increases in freight rates and placing taxes on freight rates, as many of my colleagues will no doubt recall. As a matter of fact, we have large quantities of vegetables and fruit every year we could ship if the rates were not prohibitory. There is plenty to eat in Florida, no epidemic, and the weather there is very, very much cooler than it is in Washington at the present time. [Laughter and applause.]

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. The gentleman from Georgia asks unanimous consent to address the House for one minute. Is there objection? [After a pause.] The Chair hears none.

Mr. WRIGHT. Mr. Speaker, the Bureau of Public Health Service recently issued a bulletin, or statement, indicating the existence and large increase of an alarming epidemic of pellagra in the Southern States, attributing the alleged increase of this distressing malady to the insufficient and improper nourishment of the people resulting from their inability to purchase food on account of the heavy decline in the price of cotton. A semi-famine is reported to exist in the cotton belt.

It is true the drop in the price of cotton almost overnight from 45 to around 10 cents per pound was calculated to cause untold distress, panic, and suffering and has, and is, causing great numbers of people in the cotton belt to suffer severe hardships and privations, and conditions are distressing. The cotton industry has been temporarily destroyed as a result of the low price, the ravages of the boll weevil, and the great expense incident to production.

However, this report of the Bureau of Public Health Service, which has touched the great, sympathetic heart of the President and caused him to address letters to the Surgeon General and the head of the Red Cross asking for an immediate survey and report of the situation in order that proper relief steps may be taken and has also caused such great publicity in the press of the country, would seem to be exaggerated and misleading.

The report estimates 100,000 cases of the disease and that 10,000 deaths will result.

Georgia is not singled out in the statement, but as she is included I am unwilling for the statement, so far as she is concerned, to go unchallenged. That there are some cases of pellagra in Georgia and the South can not be denied, but what are the facts? After the report in question became public I inquired of the Pellagra Division of the Bureau of Public Health Service for facts and statistics as to Georgia and found they had none and that detailed statistics from Georgia are not received by the bureau. Think of it! It can not be ascertained from the bureau the number of cases of pellagra in Georgia, the number of deaths resulting from it, the real conditions or whether the disease is on the increase. And yet the startling report is given publicity that there are in the South, of which Georgia is an important part, some hundred thousand cases of pellagra.

Failing to get any information from the bureau as to the present pellagra conditions in Georgia, I wired the very capable and efficient secretary or commissioner of the State board of public health of Georgia and received a prompt reply, by wire, as follows:

ATLANTA, GA., July 27, 1921.

W. C. WRIGHT,

Member of Congress, Washington, D. C.:

Deaths from pellagra first six months 1920 totaled 193 deaths. First six months 1921 totaled 196, an increase of 3 over corresponding period of last year. Telegrams received this morning from all sections of Georgia not only show there is no increase but in many instances health officials who are in position to know state there is a decrease both in cases reported and deaths.

ABERCROMBIE, Commissioner of Health.

It must be kept in mind in the first six months of 1920 cotton brought as high as 45 cents per pound, and in the first six months of 1921 the prevailing price was around 10 to 12 cents per pound, and yet the alleged increase in the number of cases of pellagra in 1921 is traced to the low price of cotton.

I have conferred with Representatives from most of the Southern States and learn from them as well as from other sources

that no report of an increase of pellagra can be verified, and I have no doubt the situation in practically all of the Southern States is what it is in Georgia.

Now, getting back to the famine report, so far as it was intended to relate to my State, candor and truth require me to say the people of Georgia are facing an awful crisis brought about by the aftermath of the World War and the blighting effects of the unprecedented slump in the price of cotton and the great damage which has and is being wrought by the boll weevil, but this is not the first crisis through which my people have passed, and with that same dauntless courage and indomitable energy and pluck which have characterized them in the past they are facing this one, and, thanks to a beneficent Creator, the grim and gaunt specter of famine and hunger is not stalking abroad in the Empire State of the South, and my people are not asking alms, but simply demand just and wholesome laws under which to live and a fair market for the fruits of their toils.

They have learned by bitter experience to diversify their crops, and how is a famine possible in a State of practically 3,000,000 people with about 1,200,000 head of cattle, over 2,000,000 head of hogs, and with an annual and increasing production of over 1,000,000 bushels of wheat, about fifty-one and one-half million bushels of corn, over 10,000,000 bushels of sweet potatoes, about 4,000,000 bushels of peanuts, more than half a million bushels of dry peas, about 9,000,000 gallons of sirup, over 23,000,000 dozens of chicken eggs, about 15,000,000 chickens, nearly a million turkeys, ducks, geese, guineas, and pigeons, besides immense quantities of rich and wholesome dairy products, great varieties of vegetables and fruits, as well as immense quantities of other foodstuffs? Georgia has reaped \$10,000,000 from the sale of melons and peaches alone the present season. Add to what I have said the many millions she receives from her natural resources, such as timber, granite, marble, iron, coal, and other minerals, and the vast amount received from her varied manufactured products.

Reference is made in the bureau bulletin to the tenant class in the South. As a matter of fact, our merchants, farmers, bankers, and all classes are cooperating, and the landowners are furnishing, where necessary, the laborers, croppers, and tenants, both white and black, with supplies and the necessities of life, and in many instances without any assurance that the products produced will repay one-half the outlay.

Most of the textile mills and other manufacturing plants will accept orders for the actual cost of their products in order to furnish employment to their operatives so that they may earn enough to supply the needs of life.

I can not close without giving assurance of the profound appreciation of my people to the President for his anxious solicitude and deep interest in the matter under discussion, but we are at a loss to know from what source and in what manner the alleged information which so arouses and touches him could have been gathered by the Bureau of Public Health Service and why the seeming suddenness with which this bureau gathered and gave publicity to this so-called information.

I repeat, what my people crave is constructive, wholesome laws and a fair chance and opportunity, and under the guidance of an All-Wise Being they will work out their own salvation; cotton will once more be enthroned as king, and the fair Southland will again come into her own, blossom as the rose, and her people will be contented and happy.

Mr. CARTER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a newspaper article in reference to the service rendered in the recent war by Indian soldiers.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to extend his remarks by printing in the Record the newspaper article to which he referred. Is there objection? [After a pause.] The Chair hears none.

Mr. HICKS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting my observations on the recent bombing tests off Virginia coast.

The SPEAKER. Is there objection to the request of the gentleman from New York. [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until to-morrow, Friday, July 29, 1921, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

198. Under clause 2 of Rule XXIV, a letter from the Comptroller General, transmitting a tentative draft of legislation regarding the settlement of claims by the accounting officers of the United States, was taken from the Speaker's table and referred to the Committee on the Judiciary.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. COLTON, from the Committee on the Public Lands, to which was referred the bill (H. R. 7161) to authorize certain homestead and desert land settlers, applicants, or entrymen who entered the military or naval service of the United States during the war with Germany to make final proof of their entries, reported the same with amendments, accompanied by a report (No. 307), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. SINNOTT, from the Committee on the Public Lands, to which was referred the bill (H. R. 7600) authorizing the adjustment of the boundaries of the Deschutes National Forest, in the State of Oregon, and for other purposes, reported the same with amendments, accompanied by a report (No. 308), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. UNDERHILL, from the Committee on the District of Columbia, to which was referred the bill (H. R. 7883) to provide for the examination of persons brought before the juvenile court of the District of Columbia, reported the same without amendment, accompanied by a report (No. 309), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. BURDICK, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3754) for the relief of Pay Director Livingston Hunt, United States Navy, reported the same with amendments, accompanied by a report (No. 300), which said bill and report were referred to the Private Calendar.

Mr. McPHERSON, from the Committee on Naval Affairs, to which was referred the bill (H. R. 7415) to correct and amend the service and military record of Herbert Langley, United States Marine Corps, reported the same without amendment, accompanied by a report (No. 301), which said bill and report were referred to the Private Calendar.

Mr. KRAUS, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5820) to place Albert Hamilton on the retired list of the United States Marine Corps, reported the same with an amendment, accompanied by a report (No. 302), which said bill and report were referred to the Private Calendar.

Mr. STEPHENS, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3509) for the relief of Capt. D. H. Tribou, chaplain, United States Navy, reported the same with amendments, accompanied by a report (No. 303), which said bill and report were referred to the Private Calendar.

Mr. DARROW, from the Committee on Naval Affairs, to which was referred the bill (H. R. 1290) for the relief of Cornelius Dugan, reported the same with an amendment, accompanied by a report (No. 304), which said bill and report were referred to the Private Calendar.

Mr. MILLER, from the Committee on Military Affairs, to which was referred the bill (H. R. 2004) for the relief of Frank Ferrin, reported the same without amendment, accompanied by a report (No. 305), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 6606) for the relief of Aaron S. Linn, reported the same with an amendment, accompanied by a report (No. 306), which said bill and report were referred to the Private Calendar.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. APPLEBY: A bill (H. R. 7991) to increase revenue by placing a special tax on automobiles engaged in interstate commerce, and providing a Federal license for the convenience of motorists in interstate travel; to the Committee on Ways and Means.

By Mr. BUTLER: A bill (H. R. 7992) authorizing the sale of vessels and materials of the Navy; to the Committee on Naval Affairs.

By Mr. COUGHLIN: A bill (H. R. 7993) to increase the limit of cost of the public building at Pittston, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. WINSLOW: A bill (H. R. 7994) to amend the transportation act, 1920, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HADLEY: Joint resolution (H. J. Res. 181) authorizing the United States Spruce Production Corporation to impose certain conditions on the sale of its railroad in Clallam County, State of Washington; to the Committee on Military Affairs.

By Mr. IRELAND: Resolution (H. Res. 164) directing the Clerk of the House to make a survey and classification of the books and documents in the House library and of the reserve stock stored in the House Office Building and dispose of the same as provided by law, and to remove the contents of the rooms now occupied by the House library, and refit and make ready said rooms for the occupancy of certain employees of the clerk's office, and for other purposes; to the Committee on Accounts.

By Mr. BYRNES of South Carolina: Resolution (H. Res. 165) requesting the President of the United States to furnish to the House of Representatives certain information regarding alleged distressing conditions in rural sections of the South; to the Committee on Interstate and Foreign Commerce.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ATKESON: A bill (H. R. 7995) granting a pension to Sarah E. Henry; to the Committee on Invalid Pensions.

By Mr. BUTLER: A bill (H. R. 7996) to grant an honorable discharge to Albrecht Nest, apothecary of the Navy; to the Committee on Naval Affairs.

By Mr. ELLIOTT: A bill (H. R. 7997) granting a pension to Emma Hodge; to the Committee on Invalid Pensions.

By Mr. FIELDS: A bill (H. R. 7998) granting a pension to Carrie Wood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7999) granting an increase of pension to Lona B. Porter; to the Committee on Pensions.

By Mr. HUKRIEDE: A bill (H. R. 8000) for the relief of William F. Kinion; to the Committee on Military Affairs.

Also, a bill (H. R. 8001) for the relief of David Gibson; to the Committee on Military Affairs.

By Mr. McPHERSON: A bill (H. R. 8002) granting an increase of pension to William H. Surridge; to the Committee on Pensions.

By Mr. RANKIN: A bill (H. R. 8003) for the relief of J. L. Austin; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 8004) granting a pension to Mary J. Malone; to the Committee on Invalid Pensions.

By Mr. ROBSION: A bill (H. R. 8005) granting a pension to C. L. Farmer; to the Committee on Pensions.

By Mr. SPROUL: A bill (H. R. 8006) for the relief of the heirs of Garrett Walsh, sr.; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2202. By Mr. BRIGGS: Letter of F. G. Edmiston, relating to tax revision; to the Committee on Ways and Means.

2203. Also, petition of many retailers of carbonated beverages in seventh congressional district of Texas, asking for repeal of tax on such beverages now provided for by section 628a and section 630 of the revenue act of 1918; to the Committee on Ways and Means.

2204. By Mr. CRAMTON: Wire of W. H. French, director of vocational education, Lansing, Mich., protesting against the passage of the Sweet bill carrying the Senate amendment abolishing the Federal Board for Vocational Education; to the Committee on Interstate and Foreign Commerce.



2205. By Mr. FAIRCHILD: Resolution of the Charles Crammes Post, No. 225, Veterans of Foreign Wars, favoring the enactment of House bill 5340, benefiting the veterans of the World War; to the Committee on Military Affairs.

2206. By Mr. KISSEL: Petition of William C. Dawson, Anton Lutz, and Howard Nestlen, all of Brooklyn, N. Y., urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2207. By Mr. SNYDER: Petition of Americans of Ukrainian ancestry and Ukrainians of Little Falls, N. Y., for amelioration of present conditions in East Galicia; to the Committee on Foreign Affairs.

2208. By Mr. TEMPLE: Evidence in support of House bill 7702, special bill in behalf of Mrs. Sarah A. Herrick, widow of Henry A. Herrick; to the Committee on Invalid Pensions.

2209. By Mr. WOODYARD: Petition of citizens of West Virginia, favoring the elimination of the tax on carbonated beverages dispensed at soda fountains; to the Committee on Ways and Means.

## SENATE.

FRIDAY, July 29, 1921.

(Legislative day of Wednesday, July 27, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. GOODING. Mr. President—

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Senator from Idaho.

Mr. SMOOT. Will the Senator from Idaho yield for a moment?

Mr. GOODING. I yield.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McLean	Stanfield
Ball	Hale	McNary	Stanley
Brandeggee	Harrell	Moses	Sterling
Broussard	Harris	Nelson	Sutherland
Bursum	Harrison	Nicholson	Swanson
Calder	Heflin	Norbeck	Townsend
Cameron	Johnson	Oddie	Trammell
Capper	Jones, Wash.	Overman	Underwood
Caraway	Kellogg	Phipps	Walsh, Mass.
Culberson	Kenyon	Pomerene	Walsh, Mont.
Curtis	Keyes	Ransdell	Warren
Dial	Ladd	Sheppard	Watson, Ga.
Edge	La Follette	Shortridge	Watson, Ind.
Ernst	Lenroot	Simmons	Williams
Fernald	McCormick	Smith	Willis
Fletcher	McCumber	Smoot	
Gerry	McKellar	Spencer	

Mr. SMOOT. I wish to announce that the Senator from Pennsylvania [Mr. PENROSE], the Senator from Vermont [Mr. DILLINGHAM], and the Senator from Missouri [Mr. REED] are engaged in hearings before the Committee on Finance.

The PRESIDING OFFICER. Sixty-six Senators have answered to their names. A quorum is present. The Senator from Idaho is recognized.

Mr. TOWNSEND and Mr. DIAL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield, and if so, to whom?

Mr. DIAL. Will the Senator yield to me for just a short statement?

Mr. GOODING. I yield to the Senator from South Carolina.

### HEALTH AND FOOD CONDITIONS IN THE SOUTH.

Mr. DIAL. Mr. President, one day last week, I think on the 18th, I read in the Washington Herald an article from the Public Health Service stating that there might be a great deal of pellagra in the South, particularly in the Southwest, according to my recollection, and that there might be some famine this winter. It stated there would probably be 100,000 cases and 10,000 deaths. I was very much surprised at the statement. I had heard of no cases of pellagra in my State in a good while, and I certainly did not think and do not now think there will be any famine this winter. At any rate, I wrote to Surg. Gen. Hugh S. Cumming, of the Public Health Service, a letter a copy of which I desire to have inserted in the RECORD as a part of my remarks.

Mr. OVERMAN. Will not the Senator have it read?

Mr. DIAL. I ask that the letter may be read at the desk.

The PRESIDING OFFICER. The Secretary will read as requested.

The reading clerk read as follows:

UNITED STATES SENATE,  
Washington, D. C., July 18, 1921.

SURG. GEN. HUGH S. CUMMING,  
Public Health Service, Washington, D. C.

MY DEAR GEN. CUMMING: It has just come to my attention that because of the cotton situation in the South, due to the low price of the staple, with the consequent underfeeding of many of the smaller farm tenants, there is likely to be much suffering and disease caused by pellagra in that section in the near future. This information reached me in newspaper accounts which quote your department. If these statements are correct, may I not call your immediate attention to the great necessity that exists for not only informing the people of what may happen, but also for taking such steps as may be necessary to prevent and combat such a situation as would arise should this disease again take hold in the South?

I was under the impression that with the stamping out of pellagra a few years ago, the hospital at Spartanburg, S. C., had been discontinued, or was only performing part of its former work. However this may be, I desire to call your attention to the great necessity of taking such steps now by continuing the work at Spartanburg as may appear proper to prevent a repetition of this disease in that locality.

Yours, very truly,

N. B. DIAL.

It has been stated in the press in my home State that I wrote to or communicated with the President of the United States and caused great alarm with reference to the situation. As a matter of fact, I did not communicate with the President directly or indirectly. The letter which has just been read at the desk is the only communication I had with anyone on the subject. My object was merely to have the Public Health Service take whatever steps it could to prevent a recurrence of pellagra and to investigate and if possible discover the cause and a remedy.

At the time I first came to the Senate there was a hospital in existence at Spartanburg, S. C., for the treatment of this disease. It was at that time the only hospital in the United States for that purpose. During the first session after I became a Member of the Senate for some reason the appropriation for that hospital was withdrawn by the committee. I made a fight on the floor of the Senate, as the result of which the appropriation was restored, and the hospital was continued for a year or two.

At the last session of the Congress, or perhaps during the early days of the present session, no item was contained in the appropriation bill for this hospital for the purpose of continuing that work. I inquired into the matter at the time, and was informed by the Public Health Service that it was not necessary to longer continue the hospital; that they had the disease under control; and that it had been practically eradicated. That was entirely satisfactory to me. They further stated that there was a general appropriation, and if it became necessary to reestablish the hospital it could be done through that appropriation. Therefore I asked for no further special appropriation.

Now, Mr. President, these are the facts in the case. I have no wish to magnify the situation, but there are some cases of pellagra in my State and some in other States, and in justice to the Public Health Service I think it ought to be stated that on yesterday the Senator from Mississippi [Mr. HARRISON] presented some data with reference to the situation. Among other things, he said that in his State in June of last year there were 1,022 cases and in June of this year there were 2,239 cases. I am not an alarmist and I do not wish to magnify the matter at all. I am in hopes there will be no spread of the disease, and I certainly do not think there is any justification for the statement that there will be any famine in the South, or any likelihood of any famine, particularly in my State.

Mr. WATSON of Georgia. Mr. President—

Mr. DIAL. I yield to the Senator from Georgia.

Mr. WATSON of Georgia. I should like to ask the Senator from South Carolina if he is not aware of the fact that pellagra is not confined necessarily to people who are on a starvation basis, who do not have sufficient food, or who are poor?

Mr. DIAL. The Senator is entirely correct. I happen to know of my own knowledge of a lady—I will not state where she lived—who died a year or two ago of pellagra, whose means were abundant. She had plenty of this world's goods.

I am a little bit surprised at the Public Health Service discontinuing the investigation of this disease until they have ascertained the cause of it. I think it would be well to reestablish at least one hospital in the United States for that purpose.

I wrote the letter which has just been read, stating that it would be a good thing to pursue the investigation at Spartanburg, S. C. We employ hundreds and thousands of men in the War Department to discover and make poisonous gases to kill people, and when we spend so much money for that purpose it does seem to me we should spend something to prevent a recurrence of pellagra or any other disease that may threaten our citizens.

So far as the South is concerned, I think there is no danger of any famine whatever. God has blessed us with the best climate in the world, with a magnificent rainfall, with a splendid soil, and with the best people on top of the earth, but under the system that is now placed upon us by the unjust cotton-future contract law and by unjust railroad rates we are suffering and suffering greatly financially. I did not intend to mention the matter of the process of selling cotton to-day in connection with the pellagra situation, but I hope next week to present a full and complete statement to the Senate when that subject will be pertinent, showing how we are robbed of a great proportion of the value of each year's crop. This thievery is carried on under the law and by protection of Congress.

I feel that some of the newspapers of the country have, of course unintentionally, done me an injustice in this matter, but I am confident they will correct that erroneous impression when they shall learn the facts as I have stated them on the floor of the Senate.

Mr. SMOOT. Mr. President—

Mr. DIAL. I yield to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Idaho [Mr. GOODING] has the floor, and he yielded to the Senator from South Carolina.

Mr. GOODING. Mr. President, I can not yield any further. I have already yielded too long.

Mr. DIAL. There is just a brief announcement that I wish to make.

Mr. GOODING. Mr. President, I decline to yield any further.

The PRESIDING OFFICER. The Senator from Idaho declines to yield further.

#### THE WOOL AND WOOLEN SCHEDULE IN THE TARIFF.

Mr. GOODING resumed and concluded the speech begun by him on yesterday, which is entire, as follows:

*Thursday, July 28, 1921.*

Mr. GOODING. Mr. President, when the emergency tariff bill was passed I was hopeful that the Republican Party had come to a sense of realization of the importance of the agricultural and live-stock industries of the country.

I felt sure that in the new tariff bill the great live-stock industry would be given fair consideration, but after a hard fight to secure a square deal I find upon examination of the Fordney bill that it is the most dangerous measure ever passed by any party in the House of Representatives toward the live-stock industry, and if it is enacted into law without amendments some branches of the industry will be destroyed.

It is my purpose to show in my remarks that through the skirting clause that was passed in the act of 1890, which permitted wools to be shipped into this country in the grease, regardless of what part of the fleece had been removed or what effort had been made to reduce its shrinkage, a great industry has been impaired; that the Government has lost hundreds of millions of dollars in revenue, and that the American people have been robbed at the same time. I shall show further that what Schedule K did in an indirect way for the manufacturers the Fordney bill with its 35 per cent ad valorem duty on wool does in a direct way.

I am sorry to say that the Republican Party have not been friendly to the live-stock industry for a number of years. They have not given any branch of the industry proper protection. For years they have kept hides on the free list. During the consideration of the Fordney bill in the House of Representatives an ad valorem duty of 15 per cent was placed on hides, but on the final passage of the bill hides were again put on the free list.

The Democratic Party have never been friendly to the live-stock industry. Whenever they have taken over the reins of Government they have always taken an ax to the industry, and they have been mighty effectual at times in crippling it. But let it be said that the Democratic Party has always been fair. They have always advocated free wool, free hides, free meats, and free raw materials. They have never given any promises to the live-stock industry, and the industry has always got just what they expected when the Democratic Party was in power—and that was the ax.

I have not examined the Fordney bill, outside of the wool schedule, and so will confine my remarks to the duty that it gives to the woolgrowers and the wool manufacturers.

The wool schedule is not called Schedule K in the Fordney bill, yet I am sure it is worthy of the name.

It was President Taft who said Schedule K was indefensible, and there is no doubt about the truth of that statement, for if any man ever tried to defend Schedule K on the stump I never heard of it. But Schedule K, Mr. President, with all of its

unfairness to the American people and to the great live-stock industry, was very commendable compared with the schedule on wool and woollens in the Fordney bill.

It has been said that the wool schedule in our tariff bills is the hardest of all schedules to understand, and I am sure that is true; otherwise the great mistakes of the past would never have been made; but the Republican Party can not go on making such mistakes as Schedule K without meeting other and more serious defeats.

As a Republican, I should like to forget Schedule K, for Schedule K has been more responsible for the defeat of the Republican Party than all the other mistakes that the party has ever made.

Serious as the defeat of the Republican Party is at any time, the most unfortunate thing of all is the fact that the Republican Party has not half defended the great principle of protection since the mistakes of Schedule K were exposed, which, in my judgment, is a serious omission and endangers the great principle of protection, for it is through the great principle of protection to American labor and American institutions that we have become the mightiest Nation on earth. Through that principle we have built up a standard of citizenship and a standard of living that is the best in all the world; but that standard can not be maintained without protection, and if the great principle of protection is going to be preserved in America we must have tariff laws that we can defend.

I believe we need protection in America to-day more than ever before, for we are facing a new world, with new conditions, and I am sure that competition for the trade of the world in the future is going to be sharp, keen, and severe, and if we are going to protect our own markets against the cheap products of foreign countries we must pass a tariff law that will protect, and one that the enemies of protection can not break down and destroy.

In discussing Schedule K and the wool schedule in the Fordney bill there is not the slightest intention on my part to cast any reflections on those who have had anything to do with framing our wool schedules. My memory carries me back to the time when I attended live-stock conventions in the West, and believed in Schedule K. Resolutions were passed with a great deal of enthusiasm, indorsing Schedule K, and its 11 cents duty on a pound of grease wool.

As I look back upon those days, I remember that the manufacturer was always there. He was one of the boys; he always had something nice to say; spoke softly; was well dressed, and I am sure was well fed. Later I saw the manufacturer and Schedule K in their true light, and therefore I can realize how mistakes can be made in schedules that are so hard to understand as the wool schedules in our tariff laws. So if I shall call a law a menace to good citizenship that permits one industry to rob another it is not with the slightest thought of casting any reflections upon anyone who has had anything to do with these technical schedules.

Mr. President, first let me say that I am no longer a live-stock grower. It is true that I have a few hundred head; but, as we measure the live-stock growers in the West, it can be said that I am out of the business. Nor am I making an appeal for the live-stock grower, whether he is large or small. I am only asking for a square deal for an industry upon which the life of this Nation depends, for live stock is nature's remedy for keeping up the fertility of the soil. Destroy your live stock, and in a few short years the soil will become exhausted and we will have a struggle in America to produce enough to feed our own people. Show me a community where the soil has been exhausted and where there has been a struggle for years to keep the wolf from the door, and I will show you a community where the citizenship, like the soil, has gone backward.

I am not worrying about the live-stock grower, for he is of little concern as compared with the industry. No relief can come in time to help a vast number of live-stock growers, for millions of live stock to-day are in the hands of the banks and mortgage companies, the grower only acting as an agent, hoping, against hope, that some day he may again be master of his own flocks and his own herds. The majority of them would be happy if they could be relieved of the obligations and of the responsibilities of fighting what seems to be almost a hopeless fight.

Nor am I making an appeal for a great industry alone, Mr. President. I am making an appeal for a law that can be defended. I am making an appeal for a law that will not permit one industry to rob another and at the same time rob the American people.

I shall have no trouble in showing how the manufacturers, through the manipulation of Schedule K, destroyed the protection to the woolgrowers; nor shall I have any trouble in showing that the manufacturers will not be forced to look for



skirted wools any longer if the Fordney bill passes without amendment, for the law will do the job for him, and it will do it well.

My hope is, if the Senators will bear with me while I review the wool schedules in our tariff laws, beginning with the act of 1867, and make a comparison of our different tariff acts, including the Fordney bill, that I may be able to shed some light upon these technical schedules that are so hard to understand. Senators will have to exercise patience if they listen long to what I intend to say concerning these schedules, but I feel that it is necessary for us to have a better understanding of the wool schedule than we have had in the past. I have but one thought in this matter, Mr. President, and that is to help bring about a better understanding of these schedules.

It must be remembered that all of our tariff laws in the past have been based on foreign valuation, while the Fordney bill is based on American valuation.

In all of our tariff laws, with the exception of the act of 1883, which gave the manufacturers a compensatory duty on the basis that it required  $3\frac{1}{2}$  pounds of wool in the grease to make a pound of cloth, the manufacturers' duty on a pound of cloth has been figured on the basis that it took 4 pounds of wool in the grease, shrinking  $66\frac{2}{3}$  per cent, to make a pound of cloth, and his compensatory duty has always been four times the duty on a pound of grease wool. It has never been more than that until the passage of the Fordney bill, in which we find that the manufacturers have been given a compensatory duty on the basis that it takes  $4\frac{1}{2}$  pounds of grease wool, shrinking  $66\frac{2}{3}$  per cent, to make a pound of cloth.

The act of 1867 placed a duty on wool of the first class, valued at 32 cents a pound or less, foreign valuation, of 10 cents a pound and in addition 11 per cent ad valorem; valued at more than 32 cents a pound, 12 cents a pound and in addition 10 per cent ad valorem.

On wools of the second class, valued at 32 cents a pound or less, foreign valuation, there was placed a duty of 10 cents a pound, and in addition 11 per cent ad valorem; on wools valued over 32 cents a pound, a duty of 12 cents a pound, and in addition 10 per cent ad valorem.

The protection given in the tariff act of 1867 to the manufacturers on woolen cloth, woolen shawls, and all manufactures of wool of every description made wholly or in part of wool not otherwise provided for was 50 cents per pound compensatory duty and in addition 35 per cent ad valorem.

On flannels, blankets, and all manufactures of every description, composed wholly or in part of worsted, valued at not exceeding 40 cents per pound, a compensatory duty of 20 cents a pound was given; valued at above 40 cents a pound, and not exceeding 60 cents a pound, a compensatory duty of 30 cents a pound was given; valued at above 60 cents, and not exceeding 80 cents a pound, a compensatory duty of 50 cents was allowed; and in addition, on all the above, 35 per cent ad valorem.

I want especially to call the attention of Senators to the compensatory duty on the higher priced cloths, flannels, and blankets in the act of 1867. That act gives 50 cents a pound on all of the high-grade materials valued at more than 80 cents a pound, and in addition 35 per cent ad valorem. This compensatory duty of 50 cents a pound on the higher-priced goods in the act of 1867 is the duty on 4 pounds of wool in the grease and is proof that those who framed that tariff law framed it on the basis that it required 4 pounds of grease wool to make a pound of these higher-priced materials.

The act of 1872 made a horizontal reduction of 10 per cent on all classes of wool and woolens, but the act of 1875 repealed that horizontal reduction and left the duty on wool and woolens the same as in the act of 1867.

It is in the act of 1883 that Schedule K appears for the first time in our tariff laws. The act of 1883 reduced the protection on wool and woolens, but followed along the same general lines as the act of 1867. It placed a duty on first and second class wools when valued at less than 30 cents a pound, foreign valuation, of 10 cents per pound, and when valued at more than 30 cents a pound, foreign valuation, of 12 cents per pound, but did not give wool any additional compensatory duty.

The act of 1883 is the most scientific and fairest protective tariff law, so far as the schedules on woolens are concerned, ever passed by the Republican Party. The framers of that act understood that the manufacturers were importing wool at that time that did not shrink  $66\frac{2}{3}$  per cent, and for that reason they fixed the compensatory duty on woolen goods whose valuation indicated that they were made of wool at 35 cents a pound.

The same act on woolen cloths, woolen shawls, and all manufactures of wool not specially enumerated or provided for in the act, valued at not exceeding 80 cents per pound, placed a compensatory duty of 35 cents per pound and 35 per cent ad valorem. Valued at above 80 cents per pound, a compensatory duty of 35 cents a pound and 40 per cent ad valorem.

It is the compensatory duty on the cheap fabrics in this schedule in the act of 1883 that I want to call the Senate's attention to. On flannels, blankets, hats of wool, knit goods, and all other goods made on knitting frames, balmorals, woolen and worsted yarns, and all manufactures of every description composed wholly or in part of worsted, the hair of the alpaca, goat, or other animals—except such as are composed in part of wool—not specially enumerated or provided for in this act, valued at not exceeding 30 cents per pound, there is 10 cents per pound compensatory duty; valued at above 30 cents per pound and not exceeding 40 cents per pound, 12 cents per pound compensatory duty; valued at above 40 cents per pound and not exceeding 60 cents per pound, 18 cents per pound compensatory duty; valued at above 60 cents per pound and not exceeding 80 cents per pound, 24 cents per pound compensatory duty; and upon all the above-named articles, 35 per cent ad valorem; valued at above 80 cents per pound, 35 cents per pound compensatory duty and 40 per cent ad valorem.

The question can very properly be asked, What kind of material is there in any fabric that is worth less than 30 cents a pound?

On page 84, the report of the Tariff Board on Schedule K has this to say about cheap shoddy:

Mungo is a low-grade shoddy made from hard-spun felted and fullered cloths, as distinguished from shoddy, which is made from loosely woven or knitted fabrics. This distinction, however, is generally disregarded in the American trade, and mungos are classed as low-grade shoddies. Flocks are the short fiber or nap shorn from the surface of woven fabrics in the finishing room. It is so short and fine that it gives the impression of pulverized wool. After the nap on the cloth has been raised by gigning, it must be leveled and finished off by shearing. The shearing machine acts like a lawn mower in cutting the raised nap, and the short wool clipped off by it is known as flocks. Flocks are sometimes made by grinding woolen rags up into a powdered state. They are used in the fulling process to give body and weight to cheap fabrics and also for lining rubber coats and like articles.

Production of mungo and flocks: Such mungo as is produced in the United States is included with shoddy. In fact, shoddy, mungo, and wool extract are all designated in the trade as shoddy. In 1904 the flocks produced in the United States amounted to 697,295 pounds, valued at \$24,862. This shows the average value of flocks per pound to be a little over 3 cents.

Mr. President, I wish to include in my remarks and have printed in the RECORD a table taken from the report of the Tariff Board on Schedule K, showing the price quotations on old woolen rags and new tailor clips in the United States for the years 1904 to 1911, inclusive. The table will be found at the bottom of page 80, in part 1 of volume 1 of the report just mentioned:

Price quotations in cents per pound on old skirted cloth, soft woolen rags, and new tailor clips in the United States, January, 1904, to December 7, 1911.

[From the American Wool and Cotton Reporter.]

	1904		1905		1906		1907		1908		1909		1910		1911	
	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.
Old stock:	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Skirted cloth, mixed.....	3½	6	5½	6	5	6	4	5	4	4½	3½	4½	2½	4½	2½	2½
Light skirted cloth.....	4½	6½	5½	6½	5	5½	4	5	3½	5½	4	5½	3	5	3	4
Fine light skirted cloth.....	4½	6	5	6	5	7	7	8	7	8	7	8½	6	8½	5	6
Blue skirted cloth.....	4	4½	4	5	4½	5½	4	5½	3½	5	3	4½	2½	3½	2½	3
Brown skirted cloth.....	4	4½	4	4½	4	4½	4	4½	4	4½	4	4½	2	4½	2	3
Black skirted cloth.....	2½	4½	4	5	3	4½	4½	5	4	4½	3½	4	2	2½	2	2½
Dark skirted cloth.....	2½	4½	4	5	3	4½	3	4	2½	3	1½	3	1½	3	1½	2½
Black skirted worsted.....	7	9	8½	11	10	11	8½	10½	5½	9	5½	7	5½	6	4½	6
Blue skirted worsted.....	5½	6½	5½	8½	8	9½	8	8½	5½	8	4½	6½	4	5	3½	4½

Price quotations in cents per pound on old skirted cloth, soft woollen rags, and new tailor clips in the United States, etc.—Continued.

	1904		1905		1906		1907		1908		1909		1910		1911	
	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.
Old stock—Continued.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
Dark skirted worsted.....	5½	7	6	7½	6½	8½	7	8½	5	8½	4½	6	3	5	2½	3½
Soft woollen No. 1.....	7	10½	8½	11	9	10½	8	9½	5	8	5	6½	4	6½	4½	5½
Soft old red flannels.....	8½	11	10	12½	12	13½	12	13½	10	12½	9½	12	9½	11½	7½	10
Soft old blue flannels.....	6	8	7	8½	7½	10	8	9	6	9	6	7½	4	7	4	6
Soft old white flannels.....	18	20	18	20	18	20	18	20	14	20	13	16½	15	16½	15	18
New stock:																
Mixed French flannels.....															10½	12
Fine merchant tailors, all colors.....	7	10	8	11	9	12	11	12	10	12	7	11½	7	8½	5	8
New brown chevrons.....	11½	12	11½	12	11½	12	11½	12	11½	12	11½	12	11½	12	11½	12
New carlet flannels.....	19	20	19	20	19	20	19	20	13	20	5	15	5	18	17	18
New black flannels.....	14	15	14	15	14	16	14	16	10	15	8	12	6	10	6	8½
Light cadet clips.....	14	15	14	15	14	15	14	15	14	15	13½	18½	16	18½	16	18½
Army blue clips, pure indigo....	20	23	20	23	20	23	20	23	20	23	14	22	16	18	16	18

NOTE.—The average price for the years mentioned is 8.6 cents per pound.

In the hearings before the Interstate Commerce Committee on the truth in fabric bill a witness stated that tailor clippings were a drug on the market at this time at from 5 to 6 cents a pound.

The statement was also made by another witness that the rag warehouses in New York were so jammed with old rags that the last cargo from Belgium, most of which were parts of soldiers' uniforms gathered up on the battle fields of Belgium, had to be put on barges and sent to Troy for storage.

My information is that the price of rags in America to-day is below the average price for the years mentioned of 8.6 cents per pound.

These prices of old rags gives one a very clear idea of the value of this cheap material, and it is not hard to understand how those who framed the act of 1883 arrived at their compensatory duties on the different grades of these cheap fabrics, for, very properly, they figured as the price increased in value that some wool was used in these materials; and when the value of the cloth reached above 80 cents a pound, which would indicate that it might be made of all wool, a compensatory duty of 35 cents a pound was given. The thoroughness with which this schedule was prepared is evidence of the careful thought and consideration the framers of the act of 1883 gave to the woollen schedule. It not only gave the manufacturers their full amount of compensatory duty but it protected the American people at the same time by not placing a duty on these cheap fabrics that acted as an embargo in our later tariff laws.

It was in the act of 1890 that the skirting clause was enacted that later made Schedule K famous. I will review the duties it gave on wool and woollens, and then make a comparison with the act of 1883.

The act of 1890 gave a duty on wool of the first class in the grease of 11 cents a pound, washed wool 22 cents a pound, and scoured wool 33 cents a pound; wool of the second class 12 cents a pound in the grease, 24 cents washed, and 48 cents a pound scoured.

This act continued the manufacturers' compensatory duty on the same basis as the act of 1867, that it required 4 pounds of unwashed wool of the first class to make a pound of cloth, and fixed the manufacturers' compensatory duty on all high-priced woollen goods at four times the duty on a pound of unwashed wool of the first class, or 44 cents a pound.

The duties on manufactures of wool in the tariff act of 1890 are as follows:

On woollen or worsted cloths, shawls, knit fabrics, and all fabrics made on knitting machines or frames, and all manufactures of every description made wholly or in part of wool, worsted, the hair of the camel, goat, alpaca, or other animals not specially provided for in this act, valued at not more than 30 cents per pound, the duty per pound shall be three times the duty imposed by this act on a pound of unwashed wool of the first class, and in addition thereto 40 per cent ad valorem; valued at more than 30 and not more than 40 cents per pound, the duty per pound shall be three and one-half times the duty imposed by this act on a pound of unwashed wool of the first class, and in addition thereto 40 per cent ad valorem; valued at above 40 cents per pound, the duty per pound shall be four times the duty imposed by this act on a pound of unwashed wool of the first class, and in addition thereto 50 per cent ad valorem.

On blankets, hats of wool, and flannels for underwear composed wholly or in part of wool, the hair of the camel, goat, alpaca, or other animals valued at not more than 30 cents per pound, the duty per pound shall be the same as the duty imposed by this act on 1½ pounds of unwashed wool of the first class, and in addition thereto 30 per cent ad valorem; valued at more than 30 and not more than 40 cents per pound, the duty per pound shall be twice the duty imposed by this act on a pound of unwashed wool of the first class; valued at more than 40 cents and not more than 50 cents per pound, the duty per pound shall be three times the duty imposed by this act on a pound of unwashed wool of the first class, and in addition thereto, upon all of the above-named articles, 35 per cent ad valorem.

On blankets and hats of wool composed wholly or in part of wool, the hair of the camel, goat, alpaca, or other animals, valued at more than 50 cents per pound, the duty per pound shall be three and one-half times the duty imposed by this act on a pound of unwashed wool of the first class, and in addition thereto, 40 per cent ad valorem.

The duty that I have referred to in all cases is the compensatory duty given to the manufacturer to recompense him for the increased price that he is supposed to pay for his raw material because of the duty on wool.

The act of 1890 shows a radical increase in both compensatory and ad valorem duties over the act of 1883, and a comparison of the two acts is very illuminating.

In the act of 1890 the compensatory duty was increased over the act of 1883 from 35 cents on a pound of cloth and knit fabrics of the higher class to 44 cents, and the ad valorem duty from 40 per cent to 50 and 55 per cent.

The act of 1883 placed a compensatory duty on a pound of cloth and knit fabrics valued above 80 cents a pound of 35 cents and an ad valorem duty of 35 per cent; the act of 1890 placed a compensatory duty on all cloth and knit fabrics valued at above 40 cents a pound of 44 cents a pound and an ad valorem duty of 50 per cent.

The act of 1883 placed a compensatory duty of 10 cents a pound on cheaper fabrics, valued at 30 cents a pound or less, and an ad valorem duty of 35 per cent; the act of 1890 placed a compensatory duty of 33 cents a pound on these same materials, or an increase of 233 per cent over the act of 1883, and 40 per cent ad valorem.

The act of 1883 placed a compensatory duty of 12 cents a pound on cheaper fabrics, valued at 30 cents and not more than 40 cents a pound, and an ad valorem duty of 35 per cent; the act of 1890 placed a compensatory duty of 38½ per cent on these same materials, or an increase of over 200 per cent over the act of 1883, and 40 per cent ad valorem.

The act of 1883 placed a compensatory duty of 18 cents a pound on a pound of cloth valued at 40 cents a pound, and not more than 60 cents a pound, and an ad valorem duty of 35 per cent; the act of 1890 placed a compensatory duty of 44 cents a pound on these same materials, or an increase of 144 per cent over the act of 1883.

I want to call the attention of Senators to the fact that the compensatory duties in the act of 1890 on these cheap materials in most cases were more than the material was worth, and acted as an embargo all the time.

The act of 1897 placed the same duties on wool as the act of 1890, but made the following increases in the compensatory and ad valorem duties over the act of 1890 in some of its schedules: Cheaper blankets are increased from 16½ cents a pound compensatory duty in the act of 1890 to 22 cents a pound. On the next grade of blankets the compensatory duty is increased from 22 cents to 33 cents.

On the higher priced cloth and fabrics there is an increase in the ad valorem duties from 40 per cent in the act of 1890 to 50 per cent in the act of 1897, and from 50 per cent ad valorem on the higher class of goods in the act of 1890 to 55 per cent in the act of 1897.

The act of 1909 is an exact duplication of the act of 1897. It was at this time that President Taft said that Schedule K was indefensible. So the act of 1897 was accepted without any increased duties to the manufacturers. The wool duty remained the same, and the prices upon which the manufacturers' compensatory duty was given was four times the duty on a pound of grease wool of the first class, or 44 cents on a pound of cloth.

The point I want to make clear to the Senators is that through all of our tariff acts the woolgrowers have been given



a duty of 11 cents on a pound of grease wool of the first class and a duty of 12 cents a pound on grease wool of the second class, double that amount of duty on a pound of washed wool, and three times the amount of the duty on a pound of grease wool for a pound of scoured wool.

Through all of our tariff acts, with the exception of the act of 1883, the manufacturers' compensatory duty on a pound of cloth has been four times the duty on a pound of grease wool of the first class.

If there is a question of doubt left in the mind of any Senator that all our compensatory duties on woolen goods were not based on the theory that it required 4 pounds of unwashed wool to make a pound of cloth, I would refer him to volume 20, page 141, of the bulletin for the year 1890 of the National Association of Wool Manufacturers, edited by S. N. Dexter North, secretary, 70 Kilby Street, Boston, Mass. I will read from this volume what the manufacturers themselves have to say about compensatory duties:

In arriving at a true basis for calculating this compensatory duty the committee adopted the formula which has been accepted without challenge since the act of 1867, viz: That it requires  $3\frac{1}{2}$  pounds of unwashed wool to manufacture 1 pound of high-grade yarn and 4 pounds of unwashed wool to manufacture 1 pound of cloth, when proper allowance is made in each case for the loss in waste and shrinkage which occurs during the process of manufacture.

So we have manufacturers perfectly satisfied with 4 pounds of unwashed wool of the first class for a pound of cloth.

For the first time in the history of this country the Fordney bill gives the manufacturers  $4\frac{1}{2}$  pounds of wool, shrinking 66 $\frac{2}{3}$  per cent, to make a pound of cloth. They set aside all the tariff acts of the past, together with the manufacturers' own statement that 4 pounds of unwashed wool, shrinking 66 $\frac{2}{3}$  per cent, are sufficient to make a pound of cloth.

The manufacturers' true compensatory duty on a pound of scoured wool, paying a duty of 25 cents a pound, should be 33 $\frac{1}{2}$  cents a pound, but the bill gives him 36 cents.

The story of how the American woolen manufacturer manipulated Schedule K to evade paying the full amount of the duties on wool, for which he received a compensatory duty of 44 cents a pound, may be interesting to those who are not familiar with the story.

The first act, of course, was to amend Schedule K so as to permit wools that had been skirted to be imported, and pay the single duty of 11 cents a pound. With that accomplished in the act of 1890 the task was not a difficult one.

The skirted fleece means that a little wool around the head of the sheep is first shorn; then a little more is shorn off the front legs; then all the belly is shorn; then the dirty tag locks are removed; and then a little is shorn off the hind legs.

It is on these parts of the sheep the staple is the shortest and the wool is the dirtiest. These clippings are pushed aside in a pile to themselves, and then the body of the sheep is shorn. In some of the shearing plants the fleece is gathered up and spread over a coarse wire sieve, the outside of the fleece downward. A little shaking of the fleece takes place to remove any dirt that can be worked out in this way, and then the fleece is tied up and you have a skirted fleece.

The demand for light shrinkage wool became so keen that as high as \$7,000 a head was paid for stud rams in Australia that gave promise of producing a sheep with light shrinkage wool, and a new breed of sheep was developed, called the Corridale, that produces a light shrinkage wool containing less grease than other sheep of the merino blood.

Practically all of the light shrinkage wool of the world was shipped to London. Occasionally American buyers went to Australia and purchased this light shrinkage wool and shipped it direct to America; but usually all of it was shipped to London and there opened up and sold at auction, which is the custom on the London market.

This light shrinkage wool was set out by itself and marked "fit for American use," not because we use any different class of wool in America than that of any other country, but because of the light shrink, and only the American buyers bid on this wool. Sometimes the bidding was keen, for the lighter the shrink the smaller the amount of duty he would have to pay when it reached the American port.

Through these manipulations the shrinkage was brought down from 66 $\frac{2}{3}$  per cent, which the law presumed the average wools of the world would shrink and upon which all the manufacturers' compensatory duty has been based, until the average shrink of all our imported wools under the Payne-Aldrich Act was not more than 40 per cent. So, for example, if the American manufacturer bought a hundred pounds of wool on the London market that would shrink 66 $\frac{2}{3}$  per cent and brought it to America and paid his duty of 11 cents a pound, or \$11 for

the package, he would have 33 $\frac{1}{2}$  pounds of clean wool. On the other hand, if he bought a hundred pounds of wool on the London market, with a shrinkage of only 40 per cent, he would pay the same amount of duty of \$11 and he would have 60 pounds of clean wool.

Out of the package with a shrinkage of 66 $\frac{2}{3}$  per cent, out of which he would have 33 $\frac{1}{2}$  pounds of clean wool, based on 4 pounds of wool to a pound of cloth, he would be able to produce 8 $\frac{1}{2}$  pounds of cloth. Out of his package, on which he paid the same duty of \$11, with a shrinkage of only 40 per cent, out of which he would have 60 pounds of clean wool, on the same basis of 4 pounds of wool to a pound of cloth, he would be able to produce 15 pounds of cloth.

By importing these light shrinking wools, instead of the woolgrower getting a protection of 33 cents a pound on the scoured wool, as the law provided for, his protection was only 18 $\frac{1}{2}$  cents a pound on the scoured basis.

And this is how Schedule K permitted the manufacturer to appropriate to himself the protection the woolgrower believed he was entitled to receive.

On wools paying a duty of 18 $\frac{1}{2}$  cents per pound on the scoured basis the manufacturers' true compensatory duty should have been 24 $\frac{1}{2}$  cents on a pound of cloth, and yet every pound of cloth imported into America under the Payne-Aldrich Act—even if not more than 50 per cent of it was made of wool under the valuation that was fixed—paid a compensatory duty of 44 cents a pound. In this way the manufacturer received a compensatory duty of 19 $\frac{1}{2}$  cents per pound on a pound of cloth more than he was entitled to.

I wonder if there is anyone in America so simple as to think that the people received any benefit from the compensatory duty that the manufacturer made out of this manipulation of Schedule K. It is said by some that the manufacturer did not always take advantage of the full amount of the hidden duty, as it is called. The manufacturer rarely ever sells his cloth direct to the merchant tailors of the country. The jobber is the last man between the woolgrower and the people, and if the manufacturer was ever kind enough to leave anything I am sure the jobber, from what I know of him, would not be slow to take advantage of it.

I had the honor to be president of the National Woolgrowers' Association of America a few years ago, and at that time I made an investigation into the cost of a yard of cloth. I followed the wool from the Western States to Boston, through the hands of the commission merchant who sells it to the manufacturer, and then through the manufacturer into the hands of the jobber. I found that it was the custom in this country for our woolen mills to operate largely on orders taken from these jobbing concerns. They enter into a contract with the mills designating certain patterns of cloth to be made. Then I followed that yard of cloth from the jobber to the merchant tailors of the country, and this is what I found: That the jobber took more for distributing that yard of cloth to some of the small merchant tailors of the country than all the other forces combined that entered into its production. This includes the woolgrower that grew the wool, the railroad that hauled the wool to Boston, the commission merchant that sold it to the manufacturer, and the manufacturer that manufactured it into a yard of cloth. So, if the manufacturer was ever kind enough to leave any of the hidden duty, this soft-hearted jobber, who runs true to his name, I am sure would take what little there was left.

The importation of wools under the Payne-Aldrich Act was so small in amount that that of itself is conclusive proof that the duties in that act were so high that they acted in a large measure as an embargo. Under that act the importation of manufactured wools was as follows: 1909, \$18,102,461; 1910, \$23,532,175; 1911, \$18,569,791; 1912, \$14,912,619.

Why, I find that the city of Washington, with its half million people, pays more for its manufactured wools every year than the value of the wools imported into this country under the Payne-Aldrich Act.

[At this point Mr. GOODING yielded the floor for the day.]

Friday, July 29, 1921.

Mr. GOODING. Mr. President, it is at this point in my remarks that I want to take up and pay my respects to the Fordney bill. The Fordney bill assesses all duties on imports on the American valuation. I can understand how, with a fair and just law, the American valuation may be accepted; but under the Fordney bill, as far as the schedule on wool and wools is concerned, with the 35 per cent ad valorem duty on wool, it is un-American, unfair, and unjust, and a menace to good citizenship, the seriousness of which I shall not discuss at this time.



The Fordney bill not only permits the American manufacturer to fix his own duties upon which the basis for his protection is given but under the law, with the 35 per cent ad valorem duty on wool, he will fix the protection for the woolgrower, for the manufacturer is the only market for American wool, and he alone fixes the price on every pound of wool produced in America. Any law that permits one industry to become the master, and subjects the other to its mercy, is a crime against American principles and one that can not be tolerated by any red-blooded American.

I shall have no trouble in showing Senators that what Schedule K permitted the manufacturer to do to take from the woolgrower his protection the Fordney bill, if it passed without amendment, will also do for him. It will not be necessary in Australia to skirt wool any longer or for the flockmaster to pay fancy prices for stud rams that give promise of producing sheep with a light shrinkage wool, nor will it be necessary to set out wool in London marked "fit for American use." The Fordney bill will do the job and will do it well.

In order to understand the protection the bill gives to the manufacturer, it will be necessary to find out what efforts are made by the manufacturer to produce a pound of cloth. Some one has contributed to the cost of that pound of cloth besides the manufacturer. So before we can make a comparison as to what the manufacturer's interest is in a pound of cloth we must find out what his conversion cost is or what his investment and labor represent in a pound of cloth. Reliable information fixes the manufacturer's conversion cost at an average of 40 per cent and the material cost at an average of 60 per cent. In some cases it is over and in others it is under; but it is estimated that when there is a protection on wool that the 40-60 basis is a fair average. This 60 per cent represents the labor of the woolgrowers, the freight on the wool to the markets, the commission merchant's expense, and the expense of scouring the wool, for with the scoured wool is where the manufacturer's labor first begins.

Senators must bear in mind that the compensatory duty is no part of the manufacturer's protection at any time or at any place, for it is only to recompense him for the increased cost of the duty imposed on the raw material in a pound of cloth.

Paragraph 1108, on page 130 of the Fordney bill, reads as follows:

Woven fabrics, weighing not more than 4 ounces per square yard, wholly or in part of wool, valued at not more than \$1.25 per pound, a compensatory duty of 30 cents per pound, and in addition thereto an ad valorem duty of 22 per cent.

For example, on a dollar's worth of the above-mentioned cloth the ad valorem duty is 22 per cent, or 22 cents. The manufacturer's share of the cost in this dollar is only 40 cents. On the balance of 60 cents he is more than fully protected by his compensatory duty. Therefore this 22 cents ad valorem protection based on the 40 cents of manufacturing cost is equal to exactly 55 per cent ad valorem protection. I challenge any manufacturer or manufacturer's agent to successfully contradict the truth of this statement.

Again, on cloth worth more than \$1.25 per yard, the ad valorem duty is 27½ per cent, or 27½ cents on each dollar's worth of cloth. The manufacturing cost being 40 cents on the dollar, as before, and the manufacturer being more than fully protected by his compensatory duty on the balance of 60 cents, which represents the material cost in each dollar of value, we must compute his actual ad valorem protection on the basis of 40 cents. We find that 27½ cents is exactly 68½ per cent of the conversion cost of 40 cents, and 68½ per cent is, therefore, the actual ad valorem protection which the manufacturer receives on this schedule. The truth of this conclusion can not be successfully challenged.

For these reasons, I submit to the Senate that the 27½ per cent ad valorem duty laid down in the bill is misleading.

The protection in the Fordney bill can properly be called a hidden and secret protection. It is misleading and contrary to all accepted standards of justice and fair play. If the manufacturer is to be given 68½ per cent ad valorem protection in this schedule, why not say so in plain words, in language all can understand, instead of concealing it under the guise of a 27½ per cent ad valorem duty on the cost of the entire pound of cloth, which without a careful investigation is misleading and deceptive?

Continuing, paragraph 1108, page 130, line 10, reads:

Valued at not more than \$1.25 per pound, a compensatory duty of 36 cents per pound, and, in addition thereto, 27½ per cent ad valorem.

Again the manufacturer's conversion cost remains the same, regardless of the cost of the cloth. The foreigner must pay 27½ per cent ad valorem duty on all cloth valued at above \$1.25 per pound, but the manufacturer's conversion cost again is only 40 per cent, so that his ad valorem duty on his conversion cost is

68½ per cent. Here I desire to call attention to his compensatory duty of 36 cents on a pound of cloth valued at more than \$1.25. With the manufacturer fixing his own valuation, half of this cloth may be made out of mungo or cheap shoddy, and yet his compensatory duty is 36 cents a pound.

Continuing, paragraph 1108, page 130, line 12, reads:

Provided, That if the warp of any of the foregoing is wholly of cotton or other vegetable fiber, the compensatory duty shall be 25 cents per pound, and, in addition thereto, if the fabric is valued at not more than \$1.25 per pound, an ad valorem duty of 22 per cent; if valued at more than \$1.25 per pound, an ad valorem duty of 27½ per cent.

So we see that if the warp is made out of cotton or vegetable fiber, regardless of what the material in the fabric is, the manufacturer is given a compensatory duty of 25 cents per pound, and he still has his ad valorem duty of 22 per cent on the entire cost, which is 55 per cent on his cost of conversion.

If the fabric is valued at more than \$1.25 per pound, even if the warp is wholly of cotton or other vegetable fiber, 27½ per cent ad valorem, the protection that he receives on his conversion cost is again 68½ per cent.

I do not know why the manufacturers of this country are entitled to a compensatory duty on cotton that is used in woolen goods when cotton is on the free list. Here let me say to the Senators from the South, I am going to help make a fight for protection for the cotton planter; I am going to stand for and vote for protection to every southern industry that needs protection.

PAR. 1109. Woven fabrics weighing more than 4 ounces per square yard, wholly or in part of wool, valued at not more than 75 cents per pound, a compensatory duty of 20 cents per pound, and in addition thereto an ad valorem duty of 18 per cent.

This is the lowest ad valorem duty that the manufacturer receives under the Fordney bill. On his conversion cost he will receive, however, an ad valorem duty of 45 per cent. In addition to this, there is a compensatory duty of 20 cents, which may be in some cases close to the value of the whole fabric.

I quote further from the wool schedule of the Fordney bill:

Valued at more than 75 cents, but not more than \$1.25 per pound, a compensatory duty of 25 cents per pound, and in addition thereto an ad valorem duty of 21 per cent.

The manufacturer is receiving on his conversion cost here an ad valorem duty of 51½ per cent.

Valued at more than \$1.25, but not more than \$2.50 per pound, a compensatory duty of 30 cents per pound, and in addition thereto 24 per cent ad valorem.

Here the manufacturer is receiving 60 per cent of an ad valorem duty.

When valued at more than \$2.50 per pound, a compensatory duty of 36 cents per pound, and in addition thereto an ad valorem duty of 27½ per cent.

Again, the manufacturer is receiving an ad valorem duty of 68½ per cent on his conversion cost.

On page 131, paragraph 1111 reads as follows:

Pile fabrics (velvets and plushes), cut or uncut, whether or not the pile covers the whole surface, made of wool or of which wool is a component material, whether or not constituting chief value, and manufactures, in any form, made or cut from such pile fabrics, 36 cents per pound, and, in addition thereto, 27½ per cent ad valorem.

There is no value fixed on pile fabrics. The sky is the limit. Regardless of their value, the manufacturers' ad valorem duty is 68½ per cent on the conversion cost and the compensatory duty is 36 cents a pound.

Paragraph 1112, on the same page, reads as follows:

Blankets, wholly or in part of wool, not exceeding 3 yards in length, plain woven, with not more than one color in warp or filling, and not advanced beyond weaving by any process of finishing, valued at not more than 75 cents per pound, 20 cents per pound and, in addition thereto, 20 per cent ad valorem; valued at more than 75 cents but not more than \$1.50 per pound, 25 cents per pound and, in addition thereto, 20 per cent ad valorem; valued at more than \$1.50 per pound, 30 cents per pound and, in addition thereto, 20 per cent ad valorem.

In the case of blankets the manufacturers' ad valorem duty on his conversion cost is 50 per cent, and the compensatory duty is from 20 to 30 cents per pound. Most of this stuff is made out of mungo.

Paragraph 1113, on page 132, reads as follows:

Felts, not woven, wholly or in part of wool, valued at not more than 75 cents per pound, a compensatory duty of 20 cents per pound and, in addition thereto, an ad valorem duty of 20 per cent.

In this paragraph the manufacturer is given an ad valorem duty on his conversion cost of 50 per cent, and the same is true of felts valued at more than 75 cents but not more than \$1.50 per pound, on which there is a compensatory duty of 25 cents per pound and, in addition thereto, an ad valorem duty of 20 per cent.

Valued at more than \$1.50 per pound, a compensatory duty of 30 cents per pound and, in addition thereto, an ad valorem duty of 25 per cent.

Here the manufacturer is given a compensatory duty of 62½ per cent on his conversion cost.



The protection on wool in the Fordney bill reads as follows:

Wools, not specially provided for, and hair of the angora goat, alpaca, and other like animals, imported in the grease or washed, 25 cents per pound of clean content; imported in the scoured state, 26 cents per pound; imported on the skin, 24 cents per pound of clean content; *Provided*, That none of the foregoing shall pay a higher rate of duty than 35 per cent ad valorem.

I desire to show to Senators what the Fordney bill will do for the manufacturers if it is enacted into a law without amendment. I shall have no trouble in showing that it is the most vicious and dangerous measure ever passed in the House of Representatives by any political party. Again, I want to say that the Fordney bill makes the manufacturer the master and places a power in his hands that I am sure Schedule K, if it came back to life, would be ashamed of.

This is what will happen: When a cargo of wool reaches an American port the Government experts will determine its grade, and then they will take the quotation on that class of wool and figure out through this ad valorem duty of 35 per cent how much duty the manufacturer will pay on each grade of wool. The lower the manufacturer can beat down the price of wool on the American market the less duty he will have to pay, and the smaller the duty he pays on a pound of wool the greater will be his protection on a pound of cloth through his compensatory duty, for the law says that his compensatory duty shall be 36 cents a pound on fabrics worth above \$1.25 a pound. That compensatory duty will always be there. He can go to bed at night and get up in the morning and know that the 36 cents is as dependable as the tide itself. I am sure that a fabric that is only worth \$1.25 a pound, American valuation, is not made out of all wool; some of it will be of mungo; but, regardless of what the material is in the fabric that is worth more than \$1.25 a pound, the importer will pay a compensatory duty of 36 cents on a pound of cloth, and on top of that he will pay an ad valorem duty of 27½ per cent, American valuation, in which the manufacturer has but 40 per cent of the conversion cost of that cloth which is worth more than \$1.25 per pound. The manufacturer is not only protected by an ad valorem duty of 68½ per cent on his efforts in that pound of cloth, but his compensatory duty of 36 cents will, in many cases, act as an embargo on the cheaper fabrics.

If this bill shall be passed without amendment, the manufacturer's protection, when his compensatory duty, to which he is not entitled, and his ad valorem duty are computed, will be anywhere from 62½ to 200 per cent.

In order that Senators may understand how it is done and how the 35 per cent ad valorem duty will be an inducement to beat down the price of wool on the American markets, I will read a telegram from Jeremiah Williams & Co., of Boston, giving the value of wool on the Boston markets and on the London markets, and at the same time I will show how the manufacturer is interested in beating down the price of American wool, and what it means to him with a fixed compensatory duty of 36 cents a pound on a pound of cloth. The telegram is as follows:

BOSTON, MASS., June 30, 1921.

F. R. GOODING,

United States Senate, Washington, D. C.:

Scoured value, Ohio fine clothing, 75 cents; London value, 50 cents. Ohio fine staple, 85 cents; London value, 60 cents. Valuation western wools, fine long staple, 75 cents; London, 55 cents. Fine short staple, 65 cents; London, 50 cents. Half blood, 60; London, 40 cents. Three-eighths, 50 cents; London, 30 cents. Quarter blood, 35 cents; London, 22 cents.

JEREMIAH WILLIAMS & Co.

I might say that this is one of the oldest commission firms in Boston.

All wools with a value of more than 71½ cents on the scoured basis will receive the full amount of protection provided in the Fordney bill.

On the basis of 4 pounds of wool to make a pound of cloth the manufacturer's compensatory duty on a pound of cloth should be 33½ cents; but the Fordney bill gives him 36 cents on a pound of cloth, or 2½ cents more than he is entitled to under any law that has ever been passed, or more than has ever been claimed in the past by the manufacturers themselves.

About 30 per cent of the wool of America to-day will receive the full amount of protection provided in the Fordney bill, which is 25 cents a pound on the clean content. On cloth made out of this 30 per cent the manufacturer by every rule and every law that has been accepted will receive on cloth valued at over \$1.25 a pound a compensatory duty of 2½ cents a pound more than he is entitled to. Two and two-thirds cents, figured on the basis of the manufacturer's conversion cost of 40 cents, is equal to 5½ per cent. Again I want to say that the manufacturer is not entitled to any part of a compensatory duty more than enough to recompense him

for the difference in the cost of his raw material. No honest law will give it to him. So the manufacturer's ad valorem duty is increased from 68½ per cent to 73.95 per cent.

On short fine-staple wools, valued at 65 cents on the clean content on the Boston market, the woolgrower will receive a protection of 22½ cents a pound; the manufacturer's true compensatory duty should be 30½ cents on a pound. The Fordney bill gives him a compensatory duty of 36 cents on a pound of cloth when its value is above \$1.25 a pound, or 5½ cents more than he is entitled to. Five and two-thirds cents, figured on the basis of the manufacturer's conversion cost of 40 per cent, is equivalent to 11 per cent, and so the manufacturer's ad valorem duty will be increased from 68½ per cent to 79½ per cent.

On half-blood wools, valued at 60 cents a pound on the clean content on the Boston market, the woolgrower will receive a protection of 21 cents a pound; the manufacturer's true compensatory duty should be 28½ cents. The Fordney bill gives him 36 cents on a pound of cloth valued at above \$1.25 a pound, or 8 cents more than he is entitled to. Eight cents, figured on the basis of the manufacturer's conversion cost of 40 per cent, is equivalent to 15 per cent, and so the manufacturer's ad valorem duty will be increased from 68½ per cent to 83½ per cent.

On three-eighths blood wool, valued at 50 cents a pound on the clean content on the Boston market, the woolgrower will receive a protection of 17½ cents a pound. The manufacturer's true duty should be 23½ cents a pound. The Fordney bill gives him 36 cents on a pound of cloth valued at above \$1.25 a pound, or 12½ cents more than he is entitled to. Twelve and two-thirds cents, figured on the basis of the manufacturer's conversion cost of 40 per cent, is equivalent to 25 per cent, and so the manufacturer's ad valorem duty will be increased from 68½ per cent to 93½ per cent.

On quarter-blood wool, with a valuation of 35 cents a pound on the clean content on the Boston market, the woolgrower will receive a protection of 12½ cents a pound; the manufacturer's true compensatory duty should be 16½ cents on a pound of cloth. The Fordney bill gives him a compensatory duty of 36 cents on a pound of cloth valued at more than \$1.25, or 19½ cents per pound more than he is entitled to. Nineteen and two-thirds cents, figured on the basis of the manufacturer's conversion cost of 40 per cent, is equivalent to 39 per cent, and so the manufacturer's ad valorem duty will be increased from 68½ per cent to 107½ per cent, and I am sure that we can leave it to the manufacturer to see that all cloth valued at above \$1.25 a pound will receive the full 36 cents compensatory duty that is provided in paragraph 1108.

Reviewing the Fordney bill briefly, we find that it reduces the compensatory duty on a pound of high-priced cloth from 44 cents in the Payne-Aldrich bill to 36 cents in the Fordney bill.

The compensatory duty on the cheaper fabrics has been reduced from 22 cents in the Payne-Aldrich bill to 20 cents in the Fordney bill. As to the reduction of the compensatory duties on the cheaper fabrics, it is of little concern. They are still so high that they will act as an embargo, for in many cases the compensatory duty alone will be equal to the value of a pound of these cheap fabrics.

The Fordney bill has reduced the duty on a pound of scoured wool from 33 cents in the Payne-Aldrich bill to 25 cents in the Fordney bill. It has reduced the duty on a pound of grease wool from 11 cents a pound in the Payne-Aldrich bill to 8½ cents a pound in the Fordney bill, and then it provides "that none of the foregoing shall pay a higher rate of duty than 35 per cent ad valorem," which may mean that the woolgrower will not receive 10 cents duty on a clean pound of the cheaper grades of wool.

The manufacturer's 4 pounds of wool in the grease, shrinking 66½ per cent, that was given in the Payne-Aldrich bill to make a pound of cloth, has been increased in the Fordney bill to 4½ pounds of wool, shrinking 66½ per cent.

It is impossible to tell just what the manufacturer's increase in his ad valorem duties will be until he gets through fixing his own valuations. I am informed that he is already fixing up his mill books. Until he gets through that job, it will be impossible to tell what the increase will be.

Mr. President, I have a very high regard for the members of the Ways and Means Committee of the House. Probably no men are dealing with greater problems than those gentlemen, and I can understand how mistakes can be made on these difficult schedules.

I am sure that the Ways and Means Committee do not understand that they are giving the manufacturer an ad valorem duty of from 45 per cent up to 107 per cent, and in some cases, where shoddy is used, 200 per cent.

Surely they would not frame and pass in the House of Representatives such a bill as this, that gives such unreasonable ad



valorem duties and that makes one industry a master over the other, if they thoroughly understood this technical schedule.

These duties given to the manufacturers in the Fordney bill, where shoddy is used, it must be admitted will act as an embargo. When the great principle of protection is used as an embargo in the interest of any industry, there is grave danger of breaking down and destroying that principle, for a time at least, in America. To me this is a very serious matter.

No man in the Senate is a more ardent protectionist than I am. I am willing to give any industry its fair and honest protection, but I am not willing to give any industry an embargo.

Some of the members of the Ways and Means Committee said that they were placing the 35 per cent ad valorem duty on wools because some wools would receive too much protection without it. Thirty-five per cent ad valorem is enough for the great wool industry of the country; 200 per cent is not any too much for the shoddy manufacturers.

The question is, Mr. President, Is the live-stock industry worth saving? There is very little difference in the cost of production of the different grades of wool in America. I am willing to give to the manufacturers a reasonable protection that will insure prosperity of their industries. If the live-stock industry is worth saving, it is entitled to the same consideration.

To make up our breeding herds we must have sheep of the merino blood, that produce the high-priced wools at the present time, and we must have sheep of the English blood for producing the cheaper grades of wool at the present time. To bring about the ideal sheep for America a cross between these different breeds is necessary.

So if you cripple one branch of the industry you cripple the whole industry. The average price of western wool on the Boston market to-day is 61 cents a pound on the clean content. From the West the rate on a pound of grease wool is 3.46 cents, and it takes 3 pounds of Idaho wool in the grease to make a pound of clean wool. That means that the woolgrower must pay 10.8 cents freight rate on a pound of clean wool to Boston. The cost to the woolgrower of selling wool in Boston is 2½ cents on the grease pound. So here again there is a charge of 7½ cents on a pound of scoured wool. For scouring the cost is 2 cents a pound. Here is another 8 cents, making a total of 24.3 cents to market a pound of scoured wool, which leaves the woolgrower the magnificent sum of 36.7 cents per pound for clean or scoured wool.

Unless the woolgrower is given adequate protection and an honest deal, and can reduce his expenses, as I think he can do if the country gets back to normal, we can not go on with the wool industry in America.

Mr. President, the woolgrowers of the country are asking for a just law, one which, when it says 11 cents a pound, means 11 cents a pound.

There is no trouble, Mr. President, about passing a law that will give the woolgrowers practically all the protection the law provides for them if we will commence by placing a specific duty on the clean content of a pound of grease wool.

And then let the manufacturer's compensatory duty be based on the price he pays for wool in the Boston market. The world's market for wool is London; it is there that the price of wool for the world is made. The American woolgrower is entitled to receive in Boston somewhere near the London prices, plus the amount of duty this Government gives to wool. The market prices of wool are as well established as the market prices of wheat or of cotton, and when the American manufacturer forces the price of wool down in Boston below the London prices, plus the duty that the Government puts on wool, say 5 per cent, then there should be a 5 per cent reduction in his compensatory duties. If he forces it down 20 per cent, then let his compensatory duties be reduced 20 per cent. If it is 50 per cent, then reduce his compensatory duties 50 per cent. If it is 100 per cent, then he is not entitled to any compensatory duty at all.

It is just as easy for an expert to tell the different grades of wool in a pound of cloth as it is for him to tell the different grades of wool in the grease. Unless protection is given to the woolgrowers in this way you might just as well put wool on the free list; but if you do, it will be well to put the manufacturer's products on the free list at the same time. The agricultural and live-stock interests are asking for a square deal, for the same consideration that is given other industries—that and nothing more.

I do not know whether Senators will agree with me that the live-stock industry is different from any other industry in America, but nevertheless that is true. Out in the West the mine owners have closed down their mines, the timbermen have closed down their sawmills. Here in the East and the

South some of our industrial plants are closed down, and it is said that 5,000,000 men are out of employment.

But it is different with the breeding herds of the country. There are no Sundays, no holidays; it is always 365 days in the year that they must be cared for. They must be fed and protected and have constant care night and day. I know of no greater responsibility than the care of live stock. Eternal vigilance must be the watchword to success in the live-stock industry. When the storms rage the hardest it is then they must have the greatest care, and many lives have been sacrificed in the heroic effort to protect live stock in some of those fearful blizzards that sweep over our western plains.

The only stopping place is the slaughterhouse, and the slaughterhouse has been catching a great many of them, for the census of sheep shows that in one short year there has been a reduction of almost 14,000,000 head. In 1900 the census showed 61,503,713 sheep in America. On January 1, 1919, the census showed that there were 48,866,000 sheep in the country. The most alarming reduction of all is shown in the census of January 1, 1920, in which the number is given as 34,984,524. Flockmasters have not only sent their sheep to the slaughterhouse—they have stopped breeding.

Mr. President, I know that if this schedule is enacted into law that the woolgrower will give up the fight, and the wool industry at least will be lost to America; and some day, when it is too late, the American people will learn the true value of the live-stock industry to civilization itself.

The winter I was in Washington making an investigation of the cost of a pound of cloth, which I have referred to in my remarks, I read of a strike in the woolen mills at Lawrence, Mass. There were sixteen hundred strikers in a hall there, and there was a call for the appointment of five committees. There were to be five on each committee and each committee was to represent a different nationality. When it came to the appointment of the English-speaking committee, it was found that there were only three of the sixteen hundred who could speak the English language.

I am willing to give the manufacturer of the East a fair and an honest protection regardless of the class of labor he employs. But I see no reason why the manufacturer of the East should be given 200 to 300 per cent more protection than the industries of the West, and if legislation can be passed that authorizes one industry to rob another, and makes one class the master and the other class the slave, I want to know something about it; and it is high time that the West understands what part it is to play in the affairs of this Government.

The Republican Party has not given the West a square deal in the tariff laws for a number of years. But unless it does give the West a square deal in the new tariff law it may just as well be understood first as last that it will not receive my support. With me it is going to be a square deal for the West or a fight.

Mr. President, there are certain great fundamental principles in this life which, if accepted and observed by the people, lead the Nation onward; but if those principles are ignored the virile forces of manhood are lost, and that Nation goes down to decay.

History teaches us that the neglect of the soil by the Roman Empire contributed much to its downfall. During the last years of life of that great Empire the soil was so poor that it only produced an average of 4 bushels of wheat to the acre. The citizenship of Rome, like its soil, lost its virile force, and that mighty Empire went down to decay.

In my judgment live stock is the most important industry to humanity in all the world. In every country where live stock has been neglected, civilization has had a hard struggle to exist. I remember a few years ago reading that in one of the great States of the Union a large portion of the male population of two counties were indicted for selling their votes. Investigation showed that they were living upon farms where the soil was exhausted; farms that were once fertile but from lack of live stock and proper rotation the soil had become exhausted, and it was a struggle on those farms to sustain life. The citizenship, like the soil, had gone backward.

I do not wish to be understood as saying that it is necessary for the live stock to come in touch with the soil, or that the barnyard must be cleaned and hauled out upon the farm, but I do want to be understood, Mr. President, as saying that the soil must be fed, just as you and I must be, and it must have a balanced ration by what is known as a rotation of crops if it is to remain fertile. Practically all the crops that live stock consume feed the soil. On the other hand, practically all the crops the human race consume exhaust the fertility of the soil.



There must be a balanced condition maintained by the rotation of crops such as clover, alfalfa, corn, wheat, and other crops if we are to grow enough in America upon our farms to feed our own people.

In my judgment, Mr. President, the live-stock industry of America should be watched over and cared for next to the citizenship itself, for our wealth in America will always be measured by the productiveness of our soil.

Out in the great arid West, where the rainfalls have always been light, and where very little vegetation is grown, there the soil is very poor when it is first turned over by the plow, and to make it rich we must plant alfalfa or clover or something else which live stock consumes, and then it is brought up to be the richest soil in all the world. But if you destroy our live stock, our breeding herds, in the West, so that they can not be maintained, in a few years the fertility of the soil of the Western States will be lost, and those great Commonwealths, instead of going onward, will go backward. They will not be the factors they have been and should be for the feeding of the Nation and at the same time furnish a market for the finished products of the East.

Break down and destroy the breeding herds of America, and the great corn belt in the States of Missouri, Illinois, Iowa, Kansas, and Nebraska will be seriously crippled, for it is from the breeding herds of the Western and Southwestern States that millions of live stock are shipped into the feeding yards of those States every year to consume the corn and forage that grows in the greatest of all corn belts in the world.

Mr. President, the new tariff bill that is before Congress can save or destroy the live-stock industry in America. I do not know what the verdict will be, but if in my service here in the United States Senate I can in any way impress upon the Senators the importance of live stock to civilization I shall feel that my work has not been in vain.

Now, Mr. President, I desire to offer some amendments to House bill 7456. I ask that they be printed as a part of my remarks and referred to the Committee on Finance.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments submitted by Mr. GOODING, intended to be proposed by him to House bill 7456, the tariff bill, were referred to the Committee on Finance and ordered to be printed, and to be printed in the RECORD, as follows:

On page 128, strike out lines 9 to 23, both inclusive, and insert the following:

PAR. 1101. Wools, not improved by the admixture of merino or English blood, such as Donskoi native Smyrna, native South American, Cordova, Valparaiso, and other wools of like character or description, and half of the camel, 10 cents per pound. The duty on such wools, imported on the skin, shall be 9 cents per pound.

PAR. 1102. Wools, not specially provided for, and hair of the Angora goat, alpaca, and other like animals, imported in the grease or washed, shall pay duty at the following rates:

If the shrinkage in cleaning exceeds 93 per cent, 1.6 cents per pound;  
 If the shrinkage in cleaning exceeds 90 and does not exceed 93 per cent, 2.6 cents per pound;  
 If the shrinkage in cleaning exceeds 87 and does not exceed 90 per cent, 3.6 cents per pound;  
 If the shrinkage in cleaning exceeds 84 and does not exceed 87 per cent, 4.6 cents per pound;  
 If the shrinkage in cleaning exceeds 81 and does not exceed 84 per cent, 5.6 cents per pound;  
 If the shrinkage in cleaning exceeds 78 and does not exceed 81 per cent, 6.6 cents per pound;  
 If the shrinkage in cleaning exceeds 75 and does not exceed 78 per cent, 7.6 cents per pound;  
 If the shrinkage in cleaning exceeds 72 and does not exceed 75 per cent, 8.6 cents per pound;  
 If the shrinkage in cleaning exceeds 69 and does not exceed 72 per cent, 9.6 cents per pound;  
 If the shrinkage in cleaning exceeds 66 and does not exceed 69 per cent, 10.6 cents per pound;  
 If the shrinkage in cleaning exceeds 63 and does not exceed 66 per cent, 11.5 cents per pound;  
 If the shrinkage in cleaning exceeds 60 and does not exceed 63 per cent, 12.5 cents per pound;  
 If the shrinkage in cleaning exceeds 57 and does not exceed 60 per cent, 13.5 cents per pound;  
 If the shrinkage in cleaning exceeds 54 and does not exceed 57 per cent, 14.5 cents per pound;  
 If the shrinkage in cleaning exceeds 51 and does not exceed 54 per cent, 15.5 cents per pound;  
 If the shrinkage in cleaning exceeds 48 and does not exceed 51 per cent, 16.5 cents per pound;  
 If the shrinkage in cleaning exceeds 45 and does not exceed 48 per cent, 17.5 cents per pound;  
 If the shrinkage in cleaning exceeds 42 and does not exceed 45 per cent, 18.5 cents per pound;  
 If the shrinkage in cleaning exceeds 39 and does not exceed 42 per cent, 19.5 cents per pound;  
 If the shrinkage in cleaning exceeds 36 and does not exceed 39 per cent, 20.5 cents per pound;  
 If the shrinkage in cleaning exceeds 33 and does not exceed 36 per cent, 21.4 cents per pound;  
 If the shrinkage in cleaning exceeds 30 and does not exceed 33 per cent, 22.4 cents per pound;  
 If the shrinkage in cleaning exceeds 27 and does not exceed 30 per cent, 23.4 cents per pound;  
 If the shrinkage in cleaning exceeds 24 and does not exceed 27 per cent, 24.4 cents per pound;

If the shrinkage in cleaning exceeds 21 and does not exceed 24 per cent, 25.4 cents per pound;

If the shrinkage in cleaning exceeds 18 and does not exceed 21 per cent, 26.4 cents per pound;

If the shrinkage in cleaning exceeds 15 and does not exceed 18 per cent, 27.4 cents per pound;

If the shrinkage in cleaning exceeds 12 and does not exceed 15 per cent, 28.4 cents per pound;

If the shrinkage in cleaning exceeds 10 and does not exceed 12 per cent, 29.4 cents per pound;

If the shrinkage in cleaning does not exceed 10 per cent, 33 cents per pound;

The duty on such wools, imported in the scoured state, shall be 33 cents per pound;

The duty on such wools, imported on the skin, shall be 1 cent less per pound than is imposed in this paragraph on other wools of the same class and condition; and

On page 95, line 6, strike out the figures "15" and insert the figures "20."

On page 94, strike out lines 13 to 16, inclusive, and insert the following:

"PAR. 701. Cattle, less than 2 years old, 2 cents per pound; 2 years old or over, 2½ cents per pound; fresh beef and veal, 3 cents per pound; tallow, 2 cents per pound; oleo oil and oleo stearin, 2 cents per pound."

On page 94, strike out lines 17 and 18 and insert the following:

"PAR. 702. Sheep and goats, 2 cents per pound; fresh mutton, 3 cents per pound; fresh lamb, 5 cents per pound."

On page 109, after line 17, insert the following:

"PAR. 782. Hides of cattle, raw or uncured, 1½ cents per pound; dry

cured, 5 cents per pound."

On page 129, strike out all of paragraph 1106, and instead thereof

insert the following:

"PAR. 1106. Wool which has been advanced in any manner by any process of manufacture beyond the washed or scoured condition, and not specifically provided for, including tops and roving, 35 cents per pound and, in addition thereto, 10 per cent ad valorem."

#### PETITIONS AND MEMORIALS.

Mr. TOWNSEND presented a resolution adopted at a meeting held July 18, 1921, by Charles W. Clark Post, No. 152, American Legion, of Lowell, Mich., favoring the granting of adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

He also presented memorials of sundry citizens of Battle Creek, Clare, Dowagiac, and Glenwood, all in the State of Michigan, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. JONES of Washington presented a memorial of sundry citizens of Sumner, Wash., remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday, which was referred to the Committee on the District of Columbia.

Mr. WILLIS presented the memorial of A. C. Gray and other citizens of Dresden, Ohio, remonstrating against the enactment of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

#### EXPORTATION OF FARM PRODUCTS.

Mr. BURSUM. Mr. President, I introduced heretofore some amendments to the substitute offered by the Senator from Minnesota [Mr. KELLOGG]. I desire to reintroduce some of those amendments to the substitute offered by the committee, and ask that they be printed and lie on the table.

The PRESIDING OFFICER (Mr. FERNALD in the chair). They may be presented at the time the bill is considered, if the Senator prefers.

Mr. BURSUM. I desire to have them printed and lie on the table. They are as follows:

Amend section 23, line 6, page 4, by striking out the word "July" and inserting in lieu thereof the word "October."

Amend line 14, page 4, by striking out the word "two" and

inserting in lieu thereof the word "three."

Amend line 20, page 5, by striking out the word "two" and inserting

in lieu thereof the word "three."

Amend line 9, page 6, by striking out the word "two" and inserting

in lieu thereof the word "three."

Amend line 21, page 6, by striking out the word "July" and in-

serting in lieu thereof the word "October."

Amend section 27 by inserting after the word "institution," on line

10, the words "including cooperative associations."

The PRESIDING OFFICER. Without objection, the amend-

ments will be printed and lie on the table.

#### REPORTS OF COMMITTEES.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 2306) to authorize the Secretary of War to release a certain right of way no longer needed for military purposes at Springfield Armory, Massachusetts, reported it without amendment and submitted a report (No. 237) thereon.

He also, from the same committee, to which was referred the bill (S. 2307) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," ap-

proved June 4, 1920, reported it with an amendment and submitted a report (No. 238) thereon.

Mr. WARREN, from the Committee on Military Affairs, to which was referred the bill (S. 65) to grant medals to survivors and heirs of volunteers of the Port Hudson forlorn-hope storming party, reported it with an amendment and submitted a report (No. 239) thereon.

Mr. RANDELL (for Mr. NORBECK), from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S. J. Res. 79) authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 5,000 tons of sugar imported from the Argentine Republic, reported it without amendment and submitted a report (No. 240) thereon.

#### JOINT COMMISSION ON POSTAL SERVICE.

Mr. TOWNSEND. Mr. President, I present a supplementary report of the Joint Commission on Postal Service created by the act of April 24, 1920, which was authorized to investigate especially all methods and systems which relate to the handling, delivery, and dispatching of the mails in the large cities of the United States. This report deals particularly with additional facilities needed at New York City.

The Senator from Tennessee [Mr. McKellar] desires to submit a minority report, and I ask that it be printed with the majority report.

The PRESIDING OFFICER (Mr. CURTIS in the chair). Without objection, it is so ordered.

Mr. WALSH of Massachusetts subsequently said: Mr. President, the senior Senator from Michigan [Mr. Townsend] this morning presented a majority report from the Joint Commission on Postal Service dealing with additional facilities in New York City. The Senator from Tennessee [Mr. McKellar], myself, and one Member of the House serving on the joint commission feel that it is our duty to submit the views of the minority, and I send to the desk a report embodying the views of the minority on that commission upon two recommendations of the majority. I ask that the views of the minority be printed with the majority report.

Mr. CURTIS. Has the report of the majority been printed?

Mr. WALSH of Massachusetts. It was filed an hour or more ago.

Mr. CURTIS. And the Senator desires to have them printed together?

Mr. WALSH of Massachusetts. Exactly. The Senator from Michigan [Mr. Townsend] in presenting the majority report stated that the two are to be printed together.

Mr. CURTIS. There is no objection to that, of course.

The PRESIDING OFFICER (Mr. FERNALD in the chair). Without objection, the views of the minority will be printed with the report of the majority.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and by unanimous consent the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 2332) for the relief of Charles W. Anderson; to the Committee on Military Affairs.

By Mr. WADSWORTH:

A bill (S. 2333) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920; to the Committee on Military Affairs.

By Mr. OVERMAN:

A bill (S. 2334) for the relief of the Advance Manufacturing Co. (with accompanying papers); to the Committee on Claims.

By Mr. TOWNSEND:

A bill (S. 2335) to authorize the War Finance Corporation to purchase and sell certain securities now held or hereafter acquired by the Director General of Railroads; to the Committee on Interstate Commerce.

By Mr. UNDERWOOD:

A bill (S. 2336) granting an increase of pension to John A. Shannon; to the Committee on Pensions.

By Mr. FRELINGHUYSEN:

A joint resolution (S. J. Res. 91) authorizing the President to require the United States Sugar Equalization Board (Inc.) to adjust a transaction relating to 3,500 tons of sugar imported from the Argentine Republic; to the Committee on Agriculture and Forestry.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. McNARY obtained the floor.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from Oregon yield to the Senator from South Dakota?

Mr. McNARY. I yield.

Mr. STERLING. In view of the situation now in the Senate I thought I would be justified in asking unanimous consent to lay aside temporarily the unfinished business in order that the Senate might proceed with the consideration of House bill 7294, supplemental to the national prohibition act. I therefore make that request.

Mr. McNARY. Mr. President, I had hoped that this morning the discussion of the agricultural bill might go on. However, the chairman of the Committee on Agriculture is absent to-day on account of illness, and I am informed that he would like to be present and hear the discussion; at least he would like to be here when the vote is taken. It might be profitable to go along with the discussion, but I would not want to ask for a vote to-day. In view of his absence, however, and the splendid work he has done as chairman of the Committee on Agriculture and Forestry in initiating work of this character I have no objection to the unfinished business being temporarily laid aside.

Mr. SIMMONS. Mr. President, may I ask the Senator from Oregon if there would be any objection to an attempt to get a unanimous-consent agreement to vote upon the pending bill some day early next week, and if it would not be wise to make such an attempt. As to-day is Friday, I assume that we will adjourn over until Monday, and we can not do anything to-morrow; but if we could have a time fixed for taking a vote on the pending bill early next week, I think it would be very helpful.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from South Carolina?

Mr. McNARY. I yield.

Mr. SMITH. May I ask the Senator from Oregon if there would be any objection to our going on with this bill to-morrow if the condition of the chairman of the Committee on Agriculture will permit? It is a matter of such vital importance that the sooner we reach a determination of it the better. We have all the data we are going to get, and I should think there is no reason why, under the stress of circumstances, we should not go on to-morrow, if the condition of the Senator from Nebraska will justify it.

Mr. McNARY. I will say to the Senator from South Carolina that in deference to the chairman of the committee, who has put much work upon this measure, I thought it might be well to wait a day and see if he could not be present when the discussion took place in the Senate.

Mr. SIMMONS. I wish to ask the Senator if he has reason to believe that the Senator from Nebraska will be able to attend to-morrow, in case we should have a session to-morrow?

Mr. McNARY. No; I am not informed as to how he may be to-morrow physically, but I thought it might be well to-day to let the bill go over and return to-morrow, and have the discussion take place at that time.

Mr. SMITH. Let me make a suggestion. In view of the request made by the Senator from South Dakota [Mr. Sterling], if that should be agreed upon, I suggest that we defer any definite action as to when we shall take up the Norris bill until later in the day, by which time we can confer with the Senator from Nebraska and find out whether he will be able to attend to-morrow.

Mr. SMOOT. Mr. President—

Mr. McNARY. I yield to the Senator from Utah.

Mr. SMOOT. Is it not possible to dispose of the unfinished business to-day? There has already been much discussion upon it, and I have heard a number of Senators, who had intended to speak, say that they are not going to speak if we may be allowed to vote upon the bill.

Mr. McNARY. I think that is true. I do not wish to occupy more than five minutes. I understand the senior Senator from Wisconsin [Mr. La Follette] wishes to speak at length.

Mr. WATSON of Georgia. Mr. President, this question does not concern only one side of the Chamber. While one side controls, both sides desire to be heard, and there are some on our side who wish to be heard.

Mr. SMOOT. I suggest that we go right on with the unfinished business to-day and to-morrow and every day until we reach a vote upon it.

Mr. WATSON of Georgia. Including Sunday.

Mr. SMOOT. If the Senator desires to come here and speak on Sunday, he will no doubt have a larger audience in the galleries than would be the case during the week.



Mr. KELLOGG. Does not the Senator from Utah understand that the Senator from Nebraska desires to have the unfinished business go over until he can be present?

Mr. SMOOT. I did not hear that statement made.

Mr. KELLOGG. That statement has been made.

Mr. McNARY. I understand objection has been made to the unanimous-consent request.

Mr. STERLING. I did not understand that there was objection made.

Mr. SHORTRIDGE. I object, and I think there have been a number of objections.

Mr. WATSON of Georgia. Although I can not draw as large an audience as the senior Senator from Utah [Mr. Smoot], I must object.

The PRESIDING OFFICER. Objection is made. The Senator from Oregon has the floor.

Mr. JONES of Washington. Mr. President—

Mr. McNARY. I yield to the Senator from Washington.

Mr. JONES of Washington. I can not help feeling that the objection to the request was made under a misconception of the situation. As I understood the Senator from Oregon he said that the Senator from Nebraska, the chairman of the committee, would like to have the bill and the discussion upon it go over at least for a day on account of the condition of his health. Everyone knows that he was exhausted yesterday afternoon and was in very bad condition. It seems to me that a request made by the Senator in charge of the bill under those circumstances, that the bill be laid aside for a day or two, should surely be granted by the Senate.

Mr. McNARY. I wish to inform the Senator from Washington that I did not say the Senator from Nebraska desires to be present while the discussion is going on, but I assume that that would be a courtesy to which he is entitled.

Mr. JONES of Washington. I would think so. The Senator from Nebraska, of course, has taken very great interest in this measure. Everyone knows that. I believe that when the Senator from Georgia takes that into account he will be willing to withdraw his objection to laying aside the unfinished business temporarily. I should like to see it disposed of.

Mr. WATSON of Georgia. I understood the Senator from Oregon to say that he wished the matter to go over in deference to the Senator from Nebraska.

Mr. McNARY. I said that I have no objection to the matter going over, outlining my reasons and citing the temporary illness of the Senator from Nebraska, the chairman of the committee.

Mr. WATSON of Georgia. The Senator from Nebraska [Mr. Norris] desires to be present when the vote is taken, but I did not understand the Senator from Oregon to say that the Senator from Nebraska desires to be here during the discussion of the bill.

Mr. JONES of Washington. The Senator has just said that he did not make that statement, but I understood him to make the statement.

Mr. WATSON of Georgia. If that statement is made by any Senator I will at once withdraw my objection.

Mr. JONES of Washington. I thought the Senator would do so, but I was mistaken in so understanding the Senator from Oregon.

Mr. WATSON of Georgia. I would be very glad to withdraw my objection if that were the fact.

Mr. JONES of Washington. In view of the statement of the Senator from Oregon we can proceed with the discussion, and I am satisfied the vote will not be taken until the Senator from Nebraska can be present.

The PRESIDING OFFICER. The Chair understands that the objection to the request for unanimous consent for the immediate consideration of House bill 7294 has been withdrawn.

Mr. FLETCHER. I did not understand that the objection had been withdrawn.

The PRESIDING OFFICER. The Chair understood the Senator from Georgia to withdraw his objection.

Mr. FLETCHER. The Senator from Georgia said he would withdraw his objection if the request was made upon the ground that the Senator from Nebraska desires to be here during the discussion, but the request was not made upon that ground. It was simply upon the ground that the Senator from Nebraska desires to be here when the vote is taken. I think everyone will concede that to him, and that we ought not to vote in his absence, under those circumstances. There is no objection on his part or on anybody's part, however, to proceeding with the discussion of the bill, as I understand it. I think we ought to go on with this measure and get to the point

of voting upon it. If we finish the discussion to-day and are ready to vote, then we can postpone the matter and take up the other measure, in accordance with the request of the Senator from South Dakota [Mr. STERLING].

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota [Mr. STERLING] for unanimous consent to proceed at once with the consideration of House bill 7294, laying aside temporarily the unfinished business?

Mr. SHORTRIDGE. I object.

The PRESIDING OFFICER. Objection is made.

Mr. HARRISON. Regular order!

Mr. STERLING. Mr. President, if I may be permitted a moment, while I did not mention the absence of the Senator from Nebraska [Mr. Norris] as a reason for my request for unanimous consent, yet I had that in mind. I understood that he wished to be present during the debate and at the time when the vote was taken on the bill. For that reason I thought perhaps there would be little discussion on the pending measure to-day and hence I made the request for unanimous consent to proceed to the consideration of House bill 7294.

Mr. FLETCHER. I am quite sure that we would do great injustice to the Senator from Nebraska if we should insist upon his being present during all the discussion. If he is an ill man, we ought to respect his situation and allow him to remain in his room.

The PRESIDING OFFICER. Objection is made to the request for unanimous consent. The Senator from Oregon has the floor.

Mr. McNARY. Mr. President, yesterday at the request of the Senate Committee on Agriculture and Forestry I offered an amendment to Senate bill 1915, the pending unfinished business, as a substitute. At this time I move that all that part of what is known as the Norris bill—Senate bill 1915—after the enacting clause be stricken out and that the Senate adopt in lieu thereof the amendment in the nature of a substitute proposed by me on yesterday. It is a committee amendment in the nature of a substitute.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Secretary will report the amendment. The Chair understands that it is offered as a substitute for the bill and is an amendment of the committee. Having been offered by the committee, it is in order and will be read.

The Assistant Secretary read as follows:

Strike out all after the enacting clause and insert the following:

"That when used in this act the term 'person' includes partnerships, corporations, and associations, as well as individuals.

"Sec. 2. That section 1 of the War Finance Corporation act, approved April 5, 1918, as amended, is amended to read as follows:

"That the Secretary of the Treasury, the Secretary of Agriculture, and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the War Finance Corporation (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That except as otherwise provided by this amendatory act the corporation shall not exercise any of the powers conferred by this act except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States."

"Sec. 3. The War Finance Corporation act, approved April 5, 1918, as amended, is amended by adding after section 21 thereof the following new sections:

"Sec. 22. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine:

"(a) To any person engaged in the United States in producing, dealing in, or marketing any such products, for the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made.

"(b) To any person, Government, or subdivision of Government without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time.

"(c) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to pay such person as is described in paragraph (a) of this section for the purpose therein set forth. The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described. Such advances shall bear interest at the rates fixed by the corporation.



"SEC. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

"All advances made under section 21 or under section 22 of this act shall be made against the promissory note or notes, or other instrument or instruments in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The corporation shall retain the power to require additional security at any time."

"SEC. 24. Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances, upon such terms not inconsistent with this act as it may determine, to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year, and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made.

"The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal reserve act. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

"Advances or purchases may be made under this section at any time prior to July 1, 1922.

"SEC. 25. The aggregate amount of all advances made under sections 21, 22, and 24, and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid shall not at any one time exceed \$1,000,000,000.

"SEC. 26. The corporation is empowered and authorized to investigate, upon its own initiative or in cooperation with other governmental agencies, foreign market conditions and to advise where disposition may be advantageously made of such agricultural products.

"SEC. 27. Whenever in this act the words 'bank, banker, or trust company' are used they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

"SEC. 28. In order to enable the corporation to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized to furnish to the corporation for its confidential use such reports, records, or other information as he may have available relating to financial condition of national banks to which the corporation has made or contemplates making advances, and to make, through his examiners, for the confidential use of the corporation, examinations of banks, bankers, or trust companies, other than national banks, to which the corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company.

"SEC. 29. No person, bank, banker, or trust company receiving money under the provisions of this act shall loan such money at a rate of interest greater than 2 per cent per annum in excess of the rate of interest charged or received by the corporation upon such money."

"SEC. 4. Section 21 of the War Finance Corporation act is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

"SEC. 5. The first paragraph of section 12 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"SEC. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than four times its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge on all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine."

The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1927, but no notes or bonds shall mature later than July 1, 1927.

"SEC. 6. Paragraph 1 of section 13 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of

the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper or corresponding maturities."

Mr. McNARY. Mr. President—

Mr. LENROOT. Mr. President, will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Wisconsin?

Mr. McNARY. I yield.

Mr. LENROOT. I think there is a typographical error in the substitute offered by the Senator from Oregon, which has just been read, and to which I should like to call his attention. I think that he may wish to correct it. On page 3, line 22, the language reads, "advances to pay such person." The word "pay" clearly should be "any."

The PRESIDING OFFICER. The amendment suggested by the Senator from Wisconsin will be stated.

The ASSISTANT SECRETARY. On page 3, line 22, before the words "such person," it is proposed to strike out the word "pay" and to insert the word "any," so that it will read:

Or advances to any such person as is described in paragraph (a)—

Mr. SMITH. I think the word "pay" is clearly a misprint and should be stricken out.

The PRESIDING OFFICER. Without objection, the amendment suggested by the Senator from Wisconsin [Mr. LENROOT] will be agreed to.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. McNARY. I yield.

Mr. WATSON of Georgia. I merely wish to ask the Senator from Oregon a question. I desire to call his attention to subsection (a), page 3, at the top of the page. By the language there loans or assistance from the corporation are in terms confined to those who intend to produce for export or sell for export or hold for export. The bill specifically provides:

For the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner.

I submit to the Senator from Oregon whether or not that would allow any person to secure aid from the War Finance Corporation with a view of holding either his own crop or holding cotton or wheat or other products which he had bought on the home market for resale in this country? Would it not restrict any assistance to those engaged in the export trade?

I have been told by a brother Senator that section 24, beginning on page 5, is intended to cure that objection, but on examination I am sure the Senator from Oregon will see that it does not, because the aid to be given under section 24 is expressly confined to "any bank, banker, or trust company." The individual is entirely left out. I call the Senator's attention to the fact that the only place in the bill where the individual can be helped is where the individual will satisfy the directors of the corporation that he intends to export the product instead of holding it for sale to New England mills or Middle States mills or southern mills.

Mr. McNARY. Mr. President, I will say to the Senator from Georgia that my conception of the bill is that it is designed to aid in the exportation to foreign markets of products which are raised in this country. If I understand the Senator from Georgia—there was a little interruption on this side of the Chamber at the time he was speaking—he thinks aid should be extended to all individual producers in the country, irrespective of whether the product is to be consumed domestically or exported for foreign consumption.

Mr. President, yesterday the substitute which has just been read was offered by me at the direction of the Committee on Agriculture. I do not intend to speak of the general distress of the agricultural industry; that matter has been discussed here at length; nor do I intend to go into a discussion of the purposes and aims of legislation of this character, as that also has been discussed and is generally understood. I think such legislation meets with much sympathy in this body.

The substitute amendment was directed to be submitted to the consideration of the Senate by the Senate Committee on Agriculture after it appeared that the objection against the Norris bill was sufficient to defeat it. There was a general, if not a unanimous, desire to have legislation of some kind. The committee in recasting the proposed legislation fashioned it largely after the amendment which has been offered by the Senator from Minnesota [Mr. KELLOGG]. I wish, in a very brief way, to refer to the changes which have been made in what is known as the Kellogg amendment. On the first page the only change from the Kellogg amendment is that section 1



defines the word "person," taking the definition bodily from the Norris bill.

The next change occurs at the bottom of page 1. The paragraph commencing on line 7, containing a description of the proposed corporation, is taken almost bodily from the act creating the War Finance Corporation. The personnel of the War Finance Corporation is only disturbed by the addition of the Secretary of Agriculture. It was thought by some members of the committee the Secretary of Agriculture should be a member of the proposed board, and that the other members of the War Finance Corporation should remain intact, upon the theory, Mr. President, that this was purely an agricultural relief bill.

The next change is found on page 2, section 2, in line 18. The Kellogg amendment, on page 2, line 14, reads:

Any such advance shall bear interest at a rate of not less than 1 per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank.

In the proposed committee substitute that portion of the provision was omitted, which reads:

less than 1 per cent in excess.

The committee thought, after reflection, that the rates for money loaned should be on a parity with those charged by the Federal reserve banks. Since that time some objection has been made to this provision, it being thought that it would injure the Federal reserve structure, and that a maximum rate should be named, whereas, in the Kellogg amendment, a minimum rate was named.

The next change occurs in line 2 on page 3, the word "producing" being inserted before the word "dealing." That change has been made so as to enable the War Finance Corporation to loan to producers. The provision, I think, Mr. President, will meet some opposition here, and I believe an amendment will be offered whereby the War Finance Corporation will not be called upon to deal directly with the individual producer, but will be confined to associations of persons engaged in the production of agricultural products.

On page 6, line 11, there is an entirely new provision, which has been inserted for the purpose of taking up the paper of corporations doing business in foreign countries under what is known as the Edge Act.

On page 7, section 26, is an entirely new section. It is a modification of that provision of the Norris bill which constituted the Government as the agent of any person producing or dealing in agricultural products. The provision found in the proposed substitute simply makes the corporation, with other governmental agencies, an agency to investigate and find foreign markets.

On page 8, section 29 is an entirely new section. It is simply a limitation upon the per cent that may be charged or the rate of interest which may be received on moneys loaned by the corporation.

Under section 12, in line 15, page 8, the corporation may issue notes or bonds in an amount aggregating four times its paid-in capital, whereas in the original act creating the War Finance Corporation the limit was six times its capital stock, which would have enabled it to loan to the extent of \$3,000,000,000. Under the provision now found in the substitute the corporation will be permitted to loan up to \$2,000,000,000.

I think, Mr. President, that constitutes practically all the changes that have been made by the committee in the substitute offered by the Senator from Minnesota. That is all I care to say at this time, having pointed out in a brief way the changes which have been made.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute proposed by the Senator from Oregon on behalf of the Committee on Agriculture and Forestry.

Mr. HARRISON. Mr. President, I am not concerned about the differences that have arisen on the other side of the Chamber between certain Members touching the authorship of this bill or this or that amendment. Neither am I concerned about the differences between certain Members over there and the President, nor between the views of certain Members and the Vice President or the War Finance Corporation. I can understand how the Senator from Nebraska [Mr. NORRIS] felt aggrieved about the action of certain Members of the majority of the Senate in taking from him the bill that he had introduced, and without consultation or conference dethroning him as the leader of this movement and offering a substitute. It is natural that the Senator from Nebraska should have felt somewhat disappointed at the action of the Senator from Minnesota. It is the first time in the history of this body when a chairman of a great committee having in charge a piece of important legislation was excused from continuing the prosecution of it as

its leader, and another designated to take up the fight by those who control the administration.

It would have been the natural thing, if precedent had been followed, for those who control the policies of this Government now to confer with the Senator from Nebraska, who has given so much time and so much attention to this question; but, as he stated in his speech, he did not know anything about these conferences that were going on. He was not approached on the question, and his views were not sought. No attempt was made to placate his opposition to the views entertained by others. In other words, they treated him as an orphan child, and left him out in the cold in the consideration of this great question; and I have no little sympathy for his feelings in this matter. I do not know what was behind the action that was taken. I know that the Senator spoke many truths in his speech when he talked about the subterranean channels that now lead from certain parts of this city to the committee rooms here, about his knowledge of the secret conferences that are held in secluded places, and in the tribute that he paid to the present Secretary of the Treasury and to others as being very closely allied to what are generally termed the big business interests of the country.

I do not know whether or not his suggestions are correct, that they had any great influence in his dethronement and in a new leader arising on the other side of the aisle. I will accept what the Senator from Nebraska says touching these matters, because he has a keen insight into the machinery of his party's policies. He has been closely allied with them, and I take it for granted that he knew what he was talking about.

Mr. President, I want to congratulate the leadership of the majority party in the Senate for showing at one time since we assembled here some independence. I think they are to be commended for their action in discarding the suggestions of the President and in not bowing in humble submission to his dictation.

Of course, we all read in the papers, and it was revealed further when the message of the President came a few days ago, that the action of the Agricultural Committee in asking the Senate to pass what was known as the Norris bill would be combated by the administration; that they did not approve that measure; that the Senate would be asked to recommit it; and that the War Finance Corporation was to be given power and authority to loan to the railroads \$500,000,000 and to evolve some plan by which it could help out the agricultural situation of the country. We had read that in the papers. I did not know whether it was true or not until the message came. That message showed the intent and purposes of the President, and revealed the fact that the rumors that had been published in the papers were true, and that what the President had in his mind was some relief, primarily and above all other things, to the railroads of the country. So ninety-odd per cent of the message that came to the Senate, as I said the other day, asked for some immediate relief through amending the War Finance Corporation act so that the corporation might loan \$500,000,000 to the railroads, and a very, very small part of the message said that the President hoped the suggestions that had been made in certain proposals by way of amendments to the Norris bill would be accepted by the Senate.

There was one peculiar part of that message to which I desire to call the attention of the Senate, and that was this. It shows how clear the message was. The President says:

There is no thought to ask Congress for additional funds. Perhaps \$500,000,000 will be necessary.

Now, of course anybody can understand the clearness of that statement:

There is no thought to ask Congress for additional funds.

In speaking of the railroads, he says:

Perhaps \$500,000,000 will be necessary.

And so, of course, he had in his mind that what was needed, and what he desired was that the War Finance Corporation act should be amended so that they could loan to the railroads \$500,000,000. But the leadership over there rejected his proposal, rose in their might and in their power, and said to the President, evidently by actions if not by words, that you knew what the people wanted; that you knew that the conditions touching agriculture were of primary importance; that in your mind and in your opinion they were of greater importance than loaning money to the railroads; and for the first time in five months you repudiated the President and said you were going to exercise the functions which the people had elected you to perform.

I hope that this is the beginning of still greater independence and freedom upon the part of the Senate, and I trust that after



this committee substitute is adopted and this legislation shall have been passed no Senator on that side will rise up and dim the record that you are making in these few days of independence of action by offering another amendment to the War Finance Corporation act to loan the railroads \$500,000,000. It would very largely destroy the opinion I have formed, and I am sure the opinion of the country, as to your independence if you should then undo what you are now doing—that is, impressing the country with your freedom of thought and independence of action.

So, Mr. President, we did not accept the President's ideas on this railroad proposition. I saw in the papers that the Senator from Kansas [Mr. CURTIS] had gone to the President and said to him, "We do not want the two propositions tied together. Let us divorce the railroad question from legislation touching the agricultural situation. Let us take care in one amendment of the agricultural legislation and leave the railroad question in a separate amendment." The Senator from Kansas has performed a great public service in telling the President where to get off, and in informing him so correctly of the sentiment of the Senate for legislation, as proposed either in the substitute offered by the Senator from Minnesota or in the Senate committee substitute.

Now, Mr. President, getting right down to the proposition before us, there is not any question—it is admitted by everybody—that the agricultural interests to-day are in a very deplorable condition. Those who have served with me on the Agricultural Commission inquiring into agricultural conditions have heard day after day the facts revealed, showing that the purchasing power of agricultural products has gone down below the 100 per cent basis, while everything else has gone up; that the things that the farmer raises have decreased in value, while those things that he must buy have increased in value or have not decreased proportionately as greatly as the products that he raises. People have different ideas as to the causes that have brought about the present conditions in this country; experts have offered various remedies, and so it is not out of place for me to venture an opinion as to why I think the condition in this country to-day is as bad as it is.

I believe that opinion is shared by the great majority of thinking people in America. After the war had been fought and won, after our diplomats and representatives and the representatives of other countries had assembled at Versailles and evolved after months of consideration a treaty which settled the economic conditions, various terms being imposed upon our late enemy, insuring certain rights to the various powers there, if the Senate had ratified that treaty and war conditions had been settled in the orderly way in which all wars have been settled in the past, the present conditions would not prevail in those countries abroad which are depressed and among people everywhere who are in turmoil and distress. This country would have had markets in which to sell their surplus products, and that wonderful prosperity which we enjoyed for so long in America would have continued.

But we discarded the treaty, we repudiated our representatives at Versailles, we went back on the boys who had fought and won the war, and from that day to this there has been doubt and uncertainty throughout the world. Those countries have not known since then what their true position was or what they could do. They have been handicapped in passing legislation to meet world conditions, and here everything has been thrown into a disorganized state.

Of course, the prosperity which we enjoyed was due to the fact that we have heretofore found markets for our surplus products, whether they were products of agriculture or of manufacturing, but because of the unsettled war conditions the foreign countries have been unable to furnish credit to buy our surplus products.

It has been a peculiar thing to me that the short-sighted policy of some so-called statesmen of to-day would lead them to preach the doctrine that what we need is markets abroad, so as to extend and sell our surplus products, and that at the same time they would try to legislate so as to build a wall here which would hamper and destroy our world's commerce. But that is the illogical and unwise policy with which we are now and have been for some time confronted.

Oh, how conditions have changed. To-day we have few or no markets abroad. Mills are shut down; men to the number of 6,000,000 are thrown out of employment; railroads are losing money; farmers are unable to sell their products at reasonable prices; hardly anyone is making money in this day and time; doubt and uncertainty exist among the business people, and we find here and at the other end of the Capitol, as well as at the White House, no fixed program to remedy the

present-day conditions or to bring to us the light of a new day. We are just groping in darkness.

Oh, that you could show some statesmanship that would carve the way, that the people of America might be led into a better day, and the old times of prosperity might return. They will never return as long as we travel in the present road and hold to present policies.

Some months ago you said the best way to settle this world condition was to pass a separate peace resolution. You passed it on the 1st day of July, and you were so anxious that your Republican orators should get to the stump on the Fourth of July and tell to the great populaces there assembled that you had accomplished peace that two or three days before you had passed the resolution that brought peace to the world—so anxious were you to get the work accomplished before the Fourth of July that a messenger was sent with the document, at Government expense, to Raritan. I do not know where that is; I never heard of it until the distinguished senior Senator from New Jersey [Mr. FRELINGHUYSEN] became one of the great political leaders in this country and one of the close friends of the present President of the United States. But off this messenger went to Raritan, carrying the resolution declaring for a separate peace with Germany.

We thought everything would be all right then; but what has happened? The same thing happened then that has been happening ever since the 4th of March this year; and this is not politics I am discussing. I read from the Evening Star of July 8 an article headed, "Tentative peace draft is found deficient at meeting of Cabinet." The article reads:

A tentative draft of a proclamation of the state of peace with Germany and Austria was taken to the Cabinet meeting to-day by Attorney General Daugherty, but it was indicated afterwards that the document might not be ready for the President's signature before next week.

Mr. WILLIAMS. What date did this appear?

Mr. HARRISON. This was the 8th of July, six days after the peace resolution was signed by the President. The article continues:

It is understood that when the subject came up in the Cabinet room the discussion revealed that so many points of law would have to be covered in such a proclamation that a more exhaustive study would be necessary.

The Attorney General also took to the meeting a mass of information compiled in memorandum form by experts of the Department of Justice, and it was understood that the whole subject of what the proclamation should contain was considered in some detail. Further memoranda, it is understood, will be prepared for the Attorney General as soon as possible, so that actual issuance of the proclamation may not be unnecessarily delayed.

Although most of the Cabinet meeting was occupied with other matters, it is understood that such discussion as there was of the proposed proclamation brought out that some of the President's advisers still consider a proclamation unnecessary. The preponderance of opinion in high administration circles has seemed to favor issuance of the document, but it is believed that no final decision even on that point has been reached.

Up to this good day, although the resolution declaring for a separate peace with Germany was passed, signed by the President, and became a law on the 2d day of July, up until this good hour the President has not issued his proclamation.

I ask some one on the other side, I appeal to some Member of the majority, to tell me now whether we are still in a technical state of war with Germany. I wait for an answer. I invite an answer to the question. I wish that some of you knew where you "were at." It is a pity that no one here is close enough to the President and the Attorney General, and has studied this question to such an extent, that you can tell us now whether we are in a technical state of peace or war with Germany. Is it necessary for the proclamation to be issued? Was your separate peace resolution sufficient?

No answer comes. Oh, I wish the new leader of the Republican Party in the Senate [Mr. KELLOGG] were in his place. He could tell me, perhaps. I speak of the new administration leader, who has brushed aside the senior Senator from Massachusetts [Mr. LODGE], who has had such long and brilliant service in this body; who has brushed aside the senior Senator from Pennsylvania [Mr. PENROSE], the Senator from Nebraska [Mr. NORRIS], chairman of the Committee on Agriculture, and who brought in his resolution, with his name attached to it, representing the administration forces.

Oh, that the members of the majority party who are on the Committee on Agriculture had enough self-respect, as members of that committee, to condemn the Senator from Minnesota for his assumption of authority in taking charge of the bill that has been so ably handled by the distinguished Senator from Nebraska.

Now, the Senator from Utah [Mr. SMOOT] has come into the Chamber. I would like to have him tell me if we are now in a technical state of war or peace. I can get no answer from



him. How are the American people to know whether we are at peace or in a state of war, when your position on these great public questions is so uncertain, and you leave us so much up in the air and in doubt?

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER (Mr. FERNALD in the chair). Does the Senator from Mississippi yield to the Senator from Georgia?

Mr. HARRISON. I yield.

Mr. WATSON of Georgia. I would like to call the attention of the Senator from Mississippi to the fact that the Senator from Utah did not even stop as he went through the Chamber.

Mr. HARRISON. No; I think he got a running start before he came into the Chamber.

Mr. President, I am a member of the Committee on Agriculture of the Senate. It is the only committee on which I coveted membership when I came here. I would prefer to be a member of it than of any other committee of the Senate. The people of my State are interested more in agriculture than in anything else. I want to render some feeble service to them if I can. When I came here as a Senator I sought membership on that committee as a place where I could best render my people service. It has a splendid membership, and that committee has worked hard in trying to evolve some policy to take care of the present distressed situation in agriculture in this country. The Senator from Nebraska [Mr. NORRIS] is to be commended and congratulated for the magnificent service he has rendered in focusing the attention of the country on this subject, that we might obtain some legislation at this time to meet the condition.

Mr. WATSON of Georgia. Mr. President, the Senator from Mississippi is propounding his questions so very interestingly, and I am so sure that some of the absentee Republican Senators would be very glad of an opportunity to answer them, that I beg his permission to suggest that there is no quorum present, and would ask that we have the roll called in an effort to get some of those brave leaders here to answer some of these very direct questions.

Mr. HARRISON. I hope the Senator will not insist on that. I do not care to have a point of no quorum raised, because if the news came to those gentlemen that that question was to be propounded to them, we would have to adjourn Congress for this year; we could not get them here at all. So I hope the Senator will not insist upon his point of no quorum.

Mr. President, the Senator from Nebraska worked hard, as I said, to focus the attention of the country upon some legislation carrying out the ideas contained in the Norris bill. I hardly thought it was possible for him to pass any legislation along the lines suggested in his bill. I did not believe it was possible that the reactionary crowd, which is now controlling the destinies of the country, would even permit the bill to come up on the floor of the Senate to be considered. I congratulate the reactionary crowd for having had a lucid interval and that it is temporarily considering a measure of such importance to the masses of the country.

But the Senator from Nebraska worked hard; he brought out the bill, and he got support day by day for his measure. I know the big papers in the country wrote editorials criticizing it, finding fault with it, and saying it was ruinous to the country to pass it. I know that the powers here and elsewhere in Washington were against the measure, but they saw that there was such a momentum behind it, that it was gathering force so rapidly, that they must get together and have a council of war and propose something that did not go as far as that, but which would in a measure help the situation.

Mr. WILLIAMS. Satisfy the appetite.

Mr. HARRISON. Yes; satisfy the appetite, as my colleague suggests.

There were many things in the Norris bill of which I did not approve. There were certain amendments that I fought for in the committee. Other Senators members of the committee did not approve of all the provisions of the bill. Other Senators voted with me, and we tried to amend certain phases of the bill. I am glad that the situation to-day in this body touching this legislation is as it is. We are going to get some legislation now, and legislation that is going to be of some real benefit to the agricultural classes of America.

Here is what the Norris bill did. It proposed four things. One was to create a new commission or corporation. I did not believe in that. I think we have enough commissions in the country, and I am anxious to see a reduction in expenditures in the Government. I desire to see a coordination of various governmental agencies rather than the creation of new ones. I believed that the War Finance Corporation could take

care of the situation. That was one thing which was proposed in the Norris bill with which I did not agree.

There were in the main three other proposals. May I say to the Senator from Georgia [Mr. WATSON] and others that everything in the Norris bill was proposed on the theory that they were trying to help the agricultural situation so far as our exports were concerned. It did not deal with our products so far as they could be sold in our domestic trade.

The bill proposed first to buy and to sell agricultural products for export. I was opposed to that feature. I did not want to see my Government in times of peace go into the mercantile business to purchase agricultural products. I did not know what prices would be fixed. I did not know whether they were going to be less than the market price or over the market price. I was not sure whether the corporation that would purchase agricultural products would buy 1 per cent of the products in the United States or 51 per cent. I knew that if 51 per cent were sold to it and if it was unable to buy the other 49 per cent the 49 per cent might be dissatisfied. If it accumulated 51 per cent of the agricultural products of the country and then should throw them on the market for sale, it might affect the price of that amount that was still in the hands of the original producer.

I have not forgotten that in time of war the Government purchased thousands and thousands of pounds of wool, as well as other things, and when the Government wanted to sell that wool the distinguished Senator from Utah [Mr. SMOOT] and others, whose constituents were interested in wool, raised a protest against the sale of that wool, because they said, "If you throw it on the market now it will drive down the price of wool," and until this good day, because of those protests, the Government has thousands and thousands of pounds of wool and canned goods and various other things bought up during the war and is unable to offer them upon the market because they are afraid it might depreciate the prices of similar goods in the hands of the original producers or the men who now hold them.

So I was opposed to that part of the Norris bill that authorized the buying and selling of agricultural products.

There was one other thing in the Norris bill to which I wish to call attention, and that was that the new corporation could act as agent of the producers in America in selling their products for export. I favored that. I am in favor of that. We have in the substitute offered an amendment taking care of that proposal. The Senate substitute does not use the word "agent," but what we had in mind in the Norris bill was that the Government should cooperate with our producers in America, could ascertain the markets in foreign countries, and could make arrangements, if necessary, in cooperation with our producers to sell those products abroad. So we have a provision in the substitute offered upon the part of the committee, known as the McNary amendment, which takes care of that suggestion which was expressed in the Norris bill.

The third and last provision of the Norris bill was to loan money or make advances to persons, governments, and subdivisions of governments without the United States so that they could purchase agricultural products in this country and expend the money here. In that provision it was stated that the securities must be ample and must be sufficient. It also invested the commission with authority to rescind the advancement at any time, to call in the loan whenever they thought the security might be depreciating, and provided that they might call for additional security whenever in their opinion it was good business sense to do so.

So in the substitute that has been offered in the McNary amendment on the part of the committee we have taken care of that proposition and we say that the War Finance Corporation is empowered to make advances to persons, subdivisions of governments, and to governments outside of the United States, if necessary, to buy our agricultural products, but the money must be expended here and the security must be good.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. Certainly.

Mr. McKELLAR. In the Kellogg amendment the advances were to be to any person, firm, corporation, or association engaged in the United States in dealing in or marketing any such products for the purposes of assisting such persons, firms, corporations, or associations to carry such products until they can be exported, and so forth. Has the amendment of which the Senator speaks, known as the McNary amendment, provided for aid to the producer himself?

Mr. HARRISON. Yes; I was coming to that. I first desired to differentiate between the two bills.

Mr. McKELLAR. Very well. I am anxious that that be explained. It seemed to me that that was an important omission in the Kellogg substitute.

Mr. HARRISON. I desired to discuss the differences between the Norris bill and the committee amendment now proposed, known as the McNary amendment. In other words, the Norris proposition suggested the passage of legislation for three purposes. One was the buying and selling of agricultural products for export. That is eliminated in the McNary amendment. The other provided for an agency. We think we have taken care of that by a provision that is written in the McNary amendment.

Mr. CARAWAY. Mr. President, the Senator omits the reduction of rates to stimulate production.

Mr. HARRISON. Yes; I omitted that. There were some features in the Norris bill that called for preferential rates in shipments abroad and for shipments on American ships, and also seasonal rates on the railroads for agricultural products. None of those provisions were included in the committee substitute. We did not think it was wise.

The third proposition embodied in the Norris bill was for advancements to persons, Governments, and subdivisions of Governments without the United States of credit to purchase agricultural products here, and is incorporated in the committee substitute.

Now, let me come to the Kellogg substitute. The Kellogg substitute differs from the McNary substitute in several particulars. First, let me say that in the committee or McNary amendment every provision that is written in the Kellogg amendment is taken care of. The Kellogg amendment first proposed to advance money through the War Finance Corporation to any person, firm, corporation, or association engaged in the United States in dealing in or marketing agricultural products for export.

Mr. OVERMAN. Does that bill define what "person" means?

Mr. HARRISON. Yes; the committee amendment does.

Mr. OVERMAN. What is the definition given?

Mr. HARRISON. The War Finance Corporation act defines what persons, firms, associations, and corporations are. The committee or McNary amendment provides that when used in this bill the term "person" includes partnerships, corporations, and associations as well as individuals.

I have read the first purpose of the Kellogg amendment. We amended that first paragraph for the reason that we thought advancement upon the part of the War Finance Corporation should be made not only to persons, firms, or corporations dealing in or marketing agricultural products for export, but that the man who produced them should be taken care of as well; that it was not going far enough to take care of the export corporations, the associations of people who were dealing in agricultural products by buying from the producer and then selling abroad, but that it should go further and include the person who actually produced the product.

Mr. DIAL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from South Carolina?

Mr. HARRISON. Certainly.

Mr. DIAL. Dealing with him as an individual or as an aggregation of individuals?

Mr. HARRISON. The McNary amendment reads this way:

To any person engaged in the United States in producing—

We placed that language in the amendment—

in producing, dealing in, or marketing such products.

Now, it has been suggested, as I understand, by the War Finance Corporation that the word "person" should be eliminated and that the word "associations" should be inserted. I am opposed to any such suggestion.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from South Carolina?

Mr. HARRISON. I yield.

Mr. SMITH. We had quite an exhaustive statement from a member of the War Finance Corporation, who I know is as anxious as is any Member of this body to see that whatever relief may be given through that corporation to the farmer shall be given. He went into an explanation of the reasons why it would be almost impossible for such a corporation, doing the business for which they were created, and their work being extended as we propose to extend it here, to deal directly with every producer in the country, to hunt up his rating and ascertain whether or not he owned the property, whether it was safe for the corporation to deal directly with him; but he stated that it would be practicable for the corporation to deal with associations or institutions, State banks and trust companies,

any kind of an organization that they were able to identify and determine whether or not they were safe from a banking standpoint or from a financial standpoint. If the loans were thrown open to any individual and the corporation were required to meet that condition, he thought it would absolutely defeat the very purpose for which we are now striving, and that is, in the most expeditious and safe way that we can, to get the money to the man who produces the crops. At the proper time I shall take the floor and have something to say about this matter, in reference to an organization now existing which I think ought to have been doing this work and not have forced the present condition of affairs.

Mr. HARRISON. The Senator from South Carolina and myself differ on that proposition, and when the amendment is offered we can each express our opinions by our vote. I am of the opinion that we should extend aid to the producer; if he wants money and has good collateral he should be able to get it. But, after all, the discretionary power is vested in the War Finance Corporation, for the definition of "person" takes in associations, firms, and corporations the same as it does individuals. If the corporation desires to promulgate an order that they will not loan money except to an association, to a number of persons who have banded themselves together, they have that power. If the War Finance Corporation holds that view about it and does not intend to loan money to an individual, whether he produces 500 bales of cotton or 50 bales of cotton, then I am in favor of writing into this bill a direction that they must do it.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to his colleague?

Mr. HARRISON. I yield.

Mr. WILLIAMS. The security required of the individual and the association is the same, is it not?

Mr. HARRISON. Absolutely.

Mr. WILLIAMS. So that if the commission were furnished the proper security by an individual they would be required, under the very terms of the proposal as it is written in the McNary substitute, to do business with him.

However, the point I was trying to make was that there is no element of danger entering into it, because however humble the individual might be, the security, which is the chief thing, must be there.

Mr. HARRISON. That is the controlling factor in the proposition. So when the amendment suggested by the Senator from South Carolina [Mr. SMITH] is offered, if it should be offered, I say I shall oppose any such proposal as that.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from North Carolina?

Mr. HARRISON. I yield.

Mr. SIMMONS. I want to ask the Senator if, for the same reasons he has given why the power to extend loans to individuals by the War Finance Corporation ought to be provided, he thinks similar provision should be made with reference to loans which are made by the Federal reserve banks?

Mr. HARRISON. By the Federal reserve banks?

Mr. SIMMONS. Yes. The Federal reserve banks are not permitted to loan except to member banks.

Mr. HARRISON. Yes.

Mr. SIMMONS. If the Senator is going to throw open to individuals the advances that are to be made to the War Finance Corporation, he ought likewise to open the doors and to permit the Federal reserve banks to loan to individuals.

Mr. HARRISON. I can not follow the Senator from North Carolina.

Mr. SIMMONS. The reason for such action would be the same in both cases.

Mr. HARRISON. The Senator from North Carolina thinks that the reasons are the same, but I can see a great deal of difference notwithstanding the usual logic of the Senator's reasoning. The Federal reserve system is made up of member banks; it operates through member banks loaning money to individuals. The War Finance Corporation has not a set of members or War Finance Corporation officers throughout the country. So, if we are going to advance money to the producers of the country, it seems to me that we can loan it as well to the individual as we can to any association of persons that might come together.

Mr. DIAL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from South Carolina?

Mr. HARRISON. I yield to the Senator.

Mr. DIAL. Would it not involve almost unending bookkeeping to try to deal with individuals?



Mr. HARRISON. If we are going on the theory here that it is impossible for the War Finance Corporation to render a service to the people because it is going to require too many employees and will be cumbersome, then, well and good; but if the system is right, if the principle is right, if the benefit can accrue, I am in favor of passing the legislation and permitting the corporation to devise the plan for carrying it out.

Mr. DIAL. It might be found, however, that in the working out of this plan, in ascertaining the ownership of the products, mortgages, and so forth, there would ensue almost unlimited complications.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. I wish to ask the Senator from Mississippi if it would not be just as easy and just as secure to deal with an association of producers as it would be to deal with an association of middlemen? There ought not to be any difference in principle.

Mr. HARRISON. Absolutely there should not be.

Mr. McKELLAR. Surely the producers ought not to be excluded from the benefits of this system when the middlemen, those who are handling the producers' crops, are included.

Mr. SMITH. Mr. President, if the Senator from Mississippi will allow me, the proposition has not yet been presented to the full committee, because it was drafted only this morning, but there is an amendment which will be submitted, perhaps, to the committee, or, if not to the committee, which will be submitted to the Senate, allowing associations of producers to deal directly with the War Finance Corporation.

If the Senator will further allow me, I desire to say that he can see at a glance that we must utilize as efficiently as possible all the little country banks and financial institutions already established. They are almost innumerable; but they are now so loaded up with farm obligations as almost to be past functioning. The War Finance Corporation under this proposed measure will now come in and relieve such banks of that paper to such an extent as will allow them in turn to discharge the financial functions for which they were established in all of the States. Under the McNary substitute, where a State law has placed a limitation upon banks, that they may not assume obligations beyond a certain percentage of their capital and surplus, in order to meet that a provision has been inserted that the War Finance Corporation may buy outright such obligations and hold them in lieu of the bank holding them for the farmers who hypothecated the paper, thereby relieving the banks from the limitations and prohibitions of the State law and putting them in a position where they may then make still further advances and deal with their clients as they personally and intimately know them. It seems to me, if the Senator will allow me, that it would be infinitely better to have the War Finance Corporation, composed of four or five or seven men who do not know the local conditions or know intimately the individuals who need the help, render the aid to the institutions within the States that do know the individuals, and thereby relieve the situation and expedite their business. For that reason I favored the amendment.

Mr. HARRISON. The provision of the bill to which the Senator has referred is a very splendid one, but that is another provision that I was coming to later. The question that some difference has arisen about now is whether or not the War Finance Corporation shall advance money directly to the individuals who produce the crops or shall compel them to get together in associations in order to borrow the money or pay higher rates and procure the advancement through banks. If that rule be adopted, so far as my State is concerned I know about two associations there that could borrow money, and they would naturally have to go to a bank and borrow it and pay interest, and then the banker could make something by borrowing from the War Finance Corporation; in other words, if the Senator's idea prevails, these applications from individual producers will be compelled to go through two or three hands; the natural increase in costs and rates to the individual producer will be thrown upon him.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield further to the Senator from South Carolina?

Mr. HARRISON. I yield.

Mr. SMITH. This is a matter of such serious importance and one that involves so much that we have to go safely and perhaps slowly in framing our legislation. The function to which the Senator refers is one that ought to have been performed by the Federal reserve banks of the country. The member

banks are the ones who come in contact with the individual; the regional bank is the one which holds the reserve and accumulates the capital to aid the member banks. The Federal reserve banks now boast that they have over \$1,000,000,000 of free gold and two and a quarter billion dollars of liquid assets against which there is no legal requirement.

Now, we are asking the War Finance Corporation to meet a situation which in part can not be met even by the Federal reserve act. The Federal reserve act limits agricultural and cattle paper to six months, although, of course, they can renew it; but under the provisions of the measure now proposed that paper can be carried for two years or longer. The limitations applicable to ordinary banking do not apply to the War Finance Corporation under the measure now proposed.

The aim and object in modifying this proposed legislation so as to make it apply to others than exporters is this: The foreign markets have been practically closed; they are practically dead for the time being, as is alleged. The effect has been to dam back and to flood this country with commodities that ordinarily would have moved in export. Now, the question as to what we are going to do to enable the men who produce the commodities to hold them until the export market is open is equally as serious as the finding of a market abroad. We propose now to place on the War Finance Corporation a dual duty—to try to help carry for an indefinite period the products that we have on hand and in the meantime assiduously to hunt safe places for the sale of our products abroad. If they shall be able to accomplish the relief of the country banks, farmers' organizations, and other associations which are financially so organized as to function immediately, they will have a task that will tax them to the utmost. As a farmer, who has no other vocation or avocation than farming, I will say that if my local bank can be relieved of the paper that they have been carrying and enabled to extend me another loan, and the War Finance Corporation can take that paper through an organization, I for one am satisfied and welcome it as an immediate relief to a terrible condition.

Mr. HARRISON. Mr. President, the Senator is exactly right that the other provisions found in the Kellogg amendment which are now incorporated in the committee amendment are very splendid provisions and what he has said about those provisions is all true, but the point that we were discussing—and I do not want Senators to get away from it—is that the Norris bill proposed to advance money to the person who raised the product for export. Influence was brought about to defeat that proposal. It was desired that the loans be handled through the banks, that they be handled through the middlemen, through the marketing concerns. The Senate committee said, through its amendment, that the individual who produced the commodity should be entitled to relief and should receive the loan; and yet the War Finance Corporation, I am afraid, is now bringing the pressure of its influence, and says, "We do not want to make the advancement to the man who produces the commodity, but to organized associations." I am against that; I am for the man who produces the stuff, whether he raises 1 bale of cotton or 500 bales of cotton, having the same opportunities as the man who can join with others and organize an association to borrow the money.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield further to the Senator from South Carolina?

Mr. HARRISON. Yes.

Mr. SMITH. If the Senator from Mississippi will yield for a moment further, he is, I am afraid, likely to fall into the error that it seems to me a number of us may be liable to fall into in this discussion. Do not let us burden the War Finance Corporation with the work of the Federal reserve system. There is where our amendments and our attention should be turned for the relief of the individual. We have the machinery; let us have the nerve and manhood to so amend the Federal reserve act as to make the Federal reserve system do the work for which it was created. We have been forced to enact the legislation which is now proposed because of the lack of a proper administration of the Federal reserve act.

The Federal reserve system is the one that we intended to reach the individual. It is the one that should be made to reach the individual by regulating its rates of rediscount and the manner in which it shall liquidate the real wealth in the form of farm products, and the products of forest and factory as well, instead of taking a temporary thing, a thing that is to meet an emergency on account of the acute conditions growing out of the war, that is to meet a peculiar situation, and making it do the work that a permanent piece of legislation was supposed to do. Let us meet the emergency with the emergency



legislation, and amend the permanent legislation to meet the condition of the agriculturist for all time to come. The War Finance Corporation is not going to last forever.

Mr. HARRISON. Mr. President, when the question of amending the Federal reserve act comes up we can then deal with it through the member banks; but we are dealing now with the War Finance Corporation, and I hope we shall not back water on this committee amendment as to dealing with the actual producer. Let us for a while keep our minds on him.

I am a great admirer of the War Finance Corporation. It has rendered a great service. I believe that it has been of more real benefit to my people than any other governmental agency. It has advanced to the people who have cotton in my State no less, I should say, than twelve or fifteen million dollars. It has been of the greatest benefit to them. I know of no application for a loan based on good security that has been made to the War Finance Corporation since it was reorganized that has not been approved and the advance made. I admire the personnel of the War Finance Corporation, and that was one of the reasons why I opposed the creation of a new commission and advocated empowering the War Finance Corporation with these additional powers.

I believe that Eugene Meyer is a great, forward-looking, progressive American business man. I believe that he understands thoroughly our problems in the South, as he understands the problems of the West and the North and the East. He is in entire sympathy with our people and knows our condition. He understands the economic problems of this and other countries. He has a broad vision. Knowing him as I do, together with the other men who make up the War Finance Corporation—and I mention especially the gentleman from North Carolina, Angus McLean, an efficient, accommodating, able business man—I have entire confidence in the personnel of the corporation and believe that real service and greater benefits will come from it; but I am opposed to their bringing their influence, if such be the case, to bear now to restrict the powers that might bring relief to the people when they sought or winked at the suggestion to be incorporated in this bill to do these things that are proposed, instead of the creation of a new commission. Now, everybody knows that. I am not stating anything about which there is any secrecy. If they wanted to do it, and still said that they could not do it, that it was impossible for them to do it, why should they seek the authority to do it?

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from North Carolina?

Mr. HARRISON. I yield to the Senator.

Mr. SIMMONS. I think the Senator is doing the members of the War Finance Corporation an injustice when he says that they are bringing their influence to bear to defeat what he is advocating.

Mr. HARRISON. No; they are not seeking to defeat what I am advocating.

Mr. SIMMONS. Well, to defeat the provision of the bill that the Senator is advocating.

Mr. HARRISON. Yes. The Senator from South Carolina says one of its members suggested the amendment.

Mr. SIMMONS. My understanding is—and I heard Mr. McLean's statement this morning—that they come to the sponsors of this bill in the Senate and say: "If you make us the banker for the six or eight millions of farmers of this country, then you have got to give us an organization adequate to the discharge of those functions."

Mr. HARRISON. And they should be given it.

Mr. SIMMONS. Now, there is but one Finance Corporation. If the idea of the Senator prevails, and if we adopt the amendment that he is advocating, that Finance Corporation will have to do business from one end of the country to the other with all the farmers that may want relief in the present financial situation; so that you make this one body, located here in Washington, with a small personnel, the banker for several millions of farmers in this country. Now, you know what sort of an organization a large bank in a town of five or six thousand people must maintain in order to accommodate the customers of that community. You know what has to be the size of the organization of a big financial institution in New York, like the National City Bank, to accommodate the customers of that great city. If you are going to make this bank take in this broad territory, the whole United States, and perform the functions of banker for 43 per cent of all the people of the United States—for there are that many of them that are farmers—then, Mr. President, not only will you have to provide for a great organization here in Washington but you ought to set up branch or subsidiary organizations in every State of this Union.

Mr. HARRISON. Well, that does not frighten me.

Mr. SIMMONS. We have the Federal reserve system. That organization deals only with banks; it has no authority to loan except to banks; and yet when we created that system we provided for 12 regional banks, and we provided further that in each one of these regions there should be established, if it was found necessary, branch banks, and in some of them it has been found necessary to establish from three to four branch banks.

What Mr. McLean said this morning was this: "If you are going to open the doors wide and make us bankers in the sense of accommodating each individual person who desires to make a loan in these conditions, you will have to provide an organization adequate to the requirements of the situation." That was the representation he made and it appealed most forcefully to me.

Will the Senator pardon me for another suggestion?

Mr. HARRISON. Yes.

Mr. SIMMONS. I do not think the individual farmers who will want to seek the aid of this corporation will be benefited by the provision which the Senator insists upon. If the individual farmer himself is to be the borrower, he can not hope to borrow upon such security as the ordinary individual can offer, especially where the lender, as in this case, is situated perhaps a thousand miles from the borrower, with no opportunity to make a thorough investigation of the financial responsibility of the farmer—

Mr. WATSON of Georgia. Mr. President—

Mr. SIMMONS. Just let me finish this, please; then I will yield to the Senator if I may.

He could not expect, under those circumstances, to borrow to the extent of 100 per cent of his requirements upon the security of his crops. He might possibly be able to get 75 per cent, but that would be a large advance. If he may go to the bank under this bill, and if the bank of his community makes to him an advance upon his crop covering his whole requirements, that bank can come and borrow from the corporation the full amount of the advance made to the farmer—not 90 per cent, not 75 per cent, but 100 per cent of that advance—and the bank therefore acts as a conduit in this case to convey to the farmer 100 per cent, whereas if the farmer himself were to go he probably would not be able to secure exceeding 75 per cent. If the Senator will think about it, I think that will appeal to him.

Again, if the farmer had to pay a little more interest by reason of the fact that he borrowed through the bank instead of directly from the corporation, he would avoid certain expenses, and probably heavy expenses, that would be incident to most of the transactions that would take place if he had been the direct borrower himself—the expenses of securing an investigation into the title of his property, of securing the execution of papers, and all the other incidents connected with the making of a loan by an institution that has no touch with the financial condition or the character or the probable assets of the borrower.

Mr. HARRISON. I yield now to the Senator from Georgia.

Mr. WATSON of Georgia. Mr. President, my purpose was to ask a question of the Senator from North Carolina, with the permission of the Senator from Mississippi.

Mr. HARRISON. I yield for that purpose.

Mr. WATSON of Georgia. The Senator from North Carolina was stating, with his usual force, his objection to the individual as a borrower.

Mr. SIMMONS. Let me correct the Senator right there. I should have no objection at all to that if I thought it could be done with advantage to the individual, or if I thought it could be done by this organization without destroying its power to deal with the situation.

Mr. WATSON of Georgia. I understand. The question that I wish to ask the Senator is this: He knows that in the South a great many of the farmers—perhaps a majority of them—store their cotton with what we call cotton factors. In the West I do not know what our brethren call those with whom they store their wheat, whether elevator men or commission men or what; but I am alluding to a class with whom we store our cotton and secure advances upon it, if we can. Would the Senator from North Carolina see the same objection to amending this bill so as to allow the War Finance Corporation to advance money to that cotton factor, for instance, so that he in turn may advance to the individual?

Mr. SIMMONS. No; I would not see the same objection, because that is a class, and not the whole body of the agricultural population.

Mr. SMITH. Mr. President, if the Senator will allow me—

The PRESIDING OFFICER. Does the Senator from Mississippi yield, and to whom?

Mr. HARRISON. I yield to all three of the Senators.



Mr. SMITH. I should like to state to the Senator from Georgia that that very point was covered this morning; and in certain amendments that are to be proposed it was intended that those who finance these crops, like cotton factors, men who are engaged in the business and have accumulated these products, shall have the same privilege as bankers. As I say, that was intended in the amendments that are to be proposed, where we use the word "association"; and I hope that at a meeting of the committee in the morning that may be done, because I think that was the intent of the amendment.

Mr. WATSON of Georgia. I hope so.

Mr. HARRISON. Mr. President, this has been quite interesting. The objection of the Senator from North Carolina to allowing the War Finance Corporation to make advances to the individual producer is because the War Finance Corporation would have to enlarge its offices, might establish branch offices, or something, and he illustrates by citing the case of the Federal reserve system. You must employ additional help in the War Finance Corporation if it carries out the purposes of this act, whether or not you incorporate the suggestion of the Committee on Agriculture to make advances to the individual producer, because under the Kellogg amendment the corporation can make advances to the middlemen and to all those engaged in marketing the products. We do not know how large that business will be, and the Senator is assuming that every farmer in this country is going to seek aid from the War Finance Corporation. I do not think that is true; but it does not appeal to my sense of justice to say that a farmer who has 50 bales of cotton, or 20 bales of cotton, or other agricultural products should be compelled by law to go over to some association, to a bank, which will charge him interest or other charges, perhaps, on the money that they will loan, but which was advanced to it at a lower rate of interest by the War Finance Corporation. I can see no difference between that association of individuals coming to the War Finance Corporation, placing good securities, and getting money, and the individual in the State, who might have 500 bales of cotton stored away in a warehouse, licensed under the warehouse act, coming up here with his receipts and borrowing money directly from the War Finance Corporation. There is not any justice in it, and, in my opinion, there is not any reason in it, and I am ready, as one Senator, to vote additional appropriations to the War Finance Corporation, if they need it, to employ enough individuals to go through this country, take these applications, look over the securities, report to the War Finance Corporation with the recommendations, and allow the advancements to be made. Of course, I am assuming that the men who are to be employed will know their business and that the securities will be safe. I know it may take time and investigation, but the benefit accruing therefrom to the individual producer will repay the Government or War Finance Corporation for the trouble and inconvenience thereby incurred to them.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to his colleague?

Mr. HARRISON. I yield to my colleague.

Mr. WILLIAMS. I would like to ask my colleague if he can see any difference between these two cases: I have, say, 100 bales of cotton in a warehouse, with the warehouse receipt and certificate, and I carry those certificates to the bank of my town. Can my colleague see any difference between lending me the money upon those certificates and lending the bank the money upon them, when the security, of course, is identically the same? Or can the Senator see any justification in making me go to the bank and pay a larger price for the accommodation, which necessarily will follow, than I would have to pay if the transaction were directly between me and this corporation?

Mr. HARRISON. I was just going to state that the only difference I could see in the two cases presented by my colleague is that if he went to the bank to borrow the money on the same security and were prevented from going to the War Finance Corporation and getting the money he would have to pay the banker perhaps 10 per cent on the investment, and the banker could come here, with the same collateral, and borrow the money from the War Finance Corporation perhaps for 8 per cent. By the provisions of the committee substitute a limitation of 2 per cent is placed on the bank or concern that loans the money when it is advanced by the War Finance Corporation. In other words, if the bank borrows from the corporation and is charged 6 per cent interest the limitation imposed in the committee substitute prevents the bank from charging more than 8 per cent, or 2 per cent increase to its customer.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from South Carolina?

Mr. HARRISON. I yield.

Mr. SMITH. The Senator is indicting his own bank, and saying that a corporation a thousand miles away from him—

Mr. HARRISON. No; I will say to the Senator I had in mind a bank in South Carolina.

Mr. SMITH (continuing). Would deal more leniently with him than would his own bank, which is right there, and amenable to the State law. It seems to me that if such a condition existed as he outlines here, namely, that his local banker would charge him 10 per cent, while the War Finance Corporation would charge him only 4 or 5, the State law should be amended. But that is not the point I wanted to meet, as brought out by the senior Senator from Mississippi. Everybody knows that if he goes to his local banker, the local banker knows him and knows that he owns the security, and that there is no doubt as to the ownership, or as to the equity in the thing which is presented. But if the Senator would take that warehouse certificate and his note, leave Mississippi and come to Washington, does he not know they would have to investigate to find whether he did own the product, or whether he did not own it?

Mr. HARRISON. And they should.

Mr. WILLIAMS. I know that they would, of course, and I know that the bank at home has to do it, too, unless the bank knows me so exceedingly well that they just take my word for it.

Mr. SMITH. Exactly.

Mr. WILLIAMS. That is an exceptional case. I might be known so well that the bank would do that, or the Senator might be; but that is not the way banks do business.

Mr. HARRISON. Would it not have to do it with an association?

Mr. SMITH. Just a moment. One of two things would have to happen in this case: Either you would have to come to Washington, or they would have to have an agent down there. They would have to have an agent in every village, hamlet, and town in the country. In all reason and common sense, as this is an emergency and we are going to relieve a situation, does not everything point to the fact that this corporation, created for the purpose of enabling farmers to export and for the purpose of opening foreign markets, and under this peculiar condition, incidentally, aiding the holding of the stuff until it can be exported, should be empowered to deal with financial agencies set up, which could expedite the matter rather than diverting them into new and untried channels and compelling it to pass upon the credit of every man who takes a loan?

Mr. WILLIAMS. Mr. President, in reply, even if I believed this provision would not result in the corporation lending \$100,000 directly to the producers throughout the entire United States, I would still be in favor of it because of the wave of caution which would spread amongst the middlemen who were dealing with the producer, and I think the chief benefit will come just in that way. Instead of lending at whatever your State allows as a rate of interest—in special cases in Mississippi they are allowed to charge 10 per cent—instead of charging all that the traffic would bear when dealing with the bank's client, if it were known that the producer, with that same security in the shape of warehouse certificates which could be readily certified, there being no doubt about their authenticity, could go further and get the money at 6 per cent, then that bank would charge him only 7, enough to cover expenses and a very small profit.

Mr. SMITH. Mr. President, the senior Senator from Mississippi is going upon the hypothesis that this is a permanent piece of legislation.

Mr. WILLIAMS. Oh, no; I am not.

Mr. SMITH. This is an emergency. The corporation is not to take the place of your local bank but is to be set up on the ground that your local bank is unable to go any further, and this corporation is trying to help that bank to help you.

Mr. WILLIAMS. Mr. President, my opinion is that it would help the local bank all the more, and would help the producer very much more, if this provision were in the bill, whether it was ever used to any great extent or not, and however temporary the relief might be, and however temporary the operations of the Finance Corporation might be.

Mr. SMITH. Then, Mr. President, the argument of the senior Senator from Mississippi is that we are not trying to relieve the congested situation, but are trying to save a certain amount of interest. That is not the primary object of this legislation at all. The primary object of this legislation is to supplement the credits where they are needed and let the individuals in the several States know that the local institutions



will be relieved of the burden and be able to extend them further accommodations.

Mr. WILLIAMS. I am quite well aware of the fact that this legislation is to relieve a congested situation. I am also quite well aware of the fact that relieving that congested situation with the least expense possible to the man who is suffering most—the producer—is a desirable object.

Mr. SMITH. Certainly.

Mr. WILLIAMS. And I think this provision will tend toward the accomplishment of that object.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from North Carolina?

Mr. HARRISON. I yield.

Mr. SIMMONS. I just wanted to suggest this fact to the Senator from South Carolina [Mr. SMITH], in connection with the argument he has just made; or I will suggest it to the Senator from Mississippi, as the Senator from South Carolina has taken his seat. The provision we are now discussing is substantially the same principle which we incorporated in the original War Finance Corporation act during the war, for we had then an emergency situation very much like the one we have now in connection with agriculture. The great munition factories of this country, plants which were making the things that we required for the prosecution of the war, found that they were not able to secure, through the ordinary channels, sufficient money to enable them to supply the great demands of that time, they asked that some relief be given, and we established this corporation chiefly to relieve that situation.

The provision of the bill, then, was that the corporation might loan to banks upon advances made by them to aid our war industries, and only to aid our war industries, or industries tributary to the war. In this bill we revive that old provision of the War Finance Corporation, and we apply it to advances made by banks to aid agriculture.

When we created the corporation and enabled it to finance these war industries, we did not permit the war industries to go directly to the corporation for the money they wanted. We required them to go to the corporation through a banking institution, and for the very same reasons which obtained in that case, as this substitute was originally drawn it required farmers to go to the corporation through the banks.

During the war, when the function of this corporation was to aid these war industries, they were able to aid them, because they did not have to deal with every individual who was engaged in doing anything that was contributory to the war.

Mr. HARRISON. The Senator does not mean to say that during the war and since the revival of the War Finance Corporation, if the General Electric Co. should desire a loan from the War Finance Corporation, it must approach the War Finance Corporation through a bank?

Mr. SIMMONS. Oh, no.

Mr. HARRISON. They can obtain the loan directly?

Mr. SIMMONS. There were some exceptions.

Mr. HARRISON. That is why I want an exception for the individual producer.

Mr. SIMMONS. So, there are exceptions here. There are certain other organizations, like farmers' associations, which are permitted to go directly to the War Finance Corporation. The electric company about which the Senator speaks and the utilities company were permitted to go to the corporation, but they were organizations and were not individuals. There is not a line in the original act that permitted an individual to go to the corporation.

Mr. HARRISON. I can not understand the Senator's viewpoint on the proposition.

Mr. DIAL. Mr. President—

Mr. HARRISON. I yield to the Senator from South Carolina for a question.

Mr. DIAL. I should like to ask the Senator, if the War Finance Corporation should undertake to deal directly with the individual and lend money on his commodity, whether it would not take an army of insurance agents to see that the property was properly insured?

Mr. HARRISON. I do not think it is going to take any such army. I think the War Finance Corporation must enlarge their force, of course. If they advance money to the people who are dealing in agricultural products or marketing them, the middlemen, whether they are firms, corporations, or what not, they must necessarily enlarge their force. That is provided for in the Kellogg substitute. They have to enlarge their force to do that, but what is the objection to taking it right down to the producer, to the man who produces the stuff? It seems to me it is not the proper thing, and I know not the just thing, to say to the producer that he has to go to the expense of organizing

himself and others into an association, or to deal through some already existing firm or corporation or bank rather than to give him the direct advantage.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Georgia?

Mr. HARRISON. I yield.

Mr. WATSON of Georgia. I should like to suggest that as between the warehouseman, no matter whether dealing in grain, cotton, or what not, and the banks there stands the middleman, and the Senator from South Carolina can not have forgotten that one man holding warehouse receipts between the Augusta warehouse and the Georgia Railroad Bank for \$80,000 would have ruined the bank if it had not been so strong. Why should not the factor be allowed the same right that the Georgia Railroad Bank had upon a forged certificate?

Mr. DIAL. Experience shows that it is well to have at least two sources of responsibility on paper, and I would like that principle to be applied in this case. I want to help the producer in every possible way that is practicable, but I do not think that we will help him in the way suggested. Thousands of them would write letters, and it would be necessary to have an enormous force, otherwise the letters could not possibly be answered. It would cost as much, in my opinion, to send an abstract of his title or certificates that there were no encumbrances upon his property, as it would to get the indorsement through some of these local institutions that are provided for in the Kellogg bill. The warehouse receipts are not absolutely safe all the time. We have to know that the owner has undisputed title to the property and we have to know that the property is not encumbered. There are various questions to look into.

Mr. HARRISON. I understand that, and we are giving broad powers to the War Finance Corporation to say what collateral is good. We are not directing that they shall make a loan. I am assuming that the men comprising the War Finance Corporation are not going to take any collateral that does not substantially and safely secure the investment.

Mr. DIAL. But we have no right as a Congress to place an undue burden upon the War Finance Corporation and then have the people of the country abuse them for doing what we know is not good business for them to do.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER (Mr. POMERENE in the chair). Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. I would make the suggestion to the Senator from South Carolina that it will not be any more of a burden upon the War Finance Corporation to look into the business responsibility and reliability of producers than it is for them to do the same thing as to the middlemen. It must be their duty to find out if the securities are good, whether they are held by middlemen or held by the producers. As a general rule, the securities held by the producers will be found to be safer and better than those held by the middlemen, because the middlemen are trading on what the other men have produced.

Mr. DIAL. They could not be safer and better, because they would have both.

Mr. HARRISON. Now, Mr. President, if Senators will permit me, I shall endeavor to get through very quickly, because there is another Senator who desires to speak on the matter.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from New Jersey?

Mr. HARRISON. Certainly.

Mr. EDGE. I hesitate to interrupt this colloquy between southern Senators on banking questions; but, after all is said and done, is not the main object of the emergency legislation originally designed by the Senator from Nebraska [Mr. NORRIS], amended by the Kellogg substitute and later by the committee substitute, for the purpose of taking advantage of the foreign market for exportation? Is not that correct?

Mr. HARRISON. Yes; that is true.

Mr. EDGE. That being correct, then does it not naturally follow that when we attempt to deal with the individual planter, speaking now from the cotton standpoint, who owns 10 or 20 or even 50 bales, that it is absolutely beyond the original scope of the legislation and absolutely impracticable? No exportation, of course, would be of less than hundreds or thousands of bales in the ordinary way, and those bales must be collected by associations or through banking institutions. It is possible to go further, as I understand it, and organize a tremendous institution dealing directly with the individual, but



we are facing an emergency, we are trying to solve the difficulties of the emergency, so why enter into an intricate organization of that character, which I am afraid will not serve the purpose which the Senator really is desirous of serving?

Mr. HARRISON. I shall proceed and hope to finish very soon. I never have believed in the statement of the Senator from Nebraska [Mr. NORRIS], which I think was quite exaggerated, when he said this substitute was a bankers' proposition. I take issue with him, but it looks to me very much as if we are getting around to that situation. I hope that suspicion will not develop into a fact. What we first started to discuss and endeavor to accomplish was something for the person who produces agricultural products for export. Let us not get too far away from that proposition.

It came to those who were opposing the bill that if we would eliminate from the Norris bill the question of buying and selling agricultural products and place the authority in the hands of the War Finance Corporation the Norris bill could be passed. The Norris bill provided that advances should be made to persons producing agricultural products in this country for export, but we have gotten away from that in the Kellogg proposition, so that advances can be made only to the middleman or to the person who is dealing in or marketing or to the bank that made the advances. The Kellogg amendment got entirely away from the provisions of the Norris bill. While it authorizes the War Finance Corporation to make advances to the banks which have made loans and have securities based upon agricultural products, and authorizes the War Finance Corporation to purchase the notes and other collateral securing agricultural products, it does not authorize the War Finance Corporation to advance to or deal with the actual producer. It seems that those who were many in supporting the idea in the Norris bill have been led astray by the Kellogg substitute. The issue in the two proposals as carried in the two substitutes is clear. So if the fight must come on it, let it come.

I am not going to discriminate in any such fashion against the individual producers in this country. If they have proper collateral, safe security, and want to borrow money from the War Finance Corporation, I am not going to prevent them from doing it and compel them to go to a bank or some intermediary organizations and pay additional charge in order to obtain the advancement. We are not empowering the War Finance Corporation with greater powers to benefit middlemen and banks to make increased dividends with Government funds. We are trying to render to the men who produce our food and clothing—aye, the wealth of the world—some service. We are trying to offer some way out of their present deplorable plight. We can not do it by constructing tollgates along the way through which they must travel in order to reach their destination. Let us open and clear the way—make their journey easy, without obstruction and additional and unnecessary embarrassments.

The Kellogg substitute, in my opinion, was splendid as far as it went.

The provisions that the distinguished Senator from South Carolina discussed about making advances to the banks that hold securities on agricultural products were fine. That is going to aid the producers very much. I believe that will really render more benefit than any other provision, but let us go further than that, go further than the proposal in the Kellogg substitute, and say to the individual who produces that if he offers the proper securities he can obtain the money, too, and let us not compel him to organize himself into an association or compel him to go to a bank or a middleman and pay a higher rate of interest and then let the bank come up here and get the money for 2 per cent less. Do not understand me to be criticizing the banks for doing that. It is the natural thing to do. It is what we all would do. I have much faith in our banks. They have and are now rendering great public service. They are, in most instances to the limit of their resources, trying to meet the abnormal conditions of to-day, but they are natural. Their officers are human; so they will, of course, exact charges for their service. That is proper and reasonable; but why by law compel this exaction of additional charges by the banks if the results can be accomplished directly between the corporation and the individual?

Mr. SMITH. Mr. President—

Mr. HARRISON. I yield to the Senator from South Carolina.

Mr. SMITH. I do not propose to have anything more to say until I take the floor in my own time and give my views on the measure except to say that the Senator is well aware that it would be more economical and more satisfactory in every respect for the farmers to get together and pool their cotton, and

thereby be enabled to deal directly with the War Finance Corporation in an economical manner, than to insist on the proposition which the Senator is making, where every man might come individually and where there would have to be an unlimited number of inspectors and estimators in order for him to get anything at all, when in his local community, under the terms of the amendment proposed, he could organize an association, get a volume of stuff together sufficiently large for them to be guaranteed in making the loan, and thereby meet every purpose in a better way than if they were to compel, in this time of emergency, each individual to handle it for himself.

Mr. HARRISON. The success of the whole system is going to depend on the way it is administered, and I have faith, as I have said, in the personnel and the business acumen of the men who compose the War Finance Corporation. If they fail, with this bill enacted into law, to establish an office, if it is only one man in a little room to take applications in that particular section, and let it go out through the country that each producer can make his application at that office, their securities looked over, thoroughly investigated, and sent by that office to headquarters here with recommendations, then they will have failed in the discharge of their duties, in my opinion.

Mr. SMITH. All the banks in the State can not do that now.

Mr. HARRISON. Perhaps they can not, but let us give them power to do it, if they will, and if they fail to carry out the policies of the bill, it is up to them.

There is another difference between the Kellogg substitute and the Norris bill to which I wish to refer, in the matter of making advances to persons, governments, or subgovernments, in the purchase of agricultural products here. I believe very strongly that that is almost essential to the resumption of prosperity in this country. We know that we have surplus products. We are working in this legislation toward two ends: One is to seek a market for our surplus agricultural products, and the other is to make advances to the people who have the surplus products so that they can be carried until the products are exported and sold. If we can find customers abroad, whether they are subgovernments or governments, firms, corporations, or individuals, that can furnish us collateral that is safe and sound, and purchase our agricultural products here and expend the money here, there will be a great revival of business in this country. Why, of course, no Senator, no American citizen would for a moment indorse the action of any organization that would extend credit to a foreign concern or Government where the collateral was not good. Some one will say, "You never know." If the War Finance Corporation have any doubt about it, they should not make the advance.

But if they can be convinced, either by an individual purchaser or a subdivision of a government or a government, that their securities are good, then they should try to put through the deal in order that we may rid ourselves of that much surplus agricultural products, thereby adding to our wealth and international balance sheet. So those are the main differences between the committee substitute and the Kellogg amendment.

In the provision of the Kellogg amendment by which the War Finance Corporation is authorized to advance money to the banks in cases where the banks had advanced it to individual customers for agricultural purposes, there is no limitation or restriction except that which might be imposed under its general powers by the War Finance Corporation on the banks as to the amount of interest that the banks might charge the borrower. In the pending committee amendment there has been inserted a provision, as I have heretofore stated, an amendment offered by the distinguished junior Senator from Arkansas [Mr. CARAWAY], which provides that in no instance shall one of the banks or the middlemen when they borrow money from the War Finance Corporation charge to the individual producer or the persons borrowing from them 2 per cent more than they may be paying to the War Finance Corporation. So while the Senator from South Carolina says that the rate of interest that one bank charges to an individual should be governed by the laws of the State—and that is so in most States, I take it; it is in my State, and I take it it is so in all the other States—other Senators know, and I know, that in their States and in my State banks can now loan all the money they desire to loan, which they have at this time to loan, and they can obtain the highest rate of interest that the State law allows them to obtain, which in many States is 10 per cent. If the law provides that they can not charge over 10 per cent, that is the rate which they are charging to-day. So when they loan money to the agricultural producers of the country they are going to charge the maximum rate of interest. It is, therefore, well and good that there should be some restriction placed upon the rate of interest that the banks and



the middlemen may charge the producer or the borrower when the money which they may be loaning shall have been obtained from the War Finance Corporation.

There was one other amendment reported by the Senate committee, which is not included in the Kellogg amendment, and that is an amendment allowing the corporation to issue in bonds four times the amount of its capital, or \$2,000,000,000. So now it may have \$2,500,000,000 on which to operate. The Kellogg amendment placed the amount at \$1,500,000,000.

We also struck out the provision in the Kellogg amendment which attached a condition to the advancements that might be made. The Kellogg amendment provided that—

Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States—

And this is the part to which I wish to call the Senator's attention—

which is normally exported in substantial quantities.

Then the provision shall apply. We struck out the words "which is normally exported in substantial quantities," because there are many agricultural products on which persons should be permitted to obtain advancements from member banks or from the War Finance Corporation under the provisions of the bill that are not "normally exported in substantial quantities." So we thought it was well to strike out those words.

I will not take up more of the time of the Senate. It seems to me that the Agricultural Committee has worked out a substitute, as is embodied in the so-called McNary amendment, which will meet the views of the Senate. We should not get away from the purpose which was originally incorporated in the Norris bill, and that was to render some aid to persons in this country who have agricultural products for export. We should not get away from that proposition and merely render advancements to the banks in the country. So I sincerely hope that when the question comes to a vote we shall stand by the Senate committee amendment and not eliminate the individuals who actually produce from the direct benefits of the legislation.

In the course of the consideration of this measure I intend to offer an amendment to it. It is not a committee amendment. I offered it in the committee, and I do not think I am revealing any of the secrets of the committee when I say that it was defeated by only one vote. I think the committee made a mistake when it did not incorporate the amendment in the substitute, but I shall offer it upon the floor of the Senate and I shall ask for a roll call upon it.

In my opinion, there is no governmental agency that is in the position to render more and real benefit to the small farmer who actually needs some governmental agency to help him out right now than the farm loan bank system. There are thousands and thousands of applications for loans now pending before the board, but there is little money on hand with which to make the loans. We thought that there would be; we did not believe there would be any difficulty when the litigation which was pending so long in the Supreme Court of the United States testing the constitutionality of the bond was settled. As Senators will recall, we had adopted in the Senate on one of the appropriation bills an amendment providing for the purchase by the Secretary of the Treasury during this year and next year of \$100,000,000 of farm-loan bonds. That amendment passed the Senate by a practically unanimous vote. It went to the other House; there was no difficulty there; it would have passed there, but during the time in which the amendment had passed the Senate and its consideration in the other House the Supreme Court rendered the decision on the suit which had been pending before that court for months.

Of course, as Senators will recall, because of the pendency of that litigation the Farm Loan Board could not sell its bonds. After the decision was rendered, however, and the suggestion went to the other body—everybody practically agreeing upon it—that there was no necessity for passing the amendment to which I have referred, because the bonds could be sold, so that provision was held up and finally eliminated. The Federal Farm Loan Board recently offered for sale \$45,000,000 of their bonds. It took them some time to sell them; it was a very difficult undertaking, and that is all they have sold. On the other hand, there are thousands upon thousands of applications pending of which the board are unable to take care.

Senators, we can render a real service by providing the means of taking care of those applications that are pending and which have been approved. So I shall offer an amendment authorizing the War Finance Corporation to purchase or to advance, in their discretion, \$100,000,000 this year and an equal sum next year on farm loan bonds. I hope that the amend-

ment will receive the approval of this body, so that the small farmers throughout the country may be taken care of. If this amendment can be passed and the other admirable features incorporated in the committee substitute are adopted, then we will have rendered a great service to the farmers, business people, and bankers throughout America.

#### FOREIGN COMMERCE, TRANSPORTATION, OVERSEAS MARKETS, AND OCEAN SHIPPING.

Mr. FLETCHER. Mr. President, closely related to the subject under consideration and directly bearing upon some phases of it are the broad questions of foreign commerce, transportation, overseas markets, and ocean shipping. The more pertinent financial arrangements and requirements involved in the pending proposals others have presented and still others will discuss.

In this connection, as well as in view of some matters we are approaching, I regard it worth while to submit some facts and comment on the general questions indicated.

The Senator from Nebraska [Mr. NORRIS] yesterday stressed the importance of getting our surplus products into foreign markets. Let us see where those markets are and the process of reaching them.

#### FOREIGN COMMERCE.

The Department of Commerce gives us the figures for the year 1920, as follows:

Value of exports.....	\$8, 228, 759, 748
Value of imports.....	5, 279, 398, 211
Total.....	13, 508, 157, 959

This exceeds any previous year, and the prices were higher than during any former period.

Expressed in net tons, the figures would show, approximately, as follows:

Exports.....	63, 199, 456
Imports.....	37, 092, 841
Total.....	100, 292, 297

Exports for the year 1920 from the United States consisted of—

	Per cent.
First, raw material for use in manufacturing.....	23
Second, manufactures for further use in manufacturing.....	12
Total.....	35

This was largely made up of cotton, lumber, forest products, naval stores, phosphate, copper, tobacco, hides, and oil.

The next largest items may be classified as—

	Per cent.
Third, foodstuffs in crude condition.....	11
Fourth, foodstuffs partly or wholly prepared.....	14
Total.....	25

Under these heads may be mentioned grain, grain products, and meats.

The last item, making up the 100 per cent, should be placed.

Fifth. Manufactured articles for consumption, 40 per cent.

Heretofore from 50 to 65 per cent of our foreign commerce has been with European countries.

The movement of raw material and foodstuffs will doubtless continue largely to such countries.

Within the near future, however, everything points to our best customers being found in Cuba and other West Indian islands, Porto Rico, Central America, and, through the Panama Canal, the Orient.

South America also offers a splendid field. We have for some years past purchased more from South America, largely in raw materials, than we have sold them. The rate of exchange has been favorable to us. But within the last year the rate of dollar exchange in the United States has greatly increased and the purchase of our goods by South American countries has greatly diminished. It is said that large quantities of goods from the United States are now in storage in South American countries on account of their inability to pay for them. Uruguay is about the only country whose dollar is at par as compared to ours. In Argentina the United States dollar is worth \$1.40. These countries, as, indeed, will practically all foreign markets now, require long-term credits.

To handle this business, particularly during the first nine months of 1920, there was active demand for tonnage at unusually high rates. At times it was difficult to obtain cargo space with reasonable promptness, and ship operators could name, in most instances, their own terms.

They made money rapidly and abundantly as long as the volume of traffic continued.

Some operators made small fortunes on single voyages.

But this business could not be maintained.

The buying power of foreign countries became in large measure exhausted. They could not furnish return cargoes either.



Shipping declined. Ship profits disappeared. Ship operators began to lose money. Since the first of this year our foreign business shows a marked decline.

For the first four months of 1921, as compared with the same period of 1920, a decrease appears in our exports of about \$1,000,000,000, or 35 per cent, and in our imports of about the same, \$1,000,000,000, or 52.5 per cent.

Of course, the decline in prices accounts in part for that showing.

For instance, cotton alone covers \$466,000,000 of the shrinkage in value of exports.

This shrinkage appears in such leading commodities as cotton—raw and manufactured—meat, flour, automobiles, copper, chemicals, phosphate, naval stores, leather products, manufactured rubber, tobacco, manufactured wool, and manufactured wood.

The tonnage decrease is not so great as the decrease in value, but it has been enormous.

#### FUTURE PROSPECTS.

The United States at the beginning of the World War was indebted to foreign nations—I do not mean the Governments—some \$5,000,000,000. We paid that up and now citizens of those countries owe us quite that much in private obligations, and foreign governments owe our Government some \$10,000,000,000 more. We have passed from a debtor to a large creditor Nation. Our manufacturing establishments have increased their capacities. Our production in every direction has increased. Our surplus has grown and will continue to grow, and we must find outlets for it. Our domestic market will not take our products. The result must follow, and I need not dwell upon its unhappy character.

Foreign countries have been practically paying cash for their purchases heretofore, as evidenced by the fact that the balance of trade due the United States about equals our imports of gold. If this continued it would produce an improvement in exchange. But there is a limit to their gold supply, and their credit is quite at the vanishing point. They can only take our goods and pay us what they owe us or reduce their indebtedness if we take theirs. If we exclude their goods from our market, we destroy the opportunity to dispose of our surplus, we enhance the exchange difficulty, and make it impossible for them to liquidate their indebtedness.

#### MUCH DEPENDS THEREFORE ON OUR PUBLIC POLICY.

If we establish a protective tariff for the purpose of shutting out imports, we make it impossible to accomplish an expansion of our foreign commerce or to develop our merchant marine.

It is plainly true that "if our manufacturers are unable to meet foreign competition in our own market there is little hope of being able to do so in foreign markets."

Congress in one breath proposes to limit and restrict products that might come from foreign countries and in the next breath proposes to have the Government undertake to find markets in foreign countries for our products.

If foreign countries are producing a surplus which would come in competition with our products, why should they take ours?

If they are in need of our products, then they are not producing enough to supply the home demand of their own consumers, and why raise barriers against their coming here?

These positions are inconsistent.

#### EFFECT ON SHIPPING.

The startling decline in exports and imports accounts, in large measure, for the losses in shipping sustained by the Government, but, perhaps, in no greater degree than that sustained by private shipowners.

This demoralization of foreign trade is the primary cause of such losses and accounts for idle ships.

It resulted in reduction of freight rates, half empty vessels, returns in ballast, and decrease of earnings below operating costs.

It depends, as stated, on our policy, as well as our properly directed efforts, whether that chaotic condition will continue or not.

There are those who seem to be willing to sacrifice our foreign trade.

They argue that, taking the figures of 1920, the division between our domestic and foreign trade would appear substantially this:

		Per cent.
Domestic	\$62,500,000,000	82
Foreign	13,500,000,000	18
Total	76,000,000,000	100

Of course, if either must be sacrificed, foreign trade must go. It would seem there is no real necessity for sacrificing our foreign trade in taking proper care of our domestic trade. In fact, one largely depends on the other.

Unless foreign trade is developed our production will inevitably decrease, because our consumption will not equal it, and that means distress; and likewise unless we have a fair volume of import business, it will be impossible to give profitable employment to our merchant marine. However, we require a merchant marine because, for one reason, we must have foreign trade, and we are not seeking foreign trade in order to sustain our merchant marine. It is true, though, there must be cargoes in both directions if steamship operation is to be successful. An increase in our export trade is necessary to a revival of American industry. A general revival of business in this country is dependent very largely on our foreign trade.

That it is our duty and entirely feasible to not only revive but to increase and extend our foreign trade, notwithstanding the depressed condition of some of our hitherto principal markets, I have no doubt.

For instance, the figures as to exhausted and hard-pressed Germany are somewhat surprising. She is now taking merchandise from us, measured in American dollars, in ratio equaling prewar periods.

Based on the first eight months, it is estimated that exports to Germany from the United States for the fiscal year 1921 will be \$400,000,000 as against the prewar high record in 1913 of \$352,000,000.

Present exports to Germany consist largely of food and manufactured material, such as wheat, grain products, cotton, tobacco, hides, and oil.

If Germany can conduct such transactions, why can not England, Belgium, France, Italy, and the Balkan States, to say nothing of the Scandinavian countries and Africa, do business?

#### PORTS.

Taking the exports and imports of 1920, and considering that part of the total movement handled entirely by water, as between group ports, I am advised that the division would be correctly stated about as follows:

	Per cent.
North Atlantic (including Hampton Roads):	
Exports	65.6
Imports	82.2
South Atlantic and Gulf:	
Exports	27.2
Imports	9.4
Pacific:	
Exports	7.2
Imports	8.4

Let us suppose our trade with Europe is not revived—suppose, even, it continues to decline—the situation need not discourage us. One writer estimates that "four-fifths of the foreign trade of the United States in 1920—imports and exports combined—went to countries outside of Europe." He further says one-half of the total exports were in manufactured materials, and only one-fourth of the total foreign trade of this country was in raw commodities, exclusive of foodstuffs. The increase in the quantity of exported materials between the year 1915 and 1920 is estimated to be 40 per cent; the increase in value was approximately 220 per cent.

#### OUR NEEDS.

We need from other countries such articles as tea, coffee, sugar, rice, and the numerous spices in large quantities each year.

We require, also, certain metals and minerals, such as nickel, copper, iron, chromium, manganese ores, fertilizers, such as nitrate, potash, guano and manure salts, asphalt, and other material which we import by the hundreds of thousands of tons.

We now have the ships to bring to us the things we need and take to other countries the things we produce and they need.

We are better prepared with banking facilities, means of communication and transportation than ever before in our history to engage in and develop our foreign trade in competition with all comers.

A strong, vital fact, and element of success, is indicated by this record: We carried in American bottoms, imports and exports, to and from the United States, in 1846 81 per cent, in 1860 66 per cent, in 1875 26 per cent, in 1895 11 per cent, in 1901 8 per cent, in 1914 9.7 per cent, and in 1921 we are carrying 50 per cent and over.

Shall we keep this recent progress up, or shall we go backward and place ourselves at the mercy of foreign shipping interests?

We will maintain this American merchant marine, the benefits of which we now enjoy, or we will lapse into dependence on our competitors in foreign trade for the carriage of our goods.

We will establish and maintain and arrange to perpetuate an adequate American merchant marine, owned and operated for the benefit of American industry and American commerce, now or never.

#### NEW FIELDS.

Suppose, as suggested, our old-time sources of trade and prospects fail us, let us see, further about the new fields.

We have already seen that much the larger portion of our foreign trade is at present with countries outside of Europe.

If we reflect a moment we must conclude that our nearest field and the most susceptible of expansion and development in the future, is that which includes the countries bordering on the Gulf of Mexico and the Caribbean Sea. The lands contiguous to these waters comprise an area of 2,000,000 square miles and support a population of 40,000,000 people.

In 1920 the exports from these countries amounted in value to more than a billion dollars and imports to them more than \$900,000,000.

They produce chiefly what we do not produce, and what we need, and they need principally the manufactured products which we desire to dispose of.

From those countries 20 years ago we imported things, in value, about \$100,000,000, whereas now we take from them annually commodities valued at \$600,000,000.

We exported to them 20 years ago goods to the value of \$95,000,000, whereas our present sales to the Caribbean countries reach annually \$500,000,000.

Our next nearest and best markets are the South American countries. They took from Europe in 1913 imports to the value of \$677,767,815. We have acquired, to a considerable extent, that trade. Whether we will hold it or not depends on mutual cooperation and the transportation, banking, and credit facilities we extend to them.

Perhaps our greatest opportunities lie in Asia. Since 1914 that commerce with us has increased sixfold. In 1913 we exported to the Far East goods of the value of about \$100,000,000. In 1920 our shipments to these same countries amounted to \$850,000,000. In 1914 our imports from them amounted to \$250,000,000, while in 1920 they totaled \$1,350,000,000.

We could easily reduce the balance of trade now running against us in that region.

Electrical goods and mining equipment are in great demand in South Africa and in large quantities. Now is our favorable occasion to get and hold that business.

We never before had such a splendid opportunity to distribute throughout the world American products and bring in, mainly in American ships and through American agencies, the imports we need.

#### DISCRIMINATION BETWEEN PORTS.

The Federal Constitution provides (Art. I, sec. 9, clause 6) "Preference shall not be given by any regulation of commerce or revenue to the ports of one State over those of another."

Obviously if rail rates or ocean freight rates, or both, are unfairly or improperly adjusted and fixed such discrimination is effected.

We have seen that the chief items entering into our exports now are produced in or in territory contiguous to the South Atlantic and Gulf ports.

We have further seen that the most interesting and promising field for the future development of our foreign trade lies nearer the South Atlantic and Gulf ports than to the North Atlantic or Pacific ports. Even as to the Far East, through the Panama Canal, and South Africa, I have mentioned, the other ports have no advantage over the South Atlantic and Gulf.

Now, what is happening? The export rail rates at present are supposed to be fairly and justly fixed, but North Atlantic interests are complaining and are actually demanding that a differential from territory equally near the South Atlantic and Gulf ports shall be established in favor of North Atlantic ports.

I need not refer to the terrible congestion which occurred in those ports last year. I need not mention the lack of sufficient terminal facilities, the difficulty of obtaining berths, the tremendous increase in tonnage and lighterage and ports charges, the outrageous excess of stevedoring expenses and troubles constantly obtaining, particularly in New York, by way of showing they have all the traffic they can reasonably and expeditiously handle now, without continually demanding favors in order to get more.

It is to be hoped the Interstate Commerce Commission will hold fast to present schedules.

But the ocean rates, about which the United States Shipping Board has to speak, are discriminatory against the South Atlantic and Gulf ports.

Steamship lines are carrying the same ocean rates from North Atlantic, South Atlantic, and Gulf ports to Cuba and other West Indies ports, South and Central America, the Orient through the canal, and even to Central American ports, notwithstanding the great disparity in distance as between the Gulf and South Atlantic as compared to the North Atlantic. On the other hand, the ocean rates from the Gulf and South Atlantic to United Kingdom and continental ports carry differentials higher than from North Atlantic ports, the differential from Gulf ports being 15 cents per 100 pounds—except in case of iron and steel articles, which are the same—and from South Atlantic ports the differential is 7½ cents per 100 pounds, except on coal and iron and steel, which are the same as from North Atlantic ports.

This has been going on for years. It is an adjustment made by foreign flag vessels before we had a merchant marine and prior to the publication by rail lines of export rates from the Middle West.

Inland rates are adjusted so that through rates from interior competitive territory to these foreign ports are now the same through all ports, New York to New Orleans, inclusive.

Either one of two things should take place—the South Atlantic and Gulf ports should have a rate based on distance and therefore lower than the North Atlantic and eastern ports to the countries bordering on the Caribbean and Gulf or they should have the same rate as the North Atlantic and eastern ports to United Kingdom and continental ports.

The difference in distance in favor of eastern and North Atlantic ports to United Kingdom and continental ports should be disregarded to the same extent as distance in favor of South Atlantic and Gulf ports to Cuba and other Caribbean and Gulf ports is disregarded now.

To be more specific:

Distance from New York to Habana, 1,186 miles.

From Mobile to Habana, 533 miles. (Much less from Tampa and Jacksonville and Fernandina.)

Mobile less than New York, 633 miles, or 53.4 per cent.

Rates from New York and Mobile to Habana are the same.

Likewise from Tampa, Jacksonville, and Fernandina.

Distance from New York to Vera Cruz, 2,017 miles.

From New Orleans to Vera Cruz, 789 miles.

New Orleans less than New York, 1,228 miles, or 60.9 per cent.

Rates from New York and New Orleans to Vera Cruz are the same.

Distance from New Orleans to Tampico is only 711 miles, or 65 per cent less than from New York. (From Pensacola but little more.)

Distance from New York to Colon, 1,974 miles.

From Mobile to Colon, 1,371 miles. (Less still from Tampa and Jacksonville.)

Mobile less than New York, 603 miles, or 30.5 per cent.

Rates from New York and from Mobile, or Fernandina, or Jacksonville, or Tampa, or Pensacola, to west coast of South America, the Orient, Philippines, Australia, New Zealand, and India, reached through Panama Canal, are the same.

Distance from New York to Gibraltar, 3,207 miles.

From New Orleans to Gibraltar, 4,593 miles. (From Savannah, Brunswick, Fernandina, or Jacksonville still less.)

New York less than New Orleans, 1,386 miles, or 30 per cent.

Rates from New Orleans to Mediterranean ports, reached through Gibraltar, are 15 cents per 100 pounds higher than from New York, except on iron and steel, which are the same. The differential as to South Atlantic ports is 7½ cents instead of 15 cents in the case of Gulf port rates.

Distance from New York to Gibraltar, 3,207 miles.

From Charleston, S. C., to Gibraltar, 3,619 miles.

New York less than Charleston, 412 miles, or 13 per cent.

Rates from Charleston to Mediterranean ports, reached through Gibraltar, are 7½ cents per 100 pounds higher than from New York, except on coal, iron, and steel, which are the same as from New York.

Distance from New York to Liverpool is 3,107 miles.

From Charleston, S. C., to Liverpool, 3,540 miles.

New York less than Charleston, 433 miles, or 12.2 per cent.

Rates from Charleston, Savannah, Brunswick, Fernandina, and Jacksonville to Liverpool are 7½ cents per 100 pounds higher than from New York, except on coal, iron, and steel, which are the same as from New York, and on cotton, which is 17½ cents per 100 pounds higher than from New York.

There are, no doubt, some exceptions that I have not mentioned, but in the main the general adjustment is as outlined.

The examples given can be multiplied without limit, but these are, no doubt, sufficient to be fully illustrative.



There is a fringe of territory extending all around from Halifax to Galveston for something like 500 miles into the interior from which territory rail rates to the seaboard are carried lowest to the nearest group of ports, as, for example, from territory on and east of the Pittsburgh-Buffalo line rail rates are lower to North Atlantic ports than to other competing ports; and from territory east of the Allegheny Mountains, including West Virginia, they are lowest to Virginia and South Atlantic ports; and from territory south of the Ohio River, embracing the Southeast and Mississippi Valley territory, they are lowest to South Atlantic and Gulf ports; and from Arkansas, Oklahoma, and Texas they are lowest to Gulf ports; but from competitive mid-West territory, including the States of Ohio, Indiana, Illinois, Michigan, Wisconsin, and other States north of the Missouri River, the rail rates to Gulf and South Atlantic ports, when for export, are the same as to New York, and if there was a parity in ocean rates from Gulf, South Atlantic, and North Atlantic ports it would allow traffic from this large and productive mid-West territory outlined to move to foreign ports on a parity of through rates all the way around the circle from Halifax to New Orleans, with the exception of a slight differential in inland rates that exists in favor of Norfolk, Baltimore, Philadelphia, and Canadian ports under New York.

This mid-West territory is highly productive of measurement cargo, which is regarded as being essential to profitable steamship operation.

Certainly if the present differential from Gulf and South Atlantic ports, higher than North Atlantic ports, is continued on transatlantic movement, then Gulf and South Atlantic ports are entitled to like differentials under North Atlantic ports to Cuba and other Gulf and Caribbean ports, made in like proportion, based on the lesser mileage to those ports.

What is needed for the ocean carriers is to place Gulf and South Atlantic ports upon a competing basis to the same extent that has been done by the rail carriers.

The same influences that established this discrimination in ocean rates are now at work to deprive the South Atlantic and Gulf of ships. They are loudest in their insistence that the Shipping Board shall sell to the highest bidders all the Government ships and go out of business.

Next to that they want the Shipping Board to discontinue entirely their allocating practice and require bare boat charter contracts exclusively. They believe the people of the South Atlantic and Gulf may not be in position to buy ships. They may not be prepared to charter the ships needed to serve their ports on a bare boat basis. If that is true, the result would be they would lose the ships now operated on the allocating plan. It is insisted, too, the Shipping Board should not operate the ships directly.

A further blow is thus directed at the South Atlantic and Gulf ports and all the region furnishing so large a portion of our exports.

The consequence, if the present policy of Government operation is abandoned, could not be escaped; the traffic would have to seek the North Atlantic ports and there take the ships the big lines would own and control. The rail carriers would be expected to adjust rates accordingly, and the world's routes of trade would be focused so as to exclude the South Atlantic and Gulf. This in spite of the fact that export associations are being formed, terminal and dock facilities are being greatly increased, chambers of commerce are actively interested, shippers are taking a financial interest in shipping, and a period of unprecedented commercial expansion is approaching in that region. In the presence of high railroad rates producers and shippers must turn to increased use of the waterways and employment of ships.

I do not mean to advocate the allocating plan as a permanent policy. What I mean to urge is that the Shipping Board should supply the necessary ships and see to their operation to serve the commerce of the country through the ports the traffic naturally, freely, and properly would flow.

It may be the Shipping Board should operate the ships directly and without the intervention of those serving as agents, particularly if they propose to serve on a commission basis or on a contract, under which they run no risk, and are only concerned with promoting their own interests.

By this time the Shipping Board may be able to command the services of men skilled in ocean transportation and may proceed, as does the Panama Canal Co. in the operation of that line, on their own responsibility and under their own direct management.

What I am now insisting on is that the routes of trade shall be developed and commerce shall be allowed to move along channels it seeks without forced, artificial diversion. That is

what is contemplated in the merchant marine act of June 5, 1920.

That these routes of trade would prove profitable from the beginning no one was optimistic enough to suppose. Witnesses before the Commerce Committee estimated that from three to five years would be required to place the ventures on a profitable footing.

Because the routes do not show profits the first year of operation, the cry is raised that the whole enterprise is a failure, and losses from operation, according to my information, are grossly exaggerated.

I very much fear this ruthless attack on the Shipping Board and its work is inspired by those who never wanted to see an American merchant marine, joined by those who are thoroughly convinced they alone know how to operate ships. The desire for monopoly of ownership and monopoly of operation, combined with the ambition to direct and control the routes of trade, are powerful factors. Has the time come to reckon with them?

It is to be hoped that the thought "the greater the wreck the greater the glory in redeeming it" is not made to add color to the awful picture.

The fleet was built under war conditions and for war purposes.

Its transfer to the Shipping Board left them with three alternatives: First, sink the fleet; second, tie up the fleet; or, third, operate it.

We may dismiss the first.

Considering only the net financial cost in determining what was for the best interest of the Government, disregarding all consideration of serving and of extending American commerce, my information is it would have been more expensive to have tied up the fleet than it has cost to operate it.

The figures show that the loss per ton per day of the vessels in service during the first four months of 1921 was 3.253 cents, while for the steel vessels laid up the loss was 3.811 cents per ton per day. This does not take into consideration the 285 wooden vessels. Thus it will be seen that if the policy had been one of tie up rather than operate, the conservation of Government property would have cost the Government one-half cent per ton per day more than it has cost to operate the vessels, and in doing so serve the commerce of the Nation. The Shipping Board therefore wisely determined, as, indeed, did Congress by the merchant marine act, to adopt the third alternative.

So I believe it was wise to complete the construction of certain ships in the circumstances then existing.

The fleet had to be balanced to make it a well-appointed, commercial fleet. Contracts had been made. Damages resulting from cancellations had to be adjusted. Material, all prepared and finished for particular vessels, was on hand. In the cases where the contracts were continued the vessels were over 50 per cent completed. The material had been manufactured and assembled, for which payment had been made or obligations incurred. It was good business, wise economy, to complete the vessels, utilize the material, cancel claims for damages nearly equaling the cost of completion, and own the vessels.

The method pursued and the manner of carrying out the policy I have mentioned are different matters which I am not now undertaking to discuss. Certainly every agent, wherever desired or required, whatever his capacity, should be held to a strict and prompt accounting.

That the Shipping Board should undertake to operate the ships and should continue to do so until the aims and purposes expressed by Congress in the merchant marine act of 1920 are accomplished was and is eminently proper.

There was, in fact, no other alternative worthy of a moment's thought.

In continuing to operate the ships the interests of the Government, of course, should be carefully guarded. This can be done and should be done in a way that will supply the needs of commerce on the Pacific, Gulf, Atlantic, and Great Lakes; that will maintain the position of the United States as a respectable maritime power; that will afford suitable facilities for overseas trade on a footing of equality as to all ports in all portions of the country.

The people generally will not countenance discrimination in respect to ports. They will not permit, when they know it, unfair advantages promoted for selfish sectional reasons, by any agency of the Government. They believe in fair play, just and equal treatment.

Speaking for the moment for them, I am sure I can say for them this is all the South Atlantic and Gulf ports ask; it is all any other ports ought to desire or expect.

Mr. President, I will not take the time to discuss now the provisions of section 8 and section 28 of the merchant marine

act, 1920, but I ask that they be inserted as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed, as follows:

SEC. 8. That it shall be the duty of the board, in cooperation with the Secretary of War, with the object of promoting, encouraging, and developing ports and transportation facilities in connection with water commerce over which it has jurisdiction, to investigate territorial regions and zones tributary to such ports, taking into consideration the economies of transportation by rail, water, and highway and the natural direction of the flow of commerce; to investigate the causes of the congestion of commerce at ports and the remedies applicable thereto; to investigate the subject of water terminals, including the necessary docks, warehouses, apparatus, equipment, and appliances in connection therewith, with a view to devising and suggesting the types most appropriate for different locations and for the most expeditious and economical transfer or interchange of passengers or property between carriers by water and carriers by rail; to advise with communities regarding the appropriate location and plan of construction of wharves, piers, and water terminals; to investigate the practicability and advantage of harbor, river, and port improvements in connection with foreign and coastwise trade; and to investigate any other matter that may tend to promote and encourage the use by vessels of ports adequate to care for the freight which would naturally pass through such ports: *Provided*, That if after such investigation the board shall be of the opinion that rates, charges, rules, or regulations of common carriers by rail subject to the jurisdiction of the Interstate Commerce Commission are detrimental to the declared object of this section, or that new rates, charges, rules, or regulations, new or additional port terminal facilities, or affirmative action on the part of such common carriers by rail is necessary to promote the objects of this section, the board may submit its findings to the Interstate Commerce Commission for such action as such commission may consider proper under existing law.

SEC. 28. That no common carrier shall charge, collect, or receive for transportation, subject to the interstate commerce act, of persons or property, under any joint rate, fare, or charge, or under any export, import, or other proportional rate, fare, or charge, which is based in whole or in part on the fact that the persons or property affected thereby is to be transported to, or has been transported from, any port in a possession or dependency of the United States, or in a foreign country, by a carrier by water in foreign commerce, any lower rate, fare, or charge than that charged, collected, or received by it for the transportation of persons, or of a like kind of property, for the same distance, in the same direction, and over the same route, in connection with commerce wholly within the United States, unless the vessel so transporting such persons or property is, or unless it was at the time of such transportation by water, documented under the laws of the United States. Whenever the board is of the opinion, however, that adequate shipping facilities to or from any port in a possession or dependency of the United States or a foreign country are not afforded by vessels so documented, it shall certify this fact to the Interstate Commerce Commission, and the commission may, by order, suspend the operation of the provisions of this section with respect to the rates, fares, and charges for the transportation by rail of persons and property transported from, or to be transported to, such ports, for such length of time and under such terms and conditions as it may prescribe in such order, or in any order supplemental thereto. Such suspension of operation of the provisions of this section may be terminated by order of the commission whenever the board is of the opinion that adequate shipping facilities by such vessels to such ports are afforded and shall so certify to the commission.

#### WORLD WAR ORGANIZATIONS.

Mr. BURSUM. Mr. President, I ask unanimous consent to call up the bill (S. 430) to protect the name and insignia of the World War organizations. It is just a short bill.

Mr. CURTIS. Of course, that would include temporarily laying aside the unfinished business.

Mr. BURSUM. Certainly; which I ask may be done.

The PRESIDING OFFICER. The Senator from New Mexico asks unanimous consent that the unfinished business may be temporarily laid aside and for the immediate consideration of Senate bill 430.

Mr. JONES of Washington. Mr. President, let the bill be read.

The PRESIDING OFFICER. The bill will be read.

The Assistant Secretary read the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New Mexico? Without objection, the unfinished business is temporarily laid aside.

There being no objection, the Senate, as in Committee of the Whole, proceeded to the consideration of the bill (S. 430) to protect the name and insignia of the World War organizations, which had been reported from the Committee on Military Affairs with an amendment, on page 3, after line 9, to strike out "That in case of a dispute arising between two or more veteran organizations in the right to use said organizational name or insignia the right thereto shall be determined by the Secretary of War," and to insert in lieu thereof the following: "That in the event of a dispute arising between two or more veteran organizations, whose membership is composed chiefly of persons whose military service was with the Army, as to the right to use said organizational name and insignia, the right thereto shall be determined by the Secretary of War; and in the event of a dispute between two or more such organizations whose

membership is composed chiefly of those whose service was with the Navy, said dispute shall be determined by the Secretary of the Navy," so as to make the bill read:

*Be it enacted, etc.*, That veteran organizations as herein used is defined to be a voluntary association or a corporation the membership of which is composed of persons who served as officers or soldiers during the World War in the organization which is being perpetuated.

That the several veteran organizations of the World War organizations shall have the exclusive right to have and to use as an emblem, badge, or insignia the insignia adopted and worn by their respective organization during the World War.

That the said several veteran organizations shall have the exclusive right to have and to use the organization number and the name other than numerical designation adopted and used or by which the respective organization was known or by which it was designated in orders either of the Army of the United States or of the Allies.

That from and after the passage of this act it shall be unlawful for any person within the jurisdiction of the United States to falsely or fraudulently hold himself out as or represent or pretend himself to be a member of or an agent of any of the said veteran organizations for the purposes of soliciting, collecting, or receiving money or material, or for any person not a veteran of said World War organization to wear or display the said organizational insignia or to use or display the said known or designated organizational name or any imitation thereof for the fraudulent purpose of inducing the belief that he is a member of or an agent of said veteran organization. It shall be unlawful for any person, corporation, or association other than the veteran organizations of the several World War organizations or their duly authorized agent or employees for the purpose of trade or as an advertisement to induce the sale of any article whatsoever to use within the territory of the United States or any of its exterior possessions the organizational insignia or the known organizational name of said World War organizations or any combination or modification thereof.

That nothing in this act shall be taken to prevent the President of the United States perpetuating any or all of said World War organizations in the forces of the armies of the United States pursuant to the provisions of the national defense act and granting to them, under such regulations as he may prescribe, the right to use said known organizational name and the right to wear said organizational insignia.

That in the event of a dispute arising between two or more veteran organizations, whose membership is composed chiefly of persons whose military service was with the Army, as to the right to use said organizational name and insignia, the right thereto shall be determined by the Secretary of War; and in the event of a dispute between two or more such organizations whose membership is composed chiefly of those whose service was with the Navy, said dispute shall be determined by the Secretary of the Navy.

That if any person violates the provisions of this act he shall be deemed guilty of a misdemeanor, and upon conviction thereof in any Federal court shall be liable to a fine of not less than \$100 and not more than \$500 or by imprisonment for a term not exceeding one year, or by both said fine and imprisonment, for each and every offense.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BRITISH INFLUENCE IN THE SHIPPING BOARD.

Mr. LA FOLLETTE addressed the Senate on British influence in the Shipping Board. After having spoken for some time,

Mr. CURTIS. Mr. President, I desire to ask the Senator from Wisconsin if he wishes to conclude his remarks to-night or will he be willing to suspend and let us have a short executive session, and conclude his remarks at another time.

Mr. LA FOLLETTE. I think it would hardly be possible for me to conclude what I have to say to-night, unless the Senate extended its session far beyond the usual time of adjourning or recessing. I yield the floor for the time being for that purpose.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

Mr. WILLIS. Mr. President, if the Senator from Kansas will yield, I wish to make a statement in reference to a unanimous-consent agreement which I was requested to ask.

Mr. CURTIS. I yield to the Senator from Ohio for that purpose.

Mr. WILLIS. In the absence of the Senator from South Dakota [Mr. STERLING], and at his request, I had purposed at this time to ask for a unanimous-consent agreement to fix a time for voting on the bill (H. R. 7294) supplemental to the national prohibition act. I have, however, conferred with a number of Senators in reference to the matter, including those who are opposed to the measure, and I find that they are of the opinion that a time ought not now to be fixed for voting on it. It is late, and in order to submit the request it would require a call for a quorum. Therefore, I shall not now submit it.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.



## EXECUTIVE SESSION.

Mr. CURTIS. I now renew my motion that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

## RECESS UNTIL MONDAY.

Mr. CURTIS. I move that the Senate take a recess until Monday next at 12 o'clock meridian.

The motion was agreed to, and (at 4 o'clock and 20 minutes p. m.) the Senate took a recess until Monday, August 1, 1921, at 12 o'clock meridian.

## NOMINATIONS.

*Executive nominations received by the Senate July 29 (legislative day of July 27), 1921.*

## DEPARTMENT OF JUSTICE.

## CIRCUIT JUDGE.

Homer L. Ross, of Hawaii, to be circuit judge, fourth circuit, Territory of Hawaii, vice Clement K. Quinn, term expired.

## UNITED STATES MARSHAL.

Oscar P. Cox, of Hawaii, to be United States marshal, district of Hawaii, vice Jerome J. Smiddy, term expired.

## TREASURY DEPARTMENT.

## NAVAL OFFICER OF CUSTOMS.

Ralph Bradford, of Pontiac, Ill., to be naval officer of customs in customs collection district No. 39, with headquarters at Chicago, Ill., in place of Frank J. Walsh.

## REAPPOINTMENTS IN THE REGULAR ARMY.

## COAST ARTILLERY CORPS.

*To be first lieutenant with rank from July 26, 1921,*  
Frank Celestine Meade, late first lieutenant, Coast Artillery Corps, Regular Army.

## INFANTRY.

*To be first lieutenant with rank from July 26, 1921.*  
Giles Frederic Ewing, late first lieutenant, Infantry, Regular Army.

## POSTMASTERS.

## CALIFORNIA.

Roy Freer to be postmaster at Fowler, Calif., in place of E. M. Drury, resigned.

Frank Fesler to be postmaster at Owensmouth, Calif., in place of R. M. Lamereaux, resigned; office third class July 1, 1920.

## CONNECTICUT.

Robert J. Benham to be postmaster at Washington, Conn., in place of Thomas McGrath, resigned.

## MISSOURI.

Bessie A. Grotjan to be postmaster at Dalton, Mo., in place of E. F. Finnell, resigned; office third class January 1, 1921.

Dwight A. Dawson to be postmaster at Lowry City, Mo., in place of Anna Marolf, resigned.

## NEW MEXICO.

William S. Medcalf to be postmaster at Hope, N. Mex., in place of E. L. Brewer, resigned.

## NEW YORK.

Gilbert J. Ton to be postmaster at Clymer, N. Y., in place of C. S. Stanton, resigned.

Frank D. Hurd to be postmaster at Napanoch, N. Y., in place of H. F. Hoornbeck, resigned.

## OHIO.

William S. Parlett to be postmaster at Dillonvale, Ohio, in place of L. M. Neel, resigned.

Crayton E. Womer to be postmaster at Republic, Ohio, in place of A. W. Painter, resigned; office third class January 1, 1921.

Alice C. Griffith to be postmaster at Worthington, Ohio, in place of E. C. Heaps, resigned.

## OREGON.

John B. Schaefer to be postmaster at Linnton, Oreg., in place of W. E. Young, removed.

## PENNSYLVANIA.

Elmer L. Russell to be postmaster at Cokeburg, Pa., in place of O. E. Russell, resigned; office third class January 1, 1921.

## RHODE ISLAND.

Walter A. Kilton to be postmaster at Providence, R. I., in place of E. F. Carroll; commission expired April 24, 1921.

## SOUTH DAKOTA.

Ed. B. Toomey to be postmaster at Gettysburg, S. Dak., in place of W. S. Small, resigned.

## WISCONSIN.

Walter W. Peterson to be postmaster at Centuria, Wis., in place of Peter Cosgrove, deceased.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate July 29 (legislative day of July 27), 1921.*

## PROMOTIONS IN THE NAVY.

## REAR ADMIRALS.

Richard H. Jackson. Thomas P. Magruder.  
Benjamin F. Hutchison.

## LIEUTENANT COMMANDERS.

George E. Brandt. Henry E. Parsons.  
Marshall Collins. Aquilla G. Dibrell.

## LIEUTENANTS.

Paul S. Goen. Charles J. Wheeler.  
James K. Davis. Ingolf N. Kiland.  
Edward H. Jones. William W. Warlick.

## LIEUTENANTS (JUNIOR GRADE).

Edward H. Jones. Charles R. Smith.  
William W. Warlick. Van Rensselaer Moore.  
Phillip P. Welch. Charles H. Rockey.  
George Kirkland.

## PAY DIRECTORS.

John S. Carpenter. Livingston Hunt.

## PASSED ASSISTANT PAYMASTERS.

George C. Simmons. Roark Montgomery.  
William V. Fox. Thomas A. Durham.  
Stephen J. Brune. Gaillard Rembert.  
Vernon H. Wheeler. Walter A. Buck.  
Louie C. English. Thomas E. Hipp.  
Howard N. Hartley. Ray C. Sanders.  
Chauncey R. Murray. Arthur Rembert.  
Albert R. Schofield. Howard M. Shaffer.  
Charles J. Harter. Harold H. Thurlby.  
Hugh F. Gallagher. Samuel H. Dickson, jr.  
Charles C. Timmons. Hugh O. Quinn.  
Verne V. M. Boggs. Richard C. Adams.  
Bert R. Peoples. Murrey L. Royar.  
Leslie R. Corbin.

## CHIEF PAY CLERK.

William E. Lund.

## PASSED ASSISTANT SURGEONS.

Charles C. Ammerman. Samuel H. White.

## ASSISTANT SURGEONS.

Joseph M. Feder. James J. O'Connor.

## POSTMASTERS.

## KANSAS.

Grant D. Bollinger, Everest. Walter H. Polley, Republic.  
Charles M. Tinker, Gypsum.

## NEW HAMPSHIRE.

Nellie R. Dowd, Lincoln.

## NEW YORK.

George A. Phillips, Bemus. Harley D. Jock, Moira.  
Point. Jay Farrier, Oneida.  
Charles A. Beeman, Depew. George F. Rivers, Rouses  
Harry B. Lyon, Dunkirk. Point.  
Agnes M. Tracy, Forestport. Walter F. Billington, Rye.  
Bernie R. Bothwell, Hannibal. Harry J. McDaniel, Sherburne.  
Katheryn M. Oley, Jamesville. William C. Wright, Tarrytown.  
Guy L. Stone, Luzerne.

## NORTH DAKOTA.

Jennie E. Smith, Steele.

## HOUSE OF REPRESENTATIVES.

FRIDAY, July 29, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, our God, create within us that love that maketh not ashamed. Then shall we understand that it is this inward grace that inspires and directs the upright life. Receive the nameless longings of our hearts and interpret them according to the largeness of Thy mercy. Hear and regard the unuttered voices of our souls. Then shall we learn of Thy Divine Kingdom amid the emblems of this earthly dust. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had pursuant to the provisions of section 13 of the act of Congress approved May 18, 1920, entitled "An act to increase the efficiency of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service" appointed Mr. WADSWORTH, Mr. NEWBERRY, Mr. MCKINLEY, Mr. FLETCHER, and Mr. WALSH of Montana as members on the part of the Senate of the special committee to investigate and report to Congress relative to the readjustment of the pay and allowance of the commissioned and enlisted personnel of the several services mentioned in the said act.

## ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that July 28 they had presented to the President of the United States, for his approval, the following bill:

H. R. 5651. An act providing for a preliminary examination of the Yazoo River, Miss., with a view to the control of its floods.

## "STARVATION" IN SOUTH GEORGIA.

Mr. OVERSTREET. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD an editorial from the Savannah Morning News, entitled "No 'Starvation' in South Georgia." This editorial refers to the pellagra question and alleged famine conditions in the southern part of the State.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The following is the editorial referred to:

## NO "STARVATION" IN SOUTH GEORGIA.

Some excuse can be made for President Harding's too prompt publicity in regard to that alleged "semifamine" condition that was threatening the South, and that alleged pellagra outbreak that was worrying the cotton belt. When a man is told that there is a cry of distress he may be excused for answering it quickly without doing much thinking about it. At the same time he might do a lot of harm, and it appears right now that the President has hurt the South by his letter. He should not have been so vague in his description of the places where the alleged "semifamine" is "threatening." "Portions of the cotton belt" is a phrase that takes in a lot of territory. Some people likely will have the idea, after reading the letter, that south Georgia, which is a portion of the cotton belt, and an important one, is a place of pellagra and threatening famine. But south Georgians know better. They know that this empire of theirs is not a place where people starve. Elsewhere in the Morning News to-day are a number of telegrams received yesterday by the Morning News from many south Georgia counties, taken at random, all in the cotton belt, which shows that this part of the South has plenty to eat. As to all Georgia, it should not be forgotten that Georgia shipped this year more than 10,000 cars of peaches and 10,000 cars of watermelons.

The truth is that Georgians generally, including all classes, have probably more to eat than they had in any one of the 10 years just prior to the war. There has been a great increase in diversified farming, which means the producing of food and feed on the home place; there is a constantly increasing number of hogs and cattle, a very great acreage of beans and peas and corn and vegetables and fruits and nuts. Tenant farmers, more now than 5 or 10 years ago, have their patches of corn and cane and vegetables and their chickens and pigs. They don't need as much "carrying" as they used to need. Diversified farming has come not only for the man who cultivates hundreds of acres but for the tenant farmer who has had to depend upon cotton for his rent.

Maybe there is one particular in which President Harding's letter will serve the South. Perhaps it will make the South take stock of itself more carefully than ever before, and will be the means of showing to the rest of the Nation and to the world what a very wonderful place the South is, what its resources are, what varieties and quantities of crops it can produce. It is not starving, and it is not suffering terribly from pellagra, a disease which is found not merely in the Southern States but in at least as many States outside of the South.

Read the telegrams from south Georgia in the Morning News to-day and try to find any evidences of "starvation" in them. The Morning News would like to know if there is any county or any part of any county in south Georgia where there is not enough food, in quantity and variety, for the whole population of that county or section. It does not believe the whole power of the United States Government, if turned into a searching committee, could find any such condition in south Georgia.

## FAMINE AND PELLAGRA IN THE SOUTH.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an editorial from the Commercial Appeal, published at Memphis, Tenn., with reference to the charge that famine and pellagra are menacing the South.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to extend his remarks in the RECORD by publishing the editorial referred to. Is there objection?

Mr. GREENE of Vermont. Mr. Speaker, reserving the right to object, I did not quite catch the subject of the editorial.

Mr. RANKIN. I stated that it was with reference to this allegation as to famine and pellagra in the Southern States.

Mr. GREENE of Vermont. Does it involve some controversy or is it merely explanatory?

Mr. RANKIN. It is explanatory and refutes the charges that have been made as indicated by the President's statement of a few days ago.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The editorial referred to is as follows:

## WHERE IS THE FAMINE AND PESTILENCE?

President Harding's request upon the Public Health Service and the American Red Cross to make an immediate investigation of "conditions of famine and pestilence" through the greater part of the cotton belt in the South, coupled with his suggestion that if it should be deemed necessary he would ask a congressional appropriation for relief, comes with all the shock of a flash of lightning out of a clear sky. It is all the more inexplicable and shocking because we have never heard of an appeal for aid having been made by the South, and the suggestions of the Chief Executive are most general in their implication of conditions most grave and menacing. Were the situation in the South anything like what the President represents of course we would be grateful for any aid offered, but since the South itself is without knowledge of such a situation it can not but feel that President Harding has acted with too much haste and too little discretion in letting the world understand that a great section of the United States is in the throes of starvation, misery, and death.

The words used by the President in his requests upon the health service and the Red Cross sound as if they were spoken of China, India, Austria, or some of the Balkan States that have been near the point of dissolution. We can not but feel wounded when we hear the leader of the Nation speak in this way:

"It must bring a shock to the American people to realize that a great section of their own country, which they are wont to think of as immune from such experiences, is actually menaced with famine and plague. For that is what it would be called if it should befall any other country, and we may as well give it its right name. It is, of course, a consequence of the economic disorganization following the war, and it demands instant and vigorous attention. Our people, so long and so often moved by splendid charitableness toward the unfortunates of other lands, will never permit such an affliction here at home."

These words will be more than shocking to the South. They will increase the burden that this section has been bearing so courageously for about a year, because they will put us in a false light before the remainder of the country and before the whole world. We speak it advisedly when we say they add insult to injury, although we do not in the least accuse the President of being actuated by any such motive. We do believe, however, that the President has been badly advised and that his advisers did not have the best interests of the South at heart. Some of the high-priced medical experts of the Government, no doubt, have just found out that the Negro share-croppers of the South have been subsisting chiefly on a diet of salt pork, cornbread, and molasses, and that this diet is causing famine and an epidemic of pellagra. It is evident that these new fangled experts are ignorant of the fact that for half a century and more the southern Negro has lived and grown strong on such a diet or one similar to it. It may be true that there has been a slight increase in pellagra in some sections, but this does not justify the assumption that the southern people are starving to death and being killed out by disease.

The communications of the President make it appear that the chief danger from famine and pestilence is in North Carolina, but the secretary of the board of health of that State declares he knows of nothing that would lead him to believe that pellagra is on the increase. His statement makes it all the more inexplicable as to where the President received his information. We can not believe that the head of this Nation would allow politics to enter into such a grave matter, and we would much rather choose to believe that his advisers were actuated by no good purpose toward the South.

It is true that this section of the country has suffered considerably from the economic reorganization caused by the war. It has carried over almost a whole crop of cotton, but it has been bearing its burden in a manly and courageous way. It has sought Government relief on a business and not on a charitable basis, and it will never solicit alms as long as it has the strength to work out its own salvation. The South will never be a charity patient on the Nation, and it wants the remainder of the country to understand this. We do not in the least accuse the President of meaning to do so, but he has caused more harm to this section than he can do good.

## DESIGNATION OF SPEAKER PRO TEMPORE.

The SPEAKER. The Chair will take this opportunity to announce that the Speaker expects to be away for three days next week, and appoints Mr. TOWNER to act as Speaker pro tempore during that time.

## THE PRIVATE CALENDAR.

Mr. EDMONDS. Mr. Speaker, I call up the regular order for to-day, which I believe is consideration of unobjected bills on the Private Calendar.



The SPEAKER. The special order for to-day is the unobjectioned bills on the Private Calendar.

Mr. EDMONDS. I ask unanimous consent that they be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the bills on the Private Calendar be considered in the House as in Committee of the Whole. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the first bill.

HUBERT REYNOLDS.

The first business on the Private Calendar was the bill (H. R. 2003) for the relief of Hubert Reynolds.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. BLANTON. Mr. Speaker, may we have the bill reported? The bill was read in full.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

M. FINE & SONS.

The next business on the Private Calendar was the bill (H. R. 1362) for the relief of M. Fine & Sons.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 1362) for the relief of M. Fine & Sons.

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay the sum of \$13,473 to M. Fine & Sons, of New York, N. Y., to reimburse them for the purchase of 10,000 yards of flannel shirting which was returned to the depot quartermaster, Jeffersonville, Ind., on account of being 8½ ounces instead of 9½ ounces.

Mr. EDMONDS. Mr. Speaker, I have an amendment which I would like to offer to the bill.

The SPEAKER. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. EDMONDS: In line 4, after the word "pay," add a comma and the following words: "out of any money in the Treasury not otherwise appropriated."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. EDMONDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

ROLPH NAVIGATION & COAL CO.

The next business on the Private Calendar was the bill (H. R. 5923) for the relief of the Rolph Navigation & Coal Co.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, I object.

The SPEAKER. The Clerk will report the next bill.

Mr. EDMONDS. Mr. Speaker, will the gentleman reserve his objection?

Mr. BLANTON. I will reserve it for a statement.

Mr. EDMONDS. I want to say that there are a number of these bills where there have been collisions between Government vessels and private vessels, and providing that they may go to the court to have the cases heard. This is one of the bills of that kind, and I would be gratified if the gentleman would not object, because these men who are parties to the collision have a right to go to the court and be heard.

Mr. BLANTON. The gentleman will know, if he has looked into these cases, that there are several of them that are wholly without merit.

Mr. EDMONDS. The question of merit is going to be settled by the court.

Mr. BLANTON. Why authorize the sending of them to a court when we know that they have not any merit? Several of them show on the face that they are wholly without merit.

Mr. EDMONDS. The gentleman has expressed himself on the floor many times as being in favor of giving a man a chance in court. Here is a case where the Government can collect or the parties can collect.

Mr. BLANTON. There are enough bills on the calendar that probably have some merit to take up a good part of the day, and I think we ought to go to them.

Mr. EDMONDS. If the gentleman insists, he has the right to object.

FIDELITY & DEPOSIT CO. OF MARYLAND.

The next business on the Private Calendar was the bill (H. R. 5382) for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. BLANTON. May we have it reported?

The SPEAKER. The Clerk will report the bill.

The Clerk proceeded to report the bill.

Mr. MANN. Mr. Speaker, there is a Senate bill of similar import, and I think that should be taken up instead of the House bill.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table Senate bill—

Mr. MANN. It is reported and on the calendar. It is No. 53 on the calendar, reported from the committee.

Mr. EDMONDS. Mr. Speaker, I move that we pass over this bill for the present, and we will come to No. 53 on the calendar presently. It is a similar bill.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the bill be passed over temporarily. Without objection, that will be done. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the next bill.

GAETANO DAVIDE OLIVARI FU FORTUNATO.

The next business in order on the Private Calendar was the bill (H. R. 6622) for the relief of Gaetano Davide Olivari fu Fortunato.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the claim of Gaetano Davide Olivari fu Fortunato, managing owner of the Italian bark *Doris*, against the United States for damages alleged to have been caused by collision between the said bark and the United States collier *Jupiter* in Chesapeake Bay on the 17th day of October, 1916, may be sued for by the said Gaetano Davide Olivari fu Fortunato in the District Court of the United States for the Eastern District of Virginia, sitting as a court of admiralty and acting under the rules governing such court, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of Gaetano Davide Olivari fu Fortunato, or against Gaetano Davide Olivari fu Fortunato in favor of the United States, upon the same principles and measures of liability as in like cases in admiralty between private parties and with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. EDMONDS. Mr. Speaker, I move to reconsider the last vote and to lay that motion on the table.

Mr. MANN. Mr. Speaker, I object. I do not think the time of the House ought to be taken up with that motion after the passage of each bill.

The SPEAKER. The Clerk will report the next bill.

SCHOONER "CHARLOTTE W. MILLER."

The next business in order on the Private Calendar was the bill (H. R. 2144) for the relief of the owners of the schooner *Charlotte W. Miller*.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the claim of the owners of the schooner *Charlotte W. Miller* for damages alleged to have been caused by collision between said schooner and the United States steamship *D-2* in the forenoon of Tuesday, July 31, 1917, about 2 miles east of Cornfield Shoal Lightship, in Long Island Sound, and subsequently on the afternoon of the same day and thereafterwards further injured so that she became a total loss, because the U. S. S. *Ontario* took charge of the sunken schooner, relieving the salvors of the owners then in charge thereof, and herself attempted to tow said sunken schooner to New London, Conn., may be sued for by the owners of the said schooner *Charlotte W. Miller* in the district court of the United States for the district of Rhode Island sitting as a court of admiralty, and acting under the rules governing such court, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of the owners of

the said schooner *Charlotte W. Miller* or against the owners of said schooner *Charlotte W. Miller* in favor of the United States and upon the same principles and measures of liability as in like cases in admiralty between private parties, and with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The SPEAKER. The Clerk will report the next one.

#### RELIEF OF OWNERS OF STEAMSHIP "FLYNDERBORG."

The next business in order on the Private Calendar was the bill (H. R. 5126) conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes.

The title of the bill was read.

Mr. EDMONDS. Mr. Speaker, the similar Senate bill being on the calendar, I suggest that we pass this one over until we reach the Senate bill.

Mr. MANN. The Senate bill is on the calendar.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I would like to ask the gentleman a question. In a case of this kind, why is it that these cases are not sent to the Court of Claims?

Mr. MANN. There is one bill here that is referred to the Court of Claims, but they all ought to go to an admiralty court, in my opinion.

Mr. BLANTON. Well, some of these courts to which they are sent have very little admiralty business. Of course, they sit in admiralty cases under the law.

Mr. MANN. Most of these courts along the coast have some judge in connection with the court who is specially versed in admiralty law.

Mr. BLANTON. Then I agree with the gentleman that they ought to go to that kind of a court. But we are sending one case here and another case there, and scattering them all over the country, some of which have very little admiralty business.

Mr. MANN. I do not remember; most of these cases, I think, would come before an admiralty judge who knew admiralty law.

The SPEAKER. Does the Chair understand the gentleman from Pennsylvania to ask that the Senate bill be substituted for the House bill?

Mr. EDMONDS. I would like to substitute Senate bill 997 for it.

The SPEAKER. Is there objection to the present consideration of the Senate bill 997?

There was no objection.

The SPEAKER. The Clerk will read the bill.

The Clerk read as follows:

A bill (S. 997) conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes.

*Be it enacted, etc.*, That the Dampskibsselskabet Dannebrog, of Copenhagen, Kingdom of Denmark, the owners of the Danish steamship *Flynderborg*, are hereby authorized to bring suit in personam against the United States, within one year after this act becomes law, to recover damages for any injury to such steamship *Flynderborg* which may have been caused by the United States steamship *Prometheus*, of the United States Navy, in a collision which took place between the United States steamship *Prometheus* and the steamship *Flynderborg* on December 4, 1919, in Charleston Harbor, S. C., eastern district of South Carolina, and jurisdiction in admiralty is hereby conferred upon the District Court of the United States for the Eastern District of South Carolina to hear, consider, and determine such suit upon the principles of liability and in accordance with the practice obtaining in like suits in admiralty between private parties and to enter a decree or judgment for or against the United States or such Dampskibsselskabet Dannebrog, including costs.

SEC. 2. That the suit herein authorized shall be brought and prosecuted in accordance with the provisions of the act entitled "An act to provide for the bringing of suits against the Government of the United States," approved March 3, 1887, as amended, in so far as such provisions are applicable thereto, unless otherwise provided herein. The right of appeal and review shall be afforded as now provided by law in like suits in admiralty between private parties.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

Mr. EDMONDS. Now, Mr. Speaker, in order to clear up the calendar, I would like to ask unanimous consent—

Mr. MANN. The gentleman should move to lay on the table the House bill first.

Mr. EDMONDS. I move, Mr. Speaker, to lay the bill H. R. 5126, a similar bill, on the table.

The SPEAKER. The gentleman from Pennsylvania moves to lay the House bill of similar tenor on the table.

The motion was agreed to.

#### RELIEF OF FIDELITY & DEPOSIT CO. OF MARYLAND.

Mr. EDMONDS. Mr. Speaker, I move to take up Senate bill 1434, No. 53 on the calendar, in place of House bill 5382, No. 15 on the calendar.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take up the Senate bill, calendar No. 53, in lieu of the similar House bill. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate bill by title.

The Clerk read as follows:

A bill (S. 1434) for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman from Maryland [Mr. HILL] whether this Senate bill likewise requires that bonds double in amount to the principal and interest shall be filed with the Treasury before the duplicates are issued? Does it not?

Mr. HILL. Yes; it does. The Senate bill is the same as the House bill which I introduced.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, after the 15th day of July, A. D. 1921, United States Treasury Department 5½ per cent coupon certificates of indebtedness, series B-1921, dated July 15, 1920, and due January 15, 1921, No. 32098 and 32099, of the denomination of \$5,000 each, with interest from July 15, 1920, to the date of maturity of said certificates of indebtedness, January 15, 1921, and also to redeem, after the 15th day of September, A. D. 1921, United States Treasury Department 5½ per cent coupon certificates of indebtedness, series TM2-1921, dated July 15, 1920, and due March 15, 1921, No. 2216 and 2217, of the denomination of \$5,000 each, with interest from July 15, 1920, to the date of maturity of said certificates of indebtedness, March 15, 1921, in favor of the Fidelity & Deposit Co. of Maryland, without presentation of said certificates, the certificates of indebtedness having been lost, stolen, or destroyed: *Provided*, That the said certificates of indebtedness shall not have been previously presented for payment: *Provided further*, That the said Fidelity & Deposit Co. of Maryland shall first file in the Treasury Department bonds, each in the penal sum of double the amount of the principal and interest of said certificates of indebtedness of the Treasury Department of the United States of America, in such form and with such sureties as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the lost, stolen, or destroyed certificates of indebtedness hereinbefore described.

The SPEAKER. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

Mr. EDMONDS. Mr. Speaker, I move that the bill H. R. 5382, calendar No. 15, be laid on the table.

The motion was agreed to.

#### SIX-MINUTE FERRY CO., VALLEJO, CALIF.

The next business on the Private Calendar was the bill (H. R. 1268) for the relief of the Six-Minute Ferry Co., of Vallejo, Calif.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill was read as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized to pay to the Six-Minute Ferry Co., of Vallejo, Calif., the sum of \$1,500, the total cost of repairing the damages caused to the ferry slip of the Six-Minute Ferry Co. during the launching of the United States steamship *California* in November, 1919.

Mr. EDMONDS. Mr. Speaker, I have an amendment to offer to this bill.

The SPEAKER. The gentleman from Pennsylvania offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. EDMONDS: In line 4, after the word "pay," add a comma and the following words: "Out of any money in the Treasury not otherwise appropriated."



The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

SOUTHERN IRON & METAL CO., JACKSONVILLE, FLA.

The next business on the Private Calendar was the bill (H. R. 1940) for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I will ask the gentleman from Florida [Mr. SEARS] does this bill total the same amount which was recommended for payment by Secretary Weeks?

Mr. SEARS. Mr. Speaker, I will say to the gentleman from Texas—and I am glad he asked this question—that this bill authorizes the same amount as was contained in the bill passed by the Senate—

Mr. BLANTON. I mean the amount recommended for payment by the Secretary of War.

Mr. SEARS. And the same amount recommended by the Secretary of War. As a matter of fact, my constituents agreed to accept this amount in 1918 if prompt settlement of the claim was made. They are out the amount of the freight and the amount of the interest in 1918.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill was read, as follows:

*Be it enacted, etc.,* That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,189.35, for the relief of the Southern Iron & Metal Co., Jacksonville, Fla., for salvage material consisting of submarine cable sold and delivered at Key West, Fla., to the Southern Iron & Metal Co., at the instance of the Director of Purchase and Storage of the War Department, which salvage material was in good faith paid for but was not of the kind and quality represented.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

J. D. CALHOUN.

The next business on the Private Calendar was the bill (H. R. 2865) authorizing the Secretary of the Interior to sell and patent to J. D. Calhoun, of Lincoln Parish, La., certain lands.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized to sell and patent to J. D. Calhoun, of Lincoln Parish, La., the northwest quarter of the southwest quarter section 34, township 19 north, range 2 west, Louisiana meridian, situated in the parish of Lincoln, State of Louisiana, at not less than \$1.25 per acre, land which he and his grantors have occupied under claim and color of title, and of which they have had the actual possession, beneficial use, and enjoyment, believing themselves to be owners in good faith for more than 30 years: *Provided*, That application for the purchase of the described tract of land under this authorization be filed at the United States land office at Baton Rouge, La., within 90 days after the passage of this act, and that no adverse claim thereto be officially of record as pending when the application is allowed and the sale consummated: *Provided further*, That the entry which may be made and the patent issued under the provisions of this act shall be subject to and contain a reservation to the United States of all oil, gas, and other minerals in the land so entered and patented and with the right to prospect for, mine, and remove same.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

CERTAIN LANDS IN LOUISIANA.

The next business on the Private Calendar was the bill (H. R. 2866) authorizing the Secretary of the Interior to sell and patent to parties named herein certain lands in Louisiana.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. JONES of Texas. Reserving the right to object, I notice that this bill does not contain the reservation of the oil, gas, and other mineral rights, while the bill just passed does contain that reservation. What is the reason for the distinction?

Mr. WILSON. The Secretary of the Interior recommended that in the other bill. He found in connection with the examination that there were some oil leases in that section.

Mr. JONES of Texas. Would the gentleman object to the same reservation in this bill?

Mr. WILSON. Why, yes, Mr. Speaker; and really I do not think that reservation should have been in the other bill.

Mr. JONES of Texas. I shall have to object unless the gentleman is willing to have that go in. As far as I am concerned, I do not propose to let the Government part with title to any land hereafter, if I can help it, unless a reservation is made of the oil, gas, and mineral rights. I think that reservation ought to be made in all such transfers of land.

Mr. WILSON. Mr. Speaker, these people have been in possession of these lands ever since 1868, thinking their titles were good. The Public Lands Committee investigated these cases. There is no oil in that section of Louisiana.

Mr. JONES of Texas. The gentleman does not know whether there is or not. Oil has been discovered in a good many places where they did not think there was any before. Anyway, no harm will be done to these people, because they get the intrinsic value of the land that they thought was there. It does them no harm to reserve these oil, gas, and mineral rights, so that if any is discovered the Government will be protected.

Mr. WILSON. The Government does not ask that. Besides, these are lands that were sold by the State of Louisiana under the swamp land grant, and these settlers bought them under the supposition that they were lands belonging to the State; but certain selections made by the State under the swamp land act have not been approved by the Secretary of the Interior. That is the reason why it is necessary to have Government action. If these were lands that absolutely belonged to the Government of the United States, as in the other case, the gentleman's objection might apply.

But I think it is very unfair where the State has sold these lands to the settlers, received the cash, and they have been in possession since 1858, to come now and ask to put in these restrictions.

Mr. CARTER. Is the gentleman trying to sell these lands that belong to the Government, or is he attempting to clear the lands that were sold to settlers by the State?

Mr. WILSON. To clear the title on lands sold by the State to the settlers.

Mr. JONES of Texas. That same argument applies to the bill which we have just passed. That party had been in possession 30 years, believing he had a title. He went there without any contemplation of gas, oil, or mineral rights, but for the intrinsic value of the land. These lands are on the same footing.

Mr. WILSON. The gentleman is unfair, because that is not this case. In the Calhoun case the land has always belonged to the Federal Government, and he found after being in possession 50 years that this was vacant and never had belonged to the State and never was his land. In this bill the lands were selected by the State of Louisiana under the swamp-land grant, and it was necessary in that locality to have the approval of the Secretary of the Interior to make the State's title perfect. In many of these lands they found that they did not have the approval of the Secretary of the Interior, although the State had sold the lands and received the money from the citizens.

Mr. BLANTON. Will the gentleman yield?

Mr. WILSON. Yes.

Mr. BLANTON. Will the gentleman state whether or not the claimant to this land has made any oil leases to any company?

Mr. WILSON. I have the abstracts of title in my office, and they do not show any oil leases.

Mr. BLANTON. And that he will not make any oil lease as soon as he gets a clear title?

Mr. WILSON. I suppose a man could give an oil lease at any time after he gets the title. This is a case where he wants a clear title to the land that he has occupied for years, supposing that it was his.

Mr. JONES of Texas. In the bill just passed it says:

The Secretary of the Interior is hereby authorized to sell, etc., at not less than \$1.25 per acre, land which he and his grantors have occupied under claim and color of title, and of which they have had the actual possession, beneficial use, and enjoyment, believing themselves to be owners in good faith for more than 30 years.

Mr. WILSON. But in that case the land belonged to the Government, and the Secretary of the Interior suggested that restriction.

Mr. JONES of Texas. It does not belong to the Government any more than this land.

Mr. WILSON. The gentleman fails to realize that this land was sold by the State to these citizens, and this bill is just to clear up the title.

Mr. JONES of Texas. Then why does the gentleman object to this reservation going into the bill?

Mr. WILSON. Well, I do not want any cloud on the title.

Mr. JONES of Texas. This is not a cloud on the title. This land was taken by these people to use for the soil and surface rights.

Mr. CARTER. If the gentleman will permit, at the time this was granted, or the land was sold by the State, there were no oil reservations, and so none were made. This is different from the other bill in this: In the other bill there was no original transfer from the Federal Government to the owner of the land. Now, this was transferred to the State and has been transferred to another party by the State. The Government evidently has transferred all its title and interest, and, anyway, the Government can not have any further interest. I do not think this restriction ought to be put on it, because it is different from the bill we just passed.

Mr. BLANTON. The gentleman from Oklahoma knows that there has not been a bill of this character passed without this reservation being put on it.

Mr. CARTER. Oh, yes; there have been numerous cases where this reservation has not been put upon bills.

Mr. BLANTON. I know the gentleman from Massachusetts has insisted on such restrictions, as I have myself a number of times.

Mr. MANN. Mr. Speaker, here is land probably worth from \$25 to \$100 an acre. I do not know the value of land down there. Now, these people are really the owners of this land. Why, then, should we stand upon the question as to the possibility of there being oil there if they are really the owners of the land. Where we give public lands to a municipality for something or other, for a great many different purposes, we reserve the oil, gas, and mineral rights. I have been one of the most insistent in the past for putting that provision in the law, and I think that is where it belongs. These people have not the legal title to the land, but if they have the moral right to the land we ought not to hold them up by putting on this restriction. I do not know whether there is any oil there or not.

Mr. JONES of Texas. I realize the force of what the gentleman from Illinois says, but I think the Government made a mistake in not reserving the oil and gas from the beginning.

Mr. CARTER. But it did not do it.

Mr. JONES of Texas. No; no gas or oil was in contemplation at the time this land was taken. The oil, gas, and mineral rights were not in contemplation at all. Now it develops that under all the requirements they come before us and ask a courtesy of the Government; they have not complied with all the rules required, and surely in granting this courtesy the Government might claim the oil, gas, and mineral rights.

Mr. MANN. There is no doubt about that—the Government might say that they should buy the land again. It hardly seems to me that in giving up the title which the Government does not own in fact, although it has the legal title, that you should put on this restriction.

Mr. JONES of Texas. Does not the gentleman think that the same thing would apply to the other bill that we have just passed, where the owner had been in possession for 30 years, believing he had the title?

Mr. MANN. Oh, I read the provision in the other bill. It was recommended by the Land Office. I suppose that was the reason that was put in.

Mr. WILSON. I will state to the gentleman from Illinois—

Mr. MANN. I know there is a distinction between the two cases. This land was supposed to belong to the State. The State sold it, which was an error. The other land never did belong to the State. It belonged to the Government of the United States. The present owner of this land supposed that he had the title, and he has been in possession for 60 years.

Mr. JONES of Texas. The fact that it might have gone through the State is not a very great distinction. It originally came from the Government and this transfer is asked from the Government. The fact that in process of getting to the present occupants it might have gone through the medium of a State does not alter the situation as between this man in the preceding bill and the one in this.

Mr. MANN. Having been one of those who started the idea of putting this oil reservation into bills, I thought I would express my opinion in respect to it.

Mr. WILSON. The gentleman from Texas wants to be fair, I am sure.

Mr. JONES of Texas. Yes.

Mr. WILSON. The other proposition is quite different. Mr. Calhoun did not own it. It was Government land. It has been there for a number of years, and the Secretary of the Interior requested this reservation be inserted, but the land in this case went to the State, under the swamp-land grant, and if we were

to put in the reservation it would probably inure to the State of Louisiana. It is not a parallel case.

Mr. JONES of Texas. This authorizes the Secretary of the Interior to grant patents direct to these individuals.

Mr. WILSON. That has been true in all of these swamp-land grants. We passed a dozen bills here last year in respect to land right in the oil belt, and they did not make any such reservation.

Mr. JONES of Texas. I have put the reservation in a number of them, and every time that I have noticed a bill come in the last year or two that did not carry the reservation of those rights I have offered the amendment, and it has usually been adopted.

Mr. WILSON. That is all right, if the land belongs to the Federal Government.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WILSON. Yes.

Mr. BLANTON. I want to state to the gentleman from Illinois [Mr. MANN] that he ought not in past years to have established a wise policy for the Government, for the younger generation of Representatives to follow, unless he is going to stand pat on it and not get weak knees.

Mr. MANN. Very few people call me weak kneed. [Laughter.]

Mr. BLANTON. It is only in late years that the gentleman is receding from the wise policy that he has established from time to time in years past and which the younger Representatives are seeking to follow. If he is going to do away with all of his wise policies, then we are without guide or compass.

Mr. MANN. If the gentleman will just follow me, he will follow a very direct course. He need not be alarmed about that. I am not weakening, and I am not waiving any claims I have ever made in reference to matters of this sort. At times I can see a distinction between two propositions, and I think the gentleman from Texas can at times, and I hope he can at this time, because there is a distinction.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. JONES of Texas. Mr. Speaker, for the present—

Mr. WILSON. I wish the gentleman would not object.

Mr. BLANTON. Mr. Speaker, if the other gentleman from Texas is getting weak-kneed, I object.

Mr. JONES of Texas. If the gentleman will put that reservation in his bill, it can pass now.

Mr. WILSON. Mr. Speaker, these people are in possession of this land. It is not land that the Government claims; and if gentlemen see fit to insist upon this, of course I shall have to let the bill go over. We would have no objection in the world to the reservation being made if the land originally belonged to the Government.

Mr. CARTER. I shall object if the reservation goes in, so that will end it.

The SPEAKER. Objection is made, and the Clerk will report the next bill.

#### PURCHASE OF CERTAIN LAND BY THE CITY OF MEDFORD, OREG.

The next business on the Private Calendar was the bill (H. R. 5684) to authorize the purchase by the city of Medford, Oreg., of certain lands formerly embraced in the grant to the Oregon & California Railroad Co. and revested in the United States by the act approved June 9, 1916.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk reported the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior shall be, and is hereby, authorized to issue a patent to the city of Medford, Oreg., for the following-described lands, being a part of the lands revested in the United States by the act of Congress enacted June 9, 1916 (39 Stats., p. 218), to wit: The southwest quarter of the southwest quarter of section 25 in township 36 south, range 2 east, and the northeast quarter of the southeast quarter of section 13, in township 36 south, range 1 east, of the Willamette meridian, in the State of Oregon; on condition that the said city first shall pay to the United States the sum of \$2.50 per acre for all of said lands and in addition thereto the appraised price of the timber on all such lands as may be classified as timberlands: *Provided,* That there shall be reserved to the United States all oil, coal, and other mineral deposits that may be found in the lands so granted and all necessary use of the lands for extracting the same, and that there shall be reserved to the United States, as to the said southwest quarter of the southwest quarter of section 25, in township 36 south, range 2 east, or to its permittees or licensees, the right to enter thereon and take and use the same for power purposes in accordance with the terms and conditions of section 24 of the Federal water power act of June 10, 1920.

SEC. 2. That the Secretary of the Interior shall prescribe all necessary regulations to carry into effect the foregoing provisions of this act.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.



## RECONVEYANCE OF CERTAIN LANDS IN MOUNT PLEASANT, MICH.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent to take up out of order the bill (H. R. 7051) to authorize the Secretary of the Interior to execute deeds of reconveyance for certain lands in the city of Mount Pleasant, Isabella County, Mich.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take up out of order the bill H. R. 7051. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk reported the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WALSH. Mr. Speaker, let the bill be reported.

The Clerk read the bill as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized and directed to execute deeds on behalf of the United States of America to Walter F. Newberry, John C. Hicks, Barbara Granger Vowles (formerly Barbara Granger), Jean Gretchen Stickle, Bruce Granger Stickle, and Bruce Stickle, or their heirs, reconveying to said persons or their heirs certain lands in the city of Mount Pleasant, Mich., heretofore conveyed by them to the United States of America, the appropriation for the purchase price of said lands having lapsed by operation of law.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk again reported the bill.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

On motion of Mr. Fordney, a motion to reconsider the vote by which the bill was passed was laid on the table.

## RELIEF OF LIBERTY LOAN SUBSCRIBERS.

The next business on the private calendar was the bill (H. R. 5775) for the relief of Liberty loan subscribers of the North Penn Bank, Philadelphia, Pa.; Santa Rosa National Bank, Santa Rosa, Calif.; and Mineral City Bank, Mineral City, Ohio.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. BLANTON. Mr. Speaker, I object.

## LUKE RATIGAN.

The next business on the Private Calendar was the bill (H. R. 2614) for the relief of Luke Ratigan.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. MANN. Reserving the right to object, let us have the bill reported.

The Clerk read as follows:

Whereas Luke Ratigan, of San Francisco, Calif., was employed in the United States Revenue-Cutter Service as fireman for a period of over 25 years; and

Whereas the said Luke Ratigan, while in the discharge of his duty in said service and in the saving of human life, received physical injuries which compelled him to relinquish the position of a petty officer, to which he had just been promoted, and continue in the said United States Revenue-Cutter Service at the lower rating; and

Whereas by act of Congress approved January 28, 1915, the Revenue-Cutter Service and the Life-Saving Service were combined as the Coast Guard: Therefore

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to place the name of Luke Ratigan on the retired list of petty officers of the Coast Guard with the retired pay and allowances of a petty officer in said Coast Guard.

The committee amendment was read, as follows:

Strike out all after the enacting clause and insert "That the Secretary of the Treasury be, and he is hereby, authorized and directed to place the name of Luke Ratigan on the retired list of the Coast Guard as an oiler, first class, retired, at the rate of pay he would be entitled to receive had he held the rating of oiler, first class, when retired."

The SPEAKER. Is there objection?

Mr. WALSH. Is the gentleman from Illinois going to object? If not, I shall object. I would like to hear something about this, but I do not think it will overcome my objection.

Mr. MANN. Reserving the right to object, there does not seem to be anybody here who knows anything about it, apparently.

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, I object.

## EXCHANGE OF LANDS BETWEEN SWAN LAND &amp; CATTLE CO. AND THE UNITED STATES.

The next business on the Private Calendar was the bill (S. 488) providing for an exchange of lands between the Swan Land & Cattle Co. and the United States.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. May we have the bill reported, Mr. Speaker?

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That upon proper execution and delivery by the Swan Land & Cattle Co. (Ltd.), a corporation, of a deed conveying to the United States, its successors and assigns, a good merchantable title in fee, free of incumbrance, to certain lands needed by the United States for construction, operation, and maintenance purposes, in connection with the North Platte irrigation project, Nebraska-Wyoming, to wit: The southwest quarter of the northeast quarter and the southeast quarter of the northwest quarter of section 25, township 25 north, range 63 west, sixth principal meridian, Wyoming; then in exchange for such lands so conveyed a patent shall be issued by the United States to said Swan Land & Cattle Co., its successors and assigns, conveying to said company the northeast quarter of the northeast quarter of section 26 and the northeast quarter of the southwest quarter of section 23, township 25 north, range 63 west, sixth principal meridian.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Reserving the right to object, has this been approved by the Secretary of the Interior?

Mr. SUMMERS of Washington. It has been approved by the Secretary of the Interior; in fact, was introduced at the last session of Congress at his request.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The bill was read for amendment.

The bill was ordered to be read the third time; was read the third time, and passed.

Mr. SUMMERS of Washington. Mr. Speaker, I move to reconsider the vote by which the bill was passed, and lay that motion on the table.

Mr. MANN. Well, I object.

## RELIEF OF LIBERTY LOAN SUBSCRIBERS.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent to return to House Calendar No. 24, the gentleman who objected to the bill before having done so under a misunderstanding and is now willing that we should go ahead with the bill.

The SPEAKER. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

## TO QUIET TITLE TO CERTAIN LANDS IN THE CITY OF WALTERS, OKLA.

The next business on the Private Calendar was the bill (S. 530) to quiet title to certain tracts of land in the city of Walters, State of Oklahoma.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MANN. I would like to have the bill reported.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That whatsoever right, title, or interest the United States may have, by reason of escheat or otherwise, in and to any of the public reserves shown upon the plat of the town site of Walters, State of Oklahoma, prepared under the direction of Warren H. Brown, probate judge of Comanche County, Okla., and any public reserves designated in the patent of said reserves issued by the Government to said town be, and the same is hereby, released and quitclaimed unto said city or town of Walters, State of Oklahoma.

The SPEAKER. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none.

The bill was read for amendment.

Mr. CHINDBLOM. Mr. Speaker, is there anybody in charge of the bill? If so, I desire to ask a question.

Mr. GENSMAN. I am in charge of the bill, in a way, and I can answer the question.

Mr. CHINDBLOM. Why should the Government quitclaim any interest it should have in this town site?

Mr. GENSMAN. At the time of the opening of the Kiowa and Comanche country the Government under the town-site act transferred to Warren H. Brown, county judge, this particular tract of land. The plat showed a certain portion of the quarter section was transferred for park purposes, city hall purposes, and things of that kind. There was a direct patent issued by the Government to Walter H. Brown, county judge, for the benefit of the settlers upon the land, and this particular 10 acres and more was patented for the purposes of parks, city hall, and so forth. Now, later on the depot burned down and the town shifted in an entirely different direction from that contemplated by the early settlers, so that these particular little tracts for school purposes, city hall purposes, and things of that kind were not in the right location. They were not accessible to the citizens of the town and properly located for the purposes contemplated by the early settlers. Now, they desire to sell this land, which was transferred for

the purposes stated, and buy land where they can put the city hall, parks, and school buildings and other things on.

Mr. CHINDBLOM. Will the citizens themselves provide suitable and adequate quarters for this purpose?

Mr. GENSMAN. I presume so; certainly.

The bill was ordered to be read the third time, was read the third time, and passed.

#### PREFERENTIAL RIGHTS TO M. M. WANT AS TRUSTEE, ETC.

The next business in order on the Private Calendar was the bill (H. R. 1318) granting to certain claimants a preferential right to purchase certain alleged public lands in the State of Arkansas, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. WALSH. Reserving the right to object, I would like to ask the necessity for this legislation.

Mr. DRIVER. Mr. Speaker, when the original survey was made of swamp lands contiguous to the lowlands created by an earth disturbance in 1811 and 1812 in the St. Francis Valley of Arkansas, there were errors made in delimiting the streams there known as Tyronza River, Dead Timber Lake, and a lake which is not designated by name. These parties purchased the land which were surveyed bordering upon these streams, improved those lands, and have been in possession for many years of those improved lands.

They have caused a levee district to be organized; they have caused drainage districts to be organized; and paid the taxes on these particular lands in order to develop a value for the lands. Recently an investigation determined that inaccuracies occurred in this original survey, and the riparian owners petitioned the Land Department to make an investigation to ascertain if these titles were actually in the Government. On account of the narrow limit of the unsurveyed lands along these streams the department failed to cause that survey to be made or to take cognizance of this question of title. Now, these parties have their titles clouded by virtue of this situation, and they are asking that the Land Department make the surveys, which they are willing to pay for, to enable them to purchase these lands. That is all there is in the bill. We have the report of the Interior Department recommending the passage of the bill. It is so framed that anyone who may be in possession claiming adverse to these parties seeking a title will be fully protected in this bill.

Mr. WALSH. Mr. Speaker, I withdraw the reservation.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 1318) granting to certain claimants the preferential right to purchase certain alleged public lands in the State of Arkansas, and for other purposes.

Whereas certain lands in Poinsett County and Mississippi County, in the State of Arkansas, namely, those portions of sections 1, 2, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 21, 22, 27, 28, 33, 34, 35, 36, township 10 north, range 7 east, in Poinsett County, and sections 29, 30, 31, 32, 33, township 10 north, range 8 east, in Mississippi County, Ark., shown in the official surveys as Tyronza River, Dead Timber Lake, and lake on the official plats of these townships, have been, by Executive order, temporarily withdrawn from settlement, location, sale, or entry in order to adjust claims of patentees against the United States and among themselves arising from alleged incomplete or erroneous surveys; and

Whereas the land office, upon investigation, has found that the greater part of these lands in question have been put in cultivation down to the water's edge by parties who thought they had title to them and have been paying taxes on many of these lands, and the land office is now making a resurvey, and will replat these areas at the request of said adjacent landowners: Therefore

Be it enacted, etc., That M. M. Want, as trustee for all these owners of adjacent lands, his heirs, administrators, or assigns, are hereby granted preferential right at any time within 90 days after the passage of this act and the filing of the plats of said corrected survey in the United States land office at Little Rock, Ark., to purchase said lands of the United States of America and to pay for the same at the rate of \$1.25 per acre, and said purchase shall be in trust for said adjacent landowners, and that upon the issue of said patents to him, he shall forthwith convey to each of the said adjacent landowners that portion of these lands which may lie adjacent to his lands upon the payment by said party of his proportionate part of said purchase price and entry fees for the same, and in case the lake or river may be the boundary line between two adjacent owners, then, if they have not otherwise agreed upon a line of division, the center of said lake or river shall be the boundary between said adjacent landowners: *Provided*, That if any person, in good faith, may have located and settled upon any portion of these lands prior to the Executive order withdrawing said lands from such location and settlement, then nothing in this act shall be construed to deprive said party of any rights he may have gained by said location and settlement.

The following committee amendments were severally read and severally agreed to:

Page 2, after the enacting clause, strike out:

"That M. M. Want, as trustee for all these owners of adjacent land, his heirs, administrators, or assigns, are hereby"

And insert:

"That M. M. Want, as trustee for the owners, their heirs, administrators, or assigns, of lands adjacent to those portions of sections 1, 2, 7, 8, 9, 10, 11, 12, 14, 15, 16, 18, 21, 27, 28, 33, 34, 35, 36,

township 10 north, range 7 east, in Poinsett County, and sections 29, 30, 31, 32, 33, township 10 north, range 8 east, in Mississippi County, Ark., shown in the official surveys as Tyronza River, Dead Timber Lake, and lake on the official plats of these townships, which have been, by Executive Order No. 3123, issued on July 19, 1919, temporarily withdrawn from settlement, location, sale, or entry in order to adjust claims of patentees against the United States and among themselves arising from alleged incomplete or erroneous surveys, is hereby"

Page 3, line 5, strike out the word "said" and insert the word "a."

Page 3, line 6, after the word "survey," insert the words "of said lands."

Page 3, line 10, strike out the word "issue" and insert the word "issuance."

Page 3, line 11, strike out the word "him" and insert the words "said trustee."

Page 3, line 12, strike out the word "these" and insert the word "said."

Page 3, line 15, after the word "case," strike out the words: "the lake or" and insert the words "either of said lakes or said."

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

#### CORTEZ OIL CO.

The next business on the Private Calendar was the bill (H. R. 6525) for the relief of the Cortez Oil Co.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. May we have the bill reported, Mr. Speaker?

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of money in the United States Treasury not otherwise appropriated, to the Cortez Oil Co. the sum of \$4,229.50 for damages to its barge and launch when they were run into by the steamship *Petrel* of the United States Navy on the 2d day of May, 1919, while the said launch and barge were secured to the fiscal wharf, Tampico, Mexico.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, I want to ask the gentleman whether or not this bill has been approved by the Secretary of the Navy?

Mr. EDMONDS. The bill has been approved by the Secretary of the Navy for the sum of \$3,500.

Mr. BLANTON. And the gentleman is going to offer an amendment to reduce it to \$3,500?

Mr. EDMONDS. To reduce it to \$3,500 in full settlement.

Mr. MANN. A committee amendment?

Mr. EDMONDS. A committee amendment.

The SPEAKER. The Clerk will report the bill.

The bill was again reported.

Also the following committee amendment was read:

Line 6, strike out "\$4,229.50," and insert in lieu thereof "\$3,500, in full settlement."

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time and passed.

#### DELAWARE RIVER LIGHTERING CO.

The next business on the Private Calendar was the bill (H. R. 2049) for the relief of the Delaware River Lightering Co.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. BLANTON. I object.

DR. O. H. TITTMANN.

The next business on the Private Calendar was the bill (H. R. 6245) for the relief of Dr. O. H. Tittmann, former superintendent of the United States Coast and Geodetic Survey.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. MANN. Mr. Speaker, reserving the right to object, this is a bill which I think is the first one that has ever come within my knowledge to pay a man a civil pension who has never been connected with the Army and Navy service in any way by special act of Congress. I do not see the gentleman in charge of the bill. I think it ought to have some consideration before we enter upon a policy which will probably cost in a few years many millions of dollars, because everybody else will want the same privilege, even though he may not have served 47 years. And for the present I object, having given full chance for some one to rise and express himself.

#### OVERFLOW LANDS, FORT GEORGE WRIGHT MILITARY RESERVATION.

The next business on the Private Calendar was the bill (H. R. 2861) authorizing the Secretary of War to grant to Lloyd E. Gandy, of Spokane, Wash., his heirs and assigns, the right to overflow certain lands on the Fort George Wright Military Reservation at Spokane, Wash., on such terms as may be prescribed by the Secretary of War, and for other purposes.



The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WALSH. Mr. Speaker, I object.

W. R. GRACE & CO.

The next business in order on the Private Calendar was the bill (H. R. 1733) for the relief of W. R. Grace & Co.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, may we have it reported?

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to W. R. Grace & Co., of 7 Hanover Square, New York City, the sum of \$263.73, the amount which said W. R. Grace & Co. paid as customs duty on 180 bales of caraway seed, which was imported on May 15, 1918, the entry on which was liquidated on August 10, 1918, and which was reported for exportation by the Department of Agriculture on November 13, 1918, after the expiration of the 30-day period provided by law for the filing of protests after liquidation of entry.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MANN. Reserving the right to object, this is a very large concern, W. R. Grace & Co.

Mr. EDMONDS. Yes.

Mr. MANN. It did not comply with the law, but attempted to import a lot of bad seed, rotten seed—not physically rotten, but bad—

Mr. EDMONDS. You mean adulterated?

Mr. MANN. Yes; thoroughly adulterated, and were caught at it. Now, the seed was ordered to be sent out of the country. Are we to pay back the duty?

Mr. EDMONDS. Of course, they suffered from the delay of the Department of Agriculture in investigating the quality of the seed.

Mr. MANN. The department, of course, has the right to investigate the seed at any time. People who bring in seed under a certain name when it is not that kind of seed take great chances. The Government does not require that the Department of Agriculture at the risk of the Government shall make an examination of this seed before entry is closed. It may be that Grace & Co. did not know anything about bad seed being put upon them, but I suspect they knew the price was entirely too low for good seed. This was a lot of bad seed, seed that was worthless.

Mr. EDMONDS. I agree with the gentleman that we should not have bad seed brought into the country, but owing to the way in which this seed is gathered it is almost impossible for the importer to tell whether it is good or bad before it comes.

Mr. MANN. They can usually tell by the price. There have been people in foreign countries for some time past dumping worthless seed into the United States. I helped to frame a law to prevent that to some extent, though not to a sufficient extent yet. This country has become the dumping ground.

Mr. EDMONDS. This seed was not intended for planting. It was used for medicine.

Mr. MANN. Oh, caraway seed is used for lots of things, among other things, for eating. I used to eat it. It is put in cakes, and it is also used for medicine. Here they brought in a lot of adulterated seed, and they paid for adulterated seed.

Mr. EDMONDS. The Treasury Department does not interpose any objection at all to the repayment of these duties, and naturally if the Department of Agriculture took so long to find out whether the seed was good or bad the importer could not be blamed for laxness in his request to obtain a refund of the duty.

Mr. MANN. I suspect that the importer knew all the time that it was bad seed.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. CHINDBLOM. Did not the importing company have 30 days in which to file a protest?

Mr. EDMONDS. Yes. But the Department of Agriculture took longer than that.

Mr. CHINDBLOM. But if the law gives them time in which to file a protest, should we permit people who have adequate facilities for handling their business to come in and seek relief for having overlooked something?

Mr. EDMONDS. We have done it before. I do not know that we should do it.

Mr. CHINDBLOM. Is this the custom?

Mr. EDMONDS. It is not the custom, but we have done it.

Mr. ARENTZ. Mr. Speaker, will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. ARENTZ. Can the gentleman tell me whether cumin seed is the seed with which this caraway seed is adulterated?

Mr. EDMONDS. I do not know as to that. Answering your former question, the Grace Co. does business in two ways, one as an importer and exporter and another as a shipowner.

Mr. ARENTZ. Would they not know in 30 days whether the Government was going to throw that seed back or not? They were great handlers of seed, were they not?

Mr. EDMONDS. Of course, they should; but how could they know until the Government told them?

Mr. ARENTZ. They should have been wise as to that, Cumin seed is not caraway seed.

Mr. EDMONDS. They are not druggists, of course; but they ought to have known something about it. Nevertheless, the thing has happened as they state, and the Treasury Department said it had no objection to refunding the duties.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. I object.

The SPEAKER. The gentleman from Texas objects. The Clerk will report the next bill.

COL. HERBERT DEAKYNE.

The next business in order on the Private Calendar was the bill (H. R. 1370) for the relief of Col. Herbert Deakyne, Corps of Engineers, United States Army.

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the accounting officers of the Treasury are hereby authorized and directed to allow and credit the accounts of Col. Herbert Deakyne, Corps of Engineers, United States Army, the sum of \$45.85 disallowed against him on the books of the Treasury.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. DUPRE. Mr. Speaker, I move to reconsider the last vote and to lay that motion on the table.

Mr. MANN. I object.

The SPEAKER. Objection is made.

The Clerk will report the next bill.

RELIEF OF WELCH, FAIRCHILD & CO. (INC.).

The next bill in order on the Private Calendar was the bill (H. R. 2620) for the relief of Welch, Fairchild & Co. (Inc.).

The title of the bill was read.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. HERRICK. Reserving the right to object, Mr. Speaker, I would like to hear from somebody on the floor as to what this relief is for.

Mr. EDMONDS. Mr. Speaker, this bill is for the relief of a concern which was shipping sugar in barges in the Philippine Islands. The United States Tug *Wompatuck*, in maneuvering, hit the side of the barge and damaged the sugar to the amount of money claimed.

The Navy Department board after investigating the case state that the collision was due to the failure of the reversing engine on their tug to work properly, and they acknowledge that they are responsible for the loss. Therefore, the committee report the bill.

Mr. HERRICK. With that explanation, I shall not object.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$4,752.63 to Welch, Fairchild & Co. (Inc.), of Manila, Philippine Islands, in satisfaction of all claims arising out of damages sustained on account of loss of cargo of sugar as a result of the sinking of a vessel known as lighter No. 10 caused by collision with the United States Navy tug *Wompatuck* at Pier No. 1, in the harbor of Manila, Philippine Islands, on May 16, 1918, the responsibility for said collision having been placed by a naval board of investigation on the naval vessel.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

THE WILLIAM GORDON CORPORATION.

The next business on the Private Calendar was the bill (H. R. 1460) for the relief of the William Gordon Corporation.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. I object, Mr. Speaker.

The SPEAKER. Objection is made. The Clerk will report the next bill.

CAPT. FRED S. JOHNSTON.

The next business on the Private Calendar was the bill (H. R. 927) for the relief of Capt. Fred S. Johnston.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. MANN. Reserving the right to object, I should like to have the bill reported.

The SPEAKER. The Clerk will report the bill.

The bill was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Capt. Fred S. Johnston, supply officer One hundred and eighth Regiment Infantry, United States Army, the sum of \$68 in full payment of all claims against the Government for reimbursement on account of newspaper advertisements of proposals for bids for forage supplies for the use of the Third Regiment New York Volunteer Infantry, National Guard, United States Army, at Rochester, N. Y., from April 26 to May 8, 1917, said advertisements having been published on the order of said Capt. Fred S. Johnston without specific authority of law or departmental orders.

The SPEAKER. Is there objection?

Mr. WALSH. Reserving the right to object, what is the justification for this; will it not be establishing a rather unique precedent?

Mr. EDMONDS. The Secretary of War recommends the payment of this bill. It appears that this man used his personal funds to advertise for forage. The advertisements were published in two newspapers as required by the regulations of the department; but because he had not been officially authorized to have the advertisements published, the department refused to pay the bill. It seems that Capt. Johnston tried to follow the law. He had to have the forage for his horses, and he paid out the money for the advertisement. After that, when he looked to the department and could not get his money, he had no other redress except to come to Congress for it.

Mr. WALSH. How much is involved?

Mr. EDMONDS. Sixty-eight dollars.

Mr. MANN. Mr. Speaker, further reserving the right to object—and probably I shall not object—if the Government owes a man 5 cents I am quite willing to pay it to him if it costs the Government \$5,000 to pay it. Where a man is not legally entitled to the money and then wants to put the Government to the expense of \$200 or \$300 in order to get 5 cents, I think there is a good deal of gall about it. A moment ago we passed a bill to pay an officer \$45. I think the introduction, printing, and reference of that bill cost a good deal more than the total amount covered by the bill.

Mr. EDMONDS. It costs about \$30, I will say to the gentleman.

Mr. MANN. For printing once, twice, or three times? Before a bill becomes a law it is printed seven times.

Mr. EDMONDS. That covers the printing of one of these bills through to the passage.

Mr. MANN. Up to the engrossment and everything else?

Mr. EDMONDS. I am not so sure about the engrossment.

Mr. MANN. And the time it takes besides. It is perfectly manifest that it costs the Government a good deal more to provide for the payment than the payment itself amounts to. I think it would be a very good thing—I am expressing only a casual, individual opinion—if the committee would just say they would not report little bits of bills like this one, so that Members will quit introducing them. I shall not object to this.

Mr. EDMONDS. I should like to say in answer to the gentleman from Illinois that the committee has under consideration and is ready to report a bill which will cover a great many of these small cases, so that they will not have to be brought into the House of Representatives. If that bill should pass, we would be relieved of the necessity of looking out for these claims for 5 cents and 50 cents and a dollar.

Mr. MANN. I think that would be a very wise thing to do.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The bill was again read.

Mr. BLANTON. Will the gentleman yield me five minutes?

Mr. EDMONDS. I yield to the gentleman from Texas five minutes.

Mr. MANN. We can not yield time. The gentleman can take time.

Mr. BLANTON. I do not expect to use over five minutes.

Mr. MANN. All right.

Mr. BLANTON. Mr. Speaker, this bill involves \$68 for a printing account. The gentleman from Illinois [Mr. MANN] mentioned that in some bills the printing costs more than the claim, because we have to print the bills four or five times. I just want to call the attention of the gentleman from Illinois, who watches almost everything, to something that would be embarrassing for him to mention, so I mention it, that the number of times a bill is printed depends entirely, so far as one printing is concerned, upon who is the chairman and whose bill it is and who calls it up and the temper of the Members present when it is under consideration. Take, for instance, the bill from the Naval Affairs Committee that our friend, the gentleman from Pennsylvania [Mr. BUTLER] called up yesterday. When he asked unanimous consent that its first reading be dispensed with the gentleman from Massachusetts [Mr. WALSH] objected, and caused that bill to be read.

I think there were 11 or 12 pages, and it went into the RECORD, which is the rule. It ought to go into the RECORD when its first reading is demanded. The gentleman from Massachusetts had a good reason for demanding its first reading. It was because most of the Members did not know anything about it and he wanted them to be familiar with its terms. But when we had the 346-page technical tariff bill up here the chairman of the committee in charge of that bill did not ask that the first reading be dispensed with, which is the general rule and custom, and no other member of the Ways and Means Committee asked that the first reading of the bill be dispensed with.

And why? Because it is necessary to read a bill once in the House before it can be passed, and the leaders of the majority had determined that the bill was not going to be read under the 5-minute rule for amendment. It had to be read once, and so they decided to waste six hours of the time of the House in the useless first reading of the bill with nobody here to hear it and with many technical names that would break a man's jawbone, except that of our expert reading clerk, and we did spend six hours in reading it. And then, the next day, our distinguished minority leader got up and called attention to the fact that the bill had not been printed in the RECORD, as is the usual custom, and the Chairman ruled that it was not necessary to put the bill in the RECORD, that it was not the custom, when as a matter of fact it is the custom. The reason they did not print that bill in the RECORD, printing 346 pages of the bill under these circumstances, was that the leaders knew it was a waste of time to read it, and they knew that if they went to the expense of printing this 346-page bill in the RECORD they would be made ridiculous from one side of the United States to the other. Therefore, the strong arm of force was used to keep the bill from being printed in the RECORD, according to the rule and custom.

Mr. LONGWORTH. The gentleman from Texas manifested more interest in the details of the bill, the commas, and so forth, than anyone else.

Mr. BLANTON. I followed the example and custom set by the distinguished gentleman from Ohio, who I regret will likely perform his labors in another part of the Capitol after next election. I followed his example, and when his leaders did not ask that the first reading of the bill be dispensed with, I, as an humble Member of the minority side, arose and asked that the first reading of the bill be dispensed with to save six hours from being wasted, and to save the expense of printing the 346 pages in the RECORD, and it was the gentleman from Ohio, Mr. LONGWORTH, who got up and objected and required that 346-page bill to be read in extenso.

Mr. LONGWORTH. I was complimenting the gentleman for the intense interest he displayed in the bill.

Mr. BLANTON. In order to reward the gentleman, if he can keep the distinguished educator, Dr. Fess, of Ohio, out of the way, his Ohio people will likely compensate him by sending him to the Senate.

Mr. WALSH. Did not the gentleman from Texas delay proceedings somewhat by making points of no quorum?

Mr. BLANTON. No. I wanted to force some members to stay in the Chamber and hear the bill read. I afterwards withdrew the objections to the Clerk skipping pages and let the Clerk finish it within the six hours by allowing him to read the bill scientifically.

Mr. MANN. Mr. Speaker, in passing, I am not sure that the country will feel that it was worth while to use six hours of the time of the House to know that the gentleman from Texas



had read the tariff bill, but we of the House know that he did read the tariff bill, and that undoubtedly he never would have read it and would not have known what was in the tariff bill if it had not been read from the desk.

Mr. BLANTON. The gentleman does not want to do me an injustice. He ought to know that I read all bills that pass here.

Mr. MANN. I am not doing the gentleman an injustice; I am stating facts, and undoubtedly he never would have read the tariff bill if he had not closely followed the reading by the Clerk. He was absorbed in the tariff bill, and just think what a tremendous loss it would have been to the country had the tariff bill passed and the gentleman from Texas not having read it. [Laughter.]

Mr. BLANTON. The gentleman from Illinois is mistaken this time, because I had read that 346-page bill, and studied all of it carefully.

The SPEAKER pro tempore (Mr. MAPES). The question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

LEROY FISHER.

The next business on the Private Calendar was the bill (H. R. 1862) for the relief of Leroy Fisher.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Leroy Fisher the sum of \$1,500 for expenses incurred as a result of injuries sustained through being hit by an autotruck, the property of the United States Post Office Department and driven recklessly by an employee of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

ESTELLA BARNETT.

The next business on the Private Calendar was the bill (H. R. 3270) for the relief of Estella Barnett.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized to pay the sum of \$12,500 to Mrs. Estella Barnett, of Toledo, Ohio, in compensation for injuries sustained April 24, 1920, in the city of Cleveland, Ohio, when struck by a United States Government mail truck.

With the following committee amendment:

In line 4, page 1, strike out the figures 12,500 and insert 1,250.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. MANN. Mr. Chairman, is there any contest over the amount?

Mr. EDMONDS. There is no contest.

Mr. CHALMERS. We have decided to accept the amount, as we can not get any more. It ought to be more; the woman is crippled for life.

Mr. MANN. I wanted to know whether the gentleman is going to argue in the House that she was entitled to more.

Mr. CHALMERS. No.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There was no objection.

The committee amendment was agreed to.

Mr. EDMONDS. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

In line 4, after the word "pay," add a comma and the following words: "out of any money in the Treasury not otherwise appropriated."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

GEORGE VAN DERBURGH BROWN.

The next bill on the Private Calendar was the bill (H. R. 3057) for the relief of George Van Derburgh Brown.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill.

Mr. MANN. Let the bill be reported.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to George Van Derburgh Brown, of Brookline, Mass., whose wife was killed and he was severely injured by being struck by a mail truck in use in the Boston postal district and operated by the Post Office Department, as a result of gross negligence on the part of the driver, on the night of Sunday, January 2, 1921, the sum of \$12,000 from any money in the Treasury not otherwise appropriated.

With the following committee amendment:

Line 10, strike out "\$12,000" and insert "\$5,000,"

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I call the attention of the chairman to the fact that until about two or three years ago the United States Government was not held liable or responsible for torts committed by its employees. That is still the law of the land. You can not go into court and recover against the Government by reason of a tortious action of Government employees. But our Committee on Claims about two or three years ago brought in a bill here and set a precedent for all of these cases that have come here since that time. It is a precedent that discriminates in favor of the few and against the many. I call the gentleman's attention to the number of cases, for instance, not in my district but in the Houston, Tex., district, where a whole regiment of riotous Negro soldiers went down the streets of Houston with their guns drawn and bayonets set and jambed the bayonets through the stomachs of young girls and killed helpless men and women and little children, shooting them in cold blood. Those cases have been pending before the gentleman's committee since that occurred during the recent war, and not a single one of them has been passed, not a single one has been brought on this floor. There is a discrimination in favor of certain people who have suffered loss and against others.

Mr. EDMONDS. As far as I know there has never been before the Committee on Claims any claim in regard to payment to people of Houston, Tex., because of the action of the military authorities there.

Mr. BLANTON. Oh, the gentleman will surely remember that he was on the committee when those cases were called up, and he will remember that the claimants asked for only certain amounts, and that the committee in the Sixty-fifth or Sixty-sixth Congress increased on its own motion every one of the claims. The committee felt outraged at the evidence in those cases and the committee on its own motion, without being requested by the Congressman interested, increased every one of those claims. Yet they have not been brought up.

Mr. EDMONDS. They are not in this session that I know of. Now that the gentleman calls the matter to my attention, I recall the fact that we did have the cases up. I do not believe it is fair and just for the United States Government to evade the payment of just damages. It is quite true that a general law passed by the Congress for the payment of damages on account of tort would perhaps lead to a great many claims and probably outrageous settlements being made by juries.

Mr. BLANTON. Does not the gentleman believe in having a policy that is general, applicable alike to all citizens?

Mr. EDMONDS. I believe that the United States Government where it does personal and property damage through one of its agents should be liable to fair and just compensation to the person injured.

Mr. BLANTON. Take the San Antonio cases.

Mr. EDMONDS. The gentleman knows that I have always, since I have been on the committee, thought it is only fair and just that the things that are due from one citizen to another which raise liability in the courts, should have the same attention where the United States Government is concerned.

Mr. BLANTON. And yet since the gentleman has been on that committee, before he became its chairman, he will remember the two San Antonio cases where the two old ladies were run over by a Government truck, through action that was grossly negligent.

Mr. EDMONDS. Yes; and it was the gentleman from Pennsylvania who reported the bills favorably.

Mr. BLANTON. Yet those bills have never been passed up to this good time, although they have been pending for about 12 years.

Mr. EDMONDS. They do not pend, because Members do not reintroduce the bills. The bill for the two old ladies in San Antonio was reported favorably by myself, but it was defeated on the floor of the House.

Mr. BLANTON. And that was because of the very law that I have mentioned—that the Government should not be held responsible for the careless acts of its employees, because it might open a wide field for fraud.

Mr. EDMONDS. And fraud can be kept down by making it troublesome to get claims through.

Mr. BLANTON. But the trouble is that you make fish of one and fowl of another.

Mr. EDMONDS. I do not think the gentleman can say that of the present committee nor of the committee in the last Congress.

Mr. JOHNSON of Mississippi. Can not the gentleman state that there is a great difference between the case at bar and the case at Houston? While I am in sympathy with the gentleman

from Texas in his efforts to get attention for these people, yet, as far as I know, in all cases like this the Government is not held responsible except where the agent or the employee was acting within the scope of his employment. In the present case the gentleman shows that the agent was carrying the mail, and he was acting within the scope of his employment, but when the negroes killed the white people they were not acting within the scope of their employment.

Mr. EDMONDS. In the case of the two ladies injured in San Antonio the man was acting within the scope of his employment, and I reported the bill favorably.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MILLER. Mr. Speaker, reserving the right to object, what hearings did the committee conduct in order to ascertain the amount of \$12,000 damages?

Mr. EDMONDS. We have amended that to \$5,000. There was no necessity for any hearings. The department acknowledged it.

Mr. MILLER. Did the committee have the statement of the driver?

Mr. EDMONDS. We had the statement of the department, together with the fact that the man was arrested and sent to jail. There is absolutely no necessity of any other statement, because all of the facts are acknowledged. There is no question of an investigation being necessary. The witnesses acknowledged these facts under oath. We endeavored in every way to bring the facts to the attention of the committee so that we could act intelligently, and we did act intelligently, because there was no objection.

Mr. MILLER. This man was at the time driving a mail truck laden with mail?

Mr. EDMONDS. Yes.

Mr. MILLER. And ran over these people?

Mr. EDMONDS. And ran over these people.

Mr. MILLER. Well, now, what is there in the record to show these people were not guilty of contributory negligence?

Mr. EDMONDS. The department acknowledged it. This man was arrested and sent to jail for criminal driving.

Mr. MILLER. That does not account for anything. What I am getting at is, have the gentleman's committee any further facts except a little report of the Post Office Department?

Mr. EDMONDS. We have a big one covering three or four pages.

The SPEAKER pro tempore. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, does the gentleman now state, as far as he is concerned as chairman of this important committee, that whenever cases are presented for consideration which show that agents or officers of the United States Government, acting within the scope of their authority, are negligent or careless and somebody is injured as a result that the Government shall pay for whatever damage is caused?

Mr. EDMONDS. No; I do not think the Government should pay whatever damage is caused, but it has been our action this year and last year to pay a fair recompense to the man.

Mr. WALSH. If that is the attitude of the chairman and we are going to embark upon that we are not going to pass any bills by unanimous consent. I object to this bill.

#### PENSIONS.

The next business on the Private Calendar was the bill (H. R. 7340) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WALSH. Mr. Speaker, reserving the right to object, is this an omnibus pension bill?

Mr. EDMONDS. Yes.

Mr. RICKETTS. It has been on the calendar since June 29.

Mr. WALSH. Have not we passed a pension bill since then?

Mr. BLANTON. Mr. Speaker, this bill has a privilege of its own—

Mr. WALSH. Not to-day.

Mr. BLANTON. But on other days; therefore I do not think we ought to take it up to the exclusion of the other business on this day, and I object.

#### RELIEF OF STEVENS INSTITUTE OF TECHNOLOGY.

The next business on the Private Calendar was the bill (S. 52) for the relief of the Stevens Institute of Technology, of Hoboken, N. J.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. JACOWAY. Mr. Speaker, reserving the right to object, I want to propound an inquiry in regard to bills before the Committee on Claims. Before war was declared a contractor for screen wagon service in the city of Little Rock, Ark., in the person of Mr. H. L. McFarlin, entered into a contract with the Federal Government to carry the mail at that time, not anticipating war. War came, and his duties were trebled and quadrupled. The price of gasoline, oil, and labor, all of those things which entered into the carrying out of that contract, went sky high. Mr. McFarlin, the contractor, was compelled to discharge more duties and to meet a multiplicity of expenses, not dreamed of by him, and not anticipated by the Government. It will only be simple justice to reimburse Mr. McFarlin for those losses he was called upon to meet through no fault of his. Now, I have a bill before the gentleman's committee and I would like the gentleman to state what is the attitude of the committee in regard to bills of that character.

Mr. EDMONDS. The gentleman knows we reported a bill favorably for the time and period of the war.

Mr. JACOWAY. That was for last session.

Mr. EDMONDS. And it was on the calendar. I presume the subcommittee in charge of that will report it the same way this year. The matter is before them and it is absolutely necessary for them to make a report under the rule to the general committee.

Mr. JACOWAY. How long before the subcommittee, in the judgment of the chairman of the committee, will make that report?

Mr. EDMONDS. That would be impossible for me to say, but I hope they will make a report soon.

The SPEAKER. Is there objection?

Mr. MANN. Reserving the right to object, I ask to have the bill reported, but I am going to object.

The SPEAKER pro tempore (Mr. MAPES). The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to pay to the trustees of the Stevens Institute of Technology, of Hoboken, N. J., out of any money in the Treasury not otherwise appropriated, the sum of \$45,750, being the sum paid to the United States January 28, 1879, as a collateral inheritance tax upon the bequest which provided for the establishment and endowment of said institute.

The SPEAKER pro tempore. Is there objection?

Mr. MANN. Reserving the right to object, I think it will probably take a little time—how much time did we take before?

Mr. LEHLBACH. It went through the last session under suspension of the rules by a vote of the House on roll call.

Mr. MANN. Well, that would be a good way to pass it again, and I object. The lobby for this bill has been one of the finest I have ever known in my experience in the House.

#### MAJ. FRANCIS M. MADDOX.

The next bill on the Private Calendar was the bill (H. R. 6407) for the relief of Maj. Francis M. Maddox, United States Army.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. WALSH. I ask to have the bill reported.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to credit the accounts of Maj. Louis C. Wilson, Quartermaster Corps, United States Army, the sum of \$1,989.14, to be paid Maj. Francis M. Maddox, Fourth Regiment Alabama National Guard, for pay, commutation of quarters, light, heat, and longevity pay, and for services rendered while detailed for duty as assistant to the Chief of the Militia Bureau, War Department, Washington, D. C., from June 4, 1920, to September 30, 1920, inclusive.

The SPEAKER pro tempore. Is there objection to consideration of the bill? [After a pause.] The Chair hears none.

The bill was read for amendment.

The committee amendment was read as follows: Page 1, line 6, strike out "\$1,989.14" and insert in lieu thereof "\$1,875.14."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

#### OWNERS OF THE DREDGE "MARYLAND."

The next business on the Private Calendar was the bill (H. R. 1942) for the relief of the owners of the dredge *Maryland*.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 1942) for the relief of the owners of the dredge *Maryland*. *Be it enacted, etc.,* That the claim of John Emile, of Duval County, Fla., and Peoples Bank of Mobile, a corporation under the laws of the State of Alabama, owners of the dredge *Maryland*, against the



United States for damages alleged to have been caused by a collision between said dredge and the United States steamship *O-4* in the Cooper River at Charleston, S. C., may be sued for by said owners against the United States in the district court of the United States for the southern district of Florida, sitting as a court of admiralty; and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree therein for the amount of lawful damages sustained by reason of said collision, if any shall be found to be due either for or against the United States, upon the principles and measures of liability and damage, with costs, as in like cases in admiralty between private parties, with the same right of appeal.

Sec. 2. That should damages be found to be due from the United States to the owners of said dredge *Maryland*, the amount due under the final judgment or decree therefor shall be paid out of any money in the United States Treasury not otherwise appropriated.

Sec. 3. That such notice of the suit shall be given to the Attorney General of the United States as may be required by order of said court, and it shall be the duty of the Attorney General to cause the United States attorney in said district to appear and defend for the United States: *Provided*, That said suit shall be commenced within six months of the date of the passage of this act.

Also the following committee amendment was read:

Strike out all after the enacting clause on page 1, line 3, down to and including line 18 on page 2, and insert in lieu thereof the following: "That the claim of the Peoples Bank of Mobile, a corporation under the laws of the State of Alabama, owner of the dredge *Maryland*, against the United States for damages alleged to have been caused by a collision between said dredge and the United States steamship *O-4*, in the Cooper River at Charleston, S. C., on the 10th day of February, 1919, may be sued for by the said Peoples Bank of Mobile in the District Court of the United States for the Southern District of Florida, sitting as a court of admiralty and acting under the rules governing such court, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of the Peoples Bank of Mobile or against the Peoples Bank of Mobile in favor of the United States upon the same principles and measures of liability as in like cases in admiralty between private parties and with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

Mr. SEARS. Mr. Speaker, I notice the committee has amended the bill as introduced by myself. For information, I would like to ask the chairman of the committee a question.

I was delayed in returning to Washington on account of sickness, and I have not had an opportunity to go over the contract, which I understand was sent to the committee by my secretary. Under this amendment of the committee if it should develop that John Emile has an equity in this dredge, would this amendment permit him to receive that equity, or would the Court of Claims only give to the Peoples Bank of Mobile the amount due them?

Mr. EDMONDS. The information given to the committee is that the Peoples Bank of Mobile still owns the ship. They had a contract of sale to John Emile, but the ownership being in the Bank of Mobile, I presume he would have to look to them for reimbursement of his interests.

Mr. SEARS. And under this amendment John Emile would not be estopped from getting his right?

Mr. EDMONDS. That is our understanding.

Mr. SEARS. And the Court of Claims could only adjudicate the matter as to the amount claimed by the People's Bank?

Mr. EDMONDS. That is right. The registry of the ship is in the Mobile bank, because John Emile had not completed his purchase of it. I have no doubt the equity can be arranged between the two, because he was paying for the ship.

Mr. SEARS. Then under the circumstances I shall not offer an amendment.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

#### CHICAGO, MILWAUKEE & ST. PAUL RAILWAY CO. ET AL.

The next business on the Private Calendar was the bill (H. R. 6250) for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co.

Mr. HERRICK. Mr. Speaker, I am going to object to that bill.

The SPEAKER pro tempore. The Clerk will report the next bill.

#### OWNERS OF BRITISH STEAMSHIP "CLEARPOOL."

The next business on the Private Calendar was the bill (H. R. 6628) for the relief of the owners of the British steamship *Clearpool*.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. HERRICK. I object.

EDWARD J. SCHAEFER.

The next business on the Private Calendar was the bill (H. R. 1723) authorizing the payment of compensation to Edward J. Schaefer for the death of Ruth Stone Schaefer through an unlawful shot fired by a soldier in the service of the United States at Camp Alexander, Va.

The SPEAKER pro tempore. Is there objection?

Mr. MILLER. Mr. Speaker, reserving the right to object, I would like to make some inquiry about and some observations on this bill. This bill, as I understand, was introduced in the House for \$50,000?

Mr. EDMONDS. Yes, sir.

Mr. MILLER. Does not the gentleman think it is an extraordinary proceeding to ask for \$50,000 for an accidental shot by a soldier?

Mr. EDMONDS. The committee thought so, and we cut it down to \$5,000.

Mr. MILLER. On what theory of law or morals or anything else is the United States responsible for the accidental act of a soldier of the United States Army?

Mr. EDMONDS. The only thing I can say is this: That Mr. Schaefer was driving with his wife upon a road through a military camp. The road was open and used by the public. The soldier contends he had orders from some officer, a corporal or sergeant, to stop anybody going through. Mr. Schaefer went through, having passed through a number of times. The man contends he called to Mr. Schaefer and Mr. Schaefer contends he did not hear him. He fired at the tire and hit the woman and killed her.

Mr. MILLER. A very distressing accident, but that does not answer my question. On what theory of law or morals is the United States responsible for the killing of a person by the accidental act of a soldier?

Mr. EDMONDS. Well, it is simply one of those torts—

Mr. MILLER. It is not a tort, because the bill says it was an accident.

Mr. BLANTON. Will the gentleman permit? The chairman should also state that at the entrance of this military camp, where Mr. Schaefer entered, there was a sign up showing that it was a Government reservation. The fact is that Mr. Schaefer knew when he entered there that it was a military camp of this Government, and that it was subject to military orders and military policing, and so forth.

Mr. MILLER. And, further than that, the record shows that the soldier was court-martialed and acquitted. Now, under that condition, distressing as this incident may be, I shall object to any claims of this character.

The SPEAKER pro tempore. The gentleman from Washington objects. The Clerk will report the next bill.

#### VIRGIL O. McWHORTER.

The next business in order on the Private Calendar was the bill (H. R. 1948) for the relief of Virgil O. McWhorter.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

Mr. WALSH. I ask that the bill be reported.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

*Be it enacted, etc.*, That the accounting officers of the Treasury are authorized and directed to allow in the accounts of Virgil O. McWhorter, special disbursing agent of the Bureau of Animal Industry, United States Department of Agriculture, the sum of \$850 paid by him on authority from said bureau and disallowed by said accounting officers, covering expenses incurred in the drilling of a well at the United States sheep experiment station at Dubois, Idaho.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

#### RELIEF OF THE CITY OF WEST POINT, GA.

The business in order on the Private Calendar was the bill (H. R. 2117) for the relief of the city of West Point, Ga.

The title of the bill was read.

Mr. WALSH. Mr. Speaker, I ask that the bill be reported.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

*Be it enacted, etc.*, That the city of West Point, in the State of Georgia, be, and hereby is, relieved of any liability to and from paying any amount to the Government of the United States, or any department thereof, on account of the transportation, construction, and maintenance of a pontoon bridge across the Chattahoochee River at West Point, Ga., constructed and maintained under Public Resolution No. 25, Sixty-sixth Congress, and from paying the Government for any damage to or loss of any part of the material used in said bridge.

With committee amendments, as follows:

Page 1, line 6, strike out the word "transportation." In line 7, strike out the comma after the word "construction." On page 2, after the word "bridge," on line 1, insert: "Provided, That the transportation of personnel, material of first and second bridge, and inspection by officers, all amounting to \$2,705.77, shall be paid by said city of West Point, and also transportation charges of bridge material, now on hand, from West Point, Ga., to the point where the Secretary of War may direct said material to be shipped, but not for a greater distance or expense than that from the point which said material was shipped to said West Point, Ga."

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 1, line 6, strike out the word "transportation."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Page 1, line 7, after the word "construction" strike out the comma.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The Clerk read as follows:

Page 2, after the word "bridge," in line 1, insert: "Provided, That the transportation of personnel, material of first and second bridge, and inspection by officers, all amounting to \$2,705.77, shall be paid by said city of West Point, and also transportation charges of bridge material now on hand from West Point, Ga., to the point where the Secretary of War may direct said material to be shipped, but not for a greater distance or expense than that from the point which said material was shipped to said West Point, Ga."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. WRIGHT. Mr. Speaker, I move to reconsider the last vote and to lay that motion on the table.

Mr. MANN. I object.

The SPEAKER pro tempore. The Clerk will report the next bill.

EPHRAIM LEDERER.

The next business in order on the Private Calendar was the bill (H. R. 5249) for the relief of Ephraim Lederer, collector of internal revenue for the first district of Pennsylvania.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to credit the account of Ephraim Lederer, collector of internal revenue for the first district of Pennsylvania, by reason of shortage of 100 sheets of class C cigar stamps, each set consisting of 20 stamps, each of said stamps being worth 45 cents, a total of \$900. Also for the loss of a book of wholesale liquor dealers' special tax stamps, consisting of 10 stamps, each of the value of \$100, and totaling \$1,000.

Mr. MILLER. Mr. Speaker, reserving the right to object, I would like to learn something about this bill.

The SPEAKER pro tempore. The question was put, and no objection was made by the gentleman from Washington.

Mr. MILLER. I would like to get some information. I move to strike out the last word.

The SPEAKER pro tempore. The gentleman from Washington moves to strike out the last word.

Mr. MILLER. Can the gentleman from Pennsylvania give me some information?

Mr. EDMONDS. During the expansion required by war activities at the office of the collector of internal revenue at Philadelphia in order to perform their duties they were required to rent a number of different places and to move certain offices and materials to those places. During the process of removal these stamps were lost. The collector is now endeavoring to recover. The custom is for Congress to clear up these accounts when it is shown there is no negligence.

Mr. MILLER. Was the officer around when this moving was going on, or was he somewhere else?

Mr. EDMONDS. The gentleman must understand that the collector had a great deal of work to supervise, and he was not personally present at the time of this loss.

Mr. MILLER. Did he have an official there to look after the property of the Government?

Mr. EDMONDS. Yes. The stamps were lost in the removal of certain effects connected with the office from the Federal building at Ninth and Chestnut Streets to the building at Tenth and Market Streets.

Mr. MILLER. Were they stolen, or was it just the result of a negligent act?

Mr. EDMONDS. They are under the impression that they were dumped somehow into a waste-paper basket.

Mr. MILLER. That is a sorrowful reflection.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. EDMONDS. Certainly.

Mr. BLANTON. The very same thing as that occurred in the Kerrville bank case, which involved a very small amount comparatively, which the House passed because of its friendship for my good friend from west Texas (Mr. HUDSPETH), who introduced the bill.

The bill went to the President, and even though it involved a very insignificant amount the President of the United States sent it back here to Congress without his signature, vetoed, upon the ground that it established a bad precedent for the United States Government to make good such a loss.

Mr. EDMONDS. That may be true.

Mr. BLANTON. And that bill has slumbered with the committee to which it was referred ever since that veto message. No committee has ever brought it back for attention again.

Mr. MANN. That was a loss in transportation by mail, unregistered.

Mr. BLANTON. It was stolen, but it was a better case than the present case, where the collector of internal revenue was in charge of certain stamps, and when he removed his office from one place to another he did not see to it that the stamps were moved in safety; a case where he had \$100 stamps, and yet they got away from him, and no excuse was ever offered for it.

Mr. EDMONDS. I understand these stamps have never turned up, and I also understand that in order to be of any use to anyone they would have to be stamped in some way to show that they had been issued. They had not been so stamped. It was simply a loss of the material.

Mr. BLANTON. Mr. Speaker, I did not object to the consideration of this bill, because I thought it was a question on which the House ought to pass, and that the House either ought to uphold the action of the President or ought to turn him down, and they ought to let the country know what the policy of Congress is on this question. This is the first chance for the House to pass on the question, and I think we ought to let the country know by a vote on this bill whether the House is going to sustain the Executive action in holding that it sets a bad precedent for the Congress to pay these losses. So, as I say, I did not object, because I wanted to see the House vote on it.

Mr. EDMONDS. The gentleman must remember that the collector of internal revenue at Philadelphia has handled not thousands but millions of dollars. It is necessary for him to handle these different stamps through different agencies. The additional work occasioned by the war contracted his quarters to such an extent that the people were crowded in there so they could hardly move. They were then housed in a number of different offices. Their activities were removed to a number of different places. They were evidently doing the best they knew how, and I doubt very much—I am speaking now for the Democratic collector of internal revenue up there—whether there has ever been any time in the history of this country when the collectors of internal revenue were so put to it with a shortage of help and so many new things coming in, that it was impossible to keep track of everything that was going on.

Mr. BLANTON. Will the gentleman yield?

Mr. EDMONDS. Yes.

Mr. BLANTON. The gentleman mentions the fact that this man was a Democratic officeholder. I want to call his attention to the fact that this Democratic officeholder did not get any reimbursement for the loss of these stamps under any Democratic administration, and if he gets payment for it, if he gets an allowance to-day it is going to be through the action of a Republican Congress and the approval of a Republican Executive, who will be responsible to the country.

Mr. EDMONDS. I think the Republican administration is perfectly able and willing to assume responsibility in this matter.

Mr. DAVIS of Tennessee. I move to strike out the last word, for the purpose of asking whether there is any way of checking up so as to determine whether these stamps were stolen and used.



Mr. EDMONDS. The collector of internal revenue told me that there was a way of checking up, and that none of these stamps had turned up. Of course, I do not vouch for that, because I am not conversant with the system used in the Internal Revenue Department, but he told me these stamps had to have some kind of stamp on them when they went out, and that they had to be countersigned in some way which rendered it impossible for them to be improperly used.

Mr. DAVIS of Tennessee. If these stamps at the time they disappeared were not in shape to be used, then the only loss is the loss of the paper on which they were printed?

Mr. EDMONDS. That is my understanding.

Mr. MANN. Here is the report of the Secretary of the Treasury with reference to these particular stamps, of which there are two kinds, that they—

did not bear the stamp of the first district of Pennsylvania nor did they bear the facsimile signature of the collector. Without the signature of the collector these special-tax stamps would be of no value to anyone.

Mr. BLANTON. Will the gentleman from Illinois yield?

Mr. MANN. Yes.

Mr. BLANTON. The gentleman has good judgment and wide experience in such matters, and so he knows that the facsimile signature and the particular stamp to which he refers were kept in the office and used mostly by subs in that office in putting these stamps into circulation, and that a sub in that office who would steal these stamps—it is to be presumed they were stolen or they would not have been missing—could have used this special stamp and this facsimile signature at the same time he stole the stamps, because if he had not affixed those things so that the stamps would be worth something to him, he would not have wanted to take them in the first place.

Mr. MANN. If somebody stole them, I imagine very likely what the gentleman says took place, but I suggest that they probably were not stolen, but just disappeared, as papers sometimes do.

The SPEAKER pro tempore. The pro forma amendment is withdrawn, and the question is on the engrossment and third reading of the bill.

The question being taken, the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BLANTON. I ask for a division.

The House divided, and there were—ayes 43, noes 1.

Mr. BLANTON. Mr. Speaker, I object to the vote because it shows that no quorum is present, and I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Texas makes the point of order that there is no quorum present. The Chair will count.

Mr. MONDELL. Does the gentleman from Texas insist on his point of order?

Mr. BLANTON. I think this is a very important matter. The President has sent back here without his signature a bill that involves the same principle. He had vetoed that bill.

Mr. MONDELL. That was a very different bill.

Mr. BLANTON. It involves the same policy of the Government, and this bill ought not to pass unless we have the balance of our membership here.

The SPEAKER. Will the gentleman withhold his point long enough to allow the submission of a report from the Committee on Enrolled Bills?

Mr. BLANTON. I withhold the point of order temporarily.

#### ENROLLED JOINT RESOLUTIONS SIGNED.

The SPEAKER announced his signature to enrolled joint resolutions of the following titles:

S. J. Res. 72. Joint resolution for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm; and

S. J. Res. 5. Joint resolution authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted—

To Mr. BULWINKLE, for 10 days, on account of important business.

To Mr. ATKESON, for one week, on account of important business.

Mr. MONTAGUE. Mr. Speaker, I ask leave of absence to attend the session of the Interparliamentary Union, which meets at Stockholm, Sweden, on August 15.

The SPEAKER. The gentleman from Virginia asks for indefinite leave of absence to attend the meeting of the Interparliamentary Union, at Stockholm. Is there objection?

There was no objection.

#### ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 2 o'clock and 23 minutes p. m.) the House, under the order previously made, adjourned until Monday, August 1, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

199. Under clause 2 of Rule XXIV, the report of Mr. STEENERSON, from the Joint Commission on the Postal Service, transmitting recommendations relative to additional facilities needed at New York City, N. Y., was taken from the Speaker's table, referred to the Committee on the Post Office and Post Roads, and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. FOCHT, from the Committee on the District of Columbia, to which was referred the bill (H. R. 2310) to declare Lincoln's birthday a legal holiday, reported the same without amendment, accompanied by a report (No. 311), which said bill and report were referred to the House Calendar.

Mr. SIEGEL, from the Committee on the Census, to which was referred the bill (H. R. 7882) for the apportionment of Representatives in Congress amongst the several States under the Fourteenth Census, reported the same without amendment, accompanied by a report (No. 312), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. MONTOYA, from the Committee on the Public Lands, to which was referred the bill (S. 904) for the relief of Elijah C. Putnam, reported the same with amendments, accompanied by a report (No. 310), which said bill and report were referred to the Private Calendar.

Mr. VINSON, from the Committee on Naval Affairs, to which was referred the bill (H. R. 1949) for the relief of Richard J. Easton, reported the same without amendment, accompanied by a report (No. 313), which said bill and report were referred to the Private Calendar.

Mr. SWING, from the Committee on Naval Affairs, to which was referred the bill (H. R. 7234) for the relief of Miles Swift, reported the same without amendment, accompanied by a report (No. 314), which said bill and report were referred to the Private Calendar.

Mr. STEPHENS, from the Committee on Naval Affairs, to which was referred the bill (H. R. 7589) for the relief of Maj. Ellis B. Miller, reported the same with amendments, accompanied by a report (No. 315), which said bill and report were referred to the Private Calendar.

He also, from the same committee, to which was referred the bill (H. R. 3508) for the relief of Capt. J. S. Carpenter, Pay Corps, United States Navy, reported the same with amendments, accompanied by a report (No. 316), which said bill and report were referred to the Private Calendar.

Mr. WHITE of Kansas, from the Committee on the Public Lands, to which was referred the bill (S. 513) granting a deed of quitclaim and release to J. L. Holmes of certain land in the town of Whitefield, Okla., reported the same with an amendment, accompanied by a report (No. 317), which said bill and report were referred to the Private Calendar.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 7837) granting a pension to Mary F. Conway, and the same was referred to the Committee on Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MONTOYA: A bill (H. R. 8007) to amend an act entitled "An act to provide for the adjudication and payment of

claims arising from Indian depredations"; to the Committee on Indian Affairs.

Also, a bill (H. R. 8008) to ascertain and settle private land claims of persons not Indian within Pueblo Indian lands, land grants, and reservations in the States of New Mexico and Arizona; to the Committee on Indian Affairs.

By Mr. EVANS: A bill (H. R. 8009) to further amend an act entitled "An act to regulate commerce," approved February 4, 1887, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. RIDDICK: A bill (H. R. 8010) to authorize the leasing for mining purposes of unallotted lands on the Fort Peck Reservation, Mont.; to the Committee on Indian Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HUKRIEDE: A bill (H. R. 8011) granting an increase of pension to William B. Yeater; to the Committee on Invalid Pensions.

By Mr. KING: A bill (H. R. 8012) granting a pension to Charles B. White; to the Committee on Pensions.

By Mr. STAFFORD: A bill (H. R. 8013) granting a pension to Max Landowsky; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2210. By Mr. DAVIS of Tennessee: Petition of numerous citizens of Tennessee, asking for the repeal of the 10 per cent tax on manufacturers of carbonated beverages in closed containers, now imposed under section 628a of the revenue act of 1918; to the Committee on Ways and Means.

2211. By Mr. KISSEL: Petition of Adolph Lewisohn, of New York City, urging relief for the disabled of the late war; to the Committee on Interstate and Foreign Commerce.

2212. By Mr. RIDDICK: Petition signed by several members of the Grand Army of the Republic that Congress set aside the Moore house and farm and all fortifications used in the siege of Yorktown, Va.; to the Committee on Military Affairs.

2213. By Mr. SNELL: Resolutions adopted by the Champlain Chapter of the Daughters of the American Revolution, protesting against the passage of the Walsh bill, designated as Senate bill 274, for authority to dam Yellowstone Lake in the Yellowstone National Park; to the Committee on Water Power.

2214. By Mr. TOWNER: Petition of many citizens of Iowa, asking the repeal of the tax on carbonated beverages; to the Committee on Ways and Means.

2215. Also, resolution of the Osteopathic Women's National Association, indorsing the Sheppard-Towner maternity bill (H. R. 2366); to the Committee on Interstate and Foreign Commerce.

2216. Also, petition of N. S. Henshaw and other citizens of Shenandoah, Iowa, against the passage of the Sunday Observance bill (H. R. 4388); to the Committee on the District of Columbia.

2217. Also, resolution of the Federation of Mothers' Clubs and Parent-Teachers' Associations of Richmond, Va., indorsing the Sterling-Towner educational bill (H. R. 7); to the Committee on Education.

#### SENATE.

MONDAY, August 1, 1921.

(Legislative day of Wednesday, July 27, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed without amendment the following Senate bills:

S. 488. An act providing for an exchange of lands between the Swan Land & Cattle Co. and the United States;

S. 530. An act to quiet title to certain tracts of land in the city of Walters, State of Oklahoma;

S. 997. An act conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes; and

S. 1434. An act for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 927. An act for the relief of Capt. Fred S. Johnston;

H. R. 1268. An act for the relief of the Six Minute Ferry Co., of Vallejo, Calif.;

H. R. 1318. An act granting to certain claimants the preferential right to purchase certain alleged public lands in the State of Arkansas, and for other purposes;

H. R. 1362. An act for the relief of M. Fine & Sons;

H. R. 1370. An act for the relief of Col. Herbert Deakyne, Corps of Engineers, United States Army;

H. R. 1862. An act for the relief of Leroy Fisher;

H. R. 1940. An act for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.;

H. R. 1942. An act for the relief of the owners of the dredge *Maryland*;

H. R. 1948. An act for the relief of Virgil O. McWhorter;

H. R. 2117. An act for the relief of the city of West Point, Ga.;

H. R. 2144. An act for the relief of the owners of the schooner *Charlotte W. Miller*;

H. R. 2620. An act for the relief of Welch, Fairchild & Co. (Inc.);

H. R. 2865. An act authorizing the Secretary of the Interior to sell and patent to J. D. Calhoun, of Lincoln Parish, La., certain lands;

H. R. 3270. An act for the relief of Estella Barnett;

H. R. 5684. An act to authorize the purchase by the city of Medford, Oreg., of certain lands formerly embraced in the grant to the Oregon & California Railroad Co. and revested in the United States by the act approved June 9, 1916;

H. R. 6407. An act for the relief of Maj. Francis M. Maddox, United States Army;

H. R. 6525. An act for the relief of the Cortez Oil Co.;

H. R. 6622. An act for the relief of Gaetano Davide Olivari fu Fortunato; and

H. R. 7051. An act to authorize the Secretary of the Interior to execute deeds of reconveyance for certain lands in the city of Mount Pleasant, Isabella County, Mich.

#### ENROLLED JOINT RESOLUTIONS SIGNED.

The message further announced that the Speaker of the House had signed the following joint resolutions:

S. J. Res. 5. A joint resolution authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925; and

S. J. Res. 72. A joint resolution for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm.

#### CARE AND TREATMENT OF VETERANS—CONFERENCE REPORT.

Mr. SMOOT. Mr. President, I have here the conference report on H. R. 6611, known as the Sweet bill, to establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act. I will say that it is a complete report. I submit the report and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The Senator from Utah presents a conference report and asks unanimous consent for its immediate consideration.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Glass	McKellar	Simmons
Ball	Gooding	McKinley	Smith
Borah	Harrell	McLean	Smoot
Brandegee	Harris	McNary	Spencer
Broussard	Harrison	Moses	Stanfield
Bursum	Heflin	Nelson	Stanley
Cameron	Johnson	Nicholson	Sterling
Capper	Jones, Wash.	Norbeck	Sutherland
Caraway	Kellogg	Oddie	Towusend
Culberson	Kenyon	Overman	Trammell
Curtis	Keyes	Pittman	Wadsworth
Dial	King	Ransdell	Walsh, Mass.
Ernst	Ladd	Reed	Walsh, Mont.
Fernald	La Follette	Robinson	Warren
Fletcher	Lenroot	Sheppard	Watson, Ga.
Gerry	McCormick	Shortridge	Willis

Mr. CURTIS. I announce the absence of the senior Senator from Pennsylvania [Mr. PENROSE] on official business. He is attending a meeting of the Senate Committee on Finance.



The PRESIDING OFFICER. Sixty-four Senators have responded to their names. A quorum is present. The Senator from Utah submits a conference report, which will be read by the Secretary.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6611) to establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 14, 15, 16, 18, 22, 23, 26, 28, 38, 46, 53, 54, 56, 57, 59, 61, and 62.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 20, 21, 24, 25, 27, 29, 30, 31, 32, 34, 35, 36, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 58, 60, 63, 64, 65, 66, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, and 82; and agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert a comma; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert a colon and the following:

"Provided, That all commissioned personnel detailed or hereafter detailed from the United States Public Health Service to the veterans' bureau, shall hold the same rank and grade, shall receive the same pay and allowances, and shall be subject to the same rules for relative rank and promotion as now or hereafter may be provided by law for commissioned personnel of the same rank or grade or performing the same or similar duties in the United States Public Health Service."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "pending final action by the director in case of an appeal" and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"In the event Government hospital facilities and other facilities are not thus available or are not sufficient, the director may contract with State, municipal, or private hospitals for such medical, surgical, and hospital services and supplies as may be required, and such contracts may be made for a period of not exceeding five years and may be for the use of a ward or other hospital unit or on such other basis as may be in the best interest of the beneficiaries under this act."

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert a colon and the following:

"Provided, That the offender shall have the right to appeal the decision involving the forfeiture of a part of his compensation to a board of three persons which shall be established and appointed by the director in September of each year for each regional district. Such board shall be known as the board on discipline and morale. It shall serve without compensation, and at least one of the members of such board shall be an ex-service man and a member of some war veterans' organization. No person who is in the employ of the United States shall be a member of such board. The decision of such board, after hearing all the evidence presented by the offender and those charging a breach of the rules and regulations, shall be final."

And the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"That for the purposes of this section every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department who was discharged or who resigned prior to the date of approval of this

amendatory act, and every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department on or before November 11, 1918, who hereafter is discharged or resigns, shall be held and taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities, made of record in any manner by proper authorities of the United States at the time of, or prior to, inception of active service, to the extent to which any such defect, disorder, or infirmity was so made of record: *Provided further*, That an ex-service man who is shown to have an active pulmonary tuberculosis or neuropsychiatric disease (of more than 10 per cent degree of disability in accordance with the provisions of subdivision (2) of section 302 of the war risk insurance act, as amended) developing within two years after separation from the active military or naval service of the United States shall be considered to have acquired his disability in such service, or to have suffered an aggravation of a pre-existing pulmonary tuberculosis or neuropsychiatric disease in such service, but nothing in this proviso shall be construed to prevent a claimant from receiving the benefits of compensation and medical care and treatment for a disability due to these diseases of more than 10 per cent degree (in accordance with the provisions of subdivision (2) of section 302 of the war risk insurance act, as amended) at a date more than two years after separation from such service, if the facts of the case substantiate his claim. This section shall be deemed to be in effect as of April 6, 1917."

And the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 406. Whenever benefits under United States Government life insurance (converted insurance) become or have become payable because of total permanent disability of the insured or because of the death of the insured as a result of disease or injury traceable to the extra hazard of the military or naval service as such hazard may be determined by the director, the liability shall be borne by the United States, and the director is hereby authorized and directed to transfer from the military and naval insurance appropriation to the United States Government life insurance fund a sum which, together with the reserve of the policy at the time of maturity by total permanent disability or death, will equal the then value of such benefits. When a person receiving total permanent disability benefits under a United States Government life policy (converted policy) recovers from such disability and is then entitled to continue a reduced amount of insurance, the director is hereby authorized and directed to transfer to the military and naval insurance appropriation all of the loss reserve to the credit of such policy claim except a sum sufficient to set up the then required reserve on the reduced amount of insurance that may be continued, which sum shall be retained in the United States Government life insurance fund for the purpose of such reserve."

And the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following on page 18, after line 10, of the bill:

"SEC. 22. A new section is hereby added to Article III of the war risk insurance act to be known as section 315, and to read as follows:

"SEC. 315. That no person admitted into the military or naval forces of the United States after six months from the passage of this amendatory act shall be entitled to the compensation or any other benefits or privileges provided under the provisions of Article III of the war risk insurance act, as amended."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

REED SMOOT,  
WILLIAM M. CALDER,  
DAVID I. WALSH,

*Managers on the part of the Senate.*

SAMUEL E. WINSLOW,  
JAMES S. PARKER,  
BURTON E. SWEET,  
ALBEN W. BARKLEY,  
SAM RAYBURN,

*Managers on the part of the House.*



The PRESIDING OFFICER. The Senator from Utah asks unanimous consent for the immediate consideration of the conference report. Is there objection?

Mr. LA FOLLETTE. Mr. President, I certainly shall not object unless the conference report is going to provoke discussion. If it can be adopted without discussion, I shall be very glad to withhold any objection.

Mr. WALSH of Massachusetts. Mr. President, I should like to ask the Senator from Wisconsin to permit me or the Senator from Utah [Mr. Smoot] to state briefly the differences between this bill and the present law. I have prepared, at the request of several Senators, a statement in tabloid form of the principal differences and changes that will be made by the enactment of this bill into law. So many Senators will receive inquiries from incapacitated soldiers as to what change is made in the present law that several Senators felt it would be helpful to them to have the measure explained. It will take only about 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. SMOOT. Mr. President, I had the same thing in mind, but perhaps not in as concise a form as the Senator from Massachusetts has it. If the Senator from Wisconsin has no objection, I will ask the Senator from Massachusetts to make the statement, because it is very brief and will take a very few moments.

Mr. LA FOLLETTE. I yield for that purpose, if I am recognized.

The PRESIDING OFFICER. There being no objection, the question is on agreeing to the conference report.

Mr. WALSH of Massachusetts. Mr. President, there are 12 important changes in the present law caring for and hospitalizing incapacitated ex-service men which will be made by the pending bill, H. R. 6611. As I stated, I have prepared those changes in tabloid form, so that if any inquiries are made of Senators they will be able to state the changes concisely.

The bill refers so much to the existing law—the war risk insurance act—and amends so many of its sections that the exact changes are not observable from a reading of the bill without referring to existing statutes, which would necessitate a great amount of time. Senators are certain to receive many inquiries as to the changes made by the Sweet bill (H. R. 6611), and I believe it will be of some assistance to have the changes effected by this bill briefly stated.

The 12 principal features of this bill (H. R. 6611) which we are about to enact into law are as follows:

#### REORGANIZATION.

1. Under the present law the administration of Government insurance and all compensation claims is performed by the Bureau of War Risk Insurance; the hospitalization, medical care, and treatment by the United States Public Health Service; and the vocational training of incapacitated soldiers by the Federal Board for Vocational Education.

The Sweet bill (H. R. 6611) consolidates and centralizes all of these bureaus by creating an independent organization into which they merge, to be known as the veterans' bureau. The provision of the bill as agreed to in conference places this bureau under the jurisdiction of the President.

#### HOSPITALIZATION AND MEDICAL TREATMENT.

2. The present law limits the medical care and treatment of incapacitated veterans to those suffering with a service disease or injury of 10 per cent or more. H. R. 6611 extends medical care and treatment to all service men suffering with disease or injury of service origin or aggravation of less than 10 per cent.

Many dental, eye, ear, nose, and throat cases, where the disability is less than 10 per cent, may be cared for under the law we are about to enact.

There is a limitation, however, to the provisions of this law, namely, that the application for treatment must be made within one year from the passage of the act. Of course, the time of treatment may extend over the period of one year from the date it is granted.

#### COMPENSATION.

3. The rate and amount of compensation provided by existing law is in no way affected by H. R. 6611. The law remains the same in providing that compensation shall not be paid to any incapacitated veteran unless the disability is at least 10 per cent.

Under section 16 a small class of military and naval recruits will become eligible for compensation; this class is made up of those who were accepted for service and died or were injured en route to their station or post before their enlistment was completed.

#### INSURANCE.

4. The rights of ex-service men to war risk insurance are increased by House bill 6611 in three important respects.

A. Section 27 provides that men suffering with disability of service origin may reinstate their lapsed insurance by the payment of all back premiums, providing they are not permanently and totally disabled.

Under the present law and the rules and regulations of the Bureau of War Risk Insurance no insurance policy can be reinstated unless it is proved that the insured is in good physical condition at the time of reinstatement. This has resulted in thousands of men being denied insurance after their insurance had lapsed by reason of their failure to pay premiums when due and the development of tubercular and other diseases. Section 27 is, therefore, one of the most generous features of the whole bill. This amounts to an admission by our Government to ex-service men that we are willing to assume the risk in cases where insurance policies have lapsed of cases which a private insurance company would reject.

Insurance policies hitherto deemed to have lapsed for non-payment of premiums and upon which payment of benefits to the designated beneficiaries has hitherto been refused are validated by the bill in cases where a soldier died from wounds or a disease contracted in line of service, who was entitled at the time of permitting his insurance to lapse to compensation from the Government for his injury or disease in an amount sufficient to pay the premiums and who had not actually received such compensation or claimed it.

B. Section 30 renders all Government life insurance policies incontestable six months after date of issuance or date of reinstatement and applies to policies issued and reinstated in the past as well as to policies in the future. This provision will permit the payment of many policies hitherto rejected by the bureau and will correct the situation brought about by a ruling of the Attorney General that the incontestable clause in the converted insurance policy was practically meaningless on the theory that no administrative official could waive the defenses of the Government on a contract.

C. Section 28 provides that premiums may be waived and insurance may not be deemed to lapse in the case of persons confined in hospitals or those rated temporarily and totally disabled. This will prevent the lapse of any policy when a veteran is in the hospital and short of funds.

#### NO CHANGE IN VOCATIONAL TRAINING LAWS.

5. There is no clause whatsoever in House bill 6611 affecting the vocational training of disabled service men.

#### TIME FOR CLAIMING DISABILITY EXTENDED.

6. Under the present law if a person had a disease or injury which does not cause an actual disability within one year after discharge, it is necessary for the ex-service man to have a surgeon's certificate of disability, certifying to the fact that he has a disease or injury which may at a future date cause a real disability. Healed wounds are the most largely represented class of cases. The present law provides that application for this certificate must be made within one year after discharge. Inasmuch as over a year has already elapsed in most cases and inasmuch as a great many ex-service men have failed to apply for a certificate of disability, section 21 of House bill 6611 extends the time for filing a claim for surgeon's certificate of disability to one year after the passage of this amendatory act or one year after discharge, whichever is the later date.

#### AUTHORITY TO REVIEW AWARDS.

7. Section 19 amends the present law and vests the veterans' bureau with authority on its own motion to review any award of compensation and diminish or increase the degree of compensation previously granted. It also permits the rating and granting of compensation from the date the disability began.

#### SERVICE DISEASE PRESUMED IN CERTAIN CASES.

8. The amendment proposed by me when the bill was under discussion in the Senate and added to the Senate bill and agreed upon in conference will further extend the benefits of the present law by relieving applicants for compensation suffering with tubercular and neuropsychiatric diseases developing within two years from the necessity of proving that said diseases were contracted in line of service. An official of the War Risk Insurance Bureau estimates that this amendment will bring about an immediate settlement of at least 15,000 pending claims awaiting proof that the applicant's tubercular or mental disease was contracted in service.

Mr. ROBINSON. Will the Senator from Massachusetts yield to an inquiry?

Mr. WALSH of Massachusetts. I shall be glad to do so.



Mr. ROBINSON. The amendment offered by the Senator from Massachusetts [Mr. WALSH] and agreed to by the Senate was modified in conference. Will the Senator from Massachusetts make clear to the Senate the effect of that modification?

Mr. WALSH of Massachusetts. The amendment which I proposed would have waived the necessity of an incapacitated veteran, who is suffering with a tubercular or neuropsychiatric disease, proving that the disease was contracted in the line of service for a period extending to one year beyond the enactment of this proposed bill. The medical advisers of the War Risk Insurance Bureau, when heard by the conference committee, took very stout issue with the contention that consumption could be traced to military service when the development was longer than a year and a half after discharge from the service. So strenuous and so intense was their opposition to the amendment that at one time it looked as though the amendment would fail in conference. Upon further reflection by these officials of the War Risk Bureau and consultation with physicians other than those employed in the War Risk Bureau it was agreed that those suffering with neuropsychiatric or tubercular diseases within two years after service should be entitled to the presumption that the disease was contracted in the line of service.

Mr. McCORMICK. That is substantially the amendment which was proposed by the Senator from Massachusetts, is it not?

Mr. WALSH of Massachusetts. Yes.

Mr. ROBINSON. If in the case of tubercular patients the process becomes active within two years after expiration of the service, and if in the case of neuropsychiatric patients the troubles became manifest within the same length of time, the burden of proof will rest upon the Government to establish that the disease did not arise during the service? That, I understand, is the compromise which is made in the conference report?

Mr. WALSH of Massachusetts. Considering the very great difference of opinion existing between medical authorities, I will say to the Senator from Arkansas that the conference report represents really quite a fair compromise. I think the Senator from Utah [Mr. Smoot] will agree with me that we learned that a good deal of the difficulty in the awarding of compensation has been due to medical opinion relating to the length of time when diseases traceable to service should develop.

The medical authorities have almost the power of lawyers. They have attempted to reduce to mathematical precision the time when a disease, such as tuberculosis, may be contracted after service. A great many of the hardships about which Senators have received complaints have been due, in my opinion, to the attempt of the medical authorities to define mathematically the time when a given disease should develop.

Mr. ROBINSON. Within what length of time, after the expiration of service, do they say the process in the case of tubercular patients may become active?

Mr. WALSH of Massachusetts. The Senator from Arkansas will be interested to learn what their position is. I will ask the Senator from Utah to follow me. Heretofore, in order to trace any tubercular disease to service origin the man afflicted with tuberculosis has had to prove, first, that he had a "pulmonary episode," as they call it, during his service; that he had the "flu"; that he had pneumonia; or that he had a severe bronchial trouble; and, secondly, that within the year following his discharge from service he had had a recurrence or had had some pulmonary trouble that required medical attendance. Those two factors were necessary in order to prove that tuberculosis which had developed after service could be traceable to service origin. Of course this proof had to be furnished by the applicant.

Mr. ROBINSON. That ruling was based upon the theory that the patient would know in every case when the process of tuberculosis became active?

Mr. WALSH of Massachusetts. It was based upon the theory that the activity had to occur shortly after the time of service and following some pulmonary disorder during service.

Mr. ROBINSON. But it is frequently true that tuberculosis is an active process, and yet the person afflicted with it does not have knowledge of the fact that he has tuberculosis. As a matter of fact, most tubercular patients think that they have something else or think they are not afflicted with tuberculosis. So that the hardship of the rule which has prevailed heretofore is apparent. I think the compromise which has been written into the Senate bill is a very good one, and I hope it will prove effective.

Mr. WALSH of Massachusetts. I may say to the Senator that I think really the most humane feature of this amendment is the assistance it will render to those afflicted with nervous

and mental diseases in obtaining their compensation. When it is considered that the most important proof, the essential proof, to establish a claim for compensation must come from the man himself, and when it is realized that he is mentally afflicted and therefore can not, for instance, file affidavits from officers and service men with whom he served—since memory is usually defective and he can not remember whom his officers or comrades were—it becomes apparent how important is the change made by the bill. So really the best service, I think, rendered by my amendment, as agreed to in conference, is the aid it extends to that particular class of men who are suffering from mental and nervous diseases. Of course, the provision concerning tubercular cases is a great advance beyond the old construction.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Michigan?

Mr. WALSH of Massachusetts. I yield.

Mr. TOWNSEND. There has been so much confusion that I could not quite follow the Senator. Do I understand that under the agreement of the conferees if an ex-service man suffers from tuberculosis within two years after his discharge it is to be presumed that the disease was of service origin?

Mr. WALSH of Massachusetts. Exactly.

Mr. TOWNSEND. I am very glad that provision has been made.

Mr. ROBINSON. And the burden of proof is on the Government to prove to the contrary, whereas the burden of proof now is upon the patient to prove that he acquired the disease in the service.

Mr. McKELLAR. Mr. President—

Mr. TOWNSEND. Just a moment.

Mr. WALSH of Massachusetts. I yield further to the Senator from Michigan.

Mr. TOWNSEND. Under the conference report, there is no burden of proof upon the soldier to prove that the disease originated from service if he is afflicted with it within two years after his discharge?

Mr. WALSH of Massachusetts. That is correct.

Mr. TOWNSEND. It is to be presumed that it was of service origin and that he is entitled to the benefits of the proposed law?

Mr. WALSH of Massachusetts. In other words, if an ex-service man presents himself to a Government physician and is examined and found to have tuberculosis the degree of disability is fixed by the physician and the soldier receives his compensation without proof from him that his disease is traceable to his military service.

Mr. REED. But the two years have already expired.

Mr. WALSH of Massachusetts. No; not in all cases.

Mr. REED. More than two years have elapsed since the war. Mr. WALSH of Massachusetts. Many of the soldiers are being discharged now. The troops over in Germany have not as yet been discharged.

Mr. REED. A man who came back shortly after the armistice and was then discharged will find that he is excluded from the beneficent rule which is to be established.

Mr. WALSH of Massachusetts. If he has not yet gone to a Government physician he is excluded unless he connects his disease of to-day with his service by affirmative proof on his part.

Mr. REED. Exactly.

Mr. WALSH of Massachusetts. But if he has been to a physician of the Government and been found to have any trace of tuberculosis during the two-year period he will have the benefit of the proposed law.

Mr. REED. But he must have gone through the two-year period?

Mr. WALSH of Massachusetts. Yes. Of course one who develops tuberculosis after two years will still be obliged to prove by affidavits its connection with his service; but heretofore he would have had to prove by affidavits that during his service period he had pulmonary episodes, and that within one year he had had a recurrence of them even if the disease became active within two years.

Mr. McKELLAR. And, Mr. President, exactly the same rule applies to neuropsychiatric diseases?

Mr. WALSH of Massachusetts. Exactly.

Mr. President, I will resume enumerating the further benefits of this bill.

#### PUNISHMENT FOR FRAUD.

9. Heretofore the law has not adequately provided for the punishment of those who make false statements with intent to defraud the Government in seeking the benefits of hospital-



zation, compensation, and insurance. One of the Senate amendments to House bill 6611 provides for the punishment of fraud.

PUNISHMENT FOR BREACH OF DISCIPLINE.

10. Under the present law there is no provision permitting punishment for breach of discipline by trainees or patients in Government institutions to the extent of denying or revoking compensation. House bill 6611 provides, for the first time, that penalties may be inflicted to the extent of forfeiting three-fourths of three months' compensation for breach of rules and regulations. The Senate amendment seeks to prevent the abuse of this penalty by providing for a review of these cases by an independent board for discipline and morale.

GOVERNMENT WAIVES COLLECTION OF MISPAYMENTS.

11. Section 17 exonerates the bureau from the necessity of collecting any more mispayments of allotments and allowances. In the rush of business a great many erroneous payments were made, such, for example, as continuing payments after a boy was killed in action when the bureau was not promptly advised of his death, and a great many duplicate payments were made. Most of the persons receiving the money thought they were entitled to it and spent it. The present bill exonerates the bureau from forcing the collection of this money and quiet title. Approximately \$11,000,000 is involved.

BUREAU TO ASSIST IN PREPARATION OF CLAIMS.

12. Under section 10 the director is empowered to employ persons to aid in the preparation, presentation, and examination of all claims. In the past the bureau has been obliged to follow the legal view that the job of making a claim against the Government is up to the claimant himself. Now the bureau can go out and assist him, and I am bound to say that, in my opinion, there are hundreds, if not thousands, of deserving cases which the bureau has disallowed for failure to prosecute when the true facts were that the ex-service man was merely ignorant, was fully entitled to some help, and suffered because he did not know how to proceed.

I have now, Mr. President, summarized the 12 essential and important changes that are made by this bill in the present law.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Missouri?

Mr. WALSH of Massachusetts. I do.

Mr. REED. I want to be sure that I understand the last proposition, because I offered an amendment in the committee to the effect that if an inmate of a hospital was ordered to undergo an operation he could not be dismissed from the hospital until he had had the right of appeal to a board of physicians. Is that preserved in the bill?

Mr. WALSH of Massachusetts. No, sir. The House conferees objected to it on the ground that it was a matter to be controlled by rules and regulations made by the bureau. I want to say that I was personally very much in sympathy with the amendment of the Senator from Missouri, and I think that the committee investigating agencies dealing with the welfare of soldiers will be able to make some recommendations covering the amendment made by the Senator.

Mr. REED. Mr. President, I am going to object to the consideration of this conference report if that is the case, and I am going to do what I can to get the Senate to insist upon that provision.

The PRESIDING OFFICER. The Chair will say to the Senator from Missouri that unanimous consent has already been given for the consideration of the conference report, and it is before the Senate.

Mr. REED. I did not understand that unanimous consent was asked.

The PRESIDING OFFICER. It was.

Mr. LA FOLLETTE. And it was asked upon the statement that it would require but a few minutes to state the points involved in the conference report.

The PRESIDING OFFICER. The Chair will say to the Senator from Missouri that the question is upon agreeing to the conference report.

Mr. REED. I understand that the conference report was brought forward upon the distinct understanding that if it was satisfactory upon a mere explanation and would go through without debate, it would be considered at this time. I thought that qualification went with the understanding.

Mr. LA FOLLETTE. I think it did, Mr. President.

Mr. REED. I would have objected myself if I had not had that understanding, but I presumed that a statement by the Senator might be so satisfactory that everyone would be willing then to take up the bill for a vote on it and not interfere with the remarks of the Senator from Wisconsin. He yielded the floor,

I think, for the purpose and under the circumstances I have stated.

Mr. LA FOLLETTE. I had not yet been recognized this morning by the Presiding Officer; but I was on the floor when the Senate recessed, and under the practices of the Senate I am entitled, I suppose, to recognition to continue.

Mr. WALSH of Massachusetts. I hope the Senator from Missouri will not object. I know that he feels very strongly in support and favor of the amendment proposed by him; but if he realized the difficulties that we encountered in conference he would appreciate that we are very fortunate to save so many of the good features of the bill as we did. I had to yield on some amendments in the bill to which I was very much devoted. For instance, my own amendment was limited somewhat in its effect. I hope the Senator will not press his objection.

I also feel that the conference report would have gone through, had I not taken the floor, perhaps without any opposition, without anybody knowing what was in the bill; but so many of the Senators said they had received letters from their constituents asking them to explain this bill that I felt it necessary for either the Senator from Utah or myself to explain very briefly and concisely the changes this law makes in compensating, insuring, and in hospitalizing our war veterans.

Mr. REED. No, Mr. President; it would not have gone through without an explanation, because I want to know what is in this bill. I apprehend that the committee feel that they have done the best they could, but I am not willing to have the bill voted on without laying before the Senate my views touching this particular phase of the bill. I shall express them very briefly, but I do not want to trench on the time of the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, if I may be permitted, I should have been glad to resume my discussion on the assembling of the Senate; but I am not going to stand in the way of the further consideration or disposition of this conference report if Senators desire to discuss and dispose of it at this time.

Mr. WALSH of Massachusetts. I think the attitude of the Senator from Wisconsin most gracious and generous.

Mr. REED. Then, if the Senator from Massachusetts has concluded his remarks, I can say what I desire to say in a very few words.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. The Senator from Massachusetts has the floor. Does he yield, and to whom?

Mr. JONES of Washington. I want to ask the Senator a question. It will take only a moment.

Mr. WALSH of Massachusetts. I yield to the Senator from Washington.

Mr. JONES of Washington. As I understand, one of the great objects of this bill is to simplify the work of the War Risk Insurance Bureau and expedite the adjustment of these claims. I want to read just a brief extract from a letter which I received just a day or two ago setting out a situation that the writer believes is the main cause of the delay. He is a gentleman who was in the service, has been in the office here, and has been in the field, whom I know personally, and is a very intelligent man and a very responsible one. I want to ask the Senator in charge of the bill whether or not he thinks this situation is taken care of in the bill. He says:

Most of the past delays in handling compensation cases have been caused through the district medical officer. Each of these offices is in charge of a high-salaried doctor, who may be an excellent doctor, but who knows nothing about office management, and has no aptitude for it. I have come in contact with dozens of cases where the office in Cincinnati has lost medical reports, where they have had examining doctors send in as many as seven sets of reports in one case before they were able to send it on to Washington, to the bureau. If they are to have branch offices they must not be in charge of doctors as directors or executive officers.

I want to ask the Senator whether there is anything in this bill which takes care of a situation like that, or whether or not the matter covered by that letter will be left to the director of the bureau, or whatever it may be. It would strike me that it is an administrative proposition that could be worked out by the head of the bureau, and with that in mind I thought I might as well call this matter to his attention by getting it in the RECORD in this way as in any other; but the Senator can probably tell me just what the situation is.

Mr. WALSH of Massachusetts. I think the letter discloses a difficulty that has embarrassed the speedy disposition of claims. The matter, however, is entirely one of administration. I think the most apt criticism that I have heard made against the administration of the war risk act was made by a witness before the investigating committee the other day, when he said that there has been altogether too much pathology in the admin-



istration of this law. Physicians have attempted in the past not only to pass professionally upon the cases they have examined but to act in a legal and administrative manner. I believe that the director of the veterans' bureau intends to correct the abuses that have grown up under the old system. At least, he seems to recognize the fact that there have been many difficulties due to the situation which the Senator from Washington has described.

Mr. WILLIS. Mr. President—

Mr. SMOOT. Mr. President, I want to say to the Senator that the bill provides for 14 regional offices and 140 suboffices, and under the law they are given power to pass upon the claims of the soldiers in the field. They are not being compelled now to go from one doctor to another, and from the State up to Washington, and through the Treasury Department to the director; but the head of the regional office has power to pass upon the claim in the State where the soldier is located.

Mr. JONES of Washington. Is the head of the regional office to be a physician?

Mr. SMOOT. Not necessarily.

Mr. WILLIS, Mr. REED, and Mr. ROBINSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Massachusetts yield; and if so, to whom?

Mr. WALSH of Massachusetts. I want to yield shortly to the Senator from Missouri, who wants to make an address. I will yield first, for a question, to the Senator from Ohio, and then to the Senator from Arkansas.

Mr. WILLIS. If the Senator will permit me, I desire to answer the observation made by the Senator from Washington touching the Cincinnati office by a reference to the plans that are now being made and being carried into effect. The man now in charge of the Cincinnati office, as I happen to know personally, is an experienced office man. He is not a physician at all but a man of very large experience in office management; and I think the difficulty which the Senator speaks of will not longer exist.

Mr. ROBINSON. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Arkansas and then to the Senator from Missouri.

Mr. ROBINSON. Under the bill as it passed the Senate, my information and my recollection is that the execution of the hospitalization act passed on the 3d of March was transferred to the Director of the War Risk Insurance Bureau. I want to ask the Senator from Massachusetts if the conference agreement does not leave that where it now is, and if it was not found necessary to do that in order to facilitate the new construction and the extensions of existing hospitals?

Mr. WALSH of Massachusetts. The Senator from Arkansas has stated correctly the situation. It was found that the present work would be very much delayed if a transfer were made at this time, after four months have been spent in perfecting plans and in developing the work through the bureau having charge of construction in the office of the Secretary of the Treasury.

Mr. ROBINSON. It was found that instead of facilitating this feature it would occasion delay to transfer it to the Director of War Risk Insurance, and would impose upon him, in all probability, the obligation of doing again the work that has already been done by the Public Health Service and the committee appointed by the Secretary of the Treasury to make plans for carrying out the act of March 3 providing for additional hospitalization facilities.

Mr. WALSH of Massachusetts. The Senator has stated the situation exactly.

I now yield to the Senator from Missouri.

Mr. REED. Mr. President, I think the bill, even as reported by the conferees, is a great improvement over the present law. I know how futile it is to attempt to change a bill after conferees have reported it, particularly when it is conceded that the Senate conferees have earnestly endeavored to preserve the Senate amendments. Therefore, upon reflection, I am not going to ask that this bill be returned to conference; but I feel compelled to protest earnestly against the striking out of the Senate amendment which provided a board of appeals in cases where the hospital authorities have ordered a patient to undergo a particular operation.

In the hospitals where soldiers are receiving treatment, or at least in some of them, the rule is that if the physician in charge of a patient in the hospital concludes that the patient's leg ought to be cut off, his eye removed, or any other operation, slight or serious, performed, and the patient does not comply with that recommendation, he shall be expelled from the hospital. I regard that rule as barbarous, infamous, and damnable, and

I employ the latter word only because it is the only English word I know of that will express my thoughts.

With all due regard for the medical and surgical professions, we know that doctors sometimes make mistakes in the diagnoses and treatment of diseases. Accordingly, in private life it is the custom, before we submit any of our loved ones to the surgeon's knife, to call in consultation other physicians, and it frequently happens that after consultation the original opinion of the case is reversed or modified. It frequently happens that even after all the consultations mistakes are made.

It therefore seems to me utterly unjustifiable that a ward of the Government, a soldier afflicted because of his service in the war, should be ordered to undergo an operation dictated by some one man, or, if you please, by the entire medical corps of the hospital, with the alternative, if he refuses to subject himself to the surgeon's knife, of being expelled from the hospital. It is inhuman, it is barbarous, it is infamous, and it can not be justified.

I know a case where, against the protest of the father and the protest of the patient, a soldier was ordered to undergo an operation of the most serious character, and one which would have left him permanently disabled, and where, by an appeal which I happened in that case to make, for I knew the father, the case was finally reviewed, the young man was sent to a different place for treatment, and recovered, without suffering the terrible consequences of that operation. Complaints were made to me by the inmates of one of the hospitals I visited that they had no option, that when the surgeon in charge ordered them to the operating room they must either go there or go upon the street.

I can not understand, therefore, why an amendment which simply proposed to give the soldier the right of appeal and examination before a board of physicians named by the College of Physicians and Surgeons was stricken from this bill. If I had any hope, under the present conditions, that the provision could be reinserted, I would stand here and contend for whatever time was necessary. I presume it is impossible to accomplish the result at this time, but I say now that the practice shall not continue, that in some way it must be abolished.

It is, of course, within the jurisdiction of the managers of these hospitals to change the rules.

Mr. WALSH of Massachusetts. I understand that the hospital authorities claim that such things never happen, and state that if a case such as the Senator has mentioned really happened and complaint was made, the officer who threatened to discharge the patient because he would not undergo an operation could be penalized and dismissed.

Mr. REED. If it never happens, then there was no reason why the amendment should not have remained in the bill, for it never would be operative. I believe it has happened, because I know of the particular case to which I referred, although in that instance I did not know that the man was told that he would be dismissed, but he was being taken to the operating room against his will and against his protest. I have been informed by officers of the American Legion, who are not excited individuals, who are not in any degree cranks upon the question, who appear to look at all these matters in a sober and judicious way, that the practice does exist, and I have no doubt it exists.

Mr. President, all I can do is to make this protest. If the practice does not exist, it would be well that an order should be published by the authorities which will make it impossible ever to exist, and to remove the deadly fear these young men feel under existing circumstances.

Mr. SMOOT. Mr. President, I do not intend to take more than a moment of the time of the Senate. I prepared a statement in line with that made by the Senator from Massachusetts [Mr. WALSH], and there were only a few minor points I expected to mention. But I shall not take the time of the Senate even for that purpose.

I simply desire to say that the conferees did everything in their power to provide adequately for the soldiers, and I think that if Senators will study the report carefully and go into the details every Senator will admit that it was well done.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

PROPOSED LOAN TO THE REPUBLIC OF LIBERIA (S. DOC. NO. 58.)

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States, which was read and, with the accompanying paper, referred to the Committee on Finance and ordered to be printed:

THE WHITE HOUSE,  
Washington, July 21, 1921.

HON. CALVIN COOLIDGE,  
President of the United States Senate.

MY DEAR MR. PRESIDENT: I am inclosing to you herewith, for submission to the Senate and reference to the proper committee, a letter addressed to me by the Secretary of State relating to the grant of a loan to the Republic of Liberia. The entire situation and our obligations are set forth in the letter of the Secretary of State, and I beg to submit them for the consideration of the Congress.

It is impossible to escape the conviction that we have an obligation which the executive branch of the Government can not discharge without the properly expressed approval of the Congress.

Very respectfully, yours,

WARREN G. HARDING.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred as indicated below:

H. R. 927. An act for the relief of Capt. Fred S. Johnston; and

H. R. 1268. An act for the relief of the Six-Minute Ferry Co., of Vallejo, Calif.; to the Committee on Claims.

H. R. 1318. An act granting to certain claimants the preferential right to purchase certain alleged public lands in the State of Arkansas, and for other purposes; to the Committee on Public Lands and Surveys.

H. R. 1362. An act for the relief of M. Fine & Sons;

H. R. 1370. An act for the relief of Col. Herbert Deakyn, Corps of Engineers, United States Army;

H. R. 1862. An act for the relief of Leroy Fisher;

H. R. 1940. An act for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.;

H. R. 1942. An act for the relief of the owners of the dredge Maryland;

H. R. 1948. An act for the relief of Virgil O. McWhorter;

H. R. 2117. An act for the relief of the city of West Point, Ga.;

H. R. 2144. An act for the relief of the owners of the schooner Charlotte W. Miller; and

H. R. 2620. An act for the relief of Welch, Fairchild & Co. (Inc.); to the Committee on Claims.

H. R. 2865. An act authorizing the Secretary of the Interior to sell and patent to J. D. Calhoun, of Lincoln Parish, La., certain lands; to the Committee on Public Lands and Surveys.

H. R. 3270. An act for the relief of Estella Barnett; to the Committee on Claims.

H. R. 5684. An act to authorize the purchase by the city of Medford, Oreg., of certain lands formerly embraced in the grant to the Oregon & California Railroad Co. and revested in the United States by the act approved June 9, 1916; to the Committee on Public Lands and Surveys.

H. R. 6407. An act for the relief of Maj. Francis M. Maddox, United States Army;

H. R. 6525. An act for the relief of the Cortez Oil Co.; and

H. R. 6622. An act for the relief of Gaetano Davide Olivari fu Fortunato; to the Committee on Claims.

H. R. 7051. An act to authorize the Secretary of the Interior to execute deeds of reconveyance for certain lands in the city of Mount Pleasant, Isabella County, Mich.; to the Committee on Indian Affairs.

#### PETITIONS AND MEMORIALS.

Mr. JONES of Washington presented seven memorials of sundry citizens of Potlatch, Olympia, Arlington, and Skagit County, all in the State of Washington, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. TOWNSEND presented a resolution adopted at a recent meeting of the executive board of the Employers' Association, of Detroit, Mich., favoring the repeal of the so-called Adamson law, relative to railroad labor, etc., which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted at a meeting held July 26, 1921, of the National Council of Catholic Men, of St. Joseph's Parish, of Kalamazoo, Mich., protesting against methods employed by Senator THOMAS E. WATSON in his campaign against the Catholic Church, which was referred to the Committee on the Judiciary.

He also presented a memorandum in the nature of a petition from sundry organizations of Americans of Ukrainian ancestry and Ukrainians of Hamtramck, Mich., relative to alleged Polish atrocities and persecutions in East Galicia, pray-

ing that the Government of the United States immediately appoint a special commission to investigate the conditions in East Galicia, and that, as one of the sovereigns of East Galicia, the Government of the United States demand that the Poles evacuate that territory without delay, which was referred to the Committee on Foreign Relations.

Mr. WILLIS presented a resolution adopted at a regular meeting held July 17, 1921, of Columbiana County Council, American Legion, of Salineville, Ohio, favoring the early granting of adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

He also presented a telegram in the nature of a petition from the Fairfield Quarterly Meeting, Society of Friends, at New Vienna, Ohio, praying for the enactment of legislation providing supplemental prohibition regulations, which was ordered to lie on the table.

Mr. LADD presented resolutions severally adopted by the North Dakota Women's Nonpartisan Clubs, of Rocklake, Cummings, and Sheldon, all in the State of North Dakota, favoring world disarmament and the reduction of Army and Navy appropriations, which were referred to the Committee on Foreign Relations.

He also presented five letters in the nature of petitions of sundry citizens of Foxholm and Minot, both in the State of North Dakota, praying for the passage of the so-called Norris resolution relative to Ireland, which were referred to the Committee on Foreign Relations.

#### REPORT OF COMMITTEE ON MILITARY AFFAIRS.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 2333) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920, reported it without amendment and submitted a report (No. 241) thereon.

#### BILL INTRODUCED.

Mr. TOWNSEND introduced a bill (S. 2337) to amend the transportation act, 1920, and for other purposes, which was read twice by its title and referred to the Committee on Interstate Commerce.

#### AMENDMENTS TO TARIFF BILL.

Mr. JOHNSON and Mr. LADD each submitted two amendments intended to be proposed by them to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

Mr. BURSUM submitted an amendment intended to be proposed by him to House bill 7456, the tariff bill, which was referred to the Committee on Finance and ordered to be printed.

#### TARIFF DUTY ON COTTON.

Mr. ASHURST. Mr. President, I submit an amendment intended to be proposed by me to House bill 7456, the tariff bill, and ask that the same be read and referred to the Committee on Finance.

The amendment was read, referred to the Committee on Finance, and ordered to be printed, as follows:

On page 103, between lines 16 and 17, under schedule 9, insert a new paragraph, as follows:

"Cotton having a staple of 1½ inches or more in length, 20 cents per pound."

And on page 184, paragraph 1557, line 17, after the word "cotton," insert the words "not specially provided for."

#### HEALTH AND FOOD CONDITIONS IN THE SOUTH.

Mr. McKELLAR. Mr. President, I present a letter from Dr. Olin West, secretary of the Tennessee State Board of Health, on the pellagra situation in my State and ask unanimous consent that it may be inserted in the Record. This letter is conclusive as to the facts in reference to this situation in my State. No man is more familiar with it than Dr. West and no man is more accurate in stating it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

STATE OF TENNESSEE,  
STATE BOARD OF HEALTH,  
Nashville, July 30, 1921.

HON. KENNETH MCKELLAR,  
United States Senate, Washington, D. C.

MY DEAR MR. MCKELLAR: When I received your telegram of Wednesday asking for information relative to the prevalence of pellagra in Tennessee I had already made some especial investigations, and replied to your telegram on the basis of results ascertained, as well as on the basis of monthly reports from health officers throughout the State and death returns as re-



corded in our division of vital statistics. When your wire came I had already mailed out a special questionnaire to all local and county health officers seeking new and specific information concerning pellagra incidence in the State. Numerous replies have now been received and the information contained in these replies is entirely in keeping with the facts stated in my telegram to you. Shelby County is the only county in the State reporting any unusual amount of pellagra, and I am strongly of the opinion that my report from that county takes into consideration only the increase in July over previous months in the current year rather than comparative figures for this July and the same month in previous years. In other words, I think the Shelby County report refers only to the increase of July over June, May, and April, 1921, which increase is to be expected.

I have no doubt at all but that 1921 will show an increased incidence of pellagra over 1920, which was the "low" year for the State since we have known the disease in Tennessee. I also believe that 1921 will show increased incidence rates for several communicable diseases. There can be no argument as to the influence of "hard times" in producing high morbidity and mortality rates, and undoubtedly our State, with all others, is passing through a period of financial and industrial stress. The health officer who has not anticipated a greater pellagra incidence in this year than last is, to say the least, a short-sighted sort of person. But there is no famine, no "semi-famine," and no overwhelming wave of pellagra in Tennessee. More than that, there never has been and, in my opinion, there is never going to be any famine in Tennessee. If those who are so terribly uneasy about us could have ridden with me from Nashville to Petersburg yesterday afternoon and looked over the beautiful green pastures full of fat calves and steers and pigs, the splendid fields of black-green corn, the meadows covered with haycocks, the piles of cut seed clover, and the thousands of yellow-legged chickens that were in evidence all along the way, and then could have seen the splendid crowd of good, old-fashioned Tennessee Americans, whose faces were glowing with health and contentment, that had gathered in a great splendid, modern, new school building to try to learn more as to what they can do toward conserving the public health in their good community and in their good State, I think all fear of famine or even "semifamine" in Tennessee would have been forever banished from their minds. Come on down and get a real old-time square meal three times every day for as many days as you want to stay and bring some of the fearful with you, so that they may see how Tennessee goes about heading off famine.

Incidentally, if Congress will do something to stabilize the markets for farm products and to reasonably reduce the excessive take-outs of the "middleman," old Tennessee will put her full share of beef and pork and poultry and milk and a lot of other good things of the necessities of life within the reach of the people of our less fortunate sister States north of Mason and Dixon's line.

I will be in Washington on August 4 to attend the conference of Southern State health officers with the Surgeon General, and hope to see you while there.

With my sincere good wishes, I am,  
Very truly, yours,

OLIN WEST, *Secretary.*

#### JOINT COMMITTEE ON REORGANIZATION.

Mr. SMOOT. Mr. President, the Senator from Wisconsin [Mr. LA FOLLETTE] being absent from the Chamber at the moment, I ask unanimous consent for the present consideration of Senate resolution 109, to provide for payment of the expenses of Joint Committee on the Reorganization of the Administrative Branch of the Government out of the contingent fund. This is for the purpose of paying the employees of the Joint Committee on Reorganization.

Mr. HARRISON. May I say to the Senator that there will be a little discussion on that proposition.

Mr. SMOOT. Then I shall not ask for the consideration of the resolution at present. I simply wish to say to the Senator that the resolution has been on the calendar for some time. I really thought there was a joint resolution which had passed the House and Senate providing for these employees, but I was mistaken. This resolution should be passed, because the employees can not receive any compensation from the day they entered the service until this resolution is passed.

Mr. HARRISON. I did not make the statement with a view of showing any opposition to the resolution. I may be for it; I think I am for it; but I wish to look into it and I shall wish

to make some remarks touching it. I shall be very glad if the Senator will bring it up later, even this afternoon.

Mr. SMOOT. I withdraw the request, on the suggestion of the Senator from Mississippi.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. HARRISON. Mr. President, I desire to offer an amendment to the committee substitute for the pending unfinished business.

The PRESIDING OFFICER. The amendment to the amendment will be reported.

The ASSISTANT SECRETARY. Amendment proposed to the committee substitute for Senate bill 1915, the unfinished business:

On page 6, after line 21, insert the following new section:

SEC. 25. (a) The corporation shall have power and is authorized and directed, upon request therefor by the Federal Farm Loan Board, created by the Federal farm loan act, approved July 17, 1916, as amended, to make advances to Federal land banks, at a rate of interest not exceeding the rate of interest charged by Federal land banks for loans under the provisions of such Federal farm loan act, as amended, and to accept as security therefor farm-loan bonds issued by such Federal land banks maturing within five years of the date of issue, or to purchase such bonds from the capital, earnings, reserve fund, or other assets of such corporation to the amount of \$100,000,000 during the calendar year ending December 31, 1921, and \$100,000,000 during the calendar year ending December 31, 1922.

(b) Every Federal land bank shall have power, subject to the provisions, limitations, and requirements of the Federal farm loan act, approved July 17, 1916, as amended, and of this section, to receive and pay interest upon such advances, to issue farm-loan bonds as security therefor, to issue and sell farm-loan bonds, to buy the same for its own account at any time, and to retire any or all of such bonds at or before maturity.

Mr. McNARY. Mr. President, may I ask the point of the insertion of the proposed amendment to the amendment in the nature of a substitute? I did not understand it as stated by the Secretary.

The PRESIDING OFFICER. The Secretary will state the point where it is proposed to insert the amendment to the proposed amendment.

The ASSISTANT SECRETARY. On page 6, after line 21, insert a new section.

#### BRITISH INFLUENCE IN SHIPPING BOARD.

Mr. LA FOLLETTE resumed the speech begun by him on Friday last on British influence in the Shipping Board. After having spoken for about three hours,

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from Wisconsin yield to the Senator from Oregon?

Mr. LA FOLLETTE. I yield.

Mr. McNARY. I wish to ask the Senator from Wisconsin to yield long enough for me to submit a proposed unanimous-consent agreement to vote on the pending bill to-morrow.

Mr. LA FOLLETTE. I am a bit weary, and I shall be glad to yield the floor for the day. I shall not be able to conclude what I have to say if the Senate should adjourn or take a recess at its usual time to-night. If agreeable, I shall be very glad to yield the floor for the day.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

The PRESIDING OFFICER. The Senator from Oregon [Mr. McNARY] submits a unanimous-consent request, which the Secretary will read.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 4 p. m. on the calendar day of Tuesday, August 2, 1921, the Senate will proceed to vote, without further debate, upon any amendment that may be pending, any amendment that may be offered, and upon the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, through the regular parliamentary stages to its final disposition; and that after the hour of 3 o'clock p. m. on said calendar day, no Senator shall speak more than once or longer than five minutes upon the bill, or more than once or longer than five minutes upon any amendment offered thereto.

Mr. McKELLAR. I ask the Senator from Oregon if a call for a quorum is not required before the agreement can be entered into?

Mr. McNARY. I will say to the Senator from Tennessee that I understand it does.

Mr. HARRISON. Mr. President, before a quorum is called may I suggest that the Senator from Wisconsin [Mr. LA FOLLETTE] has not finished his speech, which he will probably do

to-morrow. The proposed unanimous-consent agreement calls for a closing of all debate at 3 o'clock to-morrow afternoon. In view of the fact that the Senator from Wisconsin has not finished his speech would it not be advisable to put off the time a little?

Mr. SMITH. May I suggest that instead of meeting at 12 o'clock to-morrow, if we should get the unanimous consent agreement, we meet at 11 o'clock?

Mr. McKELLAR. But if the time is to be taken up to-morrow by the Senator from Wisconsin, some of us who may desire to have something to say on the pending bill would not have the opportunity. I hope some arrangement may be made by which either the Senator from Wisconsin may continue his speech day after to-morrow or we may have sufficient time to-morrow. I think we ought to vote on the bill as soon as possible.

Mr. McNARY. I quite agree with the suggestion of the Senator from Tennessee, but on inquiry of the Senator from Wisconsin, I am informed that he thinks he can conclude within an hour or an hour and a half to-morrow.

Mr. SMITH. May I suggest that we might be able to fix the hour for a final vote on the bill at such a time to-morrow that the Senator from Wisconsin would be able to finish after the vote was taken? Let me suggest that if we meet at 11 o'clock we might be able to vote at half past two. I have not been advised of any lengthy speech that anyone desires to make on the pending bill. It is a measure of such vital importance that I am quite sure, so far as I am informed, it will not take longer than the time I have indicated.

Mr. MOSES. If Wednesday is fixed as the day for taking the vote by the unanimous-consent agreement, everybody can be accommodated, and then the Senator from Wisconsin may have as much time as he desires to-morrow to finish his interesting remarks on the very great subject he has been discussing. Then all those on this side of the Chamber who wish to discuss the unfinished business will have plenty of time.

Mr. SMITH. Does the Senator from New Hampshire understand the proposition I have made?

Mr. MOSES. The Senator suggests that the Senate meet an hour earlier to-morrow.

Mr. SMITH. If we were to meet at 11 o'clock we could conclude our debate say at 2 o'clock. That would leave three hours, and I am quite sure that is sufficient time. Then when the voting has been concluded the Senator from Wisconsin would have the balance of the afternoon to finish his remarks, or we could use the time for any other business we might desire to take up.

Mr. BRANDEGEE. Mr. President, I think I shall object. If we could have all day to-morrow on the bill in aid of farmers I would have no objection, but it is impossible to tell how much debate there will be on other questions. The Senator from Wisconsin [Mr. LA FOLLETTE] will have an hour or two, and it does not give sufficient time. I will state the reason for my objection. No one can tell what amendments or substitutes are going to be offered to the bill, and for that reason I think if we should have a new proposition offered as a substitute there would not be sufficient time for a proper consideration of it.

Mr. SMITH. May I inquire of the Senator if he knows of any substitute that will be offered?

Mr. BRANDEGEE. No; I do not, but I have seen under similar conditions substitutes offered when there was no time available for explaining the substitute. I have seen an entirely different bill offered as an amendment in the nature of a substitute to a pending bill that Senators thought was going through in the form it had been presented. I do not like to get caught in a trap; that is all.

Mr. SIMMONS. I suggest to the Senator from Oregon that he change the time to August 3, Wednesday.

Mr. McNARY. I had it in mind to suggest Wednesday at 2 o'clock.

Mr. HEFLIN. Mr. President, I wish to suggest to Senators that it is very necessary to get the bill passed in this body at the earliest hour possible. We are anxious to have the House consider it immediately. It is a very important measure; it means a great deal just now to the farmers of the South and the West. If it is possible to reach an agreement to vote on it to-morrow, I would be glad to have that done.

Mr. BRANDEGEE. That is impossible, so far as I am concerned. I shall have to object to any hour to-morrow.

Mr. LA FOLLETTE. Mr. President, I am inclined to object from this time on to any unanimous-consent agreement that terminates the debate at a fixed and definite time. I have sought an opportunity to speak on important matters that

have been controlled by agreements of that sort, the last two or three agreements in particular, and I could get no recognition from the Chair simply because I would not go up in advance and bargain for a place upon a list to be controlled by an agreement in violation of the rule.

I think that the unanimous-consent agreement under which the Senate disposed of the packers' bill is the form of unanimous-consent agreement that the Senate ought to adopt instead of this plan of cutting off debate and then allowing the order of the speakers to be manipulated by some one from the floor. That plan was just this, that at a certain time all extended speeches should stop and thereafter speeches should be confined to a period not exceeding five minutes. I think that should be, perhaps, 10 minutes. That would end the debate in a reasonable time.

Mr. HEFLIN. The plan proposed by the Senator from Oregon is five minutes.

Mr. McNARY. That is the plan of the unanimous-consent agreement which I have suggested.

Mr. JONES of Washington. Is it not true that after 4 o'clock there would be no debate at all?

Mr. McNARY. After 3 o'clock there is to be no debate.

Mr. LA FOLLETTE. That is different from the agreement to which I have referred.

Mr. McNARY. The difference, I think, is that the one I have proposed is limited to one hour while the one to which the Senator from Wisconsin refers is unlimited.

Mr. LA FOLLETTE. I should like to suggest to the Senate that form of agreement, except that debate, I think, is a little bit restricted, but we can always pass measures within a decent time by agreement to limit our speeches to 10 minutes after the general debate has proceeded for a certain length, so that the subject has been pretty thoroughly discussed. Then we will never be confronted with the advantage of one side absorbing the last two or three hours in debate upon that side, and furthermore we will not have some amendment proposed which has to be voted upon without being explained or understood.

Mr. McNARY. I suggest that the Secretary read the form referred to by the Senator from Wisconsin. Personally I do not think I have any objection to it, as I recall it.

The PRESIDING OFFICER. The Secretary will read the unanimous-consent agreement referred to by the Senator from Wisconsin.

The ASSISTANT SECRETARY. The form of agreement made in that case was as follows:

It is agreed by unanimous consent that on the calendar days of Wednesday, June 15, and Thursday, June 16, 1921, the Senate will meet at 11 o'clock a. m.; that immediately upon assembling on the last-named calendar day the Senate will proceed to the consideration of the bill S. 6320, an act to regulate interstate and foreign commerce in live stock; and that after the hour of 1 o'clock p. m. on the said last-named calendar day, Thursday, June 16, no Senator shall speak more than once or longer than five minutes upon the bill or any amendment offered thereto.

Mr. LA FOLLETTE. The latter part of it is the important part. The earlier part just applied to that particular situation.

Mr. McNARY. I suggest that the time be fixed for Wednesday, the 3d of August, after 2 o'clock—

Mr. CURTIS. And that after 2 o'clock the debate shall be limited to 10 minutes?

Mr. McNARY. That the debate shall be limited to five minutes.

Mr. LA FOLLETTE. I will ask the Senator to make it 10 minutes. I have not had any opportunity to take part in the discussion of the bill, and I think I might care to do so.

Mr. McNARY. Very well; after 2 o'clock let the debate be limited to 10 minutes on the bill and amendments.

Mr. TRAMMELL. I should like to have the proposed unanimous-consent agreement in its pending form read.

Mr. SIMMONS. I will ask the Senator from Oregon if the proposed unanimous-consent agreement provides that the Senate shall meet at 11 o'clock on Wednesday?

Mr. McNARY. I think that perhaps 12 o'clock would be the better hour.

Mr. SMOOT. Mr. President, there are a number of very important measures now before committees which are meeting every day, and to meet at 11 o'clock will not hasten the passage of the bill.

Mr. SIMMONS. May we not at least have a gentlemen's agreement that we shall recess instead of taking an adjournment?

Mr. McNARY. Yes.

Mr. SMITH. May I inquire of the Senator having this measure in charge if he intends to-morrow, immediately upon the conclusion of the speech of the Senator from Wisconsin [Mr. LA FOLLETTE], to have this matter taken up, so that whatever



time remains to-morrow may be consumed in the discussion and perfection of the measure?

Mr. McNARY. Yes; and then to recess over until Wednesday.

Mr. SMITH. And also that the measure shall be under discussion on Wednesday until finally disposed of?

Mr. McNARY. Yes.

Mr. BRANDEGEE. Mr. President, as to the last unanimous-consent agreement into which the Senate entered we got into trouble. There was an understanding on the part of those who agreed to it, as I no doubt suppose it is the understanding of Senators who may be about to agree to the pending request, that the subject matter of the agreement should be held before the Senate to the exclusion of other business until it was finally acted upon; but after the unanimous-consent agreement was entered into, on that understanding, the Senate deliberately proceeded to the consideration of another bill, and the bill which we had unanimously agreed to vote upon, though technically before the Senate, was displaced by the other bill which was taken up. So we were called upon to vote on a measure upon which we had agreed to vote when all of the discussion was on the other bill, which was really before the Senate until the very minute that the vote was taken upon the bill as to which the unanimous-consent agreement had been made. Unless it may be made a part of the proposed unanimous-consent agreement in this instance that the bill in question shall be held before the Senate until it is finally disposed of, I shall object.

Mr. HEFLIN. Let us arrange to keep the bill before the Senate.

Mr. SMITH. I think that it is the intent of those who are interested in this proposed legislation that nothing else shall intervene until it shall have been finally disposed of.

Mr. BRANDEGEE. All I mean now to call attention to is that the agreement as at present framed does not provide that the farmers' relief bill shall be held before the Senate until it shall have been finally disposed of.

Mr. KENYON. But suppose no Senator wishes to speak on the bill?

Mr. BRANDEGEE. If no Senator wants to speak, I presume the vote could come upon the bill at any time, as the proposed agreement says not later than 2 o'clock.

Mr. CURTIS. I suggest to the Senator from Oregon [Mr. McNARY] that he agree that the bill may be kept before the Senate. The Senator can secure that end by demanding the regular order.

Mr. BRANDEGEE. I suggest that that be made a part of the unanimous-consent agreement.

Mr. McNARY. I am not so sure that may be done, but I have no objection to the suggestion of the Senator from Connecticut [Mr. BRANDEGEE] being made a part of the agreement.

Mr. BRANDEGEE. It will be impossible for the Senator from Oregon to keep the bill before the Senate, if the Senate does not want to have it kept before the body, unless that is a part of the unanimous-consent agreement. I assume the Secretary is preparing an amendment to the unanimous-consent agreement.

The PRESIDING OFFICER. Yes.

Mr. HEFLIN. If it is necessary in order to secure a unanimous-consent agreement that the suggestion of the Senator from Connecticut [Mr. BRANDEGEE] be embodied therein, I suggest to the Senator from Oregon that he accept the suggestion.

Mr. McNARY. I have accepted it.

The PRESIDING OFFICER. The Secretary will read the request for unanimous consent as now proposed to be modified.

The ASSISTANT SECRETARY. It is agreed, by unanimous consent, that at 4 o'clock p. m. the calendar day of August 3, 1921—

Mr. BRANDEGEE. Does the agreement read "at 4 o'clock"?

Mr. McNARY. I suggested 2 o'clock.

Mr. CURTIS. The Senator from Oregon suggested 2 o'clock.

Mr. McNARY. I suggested that it be "not later than 2 o'clock on Wednesday."

Mr. JONES of Washington. I wish to suggest that the Secretary take the agreement which was entered into with reference to the "packers bill," changing the name of the bill, and changing the dates so as to provide that at not later than 2 o'clock on Wednesday we shall proceed under the 10-minute rule.

Mr. SMOOT. Let the Secretary read the proposed unanimous-consent agreement.

The PRESIDING OFFICER. The Secretary will read as requested.

The ASSISTANT SECRETARY. It is agreed by unanimous consent that on the calendar day of Wednesday, August 3, 1921, the Senate will proceed to the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other pur-

poses; and that after the hour of 2 o'clock p. m. on said calendar day no Senator shall speak more than once or longer than 10 minutes upon the bill or any amendment offered thereto; and that until the final vote is taken upon the bill it shall be kept before the Senate to the exclusion of all other business.

Mr. BRANDEGEE. Does that mean that the bill shall be kept before the Senate from the time the proposed agreement is entered into or from the time that we proceed to the consideration of the bill, which is 2 o'clock on Wednesday?

Mr. McKELLAR. It ought to be from now on.

Mr. BRANDEGEE. That is what it ought to be.

Mr. SMITH. I suggest that the object we have in view is to proceed to the consideration of the bill to-morrow at the first opportunity. It might transpire that we would be ready to vote on the bill at some time to-morrow. If the proposed agreement could provide that at not later than 2 o'clock on Wednesday or at some other hour the limitation on debate shall be imposed, but not preclude taking the bill up to-morrow, that would be satisfactory.

Mr. CURTIS. Mr. President, I ask that the proposed unanimous-consent agreement be again stated.

The PRESIDING OFFICER. The Secretary will state the proposed agreement as now framed.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the Senate will proceed to the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, and that at not later than 2 o'clock—

Mr. STERLING. Mr. President—

Mr. CURTIS. That is all that I desire read. I understand the words "proceed to the consideration" to mean to proceed to the consideration of the bill on Wednesday. That is not what is desired. The proposition that is desired is to keep the bill before the Senate from now until it shall be disposed of.

Mr. STERLING. Mr. President, I think the Senator from Kansas has expressed the idea that I had in mind. If we enter into a unanimous-consent agreement to proceed "to the consideration of the bill," and so forth, it implies, it seems to me, that the bill is not now the unfinished business of the Senate. I understand it is expected to recess to-night and that we will go on with the unfinished business to-morrow. So it seems to me that the expression referred to is faulty and is not what the Senate means.

Mr. CURTIS. I suggest that the object in view would be attained if the agreement were made to read that on or before the time stated a vote shall be taken, but that after 2 o'clock on Wednesday the debate shall be limited to five minutes.

Mr. BROUSSARD. The Senators may want some time before the time fixed.

Mr. CURTIS. Then it is their duty to be here.

Mr. STERLING. It seems to me that a better form would be to say, "Continue the consideration of Senate bill 1915 until disposed of, and that after 2 o'clock on Wednesday the debate shall be limited," and so forth.

Mr. SMITH. At not later than 2 o'clock.

Mr. STERLING. That after that hour speeches shall be limited.

Mr. MCCORMICK. Mr. President, It might be well to have the form of the proposed agreement again stated.

Mr. BRANDEGEE. I think that the idea sought to be conveyed would be arrived at by some such language as this: That the consideration of the pending bill be continued to the exclusion of all other business to its final passage, and that after the hour of 2 o'clock on Wednesday, August 3, no Senator shall speak more than 10 minutes on the bill or any amendment thereto, the usual language being employed as to that limitation.

Mr. HEFLIN. I think that would cover it.

Mr. McNARY. Mr. President, there are several ways of wording the proposed agreement. I think its meaning is understood, and I should like to have the Secretary read the proposed agreement as it has now been framed.

The PRESIDING OFFICER. The Secretary will read as requested.

The Assistant Secretary read as follows:

It is agreed, by unanimous consent, that the consideration of the pending bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, shall be continued to the exclusion of all other business, and that after the hour of 2 o'clock p. m. on the calendar day of Wednesday, August 3, 1921, no Senator shall speak more than once or longer than 10 minutes on the bill or any amendment offered thereto.

Mr. LENROOT. Mr. President, I desire to ask the Senator from Connecticut what the present state of the rule is with reference to whether a unanimous-consent agreement may be changed by another unanimous-consent agreement?

Mr. BRANDEGEE. I was under the impression, Mr. President, that at the last session of the Senate the rule had been changed so that a unanimous-consent agreement could be changed by another unanimous-consent agreement, but I am not sure enough of it to answer positively.

Mr. LENROOT. Then, I suggest inserting the words "except by unanimous consent."

Mr. HEFLIN. Under the proposed unanimous-consent agreement, if debate should be exhausted, could we vote before 2 o'clock on Wednesday?

Mr. BRANDEGEE. I said not later than 2 o'clock; it could be voted on earlier, in my opinion.

Mr. McNARY. I think the suggestion of the Senator from Wisconsin should be incorporated in the unanimous-consent agreement. Then, if the proposed agreement is tentatively satisfactory, I suggest the absence of a quorum.

Mr. McCORMICK. Mr. President, before the roll is called, what profit is there in incorporating in the agreement the amendment suggested by the Senator from Wisconsin? If we once agree by unanimous consent to vote, it is certain that some Senator will make an objection in case it is attempted to change that agreement.

Mr. LENROOT. All that I had in mind was that we might have some business to take up which could be disposed of in a moment, like a conference report, and so forth.

Mr. SMITH. Mr. President, may I inquire if the words "not later than 2 o'clock" appear in the agreement?

The PRESIDING OFFICER. They do now.

Mr. SMITH. So, that in case debate was exhausted, and we desired to reach a vote earlier than 2 o'clock, we might do so?

The PRESIDING OFFICER. Yes.

Mr. McNARY. Mr. President, I ask that the Chair submit the unanimous-consent agreement to the Senate.

Mr. HARRISON. Mr. President, a parliamentary inquiry. Ordinarily a roll call would be necessary in asking for unanimous consent, but this unanimous-consent agreement does not go to a final vote upon the bill. Consequently, I take it that it does not require a quorum. Is that the ruling of the Chair?

The PRESIDING OFFICER. That is the ruling of the Chair. Is there objection to the proposed unanimous-consent agreement?

Mr. LENROOT. Mr. President, let it be stated.

Mr. LA FOLLETTE. Let us hear the thing read.

The PRESIDING OFFICER. At the request of the Senator from Wisconsin, the Secretary will state the proposed unanimous-consent agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the consideration of the pending bill, S. 1915, a bill to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, shall be continued to the exclusion of all other business, and that at not later than 2 o'clock p. m. on the calendar day of Wednesday, August 3, 1921, no Senator shall speak more than once or longer than 10 minutes upon the bill or any amendment offered thereto.

Mr. LENROOT. Mr. President, in that form the Senate could not receive a message from the President of the United States nor a message from the House of Representatives.

Mr. NELSON. Mr. President, I suggest, instead of the phrase submitted by the Senator from Wisconsin, that we use the words that it shall remain the unfinished business until that time. That would leave it in the same situation that we have always had it before, and by unanimous consent we could lay aside the unfinished business.

The PRESIDING OFFICER. That can be done anyhow, and it always has been done.

Mr. NELSON. I suggest that amendment. Then we would not be handicapped as the Senator from Wisconsin has intimated.

Mr. McNARY. I accept that change and ask unanimous consent that the agreement be adopted.

Mr. JONES of Washington. Mr. President, I suggest that the language the Secretary read about the time of the beginning of the 10-minute speeches should be that after 2 o'clock on Wednesday no speech shall be more than 10 minutes. The Secretary read it "that at not later than 2 o'clock on Wednesday" speeches should be limited to 10 minutes. That does not sound just right. It ought to be "that after 2 o'clock on Wednesday" no Senator shall speak more than 10 minutes.

The PRESIDING OFFICER. The Senator from Connecticut pointed that out.

The ASSISTANT SECRETARY. Strike out the words "at not later than" and insert the word "after."

Mr. BROUSSARD. Mr. President, may I inquire whether, under that unanimous-consent agreement, any other bill may be discussed except by unanimous consent?

Mr. BRANDEGEE. It can be discussed, but not taken up.

Mr. BROUSSARD. I mean taken up.

Mr. LA FOLLETTE. No; no other bill can be taken up.

Mr. McNARY. Mr. President, I ask that the unanimous-consent agreement as it has been reported may be submitted to the Senate.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is entered into.

#### ORDER OF BUSINESS.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

Mr. NELSON. Mr. President, will the Senator yield to me to make a report? I ask unanimous consent to make the following report from the Committee on the Judiciary—

The PRESIDING OFFICER. That would violate the unanimous-consent agreement.

Mr. JONES of Washington. I do not understand that we can do any of this business from now on.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. HARRISON. Am I recognized?

The PRESIDING OFFICER. Yes.

Mr. HARRISON. Mr. President, this morning—

Mr. CURTIS. Does the Senator want to make a speech?

Mr. TOWNSEND. I thought we were going into executive session.

Mr. HARRISON. I understand that I have the floor.

Mr. CURTIS. I had the floor, but had yielded—

The PRESIDING OFFICER. The Senator from Kansas had the floor, and yielded to the Senator.

Mr. CURTIS. If the Senator desires to make a speech, I am willing to yield the floor, and will renew the motion later on.

Mr. HARRISON. Mr. President, this morning the Senator from Utah [Mr. Smoot] called up a resolution that he desired passed to-day. I asked him to hold it for a while, because I desired to make a few remarks on it—not any extended remarks at all. He said it was very urgent that this resolution should be passed soon, in order to pay the employees of the Joint Committee on Reorganization. I thought perhaps this might be a very good time for the Senator to press his resolution, if he desires to do so. I am opposed to it. I merely desire to discuss briefly, for the enlightenment of the Senate, a matter connected with it. Can I proceed?

Mr. SMOOT. I will say to the Senator that I should like to do it, but I can not do it under the unanimous-consent agreement.

Mr. TOWNSEND. Mr. President, is it true—I did not so understand it—that under the ruling of the Chair I can not get unanimous consent to introduce a matter for printing in the Record?

Mr. JONES of Washington. I ask for the regular order.

Mr. CURTIS. I insist upon my motion that the Senate proceed to the consideration of executive business.

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

Mr. HARRISON. I withhold my suggestion for a moment.

Mr. LENROOT. Mr. President, I think this unanimous-consent agreement was entered into under a misapprehension. I certainly thought the words "exclusion of all other business" were changed to read "unfinished business." I am now informed that that is not the case. If it is not, we can not have an executive session; we can do nothing.

Mr. SMOOT. That refers to legislative business. It has always been held in the past that a unanimous-consent agreement does not interfere with an executive session.

Mr. CURTIS. If the Senator from Mississippi desires to make a speech I will withhold my motion for the present.

#### PROPOSED DEPARTMENT OF PUBLIC WELFARE.

Mr. HARRISON. Mr. President, I only desire to say that in yesterday's Washington Post there appeared an article headed, in big type: "Acts to unite War and Navy and form new department—Walter F. Brown announces Reorganization Committee has agreed to recommend creation of Cabinet place for public welfare—National defense to combine war services.—By Constance Drexel."

The person who wrote this article purports to have interviewed Mr. Walter F. Brown. The article says:

In many respects one of the most radical changes ever proposed by a national Government for its executive departments will soon be announced. Information obtained yesterday from Walter F. Brown, chairman of the congressional committee on reorganization, disclosed the fact that public welfare influence will be increased. It will be proposed to combine the War and Navy Departments into one, and add a department of public welfare. While there have been rumors to this effect, yesterday was the first time Mr.



Brown authorized the statement that this recommendation is to be made in the report his committee is preparing. This is of particular interest to women.

It goes along, Mr. President, to say that this is the act of the congressional committee.

The President's Cabinet, in the new order, would be made up of the same number of departments as at present, one being taken away and one added. Such a proposal to emphasize public-welfare measures should in the nature of things win the hearty approval of women. The committee hopes to have the report ready next month.

#### CABINET ACTIVELY COOPERATING.

As outlined by Mr. Brown, the job of weeding out the duplications and centralizing each function of the Government into one executive department, instead of having them spread through several, has been tremendous. But the committee, made up of three Senators and three Representatives, besides Mr. Brown, who represents the President, has not worked alone. The active cooperation of the Cabinet has been secured.

The report will represent the combined judgment of the Cabinet, bureau chiefs, and the committee. Mr. Brown also said he had consulted with experts of national research associations. It is proposed to have public hearings before the report is submitted to Congress.

Congress will be expected to enact legislation making possible the changes in the executive branches of the Government which will be recommended.

The most radical and far-reaching step proposed is the consolidation of the War and Navy Departments into one department in the cabinet of national defense, and the creation of a department of public welfare. Instead of a Secretary of War and Secretary of Navy, there would be a secretary of national defense, with an undersecretary for the Army and one for the Navy.

The public welfare department would have four divisions as now envisaged—education, public health, social service, and veterans' care—with an undersecretary for each. Education would be moved from the Department of the Interior, public health from the Treasury, social service would be new, and veterans' care would come over mostly from the Treasury, where it functions under war risk, vocational training, etc.

#### TENDS TOWARD ECONOMY.

Though social service, if included, is a new division, it would include no new function, as it would be largely made up of the Children's Bureau, transferred from the Department of Labor. The only added function envisaged is administration by the Children's Bureau of the Sheppard-Towner bill for the protection of maternity and infancy. Outside of the small appropriation for this purpose (less than \$1,500,000), the proposed reorganization of the Government will call for no greater outlay of funds but will tend in the way of economy because of the centralization of various activities.

There has been talk of changing the Department of the Interior into one of public works. But Mr. Brown said the present plan is to have two divisions in the Department of the Interior, taking care of its two major operations, one of public domain and one for public works.

As already stated, the Bureau of Education would be transferred as one of the divisions of the department of public welfare, where, with an undersecretary of its own, education would be assured of a far greater influence in the National Government than it has ever enjoyed.

Mr. President, I desire to say, in connection with the resolution that was called up to-day by the Senator from Utah, and to which I have no objection—it proposes to pay the salaries of these employees out of the contingent fund of the Senate—that I think it would have been much better if these employees had been paid out of the Treasury, instead of paying them out of the Senate contingent fund and out of the House contingent fund; but, be that as it may, these employees should be paid. They are worthy of their hire.

Mr. Brown evidently has done some very splendid work in connection with this reorganization committee and as chairman of it. He is a very splendid, energetic, and able man. The Senate will recall that some months ago, after the Congress had passed a resolution to the effect that three Members of the Senate and three Members of the House were to comprise the joint committee on reorganization, the President was of the opinion that he should have a representative on this committee, and we amended that law accordingly. When we passed the amendment to the original resolution, it was understood, I thought, and no doubt the Senate was led to believe, that Mr. Brown was not to be chairman of this reorganization committee but was merely to be appointed as the personal representative of the President and to cooperate with the Senators and the House Members on the committee in doing this work. But at the first meeting of the committee—the meeting when the organization was perfected—Mr. Brown was elected chairman of the committee. That is, however, history now. We had a very splendid meeting, and out of the fullness of the heart of the Senator from Utah and the senior Senator from New York [Mr. WADSWORTH] they supported Mr. Brown for chairman. My friend from the House [Mr. MOORE of Virginia] and I supported the Senator from Utah for the chairmanship.

I thought that he should be chairman of the committee because he had worked diligently and long in this work and understood it, as I thought; and then, too, I believed that the members of this committee should be responsible to Congress. A person appointed on the committee that was not a Member of the House nor a Member of the Senate was not responsible to the Senate or to the House, and it made no difference what he might do, they could not call him to account; so I did not be-

lieve that it was a wise policy to make Mr. Brown chairman of the committee. He is chairman of the committee; but these statements that have gone to the country that this committee, after weeks of investigation, have agreed upon a report and a recommendation to Congress that the Army and Navy shall be combined into one, and that four or five other bureaus shall be put together in a public-welfare department, and that many other changes are to be wrought is all wrong. It is misleading. It is not a fact. The Senator from Utah [Mr. SMOOT] will bear me out in that statement. There is no justification for that article. If Mr. Brown made the statement that this committee has come to any conclusion like that, he is under a wrong impression. I can hardly believe he made any such statement, certainly there is some mistake somewhere if he did; I do not know why he made it, because the committee, as the Senator from Utah who now sits before me knows, for two months has had no meeting.

Not a witness has appeared before the committee. The work before it has not been considered by the committee. We have made no recommendation, nor have we given any consideration as a body to what will be done; so it is merely to strangle a wrong impression that might go to the country, as embodied in the article which I have read and in other articles, that I now speak in this connection, Mr. President. It is not, Mr. President, to criticize anything or anybody. I have a very high opinion of Mr. Brown, and a deep conviction that his work in the end will prove beneficial to the country. But there is no use for such reports as this to be circulated at this time. The committee as a committee has yet done none of the things claimed for it in that report. Its recommendations are yet to be formed and made. Indeed, I doubt if a single member is at this time ready to vote on any of the recommendations named in the article.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. Certainly.

Mr. KING. I hope that the Senator can also state that this committee has not agreed to the creation of a new department. I can assure him, speaking for myself, and I think some other Senators, that there will be a great deal of opposition to the creation of another department at the present time.

Mr. HARRISON. This committee has agreed to nothing. It has not considered these big questions yet, and no one is justified in making a statement that these recommendations are coming to Congress.

As one member of the committee, I do not know whether I am for these recommendations or not. As one member of the committee, I am for every economy, for every coordination of the bureaus of the Government that will effect a saving for the taxpayers of the country. These questions as yet, however, have not been considered, and naturally no conclusion has thus far been formed.

Mr. President, one other statement: Some weeks ago, on June 14, there appeared in the press throughout the country, under big headlines, the following:

OPPOSITION TO UNITED STATES REORGANIZATION TO BRING DISMISSALS—  
PRESIDENT AND CABINET DECIDE TO WARN EMPLOYEES THEY MUST NOT  
INTERFERE—PROPAGANDA CIRCULATED AGAINST BUREAU CHANGES—  
WORKERS TO BE TOLD THEY WILL HAVE OPPORTUNITY TO LEAVE, BUT  
MUST GO IF THEY PERSIST.

Government employees who actively oppose the administration's Government reorganization plan will be dismissed, the President and his Cabinet decided to-day. The decision was said to have resulted from activities of some employees in spreading propaganda against the reorganization policy.

#### MADE KNOWN AT WHITE HOUSE.

This was made known at the White House to-day following the meeting of the Cabinet, and directions were then given to department heads to carry out this instruction of the administration.

Mr. President, I desire to say this: If there are any persons in the Government service, be they heads of departments or not, who have information touching the coordination of bureaus, the saving of expenses by keeping intact these bureaus as they exist now, and who desire to give our committee that information, they should be permitted to do so. As one member of the committee, I am opposed to gagging any chief or the head of any bureau in this matter. I want them to feel perfectly free to come to at least one member of this committee and give me the facts, and because of their long experience and their training their information shall receive at my hands full consideration; and I believe that is the feeling every member of the committee has in this matter.

What we want to do is to make a thorough job of it and not make statements for the newspapers that we have done things until we have accomplished something. No one has worked



harder than the Senator from Utah [Mr. Smoot], and I have never heard of him giving interviews for the papers saying he has done something when the thing has not been done. So we can accomplish much more if we will stay out of the papers in regard to this reorganization business until the work is accomplished, when we can report to Congress our work and then thoroughly discuss our recommendations. I shall cooperate to the limit and in every way in effecting economy in the Government's work, but I can not sit silent when recommendations are imputed to me and other members of the committee when the facts are different.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. BRANDEGEE. Mr. President, may we have the Secretary read the unanimous-consent agreement as it is now?

The PRESIDING OFFICER. The Secretary will read the agreement.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the consideration of the pending bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, shall be continued to the exclusion of all other business, and that after 2 o'clock p. m. on the calendar day of Wednesday, August 3, 1921, no Senator shall speak more than once or longer than 10 minutes upon the bill or any amendment offered thereto.

Mr. BRANDEGEE. Since the unanimous-consent agreement was entered into I have looked up the new rule, on the top of page 17 of the Manual, which provides that a unanimous-consent agreement may be changed by another unanimous consent upon a day's notice. Therefore, to provide for any emergency, as suggested by the Senator from Wisconsin, I now give notice that to-morrow I shall ask unanimous consent that the present agreement be modified by inserting after the words "to the exclusion of all other business" the words "except by unanimous consent."

Mr. LENROOT. May I suggest that the whole thing can be disposed of immediately by asking that this unanimous-consent agreement be set aside, so that we can make a new one?

Mr. BRANDEGEE. But a day's notice has to be given.

Mr. LENROOT. Not to set it aside.

Mr. BRANDEGEE. The rule says it can be set aside by another unanimous-consent agreement upon one day's notice.

Mr. LENROOT. But the previous rulings were that it could be changed, set aside, or wiped out, by unanimous consent.

Mr. BRANDEGEE. I have no objection in the world to entering into a unanimous-consent agreement to set this one aside and make a new one if the Senate thinks it can do it.

Mr. LENROOT. The Senator has given a day's notice?

Mr. BRANDEGEE. I have done that, but I am not asking that the agreement shall be set aside and a new one entered into.

#### PROPOSED DEPARTMENT OF PUBLIC WELFARE.

Mr. SMOOT. Mr. President, I wish to refer just a moment to the remarks made by the Senator from Mississippi [Mr. Harrison]. I am quite sure that Mr. Walter F. Brown, the chairman of the Joint Committee on Reorganization, never made the statement that is attributed to him in that paper. I saw him day before yesterday, before he left for Toledo, Ohio, and called his attention to that matter. The writer of the article has included that part referring to the Joint Committee on Reorganization without any authorization on the part of Mr. Brown.

It is true, as the Senator from Mississippi has said, that the committee has not held a meeting for nearly two months. I want to say, however, that that is the committee's fault, and not Mr. Brown's, because at the last meeting Mr. Brown, the chairman, was authorized by the committee to prepare a complete diagram of the changes that he and the administration had in mind, and as soon as that diagram was completed a meeting was to be called by Mr. Brown of the committee, and then the committee was to take up the question as to whether they would agree to the proposition in whole or in part, or disagree to it all.

For the information of the Senate I wish to say that Mr. Brown told me day before yesterday, at the conference to which I have already referred, that it would be perhaps a couple of weeks longer before that tentative plan would be ready to submit to the committee. The very first day it is ready, Mr. Brown said, he would call the committee together, and when the committee is called together then the committee will pass upon the plan as submitted. The committee may not agree to a single proposition that is brought to it by Mr. Brown. But I want to assure the Senator from Mississippi that no propo-

sition will be presented to the Senate and the House of Representatives until a majority of that committee passes upon it and agrees to it and a bill covering the conclusions of the committee agreed upon and presented perhaps at the same time in both Houses.

I have been perhaps a little impatient myself. I thought perhaps it would have been better to have the committee called together and report progress, but in looking at the minutes, I will say to the Senator from Mississippi, I find that was not what we voted to have done. We voted to have the chairman provide a suggested plan, and when that work was done to call the committee together and let the committee consider it.

Mr. HARRISON. As I understood it, Mr. President, we were to have a survey made and the chairman was to try to present a plan to us, but this report in the paper quotes Mr. Brown as saying that the committee was for the plan he had in mind.

Mr. SMOOT. That is a mistake on the part of the paper.

Mr. HARRISON. I would have said nothing about it if it had not gone as far as that.

Mr. SMOOT. I suppose, when I read that article, I felt just as the Senator from Mississippi did when he read it. I knew that there was a mistake in the article, and I did not believe that Mr. Brown would make a statement for publication to that effect, and I am quite sure that he did not. But I am quite sure that, as chairman of that committee, he did say that his idea was a consolidation of the War and Navy Departments. That is probably what he said, and the newspaper reporter has taken it that he spoke for the committee. He did not, and, of course, he does not claim to speak for it; and I am quite sure that it will not be presented to the Senate, as I have already stated, until a majority of the committee agree upon the plan itself.

Mr. WILLIAMS. Mr. President, I was very sorry to hear the explanation of the Senator from Utah [Mr. Smoot]. I had hoped that at some time in the future, if not now, the entire self-defense of the United States would be united in one department, and that there would be a department of self-defense covering both naval and military affairs. For a Government which has no department of peace, no public officer whose business it is to cultivate peace, it is bad enough to have two departments whose business it is to cultivate war. I had hoped that at some time in the future these two military and naval departments might be coalesced, and that the United States, in order to define itself before the civilization of the world, might call it the department of self-defense.

Mr. SMOOT. Will the Senator from Mississippi yield?

Mr. WILLIAMS. Certainly.

Mr. SMOOT. I hope the Senator did not draw the conclusion from what I stated that that might not happen. I did say that the committee had not passed upon it, and it would not be reported to the Congress until the committee did pass upon it. I do not say that the committee will not agree to it, but I do say that Mr. Brown, the chairman of the committee, is in favor of that proposition.

Mr. WILLIAMS. I understood the Senator from Utah, I think, quite completely; and in what I am saying now I am surely not attempting to misrepresent him. I express regret, however, that he felt compelled to explain that the so-called interview with Mr. Brown was not correct. I had hoped that it was.

I understand that they intend to call this new department the department of public welfare. I do not much like that phraseology, because the Republican Party and its political predecessor, the Federalist Party, have gone on passing all sorts of legislation from year to year under the theory that some authority was granted to the Federal Government on account of public welfare, when, of course, if there had been any such grant to the Federal Government, all the balance of the Federal Constitution would have been nude words.

Mr. BRANDEGEE. "General welfare."

Mr. WILLIAMS. The Senator from Connecticut corrects me and tells me that his party and its predecessor, the Federalist Party, used the term "general welfare," which is still more obnoxious than "public welfare," because general welfare might be the general welfare of JOHN SHARP WILLIAMS, or of KENTON, or of somebody else.

However, I never want to see a department named the department of public welfare or of general welfare. When it comes to saying what welfare is, it is religious, psychological, metaphysical, sociological, agricultural, industrial, exegetical, and almost everything else. There is no end to it of any kind. No human being can define its limitations. But I would like to see a department of public defense, or of national defense, a better phrase, in which the aerial service, the military serv-



ice, and the naval service would all be united for one great and general and coordinate purpose.

I hope that if, as the Senator from Utah has stated, this is the view of the chairman of the commission, that view may spread to all the commission, that it may spread after that to the House of Representatives and the Senate, thence to the American people, and thence to the entire world, and that in every country in the world instead of having a lot of people gathered together for offensive military purposes, each Government may have one general department of national defense, and that all the balance of the world may understand that that department exists only for defense.

This morning one of the most intelligent ladies I ever met came into my office with a postal-card plan of Americanization, as she called it. After she had gotten through with her pledge to the Declaration of Independence, in which all men were declared to be equal, self-evidently a falsehood, of course, and had gotten through with the Constitution of the United States and the declaration of fidelity to that, it went on then to pledge all the school children of the United States to fidelity to an oath to resist foreign enemies. "Defend us from foreign enemies," was the phraseology of her card. I asked if she would object to adding to it one little phrase. I said, "Would you mind adding this, 'And defend us under the grace of God from making needless enemies of other people'?"

It struck me, in view of some things that have happened lately in America, that we needed that conclusion so as not to lead us into fratricidal strife with Great Britain to satisfy a few hatreds in America and not to lead us into a useless war with Japan to satisfy a few people out on a limb cultivating that sort of antagonism.

If I could have my way, Mr. President, I would have in addition to this new proposed department another one. I would have a secretary for peace, whose business it would be aiding the secretary of foreign affairs, whom we call the Secretary of State, to cultivate pleasant relations with all peoples.

I delivered a lecture last summer in Memphis upon the subject of international nagging. Newspapers, demagogues, politicians, so-called statesmen, in one country and another spend most of their time nagging the newspapers, politicians, demagogues, and statesmen of other countries into mutual antagonism. When I remember that Dante was an Italian, when I remember that Molière was a Frenchman, when I remember that Edmund Burke was an Irishman, and Tom Moore was another, that the elder Pitt was an Englishman, that Simon de Montfort was an Englishman, that George Washington was an Englishman by birth and training and character, but an American by self-choice, when I remember the names of the great Polish authors, singers, and composers, it seems to me that there is no excuse for this mutual nagging that goes on all the time in public meetings by men who have selected themselves as exponents of national voice and national will, and in the newspapers, especially the yellow journals of a peculiar type easily recognized, spreading from New York to San Francisco, and the same sort of type elsewhere, seeming purposely to be cultivating all the unpleasant things.

The pleasant things between nations, like the pleasant things between sects in the church, are a hundredfold where there is one unpleasant thing.

The various sects of the church and all the various churches, including not only the sects in the Christian Church but Mohammedanism and Hinduism and the balance of them, agree upon a few essential starting points, consecration to God and love of men, and the balance of it is very largely inconsequential. It is the same thing between nations.

The Senate and the body at the other end of the Capitol, and here lately apparently the White House, have allowed themselves in the past and are now perhaps permitting themselves to be controlled by this endless, senseless international nagging. Why, we got to the point at one time where we were going to take part in a plot between Yugoslavia and Italy. Half of the newspapers of the United States were filled full of denunciations of Italy and the other half of them filled full of denunciations of Yugoslavia. Finally, Yugoslavia and Italy just quietly met and they settled their differences without any regard to us. They settled them because they never had any essential differences, and settled them substantially in accord with the views of the American diplomat, Mr. Wilson, who sat in the council at Versailles.

To go back to where I started, I hope, Mr. President, that the Senator from Utah is mistaken and that the view which he expressed is not only the view of the chairman of the commission, but will ultimately be the view of the entire commission.

## EXECUTIVE SESSION.

Mr. CURTIS. Notwithstanding the unanimous-consent agreement, I ask unanimous consent that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The Senate thereupon proceeded to the consideration of executive business. After eight minutes spent in executive session the doors were reopened.

## RECESS.

Mr. SMOOT. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, August 2, 1921, at 12 o'clock meridian.

## NOMINATIONS.

*Executive nominations received by the Senate August 1 (legislative day of July 27), 1921.*

## DEPARTMENT OF JUSTICE.

## UNITED STATES DISTRICT JUDGES.

Thomas M. Reed, of Alaska, to be United States district judge, first division, district of Alaska, vice Robert W. Jennings, term expired.

Elmer E. Ritchie, of Alaska, to be United States district judge, third division, district of Alaska, vice Fred M. Brown, term expired.

Cecil H. Clegg, of Alaska, to be United States district judge, fourth division, district of Alaska, vice Charles E. Bunnell, term expired.

## UNITED STATES ATTORNEY.

Guy Erwin, of Alaska, to be United States attorney, fourth division, district of Alaska, vice R. F. Roth, term expired.

## UNITED STATES MARSHALS.

George D. Beaumont, of Alaska, to be United States marshal, first division, district of Alaska, vice J. M. Tanner, term expired.

Gilbert B. Stevens, of Alaska, to be United States marshal, fourth division, district of Alaska, vice L. T. Erwin, term expired.

Dennis H. Cronin, of Nebraska, to be United States marshal, district of Nebraska, vice James B. Nickerson, appointed by court.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 1 (legislative day of July 27), 1921.*

## TREASURY DEPARTMENT.

Ralph Bradford to be naval officer of customs in customs collection district No. 39, with headquarters at Chicago, Ill.

## PROMOTIONS IN THE ARMY.

Jacob Franklin Wolters to be brigadier general.

Howard Seymour Borden to be brigadier general.

Herbert Deakne to be member California Débris Commission.

## QUARTERMASTER CORPS.

Irvin Leland Hunt to be colonel.

## MEDICAL CORPS.

Leland Elder Dashiell to be captain.

## VETERINARY CORPS.

Harry Lawrence Watson to be first lieutenant.

Samuel Weir Clark to be first lieutenant.

## FIELD ARTILLERY.

Julius Joseph Mussil to be first lieutenant.

## COAST ARTILLERY CORPS.

Homer Adolph Bagg to be major.

## INFANTRY.

Richmond Smith to be lieutenant colonel.

Edward Thomas Harrison to be first lieutenant.

## QUARTERMASTER CORPS.

Robert Pattison Harbold to be major.

Arthur Lee McCoy to be major.

## AIR SERVICE.

Lester Thomas Miller to be captain.

## HOUSE OF REPRESENTATIVES.

MONDAY, August 1, 1921.

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. TOWNER.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our Heavenly Father, we would strike eternal covenant with Thee. So frail we are that oftentimes we are like the bubble upon the crest of the wave. Reconcile our wills with Thy will and unite our hearts with Thy heart. Then shall there be a beautiful harmony between our Father and His children, and through the righteous wisdom of a righteous God all things shall work together for good. Through Christ. Amen.

The Journal of the proceedings of Friday, July 29, was read and approved.

## ESTABLISHMENT IN THE TREASURY DEPARTMENT OF A VETERANS' BUREAU.

Mr. SWEET. Mr. Speaker, I ask permission to file a conference report on H. R. 6611, for printing in the RECORD.

The SPEAKER pro tempore. The Clerk will report the title. The Clerk read as follows:

H. R. 6611. To establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

Mr. GARRETT of Tennessee. Mr. Speaker, I suppose the report is filed as a matter of right. Can the gentleman tell us when this will be called up for consideration?

Mr. SWEET. If the Senate adopts the conference report to-day it will be called up to-morrow.

Mr. GARRETT of Tennessee. The Senate has the papers? Is it a complete report?

Mr. SWEET. A complete and unanimous report.

Mr. ROGERS. Mr. Speaker, I do not know whether the gentleman is correct or the calendar is in error, but the calendar states the papers are with the House.

Mr. SWEET. My contention has been that the House is entitled to the papers. There has arisen a dispute as to which is entitled to the papers. The facts are that Senator SMOOT made a motion immediately after the passage of the bill that the Senate insist on the Senate amendments and ask for a conference. It came to the House and I asked to disagree to the Senate amendments and agree to the conference asked for. The papers were sent back to the Senate, and the Senate took the papers to the conference. They insist that they are entitled to the papers.

Mr. GARRETT of Tennessee. If that is the situation, the papers should come to the House. If the Senate asked for a conference in the first instance, the House is entitled to the papers.

Mr. SWEET. The Senate asked for a conference.

Mr. GARRETT of Tennessee. Then the papers should come to the House and be acted upon first by the House.

Mr. MANN. Mr. Speaker, I do not suppose it is possible to teach the Senate parliamentary law by any action we take in the House. They used to know in the Senate that the papers were transferred when a conference agreement was reached. The Senate having in its possession the papers when the conference report was signed, the papers should have been turned over by the Senate conferees to the House conferees. The House that agrees to the conference acts on it first. Several times lately the Senate conferees, ignorant of parliamentary procedure, have insisted where they had the papers that they should retain them after the conference agreement had been reached.

Mr. SWEET. I will say that immediately after the conference and after we had unanimously agreed, I insisted that the House was entitled to the papers, and they claimed that the Senate was entitled to them.

Mr. MANN. As I say, they do not know yet; they have not discovered it. They have discharged or let go a large number of their employees who did know about such things and now they do not seem to know the correct parliamentary procedure.

Mr. GARNER. Does not the gentleman know that under the present procedure the House always accedes to the Senate's demand?

Mr. MANN. I know that when the Underwood tariff bill was up and this question was raised the House that was not entitled to the papers had possession of the papers and brought the tariff conference report into the House. The Speaker held—I will not say incorrectly—that while they had violated parliamentary procedure the question was who actually had the papers, and as we had them we proceeded to dispose of the conference report. It was a bad precedent.

Mr. GARNER. That only illustrates the power of the House in the present régime. The Senate is the most powerful now, while the House was the more powerful at that time.

Mr. MANN. At that time we were acting the hog and now the Senate is acting the hog.

Mr. GARNER. That is what I object to.

Mr. MANN. Oh, the gentleman does not care as long as he is acting the hog. [Laughter.]

Mr. BLANTON. Mr. Speaker, I call for the regular order.

The SPEAKER pro tempore. The conference report will be printed under the rule.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 430. An act to protect the name and insignia of the World War organizations.

## SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 430. An act to protect the name and insignia of the World War organizations; to the Committee on the Judiciary.

## JOINT COMMISSION OF AGRICULTURAL INQUIRY.

Mr. ANDERSON. Mr. Speaker, I ask unanimous consent for the present consideration of the following resolution, which I ask to have read:

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

House concurrent resolution 26.

*Resolved by the House of Representatives (the Senate concurring), That the time for the completion of the investigation by the Joint Commission of Agricultural Inquiry, created by Senate concurrent resolution No. 4, of the present session, and the filing of the report to Congress therein directed to be made, be, and the same is hereby, extended to a date not later than the first Monday in January, 1922.*

The SPEAKER pro tempore. Is there objection to the present consideration of the concurrent resolution?

Mr. MANN. Reserving the right to object, when does the time expire?

Mr. ANDERSON. On the 7th of September. We expect to make a partial report at that time.

Mr. MANN. Is there any instance where one of these commissions has been appointed and has reported within the time fixed?

Mr. ANDERSON. I do not know of one.

Mr. MANN. Then the gentleman is following the precedents. [Laughter.]

Mr. WINGO. Mr. Speaker, reserving the right to object, will the gentleman advise us whether he expects to report in January?

Mr. ANDERSON. I think we will report before January. We expect to make a partial report before the 7th of September, and a final report at least by the convening of the Congress in regular session in December.

Mr. WINGO. Does the gentleman's commission intend to go out of the city to make an investigation?

Mr. ANDERSON. We have no such intention at this time.

Mr. WINGO. The gentleman expects to conclude the hearings in the city of Washington?

Mr. ANDERSON. That is the present intention of the commission.

Mr. WINGO. Nothing has arisen that leads the gentleman to think there is any necessity for going elsewhere?

Mr. ANDERSON. We have had several requests that that be done, among them an invitation to go to the city of Chicago, but so far the commission has not accepted any invitation of that sort and, so far as I know, does not expect to.

Mr. WINGO. I suggest to the gentleman that if he wants to know anything about the workings of the credit system of the Federal reserve bank, he can not get all the desired information sitting here in Washington.

Mr. ANDERSON. We will get the people here who do know about it.

Mr. WINGO. I doubt very seriously if the gentleman can get country bankers and farmers to come to Washington unless they are brought here by some sort of organization that will arrange to have them come.

Mr. ANDERSON. That can be done.

Mr. WINGO. I doubt very seriously if the gentleman will be able to get some men here voluntarily who really could give him some very necessary information. I do not think he can



get them to come to Washington, as a fear of certain consequences makes some hesitate to offer open criticism of the workings and administration of the Federal reserve system. I want the gentleman to make his investigation thorough and complete.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

There was no objection.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

#### CALENDAR FOR UNANIMOUS CONSENT.

The SPEAKER pro tempore. The Clerk will call the Calendar for Unanimous Consent.

#### EXCHANGE OF CERTAIN LANDS IN HAWAII.

The first business on the Calendar for Unanimous Consent was the bill (H. R. 4598) to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. KAHN. Mr. Speaker, I ask unanimous consent that the bill may go over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California that the bill go over without prejudice? [After a pause.] The Chair hears none, and it is so ordered.

Mr. KAHN. Without losing its place.

The SPEAKER pro tempore. That is the understanding of the Chair—that it shall not lose its place.

#### REERECTION OF STATUE OF ABRAHAM LINCOLN.

The next business on the Calendar for Unanimous Consent was H. J. Res. 127, to reerect the statue of Abraham Lincoln upon its original site.

The SPEAKER pro tempore. Is there objection to the present consideration of the resolution?

Mr. MANN. Mr. Speaker, reserving the right to object, let us have the matter reported.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

House joint resolution (H. J. Res. 127) to reerect the statue of Abraham Lincoln upon its original site.

*Resolved, etc.* That the Superintendent of Public Buildings and Grounds of the War Department be, and he is hereby, authorized and directed to reerect the statue of Abraham Lincoln upon its original site in front of the courthouse, city of Washington, D. C., upon an appropriate foundation or pedestal in harmony with the statue.

Mr. MANN. Mr. Speaker, reserving the right to object, as I understand it, this is to put back in Judiciary Square this horrible statue of Abraham Lincoln that used to be there.

Mr. KING. In reply to the gentleman, varying somewhat, I would say that it is to return the first monument ever erected to Abraham Lincoln, which men of high authority in the artistic world say is one of the most artistic monuments ever erected, and that it is the best likeness of Lincoln that has ever been carved in stone.

Mr. MANN. If anyone who claims to be a high authority in the artistic world says that, then a plain, humble American citizen would say that he does not know anything about art or statuary. It always seemed to me a libel on the country and on Lincoln. Of course the statue was erected there by the people of the city of Washington, who seemed to be unduly excited about having it returned to its place. I thanked God when it was taken down and removed.

Mr. KING. I am sorry that was the sentiment of the gentleman.

The SPEAKER pro tempore. Is there objection?

Mr. MANN. Mr. Speaker, still reserving the right to object, I would like to hear some explanation of it.

Mr. KING. Mr. Speaker, I shall be very glad to do the best I can. If the Speaker of this House would take the time and the rules of the House would justify him in leaving the chair for about 30 minutes, and would accompany me down B Street Southwest to the corner of Delaware Avenue, I would stop with him somewhere in front of what some gentlemen might consider to be a country churchyard, and being a gentleman of poetic inclination, he might commence to quote immediately from Gray's "Elegy in a Country Churchyard." But that is not the case. This place seems to have been what was once a monument works, and in the yard, now grown up with grass, there are to be seen many monuments standing there, showing that at sometime or other there must have been living there a man of artistic temperament. At one end you will see a replica of the statute of Winged Victory, and numerous other artistic designs.

Going up the walk and through the grass and timothy growing up there we come to a door, and opening the door we are met by an old man about 80 years of age, still living in the shadow of the Capitol, a man across whose brow is written intelligence, a man whose arm indicates that at one time he wielded the chisel as an artist. This man is Mr. Lot Flannery, still living in the old shack of a house there, perhaps in penury and want—I do not know—in the shadow of the Dome.

If you will go back with me 53 years or a little more, we will find ourselves standing in Judiciary Square in front of the City Hall, at the junction of John Marshall Place, B Street, Louisiana Avenue, and Indiana Avenue. A great crowd is beginning to gather in that vicinity, large platforms have been erected, and there stands a pedestal with a statue on top of it, covered with a linen cloth. About the hour of 1.30 o'clock in the afternoon we can hear the guns booming down at F Street, where Engine Company No. 2 is shooting off an old fieldpiece.

Pretty soon the parade commences to start there at F and Ninth Streets, and finally it lands at the place of dedication. Here we have a parade which was of some distinction, headed by the Grand Lodge of Masons, marshaled by A. M. Howard and headed by the Marine Band and followed by the Sons of Temperance, headed by the band of the Twelfth United States Infantry; Good Templars, sublodges, headed by Heald's Band of 17 pieces, and Knights of Pythias Grand Lodge, which has marched from the Navy Yard. It is now 2 o'clock, Mr. Speaker, and the grounds are crowded with people. The stage is filled with distinguished men and women—diplomats, artists, authors, and generals of the Civil War. The band plays a selection from the new opera, "The Bohemian Girl":

The heart bowed down with weight of woe—

We remember the lines—

But memory is the only friend  
That grief can call its own.

The invocation is being pronounced. The dedication exercises being under the Masons, the master is pronouncing the final word. The grand master gives three raps with his gavel on the foundation and we hear him say:

I now pronounce this foundation properly prepared, well laid, true, and trusty; and this statue, erected by the citizens of Washington to the memory of Abraham Lincoln, duly and fully dedicated to the American people.

Hon. B. B. French, the orator of the day, who was at one time mayor of the city, and also public buildings commissioner under Abraham Lincoln, is beginning his oration. He is saying:

Who can ever forget that night of horror when the awful intelligence was borne by the telegraphic wires all through the land that Abraham Lincoln had been struck down by the hands of an assassin.

"Oh, night of woe,  
"How are you joined with hell in triple knot."

It does not require any monument or any words to perpetuate the memory of that great and good and pure man. Monumental marble may crumble into dust; bronze may melt away; granite may perish from the earth; but the memory of Abraham Lincoln shall live in human bosoms and be perpetuated on the living pages of history as long as any nation or people shall exist on earth. [Applause.]

But it is a satisfaction and a pleasure, tinged with melancholy, to look upon that venerated form and to view those features which, whatever else they may indicate, if true to the life, will glow with goodness, kindness, and love, and whereon never rested for a moment a single characteristic other than such as gave outward proof of a good and loving heart, a conscience void of offense, and charity toward all mankind. Oh, heaven, that such a man should have died in such a time and in such a manner!

I hardly know, my fellow citizens, where to begin on an occasion like this. Although the field is ample it has been thoroughly gleaned by the pen of the historian and the harvest has been garnered in the bosoms of a loving people. Still I am aware of your affection for his memory, and that you never tire in listening to a rehearsal of his virtues. [Cries of "Never!"]

Mr. MANN. Will the gentleman yield for a question?

Mr. KING. I will yield.

Mr. MANN. Does the gentleman really believe himself when Congress has constructed the most beautiful memorial in the world to Lincoln that at the same time we ought to provide for the erection of a statue designed and completed by a gravestone artist?

Mr. KING. I will answer that question by saying if the gentleman would permit me to cover his point in a moment I would be very glad to reply to him—

Mr. MONDELL. Mr. Speaker, if there is to be objection, I think in justice to gentlemen who are interested in other bills that we should know it. It is hardly worth while to take up time in this matter if there is to be objection.

Mr. KING. Very well. I wanted to answer the question of the gentleman from Illinois.

Mr. MANN. Yes or no will answer the question.

Mr. KING. But the gentleman indulges in an assumption to which I do not agree.

Mr. MANN. Which one, in reference to the memorial—

Mr. MONDELL. Or the gravestone artist.

Mr. KING. Mr. Flannery was known as a celebrated artist long before there was record of the Fine Arts Commission in the city of Washington.

Mr. MANN. Well, I do not know. I have always understood he was an artist for a graveyard.

Mr. KING. He is in his penury, perhaps, but he was one of the celebrated artists of this country, and I want to read in that connection—

Mr. DYER. Mr. Speaker, I am very anxious, of course, that the other bills upon the calendar may be reached. Will the gentleman yield?

Mr. KING. I am trying to finish the question asked by the gentleman from Illinois [Mr. MANN].

Mr. DYER. Mr. Speaker, I ask for the regular order.

Mr. MOORES of Indiana. Mr. Speaker, I object.

Mr. KING. Will the gentleman withhold that objection long enough to permit me to finish my statement?

Mr. DYER. I did not object, I will say to the gentleman.

Mr. MOORES of Indiana. I do object.

Mr. KING. The gentleman from Indiana [Mr. MOORES] did not object when it was asked by the Speaker if there was objection. Will the gentleman yield long enough for me to put in this statement?

Mr. MOORES of Indiana. No.

Mr. KING. Then I will make the point of no quorum. That is the only remedy there is, and that is not much of a one.

The SPEAKER pro tempore. The gentleman from Illinois makes the point of no quorum. The Chair will count.

The Speaker pro tempore proceeded to count.

Mr. KING. Mr. Speaker, if the gentleman will withdraw his objection to enable me to proceed long enough to show that this is a work of art, say for three minutes, I will withdraw the point of no quorum.

Mr. BLANTON. Oh, well; we ought to have a quorum.

Mr. DYER. Mr. Speaker, I ask unanimous consent—

Mr. MANN. You can not until the point of no quorum is developed.

Mr. MOORES of Indiana. Mr. Speaker, I withdraw the objection until the gentleman from Illinois answers the question.

Mr. KING. Mr. Speaker, I withdraw the point of no quorum.

Mr. BLANTON. I renew it, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. King] withdraws the point of no quorum, and the gentleman from Texas renews it. The Chair will continue to count.

The Chair again proceeded to count.

Mr. BLANTON. Mr. Speaker, in order to help the Chair, I will withdraw the point.

The SPEAKER pro tempore. The question is, Is there objection?

Mr. MOORES of Indiana. I do object to taking it up this morning, but I will reserve the objection temporarily, until the gentleman from Illinois [Mr. KING] can conclude his statement.

Mr. BLANTON. I reserve the right to object in order to ask the gentleman a question. I want to ask the one gentleman from Illinois whether or not this is a frame up between him and the other gentleman from Illinois to let the other gentleman get something off of his system?

Mr. MANN. This is no frame up. This is bona fide.

Mr. KING. I know the gentleman from Illinois [Mr. MANN] is anxious to hear me explain this.

It might be stated that this statue, when it was taken away—

Mr. WINGO. Will the gentleman yield?

Mr. KING. I yield.

Mr. WINGO. This is a joint resolution, is it not?

Mr. KING. It is.

Mr. WINGO. Is not this subject covered by existing statute, and has not the President within the last three days issued an order which leaves this whole matter in the hands of the Fine Arts Commission?

Mr. KING. Not to my knowledge. I will say, on the other hand, the President has written a letter to the committee, which appears in full in the hearings, asking for the restoration of this statue.

Mr. WINGO. Will the gentleman yield further?

Mr. KING. I will.

Mr. WINGO. I want information as to the law. Is there not a law now—I am not asking in a spirit of controversy—to the effect that the President has it in his power to put erection of all buildings, statues, and so forth, in the hands of the Fine Arts Commission, and this was done by an order he issued three days ago? And if you pass your joint resolution it is of no effect unless the Fine Arts Commission asks for it, is it?

Mr. MANN. This tells the Fine Arts Commission to "go to."

Mr. KING. That is what it does. And they ought to be told to "go to." They had no business to lay violent hands on this statue. [Applause.] In answer to that I want to read to you what the President wrote to the committee.

Mr. WINGO. Right on that point, I want to ask either one of the gentlemen from Illinois if a joint resolution can change an existing law on that?

Mr. MANN. Certainly. By joint resolution we can make law.

Mr. WINGO. That is correct, I was thinking of a concurrent resolution. This is a joint resolution, to be signed by the President.

Mr. KING. The President says:

I very recently received a call of a very notable delegation representing the Loyal Legion urging the reconsideration at the hands of Congress of the decision to remove the statue erected in memory of President Lincoln in front of the City Hall in 1868.

I assume that you are in possession of the history of the erection of this memorial to Lincoln as well as the action taken by Congress directing its removal. I am inclosing, however, with this letter copies of the papers left with me by the representatives of the Loyal Legion. It is such a fascinating story and there seems to be so much of appealing sentiment about the restoration of this statue to its original position that I think Congress might well expedite the reconsideration of the action previously taken, so that this memorial may be restored to the place it so long occupied.

I cordially believe the sentiment is one that we ought to sanction, and I am glad to express the hope that Congress will take favorable action in providing for the restoration. If there are any serious obstacles in the way, I shall be grateful if you will inform me, so that I may be helpful in any way possible in aiding to solve the situation.

And answering the gentleman from Illinois [Mr. MANN] I will say that while it was stated the statue was put in the basement of the court house it was really put in open storage down by the river bank, back of the old Bureau of Engraving and Printing, and there laid upon its back in a sort of a box, with the face exposed, and nothing but a piece of old burlap thrown over it. Mr. Freeman Thorp, the only man who painted a picture of Lincoln from life, and which picture hangs in the corridor of the Senate, and also painted a picture of Schuyler Colfax, now in the lobby of the House, determined to find where the statue had been secreted. He went from place to place and finally found it in this exposed condition down by the river bank, back of the Bureau of Engraving and Printing. And there this man went and crept about and found the face and removed the cloth and wiped off the dirt and the raindrops.

He said that the face almost spoke to him. He says:

I do not know who chiseled the head and face, but it was accurately done by some one who studied Lincoln from life as I did, and was not done from photographs. It is a better likeness of Lincoln than anything in plaster, stone, marble, or bronze that I have ever seen, and I have seen about all that have ever been made. Some have been made that are unquestionably great works of art, but the best of them are not accurate likenesses of him. This one is to those who, like myself, know Lincoln pleasing to look at, because it is accurately modeled, and in its simple truth is in keeping with the unassuming man we loved.

The trouble of it is that gentlemen have assumed that the statue is inartistic, which is not so, but the Fine Arts Commission by continually saying and repeating the words, "It is not artistic, it is not artistic," have finally hammered that into the minds of some of the Members, when, as a matter of fact, it is an artistic and accurate representation of the martyred President's face. Now, you can hammer things into people by repetition. How long ago was it, in 1916, when they hammered into the minds of the people throughout the country the idea, "He kept us out of war; he kept us out of war," until it was finally believed and accepted by the people as truth?

Mr. DYER. Mr. Speaker, I call for the regular order.

The SPEAKER pro tempore. The regular order is demanded.

Mr. KING. In answer to my colleague from Illinois [Mr. MANN] I wish he would go down and look at that grand object, and perhaps he would then change his position.

Mr. MANN. I have looked at it so often that I have gotten black in the face.

Mr. KING. It was up 35 feet in the air. You must have had a spyglass to look at it with.

The SPEAKER pro tempore. Objection is heard. The bill is stricken from the calendar. The Clerk will report the next bill on the calendar.

#### ASSESSMENT WORK ON MINING CLAIMS.

The next business in order on the Calendar for Unanimous Consent was the bill (H. R. 4813) changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year.

The title of the bill was read.



The SPEAKER pro tempore. Is there objection to the consideration of this bill?

Mr. ARENTZ. Mr. Speaker, I wish to offer an amendment to the bill.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

Mr. DYER. Mr. Speaker, will the gentleman in charge of the bill make a statement in regard to it?

Mr. HAYDEN. I shall be glad to.

Mr. DYER. Mr. Speaker, I will reserve the right to object.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

*Be it enacted, etc., That section 2 of "An act to amend sections 2324 and 2325 of the Revised Statutes of the United States concerning mineral lands," approved January 22, 1880, be, and the same is hereby, amended to read as follows:*

"SEC. 2. That section 2324 of the Revised Statutes of the United States be amended by adding the following words: 'Provided, That the period within which the work required to be done annually on all unpatented mineral claims located since May 10, 1872, including such claims in the Territory of Alaska, shall commence on the 1st day of July succeeding the date of location of such claim: Provided further, That on all such valid existing claims the annual period ending December 31, 1920, shall continue to and include July 1, 1921, and the annual period to end December 31, 1921, shall continue to and include June 30, 1922.'"

The SPEAKER pro tempore. The gentleman from Nevada [Mr. ARENTZ] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ARENTZ: On page 2, line 1, after the word "commence," insert the words "at 12 o'clock meridian"; on page 2, line 3, after the word "further," strike out the proviso in lines 3, 4, 5, and 6 and insert in lieu thereof the following: "That on all such valid existing claims the annual period ending December 31, 1921, shall continue to 12 o'clock meridian, July 1, 1922."

The SPEAKER pro tempore. The gentleman from Nevada is recognized.

Mr. ARENTZ. Mr. Speaker, I wish to say briefly that heretofore the annual assessment must have been done on or before December 31 at midnight. The mining claims as a general proposition are located in the high mountains, far from habitation, off the railroad, and, many times, off roads. This is a hardship in the location of claims on which the work has not been done, and this change of the time of doing assessment work until July 1 at 12 o'clock noon changes the time to a date when anyone can see their stakes not covered with snow, and the people who own the claims can do their work at any time from July 1 until the following July, having the same period in which to do the work as we have at the present time.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. ARENTZ. Yes.

Mr. WINGO. There was so much confusion that I could not understand the gentleman's amendment. Does it do anything else except to fix the hour at 12 o'clock meridian instead of midnight?

Mr. ARENTZ. No. That is all that the amendment does.

Mr. WINGO. In other words, under the reading of the law at present and under the reading of the pending bill the time would expire at midnight. The gentleman would make it expire at 12 o'clock noon?

Mr. ARENTZ. Yes. The amendment would make it expire at 12 o'clock noon.

Mr. WINGO. Is that the only change?

Mr. ARENTZ. Yes. The reason for striking out the last three lines is for the purpose of making a definite statement in referring to something already passed. Instead of bringing in the words "ending December 31, 1920, and to continue until July 1, 1921," it specifically states that the time for doing the work in 1921 shall continue until July 1, 1922, and thereafter assessment work shall be done during the fiscal year instead of during the calendar year.

Mr. WINGO. Now, let us see. As to the proviso there that claims ending in the period December 31, 1921, shall continue until July 1, 1922, it is not necessary to put that in, because that is the existing law under the special act that we passed. Now, does the gentleman cut that out?

Mr. HAYDEN. Mr. Speaker, will the gentleman yield?

Mr. ARENTZ. Yes.

Mr. HAYDEN. The reference to the six months' extension of time for doing the 1920 assessment work is surplusage now, because the 1st of July, 1921, has passed. There can be no useful purpose served by referring to it.

Mr. WINGO. I see the point now. We were discussing it in the committee, and we decided that that time was necessary. So the only change that the gentleman makes in the bill is to change it from the hour of midnight until 12 o'clock meridian?

Mr. HAYDEN. That is all the change that is made in the effect of the bill by the amendment offered by the gentleman from Nevada.

Mr. MANN. Not at all.

Mr. WINGO. The gentleman from Illinois says not. He says the gentleman's amendment makes some other change?

Mr. MANN. Certainly it does.

Mr. ARENTZ. I do not so understand it.

Mr. MANN. Does not this extend the work under the gentleman's amendment from 1921 to 1922?

Mr. ARENTZ. The assessment work for 1920 must have been completed by July 1, 1921. For 1921 and hereafter assessment work must be completed at 12 o'clock noon July 1.

Mr. MANN. I would like to have the amendment reported again, if I may.

The SPEAKER pro tempore. Without objection, the amendment will again be reported.

The amendment was again read.

Mr. MANN. That is as I understood it.

Mr. HAYDEN. It does not change the terms of the bill as originally reported from the committee.

Mr. MANN. It does not change the meaning of the bill.

Mr. HAYDEN. Not a bit.

Mr. MANN. It does not change the meaning of the bill, which is to give six months' additional time.

Mr. HAYDEN. That is the only way it could be done.

Mr. RHODES. The gentleman does not mean that it is to give six months' additional time?

Mr. MANN. The gentleman contradicts it, but it is a fact. He can explain his contradiction if he wishes to, but it does give six months' extra time, and that is the purpose of the bill.

Mr. RHODES. I should like to be heard.

Mr. ARENTZ. I yield to the gentleman from Missouri.

Mr. RHODES. The gentleman from Arizona is very gracious, and I thank him. Mr. Speaker, section 2324 of the Revised Statutes of the United States requires that certain annual assessment work on mining claims be done within the calendar year. The object of this bill is to change the time for doing annual assessment work from the calendar year to the fiscal year. That is the purpose of the proposed legislation. It will be remembered by the gentleman from Illinois [Mr. MANN], and every other Member of this House, that on the 31st day of last December the President signed a bill under which the time for doing annual assessment work under the provisions of section 2324 for the year 1920 was extended to July 1, 1921. Therefore the statement of the gentleman from Illinois [Mr. MANN] is correct in so far as it relates to the act last passed by Congress, extending the time in which to do the work, but this bill proposes now to amend section 2324 of the Revised Statutes of the United States requiring all claimants in the future to do annual assessment work within the fiscal year instead of the calendar year.

Mr. WINGO. Will the gentleman yield for a question there?

Mr. RHODES. Yes.

Mr. WINGO. It is true that the bill does extend the period six months in one year, but that is done for this reason, that the committee had to make a choice between cutting off six months on the current year or extending it six months.

Mr. RHODES. Is it not a fact that all claimants were given six months' additional time in which to do this work?

Mr. WINGO. They were on the work to be done for 1920. We passed a special act giving them until July 1 of this year, the beginning of the fiscal year. Now, for a long time it has been urged that we change the period from the calendar year to the fiscal year.

This bill does that, but in undertaking to do that we are confronted with the proposition that on the work for the calendar year 1921 they have until December 31 under the statute; but if you amend the law and say that the assessment year shall be the fiscal year, then you will cut off the people who under the present statute have until December 31 to do their assessment work for 1921, and unless you extend the time until next July they will automatically be cut off under this statute changing the time from the calendar year to the fiscal year.

Mr. MANN. They would not be automatically cut off. The original law provided for one year.

Mr. WINGO. It would make it uncertain.

Mr. MANN. It would not make it uncertain at all. It would be absolutely certain that they would have the whole of this year.

Mr. WINGO. This bill was reported before the beginning of this fiscal year. Now, the presumption is that this bill will become a law before the end of this calendar year.

Mr. MANN. That is a rather violent presumption, but still it may be correct. I do not know.

Mr. WINGO. It may be in the face of conditions that exist now. I may be in error about this, and I want the judgment



of the gentleman from Illinois. Suppose this bill is passed. Then if we did not put in the proviso giving them until next July a question would arise whether or not the time to do assessment work for 1921 had expired, because the fiscal year begins on July 1. In order to avoid that we simply provided that the assessment work that they might do up to December 31, 1921, might be done up to the end of the present fiscal year, and then, beginning with next July, from that time on the assessment work will be done on the basis of the fiscal year and not on the basis of the calendar year. There was no intention to give a further six months. That is not the motive of the bill.

Mr. MANN. Is not that the whole motive of the bill?

Mr. WINGO. No; the committee would refuse to do that.

Mr. MANN. I know, but that is what you are doing just the same. Here is a law that has been in force for more than 40 years, making the calendar year the period for doing assessment work. I have never heard any complaint about it, although I have heard complaints about everything else, by men from mining States. It has been in existence a long time.

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. WINGO. I ask recognition.

The SPEAKER pro tempore. Does the gentleman from Arizona [Mr. HAYDEN] desire recognition?

Mr. HAYDEN. I should like to have the gentleman from Arkansas [Mr. Wingo] complete his statement.

Mr. WINGO. I think the gentleman from Illinois [Mr. MANN] is in error about the motive back of this bill. I know that was not the intention of the committee.

Mr. ARENTZ. It was not my intention.

Mr. WINGO. I know in our committee and in the Senate the idea was to change from the calendar year to the fiscal year. Ever since I have been a member of the Committee on Mines and Mining there have been requests that we make that change. Now, the reason for it is this. Human nature is more or less procrastinating. Many figure, "Well, I have until the first of the calendar year," and they put it off until late in the fall and then they may have an early snow that will make it impossible to get to the claim before December 1, and many are in trouble that way. But if you put it at the end of the fiscal year, although the time may be short when they get in on June 1, they have the time in which they may do it although they have put it off to the end of the year. The idea back of the bill is not to get an extension of time, but it was to change the year from the calendar to the fiscal year in order to have the best time to do the work come at the end of the year.

Mr. HAYDEN. Mr. Speaker, the gentleman from Nevada [Mr. ARENTZ] was kind enough to submit his amendment to me in advance of offering it and I am glad to accept it. The wisdom of beginning the year in which assessment work must be done at noon instead of midnight will not be disputed by anyone who is at all familiar with the location of mining claims. There have been frequent disputes caused by two or more men going upon the same piece of ground in the middle of the night, often without seeing each other. Rights to mineral claims will henceforth be initiated when the sun is at meridian height, which is the beauty and glory of the day, instead of at that time of night—

When churchyards yawn and hell itself breathes out contagion to this world.

As to the bill proper, the arguments in favor of its enactment have been fully set forth in the report by the chairman of the Committee on Mines and Mining [Mr. RHODES] and by other gentlemen who have spoken here to-day. The desirability of changing the time for doing annual assessment work on mineral claims from the calendar year, beginning January 1, to the fiscal year, beginning July 1, has long been recognized and meets with the approval of practically all those engaged in prospecting and mining. As typical of many other statements in support of this change, let me quote from the Mining and Scientific Press, of San Francisco:

As we have suggested before, one excellent amendment to the present statute would change permanently the final date for performing the annual assessment work from January 1 to July 1. Congressional action taken some months ago extended for six months, or until July 1, 1921, the final date for the completion of the work for 1920; accordingly, it would be convenient to make the suggested change at this time.

In this connection it should not be forgotten that section 2 of the act to save daylight was not repealed, and consequently the United States standard time for the zone in which a mining claim is located will govern, and not the local or sun time. In Arizona, for example, where the standard time is about 30 minutes ahead of the sun, prospectors and claim owners will avoid difficulty by remembering this fact at high noon on July 1.

The law relating to such cases is as follows:

In all statutes, orders, rules, and regulations relating to the time of performance of any act by any officer or department of the United States, whether in the legislative, executive, or judicial branches of the Government, or relating to the time within which any rights shall accrue or determine, or within which any act shall or shall not be performed by any person subject to the jurisdiction of the United States, it shall be understood and intended that the time shall be the United States standard time of the zone within which the act is to be performed. (40 Stat., 541.)

Mr. SUMMERS of Washington. Mr. Speaker, one reasonable explanation of why this should be done is that to get to many of these mining properties it is necessary to build a temporary road, which will perhaps be washed out during the next winter, but if the time for the development work, if the year can be made the fiscal year, then they can go in, we will say, in May of this next year and can do the work for that fiscal year.

Mr. MANN. The gentleman is getting the fiscal year and the calendar year mixed up.

Mr. SUMMERS of Washington. Oh, no; they can go in in May and do the work for that year, and then they can remain over 60 days and do the work for the succeeding year. So that instead of building a road every year they can build the road once in two years, and do a part of the work before July 1 and a part of the work for the next year after July 1.

Mr. MANN. The gentleman's statement sounds reasonable.

Mr. SUMMERS of Washington. I think that is the best argument why this change should be made.

Mr. ARENTZ. Mr. Speaker, in many sections of the country it is impossible to get to these mining properties between September 1 and May 1. These men looking for unlocated mining claims travel during the months of July, August, September, and October. If they come across a claim that there has not been any work done on it, they see absolutely all traces of the work wiped out.

The SPEAKER pro tempore. All time for debate has expired, and the question is on the amendment offered by the gentleman from Nevada.

The question was taken, and the amendment was agreed to.

The SPEAKER pro tempore. The question now is on the engrossment and third reading of the bill.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. RHODES, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### CONSOLIDATION OF FOREST LANDS WITHIN THE CLEARWATER, ST. JOE, AND SELWAY NATIONAL FORESTS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 77) for the consolidation of forest lands within the Clearwater, St. Joe, and Selway National Forests.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and hereby is, authorized to accept on behalf of the United States title to any lands within or near the Clearwater, St. Joe, or Selway National Forests, if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national forest purposes, and in exchange therefor may give not to exceed an equal value of such national forest land or timber, or other Government land, nonirrigable and not suitable for the raising of agricultural crops except grass, in Idaho, as may be determined by the Secretary of Agriculture or the Secretary of the Interior and acceptable to the owner as fair compensation: *Provided*, That all selections made and patents issued under the provisions of this act shall be subject to and contain a reservation to the United States of all the coal and other minerals in the lands so entered and patented, together with the right to prospect for, mine, and remove the same, as is provided for under section 9 of the act of June 29, 1916 (39 Stat., p. 862), for lands patented thereunder to entrymen.

Timber given in such exchanges shall be cut and removed under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall become parts of the national forest within or near to which they are situated.

With the following committee amendments:

Amend page 1, line 4, by inserting the words "in his discretion" after the word "authorized."

Amend page 1, line 10, after the word "other," by inserting the word "unreserved."

Amend page 2, line 7, by striking out the word "June" and inserting the word "December."

The committee amendments were agreed to.

Mr. FRENCH. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 5, after the word "within," strike out the words "or near."



The SPEAKER pro tempore. The question is on the amendment.

The question was taken, and the amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed.

On motion of Mr. FRENCH, a motion to reconsider the vote whereby the bill was passed was laid on the table.

RETIRED COMMISSIONED AND WARRANT OFFICERS, UNITED STATES NAVY.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6993) for the relief of retired commissioned and warrant officers of the United States Navy and Marine Corps.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLACK. Mr. Speaker, I object.

Mr. MANN. That bill is included within the bill now pending before the House under special order. Is there any reason for keeping it on the calendar?

Mr. BEGG. I was not aware that it is in that bill.

Mr. MANN. This very item passed the committee the other day.

The SPEAKER pro tempore. Objection is made, and the bill is stricken from the calendar.

Mr. BEGG. Mr. Speaker, I would like to have a reservation for a moment if I may?

Mr. BLACK. Mr. Speaker, I reserve the objection.

Mr. MANN. I hope we can fix it in some way so that when we finally act on it it may be stricken from the calendar.

Mr. BLANTON. It is in the other bill?

Mr. MANN. It is in the other bill that is pending now in Committee of the Whole House on the state of the Union, and this very item has been passed in committee.

Mr. BLACK. Unless the gentleman desires to make a statement in respect to the bill, I object to its consideration.

Mr. BEGG. I have no desire to take up the time of the House.

Mr. MANN. I would rather leave it on the calendar and then strike it off the next time entirely.

Mr. BEGG. Why not strike it off now?

The SPEAKER pro tempore. Objection is made, and the Clerk will report the next bill.

ELECTRIC LIGHT, ETC., HAMAKUA, HAWAII.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6208) to authorize and provide for the manufacture, maintenance, distribution, and supply of electric light and power within the district of Hamakua, on the island of Hawaii, Territory of Hawaii.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MANN. Mr. Speaker, I reserve the right to object.

Mr. CURRY. Mr. Speaker, this bill is included in Senate bill 2062, which is on the House Calendar, and I therefore ask that this bill be passed over.

Mr. MANN. It is also on the Unanimous Consent Calendar.

Mr. CURRY. Yes.

Mr. WINGO. There is another bill—H. R. 6674—on this calendar, which is also included within that bill, is there not?

Mr. CURRY. There are five bills on the calendar, but they have not yet been reached.

Mr. WINGO. Would it not be better to have them all passed over?

Mr. MANN. I think it better be passed over as it comes up, so that the Clerk may keep track of it.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent that the bill be passed over without prejudice. Is there objection?

There was no objection.

SHOSHONE NATIONAL FOREST.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 2205) to add certain lands on the North Fork of the Shoshone River to the Shoshone National Forest.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WINGO. Mr. Speaker, reserving the right to object, will the chairman of the committee advise us of the necessity for this?

Mr. SINNOTT. It was really supposed when this forest was created that the land in question was within the boundaries of the forest, but since that time they have projected the boundaries and have found that the land in question is not within the forest, and they wish to include this within the forest. It is really one of the entrances to the Yellowstone National Park.

Mr. WINGO. This is public land, I presume.

Mr. SINNOTT. Yes.

Mr. WINGO. And what character of land is it?

Mr. SINNOTT. It is of the same character as the adjoining forest—rocky and has timber upon it. It is almost identically the same land as the adjoining land.

Mr. WINGO. Is any objection offered to it?

Mr. SINNOTT. No; there has been no objection to it. The Interior Department and the Agriculture Department both approve the measure.

Mr. WINGO. There is no objection from any source?

Mr. SINNOTT. No.

Mr. WINGO. And this is to correct an error in the original formation of the park?

Mr. SINNOTT. We have had no objection to it.

Mr. BLANTON. Mr. Speaker, reserving the right to object, what is the probable acreage of this addition?

Mr. SINNOTT. About 2,800 acres.

Mr. BLANTON. And there is no intent to buy any private land?

Mr. SINNOTT. No; this is all public land, being incorporated into the present forest.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the following-described lands are hereby added to the Shoshone National Forest, Wyo., and made subject to all laws applicable to national forests: West half of section 17, all of sections 18 and 19, west half of section 20, west half of section 29, all of section 30, township 52 north, range 105 west, all of the sixth principal meridian, Wyoming.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. SINNOTT. Mr. Speaker, a moment ago the gentleman from Texas [Mr. BLANTON] asked me about whether we were taking any private land. We are not taking in any private land, but 80 acres of this land have been privately disposed of by the Government, but of course the Government has not taken that over.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote by which the bill was passed was laid on the table.

RETIRED COMMISSIONED AND WARRANT OFFICERS, UNITED STATES NAVY.

Mr. BEGG. Mr. Speaker, I ask unanimous consent that the bill (H. R. 6993) for the relief of retired commissioned and warrant officers of the United States Navy and Marine Corps, lately under consideration, be stricken from the calendar inasmuch as it is incorporated in H. R. 7864.

Mr. BLANTON. It has already been stricken from the calendar.

Mr. MANN. It has been stricken from the Unanimous Consent Calendar, but the gentleman from Ohio was asking to have it stricken from the Union Calendar.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio, that the bill be stricken from the Union Calendar?

There was no objection.

EASEMENTS OVER CERTAIN LANDS IN NORTH AND SOUTH DAKOTA.

The next business on the Calendar for Unanimous Consent was the bill (S. 252) to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two States and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State Governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States."

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, the new law is contained in the two provisos, as I understand it?

Mr. JOHNSON of Washington. Yes. It covers the four States, and the new matter is in the proviso.

Mr. GARRETT of Tennessee. Well, may I ask the gentleman—the first proviso reads:

*Provided, however,* That the State may upon such terms as it may prescribe, that such easements or rights in such lands as may be acquired in, to, or over the land of private property through proceedings in eminent domain.

What is the intent of that?

Mr. JOHNSON of Washington. I will have to read from the report of the committee, I will say to the gentleman. This bill is in reference to the leasing of certain lands for limited periods—

Mr. BURTNESS. If the gentleman will allow me, I think I can make a brief explanation.

Mr. JOHNSON of Washington. I will be glad to yield to the gentleman.

Mr. BURTNESS. The provision is this: Under a strict interpretation of the enabling act as passed, it is very doubtful whether those States can even grant a highway over these school lands without going through proceedings for a public sale. The only purpose of the bill is to make it possible for the State to convey lands for public purposes such as highways.

Mr. GARRETT of Tennessee. Does that refer to lands granted to the States originally?

Mr. BURTNESS. That refers to lands granted to the States originally, sections 16 and 36 being for school purposes or school lands, and in the enabling act there was incorporated certain conditions with reference to the conveyance thereof by the State.

Mr. GARRETT of Tennessee. That is to say, it was not granted in fee.

Mr. BURTNESS. They were granted in fee, but there was a condition in the enabling act that they must be by public sale at not less than \$10 per acre, and so forth, and prior to the time that they are disposed of they may be leased, but they can not be leased for a longer period than five years.

Mr. GARRETT of Tennessee. Now let me see if I get it clear. You provide here that these easements may be granted through proceedings in eminent domain.

Mr. BURTNESS. No; the same sort of an easement may be granted by the State that may be obtained under the laws of the States in proceedings in eminent domain. For instance, a private party can not come in and get an easement to this land. It is only for something public; that is, public uses, like road officials in the counties and townships where they desire a road across these school lands. They may in the case of private property go into court and get the land through proceedings in eminent domain, or in case of a railroad desiring to build over school lands.

Mr. MANN. In other words, in this case it is like where the State would condemn private property for a road?

Mr. BURTNESS. That is it exactly. But under the terms of this first proviso the State may then grant the land outright to a quasi public corporation or municipality which desires the land for that purpose.

Mr. GARRETT of Tennessee. It may grant such easements as may be acquired by proceedings in eminent domain over private property.

Mr. BURTNESS. That is it precisely; that is the intent.

Mr. WINGO. Will the gentleman yield?

Mr. BURTNESS. I will, with the permission of the gentleman from Washington.

Mr. WINGO. I notice the language which the gentleman says gives the State the right to make a grant as under proceedings in cases where private individuals or a railroad corporation would have the right under eminent domain proceedings to procure the desired rights—that the object of this proviso is to authorize the State to make that grant without eminent domain proceedings.

Mr. BURTNESS. Upon such terms as the State may prescribe.

Mr. WINGO. I notice the proviso says the State may upon such terms as it may prescribe grant, how; through proceedings in eminent domain. In other words—

Mr. BURTNESS. Although this is not my bill, it is a Senate bill. I think the words "through proceedings in eminent domain" do not qualify the word "grant."

Mr. WINGO. It says "grant such easements or rights in such lands as may be acquired in"—

Mr. BURTNESS. "As may be acquired in, to, or over" such lands in proceeding in eminent domain.

Mr. WINGO. Through proceedings in eminent domain. In other words, you are making the test this: If it were a proceeding in eminent domain over the land of private individuals then if it is the land in question the State may in that particular case grant an easement over—

Mr. BURTNESS. Exactly, under such rules as the legislature may prescribe.

Mr. GARRETT of Tennessee. I want to ask the gentleman—I suppose from the second proviso there must have been some reservation under the original act of mineral lands?

Mr. BURTNESS. None whatever.

Mr. GARRETT of Tennessee. What does the second proviso do?

Mr. BURTNESS. In the original act the fee is conveyed, but there are certain conditions and qualifications made in reference to the sale of the land for the purpose of protecting the school funds. They can not be sold for less than \$10 an acre. They must also be sold at public sale, at appraised values, and so forth. But until they are sold they may be leased. The present act prescribes they can not be leased for more than five years. The gentlemen understand that that period is entirely satisfactory for agricultural and grazing lands, but in the case of lands that have been found to be mineral in their character it is deemed advisable to be allowed to lease them for more than five years in order to develop them properly and ascertain the real value thereof, and things of that sort, and to get revenue in the meantime. It particularly applies to conditions in Montana and Washington and in the western part of the States of South Dakota and North Dakota.

Mr. MANN. This follows the provisions of the leasing act?

Mr. BURTNESS. It is analogous to that as to the time limit of 20 years in this bill.

Mr. PARRISH. To what fund will the proceeds from oil and gas and minerals go? I notice in your original act it provides they shall go to a specific fund.

Mr. BURTNESS. It goes to the school fund.

Mr. PARRISH. Is this covered by the original act?

Mr. BURTNESS. Certainly. This is adding a provision to one section of the enabling act.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

An act (S. 252) to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two States and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States."

Be it enacted, etc., That section 11 of the act entitled "An act to provide for the division of Dakota into two States and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States," approved February 22, 1889, be, and the same hereby is, amended by adding the following: *Provided, however*, That the State may, upon such terms as it may prescribe, grant such easements or rights in such lands as may be acquired in, to, or over the lands of private properties through proceedings in eminent domain: *And provided further*, That any of such granted lands found, after title thereto has vested in the State, to be mineral in character, may be leased for a period not longer than 20 years upon such terms and conditions as the legislature may prescribe.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. BURTNESS, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### ELECTRIC CURRENT, WATER POWER, ETC., IN HAWAII.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6674) to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within Kapaa and Waipouli, in the district of Kawaihau, on the island and county of Kauai, Territory of Hawaii.

Mr. CURRY. Mr. Speaker, I ask unanimous consent that this bill, No. 59 on the calendar, and Nos. 60, 61, and 62, being House bills, as follows, H. R. 6674, H. R. 6209, H. R. 6672, and H. R. 6211, be passed for the present, for the reason that they are included in the bill S. 2062, that bill being on the House calendar and on the Unanimous Consent Calendar of the House.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent that the bills to which he has referred be passed without prejudice. Is there objection? [After a pause.] The Chair hears none.

#### AMERICAN LEGION MEMORIAL BUILDING, ABILENE, TEX.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6514) granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.

The title was read.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MANN. Mr. Speaker, reserving the right to object, I would like to have an explanation of this bill.



Mr. BLANTON. I will state to the gentleman from Illinois that in Abilene, Tex., the Federal Government owns a whole block of ground, upon the south side of which is the Federal post office and courthouse. On the opposite side of this block the Parramore Post of the American Legion has sought to build a memorial building to commemorate its dead. Some of the men from that city and county were killed during the war, and the post has raised the money to construct a memorial building to their memory. The Committee on Public Buildings and Grounds brought in a unanimous report in favor of the bill granting them this easement. I introduced this bill in the House and Senator SHEPPARD introduced a companion bill to it in the Senate.

Mr. MANN. What kind of a building is to be constructed?

Mr. BLANTON. It is to be a fireproof building. It will not increase the fire hazard at all, and it is to be constructed in accordance with plans to be approved by the Treasury Department of the United States.

Mr. MANN. I do not know about that. Does the Government propose to take care of it?

Mr. BLANTON. Oh, no. What I mean is the plans and specifications will be approved by the Treasury Department.

Mr. MANN. What is the purpose of the building?

Mr. BLANTON. It is a memorial building in honor of the ex-service men.

Mr. MANN. What is the purpose of the building? For what is it to be used?

Mr. BLANTON. For American Legion meetings and proper public uses and for no other purpose.

Mr. MANN. There appears to be no restriction as to what the building is to be used for.

Mr. BLANTON. I believe it provides that in case they cease to use it for a memorial building it shall revert immediately back to the United States—the building itself.

Mr. MANN. No; it does not. It provides the easement shall continue as long as the building shall be devoted to the original purpose.

Mr. BLANTON. That is the clause to which I referred, and in effect it provides for the reversion mentioned.

Mr. MANN. What is the original purpose?

Mr. BLANTON. A memorial building. It is for the meetings, of course, of the Parramore Post of the American Legion.

Mr. MANN. There is nothing here about meetings. It says to erect a memorial building to the soldiers and sailors of Taylor County. As long as the building is there it will be a memorial to those soldiers and sailors, whatever it is used for. Apparently it could be leased and rented and a store put in it.

Mr. BLANTON. Oh, no. I will state to the gentleman from Illinois that there will be absolutely no private use of it at all. It is only for this public memorial purpose.

Mr. MANN. That is the present intent, but there is no restriction in there. Is there plenty of room there for this?

Mr. BLANTON. Oh, yes.

Mr. MANN. Did the Government buy this site?

Mr. BLANTON. No; I think it was acquired in the early days when out in western Texas there lands were cheap, and a town would give a block whenever they could get a public building erected. I am almost sure it was donated to the Government—that is my impression.

Mr. MANN. It is strange that information is not furnished, either by the gentleman or by the Treasury Department, so that we might know whether we purchased land several times larger than we had any use for.

Mr. BLANTON. I think that was just simply donated, because most of those sites out there were donated at that time. It is a whole block of ground.

Mr. WINGO. If the gentleman will permit, this site was acquired by the Federal Government back in those days when if you bought a lot out there, the grantor would slip in an extra block on the grantee.

Mr. MANN. That, of course, is facetious. Does anybody know about this?

Mr. BLANTON. If I am not mistaken, the question is covered in the hearings, which you can see if you have a copy of them. I am almost sure that this block of land was a donation to the Government; but be that as it may, the Government now owns fee simple title to the property. It is a whole block of ground, and I will state to the gentleman from Illinois that there is a big grass plot there, unused except for public purposes in the way of a park. They have a band stand there on one part of the plot, and the people meet there for public purposes.

Mr. MANN. The Government takes care of that land now, I take it?

Mr. BLANTON. Yes; but the Secretary of the Treasury of the United States shall prescribe the manner in which the American Legion shall take care of this building, and it will be under his direct control, so far as the stipulations he shall make are concerned.

Mr. MANN. The only thing I can see in the bill is that the design and construction of the building shall be approved by the Secretary of the Treasury, and I imagine in course of time—I hope it will be a long way in the future—the Government will have to take care of this building.

Mr. BLANTON. Oh, no. I will state to the gentleman that the money was raised by direct donations.

Mr. MANN. I am very glad indeed that this city, or town, or village, whatever it is, raised the money for this patriotic purpose. While I think the bill is not as carefully drawn as bills of this kind ought to be in the future, I am not going to object.

Mr. BLANTON. It is for a purely patriotic purpose.

Mr. LOWREY. Mr. Speaker, will the gentleman from Texas allow me to ask him a question, please?

Mr. BLANTON. Certainly.

Mr. LOWREY. He speaks of this being in the town of Abilene. I want to know if that town is incorporated, and if it is on a railroad?

Mr. BLANTON. Well, I didn't expect the gentleman who lived in Texas once to be so facetious. He knows that Abilene, Tex., is an enterprising, live, growing city of about 12,000 people, all of whom are wide-awake, and would honor any city in the United States with their citizenship. He lived away up in the panhandle there, where they raise big crops and fine cattle. But if he ever leaves Mississippi again, and comes back to Texas he will be sure to move to Abilene. [Laughter.]

Mr. MONDELL. The gentleman never lived in the cow country of the West or he would have known all about Abilene.

Mr. LOWREY. It seems to me, having lived in Texas, I have heard of Abilene, somewhere. [Laughter.]

Mr. BLANTON. Oh, the gentleman has spoken all over Texas, and he is well acquainted in Abilene. He is just speaking facetiously.

The SPEAKER pro tempore. The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and empowered to grant an easement to the executive committee of Parramore Post No. 57, American Legion, and its successors in office, for the use, without expense to the United States, of the strip of land off the Federal building site fronting 150 feet on the south side of North Fourth Street and extending southwardly, of that width, along the east side of Pine Street 150 feet, in block 20, Abilene, Tex., for the purpose of erecting thereon a memorial building to the soldiers and sailors of Taylor County who served in the Great War, said easement to continue as long as such building shall be devoted to the original purpose; *Provided, however,* That said easement shall cease and determine, and the custody and control of said parcel of land shall revert to the United States if said memorial building is not erected thereon within five years from the date of this act.

With a committee amendment, as follows:

On page 2, line 9, after the word "act," insert "And provided further. That the design and construction of the said memorial building shall be approved by the Secretary of the Treasury."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MANN. Mr. Speaker, I ask for a division on the passage of the bill.

The SPEAKER pro tempore. The gentleman from Illinois asks for a division.

The committee divided; and there were—ayes 35, nays 0.

So the bill was passed.

On motion of Mr. BLANTON, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. DYER. Mr. Speaker, how many votes were there?

The SPEAKER pro tempore. Thirty-five ayes. The Clerk will report the next bill.

ADDITIONAL JUDGE FOR THE DISTRICT OF MINNESOTA.

The next business in order on the Calendar for Unanimous Consent was the bill (H. R. 6648) authorizing the appointment of an additional judge for the district of Minnesota.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, I think it has never been the custom to pass these bills creating additional judgeships by unanimous consent or by taking them from the Unanimous Consent Calendar, and I object.

The SPEAKER pro tempore. The gentleman from Tennessee objects.

Mr. MANN. Will the gentleman reserve his objection for a moment?

Mr. GARRETT of Tennessee. I will reserve it.

Mr. MANN. There are bills on the calendar reported from the Committee on the Judiciary, I believe, providing for the appointment of at least five new district judges, there being at least four bills.

Mr. GARRETT of Tennessee. Yes.

Mr. MANN. There are five bills on the calendar asking for new judges, three Senate bills and two House bills, coming from a very distinguished committee of the House, the Committee on the Judiciary. I hope some member of the Committee on the Judiciary is here to hear what I say and give some attention to bills of this kind. Bills of this kind ought to be uniform. They ought to be in the same language, and the Committee on the Judiciary when it reports a bill of this kind, or reports two bills, ought to use the same language for the two bills. Instead of that they scatter all over the earth. Gentlemen who introduced some of these bills probably found bills or laws passed before the judiciary title was revised and drew copies of those bills. Now we have a law fixing the compensation and allowances of judges, a general law on the subject. It might be changed. The Committee on the Judiciary does not know what the law is on the subject, because if they did they would not prescribe one salary for a district judge in one of these bills and a different salary, perhaps, for a district judge in another district. The law and the Constitution provide that after the salary is fixed for a judge it can not be reduced by Congress. I hope the Committee on the Judiciary or the Subcommittee on the Committee on the Judiciary dealing with this subject will just take the time and the trouble to look up the law and fix a prescribed course in bringing in bills of this kind, because I imagine we will have a good many of them, now that the Federal judiciary have become police judges, having not much else to do but to try drunks. [Applause.]

The SPEAKER pro tempore. Objection is made. The bill will be stricken from the calendar.

Mr. VOLSTEAD. Mr. Speaker, I ask unanimous consent that the bill be allowed to remain on the calendar.

Mr. GARRETT of Tennessee. I object.

The SPEAKER pro tempore. Objection is made. The Clerk will report the next bill.

#### CORPS OF CADETS AT THE MILITARY ACADEMY.

The next business in order on the Calendar for Unanimous Consent was the bill (S. 1358) to provide for maintaining the Corps of Cadets at the United States Military Academy at its maximum authorized strength, and for other purposes.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection?

Mr. WINGO. I object.

The SPEAKER pro tempore. The gentleman from Arkansas objects. The bill is stricken from the calendar. The Clerk will report the next bill.

#### PUYALLUP RIVER, WASH.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 1578) to provide a preliminary survey of the Puyallup River, Wash., with a view to the control of its floods. The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. WINGO. Reserving the right to object, how much will this preliminary survey cost?

Mr. JOHNSON of Washington. I am not able to say. The bill is in the form adopted by the Flood Control Committee, and similar to that reported a few days ago for the Yazoo River.

Mr. MONDELL. Mr. Speaker, I shall not object to the reasonable discussion of this bill and the bill following it, but eventually I shall have to object to both of them.

Mr. JOHNSON of Washington. I hope the gentleman will not do that. A bill of similar character for the Yazoo River was passed by this House a few days ago.

Mr. MONDELL. I think I was not here at the time. I think that before we pass more bills of this character we should have some further discussion of the general subject, and I shall have to object. I shall not object to a brief statement.

Mr. JOHNSON of Washington. If that is the gentleman's attitude, there is little need to discuss it. This bill and the bill following it are reported on their merits. This bill has been

properly before the Flood Control Committee. Only last year a board of river and harbor engineers were out there—

Mr. MONDELL. It is a rather important matter, as the gentleman realizes, to begin making provisions for surveys of rivers with a view to control of their floods. It is a new policy which may involve great outlay. We ought to know a little more than we do as to the theory on which these surveys are being made, what the probable cost is to be, and on just what classes of streams the surveys are to be ordered. It is rather too important a matter to consider under unanimous consent.

Mr. JOHNSON of Washington. I hope it is not going to be adopted as a policy that we are to hold flood control simply to the Mississippi River, the Sacramento River, and the Yazoo River.

Mr. MONDELL. Not necessarily.

Mr. JOHNSON of Washington. I have been before the Flood Control Committee and have made my showing and the bill is reported favorably.

Mr. MANN. I suggest to the gentleman from Washington that the Committee on Flood Control will have its opportunity on Calendar Wednesday, and that at that time there is no way of preventing the gentleman from having an opportunity to explain his bill properly. It is a new proposition, as the gentleman will realize.

Mr. JOHNSON of Washington. That is true, but the gentleman from Wyoming says there is going to be objection to these bills.

Mr. MONDELL. I do not want the gentleman from Washington to misunderstand my statement. I did not take the position that these bills should not be passed. I took the position that this raises a new question and a very large question, which may eventually involve large expenditures, and that we should not inaugurate this policy—which may go very far afield before we get through with it—without further discussion than can be had under unanimous consent.

Mr. JOHNSON of Washington. I will say to the gentleman that if the House continues its policy of doing away with Calendar Wednesday and unanimous-consent days and other set days for the consideration of bills there will be very small chance for any of these bills or other minor bills to pass in this Congress.

Mr. CURRY. If the gentleman will reserve his objection for a moment, I wish to say that these bills were presented to the Flood Control Committee, and after thorough investigation and hearing that committee decided that this bill should be reported favorably to the House. The Puyallup River is a large river. It overflows its banks, and there are many thousands of acres that are subject to overflow. The overflow also threatens the city of Tacoma. If this bill provided for a final survey with an itemized statement of cost of the survey of the Puyallup River it ought not to be considered on the Unanimous Consent Calendar, but it does not do that. This bill simply provides for a preliminary survey. That preliminary survey is made by the United States Engineer officer in charge, under the Chief of Engineers, and he has all the data in his possession now necessary to make a preliminary report to Congress. No appropriation is necessary and no further action can be taken for the reclamation of this river or for a survey of it until after a detailed report has been made to Congress stating how much the improvement will cost, how much the State of Washington should pay, how much the counties should pay, how much the landowners should pay, and whether the United States Government should pay anything or not. From the statements made to the committee it does not appear that the United States Government will be called upon to pay anything, but the improvement will have to be made under the Army engineers, and after it is authorized by Congress it may be that the local interests will have to bear all the expense. This is simply for a preliminary survey, which will cost the United States Government nothing. They have the men there to do the work and they have the information to which to make a report.

Mr. MANN. Will the gentleman yield for a question?

Mr. CURRY. I will.

Mr. MANN. If the United States engineers have all the information now on hand and have really made a preliminary survey, what good will it do to order a preliminary survey, if they are not going to acquire any further information?

Mr. CURRY. They have not made a preliminary survey. They have the information on which to make a preliminary survey.

Mr. MANN. I understood the gentleman to say they had the information already on hand.

Mr. CURRY. They have.

Mr. MANN. Then they must have made something.

Mr. CURRY. They have.



Mr. MANN. What good will it do, then, to order them to make a preliminary survey when they are not going to do anything except to report what information they now have?

Mr. CURRY. Because Congress can not act until after a preliminary survey has been filed, under the act of Congress.

Mr. MANN. Oh, yes; Congress can act as it pleases. Congress is not restricted by that at all. Congress does not require a preliminary survey and then a final survey. Of course, the river and harbor law provides for certain things, but that does not control this case at all.

Mr. CURRY. The river and harbor act has nothing to do with this.

Mr. MANN. But the gentleman is proceeding on the theory that it does.

Mr. CURRY. Oh, no; the river and harbor law has nothing whatever to do with this. The Mississippi-Sacramento flood control act in section 3 provides the method and the machinery for the preliminary survey and for the detailed survey and for the improvement. The preliminary survey is necessary.

Mr. JOHNSON of Washington. Is not the preliminary survey necessary for the purpose of furnishing Congress and the committee with an estimate of the probable cost?

Mr. MANN. It is not necessary to order a preliminary survey at all.

Mr. CURRY. It is under that act.

Mr. MANN. That act is not binding on Congress. This is a House bill and not a House resolution, not a concurrent resolution. This makes law, and it is one of those proceedings where you walk in at the door and walk right out again, and doesn't accomplish anything.

Mr. JOHNSON of Washington. If this is an inquiry into the possible flood control, will you not have to have a preliminary survey?

Mr. MANN. The gentleman from Washington desires to have information presented to Congress to show whether this stream ought to be controlled, so far as floods are concerned, and what it will cost, what the method will be, and who is to furnish the money for it—the Government, the State, or the locality. If he wants that information, he ought to have a resolution to that effect. This does not amount to anything. You have got to have the same thing done over again.

Mr. JOHNSON of Washington. I have followed the proceedings used in reference to the Yazoo River survey.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. MONDELL. I object.

#### COWLITZ RIVER, WASH.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 1577) to provide a preliminary survey of Cowlitz River, Wash., with a view to the control of its floods.

The SPEAKER pro tempore (Mr. CAMPBELL of Kansas). Is there objection to the present consideration of the bill?

Mr. MONDELL. I object.

#### DISPOSITION OF ABANDONED LIGHTHOUSE AND LIFE-SAVING STATIONS.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 2911) to provide for the disposition of abandoned lighthouse and life-saving stations.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. McLAUGHLIN of Michigan. Reserving the right to object, Mr. Speaker, has the gentleman from Florida in mind the location of the locations proposed to be abandoned?

Mr. SEARS. Mr. Speaker, I have not in mind the special locations. I will say as I said in the few minutes allotted me that on February 7, 1921, there were perhaps a few locations in my district, and I doubt not there are many locations in districts in different States throughout the United States, and perhaps other States have more than are in my district. This is only to permit the Secretary of Commerce and the Secretary of the Treasury to sell lands acquired for lighthouse, life-saving, or coast-guard purposes that are no longer needed, or will no longer be needed by the Government.

The gentleman from Massachusetts [Mr. WALSH] and my good friend from Illinois [Mr. MANN] raised objections solely because the Department of Commerce had not been called on for a report. This bill was reported out in the Sixty-fifth Congress and also in the Sixty-sixth Congress, and again reported by the Committee on the Public Lands in this Congress. We have a favorable report from the past Secretary of the Treasury and the Secretary of Commerce and the Secretary of the Interior, and also the present bill has a favorable report signed by Mr. Hoover, and also a favorable report from Mr. Mellon, Secretary of the Treasury, and also a favor-

able report signed by Mr. Finney, the Acting Secretary of the Interior. These gentlemen made certain suggestions as to amendments and these suggestions have been complied with. For information of gentlemen I will state that I have made no objection to any amendment or suggestion by the departments, and I believe the chairman of the committee will hear me out that every amendment suggested by them has been incorporated in the bill.

Mr. McLAUGHLIN of Michigan. Mr. Speaker, ostensibly on the ground of economy or lack of sufficient appropriations a great many of these stations have been closed, temporarily, it is said. They may, however, be said to be abandoned. They may come within the purview of this act, and the Secretary of Commerce and the Secretary of the Treasury might be authorized to destroy them. The hope of those who are interested in some of these stations is that money sufficient to operate them may later be provided, but if this bill should become a law now, advantage might be taken to declare them "abandoned" and the property might be disposed of. So that no action can be taken as to these stations, temporarily closed, I shall object to the consideration of this bill.

Mr. SINNOTT. Will the gentleman yield?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. SINNOTT. Any of these stations may be sold at the present time by the Secretary of Commerce except stations that were located on land reserved from the public domain. That is about all that this bill will do will be to permit the sale of any reservation out of the public domain. It gives the Secretary of the Interior the right to sell reservations on the public domain and upon lands acquired from individuals.

Mr. McLAUGHLIN of Michigan. Mr. Speaker, the gentleman from Oregon may be right about that, but up to this time the department has not been taking advantage of any such now on the books and has not disposed of these lighthouses and life-saving stations. I doubt very much if there is any law now which would authorize the tearing down of the buildings and the sale of the land, and at the present time I do not want any law put upon the statute books that would authorize it, because I am hoping that some of these stations may be reopened. For the present I object to the consideration of the bill.

Mr. SEARS. Mr. Speaker, will the gentleman reserve his objection?

Mr. McLAUGHLIN of Michigan. Yes.

Mr. MANN. Mr. Speaker, if the gentleman will permit, I would like to ask one question, if I may. What particular case is it that gentlemen are trying to reach by this bill? What life-saving station is it that they are trying to sell by this bill? It must be some particular case.

Mr. SEARS. Mr. Speaker, I will answer the gentleman. This question was called to my attention by some constituents of mine. I know of no particular case. I know that at Coronado Beach, just out of New Smyrna, for years and years the lighthouse or coast guard station has been abandoned and has never been used by the Government. I have tried to get them to establish one at New Smyrna but could not. There are many along the coast of Florida.

Mr. MANN. The Government has authority to sell any of those, I take it, now, if it wants to. If there is no necessity for the law, what is the use of passing it? If there is no instance after these many years where there is a life-saving station or a lighthouse station that ought to be disposed of, what is the use of taking the time to pass legislation?

Mr. COLLINS. Mr. Speaker, I would state to the gentleman that there is a provision for the disposition of lighthouses but not for coast guard stations.

Mr. MANN. There is a provision for the disposition of life-saving coast guard stations.

Mr. COLLINS. No. The law referred to Thirty-seventh Statutes, 1017-1019, and that applies only to lighthouses.

Mr. MANN. Oh, the gentleman means there is no provision now for the sale?

Mr. COLLINS. There is not.

Mr. MANN. That is another thing. The Committee on Interstate and Foreign Commerce has jurisdiction and reported a bill for the sale of lighthouses. That committee did that from time to time. That is the committee to which the bill ought to have gone.

Mr. SEARS. Of course, Mr. Speaker, if the gentleman from Michigan is going to object, I do not care to take up the time of the House as there are other bills on the calendar.

Mr. SANDERS of Indiana. Mr. Speaker, if the gentleman will permit, it seems to me that this bill should have gone to the Interstate and Foreign Commerce Committee. I am wondering what discretion the Secretary of Commerce has in the matter.

Mr. SEARS. The Secretary of Commerce has jurisdiction of lighthouses and lighthouse stations, as I understand it, and the Treasury Department of the coast guard stations.

Mr. SANDERS of Indiana. The lighthouses are under the Treasury Department.

Mr. MANN. By the act of March 4, 1913, it is specifically provided that sale may be made of land, and so forth, in the Lighthouse Service, and this bill seeks to do the same thing.

Mr. COLLINS. No; it goes further. It also provides for the sale of coast guard reservations.

Mr. MANN. The coast guard reservations are life-saving stations.

Mr. SEARS. That comes under the Department of Commerce.

Mr. MANN. The Lighthouse Service is under the Department of Commerce and the law provides for the sale of either one now.

Mr. SINNOTT. Mr. Speaker, will the gentleman yield for an explanatory statement in regard to that act.

Mr. McLAUGHLIN of Michigan. Yes.

Mr. SINNOTT. The Secretary of the Interior refers to that in his letter of May 18, in which he says:

The question as to whether the Secretary of Commerce had the power under said act to dispose of abandoned lighthouse sites reserved by Executive order out of the public domain was submitted to the Attorney General on April 19, 1920, by the Secretary of Commerce and the Secretary of the Interior, by letter dated February 7, 1921, to the Attorney General, joined in the request.

The Attorney General, on March 29, 1921, in his letter to the Secretary of Commerce (copy herewith), rendered an opinion in which it was held that the Department of Commerce had authority under said act of March 4, 1913, to sell in the manner prescribed in the act lands reserved for lighthouse purposes whenever no longer needed for such purposes. It was further held by the Attorney General that lands reserved out of the public domain for specific purposes could only thereafter be disposed of by Congress.

Mr. MANN. I understand. If the land has been reserved for lighthouse purposes, but not used for it, it is not to be sold under that act.

Mr. SINNOTT. By a letter from the Secretary of Commerce, dated July 13, he requests that certain other amendments be added to the bill. On page 2, lines 15 and 16, to strike out the words "reserved for lighthouse purposes," and page 2, line 16, to strike out the word "therefor" and insert in lieu thereof the words "for lighthouse purposes." Are those amendments acceptable to the gentleman from Florida?

Mr. SEARS. They are acceptable to me. If I may be permitted, I want to say that I am in hearty accord with the sentiments expressed by the gentleman from Michigan [Mr. McLAUGHLIN]. I am not in favor of selling any coast guard station or life-saving station that has been temporarily closed or may be needed in the near future or in the future. If the gentleman will note, in line 7, page 1, of the bill, he will see the words specifically stated, "no longer needed for such purposes."

Mr. McLAUGHLIN of Michigan. Mr. Speaker, the trouble is, it may be the opinion of the Secretary of Commerce now that they never will again be needed, but he may be induced to change his opinion. He gives as a reason for closing a number of these stations the lack of money. It seems that a recent appropriation was reduced about \$200,000. The department has less money than formerly, and not as much money as it needs to maintain all of these stations. It has already discontinued or greatly reduced 47 of them. Five of them are in Michigan, along the shore of Lake Michigan, and some of them are in my district.

Mr. LAYTON. There are two in my district.

Mr. McLAUGHLIN of Michigan. It seems to me a mistake was made in closing them, and possibly a mistake was made on the part of Congress in not providing money enough. It would be a mistake to abandon them and dispose of the land and destroy the buildings, and I object to any law that will permit it at this time. Therefore, Mr. Speaker, I object to the present consideration of this bill.

The SPEAKER pro tempore. The gentleman from Michigan objects, and the bill will be stricken from the calendar.

The Clerk will report the next bill.

#### ADDITION OF CERTAIN LANDS TO MOUNT MCKINLEY NATIONAL PARK, ALASKA.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6262) to add certain lands to Mount McKinley National Park, Alaska.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. CURRY. Mr. Speaker, reserving the right to object, I would like to have the bill explained.

Mr. SUTHERLAND. Mr. Speaker, the object of this is to widen the boundary of Mount McKinley National Park to a distance of about 10 miles east. The entire length of the park will be about 100 miles by 40 in width at its widest point. This addition fixes the eastern boundary on the 149th meridian. The primary purpose is to establish a sanctuary for herds of mountain sheep that live in that section. It is a country of rugged, lofty mountains. There is no possible opportunity for agriculture or anything of that sort—not a foot of tillable land in the whole district that is taken in by this boundary. It is really the only game sanctuary in that territory, and takes in a variety of wild life that will possibly be exterminated if not protected.

Mr. CURRY. Will the gentleman yield?

Mr. SUTHERLAND. I will yield to the gentleman from California.

Mr. CURRY. There seems to be quite a number of reservations in Alaska. Ninety-two per cent of Alaska is now owned by the Government. Mount McKinley National Park is as big as some States and still you are adding to it and this part you are adding to it is very rich mineral land. This asks that this addition of mineral land be added to Mount McKinley National Park. Where did the request come from?

Mr. SUTHERLAND. The request comes from the Department of the Interior through the National Parks Service. There is no inhibition on searching and mining for minerals in the park, and it does not interfere—

Mr. CURRY. It does interfere with the mining for minerals in the parks.

Mr. SUTHERLAND. I do not agree with the gentleman.

Mr. CURRY. Then I agree with myself on that. If there were any good reason for it I would not object, and I do not intend to object now if the gentleman will give me a reason. Mount McKinley Park is 400 miles from anywhere. There was nobody there last year and there will be nobody there next year, and so far as the national park is concerned, it is an addition to the national parks that gives the Department of the Interior an opportunity to come up here and get a whole lot more money. I think the national park is big enough as it is now, and so far as the game tract there is concerned, let them create that under a different bureau. This is not for a game sanctuary at all.

Mr. SUTHERLAND. Mr. Speaker, that is the purpose of it, for a game sanctuary.

Mr. CURRY. You have 400 square miles. There is a game section, all you want.

Mr. SUTHERLAND. This has more special reference to the protection of mountain sheep.

Mr. CURRY. They go clear to the top of Mount McKinley and clear up to where Dr. Cook was supposed to go but did not, and clear down almost to the water front, and now it is not for the purpose of protecting them, I beg the gentleman's pardon, though somebody may have told him that. I do not like to have a bill of this kind passed through under any false pretenses from the department; that is all.

Mr. MONDELL. Does the gentleman from Alaska know whether the bill establishing the Mount McKinley National Park prohibited prospecting and mining?

Mr. SUTHERLAND. I do not think it did. I have always understood men went in there and prospected freely; that there was no restriction.

Mr. MONDELL. But the gentleman does not know?

Mr. SUTHERLAND. I am not positive, but I have always assumed it. In reply to the gentleman from California, Mr. Speaker, I will say that I have been in that section provided for being encompassed in the park. Now, I can conceive of no possible way that the land there could be utilized for any other purpose than just what they claim they want it for in the department, for the preservation of game.

Mr. BLANTON. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. BLANTON. What is the acreage proposed to be taken in?

Mr. SUTHERLAND. About 445 square miles.

Mr. BLANTON. Additional to what is already in the park?

Mr. SUTHERLAND. Yes. This gives the park a tract of 2,600 square miles.

Mr. BLANTON. Does the gentleman believe there is any necessity for this additional acreage?

Mr. SUTHERLAND. Yes.

Mr. MANN. It will be done sometime, why not now?

Mr. SUTHERLAND. That seems quite an acreage, but when you consider—

Mr. BLANTON. The gentleman from Illinois, while he comes from a good advertising State, I am a little surprised that he



used the Gold Medal Flour advertisement, "eventually, why not now?"

Mr. MANN. Eventually, why not now?

Mr. BLANTON. Eventually. Does the gentleman believe the United States Government is going to increase its park acreage to 2,600 square miles in every vicinity?

Mr. MANN. Oh, no; but where it is worth nothing for anything else I think it ought to be made into a park before any private interests get in. There has been bill after bill on this calendar to exchange land or something of that sort in a park. I think where you have a piece of land that is sooner or later going to be made into a park it is best to say so.

Mr. BLANTON. I want to say to the distinguished gentleman from Illinois that the people down in Texas used to think that way about public land there. They felt that the land in the big Panhandle was absolutely worthless, and our legislature gave 3,000,000 acres to build a capital, which land was valued at \$3,000,000. It is worth now from \$5 to \$25 an acre. You never can tell what land is going to be worth.

Mr. MANN. We will still have control of this. If the public had control of the land down there now, instead of its being owned by private parties, it would be protected.

The SPEAKER pro tempore. Is there objection?

Mr. MONDELL. Mr. Speaker, reserving the right to object, I notice the law establishing Mount McKinley National Park prohibits for settlement, occupancy, or disposal, under the laws of the United States, of lands within the limits of the park, but nothing contained in the law shall affect valid existing claims, locations, or entries. There is also a provision under which those having rights within these at the time they are included in the park may continue to enjoy those rights, and to kill such game as may be necessary for food. I do not object.

The SPEAKER pro tempore. Is there objection? (After a pause.) The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 6262) to add certain lands to Mount McKinley National Park, Alaska.

*Be it enacted, etc.,* That the south, east, and north boundaries of the Mount McKinley National Park are hereby changed as follows: Beginning at the summit of Mount Russell, which is the present southwest corner of the park; thence in a northeasterly direction 100 miles more or less to a point on the 149th meridian which is 25 miles south of a point due east of the upper northwest corner of the park; thence north along the 149th meridian 25 miles; thence west 40 miles, more or less, to the present upper northwest corner of Mount McKinley National Park. And all these lands lying between the above-described boundary and the present south, east, and north boundaries are hereby reserved and withdrawn from settlement, occupancy, or disposal, and under the laws of the United States said lands are hereby made a part of and included in the Mount McKinley National Park; and all the provisions of the act to establish Mount McKinley National Park, Alaska, and for other purposes, approved February 26, 1917, are hereby made applicable to and extended over lands hereby added to the park.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. SINNOTT a motion to reconsider the vote by which the bill was passed was laid on the table.

#### TWO ADDITIONAL JUDGES FOR SOUTHERN DISTRICT, NEW YORK.

The next business on the Calendar for Unanimous Consent was the bill (S. 1288) to provide for the appointment of two additional judges of the District Court of the United States for the Southern District of New York.

The title was read.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GARRETT of Tennessee. Mr. Speaker, for the same reasons that I stated a while ago in the Minnesota case, I object to the consideration of this bill.

The SPEAKER pro tempore. The gentleman from Tennessee objects, and the bill will be stricken from the calendar. The Clerk will report the next bill.

#### ABANDONED PORTIONS OF RAILROAD RIGHTS OF WAY.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 244) to provide for the disposition of abandoned portions of rights of way granted to railroad companies.

The title was read.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

Mr. PARRISH. Mr. Speaker, reserving the right to object, and I hope it will not be necessary for me to object, would the gentleman in charge of the bill be willing to put in as an amendment to the bill a reservation of the oil, gas, and mineral rights in favor of the Government? As I understand, this is a general bill, and as suggested by the gentleman from Wyoming, it covers many small tracts of land in many sections

of the country, and this is practically a gift to the people who own the survey through which the right of way passes, and it seems to me it would be a wise precaution for the Government, in this as in all similar legislation, to reserve the oil, gas, and mineral rights, because they may all become very valuable in time.

Mr. BURTNESS. I will say to the gentleman from Texas that my recollection is that that matter was considered by the committee; but in view of the fact that these tracts do not exceed over 100 feet in width, it was not thought feasible or necessary so to do. So that the gentlemen may fully understand the bill, it is simply this: In the West, as a whole, since 1875, whenever any portions of public lands have been granted to the railroads for right of way purposes, a reverter provision was retained in the patent, so that if the railroad abandoned the right of way for railroad purposes the land reverted to the Federal Government. It is only the right of way. I also want the House to realize this, that when the Government has issued patents to the homesteader or any other person getting the land, no diminution has been made by reason of this prior grant of the right of way. The patentee under the terms of the patent gets the entire legal subdivision, as the case may be. So all this bill does is to provide that, whenever rights of way have been abandoned, in cases of that sort, where they have been granted over public lands, the land will revert, not to the Government but to the patentee or his successor in interest, who has already received the patent on the entire legal subdivision. With this exception, namely, that the committee put in an amendment, or recommends the adoption of an amendment, that will save the use of these rights of way for public highways. The gentleman will readily realize that in some cases where the railroad has been actually established and then abandoned it makes a very good foundation for a public highway.

Members of the committee knew of several of such cases, so realizing that highways were of public importance they made an exception in the bill, so that any part that is used for a public highway is expressly reserved. Likewise it gives to the public authorities in charge of the establishment of highways the opportunity to establish a legal highway thereon within one year after the decree of forfeiture or abandonment.

Mr. PARRISH. I understand the different features of the bill as explained by the gentleman. But what I asked him about was if he had any objections to putting an amendment on the bill reserving to the Government the oil, gas, and mineral rights. I understand that the strip may not be wide, but I have known of cases where the wagon road through a single county was worth many thousands of dollars. It seems to me the gentleman ought to be willing that we should reserve to the Government the right to the oil and gas.

Mr. BURTNESS. I do not know anything about oil, as the gentleman from Texas does. But do I understand him to say that on a strip of that narrow width, running through a legal subdivision of not more than 40 acres the oil there would really be of value in the sense that it could be used separate and apart from the oil found under the land that the patentee already owns?

Mr. PARRISH. I have seen them pay thousands of dollars for the right to drill on railroad right of way.

Mr. BURTNESS. I am not the author of this bill, and I regret that he [Mr. CHRISTOPHERSON] is not present. The committee did not see fit to put the amendment in, but I have no personal objection to it.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. BLANTON. I want to call attention to the fact that the Texas & Pacific Railroad Co. has some of the most valuable oil lands along its right of way. The statement of my colleague [Mr. PARRISH] is eminently correct. This bill went off the calendar once before because of this very proposition—that it did not contain this provision reserving these rights to the Government.

Mr. BURTNESS. I do not know that it has gone off before; that has not happened in this Congress.

Mr. BLANTON. It was in the last Congress, and it went off the calendar because of my objection on that ground.

Mr. BURTNESS. Personally I would be in favor of the amendment and would accept it if that is satisfactory to the chairman of the committee.

Mr. SMITH of Idaho. The title of this land is not now in the Government. It has already passed to the railroad company.

Mr. BURTNESS. But it reverts to the Government. If the gentleman from Texas has an amendment of that sort, I will accept it.

Mr. PARRISH. For the purpose of hastening the proceedings, unless the gentleman is willing to accept the amendment, I will object to the bill.

Mr. BURTNESS. I am willing to accept the amendment.

The SPEAKER pro tempore. Without objection, the Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.*, That whenever public lands of the United States have been or may be granted to any railroad company for use as a right of way for its railroad or as sites for railroad structures of any kind, and use and occupancy of said lands for such purposes has ceased or shall hereafter cease, whether by forfeiture or by abandonment by said railroad company declared or decreed by a court of competent jurisdiction or by act of Congress, then and thereupon all right, title, interest, and estate of the United States in said lands shall, be transferred to and vested in any person, firm, or corporation, assigns, or successors in title and interest to whom or to which title of the United States may have been or may be granted, conveying or purporting to convey the whole of the legal subdivision or subdivisions traversed or occupied by such railroad or railroad structures of any kind as aforesaid, except lands within a municipality the title to which, upon forfeiture or abandonment, as herein provided, shall vest in such municipality, and this by virtue of said patent and without the necessity of any other or further conveyance or assurance of any kind or nature whatsoever: *Provided*, That this act shall not affect conveyances made by any railroad company or portions of its right of way if such conveyance be among those which have been or may be validated and confirmed by any act of Congress.

With a committee amendment, as follows:

On page 1, line 11, insert "except such part thereof as may be embraced in a public highway legally established within one year after said decree of forfeiture or abandonment." On page 2, line 15, strike out the word "or" and insert in lieu thereof the word "of" and in line 18, after the word "Congress," insert "nor shall this act affect any public highway now on said right of way."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment just reported.

The amendment was agreed to.

Mr. PARRISH. Mr. Speaker, I offer an amendment, which I send to the Clerk's desk.

The SPEAKER pro tempore. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. PARRISH: On page 2, following the word "way" in line 19, add "*Provided further*, That the transfer of such land shall be subject to and contain reservations in favor of the United States for oil, gas, and other minerals in the land so transferred and conveyed, with the right to prospect for, mine, and remove same."

The SPEAKER pro tempore. Does the gentleman from Texas desire recognition?

Mr. PARRISH. No; I do not care to be heard.

The SPEAKER pro tempore. The question is on agreeing to the amendment offered by the gentleman from Texas.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. BURTNESS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### ADDITIONAL JUDGE FOR THE DISTRICT OF ARIZONA.

The next business in order on the Calendar for Unanimous Consent was the bill (S. 395) providing for an additional judge for the district of Arizona.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, I have already objected to two bills creating additional judgeships, because I did not think they should be considered on the Unanimous Consent Calendar. That is a general reason. The gentleman from Illinois [Mr. MANN] has suggested some other very good reasons, in my opinion, why objection should lie, at least to some of the bills that are on this calendar. I do not know about the merits of any of these bills. I am not disposed to quarrel with the report of the Committee on the Judiciary. They are probably necessary, and, as has been said, probably a good many others will be necessary before this Congress shall conclude. But I do not think they should be considered on the Unanimous Consent Calendar and I therefore object.

Mr. HAYDEN. Mr. Speaker, will the gentleman from Tennessee yield?

Mr. GARRETT of Tennessee. Yes.

Mr. HAYDEN. I understand the gentleman's position to be that he does not think bills of this character should be considered on the Unanimous Consent Calendar. But he is not objecting to this bill on its merits?

Mr. GARRETT of Tennessee. Not on its merits. I am making a general objection. From what I know of this bill it seems to me to be a very meritorious bill.

The SPEAKER pro tempore. The gentleman from Tennessee objects and the bill is stricken from the calendar. The Clerk will report the next bill.

#### COINAGE OF PEACE DOLLARS.

The next business in order on the Calendar for Unanimous Consent was the resolution (H. J. Res. 111) to provide for the coinage of peace dollars.

The title of the resolution was read.

The SPEAKER pro tempore. Is there objection to the consideration of this resolution?

Mr. MANN. I object.

The SPEAKER pro tempore. The gentleman from Illinois objects. The bill is stricken from the calendar, and the Clerk will report the next bill.

#### LANDS ON FORT BUFORD MILITARY RESERVATION.

The next business in order on the Calendar for Unanimous Consent was the bill (S. 732) to extend the provisions of section 2455, Revised Statutes, to the lands within the abandoned Fort Buford Military Reservation in the States of North Dakota and Montana.

The title of the bill was read.

The SPEAKER pro tempore. Is there objection to the present consideration of this bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

*Be it enacted, etc.*, That the provisions of section 2455, Revised Statutes of the United States, be, and the same are hereby, extended to all nonmineral lands within the abandoned Fort Buford Military Reservation in the States of North Dakota and Montana, which were restored to disposal under the homestead, town site, and desert land laws under the provisions of the act of May 19, 1900 (31 Stat. L., p. 180).

The SPEAKER pro tempore. The question is on the third reading of the bill.

Mr. MONDELL. As I understand it, this act is intended to extend the law providing for the sale of isolated tracts.

Mr. BURTNESS. That is true.

Mr. MONDELL. That is its only purpose?

Mr. BURTNESS. Yes.

Mr. MONDELL. My recollection is that the law for the sale of isolated tracts has been amended since the date of the act of May 19, 1900.

Mr. SINNOTT. Section 2455 of the Revised Statutes is an act permitting the sale of lands to which the priority claims have been rejected. It permits the sale of such lands. This is not the isolated tract law, strictly speaking.

Mr. MANN. As nobody knows what it does, we will let it go through. [Laughter.]

The SPEAKER pro tempore. The question is on the third reading of the bill.

The bill was ordered to a third reading, and was accordingly read the third time and passed.

On motion of Mr. BURTNESS a motion to reconsider the vote by which the bill was passed was laid on the table.

#### STOLEN MOTOR VEHICLES.

The next business on the Calendar for Unanimous Consent was the bill (S. 1060) to amend an act entitled "An act to punish the transportation of stolen motor vehicles in interstate or foreign commerce," approved October 29, 1919.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill. The bill was read as follows:

*Be it enacted, etc.*, That sections 3 and 4 of an act entitled "An act to punish the transportation of stolen motor vehicles in interstate or foreign commerce," approved October 29, 1919, be, and hereby are, amended so as to read as follows:

"Sec. 3. That whoever shall transport or cause to be transported in interstate or foreign commerce a motor vehicle, knowing the same to have been stolen or embezzled, shall be punished by a fine of not more than \$5,000, or by imprisonment of not more than five years, or both."

"Sec. 4. That whoever shall receive, conceal, store, barter, sell, or dispose of any motor vehicle, moving as, or which is a part of, or which constitutes interstate or foreign commerce, knowing the same to have been stolen or embezzled, shall be punished by a fine of not more than \$5,000, or by imprisonment of not more than five years, or both."

Mr. GARRETT of Tennessee. Mr. Speaker, has this bill passed the objection stage?

Mr. MANN. Yes.

The SPEAKER pro tempore. It has.

Mr. GARRETT of Tennessee. Then I move to strike out the last word. I suppose that, the original bill having been passed, possibly this amendment may be necessary; and yet if it is a measure to strengthen that act, I am opposed to it. That original bill ought never to have been passed. I regret pro-



foundly that such a departure in governmental practice was ever made. The gentleman from Illinois [Mr. MANN] referred a while ago to the fact that Federal judges had become in large measure police judges, and that is true, and it is because of just such acts as this. If it can be done as to automobiles I do not know why you can not confer jurisdiction upon the Federal courts to try thefts of anything else carried in interstate commerce, thereby simply continuing to take over all the functions performed by the States, police, criminal, and otherwise, in every respect, and to lodge them in the Federal courts.

I move to strike out the enacting clause of this bill.

The SPEAKER pro tempore. The gentleman from Tennessee moves to strike out the enacting clause.

Mr. MANN. Mr. Speaker, I think I was not present when the original law was passed.

Mr. GARRETT of Tennessee. I was not.

Mr. MANN. Probably that was one of the infamies perpetrated upon the country by a Democratic Congress; but I would like to ask whether there has been any construction of the authority of Congress to pass a law making it a penal offense to have in possession something which has been stolen, because it came from some other State than the one in which it is found. That goes very far. I am in sympathy with the idea of trying to prevent these automobile thieves getting in any more of their work safely, and I believe that there ought to be if possible—I do not know whether it is possible—some kind of regulation from a Federal standpoint. This law provides that it shall be an offense for a man to receive and have in his possession an automobile which has been stolen and brought from another State.

Mr. MONDELL. Mr. Speaker, will the gentleman yield for me to make a suggestion with regard to this measure? We are proceeding by unanimous consent. The gentleman from Tennessee [Mr. GARRETT] could have objected to the consideration of the measure. Possibly his attention was not called to the bill at the time. But it seems to me that if we are to continue to give consideration to these bills in the way in which we started this afternoon we should not have a contest over this or any other measure; and I now ask unanimous consent that this bill retain its place on the calendar without prejudice, and that it be passed.

Mr. MANN. In the absence of the gentleman from Missouri [Mr. DYER] who reported the bill?

Mr. MONDELL. Yes.

The SPEAKER pro tempore. The gentleman from Wyoming [Mr. MONDELL] asks unanimous consent that the proceedings subsequent to the call for objection be vacated, and that this bill retain its place on the calendar. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, let me say that the gentleman from Illinois [Mr. MANN] is in error in one respect, and that is as to this original law having been passed by a Democratic Congress. The original act was passed by the last Congress. I shall not object to the request.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. JOHNSON of Washington. I ask unanimous consent that H. R. 1578 and H. R. 1577, to which objection was made, be permitted to retain their places on this calendar.

The SPEAKER pro tempore. The gentleman asks unanimous consent that H. R. 1577 and H. R. 1578 retain their places on the Calendar for Unanimous Consent. Is there objection?

There was no objection.

The SPEAKER pro tempore. The clerk will report the next bill.

#### CERTAIN ENLISTED MEN IN THE NAVY.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7105) to correct the status of certain enlisted men of the Navy and Naval Reserve Force, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. I object.

Mr. MANN. Will the gentleman reserve his objection?

Mr. BLANTON. I will reserve it.

Mr. MANN. This bill is incorporated in H. R. 7864, which is being considered in the committee, and I ask unanimous consent that this bill (H. R. 7105) be stricken from the Union Calendar and from the Calendar for Unanimous Consent.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that this bill (H. R. 7105) be stricken from the Union Calendar and from the Calendar for Unanimous Consent. Is there objection?

There was no objection.

#### REPAIR AND REBUILDING OF CUSTOMS BUILDINGS IN PORTO RICO.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6557) to authorize the Secretary of the Treasury to repair and rebuild customs buildings in Porto Rico and to pay for same out of duties collected in Porto Rico.

The Clerk read the title to the bill.

The SPEAKER pro tempore. At the request of the gentleman from Iowa, and without objection, the bill will be passed without prejudice.

There was no objection.

#### ADDITIONAL JUDGE FOR THE DISTRICT OF MONTANA.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 2261) providing for an additional judge for the district of Montana.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GARRETT of Tennessee. Mr. Speaker, for the same reasons as given heretofore, I object.

The SPEAKER pro tempore. The bill will be stricken from the calendar.

#### CONSOLIDATION OF FOREST LANDS, COLORADO NATIONAL FOREST, COLO.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6259) for the consolidation of forest lands in Colorado National Forest, Colo., and for other purposes.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and hereby is, authorized, in his discretion, to accept on behalf of the United States title to any lands within the Colorado National Forest, Colo., if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national-forest purposes, and in exchange therefor may give not to exceed an equal value of national-forest land within the Colorado National Forest, or the Secretary of Agriculture may authorize the grantor to cut and remove an equal value of timber within the national forests of the same State. The values in each case shall be determined by the Secretary of Agriculture, who shall give consideration to any reservation which either party may make of timber, minerals, or easements. Timber given in such exchanges shall be cut and removed under the laws and regulations relating to the national forests and under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the Colorado National Forest.

With the following committee amendment:

In line 14, page 1, and lines 1 and 2, page 2, strike out the following words: "Who shall give consideration to any reservations which either party may make of timber, minerals, or easements."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. TIMBERLAKE, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### BRIDGE ACROSS PEND D'OREILLE RIVER, IDAHO.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7328) to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That Peter Young, of Priest River, Idaho, is hereby authorized to construct, maintain, and operate a bridge across the Pend d'Oreille River in Bonner County, Idaho, at a point suitable to the interests of navigation, and at the Newport-Priest River Road crossing, Idaho, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 3, after the word "Idaho," insert the words "his legal representatives or assigns."

The SPEAKER pro tempore. The question is on the committee amendment.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

#### ADDITIONAL JUDGE FOR EASTERN DISTRICT OF MICHIGAN.

The next business on the Calendar for Unanimous Consent was the bill (S. 1254) providing for the appointment of an additional district judge in and for the eastern district of Michigan.

The Clerk read the title to the bill.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. I object.

## EXPORTATION OF PULP WOOD FROM THE DOMINION OF CANADA.

The next business on the Calendar for Unanimous Consent was Senate joint resolution 36, authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments of Quebec, Ontario, and New Brunswick as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood therefrom to the United States.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

Mr. MANN. Reserving the right to object, I would like to have the joint resolution reported.

The Clerk read the joint resolution, as follows:

Joint resolution authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments of Quebec, Ontario, and New Brunswick as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood therefrom to the United States.

Whereas newsprint and other printing papers are commodities of universal use and are indispensable in the educational process of modern civilization, and the paramount importance of a sufficient production of such newsprint and other paper to supply the needs of the people of the United States is a self-evident proposition; and

Whereas practically the whole content of newsprint and other printing paper is composed of mechanical and chemical products of pulp wood, the supply of which in the eastern part of the United States is being rapidly exhausted by the growing demand and the price of which is being advanced to unprecedented levels; and

Whereas the existing scarcity of pulp wood and its threatened total exhaustion in the United States has become a matter of such grave concern to the paper industry, the users and manufacturers of forest products, the Federal Government, and the general public that the Forest Service, the lumber and pulp and paper associations, and the forestry authorities of the country are now formulating a broad and comprehensive national forest conservation and reforestation plan for early adoption; and

Whereas the lieutenant governors of certain of the Provinces of Canada, in council, did issue orders prohibiting the exportation of pulp wood cut from Crown lands, the chief source of supply of pulp wood, unless manufactured into lumber, pulp, or paper, thereby tending to create a monopoly beyond our borders in the manufacture of paper, to the great detriment of the people of the United States: Now, therefore, be it

*Resolved, etc.,* That the President of the United States be, and he is hereby, requested to appoint a commission of five persons and, by appropriate authority, to confer on this commission the power, on behalf of the administration and the Congress, to negotiate with said Dominion Government, or with said provincial governments, in respect to the cancellation of said restrictive orders in council, and as well any other restrictions on the exportation of pulp wood and newsprint and other printing paper composed of mechanical and chemical products of pulp and pulp wood, from the Dominion of Canada to the United States.

SEC. 2. That in the event the cancellation of said restrictive orders in council can not be agreed to by mutual arrangement of the Governments of the United States of America and the Dominion of Canada, that said commission shall investigate, consider, and report to the President, on or before December 1, 1921, what action in its opinion should be taken by the Congress that will aid in securing the cancellation of said restrictive orders in council, so that they may not continue to militate against the interests of the people of the United States.

SEC. 3. That for the necessary expenses of said commission the sum of \$50,000 be, and it is hereby, appropriated from the moneys in the Treasury of the United States not otherwise appropriated.

With the following committee amendments:

Page 2, line 4, strike out "requested" and insert "authorized."

Page 2, line 7, strike out "or" and insert "also."

Page 2, line 8, strike out "said" and insert "the," and, after the word "governments," insert "thereof."

Page 3, line 16, after the word "appropriated," insert ": Provided, however, That the members of the commission shall serve without compensation."

The SPEAKER pro tempore. Is there objection?

Mr. MANN. Reserving the right to object—and I certainly do not want to object—I do not think the preamble ought to remain in this resolution. I think there are some things in the preamble which, going officially from the United States to Canada, might be taken exception to, and as this is a case where we are approaching Canada in the hope that we will have her good will it seems to me that the preamble ought to be stricken out of the resolution. I would like to ask the gentleman from Massachusetts, who has given much attention to this matter, if he would object to striking out the preamble?

Mr. ROGERS. I am satisfied to have the preamble stricken out. I do not like preambles in a resolution anyway, and I think this is more objectionable than many others.

The SPEAKER pro tempore. Is there objection to the consideration of the Senate joint resolution?

There was no objection.

Mr. MANN. Mr. Speaker, I move to amend, page 2, line 7, by striking out the word "said" and inserting the word "the."

The SPEAKER pro tempore. The Clerk informs the Chair that in the print which he has it should be line 6.

Mr. MANN. I have the reported bill; has the Clerk a star copy of the bill?

The SPEAKER pro tempore. Perhaps the gentleman has the Senate print.

Mr. MANN. It may be. The Printing Office lately is very careless in its printing for Congress. It makes so many mistakes that nobody can keep up with it. Now, the Public Printer is a fine man, and I wish he would pay less attention to advertising himself in office and more to running the office.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

On page 3, line 6, strike out the word "said" and insert in lieu thereof the word "the."

The amendment was agreed to.

Mr. MANN. Mr. Speaker, I move to strike out the word "said" before the word "restrictive," in line 10, page 3, and insert the word "the."

The SPEAKER pro tempore. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MANN: Page 3, line 10, strike out the word "said" before the word "restrictive" and insert in lieu thereof the word "the."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The Clerk will report the committee amendments.

The Clerk severally reported the following committee amendments, which were severally agreed to:

Page 2, line 4, strike out the word "requested" and insert in lieu thereof the word "authorized."

Page 2, line 7, strike out the word "or" and insert in lieu thereof the word "also."

Page 2, line 8, strike out the word "said" and insert the word "the," and after the word "governments" insert the word "thereof."

The SPEAKER pro tempore. The Clerk will read.

The Clerk read as follows:

SEC. 3. That for the necessary expenses of said commission the sum of \$50,000 be, and it is hereby, appropriated from the money in the Treasury of the United States not otherwise appropriated.

With the following committee amendment:

Page 3, line 16, after the word "appropriated," insert ": Provided, however, That the members of the commission shall serve without compensation."

The SPEAKER pro tempore. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. ROGERS. Mr. Speaker, I now move to strike out the preamble.

The SPEAKER pro tempore. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. ROGERS moves to strike out the preamble.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Massachusetts.

The amendment was agreed to.

The SPEAKER pro tempore. The question now is on the third reading of the joint resolution.

Mr. MCKENZIE. Mr. Speaker, I move to strike out the last word. I have not had opportunity to study the resolution, but there is one thing that strikes me with considerable force and that is that evidently we are going to get a commission to serve without pay. Who are these gentlemen? Are they in keeping with the dollar-a-year men we had during the war, or what is the purpose of it?

Mr. ROGERS. Mr. Speaker, the attitude of the committee in considering the resolution was that this is in its essence temporary service, that it would be very much in opposition to what I suspect is the temper of the House to recommend the creation of a paid commission. We have two or three paid commissions in connection with the relationship between the United States and Canada. When the commissions are created we are assured that they will take a year or two years or three years at most, perhaps, for the completion of their entire task, and the decades pass, and yet those men are still holding down the jobs which were created for that purpose. The International Joint Commission between the United States and Canada is perhaps 10 years old. It has come to be a recognized position for the lame ducks of the party in power at the moment. The members of that commission get a salary of \$7,500 a year. For one I have tried for many years to get those salaries reduced or perhaps abolished altogether, and each time the Senate comes forward and insists on the continuance of those salaries at the old scale. This work is in very large measure technical work. I have no information as to the people President Harding will appoint if the resolution becomes a law, but I should suppose



that he would designate men who are now holding responsible governmental positions to take on this extra function. For example, perhaps the forester in the Department of Agriculture and some official in the Department of the Interior. There are other men now in the Government service who would naturally be appointed to perform this kind of work.

Mr. McKENZIE. What is the real purpose of this commission; what are they going to do? What evil are we suffering from now that it is necessary to have remedied?

Mr. ROGERS. The evil is a very real one. It is one that is growing increasingly vital as the years pass. This controversy has been continuing now for about 10 years. An effort has been made, and I think made in good faith, to settle the controversy through the usual diplomatic channels, but we are not making the slightest headway that anyone can ascertain toward an actual solution. We felt that the State Department had had time enough to bring this thing to a head and a solution and we felt that they had failed and that we better try some other way.

Mr. MANN. Mr. Speaker, if the gentleman will pardon me, we are largely dependent upon Canada for our pulp-wood supply, pulp wood consisting in the main of spruce, although there are some other classes of firs used in the manufacture of print paper. The Canadian Provinces, as provinces, own most of the great forests of spruce wood in Canada, and they are known as Crown lands. They lease those Crown lands. A number of our paper manufacturers have leased large areas of those Crown lands in Canada. The Canadians have put in force in their leases a provision requiring that the pulp wood cut upon these Crown lands shall be manufactured in Canada, practically thereby prohibiting the export of pulp wood to the United States where it is cut on the Crown lands. There is still more or less privately owned land in Canada from which we do import considerable quantities of pulp wood. It may be that the Canadian Provinces after a while will not only forbid the exportation of pulp wood, but they may forbid the exportation of wood pulp, which is the pulp wood ground into pulp, and require that the pulp wood cut on the Crown lands shall be manufactured into paper in Canada. It will be a sad day for our manufacturers if they do, and I am not sure but that it will be a sad day for our newspaper owners, producers, and readers as well.

Mr. McKENZIE. If I understand the gentleman's explanation, and it has thrown some light on the matter, we have in this country certain corporations or partnerships or individuals engaged in the manufacture of print paper, using wood pulp brought in from Canada, but the Canadian Government has this restriction upon bringing over the lumber into this country to be manufactured at our mills. If I get the idea, the purpose of this commission is to go over to Canada to see if they can not make arrangements to have that restriction taken off. Am I right?

Mr. MANN. The gentleman is correct, and if they can not, I suppose in connection with that they will give consideration to restrictive measures that ought to be adopted on this side of the border line.

Mr. McKENZIE. Mr. Speaker, will the gentleman yield further?

Mr. MANN. Yes.

Mr. McKENZIE. I would like to ask the gentleman from Illinois if he does not believe that if the Canadians are as wide-awake as we are over on this side that the commission will have some difficulty?

Mr. MANN. Well, I can assure my colleague that the Canadians are wide-awake, not only in this but in other matters, and I am inclined to think they are much wider awake than we were when we passed the tariff bill the other day. However, this is not wholly a one-sided proposition. We require some things from them and they require some things from us. But, Mr. Speaker, I move to amend, page 3, line 14, by striking out "\$50,000" and inserting "\$10,000."

The SPEAKER pro tempore. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 3, line 14, strike out "\$50,000" and insert in lieu thereof "\$10,000."

Mr. MANN. Mr. Speaker, I have no desire to restrict any needed money for this purpose.

Mr. ROGERS. Mr. Speaker, I think the adoption of the committee amendment prohibiting the members of the commission from serving for compensation makes it possible materially to reduce the \$50,000 which was reported in the bill, but whether \$10,000 will be at all adequate I do not know. We can make inquiry about it and try to reconcile the difference in conference,

Mr. MANN. I do not believe that a commission of this sort which is bona fide ought to be used either for the appointment on the commission, or as counsel or otherwise, men who have passed out of public life and are now looking for a living.

Mr. BLANTON. Mr. Speaker, I offer an amendment—

Mr. MANN. Oh, do not; let it go.

Mr. BLANTON. To strike out "\$10,000" and insert "\$5,000."

Mr. MANN. Let it go; I think we ought to make it \$10,000.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amend the motion of the gentleman from Illinois [Mr. MANN] by striking out "\$10,000" and inserting in lieu thereof "\$5,000."

Mr. BLANTON. Mr. Speaker, I ask recognition for a moment. I think that this amendment ought to be passed. I think we ought to watch every one of these new commissions. If this measure carries any great amount, when we come to a final vote, I will vote against it. I agree with the gentleman from Illinois that this work is necessary to be done. It involves a subject that means much to the country, but there is no use spending any great amount of money on it; it is not necessary to spend it. The gentleman from Illinois [Mr. MANN] knows, I believe, that \$5,000 ought to cover every reasonable expense connected with this work, and what is there about it that requires the expenditure of any great sum of money? The committee has gotten in the habit, and other committees have, of putting in great big amounts on bills of this character. Hence, it put in here \$50,000, and I think we ought to reduce it to \$5,000, as that ought to be the limit.

Mr. MANN. I will say to the gentleman from Texas I hope they will not spend as much as \$5,000, but I think it would be undesirable to put it at \$5,000 when we do not know. I hope the gentleman will withdraw his amendment.

Mr. BLANTON. I think my amendment ought to pass. But if it does not, we ought by all means to adopt the amendment offered by the gentleman from Illinois [Mr. MANN] reducing this \$50,000 to \$10,000; otherwise we ought to defeat the passage of this measure.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Texas to the amendment offered by the gentleman from Illinois.

The question was taken, and the Speaker pro tempore announced the yeas appeared to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The House again divided; and there were—yeas 2, yeas 52.

Mr. BLANTON. Mr. Speaker, I object to the vote because there is no quorum present, and I make that point of order.

Mr. HERRICK. Mr. Speaker, a parliamentary inquiry.

Mr. MANN. The gentleman can not submit a parliamentary inquiry on a motion of no quorum.

Mr. BLANTON. Mr. Speaker, I withdraw it.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

The joint resolution as amended was ordered to be read the third time, was read the third time, and passed.

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that the title be amended in accordance with the recommendation of the committee.

Mr. MANN. I suggest to the gentleman that in next to the last line, after the words "pulp wood," in the amendment, he insert the words "and paper."

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment to title: After the word "wood," in next to the last line of the committee amendment to the title, insert the words "and paper."

The question was taken, and the amendment was agreed to.

The amendment to the title as amended was agreed to.

On motion of Mr. ROGERS, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

#### ORDER OF BUSINESS.

Mr. GARRETT of Tennessee. Mr. Speaker, it seems to me that we have gone along pretty well with this Unanimous-Consent Calendar. I do not see anything of great importance left on it now.

Mr. MONDELL. It was my hope we could go through the calendar down to No. 92. There are three bills reported within the last few days and it has been a long time—

Mr. GARRETT of Tennessee. I think we had better save a little seed for the next Unanimous-Consent Calendar day.

Mr. MONDELL. There are a number of bills here that are rather important.

Mr. GARRETT of Tennessee. I understand that there are some suspensions to be considered, and I think—

Mr. MONDELL. Only one.

Mr. GARRETT of Tennessee (continuing). We had better proceed with those.

Mr. JOHNSON of Washington. Why stop at No. 92 on the calendar, which is one that ought to be passed immediately, if at all?

Mr. LONGWORTH. Will the gentleman yield to me?

Mr. GARRETT of Tennessee. I will.

Mr. LONGWORTH. Will not the gentleman permit at least the next one after this to be considered by the House? It is a bill of great importance to the disabled veterans of the World War.

Mr. GARRETT of Tennessee. It is to incorporate disabled veterans—

Mr. LONGWORTH. And it has the unanimous report of the Committee on the Judiciary.

Mr. MONDELL. May I suggest to the gentleman from Tennessee that there are a number of rather unimportant bills on the calendar that I am sure there is no objection to?

Mr. GARRETT of Tennessee. That is true.

Mr. MONDELL. And we can dispose of them all while we are talking about it.

Mr. GARRETT of Tennessee. Those are the important ones, I think, that ought to be saved for seed.

Mr. MONDELL. I think that we can dispose of the remaining bills in 15 minutes.

Mr. GARRETT of Tennessee. I think some of the suspensions best be tried out now.

Mr. MONDELL. There is only one.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. GARRETT of Tennessee. I will.

Mr. JOHNSON of Washington. Why should you suspect all the Members of the House as being at the ball game when some of us here are trying to do business?

Mr. GARRETT of Tennessee. I did not make any such charge.

Mr. JOHNSON of Washington. The newspapers will. Every time this House adjourns prematurely, they say that we are at the ball game.

Mr. MONDELL. As the gentleman from Tennessee and myself never go to the ball game, I do not think we should allow that opinion to be formed.

Mr. GARRETT of Tennessee. The gentleman is facetious. I think we had best try suspensions unless the House sees fit to adjourn in the meantime.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6611) to establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act, had receded from its amendments Nos. 13, 14, 15, 16, 18, 22, 23, 26, 28, 38, 46, 48, 53, 54, 56, 57, 59, 61, and 62, and had agreed to the amendments of the House to Senate amendments Nos. 12, 17, 19, 33, 37, 55, 67, and 83.

#### BRIDGE ACROSS OHIO RIVER, HUNTINGTON, W. VA.

Mr. MONDELL. Mr. Speaker, there is a bridge bill on the calendar, the last one. It went onto the calendar only Saturday, but we ought to pass all these bridge bills when we have the calendar up. I ask unanimous consent that the bill, Calendar No. 95, may be considered. It is S. 1934.

The SPEAKER pro tempore. The gentleman from Wyoming asks unanimous consent for the present consideration of the bill No. 95 on the Unanimous-Consent Calendar. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, it is customary to take up bridge bills on days other than even unanimous-consent days, by unanimous consent, but I have no objection to crossing this bridge before we get to it.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

An act (S. 1934) granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway toll bridge across the Ohio River between the city of Huntington, W. Va., and a point opposite in the State of Ohio.

Be it enacted, etc., That the consent of Congress is hereby granted to the Huntington & Ohio Bridge Co., its successors and assigns, to construct, maintain, and operate a highway and street railway toll bridge and approaches thereto across the Ohio River at a point suitable to the interests of navigation, one end of said bridge being in the city of Huntington, W. Va., and the other end at a point opposite said

city of Huntington, in the State of Ohio, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

Amend the title so as to read: "An act granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway bridge across the Ohio River between the city of Huntington, W. Va., and a point opposite in the State of Ohio."

The following committee amendment was read:

Page 1, line 6, strike out the word "toll."

The SPEAKER pro tempore. The question is on the committee amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended by striking out the word "toll" in the third line thereof.

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent that the bill H. R. 216 be now considered.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order there is no quorum present.

Mr. CURRY. There is a real emergency calling for the passage of No. 91 (S. 2062) on the calendar.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. OSBORNE, until August 15, on account of important business.

To Mr. BRENNAN, for five days, on account of death in family.

To Mr. UNDERHILL, for two weeks, on account of illness in his family.

To Mr. ATKESON, for one week, on account of important business.

#### UNANIMOUS CONSENT CALENDAR.

Mr. CURRY. Mr. Speaker, I suggest that No. 91, for ratifying, confirming, and approving certain acts of the Legislature of Hawaii, be taken from the calendar and considered. There is a real emergency calling for the consideration of the bill at the present time.

Mr. LONGWORTH. The "gentleman from Ohio" received recognition to make a unanimous-consent request just before.

The SPEAKER pro tempore. The Chair was not aware of what either gentleman desired.

Mr. MONDELL. Mr. Speaker, I believe we shall get further along with the dispatch of business, inasmuch as objection was made and the gentleman from California [Mr. KAHN] was promised to be recognized, I think, to move suspension, and therefore I object.

The SPEAKER pro tempore. The objection is made to the unanimous-consent requests of the gentleman from Ohio [Mr. LONGWORTH] and the gentleman from California [Mr. CURRY].

Mr. CURRY. That objection does not take the bill off the calendar, does it?

The SPEAKER pro tempore. It does not.

#### CORPS OF CADETS AT UNITED STATES MILITARY ACADEMY.

Mr. KAHN. Mr. Speaker, I move to suspend the rules and take up the bill (S. 1358) to provide for maintaining the Corps of Cadets at the United States Military Academy at its maximum authorized strength, and for other purposes.

Mr. WINGO. Mr. Speaker, I make the point there is no quorum present.

The SPEAKER pro tempore. The gentleman from California moves to suspend the rules and pass the bill S. 1358, and the gentleman from Arkansas [Mr. Wingo] raises the point of no quorum. The Chair will count. [After counting.] Ninety-six gentlemen are present.

Mr. KAHN. Mr. Speaker, I move a call of the House.

The SPEAKER pro tempore. The Clerk will call the roll.

Mr. BLANTON. Mr. Speaker, the Chair did not put the motion.

The SPEAKER pro tempore. The question is on the motion of the gentleman from California for a call of the House.

The question was taken; and the Speaker announced that the yeas seemed to have it.

Mr. KAHN. Division, Mr. Speaker.

The House divided; and there were—ayes 42, noes 6.

Mr. WINGO. Mr. Speaker, I beg to make a privileged motion.



Mr. BLANTON. Mr. Speaker, I object to the vote, because it shows there is no quorum present, and I make the point of no quorum.

Mr. WINGO. Mr. Speaker, I offer a privileged motion, that the House do now adjourn.

The SPEAKER pro tempore. The gentleman from Arkansas moves that the House do now adjourn.

Mr. BLANTON. Mr. Speaker, I make a point of no quorum on the motion of the gentleman from California [Mr. KAHN].

Mr. KAHN. Mr. Speaker, I desire to make a point of order against the motion of the gentleman from Arkansas [Mr. WINGO]. The House ordered a call of the House, and nothing is in order except that.

Mr. WINGO. I made that before the announcement was made.

The SPEAKER pro tempore. The gentleman from Arkansas [Mr. WINGO] is in order. The question is, Shall the House now adjourn?

The question was taken, and the motion was rejected.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fitzgerald	Langley	Robison
Anthony	Flood	Lanham	Rose
Atkeson	Fordney	Larsen, Ga.	Rosenbloom
Bankhead	Frear	Larson, Minn.	Rouse
Barbour	Free	Lazaro	Rucker
Beck	Freeman	Lee, Ga.	Ryan
Blakeney	Fuller	Lee, N. Y.	Sabath
Bland, Ind.	Funk	London	Sanders, N. Y.
Boles	Gallivan	Longworth	Scott, Mich.
Bond	Garner	Luce	Stegel
Bowers	Gilbert	Luhning	Sinclair
Brennan	Glynn	Lyon	Slemp
Brinson	Goldsborough	McLaughlin, Pa.	Smithwick
Britten	Goodykoontz	MacGregor	Snell
Brooks, Pa.	Gould	Maloney	Snyder
Browne, Wis.	Graham, Pa.	Martin	Stafford
Bulwinkle	Green, Iowa	Mead	Steenerson
Burdick	Hadley	Merritt	Stevenson
Burke	Hardy, Colo.	Michaelson	Stiness
Burrongs	Harrison	Mills	Stoll
Cantrill	Hawes	Montague	Strong, Pa.
Carew	Hawley	Moore, Ill.	Sullivan
Chandler, Okla.	Hays	Moore, Ohio	Tagne
Chindblom	Himes	Mott	Taylor, Ark.
Christopherson	Hogan	Murphy	Taylor, Colo.
Clark, Fla.	Houghton	Newton, Mo.	Taylor, N. J.
Classon	Huddleston	Nolan	Taylor, Tenn.
Cockran	Hudspeth	O'Brien	Thomas
Codd	Humphreys	Oldfield	Thompson
Collier	Husted	Oipp	Tilson
Cooper, Ohio	Hutchinson	Osborne	Timberlake
Copley	Jacaway	Padgett	Tincher
Coughlin	James, Mich.	Palge	Tinkham
Cramton	James, Va.	Parker, N. J.	Underhill
Crisp	Johnson, S. Dak.	Parker, N. Y.	Upshaw
Cullen	Jones, Pa.	Patterson, Mo.	Vaile
Dallinger	Jones, Tex.	Patterson, N. J.	Vestal
Deal	Keller	Perkins	Volk
Dempsey	Kelley, Mich.	Perlman	Walsh
Denison	Kelly, Pa.	Peters	Walters
Dickinson	Kendall	Petersen	Ward, N. Y.
Domlnick	Kennedy	Pou	Wason
Doughton	Ketcham	Pringley	Watson
Drane	Kiess	Radcliffe	Wheeler
Drewry	Kindred	Rainey, Ala.	White, Me.
Echols	Kirkpatrick	Rainey, Ill.	Williams
Edmonds	Kitchin	Ransley	Williamson
Ellis	Klecza	Reavis	Winslow
Elston	Kline, Pa.	Reber	Woods, Va.
Fairchild	Knight	Reed, N. Y.	Wyant
Fairfield	Knutson	Reed, W. Va.	Yates
Faust	Kreider	Riddick	Young
Fenn	Kunz	Riordan	
Fields	Lampert		

During the roll call,

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BLANTON. Will the Chair permit a parliamentary inquiry as to whether or not the count has disclosed a quorum?

The SPEAKER pro tempore. The clerks have not reported yet.

Mr. BLANTON. I have seen clerks when they were faster than they are to-day. I ask for the regular order. I make the point of order that the clerks are dilatory. I make the point of order that the House is entitled to know whether or not there is a quorum.

Mr. MCARTHUR. I make the point of order, Mr. Speaker, that the gentleman from Texas has no right to interrupt the roll call.

Mr. BLANTON. It is about 30 minutes since this roll call was commenced. I insist on the point of order that the House has the right to know whether there is a quorum present.

Mr. MONDELL. The regular order is demanded. The regular order is the securing of a quorum.

Mr. BLANTON. Well, the Speaker ought to issue his warrants.

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

Mr. CONNALLY of Texas. Mr. Speaker, do I understand the Chair to rule that the motion to adjourn is not in order? I would like to call the attention of the Chair to a ruling by the Speaker here the other day, when a roll call was pending. He ruled that it was in order, pending the securing of a quorum; that the only business that this House can transact is either to adjourn or secure a quorum.

Mr. STEAGALL. You can do either one of those two things, I submit to the Chair.

The SPEAKER pro tempore. The Chair is within the rule. That was under a special order. This is not. The Chair will try to dispose of the business of the House as rapidly as possible. The Chair is just as anxious as the gentlemen can be to secure a quorum, and we will await the determination of the clerks as to whether or not there is a quorum.

Mr. CONNALLY of Texas. Mr. Speaker, I move to dispense with further proceedings under the call.

The SPEAKER pro tempore. The Chair does not think he ought to recognize the gentleman.

Mr. CONNALLY of Texas. What is the Chair going to do? Sit there like a— [Laughter.]

The SPEAKER pro tempore. The Chair will be guided by the action of the House.

Mr. WINGO. Mr. Speaker, I think the Chair is just as uncomfortable as the gentleman from Texas [Mr. CONNALLY].

The SPEAKER pro tempore. Replying to the gentleman's point in good faith, it has been absolutely decided that you could not interrupt a call of the House, so that you can not finally determine to dispense with further proceedings under the call until the determination of the question of a quorum.

Mr. CONNALLY of Texas. Does the Chair know? If not, the Chair can not find out either fact.

The SPEAKER pro tempore. The Chair is not nearly so much agitated as the gentleman.

Mr. CONNALLY of Texas. It is clear that the Chair is not agitated.

At the conclusion of the roll call—

The SPEAKER pro tempore. Two hundred and seventeen Members have answered to their names, a quorum.

Mr. KAHN. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The SPEAKER pro tempore. The gentleman from California moves that further proceedings under the call be dispensed with. The question is on agreeing to that motion.

The question was taken, and the Speaker pro tempore announced that the "ayes" appeared to have it.

Mr. WINGO. A division, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Arkansas asks for a division.

The House divided; and there were—ayes 95, noes 24.

Mr. WINGO. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. The gentleman from Arkansas demands the yeas and nays. Those seconding the demand will rise and stand until they are counted. [After counting.] Thirty Members have seconded the demand. Not a sufficient number.

Mr. WINGO. I demand the other side.

The SPEAKER pro tempore. There is no other side. The roll call has disclosed the number present.

Mr. KAHN. Mr. Speaker, I move to suspend the rules—

Mr. WINGO. Mr. Speaker, if the gentleman from California will just not butt in for a moment; I demanded the other side. I think under the rule we are entitled to it on a call for the yeas and nays.

The SPEAKER pro tempore. The gentleman is not entitled to it under the rule.

Mr. WINGO. The present occupant of the chair rules that I am not entitled to it. All right.

Mr. KAHN. I move to suspend the rules and pass the bill S. 1358 as amended.

Mr. WINGO. Mr. Speaker, I demand a second.

Mr. GARRETT of Texas. I demand a second.

Mr. BLANTON. I make the point of order that the demand for a second comes prematurely, having been made before the bill has been reported.

The SPEAKER pro tempore. The gentleman from Texas is correct.

Mr. GARRETT of Texas. Mr. Speaker, as a matter of fact the bill had been reported prior to the roll call, as I understand.

Mr. BLANTON. No; it has never been reported.

The SPEAKER pro tempore. The Chair thinks not.

Mr. WINGO. It was not reported.

The SPEAKER pro tempore. The clerk will report the bill which the gentleman from California moves to suspend the rules and pass.

The Clerk read as follows:

A bill (S. 1358) to provide for maintaining the Corps of Cadets at the United States Military Academy at its maximum authorized strength, and for other purposes.

*Be it enacted, etc.,* That whenever following any regular entrance examination the number of candidates authorized under existing law to report for admission to the United States Military Academy from any State is not sufficient to fill the quota of cadets authorized from that State, a sufficient number of qualified alternates therefrom not otherwise authorized to report for admission as such, selected in their order of merit established at such examination to fill said quota, shall be admitted and charged to that State as additional cadets. If such admissions do not bring the Corps of Cadets to its maximum authorized strength, a sufficient number of the remaining qualified alternates not otherwise authorized to report for admission as such, selected from the whole list in their order of merit established at such examination, sufficient to bring said corps to its maximum authorized strength, shall be admitted and charged to the United States at large as additional cadets: *Provided*, That the admission of alternates as authorized herein shall not interfere with or affect in any manner whatsoever any appointment otherwise authorized by law, and that if by the operation of this or any other provision of law the Corps of Cadets shall exceed its maximum authorized strength, the admission of alternates as herein prescribed shall cease until such time as said corps may be reduced below its authorized strength.

The SPEAKER pro tempore. Is a second demanded?

Mr. WINGO. I demand a second, Mr. Speaker.

Mr. GARRETT of Texas. Mr. Speaker, I am a member of the committee, and I demand a second.

The SPEAKER pro tempore. Is the gentleman from Arkansas opposed to the bill?

Mr. WINGO. Very violently.

Mr. KAHN. I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent that a second be considered as ordered.

Mr. WINGO. I object, Mr. Speaker.

The SPEAKER pro tempore. Objection is made.

Mr. GARRETT of Texas. Mr. Speaker, I want to submit that, being a member of the Committee on Military Affairs and being opposed to the bill, I have a right to demand a second.

Mr. WINGO. I did not know the gentleman was opposed to the bill.

Mr. GARRETT of Texas. I am.

Mr. WINGO. I judge the gentleman by the way he has voted. He has been voting with those in favor of the bill.

Mr. GARRETT of Texas. The gentleman is entirely mistaken. I did no such thing.

Mr. WINGO. I challenge the gentleman's statement. I looked at him and asked him to vote with us, and he declined.

Mr. GARRETT of Texas. I have not heard the gentleman make any such statement.

Mr. WINGO. I did, and I can prove it by a number of Members.

Mr. GREENE of Vermont. Mr. Speaker, I protest that this is not a Democratic laundry.

The SPEAKER pro tempore. Objection is made to the request that a second be considered as ordered. The gentleman from California [Mr. KAHN] and the gentleman from Texas [Mr. GARRETT] will take their places as tellers.

Mr. WINGO. I make the point of order that I demanded a second, and I am opposed to the bill; and the statement of the gentleman from Texas to the contrary notwithstanding, I deliberately charge that on the last division he voted with the friends of the bill.

The SPEAKER pro tempore. The gentleman from California and the gentleman from Texas will take their places as tellers.

Mr. WINGO. Does the Speaker rule that I can be set aside by a man who insists that he has prior rights, when he voted with the friends of the bill?

The SPEAKER pro tempore. On the statement of the gentleman from Texas the Chair thinks he is entitled to act as one of the tellers.

Mr. QUIN. The gentleman from Texas [Mr. GARRETT] opposed the bill in committee. He has opposed it all the time.

Mr. KAHN. And he was on his feet when the gentleman from Arkansas was also on his feet.

The SPEAKER pro tempore. The gentleman from California and the gentleman from Texas will take their places as tellers. Those in favor of ordering a second will pass between the tellers and be counted.

The House divided; and the tellers reported—ayes 100, noes 23.

Mr. WINGO. Mr. Speaker, I object to the vote on the ground that there is no quorum present, and I make the point of no quorum present.

The SPEAKER pro tempore. The gentleman from Arkansas makes the point of order that there is no quorum present. An automatic roll call is ordered. The Clerk will call the roll. As many as are in favor of ordering a second will vote "yea," those opposed "nay."

The question was taken; and there were—yeas 160, nays 59, not voting 212, as follows:

## YEAS—160.

Ackerman	Dunn	Layton	Robertson
Andrews	Dyer	Lea, Calif.	Rodenberg
Ansorge	Elliott	Leatherwood	Rogers
Appleby	Evans	Lehlbach	Rossdale
Arentz	Faust	Lineberger	Sanders, Ind.
Bacharach	Fess	Little	Sandlin
Beedy	Fish	Logan	Schall
Benham	Fisher	Lowrey	Scott, Tenn.
Bird	Focht	McArthur	Shaw
Bixler	Foster	McDuffie	Shelton
Black	Free	McFadden	Shreve
Bowling	French	McKenzie	Sinnott
Brooks, Ill.	Frthingham	McLaughlin, Mich.	Smith, Idaho
Brooks, Pa.	Gahn	McLaughlin, Nebr.	Smith, Mich.
Brown, Tenn.	Gensman	McPherson	Speaks
Burtness	Gerner	Madden	Sproul
Burton	Gorman	Mapes	Stephens
Cable	Greene, Mass.	Martin	Summers, Wash.
Campbell, Kans.	Greene, Vt.	Michener	Sweet
Campbell, Pa.	Griest	Miller	Swing
Cannon	Griffin	Millsbaugh	Ten Eyck
Chalmers	Hadley	Mondell	Thompson
Chandler, N. Y.	Haugen	Montoya	Tilson
Clague	Hayden	Morgan	Timberlake
Clarke, N. Y.	Hays	Morin	Towner
Clouse	Herrick	Mott	Treadway
Cole, Iowa	Hersey	Nelson, A. P.	Vare
Cole, Ohio	Hickey	Nelson, J. M.	Voigt
Collier	Hicks	Newton, Minn.	Volstead
Colton	Hill	Norton	Watson
Connell	Hoch	O'Connor	Weaver
Connolly, Pa.	Hull	Ogden	Webster
Crowther	Jefferis, Nebr.	Paige	White, Kans.
Curry	Kahn	Purnell	Wilson
Dale	Kearns	Quin	Wood, Ind.
Darrow	Kinkaid	Ramseyer	Woodruff
Davis, Minn.	Kissel	Reece	Wright
Denison	Kline, N. Y.	Rhodes	Wurzbach
Dowell	Kraus	Ricketts	Yates
Dunbar	Lawrence	Roach	Young

## NAYS—59.

Almon	Driver	Lankford	Sisson
Aswell	Fulmer	McClintic	Smithwick
Barkley	Garner	McSwain	Steagall
Begg	Garrett, Tenn.	Mansfield	Stedman
Bell	Garrett, Tex.	Moore, Va.	Strong, Kans.
Bland, Va.	Hammer	Oliver	Summers, Tex.
Blanton	Hardy, Tex.	Overstreet	Swank
Box	Jacoway	Park, Ga.	Tillman
Brand	Jeffers, Ala.	Parks, Ark.	Tincher
Briggs	Johnson, Ky.	Parrish	Tyson
Byrnes, S. C.	Johnson, Miss.	Raker	Vinson
Byrns, Tenn.	Johnson, Wash.	Rankin	Ward, N. C.
Connally, Tex.	Kincheloe	Rayburn	Wingo
Crisp	King	Sanders, Tex.	Wise
Davis, Tenn.	Kopp	Sears	

## NOT VOTING—212.

Anderson	Dickinson	Humphreys	MacGregor
Anthony	Dominick	Husted	Magee
Atkeson	Doughton	Hutchinson	Maloney
Bankhead	Drane	Ireland	Mann
Barbour	Drewry	James, Mich.	Mead
Beck	Dupré	James, Va.	Merritt
Blakeney	Echols	Johnson, S. Dak.	Michaelson
Bland, Ind.	Edmonds	Jones, Pa.	Mills
Boles	Ellis	Jones, Tex.	Montague
Bond	Elston	Keller	Moore, Ill.
Bowers	Fairchild	Kelley, Mich.	Moore, Ohio
Brennan	Fairfield	Kelly, Pa.	Moore, Ind.
Brinson	Favrot	Kendall	Mudd
Britten	Fenn	Kennedy	Murphy
Browne, Wis.	Fields	Ketcham	Newton, Mo.
Buchanan	Fitzgerald	Kiess	Nolan
Bulwinkle	Flood	Kindred	O'Brien
Burdick	Fordney	Kirkpatrick	Oldfield
Burke	Frear	Kitchin	Olpp
Burroughs	Freeman	Klecza	Osborne
Butler	Fuller	Kline, Pa.	Padgett
Cantrill	Funk	Knight	Parker, N. J.
Carew	Gallivan	Knutson	Parker, N. Y.
Carter	Gilbert	Kreider	Patterson, Mo.
Chandler, Okla.	Glynn	Kunz	Patterson, N. J.
Chindblom	Goldborough	Lampert	Perkins
Christopherson	Goodykoontz	Langley	Perlman
Clark, Fla.	Gould	Lanham	Peters
Classon	Graham, Ill.	Larsen, Ga.	Petersen
Cockran	Graham, Pa.	Larson, Minn.	Porter
Codd	Green, Iowa	Lazaro	Pou
Collins	Hardy, Colo.	Lee, Ga.	Pringle
Cooper, Ohio	Harrison	Lee, N. Y.	Radcliffe
Cooper, Wis.	Hawes	Linthicum	Raney, Ala.
Copley	Hawley	London	Raney, Ill.
Coughlin	Himes	Longworth	Ransley
Cramton	Hogan	Luce	Reavis
Cullen	Houghton	Luhning	Reber
Dallinger	Huddleston	Lyon	Reed, N. Y.
Deal	Hudspeth	McCormick	Reed, W. Va.
Dempsey	Hukriede	McLaughlin, Pa.	Riddick



Riordan	Slomp	Taylor, Colo.	Walters
Robison	Snell	Taylor, N. J.	Ward, N. Y.
Rose	Snyder	Taylor, Tenn.	Wason
Rosenbloom	Stafford	Temple	Wheeler
Rouse	Steenerson	Thomas	White, Me.
Rucker	Stevenson	Tinkham	Williams
Ryan	Stiness	Underhill	Williamson
Sabath	Stoll	Upshaw	Winslow
Sanders, N. Y.	Strong, Pa.	Vaile	Woods, Va.
Scott, Mich.	Sullivan	Vestal	Woodyard
Siegel	Tague	Volk	Wyant
Sinclair	Taylor, Ark.	Walsh	Zihlman

The SPEAKER pro tempore. The yeas are 150 and the nays are 54. No quorum appearing, no further business can be transacted until the Sergeant at Arms brings in the absent Members.

Mr. BARKLEY. A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BARKLEY. Is anything in order now?

Mr. SANDERS of Indiana. The House is in order.

The SPEAKER pro tempore. There are some things in order.

Mr. BARKLEY. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER pro tempore. That motion is in order, but in this case it must be seconded by a majority of the Members present, and that must be determined by a count by the Chair. Those in favor of seconding the motion to adjourn will rise and stand until counted. Those opposed will rise and stand until they are counted. [After counting.] Thirty-six Members have voted in the affirmative and 101 in the negative.

So the motion to adjourn was not seconded.

The following pairs were announced until further notice:

Mr. JOHNSON of South Dakota with Mr. KITCHIN.

Mr. FULLER with Mr. KUNE.

Mr. BOIES with Mr. TAGUE.

Mr. GLYNN with Mr. BRINSON.

Mr. KIESS with Mr. JAMES of Virginia.

Mr. WOODYARD with Mr. POUL.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. GOULD with Mr. UPSHAW.

Mr. KENNEDY with Mr. BANKHEAD.

Mr. IRELAND with Mr. KINDRED.

Mr. HUKRIEDE with Mr. LONDON.

Mr. ANDERSON with Mr. TAYLOR of Arkansas.

Mr. BUTLER with Mr. BUCHANAN.

Mr. WYANT with Mr. HUMPHRIES.

Mr. UNDERHILL with Mr. OLDFIELD.

Mr. MALONEY with Mr. CAREW.

Mr. MAGEE with Mr. LEE of Georgia.

Mr. OLPP with Mr. WOODS of Virginia.

Mr. PERLMAN with Mr. CANTRILL.

Mr. TAYLOR of New Jersey with Mr. JONES of Texas.

Mr. WALTERS with Mr. RAINEY of Alabama.

Mr. REBER with Mr. TAYLOR of Colorado.

Mr. MOORE of Ohio with Mr. CARTER.

Mr. NEWTON of Missouri with Mr. HAWES.

Mr. OSBORNE with Mr. LAZARO.

Mr. WILLIAMS with Mr. DREWRY.

Mr. ANTHONY with Mr. DUPRE.

Mr. HUTCHINSON with Mr. SABATH.

Mr. ELLIS with Mr. DRANE.

Mr. BLAKENEY with Mr. STOLL.

Mr. KNIGHT with Mr. GILBERT.

Mr. LUHRING with Mr. RIORDAN.

Mr. WHEELER with Mr. CULLEN.

Mr. VOLK with Mr. LINTHICUM.

Mr. REAVIS with Mr. BULWINKLE.

Mr. SIEGEL with Mr. LARSEN of Georgia.

Mr. PARKER of New Jersey with Mr. MEAD.

Mr. STINESS with Mr. THOMAS.

Mr. WINSLOW with Mr. DOMINICK.

Mr. PATTERSON of Missouri with Mr. COCKRAN.

Mr. ROSE with Mr. LYON.

Mr. PATTERSON of New Jersey with Mr. STEVENSON.

Mr. REED of West Virginia with Mr. DOUGHTON.

Mr. KNUTSON with Mr. RAINEY of Illinois.

Mr. HOGAN with Mr. COLLINS.

Mr. ATKESON with Mr. RUCKER.

Mr. EDMONDS with Mr. LANHAM.

Mr. BLAND of Indiana with Mr. DEAL.

Mr. GRAHAM of Illinois with Mr. HARRISON.

Mr. RADCLIFFE with Mr. GALLIVAN.

Mr. COUGHLIN with Mr. FAVROT.

Mr. BRENNAN with Mr. HUDSPETH.

Mr. CHINDBLOM with Mr. FLOOD.

Mr. BURROUGHS with Mr. SULLIVAN.

Mr. CHANDLER of Oklahoma with Mr. GOLDSBOROUGH.

Mr. GRAHAM of Pennsylvania with Mr. FIELDS.

Mr. WALSH with Mr. MONTAGUE.

Mr. CHRISTOPHERSON with Mr. HUDDLESTON.

Mr. PERKINS with Mr. PADGETT.

The SPEAKER pro tempore. On this vote the yeas are 160 and the nays are 59. A quorum is present, and the Doorkeeper will open the doors. The gentleman from California [Mr. KAHN] is recognized for 20 minutes in favor of the bill, and the gentleman from Texas [Mr. GARRETT] for 20 minutes in opposition to the bill.

#### LEAVE OF ABSENCE.

Leave of absence was granted as follows:

To Mr. CHINDBLOM at the request of Mr. BROOKS of Illinois, on account of sickness.

To Mr. BLAND of Virginia, for August 2, on account of attending State primary.

#### ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 53 minutes p. m.) the House adjourned until to-morrow, Tuesday, August 2, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

200. Under clause 2 of Rule XXIV, a letter from the Secretary of War transmitting, with a letter from the Chief of Engineers, report on preliminary examination of waterway connecting the Flint and Ocmulgee Rivers, Ga., was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. BENHAM, from the Committee on the Public Lands, to which was referred the bill (H. R. 6817) to authorize the Secretary of the Interior to issue patent in fee simple to the State of Michigan of a certain described tract of land to be used as a game refuge, reported the same with amendments, accompanied by a report (No. 321); which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. DARROW, from the Committee on Naval Affairs, to which was referred the bill (H. R. 5210) for the relief of Lieut. Col. Henry C. Davis, reported the same without amendment, accompanied by a report (No. 319), which said bill and report were referred to the Private Calendar.

Mr. MILLER, from the Committee on Military Affairs, to which was referred the bill (H. R. 478) for the relief of Aaron Kibler, reported the same with an amendment, accompanied by a report (No. 320), which said bill and report were referred to the Private Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. KISSEL: A bill (H. R. 8014) fixing the compensation of Senators, Representatives in Congress, Delegates from Territories, and Resident Commissioners; to the Committee on the Judiciary.

By Mr. VOLSTEAD: A bill (H. R. 8015) to amend section 5219 of the Revised Statutes of the United States; to the Committee on Banking and Currency.

By Mr. LANKFORD: A bill (H. R. 8016) to authorize the construction of a toll bridge across the St. Marys River, at or near St. Marys, Ga., and Roses Bluff, Fla.; to the Committee on Interstate and Foreign Commerce.

By Mr. KAHN: A bill (H. R. 8017) to abolish the limitation on military service without the continental limits of the United States, imposed by act of Congress approved March 4, 1915; to the Committee on Military Affairs.

By Mr. HICKS: A bill (H. R. 8018) to make authors' manuscripts, typed or hand written, second-class matter in the mails of the United States; to the Committee on the Post Office and Post Roads.

By Mr. RAKER: A bill (H. R. 8019) for the relief of needy Indians of California; to the Committee on Appropriations.  
By Mr. LANKFORD: A bill (H. R. 8020) to amend the War Finance Corporation act as amended, and for other purposes; to the Committee on Banking and Currency.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEGG: A bill (H. R. 8021) granting a pension to Ethel England; to the Committee on Pensions.

By Mr. ECHOLS: A bill (H. R. 8022) granting a pension to Julia A. Hatcher; to the Committee on Pensions.

By Mr. EDMONDS: A bill (H. R. 8023) for the relief of the Chinese Government; to the Committee on Claims.

By Mr. FAIRFIELD: A bill (H. R. 8024) to provide for the retirement of Isaac N. Keller; to the Committee on Reform in the Civil Service.

By Mr. GENSMAN: A bill (H. R. 8025) for the relief of J. W. Harrell; to the Committee on Claims.

By Mr. HILL: A bill (H. R. 8026) for the relief of Frederick Hasiedel; to the Committee on Claims.

By Mr. HOUGHTON: A bill (H. R. 8027) granting an increase of pension to Sarah Bennett; to the Committee on Invalid Pensions.

By Mr. KLINE of New York: A bill (H. R. 8028) for the relief of the estate of Catherine Locke, deceased; to the Committee on Claims.

By Mr. McPHERSON: A bill (H. R. 8029) granting a pension to Seaborn A. Frost; to the Committee on Pensions.

By Mr. MONTOYA: A bill (H. R. 8030) for the relief of Joseph B. Tanner; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 8031) granting a pension to John J. Mahan; to the Committee on Pensions.

Also, a bill (H. R. 8032) granting an increase of pension to Lettie Stuart; to the Committee on Pensions.

By Mr. RICKETTS: A bill (H. R. 8033) granting a pension to Cora L. Dilger; to the Committee on Invalid Pensions.

By Mr. WARD of North Carolina: A bill (H. R. 8034) for the relief of Miles L. Clark; to the Committee on Claims.

Also, a bill (H. R. 8035) for survey of Pasquotank River at Elizabeth City, N. C.; to the Committee on Rivers and Harbors.

By Mr. WOODYARD: A bill (H. R. 8036) granting a pension to Christopher C. Holmes; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2218. By Mr. ARENTZ: Resolution of the Tonopah Lodge, No. 28, Free and Accepted Masons at Tonopah, Nev., favoring the passage of the Smith-Towner bill; to the Committee on Education.

2219. By Mr. BACHARACH: Petition of 180 citizens of Burlington County, N. J., in favor of recognition of the republic of Ireland by the United States; to the Committee on Foreign Affairs.

2220. By Mr. CAREW: Resolution from the Board of Aldermen of the City of New York, urging recognition of the Irish republic; to the Committee on Foreign Affairs.

2221. Also, petition of the Medical Society of the State of New York, opposing the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

2222. Also, petition of J. S. Otis Mahogany Co., of New Orleans, La., relative to tariff duty on mahogany; to the Committee on Ways and Means.

2223. Also, letter from W. T. Dunmore, of Utica, N. Y., president of the Homestead Aid Association of Utica, favoring the exemption of \$500 of the income derived from domestic building and loan associations from the income tax; to the Committee on Ways and Means.

2224. By Mr. CLARKE of New York: Petition of Eggleston Post, No. 184, Grand Army of the Republic, of Deposit, N. Y., requesting that the date of marriage of veterans, making widows pensionable, be extended from 1905 to 1915; to the Committee on Invalid Pensions.

2225. By Mr. CHALMERS: Petition of Bethlehem Lutheran Church, of Toledo, Ohio, protesting against atrocities of savage troops on Rhine; to the Committee on Foreign Affairs.

2226. By Mr. CLAGUE: Petition of Winnebago Presbyterian Church, of Winnebago, Minn., urging relief for the peoples of the Near East; to the Committee on Foreign Affairs.

2227. By Mr. HADLEY: Petition of members of the Pomona Grange of King County, Wash., urging the disposition to foreign countries on long-time credit of our rotting agricultural surpluses; to the Committee on Agriculture.

2228. By Mr. KELLEY of Michigan: Petition of 16 manufacturing confectionery firms of Michigan favoring repeal of excise tax on candy and confectionery; to the Committee on Ways and Means.

2229. By Mr. KISSEL: Petition of Walter W. Law, Jr., president of New York State Tax Commission, and E. Lyons, chairman Wisconsin State Tax Commission, relative to amending the Constitution; to the Committee on the Judiciary.

2230. Also, petition of textile workers of Boston, Mass., urging the passage of House bills 7102 and 7103; to the Committee on Coinage, Weights, and Measures.

2231. Also, petition of Richard Wright, of Brooklyn, N. Y., and 36 residents of the third New York congressional district, urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2232. By Mr. RAKER: Petition of G. Palania, of Redding, Calif., indorsing and urging support of Senate bill 1252 and House bill 7, known as the Towner-Sterling bill; to the Committee on Education.

2233. Also, petition of brotherhood of railway and steamship clerks, freight handlers, express and station employees, of Cincinnati, Ohio, protesting against legislation providing for the immigration of Chinese coolies into the Territory of Hawaii to relieve the labor shortage; to the Committee on Immigration and Naturalization.

2234. Also, petition of San Francisco Chamber of Commerce of San Francisco, Calif., indorsing legislation providing for Federal incorporation of American firms engaged in business in China; to the Committee on Interstate and Foreign Commerce.

2235. Also, petition of Haas Bros., of San Francisco, Calif., protesting against House bill 7112, relative to new regulations in regard to cold storage of food products; to the Committee on Agriculture.

2236. Also, petition of Algoma Lumber Co., of Los Angeles, Calif., urging support of Senate bill 2084; to the Committee on Agriculture.

2237. Also, petition of the Standard Felt Co., of West Alhambra, Calif., requesting protection for felt footwear; to the Committee on Ways and Means.

2238. Also, petition of Germain Seed & Plant Co., of Los Angeles, protesting against a duty on white arsenic and arsenic acid; also petition of Mount Shasta Lodge, No. 312, Brotherhood of Locomotive Firemen and Enginemen, of Dunsmuir, Calif., urging the defeat of the Fordney tariff bill; to the Committee on Ways and Means.

2239. By Mr. ROSE: Petition of citizens of Blair County, Pa., favoring elimination of the tax on carbonated beverages; to the Committee on Ways and Means.

2240. By Mr. YOUNG: Petition of Farmers' Union, Local No. 81, of Sterling, N. Dak., favoring a reduction of rates in various tax measures, etc.; to the Committee on Ways and Means.

2241. Also, telegram in the nature of a petition of the National Nonpartisan Clubs of North Dakota, of Fargo, N. Dak., praying for the passage of the so-called Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

#### SENATE.

TUESDAY, August 2, 1921.

(Legislative day of Wednesday, July 27, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. BRANDEGEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Broussard	Caraway	Dial
Borah	Bursum	Culberson	Edge
Brandegee	Capper	Curtis	Ernst



Fernald	King	Overman	Sterling
Gerry	Ladd	Pittman	Sutherland
Gooding	La Follette	Pomerene	Swanson
Harrell	McCormick	Ransdell	Townsend
Harris	McCumber	Reed	Trammell
Harrison	McKellar	Sheppard	Wadsworth
Hedlin	McKinley	Shortridge	Walsh, Mass.
Hitchcock	McLean	Smith	Walsh, Mont.
Jones, Wash.	McNary	Smoot	Warren
Kellogg	Moses	Spencer	Watson, Ga.
Kenyon	Norbeck	Stanfield	Williams
Keyes	Oddie	Stanley	Willis

Mr. SMOOT. I wish to announce the absence of the junior Senator from Arizona [Mr. CAMERON] on official business.

I also wish to announce that the Senator from Pennsylvania [Mr. PENROSE] is detained at a meeting of the Committee on Finance.

The PRESIDING OFFICER. Sixty Senators having answered to their names, a quorum is present.

Mr. LA FOLLETTE and Mr. BRANDEGEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is entitled to the floor. Does he yield to the Senator from Connecticut?

Mr. LA FOLLETTE. I yield.

Mr. BRANDEGEE. Last evening after we had entered into the unanimous-consent agreement I gave notice in accordance with the rule as to a modification of unanimous-consent agreements that to-day I would ask unanimous consent that the existing agreement, which provides that the pending unfinished business shall be continued to the exclusion of all other business, shall be modified by inserting after the word "business" the words "except routine morning business and such matters as may be agreed to by unanimous consent." That would take care of any emergency matter or a message from the President or the House of Representatives or the introduction of bills, joint resolutions, and so forth.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. LA FOLLETTE. I yield.

Mr. KENYON. I am not rising to object, but I wish to get the parliamentary viewpoint of the Senator from Connecticut. The unanimous-consent agreement was not for a final vote and did not require a roll call. Under those circumstances, does the Senator believe that it was necessary to give a day's notice in order to ask a change, or does the rule apply only to agreements to take a final vote?

Mr. BRANDEGEE. I thought it was necessary, and that is the reason why I gave the notice.

Mr. KENYON. I thought perhaps the Senator had reflected upon it since.

Mr. BRANDEGEE. No.

Mr. KENYON. I think the rule applies only to a unanimous-consent agreement which requires a roll call and is for a final vote.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from South Dakota?

Mr. LA FOLLETTE. I yield.

Mr. STERLING. I should like to ask what is the difference between a unanimous-consent agreement such as the Senator from Connecticut desires and an adjournment followed by a morning hour with routine morning business; that is, the presentation of petitions, the introduction of bills and joint resolutions, and so forth?

Mr. BRANDEGEE. Of course, what is known as routine morning business usually occurs in the morning hour; that is, the introduction of bills and joint resolutions, the presentation of petitions, and so forth. It does not mean that unless we have an adjournment we can not have any routine morning business. Such things as usually constitute routine morning business when we do have a morning hour would be admissible under this consent agreement, in my view.

Mr. STERLING. It would not mean that the morning hour might be taken up in the discussion of resolutions or questions arising under the order of petitions, memorials, and matters of that kind?

Mr. BRANDEGEE. No; because such a discussion could not take place in the morning hour anyway except by unanimous consent, and this provides that it can be done by unanimous consent. The idea is that if there should come up some emergency measure and the Senate thought it of sufficient importance to require passage, unanimous consent could be given so that the Government would not be crippled; but, of course, unanimous consent would not be given except for a measure of such magnitude.

The reason why I proposed that the unfinished business should be held before the Senate to the exclusion of all other business was that at that time the proposed unanimous-consent agreement was so framed as that it provided that at 3 o'clock to-morrow we should vote, so that we were only excluding other business for a limited time. But afterwards the agreement was changed, and I had not kept track of the change, so as to provide simply that after 2 o'clock to-morrow no one shall speak longer than 10 minutes, so that no time is fixed for a vote now. The debate has been limited to 10-minute speeches after 2 o'clock to-morrow, and therefore we ought not to tie ourselves up so tight as is done by the existing unanimous-consent agreement.

The PRESIDING OFFICER. Is there objection to the amendment proposed by the Senator from Connecticut? The Chair hears none, and the amendment to the unanimous-consent agreement is agreed to. The Senator from Wisconsin has the floor.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Idaho?

Mr. LA FOLLETTE. I yield.

Mr. BORAH. I submit at this time an amendment which I shall offer to the pending bill whenever we reach the point where the amendment will be in order. I simply desire at this time to have it read and to say just a word in explanation.

The PRESIDING OFFICER. Does the Senator from Idaho desire to have the amendment to the amendment read?

Mr. BORAH. I desire to have it read.

The PRESIDING OFFICER. The Secretary will state the amendment which is proposed by the Senator from Idaho to the amendment.

The READING CLERK. At the end of the amendment it is proposed to add the following as a new section:

That an act entitled "An act to provide capital for agricultural development, to create a standard form of investment based upon farm mortgage, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes," and known as the Federal farm loan act, be, and the same is hereby, amended by adding thereto a section to be known as "section 12a," reading as follows:

"Sec. 12a. The lien reserved to the Government of the United States, however created, for payment to it of construction charges, and charges for operation and maintenance, and all penalties required to be paid under the act of June 17, 1902 (32 Stat., p. 388), and acts amendatory thereof or supplementary thereto, shall not be construed to be a lien or incumbrance as contemplated by this act, wherein loans under this act shall be secured by first mortgages on farm lands, to the end that the provisions of said Federal farm loan act shall extend to lands within all Government reclamation projects, without regard to Government liens for payment of said charges."

Mr. BORAH. Mr. President, the proposed amendment to the amendment is somewhat long, but it involves a very simple proposition. I can state it in a word. Under the Federal farm loan act as it now exists the Farm Loan Board is prohibited from making loans upon reclamation farms for the reason it has been determined such loans must be first-mortgage loans. The amendment is simply designed to exclude the lien which the Government may have upon lands within reclamation projects, so as to permit the Farm Loan Board to make loans upon reclamation projects notwithstanding the fact that the Government may have a lien for charges and for expenses in connection with building the canals, and so forth.

As we know, the Farm Loan Board has construed the law in such a way that at the present time it is impossible under the law to make a loan to parties holding lands under Government reclamation projects. By this proposed legislation it is desired simply to extend the farm loan act so that its benefits may accrue to settlers on reclamation projects. The proposed amendment has no other purpose than to permit loans upon the lands under reclamation projects, the lien of the Government notwithstanding.

Mr. ASHURST and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield, and if so, to whom?

Mr. LA FOLLETTE. I yield first to the Senator from Arizona.

Mr. ASHURST. Mr. President, I am glad that the Senator from Idaho [Mr. BORAH] has submitted his amendment to the amendment. I presented an amendment on last Thursday, the 28th ultimo, similar to the one now submitted by the Senator from Idaho. It would seem that the Senator from Idaho is following me in this task, but really he is not; he is leading, rather, because the amendment which was presented by myself on last Thursday was, in fact, almost an exact copy of a bill which the Senator from Idaho had introduced on the same subject some months ago.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Idaho?

Mr. ASHURST. I have not the floor, but, with the permission of the Senator from Wisconsin, I will yield to the Senator from Idaho.

Mr. BORAH. Do I understand that the Senator from Arizona has offered the amendment to which he refers to the pending bill?

Mr. ASHURST. Yes; I have offered it to the so-called Norris bill.

Mr. BORAH. I did not know that. I shall be very glad to support the Senator's amendment.

Mr. ASHURST. I want it distinctly understood that the Senator from Idaho is only apparently later than myself in offering the amendment, for the one which I submitted was copied from his bill. The language of his bill was so appropriate that I copied the Senator's bill in my amendment.

If the Senator from Wisconsin will pardon me a moment further, I am not so certain that the amendment will not develop into the best feature of the proposed bill. Senators, recollect what the Reclamation Service has done in 19 years. It has transformed 3,000,000 acres of land, originally worth only about \$5 an acre, or, in the aggregate, \$15,000,000, into fields and farms of a value now aggregating \$600,000,000.

Each year the value of the agricultural products of this reclaimed land, not counting live-stock products, amounts to \$90,000,000. The total value of agricultural products, not counting the live stock which has been grown on those irrigation projects, aggregate \$400,000,000. Five hundred thousand people are now housed and employed on those reclamation projects; 50,000 homes have been built thereon. The work of the Reclamation Service is the epic of our western world, yet, as the learned Senator from Idaho has pointed out, the very people living beneath and under these projects are precluded from the benefits of the Federal farm loan law.

The Senator from Idaho has a record so illustrious with rich statesmanship and work for the good of his country that it is difficult to know which of his efforts to praise the most, but of all the good work he has done or may in the future do for the agricultural interests of this country no greater work can be done, no more true statesmanship can be exhibited, than to pass a bill which will permit the farmers under the reclamation projects to share in the benefits of the Federal farm loan law.

I thank the Senator from Wisconsin for yielding to me at this point.

#### JOINT COMMITTEE ON REORGANIZATION.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LA FOLLETTE. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I ask unanimous consent for the immediate consideration of Senate resolution 109. I intended to call the resolution up last night. It proposes to provide for the payment of the employees of the Joint Committee on Reorganization.

The PRESIDING OFFICER. Is there objection to consideration of the resolution referred to by the Senator from Utah, which will be stated?

The READING CLERK. A resolution (S. Res. 109) to provide for payment of expense of Joint Committee on the Reorganization of the administrative branch of the Government out of the contingent fund.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Nevada?

Mr. LA FOLLETTE. I yield.

Mr. PITTMAN. I should like to have the resolution read, in order that we may understand what it is.

Mr. SMOOT. I will state to the Senator from Nevada what the resolution proposes.

The PRESIDING OFFICER. Let the Secretary read the resolution, as that is the quickest way to dispose of the matter.

The reading clerk read the resolution (S. Res. 109), which had been submitted by Mr. Smoot on July 12, 1921, and reported from the Committee on Appropriations July 15, 1921, as follows:

Resolved, That, pursuant to the authority contained in the joint resolution entitled "Joint resolution to create a Joint Committee on the Reorganization of the Administrative Branch of the Government" (Public Resolution No. 54, 66th Cong.), and in the joint resolution entitled "Joint resolution to authorize the President of the United States to appoint a representative of the Executive to cooperate with the Joint Committee on Reorganization" (Public Resolution No. 1, 67th Cong.), there shall be paid out of the contingent fund of the Senate one-half of the expense of said Joint Committee on Reorganiza-

tion, upon vouchers countersigned by the chairman of the said committee on the part of the Senate and approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

The Senate, by unanimous consent, proceeded to consider the resolution.

Mr. OVERMAN. Mr. President, as I understand, the money for the payment of the employees of the joint committee is to come from the contingent fund of the Senate?

Mr. SMOOT. Half of it is to come from the contingent fund of the Senate and half of it from the contingent fund of the House.

Mr. OVERMAN. Why is not a direct appropriation made to cover this expense?

Mr. SMOOT. Because the original joint resolution provided that the expenses should be taken care of in this way from the contingent fund. I will say to the Senator that the House has already passed a resolution providing that half of the expenses may be taken from the contingent fund of the House, but it will be impossible to pay the employees until the pending resolution is passed by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

#### COMPARISON OF PROPOSED FEDERAL HIGHWAY LEGISLATION.

Mr. TOWNSEND. Will the Senator from Wisconsin yield to me to make a request to have a statement printed in the RECORD?

Mr. LA FOLLETTE. Certainly; I yield to the Senator from Michigan.

Mr. TOWNSEND. The Committee on Post Offices and Post Roads requested me recently to prepare a comparison of the two road bills now pending. I have done that, and ask leave to have the comparison printed in the RECORD in parallel columns.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The comparison referred to is as follows:

THE FEDERAL HIGHWAY LAW AS IT WILL BE	
With the Dowell bill passed in its present form.	With the Townsend bill passed in its present form.
(Abbreviations: "D." Dowell bill; "1916," law of 1916; "1919," amendments of 1919.)	(Abbreviations: "T." Townsend bill; "Sec. of Ag.," Secretary of Agriculture; "S. H. D.," State highway department.)

#### ADMINISTRATION.

By the Secretary of Agriculture. (Sec. 1, 1916.)	By a commission of three. (Sec. 1, T.)
--	--

#### APPROPRIATIONS.

None provided in Dowell bill.	\$100,000,000 for 1921-22 and \$100,000,000 for 1922-23 for road system; \$5,000,000 for 1921-22 and \$10,000,000 for 1922-23 for roads through national forests.
-------------------------------	---

#### APPORTIONMENT.

One-third according to area; one-third according to population; one-third according to mileage of "rural delivery and star routes." Every State to receive at least one-half per cent of the total amount of fund.	Same provision as in Dowell bill.
--	-----------------------------------

#### AVAILABLE UNTIL.

In States having a highway department, one year after close of fiscal year for which fund allotted. In States not having a highway department, three years after close of fiscal year for which fund is allotted. (Sec. 3, 1916.)	Two years after close of fiscal year for which funds allotted. (D., sec. 9.)
---	--

#### FUNDS REAPPROPRIATED.

Within 60 days after close of year available. (Sec. 3, 1916.)	Within 60 days after end of year they are available. (T., sec. 20.)
At end of period when available. (D., sec. 9.)	



## SELECTION AND DESIGNATION OF ROADS.

*Dowell bill—Continued.*

Sec. of Ag. and S. H. D.'s shall agree on roads to be constructed and the character and method of construction. (Sec. 1, 1916.)

Sec. of Ag. shall have authority to approve in whole or part or require modifications or revisions thereof.

S. H. D. shall select not exceeding 7 per cent of State road mileage, not exceeding  $\frac{1}{4}$ ths of which shall be known as primary or interstate roads and the balance ( $\frac{3}{4}$ ) secondary or intercounty roads.

States shall submit any proposed revisions of the system selected.

When provision made for completion and maintenance of the system 7 per cent more may be added. (D., sec. 6.)

## PROJECTS.

S. H. D. shall submit projects, "setting forth proposed construction of any rural post road or roads therein." (D., sec. 4.)

If projects approved, State shall furnish such surveys, plans, specifications, and estimates therefor as the Sec. of Ag. may require. (D., sec. 4.)

Preference shall be given to "such projects as will expedite the completion of an adequate and connected system of roads interstate in character." (D., sec. 4.)

"Upon this system (7 per cent) all Federal aid shall be expended." (D., sec. 4.)

Not less than 60 per cent of all Federal aid shall be expended on the primary or interstate roads until provision has been made for the entire system. (D., sec. 6.)

## CONDITIONS PRECEDENT.

Legislative assent to this act. (Sec. 1, 1916.)

Submit project statements. (D., sec. 4.)

Not later than 3 years after adjournment of first regular session of legislature after passage of act State must provide funds "equal to apportionment of Federal funds allotted each year for construction of roads."

"Provide a State fund adequate for the maintenance of Federal-aid roads and by law shall place said maintenance work under the direct supervision of the S. H. D." or—

If the State constitution or laws do not provide for such fund and maintenance, projects may be approved until 3 years after adjournment of first regular session of legislature if "funds for maintenance are appropriated or provided by the civil subdivisions of the State and expended under direct control of the S. H. D." (D., sec. 4.)

*Townsend bill—Continued.*

The commission, in cooperation with the S. H. D., shall from time to time, and subject to such changes as deemed advisable, select, designate, and establish an interstate system composed of primary roads, with due consideration for the agricultural, commercial, postal, and military needs, and afford ingress and egress from each State and the D. of C.

When these are built in any State, the commission then to cooperate with the S. H. D. in selecting, etc., other highways connecting or correlating therewith.

"If any S. H. D. fails, neglects, or refuses to cooperate, or fails to agree with the commission, the commission may then determine the selection, designation, and establishment of the route or routes." (T., sec. 6.)

S. H. D. shall submit project statements, setting forth proposed construction, etc.

If projects approved, State shall furnish such surveys, plans, specifications, and estimates therefor as the commission may require. (T., sec. 23.)

In any State where the interstate roads have been constructed according to standard adequate for traffic, then aid extended to construction of connecting roads. (T., sec. 6.)

State must make "adequate provision for the maintenance of all highways selected in that State which have been or which may hereafter be constructed according to adequate standards approved by the commission." (T., sec. 6.)

The point has been raised that States should be required to provide only the amount needed to match the Federal aid, which in the public-land States is less than half. Why require an amount "equal to apportionment before approving project"?

It has been suggested that the regular sessions of the legislatures do not meet until 1923 in most States. Three years after that makes 5 years' grace added to the 5 years the law has been in force, making 10 years. That few States have a "law" providing for a "maintenance fund" or a law placing the work under direct control of the S. H. D., and practically no civil subdivisions of States have a law permitting these subdivisions to collect taxes for expenditure "under direct control of the S. H. D." In such cases the point has been raised, How could a State have a project approved?

## CONSTRUCTION.

*Dowell bill—Continued.*

"The construction work and labor in each State shall be done in accordance with its laws and under the direct supervision of the S. H. D., subject to the inspection and approval of the Sec. of Ag. and in accordance with the rules and regulations made pursuant to this act." (Sec. 6, 1916.)

*Townsend bill—Continued.*

"The construction and reconstruction work and labor in each State shall be done in accordance with its laws and under the direct supervision of the S. H. D., subject to the inspection and approval of the commission and in accordance with the rules and regulations pursuant to this act." (T., sec. 23.)

That the construction and reconstruction of such highways Federal funds may be expended on under this act shall be undertaken by the S. H. D. subject to the approval of the commission. (T., sec. 8.)

## PAYMENTS.

When project completed, or may arrange for partial payments as the work progresses. (Sec. 6, 1916.)

Not to exceed \$20,000 per mile plus portion State's part is reduced on account of public-land area, which is in proportion the "unappropriated and reserved lands" bear to total area of State.

When project completed, or may arrange for partial payments as the work progresses. (T., sec. 23.)

No mention is made of limit per mile, but this provision in present law not being "inconsistent" with provisions of Townsend bill, the \$20,000 per mile probably applies.

## MAINTENANCE.

"State shall provide a State fund adequate for the maintenance of Federal-aid roads and by law shall place said maintenance work under the direct control of the S. H. D." Or if the constitution or laws of the State do not provide for such fund and control the civil subdivisions must provide the funds to be expended under direct control of S. H. D. Or no projects will be approved. (D., sec. 4.)

"To maintain the rural post roads constructed under the provisions of this act shall be the duty of the States." (D., sec. 5.)

No project shall be approved until the State has made adequate provision for maintenance of all roads then or thereafter constructed with Federal aid. (T., sec. 6.)

## PENALTY.

If roads are not properly maintained Sec. of Ag. shall give notice to the S. H. D.

If within 100 days they are not put in proper condition Sec. of Ag. shall refuse to approve any project.

Sec. of Ag. shall proceed immediately to have road put in proper condition and charge the cost to Federal fund allotted to that State.

Upon reimbursement by the State the funds reimbursed will be placed in the U. S. Treasury to the credit of miscellaneous receipts and the

If State fails to maintain roads after construction the commission shall give notice to the S. H. D.

If within 60 days the road is not placed in proper condition, the commission shall refuse to approve any further project in the State and proceed to put the road in condition and charge the cost against the Federal fund allotted to that State.

Upon reimbursement by the State the funds reimbursed to be placed back in the Federal fund to the credit of the State

*Dowell bill—Continued.*

Sec. of Ag. shall then approve further projects. (D., sec. 5.)

It has been suggested the Federal road fund should not be deprived of the money reimbursed. In fact, only one State so far has failed in its undertaking to maintain, and this was for lack of funds, then why should such a severe penalty be imposed?

The point has also been raised that this language requires the State to maintain the Federal-aid roads, constituting 7% of the total road mileage, as soon as they are elected and whether constructed or not, which might be very burdensome to some States and possibly bar them entirely from qualifying to receive Federal aid.

No provision.

*Townsend bill—Continued.*

and further projects may then be approved.

The commission may do the work and buy or lease the necessary equipment, etc., to repair the road. (T., sec. 6.)

"The commission shall establish an accounting division in its organization, which shall devise and install a proper method of keeping the commission's accounts." (T., sec. 4.)

## EXPENSES.

The Sec. of Ag. empowered to employ assistants, clerks, and other persons from civil service lists of eligibles, rent buildings outside of Washington, and purchase such supplies, materials, equipment, office fixtures, and apparatus, and to incur such travel expenses as he may deem necessary. (Sec. 9, 1916.)

The commission shall employ and fix the salary of a chief engineer, a secretary, and such accounting, engineering, and other assistants and employees as it deems necessary. With the exception of the chief engineer, secretary, and labor to be taken from civil service lists.

No salary to exceed \$5,000 per annum shall be paid except to the chief engineer, and in fixing the salaries to be governed by the salaries paid other Government employees. (T., sec. 4.)

The commission may incur expense for transportation, rent, travel, office equipment, etc. (Sec. 5.)

## EXPENSE FUND.

Not to exceed 3% of the fund shall be set aside for expenses and the balance remaining at the end of the year be turned into the general fund for apportionment to the States.

Not to exceed 1½% of the fund shall be set aside for expenses, and the balance remaining at the end of the year shall within 60 days after the close be turned into the general fund for apportionment to the States. (T., sec. 20.)

## WAR SURPLUS MATERIALS.

The Sec. of War authorized to turn over to the Sec. of Ag. war material, equipment, and supplies not needed for war and suitable for road work, reserving 10% for forest road work.

Those turned over to be allotted to the States in the same proportion as funds. (Sec. 7, 1919.)

Same provision in Townsend bill. (T., sec. 7.)

## MAPS.

No provision.

"Within two years \* \* \* the commission shall prepare, publish, and distribute a map showing highways and forest roads it has selected \* \* \* and at least annually thereafter \* \* \* supplementary maps showing its program in selection, construction, and reconstruction." (T., sec. 9.)

## TRANSFER OF LANDS GRANTED TO RAILROAD AND CANAL COMPANIES.

No provision.

"Consent of the U. S. is hereby given to any railroad or canal company to convey \* \* \* any part of its right

*Dowell bill—Continued.*

No provision.

## TRANSFER OF PUBLIC LAND OR ROAD MATERIALS THEREON.

*Townsend bill—Continued.*

of way or other property in that State acquired by grant from the U. S." to the S. H. D. (T., sec. 11.)

"If the commission determines that any part of the public lands or reservations of the U. S. is reasonably necessary for the right of way \* \* \* or as a source of materials \* \* \* for the construction or maintenance \* \* \* the commission shall file with the Sec. of the department supervising such land a map, etc."

The Secretary may grant the request imposing conditions for the protection of the public estate, or failing to do this may certify that the appropriation would be contrary to the public interest or inconsistent with the purpose for which the lands or materials were reserved. If he does neither within four months the commission may proceed to appropriate the lands or materials. (T., sec. 12.)

## TYPES OF ROAD.

Must be free from tolls. (Sec. 1, 1916.)

"The Sec. of Ag. shall approve only such projects as may be substantial in character, and the expenditure of funds hereby authorized shall be applied only on such improvements." (D., sec. 4.)

Must be free from tolls. (T., sec. 6.)

"That only such durable types of surface and kinds of material shall be adopted \* \* \* as will adequately meet the existing and probable future traffic needs and conditions thereon."

"\* \* \* consideration being given to the type and character which shall be best suited for each locality and to the probable character and extent of the future traffic." (T., sec. 13.)

"That all highways in the interstate system constructed after the passage of this act shall have a right of way of ample width and a wearing surface of an adequate width which shall be not less than 20 feet unless, in the opinion of the commission, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles." (T., sec. 14.)

## INFORMATION—PUBLICATION OF.

"The Sec. of Ag. shall encourage more general understanding of the economic use of public roads and highways, and shall collect, publish, and demonstrate for the benefit of all sections of the U. S. useful information on highway transport, construction, and maintenance, which shall include such recommendations as he may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon." (D., sec. 8.)

"The commission shall encourage a more general understanding of the economic use of public roads and highways, and shall collect, publish, and disseminate for the benefit of all sections of the U. S. useful information on highway transport, construction, and maintenance." (T., sec. 15.)

## RULES.

"That the Sec. of Ag. is authorized to make rules and regulations carrying out the provisions of this act." (Sec. 10, 1916.)

"That the commission shall prescribe rules and promulgate all needful rules and regulations for the carrying out of the provisions of this act, includ-



Dowell bill—Continued.

COOPERATION IN BUILDING ROADS  
THROUGH INDIAN RESERVATIONS.  
No provision.

No provision.

## STATES EXEMPT WHEN.

"Where the constitution of any State prohibits the same from engaging upon internal improvements or from contracting public debts for extraordinary purposes in an amount sufficient to meet the monetary requirements \* \* \* or restricts annual tax levies for the purpose of constructing and improving roads and bridges \* \* \* the funds apportioned to such State shall be set aside and held for future disbursement in that State when it alters its constitution to permit it to raise the money to match the Federal aid extended. (Sec. 6, 1919.)

"Provided further, That nothing herein shall be deemed to prevent any State from receiving such portion of said principal sum as is available under its existing constitution and laws." (Sec. 6, 1919.)

"Provided further, That nothing herein shall be deemed to prevent any State from receiving such portion of said principal sum as is available under existing constitution and laws, or to receive their proportionate share of each year's appropriation under existing constitution and laws until 3 years after the adjournment of the next regular session of the legislature from and after approval of this act." (D. sec. 2.)

"Provided further, That in any State where the existing constitution or laws do not provide for such maintenance the Sec. of Ag. shall continue to approve projects for said State until 3 years after the adjournment of the first regular session of the legislature" after the passage of this act,

IF

the civil subdivision of such State provides funds to main-

Townsend bill—Continued.

ing such recommendations as the commission may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon." (T., sec. 16.)

"The commission is authorized to cooperate with the State H. D. and with the Department of the Interior in the construction of public highways within Indian reservations, etc." (Sec. 17, T.)

## ANNUAL REPORTS.

That on or before the first Monday in December of each year the commission shall make a report to Congress, which shall include a detailed statement of the work done, the status of each project undertaken, the allocation of appropriations, the expenditures and receipts during the year, an itemized statement of traveling and other expenses, list of employees, their duties, salaries, and traveling expenses, etc. (Sec. 18, T.)

"Any State desiring to avail itself of the benefits of this act shall, not later than two years from and after the passage of this act, make provisions for State funds required each year of such State by this act for the construction and reconstruction of highways." (T., sec. 22.)

Dowell bill—Continued.

tain and they are expended under direct control of the S. H. D. (D. sec. 6.)

## EX-SOLDIERS—PREFERENCE FOR.

Sec. 6 of the act of 1919 provides that ex-soldiers, sailors, and marines should be given preference.

Sec. 4 of the Dowell bill amends the first paragraph of sec. 6 of the "act of 1916 as amended."

There is but one paragraph in sec. 6 of the act of 1919, and if sec. 4 of the Dowell bill is intended to amend this, then the provision preferring the ex-soldiers, etc., is dropped out and ceases to be a part of the road law.

Officers or enlisted men of the Army, Navy, or Marine Corps engaged in road work shall be paid the difference between Army pay and compensation to civilians for the same work on roads. (Sec. 9, 1919.)

No provision.

## INVALID.

Provides that if part of the act should be held invalid, it will not invalidate the whole act. (T., sec. 19.)

## PUBLIC LAND STATES.

The share of Federal aid set aside for the State shall not exceed 50% of the total cost per mile of the road, except in "States containing unappropriated public lands and reservations under Federal control exceeding 5% of the total area" of the State, in which case the amount set aside for the project from the funds apportioned to the State shall be the 50% plus a percentage of the total cost equal to one-half the percentage the unappropriated public lands and reservations bear to the total area of the State. (D., sec. 4.)

## FOREST ROADS.

No appropriations.

50% of the appropriations made under the act of 1919 to be expended on roads within and partly within the national forests and apportioned among the States, Territories, and insular possessions in the ratio the area of such forests in the State bear to the total area of the State, and the remaining 50% expended on roads and trails necessary for the protection, administration, and utilization of the national forests, and shall be apportioned by the Sec. of Ag. in proportion to the relative needs of the national forests, taking into consideration existing transportation facilities, value of timber or other resources served, relative fire danger, and comparative difficulties of construction. (D., sec. 7.)

"That the cooperative agreement for the survey, construction, and maintenance \* \* \* shall be between the Sec. of Ag. and the proper officials of the State, Territory, or insular possessions." (D., sec. 7.)

Townsend bill—Continued.

"Other things being equal, preference shall be given to honorably discharged soldiers, sailors, and marines." (T. sec. 4.)

Adjusted pay for soldiers, sailors, and marines doing road work is not mentioned, but, being part of the present law and not inconsistent with the provisions of the bill, would probably remain as the law.

Provides that when the commission shall approve any project the Sec. of the Treasury shall then set aside not to exceed 50% of the cost as estimated, except in States containing unappropriated public lands exceeding 5% of the total area of the State, in which case the Sec. shall set aside the 50% plus a percentage of the total estimated cost equal to one-half the percentage which the area of the unappropriated lands in such State bears to the total area of such State. (T., sec. 22.)

Appropriates \$5,000,000 for the year 1921-1922 and \$10,000,000 for the year 1922-1923 for the survey, construction, reconstruction, and maintenance of forest roads. (T., sec. 24.)

Forest roads defined to be "roads wholly or partly within or adjacent to and serving the forest reserves." (T., sec. 2.)

The funds to be apportioned among the States and Alaska according to the area and value of Government-owned lands within national forest reserves. (T., sec. 24.)

Commission may purchase, hire, or lease all necessary supplies, equipment, and facilities it deems necessary to perform the work. (T., sec. 24.)

"That the commission is authorized to enter into contracts with the Sec. of Ag. for the construction, reconstruction, or maintenance of any forest roads." (T., sec. 24.)

*Dowell bill—Continued.*

If more than \$8,000,000 is appropriated for any one year under the provisions of this section the excess shall be added to the 50% applicable to roads forming parts of or extensions of the system of main State roads. (D., sec. 7.)

It has been suggested: That distribution according to area alone was unfair and not an equitable distribution. It should be according to area and value, as near the basis as possible upon which taxes are levied.

That the provision in the Dowell bill applies only to the appropriations made under the act of 1919, which were \$3,000,000 for 1919, \$3,000,000 for 1920, and \$3,000,000 for the fiscal year ending June 30, 1921. Nearly all of this has been expended and does not apply to future appropriations. This should be made to apply to future appropriations.

The provisions in the Townsend bill should be made clear that that part of the money to be used in building roads and trails for the protection and utilization of the lands should be under the supervision of the Sec. of Ag. (Forest Service) and the balance under the Federal highway department.

#### BRITISH INFLUENCE IN THE SHIPPING BOARD.

Mr. LA FOLLETTE resumed and concluded the speech begun by him on Friday last upon British influence in the Shipping Board. The speech is published entire as follows:

*Monday, August 1, 1921.*

#### BRITISH INFLUENCE IN SHIPPING BOARD.

Mr. LA FOLLETTE. Mr. President, on Friday evening before the Senate took a recess I had taken the floor and had submitted some observations upon a resolution which I introduced some time ago and which is upon the table. I discussed the resolution for some 5 or 10 minutes. However, as there were but few Senators present at that time I wish briefly to make a résumé of the matter which I then submitted.

On the 25th of July I submitted some observations to the Senate on one branch of the investigation which the resolution which I have presented contemplated, and that was the attitude of the Shipping Board toward American seamen. On that date I referred back to the differences between the American seamen and the Shipping Board, and I believe I made it clear that the policy of the Shipping Board with respect to American seamen is such that it is impossible for us to build up under that policy an American merchant marine.

The interest of the American people in the American merchant marine is twofold. First, it is that we shall establish a condition with respect to the American ships that fly the American flag that will insure us in time of war an auxiliary to our Navy. Basic to that proposition, of course, is the personnel who man the ships of the American merchant marine. It is vitally essential, as I see it, and I believe the history of shipping the world over sustains the view that, in order that any merchant marine built up by any national government shall be useful to that government in time of war, the men who man the ships must be of the nationality that supports that merchant marine. Applying it to our own case, I hold that it is vital, if we are to have an American merchant marine, that our ships shall be manned by American sailors.

That was the theme of the discussion in the remarks which I submitted to the Senate on the 25th of last month. Then in that connection I said to the Senate that the attitude of the Shipping Board with regard to Great Britain was, I believe, so hostile to the upbuilding of an American merchant marine that if it were once submitted to the Senate and to the American people and understood by them not one dollar of money would be contributed to support the Shipping Board and enable it to carry on its policies unless they were radically changed. I believe that attitude of the Shipping Board is such; I believe that the whole policy upon which we are proceeding is such that if it is once definitely and clearly understood by the American people no Senator and no Member of the House of Representatives will vote one dollar of taxation upon the American people to support that policy.

Mr. President, when I addressed the Senate on the 25th of last month, making what I believed to be a demonstration of the fact that the labor policy of the Shipping Board is such that we can not build up an American merchant marine manned by American sailors, I said in that connection that I would also take up the discussion of the attitude of our organization known as the Shipping Board toward the British interests and British shipping, and that I thought I would be able to show

*Townsend bill—Continued.*

to the Senate and to the country that that attitude is one which contributes not to the upbuilding of an American merchant marine in any sense of the word, but to the upbuilding of British shipping, and I think I am prepared to make the next installment of my argument in conclusive support of that proposition.

So, Mr. President, I have this to say: It has been announced that we are about to be confronted with a proposition to appropriate \$300,000,000 to the Shipping Board to carry on its present policies, and Members of this body and of the House will be confronted with the responsibility of taxing the farmer, the laborer, the manufacturer, the man engaged in mercantile pursuits, to the extent of a million dollars a day, counting only the working days, to support the policies of the Shipping Board as at present conducted.

However, if it is worth while to tax the people of the country to maintain an organization that shall build up an American merchant marine not only as an auxiliary of the Navy, but to insure us fair treatment in our overseas trade, it must mean that it is important that there shall be in that overseas trade vessels flying the American flag supported by the American people and promoting the transfer of our products across the sea to the markets of the world. How can an organization of that kind minister to the producers of this country, whether they be manufacturers or producers from the soil, unless the shipping organization which is built competes with foreign shippers and the owners of foreign lines? If it shall develop that all of the aid which through taxation we turn into the so-called upbuilding of an American merchant marine contributes to the building up of the greatest rival that we have in overseas commerce, then the American people are betrayed in every dollar of taxes levied to support an organization of that kind.

Mr. MOSES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. I do.

Mr. MOSES. Is the Senator from Wisconsin referring to policies which are now actually in force by the Shipping Board or which have been in force in the past?

Mr. LA FOLLETTE. I am referring to policies which not only have been in force, but which are being continued in force up to the present moment.

Mr. MOSES. Does the Senator discover any indication in the action of the Shipping Board that those policies are to be continued?

Mr. LA FOLLETTE. Undoubtedly. I have discovered that by the appointment of men taking charge of the assignment of our ships, men in charge of the operation of ships which we are bleeding at every vein and every artery to sustain in these distressing times, who are going to the support of a British merchant marine rather than to an American merchant marine. It is to make something approaching at least a demonstration of that proposition that I have taken the floor and that I appeal to the Senate for its considerate attention and upon which I ask the attention of the country.

There hangs upon the wall of this Chamber [indicating] a map which I have made after a somewhat critical study of the ramifications of the shipping interests; and, Mr. President, I ask Senators to yield me their attention while I discuss this subject. I venture to say it will be worth their while to do so, for they are to be called upon, as stated by the chairman of the Committee on Commerce, the distinguished author of the Jones Act of 1920, to vote in a few days \$300,000,000 additional in order to support the policy of the present Shipping Board.

Mr. President, I am now going to come back to my manuscript. I do so for the sake of saving time, because I find that when I depart from my manuscript I amplify. I beg the attention of Senators.

#### THE CHARGE OF BRITISH CONTROL.

The charge that British influences are at work to control the policies of our merchant marine has been so frequently and recently made and upon such high authority that it can not longer be ignored. For example, on the 6th of June last the Senator from Iowa [Mr. KENYON] on the floor of the Senate said this:

I think it is a safe statement—I hazard the statement—that of the 300 employees [of the United States Shipping Board] across the sea, 75 per cent are British subjects, and some of the most important positions are filled by British subjects, such, for instance, as that of marine superintendent, Capt. Blake, who is getting a salary of \$8,000 a year, a British subject, and his entire department is composed of British subjects.

The remarks I have just quoted will be found in the CONGRESSIONAL RECORD of June 6, 1921, page 2157.



Before I conclude what I have to say I expect to lay before the Senate information showing that it is not necessary to go across the sea to find men powerful in the affairs of American shipping whose interests and sympathies are far more British than American.

Who is it that is our commercial rival for overseas trade? Great Britain, of course. There is no other country which compares with Great Britain so far as tonnage is concerned. I take it that is what the Senator from Iowa was speaking about when he made the statement before the Senate which I have just quoted. In order to confirm that, I addressed a letter to the Shipping Board and asked them to send me a statement of the employees of the present Shipping Board, their residence, and their allegiance. I have their reply here; I have compared it with the statement of the Senator from Iowa and of the Senator from Missouri, who spoke following the Senator from Iowa, and I find in it, Mr. President and Senators, that which challenges the attention of every Senator who shall be called upon to vote dollars out of the pockets of the American taxpayers and into the coffers of our Shipping Board.

Mr. President, I realize that the Shipping Board has changed in personnel within the last two months. I waited before saying a word upon my resolution in order to see what the trend of the policy of the new Shipping Board might be. If I had seen a radical change, if I had seen that they canceled the cost-plus contracts under which we are being bled at every artery by a cost that is staggering, and under a policy that this Congress has condemned, I should have waited longer before speaking. Moreover, if I had seen that there was any change in the attitude of the present Shipping Board, the new Shipping Board, toward labor, I would have waited; but no; they have not only adopted the policies of the old board with respect to American seamen, but they have pushed them even further, until there is a feeling on the part of the American seamen in this country toward the American merchant marine that is one of open hostility and antagonism. Sir, that is not the policy of our great rival, Great Britain. She has adopted a policy of cooperation with the Seamen's Union of Great Britain. As I said on the 25th day of July in that branch of the discussion which I then engaged in, she has turned over to the British Seamen's Union the employment of the men who shall operate the ships under the British Jack. They are working in harmony. Their sailors accepted the 15 per cent reduction, just as our sailors, as shown in the correspondence which I submitted here on the 25th of July, were ready to accept the 15 per cent reduction; but, no, there is a spirit of hostility here on this side of the Atlantic different from the spirit prevailing over there. Why? Because the men who are benefiting under the taxation which we are imposing upon the American people are more interested in the upbuilding of the British merchant marine than in the upbuilding of an American merchant marine. I have the proof of that statement, and I am prepared to establish that fact.

Men who are masquerading as the sponsors of an American merchant marine are the emissaries of Great Britain. They are to be found in the Commerce Department of this Government; they have had their representatives there for years. I know some of the new members of the Shipping Board, and I have as much confidence in their integrity as I have in my own; but they are so surrounded, just as Congress is, with respect to news, that they can not get the light from the outside.

I called the attention of the Senate on Saturday night to the fact that a man had been appointed to investigate the operations in this country of the British merchant marine and the British Government in confining, undermining, and destroying the effect of all the appropriations that we are making here. That man was Roscoe C. Mitchell, assistant to the special commissioner in Europe, and it was made to Capt. Foley, Director of Operations, United States Shipping Board, under date of March 14. It was a mighty important report. Mr. Mitchell went out of office after having made it, and Foley is out of office to-day.

It was an exposé of what is going on upon the other side. I shall not tax the patience of Members to read from that report now. I shall print it, unless it is called for. It is well worth your reading. It is well worth your consideration before you vote another dollar in support of this enterprise that is reaching into the Treasury day by day up to its armpits.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Notwithstanding the natural advantages I have enumerated and the fact that England enjoyed a practical monopoly as the sea carrier for the great part of the world during the half-century period when the American exporter and importer was satisfied to move his merchandise in British bottoms, I am fully convinced that the shipowners of the United Kingdom have adopted other means by which they hope to eliminate the United States as a serious competitor on the high seas.

Propaganda is the new weapon, and to-day they are conducting an active campaign within our own borders. Their object is to discourage the American people from supporting Congress in placing our mercantile marine upon a firm footing. Daily utterances in the news and editorial columns of the English press are of such tenor as to justify this statement, but, as additional proof, I cite the fact that Britishers well versed in all maritime matters have admitted to me that this method of breaking down our peace-time morale already has been employed with considerable success.

"Lack of stability. \* \* \* Failure to adopt and adhere to definite policies. \* \* \* Extravagance in the operation and upkeep of ships. \* \* \* Desire of inexperienced operators to become millionaires overnight. \* \* \* Tendency to form shipping alliances with Germany." These are some of the criticisms directed at the Shipping Board and shipping industry in the United States by our friends across the sea. Unlike America, where interest in the success or failure of our mercantile marine is confined almost entirely to those actively engaged in the industry, every man you meet in England can discuss intelligently all questions having any bearing on the British Empire's maritime policies. Shipping is the very heart of English commerce and industry, and from their school days the youth of the Empire are taught to think in terms of ships. Shares in shipping companies are purchased by the public with a greater degree of confidence than are bonds of the British Empire. I was impressed by a practical demonstration of this fact in January of this year, when, despite the economic conditions in the United Kingdom, the new issue of £4,000,000 7 per cent debenture stock offered to the public by the Cunard Steamship Co. was oversubscribed within a few days. What better proof could be given of the deep-rooted confidence of the British public in the future of the shipping industry?

#### BRITISH COMPETITION AND PROPAGANDA.

Mr. LA FOLLETTE. In this statement of a trained observer who was abroad for the very purpose of studying the questions upon which he reported, we are brought face to face with the fact that we must not only expect from Great Britain every form of competition which the law permits and which ingenuity can devise, but we must be prepared to combat insidious propaganda calculated to nullify our efforts to secure that portion of the maritime commerce of the world to which we are justly entitled. It behooves us then to see to it that so far as possible every person connected with our merchant marine shall be not only an American but that he shall be loyal to American interests when they are opposed to British interests. This ought to be true of every man on board of every ship from the captain to the humblest seaman; and of every employee in every department from the chairman of the Shipping Board to the least important clerk.

It is perhaps not amiss that we should pause at this point long enough to inquire why we have spent billions of dollars to build up a merchant marine and are pledged to a policy of spending hundreds of millions more in order to maintain it. Those reasons are declared in the very statute which gives life to the Shipping Board and from which it derives its power. The first section of the merchant marine act of 1920 provides:

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws, keep always in view this purpose and object as the primary end to be attained.

Our declared purpose therefore in building a merchant marine was twofold. One was because of its military or naval value in time of war, the other because national self-interest requires that our overseas commerce in time of peace should be carried on in our own ships. I assert, sir, that the reason, and the sole reason, why we had practically no merchant marine at the outbreak of the late war was because national interests, the real purpose for establishing a merchant marine as laid down in this statute, had never been regarded by American capitalists, and if the present attempt to create and maintain an American merchant marine with all its expense and tax burden and sacrifice on the part of the people shall fail it will be for the same reason.

The masters of American finance have not in the past considered a merchant marine from the point of view of national interest either in peace or war, and the national interest is receiving no consideration at their hands to-day. The one question which has been considered has been the question of profits. How can the greatest profit be made in carrying our products abroad and in bringing to our people what they need or desire from other countries? That has been and still is their sole object. If the greatest profit could be made by conducting our overseas commerce under the British flag, that has been done. If it is thought necessary to camouflage or conceal the British influences in our shipping business, that has been done. But the consideration of national interest, protection in war, fair rates, and good service in peace for all the people is a purpose



which has found no place in the plans of the shipping masters of this country.

And yet, sir, Senators can not find justification for voting a soldiers' readjusted compensation upon a basis that I believe to be sound and righteous; but Senators upon this floor can find reasons for supporting the United States Shipping Board in its enormous drafts upon the Treasury, for supporting the railroads in their enormous drafts upon the Treasury, for supporting the builders of warships in their enormous drafts upon the Treasury, for the support and maintenance of a standing Army greater than we have ever had before at a time when no nation in the world can by any possibility make war upon us. Senators who can find reasons for supporting these enormous and almost unlimited appropriations, and can not find justification for readjusting the pay of the men who were torn away from their homes and sent in contravention of every understanding of the meaning of the Constitution of the United States down to that hour across the seas to fight in a foreign country, will be able, I presume, to find reasons for voting continued appropriations to a shipping board that supports British shipping vastly more than it does an American merchant marine, or at least those Senators are not so imbued with a desire to defend the Treasury against the inroads that have been made by the Shipping Board, that they have raised a question here on this floor as to the enormous appropriations that have already been made under the guise of taking care of deficiencies; and I have heard on this floor up to this hour no protest, sir, against the appropriation of \$300,000,000 that some four to six weeks ago we were warned by the Senator from Washington [Mr. JONES] would be found necessary to continue the operations of the Shipping Board.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Wisconsin yield to the Senator from Washington?

Mr. LA FOLLETTE. I yield, with pleasure.

Mr. JONES of Washington. I should just like to correct the Senator in one mistake. I did not say three hundred millions; I said one hundred millions. That was the amount that was estimated at that time. Since then, however, the estimate has been raised to three hundred millions, but I had in mind only one hundred millions.

Mr. LA FOLLETTE. My recollection was that the Senator stated that there was a deficiency of three hundred and eighty millions, and that an appropriation of three hundred millions would be necessary to save the situation.

Mr. JONES of Washington. No; the Senator no doubt saw that in the statement that was given to the press, but it came from the chairman of the Shipping Board, not from me. I did not know that any such statement as that was coming out when I made my statement on the floor.

Mr. LA FOLLETTE. The Senator made his statement on what the chairman of the Shipping Board had already informed him, I presume.

Mr. JONES of Washington. On what he had told me; and when he told me, he estimated only one hundred millions.

Mr. LA FOLLETTE. Yes; but subsequently he found that it should be three hundred millions?

Mr. JONES of Washington. Yes.

Mr. LA FOLLETTE. And had the Senator made his statement after the chairman of the Shipping Board found that it should be three hundred millions, he would have said that it should be three hundred millions?

Mr. JONES of Washington. Oh, yes; certainly.

Mr. LA FOLLETTE. Yes. So we are not very far apart, Mr. Chairman, excepting that I did not state the matter exactly as the chairman of the Committee on Commerce had stated it, but, rather, as he would have stated it if he had waited for the further statement of the chairman of the Shipping Board, I take it from what he says.

Mr. JONES of Washington. Possibly so, although I must say that when I examined the figures of the chairman of the Shipping Board upon which he made his estimates I did not understand just exactly how he reached that total. In the amount that we spent during the last year in the operation of the ships he had receipts of \$200,000,000 from the sale of ships. I am satisfied that that is wrong. I do not think we have received any \$200,000,000 from the sale of ships. We may have sold ships on contracts aggregating \$200,000,000, but I am satisfied that we have not received that much money; so I think probably there was a little mistake in the bookkeeping there, although I may be wrong in that. I think not, however.

Mr. LA FOLLETTE. But, even if there was, it was against the Government and not in its favor. We have not received that money; we may not receive that money.

Mr. JONES of Washington. No; it was really against the estimate of the chairman of the Shipping Board as to what we shall need next year. He based his estimate for next year upon what he claimed we had received and spent during the past year. Now, if we had not received \$200,000,000 from the sale of ships, we had not spent \$200,000,000. He may be right and I may be wrong. There is not any question, however, but that we have a deficit that we will have to meet.

Mr. LA FOLLETTE. Well, Mr. President, I do not think it makes so much difference whether it is \$100,000,000 or \$300,000,000.

Mr. JONES of Washington. No; I do not, either. I agree with the Senator on that.

Mr. LA FOLLETTE. The question is, Is it being spent in the interest of the American public? That is the great question; and if it is not, not a dollar of it should be appropriated.

Mr. JONES of Washington. I agree heartily with the Senator in that statement.

Mr. LA FOLLETTE. I have unlimited confidence in the integrity of the Senator from Washington, the chairman of the Committee on Commerce, and in his capacity to deal with this question; but when it comes to voting this money each Senator is going to be answerable to his constituents, not upon the judgment of the Senator from Washington, but upon his own judgment; and in some respects, when it comes to the determination of the question in whose interest in a large way this money is being expended, I may disagree with the Senator from Washington as to that, as a matter of judgment. Upon my investigation I am prepared to say to Senators where I think the real benefit of the money is going. I put it upon the facts that I have gathered. I lay them before the Senate. I do not say that they are conclusive. If they were, my resolution would not have any place in the Senate, because all that it would be necessary to do would be to lay the facts before the Senate and they could determine the matter; but my resolution is just for an investigation, and all I propose to do and all I am called upon to do is to lay before the Senate facts enough to warrant an investigation, to demand an investigation before a vote is taken on the matter. That is what I take my office to be.

Mr. MOSES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Hampshire?

Mr. LA FOLLETTE. I yield to the Senator from New Hampshire.

Mr. MOSES. Has the Senator quite finished with his comparison between the condition of the American seamen and the British seamen to which he referred in the opening portion of his remarks?

Mr. LA FOLLETTE. Mr. President, I want to say to my friend from New Hampshire that I only just touched it. I made a speech of an hour and a half or two hours on that subject here on the 25th day of June, and I beg to refer the Senator to that speech.

Mr. MOSES. Yes; that is the very point. I heard that speech, and there were some things in it which I had vaguely in my mind, and I have since refreshed my memory, and I find things in that speech which lay in my mind nebulously—that is to say, in that speech the Senator enumerated five points of difference between the organized seamen and the Shipping Board—five specific refusals of the Shipping Board to meet the requests of the organized seamen.

Mr. LA FOLLETTE. Yes; I did.

Mr. MOSES. But what I wish to ask the Senator—and I do not find that in his speech—

Mr. LA FOLLETTE. It is there.

Mr. MOSES. Yes; I do find that, but the thing I do not find in his speech, and that I wanted to ask the Senator about, was whether in the settlement in Great Britain those five points were conceded by the British Board of Trade, or whether the British Board of Trade, which still continues its functions, was considering those points, or whether they had been settled.

Mr. LA FOLLETTE. Mr. President, as I stated, if the Senator would do me the great honor to read the speech carefully, he would find the answer to his question. We know how it is. We have now just a handful of Senators present in the Chamber, and unless Senators who are absent shall read what one says here it counts as if it had not been said. I stated in that speech that "British seamen accepted a wage cut of £2 10s. per month, amounting to about 15 per cent of their war-time wage, other conditions remaining unchanged."

Mr. MOSES. I have not been able to find that.

Mr. LA FOLLETTE. It is there, and it is there stated very plainly, and it is the fact, Mr. President; and it illustrates in a very pointed way the difference between the British treatment of their seamen and our treatment of American seamen in



this country, I do not care whether they are organized or unorganized.

The seamen in this country in their controversy with the Shipping Board got to a point where they were prepared to state and did state and specifically requested as the only condition of priority of employment on American ships that they should be American citizens—that is all; not union men as against nonunion men, but American citizens—and the Shipping Board denied that, and the organization known as the owners of steamship lines denied it.

I ask Senators if you can hope in any way to build up an American merchant marine when you will not give preference to American citizens to sail under the American flag? Is it not worth your while to note that the attitude of Great Britain is very different in that respect? I shall read to you, if Senators care to follow me here, the contracts with respect to the British ships which require how they shall be operated, how they shall be run under the British flag, manned by British subjects, and operated under conditions which shall be satisfactory to the British Board of Trade, and in case of differences arising—and I am speaking now of British vessels which are affiliated with so-called American organizations, and getting the benefit of the appropriations which we are making—those differences shall be determined by the Lord Chancellor of Great Britain, and his decision shall be final.

Mr. MOSES. Mr. President, no one can controvert the position which the Senator from Wisconsin has taken, that the American merchant marine must be manned by American citizens if it is to be an effective organization.

Mr. LA FOLLETTE. I am glad to have the Senator agree with me on that.

Mr. MOSES. I did not think, however, that the decision arrived at by the Shipping Board under the fatuous and expensive administration of Admiral Benson, when he was its chairman, was permanently conclusive, and I did not suppose that the men were prohibited from reopening that question with the new personnel of the board.

Mr. LA FOLLETTE. Nor were they, Mr. President. But the attitude of the present board has been just exactly the same as that of Admiral Benson, who has been retained on the board, and the result has been that American sailors have been driven off American ships. Where they have gone on at all, they have gone on with heartburning and with resentment, and with a determination to renew the struggle as soon as they have earned enough money to do it. But, Mr. President, you can not hope to build up an American merchant marine with such a condition as that existing between American sailors and the Government which operates the American merchant marine.

Mr. MOSES. Is the Senator asserting that this question has been laid before the new Shipping Board and that a negative answer has been given to it?

Mr. LA FOLLETTE. I am asserting, and I asserted it on the 25th of last month on this floor, with facts piled upon facts to show that the present Shipping Board has not only assumed all of the positions taken by its predecessors, but has gone even further.

Mr. MOSES. I did not so understand it, Mr. President. My understanding was that that was a matter which the new Shipping Board intended to take up after it had gone through the tangled mess of accounting and everything else it found there and discovered just where it was with reference to all of its problems. I have no official knowledge, but simply that gained from conversation with members of the board.

Mr. LA FOLLETTE. I have not a bit of doubt but that the Senator from New Hampshire, in talking with individual members of the board, may find some of them taking that attitude. But that is not the policy which the board has adopted and is enforcing. That policy has disorganized all of the American seamen, as such, who were manning, to the extent of more than 60 per cent, the American merchant marine at the time the war ceased, and, indeed, down to the time when this controversy arose. It is a deplorable condition. It calls for the honest, sincere investigation of every man in the Senate who believes in building up an American merchant marine and who expects to vote the money of the people to do it.

To establish an American merchant marine, it must be manned by American sailors, American citizens. When we passed the seamen's act in 1915 there were but 5 per cent of the seamen employed upon ships sailing under the American flag who were American citizens. Under the beneficent provisions of the act known as the seamen's act we continued to draw from other occupations back to the sea men who had left it because its employment entailed degradation unspeakable.

Under the beneficent provisions of the seamen's act of 1915 we won back to the sea American sailors; so that when this raid

was made a few months ago we had over 51 per cent of American citizens on the ships sailing the Atlantic—very much more than that on the Pacific—and we had at least 10 per cent additional who had declared their intention to become American citizens. So that it is fair to say that we had won back to the sea American citizens so that we had 60 per cent in our merchant marine instead of the 5 per cent, which was the number before the seaman's law was passed.

One of the most important propositions the Senate has to solve is the question of this British influence, and in support of that statement I ask the attention of Senators to a speech made by the distinguished chairman of the Committee on Commerce of the Senate [Mr. JONES of Washington] no longer ago than January 22, 1921.

That is pretty recent. That deals with conditions as they now are, unless it shall be shown that the new men on the Shipping Board have radically changed them; and I am going to show that they have confirmed them, as far as British influences are concerned, by the employment of men who have British affiliations—that they have entrenched British interests—and when that is shown the statements made by this man, this colleague of ours, who sits at the head of the table in the Committee on Commerce, and whose integrity and high purposes and loyalty to this Government nobody can question, about those conditions I think are pertinent and worthy the interested attention of Senators. He had more to do with framing the merchant marine act of 1920 than anyone else. His profound study of this subject entitles his every utterance upon it to the greatest consideration.

The speech to which I refer was not delivered in the Senate, but was delivered at the second annual convention of the National Merchant Marine Association here in Washington on the 20th of last January. The speech, however, was very properly put into the RECORD by the Senator from Tennessee [Mr. McKELLAR], and is found in the RECORD of January 22, 1921, at page 1887.

Mr. President, I know how busy Senators are. I doubt if there are four Senators in this Chamber who have read that speech. I would be glad to have anyone who is present, outside of the Senator from Washington [Mr. JONES] himself, who has read that speech to arise in his place and state that fact.

Mr. MOSES. The Senator has no takers.

Mr. LA FOLLETTE. The Senator from New Hampshire says there were no takers to my proposition to have some Senator arise and say that he had read that important speech. So that justifies me, Mr. President, in reading from it.

The warning words of the able chairman of the Committee on Commerce, the Senator from Washington [Mr. JONES]—I am quoting from page 1887 of the RECORD of January 22, 1921. That is only six months away, in round numbers. Read it, Senators. It is worth your reading. I quote as follows:

Our principal competitor for the world's carrying trade is Great Britain. She will do everything possible to keep us off the sea. Her citizens have vast and far-reaching business connections with our people.

The chart now on the wall shows a little section of that, and there are revelations to follow.

She has been so long dominant in shipping that her citizens control many of the great financial, industrial, and transportation interests in this country.

Every word weighted with thought and indicating a knowledge of conditions to the last detail.

They will use and are using this power to defeat our efforts to build up an American marine. Their attacks will be most insidious where that is the wisest course to follow—bold and daring where that is best—but they will always keep in view the one great thing—success for British trade and shipping.

We fight their battles in many ways—

"Their battles"—the battles of Great Britain.

Every man who discourages American enterprise from going into shipping, every newspaper that uses its columns to discredit our efforts and our laws to build up an American marine, gives aid and encouragement to our competitors. Some act unwittingly; some, I fear, purposely.

That is, some American newspapers.

As the Senator well says, every effort to discredit our laws designed to build up an American merchant marine gives aid and comfort to our competitors. That there is an organized effort abroad to discredit our seaman's law no one doubts who is at all familiar with the facts. Upon the existence and enforcement of that law we must depend for securing American seamen and American officers for our merchant marine. We must also depend upon it to equalize whatever difference there is in wage cost between the United States and our competitors.

That law was imperfectly administered after it was passed in 1915. Mr. Redfield, the then Secretary of Commerce, influenced by a man who has held his position there under all administrations and who, I assert, has served British interests



rather than American interests—I refer to Chamberlain, the Commissioner of Navigation in the Department of Commerce.

Mr. President, I will digress just long enough to say that when the seamen's law was passed and signed by President Wilson on March 4, 1915, we were paying higher wages for seamen upon American ships than were paid by foreign ships which were loading at our ports and sailing out of those ports; but provisions in the seamen's act released an economic law that made it impossible for a foreign ship to leave our ports unless she paid the same wages as American seamen were paid on ships under the American flag. That worked out so that inside of two years all up and down the Atlantic coast and the Pacific coast every vessel that cleared from an Atlantic port or Pacific port paid American rates of wages that equalized the cost of operation on every cargo that left our shores. Under those conditions not only did we win back to the sea from 5 per cent of American sailors, which was the outside limit when the act was passed, to 60 per cent of American citizens on all ships leaving Atlantic seaports, but a very much larger number than that on all ships leaving the Pacific seaports. That was accomplished in four or five years. There are just two ways of equalizing that wage cost. One is by enforcing the provisions of our seaman's law, thus compelling our competitors to approximate at least our standards of wages and working conditions; and the other is to break down and destroy the provisions of the seaman's act so that we can man our ships with the cheapest of foreign labor and bring American seamen to the level of the cheapest foreign labor.

No one knows better than Great Britain how fatal that latter policy would be to our plans for an American merchant marine; hence the insidious propaganda manifesting itself to-day in the newspaper publications and the efforts of some individuals and organizations to weaken or destroy our maritime code. A raid is being planned on the seaman's law. Everybody who has kept up with the facts understands that.

I am permitted to quote from a personal letter of J. Havlock Wilson, president of the Sailors and Firemen's Union of Great Britain and Ireland, and member of the marine board, written to Andrew Furuseth, president of the International Seamen's Union of America, on June 14, 1921, where it is said:

It may be perfectly true that there is some understanding amongst them (the International Shipping Federation) with regard to the shipping legislation of the United States. I am using all my time, and every time all my influence, to get the British shipowner to see that he is fighting a shadow when he is fighting the United States shipping law.

There is an organization in Great Britain—and I am going to submit its articles of incorporation in the course of the discussion which I wish to make upon this subject—to control legislation in the interest of British commerce all over the world. There never has been an hour while we have been pouring the hundreds of millions of dollars in taxes which have been levied upon the people into the upbuilding of a merchant marine when that organization has not been in operation in this country in order to control legislation in the interest of the British mercantile marine.

Of course, the British seamen are for the maintenance and extension of the United States seamen's legislation, because that legislation must ultimately result in raising the standards of living for British seamen, but the British shipowner, as we see from this letter, is engaged in fighting that law, and more than that, has enlisted all of the powerful interests in the International Shipping Federation for the same purpose. That is the federation which is organized under a charter which I propose later on to lay before the Senate. I shall not be able to do it to-day, but in subsequent discussions of this subject I propose to get everything before the Senate, and I will bring that forward. Forewarned against this foreign-born propaganda, no friend of the American merchant marine will be deceived by it.

Turning to the speech of the Senator from Washington [Mr. JONES], from which I have previously quoted, I desire to read a few additional paragraphs. He said:

Great business interests, supposed to be American—

There is one of them in that black frame in the center of the chart that hangs upon the wall of the Senate. It is called the International Mercantile Marine Co., owning 55,000 tons of shipping. I am going to speak of it and its British control before I get through.

The Senator says:

Great business interests, supposed to be American, are subordinating American interests to British interests. British shipping interests and the British Government are pulling strings behind the scenes and Americans are stifling American shipping and thwarting American efforts.

I quote further:

A short time ago a reputable gentleman from Newark, N. J., told me of his experience in attempting to establish a shipping line between Newark and England. He applied to the Shipping Board to buy or

charter Government ships for this purpose. His application was referred to the Shipping Board's representative in New York, and he said he was opposed to it. On being pressed for his reasons, he said that the establishment of such a line would injure the business of British lines sailing out of New York.

In that same speech Senator JONES said that the International Mercantile Marine Co., which is one of the principal shipping concerns of the United States—and I quote now Senator JONES's language—had "entered into an agreement in 1903 whereby it bound itself for a period of 20 years to follow no policy that would injure British shipping or British trade." This International Mercantile Marine Co., with which Morgan is tied up, and the Guaranty Trust Co. of New York, and the National City Bank, as I shall show, surrounded by British affiliations and tied up with British interrelations that control it absolutely, is under a contract that it will follow no policy that would injure British shipping or British trade for a period of 20 years; and I say to you that this International Mercantile Marine Co. is all-powerful, and is represented officially in the organization of the present Shipping Board. In saying that I lodge no charge against any member of that board. I know some of the members. We all know former Senator Chamberlain. I know at least one other member of that board. But, Mr. President, that board is surrounded by and is in the hands of an organization that has prevailed there since its creation.

I shall have to repeat just a few words here to get my connection.

In that same speech Senator JONES said that the International Mercantile Marine Co., which is one of the principal shipping concerns of the United States, had "entered into an agreement in 1903—now just pin that date down—whereby it bound itself for a period of 20 years to follow no policy that would injure British shipping or British trade," and the Senator quoted certain paragraphs from that contract and continued:

In brief the International Mercantile Marine Co., organized under American law and claiming to be an American company, obligates itself to pursue—

To pursue "no policy injurious to the interests of the British mercantile marine or of British trade"—

and in case of any dispute arising out of the agreement, whether of law or of fact, the lord high chancellor of Great Britain is to decide such dispute, and his decision is final.

I will not take time to read further from this notable address, but it should be read in its entirety by every person interested in this subject.

Even more illuminating than the address itself is the series of events which followed its delivery and its insertion in the CONGRESSIONAL RECORD. I want to say that it stirred up something.

Mr. MOSES. Mr. President, the Lord High Chancellor of England seems to be popular in British disputes. He settles this dispute between the companies. He also settles the dispute between the unions and the companies.

Mr. LA FOLLETTE. Yes, sir.

Mr. MOSES. British interests will not lose anything in either case, I take it.

Mr. LA FOLLETTE. No. You can just rest assured that British legislation does not overlook a point in this game of controlling the commerce of the world, and making everybody contribute to tail it up and support it and appropriate money for it.

Even more illuminating than the address itself is the series of events which followed its delivery and its insertion in the CONGRESSIONAL RECORD. The president of the International Mercantile Marine Co., P. A. S. Franklin, at once took issue with some of the statements made by Senator JONES in the address from which I quoted. Thereafter, on January 25, 1921, the Senator from Washington placed in the RECORD three agreements of the International Mercantile Marine Co. with the British Government, dated, respectively, August 1, 1903, October 1, 1910, and September 2, 1919. These agreements will be found in the RECORD of January 25, 1921, pages 2041-2042.

INTERNATIONAL MERCANTILE MARINE CO. AND THE SHIPPING BOARD.

Two days after the above contracts were printed in the CONGRESSIONAL RECORD—that is, on January 27, 1921—the United States Shipping Board held a meeting, at which, by invitation of the board, Mr. P. A. S. Franklin, president of the International Mercantile Marine Co., attended with his attorney, J. Parker Kirlin. And they were invited by the Shipping Board to explain the situation existing between the International Mercantile Marine Co. and foreign Governments. Something like 75 or 80 pages were devoted by Mr. Franklin and his attorney to that explanation. I will have more to say about that testimony a little later.



No action was taken in respect to the matter by the Shipping Board, however, until the 3d day of March following the hearing on the 27th of January, when the board, in response, I believe, to a resolution, sent to the Senate a copy of the testimony and a copy of the contracts to which I have referred. The Shipping Board on the same day that it sent this material to the Senate held a meeting and passed a resolution which declared that Mr. Franklin's explanation was not satisfactory. And a copy of that resolution was transmitted to the Senate with the other papers. Why it was necessary to wait from January 27 to March 3 before taking any action in the matter the Shipping Board has not explained.

The following is the resolution adopted by the United States Shipping Board at its meeting on March 3, 1921, a copy of which was transmitted to the Senate on the date of its passage:

Whereas a hearing was granted the International Mercantile Marine Co. by the United States Shipping Board with reference to a certain agreement dated August 1, 1903, between the Commissioners for Executing the Office of Lord High Admiral of the United Kingdom of Great Britain and Ireland, the Board of Trade (for and on behalf of His Majesty's Government), the International Mercantile Marine Co. and certain British companies, which said agreement provides among other things:

(a) "The term 'the association' hereinafter used means the parties hereto of the second and third parts and also includes any other company, corporate or unincorporate, partnership body, or person, whether British, American, or other foreign, which by any arrangement is admitted to or brought under the control of the association or any of its constituent parts for the time being;"

(b) "PAR. 8. If at any time hereafter during the continuance of this agreement any other company, whether corporate or unincorporate, partnership body, or person, whether British, American, or other foreign, shall be admitted to or brought under the control of the association or any of its constituent parts for the time being the association shall give notice thereof to His Majesty's Government and shall furnish all such particulars with regard to terms, parties, or otherwise as the Government may reasonably require."

(c) PAR. 10. This agreement shall have effect for 20 years from the 27th of September, 1902, and shall continue in force thereafter subject to a notice of five years on either side (which may be given during the continuance of this agreement), provided that His Majesty's Government shall have the right to terminate this agreement at any time if the association pursue a policy injurious to the interests of the British mercantile marine or of British trade;

(d) PAR. 12. In case of any difference as to the intent and meaning of this agreement, or in case of any dispute arising out of this agreement, the same shall be referred to the lord high chancellor of Great Britain for the time being, whose decision, whether on law or fact, shall be final; and

Whereas it was developed at said hearing that although said International Mercantile Marine Co. is owned practically in its entirety by citizens of the United States, yet that certain contract and agreement, dated August 1, 1903, together with certain agreements supplementary thereto between the parties above stated, is regarded by the United States Shipping Board as inimical to and not in harmony with the policy of the United States of America with respect to the development of its trade and commerce and merchant marine and at variance with both the letter and spirit of the merchant marine act, 1920:

Resolved, That the International Mercantile Marine Co. be, and it is hereby, requested and directed by the United States Shipping Board to so amend the said agreement of August 1, 1903, together with agreements supplementary thereto, as to exclude therefrom any and all vessels documented under the laws of the United States, to the end that said agreement and supplements thereto shall not be allowed to affect or apply to the ships operated by said International Mercantile Marine Co. at any time under the flag of the United States of America; and be it further

Resolved, That said International Mercantile Marine Co. advise the United States Shipping Board of its conclusion with respect to this resolution.

They would like to know what they think about it.

Concerning these agreements Mr. Franklin testified, or, rather, stated, at the hearing to which I referred, for he was not under oath, as follows:

In March, 1917, we sent those agreements to Mr. Denman, then chairman of the Shipping Board.

He was defending himself, you see. He was claiming that the Shipping Board had acted all this time with a full knowledge of the fact that the International was a mere tool of the British Government. That is what these agreements make it. He said:

In March, 1917, we sent those agreements to Mr. Denman, then chairman of the Shipping Board, and we have his acknowledgment of the receipt of the agreements. That was shortly after the Shipping Board was established. In January, 1919—first, in November, 1919, the agreements were sent to Judge Payne, then chairman of the Shipping Board—

Keep that date in mind—

In January, 1919, they were sent to Mr. Colby, a member of the Shipping Board, and in 1920 we wrote a letter to Admiral Benson, stating that we had left all of our agreements and discussed them all.

Mr. MOSES. What is the date of that letter?

Mr. LA FOLLETTE. The last letter to Benson is in 1920. I repeat:

In 1920 we wrote a letter to Admiral Benson, stating that we had left all of our agreements and discussed them all.

Following this testimony by Franklin it is my recollection that John Barton Payne declared that the agreement had never been brought to his attention.

I am taking Mr. Franklin's testimony, however.

It appears, therefore, that these agreements had been in the possession of the board since March, 1917; that they had been thoroughly discussed before the members of the board; and it was not until March 3, 1921, that the board reached the conclusion that they were inimical to and not in harmony with the policy of the United States of America with respect to the development of its trade and commerce and merchant marine, and at variance both with the letter and the spirit of the merchant marine act of 1920. Whatever delay may have occurred prior to March 3, 1921, it was to be expected, of course, that the International Mercantile Marine Co. would yield prompt obedience to the resolution of that date, a copy of which was at once furnished to Mr. Franklin by the Shipping Board.

Mark you, the date of that resolution was the 3d of March, 1921. On July 18, 1921, I addressed a letter to the Shipping Board, in which I asked to be advised what action the International Mercantile Marine Co. had taken in response to the directions given by the Shipping Board in its resolution of March 3, 1921. Sufficient time had certainly elapsed for compliance with the resolution if compliance with it was intended. Under date of July 22, 1921, I received a reply from the chairman of the Shipping Board—that was only a few days ago. I quote from that letter, as follows:

Mr. P. A. S. Franklin, president of the company, replied to the resolution of the board, under date of March 9, 1921, to the effect that his company would give the matter their very serious attention with a view to meeting as nearly as possible the wishes of the Shipping Board.

As the Senator from New Hampshire [Mr. MOSES] suggests, "Yours received and contents noted," and let it go at that. I still quote from the letter received from Mr. Lasker:

It is the understanding of the board that negotiations between the International Mercantile Marine and the British Government, resultant from the board's resolution, are practically concluded, and I have communicated with the International Mercantile Marine and have asked it to apprise me of the situation at the moment. I will advise you of their reply.

Yours, very truly,

A. D. LASKER, Chairman.

I have not yet heard. Last March this resolution was passed. March 3 Mr. Franklin was advised. March 9 he acknowledged receipt of the resolution. July 22, no change in the situation, contracts still in existence, and in the meantime the International Mercantile Marine is a big spoke in the wheel of the United States Shipping Board and prominent officials connected with it are in charge of the allocation of our ships and the direction of operations. I shall come to that a little later.

In this connection I call attention to the statement given to the public by Mr. Franklin on March 5, 1921, as found in the New York Times of that date, page 23, column 2, wherein, referring to the March 3 resolution of the Shipping Board, he said:

The decision of the Shipping Board does not in any way conflict with our present organization or method of conducting our business. It has been clearly understood for the last 19 years, since the first agreement was executed between ourselves and the British Board of Trade relating to our British flagships, that the agreements do not apply directly or indirectly to American flagships owned by the company or operated by it.

I am going to show just how near the truth that statement is which was given out to the public by this man Franklin.

Having thus politely informed the board that there was nothing in its decision or resolution which required any change in the structure or methods of his company, Mr. Franklin with a touch of humor adds:

I see no reason now why the company should not comply with the desires of the board, as reported.

The resolution of the Shipping Board referred to does not touch the real iniquity in the relationship between the International Mercantile Marine Co. and the British Government and British shipping interests, and shows but a very limited comprehension of the seriousness of the problem with which they were dealing. Either the Shipping Board purposely set up a man of straw for Mr. Franklin to demolish, or it had not the least conception of the manner in which British influences controlled the International Mercantile Marine Co. The mandate of the board to Mr. Franklin was that he so "amend" his agreements with the British authorities "as to exclude therefrom any and all vessels documented under the laws of the United States." Of course, these agreements do not include by their terms ships documented under the laws of the United States, and therefore to amend these agreements so as to "exclude" such ships leaves the agreements exactly where they were before. As the matter stands, Mr. Franklin has been given the opportunity by the Shipping Board, whether wittingly or unwittingly I do not know, to make a brave showing of complying with its orders without effecting the least change in the organization or methods of his company.

A little later in this discussion I will point out exactly how these contracts and the system of interlocking directors gives



complete control of the business resources of the International Mercantile Marine Co. to the British Government and the masters of British shipping.

What I now wish to point out is that the Shipping Board almost from the time of its organization has known of these contracts and has known that the International Mercantile Marine Co., besides operating a few American ships, was merely a holding company for British shipping corporations. On the 27th of last January, when public attention was called to the matter, the so-called investigation was held by the Shipping Board, at which no one was heard but the president of the International Mercantile Marine Co. and his attorney.

A fine method, certainly, to arrive at the truth. Meanwhile that company continued to receive generous allocations of American ships on the theory that it was a real American company. I mean by that company the International Mercantile Marine Co.

A report of the Shipping Board under date of February 7, 1921, shows the International Mercantile Marine Co. in control of 27 Shipping Board ships by allocation; dead-weight tonnage, 247,893 tons; and that these ships included some of the best American vessels controlled by the Shipping Board. In the meantime the Shipping Board allowed the whole matter to slumber until the report to which I referred was made to the Senate at the very close of the last Congress on the 3d day of March, 1921. Is there a Senator here who can believe for a moment that the powerful influences of Great Britain were not at work in our official channels to hold that investigation back and to suppress the truth?

Then the resolution was sent to the Senate which required Mr. Franklin to amend his contracts so as to "exclude" something that was not in them, and there the matter has rested. Whether this is merely a record of incompetence or worse in this matter, I am not prepared to say. I am speaking of a committee of investigation that will determine this, and I am speaking of an investigation which I believe the Senate will feel constrained to demand before I get through. I am simply stating the facts. But if the British Board of Trade had directly controlled the affairs of our Shipping Board during the time, it could not have done worse for the American merchant marine than our Shipping Board has done.

#### I. M. M. BOUND TO THE BRITISH GOVERNMENT BY CONTRACT.

In order to appreciate the full significance of the part played by Great Britain in the affairs of the International Mercantile Marine Co., and through it the affairs of our merchant marine, it is necessary to examine somewhat critically the contracts already referred to and the organization and holdings of the International Mercantile Marine Co. I am not saying that that company is the only so-called American company dominated by British interests.

Now, mark you that. I have just taken a cross section of a portion of our shipping. I am studying other companies with very great interest, and find much to quicken and keep that interest alive. I am merely using it as an illustration—as a cross section of our merchant marine—to exhibit the manner in which British influence permeates the whole organization. There are other shipping concerns in this country claiming to be 100 per cent American which I believe are just as bad as the International Mercantile Marine Co. in the matter of British influence, or possibly worse.

Before taking up the contracts mentioned I call attention to the testimony and statements of Mr. Franklin, president of the International Mercantile Marine Co., in the hearing before the board on January 27 last.

Referring to the International Mercantile Marine Co., Mr. Franklin says, and I am quoting his testimony verbatim:

This is an American company—

That is, the International Mercantile Marine Co.—

This is an American company, owned by American shareholders, operated in the interests of American shipping and its stockholders, and its policy that it has pursued right straight through has been in advocating the upbuilding of the American merchant marine and conditions which we thought would assist materially in such upbuilding.

On page 2 of this testimony Mr. Franklin says:

During the last three years, or rather during 1916, 1917, 1918, 1919, and 1920, we have distributed to our shareholders in dividends, all American shareholders, as you will see, over \$30,000,000. We have paid off during that period \$31,000,000 of bonds, the great majority of which are held in the United States. Are the people of the United States any better off for owning this British property which earns a very big percentage of this or not? Is it an asset to the American merchant marine or not? We think it is.

That ends the quotation. Now, I want to comment on it a little bit. It is clearly Mr. Franklin's idea that so long as his company makes a handsome profit for the small group of Ameri-

can citizens who own its stocks and bonds it must be reckoned as an asset of the American merchant marine, although its every ship might sail according to the will of British directors and subject to the command of the British Admiralty. That is the fact about every one of its ships, as I shall show.

The International Mercantile Marine Co. owns outright, according to its late reports, the steamers *St. Louis*, *St. Paul*, *New York*, *Philadelphia*, *Finland*, and *Kroonland*. It also owns the stock of the Atlantic Transport Co., with six vessels, incorporated in West Virginia, and of the Belgium Red Star Co., with two vessels. (See Shipping Board Report No. 309, Feb. 7, 1921.) It has other holdings, consisting of stock held by it in the International Navigation Co. (Ltd.), incorporated under the laws of Great Britain. That company is indicated on the map underneath the other company and is inclosed by the red bracket, which in turn is a holding company for a large number of British shipping corporations controlling in the neighborhood of 1,000,000 tons of dead-weight tonnage. It is the ships of these latter subsidiary companies that Mr. Franklin claims are controlled through stock ownership by the International Mercantile Marine Co. and run in the interest of American shipping and constitute an asset of the American merchant marine.

I hope Senators will follow me and get that reasoning. But the fact is, as shown by these contracts, that these ships, nearly 100 in number, traversing every route of maritime commerce open to American ships, and enjoying the most profitable of the carrying trade from the United States, are just as completely British ships and subordinated to British interests as any ship which flies the British flag.

Now listen. The contract of 1903 between the British Government, the International Mercantile Marine Co., and the subsidiary British companies provides in its first paragraph that these ships shall be on an equality with all other British ships "in respect of any services—naval, military, or postal—which His Majesty's Government may desire to have rendered by the British merchant marine."

The second paragraph provides respecting these companies that "a majority at least of their directors shall be British subjects."

The third paragraph forbids the selling of any of these ships to other than British subjects without the consent of the British Board of Trade.

The fourth paragraph provides that the officers shall be British subjects, and such proportion of the crew as the British Government shall prescribe.

The fifth paragraph provides that these ships must be sold or let to the British Admiralty upon the Admiralty's demand.

The sixth paragraph provides for the building of ships for British companies.

The seventh paragraph deals with the manner in which other British subjects or corporations may become associated in the business.

The eighth and ninth paragraphs provide for the contingency of some one other than a British subject or corporation becoming connected with the enterprise, and subjects them to the terms of the agreement.

The tenth paragraph provides that the contract shall run for 20 years from September 27, 1902, and shall continue in force thereafter subject to a notice of five years on either side, "provided that His Majesty's Government shall have the right to terminate this agreement at any time if the association pursue a policy injurious to the interest of the British mercantile marine or of British trade."

The eleventh paragraph provides that the agreement shall take effect as a contract made in England and in accordance with the laws of England.

The twelfth paragraph provides that in the case of any difference as to the interpretation of the contract or any dispute arising out of it "the same shall be referred to the lord high chancellor of Great Britain for the time being, whose decision, whether on law or fact, shall be final."

I come now to the second agreement which controls the International Mercantile Marine Co. I have just given the Senate the first agreement, which was made in 1903; the second was made on October 1, 1910. The agreement of October 1, 1910, between the same parties increased the facility with which the Admiralty might obtain control of any of the ships of the subsidiary British companies, and provided that any such ships "which may be considered by the Admiralty suitable for the employment as armed cruisers or commissioned auxiliaries shall be sold or let on hire to the Admiralty" as therein provided. Great Britain saw something in 1910 from afar off.

A further agreement of September 2, 1919, is even more significant than the other two.





Paragraph 1 thereof provided respecting these subsidiary companies that—

No person shall henceforth be a director, managing director, managing agent, manager, or person to carry on or manage the business of any such companies unless his appointment shall be acceptable to the board of trade.

That means, of course, to the British Government.

Paragraph 2 places the entire management of the subsidiary companies under its English board of directors, and even assumes to extend the power and authority of such directors beyond that provided in their articles or by-laws.

Paragraph 4 provides that these subsidiary companies shall not be regarded "as a foreign-controlled company" as to the building, purchasing, and operating of vessels, and the acquisition of shares in other British steamship companies.

The succeeding paragraph provides that these subsidiary companies shall be on the same footing as all other British steamship companies which are free from foreign control as to any facilities or advantages for the development of the business, but if the British companies shall give notice for the termination of the principal agreement these advantages shall cease.

#### I. M. M. CONTROLLED BY ITS BRITISH SUBSIDIARIES.

It is evident from these contracts that the International Mercantile Marine Co. so far from controlling its so-called British subsidiaries is completely controlled by them. Think of that for a moment, if you want to know how completely the International Mercantile Marine Co. is controlled by Great Britain. It must vote the stock it holds for British directors, and, moreover, for British directors satisfactory to the British Government. The British directors in turn absolutely control the management of their companies. They route the ships, they fix the rates, they man and officer the ships with British subjects, and hold the ships at all times subject to the orders of the British Navy. They must pay to the British Government annually many millions of dollars, probably hundreds of millions, for taxes and excess-profits taxes. These British directors control their own program for new construction and for the purchase of additional ships. In short, they are British companies in every sense of the word. The only function left under these contracts to the International Mercantile Marine is to receive on its stock holdings such dividends as may be declared for its benefit by a British board of directors which is satisfactory to the British Government, and they can not receive a farthing more.

Now, since, as Mr. Franklin says, a very big percentage of all the income of the International Mercantile Marine comes from the British companies, its subsidiaries, it is inevitable that he and his associates should play the British game, and swell the profits of the British companies in every possible way. That they must do this is made doubly certain from the fact that by these contracts they are at all times at the mercy of the British Government and shipowners. At any time their ships may be taken over, their contracts terminated, and their profits stopped by the British authorities. They are really pensioners upon British bounty, and their income—speaking now of the American Mercantile Marine and its stockholders—may be decreased or stopped, or increased according to British will. No man could devise a more perfect scheme to subject to British wishes and purposes every resource of the International Mercantile Marine, whether British or American, than is provided in their contracts.

Nor is this all. Through a system of interlocking directorates these British subsidiaries of the International Mercantile Marine Co. are absolutely dominated by a few masters of British shipping and finance, and are thus fitted into the whole scheme of British imperialism. Just two or three great, powerful, outstanding figures in British finance dominate this whole thing. This is graphically shown on the map or chart to which I invite your attention.

I now ask Senators, if they care to follow me, to give their attention to the chart while I submit as careful an analysis and description of the operation of the forces which it represents as it is possible for me to do.

#### THE BRITISH OPERATING COMPANIES OF THE I. M. M.

This chart is intended to show in its right half the nationality and interrelations of the International Mercantile Marine Co. and its subsidiary companies, and in its left half the relation, through Lord Pirrie and Sir John R. Ellerman, with the five great British shipping combinations and other important British industrial enterprises. Red blocks indicate British companies and individuals. All solid red lines indicate British directors. Broken red lines indicate stock ownership, and the arrow on those lines points from the owner of the stock and toward the concern in which the stock is owned. The figures on the broken red lines indicate the amount of stock ownership.

I will say to Senators that a reduced copy of this diagram will be printed in the CONGRESSIONAL RECORD in connection with

my remarks. I have the permission of the Joint Committee on Printing for that to be done.

The diagram is shown on page 4518 (facing page.)

Mr. LA FOLLETTE. The International Mercantile Marine Co., incorporated in New Jersey, and shown in the black-bordered outline in the right-hand upper central portion of the chart, (1) owns outright five freight and passenger steamers—*New York, Philadelphia, St. Paul, Finland, and Kroonland*—of 55,005 tons, plying between New York and the United Kingdom. Aside from these steamers, its holdings consist entirely of shareholdings in other countries; (2) it owns the entire capital stock, £700,000, of the International Navigation Co. (Ltd.), shown in the red-bordered diagram immediately below it, which owns four freight and passenger steamers of 66,652 tons plying between Philadelphia and Liverpool; (3) it owns 13,845,000 francs, being the entire capital stock of the Red Star Line, a Belgian corporation, with two steamers, of 17,428 tons, plying between New York and Antwerp; and (4) it owns \$5,000,000, being the entire capital stock of the Atlantic Transport Co. of West Virginia, shown on the extreme right, about the middle of the chart. The Atlantic Transport Co. owns four freight and passenger steamers and two freight steamers of a total tonnage of 80,642, plying between New York and London.

The International Navigation Co., in turn, owns the entire capital stock of the Atlantic Transport Co., the British & North Atlantic Steam Navigation Co., the Oceanic Steam Navigation Co., and practically the entire common stock of Frederick Leyland & Co., together with more than a third of its preferred stock.

The Atlantic Transport Co., shown near the right-hand corner of the chart, owns 1 freight and passenger steamer and 10 freight steamers, and carries on a passenger and cargo service between New York, Philadelphia, and Baltimore and London.

The British & North Atlantic Steam Navigation Co.—the Dominion Line—having three freight and passenger steamers and three freight steamers, carries on mail, passenger, and cargo service between Quebec, Montreal, and Portland, and Bristol and Liverpool. During the winter season its boats run to Portland.

The Oceanic Steam Navigation Co., the White Star Line, with a fleet of 19 freight and passenger vessels and 7 freight vessels, is the largest single company controlled by the International Mercantile Marine Co. Its services run from the principal Atlantic ports, including Boston, New York, Philadelphia, Portland, and Halifax, to Liverpool, London, Southampton, Cherbourg, and the Mediterranean, in addition to services from Liverpool to Australia and New Zealand.

Frederick Leyland & Co.—the Leyland Line—have 2 freight and passenger steamers and 26 freight steamers, a total tonnage of 171,177. They carry on a mail, passenger, cattle, and cargo service from Boston, New Orleans, Galveston, Savannah, Mobile, Brunswick, the West Indies, and the Spanish Main to Liverpool, London, and Manchester.

It will be noted that the International Mercantile Marine Co. owns all the stock of the International Navigation Co., and through that company the entire stock of the Atlantic Transport Co., the British & North Atlantic Steam Navigation Co., the Oceanic Steam Navigation Co., and the controlling interest in the Leyland Co.

The Oceanic Steam Navigation Co. owns £500 of the £195,375 preferred stock of Shaw, Savill & Albion, and £86,365 of the £195,375 ordinary stock. Another large block of stock is held by the Ellerman Lines, which, together with the Oceanic Steam Navigation Co., thus controls Shaw, Savill & Albion. The Oceanic Steam Navigation Co. and Shaw, Savill & Albion in turn jointly own £148,829 of the £150,000 preference stock of George Thompson & Co., all of the £50,000 ordinary stock, and all of the £50,000 management stock.

The Oceanic Steam Navigation Co. and the Atlantic Transport Co. of West Virginia jointly own 2,080,000 of the 20,000,000 guilders capital stock of the Holland-American Line. The Atlantic Transport Co. of West Virginia owns 32,971 shares of 200,000 shares of the New York Shipbuilding Corporation, and, together with the American International Corporation and W. R. Grace & Co., control that important shipbuilding concern.

In summary, out of a total of 113 vessels, of 1,077,728 gross tons of shipping controlled by the International Mercantile Marine Co., 5 vessels of 55,005 tons are controlled directly by the International Mercantile Marine Co. and 6 vessels of 86,642 tons by the Atlantic Transport Co. of West Virginia, making a total of 11 vessels of 135,647 tons under the American flag; 2 vessels of 17,428 tons under the Belgian flag; 99 vessels of



922,166 tons under the British flag; and 1 vessel of 2,487 tons of unknown flag.

Beneath the British and North Atlantic Steam Navigation Co. on the chart appears the Mississippi and Dominion Steamship Co. This company was included in the contract of 1903, but it has been liquidated and its assets have been taken over by the British and North Atlantic Steam Navigation Co.

Of the operating companies of the International Mercantile Marine Co., only the Atlantic Transport of West Virginia is an American company. The Red Star is organized under Belgian law and the International Navigation Co., the Atlantic Transport, the British and North Atlantic, the Oceanic Steam Navigation, Frederick Leyland & Co., Shaw, Savill & Albion, and George Thompson & Co. are wholly British. An examination of the routes and services given in connection with the different lines shows that practically all the important trade routes from the Atlantic coast to Great Britain are covered by these British subsidiaries of the International Mercantile Marine.

In addition to its own vessels, the International Mercantile Marine on January 1, 1921, was operating 27 Shipping Board vessels of a gross tonnage of 166,010 tons. Of these vessels 11 of 65,292 tons were allocated directly to the International Mercantile Marine, 6 vessels of 39,384 tons to the Atlantic Transport Co. of West Virginia, and 10 vessels of 61,334 tons to the Red Star Line. It is apparent that the International Mercantile Marine would seek cargoes for these vessels only in so far as there were surplus cargoes above what could be taken care of by its own ships, inasmuch as losses on the Shipping Board vessels are met by the Shipping Board itself.

The lines of stock ownership show holdings by J. P. Morgan & Co. and the American International Corporation in the International Mercantile Marine Co., and the lines of directorships indicate three members of the Morgan firm as directors of the International Mercantile Marine Co. and four members of the International Corporation. The block marked "Morgan, Grenfell & Co." in the upper right-hand corner, inclosed in red bars, and "J. P. Morgan & Co." in black, the dividing line between the two circles being one-half in black and one-half in red, indicates the International Banking House of Morgan, whose British company is Morgan, Grenfell & Co., and whose American company is J. P. Morgan & Co. The five lines running from Morgan, Grenfell & Co. to the Atlantic Transport Co., the Oceanic Steam Navigation Co., the International Navigation Co., George Thompson & Co., and Shaw, Savill & Albion represent E. C. Grenfell, one of the partners in the London Morgan firm, who is a director of the five companies named.

Mr. RANDELL. Has the Senator outlined the ownership of this International Mercantile Marine Co.? Has he named the persons who own the stock? Is it American capital or British capital?

Mr. LA FOLLETTE. It is American capital; but what the American capital can receive, as I have already stated, which the Senator will see if he will do me the honor of reading what I have said on that point, is entirely controlled by contract with the British Board of Trade.

Mr. RANDELL. Then, it is American money which is operating this company under the British flag?

Mr. LA FOLLETTE. That is all it means, and it is important to this British organization, as I shall show a little later on, because of the great power of Morgan in delivering freight through the railroads which he controls, transcontinental lines, directly and indirectly. I will show what that railroad control is. That is not only Morgan, but back of this International Mercantile Marine Co., as you will recall, as already stated, and as it will be set forth in detail, is the National City Bank, the Guaranty Trust Co., and the house of Morgan. When you combine those three great financial organizations behind any railroad scheme you have covered practically all the railroads of the country in the directorates which the various members of those banks control.

Mr. RANDELL. Can the Senator explain why it is that this vast sum of American capital continues to operate vessels under the British flag rather than under the flag of our own country?

Mr. LA FOLLETTE. Mr. President, it is quite apparent that there is a partnership here, a deal, between the masters of the shipping of Great Britain and the masters of the railroads and finance of this country, and that that combination is drawing on the purse of this Government to build up what we in our blindness call an American merchant marine, but an investigation will show that that is fostering further the control of the shipping and transportation in the financial powers of this country and Great Britain, in combination, and you can not have any distinctly American merchant marine in partner-

ship with the British merchant marine, through these interlocking combinations of great finance.

Mr. RANDELL. Does the Senator contend that this arrangement is continued because it enables the owners of that stock to make more money than if they put the ships under the American flag? Or is it because of some ancient combinations or arrangements which are still in existence; for instance, the 20-year arrangement the Senator spoke of, which has about two years to run?

Mr. LA FOLLETTE. Yes; that could be terminated by a notice by either of the parties.

Mr. RANDELL. I would like to have the Senator enlighten me—and I am intensely interested in his speech, I want him to know—as to why this great combination of American capital continues to operate under the British flag, instead of putting more of their vessels under our flag, or some of them under our flag.

Mr. LA FOLLETTE. It is quite apparent to me. I had hoped I had built up my argument so as to make it apparent to everybody. You have to recognize one thing to start with, that Great Britain has been master of the commerce of the world upon the seas for many years. I can see pretty plainly how, many years ago, it was easy to enlist the financial masters of our railroad transportation into an overseas combination with Great Britain, which would put money into the pockets of both of them more rapidly than the great financiers of this country could get returns upon their investments by building up some new shipping organization in this country to compete with Great Britain for this foreign trade.

In other words, you had a combination made here, going back nearly 20 years, which was discussed on this floor. I have been reading the old debates, which are very interesting. You had a combination made between the great railroads of this country and British overseas shipping, and the International Mercantile Marine Co. was a sort of medium, or link, through which this organization was built up.

I undertake to say that the great financial powers of this country consider first their financial interests, rather than any question of national advantage, in the building up of an American merchant marine.

I conceive that there can be but two objects in building up an American merchant marine. To the farmer in Wisconsin, or in Idaho, or in Oregon, or to the manufacturer in New England, what difference does it make who transports his products across the ocean in the carrying trade of the world? His financial interest is in having good rates and reasonably quick transportation.

Grant him a national interest as an American citizen. What is it? What is the second interest in having an American merchant marine? It is to build up an organization such that if we needed help in time of trouble with other nations we could call on them to man an auxiliary for our Navy.

The business man can have only those two ideas and those two motives for supporting an American merchant marine—one securing the best transportation facilities possible for his overseas commerce; the other, loyalty to his Government in time of need.

With regard to the first proposition, it can mean nothing to him to have his overseas products on their way to market transported by Mr. Morgan more than by Lord Pirrie, and it can be no advantage to him, surely, unless in building up an American merchant marine he can have some competition with Lord Pirrie or the British organization. So that that is a step we have been considering much in building up our American merchant marine.

There has been no suggestion anywhere, so far as I have heard, that we should exercise control of transportation charges. I prepared an address for delivery in the Senate a few years ago, when we had the first bill for the building up of shipping, along about 1914 or 1915. That bill was defeated by a filibuster, Senators will remember, and I never got an opportunity to deliver that speech. But I remember distinctly that my overhauling of all the testimony at that time showed that there were conventions, as they call them, or agreements, between all of the great shipping lines engaged in overseas traffic and all of the great shipping lines in our coastwise traffic and in our lake traffic by which they fixed absolutely what the American people must pay in the way of freight charges.

I just say this, that these financial interests in this country have gone into this thing years ago to make money; that they have not any regard and have never shown any regard in any field of that sort for national pride or national interest.

Mr. RANDELL. If the Senator will permit a suggestion right there, I can understand how originally these combinations were entered into, years ago, before the seamen's bill was



passed, for instance, in the passage of which the Senator had such an active part, because in those days it always appeared that British shipping had a very decided advantage in many respects over American shipping. There was a chance to make more money in the British shipping business than in the American shipping business.

But since the passage of that law and since so much of the British capital which was formerly invested in this country has gone back, they have not the control—at least, I do not think they have the control—over our financial institutions and over our railroads that they formerly had.

Mr. LA FOLLETTE. They had no control over our railroads. Their interest in our railroads was in the bonds, not in stock. They never bought stock in the railroads.

Mr. RANDELL. I understand that.

Mr. LA FOLLETTE. They bought bonds.

Mr. RANDELL. But they were very much interested; and I can not understand, for the life of me, now that the situation is so materially changed—

Mr. LA FOLLETTE. If the Senator will pardon me, the situation with respect to the mastery of the sea is not changed. Great Britain controls the great commerce of the world.

Mr. RANDELL. She certainly does.

Mr. LA FOLLETTE. Beyond any question. We have but a pittance of it. A partnership with that great organization offers opportunities to American capital. The fact is there is the evidence of it. It is indisputable.

Mr. RANDELL. I am trying to get through my head why, when American capital owns all that stock, they do not put it under the American flag. We have passed laws which certainly give our American shipping just as much protection as Great Britain gives to her shipping. There is just as much chance to make money under the American flag in the shipping business as there is under the British flag.

Here the Senator has shown there is over 1,000,000 tons of shipping owned by Americans and operated by Americans, but it is under the British flag. That is the part that is so difficult for me to understand. If the Senator can make it clearer to me, I wish he would do so.

Mr. LA FOLLETTE. The Senator is confused because he has not followed me. The International Mercantile Marine is absolutely controlled by these British subsidiaries, through the contracts made between the International Mercantile Marine and the British subsidiaries, in 1902, 1910, and 1919. The International Mercantile Marine Co. found it more profitable to employ its capital under these contracts in conjunction with Great Britain with her control of world commerce than to attempt to establish an American merchant marine, and they made these contracts accordingly and are still operating under them. I think that answers the Senator's question.

[At this point Mr. LA FOLLETTE yielded the floor for the day.]

*Tuesday, August 2, 1921.*

Mr. LA FOLLETTE. Mr. President, when I concluded last evening I was directing the attention of Senators to the left-hand portion of the chart which hangs on the wall of the Senate. I had not quite completed my explanation of the chart. I, therefore, begin at the point where I yielded the floor, and bring to the attention of Senators the control exercised by the great masters of shipping and transportation in Great Britain over the subsidiaries of the International Mercantile Marine Co. To Senators who may not have been in the Chamber during the time when I was speaking yesterday afternoon I will say briefly that there are certain existing contracts between the International Mercantile Marine Co. and this group [indicating on the chart] of British shipping companies which subordinate all the ships and all the interests controlled by the International Mercantile Marine Co. through the terms of those contracts to British interests. No one can understand the power which Great Britain may exercise in American shipping and in our efforts to build up an American merchant marine without studying the terms of those three contracts, one of them made in 1902 for a term of 20 years; another made in 1910, and the last one made in 1919.

By the terms of those contracts the International Mercantile Marine Co., although it owns controlling interests in many of these British shipping companies, is bound so to conduct its business as not to interfere with British commerce or with the interests of the British Government. It is tied hand and foot with British interests, and whenever any question is raised as to the interpretation of the terms of those three contracts by the terms of the contracts themselves any such question is to be settled and determined by the Lord High Chancellor of Great

Britain under British law both as to questions of fact and as to questions of law, and there is no appeal from his decision.

Mr. MOSES. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator from New Hampshire.

Mr. MOSES. I wish to call the Senator's attention to the fact that in a speech on another phase of this same subject, which he delivered on the 25th of July, he inserted in the Record certain tables showing the earnings of shipping companies, and in Table 3, which appears on page 4243 of the Record, I find on their capital the percentage of income earned by the International Mercantile Marine Co. in 1920 to be 73.8 per cent. I assume that the Senator procured those figures from some official report of the company.

Mr. LA FOLLETTE. I did, Mr. President.

Mr. MOSES. I wish to ask the Senator in that connection if in making the investigations which gave him this result of 73.8 per cent profit he was able to separate the profits accruing to the various subsidiary and compository lines which make up the International Mercantile Marine Co. so as to show the percentage of profit earned by the ships which fly the American flag?

Mr. LA FOLLETTE. I did not make that computation.

Mr. MOSES. Would that be possible from the data which the Senator has?

Mr. LA FOLLETTE. I think that can be worked out from the data, because, taking the table as given there and the interests shown on the chart and the explanation of the chart which I have made and am making, I think it is possible to figure out the relative interest and the profits to which the Senator directs attention.

Mr. MOSES. I suggest to the Senator, Mr. President, that from a study of his chart it appears that the tonnage controlled directly by the International Mercantile Marine Co., namely, 55,000 tons, is not very different from the tonnage of certain of the other subsidiary companies which enter into that mass of lines, and if it should appear upon further investigation of the earnings that the earnings of 55,000 tons flying the American flag were grossly disproportionate to the earnings of the 66,000 tons, for example, owned by the International Navigation Co. or the 68,000 tons owned by the British North Atlantic Steam Navigation Co., it would greatly fortify the argument which the Senator is now setting forth.

Mr. LA FOLLETTE. Yes, Mr. President, I understand that, and I believe that it is possible to work out that detail of computation from the facts which I am submitting to the Senate; but, Mr. President, I do not want to be understood as being prepared here to state, on my feet, all of the facts, or a complete answer to the data which I am attempting in a very imperfect way to get before the Senate. The most I am hoping as a result—and I am hoping that, Mr. President—of the discussion which I am taking the time of the Senate to make is that we may have an investigation of this matter; that is all. That is all I am arguing for; and I am trying to get before the Senate of the United States facts enough to show that the vast expenditure of money being made through the appropriation voted here by the Senate is of such doubtful benefit to American shipping and of such certain benefit to British shipping, our great rival, that it behooves the Senate of the United States to go into this matter to the very taproot of the organization before another dollar of money is voted to the Shipping Board or is expended in this enterprise of attempting to build up an American merchant marine.

I will say again to Senators what I said yesterday, that they will find a transcript of this chart in the CONGRESSIONAL RECORD in connection with what I am trying to say in explanation of it. As soon as the matter that I am now delivering to the Senate is printed in the Record, which I trust will be in a day or so, they will find an opportunity to study this chart, but they will get no understanding of this matter excepting they interpret the chart by the contracts; and I have taken up each of these three contracts and analyzed them. I submitted that analysis to the Senate yesterday. The contracts themselves were printed in the CONGRESSIONAL RECORD by the Senator from Washington [Mr. JONES], the distinguished chairman of the Committee on Commerce. When he discovered that those contracts were in existence some months ago, he had them printed in the Record. I assume that no Senator has seen those contracts, or has taken the time to read them, in the drive of business to which we are all subject; but we can not afford to vote another dollar to this enterprise without going to the very bottom of this whole business and knowing whether we are expending money in the interest of Great Britain, our principal rival, or whether we are actually fostering an American merchant marine.



Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER (Mr. STANFIELD in the chair). Does the Senator from Wisconsin yield to the Senator from Georgia?

Mr. LA FOLLETTE. I do.

Mr. WATSON of Georgia. Yesterday I listened with deep interest while the Senator from Louisiana [Mr. RANDELL] was asking the Senator from Wisconsin why this shipping trust—for it virtually amounts to that—flies the British flag.

Mr. LA FOLLETTE. Instead of the American flag.

Mr. WATSON of Georgia. Instead of the American flag. Of course, it would occur to all of us that the navigation laws would have much to do with it; but I wondered at the time if it occurred to the Senator that the Morgan house established in London is as old as the Morgan house established in New York, and that it has perhaps as many interests under the British flag as it has under the American flag, and therefore it is a matter of utter indifference to the Morgan house which flag it uses.

Mr. LA FOLLETTE. That is the answer exactly; and this may be accepted as certain, I think: Although I was so much wearied after speaking two or three hours yesterday that I could hardly make a clear answer to the interrogatories of the Senator from Louisiana, I can understand, Mr. President, and I think Senators ought to be able to understand the answer to the question which the Senator from Louisiana asked, namely, Why does American capital invest its money in British shipping when it could just as well invest its money in the shipping of our own country under the American flag?

Mr. President, I submit to the Senate the fact that they do that thing; and if Morgan and the National City Bank, which is in this business, and the Guaranty Trust Co., of New York, three of the principal financial institutions of this country, do enter into these arrangements and do make those contracts, I think it is fair to assume that they find it to their interest to do so; and, while we may not here in the brief time of a short discussion of this matter be able to figure out just exactly what those interests are, it is fair to assume that those men who have built up their financial power in this country know what their interests are, and it is enough for us to know that they have their capital invested in these great British shipping lines, and that under the guise of calling this International Mercantile Marine a 100 per cent American company they make their arrangements with our Shipping Board and get the allocation of ships from our Shipping Board to this so-called 100 per cent American company and parcel out those ships in a way not to interfere with the upbuilding of the British lines in which they have their money invested and from which they get their profits.

Mr. ASHURST and Mr. REED addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. I yield to the Senator from New Hampshire [Mr. MOSES], who first rose, if the other Senators will pardon me for a second.

Mr. MOSES. I wish to ask the Senator, with reference to his declaration a few minutes ago in connection with the appropriations which are to be asked of Congress, whether he differentiates between appropriations which may be asked for future operations of the Shipping Board and appropriations which are being asked to care for deficits that have already arisen? My understanding is that the great sums of which the Senator has spoken and which seem to all of us so enormous are the result of operations which have already taken place; that they are obligations of the Government under contracts the validity of which I assume is not questioned, although the wisdom of them may properly be, but obligations which the Government should meet. Does the Senator differentiate between the two classes of appropriations?

Mr. LA FOLLETTE. Mr. President, I think that is a matter that should be investigated before we appropriate a dollar upon that branch of the claims. I understand that there have been in the hands of one of the assistants of the Department of Justice data showing violation of law in a multitude of cases—I do not know how many—which are involved in the amounts that Congress will be asked to appropriate for in order to liquidate, and that no steps have been taken to prosecute upon those claims for some mysterious reason. I am going to bring them to the attention of the Senate more in detail a little later, not in connection with what I am saying to-day, but, sir, I do not believe in accepting the statement that any of these expenditures bind us to make appropriations until we make investigations with regard to them.

I think the time has come to put on the brakes. The time has come to halt this awful outflow from the Treasury of

the United States, which has to be met by taxation. In these days when we are borrowing money at five and a fraction per cent, whenever we are imposing tax burdens upon the people of this country, it is high time for those who are responsible under the Constitution for the appropriation and the expenditure of every dollar that this Government makes to look into, to scan with critical eye, the demands of executive officers and department officials.

Mr. President, Congress has condemned the contracts that are known as the cost-plus contracts, and yet we are to-day having expenditures made—now, this hour—by the Shipping Board under a system of contracts that Congress has repudiated. I do not want to hold to too strict accountability the men who have lately come into the control of the Shipping Board, but since they are surrounded by men who are going on with the same practices that were so reprehensible, admittedly so, before these new men came in, and since there is evidence, to which I shall call attention before I conclude, that they have called into their new organization some of the men who are potential in their connections and associations with British interests, I think it behooves Congress to scan with a good deal of care these requests for appropriations, and to arouse, if possible, upon this floor, by discussions and criticism, the interest of our new Shipping Board to look into all these affairs.

I am not ascribing, Mr. President—and I beg to be so understood—to the new Shipping Board any ulterior motives; but I am saying that they have taken steps, since they have had charge of this matter, which are directly in line with the actions of their predecessors, and I am willing to assume that what they are doing is a yielding to influences in the organization which they were obliged to take over.

Mr. MOSES. Mr. President, there is another form of contract in connection with the operation of these ships, with which I assume the Senator from Wisconsin is familiar—the form of contract known as the M. O. 4 contract.

Mr. LA FOLLETTE. That is the form to which I referred, which I say Congress has condemned and put the stamp of its disapproval upon. That is the cost-plus contract.

Mr. MOSES. It is even worse than that, Mr. President. It is a contract under which a ship is allocated to a shipping company, and every expense of operation is borne by the Government, and the operator gets 5 per cent of the gross receipts, regardless of whether the ship loses or makes money.

Mr. LA FOLLETTE. I know of no better way of describing it than "cost plus." I shall refer to it somewhat in detail, and I am going to call attention to it morning after morning here on this floor and to show how much we are losing by the day and by the hour and to show that we are still pursuing the making of contracts under what is known as the M. O. 4 form.

Mr. MOSES. I had understood that the M. O. 4 contract was no longer being made and that steps were being taken by the new members of the Shipping Board to abrogate contracts in that form which were already existent.

Mr. LA FOLLETTE. That is not my information, but the Senator may be better informed than I am. I am not setting myself up here as infallible by any means. I am just trying to bring to the attention of the Senate matters that I believe call for the most thoroughgoing and searching investigation that the Senate has ever made. You never have been confronted with such an expenditure of money. I do not believe even the railroads under the Esch-Cummins law bleed the Public Treasury more than does the organization known as the Shipping Board.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. In just a moment. If I do not make it clear to-day, I hope I will be able to impress Senators with it hereafter, that the responsibility for every dollar of money that goes out to the Shipping Board henceforth lies with the Appropriations Committee, lies with the Committee on Commerce, then with the Senators here, perhaps, in the order in which named. But I say to you, sir, that there will come a time, if we do not heed the warning now, when every appropriation will be examined by the people.

Now I yield to the Senator from Utah.

Mr. SMOOT. I understand that that M. O. 4 contract has been abandoned, but if it has not been abandoned I think the Congress ought to take steps immediately, by a joint resolution, to make it unlawful for any department of the Government to continue contracts of that character. I thought we had had experience enough during the war with cost-plus contracts never to have them put in force again as long as we, who know what they resulted in, are Members of the Senate and House of Representatives.



Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Washington?

Mr. LA FOLLETTE. In just a moment. I think, Mr. President, an effort has been made on the part of the gentleman in charge, Commander Gatewood—

Mr. JONES of Washington. He is one of the subordinates.

Mr. LA FOLLETTE. I understand he is, but he is especially charged with the execution of contracts, and I understand that he is putting forth efforts to end this system, and has been since the disclosures made by the Walsh committee, some of which he himself made as late as January, only six months ago, which are just astounding.

If they read the testimony of Commander Gatewood, I think Senators would regard it almost as unbelievable that we have been doing the things we have been doing through this Shipping Board, and voting the money of the taxpayers of this country to meet the charges. I do not get this information directly from Commander Gatewood, though I hope to be able to have an opportunity to talk with him face to face about it, but I have been advised that he has made a few curtailments of the gross evils which were carried out under the M. O. 4 contract system. But I am also advised by what I believe to be competent authority that the evil of the M. O. 4 contract, aside from the few curtailments mentioned made by Commander Gatewood, is going on at this hour just as it has gone on heretofore.

Mr. JONES of Washington. Mr. President—

Mr. LA FOLLETTE. I yield to the Senator.

Mr. JONES of Washington. In connection with this particular matter which the Senator is discussing, I desire to say that Mr. Lasker, the chairman of the Shipping Board, appeared before the Appropriations Committee of the House a few days ago, and I had an opportunity to hear part of his testimony. I do not believe that the Senator from Wisconsin, with all of his ability, could denounce the M. O. 4 contract in any more vigorous terms than Mr. Lasker used to denounce it. I have not found all of his denunciation of it in the print of the testimony before me, but here is the first statement he made with reference to it. After referring to the operations, and so forth, when ships were making a great deal of money, he said:

The Shipping Board devised a plan of leasing the boats known in the Shipping Board and throughout the shipping world in America as the M. O. 4 contract.

Now, I do not know. Maybe if I had been on the board at that time, or if any of you gentlemen had been on the board at that time, you would have voted for that contract in the light of things as they were then. Maybe you would not have voted for it; maybe I would not have voted for it. Without comment, because I am not expert enough on whether at that time that contract should have been voted for or not, it has turned out to have been as vicious and incompetent a basis of doing business as the human mind could devise, and it was all that was needed to make this sick business infinitely sicker.

I remember in another place or two he denounced it in even more vigorous language than that, if possible; but I have not the time to find the testimony now. Then the committee asked him what he was doing to end it. He said that only about a week ago had he been able to get the men he desired to take charge of the operations of the ships, and that just as soon as they can possibly devise another method to operate the ships, it will be done.

My recollection is that he stated that this was such an enormous business that, even though these ships were being operated under such a vicious contract, to just uproot it and overturn it all at once, without anything to take its place, would be worse even than to operate under this contract which he denounced so vigorously. But he assured the committee that just as soon as they could possibly devise a proper contract they proposed to do it and to get rid of this contract, which, as I have said, he denounced even more vigorously at other places than in the language I have just quoted.

Mr. LA FOLLETTE. I am very glad, Mr. President, to have had interpolated into this debate at this point this statement from the chairman of the Shipping Board. I certainly do not wish to be understood as bringing the members of the present Shipping Board under any strictures of criticism that shall question their loyalty to the public; but I conceive that I am rendering some small service in bringing to their attention and to the public attention evils which possibly the members of the Shipping Board may not have had the time to uncover, and the disclosure of which may result in greater expedition upon their part.

But, Mr. President, I shall have spoken to no satisfaction to myself if I do not impress the Shipping Board and the country with the fact that the British control and the British enjoyment

of all of our appropriations here, outside of those which common grafters in this country get the benefit of, are being insured and continued by policies adopted by the new Shipping Board; that they have called into managerial control members of the International Mercantile Marine Co., which is as British in its interests as anything which can possibly be conceived of, and that, as I shall show before I conclude, they have been put in charge of the operation and direction of the ships of the United States Shipping Board, which we are building at such enormous expenditure under this "M. O. 4" and other reprehensible systems of contracts.

Mr. STANLEY. Right at that point, though I do not wish to interrupt the Senator, as I am very much interested in the proposition, and attempted to follow the Senator as closely as I could yesterday in his very elaborate argument, may I ask this question? It appeared that the International Mercantile Marine is a holding company. Is that correct?

Mr. LA FOLLETTE. It is an owning company.

Mr. STANLEY. It holds stock?

Mr. LA FOLLETTE. It holds and owns the stock or portions of the stock, and is affiliated by interlocking directorates and by stockholdings with the companies I have named.

Mr. STANLEY. Millions of the stock?

Mr. LA FOLLETTE. Yes. I do not think the position of the International Mercantile Marine would be so glaringly bad for our interests, although I do not think we ought to permit any connection in any way with our rivals, our greatest rival on the seas, if we are going to try to build up an American merchant marine, but we must not lose sight for a minute, regardless of stockholdings and the position of this company with respect to directors and all that, of the contracts that have been entered into, because the contracts bind the International Mercantile Marine to the interests, first, of the British Government, and, second, to British commerce and British trade, and any issue that may be raised between the makers of the contracts the whole business has to be settled by the lord high chancellor of Great Britain.

Mr. STANLEY. What puzzles me is the fact that if it is a holding company and has control of this vast array of English shipping, it could just as well have used its tremendous powers to have fostered the American merchant marine, being an American company, as to have thwarted and throttled it.

Mr. LA FOLLETTE. That is exactly the same question that was suggested last evening by the Senator from Louisiana [Mr. RANSDELL].

Mr. STANLEY. I am not suggesting that.

Mr. LA FOLLETTE. My answer to that is this: I lay before you the contracts. They have done this thing.

Mr. STANLEY. Admittedly.

Mr. LA FOLLETTE. They are not fools. They are the wisest business men we have in this country. They must find it profitable to make this close alliance with British commerce in their own interests. I go a step further and I say that it comports with all they have been doing in this country with respect to the upbuilding of great trusts and combinations for their own advantage, in defiance of the interests of this country and in defiance of the statutes upon the statute books of the United States. I say that it comports with their whole history that wherever their interests lead them, without regard to loyalty to American institutions and the American flag, there they go.

Mr. STANLEY. As I started to add, it appears from what the Senator has said that while the citizenship of the incorporators of the International Mercantile Marine may be American their interests are English and their alliances are British. Is that correct?

Mr. LA FOLLETTE. Certainly.

Mr. STANLEY. Then the Shipping Board could hardly have entered into the allocating of ships with a strictly British concern or with these subsidiary corporations without causing criticism. Is it the Senator's idea or does it appear probable from his investigation that the International Mercantile Marine is sort of an American dummy?

Mr. LA FOLLETTE. I think it is an American dummy so far as American interests are concerned. I think it is a mighty active institution so far as profits are concerned. I think that it is hostile. I think it betrays the interests of this country. I think that it defies the purpose of the American Congress in making the appropriations. I think that they are snickering in their sleeves at the gullibility of Senators who will vote vast sums to the upbuilding of a so-called American merchant marine which in the end simply puts money into their pockets.

Mr. STANLEY. May I ask another question right at that point?

Mr. LA FOLLETTE. Certainly.



Mr. STANLEY. Has the Senator looked into the matter which I am about to suggest? I do not see how it is possible for a majority of the stockholders of this concern to be American citizens if they are the holders—and I assume they are—of the stock of all these subsidiary concerns.

Mr. LA FOLLETTE. Why not? I have stated exactly what their holding is as shown by their report.

Mr. STANLEY. That the majority of stock of the International Mercantile Marine is held by American citizens?

Mr. LA FOLLETTE. I am ready to assume that it is.

Mr. STANLEY. I should think, from what the Senator has said, that it must be an American directorate with English stockholders; otherwise we would have Americans holding the stock of these large subsidiary concerns through this parent company.

Mr. LA FOLLETTE. I think as I go forward in my argument and as I get into the Record and before the Senate the statement of Lord Pirrie, made at the time this arrangement was entered into, the Senator will find some explanation for that which I have not perhaps put into the Record already.

Mr. STANLEY. I merely wish to get the matter clear in my own mind.

Mr. LA FOLLETTE. I am not undertaking, Mr. President, to answer as to the motives of anybody connected with this organization, but I am undertaking to place before the Senate facts with respect to it; that is, the facts in so far as I have been able to discover them, which, I think, call for the sort of an investigation that I have provided for in the resolution which is now before the Senate and to which I am addressing myself in this time which the Senate has assigned to another bill.

I should like to make a résumé of what I said yesterday with respect to this chart, but I am not going to tax the patience of Senators to do that. I have described the holdings and connections upon the left half of the chart, and I have reached the point of stating the power and the authority that Lord Pirrie exercises in this combination, and when I shall have delineated that as best I may I am going to give reasons which he submitted away back in 1902 to the stockholders of all these British companies as to why they might put into the hands of the International Merchant Marine all their stock, always under the agreement that they have. It is very interesting. It was stated on the floor of the Senate, and his language was quoted in 1902. So I begin where I left off on yesterday in the notes that I have made.

THE INTERNATIONAL MERCANTILE MARINE AND THE BRITISH SHIPPING COMBINATIONS.

Turning to the left half of the chart, it will be noted that Lord Pirrie is a director of the Atlantic Transportation Co., the British North American Co., the Oceanic Steam Navigation Co., and the Frederick Leyland Co. He is thus one of the handful of men under the peculiar provisions of the contract, which must never be lost sight of, of the International Mercantile Marine able absolutely to direct the affairs of these subsidiaries, practically no rights whatever being reserved to the parent company, the International Mercantile Marine Co., except the right to reap the profits. Mark you that. While they have these great holdings, they entered into contracts that gave them no power over the control of these companies and no rights except to accept profits. They must have been assured of such profits to have been willing to put their money in on a contract of that size, because the contracts are here in the CONGRESSIONAL RECORD. I cited them. I quoted them.

Mr. STANLEY. In that case they can not vote the stock they hold?

Mr. LA FOLLETTE. I think their voting capacity is utterly manacled and restricted.

Mr. STANLEY. That would explain it.

Mr. LA FOLLETTE. In order to show the relations of the International Mercantile Marine with the great British shipping companies, the holdings and directorships of Lord Pirrie and Sir John Ellerman are indicated on the chart. The five blocks at the top of the chart give the names and tonnage of the five great combinations which make them control the bulk of British tonnage engaged in liner traffic. The tonnage figures are taken from the Shipping Board report of 1919, and their accuracy in all respects can not be vouched for, but they are stated on the chart, which will be found in the CONGRESSIONAL RECORD in connection with my remarks.

Lord Pirrie, it will be noted, is a director of the African Steamship Co., the Elder Dempster Co., the Moss Co., the Laporte & Holt Co., and the Union Castle Steamship Co., being five immediate subsidiaries of the Royal Mail Steam Packet Co., doing business largely with Africa and South America. The Royal Mail, however, has just inaugurated a fortnightly serv-

ice between New York and Great Britain and a service from New York to Pacific ports.

According to a report submitted by Mr. Bevin and printed in volume 2 of the report inquiring into the wages of transport workers, published by the British Government in 1920, Lord Pirrie held, individually or jointly, 402,276 shares of the Cunard Steamship Co. As active director of the four great subsidiaries of the International Mercantile Marine, he may therefore reasonably be supposed to exercise influence to bring their policy and that of the two great British combinations in harmony.

Lord Pirrie is also vice president of the great shipbuilding firm of Harland & Wolff and of the coal, iron, and shipbuilding firm of John Brown & Co. He is a director of the London & Southwestern Railway Co., the London City and Midland Bank, and the British Union Oil Co.

It may be, Mr. President, that as this thing unfolds itself and Senators see into what a large field of profitable shipping the International Mercantile Marine Co. was permitted to enter by making these financial arrangements and these contract arrangements regardless of the interest of American shipping, Senators may find their answer to the question as to why they entered into these agreements. Dollars! That is all. That is the answer. No consideration of the interests of this country of ours. No future for an American merchant marine. Dollars! There was a time when these great financiers were content to violate the statutes of this country against the formation of trusts and combinations and go ahead and build up their control of trade and of the markets of this country. They have grown bolder since that time and they are more daring now. They ask Congress to contribute through its taxing power to building up these organizations in their interest, and we, fools that we are, vote the money of the people of the United States to pay for our own undoing.

No less interesting are the connections of Sir John R. Ellerman. The Ellerman lines, together with the White Star, hold the controlling interest in Shaw, Savill & Albion, and Sir John Ellerman is a director in that company. That is shown by the unbroken red line [indicating] which includes it. He also holds a block of the outstanding stock in the Leyland Line, of which he was at one time chief owner and which he disposed of when the International Mercantile Marine was formed. He has 5,285 £10 shares. Sir John Ellerman is head of the Ellerman Lines, and they constitute one of the five great British shipping combinations controlling the bulk of English shipping. He owns 4,000 shares in the Royal Mail Steam Packet Co., 92,000 shares in the Cunard Steamship Co., 150,000 shares in the Peninsular & Oriental Steamship Co., and £9,400 in the Holder Line, a Furness Withy interest, as shown here on the chart. [Indicating.]

I shall show Senators presently our present Shipping Board, through one of its officials, lately put into a very important position in directing operations there a man of long service in that company. I am not saying that they did so consciously to betray our interests, but the fact is when they are looking about for men of splendid equipment to take charge of matters in connection with the American merchant marine, when all the shipping of the world, speaking not too definitely, has been in the hands of Great Britain, if they do not know what is under the cover here and have not had their attention called to it, they are liable to make some contracts with these very British representatives and put them in positions where those representatives will be able to trip us up and break our necks in the great big object which we are seeking to execute.

I am rather hoping that, by getting the Senators and the country interested, if I can, in this subject, and getting an investigation started here, we shall make more progress in reorganizing upon a right basis. We had better take men who have not had the experience but who are sound at heart, just as I think we had better take men of moderate ability in official positions, as Members of the Senate, than to take the ablest men in the country who are committed to and affiliated with interests that are hostile to the public interest. So with the Shipping Board, we want men who are 100 per cent right; who are imbued with no other idea than to bring about this great desideratum, the building up of an American merchant marine that shall be useful to the American public, not only in the hour of trouble but in all hours, so far as the commerce of this country and transporting the products of this country are concerned. They can not be in the service of the American public unless they are at heart thoroughly American; they can not be in the service of the American public if they are bound up in any way with British interests or if they enter into any agreement that destroys competition.

The primary object of our building up, so far as commercial enterprises are concerned, an American merchant marine is to



get our hauling done for our overseas service at reasonable rates. We can not get that service at reasonable rates unless there may be competition between the American merchant marine and the other ocean overseas carriers. If we can not get it by the open and free play of the laws of competition, then the next step will be to try to get it by regulation of ocean-going freight rates. In that we shall probably fare no better than every State in the Union and the National Government have fared in trying to regulate interstate commerce rates on the railroads. We shall find that our State commissions and our Federal commissions will fall under the influence of the carriers. Then, we shall be thrown back to the only other thing that there is, and that is Government operation or Government ownership.

I know there has been built up in this country in the last three or four years a tremendous sentiment against that, because conditions have favored the making of sentiment against it. We shall fight that out later. However, step by step and year by year, the American people are being pressed back or led forward inevitably by the development of circumstances to that as the final solution.

Mr. President, I try to hold myself in restraint in making criticisms upon the new Shipping Board, and I think we have all got to realize that they have a tremendously big problem on their hands and we have got to be reasonably patient in giving them time to work it out. They have been in office about two months. When it comes to a matter of making particular rates I think that is probably or comparatively of so little importance that it might easily miss their attention. It is in the big things, it is in the management and the allocation of our ships, it is in the directing of the operation of those ships that I think they ought to get a right understanding of the relation of the American merchant marine, if we are ever to have one, to the interest of our great rival, Great Britain.

Now, I must hasten, Mr. President, because I feel that in a way I am trespassing upon the rights of those who desire to speak on the bill that is immediately before the Senate. I wish to say in justification, however, that I made the best canvass that I could of the Senators on both sides to ascertain whether any Senator was ready to take the floor this morning, and expressed myself, as I truly was, desirous of standing aside and allowing the debate to proceed upon the bill immediately before the Senate rather than upon the resolution which I ultimately hope to bring to a vote before the Senate; but I found no one who was not entirely willing that I should go ahead. I did say that I hoped to get through in an hour. I am not going to be able to do that unless I make greater speed. So I will hurry along as best I may. I want to get before the Senate this other [indicating] big center of British control represented by Sir John Ellerman, conclude what I have to say about the chart, and then make my deductions and yield the floor.

I think I have shown that Sir John Ellerman owns 4,000 shares of the Royal Mail Steam Packet Co. stock; 92,000 shares of the Cunard Steamship Co.; 150,000 shares of the Peninsular & Oriental Steamship Co.; and £9,400 in the Holder Line, a Furness Withy Co. interest. He is thus interested in every one of the big companies that control the great bulk of British shipping. Other of his important interests are indicated by the figures on the left of the chart. He has important stock holdings in two investment companies and is a director of four other such companies. He is a large stockholder in the International Tea Co. and four brewery companies. He is a stockholder in newspapers that have a wide and influential control of British thought, including the Sphere and Tatler and the Daily Mail.

Through Lord Pirrie and Sir John R. Ellerman, therefore, the International Mercantile Marine is tied not only with all the big British shipping combinations but with the most important British shipbuilding concerns, and with British banks, investment companies, with British railways, and other British enterprises.

To briefly sum up, it is apparent that the International Mercantile Marine draws its profits from the earnings of 99 British vessels of 922,166 dead-weight tonnage, as against 11 American vessels of 135,647 tons.

So far as I am aware, there is no report available showing separately the earnings of the British companies. They are not required to report to any department or authority in this country. They are not required to pay any taxes to our Government, but do pay many millions of dollars every year to the British Government out of the profits made in transporting our products. But by far the larger part of the income of the International Mercantile Marine is represented by the dividends which the British boards of directors permit under the contracts to be

declared by these companies upon their stock. It is fair to assume, other things being equal, that this, the larger and more profitable part of the business of the International Mercantile Marine, will be built up and extended wherever possible. These British vessels, the stock of which is held largely by the International Mercantile Marine, come into direct competition with the American vessels of the International Mercantile Marine, as well as with those of its two American subsidiaries. Which class of vessels in this situation will be favored in this struggle for business? Where lies the greater profit for the International Mercantile Marine? Suppose that Lord Pirrie, who dominates the Atlantic Transport Co., as he does the other British subsidiaries, decides that his company must have some of the business done by the Atlantic Transport Co. of West Virginia. He decides to cut rates to put additional ships on the routes of the Atlantic Transport of West Virginia, and by other means seeks to drive this competitor from the field. Then, suppose that the International Mercantile Marine was in earnest about protecting American shipping interests, and through its stockholdings in the International Navigation Co. was successful in getting that British company, through its stockholdings in the Atlantic Transport Co., to interfere with Lord Pirrie's game, and to assist the American company in resisting the attack upon its business thus made by British interests. Now the contracts come into play. Immediately it would be claimed that a policy injurious to the British mercantile marine or "to British trade," to use the language of the contracts, was being pursued and the contract between the International Mercantile Marine was therefore being violated. And why is it for the interest of the International Mercantile Marine to submit, and not to call the contract at an end, as they can, by giving a certain notice? It is for their interest because they have more interest in the tail than they have in the dog itself. The tail is the big end of the business. It wags the dog.

If there were any doubt about it, or if any question arose as to the rights of these companies under this contract, remember that the contract must be interpreted according to the English law, and that it must be left to the lord high chancellor of Great Britain to decide not only the meaning of the contract but every question of law or fact that may arise under it.

Mr. WATSON of Georgia. Mr. President—

Mr. LA FOLLETTE. I yield.

Mr. WATSON of Georgia. I am very much interested to learn from the Senator, if he can give us the information, whether or not the independent steamship lines have been entirely eliminated. For instance, there used to be a great many of what they called tramp steamers that were apparently going from port to port at their own pleasure, picking up cargoes, buying, and selling, and not controlled by any trust. Have they been closed out?

Mr. LA FOLLETTE. Mr. President, I do not think that they have entirely. I think they are still in existence. I do think that under the Machiavellian management of men who have been put in office by the present Shipping Board, one or more of whom were potential with the previous Shipping Board, in the interest of foreign shipping, action has been taken to throttle independently owned American vessels. Senators, I am going to bring to your attention in a little while the proceedings started to dispossess the United States Mail Steamship Co. of certain vessels. Your attention must have been called to it in the press reports—an action started by the Shipping Board—and when I reach that point it will help to make an answer, I think, to the Senator's question.

I say that any differences that arise as to the interpretation of contracts are not to be settled in American courts. Perhaps before the debate upon this resolution is concluded you will hear the changes rung on the fact that we have a "100 per cent American company" here, and that upon that you ought to rely. My answer to that is that you have an arrangement here with the shipping interests that represent the major part of Great Britain's commerce to let the International Mercantile Marine for profits into that business, and for those profits they surrender their loyalty to the upbuilding of an American merchant marine.

I say that if there were any doubt about a question of competition between the Atlantic Transport Co. of West Virginia, for instance, and the desire of Lord Pirrie to cut away from it its tonnage, or if any question arose as to the rights of the British companies under this contract, remember that the contract must be interpreted according to English law and that it must be left to the lord high chancellor of Great Britain to decide not only the meaning of the contract but every question of law or fact that may arise under it. Always there hangs over the International Mercantile Marine the possibility that the



contract may be terminated at any time by the British Government for any cause that the lord high chancellor of Great Britain may assign. It is, moreover, ever faced with the possibility that the profits of its subsidiaries may be decreased or entirely absorbed by construction and other expenses authorized by the British board of directors. The result is that it would be folly for the International Mercantile Marine to protest against or attempt to retaliate any use made of the British ships to the detriment of American shipping, even if it had the desire—which it never would have, because its profits would not lead it in that direction—or the power to do so.

In this situation it is ludicrous to expect the American ships to compete with the British ships. If by any possibility the American ships could by competitive methods obtain any portion of the business theretofore done by the British ships, this would forthwith be declared by the lord high chancellor of England to be a policy "injurious to the interest of the British mercantile marine or of British trade," and an end put to it at once.

#### MAKING THE I. M. M. 100 PER CENT AMERICAN.

Look for a moment at the board of directors of the International Mercantile Marine Co.

According to the 1917 report of the International Mercantile Marine Co., which is the last report I was able to get from the Congressional Library, the directors of that company were as follows:

#### Directors.

Harold A. Sanderson, chairman	Lord Pirrie (British).
(British).	John W. Platten.
Otto T. Bannard.	Albert Rathbone.
Harry Bronner.	Charles H. Sabin.
George W. Davison.	Frederic W. Scott.
P. A. S. Franklin.	Charles Steele.
Donald G. Geddes.	Charles A. Stone.
Edward C. Grenfell (British).	Frank A. Vanderlip.
J. P. Morgan.	

According to the Shipping Board report of 1919, the directors were the same at that time, except that John W. Perry was substituted for Albert Rathbone. I understand that since the recent criticism of this company—I refer to the attacks made by the Senator from Washington [Mr. Jones] upon the British arrangement—the English directors have retired from the board but keep their places of real power on the subsidiaries.

The Shipping Board report does not give the finance committee or the British committee, but, according to the report of the International Mercantile Marine Co., from which I have quoted, the finance and the British committees, with the officers, were as follows:

#### Finance committee.

P. A. S. Franklin, chairman.	Harold A. Sanderson, ex officio.
J. P. Morgan.	Edward C. Grenfell, ex officio.
Charles Steele.	John W. Platten.
Charles A. Stone.	Harry Bronner.
Frederic W. Scott.	Frank A. Vanderlip.

#### British committee.

Edward C. Grenfell, chairman.	P. A. S. Franklin, ex officio.
Lord Pirrie.	Harold A. Sanderson.

#### Officers.

##### PRESIDENT.

P. A. S. Franklin.

##### VICE PRESIDENTS.

Edward C. Grenfell.	Frederick Toppin.
John H. Thomas.	

##### TREASURER.

Horace G. Phillips.

##### SECRETARY.

Emerson E. Parvin.

##### COMPTROLLER.

Monroe W. Tingley.

##### ASSISTANT TO THE PRESIDENT.

John J. McGlone.

##### ASSISTANT TREASURERS.

E. Edgar Heston.	Alfred P. Palmer.
------------------	-------------------

##### ASSISTANT SECRETARIES.

John J. McGlone.	Charles R. Jeeves.
------------------	--------------------

##### TRANSFER AGENTS.

J. P. Morgan & Co., 23 Wall Street, New York.

Of the three English directors, Lord Pirrie, Harold A. Sanderson, and Edward C. Grenfell, I have spoken briefly and of some of the connections of Lord Pirrie, though I have not by any means exhausted them.

Harold A. Sanderson was the second president of the International Mercantile Marine Co. He is a British subject, and a director of the Liverpool & London Steamship Protective Association, as well as of the subsidiaries of the International Mercantile Marine and various other British companies. Edward C. Grenfell is the partner of J. P. Morgan, and a British subject, and up at least to 1919 was vice president of the Inter-

national Mercantile Marine, and while I believe, owing to criticism, has recently retired from that position, he remains, like his English associates, a director of the International Navigation Co., the Atlantic Transport Co., the Oceanic Steam Navigation Co., George Thompson & Co., Shaw, Savill & Albion.

It is significant to note, Senators, in this connection that through Savill and Torrey, directors of these subsidiary companies, they are brought into the "Shipping Federation (Ltd.)," and Senators will notice that I am using the title of a new corporation now. They are brought into the "Shipping Federation (Ltd.)." I hope at another time to make the Senate and the country acquainted with the "Shipping Federation (Ltd.)," organized in London, with powers to influence legislation in the Capital of this Nation and in every other country of any shipping pretensions, having unlimited power to expend the money to attain its objects. It is a most interesting organization for men devoted to the interests of this country to study. You may see before long in legislation presented to the Senate the influence of this great power, with its home office in Great Britain, moving in the direction of the purposes for which it is chartered to control legislation here, if in any way we are legislating for our own interests and those interests conflict with British interests.

#### INTERLOCKING DIRECTORATES OF THE INTERNATIONAL MERCANTILE MARINE AND AMERICAN RAILROADS.

Turn to the American members on the board of the International Mercantile Marine Corporation and note for a moment the significance of their railroad connections.

The J. P. Morgan interests, which have always been dominant in the affairs of the International Mercantile Marine and are now represented on the board by J. P. Morgan and Charles Steele, hold directorates in the following railroads. I give only those in which Mr. Morgan is a director.

You will see the significance of these railroad connections and how Morgan's railroad connections induced Lord Pirrie to enter into this scheme back in 1902, for I will quote to you the language of Lord Pirrie, used on the floor of the Senate 19 years ago in debates here, when information as to this organization came before the Senate. Here are Mr. Morgan's connections with railroads. He is on the board of directors of the Central Railroad of New Jersey; Lehigh Valley; Lehigh & Hudson; Erie; Northern Pacific; Atchison, Topeka & Santa Fe Railway; Southern; Chicago Great Northern; New York, Susquehanna & Western; Pere Marquette; Philadelphia & Reading, 11 in all.

The Guaranty Trust, represented on the directorate of the International Mercantile Marine by Charles H. Sabin, president of that company, holds directorates in the following roads:

Michigan Central; Pittsburgh & Lake Erie; Lake Erie & Western; Toledo & Ohio Central; Kanawha & Michigan Railway; Cincinnati & Northern; Monongahela Railway; Rutland Railroad; New York Central; Wabash; Southern Pacific; Illinois Central; Texas & Pacific; St. Louis Southwestern; Missouri Pacific; New York, Susquehanna & Western; Gulf, Colorado & Santa Fe; Santa Fe, Prescott & Phoenix; Toledo, St. Louis & Western; Atchison, Topeka & Santa Fe; Erie; St. Louis & San Francisco; Seaboard Air Line; Union Pacific; St. Joseph & Grand Island; Oregon-Washington Railroad & Navigation Co.; Baltimore & Ohio; Illinois Central; Alabama Great Southern; Nevada Northern; Copper River & Northwestern; Chicago Great Western; Pennsylvania; Long Island; New York, New Haven & Hartford; New York, Ontario & Western; Pittsburgh, Cincinnati, Chicago & St. Louis; New York, Westchester & Boston; Western Maryland; Delaware & Hudson; Illinois Central; Yazoo & Mississippi Valley; Central of Georgia, 43 in all.

Mr. F. A. Vanderlip, until recently president of the National City Bank, is on the board of the International Mercantile Marine, and Mr. Franklin, the president of the International Mercantile Marine, is on the board of the National City Bank. Directors of the National City Bank are to be found on the boards of the following roads:

El Paso & Southwestern; Southern; Chicago, Indiana & St. Louis; Mobile & Ohio; Chicago, Milwaukee & St. Paul; Oregon Short Line; Oregon-Washington Railroad & Navigation Co.; Rutland; New York Central; Union Pacific; Delaware, Lackawanna & Western; Michigan Central; Cleveland, Cincinnati, Chicago & St. Louis; Pittsburgh & Lake Erie; Lake Erie & Western; St. Joseph & Grand Island; Chicago & Alton; Yazoo & Mississippi Valley; Illinois Central; Central of Georgia; Los Angeles & Salt Lake; Galveston, Harrisburg & San Antonio; Houston & Texas Central; Morgan's Louisiana & Texas R. R.; Texas & New Orleans; Arizona Eastern; Southern Pacific; Louisiana Western; Houston East & West Texas Co.; Chicago & North Western; Cincinnati, New Orleans & Texas Pacific, 31 in all.

The roads that bring the products of the country to the coast for shipment, of course, largely control those shipments overseas. Here you see how skillfully the masters of transportation by land and water of Great Britain and the United States are combined in interest and associated together to control our maritime commerce in the interest of British shipping corporations and the British Government, so that a few financiers may be enabled to reap the profits of the business. And the profits of the business, mind you, arise from transporting our goods

abroad, and arise almost solely from transporting our goods abroad.

When the project of selling the stock of these British companies to Americans was broached by the elder Morgan to Lord Ellerman some years ago, the latter, who was the president of the Leyland Co., addressed his stockholders and advised them to make the sale. He said:

But we must look at this matter all around, and I am bound to tell you that there are two factors in regard to the shipping trade which, while on the one hand it would be quite possible to exaggerate their importance and take too serious a view of their importance, it would, on the other hand, be exceedingly foolish to ignore and not give due consideration to. You may accept that offer or you may decline it, as seems best to you in your wisdom, but of one thing be sure, American capital is coming into the Atlantic trade, and is coming into the Atlantic trade to stay. The Atlantic trade is a peculiar trade in this respect, that it is almost entirely an eastbound trade. Your vessels going out to the United States take practically nothing. They do not pay their way, or anything like it. The profit is wholly made upon the return cargo.

Now, an eastbound trade means the carriage of produce from the United States to Great Britain and the Continent. Well, the relations of Messrs. Morgan to the great railway systems of the United States are known to everybody, and you can judge for yourselves, without my enlarging upon the matter, whether Messrs. Morgan and their friends coming into the Atlantic trade would or would not come into that trade under very favorable conditions so far as they were concerned and very unfavorable conditions as far as many of their competitors were concerned. (See CONGRESSIONAL RECORD, Mar. 15, 1902, p. 2847.)

Why, how simple it all was. If you would study the great lines of railroad that traverse your country, and see how they center in New York, and then study the directorates of those railroads and the directorates of the great financial institutions of New York, you would see how completely it is possible for the masters of those transportation systems to deliver the products of this country to any shipping concerns in which they are interested, so far as overseas trade is concerned. Lord Pirrie saw that. His long experience in the transportation service, his mastery of the large portion of it which Great Britain dominates made him at once open-minded to this proposition of an alliance with these American financiers who control the railroads of this country, whose affiliations with British shipping interests would be of tremendous mutual benefit and profit if any proper arrangement could be effected. So this arrangement was effected and these contracts were entered into.

But the British Government, ever with an eye single to British interests, saw to it that those affiliations were dominated by contract provisions that would protect British interests ever. Ever in the forefront of British international relations sits the great purpose of protecting British interests and British commerce, which is the basis of British wealth. So these contracts were made.

Mr. Ellerman saw that American capital coming into this business, owning or controlling the terminal facilities here and the railroads which carry the products to the ships, could build and operate their own ships to the exclusion of British competitors. Then, apparently, was devised the scheme I have but imperfectly outlined to you, whereby a few rulers of railroads and financial magnates combined to ship our goods in British ships under the British flag for the upbuilding of the British merchant marine and the destruction of our own for the dollars they could get out of it.

I have said a number of times that I would bring to the attention of Senators the recent appointments made by the present Shipping Board, which I think, Mr. President, call for some comment, and I believe that here is perhaps the best place to introduce that information.

Of course, I take it that Senators know that when the Shipping Control Committee was established in 1918, English domination was very pronounced. Indeed all of the earlier operations were largely under British control. When the Shipping Control Committee was established in 1918 Sir Guthrie was made a member of it, representing British interests. The other two members were P. A. S. Franklin, president of the International Mercantile Marine, the associations and business connections of which I have spent much time upon, and H. H. Raymond, president of the Clyde Line and now president of the American Steamship Owners' Association, an intimate of Franklin.

W. J. Love, American manager for Francis Withy & Co., shown in the upper left-hand corner of the chart which hangs upon the wall, with its British connections, served as a director at that time of trades and allocations. I ask Senators to keep that name in mind.

The chartering committee of the Shipping Board at the same time consisted of three members, the first of whom was J. Barstow Smull. He is now at the head of the division of operations. He was in an important position under the old Shipping Board. He is in a very important position under the

present Shipping Board as the director of the division of operations.

The other members were A. J. Fetterlock, vice president of the International Mercantile Marine, and Welding Ring, of the United States and Australian Steamship Co., which I believe operated only British lines, although I am not absolutely certain that there may not have been some other lines within their control.

The manner in which this indirect British control continues at the present time is suggested by the personnel of the three new directors of operations in the present Shipping Board—Smull, Love, and Frey—comment upon whose appointment taken from the New York Journal of Commerce of July 14, just last month, I now place before Senators showing how entirely satisfactory to foreign interests is the appointment of these three men by the present Shipping Board. Mark you, J. Barstow Smull and William J. Love were in important positions under the old Shipping Board in connection with the direction of operations and the chartering of vessels.

The Journal of Commerce said on July 14, 1921:

There was genuine delight in shipping circles yesterday over the appointment of William J. Love, J. Barstow Smull, and A. J. Frey as members of the new operating committee for the Shipping Board. Not only were American interests pleased by the action taken, but the directors of foreign lines expressed great satisfaction.

And so forth.

Mr. President, I know that many Senators upon this floor have received letters of severest complaint and stricture upon those appointments, from owners of independent lines who have suffered the destruction of their business and the discrimination of the Shipping Board through these same men when they were in official positions before, and who know their connection and their affiliation with British shipping organizations.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Wisconsin yield to the Senator from Kentucky?

Mr. LA FOLLETTE. I yield.

Mr. STANLEY. In that connection has the Senator from Wisconsin looked into the question of rates, say, on coal from Cardiff and from American ports to South American ports? For instance, the points consuming coal on the eastern coast of Brazil and Argentina are practically the same distance from American ports, from Savannah and New York, as from Cardiff. We produce coal at a much less cost on account of superior productiveness of the American mine and on account of the greater economies in production, because our coal is taken out of mines nearer the surface, while they have to go down two or three thousand feet. Notwithstanding the fact that their costs of production are very much greater, until very recently we have not been able to deliver coal to South American ports because the cost of transporting the coal the same distance from American ports as from Cardiff was more than sufficient to absorb all the economies in production.

Mr. LA FOLLETTE. I have had my attention called to that matter.

Mr. STANLEY. It is an immense question.

Mr. LA FOLLETTE. Yes; it is a question of tremendous importance. It goes to the very heart of the problem of our getting our products from this country into foreign markets.

Mr. STANLEY. I do not wish to interrupt the Senator, but I wish to get this idea in at this time, because it will be interesting to the country generally. I took the matter up with the Shipping Board and with the Geological Survey. The best coals of this country, Pocahontas coal and coal from West Virginia and eastern Kentucky fields, are superior, if anything, measured by the British thermal unit, to the Cardiff coal. They are not any more liable to spontaneous combustion or any of the defects that affect so many coals, the black coals of the Saar Valley and a good many of the coals of our section and the Central and Middle West.

I have never been able to understand just why, if the British shipping is maintaining the same rate for eastbound and westbound traffic, it seems to have been impossible until very recently to compete with British coals. As an instance, we consumed during the war over 500,000,000 tons of Chilean nitrate, and yet we were unable to furnish coal on the return trips of those ships sufficient to transport that nitrate from the mines to the seacoast. Our entire shipment of coal to South American ports is negligible at this time.

Mr. LA FOLLETTE. I am obliged to the Senator for contributing to the discussion the observations which he has just made. As we proceed with consideration of the subject we shall be constantly developing facts of tremendous national interest which require immediate attention. I have not gone



into the matter of rates. I simply took this survey of national and international interests so far as affected by corporate relations and interrelations and contracts, and have not taken up the extent or touched the way in which the commercial interests of the United States are suffering through this sort of arrangement. That will all come as a part of our further consideration of this great subject. I am glad, however, to have had the Senator from Kentucky touch upon it.

Mr. STANLEY. I should like to observe, although I do not wish to take further time of the Senator, that a differential in the rates of ocean carriers against American commerce at this time would entail a greater hardship and a greater loss upon American producers than the enormous losses afforded by the shipowners in an effort to obtain the American merchant marine in the face of the handicap that the Senator has mentioned.

Mr. LA FOLLETTE. I have little doubt of that, although as I said, I have not up to the present time undertaken an investigation of that great subject. I have had my attention called to it by various industrial organizations of the country and independent shipping companies suffering from this situation.

Mr. President, in connection with the appointment of these three men by the new Shipping Board to these positions of great power, really the directors of operations, the men who were in charge of all the movements of the shipping facilities that we have been expending these vast amounts of money to create, I wish to say this: The connection of Mr. Smull with the firm of J. H. Winchester & Co., steamship agents and ship brokers, established in 1856, which has direct connection and affiliation with British interests, the connection of Mr. Love with the International Mercantile Marine, which has the tie-ups to which I have directed the attention of the Senate through the contracts, and the connection for many years of Mr. A. J. Frey, who has received appointment by the new Shipping Board, with the Pacific Mail Steamship Co., which is one of the large British shipping companies, are all important, and I mention them now in connection with a proceeding that was started about a week or 10 days ago by the Shipping Board, evidently with these very men behind it and pushing it forward, to dispossess of its Shipping Board vessels what appears from newspaper statements to be a purely American shipping company, the United States Mail Steamship Co., a company that had taken over from the old Shipping Board a number of vessels under contracts which provided that they should be overhauled and that certain allowances were to be made for them.

Senators may have noticed that the United States Shipping Board just a few days ago, under court proceedings through the United States marshal, took possession of those vessels that were under the contracts made between the old Shipping Board and the United States Mail Steamship Co., and gave out that they had violated their contract; that they were behind in their rentals; and that the Shipping Board was starting in to make a clean-up for the new order of things.

What happened? The shipping company made a public statement that every dollar of the money which was invested in their business was the money of American citizens; that they were trying to build up a truly American line; that they owned some ships of their own; that they had taken those ships of the American Shipping Board under the contract made with the old Shipping Board; that they were proceeding as best they could under the circumstances to recondition those ships for overseas service; that during the time that they were engaged in reconditioning them the shipping conditions underwent a great depression; that, however, they were within their contract rights, because it was provided that if any occasion arose for differences with respect to contract rights there should be arbitration; and that they were not going to surrender to this movement on the part of the new Shipping Board. Their charges are openly made in the press reports.

Mr. President, it is charged openly in the press of this country and other countries that this movement on the part of the Shipping Board was instigated by foreign interests, represented through their officials, who had the old-time affiliations with British shipping; that they were reaching out, through the power of the Federal Government, to throttle a real American organization, which wanted to put the American flag on the high seas, and that was doing it very successfully; that had its lines operating and breaking in for the first time in history on the great ocean-carrying trade of foreign Governments in the passenger service, as was shown by the figures which they gave.

Mr. President, I repeat, they stated that they were within their contract rights, and that they would fight the Shipping Board to the last ditch to hold on to those vessels. I observe that an injunction, which was temporarily granted to restrain

the United States Mail Steamship Co. from operating those ships, was dissolved and that they are in possession of the ships.

If the Shipping Board does not back down completely, as it has been backed off the boards in their first attempt to secure out of hand control of those vessels, the matter will have to be fought out at length. I trust that some of the facts which are stated in the newspaper accounts will be developed in court, in order that we may have that aid in ascertaining just how much our new Shipping Board is being imposed upon by British and other foreign interests.

#### THE PROBLEM THAT CONFRONTS US.

The question which is confronting the country to-day respecting our merchant marine is much larger than any question of graft or incompetence on the part of any officials who have been connected with the Shipping Board. British influence and British power could not keep us from our rightful place upon the seas if she had not cleverly made it for the interest of our own shipping concerns and financial institutions to continue British supremacy upon the seas. British propaganda and British intrigue can do no harm when we know it and recognize it for what it is. But when it comes to us from our own people, through our own press, and even through our own public officials, then, indeed, it does harm.

You may ask, What are we going to do about it? My answer is that the first thing we should do about it is to find out the facts. I believe that the conditions existing in the International Mercantile Marine Co. are typical of those existing mainly in all our great shipping companies, upon the patriotism and loyalty of which we are counting to build up an American merchant marine. The first thing to do is to conduct a searching investigation into the whole subject and see what the relations are between the shipping and transportation interests of this country and Great Britain. If the conditions are such as I have shown to exist in the case of this one company, then we should do what we ought to do in the case of this company—we should compel it to divorce itself absolutely from British shipping interests if it wishes to continue in business as an American shipping company. It can not serve two masters. It can not be bound by contracts or by self-interest to serve and promote British shipping and at the same time serve and promote our own shipping, which is in direct competition with that of Great Britain. You may say the remedy is drastic. I answer that the disease calls for a drastic remedy. If we are to build up an American merchant marine, we must have the absolute loyalty of every person engaged in that enterprise from seaman to shipowner. There must be no divided allegiance. The crews must be American seamen, the officers must be American officers, and the ships must be American owned and free to meet the competition of Great Britain and all other countries in a legitimate struggle for our portion of the maritime commerce of the world.

#### CALL OF THE ROLL.

Mr. JONES of Washington. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McNARY in the chair). The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrell	McKellar	Stanfield
Borah	Harris	McKinley	Stanley
Brandegee	Harrison	McNary	Sterling
Broussard	Heflin	Moses	Sutherland
Bursum	Hitchcock	Nelson	Swanson
Capper	Johnson	Nicholson	Townsend
Caraway	Jones, Wash.	Norbeck	Trammell
Curtis	Kellogg	Oddie	Wadsworth
Dial	Kenyon	Overman	Walsh, Mass.
Edge	Keyes	Pittman	Walsh, Mont.
Ernst	King	Ransdell	Warren
Fernald	Ladd	Sheppard	Watson, Ga.
Fletcher	La Follette	Smith	Williams
Gooding	McCormick	Spencer	Willis

The PRESIDING OFFICER. Fifty-six Senators having answered to their names, there is a quorum present.

#### PETITIONS AND MEMORIALS.

Mr. JONES of Washington presented four memorials of sundry citizens of Anacortes and Skagit Counties, Wash., remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. HARRIS presented a resolution adopted by Bunting-McWilliams Post, No. 658, Veterans of Foreign Wars of the United States, of Macon, Ga., favoring the amendment of the so-called soldiers' bonus bill so as to include all soldiers who have served their country in any war upon foreign soil, which was referred to the Committee on Finance.



Mr. WILLIS presented a petition of sundry members of Uncle Sam Council, American Association for the Recognition of the Irish Republic, of Cleveland, Ohio, praying for the passage of the so-called La Follette and Norris resolutions relative to Ireland, which was referred to the Committee on Foreign Relations.

Mr. ROBINSON presented a petition of sundry citizens of Siloam Springs, Ark., praying for the repeal of the 10 per cent sales tax on manufactures of carbonated beverages in closed containers imposed by section 628-A of the revenue act of 1918, which was referred to the Committee on Finance.

#### PORT OF NEW YORK AUTHORITY.

Mr. NELSON, from the Committee on the Judiciary, to which was referred the joint resolution (S. J. Res. 88) granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York, reported it with an amendment.

#### CONTRACTS FOR THE FUTURE DELIVERY OF GRAIN.

Mr. CAPPER, on behalf of the Committee on Agriculture and Forestry, submitted an amendment intended to be proposed to the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, which was ordered to lie on the table and to be printed.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WADSWORTH:

A bill (S. 2338) to carry out the findings of the Court of Claims in the case of Samuel F. Hazzard; to the Committee on Claims.

By Mr. MCKINLEY:

A bill (S. 2339) granting a pension to Leota M. Jones; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 2340) to authorize the construction of a toll bridge across the St. Marys River, at or near St. Marys, Ga., and Roses Bluff, Fla.; to the Committee on Commerce.

#### REPORT ON INTERNATIONAL BOUNDARY.

Mr. WADSWORTH submitted the following resolution (S. Res. 119), which was referred to the Committee on Printing:

*Resolved*, That the report of the International Waterways Commission upon the International Boundary between the Dominion of Canada and the United States through the St. Lawrence River and Great Lakes, together with the accompanying maps and illustrations, be printed as a public document.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhues, its enrolling clerk, announced that the House had passed without amendment the following Senate bills:

S. 252. An act to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two States and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States"; and

S. 732. An act to extend the provisions of section 2455, Revised Statutes, to the lands within the abandoned Fort Buford Military Reservation in the States of North Dakota and Montana.

The message also announced that the House had passed the following Senate bill and joint resolution, each with amendments, in which it requested the concurrence of the Senate:

S. 1934. An act granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway toll bridge across the Ohio River, between the city of Huntington, W. Va., and a point opposite in the State of Ohio; and

S. J. Res. 36. Joint resolution authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments of Quebec, Ontario, and New Brunswick as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood therefrom to the United States.

The message further announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 77. An act for the consolidation of forest lands within the Clearwater, St. Joe, and Selway National Forests;

H. R. 244. An act to provide for the disposition of abandoned portions of rights of way granted to railroad companies;

H. R. 2205. An act to add certain lands on the North Fork of the Shoshone River to the Shoshone National Forest;

H. R. 4813. An act changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year;

H. R. 6259. An act for the consolidation of forest lands in the Colorado National Forest, Colo., and for other purposes;

H. R. 6262. An act to add certain lands to Mount McKinley National Park, Alaska;

H. R. 6514. An act granting Parramore Post No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.; and

H. R. 7328. An act to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River road crossing, Idaho.

The message also announced that the House had passed a concurrent resolution (H. Con. Res. 26) extending the time for completion of the investigation and filing of report of the Joint Commission of Agricultural Inquiry to not later than the first Monday in January, 1922, in which it requested the concurrence of the Senate.

#### THE MEAT-PACKING INDUSTRY—CONFERENCE REPORT (S. DOC. NO. 59).

Mr. KENYON. Mr. President, I present the conference report on what is known as the packer bill, and ask that it be printed in the Record and lie on the table. I give notice that I shall call it up at the first opportunity.

The PRESIDING OFFICER. The report will be printed, printed in the Record, and lie on the table.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6320) to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses, as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, 5, 7, 8, 12, 13, 14, 18, 19, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 15, 16, and 17, and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert: "buying or selling on a commission basis or otherwise" and a comma; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "90 days"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "buying or selling on a commission basis or otherwise" and a comma; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "buying or selling on a commission basis or otherwise" and a comma; and the Senate agree to the same.

WM. S. KENYON,

JOHN B. KENDRICK,

Managers on the part of the Senate.

G. N. HAUGEN,

J. C. McLAUGHLIN,

CHARLES B. WARD,

H. M. JACOWAY,

JOHN W. RAINEY,

Managers on the part of the House.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.



Mr. SMITH. Mr. President, I do not think any measure has been proposed to this body which is of more importance than the present proposed legislation. Of course it is practically impossible for Members of this body to know intimately the real condition that exists in the agricultural districts. Most of us come from the urban communities, and what we hear we hear indirectly, and what we see does not give us a good basis of judgment. It is only those who are intimately associated with those who have to bear the burden that is now placed upon agriculture who know the distressful conditions under which the agricultural districts are laboring. I congratulate this body and those who were instrumental in formulating the present substitute for the so-called Norris bill upon providing, in my judgment, the best solution that has been presented to this Congress for the immediate distressing conditions that confront agriculture.

I wish I had the time to go into some of the causes that have brought about this condition, but it would take too long, and I am therefore going to devote myself to the substitute offered by the Senator from Minnesota [Mr. KELLOGG] as amended by the subcommittee that was appointed to take that matter in charge.

As I said a moment ago, the present amended form of the finance corporation act promises more for the immediate relief of the farmers of this country than any other measure or suggestion that has been presented to Congress. The deflation of currency and restriction of credits that became so rampant during the last year or more of course fell upon the farmer with more terrible effect than upon any other class, the reason being that as a class he has practically no reserve capital to fall back upon in times like these, and must therefore secure aid in financing his crop until market conditions improve or become bankrupt and penniless. It was hoped that with the revival of the War Finance Corporation it would be able to open a way to foreign markets that would bring tolerable relief. Its original functions being restricted entirely to export, it has become apparent that the volume of exports and the prices are wholly inadequate to meet the situation. It is therefore necessary to provide a means by which the farm products can be financed during the time of market stagnation.

The financial institutions in the agricultural districts find it impossible to finance the crops as is now required and meet their other obligations without additional substantial aid. To meet this situation the present amendment to the War Finance Corporation act is offered.

In a word, Mr. President, when the War Finance Corporation was rehabilitated by Congress and put into operation it was done in the belief that this organization could find a way to open the foreign markets to such an extent as to relieve the pressure at home and bring the relief desired. Upon investigation, however, it was found that the conditions in the foreign markets were such, or were alleged to be such, that the surplus accumulations in this country could not find a market there. Therefore it became necessary for us to find a means to enable the producers of our staple crops so to finance them as not to bankrupt them and ruin them while the process of rehabilitation was going on abroad and at home. Therefore it became necessary to amend the War Finance Corporation act and give them powers in addition to those that they now have. Therefore I invite the attention of Senators to the first amended section—22—which provides as follows:

Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war or out of the disruption of foreign trade created by the war have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States, and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner the corporation shall thereupon be empowered to make advances for periods not exceeding one year from the respective dates of such advances upon such terms not inconsistent with this act, as it may determine: (a) To any person engaged in the United States in producing, dealing in, or marketing any such products for the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest—

And so forth. Now, we are amending it so that those who are producing stuff for export can hold it until such time as the export market would justify the shipment and sale of these articles.

I have read only a part of section 22, but it is evident, all of us know, that the export price of any farm product is reflected in the domestic price. Therefore if the export price is so low as to spell bankruptcy the domestic price is the same. Therefore it became imperative to provide means to take care of this feature of the case.

Section 24 therefore provides that—

Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes or other instrument or instruments in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year, and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made.

The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25(a) of the Federal reserve act. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

Advances or purchases may be made under this section at any time prior to July 1, 1922.

Therefore it renders aid not only for the purpose of holding export articles, but also for the purpose of helping finance those who would be bankrupt under the present domestic market conditions, to enable them to carry their products until such time as they may find a market for them.

The second paragraph of section 24 provides for aid to State banks where the laws of the State limit the lending power of such banks to a per cent of their capital and surplus. It authorizes the Finance Corporation in such cases to buy the farm securities held by such banks, thus enabling such banks to use the purchase money thus obtained to extend further aid to their customers. The power to do the things above set forth is extended to 1927—five years.

To sum up the purpose and intent of the bill, it is to extend immediate credit, financial aid, to farmers through local banking institutions, farm organizations, export companies, and banking associations organized under the Edge Act to enable them to meet the stagnated condition of the markets.

Section 6 amends paragraph 1, section 13, of the War Finance Corporation act so that notes as well as bonds of the corporation may be taken by member banks and be discounted by Federal reserve banks. In this connection it is important to note the financial condition of the Federal reserve system. I invite the particular attention of Senators who are doing me the honor to listen to what I have to say in reference to this bill to this particular feature:

On last Saturday, July 30, I asked the Comptroller of the Currency to give me an official statement of the reserve of the Federal reserve banks, and I received the following:

Referring to your request to be advised as to the reserves of Federal reserve banks, I beg to advise you as follows:

Actual reserves—

I asked him in this communication to give me the actual reserves of each reserve bank in the 12 reserve districts of this country, and these are the facts as set forth—

Boston, 77.6 per cent—

Senators will bear in mind that the legal requirement against outstanding circulation—all the regional banks have the circulating privilege—is 40 per cent of gold, while 35 per cent is required against deposits.

The letter reads:

Actual reserves:	
Boston	77.6
New York	72.3
Philadelphia	63.7
Cleveland	66.4
Richmond	43.8
Atlanta	40.9
Chicago	59.9
St. Louis	53.9
Minneapolis	39.2
Kansas City	51.8
Dallas	42.4
San Francisco	62.1
Total average	63.5



Your attention is called to the fact that Richmond, Minneapolis, Atlanta, and Dallas are borrowing \$61,427,000 from Boston, New York, and Cleveland.

The adjusted percentage for Atlanta is 39 per cent; for Minneapolis, 25.6 per cent; and for Dallas, 16.6 per cent. You will note, therefore, Dallas, without borrowing to keep up its reserve, only has 16.6 per cent.

There is attached a memorandum giving figures as to the gold reserves.

Senators will bear in mind that when we passed the Federal reserve act, we passed it creating 12 regions, and making each reserve bank in these regions a central bank, to accommodate the member banks in that district, and we had hoped that the whole system would operate automatically; that is, if there was a plethora of funds in a given district, and a lack of funds in another, that there would be almost an automatic flow from the high to the low to bring the average. It has not so operated.

Mr. WARREN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Wyoming?

Mr. SMITH. I yield.

Mr. WARREN. When we provided for this distribution of 12 regional banks, instead of having one general Federal bank, the argument was exactly as the Senator has stated what its purpose should be; that is, that the member banks should be branches of one whole, and that the whole should operate for the whole of the United States, or wherever its territory extended, and it was expected that one would perhaps borrow from the other, or make some arrangements whereby the flow would be as if it were from one single bank.

Mr. SMITH. I recall, as the Senator has suggested, that under the so-called Aldrich plan the proposition was that we have one great central bank, and all the others subsidiary, and that the needs of any one would be met by the great parent institution, in accordance with the reserves and capital which the central bank held. But the other system prevailed, and now consists of 12 regional banks with a governing board here. The members of that board are bankers.

We have a condition in which four of the banks of the system are borrowers, three of them below the reserve, but borrowing from the balance of the system, while the whole system has what? This memorandum says:

There is attached a memorandum giving figures as to the gold reserve, as follows:

*Figures as of Wednesday, July 27, 1921.*

Federal reserve notes in circulation	\$2,537,617,000	
Reserve required, 40 per cent		\$1,015,047,000
Total deposits	1,695,274,000	
Reserve required, 35 per cent		593,346,000
Total required reserves		1,608,393,000
Reserves held:		
Gold	2,531,231,000	
Legal tender	154,065,000	
Total		2,685,296,000
Excess reserves (free gold)		1,076,903,000

The amount of gold held by the 12 regional banks against which there are no outstanding reserve notes and no circulation, against which there is no kind of obligation, gold held in the vaults of these banks, is \$1,076,000,000. Taking the 40 per cent that is required to secure outstanding circulation, there could be issued in the form of currency \$2,300,000,000, in addition to what is already in circulation.

By this bill we are providing the machinery by which this enormous credit held in the entire system may be made available for the agricultural interests of the entire country, regardless of the condition of the regional bank of any particular district. We have provided in this legislation that the Federal reserve banks are authorized to accept the notes and bonds of this corporation as collateral and discount their paper, and they in turn can extend the necessary credit to the farmers of the different districts.

Richmond, Dallas, Minneapolis, and Atlanta, and the different banks which are now borrowers and which have exhausted their reserves, need not necessarily go to any of the Federal reserve banks. This corporation is authorized to take their paper and to finance them for a period of two years, with the privilege of renewal.

Mr. KING. Mr. President, will the Senator permit an inquiry?

Mr. SMITH. I will.

Mr. KING. The fact that there is so large a gold reserve, just adverted to by the Senator, does not have any particular relation, however, to the power to loan which is given by this bill to the War Finance Corporation, does it?

Mr. SMITH. Not at all.

Mr. KING. In other words, the gold supply controlled by the reserve is not essential to enable the War Finance Corporation

to function, and function to the full extent contemplated by the bill?

Mr. SMITH. Not at all. But I was citing this to show that we have sufficient gold to increase our present circulation, within safety, to an amount in excess of \$2,000,000,000, and still possess the legal requirement of 40 per cent. That is the point I was making.

Mr. President, I said a moment ago, in starting my remarks on this bill, that when this question of deflation and contraction of credit first arose the natural law asserted itself; that everything moves along the line of least resistance, and the man who was hit first and hit most disastrously was the man who could offer no resistance, the farmer of this country. I am not going to stand here and deal in generalities. I sent to the Department of Commerce and had them send me their monthly summary of foreign commerce in the United States for the month of June in order to get the official information in reference to what effect this disastrous condition had had upon commodities in the raw state and in the manufactured state. I want Senators to hear what has occurred.

From the monthly summary of foreign commerce for June may be gained an idea of the effect of the present condition on farm products as compared with articles manufactured from these products. On page 36 of this document is found the number of pounds of hides exported and the amount received for the fiscal years 1920 and 1921, and the number of boots and shoes exported for the same time; the prices received in 1920 for hides and the prices received in 1921 for hides, the prices for boots and shoes in 1920, and the prices for boots and shoes in 1921. These are the figures:

In 1921 we exported 24,000,000 pounds of hides, valued at \$10,500,000, equal to 43 cents per pound.

In 1921 we exported 15,300,000 pounds, with a value of \$2,800,000, equal to 20 cents per pound, a little less than half, a shrinkage on the part of hides of about one-half.

On page 45 of the same document it is stated that the total number of boots and shoes, expressed in pairs, in 1920 were 20,000,000, with a value of \$78,000,000, equal to \$3.90 per pair.

In 1921 there were 12,000,000 pair, valued at \$44,000,000, equal to \$3.60 per pair, the reduction in value being 30 cents per pair, \$3.90 in the one case, \$3.60 in the other, while raw hides had shrunk a little more than half.

On page 32 of the same document it is stated that the total amount of cotton exported in 1920 was 6,378,000 bales, valued at \$1,378,000,000, equal to 20 cents per pound.

In 1921 we exported 5,357,000 bales of cotton, valued at \$599,000,000, equal to 11 cents per pound, just a little more than half the value of the previous year.

Now, I will give the prices on the manufactured cloth: In 1920 we exported 867,000,000 yards of cloth, and I am quoting these figures from the same source, with a total value of \$212,000,000, equal to 24 cents a yard, all cotton cloth.

In 1921 we exported 556,000,000 yards of cloth of the same kind, at a value of \$141,000,000, or 24 cents per yard; so that in 1921 the price of our exported cloth was exactly the same as in 1920, according to the figures of the Department of Commerce, while the raw cotton had shrunk about 50 per cent.

I use hides and cotton, as they seem to be the most prominent, to show that those who were organized and had the reserves could protect themselves in the midst of this cataclysm, while men who were producing raw material and who did not have the reserves suffered to the full extent of the contraction and the deflation.

As I said, these commodities in their raw and manufactured form and the prices obtained give an idea of the condition in which the farmer finds himself. Other staple manufactured articles in this summary show that the prices have not materially declined during this period of depression, though there is evidence of some decline in the volume of exports. In reference to the amount of cotton exported this year and the probable amount to be carried into the next fiscal year, I asked the Department of Commerce, through the Bureau of the Census, to give me the official figures.

We are attempting by this legislation to relieve the situation in which the producers find themselves. What I have to say about cotton is because perhaps I am more intimately associated with and have a better knowledge of that product than I have of other farm products and the methods of their marketing. There has been a widespread discussion as to the probable supply of cotton. We are trying to open the markets. I asked the Department of Commerce to give me the probable supply of ordinary staple cotton, and the reply was as follows:

MY DEAR SENATOR: In compliance with your telephonic request, I take pleasure in furnishing the attached statement on the supply of cotton in the United States, exclusive of linters and foreign cotton,



for the 11 months ending June 30, 1921; also statement showing the export of cotton, by countries to which exported, for the 11 months ending June 30, 1921.

Trusting that you may find these statements of service, I am,  
Very truly, yours,

W. M. STEWART.

I wish now to give some figures as to the supply and distribution of cotton in the United States, exclusive of linters and foreign cotton for the 11 months ending June 30, 1921, in running bales:

Stocks held Aug. 1, 1920	3,280,000
Gained from crop of 1920	13,271,000
Total supply	16,551,000
Consumed during 11 months ending June 30	4,283,000
Exported during 11 months ending June 30	5,149,000
Total consumption and exports	9,432,000
Indicated stocks June 30, 1921	7,119,000
Estimated consumption and exports July (same as June)	930,000
Indicated stocks July 31	6,189,000

I pause here long enough to call attention to this very important fact in our efforts to help the farmer. In conjunction with our efforts to relieve him he is entitled to accurate statistics as to the condition of the supply and demand. All sorts of rumors have gone abroad as to the probable supply of American cotton for the fiscal year for cotton beginning August 1, 1921. Here is an official statement to the effect that if the consumption for July, which has already taken place and we need but to investigate the figures, shall be equal to that for June, there will be carried into the incoming crop not to exceed 6,000,000 bales. In that 6,000,000 bales are such grades of cotton as can not be used in ordinary commerce, ginned cotton, water-pack, and cotton that can not be used in commerce.

Mr. DIAL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to his colleague?

Mr. SMITH. I yield.

Mr. DIAL. May I ask my colleague if he has any information as to how much of that is tenderable cotton under contracts?

Mr. SMITH. I can state to my colleague that efforts are being made now to ascertain just how much of the present stock of American cotton is of a grade which can be used by the spindle, and it is an almost insuperable task to get the data for reasons that are very convincing when understood.

Mr. DIAL. Is it not true that by reason of the war certain countries could not import cotton from this country as they formerly did, and is it not a fact that a great deal of that cotton not exported is supposed to be off-grade cotton?

Mr. SMITH. That is true. There were certain countries that used this low-grade cotton and on account of the war they were unable to import it from this country, resulting in an alleged oversupply of an undesirable grade of cotton here; but there is not, according to these figures, in excess of 6,000,000 bales of available merchantable, spinable cotton in America to be carried into the next crop.

Only yesterday the Department of Agriculture sent out its report as to the growing crop condition, and gave it as 64.4, the lowest condition reported in the last 25 years, and with that is coupled a reduction of 28 per cent in acreage, and with the advent of the boll weevil over almost now the entire cotton belt, having covered my State this year for the first time in its history, and North Carolina being the only remaining State not affected. They estimate that the incoming cotton will not exceed 8,300,000 bales, so that the world supply of American cotton for 1921-22 will not exceed in its entirety 14,000,000 bales of cotton, when the normal consumption is between 13,500,000 and 14,000,000 bales.

Mr. DIAL. And the worst month has not yet come to pass.

Mr. SMITH. That is true.

Mr. FERNALD. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Maine?

Mr. SMITH. Certainly.

Mr. FERNALD. I wish to ask the Senator if he has observed the trend of the market to-day in cotton on the strength of the census report?

Mr. SMITH. I have not.

Mr. FERNALD. I am sure the Senator would be very much interested in that.

Mr. SMITH. They reported yesterday and the market responded, but it is doubtful whether there is more than the world can absorb within a reasonable time. It holds out the hope of a reviving market and we encourage them by the financial support we are giving them. What I am attempting to show is

that the market is now far below the cost of production, while manufactured articles have remained about where they were during war times and the two or three years subsequent. I am trying to show that the condition of the law of supply and demand justifies the cotton producer in availing himself of all the opportunities we are extending through the War Finance Corporation to hold it himself until the law of supply and demand, governed by such help as we are giving now, will enable him to recoup some of the disasters that have been confronting him.

In connection with the exportation of only 5,000,000 bales as compared with 6,000,000 bales a year ago, though we are short a million bales, in round numbers, in the exports of this year, it is extremely interesting to note the countries to which we have exported and the volume they have taken. For instance, in 1920 we exported to Germany only 417,000 bales of cotton, while in 1921 we exported 1,084,000 bales of cotton. But that gain to Germany was lost in our exportation to the United Kingdom. We shipped to Great Britain or to the United Kingdom in 1920 3,000,000 bales, while in 1921 we shipped only 1,500,000 bales. But there is every reason to believe that the crisis in the world's condition has been reached and passed and that from now on the conditions will be more or less normal, and that those who are seeking the solution may from now on confidently expect a return to a normal condition.

Mr. RANSDELL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. SMITH. I yield.

Mr. RANSDELL. I should like to have the Senator tell us whether he knows anything about the report published in the papers a few weeks ago to the effect that the carry over of cotton would be something like 10,500,000 bales instead of a fraction over 6,000,000 bales, as indicated in the actual figures furnished him by the Census Bureau.

Mr. SMITH. I made inquiry to know from what source emanated the report that there would be probably 10,000,000 bales of American cotton carried over, yesterday being the beginning of the cotton fiscal year, and they were unable to give me any information whatever. The papers had it, as the Senator from Louisiana will recall, that it emanated from one of the bureaus of the Government. This is the only bureau of the Government charged with the duty of giving out statistics as to the supply and distribution of cotton, and the figures which I have given are the official figures over the signature of the Director of the Census.

Mr. RANSDELL. Has the Senator made any effort to ascertain whether any other Government bureaus have given out any such figures as 10,500,000 bales, the giving out of which information I believe affected the market and brought the price down?

Mr. SMITH. I do not recall any other bureau. It was alleged that one bureau earlier in the year, or perhaps some time last year, had made an estimate of the probable carry over, but these are the official figures and are the only ones that have any right to go out from the Government.

Mr. RANSDELL. The figures which the Senator presents are the actual stocks up to the 30th of June of this year—June 30, 1921?

Mr. SMITH. Yes.

Mr. RANSDELL. The only estimate whatsoever is for the month of July past, and for that month they made it just the same as for June?

Mr. SMITH. Yes.

Mr. RANSDELL. So this must be very nearly correct?

Mr. SMITH. On the 14th of August the actual figures will be given out, and I was informed that this was not very far out of line.

Mr. President, I have certain amendments to the bill that I intend to offer when we come to the question of considering amendments to the bill. I have studied the bill in all its different sections. I look upon it as being the best aid that has been offered to the farmers of the country since we have been in session and since this crisis has been upon us. The only question that remains is, Will the War Finance Corporation meet faithfully the obligations imposed by the pending bill?

We give them first the power to open up foreign markets, and if an amendment that is now pending shall be incorporated in the bill, we give them the power to deal directly with foreign corporations. We do not think it wise under the present political condition existing in Europe to authorize and empower them to deal with governments and subdivisions of governments because there might arise complications that might embarrass us, and certainly would lead to no good if by the elim-



ination of them and the substitution of corporations we can avoid that difficulty and serve the same purpose.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER (Mr. FERNALD in the chair). Does the Senator from South Carolina yield to the Senator from Minnesota?

Mr. SMITH. Certainly.

Mr. KELLOGG. The Senator knows, I believe, that even at the present time if any foreign Government desires to guarantee the purchase of cotton or any products, that guaranty is accepted by the War Finance Corporation, and can be so accepted.

Mr. SMITH. It can be accepted on the indorsement of private corporations. It was the judgment of the committee that we need not have the intervention under certain conditions of a domestic corporation to indorse this paper. We thought that the War Finance Corporation would have sufficient judgment to deal directly with the proper foreign corporation or individual, who might put up collateral sufficient to guarantee the repayment of whatever might be purchased. We not only have clothed them with the power to finance products for export and to deal directly with foreign corporations but we have empowered them to lend assistance to every legitimate organization in the country that is now assisting in solving the agricultural problem that confronts us.

Mr. HITCHCOCK. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. SMITH. Certainly.

Mr. HITCHCOCK. Did it not have that power under the amendment adopted in March, 1919, and reenacted about six months ago when we passed a joint resolution reviving the War Finance Corporation?

Mr. SMITH. It has all the powers that it then had, save one, as to export. Under the law, not as it is proposed to be amended in the substitute, it had no power whatever to help finance the holding of purely domestic products, but they will have under the proposed amendment.

Mr. KELLOGG. Will the Senator yield to me?

Mr. SMITH. I yield.

Mr. KELLOGG. Under the original War Finance Corporation law aid could only be given in the case of exports, but this permits the corporation to aid in carrying products until they can be exported, which, of course, is just as necessary. That is why the bill was enlarged.

Mr. SMITH. Mr. President, I desire to go on with the enumeration of the powers which we propose to confer upon the corporation. It may not only extend aid to all organizations in this country which are engaged in exporting, but it may also extend aid to those which are financing agricultural products in this country under the present stagnant condition of the market. We—and when I say “we” I mean the members of the subcommittee to whom were submitted the so-called Norris bill and the Kellogg substitute—did not think it wise, after going carefully over the matter, to authorize the War Finance Corporation to deal directly with persons, for the reason that anyone at a glance will see that the organization, composed of five or seven members, which is proposed to be invested with the power to meet a financial situation which is acute and distressing, would be required to have an army of employees to examine and pass on applications for individual credit from all the farmers of the country. Therefore, we thought we would best serve the farmers if we should restrict the power to those institutions which the farmers are already using, and which, under the present order of deflation and contraction, have been paralyzed in their efforts to help the farmer. So we propose to offer to amend the original committee amendment by substituting for persons or individual producers farm organizations, in addition to aiding exports assisting farmers to carry their products until the export trade may be rehabilitated.

Mr. HITCHCOCK. For what length of time is that permitted?

Mr. SMITH. For from two to five years.

Mr. HITCHCOCK. I find a limitation of one year in section 22.

Mr. KELLOGG. That is as to the original credit, but the credit may be extended, I will say to the Senator from Nebraska.

Mr. SMITH. Yes.

Mr. HITCHCOCK. The credit is for one year.

Mr. KELLOGG. I repeat, that is the original credit.

Mr. HITCHCOCK. In the original War Finance Corporation act, or at least in the amended act of last March credit may be extended for five years.

Mr. KELLOGG. That relates to issues of bonds.

Mr. HITCHCOCK. No.

Mr. SMITH. The Senator has reference to the issue of notes and bonds.

Mr. HITCHCOCK. I think not. It is provided in the act to which I have referred:

That the corporation shall be empowered and authorized, in order to promote commerce with foreign nations through the extension of credits, to make advances upon such terms, not inconsistent with the provisions of this section, as it may prescribe for periods not exceeding five years from the respective dates of such advances.

Mr. KELLOGG. That has not been changed at all, I will say to the Senator from Nebraska.

Mr. HITCHCOCK. Therefore this provision is less liberal than was the law as amended in 1919. I call the Senator's attention to the fact that cotton has been already carried for a year in this country and is almost at its lowest market price at this time, and here provision is made for carrying it only one year. I myself think it is a delusion and a snare. We have given the War Finance Corporation power and extended its power on several occasions, and yet nothing has happened.

Mr. SMITH. We now propose to give it the power to renew these obligations at its discretion.

Mr. HITCHCOCK. I think they have that power now. I think, furthermore, that the section to which the Senator referred a few moments ago, by which the corporation could use the agencies of the Federal reserve banks to extend credit, is another delusion and a snare.

Mr. SMITH. I call the attention of the Senator to page 4, section 23, of the committee substitute, which reads:

SEC. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

So that ample provision is there made. We have given the authority to the War Finance Corporation to do the things which I have up to the present time enumerated. It remains to be seen whether or not they will discharge their duty as we have empowered them to do. We may rest assured that the farmers of the country—East, West, North, and South—will test this proposed law to the fullest, and we shall then know whether or not the War Finance Corporation has met the obligations which we have imposed upon them in this bill.

In addition to what I have called attention to we have empowered the corporation not only to aid through the member banks of the Federal reserve system, but we have authorized and empowered them to purchase paper from State banks where the State itself restricts the bank in its loaning power to a certain per cent of its capital and surplus. It is very evident that a State institution which is aiding farmers and has accepted farm paper up to the limitation that the law allows must stop, for even if the War Finance Corporation shall be willing to lend it still further money under the limitation of the State law it can not avail itself of a dollar; but if the War Finance Corporation will step in and purchase the paper outright it is then not a loan to the bank holding it, and the State bank can take the money that is derived from the sale of the paper for the purpose of further helping its customers.

Mr. WATSON of Georgia. Mr. President—

Mr. SMITH. I yield.

Mr. WATSON of Georgia. The Senator from South Carolina has stated that Congress is about to impose certain duties upon the War Finance Corporation. I call his attention to that part of the bill which seems to leave everything discretionary with the War Finance Corporation. There is nothing mandatory or compulsory about it so far as I can see. I shall be glad to hear from the Senator on that point.

Mr. SMITH. I am very glad to answer that question. The nature and kind of paper that might be offered, the condition of those offering it, the source from which it may come involve such considerations that it would be almost impossible for the Senate to be dogmatic about it. It is imperative that we should indicate what we want the War Finance Corporation to do and that they should do it as we want them to do it, but it is also essential that they should use their proper discretion as to the kind of security that may be offered. That is the reason why the measure has been framed as it appears in printed form.

Mr. KELLOGG. Mr. President, will the Senator from South Carolina yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Minnesota?

Mr. SMITH. I yield.

Mr. KELLOGG. If the Senator from Georgia will permit me, the Norris bill simply authorized the corporation to take certain action. I think on close examination the Senator from Georgia



will come to the conclusion that it would be an impossibility for Congress to designate exactly what advances shall be made and make it obligatory upon the corporation to make such advances. Somebody must decide the various questions involved, and about all that can be done is to empower the corporation to carry out the objects of the act. The Senator from South Carolina knows the personnel and the history of the War Finance Corporation, I think, perhaps as well as any Senator on this floor, and he knows what they have succeeded in doing. It seemed to me that Congress must simply authorize the corporation to act along the lines indicated, writing an authorization into the law, but could not possibly direct what they must do.

Mr. SMITH. Mr. President, I appreciate fully what the Senator from Georgia feels and has reason to feel. We gave certain discretionary power to another source of relief; but, not intending to be harsh, in my opinion they did not use that discretionary power wisely. So far as my knowledge of the War Finance Corporation is concerned, I believe that, with the power reposed in them, they have already done more for the relief of the distressed condition of the agriculture interests of the country than any other organization we have had.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield further to the Senator from Georgia?

Mr. SMITH. I yield.

Mr. WATSON of Georgia. If the Senator will allow me to be a little more explicit, I think perhaps he did not quite get my idea. Of course, the selection of the securities would necessarily be left to whoever advanced the money upon those securities; but the point I had in mind was this: The War Finance Corporation must decide, first, whether abnormal conditions exist that grow out of the war; and, second, whether or not the present banking facilities are sufficient to cope with the difficulties of that situation. Therefore there is one discretion heaped upon another. They would have to decide both of these questions in favor of those who desire loans, and there is not one word in the act that is compelling, so far as I can see.

Mr. SMITH. I recognize, Mr. President, that there is possibly some ground for criticism where we leave it discretionary with them to determine the conditions prevailing in the country, whether or not the assistance of the corporation is justified and whether or not the condition of the banks is such that relief should be afforded; but—

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Tennessee?

Mr. SMITH. I yield.

Mr. McKELLAR. While on that subject will the Senator give me his views about the first sentence in section 24 as it occurs both in the Kellogg substitute and the McNary substitute? It reads as follows:

Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock.

Why limit that to banks which may have already made advances? Why should not banks that otherwise would not be able to make such advances and would make them in the future be included? What was the purpose of the author or of the committee in limiting that provision to banks which may have made advances already?

Mr. SMITH. Section 23, I think, covers that.

Mr. McKELLAR. I am not making a statement about the matter. I am just asking for information.

Mr. SMITH. I think it is very obvious that a bank that has not made any advances for agricultural purposes up until the present time either is not located in a district where they are required or is a bank that will not under any circumstances make advances. I think, and, in fact, I know, that the purpose and object of this is to aid those banks that are already loaded up with farm paper not for export, for you may notice that that section is not for export. It refers to things that are being held on account of the stagnated condition of the domestic market—that is, if they have made advances, and the market does not justify a sale, they can aid those banks—and I should like to say in this connection that I think that section might properly be amended by adding the words that we have added to the other section, "such associations."

Mr. KELLOGG rose.

Mr. McKELLAR. Mr. President, I notice that the Senator from Minnesota is on his feet. Would the Senator object to his stating what was in his mind when this provision was drawn? I believe he was the author of it.

Mr. KELLOGG. If the Senator will yield—

Mr. SMITH. I shall be delighted.

Mr. KELLOGG. The original object of the War Finance Corporation act was to make new advances to people who wished to export. Then that was enlarged by a section providing for the making of new advances to people who were carrying products before they were exported; but it was represented to the committee, as I understand—and certainly the officers of the War Finance Corporation represented to me—that there was another condition in the country that was very burdensome. In many parts of the country the country banks are loaded up with paper, advances already made, on which they are unable to realize, and it restricts the business of that community; and it was thought wise that this corporation might aid in some cases in relieving those local banks of a situation of that kind, so that they would have what is called liquid capital or cash to make further advances and to carry on business in the ordinary way. In order to add to these powers, we thought it was wise to give them the added power of relieving banking institutions in the country which are now loaning to farmers and give them more credit or more money to use for that very purpose. That was the object.

Mr. McKELLAR. It seems to me that was excellent; but I was wondering why, in the discretion of the board, this credit might not be extended to other banks that had not made such advances, but that might well make them with this credit extended to them.

Mr. SMITH. I think it is obvious to the Senator that the purpose as set forth by the Senator from Minnesota covers the ground and the necessities of the case.

I want to state, Mr. President, that the subcommittee has certain amendments, which I am going to state now, so that they may be clearly understood.

On page 3, line 2, of the committee print, strike out the word "producing," and on the same line, after the word "products," insert "or to any association composed of persons engaged in producing such products."

So that we substitute, for the accommodation of the individual, farm organizations. We do not believe it is practicable, and I do not think Senators believe it is practicable, for the War Finance Corporation to finance the individual. He can utilize all of the already organized institutions of finance throughout his country and his organizations and have the situation relieved in that way.

Mr. RANDELL. Mr. President, may I ask the Senator if the words "to any person \* \* \* dealing in or marketing any such products" would not include commission merchants, the people to whom the farmers usually send their cotton to be sold?

Mr. SMITH. Oh, to be sure.

Mr. RANDELL. They would be included in that term?

Mr. SMITH. They would be included in that term. This will include those who are now engaged in dealing in and marketing in any form these products.

The PRESIDING OFFICER (Mr. Moses in the chair). Does the Chair understand that the Senator from South Carolina formally offers that as an amendment?

Mr. SMITH. No; I am just stating the amendments that I propose to offer when we come to consider the bill for amendment.

On page 3, line 3, after the word "person," insert "or association."

On page 3, line 6, after the words "not exceeding," insert the words "1½ per cent in excess of."

It becomes necessary, as a matter of course, without any further explanation, when we attempt to encourage bankers to take this paper to allow them a margin of profit in the rate of interest in order to induce them to take it.

The last amendment that I propose to offer when this bill shall come up for amendment is the one to which I have already adverted. On page 3, lines 10 and 11, after the words "any person," strike out the comma and the words "Government, or subdivision of Government," so that we will restrict it to the organizations.

Mr. RANDELL. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. RANDELL. The Senator seems to have explained this bill pretty fully and very clearly, I must say. I wish to ask him now if the committee amendment proposed by the Senator from Oregon [Mr. McNary], together with the suggested changes which he has just described to us, does not embody all the really essential features of the original Norris bill, and also the essential features of the Kellogg substitute, with some additions prepared by the committee?



Mr. SMITH. In answer to that question, of course, I can speak only for myself. I can let other members of the subcommittee speak for themselves. I think a careful study of the provisions of this proposed substitute, which is fundamentally the Kellogg substitute for the Norris bill, will show that it not only does the thing that the Norris bill attempted to do, but it infinitely widens the scope of what it was proposed to do in that bill, and provides more efficient machinery with which to do it. A critical study of the Norris bill will show that it was entirely too restricted and contracted to relieve the distressed condition in which agriculture found itself. This substitute proposes to meet the situation with an already going concern by enlarging its powers, and I believe with due modesty I may say that the subcommittee to which these two measures were referred has added some additional desirable features; so that this proposed substitute as now amended represents the very best in the Kellogg substitute and all and more than was asked in the Norris bill, with the splendid finishing touches of the subcommittee.

Mr. RANDELL. May I ask the Senator if the essential feature of the Norris bill was not to provide for the direct export of agricultural products to foreign countries, and if that is not in substance fully provided for by paragraph (b) of section 22 of the McNary amendment?

Mr. SMITH. We took from the Norris bill subdivision (b), which was the heart of the Norris bill, and we have modified that so that in its present form it contains all the excellences without the dangers of the Norris bill.

Mr. RANDELL. May I ask the Senator, further, if the weakness of the Norris bill—which, I want to say, I supported vigorously, with all the power there was in me—was not that it did not provide for any loans to those in this country who felt it absolutely necessary to hold their products until they could be marketed in a more orderly manner? It did provide for exporting the goods, but in case you could not export them there was no provision made for lending money on them; and that is the heart, and a mighty good heart, I will say, of the Kellogg substitute.

Mr. SMITH. As I have said—and it is necessary to repeat it to answer the Senator's question—this not only takes care of exports but it enables those who are producing stuff for export to market it in an orderly manner and to hold it until such an orderly manner can prevail and to render assistance to those who do not even export, namely, those who are engaged in live-stock production. That is an essential feature of our production and commerce, and it is suffering as acutely as, or perhaps more acutely than, any other form of our agricultural production in this country. Those who have taken the time to investigate the matter will find that the live-stock people have suffered as acutely as any other class. Their condition is more precarious than even the condition of the producers of certain staple agricultural products. Live stock is a perishable commodity, and those that are ready for market must be marketed or a loss is entailed at once. They can not be stored indefinitely or kept indefinitely, so that the relief to the live-stock producers must come at once, like the relief to the producers of certain perishable field products.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. I do.

Mr. STANLEY. I note that the Senator from South Carolina says that he proposes to strike out, after the word "person," in line 10, page 3, the words "Government, or subdivision of Government." I am hopeful that that provision as written is sufficiently safeguarded by the further proviso that "in no case shall any of the money so advanced be expended without the United States," so as to render unnecessary the striking out of those words on account of this condition of affairs.

Certain products in this country are purchased only by Governments. There are 500,000,000 pounds of tobacco that can be purchased only by Governments. No individual purchases tobacco for Japan, or Spain, or Portugal, or Italy, or France; and if the Governments that are in the business of buying farm products under those regie contracts will give the proper collateral in this country, just as an individual would put up the proper collateral and insure the payment in this country so that you will not have to look to the Government but will look to the collateral, I see no reason why an advance should not be made to a government under those circumstances as well as to an individual or a bank.

Mr. SMITH. There is no reason to doubt that in the case of the regie contracts to which the Senator refers, where certain foreign Governments have assumed a monopoly of the purchase and distribution of tobacco, they, through their proper

agents, can avail themselves of this clause just the same as they have heretofore.

Mr. STANLEY. They have not availed themselves of it heretofore.

Mr. McKELLAR and Mr. KELLOGG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. SMITH. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, the trouble is that those nations which the Senator from Kentucky has mentioned deal with tobacco only through their Governments. It is a government-controlled article, and the government makes money out of it. Unless some such provision is put in the bill, the greatest market we have for tobacco in Europe will be taken away from us to a large extent. If those Governments will put up the security necessary to repay the loan, what earthly objection can there be? I can understand why we would not want to look to the Government itself for the payment of claims, because we have a great many claims against those Governments now. But if those Governments put up the collateral to repay the debt, and all that is to be expended in this country, it seems to me that this could well be done without any danger of loss.

Mr. SMITH. Mr. President, there is nothing to prohibit a government from dealing with an American corporation if it desires to purchase the product and gets the O. K. of this corporation. It can deal just as they have been doing in the years past.

Mr. STANLEY. What I am driving at is this: I see no reason or force in this Government making a fictitious contract, a John Doe arrangement, where a government is the consignee, the purchaser, where the government is a tobacco merchant. No individual in those countries can buy or sell tobacco, and in some of them they can not raise it. The Government itself is the high contracting party. It acts as broker.

Mr. SMITH. There is nothing in this bill, even in the section under consideration, which prohibits that.

Mr. STANLEY. But the Senator from South Carolina said that they propose to strike out the words "Government or subdivision thereof."

Mr. SMITH. Yes.

Mr. STANLEY. I see no necessity for striking that language out.

Mr. SMITH. The reason why it was thought wise to do it was because it was brought to our attention that there are certain political conditions in Europe that make it essential for us to take those words out, because there are certain Governments we can not deal with, and if they come as Governments and offer certain securities, and we turn them down because we have reason to believe that it is not a safe loan, we will discriminate against one in favor of another, and we will have complications right away.

Mr. KELLOGG. Mr. President, if the Senator will permit me, I would like to answer the Senator from Kentucky. There is nothing in the proposed law which prohibits any person or corporation in this country from dealing with any foreign Government and selling it anything, and taking any credit from any foreign Government it sees fit to take. I realize that in certain foreign countries tobacco is a Government monopoly, notably, in France; but there is nothing that will prohibit a tobacco dealer, whoever he may be, from selling to France, and if he wishes to take French bonds, or French credits, he can do it, as he always has done.

This simply provides that this Government corporation shall not, any more than the United States directly would, without the authority of Congress, extend further credit to foreign Governments. I do not believe we ought to extend credit to foreign Governments without the approval of Congress. It is a fact that with the exception of where foreign Governments have a monopoly, like the tobacco monopoly, as in France, where all the tobacco is bought by the Government, they do buy from our sellers, but, so far as anybody knows, the Government of France has never, and no Government has ever, asked American institutions to take Government bonds or Government credits. They pay cash, and, so far as we know, there is no necessity for them asking credit now. As I stated the other day, if the Senator will permit me—I do not want to take too much of his time—

Mr. SMITH. I am glad to have the Senator interrupt me.

Mr. KELLOGG. Outside of Poland, Austria, Hungary, and Germany, there is not a Government in the world to-day that is buying anything on credit as a Government, or has asked credit during the last year, and there is no probability that they will ask credit in buying anything. In fact, the Government buying in most of these countries has now been dispensed with, and Government restriction upon individual buy-



ing has been removed. Eighty-five per cent of our products go to countries other than the four I have named.

The question is whether the Congress—and it is for the Senate to decide—is to give a corporation of the Government a blanket power to extend credit to any Government in the world. Personally I am not in favor of it. I may be wrong. I do not believe we ought to do it. We have extended between ten and eleven billion dollars of credit now, and I have heard many Senators on this floor insisting that we should collect at once and collect our past-due interest. Why extend further credit?

It is also my opinion, from all I have been able to find out from the experts of the War Finance Corporation and the Treasury, that that provision authorizing the President, or, rather, this corporation—and I assume the corporation would not attempt to deal with foreign countries without the authority of the President—is unnecessary, and will add nothing whatever to our sales of American products. That is the opinion of the men I have talked with, and I value their judgment a good deal more than my own.

Another thing: It is a question whether we ought to authorize the President to extend credit to foreign Governments in view of the enormous credits owing us now from those same Governments. If it would accomplish anything I would be willing to waive my view on that subject; but personally I do not think it would amount to anything.

Mr. SMITH. I would just like to state to the Senator from Kentucky that this is one case in which there happens to be a government monopoly, but even that section, with the language "the government or subdivision thereof" stricken out, does not restrict them from using the ordinary methods now employed by the War Finance Corporation to finance exporters.

Mr. STANLEY. Mr. President, I thoroughly understand that. I thoroughly understand that there is no disposition on the part of the Senator from South Carolina or the Senator from Minnesota to deprive tobacco growers of the right and of the opportunity, without reference to this bill, to sell their tobacco. In fact, they could not do it, because they could not pass a law impairing the obligation of contracts.

Mr. SMITH. I meant that the Governments themselves, of France, for instance, and those other Governments which have what are known as Government monopolies, can avail themselves of the credit of this corporation now, with those words stricken out, because the corporation now is taking Government securities as collateral, when indorsed by an American company.

Mr. STANLEY. The Government, through some agent, might go out and secure some sort of collateral in the form of merchantable paper that would do instead of its own obligations.

Mr. SMITH. They are authorized to take the Government obligations if they are indorsed by an American concern. They do it now. But that is if an American concern indorses them. They are still accepting the obligations of foreign Governments where they come through and are safeguarded by an American corporation which indorses them. In order to avoid this Government authorizing blanket trading with foreign Governments, we restrict the corporation itself to dealing with the individuals of foreign Governments, but we allow American individuals here, who will indorse foreign paper, to accept it, and we in turn accept that paper.

Mr. KELLOGG. I want to say another thing, if the Senator will permit me—

Mr. SMITH. Certainly.

Mr. KELLOGG. I wish to say to the Senator from Kentucky that this purchasing of food products and cotton and other products solely by foreign Governments, which quite likely was necessary during the war—we never questioned it, probably could not, but did not—which was extended for a long period after the war, is one of the worst things for the American producer and the American seller that has happened, because the purchasing power was placed in the Governments, and the Governments had one buyer, one interest, that came over here, where we had thousands of sellers, and those purchasing committees of foreign Governments have done more to hammer down the prices of wheat and cotton and other things than any other one thing, and I am glad the foreign Governments have at last abandoned that system.

Mr. McKELLAR. Mr. President, we received higher prices for cotton and wheat at that time than we are getting now.

Mr. KELLOGG. We received them, of course, during the war, when the demand was unlimited, and when we could get almost any price. But after the war, and within the last two years, and especially during the last year, there is not any question, from the information I have received, but that the

purchases by foreign Governments have not been in the interests of the American producer.

Mr. STANLEY. Mr. President, I am entirely inclined to agree with the Senator from Minnesota in this, that the purchase of American produce by a Government rather than by competing individuals is, under ordinary conditions, prejudicial to the American producer, for the reason that competition is practically eliminated by simple understandings between these Governments. But it does not matter, as far as this proposition is concerned, whether these Governments abstain from purchasing the coal or cotton or foodstuffs, or anything of that sort. Those things were handled during the war on account of war conditions. This product is handled at all times, on account of the enormous profit that the Government can make out of the use of a luxury like tobacco. It is just as if this Government, instead of prohibiting the manufacture and sale of alcoholic liquor, had provided that the Government should manufacture and sell all such alcoholic liquor—

Mr. SMITH. As South Carolina tried to do.

Mr. STANLEY. As South Carolina tried to do, and as some people hope she is still doing; and you could take 40 cents worth of grain and make 5 gallons of alcohol, and sell it for \$10 a gallon.

At present you could take a dollar's worth of grain and make 5 gallons of alcohol, and if you had a tax of \$10 a gallon you would get \$50 worth of taxes to \$1 expended.

I have not investigated this question lately, but at one time one-fifth of the French Government's revenue was derived from a tobacco monopoly, and they bought tobacco through combinations with the American Tobacco Co., the Imperial Tobacco Co., of Great Britain, and other contractors, for about 3 cents, and they were making about \$3 a pound off the ultimate consumers. These Governments are bound to have this tobacco if they can raise the money, and they can give every character of security. A simple lien upon the tobacco, or an agreement to pay when the tobacco is turned into revenue, would insure the payment.

I have understood that the purchases of tobacco within the last year by the Italian Government have been limited on account of the necessities of that Government. I would not have tobacco turned over to the Italian Government or the French Government or any other Government upon inadequate security, but a Government can give just as good security as anyone else. There are none of the Balkan States that have a tobacco monopoly or that are going to be considered. Germany is an open market; all the Scandinavian States are open markets; the new Government of Czechoslovakia and other similar States are open markets.

We are not going to have trouble with reference to the tobacco situation, and I hope that upon mature consideration the Senator will leave the door wide open to the most distressed people in this country, with the possible exception of the cotton growers. Until very recently they have had that tobacco left for a year. In a colloquy with the Senator from North Carolina some months ago I found that three-fourths of this export tobacco had not been sold, and four-fifths of all the tobacco raised in western Tennessee and western Kentucky is export tobacco. I have been looking into the matter somewhat, and I believe it will be possible, by offering some encouragement to those Governments, to get them to increase their purchases now of a commodity that they can immediately turn into money.

Mr. KELLOGG. Mr. President, I should like to ask the Senator from Kentucky, if I may be permitted, whether he thinks that with the amount of money Italy owes the United States this Government should extend her additional credit and take her bonds in order to sell them anything?

Mr. STANLEY. Certainly not.

Mr. KELLOGG. That is all they can do. The Government of Italy has bonds and that is all, and we hold those now to the extent of several hundred million dollars.

Mr. STANLEY. I expect the Italian Government through its agents to put into the hands of the proper representatives of this Government adequate security.

Mr. KELLOGG. They can do that now.

Mr. SMITH. The very point I wish to call to the attention of the Senator from Kentucky is that the War Finance Corporation can now, through an American organization, accept the obligation of France if in their judgment it is good collateral. They can do it now.

Mr. STANLEY. They can get some bank to underwrite it.

Mr. SMITH. We have stricken out the word "Government." There might be an exception where the Governments have a monopoly, but they are unquestionably Governments whose



security we do not care to authorize anyone to take just ad libitum to extend their credits. So we provided that in lieu of Governments and subdivisions of Governments, this corporation might treat directly with organizations within those Governments if the collateral in their judgment was good. There is nothing in it that prohibits them from continuing to do as they are now doing, accepting as collateral the obligations of foreign Governments.

Mr. STANLEY. May I put this proposition to the Senator? I talked with the head of the War Finance Corporation, who was in doubt whether it could be done. Suppose the Italian Government needs so many million pounds of tobacco. Three-fourths of that tobacco might be left in this country and one-fourth of it sold now, the rest of it to go out at a certain time, with the understanding that as the tobacco was sold the proceeds should be used in paying the rest of the obligation. There are many ways in which this could be done without advancing money to the foreign Government.

I believe we can secure liens upon the tobacco itself, and upon the obligations based upon the sale of the property that will render us amply secure. I would certainly leave the hands of the War Finance Corporation free in that respect. Nobody expects that the War Finance Corporation, organized as it is, with its predisposition in favor of doing business through the banks, is going to take Government bonds or other securities of that kind as the sole security for a debt, or that it is going to make any advance to that Government for the purpose of facilitating the sale.

Mr. WADSWORTH. Mr. President, will the Senator yield to me just a moment?

Mr. SMITH. Certainly.

Mr. WADSWORTH. My attention was attracted by a suggestion made by the Senator from Kentucky. I believe he suggested that in the event we authorized the War Finance Corporation to deal with foreign Governments and subdivisions of Governments and to make advances to them, we might take as security a lien on the tobacco which they purchased. I wonder if it has occurred to the Senator that that tobacco will have left the United States and will be distributed in Italy, for example, and sold to consumers there. How are we going to collect on a lien against that Government?

Mr. STANLEY. That is exactly what I was speaking about. I called attention to the fact that we could not follow the tobacco into the Italian Government; but those Governments make these purchases, say, of 25,000, 30,000, or 40,000 hogsheads at a time of a certain kind of tobacco. At one time the Italian Government was so anxious to get the tobacco that it gave a bond to purchase it at not less than 12 cents a pound, and the man who made the deal here purchased the tobacco for 3½ cents a pound. If a purchase of 30,000 hogsheads of tobacco were made by the Italian Government and three-fourths of it or four-fifths of it were kept within the jurisdiction of this Government until the greater part or a good part of the money was paid, and we could give them time to pay it, the tobacco in the course of a year could be converted as it was used, and they would not sell more than one-third of the tobacco before we would have our money back.

Mr. WADSWORTH. If they could not sell more than one-third of the tobacco and two-thirds of it were left in this country, where are they going to get the money to pay for all of it?

Mr. STANLEY. Because one-tenth of the tobacco when sold would bring under the Government monopoly enough to pay for the entire raw material. One dollar's worth of tobacco after it is manufactured and sold by a Government monopoly brings ten times or twenty times as much as tobacco does here.

Mr. WADSWORTH. Gross?

Mr. STANLEY. Yes.

Mr. SMITH. I am quite sure that the—

Mr. STANLEY. Right at that point let me interrupt again. What I mean is that they would not risk the loss of the tobacco in the warehouses here, and they would welcome any opportunity for any character of time in the purchase of it whatsoever, so I understand.

Mr. SMITH. Mr. President, I am sure the Senator from Kentucky when he studies the provision thoroughly will see that the proposed amendment is an aid rather than a hindrance to the very object he has in view. But in passing, without comment, I wish to call the Senator's attention to a report of this summary of foreign exports which surprised me very greatly in reference to tobacco.

I happen to be in the very midst of the bright-leaf producing section of the Carolinas, where the market opened on the 19th of July. What are popularly known as sand lugs, the first leaves taken from the stalk and cured in the flue barn, which brought from 8 to 15 or 20 cents a pound a year ago, this year were

thrown away. The producers were informed by the tobacco purchasers that they need not bring that quality of tobacco to market. Seconds brought such a price as to not pay for what they called the stringing, where the tobacco is tied to a little stick and hung up in the barns for curing under artificial heat.

I was informed that one producer right in the heart of this section, who produced perhaps the finest crop that he has ever produced, both in quality of the tobacco and in the matter of the curing, had something like 2,500 pounds which the year previous and the year before that had brought something in the neighborhood of 75 cents to \$1 a pound, but this year he got \$125 for the 2,500 pounds. My home papers are full of protests about the present price of tobacco and the indifference of the purchasers. I have in my desk in my office telegrams now from certain warehouses and auction houses, where the farmers bring their tobacco to have it sold, asking if I can not induce certain great tobacco dealers, such as Liggett & Myers and the Imperial Co., to send their buyers down to help out the distressing situation. I was informed upon investigation that the world has perhaps a two years' stock of tobacco on hand, and that therefore what was purchased would be purchased with that knowledge, and with the further knowledge that it must be carried over, and that the price therefore did not justify them in going into the market.

I picked up this summary of exports to see just to what disastrous depths leaf tobacco or unmanufactured tobacco had fallen by virtue of this alleged surplus on the market. That leaf tobacco is bought by exporters in the warehouses and auction houses in Kentucky just as it is in the Carolinas, I have no doubt. I desire to read these figures.

Unmanufactured tobacco in the leaf, in 1920, a year ago, was exported to the extent of 632,000,000 pounds, in round numbers, for which we received \$271,000,000. Last year we exported 496,000,000 pounds and received \$237,000,000. We got more per pound for the leaf tobacco which we exported up to June 1 of this year than we got for that which was exported in 1920.

Mr. STANLEY. Mr. President, there is a confusion of ideas about tobacco. People generally have the impression that tobacco is like corn or wheat or wool; that leaf tobacco is leaf tobacco.

There is no more relation between the market conditions that control and prevail in the sale of Sumatra leaf and cigar wrapper, in the sale of the light Carolina tobacco that is used for cigarettes and for plug tobacco and white Burley, and the sale of the dark export tobacco than there is between the sale of rye or corn or wheat. One may be high and the other may be low. They are purchased in different markets; they serve a different purpose; and they are governed by entirely different industrial and financial conditions.

The price of Sumatra leaf will depend on the conditions that prevail in Connecticut, where the leaf is grown under cover, and upon conditions in Cuba and Sumatra. The light cigarette tobaccos and the Carolina tobaccos and the Burley tobaccos depend for their price upon the demands of the American Tobacco Co. and upon the local trade. For instance, take the dark, thick, porous leaf that is produced in western Tennessee and western Kentucky, and it is comparatively worthless as a cover for plug tobacco. The minute it is put under pressure it turns perfectly black. It is necessary to use a light Burley or Carolina tobacco for covers.

On the other hand, the same Burley tobacco, which usually brings a much higher price than the Pryor or green wrapper or English strip, would find no market abroad, for the reason that there is an initial duty, or there formerly was, of about 65 cents a pound on all tobacco that went into the King's warehouse, and the tobacco has to go in there with about 12 per cent of moisture. The tobacco which we raise will absorb 50 or 60 per cent of moisture. It is a porous tobacco and will absorb great quantities of licorice and water. The purchasers of such tobacco, after they purchase it, allow it to absorb, in many instances, the maximum of moisture where that matter is not regulated by law. The same power, to absorb moisture affects the value of the regie tobaccos.

The tobacco which the Italian uses, the tobacco which the Austrian uses, the tobacco which the Frenchman uses, and the snuff tobacco are produced in certain sections, and can not be produced in other sections. As articles of commerce they are just as different from the Carolina tobacco as silk is different from wool. The conditions which prevail in one market are not indicative of the conditions that prevail in another market. The price of export tobacco is dependent absolutely upon the foreign market. I have known such tobaccos to sell for 3½ cents a pound when the Burley tobaccos were selling for 8 cents a pound and the Carolina tobacco was selling for 10 or 12 cents.



It may easily happen if the foreign demand should increase that the Pryor, the dark export tobaccos, might bring a handsome price, while the light tobaccos might be a drug on the market, in the event the American Tobacco Co. had more than it needed or pretended that it had more than it needed, for it is the buyer in this country.

Mr. SMITH. Mr. President, I have occupied the floor for a longer time than I had expected. I do not think there is a Member of the Senate but believes there is a possibility of relief to the distressed condition of agriculture in the provisions of the pending bill. I wish to say in closing—and with this I am going to leave the subject and have no more to say until we come to the question of the passage of the measure—that I do not believe that the enlargement of the powers of the War Finance Corporation would have been necessary had it not been for the very unfortunate attitude of those in charge of our Federal reserve system. I believe had they met the situation as the law intended it should be met, had they fully realized the disaster that would come from their unfortunate attitude toward contraction and deflation, had they realized that being on the peak, we had to come down gradually rather than to be precipitated to the foot of the peak, this condition would not have existed. In my opinion, the responsibility originally lies there; but the responsibility also lies with us to remedy the situation as effectually and as soon as we may. I believe that a study of the bulletin which I hold in my hand will convince every Senator of the contention that I have heretofore made, that the manufacturers are in a position where, in any event, they can more or less take care of themselves when there comes a disaster so sweeping and terrible as that which at present confronts the Nation; but as to the farmers, who are practically without resources—with a greater percentage of our population now being urban, not producing, and unfortunately not seeming to care as to the condition of the producer—it is more than ever our duty to see to it that those who support this Government by supplying its food and its clothing shall be our first consideration, and that they shall not be allowed to become the victims of unfortunate conditions. It is for that reason that I am standing here pleading for this additional aid to them. I trust that every Senator on the floor will support the committee substitute.

Mr. TRAMMELL. Mr. President, I desire to offer two amendments to the so-called McNary substitute, and I should like to have them read, printed, and lie on the table.

The PRESIDING OFFICER. The Secretary will read the amendments.

The READING CLERK. On page 3, in line 23, it is proposed to strike out the period after the words "set forth" and insert:

Also for advances made to any producer for the purpose set forth in paragraph (a) upon notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock.

Also, on page 5, in line 22, it is proposed to strike out the words "in exceptional cases."

The PRESIDING OFFICER. The amendments will be printed and lie on the table.

Mr. TRAMMELL addressed the Senate, and after having spoken for three-quarters of an hour said:

Mr. President, it is getting rather late, and if there is a desire to take a recess or adjourn and I can have the floor upon convening to-morrow I shall be glad to yield for that purpose or to have an executive session.

The PRESIDING OFFICER. No guaranty of that sort can be made, the Chair will state to the Senator, but he can undoubtedly obtain the floor to resume his speech upon reassembling to-morrow.

Mr. TRAMMELL. Of course, I realize that no guaranty can be given, but I have observed that in a great many instances Senators have yielded the floor for the purpose of recessing or adjourning and obtained the floor the next morning.

Mr. HEFLIN. Mr. President, I suggest that we recess until 11 o'clock to-morrow, so that we shall have ample time for speeches to-morrow.

Mr. TRAMMELL. I will finish my remarks in 15 or 20 minutes to-morrow.

The PRESIDING OFFICER. Under the agreement yesterday afternoon the Chair asks unanimous consent to lay before the Senate sundry bills and a concurrent resolution from the House of Representatives. Is there objection? The Chair hears none.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred as indicated below:

H. R. 77. An act for the consolidation of forest lands within the Clearwater, St. Joe, and Selway National Forests;

H. R. 244. An act to provide for the disposition of abandoned portions of rights of way granted to railroad companies; and

H. R. 2205. An act to add certain lands on the North Fork of the Shoshone River to the Shoshone National Forest; to the Committee on Public Lands and Surveys.

H. R. 4813. An act changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year; to the Committee on Mines and Mining.

H. R. 6259. An act for the consolidation of forest lands in the Colorado National Forest, Colo., and for other purposes; and

H. R. 6262. An act to add certain lands to Mount McKinley National Park, Alaska; to the Committee on Public Lands and Surveys.

H. R. 6514. An act granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.; to the Committee on Public Buildings and Grounds.

H. R. 7328. An act to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho; to the Committee on Commerce.

#### JOINT COMMISSION OF AGRICULTURAL INQUIRY.

The PRESIDING OFFICER laid before the Senate the following concurrent resolution (H. Con. Res. 26) of the House of Representatives, which was read:

*Resolved by the House of Representatives (the Senate concurring).* That the time for the completion of the investigation by the Joint Commission of Agricultural Inquiry, created by Senate concurrent resolution No. 4, of the present session, and the filing of the report to Congress therein directed to be made, be, and the same is hereby, extended to a date not later than the first Monday in January, 1922.

Mr. McNARY. I move that the Senate concur in the resolution.

The PRESIDING OFFICER. Does the Senate give its consent to concurring in the resolution just laid before the Senate from the House of Representatives?

Mr. KENYON. Does it require unanimous consent?

Mr. CURTIS. I do not think under the agreement it can be done without unanimous consent. I hope the Senator from Oregon will let it lie on the table until to-morrow.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. KENYON. I object.

The PRESIDING OFFICER. Objection is made, and the concurrent resolution will lie on the table.

#### RECESS.

Mr. CURTIS. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 3 minutes p. m.), the Senate took a recess until to-morrow, Wednesday, August 3, 1921, at 11 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

TUESDAY, August 2, 1921.

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore, Mr. TOWNER.

The chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, continue to fit us for the world in which we dwell. Redeem our lives from that which is menial and give larger freedom to our best gifts. Quicken us for the labors that await us and make our mornings and our evenings bring to us a satisfaction of work well done. Raise us to a plane where the losses and the crosses of life are exalted and where the beatitude of our Heavenly Father rests upon us. Through Christ. Amen.

#### THE JOURNAL.

The Journal of the proceedings of yesterday was read.

Mr. BLANTON. Mr. Speaker, I desire to correct the Journal. Roll call No. 107, as disclosed by the Record of yesterday, August 1, 1921, on page 4503, shows—yeas 160, nays 59. On the first column of the next page the Record discloses that the Speaker pro tempore announced that the yeas were 150 and the nays 54. At the top of the next page the Speaker in finally stating the vote stated that the yeas were 159 and the nays 58. By which one of these contradictory assertions is the Journal going? All three of them are different, and the Record and the Journal should state the correct one.

The SPEAKER pro tempore. The gentleman from Texas called a similar instance to the attention of the present occupant of the chair once before. The explanation is that the Chair states viva voce the announcement as given to him at

the time by the clerks. Afterwards in a recapitulation of the vote the clerks sometimes modify that statement. Of course, it is immaterial unless it changes the result. The Chair thinks it is unnecessary to go any further.

Mr. BLANTON. I call the Chair's attention to the fact that in this particular instance the vote ought to be easily ascertained correctly, because the Chair will remember that we waited a long time until Member after Member came in, who separately were added to the count, until we finally succeeded in getting a quorum. Just as soon as we did get a quorum the vote was announced. The correct number voting should be easily ascertained with respect to this vote.

The SPEAKER pro tempore. In this particular instance after the Chair had announced the vote, certain Members appeared and their names were recorded. Without objection the Journal as read will be approved.

There was no objection.

#### THE PACKERS' BILL—CONFERENCE REPORT.

Mr. HAUGEN. Mr. Speaker, I submit a conference report upon the bill H. R. 6320, to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes, for printing under the rules.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman from Iowa yield?

Mr. HAUGEN. Yes.

Mr. GARRETT of Tennessee. Is that a complete report?

Mr. HAUGEN. It is.

Mr. GARRETT of Tennessee. A unanimous report?

Mr. HAUGEN. Yes. It was signed by all except one Senator, who is indisposed.

Mr. GARRETT of Tennessee. Can the gentleman inform the House when it is his purpose to call the matter up for consideration?

Mr. HAUGEN. Whenever it suits the convenience of the House, probably on Thursday.

Mr. GARRETT of Tennessee. Does the House act upon it first, or the Senate?

Mr. HAUGEN. The Senate acts first.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6611) to establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau and further to amend and modify the war risk insurance act.

#### CORRECTION.

Mr. HAYDEN. Mr. Speaker, yesterday the House passed a bill changing the period for doing assessment work on mining claims, being the bill H. R. 4813, the title reading to change the period for doing annual assessment work on unpatented mineral land claims from the calendar year to the fiscal year ending June 30, each year. In the House the bill was amended to make the period begin at noon of July 1, and I ask unanimous consent that the enrolling and engrossing clerk be authorized to amend the title to conform to the text of the bill, the bill not having yet been printed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona. [After a pause.] The Chair hears none and it is so ordered.

#### AMENDING THE FEDERAL FARM LOAN ACT.

Mr. CAMPBELL of Kansas. Mr. Speaker, I submit a privileged report from the Committee on Rules which I send to the desk and ask to have read.

The Clerk read as follows:

House resolution 166.

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1811, being a bill to amend the Federal farm loan act as amended. There shall be two hours of general debate, to be divided equally between those for and those opposing the bill. At the conclusion of general debate the bill shall be read for amendment under the five-minute rule, whereupon the bill shall be reported to the House with the amendments, if any, and the previous question shall be considered as ordered on the bill and all amendments to final passage, without intervening motions, except one motion to recommit.

Mr. GARRETT of Tennessee. Mr. Speaker, before the gentleman from Kansas begins, will he permit me to ask the gentleman from Iowa [Mr. SWEET] a question?

Mr. CAMPBELL of Kansas. Certainly.

Mr. GARRETT of Tennessee. What has become of the conference report upon the disabled soldiers bill?

Mr. SWEET. It is pending a message from the Senate.

Mr. CAMPBELL of Kansas. Mr. Speaker, the effect of this rule is to bring before the House for consideration the bill reported by the Committee on Banking and Currency, providing that bonds of the farm loan banks and the joint-stock banks may be placed on the market at 5½ per cent instead of 5 per cent, this without increasing the rate of interest to the borrower. The banks are permitted to-day to take 6 per cent from the borrower, and they give 5 per cent to the lender. This bill will effect a 6 per cent loan to the borrower and 5½ per cent to the lender, giving the banks who are the agents between the borrower and the lender one-half of 1 per cent instead of 1 per cent provided in the act as it is.

Mr. GARNER. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. GARNER. Do I understand the gentleman to say that the bill limits the power of the lender to 6 per cent but authorizes him to issue his bonds at 5½ per cent, while under the present law he is authorized to issue them at 5 per cent and still would limit him to 6 per cent?

Mr. CAMPBELL of Kansas. Yes.

Mr. GARNER. So that the money to the farmer will come to him at the same price it comes now?

Mr. CAMPBELL of Kansas. Exactly.

Mr. KINCHELOE. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. Yes.

Mr. KINCHELOE. The effect of this amendment and the only effect of it is that instead of giving 1 per cent profit to the banks, it will provide one-half of 1 per cent profit to the banks, and the farmer will not have to pay any more.

Mr. CAMPBELL of Kansas. The farmer will have to pay no more under this amendment than he pays at the present time. Six per cent is the amount fixed in the act to the borrower, and this does not change that provision.

Mr. LINEBERGER. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I will yield.

Mr. LINEBERGER. Is it understood that this half per cent margin will take care of all the overhead expense?

Mr. CAMPBELL of Kansas. With the volume of business now done by these banks one-half of 1 per cent should be more than ample to take care of the expenses.

Mr. TREADWAY. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I yield to the gentleman.

Mr. TREADWAY. What effect is this likely to have on the outstanding bonds? Will it not have the effect of depreciating the value of those in the hands of the holders at the present time?

Mr. CAMPBELL of Kansas. No; it is not thought that that will be the effect of it. The Secretary of the Treasury, in favoring the bill, does not believe that that will be the effect of it. At the present time, if the rate of interest is calculated on the average bonds at their market price to-day, together with the rate of 5½ per cent on these, it will be ascertained this will bring up the average of the farm-loan banks and the joint-stock banks to about the average rate of interest to the holder of the Government bonds that are now outstanding. They sell below par. These bonds are not sold except at par, as I understand the practice of the banks.

Mr. TREADWAY. So the gentleman does not think this will have any effect on the market value of the present outstanding farm-loan bonds?

Mr. CAMPBELL of Kansas. It is not thought it will. The Treasury Department is now putting out certificates at 5½ per cent for three years, and this bill limits the sale of these bonds at 5½ per cent to a two-year period.

Mr. WINGO. Will the gentleman permit a suggestion on that very point?

Mr. CAMPBELL of Kansas. Yes.

Mr. WINGO. These bonds are not out in very large volume. They are very closely held, and for that reason they will not be affected. The United States Treasury holds one hundred and eighty and odd million, and the syndicate that has been taking them holds them very closely; so, as a matter of fact, there is no big supply on the market like other great bond issues.

Mr. TREADWAY. Is not that because they are such desirable bonds? They are exempt from all taxation and carry 5 and 6 per cent interest, and you are trying to raise them a half per cent more to make them still more desirable. I see the report states—

It is strongly represented to your committee that under existing conditions said bonds are not easily marketed.

May I ask if there are any bonds easily marketed to-day?

Mr. CAMPBELL of Kansas. May I state—



Mr. WINGO. I may get some time, and I will try to give my idea of it.

Mr. LAZARO. Will the gentleman yield for a question?

Mr. CAMPBELL of Kansas. Not just now. The condition confronting these banks now is this: They can not market these bonds at all. They can not get money from the lender for the borrower; so it is necessary to raise the rate of interest to the lender in order to get anything for the borrower at all. The borrower gets it at the same rate as though the lender only got 5 per cent instead of 5½ per cent, and the amount of business transacted in these bonds is very inconsequential in comparison with the volume of the outstanding bonds of the Treasury and the certificates that are now being issued by the Treasury, and it will have no appreciable effect at all upon this matter, but will enable these banks to give relief in certain places where it is impossible to float bonds and get money at all. Now I will yield to the gentleman from Louisiana.

Mr. LAZARO. I want to ask the gentleman this question for information: In view of the fact business is unsettled, why not give them authority to fix a rate not higher than 5½ per cent and leave it to those who have these bonds in charge to do the best they can for the Government?

Mr. CAMPBELL of Kansas. This is not a Government transaction.

Mr. LAZARO. I mean for the banks.

Mr. CAMPBELL of Kansas. Those who had the matter in charge thought it wise to bring the matter in in this way. We have dealt within rigid limitations with these banks, and it was not thought proper to give them that leeway.

Mr. TINCHER. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I will.

Mr. TINCHER. The bill does not place any limitation that they shall be 5½ per cent?

Mr. CAMPBELL of Kansas. No; they may be 5 per cent or they may be 5½ per cent, or 4½ per cent, if they can find a market at that price.

Mr. TINCHER. Or they can sell at 4 per cent. Another point I wanted to ask of my colleague. I notice in the gentleman's statement he said the joint-stock banks, and this, of course, applies to the farm loan banks?

Mr. CAMPBELL of Kansas. It applies to both.

Mr. TINCHER. There is no use in trying to give power to the joint-stock banks and not give it to the Federal farm loan banks, because that would be a discrimination.

Mr. CAMPBELL of Kansas. Of course, that is true, but this applies to both the joint-stock and the farm-loan banks.

Mr. KINCHELOE. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I will.

Mr. KINCHELOE. Is it the hope of the committee that in the passage of this bill it will add impetus to farm loan banks so that they may loan to a greater number of farmers and thereby a bigger volume of business be done in that way?

Mr. CAMPBELL of Kansas. It is hoped this may be done. It is true all over the country, as everybody knows, there is much financial distress among the farmers. That is true as to the cotton planter, true as to the stock raiser, and true as to the wheat grower.

They have been subjected to great losses; they have been unable to get money at rates of interest that will not be absolutely ruinous to them even if they had the disposition to pay them. And it is thought that this will afford an avenue of relief that is absolutely necessary in many parts of the country.

Mr. ROSE. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I yield.

Mr. ROSE. What effect would this amendment have upon the sale of municipal or industrial bonds?

Mr. CAMPBELL of Kansas. Oh, no effect at all, because they are so small an amount in comparison with the municipal bonds, and the purchasers upon the market for municipal bonds will not bother about them. This is to apply in an emergency that will afford the relief in certain parts of the country.

Mr. Speaker, I reserve the remainder of my time and yield 15 minutes to the gentleman from North Carolina [Mr. POU].

Mr. POU. Mr. Speaker, the rule should be adopted without division, because amendment to existing law is necessary in order that the farm loan act should carry out the purpose for which it was enacted. A curious condition exists, namely, that while commodities of almost every kind are declining in value interest rates to the farmers have been increasing. I believe it was Lord Coke who said that the ingenuity of man had never devised a way whereby the usury law could be successfully evaded. If that eminent jurist were living in this day and time, he would probably decide to modify that statement, if it were he who made it, because numerous and sundry ways have

been devised whereby the farmer in order to get money must pay more than the legal rate of interest.

Now, Mr. Speaker, so far as the minority on the Rules Committee is concerned, we are heartily in favor of the adoption of this rule and also of the bill.

Now, Mr. Speaker, I believe that one of the chief causes for the high rates of money to the farmer is the high existing rates of income tax, and I hope that the Ways and Means Committee will have the courage to reduce the income-tax rates all down the line. It is not in harmony with the spirit of this Republic of ours to take 60 per cent of any man's income. Such tax rate can only be defended as a war emergency measure—and the war ended nearly three years ago. The result is money has been driven out of its natural channels into investments which are nontaxable. The result is also to kill individual initiative. Even during these hot days of August the country is anxiously awaiting the action by the Ways and Means Committee. Of course, this amendment to the Federal farm loan act is going to help some, but the eye of the country is focused upon the Ways and Means Committee in the hope that something may be done to relieve conditions which are far more distressing than some of us realize. Money is not scarce in America. The per capita amount of money in circulation has not very materially decreased. There is in existence plenty of money for every legitimate purpose, and yet men are leaving the farm because interest rates are so high. In some States men engaged in the great noble occupation of producing food have been driven to desperation, and yet we have just passed through the most prosperous period in the history of this Nation.

Here is opportunity for courageous, speedy action. The taking of so large a part of the income of the citizen during time of peace is near socialistic, to say the least. Let me conclude by saying this: While the Ways and Means Committee is preparing your tax bill, for goodness' sake do not forget to simplify the making out of the income-tax return.

Mr. CAMPBELL of Kansas. Mr. Speaker, I ask for a vote on the resolution.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1811 under the rule.

The SPEAKER pro tempore. The gentleman from Pennsylvania moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering a bill which has been reported.

Mr. GARRETT of Tennessee. Will the gentleman yield pending that motion?

Mr. McFADDEN. Yes.

Mr. GARRETT of Tennessee. May I ask the gentleman from Pennsylvania if he is in favor of or against the bill?

Mr. McFADDEN. I voted against the bill in committee.

Mr. GARRETT of Tennessee. Then the gentleman will take the time in opposition to the bill?

Mr. McFADDEN. I will.

Mr. GARRETT of Tennessee. And the gentleman from Arkansas will be entitled to time in favor of the bill?

Mr. WINGO. I do not know whether or not that is the assurance we have. The agreement we had seems to have fallen down. What is the gentleman's intention in reference to that?

Mr. KING. Will the gentleman yield?

Mr. WINGO. Yes, sir.

Mr. KING. I think, while there was no special arrangement, Mr. Speaker, it was tentatively understood that the chairman should allot the time for and against, although it was the intention on the part of the gentleman from Arkansas and one or two other gentlemen to ask the Rules Committee to modify the rule. I was never asked in regard to that, and it seemed to me it was proper that the chairman could assign the time for and against.

The SPEAKER pro tempore. Is the gentleman from Illinois opposed to the bill?

Mr. KING. No, sir.

Mr. WINGO. Mr. Speaker, if the chairman will permit me, the agreement was that the gentleman from Illinois [Mr. KING] should control one-half of the time and I should control one-half, under the gentleman's agreement we had with the gentleman from Pennsylvania that he would see that those opposed would be given half of the time. That agreement was not presented to the Rules Committee. I am not criticizing anybody—

Mr. McFADDEN. I will say to the gentleman that it was entirely agreeable to the chairman to make that agreement, or some other gentleman may do that.

Mr. WINGO. I am not complaining, but he referred to the agreement, and I should not have raised the question—

Mr. McFADDEN. In view of that I ask unanimous consent that the time be controlled one-half by the gentleman from Illinois [Mr. KING], who is in favor of the bill, and the balance of the time be controlled by some gentleman in opposition to the bill.

Mr. WINGO. That is exactly where the rule is; that is the rule.

Mr. GARRETT of Tennessee. If the gentleman will permit me, I will make a unanimous-consent request. Will the gentleman permit me to make such a request as to control of the time?

Mr. MANN. Mr. Speaker, I ask unanimous consent that debate in favor of the bill be controlled one-half by the gentleman from Illinois [Mr. KING] and one-half by the gentleman from Arkansas [Mr. WINGO], and the time in opposition to the bill be controlled by the gentleman from Pennsylvania [Mr. McFADDEN].

The SPEAKER pro tempore. The gentleman from Illinois [Mr. MANN] asks unanimous consent that the time be divided between the gentleman from Illinois [Mr. KING] and the gentleman from Arkansas [Mr. WINGO], each to control one-half of the time. Is there objection?

Mr. DYER. Mr. Speaker, that is not the request.

Mr. WINGO. Mr. Speaker, reserving the right to object, I do not want to be put in that light. The gentleman from Tennessee will bear me out that he made the suggestion without any suggestion from me. If the original agreement is not carried out, I personally would prefer to stand on the rule. I am not complaining myself.

Mr. MANN. That would give the gentleman from Illinois [Mr. KING] control of the time in favor of the bill and the gentleman from Pennsylvania control of the time in opposition to the bill. It does not seem to me that that is fair to the other side.

Mr. WINGO. The gentleman from Illinois does not understand the agreement, that the gentleman from Illinois [Mr. KING] and I should control half of the time. Under the assurance of the gentleman from Pennsylvania, all that the gentleman from Illinois [Mr. KING] and myself had to do was to see that those who were opposed should be given an equal division of time. In other words, we were going to divide the time on party lines, with the understanding that it should be actually used half for and half against. But I am not insisting upon it. I do not, myself, care at all about it.

The SPEAKER pro tempore. I do not think the Chair stated the unanimous-consent proposal properly, perhaps, as it was stated by the gentleman from Illinois [Mr. MANN]. Will the gentleman from Illinois submit his unanimous-consent request again?

Mr. MANN. That the time in favor of the bill be controlled one half by the gentleman from Illinois [Mr. KING] and the other half by the gentleman from Arkansas [Mr. WINGO], and the time in opposition to the bill be controlled by the gentleman from Pennsylvania [Mr. McFADDEN].

The SPEAKER pro tempore. Is there objection to the unanimous-consent request?

There was no objection.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Pennsylvania that the House resolve itself into Committee of the Whole House on the state of the Union.

The motion was agreed to.

The SPEAKER pro tempore. The gentleman from Indiana [Mr. SANDERS] will please take the Chair.

Thereupon, the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1811) to amend the Federal farm loan act, as amended, with Mr. SANDERS of Indiana in the Chair.

The CHAIRMAN. The Committee of the Whole House on the state of the Union has under consideration the Senate bill, which the Clerk will report.

The Clerk read as follows:

*Be it enacted, etc.,* That the first paragraph of section 20 of the Federal farm loan act, as amended, be, and hereby is, amended to read as follows:

"SEC. 20. That bonds provided for in this act shall be issued in denominations of \$40, \$100, \$500, \$1,000, and such larger denominations as the Federal Farm Loan Board may authorize; they shall run for specified minimum and maximum periods, subject to payment and retirement, at the option of the land bank, at any time after the minimum period specified in the bonds, which shall not be longer than 10 years from the date of their issue. They shall have interest coupons attached, payable semiannually, and shall be issued in series of not less than \$50,000, the amount and terms to be fixed by the Federal Farm Loan Board. They shall bear a rate of interest not to exceed 5½ per cent per annum."

With a committee amendment, as follows:

Page 2, line 6, after the word "annum" insert "but no bonds issued or sold after June 30, 1923, shall bear a rate of interest to exceed 5 per cent per annum."

The CHAIRMAN. The gentleman from Illinois [Mr. KING] is recognized.

Mr. KING. Mr. Chairman, I do not desire to take up any great amount of time, not more than four or five minutes, in explaining in a general way the purposes of this bill.

The present section of the farm loan act, which is amended by this bill now under consideration, provides for the issuance of bonds both by the Federal farm loan banks and by the joint-stock land banks. This bill passed the Senate about the 9th of June, with the following amendment:

They shall bear a rate of interest not to exceed 5½ per cent per annum.

The bonds heretofore have been drawing 5 per cent, but it has been found—and it is the statement found in the evidence submitted to the committee—that it is practically an impossibility for these banks, especially the joint-stock land banks, to sell their bonds at 5 per cent.

You will understand that they do a business on a margin of 1 per cent, the difference between 5 per cent and 6 per cent, the amount of interest which they receive from the borrower. These banks are willing, and have stated before the committee and to members of the committee privately that they are willing, to get along on one-half per cent for the good of the country at the present time and for the purpose of assisting in putting agriculture upon its feet and for the further purpose of helping the banks—the small banks, particularly—of the West, the Northwest, and the South and other sections of the country, helping them out of a very embarrassing situation.

The House committee will present an amendment to this bill providing that no bonds issued or sold after June 30, 1923, shall bear a rate of interest to exceed 5 per cent per annum. That shows the temporary character of the legislation, and it is an amendment which was suggested by Mr. Mellon, the Secretary of the Treasury, in connection with the chairman of your committee, and it was adopted by the committee, and, of course, will be presented to the House.

There are two branches of the farm loan system; one of them, the joint-stock land banks, I have just discussed. The other branch of the system consists of 12 Federal land banks and about 4,000 local national farm loan associations. These constitute the cooperative features of the system and up to this time represent the larger activities of the system.

The bill under discussion, while more directly concerning the activities of the joint-stock land banks, may have an important bearing upon the operations of the Federal land banks. The sale of farm loan bonds constitutes the process by which money is obtained with which to make loans to the farmers. The rate which the farm loan bonds bear is an important factor in their sale. The last issue of farm loan bonds bore a 5 per cent rate. These were offered in April of this year in an amount of \$40,000,000 and the entire offering has been absorbed.

Representatives of the Farm Loan Board, in favoring the passage of the pending measure, made it very plain that the passage of the bill was not sought because the board did not believe it possible within the next 60 days to sell a 5 per cent farm loan bond, but favored the passage of the bill upon the ground that bond-market conditions for the past 12 months or more had been so erratic and uncertain as that it was impossible for human intelligence to foresee what the market conditions might be 60 days ahead, and it was to be prepared to meet any undue dullness in the market when the next issue of bonds is offered that the board favored this measure.

The fact that we are increasing the permissive rate these bonds may bear from 5 to 5½ per cent must not be taken to mean that the next issue of bonds will bear the maximum permissive rate, or even a higher rate than is now permitted—that is, 5 per cent. This was clearly and very emphatically brought to the attention of the committee by our former colleague from South Carolina, Mr. Lever, now a member of the Farm Loan Board, who pointed out that a 4½ per cent farm loan bond was sold a few years ago, when conditions were more normal than now, with a 5 per cent permissible existing rate, and that it did not follow that because there was an increase in the rate any future issue of bonds should bear a higher rate than the present permissible rate. He made it very distinct, and others of his colleagues did so, that the rate upon the bonds in the future would be determined by the market conditions at the time of the issue of bonds. Mr. Lever did emphasize, properly I think, that it was the duty of the system to function, especially in these times of agricultural stress, and that to make



sure it would function was the only reason for his advocacy of this measure. In other words, the import of Mr. Lever's statement was that he favored the passage of this bill not because he felt it absolutely necessary to insure the functioning of the Federal land banks, but because he was unwilling to be unprepared to meet the contingencies of an erratic and uncertain bond market.

Now, I do not want to dwell at any great length on the unfortunate position which the farmer and the producer in this country occupy at the present time. Something has happened to the farmer. Something has happened to the value of his crop and of his horses and his cattle. I have an idea—I may be wrong—that I know what it is, but for fear that some one would suggest that I was going to attack the Federal Reserve Board again I will say nothing about it. But there has been a deflation of the farmer's credit and the value of his crop has been reduced, and thousands of banks in the Middle West and banks farther to the West and North and South are to-day holding the notes of farmers that are perfectly good, but they can not realize upon them because the farmer has not the crop upon which he can realize enough money to pay his notes at the bank.

Now, the purpose of this legislation is that if this power is given to the joint-stock land banks they will be able to function and sell to the country at least \$20,000,000 worth of those bonds, which can be in turn loaned to farmers. That will be only a drop in the bucket relatively, but it will do that much to aid the situation.

It has been stated that these bonds, on account of their tax-exemption feature, are sold to rich men for the purpose of dodging taxes, but the fact is that they are sold chiefly to small investors, and the last \$40,000,000 worth of Federal land bank bonds, sold about two months ago, were sold to small investors, making a fine and gilt-edged investment for anyone who has a small amount of money to put away.

There are a number of very distressing cases existing, and if this relief is not granted, so that these banks can operate, you will see, in the next 30 days, a number of banks in the Middle West—I am afraid to say this, but I believe it is true—going to the wall; so that while you are extending this relief to the agricultural interests and making it possible for these banks to function, and making it possible for the farmer to get the money, you are at the same time helping out not only the farmers but the banks.

Now, another thing: The evidence before the committee shows that there are thousands of cases where insurance companies and institutions that have been formerly loaning money upon farm land are failing to renew their loans to the farmers, and the consequence is that the farmer has got to get his money somewhere else. If he can not get his money somewhere else his mortgage is foreclosed and he loses his farm. What does he do? When he can he goes to his neighbors and gets from one and another here and there enough money until he gets \$10,000, or whatever it is. What do his neighbors do? They go to this and that and the other little bank and draw out their savings. The result of that is that it depletes the deposits in the banks, so that the banks are unable to accommodate their regular customers. So the whole thing is all dovetailed together, and by enabling these banks to function and to turn loose this amount of money, I am satisfied it will be one of the best things that Congress can do. I congratulate the Committee on Rules and the Democratic Members and the Republican Members for having cast aside all political advantage for the moment, and for helping to bring this legislation out in the interest of the general good of the country.

Mr. CHALMERS. Will the gentleman yield?

Mr. KING. I yield to the gentleman from Ohio.

Mr. CHALMERS. Do I understand that these are tax-exempt bonds?

Mr. KING. Yes; they are tax-exempt bonds.

Mr. CHALMERS. At 5½ per cent?

Mr. KING. At 5½ per cent; and I am here to say that unless they were tax exempt I doubt if they could be sold at 5½ per cent. The evidence is here before the committee that the farm-loan banks would not have been able to sell their 5 per cent bonds, amounting to \$40,000,000, without that feature.

I reserve the remainder of my time.

The CHAIRMAN (Mr. SANDERS of Indiana). The gentleman from Illinois reserves the remainder of his time.

Mr. McFADDEN. Mr. Chairman and gentlemen of the committee, I voted in the committee in opposition to this measure, because I did not feel that we were justified in increasing the rate of interest on the bonds of a semi-Government institution when the great demand from the country at this time is for a general

lowering of the rates of interest to all borrowers. It would seem to me that in raising the rate of interest on these bonds, which are semi-Government bonds, to 5½ per cent, we are unquestionably pegging the interest rate and helping to continue the present high rate for money to all borrowers.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. McFADDEN. In a moment. The demand for this legislation was first presented to the committee as coming from the joint-stock land banks. It was not argued in the first instance that we were to raise the rate of interest on all the farm loan bonds, but this was to be for the special help of the joint-stock land banks, their claim being that under the present law they could not sell the bonds which had already been issued. The statement was made—which is a fact to-day—that the joint stock land banks have gone into the market and borrowed on their own obligations, secured by their bonds, principally from banks, some \$13,000,000 or \$14,000,000, they—the joint-stock land banks—finding themselves unable to sell their bonds to the investing public, and having had commitments to the borrowers which they had to fulfill. Now, they are paying a higher rate of interest to these banks than their bonds carry. Therefore they are doing business at a considerable loss, and the banks that are carrying their loans are desirous of having those loans liquidated. That, as I say, was the original argument for this legislation. No member of the committee really understood until quite recently that there was to be a general increase in the rate of interest on all farm loan bonds. I may say to the Members of the House that the Farm Loan Board were not entirely in accord on this proposition. I believe a great many men who are favoring it to-day are favoring it against their better judgment, and there is a serious question in my mind as to the effect that this action if taken may have upon the borrowings of the Government from time to time in the big re-funding operations which must soon take place. We all understand that during the next year the temporary part of the public debt must be refunded. That announcement has been made by the Secretary of the Treasury. It is of interest to the taxpayers of the country that these continuous borrowings on the part of the Government should be made at as low a rate of interest as possible. It is to the interest also of the commercial borrowers, and to the States and municipalities which have occasion to borrow money from time to time, that the interest rates be let down as low as possible.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Vermont.

Mr. GREENE of Vermont. These bonds are tax-exempt securities, are they not?

Mr. McFADDEN. They are.

Mr. GREENE of Vermont. And it is now proposed to increase the rate of interest on them so as to make them more desirable to purchase, and therefore easier to sell?

Mr. McFADDEN. Yes; that is the purpose of the legislation.

Mr. TINCHER. Will the gentleman yield for a question?

Mr. McFADDEN. I will.

Mr. TINCHER. The farm loan bonds and the joint-stock land bonds bearing 5½ per cent interest, which can not be sold below par, can not be sold in the market in competition with municipal bonds at 5½ per cent that can be sold as low as 90?

Mr. McFADDEN. They can not be sold by the joint-stock land banks, but the market on the joint-stock land bank bonds is only 94 cents on the dollar.

Mr. TINCHER. If the banker could sell these bonds for 5 per cent, he would make 1 per cent.

Mr. McFADDEN. Yes.

Mr. TINCHER. If he sells at 5½ per cent, he only makes one-half of 1 per cent. Now, it stands to reason that he would not sell a 5½ per cent bond except for the fact that other tax-free bonds, such as municipal bonds, are being sold at such a rate that the man who depends on the joint-stock land bank or the farm loan bank can not borrow unless we enable him to raise the rate of interest.

Mr. McFADDEN. That is another reason why we should dispose of the tax-exempt security right. The market on the joint-stock land bank bonds is 92 to-day. If the joint-stock land banks were to sell their \$14,000,000 or \$15,000,000 of bonds which they have on hand already, they would suffer a loss of 8 per cent. If they sold their bonds at 92, the present market quotation, or if they carried them in their financial statements at their present market value, they would show an impairment of capital. So I say, here are these joint-stock land banks which are given the right to make loans in unlimited amounts, practically, some loans having been made as high as \$75,000 on a single farm, and I understand in some instances as high

as \$150,000, and they are permitted to issue semi-Government bonds bearing a special privilege in the way of tax exemption, at a high rate of interest, 5½ per cent.

I think there is a serious question whether or not Congress is at this time justified in giving this additional interest which they are asking for.

Mr. CHALMERS. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. CHALMERS. What is the limit of the issue of these bonds?

Mr. McFADDEN. As to the limit of issuance of the bonds, I tried to get that in committee from the men representing both classes, and I could not get a definite answer as to how much they proposed to issue. Mr. Powell, representing the joint-stock land banks, did inform the committee that the first issue would be \$20,000,000, but there is nothing to limit the amount of bonds that they may issue. I will say further that last January or February a gentleman before our committee, who was conversant with the situation, told the committee that there were demands upon the farm loan system amounting to \$250,000,000 worth of applications for loans from farmers.

Mr. REAVIS. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. REAVIS. The economical and industrial conditions would place a limit on the issue of the bonds which the Nation will absorb.

Mr. McFADDEN. That is correct; there is a limit to the funds for investment in the country, and a demand such as this upon the investment pool will absorb so much capital from the pool that it hinders the operation of other operations, and the consequence is higher interest rates to all borrowers, because they are competitors for money.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. GREENE of Vermont. It is true that there is a limit to capital which may be available for investment of this character, but will not the natural tendency be to go to tax-exempt securities if it can be done, even with a limited amount of capital?

Mr. McFADDEN. Yes.

Mr. GREENE of Vermont. Now comes this new proposition; not only shall they be tax exempt when we are going to tax everything from window glass to automobiles—not only are they tax exempt, but this bill gives them a higher rate of interest.

Mr. McFADDEN. The other day in connection with revenue legislation I appeared before the Ways and Means Committee, and one of the members of the Ways and Means Committee criticized me because our committee was reporting out bills providing for the issuance of tax-exempt securities. I will say what I said to the committee, that an expert appeared before the Ways and Means Committee and said that Col. Green, of New York, who is a son of the famous Hetty Green, the millionaire, was cashing in all of his securities, selling real estate to the extent of \$15,000,000, and putting it into tax-exempt securities for the purpose of evading the payment of taxes. That same situation is true all over the country. It is of particular advantage to the man of large means to invest his money in this class of securities. The time is going to come when Congress must act on that proposition. I believe it is estimated by experienced men that the loss to the Government is between two and three hundred million dollars on account of these tax-exempt securities. It is estimated that there are fourteen or fifteen billion dollars of tax-exempt securities outstanding now.

Mr. REAVIS. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. REAVIS. The gentleman would not advocate taking away from the farm-loan bonds the tax-exempt features and leaving the same privilege open to other securities that enjoy it?

Mr. McFADDEN. No; it would be an unfair discrimination in that respect, but Congress should pass at once House joint resolution 102, which I introduced on May 3, 1921, which would repeal all tax-exemption rights from now on.

Mr. TINCER. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. TINCER. Any limitation on the farm-loan security that makes it undesirable, by reason of a limitation that does not exist on municipal bonds, is a discrimination in favor of the municipal bonds. The gentleman would not advocate that?

Mr. McFADDEN. It is unfortunate that the Government, in view of the situation presented, has such a great loss in revenue, and that we still continue to pass laws to increase the issuance of these securities.

Mr. KING. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. KING. The gentleman has stated that there are \$14,000,000,000 of tax-exempt securities in this country. Will the gentleman state what part of those are issued by the United States?

Mr. McFADDEN. As I recollect, about 50 per cent.

Mr. KING. Is it not true that there is only \$2,300,000,000 out of \$10,000,000,000 issued?

Mr. McFADDEN. I believe there is a report from the Treasury that there is \$10,000,000,000, and \$2,300,000,000 are United States bonds. I will say that there is no accurate account, as I understand, of the amount of tax-exempt securities outstanding at the present time.

Mr. STEAGALL. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. STEAGALL. Is it not true that the tax-exempt securities by which the farmers are directly benefited amount to only four or five hundred million dollars?

Mr. McFADDEN. The gentleman is speaking of the issuance of farm-loan bonds?

Mr. STEAGALL. Yes.

Mr. McFADDEN. The farmers are interested in drainage bonds and municipal bonds issued for public improvement of roads and improvement of county roads; indirectly they are interested in those. The debt is not confined entirely to the cities.

Mr. STEAGALL. In that connection is it not true that the city of New York has four or five billion dollars in tax-exempt bonds?

Mr. McFADDEN. Yes. I presume the gentleman is correct; they have lots of tax-exempt bonds out.

Mr. STEAGALL. Does the gentleman think that the farmer in my district is interested in that? My question is, If the bonds of the joint-stock land banks do amount to only four or five hundred million dollars, is not that true?

Mr. GREENE of Vermont. I would like to ask the gentleman from Alabama a question, with the permission of the gentleman from Pennsylvania.

Mr. McFADDEN. Very well.

Mr. GREENE of Vermont. Is not this true, that it does not make any difference with results what class of securities has been made tax exempt if by that amount they reduce the amount of money that goes to support the Government, so that other classes have to make it up? It seems to me that that is true mathematically as well as logically.

Mr. STEAGALL. That may be very true, but as a matter of fact the whole question of tax exemption discussion has no proper part in connection with the bill now under consideration. There is no proposal here that these banks be not allowed to continue to float tax-exempt bonds. Nobody has proposed any legislation cutting off that right. The way to deal with that evil, if it is an evil, is not in connection with this bill. I object to it from a different standpoint—from that of the gentleman from Vermont [Mr. GREENE]—because there are some fourteen or fifteen billion dollars of tax-exempted securities in this country floated by other interests than the farmers, who have only four or five hundred million dollars. But the way to remedy that is by other legislation than this. It is not proposed in this bill to deal with that question at all.

Mr. GREENE of Vermont. When you get down to brass tacks, while the fact that securities are tax exempt is an admitted evil, the point is that we are still going to put another thing on top of it to make them even more attractive. That certainly brings the first evil into the discussion. It now turns out that the tax-exempt provision was not enough to sell them, and here we must increase the rate of interest. Where are you going to stop? I think that properly brings into issue the first thing, which was to make them tax exempt.

Mr. STEAGALL. This does not arbitrarily raise the interest rate. It simply gives the Federal Farm Loan Board an opportunity to pay more to the investing public, and the loss falls upon the farm loan banks and the joint stock banks and will be taken out of their earnings, because the bill specifically provides that the rates can not be increased to the farmer.

Mr. GREENE of Vermont. The gentleman and I alone, somewhere by ourselves, would agree that it was poor business for the Government to exempt any securities from taxation, and I dare say that the gentleman and I alone would agree to many other phases of the matter altogether in opposition to this general principle. The gentleman now, however, is viewing it from the standpoint that it is special legislation for the farmer, but I have never been able to recognize why the farmer, the blacksmith, the lawyer, the merchant, or anybody else has any special interest in the Government. I thought the Government was for all of us.



Mr. CAMPBELL of Kansas. But why should the banks serve any particular class of people?

Mr. McFADDEN. Mr. Chairman, in answer further I would say that the Undersecretary of the Treasury states that State, county, and minor civil divisions have issued securities which are tax exempt to the amount of \$5,800,000,000, and cities, towns, and villages to the amount of \$1,500,000,000. Gentlemen who have just spoken have touched on the proposition that this bill does not increase the rate of interest to the borrower. This is a limitation as to the amount of interest that can be paid on these bonds. The law provides that the farmer shall be charged not to exceed 6 per cent, and gives the right to the Federal Farm Loan Board to fix the rate of interest on the bonds. If the Farm Loan Board can sell their bonds or the joint-stock land banks can sell their bonds at 4½ per cent, it means that the farmer is going to get his interest at 5½ per cent. There is serious question in my mind, and it was evidenced by the testimony before the committee, as to whether or not this farm loan system can operate on one-half of 1 per cent without a loss. Mr. A. F. Lever, of the Farm Loan Board, the other day in appearing before our committee stated that he did not believe the joint-stock land banks could function without a loss on one-half of 1 per cent. I think these are things that we should take into consideration in passing legislation of this kind.

Mr. DOWELL. Mr. Chairman, is it not a fact that they are claiming that they can operate on one-half of 1 per cent?

Mr. McFADDEN. It was stated before the committee by one of the presidents of the joint-stock land banks that he thought they could temporarily get along on one-half of 1 per cent, but he was not optimistic about it. There is further serious question as to whether or not if they get this right they can then sell these bonds. I have here in my hand a communication from one of the largest financial institutions of the Middle West, in which the writer wrote to me in regard to the matter, and I want to read the letter to the committee at this time. The letter is dated July 14, 1921. This is one of the institutions that I believe carries one of the large loans for the joint-stock land banks and has their bonds as collateral security. The purpose of the inquiry to me was to ascertain whether or not Congress was going to pass this legislation to enable the joint-stock land banks to sell their bonds. This letter is signed by a banker who is well versed in the market conditions and especially in the sale of bonds, particularly this class of bonds.

The letter is as follows:

JULY 14, 1921.

The bill I referred to in my last letter was that which referred to raising the farm loan bond rate from 5 per cent to 5½ per cent. As I understand it, the original farm loan law prohibits the sale of either the farm land bank bonds or joint stock land bank bonds below par. My understanding also is that if the last \$40,000,000 of bonds issued by the Federal land banks were sold and any commission paid for such sale, the law was violated and the bonds in reality sold below par. I understand that the syndicate handling the bonds were paid from some source a commission of one-half of 1 per cent. If that was legal, then any price paid for the selling of bonds at par would be legal for the joint stock land banks, and I take it that the discount which would be required to sell a 5½ per cent coupon joint stock land bank bond would not be as great as a bond bearing a coupon rate of 5 per cent.

Any statement that is made by proponents of this bill to the effect that it would increase the loanable funds to the farmer through joint stock land bank operations is making, in my judgment, one of pure bunk. The purport of all efforts to raise the coupon rate to 5½ per cent is to facilitate the sale of bonds now on hand in the portfolios of the joint stock land banks and any joint stock land bank that would make a statement that they could continue business selling a coupon 5½ per cent bond at par and loan at a limitation of 6 per cent to the borrower and pay out of the difference from 1 per cent to 1½ per cent for production purposes, ought to have his sanity questioned, because if he believes he can do it, he is certainly crazy. I am of the opinion that a 5½ per cent coupon rate will not sell the joint stock land bank bonds at par in this market or any near future market.

I refer back to my statement that if it was legal to sell Federal land bank bonds below par or at 99½ per cent, upon the same logic it would be legal for joint stock land banks to sell their bonds at a discount which would be very much less if the bonds were on a 5½ per cent coupon basis than would be if they were on a 5 per cent basis. To that extent, it would help the joint stock land banks materially if the 5½ per cent bond rate were established for a sufficient time to enable the joint stock land banks to accomplish their purposes, which, believe me, is simply to get rid of the bonds they have on hand at the present time and not with any intention of creating new mortgages and new bonds for distribution.

Very truly, yours,

Mr. DOWELL. By whom is the document signed?

Mr. McFADDEN. The letter is from the Merchants' Loan & Trust Co., of Chicago, and it is signed by Mr. F. W. Thompson, the vice president.

Mr. Chairman, I reserve the remainder of my time.

Mr. KING. Mr. Chairman, I yield five minutes to the gentleman from Minnesota [Mr. CLAGUE].

Mr. McFADDEN. Mr. Chairman, I yield the gentleman five minutes.

Mr. CLAGUE. Mr. Chairman, there are 23 joint-stock land banks in the United States. Those banks have already loaned

about \$75,000,000. The Federal land banks have at this time altogether loaned \$374,000,000, making a total of \$450,000,000 that have been loaned by the Federal land bank system. It is true that the bonds issued by these land banks are tax exempt, but there has been at this time issued altogether, as near as I can get from statistics—and I called up the Federal reserve bank and the Federal land bank—from sixteen to twenty billion dollars tax-exempt securities. Therefore of the tax-exempt securities issued only \$450,000,000, or one thirty-second part of the total of exempt securities, are farm mortgages. The State of New York alone has issued over a billion dollars of tax-exempt securities for municipal purposes. The city alone has issued nearly a billion dollars. The State of Pennsylvania has issued the same. This being true, why should we hear all this cry about a few millions of dollars which have been issued on farm mortgages?

I want to say that in principle I am opposed to the tax-exemption feature. We have got this at this time. These joint-stock land banks were created some four or five years ago. At present they can not function. This bill was really introduced at the request of the joint-stock land banks, and I want to say at this time the Federal Land Bank Board has been very fair about this bill. Mr. Lever, who served in this House many years, came before our committee and stated that at this time this bill should pass, that the joint-stock land banks at this time are unable to sell their bonds at 5 per cent, that if the rate is put up to 5½ per cent they can be sold and the banks function. But no bank selling bonds at a discount can sell them as well as if selling at par. If these bonds can be offered for sale at a fair rate of interest, it is thought by the joint-stock land banks that they can sell their bonds, and I believe they can at a rate of 5½ per cent. Now, the Federal farm land bonds are Government bonds in a way. They can be sold a little cheaper than those of the joint-stock land banks. We have in the United States 12 Federal farm land banks. They have issued about \$374,000,000 of bonds, and they are going to issue within 60 days a new quota of bonds, possibly of \$30,000,000 or \$40,000,000 more. Whether they can sell them at 5 per cent is a question, and if they can not this bill will give them the privilege of selling up to a 5½ rate. The Federal farm law provides that no farmer can be charged a rate exceeding 6 per cent for his farm loan, and the law provides that the bonds can not be sold at a rate exceeding 5 per cent. Now, by raising this rate of interest it is believed that there can be some twenty or thirty millions of dollars of bonds sold at once. Somebody said, How many bonds are going to be sold? We do not know how much the market will absorb. No man can tell. The Federal farm land banks put out \$40,000,000 and it took nearly three months to sell them at 5 per cent, and possibly they would have to raise the rate a little at this time, but no one knows. If they can sell at 5 per cent, they are going to do it. Now, my friends, this is a time when the farmers have never been so hard pressed in the world to get money. This bill is approved by the Secretary of the Treasury, by the Federal Reserve Board, and by the Federal Land Bank Board.

Mr. DUNBAR. Will the gentleman yield?

Mr. CLAGUE. Yes, sir.

Mr. DUNBAR. Why does the gentleman state that one of the reasons it should pass is because it is recommended by the Secretary of the Treasury?

Mr. CLAGUE. The Secretary of the Treasury possibly knows the financial condition of this country as well as any other man in this country.

Mr. DUNBAR. I will state the Secretary of the Treasury a few weeks before the expiration of the fiscal year made an estimate—

Mr. CLAGUE. I can not yield further unless I have more time. Mr. John R. Mitchell, a member of the Federal Reserve Board, a man who personally knows the financial conditions, came before the Banking and Currency Committee and recommended this bill. This bill needs to be passed in order to take care of the farmers at the present time. In the Northwest, and particularly in Iowa and northern Illinois, Wisconsin, and Minnesota, the farm mortgages are being foreclosed at a rate absolutely unprecedented. More of them have been foreclosed, I dare say, than has taken place within the last 25 years. I know of my own knowledge that exorbitant rates are being charged by many of these loaning companies. I know farm mortgage companies have been and are now doing everything they can to defeat this particular bill, because they are receiving exorbitant interest and securing big commissions. I know of one particular instance, an instance that was brought to the attention of the committee, relating to a farm mortgage in my county owned by a large insurance company. One of



our best farmers wanted a note for \$360 extended for 60 or 90 days, and that insurance company asked him \$560 for granting him that extension of 90 days. That is what is being done throughout this country; banks are charging 2, 3, 4, 5, and as high as 15 per cent as commissions. I do not claim that this bill will bring about the millennium, but it will do something, my friends. If these joint stock banks can sell their bonds and be allowed to properly function, it will do something to help the financial conditions at this time, and the farmers need it as they never needed it before. The tax-exemption feature has grown to be a very large question. Now is the wrong time to shut the same off. The farmer needs help at this time. His products are selling for less than they cost. Corn which a year and a half ago was selling for \$1.60 and \$1.80 a bushel is now down to 32 and 33 cents a bushel. Oats which were selling at 75 cents are down to 23 cents a bushel, and the machinery that the farmer has got to buy is as high as during war time. Manufactured products have not come down, and the farmer is entitled, if there ever was a time, to something at your hands. [Applause.]

The CHAIRMAN. The gentleman from Minnesota yields back two minutes.

Mr. WINGO. Mr. Chairman, I yield to the gentleman from Georgia [Mr. LANKFORD] such time as he desires.

Mr. LANKFORD. Mr. Chairman, the greatest question before the Congress to-day is how to relieve the present financial depression. Many remedies have been suggested. Some say this and some say that will help the situation. Some say tax revision. Some say help export corporations. Some said emergency tariff; some said Porter peace resolution; and yet, Mr. Chairman, I am not sure any of these have or will help the situation of the common people. I fear we have done more damage than good thus far.

The farmers of all sections, and especially of the South, are in an awful condition financially, and I fear worse is yet to come. I pray to God that we may help them, and that speedily. I have supported and will support every measure which to my mind is in their favor.

I introduced yesterday a bill which I honestly believe will mean the financial salvation of the farmers of the Nation if it is enacted into law. The bill is as follows:

A bill to amend the War Finance Corporation act as amended, and for other purposes.

*Be it enacted, etc.,* That the War Finance Corporation act as amended is further amended by adding at the end thereof a new section to read as follows:

"Sec. 22. (a) The corporation is authorized and directed to purchase from banks, either national or State, farmers' notes maturing within three years from the passage of this act and secured by either first or second trust deeds or liens against real estate owned by farmers or secured by indorsement.

"There shall not be purchased and held by said corporation at any one time more than \$500,000,000 worth of such notes, but said corporation is authorized to resell, from time to time, any amount or all of such notes so held by the corporation and reinvest in similar notes the funds obtained from the sale.

"(b) Whenever in the opinion of the board of directors of the corporation market conditions justify, any such notes acquired under this section may from time to time be sold, marketed, or disposed of by the corporation at not less than the original cost thereof to the corporation.

"(c) That the corporation shall not demand nor collect interest at a rate greater than 4 per cent per annum on the notes purchased under this act, regardless of the rate specified in the notes, if the corporation demands and secures the indorsement of said notes or the guaranty of the payment of the said notes by the bank or its directors. In no event shall either the bank selling said notes nor the corporation demand or collect more than 6 per cent per annum as interest on said notes regardless of the rate specified in said notes. The corporation may collect 6 per cent per annum as interest if it buys them without guaranty or indorsement and the selling bank may collect 2 per cent per annum for guaranty or indorsement if it sells them under guaranty or with an indorsement of the bank.

"(d) That the corporation in purchasing the notes authorized to be bought in this paragraph shall give special preference to and shall buy notes from banks handling the notes of farmers living in those sections of the Nation which have suffered most and are now suffering most severely as a result of the recent great decline in the price of farm products.

"(e) The corporation may employ for the purpose of this section such agents or agencies as it deems necessary."

We have loaned billions of dollars to the foreign nations of Europe. Why not loan some to our people at home? The President suggests that \$500,000,000 be loaned to the railroads, and some of the Senators urge that millions now be loaned to Russia. Why not loan \$500,000,000 on farmers' paper here at home?

The farmers produced to their fullest capacity during the war to furnish food for all. They loaned money to the Government in its time of need by buying Liberty bonds and gave their sons to die for this Nation. Why not help them in their time of dire distress? I honestly believe the Government could better afford to give to the farmers the \$500,000,000 as a present

in order to relieve them rather than make some other appropriations which have been made since I came to Congress.

But it is not asked that the money be given; it is urged that it be loaned on safe paper. How will the law operate, if enacted? The country banks can sell their notes of farmers and thus make the bank's burden lighter and enable the bank to help others that the bank can not help now. The farmer can get his money for three years at a low rate of interest, and will not have to worry about renewals every 90 days.

As soon as the bill is passed the banks can let farmers doing business renew old paper for three years or less and can make new loans and can get the money for the farmers without so much red tape. Farmers whose farms are already in a loan company can get a small emergency loan on a second paper or a good indorsement. This will put millions of dollars in the hands of the farmers at once. The farmers can then pay those they owe. The money will at once flow into the hands of retail merchants, the farmers' supply man, the man who sells mules, the retail grocery man, the wholesale man, and in fact everybody will feel the good effect. The doctor, the teacher, and all humanity will be helped. The local banks will receive better deposits. They will be able to pay the amounts due by them to larger banks. The big banks will make settlement with the regional banks and thus the money that goes from the Government will return after having saved a distressed but most deserving people. [Applause.]

This is not a donation; it is only a loan, every dollar of which will be repaid with interest.

Mr. Chairman, our Nation owes its all to the farmers. They made and saved our country. They have never refused their country's call in the hour of her need and we can not afford to fail them now.

I beg of you, do not let them plead longer for help, without response. [Applause.]

Mr. WINGO. Mr. Chairman, I yield five minutes to myself. Mr. Chairman and gentlemen of the committee, I am compelled if I am candid with the committee to say that I was not at first for the bill. I opposed this bill for a good many months for reasons which I thought were sound, and my consent to report the bill was only obtained reluctantly, and I am going to be, as I try to be always in discussing matters, candid with the House.

I shall vote for the bill, and I think it ought to pass. But I think those who believe it will help the farmer materially will be badly deceived. The bill ought to be entitled "A bill for the relief of the New England investor." One gentleman from New England practically said that he was for it for that reason. I opposed the bill for a good many months. We sat on the lid and said that we did not think it was wise, and I finally yielded reluctantly, while the gentleman from Pennsylvania [Mr. McFADDEN] stood hitched and never did yield. I am not going to criticize him, because I can appreciate his position. Certain reasons and facts made me withdraw opposition to the bill, and I think we ought to pass it notwithstanding the fact it is not going to do any great good to the farmer. Whenever a man undertakes to contend that whenever Government bonds are issued or any tax-exempt security put out by governmental control agencies that the interest rate on that security does not for the time being peg the basic interest rate in the country he exposes his ignorance or does not care anything about fact. I think we all recognize now that the Government rate paid on Government securities pegs the interest rate for the time being. I was one of those who hoped the situation in the country would be such that the interest rate could be gradually pressed down to a level that would be recognized by the general investing public as a stable level, because until credits, as well as other prices—and the price of credit enters into and affects our economic and financial conditions just the same as the price of commodities—and until there is a stable price level both for commodities and for credit naturally there is going to be a halting of business. But whenever those who have funds to invest come to the conclusion, or a large number of them come to the conclusion, that a stable price level has been reached both in the credit and commodity markets, then you can expect a resumption of economic activity in this country, and not before. I think that is fundamental and axiomatic.

I had hoped we could press down the price of credit in the credit market of this country gradually. And I was very much astonished when the Secretary of the Treasury put out the 5½ per cent certificates. Of course that is his judgment, and of course his judgment is better than mine, but the majority of investment bankers I have talked to thought he made a mistake. You saw the effect it had on the bond market the next day. I believe he could have gone to the bankers of this



country and said, "I want \$3,000,000,000 of one or two year certificates at 5 per cent," and he could have gotten it. The leading bankers have come to the conclusion that what is the basic flat rate is what the Government is going to base its operations on. I thought the Secretary of the Treasury was going to get down to a 5 or 5½ rate—

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. Mr. Chairman, I yield to myself five additional minutes. The fact that the Secretary issued these 5½ per cent certificates was one thing that induced me to withdraw my opposition to this bill. I know of a man who wanted \$10,000 of these farm loans, but when the Secretary of the Treasury put out those 5½ three-year certificates he thought he would rather invest in them. It is demoralizing. Do not misunderstand me. It may be the Secretary of the Treasury may be right. But what has happened? The interest rate was "pegged" at a higher rate than necessary, but it made it impossible for the joint-stock banks to put out less than 5½ per cent bonds. Fortunately the subscriptions to the Treasury certificates were oversubscribed, and the Secretary of the Treasury will be able in the future to make arrangements by which I hope the interest will get down to a 5 per cent basis. The Federal land banks, I do not think, will have to increase the rate. The joint-stock banks will. I have always opposed joint-stock banks. They are a hybrid. They do not believe in this system. The system will never be a success until we get rid of the joint-stock banks. But you have them. This is not a good time to clean up, because the farmer needs every agency he can get at this time. These joint-stock banks are going to the commercial banks and are paying 6 per cent and putting up their bonds as collateral. Of course they can not exist under that condition. They are losing money. They convinced the farmers' organizations throughout the country that they would float their bonds at 5½ per cent. I fear they can not do it to a very great extent. I believe the farm loan banks can be able to float the small amount they are going to put out.

Unfortunately, you have been arbitrarily limited to them to \$200,000,000 business a year. They can not meet one-tenth of the demand now. I do not believe the farm loan bank will ever function until you can give them an independent working capital, so as to be free of the bond syndicate. I had not intended to say anything about that, but I have mentioned it, and I am going to talk about something that nobody has mentioned on this floor before. This all goes back to the proposition that Mr. Norris, the first commissioner, made an improvident contract to float the first issue through a bond syndicate. I think it was an evasion of the law. I think they were selling the bonds at a discount. Of course, the syndicate went to the expense of advertising, and if the board had undertaken to do that it would have cost them more than the discount they paid is the defense that is offered.

Mr. McFADDEN. Does not the gentleman feel that because of the contractual arrangements with these banks the board is at a disadvantage in the sale of these securities?

Mr. WINGO. I am going to come to that.

Mr. McFADDEN. And does not the gentleman feel that the passage of this law gives the bankers that grasp on the Federal Farm Loan Board?

Mr. WINGO. No. The Secretary of the Treasury at that time was not an expert as to bond issues. But this man was supposed to be an expert, and he was put on the commission for that purpose. Fortunately he is now out of the system. The present Secretary of the Treasury, appearing before our committee, approves this arrangement and this bond syndicate. He says it is proper, but the situation is such that whenever this Farm Loan Board undertakes to go out and sell its bonds in the open market they are met with the direct threat of this syndicate that "if you do, we will dump our holdings on the market and break the market for you."

How are you going to get free of that syndicate? You will never do it, gentlemen, until those banks are given a working turnover capital that will make them independent, so that they can accumulate mortgages between the bond-issuing periods, because they can not take mortgages unless they have cash and they can not issue bonds unless they have mortgages or Government bonds to secure them.

I predict that it will yet have to come, and I think it is the quickest way to relieve the Treasury of the \$180,000,000 bonds, not to take several bites at this cherry, but to give them at one time sufficient capital, and then I believe they can sell their bonds at 5 per cent, free from the syndicate. I do not believe they will ever be able to do it freely unless they get an ample working capital.

Now, the question comes up as to what effect it will have on these other bonds outstanding. These bonds are not generally

held. Gentlemen stand up here and say the market price is 94. I will furnish you men who will guarantee that \$100,000,000 at 94 will all be taken at once if anybody tries to get rid of them. I refer to the 5 per cent 10-year option issue. Why is there not a general market on these bonds? Because these bonds are either held by the United States Treasury or by this syndicate or by investors who hold on to them, no matter what the market is. The last issue to-day is quoted at par and 101. But the volume not being large and not held for general distribution, this bill will not affect the price.

Now, will it affect the price of other credit of municipalities trying to put out its bonds? Will they be affected? Remember that the Secretary of the Treasury has already raised the interest rate on Government securities, pegging the basic rate at 5½, so that 5½ bonds will not affect the market. It will enable these joint-stock land banks to match the market price of the Treasury, the basic rate.

Now, if you will read the hearings you will notice that Mr. Lever intimated that he believed they could float them at 5 per cent.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. McFADDEN. The statement I made about the market at 94 was governed by quotations and the statement made by the chairman of the joint-stock land bank.

Mr. WINGO. That may be so about the joint-stock land bank securities. I was talking about Federal farm loan bank securities. Some people do not know the difference between them, but take a man who knows the difference, and you are not going to get those held by the Federal land banks at 94 in the market now. I will bet you can not get them at 100 cents on the dollar.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Arkansas reserves the balance of his time.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. DUNBAR].

The CHAIRMAN. The gentleman from Indiana is recognized for 10 minutes.

Mr. DUNBAR. Mr. Chairman and gentlemen of the committee, to some extent I agree with what the gentleman from Arkansas [Mr. Wingo] has said regarding the bonds of the Federal farm loan banks and the joint-stock land banks. I am not one of those, however, who agree with the author of this bill that because the Secretary of the Treasury has recommended that the Federal farm loan banks and the joint-stock land banks be privileged to sell bonds at 5½ per cent interest Congress should grant them this privilege. Unless the Secretary of the Treasury can give some good specific reason why we should permit the Federal farm loan banks and joint-stock land banks to sell bonds at 5½ per cent interest, I see no reason why Congress should blindly follow his advice.

The great problem of the day, it seems to me, which affects our financial condition more than any other, is the collection of the debts due us by foreign Governments. It has not been over six weeks since the Secretary of the Treasury paid to England \$32,000,000. I say he paid that amount of money, but it was practically a gift to Great Britain by the Government of the United States from the Public Treasury. It is true we owed Great Britain \$32,000,000 for transporting our troops across the waters during the late war, but Great Britain owes us \$4,000,000,000 which we loaned her, and she owes us \$500,000,000 of interest; and I say that the Secretary of the Treasury had no right to pay Great Britain \$32,000,000 when Great Britain owed us \$4,500,000,000, and because in the last few months he has virtually given Great Britain \$32,000,000, I am not one of those who are disposed blindly to take his advice, follow his lead, and vote for 5½ per cent interest on these proposed joint-stock land bank bonds. I do not take this stand because I am prejudiced against Great Britain, for I am not. England in past centuries has done more to civilize the people of the world than any other power, but all nations should be made to realize their financial obligation to us and proceed to make arrangements to pay.

Now, gentlemen, if I believed that the issuing of these bonds would do the farmer any great amount of good I would almost be willing, notwithstanding my conviction might oppose it, to vote for the issuing of these bonds at 5½ per cent. But, gentlemen, the Federal farm loan banks sold within the last two months \$40,000,000 of bonds at 5 per cent interest, and interest rates are being reduced, not increased. This whole question arose, as the gentleman from Arkansas [Mr. Wingo] has stated, because it originated in the joint-stock land banks.

I am one of those who believe with him that the joint-stock land banks have no place in the financial economic relationship with the farmers of the country. A joint-stock land bank is



permitted to issue a tax-exempt security. Now, what is a joint-stock land bank? Ten or a dozen men, who may or may not be farmers, may get together and organize a bank and they will advertise that they have Government tax-exempt bonds to sell for  $5\frac{1}{2}$  per cent interest. They may sell their bonds and not one farmer may realize a single cent in the way of loans which are permitted to be made as a result of the sale of those bonds. But in the Federal farm loan bank system it is somewhat different, because all of those banks are united under one governing head, and any loss sustained in one of them is shared by the others, while any profits made by one are shared by all. But in the joint-stock land bank system a bank may fail and the other banks are not responsible for the failure. Then, there would be the stigma of bonds having been sold that might be worthless and that people have purchased thinking there was a Government guaranty of payment behind them as well as a Government exemption from taxes. I say that the public are misled when a joint-stock land bank bond is bought with a Government exemption, because the Government is in no way responsible for the payment of the bond and because the money received from the sale of it may be diverted to purposes other than aiding the farmers, for whose benefit the bank is supposed to have been organized. I think the joint-stock land banks ought to be put out of existence and that the Federal farm loan banks should function in their place, and I believe the Federal farm loan banks should be given a greater opportunity to be of greater use and of greater benefit, perhaps along the lines suggested by the gentleman from Arkansas [Mr. Wingo] or perhaps on some modified plan. I do not believe that the joint-stock land banks have any place in our economic system, and I believe they should go out of existence. There never would have been any request made for a  $5\frac{1}{2}$  per cent bond if it had not come from the joint-stock land banks. It did not come from the Federal farm loan banks.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. DUNBAR. I will.

Mr. STRONG of Kansas. Members of the Farm Loan Board appeared before our committee and stated that while they had sold \$40,000,000 of 5 per cent bonds, they started with \$18,000,000 pledged, and they were several weeks in getting the issue sold, and they said they did not believe they could float another issue unless they were permitted to raise the rate of interest. Three members of the board came before our committee and urged the passage of this bill. Is not that so?

Mr. DUNBAR. That is true, but I think they were actuated by the fact that the joint-stock land banks had requested the right to issue bonds at  $5\frac{1}{2}$  per cent interest, and the Farm Loan Board lent their moral aid to the joint-stock land banks in that way. When the Federal farm loan bank sold those bonds and when the Secretary of the Treasury agreed to pay  $5\frac{1}{2}$  per cent on Treasury certificates, money commanded 1 per cent higher interest rate than to-day. Sixty and 90 day time money in New York is now obtainable at  $5\frac{1}{2}$  per cent and 6 per cent interest; "call money" at  $4\frac{1}{2}$  per cent. I fail to see the necessity to authorize increased rate to be paid by joint-stock land banks for bonds to be sold.

Mr. KING. I yield five minutes to the gentleman from New Jersey [Mr. APPLEBY].

Mr. APPLEBY. Mr. Chairman, being a member of the Committee on Banking and Currency, I have learned something from first-hand testimony about agricultural conditions in the West and South. My first impression was to oppose this bill, but when you come to analyze the proposition it is not one of voting money, simply a question of granting an increase in the rates of interest on farm loan bank bonds. Consequently, after due consideration, it seems to me that these banks should be allowed to increase the rate of interest on those bonds which they are offering to investors. The amount asked for is but one-half of 1 per cent. This seems fair inasmuch as the Liberty loan bonds of the first issue were  $3\frac{1}{2}$  per cent bonds, and the rate was gradually increased until the Victory bonds were sold at  $4\frac{1}{2}$  cents. These transactions show clearly that the question of supply and demand of money largely fixes the rate of interest. Recently the Secretary of the Treasury has offered Government certificates of indebtedness at a rate of  $5\frac{1}{2}$  cents, the length of time of these certificates are about the same as the proposed farm loan bonds. Both are tax exempt.

Another case in point of increasing rates of interest took place here in Washington less than two years ago, when the banks of the District of Columbia were allowed by Congress to increase their rates of interest from 6 per cent to 8 per cent on promissory notes for discount. Consequently, the old saying of "supply and demand," after all, largely fix the rates of money as well as other commodities. The further fact was brought out in the testimony given before our committee of

the many mortgages taken by the farm loan banks and placed on record. The banks not being able to market these bonds, largely on account of other nontaxable securities being offered at a higher rate of interest, and the money on these mortgages has not yet been advanced to the makers of the same. Consequently, it would be good business for us to get behind this interest proposition by raising the rates and making these bonds salable. It has been said that the agriculturalists of the country are asking favors of Congress. I do not think so. I hope I am disinterested in this matter. It looks to me what we need in Congress at this time is more optimism as to the business future, and a good deal less of pessimism. We want to help start the wheels of agriculture, manufacture, commerce and transportation, and adjust ourselves to the new conditions which confront us. It appears to me that to-day is a mighty good time to begin by voting for this measure. [Applause.] I thank you, gentlemen, and I yield back the remainder of my time.

The CHAIRMAN. The gentleman yields back one minute.

Mr. KING. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. A. P. NELSON] five minutes.

Mr. McFADDEN. I also yield to the gentleman five minutes.

The CHAIRMAN. The gentleman from Wisconsin is recognized for 10 minutes.

Mr. A. P. NELSON. Mr. Chairman and gentlemen of the committee, I am in favor of the passage of the pending bill increasing the rate of interest from 5 per cent to  $5\frac{1}{2}$  per cent on Federal land bank and joint-stock land bank bonds, because of the fact that under the present conditions we are face to face with an emergency that must be met. We must make the Federal land banks and the joint-stock land banks function to their maximum capacity and place as much money as possible at the disposal of the farmers of our country who are in dire need of financial help in renewing old loans now being foreclosed and in making new loans for the payment of obligations which to-day are in the form of frozen credits in our local country banks.

This bill, S. 1811, was amended in the Committee on Banking and Currency of the House by adding the provision that the increase of one-half of 1 per cent shall only continue to June 30, 1923, when the rate of interest automatically goes back again to 5 per cent. It is therefore strictly in the nature of emergency legislation and will only continue for the next two years. It is hoped that within the next two years our financial condition will be such that bonds of this character will sell readily and freely at 5 per cent.

If the money market should change so as to make money rates easier, the Federal Farm Loan Board, of course, would sell these bonds at a lower rate than the limit placed in this legislation. Indeed, large blocks of these bonds were sold at  $4\frac{1}{2}$  per cent in the early period of these banks, although the possible rate was 5 per cent. Hence it is barely possible that even with the limit of the rate of interest fixed at  $5\frac{1}{2}$  per cent during the emergency period to June 30, 1923, financial conditions might become such that these bonds would sell easily at 5 per cent, in which event, of course, the Federal land banks and the joint-stock land banks would not think of selling the bonds for more than 5 per cent or  $5\frac{1}{2}$  per cent, or whatever rate of interest the market would demand.

I especially wish to emphasize here the fact that the raising of the rate of interest on these bonds from 5 per cent to  $5\frac{1}{2}$  per cent is not increasing the rate of interest to the farmer or borrower, which still remains at the maximum fixed rate of 6 per cent. In other words, the raising of the rate of interest on the bonds does not raise the rate of interest to the borrower or the farmer. The loss in the difference of the bond rates will be sustained by the Federal land banks and the joint-stock land banks and not by the farmer or the borrower.

The recent bond sale of \$40,000,000 by the Federal land banks demonstrated that the sale of these bonds at 5 per cent was very slow, and that it is very probable that in making the next bond sale the Federal land banks may have to raise the interest to  $5\frac{1}{2}$  per cent in order to effect a reasonably sure and quick sale of the bonds issued. It is to be noted, however, that neither the Federal land banks nor the joint-stock land banks will sell these bonds at  $5\frac{1}{2}$  per cent if the market will absorb them at 5 or  $5\frac{1}{2}$  per cent. The main reason for this legislation is to make it possible for these banks to function under the present abnormal financial conditions which exist in our country to-day, and to enable them to meet the market conditions, whether that be 5,  $5\frac{1}{2}$ , or  $5\frac{3}{4}$  per cent.

I desire to call the attention of the committee to the fact that this bill is recommended for passage by the Secretary of the Treasury, Hon. A. W. Mellon, and has been approved by the Committee on Banking and Currency of the Senate, and was



passed by that body. It also has the unanimous approval of the Federal Farm Loan Board, and in the hearings you will find that three members of that bureau, Hon. A. F. Lever, Hon. H. W. Joyce, and Capt. W. S. A. Smith came before the committee and strongly urged the passage of this bill, and that Hon. C. E. Lobdell, farm loan commissioner, in a letter to the chairman of the committee, joined his colleagues in stating that it would be wise to pass this bill. Hon. John R. Mitchell, a member of the Federal Reserve Board, was present at the hearings and urged the passage of this legislation. His judgment and advice, because of his wide experience in farm loans and country banking in the middle western and northwestern agricultural regions, should have great weight with Congress to-day. Mr. Mitchell stated positively that he could not see how the enactment of this bill into law would affect, in any marked degree, the present values of United States Liberty bonds. He further stated that, in his opinion, the bill is absolutely sound, and will relieve a lot of frozen credits that are to-day in the country banks and help the financial situation among the farmers very materially.

The fact that we have safeguarded this amendment to the Federal farm loan act as an emergency measure, and that after two years the rate will automatically go back to 5 per cent, as originally instituted, I think will meet the approval of the most conservative Member of the House, who might feel that this rate should not be maintained as high as 5½ per cent any longer than absolutely necessary.

From the hearings I find that in the testimony of Hon. H. A. Moehlenpach, of Wisconsin, formerly a member of the Federal Reserve Board, who appeared before the Senate committee urging in the strongest manner possible the passage of this legislation, he offers letters from representative men of the State of Wisconsin, in which these men urge the passage of this bill and of legislation that will enable the Federal land banks and the joint-stock land banks to function. I wish to quote from these letters, as they come from men who thoroughly understand the agricultural situation in that State and the Northwest.

Mr. R. G. Nuss, secretary Wisconsin Implement Dealers' Association, says:

Farmers are in distress in getting in another crop and we fear disastrous results unless money in volume and continuous fashion is supplied.

Mr. George McKerrow, president Wisconsin Farm Bureau Federation, says:

Nothing should be done to retard or hurt the complete functioning of the Federal farm loan system in both branches so that our farmers may have adequate facilities for long-time credits.

Mr. J. J. Jamieson, president of the Wisconsin Bankers' Association, says:

The farm-loan associations and the joint-stock land banks have made ideal working units in serving our farmers. It would be a calamity, indeed, if these systems should be disturbed in their splendid work. On the other hand, everything should be done to increase the usefulness and to enlarge the scope of the system so that it can function more completely in these days of stress.

Hon. John J. Blaine, governor of the State of Wisconsin, says:

The Federal farm-loan system has made a great contribution in caring for the long-time credit needs of the farmer, and has been a real means of reducing the rate of interest on this class of loans. He has not been subject to the high charges, as in days gone by, of the farm-loan brokers and money lenders. During the past year or more, since the system ceased to function, we have seen a tendency to get back to the old methods and the old rates. There can be no danger in having too many farm-loan associations or too many joint-stock land banks or other agencies competing in a field like our State, where the demand is so great for long-time farm credits.

Mr. C. E. Babcock, president of the Wisconsin Retail Lumbermen's Association, says:

As president of the Retail Lumbermen's Association of this State (which consists of about 700 individual dealers) I think I am in a position to state to you accurately the stress under which the farmers are laboring at this time to secure credit. \* \* \* The country bankers of our State are hard pressed for funds. \* \* \* The price of the farmer's produce has dropped in a very violent way during the past 12 months, and this has brought great discouragement and in many sections real distress to our farmers to get their planting and harvesting of another crop. \* \* \* The National Government and the State will do well to assist in every way possible, not only on this financial matter, but in the marketing of the crop of the farmer and to stabilize in every way this program. I trust you will be able to see the Members of both Houses from Wisconsin and impress upon them the importance of this.

The farmers are to-day being discriminated against in the matter of long-time credits, because of exorbitant rates of interest plus large commissions which are being asked for renewal of loans and for new loans. The reason for this, to a large degree, is due, no doubt, to the fact that loanable capital is withdrawn from financing farm operations and used in other financial operations, such as large foreign bond issues and bond issues of domestic corporations, which pay as high as 7½ and 8 per cent, plus large commissions as underwriting fees. Indeed,

reports indicate that insurance companies of the East, as well as large real estate mortgage-loan agencies who used to make loans freely on farms at 5, 5½, and 6 per cent in years past, are now demanding 7 and 8 per cent plus exorbitant commissions, because they can now invest their funds in foreign Government bonds and in bond issues of our large domestic corporations at very high rates of interest.

The one thing that we ought to consider very carefully in this matter is that when the loans are made to the farmers for 5 or 10 years at 8 per cent with a high commission charge on top he has no way of being relieved from this burden should the market rates in a year or two, or even three and four years, go down. He has his interest rate fixed, and most of the loaning companies these days will not grant the "on or before" privilege of payment as in the past, thus holding the farmer to his 5 or 10 year contract. This is in marked contrast with the business man who can go to the Federal reserve banks and during the stringent period borrow money for 60 or 90 days at 7 and 8 per cent, but if in 6 months' period or a year's period the interest rate goes down he is in position to renew his loans at the lower rate of interest. Not so with the farmer who has made his loan for the fixed period of 5 or 10 years, and at the present reduced prices of all products from the farm the farmer can not stand to pay the exorbitant rates of interest which to-day are demanded by insurance companies and large loaning agencies. [Applause.]

As I have stated in a previous argument on the Curtis-Nelson bill, I wish to repeat again here that the country banks have loaned themselves up to the limit in an effort to tide the farmer through the period of distress; their liquid paper is exhausted; they are helpless to furnish further relief and are as vitally interested in the farmer being able to come into possession of outside sources of credit as is the farmer himself. Every relief offered the farmer in the way of a farm loan results in releasing for ordinary and normal banking usage funds of the bank now tied up in loans which the farmer can liquidate in no other way, thus conferring a very direct benefit upon commerce and industry in addition to the service directly rendered the farmer. [Applause.]

The main thing about the bill before us to-day is to enable the Federal farm loan system to function to its maximum capacity in its dual provisions. The Federal reserve system is to-day furnishing at most reasonable rates sufficient funds for our manufacturing and commercial interests in the big industrial centers, for which we are exceedingly happy, and it is equally necessary that the Federal farm loan system shall be made to function so as to make loans obtainable at reasonable rates to the tillers of the soil in order that we shall be able to return at the earliest possible date to normal conditions in our agricultural, commercial, and industrial activities.

I am free to agree with every member of our committee, I am free to agree with every speaker on the floor of this House—and no one would urge it with more real genuine belief that it ought to be done than I—that we ought to remove all tax-free securities in our Nation, but that can not be done now. That is a thing that must be done by constitutional amendment and must be referred to the several States for ratification in order to do away with the tax-exempt securities in our Nation to-day. In my judgment it is not right to tax these \$500,000,000 securities of the farmers' Federal farm system while at the same time we let \$16,000,000,000 of other securities go free and continue to be exempt from taxation. We must not start on the farmer first. [Applause.]

Farming is the basic industry of our Nation. When the farmer is prosperous, the merchant, the business man, and the local bank will be prosperous, and this, in turn, works all the way up to the most crowded industrial center. The distribution of even two or three hundred millions of dollars to the farmers in one year through the Federal farm loan system would probably mean a liquidation of five times that amount in frozen credits to-day. This would mean over a billion dollars of credit liquidation in our country which would mean the beginning of business activity and permanent prosperity. It is absolutely essential that we aid the tiller of the soil to produce, sell, and buy, and thus start our stagnant industries in operation and put our idle millions to work. [Applause.]

I desire to call the attention of the man who may object to raising the interest rate from 5 per cent to 5½ per cent, because of the possible depressing effect it may have upon our United States Liberty bonds, to the fact that the Government in financing itself has already produced this condition in issuing its certificates of indebtedness for short periods at 5½ per cent and for longer periods at 5½ per cent. Indeed, in issuing the Liberty bonds themselves we find the rates increasing with each issue, from 3½ per cent in the first issue to 4½ per cent in the Victory



issue, and, as Mr. Mitchell of the Federal Reserve Board stated before the committee, he did not believe that this bill would affect in any marked degree the value of the present United States Liberty bonds already issued.

Therefore, in view of the fact that this bill as an emergency measure has the approval of the Secretary of the Treasury, the Federal Farm Loan Board, members of the Federal Reserve Board, and the various farm organizations, I believe that the House should, to-day, pass this bill (S. 1811) as amended by the Committee on Banking and Currency of the House, in order that we shall furnish the relief necessary to our agricultural interests, and make it possible for the Federal farm loan system to function to its maximum capacity.

In closing, I desire to express my high appreciation of the splendid personnel of the Federal Farm Loan Board. We have in Hon. C. E. Lobdell and Hon. A. F. Lever men of wide experience and deep fundamental knowledge of the needs of the agricultural interests of our country, and Congress should not hesitate to furnish them every means possible to make this system function to its maximum capacity. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. A. P. NELSON. I wish to insert here some very interesting facts and figures gathered from the census reports by the Washington Herald economist:

The new census report on the mortgage debt of farms has timely interest in connection with the discussion of the financial status of agriculture. The question arises, Is the farm industry increasing or decreasing its borrowed capital, and what is the significance of the change?

Census figures are not very satisfactory on this subject because of a change of basis in each of recent census years and the fact that the returns on mortgage debt covers only farms operated by owners and leaves out all farms operated by managers and tenants. The reports show that of the total number of farms operated by owners, which was 3,925,090 in 1920, only 3,535,847 reported as to whether they were mortgaged or not. This is just a little more than half of the total of 6,448,366 farms in the country.

The census leaves much to be estimated on this subject, but a comparison of the last four census reports gives some idea of the direction that farm capitalization is taking in the form of mortgage indebtedness.

Farm mortgages, 1890-1920.

	1890	1900	1910	1920
Number of farms.....	4,564,641	5,737,372	6,361,502	6,448,366
Owners' farms.....	3,142,746	3,638,402	3,948,722	3,925,090
Free from mortgage.....	2,227,960	2,419,180	2,588,596	2,074,734
Mortgaged.....	875,052	1,093,164	1,312,034	1,461,113
Per cent of total—				
Free from mortgage..	71.8	69	66.4	58.7
Mortgaged.....	28.2	31	33.6	41.3
Value of farms reporting debt.....	\$3,054,923,165	( <sup>1</sup> )	\$6,330,236,951	\$13,772,729,610
Amount of debt.....	\$1,085,995,900	( <sup>1</sup> )	\$1,726,172,851	\$4,012,711,213
Ratio of debt to value, per cent.....	35.5	( <sup>1</sup> )	27.3	29.1
Average debt per farm...	\$1,224	( <sup>1</sup> )	\$1,715	\$3,361

<sup>1</sup> Not given.

The new census shows that while the value of the farms reporting the indebtedness has increased 117 per cent the amount of the debt in these same farms has increased 132 per cent. The ratio of debt to value has increased from 27.3 per cent in 1910 to 29.1 per cent in 1920. This indicates a considerable growth in the amount of debt carried, which is shown more clearly in the average debt per farm, which increased from \$1,715 in 1910 to \$3,361 in 1920.

An increase in mortgage indebtedness is not necessarily an indication of lack of prosperity. It rather is an indication of a changing point of view toward the mortgage. Once regarded as an instrument to be avoided and removed at the earliest possible moment by the adoption of every possible economy, it is now coming to be regarded as the form in which a farmer may hold invested capital in his individual enterprise. So long as the rate of interest is reasonable and the terms favorable the mortgage may be continued for several years by even the most careful operators, so long as they can use their profits better as operating capital improvements or in other investments.

The per cent of farms mortgaged is high in some of the most prosperous agricultural States, the west north central region leading with an average of 56.9 per cent. At the same time the amount of the debt in relation to value was lowest in this same section.

STATES WITH HIGHEST NUMBER OF MORTGAGED FARMS.

	Per cent.
North Dakota.....	75.9
Montana.....	64
South Dakota.....	63.1
Wisconsin.....	62
Idaho.....	62.8
Oklahoma.....	60.4
California.....	55
Nebraska.....	56.5
Iowa.....	59.1
Minnesota.....	56.3
Michigan.....	51.9
Kansas.....	51.8
Missouri.....	51
New Jersey.....	50

Without the facts as to the amount of the mortgage debt on rented farms the total debt can not be determined by States or sections. When the ratio of the debt to value of the farm is taken the list is quite different. This runs highest in the older sections of the East and a few other States.

STATES WITH HIGHEST RATIO OF DEBT TO VALUE OF FARM.

	Per cent.
Delaware.....	39
Vermont.....	38.6
Wisconsin.....	37.8
New York.....	37.5
New Jersey.....	37.4
Maryland.....	36.6
Alabama.....	35.5
Pennsylvania.....	34.5
Michigan.....	34.6
New Hampshire.....	33.6

In total amount of debt per farm Iowa leads with \$9,358; then Nevada, \$8,499; Nebraska, \$7,042; South Dakota, \$6,412; California, \$6,001; Arizona, \$5,441; and Illinois, \$4,385.

The total value of land and buildings on farms is put at \$67,795,965,884, or an increase of 94.8 per cent over 1910. The number of farms reporting debts being only 41 per cent of the total, it may be roughly estimated that the total mortgage debt of all farms is something like twice the amount reported or nearly \$8,000,000,000. A survey several years ago by the Department of Agriculture placed the total of mortgage loans at about \$3,500,000,000. If the debt has increased as have the values the present total is somewhere near to the \$8,000,000,000 mentioned.

This estimate is only of value in comparing the borrowed capital used in agriculture with other industries. The total railway capital reported by the Interstate Commerce Commission for 1918 was \$20,784,000,000, which included \$9,992,000,000 in bonds and \$9,055,000,000 in stocks, each more than equaling the total mortgage debt on farms.

The growth of farmers' debt, as represented by mortgages, reflects the change in the organization of farms to an enterprise requiring more borrowed capital and credit. Considered in relation to the total value of farms and the annual value of products this amount of indebtedness is not necessarily alarming. As this debt grows, however, there is an increasing fixed charge against agricultural production in the interest which must be reflected in the cost of production.

Mr. STEAGALL. Mr. Chairman, the only hesitancy I have had about giving my support to this bill has been upon the question of its necessity. When the proposition came before the Committee on Banking and Currency, of which I am a member, I did not want to vote for it until I heard from the Farm Loan Board and the Secretary of the Treasury as to the necessity for the legislation. But as soon as the proof was before us that the joint-stock land banks and the Federal land banks were unable to market their bonds in a way that would enable them to do business along normal lines, and with some regard to the demands upon them, I had no further doubt as to the wisdom of the legislation. It is simply a practical, common sense, business proposition. The land banks are in just such a situation as has confronted the commercial banks of the country in recent months, and we should have been shocked if we had been faced with legislative restrictions and provisions that would have forced the commercial banks to stop business last year when interest rates went up beyond what anybody anticipated or expected. Fortunately, there were no restrictions that hampered them in the right to borrow money to carry on their business, and so they went ahead and took care of the situation as best they could.

All that the Federal Farm Loan Board asks is that they be permitted to market the securities of the land banks at such rates of interest as will attract the investing public. There has never been such a demand for money before. Nobody could anticipate the situation that now exists when we passed the land bank bill originally. Nobody dreamed of all that has happened since then. The Secretary of the Treasury has raised the interest rates on Government borrowings and I do not wish to criticize him for it at all. I am not sure but that the interest rates on bonds heretofore should have been higher. I know that patriotic men who bought them should not be forced to lose their money. There are going to be large quantities of securities put on the market in the next few years. We are told the War Finance Corporation is going to float vast amounts of securities. Probably all this was considered by the Secretary. It is very easy to criticize the Secretary of the Treasury. But there is a great deal of thoughtless criticism by people who do not have all the information sometimes that those charged with great responsibilities may have. In any event, what we should do is to deal intelligently with the existing situation and not confuse it with other matters.

It is said that this legislation is a special favor extended to the farmer. I might answer that by saying that if that is true the original farm loan act was a special favor to the farmer, and we did grant them certain benefits, but that matter was dealt with in the establishment of the banks originally. The question of tax-exempt securities has very little legitimate place in the argument on this bill. This system is in operation. It has the sanction of Congress. We have put our hands to the plow and we ought to go along and do the things that sensible business men all recognize as necessary in order to make these banks function along the lines intended, or if we made a mistake or committed a folly, we ought to turn around and repeal the law in its entirety and quit. Not only is that true, but if we do not want any more tax-exempt securities in this country there is a perfectly proper way by which the Congress can go



about dealing with that question, but this is not the place and this is not the time for such action. If anyone wants any legislation like that, any Member of this House is at liberty to introduce his bill and have it considered in the regular way. There is a time for it, but what we ought to do now is to deal with the situation that exists. The bill before us recognizes that the necessity for this legislation may not be permanent, because the Banking and Currency Committee of the House adopted an amendment to the bill which limits its operation till June 30, 1923. Not only is that true, but nowhere in the bill is provision made that the interest rates must be raised. We simply give to the Federal Farm Loan Board the power and authority to apply common-sense business rules in a practical way in the operation of this system, and when they go out to sell bonds on the market we clothe them with authority to deal with the investing public on terms that will enable them to compete with others who are in the borrowing market, seeking to obtain money.

It is a simple, plain business proposition. The original farm loan act provides that no bonds shall be sold at a higher rate of interest than 5 per cent, and that no loans shall be made at a higher rate of interest than 6 per cent. The banks find themselves in a situation where they may be forced to pay higher rates of interest if they are to operate successfully. In any event, this is true of the joint-stock land banks. As to the Federal land banks, members of the Federal Farm Loan Board do not believe it will be necessary to pay as high as 5½ per cent. But they state that it is difficult to sell the bonds at 5 per cent, and they think it will be necessary to pay a little more than that until conditions become more nearly normal. We ought to close up the banks and quit or follow up this legislation, which is comparatively new in this country, with such amendments and changes as are necessary to meet changing conditions and make it possible for these banks to do business as Congress intended they should. If conditions had been what they are now, no Member of this House would have considered for a moment putting the restrictions and limitations in the original farm loan act which it contains. It was intended when the act was passed to fix the maximum interest at which bonds might be sold high enough to leave ample margin to make sure the board would be able to market the bonds without difficulty. If we were to undertake to amend the law at this time in a way to allow the same latitude that was intended to be allowed in the original bill, we would have to fix the maximum rate of interest on the bonds higher than 5½ per cent and raise the rate of interest to be charged the farmers to a higher rate than 6 per cent. But it is not proposed to go any further than the necessities of the situation absolutely require. It is only proposed to raise the maximum rate which may be paid on the bonds to 5½ per cent and at the same time provide definitely that the rate of interest to be charged borrowers shall not be increased. I agree with the gentleman from Arkansas [Mr. Wingo] that legislation should be passed authorizing the Secretary of the Treasury to carry deposits with the land banks to the amount of \$100,000,000, in order that they may have at all times sufficient working capital with which to sell their bonds by keeping them continually on the market and not depend upon occasional bond sales in which the purchasers have advantage.

I have introduced a bill, which is now before the Banking and Currency Committee, giving authority to the Secretary of the Treasury to make such deposits to the extent of \$100,000,000, and I sought before the Banking and Currency Committee and before the House to increase the amount carried in the bill recently passed which authorized the Secretary of the Treasury to make such deposits to the extent of \$25,000,000. But, no matter how ample might be the capital stock of the banks or how large a revolving fund might be provided, it would still be necessary for them to pay necessary interest on any bonds sold to induce the investing public to take them. The bill before us simply undertakes to do that very thing.

Some gentlemen are always shocked for fear a special favor will be done the farmers of the country when any legislation is offered in which they are primarily interested. So far as I can remember there was never a cry heard against tax-exempt securities until the farmers began to receive some slight benefit from them. There are some fifteen billions or more tax-exempt securities that have already been absorbed, and yet the land banks have only sold between four and five hundred million dollars of such securities. I fail to see any basis for the charge of favoritism to the farmers in legislation which simply provides that the investing public shall receive higher interest rates for money loaned. There is no favoritism in this bill, unless it be for those who have idle capital seeking investments. I do not question that the farmers of the country will receive benefits from this legislation. I feel absolutely sure they will. But, in helping them we shall in turn afford some measure of

relief to bankers, merchants, and other classes whose prosperity is dependent upon the success of the farmers. There is no excuse for any man to oppose this bill, unless he is opposed to the farm loan system. There are a few such Members in this House, but I do not believe they can win a majority to their way of thinking. [Applause.]

Mr. BLACK. Mr. Chairman, I do not think there is any substantial ground of argument against the merits of this bill, and I assume there will be no difficulty about its passage. I think the legislation is very important in view of the interest rate situation in the country as to other investment securities, and in view of the urgent necessity of the farm loan system functioning as contemplated by the farm loan act. In looking over some farm statistics this morning, I saw that the recent compilations by the Department of the Census disclose that the 1920 census shows there has been an increase in tenantry in the United States of a little over 100,000 since 1910, or something more than 4 per cent, and that the decrease in farms cultivated by their owners has been a little more than 23,000, or about six-tenths of 1 per cent. That makes a better showing, perhaps, than we have anticipated, and yet it is not a satisfactory showing. The showing will not be satisfactory until the pendulum definitely swings back the other way and an actual decrease in tenantry is shown. Therefore the effort on the part of Congress and those who have to do with our national finances ought to be to extend every reasonable and practical encouragement to home ownership, so that by 1930 the census will show an actual, substantial increase in the number of men who own their own farms and live under their own "vine and fig tree."

If there is any one institution that has thoroughly vindicated the wisdom of its creation, it is the farm loan system. War conditions presented many difficulties and obstacles, but the system has operated successfully in spite of these, and in my judgment is now firmly established as a part of the fiscal machinery of the Nation. The most recent report I have seen from the Farm Loan Board shows that up until the present time about 131,000 loans have been made, and the aggregate value of these net mortgage loans was \$356,106,112.48, and the average of such loans was something more than \$2,800 each. The joint-stock land banks have loaned something more than \$80,000,000, and the aggregate number of their loans was about 8,300, making an average, therefore, for each of their loans of between nine and ten thousand dollars. There is a proposition which is being advocated with considerable energy by some of the farm organizations of the country to increase the loan limit from \$10,000 to \$25,000.

In my judgment it would be a great mistake to make that change. I think the farm organizations which are advocating it are showing very poor judgment. Their position is unsound. The soundness of the farm loan system from an economic point of view rests upon the very showing that it is able to make, to wit, that this money which is being mobilized under Government supervision and with the advantage of tax exemption has not been loaned to just a few farmers but has been loaned to 131,000 of them, and in sums of about \$2,800 each, on the average. This very showing is the strongest argument that can be made for the system and is the very best evidence of the wisdom of those who are operating the system. It would be a very difficult matter to justify the tax-exempt feature of farm loan bonds, even as to the bonds issued by the 12 Federal farm loan banks, unless we could show a wide distribution of the loans and that they are made in small amounts. This, I am happy to say, we can do, and I would not want to see it otherwise. I think the joint-stock land banks would do a great deal better if we would put a limitation on their loans of, say, \$20,000, not more than that on the outside. What is the situation that now confronts us? Why is it necessary to amend the law so that bonds can be issued bearing a rate of as much as 5½ per cent rather than the 5 per cent limit which now prevails? The reason is simply this: Other Government securities, other securities issued by commercial enterprises, are so attractive in interest rates that it is very doubtful whether the Farm Loan Board would be able to float another bond issue at 5 per cent. At least it should have some leeway in the matter of fixing the interest rate on its bonds if it finds the condition of the bond market requires such change. One of the ablest opponents of the present bill was Mr. E. D. Chassel, secretary of the Farm Mortgage Bankers' Association of America. He filed a brief with the committee, and, in my judgment, there are certain parts of his brief which are the strongest possible argument for the adoption of the present bill. I read now from his brief, which he filed with our committee:

At the present time United States securities can be purchased to yield 5½ per cent. The security on both principal and interest is absolute. Municipal securities can be purchased in large quantities, exempt from



Federal income tax, to yield 5½ per cent and 6 per cent, sometimes more than 6 per cent; school bonds in Iowa can be purchased to yield 5½ per cent and 6 per cent.

In the face of these market conditions it does not seem at all probable that the passage of this act would open up a market for these bonds. The price would not be sufficiently high to overcome the objections that would be raised by careful investigating investors.

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. BLACK. Yes.

Mr. JOHNSON of Mississippi. Is not the purpose of passing this legislation to meet that situation?

Mr. BLACK. Yes; and Mr. Chassell makes, in the section of his brief which I have just read, the strongest kind of an argument why we should adopt this bill, because if we do not adopt it, in my judgment, the system is bound to encounter real difficulties.

Mr. JOHNSON of Mississippi. And securities will not be marketed.

Mr. BLACK. They probably could not be unless interest rates decline from their present level, because we can not conscript capital. We must induce capital to invest. That is the basic purpose of the farm loan act. In last night's paper I saw where the War Finance Corporation contemplates an issue of a considerable amount of bonds at an interest rate of 5½ per cent, the maximum that we provide here.

Mr. Chairman, the figures given out by the Director of the Census recently show that in 1920 the aggregate value of farms in the United States, including land and permanent improvements, was \$77,000,000,000, this being by far the largest of any other one industry. Of this capital the farm owner has anywhere between 85 and 90 per cent of his own individual capital invested in the enterprise and is, therefore, only drawing on the credit resources of the country for between 10 and 15 per cent of his capital investment. What other industry can make so good a showing? None. The value of the railroads has been fixed by the Interstate Commerce Commission tentatively at \$18,900,000,000, and of this value about \$10,000,000,000 is represented in bonded indebtedness, or more than 50 per cent of the valuation. I do not cite these figures in a spirit of hostility to the railroads, but only as an illustration to show how much more heavily other industries draw on our Nation's credit resources than does farming. It is perfectly reasonable and proper, therefore, for Congress to enact legislation which will at least give the farmer a fair chance to secure his part of the funds available for loans.

Now, how can we expect the Federal farm loan system to go into the money market and compete with an interest rate lower than the current market rate, giving due consideration, of course, to the tax-exempt feature of the bonds? We can not expect that. It would be unreasonable for us to expect it. If we fail to adopt an amendment of this kind there would be a danger of the system coming to a halt or of the Federal Farm Loan Board having to come to the Congress to buy its bonds out of the Treasury of the United States, and I am opposed to that. I want the system to function from now on on its own resources. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. KING. Mr. Chairman, I yield two minutes to the gentleman from Illinois [Mr. MANN].

Mr. MANN. Mr. Chairman, the proposition before us seems to be a very simple one. We can fix the rate of interest upon bonds which we authorize somebody to sell, but we can not fix the rate of interest which we require investors to take. You can not loan money through farmers' organizations unless you secure the money. In order to secure the money, you must consider the money market, the rate of interest at which investors will furnish the money. That is all there is to it. If you refuse to put the rate sufficiently high to get the money from investors, you can not loan it, because you have not got it, and this proposition simply is that if the farmers' organizations are unable to secure the money from investors at a 5 per cent interest rate they may increase the interest rate, if necessary, to 5½ or 5¾ per cent.

The interest rate, in my opinion, ought to be eliminated entirely. It is a matter of money market. If we want to prevent further loans by the farm-loan organizations, we can refuse to permit them to raise the interest rate, because the interest rate having been raised on money elsewhere throughout the world—throughout every other industry and enterprise—the probabilities are that they can not secure the money at 5 per cent. And it is far better for the farmer to get money at 5 or 5½ per cent than it is to do without it. That is all we have to consider. [Applause.]

Mr. KING. Mr. Chairman, I yield five minutes to the gentleman from Nebraska [Mr. REAVIS].

Mr. REAVIS. Mr. Chairman and gentlemen of the committee, I share the apprehension of those who have expressed some doubt as to the efficacy of this bill. I am hopeful, however, that it will meet the situation in some degree, and for that reason I will cordially give it my support. I am in principle opposed to tax-free securities as much as anyone can be. I believe it is unscientific; that it violates every proper theory and principle of finance. I have long felt that one of the troubles with the credit of this country was the conspiracy that existed between tax-free securities and the high surtaxes of the late revenue bill. I saw a statement not long since—I can not vouch for its accuracy or correctness—that if one had a principal sum which at 5 per cent interest would yield \$150,000 in income a year, that that principal invested in tax-free securities at 5 per cent under the present revenue laws of the country would return a greater net revenue than the same money invested in the ordinary securities at 15 per cent; that the surtaxes would take so much from the ordinary investment that his net return at 15 per cent would be less than the return at 5 per cent in tax-free securities. The result of a situation of that kind, of course, is that money seeks investment in tax-free securities where it is loaned by men of great wealth and, seeking such character of investment, will naturally be withdrawn from the credits of the country so necessary to the great industrial institutions, to the railroads, and to enterprises of like character.

But whenever a man comes on the floor of the House of Representatives and preaches tax-free securities as a reason for the defeat of a bill of this kind, he is doing nothing more nor less than arguing for the defeat of the farm loan system. [Applause.] The only thing that this Congress can reach by legislation of that character would be Government bonds and farm-loan bonds. The only way you can reach municipal and the great aggregate of tax-free securities in the ordinary investment would be by constitutional amendment and not by legislation. Consequently the only thing that this House could do, the only thing that this Congress could do, with reference to stopping the issuance of the great aggregate of tax-free securities, would not be on some little measure of this kind, but would be by constitutional amendment that would shut out, not alone the credit of the farmer but shut out all credits in the way of a tax-free security.

We now have the spectacle of those who for years have been building their magnificent cities by the issuance of tax-free securities complaining about a tax-free security when furnished as a credit to the great agricultural sections of this country. We have those who have issued 97 per cent of all the tax-free securities of America complaining about the 3 per cent issued for the benefit of the farmer. I want to say to this—the Democratic—side of the House that in my humble judgment one of the most serviceable pieces of legislation that marked the administration of President Wilson, and one of the most serviceable pieces of legislation that was ever passed by an American Congress, was the farm loan act. [Applause.] It was one of the great constructive things that was done by that Congress. It furnished to a great class of our citizenship the only character of security that met its need. Every other business activity, every other industry, had some institution that extended to it a credit in harmony with the business it pursued. The farm loan act granted to the agricultural interests of this country not only a great boon, but it will contribute to the life of the Nation as much as any law that ever passed this body during its existence. [Applause.]

One hundred and forty thousand farmers have taken advantage of its beneficent provisions. The average loan is \$2,800, which discloses that the man of small means is applying himself industriously toward the acquisition of a home. This process long continued will materially reduce tenancy in the land, and no greater benefit than this can be conferred on any Government. To continue a maximum interest rate of 5 per cent on these bonds means that the bonds will not find a market and the farm loan act will fail to function. We should either pass this bill or repeal the law, and I can not believe that any Member, in view of the results of the law, would countenance the thought of repeal.

Mr. KING. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. TINCHE].

Mr. TINCHE. Mr. Chairman and gentlemen of the committee, it is a little surprising that every time a bill comes up which by any construction the farmer can have a benefit there is always some one in the House of Representatives to charge that the farmers are seeking special class legislation. The gentleman from Illinois [Mr. MANN] made my speech. Talk about class legislation! You say to the farmer, "Here is an institution that can loan you money." You say to the business



man, "Here is an institution that can loan you money." On the Federal reserve bank there is no limitation of interest. That is the bank that loans the factories of the gentleman from Vermont their money, but when the farm bank asks to have the rate of interest that a bond can draw increased from 5 to 5½ per cent, so that they can function in these extraordinary times, the gentleman says you are asking for class legislation. Talk about class legislation! I took the trouble to go and look at the Record, after the gentleman from Pennsylvania made his short talk and the interruptions indicated the views of Members on this floor toward this measure, to see how they voted when the farm-loan bank proposition was up for consideration. And I found that those men who are charging here to-day that the farmer is asking for a preference cast a record vote against the creation of the farm-loan bank, and they are fighting it to-day as they did then. How they get excited about this thing!

Mr. McFADDEN. Does the gentleman include me in that category?

Mr. TINCHER. No. I did not look to see how the gentleman voted.

Mr. McFADDEN. I will say to the gentleman that I voted for it.

Mr. TINCHER. I am glad the gentleman in his younger days had lucid intervals. [Laughter.] I am very glad to hear it.

I am frank to say to you I do not like tax-free securities. I think they are an evil.

I say they are an evil. But less than 3 per cent of the non-taxable securities of this country are held by the Federal farm loan banks or the joint-stock land banks. That is a great place to start the reform.

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. REAVIS. Did you ever hear of protests against the issuance of tax-free securities here until the farmer got the benefit of a few of them?

Mr. TINCHER. No; not until he got 3 per cent of them. Oh, how I sympathize with men down Wall Street way, when they rise every time a thing like this comes up, and wonder how is it going to reduce the price of Government bonds, and how will it affect them. It does not matter how it affects them. They bought most of them from poor people at less than par, and eastern institutions now have them for sale at prices ranging from 80 to 90 cents. Do not get excited; do not fix it so that the West can not keep on feeding you and taking care of you and hold these bonds until they mature, and then this Government will still be solvent and the bonds will be paid 100 cents on the dollar. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. McFADDEN. Mr. Chairman, the gentleman from Kansas [Mr. TINCHER] has just referred to certain incidents in connection with the passage of the farm loan act in 1916. The argument that was presented for this legislation at that time was that it would help the landless farmer, the tenant farmer, the poor farmer, to acquire a farm.

Now, pressing closely on the heels of this special legislation, I want to say to members of the committee there is another bill that is just as pressing, backed by the same interests as are behind this, and that is the bill proposing to raise the limit on farm loans from \$10,000 to \$25,000. You gentlemen will probably be asked to vote on that coming bill at a very early date. Had that proposal been presented at the time of the inception of the Federal farm loan act, the Federal farm loan act would never have been passed by Congress, because the argument that prevailed, and which was agreed to by all, was that they wanted to help the poor fellow, the little fellow, the tenant farmer, and the landless man.

Now, there are, as I stated here a few moments ago, some \$200,000,000 or \$300,000,000 worth of applications waiting to be handled. The Farm Loan Board say they can only sell \$40,000,000 or \$50,000,000 worth of bonds every four months. You will see it will take a little time to get sufficient money to take care of the applications already on file, and I submit to you that it is a great deal better for the farm loan system to serve 10 small farmers than one big farmer. [Applause.] In order for the farmer to borrow \$25,000 he has got to have farm assets acceptable under the law to the extent of between \$50,000 and \$60,000. I submit that that man should not deprive the little man, the tenant farmer, or the landless man of his right to acquire land and earn a livelihood; but if you increase this limit to \$25,000, that is exactly what you do—help one man who is able to help himself and deprive 10 poor men of loans who need help most.

I want to throw out the suggestion to you gentlemen here now, because this coming legislation is being pressed, and without doubt Congress will be called upon to vote upon it at a very early date. As I recall it, the Senate has already passed this measure. So on the heels of this pending measure will come the passage of this other bill; and you may be wondering, in that connection, if that bill is passed, whether the farm loan system will take care of the big fellow or the little applicant first.

I said this morning that the passage of this pending legislation would give the bankers' syndicate, who are selling these bonds, an advantage over the Farm Loan Board in making negotiations for the next sale of their securities. I believe that the debate here has demonstrated the fact that it is the purpose in the next offering of farm loan bonds to offer them at 5½ per cent instead of 5 per cent.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. In a moment. The Farm Loan Board has just consummated a sale of \$40,000,000 of these bonds at 5 per cent, and I am told that to-day the market price on these bonds, the last issue sold, is around 101.

Now I yield to the gentleman.

Mr. BLANTON. Why not, when the Secretary of the Treasury of the United States is offering \$200,000,000 worth of securities for five and three-fourths?

Mr. McFADDEN. These are longer-time securities, and will command in the market a higher price because of this fact, and they have other attractive features that the United States bonds do not offer.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Certainly.

Mr. STEAGALL. I think the gentleman is in error in stating that the bonds will all be sold at 5½ per cent. As I remember, the statement was repeatedly made that they had every reason to expect that they would not go to the maximum of 5½ per cent to market the Federal farm loan bank bonds.

Mr. McFADDEN. I hope the gentleman is correct, and that the board may be able to do that, but the passage of this bill makes it harder for the board to drive such a bargain.

Mr. STEAGALL. That was the statement that they made.

Mr. McFADDEN. The Congress is specifically authorizing the board to pay a rate of 5½ per cent when it is well known that the board has been at the mercy of this syndicate of bankers in the past, it seems to me well and reasonable to assume that they will pay the exact 5½ per cent rate on the next issue sold.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Pennsylvania reserves the balance of his time.

Mr. KING. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. STRONG].

The CHAIRMAN. The gentleman from Kansas is recognized for five minutes.

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, this bill simply increases the rate at which the farm loan banks and joint-stock banks may issue their bonds for two years. It does not increase the rate to the farmers. It only lessens the profit of the banks, but enables them to sell their bonds and obtain the money to loan to the farmers of the Nation.

I regret very much that there is any opposition to this bill. There ought to be none. However, ever since this farm loan system passed this Congress there has been a determined opposition to it. It has mostly come from the agents' bankers who are interested in the farm loan mortgage business. They have an association, and through that association they attacked this farm loan system in the courts, and they carried it to the Supreme Court of the United States and tied it up for two years. They caught the farm loan banks and the joint-stock banks with a lot of commitments; that is, the farm loan banks and the joint-stock banks had taken applications for mortgages and agreed to make them, and in many instances had placed the mortgages on record, and had no money to meet the commitments with. Congress voted \$200,000,000 to relieve that situation of the farm loan banks, but the joint-stock banks had no such relief.

They have been borrowing of the banks throughout the country at 6 and 7 and 8 per cent to get the money to meet their commitments. The Supreme Court of the United States having declared the law legal upon which the banks are founded, they now come to Congress and ask us to increase the rate at which the law permits them to issue their bonds from 5 to 5½ per cent.

Gentlemen, of all the tax-free bonds issued the farm loan bonds are the only ones that are thus limited as to the rate of

interest. Why should they be so limited? And when the Government is offering tax-free certificates at 5½ per cent, thereby making it impossible for the joint-stock land banks to float their bonds at 5 per cent, why is it not just and right to pass a bill to raise the rate in order to let them sell their bonds and get the money they need to meet their obligations and make new loans?

Whom will it benefit? Not alone the farmers, because many of the banks throughout the West and throughout the East also made loans to these joint-stock banks in order to enable them to meet their commitments, and this raising of the rate of interest will enable them to sell their bonds and provide the funds to return to the banks of the country the advances which they have made, thereby giving them that much relief. It will also provide relief for the farmers who are now having their loans foreclosed, because the loan companies and large estates now have more attractive loans offered them at higher rates of interest and will not renew at old rates of interest or make new loans at reasonable rates. There is a need now for relief for farmers of the West.

It seems to me that the objection to the tax-free feature of these bonds comes with very poor grace from the men who make that objection to the passage of this bill. There are \$17,000,000,000 of tax-free bonds now held in the United States, and of this vast amount only \$450,000,000 have been issued by the farm loan system. It seems to me this is certainly a bad time to cry out against the issuing of tax-free bonds when the farmer is asking for less than 5 per cent of the total issue of tax-free bonds.

I do not believe in tax-free bonds, and I shall be glad to join with the men who are talking against them now if they will introduce an amendment to the Constitution to wipe out all the tax-free bonds. But until you do that, gentlemen, do not overlook or approve the \$16,550,000,000 of bonds issued by the cities, towns, counties, and States and Government of this country and then throw up your hands in horror at the idea of the farmers having \$450,000,000 of like bonds issued for their needs.

There is also considerable opposition to this measure on the ground that it is claimed it will raise the rate of interest to borrowers throughout the country. A member of the Federal reserve system came before our committee, and in answer to a question said it would not interfere with the general interest rate, that we would not issue enough tax-free bonds at 5½ per cent through the Federal farm loan system to in any way affect the general interest rate. Besides, it simply meets the present emergency, being limited to two years.

The Secretary of the Treasury approves this bill. The Federal Reserve Board approves it. The Farm Loan Board came before our committee and approved it. Every financial agency of this administration has approved this bill. The only opposition before our committee came from the president of the bankers' farm loan organization, organized to fight the Federal farm loan system, and I am sorry there is any opposition here. There ought not to be any. This bill will bring some relief to the farmers of this country who need the credit so badly, and we ought to pass it unanimously. [Applause.]

Mr. WINGO. Mr. Chairman, have I any time left?

The CHAIRMAN. The gentleman has one minute remaining.

Mr. WINGO. I wish the gentleman from Pennsylvania [Mr. McFadden] would yield me a little time.

Mr. McFADDEN. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman from Pennsylvania has 15 minutes.

Mr. McFADDEN. I yield three minutes to the gentleman from Arkansas.

The CHAIRMAN. The gentleman from Arkansas [Mr. Wingo] is recognized for four minutes.

Mr. WINGO. I think if gentlemen will reflect for a moment there will not be a vote against the bill. By voting against this bill do you want to put the joint-stock land banks out of business? As I said, I am against the joint-stock land banks, and have been from the beginning, but I think this is a bad time to undertake to close them up. We ought to keep every loaning agency going if possible. They are going to be compelled to pay 5½ per cent. Why? Because the War Finance Corporation is going to issue a large amount at 5½ per cent. The Secretary of the Treasury is going to be in the market with loans to offer at 5½ per cent in September. Now, how on earth do you expect these joint-stock land banks to be able to sell their securities at 5 per cent when there are going to be so many tax-exempt Government securities put out along about the same time at 5½ per cent?

Mr. MANN. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Illinois.

Mr. MANN. Are the securities put out by the War Finance Corporation or the temporary securities put out by the Secretary of the Treasury tax exempt?

Mr. WINGO. Perhaps I may be in error, but as I recall they are practically on the same basis as most of the issues of Government bonds. I am not sure about that. I may not be accurate.

Mr. MANN. Most of the issues of Government bonds are tax exempt in small quantities only.

Mr. WINGO. Yes; only up to a certain amount of income. But regardless of whether they have complete tax exemption or not, the fact that these securities are going to be put out at 5½ per cent will swamp the absorbing power of the investment market.

Mr. CHALMERS. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Ohio.

Mr. CHALMERS. What does the gentleman think of limiting the 5½ per cent issue?

Mr. WINGO. There is a limitation of time. Does the gentleman mean a limitation of the amount?

Mr. CHALMERS. Yes.

Mr. WINGO. I do not think the amount ought to be limited, because they are not going to issue any more than they have to issue. This is really for the benefit of the joint-stock land banks. There is no use in deceiving yourselves. This is not going to benefit the Federal farm loan banks. If you will refer to the testimony of Mr. Lever you will find he said he believed they would be able to borrow at 5 per cent. I think they will, because since I addressed the committee I have referred to the current market report of this morning.

The last issue of Federal farm loan 5s, which have a 10-year option—and that is better than the 5-year option of the old issues—the market report states that on yesterday there was 100 bid and that the holders asked 101. I do not think we are going to have any trouble with the Federal farm loan cooperative banks, but the joint-stock land banks are absolutely facing the question whether they shall be able to go on doing any further business or whether they will have to go out of business. Now, that is all there is to it. I brought myself to this view of it, although I was opposed to it at first, but I think they ought not to shut them down at this time. Let them clean up and help the situation, because we are starting upward now. In passing I want to commend the statement that President Harding made to the country a day or two ago. He did the country a great service. The country listens to the President of the United States, and he pointed out certain facts that are of a cheerful nature and lead men to believe that the time has arrived when the country is starting upward and that a more stable financial condition is here. [Applause.]

Mr. McFADDEN. Mr. Chairman, I am not opposed to proper aid to the farmer. I realize that they are in a critical situation. They need credit, and need it badly, but this special piece of legislation is going to aid them like other legislation that we have passed for the farmer. I have in mind the emergency tariff bill. [Applause on the Democratic side.] This holds out a promise to the farmers that this is going to help them, but it is a false promise.

Let us look carefully and see what we are doing. The purpose of this bill is to aid the joint-stock land banks to sell their bonds at par, which bonds are now on the market at 92 to 94, and the law compels the banks to sell their bonds at par, and they must not charge the borrower more than 1 per cent or one-half of 1 per cent higher than the last bonds sold for in the market. And these banks figure that if this bill passes they will be able to sell this issue at par. Now, it has been stated by these people who are in favor of the passage of this bill that it is very questionable whether the joint-stock land banks should be permitted to function at all. It is certainly a fact that if their present assets were computed at their actual value they would show capital impairment at the present time. They are a private institution with the tax-exemption privilege, and I think we want to stop and think seriously about this proposition before we take a vote on this bill on that account.

This shortage of capital of the farmers is a circle proposition. For many years western and southern farmers have been depending on the eastern money market for loans. The fact that the Government has gone into the money market, the fact that the Government is loaning money abroad, the fact that it provides tax-exempted securities, has tended to make the big insurance companies and private individuals who made loans to the farmers in the West and in the South call in their loans because we have presented them a more attractive investment field. That is one reason why the farmers at this time are being



deprived of capital, because it is a well-known fact that the mortgages are being called and that the people who are calling them are investing the proceeds in tax-exempt bonds. The passage of legislation of this kind, in view of that situation, is to hold out aid that is problematical.

I doubt very much, if we pass this bill to-day, whether or not the joint-stock land banks will be able to sell their bonds at par, even with the additional authority. I think it is a question whether or not they will not be back here asking for relief from the Public Treasury and demanding that the Treasury buy an additional portion of their bonds. It has been stated by gentlemen here in debate that the War Finance Corporation is about to begin functioning and that several billion dollars' worth of securities are to be sold to the investing public. I have not the full facts on that, and I did not suppose that the War Finance Corporation was to issue securities; but if they are and they are to purchase railroad bonds now held by the Public Treasury, I can see no reason why the War Finance Corporation should not buy farm loan bonds as well. I seriously question the wisdom of that kind of legislation and procedure, because if the War Finance Corporation is permitted to function in that respect and is going to make these securities eligible for rediscount with the Federal reserve system when held by member banks—if we start in to inaugurate that kind of a system, we are going back to the wild expansion and inflation which we have been trying to do away with.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. DAVIS of Tennessee. In view of the fact that the gentleman from Pennsylvania has admitted the depressed condition of the farmers and expressed sympathy for them and has admitted that the emergency tariff bill does not help them and has expressed opposition to this legislation, I would like to ask the gentleman what remedy he would propose to save the farmers from bankruptcy?

Mr. McFADDEN. I do not think it is a matter of legislation; I do not think we can remedy it by legislation. If we will allow things to get back to normal conditions, the farmer can get the money that he is entitled to have.

Mr. ARENTZ. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. ARENTZ. I think the gentleman from Pennsylvania is consistent, because it is my belief that putting hides on the free list was due to a letter that was sent around to his colleagues by the gentleman from Pennsylvania. So he is naturally consistent in being in opposition to the farmers. [Laughter.]

Mr. McFADDEN. I do not believe I stand in opposition to the farmer.

Mr. DOWELL. The gentleman is protesting that he is his friend.

Mr. McFADDEN. I believe in passing legislation that will be a real benefit to the farmer, and I think in leaving the free-hide question in the bill, if the gentleman wishes to discuss that, that we have done the farmer the greatest amount of good that it is possible for the Congress to render.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc., That the first paragraph of section 20 of the Federal farm loan act, as amended, be, and hereby is, amended to read as follows:*

*"Sec. 20. That bonds provided for in this act shall be issued in denominations of \$40, \$100, \$500, \$1,000, and such larger denominations as the Federal Farm Loan Board may authorize; they shall run for special minimum and maximum periods, subject to payment and retirement, at the option of the land bank, at any time after the minimum period specified in the bonds, which shall not be longer than 10 years from the date of their issue. They shall have interest coupons attached, payable semiannually, and shall be issued in series of not less than \$50,000, the amount and terms to be fixed by the Federal Farm Loan Board. They shall bear a rate of interest not to exceed 5½ per cent per annum.*

With the following committee amendment:

*On page 2, line 6, after the word "annum" insert "but no bonds issued or sold after June 30, 1923, shall bear a rate of interest to exceed 5 per cent per annum."*

Mr. FESS. Mr. Chairman, I move to strike out the last word. When this bill came before the Committee on Rules I had read the statement of Judge Loddell in opposition to it. Having been a student of this character of legislation when it was up before the Congress in 1916, I took particular interest in it. I voted for the bill at that time, although I stated on the floor of the House when I did so that I did not think it would do any particular good to the State in which I live, but that there were other sections of the country that asked it, and I was of opinion that those sections would be benefited, and therefore voted for the bill. I have been afraid of much of the legislation along fiscal lines where there has been an effort on the part of the Government to create values that do not exist. It seems

to me that we ought to be quite careful to follow the economic lines, and we should not attempt by statutory enactment to make valuable a thing which economically is not valuable. A policy of that kind is not good even in time of emergency.

I have looked into the provisions of this bill, and I really can not see the basis of objection lodged against it originally. I note that Judge Loddell even wrote a letter that his first impressions, which were adverse, had been somewhat modified. I think that is a legitimate statement of the position of many men in time of emergency. In war time, when values were so very abnormal, there were many exchanges of title made and mortgages given on unpaid balances, and these unpaid balances were so high and products have fallen to such a degree, that the value of the security is less than the amount of the mortgage given on the unpaid balances. I think that explains the startling statement made during the debate on the tariff bill that our farm mortgages had increased from \$1,700,000,000 to over \$4,000,000,000.

When that statement was made it startled me, for I had not up to that time seen it, but I noticed afterwards that it was verified. In undertaking to ascertain why that is so, I have come to the conclusion that with the high level of prices of everything many exchanges were made and many large mortgages were given for unpaid balances, and while the land is here and probably the value is here, the bottom went out of everything else when the war was over, and prices shrank, as, say from \$1.90 for corn at that time to now about 34 cents. For that reason it strikes me that the farmer is in a pitiable situation, and if we can help him without violating economic principles, which would do him more harm than good, I am ready to do it.

Mr. BLANTON. Mr. Chairman, will the gentleman tell us whether he is supporting this bill? I do not catch his argument.

Mr. FESS. The gentleman will find out very soon. The gentleman is very aggressive to ascertain how other people stand. If the membership of the House will permit, I think this debate to-day has made a splendid contribution to one of the most imminent questions before the country, viz, the matter of tax-exempt securities. Some gentlemen have said that not until recently was there any objection to it. May I refer to a personal interest? As vice president of the constitutional convention of Ohio in 1912, I forced a reconsideration of the amendment that required the taxation of bonds in the State of Ohio, and did it in the face of the most tremendous fight which raged about that amendment that I know of in legislative history of which I have had anything to do. I think that the drift toward tax-exempt securities is not only unwise, but is seriously dangerous to the country. I agree with those who have thus spoken, that at this time that is not an argument against this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FESS. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Mr. Chairman, I reserve the right to object for a moment in order to state that I shall not object if the gentleman will tell us how he is going to vote on the bill.

Mr. KING. I can tell the gentleman from Texas how the gentleman from Ohio is going to vote. That is easily discerned from the gentleman's argument.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FESS. We are making this more inviting than it was before. That is the purpose of it. If we carry that out logically and extend it, it is going to be a very serious question, because we are inviting investment in securities upon which there is no tax. That is the trouble now with our taxation system.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes.

Mr. McFADDEN. Is the gentleman aware that the State of California is now advertising for the purpose of getting ready to issue \$500,000,000 worth of tax-exempt bonds with which to develop water power in the State?

Mr. FESS. I was not aware of that. The general drift toward tax-exempt bonds makes it easier for States to issue them now than ever before, because they get a better market than they ever did before. I think it is very serious. Of course, no one will object to the issuance of the first Liberty bonds tax free, because it was in time of war, and it was just the beginning and we did not know how freely our investors would take the bonds. It is true that the rate of interest was not high, but they were made tax exempt. It was in time of war, the world was on fire, and we had to have the money, and I do not think anyone ought to criticize that policy at that time, but we must



not continue it. If this debate will call attention to the unwisdom of Congress further issuing this sort of security, and thus lead to a movement in the form of an amendment which the States shall ratify, taking away from the States the power so to issue tax-exempt bonds, a mighty good result will come from it.

Mr. PADGETT. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes.

Mr. PADGETT. The gentleman referred to its being a war policy to issue bonds exempt from taxation. It has always been the policy of the Federal Government to make its bonds exempt from taxation. It is not a war policy.

Mr. FESS. The gentleman does not mean that all of our "Liberties" are tax free?

Mr. PADGETT. They are free from taxes except Federal taxes on income.

Mr. GARNER. I think the gentleman means to say that all bonds in the past in time of peace and otherwise have been tax free.

Mr. PADGETT. Yes.

Mr. FESS. I did not understand the gentleman's question.

Mr. GARNER. I want to suggest this to the gentleman from Ohio in reference to what he suggests about a constitutional amendment. Does the gentleman believe that 36 States will ever agree to surrender the power to issue tax-free securities without the Federal Government at the same time surrendering its power to do so?

Mr. FESS. I do not think the States will agree. I remember very distinctly a gentleman appearing before the committee and the gentleman from Texas asking that specific question, and he said that the country through influence generally can induce the legislatures to agree to a tax-free amendment.

Mr. GARNER. I agree with the gentleman, but does not the gentleman think it is asking the States to go a long way when you ask them to surrender their power to exempt tax securities while at the same time the United States Government retains its power to issue tax-free securities?

Mr. FESS. That is not consistent, of course.

Mr. BLACK. Will the gentleman yield?

Mr. FESS. I will.

Mr. BLACK. I will ask the gentleman if he does not think it would be wise if we continue the joint-stock land banks as a part of the farm loan system to limit their loans to a much lower limit than they now have the power to loan?

Mr. FESS. I do; I very distinctly believe we ought to do so. I voted to report the bill from the Rules Committee, and shall now vote for it in the hope that it will assist the agricultural interests, which have been and are still the greatest sufferers from the liquidation of war conditions.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ALMON. Mr. Chairman, in 1916, during the Democratic administration, we enacted a law creating a system of farm loan banks in order that the farmer could borrow his money from 20 to 35 years at a low rate of interest, the principal to be repaid in small annual payments, thus being relieved of all renewal charges after the first year.

It was intended to enable farmers to pay off mortgages on their farms and to enable those who did not own land to buy homes on long term installment plan at a low rate of interest, not more than 6 per cent per annum, and in that way to acquire a home in a number of years for less than rents would have cost them.

It is generally conceded that it is one of the best and most serviceable laws that has ever been enacted by Congress. This is admitted by many of our colleagues on the Republican side of this Chamber. It has operated in the interest of the farmer and will continue to do so, and, incidentally, all the people of the Nation.

There are two branches of this banking system. One is operated upon the cooperative basis and called the Federal land bank. There are 12 in number, and they receive Government aid. The other system is known as joint-stock land banks and capital is subscribed by private individuals. There are 23 joint-stock land banks.

They were greatly interrupted by war conditions, for the reason that farm loan bonds could not be negotiated to an advantage while the Government was floating Liberty bonds. Besides, they were virtually suspended for 14 months, while the constitutionality of the act was being contested in the courts by its enemies. But even with all these interruptions more than 125,000 farmers have secured loans through this system, amounting to \$450,000,000, the average loan being about \$3,000, which shows that the loans are being made to the small farmers.

The Federal land banks have loaned \$374,000,000. The joint-stock land banks have loaned \$75,000,000. So it is now provided that the farmer may borrow his money for a long period of time at a low rate of interest without paying commissions to anyone. The law forbids these banks charging the farmer a commission. It was expected that the establishment and operation of these banks would stabilize the rates of interest on all loans on farms throughout the country and put out of business the loan sharks who had been preying upon the farmers by charging high rates of interest and commissions. Much has been accomplished in this direction in many parts of the country.

The law provides for the issuance of bonds by these banks bearing a rate of interest not exceeding 5 per cent per annum. The farmers' mortgages are used as collateral security for the bonds, and when sold proceeds are used in making more loans to the farmers.

The purpose of the bill now under consideration is to authorize the issue of bonds by these banks for the next two years bearing a rate of interest not exceeding 5½ per cent.

It has been clearly shown by statements of the members of the Federal Farm Loan Board, and others, that on account of the condition of the money market at this time that it is necessary for such bonds to bear 5½ per cent interest in order to be able to float them. So it is emergency legislation.

These banks can not function as they should without this authority. Let us pass this bill to-day. There should be no delay in its enactment into law. It will not increase the rate of interest on loans made by the banks to the farmer.

Both systems of these banks now have a capital stock of about \$60,000,000.

We passed a bill recently which made provision for an increase of \$25,000,000 capital. We undertook to make a greater increase, but that was as much as the majority party was willing to provide for at this time.

Applications for loans on file at this time amount to about \$150,000,000. To meet the demands and needs of the farmer at this time it would be necessary to have a capital stock of \$150,000,000. While this bill will not give all the relief needed, and which we would like to see provided, still it will do much good. The demand for loans at present is unprecedented, and probably greater than will ever be again.

Complaint has been made during the debate to-day that favoritism is shown by making the bonds of the farm-loan bank tax exempt. Whoever heard of complaints about tax-exempt securities until the farmers were given some advantage by such securities?

More than fifteen billion tax-exempt securities have been floated, and these land banks have issued less than \$5,000,000 of such bonds. So there is no foundation for the charge that favoritism is being shown the farmers. This legislation will benefit the farmers, but in doing so it will also benefit merchants, bankers, professional men, and all other classes whose success and prosperity depends upon the farmer.

I was glad to aid in reviving the activities of the War Finance Corporation to assist in financing products for export. I favor that part of the bill now pending in the Senate directing the War Finance Corporation to loan the farm-loan bank \$100,000,000. The farmers did not realize on the cotton crop of 1920 one-third that it cost to produce it. The banks are holding the notes and mortgages of these farmers and need their money. It will require two or three years for some of them to pay out of debt. So it is all important just now to provide the farm-loan banks with as much money as possible, so that they can loan to the farmer and enable him to pay the banks and avoid foreclosure of his mortgage and bankruptcy.

The American farmers are in very bad financial condition and great distress, and have been since last fall when there was such a sudden and unexpected falling off in the price of agricultural products, due to want of a market and not overproduction. It is the duty of the Government to extend to them a helping hand. I have and will continue to support and vote for every measure that will give relief to the farmers who feed and clothe the world. [Applause.]

Mr. DAVIS of Tennessee. Mr. Chairman, I move to strike out the last two words.

I am for the bill under consideration because I believe it will afford some relief to the distressed farmers. It will enable many of them to procure much needed loans, and either save themselves from bankruptcy or be enabled to avoid selling their property at a great sacrifice. Taken as a whole, the farmers are perhaps experiencing the most trying and adverse conditions which they have ever undergone. They are not asking for any favors but simply a square deal.



Mr. Chairman and gentlemen, it is a curious inconsistent philosophy that prompts some Members of the House to wail out here against legislation which they say proposes to interfere with natural economic laws, such as they insist this bill does, but which I deny; and yet those same Members only a few days ago voted for the Fordney protective tariff bill, which was the climax of all legislation ever enacted in this country calculated to interfere with natural laws and economic conditions, and which will go further toward destroying the law of supply and demand and toward creating artificial values. In fact, that is the very purpose of the said tariff bill. It is all right as applied to the manufacturers of the country, but it is all wrong as applied to the agricultural interests, according to the philosophy of those gentlemen. I can not understand why it is that many dwellers in cities have any such one-sided ideas with respect to farm productivity and prosperity. The people who dwell in the cities, if they but knew it, are more interested than the farmer in maintaining farm production and at reasonable prices, because those who still remain upon the farm will certainly produce enough to feed themselves; but if we reach a point, which we will sooner or later reach, if conditions continue, that those remaining upon the farms are not sufficient to produce enough for themselves and the rest of the people, it will be the city dwellers who will suffer and not those still on the farms. It is not the farmers' problem, but is the public's problem; not merely an agricultural proposition, but a national proposition.

A hundred years ago about 95 per cent of our population was rural. Even as late as 1880 about 70 per cent of our population resided on farms and in unincorporated villages. Now, considerably more than a majority of our populace dwell in cities and incorporated towns. In other words, the country has moved to town by leaps and bounds, and an overwhelming majority of the immigrants have located in the cities and industrial centers. This movement to the city, which is proceeding at an alarming rate, is a direct and inevitable result of the high protective tariff policy, which has enriched manufacturers and built up populous centers at the expense of the agricultural population. This policy has so impoverished the farmers and has so drawn on the agricultural labor supply that it has become a very serious problem not only to the farmer but to the consumer as well.

The farmer produced his last crops under the most expensive conditions, but has been obliged to dispose of them at deflated prices or not at all, with the result that the farmers of the country have sustained to date a total loss of \$7,000,000,000. The farmer has not been getting a square deal. It is estimated that even in normal times the farmer only obtains 38 cents out of the industrial laborer's dollar, and that the industrial laborer only obtains 35 cents out of the farmer's dollar, but that business procures \$1.27 out of both dollars of the farmer and the industrial laborer.

According to statisticians, during the past year the farmers of the country, some 45,000,000, including their families, with an investment of \$80,000,000,000, not only made no return upon that investment or their labor but they operated at a loss, and during the same period of time the business interests of the country with only twice the investment of the farmers and with an infinitely less number employed made a profit of \$20,000,000,000. The industrial laborers of the country, who have no investment in their vocations, in normal times receive more per capita than do the farmers of the country. And yet whenever any legislation is proposed even to give the farmer a fair chance some Members get up and make the argument to which I have referred. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. [Cries of "Vote!"]

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill as amended, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and Mr. TOWNER, having resumed the chair as Speaker pro tempore, Mr. SANDERS of Indiana, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (S. 1811), had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The SPEAKER pro tempore. The previous question is ordered by the rule adopted by the House. The question is on the amendment.

The question was taken, and the amendment was agreed to. The bill was ordered to be read the third time; was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. GARRETT of Tennessee. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 234, nays 20, answered "present" 2, not voting 175, as follows:

## YEAS—234.

Almon	Dupré	Larsen, Ga.	Rose
Andrews	Elliott	Larson, Minn.	Rosenbloom
Appleby	Evans	Lawrence	Rossdale
Arentz	Fairfield	Lazaro	Sanders, Ind.
Aswell	Favrot	Lea, Calif.	Sanders, Tex.
Bacharach	Fess	Leatherwood	Sandlin
Barkley	Fish	Lee, Ga.	Scott, Tenn.
Begg	Fisher	Lineberger	Sears
Bell	Focht	Little	Shaw
Benham	Foster	Logan	Shelton
Bird	Frear	Lowrey	Shreve
Bixler	Free	McClintic	Sinclair
Black	French	McCormick	Sinnott
Blanton	Frothingham	McDuffie	Sisson
Bowling	Fulmer	McKenzie	Smith, Idaho
Box	Funk	McLaughlin, Mich.	Smith, Mich.
Brand	Garner	McLaughlin, Nebr.	Smithwick
Briggs	Garrett, Tenn.	McPherson	Speaks
Brooks, Pa.	Garrett, Tex.	McSwain	Steagall
Brown, Tenn.	Gensman	Madden	Stedman
Buchanan	Gerner	Mansfield	Stephens
Burke	Goodykoontz	Mapes	Strong, Kans.
Burtess	Graham, Pa.	Martin	Summers, Wash.
Burton	Green, Iowa	Michener	Summers, Tex.
Butler	Greene, Mass.	Miller	Swank
Byrnes, S. C.	Griest	Mills	Sweet
Byrns, Tenn.	Griffin	Millsbaugh	Swing
Cable	Hadley	Mondell	Taylor, Tenn.
Campbell, Kans.	Hammer	Montoya	Temple
Campbell, Pa.	Hardy, Colo.	Moore, Va.	Ten Eyck
Cannon	Hardy, Tex.	Morgan	Thomas
Cantrill	Haugen	Mott	Thompson
Carew	Hawley	Murphy	Tillman
Carter	Hayden	Nelson, A. P.	Timberlake
Chalmers	Hays	Nelson, J. M.	Tincher
Chandler, N. Y.	Hersey	Newton, Minn.	Towner
Chandler, Okla.	Hickey	Newton, Mo.	Treadway
Clague	Hicks	O'Connor	Tyson
Clarke, N. Y.	Hoch	Oldfield	Vestal
Clouse	Hukriede	Oliver	Vinson
Cole, Iowa	Hull	Overstreet	Voigt
Cole, Ohio	Hutchinson	Padgett	Volstead
Collier	Ireland	Park, Ga.	Ward, N. C.
Collins	Jacoway	Parks, Ark.	Weaver
Colton	Jeffers, Nebr.	Parrish	Webster
Connally, Tex.	Jeffers, Ala.	Pringley	White, Kans.
Connell	Johnson, Ky.	Purnell	White, Me.
Connolly, Pa.	Johnson, Miss.	Quin	Williams
Cooper, Wis.	Jones, Tex.	Raker	Wilson
Coughlin	Kincheloe	Ramseyer	Wingo
Crisp	King	Rankin	Wise
Crowther	Kinkaid	Rayburn	Wood, Ind.
Curry	Kissel	Reavis	Woodruff
Darrow	Kilne, N. Y.	Reece	Wright
Davis, Minn.	Kilne, Pa.	Rhodes	Wurzbach
Davis, Tenn.	Kopp	Ricketts	Yates
Denison	Kraus	Roach	Young
Dowell	Lanham	Robison	
Dunn	Lankford	Rodenberg	

## NAYS—20.

Ackerman	Elston	McFadden	Ransley
Ansorge	Gorman	Moore, Ind.	Robertson
Dale	Greene, Vt.	Norton	Rogers
Dunbar	Hill	Perkins	Ryan
Echols	Lehlbach	Radcliffe	Sproul

## ANSWERED "PRESENT"—2.

Herrick Walters

## NOT VOTING—175.

Anderson	Cockran	Freeman	Keller
Anthony	Codd	Fuller	Kelley, Mich.
Atkeson	Cooper, Ohio	Gahn	Kelly, Pa.
Bankhead	Copley	Gallivan	Kendall
Barbour	Cramton	Gilbert	Kennedy
Beck	Cullen	Glynn	Ketcham
Beedy	Dallinger	Goldsborough	Kiess
Blakeney	Deal	Gould	Kindred
Bland, Ind.	Dempsey	Graham, Ill.	Kirkpatrick
Bland, Va.	Dickinson	Harrison	Kitchin
Boles	Dominick	Hawes	Klecza
Bond	Doughton	Himes	Knight
Bowers	Drane	Hogan	Knutson
Brennan	Drewry	Houghton	Kreider
Brinson	Driver	Huddleston	Kunz
Britten	Dyer	Hudspeth	Lampert
Brooks, Ill.	Edmonds	Humphreys	Langley
Browne, Wis.	Ellis	Husted	Layton
Bulwinkle	Fairchild	James, Mich.	Lee, N. Y.
Burdick	Faust	James, Va.	Linthicum
Burrighs	Fenn	Johnson, S. Dak.	London
Chidbloom	Fields	Johnson, Wash.	Longworth
Christopherson	Fitzgerald	Jones, Pa.	Luce
Clark, Fla.	Flood	Kahn	Luhning
Classon	Fordney	Kearns	Lyon

McArthur	Paige	Sabath	Tilson
McLaughlin, Pa.	Parker, N. J.	Sanders, N. Y.	Tinkham
MacGregor	Parker, N. Y.	Schall	Underhill
Magee	Patterson, Mo.	Scott, Mich.	Upshaw
Maloney	Patterson, N. J.	Siegel	Valle
Mann	Perlman	Slomp	Vare
Mead	Peters	Snell	Volk
Merritt	Petersen	Snyder	Walsh
Michaelson	Porter	Stafford	Ward, N. Y.
Montague	Pou	Steenerson	Wason
Moore, Ill.	Rainey, Ala.	Stevenson	Watson
Moore, Ohio	Rainey, Ill.	Stiness	Wheeler
Morin	Reber	Stoll	Williamson
Mudd	Reed, N. Y.	Strong, Pa.	Winslow
Nolan	Reed, W. Va.	Sullivan	Woods, Va.
O'Brien	Riddick	Tague	Woodyard
Ogden	Riordan	Taylor, Ark.	Wyant
Olpp	Rouse	Taylor, Colo.	Zihlman
Osborne	Rucker	Taylor, N. J.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. DRIVER (for) with Mr. WALTERS (against).

Mr. UPSHAW (for) with Mr. VARE (against).

Mr. GOLDSBOROUGH (for) with Mr. LUCE (against).

Until further notice:

Mr. JOHNSON of South Dakota with Mr. KITCHIN.

Mr. BROOKS of Illinois with Mr. MONTAGUE.

Mr. FULLER with Mr. KUNZ.

Mr. ATKESON with Mr. DOUGHTON.

Mr. FAUST with Mr. BANKHEAD.

Mr. GRAHAM of Illinois with Mr. TAGUE.

Mr. REBER with Mr. O'BRIEN.

Mr. PATTERSON of Missouri with Mr. DEAL.

Mr. MAGEE with Mr. HAWES.

Mr. KAHN with Mr. TAYLOR of Arkansas.

Mr. STINESS with Mr. COCKRAN.

Mr. WINSLOW with Mr. RIORDAN.

Mr. ELLIS with Mr. RAINEY of Alabama.

Mr. PARKER of New Jersey with Mr. SABATH.

Mr. BLAKENEY with Mr. DREWRY.

Mr. TAYLOR of New Jersey with Mr. GALLIVAN.

Mr. CHINDBLOM with Mr. SULLIVAN.

Mr. PORTER with Mr. HUDSPETH.

Mr. PATTERSON of New Jersey with Mr. LONDON.

Mr. WHEELER with Mr. BRINSON.

Mr. BLAND of Indiana with Mr. JAMES of Virginia.

Mr. SIEGEL with Mr. WOODS of Virginia.

Mr. OLPP with Mr. BULWINKLE.

Mr. EDMONDS with Mr. CULLEN.

Mr. ANTHONY with Mr. STEVENSON.

Mr. JOHNSON of Washington with Mr. LYON.

Mr. VOLK with Mr. TAYLOR of Arkansas.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. PAIGE with Mr. DOMINICK.

Mr. OSBORNE with Mr. STOLL.

Mr. PERLMAN with Mr. HARRISON.

Mr. WALSH with Mr. FLOOD.

Mr. BOISE with Mr. RAINEY of Illinois.

Mr. ANDERSON with Mr. BLAND of Virginia.

Mr. GOULD with Mr. RUCKER.

Mr. CHRISTOPHERSON with Mr. GILBERT.

Mr. KNIGHT with Mr. FIELDS.

Mr. REED of West Virginia with Mr. HUDDLESTON.

Mr. HOGAN with Mr. LINTHICUM.

Mr. WYANT with Mr. KINDRED.

Mr. KIESS with Mr. DRANE.

Mr. UNDERHILL with Mr. MEAD.

Mr. WILLIAMSON with Mr. POU.

Mr. BURROUGHS with Mr. HUMPHREYS.

Mr. WALTERS. Mr. Speaker, I voted "nay," but I find I am paired with the gentleman from Arkansas [Mr. DRIVER], and I therefore wish to withdraw my vote and answer "present."

The result of the vote was announced as above recorded.

On motion of Mr. McFADDEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that all gentlemen who have spoken on this bill have the right to extend their remarks in the RECORD.

The SPEAKER pro tempore. The gentleman from Pennsylvania asks unanimous consent that all gentlemen who have spoken on this bill have the right to extend their remarks in the RECORD. Is there objection?

Mr. BLANTON. Mr. Speaker, will the gentleman limit that to five legislative days?

Mr. McFADDEN. I will.

The SPEAKER pro tempore. The Chair hears no objection.

#### VETERANS' BUREAU—CONFERENCE REPORT.

Mr. SWEET. Mr. Speaker, I call up for consideration the conference report on the bill (H. R. 6611) to establish in the

Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

The SPEAKER pro tempore. The gentleman from Iowa calls up the conference report as stated. The Clerk will report it.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6611) to establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 14, 15, 16, 18, 22, 23, 26, 28, 38, 46, 53, 54, 56, 57, 59, 61, and 62.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 20, 21, 24, 25, 27, 29, 30, 31, 32, 34, 35, 36, 39, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 58, 60, 63, 64, 65, 66, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, and 82; and agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert a comma; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert a colon and the following:

"Provided, That all commissioned personnel detailed or hereafter detailed from the United States Public Health to the veterans' bureau shall hold the same rank and grade, shall receive the same pay and allowances, and shall be subject to the same rules for relative rank and promotion as now or hereafter may be provided by law for commissioned personnel of the same rank or grade or performing the same or similar duties in the United States Public Health Service."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "pending final action by the director in case of an appeal" and a comma; and the Senate agree to the same.

Amendment numbered 33: That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment as follows: In lieu of the matter stricken out by said amendment insert the following:

"In the event Government hospital facilities and other facilities are not thus available or are not sufficient, the director may contract with State, municipal, or private hospitals for such medical, surgical, and hospital services and supplies as may be required, and such contracts may be made for a period of not exceeding five years and may be for the use of a ward or other hospital unit or on such other basis as may be in the best interest of the beneficiaries under this act."

And the Senate agree to the same.

Amendment numbered 37: That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert a colon and the following:

"Provided, That the offender shall have the right to appeal the decision involving the forfeiture of a part of his compensation to a board of three persons which shall be established and appointed by the director in September of each year for each regional district. Such board shall be known as the board on discipline and morale. It shall serve without compensation, and at least one of the members of such board shall be an ex-service man and a member of some war veterans' organization. No person who is in the employ of the United States shall be a member of such board. The decision of such board, after hearing all the evidence presented by the offender and those charging a breach of the rules and regulations, shall be final."

And the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"That for the purposes of this section every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department who was dis-



charged or who resigned prior to the date of approval of this amendatory act, and every such officer, enlisted man, or other member employed in the active service under the War Department or Navy Department on or before November 11, 1918, who hereafter is discharged or resigns, shall be held and taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities, made of record in any manner by proper authorities of the United States at the time of, or prior to, inception of active service, to the extent to which any such defect, disorder, or infirmity was so made of record: *Provided further*, That an ex-service man who is shown to have an active pulmonary tuberculosis or neuropsychiatric disease (of more than 10 per cent degree of disability in accordance with the provisions of subdivision (2) of section 302 of the war risk insurance act, as amended) developing within two years after separation from the active military or naval service of the United States shall be considered to have acquired his disability in such service, or to have suffered an aggravation of a preexisting pulmonary tuberculosis or neuropsychiatric disease in such service, but nothing in this proviso shall be construed to prevent a claimant from receiving the benefits of compensation and medical care and treatment for a disability due to these diseases of more than 10 per cent degree (in accordance with the provisions of subdivision (2) of section 302 of the war risk insurance act, as amended) at a date more than two years after separation from such service, if the facts of the case substantiate his claim. This section shall be deemed to be in effect as of April 6, 1917."

And the Senate agree to the same.

Amendment numbered 67: That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following:

"SEC. 406. Whenever benefits under United States Government life insurance (converted insurance) become or have become payable because of total permanent disability of the insured or because of the death of the insured as a result of disease or injury traceable to the extra hazard of the military or naval service as such hazard may be determined by the director, the liability shall be borne by the United States, and the director is hereby authorized and directed to transfer from the military and naval insurance appropriation to the United States Government life insurance fund a sum which, together with the reserve of the policy at the time of maturity by total permanent disability or death, will equal the then value of such benefits. When a person receiving total permanent disability benefits under a United States Government life policy (converted policy) recovers from such disability and is then entitled to continue a reduced amount of insurance, the director is hereby authorized and directed to transfer to the military and naval insurance appropriation all of the loss reserve to the credit of such policy claim except a sum sufficient to set up the then required reserve on the reduced amount of insurance that may be continued, which sum shall be retained in the United States Government life insurance fund for the purpose of such reserve."

And the Senate agree to the same.

Amendment numbered 83: That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following on page 18, after line 10, of the bill:

"SEC. 22. A new section is hereby added to Article III of the war risk insurance act to be known as section 315, and to read as follows:

"SEC. 315. That no person admitted into the military or naval forces of the United States after six months from the passage of this amendatory act shall be entitled to the compensation or any other benefits or privileges provided under the provisions of Article III of the war risk insurance act, as amended."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill; and agree to the same.

SAMUEL E. WINSLOW,  
JAMES S. PARKER,  
BURTON E. SWEET,  
ALBEN W. BARKLEY,  
SAM RAYBURN,

*Managers on the part of the House.*

REED SMOOT,  
WILLIAM M. CALDER,  
DAVID I. WALSH,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6611) to establish in the Treasury Department a veterans' bureau, and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: This amendment strikes out the words "in the Treasury Department" and inserts the words "an independent," and the House recedes.

On amendment No. 2: This amendment inserts the words "under the President," and the House recedes.

On amendment No. 3: This amendment strikes out the words "an Assistant Secretary of the Treasury in addition to those otherwise provided by law" and inserts the words "appointed by the President, by and with the advice and consent of the Senate," and the House recedes.

On amendment No. 4: This amendment strikes out the word "and" and inserts the words "the director of the veterans' bureau," and the House recedes.

On amendment No. 5: This amendment strikes out the words "at the rate," and the House recedes.

On amendment No. 6: This amendment inserts the words "payable monthly," and the House recedes.

On amendment No. 7: This amendment inserts the words "now in the Treasury Department," and the House recedes.

On amendment No. 8: This amendment strikes out the words "director of the veterans' bureau" and inserts the words "director, subject to the general direction of the President"; and the House recedes.

On amendment No. 9: This amendment inserts the word "said"; and the House recedes.

On amendment No. 10: This amendment strikes out the word "that" and inserts the word "and"; and the House recedes.

On amendment No. 11: This amendment strikes out the words "Secretary of the Treasury" and inserts the word "President"; and the House recedes.

On amendment No. 12: This amendment strikes out the word "but" and inserts in lieu thereof a comma; and the House recedes, with amendment.

The action of the conferees on amendments Nos. 1 to 12, inclusive, adopts the consolidation policy of the House bill and provides that the governmental organizations for the benefit of the disabled ex-service men shall be consolidated in an independent bureau under the President. This amendment also provides that the director of the veterans' bureau shall be appointed by the President, by and with the advice and consent of the Senate. The salary of the director is left at \$10,000 per annum, the same as in the House bill.

On amendment No. 13: This amendment provides that the Federal Board for Vocational Education shall be abolished and all the powers and duties vested in such board shall be exercised by the director of the veterans' bureau. Section 3 of the House bill provides that the functions, powers, and duties conferred by existing law upon the Bureau of War Risk Insurance and the rehabilitation division of the Federal Board for Vocational Education shall be transferred to and made a part of the veterans' bureau. The House provision simply placed in the new bureau the rehabilitation division of the Federal Board for Vocational Education, which relates solely to vocational training for disabled ex-service men. The Senate amendment provides for transferring to the new bureau, not only the rehabilitation division which relates to vocational training for disabled ex-service men, but also the duties and powers vested in such board which relates to the promotion of vocational education in agriculture and the trades and industries, and cooperation with the States in the preparation of teachers of vocational subjects. The Senate amendment also transfers to the veterans' bureau the powers and duties vested in the board relative to vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment. The Senate amendment would transfer to this bureau duties and powers of the board which do not in any manner relate to the rehabilitation of disabled ex-service men. The veterans' division is established for the purpose of administering all governmental agencies which have to do with the veterans of the World War; and the Senate recedes.

On amendment No. 14: This amendment provides that the powers and duties conferred, the appropriations made, and the rights of property acquired, and the obligation incurred under the hospitalization act of March 4, 1921, as amended, shall be transferred to the veterans' bureau. The Senate amendment

transfers to the veterans' bureau \$18,600,000 for the construction and remodeling of hospitals provided for in what is known as the Langley bill. The original act provided that the building and remodeling of hospitals should be performed under the direction of the Secretary of the Treasury. The Treasury Department heretofore has had supervision over the construction of our public buildings. It would appear there is no good reason why a change should be made at this time, especially in view of the fact that the Treasury Department has already spent about six months in preparing plans and selecting sites; and the Senate recedes.

On amendment No. 15: This amendment was made necessary after the Senate had adopted amendment No. 13 abolishing the Federal Board for Vocational Education, and transferring the powers and duties of the board to the veterans' bureau; and the Senate recedes.

On amendment No. 16: This amendment was made necessary after the Senate had adopted amendment No. 13 abolishing the Federal Board for Vocational Education, and transferring the powers and duties of the board to the veterans' bureau; and the Senate recedes.

On amendment No. 17: This amendment strikes from the House bill the provisions in regard to the commissioned personnel of the United States Public Health Service, which has been detailed or may hereafter be detailed to the veterans' bureau. The House recedes, with an amendment, striking out the words "and such other personnel as shall be added from time to time when such added personnel is employed for the same purpose and for performing the same or similar duties." The provision as it now stands provides that all commissioned personnel detailed or hereafter detailed from the United States Public Health Service to the veterans' bureau shall hold the same rank and grade and shall receive the same pay and allowances and shall be subject to the same rules for relative rank and promotion as now or hereafter may be provided by law for commissioned personnel of the same rank or grade or performing the same or similar duties in the United States Public Health Service.

On amendment No. 18: This amendment was made necessary after the Senate had adopted amendment No. 13 relative to abolishing the Federal Board for Vocational Education and transferring the powers and duties of the board to the veterans' bureau; and the Senate recedes.

On amendment No. 19: This amendment gives the director the power to review the acts of the regional offices and sub-offices, and the House recedes with an amendment. The provision as it now stands gives the director the power to review the acts of the regional offices and sub-offices in case of an appeal under such rules and regulations as may be prescribed by the director. In other words, in case an appeal is not taken from the action taken at the regional office the action taken at the regional office will be final.

On amendment No. 20: This amendment provides that the director can terminate any regional office or suboffice when in his judgment this may be done without detriment to the administration of the act. The House bill provides that the regional offices and suboffices, with all authority to establish such offices, shall terminate on June 30, 1926. With this provision in the law the director is given authority to terminate any regional office or suboffice when in his judgment this may be done without detriment to the administration of the act; and the House recedes.

On amendment No. 21: This amendment is a clerical change and refers to appropriations made after the act goes into effect; and the House recedes.

On amendment No. 22: This amendment is a clerical change; and the Senate recedes.

On amendment No. 23: This amendment was made necessary by the Senate adopting amendment No. 13, abolishing the Federal Board for Vocational Education and transferring the powers and duties of the board to the veterans' bureau; and relates to the act providing for cooperation with the States in the promotion of education in agriculture, trades, and industry, approved February 23, 1917; and the Senate recedes.

On amendment No. 24: This amendment is made necessary because the veterans' bureau will be under the President and not located in the Treasury Department. It strikes out the words "Secretary of the Treasury" and inserts in lieu thereof the word "President"; and the House recedes.

On amendment No. 25: This amendment is made necessary because the veterans' bureau will be located under the President and not in the Treasury Department; and the House recedes.

On amendment No. 26: This amendment relates to the director inspecting private agencies that are doing hospital work for the veterans' bureau; and the Senate recedes.

On amendment No. 27: This amendment provides that the head of the inspection service relative to hospitalization shall report to the director in the manner the director may prescribe the result of each examination of facilities and service, and shall recommend to him methods of standardizing such facilities and service; and the House recedes.

On amendment No. 28: This amendment limits the work to be done in hospitalization, medical care and treatment for the beneficiaries of the veterans' bureau to the limits of appropriations made for carrying out the provisions of the paragraph. The House bill contained no such limitations; and the Senate recedes.

On amendment No. 29: This amendment is a clerical change; and the House recedes.

On amendment No. 30: This amendment is practically the same as the House provisions. It is simply a question of wording; and the House recedes.

On amendment No. 31: This amendment provides that the property and structures which may be acquired for hospitalization shall become a part of the permanent equipment of the veterans' bureau, or of some one of the now existing agencies of the Government. The House bill provided that the permanent equipment acquired for hospitalization purposes shall become a part of the permanent equipment of the now existing agencies of the Government. This amendment simply adds the veterans' bureau; and the House recedes.

On amendment No. 32: This amendment is a clerical change; and the House recedes.

On amendment No. 33: This amendment strikes out the provisions of the House bill, which provide that the director of the veterans' bureau may contract with State, municipal, and private hospitals for such medical, surgical, and hospital services and supplies as may be required in the best interest of the beneficiaries under this act. The House recedes, with an amendment. The House bill provides that such contracts may be made for a period not exceeding 10 years. The amendment strikes out the word "ten" and inserts the word "five." With the exception of this amendment the provisions are now the same as in the House bill.

On amendment No. 34: This amendment provides that the President is authorized, if he deems necessary and advisable for the proper medical care and treatment of the beneficiaries under the act, to transfer to the director the operation, management, and control of specifically designated hospitals now under the jurisdiction of the United States Public Health Service, such hospitals when transferred to be used exclusively for the beneficiaries under this act, and shall be under the operation and control of the director for such period of time as the President may prescribe; and the House recedes.

On amendment No. 35: This amendment provides that nothing in section 10 shall be construed to authorize a travel allowance to clerks or persons for transportation or subsistence outside of the district in which they are employed. In other words, this provision will guard against unusual and unnecessary travel allowance and subsistence expenses being incurred; and the House recedes.

On amendment No. 36: This amendment provides that the penalties for the breach of the rules and regulations prescribed by the director for maintaining proper discipline at the hospitals shall not extend to a forfeiture by the offender of a portion of his compensation without an appeal to the director of the veterans' bureau; and the House recedes.

On amendment No. 37: This amendment relates to an appeal from the decision of the hospital authorities or the director involving a forfeiture of a part of the offender's compensation to a board of three persons. The House recedes, with an amendment, striking out the words "Before any penalty for a breach of the rules and regulations which may be held to extend to a forfeiture by the offender of a part of his compensation shall be executed." The decision of such a board, after hearing of the evidence presented by the offender and those charging a breach of the rules and regulations, shall be final. This amendment is a part of section 11, which has reference to discipline in the hospitals.

On amendment No. 38: This amendment provides that if any inmate of a hospital maintained by the United States shall be ordered to undergo an operation, his protest, together with all the facts in the case, shall be submitted to the board of appeals hereinafter provided for. The ex-service man in a Government or private hospital can not be ordered to undergo an operation without his consent. This amendment appears to be unnecessary; and the Senate recedes.

On amendment No. 39: This amendment is a clerical change; and the House recedes.



On amendment No. 40: This amendment does not materially change the House provisions. It is simply a question of wording; and the House recedes.

On amendment No. 41: This amendment relates to an aggravation of a preexisting injury specifically noted at examination for entrance into or employment in the active military or naval service. It makes no material change in the House bill or the present law; and the House recedes.

On amendment No. 42: This amendment makes no material change in the House bill or the present law; and the House recedes.

On amendment No. 43: This amendment provides that a wound or injury received or disease contracted or an aggravation of a preexisting injury or disease for which hospital, medical, dental, surgical, and convalescent care and treatment and prosthetic appliances shall be furnished shall have been incurred in line of duty. This provision makes no material change in the provisions of the House bill. It is more in detail than the House bill; and the House recedes.

On amendment No. 44: This amendment is a clerical change made necessary by the adoption of amendment No. 43; and the House recedes.

On amendment No. 45: This amendment is a clerical change; and the House recedes.

On amendment No. 46: This amendment provides that no applicant who waived any right to exemption on account of an injury or disease, upon admission to the military or naval forces of the United States, shall be entitled to the benefits of this section in case of an aggravation of such injury or disease incurred in line of duty. The provision last aforesaid shall not apply to officers, enlisted men, or members of the military or naval forces assigned to combat service. This provision would be difficult of administration, and would appear to be unnecessary; and the Senate recedes.

On amendment No. 47: This amendment is a clerical change; and the House recedes.

On amendment No. 48: This amendment provides that the director in filing his report with the Clerk of the House and the Secretary of the Senate shall set forth the nature and terms of all contracts made under the authority of this act, and the names and principal place of business of the parties thereto. It simply requires the director to make a more elaborate report than required by the House provisions; and the House recedes.

On amendment No. 49: This amendment provides that any person who shall knowingly make or cause to be made or conspire, combine, aid or assist in, agree to, arrange for, or in any wise procure the making of a false or fraudulent affidavit, declaration, certificate, statement, voucher, or other paper in connection with his claim for compensation shall be fined not more than \$1,000 or imprisoned for not more than one year, or by both such fine and imprisonment for each such offense. It would appear that some such provision is necessary and salutary in the administration of the act; and the House recedes.

On amendment No. 50: This amendment is a clerical change. The word "President" is stricken out and the word "director" inserted; and the House recedes.

On amendment No. 51: This amendment does not change the intent of the House provision. It is a rewording; and the House recedes.

On amendment No. 52: This amendment does not change the intent of the House provision. It is simply a rewording; and the House recedes.

On amendment No. 53: This amendment is a clerical change; and the Senate recedes.

On amendment No. 54: This amendment strikes out the words "or aggravation has been caused by his own willful misconduct" and insert the words "was intentionally contracted or aggravated." The language used in the House bill—"caused by his own willful misconduct"—has appeared in almost every pension and war risk insurance act passed by Congress. It has been repeatedly construed, and it is not deemed wise to make the change proposed by the Senate amendment; and the Senate recedes.

On amendment No. 55: This amendment limits the presumption of soundness of men accepted for service. The wording of the House bill excludes from the presumption of soundness those who entered the service after November 11, 1918, and who have suffered injury and have already been discharged. It also provides that in case of pulmonary tuberculosis or neuropsychiatric disease developing within two years after separation from the active military or naval service of the United States, the ex-service man shall be considered to have acquired his disability in the service; and the House recedes, with an amendment. It has been difficult for many young men in cases of pulmonary tuberculosis and neuropsychiatric diseases to prove

that their disability had been acquired while in the active service. The amendment gives the ex-service man the benefit of the presumption that if he develops pulmonary tuberculosis or any neuropsychiatric disease within two years after separation from the active military or naval service, he shall be considered to have acquired his disability in the service. The amendment also provides that at a date more than two years after separation from such service, if the facts of the case substantiate his claim he will be entitled to compensation, providing his disability is rated at more than 10 per cent, in accordance with the provisions of subdivision 2 of section 302 of the war risk insurance act, as amended.

On amendment No. 56: This amendment provides that if a disabled person is so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$50 per month, as the director may deem reasonable. The law now provides \$20 per month, and this proposed amendment would increase the amount from \$20 to \$50 per month; and the Senate recedes.

On amendment No. 57: This amendment is a clerical change; and the Senate recedes.

On amendment No. 58: This amendment simply adds the words "but not earlier than the date of discharge or resignation." No person is entitled to compensation under the war risk insurance act until after separation from the service; and the House recedes.

On amendment No. 59: This amendment is a clerical change; and the Senate recedes.

On amendment No. 60: This amendment is a clerical change; and the House recedes.

On amendment No. 61: This amendment is a clerical change; and the Senate recedes.

On amendment No. 62: This amendment provides that in case of a reassignment by the Government to a beneficiary or his personal representatives of a cause of action against a third party the beneficiary must waive all claims to compensation against the United States under this act or any amendments thereto. It appears that this amendment is unnecessary and would in a measure defeat the purposes of the paragraph amended; and the Senate recedes.

On amendment No. 63: This amendment is a clerical change; and the House recedes.

On amendment No. 64: This amendment is a clerical change; and the House recedes.

On amendment No. 65: This amendment is a clerical change; and the House recedes.

On amendment No. 66: This amendment strikes out all of section 406, and the section is reworded in amendment No. 67; and the House recedes.

On amendment No. 67: This amendment rewords section 406 in accordance with suggestions received from the Secretary of the Treasury and the Secretary of War; and the House recedes with an amendment. Under the original war risk insurance act it was specifically provided that the United States should bear the extra hazards of war. It was also specifically provided that any man carrying term insurance could convert it at any time without medical examination. The act of December 24, 1919, established for converted insurance a trust fund, to which the Government contributes nothing and which is made up wholly of the insurance premiums paid by the insured. The converted insurance premiums are figured out on a proper insurance actuarial basis and the fund is self-sustaining. Inasmuch as a policyholder had a right to convert his term insurance at any time, it was found that many policyholders, in very bad shape because of war hazards, converted their insurance three or four months before death. Then when they died the entire insurance was payable not by the United States but out of the United States Government life insurance fund. In other words, instead of the Government bearing the excess hazard, this matured trust fund, to which all the soldiers were paying premiums and in which they had a particular interest, because the smaller the loss the greater the dividends, was in fact bearing the unusual hazards. This section is proposed to correct this situation. The amendment also provides that where the entire loss is paid out of the military and naval appropriations, then so much premiums as may have been paid into the converted fund on that particular policy shall be credited to the military and naval appropriations.

On amendment No. 68: This amendment is a clerical change; and the House recedes.

On amendment No. 69: This amendment makes section 407 of the war risk insurance act retroactive to October 6, 1917; and the House recedes.

On amendment No. 70: This amendment is a clerical change; and the House recedes.

On amendment No. 71: This amendment is a clerical change; and the House recedes.

On amendment No. 72: This amendment is a clerical change; and the House recedes.

On amendment No. 73: This amendment is a clerical change; and the House recedes.

On amendment No. 74: This amendment is a clerical change; and the House recedes.

On amendment No. 75: This amendment is a clerical change; and the House recedes.

On amendment No. 76: This amendment is a clerical change; and the House recedes.

On amendment No. 77: This amendment is a clerical change; and the House recedes.

On amendment No. 78: This amendment provides that all premiums, the payment of which when due is waived, shall bear interest at the rate of 5 per cent per annum compounded annually from the due date of each premium; and if not paid by the insured, shall be deducted from the insurance either because of total permanent disability or death; and the House recedes.

On amendment No. 79: This amendment is a clerical change; and the House recedes.

On amendment No. 80: This amendment strikes out the words "Secretary of the Treasury" and inserts the words "director of the veterans' bureau." This change is made necessary owing to the fact that the bureau is under the President, instead of in the Treasury Department; and the House recedes.

On amendment No. 81: This amendment strikes out the words "Secretary of the Treasury" and inserts the words "Treasurer of the United States." This is a clerical change; and the House recedes.

On amendment No. 82: This amendment is a clerical change; and the House recedes.

On amendment No. 83: This amendment adds a new section to the bill and will appear as section 22 of this bill. In the war risk insurance act it will be a new section added to Article III, to be known as section 315, and to read as follows:

"Sec. 315. That no person admitted into the military or naval forces of the United States after six months from the passage of this amendatory act shall be entitled to the compensation or any other benefits or privileges provided under the provisions of Article III of the war risk insurance act, as amended."

The House recedes with an amendment.

This amendment simply provides that after six months from the passage of this amendatory act no person admitted into the military or naval forces of the United States shall be entitled to compensation or any other benefits or privileges provided under the provisions of Article III of the war risk insurance act, as amended.

The House recedes from its disagreement to the amendment of the Senate to the title of the bill, and agrees to the same. This amendment to the title of the bill is made necessary by reason of the veterans' bureau being placed under the President and not in the Treasury Department, as provided in the House bill.

SAMUEL E. WINSLOW,  
JAMES S. PARKER,  
BURTON E. SWEET,  
ALBEN W. BARKLEY,  
SAM RAYBURN,

*Managers on the part of the House.*

The SPEAKER pro tempore. The gentleman from Iowa is recognized.

Mr. SWEET. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. Fess].

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield to me for a moment?

Mr. SWEET. Yes.

Mr. GARRETT of Tennessee. I understand that this is a complete and unanimous report?

Mr. SWEET. It is.

Mr. GARRETT of Tennessee. The Senate has corrected the mistake it made yesterday in its passage?

Mr. SWEET. It has.

Mr. GARRETT of Tennessee. What is there to do except adopt this conference report?

Mr. SWEET. That is all.

Mr. GARRETT of Tennessee. The conferees are discharged, the Senate having acted first?

Mr. SWEET. Yes. It is simply the question of adopting the report.

Mr. GARRETT of Tennessee. Will not the gentleman move the previous question?

Mr. SWEET. I understand a number of Members would like to be heard.

Mr. BLANTON. Mr. Speaker, will the gentleman yield for a moment to enable me to answer the question of the gentleman from Tennessee?

Mr. CHALMERS. Mr. Speaker, I suggest that we vote on the bill and let gentlemen extend their remarks in the Record.

Mr. BUTLER. Let us have a vote.

Mr. BLANTON. Mr. Speaker, will the gentleman from Iowa yield?

Mr. SWEET. Yes.

Mr. BLANTON. The Senate amendment, numbered 56, was added to this bill, which provided that "when an ex-service man is so helpless as to be in constant need of a nurse or attendant he should be allowed \$50 per month to pay that attendant. The House conferees disagreed to that amendment and caused the Senate to recede from it, so that under the present situation of this conference report, if it is adopted as it is now, it will permit an ex-service man who is absolutely helpless on his back and who is in need of a constant attendant to have only \$20 with which to pay the nurse or attendant, which is absolutely insufficient and will deprive him of a nurse, as he can not get one for \$20 per month. Therefore as one Member I think that in behalf of our ex-service men in that helpless condition we ought to vote down this conference report and send the bill back to conference and have that Senate amendment numbered 56 adopted. With this Senate amendment 56 adopted I am heartily in favor of the bill, as I supported it in the House, but if the previous question is ordered I am going to vote against this conference report as a protest against this inequitable provision of allowing only \$20 for a nurse.

Mr. GARRETT of Tennessee. The gentleman knows very well we can not recommit the report.

Mr. BLANTON. We can vote it down, and then we can amend this provision. That is the only way to amend it. Vote down the conference report.

Mr. GARRETT of Tennessee. The gentleman from Texas wants to take the responsibility of voting it down?

Mr. BLANTON. It could be fixed up and passed in six hours. I am in favor of doing that in behalf of the helpless ex-service men who are now on their backs without nurses and attendants.

Mr. MONDELL. Mr. Speaker, will the gentleman from Iowa yield?

Mr. SWEET. I do.

Mr. MONDELL. What is the estimated cost per annum of all of the activities for ex-service men, as they will be concentrated in one organization under this act?

Mr. SWEET. Under this new bureau?

Mr. MONDELL. Yes.

Mr. SWEET. About \$480,000,000 a year.

Mr. MONDELL. I noticed the other day a statement from the Treasury Department in the sum of \$500,000,000. That is only \$20,000,000 more than the gentleman's estimate, so I assume that estimate is based upon a pretty careful consideration of the items of cost.

Mr. SWEET. I imagine it is, and my statement is based on the estimate prepared by the War Risk Insurance Bureau, made at the Treasury Department.

Mr. MONDELL. Can the gentleman tell us the actual expenditure during the fiscal year that ended July 1 for and in behalf of all these activities—insurance, compensation, vocational training, hospitalization, and so forth? What was the actual expenditure for the year?

Mr. SWEET. Generally speaking, about \$460,000,000.

Mr. MONDELL. Then the gentleman estimates an increase of only \$20,000,000?

Mr. SWEET. About \$20,000,000. The estimate varies from \$14,500,000 to \$20,000,000 by which this bill will increase the benefits to disabled ex-service men of the country.

Mr. MONDELL. That is, assuming the same number of men receiving benefits, the cost would be \$20,000,000 more?

Mr. SWEET. About that.

Mr. MONDELL. And your estimate of the cost is based on the present number of men receiving and applying for vocational training and for aid?

Mr. SWEET. Yes.

Mr. CANNON. I wish the gentleman from Wyoming would ask the gentleman from Iowa an additional question—how much goes for administration? I am not speaking now of the amount that goes to the beneficiaries.

Mr. MONDELL. The gentleman from Iowa will yield to the gentleman from Illinois to ask him that question.

Mr. SWEET. I yield to the gentleman from Illinois.



Mr. CANNON. What I want to know is how much of this goes to the soldiers and how much goes for administration?

Mr. SWEET. About \$13,000,000, or a little over, goes to administration.

Mr. CANNON. Is there anything in the hearings that will educate us on this subject of administration?

Mr. SWEET. Well, it is stated in the hearings and in the statement that I made to the House when this bill was discussed, covering the question of administration, insurance, compensation, allowances, allotments, and all matters pertaining to service benefits, vocational training, and hospitals.

Mr. CANNON. And that was given in detail?

Mr. SWEET. That was given in detail.

Mr. DOWELL. Mr. Speaker, will the gentleman yield for a question?

Mr. SWEET. I yield to the gentleman from Iowa.

Mr. DOWELL. As to this \$20,000,000 additional, represented by this bill, all of that goes to the ex-service men?

Mr. SWEET. It does, practically.

Mr. DOWELL. There is no additional expense, so far as administration is concerned?

Mr. SWEET. A small amount of that \$20,000,000 will be for administration.

Mr. DOWELL. And the balance will be additional assistance to the ex-service men?

Mr. SWEET. It will.

Mr. MONDELL. Now, Mr. Speaker, if the gentleman from Iowa will give me one minute—

Mr. GARRETT of Tennessee. Will not the gentleman move the previous question?

Mr. RAYBURN. If the gentleman is not going to move the previous question I think there should be some arrangement as to the division of time.

Mr. MONDELL. Let me just say this, Mr. Speaker: People who are not familiar with what Congress has done for its gallant defenders, the men who served the country so splendidly in the Great War, have at one time and another very severely criticized the Congress for alleged lack of interest in behalf of these men and for failure to provide for them. Mr. Speaker, the very statement of the fact that we are now expending about \$475,000,000 per year for and on behalf of these men, and that practically all of this money is going directly to the men or being used directly for their benefit, ought to be an answer in itself to those who have criticized the Congress. [Applause.]

But more than that, Mr. Speaker, those who have known of the splendid work that has been done, of the great efforts that have been put forth on behalf of our ex-soldiers, know that what has been done for them, what has been accomplished for them, is much more than can be measured by even this enormous expenditure. At no time in the history of the world, nowhere on earth, have the defenders of a nation ever been treated with the generosity with which the injured and disabled soldiers of the late war have been treated.

They are worthy of it. It is their right. We are all glad to vote for these great appropriations for them; but as we do so I hope the country will remember that the Congress and the Nation have been more generous to these soldiers than any other people have been to their defenders in all the tide of time. [Applause.]

Mr. BRIGGS. Will the gentleman yield for a question?

Mr. GARRETT of Tennessee. Will the gentleman yield to me?

Mr. SWEET. I yield to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. I do not think the gentleman from Wyoming was very happy in using the word "generous." I think that we are only paying a just due. I do not like to think of these things as a matter of generosity. I like to think of them as paying an obligation to the saviors of the country. [Applause.]

I hope the gentleman from Iowa will move the previous question.

Mr. SWEET. Mr. Speaker, I have many demands for time, and I must either reject them all or grant them all. I move the previous question.

The SPEAKER pro tempore. The gentleman from Iowa moves the previous question.

The question was taken, and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BLANTON. I ask for a division on that, Mr. Speaker. We will see whether they will give \$20 a month for a nurse to a poor helpless soldier.

The SPEAKER pro tempore. The gentleman from Texas demands a division.

The House divided and there were—ayes 185, noes 13.

Mr. BLANTON. Mr. Speaker, I object to the vote, because it shows that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Texas makes the point of order that there is no quorum present. The Chair will count.

Mr. MONDELL. There is clearly a quorum present.

Mr. BLANTON. Oh, well, the gentleman from Wyoming would like to have the vote taken that way next year, and if he does he will be elected to the Senate.

The SPEAKER pro tempore (after counting). Two hundred and twenty-two Members present, a quorum. The previous question is ordered.

Mr. LINEBERGER. Will the gentleman from Iowa yield for a question?

The SPEAKER pro tempore. The previous question is ordered. The question is on the passage of the bill.

Mr. GARRETT of Tennessee. Upon that, Mr. Speaker, I ask for the yeas and nays.

The SPEAKER pro tempore. The gentleman from Tennessee demands the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 268, nays 4, not voting 159, as follows:

## YEAS—268.

Ackerman	Echois	Lankford	Robson
Almon	Elliot	Larsen, Ga.	Rodenberg
Andrews	Elston	Larson, Minn.	Rogers
Ansorge	Evans	Lawrence	Rose
Appieby	Fairfield	Lazaro	Rossdale
Arentz	Faust	Lea, Calif.	Ryan
Aswell	Fess	Leatherwood	Sanders, Ind.
Bacharach	Fisher	Lee, Ga.	Sanders, Tex.
Barkley	Focht	Leibach	Sandlin
Begg	Fordney	Little	Scott, Mich.
Bell	Foster	Logan	Scott, Tenn.
Benham	Frear	Longworth	Sears
Bird	Free	Lowrey	Shaw
Bixler	French	Luhning	Shelton
Black	Prothingham	McArthur	Shreve
Bond	Fulmer	McCormick	Sinclair
Bowers	Funk	McDuffie	Sinnott
Bowling	Garner	McFadden	Sisson
Box	Garrett, Tenn.	McKenzie	Smith, Idaho
Brand	Garrett, Tex.	McLaughlin, Mich.	Smith, Mich.
Briggs	Gensman	McLaughlin, Nebr.	Speaks
Brooks, Pa.	Germer	McPherson	Sproul
Brown, Tenn.	Goodykoontz	McSwain	Stegall
Buchanan	Gorman	Madden	Stedman
Burke	Graham, Pa.	Mapes	Steenerson
Burtness	Green, Iowa	Martin	Stephens
Burton	Greene, Mass.	Michener	Strong, Kans.
Butler	Greene, Vt.	Miller	Summers, Wash.
Byrnes, S. C.	Griest	Millspaugh	Summers, Tex.
Byrns, Tenn.	Griffin	Mondell	Swank
Cable	Hadley	Montoya	Sweet
Campbell, Kans.	Hammer	Moore, Va.	Swing
Campbell, Pa.	Hardy, Colo.	Moore, Ind.	Taylor, Tenn.
Cannon	Hardy, Tex.	Morgan	Temple
Carew	Haugen	Mott	Ten Eyck
Carter	Hawley	Murphy	Thomas
Chalmers	Hayden	Nelson, A. P.	Thompson
Chandler, N. Y.	Hays	Nelson, J. M.	Tillman
Chandler, Okla.	Herrick	Newton, Minn.	Tilson
Clague	Hersey	Newton, Mo.	Timberlake
Clarke, N. Y.	Hickey	Norton	Tincher
Clouse	Hicks	O'Connor	Towner
Cole, Iowa	Hill	Oldfield	Treadway
Cole, Ohio	Hoch	Oliver	Tyson
Collier	Houghton	Overstreet	Vestal
Collins	Hukriede	Padgett	Vinson
Colton	Hull	Park, Ga.	Voigt
Connally, Tex.	Hutchinson	Parks, Ark.	Volstead
Connell	Ireland	Parrish	Walters
Connolly, Pa.	Jacoway	Patterson, Mo.	Ward, N. C.
Cooper, Wis.	Jefferis, Nebr.	Perkins	Watson
Coughlin	Johnson, Ky.	Pringle	Weaver
Crisp	Johnson, Miss.	Purnell	Webster
Crowther	Johnson, Wash.	Quin	White, Kans.
Cullen	Jones, Tex.	Radcliffe	White, Me.
Curry	Kahn	Raker	Williams
Dale	Kearns	Ramseyer	Wilson
Darrow	Kincheloe	Rankin	Wingo
Davis, Minn.	King	Ransley	Wise
Davis, Tenn.	Kinkaid	Rayburn	Wood, Ind.
Denison	Kissel	Reavis	Woodruff
Dowell	Kline, N. Y.	Reece	Woodyard
Driver	Kline, Pa.	Rhodes	Wright
Dunbar	Kopp	Ricketts	Wurzbach
Dunn	Kraus	Riddick	Yates
Dupré	Langley	Roach	Young
Dyer	Lanham	Robertson	Zihlman

## NAYS—4.

Blanton	Fish	Lineberger	Rosenbloom
Anderson	Boies	Chindblom	Deal
Anthony	Brennan	Christopherson	Dempsey
Atkeson	Brinson	Clark, Fla.	Dickinson
Bankhead	Britten	Classon	Dominick
Barbour	Brooks, Ill.	Cockran	Doughton
Beck	Browne, Wis.	Codd	Drane
Beedy	Bulwinkle	Cooper, Ohio	Drewry
Blakeney	Burdick	Copley	Edmonds
Bland, Ind.	Burroughs	Cramton	Ellis
Bland, Va.	Cantrill	Dallinger	Fairchild

## NOT VOTING—159.

Favrot	Kendall	Montague	Siegel
Fenn	Kennedy	Moore, Ill.	Siemp
Fields	Ketcham	Moore, Ohio	Smithwick
Fitzgerald	Kieess	Morin	Snell
Flood	Kindred	Mudd	Snyder
Freeman	Kirkpatrick	Nolan	Stafford
Fuller	Kitchin	O'Brien	Stevenson
Gahn	Klecza	Ogden	Stiness
Gallivan	Knight	Olpp	Stoll
Gilbert	Knutson	Osborne	Strong, Pa.
Glynn	Kreider	Palge	Sullivan
Goldsborough	Kunz	Parker, N. J.	Tague
Gould	Lampert	Parker, N. Y.	Taylor, Ark.
Graham, Ill.	Layton	Patterson, N. J.	Taylor, Colo.
Harrison	Lee, N. Y.	Perlman	Taylor, N. J.
Hawes	Linthicum	Peters	Tinkham
Himes	London	Petersen	Underhill
Hogan	Luce	Porter	Upshaw
Huddleston	Lyon	Pou	Vaile
Hudspeth	McClintic	Rainey, Ala.	Vare
Humphreys	McLaughlin, Pa.	Rainey, Ill.	Volk
Husted	MacGregor	Reber	Walsh
James, Mich.	Magee	Reed, N. Y.	Ward, N. Y.
James, Va.	Maloney	Reed, W. Va.	Wason
Jeffers, Ala.	Mann	Riordan	Wheeler
Johnson, S. Dak.	Mansfield	Rouse	Williamson
Jones, Pa.	Mead	Rucker	Winslow
Keller	Merritt	Sabath	Woods, Va.
Kelley, Mich.	Michaelson	Sanders, N. Y.	Wyant
Kelly, Pa.	Mills	Schall	

So the conference report was agreed to.

The following additional pairs were announced:

Until further notice:

Mr. VARE with Mr. UPSHAW.

Mr. LUCE with Mr. GOLDSBOROUGH.

Mr. BRENNAN with Mr. FAVROT.

Mr. KIRKPATRICK with Mr. LYON.

Mr. KNUTSON with Mr. CLARK of Florida.

Mr. JONES of Pennsylvania with Mr. CANTRILL.

Mr. DICKINSON with Mr. SABATH.

Mr. MOORE of Ohio with Mr. DEAL.

Mr. EDMONDS with Mr. MCCLINTIC.

Mr. MUDD with Mr. SMITHWICK.

Mr. LEE of New York with Mr. JEFFERS of Alabama.

Mr. VAILE with Mr. MANSFIELD.

Mr. GLYNN with Mr. TAYLOR of Arkansas.

Mr. LONDON. Mr. Speaker, I wish to vote "aye."

The SPEAKER pro tempore. Was the gentleman in the Hall listening when his name should have been called?

Mr. LONDON. Only a part of the time.

The SPEAKER pro tempore. Was the gentleman listening when his name should have been called?

Mr. LONDON. No.

The SPEAKER pro tempore. The gentleman does not qualify.

The result of the vote was announced as above recorded.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. CHINDBLOM indefinitely, on account of illness.

Mr. GORMAN. Mr. Speaker, I wish to announce that my colleague, Mr. CHINDBLOM, who is confined to his home on account of illness, desires me to state that if he were present he would have voted for the conference report.

Mr. WILLIAMS. Mr. Speaker, I desire to make the same announcement for my colleague, Mr. WHEELER.

Mr. FESS requested leave of absence for Mr. FITZGERALD until August 21 on account of having been ordered to report for camp duty at Camp Knox from July 30 to August 31.

The SPEAKER pro tempore. Is there objection? (After a pause.) The Chair hears none.

Mr. BLANTON. Mr. Speaker, the Chair is mistaken; there is objection. As to a personal request for leave of absence for a Congressman who has been ordered from Congress to camp in peace time, I want to ask the Chair whether or not there is any power that can take a Member of Congress away from his duties in peace time to a military camp?

The SPEAKER. The Chair heard no objection made.

Mr. BLANTON. I was on my feet objecting and clamoring for recognition.

Mr. GARRETT of Tennessee. Mr. Speaker, I was not aware of the fact that the gentleman from Texas was going to enter upon that question, but I do think that presents a pretty serious question. There was no objection made during the war time. I would appreciate it if the Chair would be good enough to withdraw that request from the desk at this time and lay it before the House at a later date.

Mr. GREENE of Vermont. Will the gentleman allow a suggestion?

Mr. GARRETT of Tennessee. Yes.

Mr. GREENE of Vermont. I think if the gentleman will examine the law he will find that the form in which this request for leave is made does not altogether represent the exact status of our colleague. I do not think he has been taken by force of

arms, by mandate of the War Department, or by the scruff of the neck, against his will.

Mr. GARRETT of Tennessee. Mr. Speaker, during the time of the war none of us objected to Members of the House being absent on military duty. Probably it ought to have been objected to then, but no objection was made either for officers or for those who were privates. Nevertheless there is involved a very grave question—the mingling of the military and civil authorities. I do not wish to be ungracious in any sort of way, but I would be very glad if the Speaker would withdraw that for a time and let us think it over.

Mr. GREENE of Vermont. If the gentleman will permit me, I think he will find that the request is probably rather crudely worded. It does not represent the actual status of this gentleman in his relation to the War Department.

Mr. BLANTON. If the gentleman will yield, the newspaper states that the War Department had ordered the Congressman to camp and the Congressman in obedience to his duty had gone.

Mr. GREENE of Vermont. I do not want to suggest what the brother may have had in his mind, but I want to say that the War Department orders no reserve officers to duty in time of peace without his own consent.

The SPEAKER pro tempore. The Chair heard no objection when he put the question, but the gentleman from Tennessee [Mr. GARRETT] asks unanimous consent that the matter be withdrawn and disposed of at a later date.

Mr. BLANTON. Mr. Speaker, I was on my feet to make the objection, and I addressed the Chair as soon as I could before he put the question.

Mr. GREENE of Vermont. Mr. Speaker, has the House the power to give a man leave of absence in the first place, and if it has not, how can it do so by action of a committee?

The SPEAKER pro tempore. The Chair believes that the House has the right to grant a leave of absence, and that is what is asked for in this request. The Chair did not understand that the gentleman from Texas was making his objection at the time when the statement was made by the Chair.

Mr. BLANTON. Yes; Mr. Speaker, I was on my feet to object and I rose immediately, trying in the confusion to get recognition of the Chair.

The SPEAKER pro tempore. The Chair feels in view of the statement of the gentleman from Texas [Mr. BLANTON] that he was on his feet to make an objection, although the Chair failed to hear it; is there any objection to the request?

Mr. BLANTON. I object.

Mr. GARRETT of Tennessee. Mr. Speaker, I desire to make a privileged motion.

Mr. BEGG. Mr. Speaker, I desire to make a unanimous-consent request.

Mr. GARRETT of Tennessee. Mr. Speaker, I move that the request of the gentleman from Ohio [Mr. FITZGERALD] be referred to a committee of three to be appointed by the Chair, to determine—

Mr. MONDELL. Mr. Speaker, that is not in order, because the request is not before the House. It has been objected to, and that ends it.

Mr. McARTHUR. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Has the gentleman from Tennessee completed his motion?

Mr. GARRETT of Tennessee. Mr. Speaker, I move that a committee of three—

Mr. MONDELL. Mr. Speaker, I move that the House—

Mr. SWEET. Mr. Speaker, I ask unanimous consent that Members of the House—

Mr. GARRETT of Tennessee. Mr. Speaker, I do not yield for that.

Mr. SWEET. Be granted three legislative days in which to extend their remarks on the bill H. R. 6611.

Mr. GARRETT of Tennessee. Mr. Speaker, I object.

#### ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The gentleman from Wyoming moves that the House do now adjourn.

Mr. GARRETT of Tennessee. Mr. Speaker, can the gentleman from Wyoming take me off my feet when I am in process of making a motion?

The SPEAKER pro tempore. He may on his motion to adjourn.

Mr. DOWELL. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Wyoming that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 102, noes 61.



Mr. GARRETT of Tennessee. Mr. Speaker, I demand the yeas and nays.

Mr. BLANTON. Pending that I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Tennessee demands the yeas and nays. Those seconding the demand for the yeas and nays will rise and stand until counted. [After counting.] Evidently a sufficient number, and the yeas and nays are ordered. The question is on the motion of the gentleman from Wyoming that the House do now adjourn.

The question was taken; and there were—yeas 144, nays 65, answered "present" 3, not voting 219, as follows:

## YEAS—144.

Ackerman	Fess	Lehibach	Shaw
Ansorge	Focht	Little	Shelton
Appleby	Foster	Longworth	Shreve
Arentz	Frear	McCormick	Sinclair
Bacharach	French	McLaughlin, Nebr.	Sinnott
Begg	Frothingham	McPherson	Smith, Idaho
Benham	Germer	Mapes	Smith, Mich.
Bird	Goodykoontz	Michener	Speaks
Bixler	Gorman	Miller	Sproul
Bond	Green, Iowa	Mondell	Steenerson
Bowers	Greene, Mass.	Montoya	Stephens
Brooks, Pa.	Greene, Vt.	Moore, Ind.	Strong, Kans.
Burke	Griest	Morgan	Summers, Wash.
Burtess	Hadley	Murphy	Swing
Cable	Hardy, Colo.	Nelson, A. P.	Taylor, Tenn.
Campbell, Kans.	Haugen	Nelson, J. M.	Temple
Cannon	Hawley	Newton, Minn.	Thompson
Chalmers	Herrick	Norton	Tilson
Chandler, Okla.	Hickey	Perkins	Timberlake
Clarke, N. Y.	Hicks	Pringle	Timcher
Cole, Iowa	Hill	Purnell	Towner
Cole, Ohio	Hoch	Radcliffe	Treadway
Colton	Houghton	Ramseyer	Volstead
Connell	Hutchinson	Ransley	Walters
Connolly, Pa.	Ireland	Reece	Watson
Cooper, Wis.	Jefferis, Nebr.	Rhodes	Weaver
Coughlin	Kearns	Ricketts	Webster
Curry	King	Riddick	White, Kans.
Dale	Kissel	Roach	White, Me.
Darrow	Kline, N. Y.	Robertson	Wood, Ind.
Denison	Kline, Pa.	Robison	Woodruff
Dowell	Kopp	Rogers	Woodyard
Dunbar	Kraus	Rose	Wurzbach
Dunn	Larson, Minn.	Rossdale	Yates
Echols	Lawrence	Sanders, Ind.	Young
Evans	Leatherwood	Scott, Mich.	Zihlman

## NAYS—65.

Almon	Garner	Logan	Sanders, Tex.
Barkley	Garrett, Tenn.	London	Sandlin
Bell	Griffin	McClintic	Sears
Blanton	Hammer	McDuffie	Sisson
Bowling	Hardy, Tex.	McSwain	Smithwick
Box	Hayden	Martin	Steagall
Brand	Jacoway	Moore, Va.	Swank
Briggs	Johnson, Ky.	O'Connor	Sweet
Byrnes, S. C.	Jones, Tex.	Oldfield	Tyson
Carew	Kincheleoe	Oliver	Vestal
Collier	Lanham	Overstreet	Ward, N. C.
Connally, Tex.	Lankford	Park, Ga.	Wilson
Crisp	Larsen, Ga.	Parrish	Wingo
Davis, Tenn.	Lazaro	Quin	Wright
Dupré	Lea, Calif.	Raker	
Fisher	Lee, Ga.	Rankin	
Fulmer	Lineberger	Rayburn	

## ANSWERED "PRESENT"—3.

McArthur

McLaughlin, Mich. Williams

## NOT VOTING—219.

Anderson	Collins	Gilbert	Knutson
Andrews	Cooper, Ohio	Glynn	Kreider
Anthony	Copley	Goldsborough	Kunz
Aswell	Cramton	Gould	Lampert
Atkeson	Crowther	Graham, Ill.	Langley
Bankhead	Cullen	Graham, Pa.	Layton
Barbour	Dallinger	Harrison	Lee, N. Y.
Beck	Davis, Minn.	Haws	Linthicum
Beedy	Deal	Hays	Lowrey
Black	Dempsey	Hersey	Luce
Blakeney	Dickinson	Himes	Luhning
Bland, Ind.	Domink	Hogan	Lyon
Bland, Va.	Doughton	Huddleston	McFadden
Boles	Draue	Hudspeth	McKenzie
Brennan	Drewry	Hukriede	McLaughlin, Pa.
Brinson	Driver	Hull	MacGregor
Britten	Dyer	Humphreys	Madden
Brooks, Ill.	Edmonds	Husted	Magee
Brown, Tenn.	Elliott	James, Mich.	Maloney
Browne, Wis.	Ellis	James, Va.	Mann
Buchanan	Elston	Jeffers, Ala.	Mansfield
Bulwinkle	Fairchild	Johnson, Miss.	Mead
Burdick	Fairfield	Johnson, S. Dak.	Merritt
Burroughs	Faust	Johnson, Wash.	Michaelson
Burton	Fayot	Jones, Pa.	Mills
Butler	Fenn	Kahn	Millsbaugh
Byrnes, Tenn.	Fields	Keller	Montague
Campbell, Pa.	Fish	Kelley, Mich.	Moore, Ill.
Cantrill	Fitzgerald	Kelly, Pa.	Moore, Ohio
Carter	Flood	Kendall	Morin
Chandler, N. Y.	Fordney	Kennedy	Mott
Chindblom	Free	Ketcham	Mudd
Christopherson	Freeman	Kless	Newton, Mo.
Clague	Fuller	Kirkpatrick	Nolan
Clark, Fla.	Funk	Kirkpatrick	O'Brien
Classon	Gahn	Kitchin	Ogden
Clouse	Gallivan	Kleczka	Olpp
Cockran	Garrett, Tex.	Knight	Osborne
Codd	Gensman		Padgett

Paige	Reed, W. Va.	Stedman	Upshaw
Parker, N. J.	Riordan	Stevenson	Vaile
Parker, N. Y.	Rodenberg	Stiness	Vare
Parks, Ark.	Rosenbloom	Stoll	Vinson
Patterson, Mo.	Rouse	Strong, Pa.	Voigt
Patterson, N. J.	Rucker	Sullivan	Volk
Perlman	Ryan	Summers, Tex.	Walsh
Peters	Sabath	Tague	Ward, N. Y.
Petersen	Sanders, N. Y.	Taylor, Ark.	Wason
Porter	Schall	Taylor, Colo.	Wheeler
Pou	Scott, Tenn.	Taylor, N. J.	Williamson
Rainey, Ala.	Siegel	Ten Eyck	Winslow
Rainey, Ill.	Slemp	Thomas	Wise
Reavis	Snell	Tillman	Woods, Va.
Reber	Snyder	Tinkham	Wyant
Reed, N. Y.	Stafford	Underhill	

So the motion to adjourn was agreed to.

The Clerk announced the following additional pairs:

Until further notice:

Mr. BUTLER with Mr. PADGETT.

Mr. FREE with Mr. BYRNS of Tennessee.

Mr. HUKRIEDE with Mr. THOMAS.

Mr. WASON with Mr. CARTER.

Mr. RODENBERG with Mr. GARRETT of Texas.

Mr. PATTERSON of Missouri with Mr. COLLINS.

Mr. DAVIS of Minnesota with Mr. ASWELL.

Mr. LAYTON with Mr. STEDMAN.

Mr. FAUST with Mr. JOHNSON of Mississippi.

Mr. REAVIS with Mr. PARKS of Arkansas.

Mr. NEWTON of Missouri with Mr. TILLMAN.

Mr. LUHRING with Mr. SUMMERS of Texas.

Mr. HAYES with Mr. CAMPBELL of Pennsylvania.

Mr. KENDALL with Mr. TEN EYCK.

Mr. MILLSAUGH with Mr. VINSON.

Mr. MALONEY with Mr. LOWREY.

Mr. DYER with Mr. CULLEN.

Mr. FORDNEY with Mr. BLACK.

The result of the vote was announced as above recorded.

Accordingly (at 4 o'clock and 56 minutes p. m.) the House adjourned until to-morrow, Wednesday, August 3, 1921, at 12 o'clock noon.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. RHODES, from the Committee on Mines and Mining, to which was referred the bill (S. 843) to amend section 5 of the act approved March 2, 1919, entitled "An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes," reported the same with an amendment, accompanied by a report (No. 325), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. MILLER, from the Committee on Military Affairs, to which was referred the bill (H. R. 5768) to amend and correct the military record of Alvah B. Doble, reported the same without amendment, accompanied by a report (No. 323), which said bill and report were referred to the Private Calendar.

## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6893) granting a pension to Alvin E. Briggs; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 7990) granting a pension to Daniel Lynch; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MCCLINTIC: A bill (H. R. 8037) to amend an act approved February 24, 1919, entitled "An act to provide revenue, and for other purposes," providing an additional exemption for soldiers, sailors, and marines who served in the World War and received an honorable discharge; to the Committee on Ways and Means.

By Mr. JOHNSON of Washington: A bill (H. R. 8038) authorizing the Secretary of War to exchange certain timber easements on the Camp Lewis Military Reservation, Wash.; to the Committee on Military Affairs.

By Mr. BUTLER: A bill (H. R. 8039) to redistribute the number of offices in the several grades of the Supply Corps of the Navy; to the Committee on Naval Affairs.

Also, a bill (H. R. 8040) regarding officers of the Marine Corps accountable for public moneys, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H. R. 8041) regarding clothing for discharged men in the Marine Corps discharged for bad conduct, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H. R. 8042) exempting all exchanges operated for the armed forces of the United States from taxes coming under the provisions of the revenue act of 1918; to the Committee on Ways and Means.

Also, a bill (H. R. 8043) furnishing transportation for dependents of officers and enlisted men of the Navy and Marine Corps under certain considerations; to the Committee on Naval Affairs.

By Mr. NEWTON of Minnesota: A bill (H. R. 8044) to amend an act entitled "An act to provide revenue, and for other purposes," approved February 24, 1919; to the Committee on Ways and Means.

Also, a bill (H. R. 8045) to amend an act entitled "An act to provide revenue, and for other purposes," approved February 24, 1919; to the Committee on Ways and Means.

By Mr. VARE: Joint resolution (H. J. Res. 182) providing for the compilation of statistics showing the number of Government employees in Washington who cast a vote at the last general election; to the Committee on the Census.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUTLER: A bill (H. R. 8046) for the relief of Themis Christ; to the Committee on Naval Affairs.

By Mr. DEMPSEY: A bill (H. R. 8047) for the relief of Emons Johnson; to the Committee on Military Affairs.

By Mr. FRENCH: A bill (H. R. 8048) granting a pension to John A. Smith; to the Committee on Pensions.

By Mr. HAYS: A bill (H. R. 8049) granting a pension to Tabitha Hammons; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8050) granting a pension to Henry H. Hill; to the Committee on Invalid Pensions.

By Mr. HICKS: A bill (H. R. 8051) for the relief of the Commonwealth and Dominion Line (Ltd.), owner of the British steamship *Port Phillip*; to the Committee on War Claims.

By Mr. KAHN: A bill (H. R. 8052) for the relief of James H. Riley; to the Committee on Naval Affairs.

By Mr. KLINE of New York: A bill (H. R. 8053) for the relief of John E. Russell; to the Committee on War Claims.

By Mr. McCORMICK: A bill (H. R. 8054) granting a pension to Rose Edwards; to the Committee on Pensions.

By Mr. McLAUGHLIN of Michigan: A bill (H. R. 8055) to remove the charge of desertion from the military record of Benjamin F. Brown; to the Committee on Military Affairs.

By Mr. MURPHY: A bill (H. R. 8056) granting a pension to Elizabeth Ann Harrison; to the Committee on Invalid Pensions.

By Mr. REBER: A bill (H. R. 8057) granting an increase of pension to Elizabeth Williams; to the Committee on Pensions.

By Mr. ROBSION: A bill (H. R. 8058) for the relief of Annie E. Finnicum; to the Committee on War Claims.

By Mr. RIORDAN: A bill (H. R. 8059) for the relief of Helen Pennoyer Young; to the Committee on Claims.

By Mr. SANDERS of Indiana: A bill (H. R. 8060) granting an increase of pension to Nancy J. Kelliker; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 8061) for the relief of Laura E. Alexander; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2242. By the SPEAKER (by request): Petition of the National Council of the Congregational Churches of the United States, urging the adoption of the Sterling bill or some similar measure looking to the establishment of a permanent commission with power to control and direct all immigration; to the Committee on Immigration and Naturalization.

2243. By Mr. BURTNESSE: Petition of 50 citizens of Cogswell, N. Dak., urging Congress to take the necessary action to bring about the recognition of the republic of Ireland by the Government of the United States; to the Committee on Foreign Affairs.

2244. Also, petition of 60 citizens of Fairmont, N. Dak., urging the recognition of the Irish republic by the Government of the United States; to the Committee on Foreign Affairs.

2245. Also, resolution of Ray R. Saunders and 314 others, members of North Dakota Conference of Seventh Day Adventists, protesting against passage of pending Sunday observance or blue law bills; to the Committee on the District of Columbia.

2246. By Mr. CRAMTON: Resolutions of the Michigan Milk Producers' Association, in session at Detroit, Mich., on July 22, urging the enactment into law of House bill 7459, the Fordney milk bill; to the Committee on Ways and Means.

2247. By Mr. DYER: Petition of the Independent Candy & Manufacturing Co. and 15 other concerns in Missouri, urging the repeal of the excise tax on candy imposed under the revenue act of 1918; to the Committee on Ways and Means.

2248. By Mr. JOHNSON of Washington: Petition of various citizens of Mason County, Wash., opposing House bill 4388; to the Committee on the District of Columbia.

2249. By Mr. KIESS: Petition of Bethany Presbyterian Church of Williamsport, Pa., relative to the situation in the Near East; to the Committee on Foreign Affairs.

2250. By Mr. KISSEL: Petition of William MacQueen, Joseph A. Popp, Charles Knausman, Martin J. Lang, George Erich, and Thomas S. Fibick, all of Brooklyn, N. Y., urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2251. Also, petition of Fred Reifschneider, of Brooklyn, N. Y., urging relief for the people of the Near East; to the Committee on Foreign Affairs.

2252. Also, petition of New York Typographical Union, No. 6, of New York City, opposing the passage of House joint resolution 171; to the Committee on Immigration and Naturalization.

2253. By Mr. KNIGHT: Petition of residents of Portage County, Ohio, against House bill 4388; to the Committee on the District of Columbia.

2254. By Mr. SNYDER: Petition of Baptist churches of Iliou and Utica, N. Y., favoring the proposed constitutional amendment prohibiting sectarian appropriations; to the Committee on the Judiciary.

2255. By Mr. TEMPLE: Petition of officers of district No. 5, United Mine Workers of America, of Pittsburgh, Pa., protesting against the enactment of House joint resolution 171; to the Committee on Immigration and Naturalization.

2256. By Mr. YATES: Petition of Mrs. Florence F. Bohrer, of Bloomington, Ill., urging antilynching bill; to the Committee on the Judiciary.

2257. Also, petition of Chamber of Commerce of the United States of America, Washington, D. C., protesting against the elimination of the Federal Board for Vocational Education; to the Committee on Interstate and Foreign Commerce.

2258. Also, petition of the Mechanics' Homestead and Loan Association of Galesburg, Ill., by T. N. Swanson, secretary, urging an amendment to the Federal income tax law exempting persons whose investments in building and loan associations do not exceed \$500; to the Committee on Ways and Means.

2259. Also, petition of the Eisenkay Products Co., of Chicago, Ill., protesting against tariff on vegetable oils provided by the Fordney bill; to the Committee on Ways and Means.

2260. Also, petition of Sangamon County Bar Association, of Springfield, Ill., protesting against the creating of a new judicial district in the State; to the Committee on the Judiciary.

2261. By Mr. YOUNG: Resolution of the North Dakota Federation of Wool Growers' Associations, of Fargo, N. Dak., praying for more adequate tariff protection to the woolgrowers of the United States; to the Committee on Ways and Means.

#### SENATE.

WEDNESDAY, August 3, 1921.

(Legislative day of Wednesday, July 27, 1921.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

The PRESIDING OFFICER (Mr. MOSES in the chair). The Senate, as in Committee of the Whole, resumes the consideration of the unfinished business, Senate bill 1915.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. SMITH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.



The reading clerk called the roll, and the following Senators answered to their names:

Brandegee	Harris	Moses	Sutherland
Broussard	Hedlin	Nelson	Swanson
Cameron	Hitchcock	Norbeck	Townsend
Capper	Johnson	Oddie	Trammell
Curtis	Kellogg	Overman	Wadsworth
Dial	King	Sheppard	Walsh, Mass.
Edge	Knox	Smith	Warren
Ernst	Ladd	Spencer	Watson, Ga.
Fletcher	McKellar	Stanfield	Willis
Harrell	McNary	Sterling	

Mr. CURTIS. I wish to announce the absence of the Senator from Pennsylvania [Mr. PENROSE], the Senator from North Dakota [Mr. McCUMBER], the Senator from Utah [Mr. SMOOT], the Senator from Vermont [Mr. DILLINGHAM], the Senator from Connecticut [Mr. McLEAN], the Senator from New York [Mr. CALDER], the Senator from Indiana [Mr. WATSON], the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Missouri [Mr. REED] on official business attending hearings before the Committee on Finance.

The PRESIDING OFFICER. Thirty-nine Senators have answered to their names. There is not a quorum present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. ASHURST, Mr. BURSUM, Mr. CULBERSON, Mr. McCORMICK, and Mr. RANDELL answered to their names when called.

Mr. FERNALD, Mr. GOODING, Mr. SHORTRIDGE, Mr. STANLEY, Mr. KEYES, Mr. HARRISON, Mr. LENROOT, Mr. JONES of Washington, Mr. KENYON, Mr. CARAWAY, and Mr. BORAH entered the Chamber and answered to their names.

Mr. HARRISON. I wish to announce that the Senator from Rhode Island [Mr. GERRY] is necessarily absent owing to illness.

The PRESIDING OFFICER. Fifty-five Senators having answered to their names, there is a quorum present. The Senator from Florida [Mr. TRAMMELL] is entitled to the floor.

Mr. TRAMMELL resumed and concluded the speech begun by him yesterday. The speech entire is as follows:

*Tuesday, August 2, 1921.*

Mr. TRAMMELL. Mr. President, I am very glad that the Senate has at last reached a conclusion to take what I hope may prove to be an effective step toward benefiting the agriculture interests of the Nation. Since the war none of the industries of the country have suffered so greatly as has agriculture. It has been hampered on account of the lack of a market, and it has also been more or less paralyzed on account of excessive rates charged for the transportation of products within our own borders, but up to this good moment the Congress has not tendered any relief to the great farming interests of America.

The first substitute offered to the bill, that submitted by the Senator from Minnesota [Mr. KELLOGG], and the substitute which is being discussed at the present time in a large measure are similar. As I have studied the two measures, I can see only minor changes provided in the so-called McNary substitute. Some of the changes I look upon as being advantageous and in the interest of the agricultural producers; but, on the other hand, I find at least one provision which I believe will not aid or assist in accomplishing the object desired to be attained but will work to the detriment of the beneficent purpose intended by the pending legislation. I refer to the provision which relates to the financing of the so-called Edge banks, which have been created for the purpose of carrying on foreign financial negotiations and for the purpose of establishing branch banks in foreign countries.

Why the McNary substitute should provide that such institutions should be furnished with money through the War Finance Corporation without requiring that that money shall be used for agricultural purposes or for the purpose of carrying on the exportation of either agricultural products or manufactured products I do not apprehend. Upon a consideration of the provisions touching upon this subject it is plain that the War Finance Corporation is authorized to advance money to such banks regardless of the purposes or the objects for which the money is advanced.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Carolina?

Mr. TRAMMELL. I yield.

Mr. SIMMONS. Unless I am very much mistaken, the law creating the so-called Edge banks confers upon them only powers with reference to exportations. I have not recently read the act, but that is my understanding of the Edge law. It was enacted for the purpose of promoting the exportation of American products. The functions of the organizations au-

thorized under that law are, as I recall, confined to exportations. If I am mistaken about that, I will be very glad to be corrected by the Senator.

Mr. TRAMMELL. I think the Senator will find upon a review of the act that the scope of its authority is far broader and more extensive than that of merely assisting export business or financing exportations. It confers much more general authority than that required for the financing of exportations. I think the substitute should be so amended as to restrict the advances which are made to the so-called Edge banks to such advances as are made for the purpose of assisting the agriculture interests of the country or else for the purpose of assisting exportations.

I find also that the proposed substitute provides that the loans shall be made to the so-called Edge banks for five years. It provides for the purchasing of their debentures, of their securities, and it may finance them for five years. I have wondered why there should be such zealous support for giving a 5-years' credit to these financial institutions when credit is restricted to the individual farmers of the country to a period of only two years.

Mr. KELLOGG. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Minnesota?

Mr. TRAMMELL. Certainly.

Mr. KELLOGG. The original War Finance Corporation act provided that the credit should not extend beyond five years; that is all. The War Finance Corporation has not issued any five-year bonds; it found it unnecessary to do so. It issued \$200,000,000 of one-year bonds, and they were paid within the year. The War Finance Corporation believes that it can finance exports on notes or short-time bonds, but the original law limited them so that they could not go beyond the five years; it did not require them to issue 5-year bonds or to do anything of the kind. The Senator was mistaken in that respect.

Mr. TRAMMELL. The law did not require them to do it, but the law authorized them to do it.

Mr. KELLOGG. Very well.

Mr. TRAMMELL. And this amendment proposes to authorize them to continue to extend credit for a period of five years.

Mr. KELLOGG. The amendment does not affect that, because—

Mr. TRAMMELL. It does not affect it, but it continues the authority given to the War Finance Corporation under section 21 of the original War Finance Corporation act, which gave them the right to extend credit for a period of five years.

Mr. KELLOGG. If the Senator will inquire of the War Finance Corporation, he will find that the credits which they have extended and the only ones they find practicable are reasonably short-term credits. The Senator may go over the list of all of the credits they have extended and he will find that they are practically all short-term credits. The War Finance Corporation believes that the class of credits they are extending for moving products could not be made and should not be made for any such length of time. They said that a year at the outside for a first credit was the utmost that was needed, but they wished power to extend such credits from year to year not exceeding two years. That is the statement of the War Finance Corporation.

Of course, it stands to reason that credits extended for moving crops are not going to be extended over two, three, four, or five years. The War Finance Corporation said that any such credits would be of no advantage, and I do not think the Congress would wish to go into the business of extending long-term credits over a period away beyond the time of the disposal of the products.

Mr. TRAMMELL. Mr. President, of course I am not commenting upon the procedure that has been adopted by the War Finance Corporation. I am talking about the measure that is before us. The point that I desire to emphasize is that there seems to be a disposition on the part of some Senators supporting this measure, or else those who formulated the measure, to reach the agricultural interests of this country beneficently, only indirectly, by some circuitous route. It seems to be the disposition when dealing with the manufacturing interests of the country or these foreign banking institutions in the law at least to give them a greater term of credit, and to give them credit upon terms upon which it is not given under the measure to the agricultural interests of the country, and that is the point I am criticizing.

Senators have enthused here over this measure, not because it was going to redound to the building up of these foreign banks, not because it is going to redound to the building up of the dealers in exports, but because they say it is going to be a wonderful panacea for the farmers of the country; it is going

to produce wonderful results for them. Now, I think this measure will produce some good results. I think the object of the measure most commendable; but what I desire to do, if we are going to call it a measure in the interest of agriculture, is to endeavor to have its provisions afford every possible relief to the producers of this country.

We find in the McNary substitute a provision that the Finance Corporation can purchase from domestic banks notes, bills of exchange, and other evidences of indebtedness in writing when secured by a chattel mortgage; but the position is taken here that you must not advance to a bank money that the bank may use in making advances to a farmer directly upon his own security.

Mr. KELLOGG. Mr. President, will the Senator yield?

Mr. TRAMMELL. Mr. President, if I allow other Senators to make speeches all through my speech, I shall talk here probably a week. It does not worry me, but I want to get through.

The PRESIDING OFFICER. The Senator from Florida declines to yield further.

Mr. TRAMMELL. That is one of the provisions of the McNary amendment. If the Senator questions it, I can read it in just a moment. It provides that in exceptional cases they can purchase this class of securities. In other words, the authors of this measure, or those who conferred upon it, recognized that that was sufficient security and a safe investment for the Finance Corporation when purchasing a chattel mortgage upon staple agricultural products from the bank; yet you say that they must not accept those classes of securities from the farmer, even in the hands of the bank. If the farmer's security is to be used, he must go through the circuitous route of having it handled by a dealer, handled by those engaged in marketing products, or else through an association; but as far as the Finance Corporation purchasing the same security from a bank, it is not authorized by the McNary substitute.

I do not quite understand why the phrase "in exceptional cases" should have been written into the bill. It is the only avenue through which the farmer has the opportunity to have his individual securities handled in the least, and that is by a sale.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Carolina?

Mr. TRAMMELL. I do.

Mr. SIMMONS. The Senator says he does not understand why the words "exceptional cases" are used. I want to say to the Senator that the whole section to which he is now referring is almost identical in language with the powers conferred upon the Finance Corporation in war times. We found that there were certain exceptional cases that could not be dealt with under the general rule that was prescribed, but that ought to be dealt with. The "exceptional case" that was intended to be covered by this section was the case of a State bank which would not be able to borrow from the corporation under the preceding clause of section 24, because under State law limiting the amount of their borrowings to their capital stock plus their surplus they have already borrowed all that they are permitted under their State authority to borrow. They could not borrow, therefore, from the corporation under the balance of section 24. Now, for the purpose of enabling them to secure additional advancements, it is provided that instead of their borrowing the money upon these securities they may be given permission to sell the securities right out, and in that way accomplish a purpose which could not be accomplished under the general provision of section 24.

Mr. TRAMMELL. I understand, from the explanation made, why the words "exceptional cases" were inserted. That makes it all the more necessary, in my opinion, for the amendment that I propose to this measure to be adopted, because if you do not adopt that amendment then the producer in this country, regardless of his security, has no avenue through which he can enjoy the benefits of this legislation except to go through a dealer, a factor, or somebody carrying on an export business, or else to go to the cumbersome necessity of forming an association. The amendment which I propose provides that the corporation may not only make advances to banks or trust companies upon the security of the dealer—which in most instances, doubtless, will be secured by the product itself—but that in making advances to a bank they can accept as security from the bank a chattel mortgage upon staple agricultural products.

Mr. KELLOGG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Minnesota?

Mr. TRAMMELL. Certainly.

Mr. KELLOGG. I should like to ask one question. Does the Senator believe that any single corporation in Washington can loan directly to 30,000,000 or 40,000,000 people in the United States, or any small percentage of them, and relieve anybody by attempting to do it?

Mr. TRAMMELL. Mr. President, I do not think they could by making the individual loans directly, but I propose handling this entire transaction through the banks of the country; your measure without my amendment is going to handle the advance through the dealers of the country, those engaged in the export business; and you have the farmers, the agricultural interests of this country, subject to their will and going upon bended knees, begging to them, in order to get the benefits of the measure.

Mr. KELLOGG. Does the Senator believe that a corporation, if authorized, could relieve the condition of this country by loaning directly to the people? Does he believe that it would be possible to do that?

Mr. TRAMMELL. Mr. President, I believe that the corporation dealing through the banks, in recognition of the security furnished by chattel mortgage upon the products of the country, could in a great many instances through the banks accept this security upon advances made to those banks just the same as they would accept similar securities if they had been deposited there by dealers or by exporters.

Mr. KELLOGG. That is exactly what the bill authorizes.

Mr. TRAMMELL. Mr. President, the bill does not authorize that. It authorizes it only through dealers, those engaged in marketing, and associations.

Mr. KELLOGG. No; not at all.

Mr. TRAMMELL. It does not authorize an advance upon security offered by a producer himself individually, even when this security is held by a bank.

Mr. KELLOGG. Why, it authorizes this corporation to buy from domestic banks, bankers, or trust companies notes, drafts, bills of exchange secured by chattel mortgage, and so forth, and they are, of course, given by the producers. There is nothing here that excludes them.

Mr. TRAMMELL. That is exactly the point I have been making, that the bill recognizes that as proper security; it recognizes it as a good investment on the part of the Finance Corporation when it is held by a bank and a bank wants to sell it. Now, after you have put the stamp of approval upon that class of security, how are you going to say to the producers that unless that is owned by a bank you will not advance the bank any funds upon that same class of security? Then, too, in exceptional cases—the cases involved through State banks, as stated by the Senator from North Carolina—you have given recognition to that class of security.

Mr. DIAL and Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield to the junior Senator from South Carolina, who rose first.

Mr. DIAL. I should like to ask the Senator whether he does not understand that the banks will have to indorse or guarantee that paper?

Mr. TRAMMELL. Why, certainly, Mr. President. The banks will have to indorse that paper, and under the provisions of this measure the banks will have to indorse all other classes of paper that they sell or negotiate with the Finance Corporation.

Mr. DIAL. So that they would have two securities.

Mr. TRAMMELL. Why, certainly; they would have the bank as security in addition to the security covered by the chattel mortgage.

Mr. SMITH. Mr. President, if the Senator will allow me—

Mr. TRAMMELL. I gladly yield for a question, Mr. President, but I am not going to yield for speeches all of the afternoon in the middle of my speech.

Mr. SMITH. I simply want to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Florida yield for that purpose?

Mr. TRAMMELL. Certainly; I will yield for a question.

Mr. SMITH. I just want to get the Senator's viewpoint. Does he think it is possible for the War Finance Corporation, in the emergency that now confronts us, to deal satisfactorily with individuals, even upon the form of security that the Senator now says ought to be accepted by them?

Mr. TRAMMELL. I think it would be satisfactory to deal with individual security in the hands of a bank, and the subcommittee that drafted this bill seemed to think it would be satisfactory. If they did not think it would be satisfactory, why did they put in the bill a provision to the effect that the corporation would have the right to go and purchase that very



kind of securities when owned by a bank? I should like to ask the Senator, please, to answer why they authorize it in the measure if they did not regard the security as ample in cases of that kind?

Mr. SMITH. Why, Mr. President, there is lots of security that the War Finance Corporation have no means of passing upon; but with the indorsement of the bank they can pass upon the credit and the standing of the bank and the bank makes good the paper that it offers with its indorsement upon it. That answers the Senator's question.

Mr. TRAMMELL. That does answer it. The bank would make good this character of security, when furnished as security to the Finance Corporation for advances, just the same as it would if it were selling the security.

I think we will accomplish a great deal under this measure even if we make the farmers of the country travel a circuitous route in order to get any assistance; but why the necessity for doing that? We all recall some few years ago when there was distress in moving the crops in the South that Secretary McAdoo transferred quite a considerable amount of public funds to that section, and it was handled through the banks of the country in making loans to the farmers. Of course, he held the banks responsible for it and a restriction was placed on the amount of interest that was to be charged.

My contention is that if you can furnish a safe avenue through which to benefit the farmer, without compelling him to go through some other route to obtain his funds, you should do that, and in that way assist him. He gives a chattel mortgage, the bank accepts the chattel mortgage, and the bank can sell that, and this corporation can finance it if it sells it. But if a bank says, "I want a certain amount of funds to finance the agricultural people of our section upon securities that they have given us, backed up by a chattel mortgage upon staple products," then the corporation has no authority to make the advance. I am just asking for that authority.

Mr. EDGE. I understand that while I was out of the Chamber the Senator from Florida discussed somewhat that portion of the bill now under consideration, from line 11, on page 6, providing that the War Finance Corporation is authorized to deal with debentures, and so forth, of a corporation organized under the so-called Edge Act. Is that true?

Mr. TRAMMELL. It is.

Mr. EDGE. If the Senator could do so without taking too much of his time, I would like to have him repeat any objection, if he has any, to that, to see if I can give him any information, because I have made somewhat of a study of the operation of those institutions.

Mr. TRAMMELL. I stated that, according to my interpretation of the amendment bearing upon that subject, the law placed no restrictions upon the advances, nor did it qualify the advances so as to make them for the purpose of assisting in carrying on exportation or for the purpose of assisting the agricultural interests of this country. That is the point I made against the amendment; also, Mr. President, that it provided for lending these banks money for a period of five years, and provided for giving the agricultural interests of the country assistance for only two years. That is very plainly set forth in the bill.

Mr. EDGE. Mr. President, if I may just take a very brief moment—

Mr. TRAMMELL. Mr. President, I dislike to have a speech made in the middle of my attempt to make an address.

Mr. EDGE. I do not desire to make a speech. I intend simply to answer the question. Of course, if the Senator prefers not to have it answered—

Mr. TRAMMELL. Certainly, the Senator can answer the question; but I do not want to have an address made by the Senator now. The Senator made a speech the other day on this proposition.

Mr. EDGE. I did not discuss this feature of it. In the first place, the corporations organized under that section of the Federal reserve act are confined entirely to the business of exporting American products, and are not to engage in domestic business of any kind or character. They are, of course, permanent institutions to continue after this emergency period passes, and we all sincerely hope it will pass, the business of extending credit to American farmers and American producers to enable them to export. It is the one permanent institution Congress has devised in order to continually help them. So that when this emergency arose, and it was determined, under the scope of this act, to use the machinery of the War Finance Corporation in order to meet the emergency and to give them additional opportunity to extend credit, it was considered wise by Mr. Meyer, the managing director of the corporation, and he drew the amendment, that they should have power, within their discretion, to loan money on the debentures or promissory notes issued by those corporations.

I may say to the Senator that the only such corporation in active operation to-day is in New Orleans. It is exclusively engaged in making exportations of cotton, and to-day, as a matter of fact, the War Finance Corporation have been indirectly loaning that corporation in New Orleans money, even without the passage of this bill; but they felt this would make it very much more businesslike, so that they could lend the money to the New Orleans corporation for the purpose of exporting cotton. That is the only purpose of the amendment.

Mr. TRAMMELL. The purpose being to assist in exportation is a very commendable one. But the point I am making is that there are not proper restrictions on the amendment to this bill, that it seems to give carte blanche authority to the War Finance Corporation to make advances to these banking institutions, and I think the bill should be amended in that respect.

I would like to see some opportunity given to the producers of the country to use their securities through the banks, without the necessity of dealing with a dealer, or an exporter, or entering into an association. If I caught the purport of the amendment that is proposed, it provides that these advances may be made to an association of those engaged in producing.

Mr. SMITH. It is the same thing.

Mr. TRAMMELL. Of course, the amendment has not been printed, but it shows plainly that the purpose and the object of it is to preclude individuals from having their securities in the hands of the banking institutions of this country available to the bank to be used for the purpose of getting advances.

Mr. SIMMONS. The Senator is mistaken about the amendment to which he refers. The object of the amendment is to authorize loans to associations organized for the purpose of dealing in or marketing; not producing, but dealing in or marketing.

Mr. TRAMMELL. If we can have the amendment read, I think the Senator will find that is not what it provides.

Mr. SIMMONS. If the Senator will permit me to say one word, I would like to have some means by which a producer could go and borrow money directly, instead of having to go to a bank and borrow, and then the bank go and borrow from the corporation. We had that up the other day. But the members of the War Finance Corporation say that if they were to be made the banker of all the producers of agricultural products of this country, it would require a personnel probably of 10,000 people, and they would have to have branch banks in every community, nearly, in the country; that it is utterly impracticable for them to loan directly to farmers all over this country, because they have to scrutinize very carefully the security that is offered, and they have to advise themselves as to the adequacy and sufficiency of that security, and if they had to loan directly to the farmers, if a farmer lived in California, they would have to go to California and institute inquiries for the purpose of ascertaining what his financial standing was, and what the value of the property he proposed to put up was.

Mr. TRAMMELL. Mr. President, I have not proposed an amendment which contemplates that they shall deal directly with the individual, but I have proposed an amendment which will carry out the same policy in regard to the form of security held by the bank, that the bank may use in obtaining an advance from the War Finance Corporation. I would like to ask the Senator if in the purchase of these securities they will not have to make an investigation similar to that they would have to make in the case of an advance upon a similar security held by a bank?

Mr. SIMMONS. Certainly not. The advance that is being made to the bank in that case, or the rediscounting, would be made not upon the faith of the paper they would rediscount, but upon the faith of the bank and the credit of the bank, and that is very easily ascertained.

Mr. TRAMMELL. Mr. President, if they were making an advance to a bank upon evidences of indebtedness secured by a chattel mortgage upon staple products, would they not certainly make it upon the responsibility and the security of the bank just the same as they would if they were purchasing it?

Mr. SIMMONS. No. Suppose a farmer came up with his chattel mortgage. It would be necessary for them to make an investigation to ascertain whether that security was adequate and sufficient. Suppose, on the other hand, the bank comes up and says, "I want to sell you this chattel mortgage." The corporation says, "I will buy that if you will indorse it and put the credit of the bank behind it. I know what the financial standing of the bank is. I know whether that security is adequate or not. I do not have to make an investigation about that."

It buys the security because, in part, it is backed by a chattel mortgage, but really and as a matter of fact the credit is ad-



vanced upon the credit of the bank and not upon the credit of the chattel mortgage.

Mr. TRAMMELL. Mr. President, the Senator and I absolutely agree. He says that that is good and ample security to the War Finance Corporation when it comes to the question of selling these various securities, but I judge he takes the position that it is not good security if the notes are held by the banks secured by the credit of the producer.

This is what it amounts to, a chattel mortgage upon staple agricultural products, negotiated through a dealer, the same being engaged in the exportation of products, in the hands of a bank, furnishes ample and sufficient security upon which this Finance Corporation can advance money. That is the provision of the bill. But the same chattel mortgage of the same farmer upon the same staple agricultural products, if carried into the bank and a loan negotiated directly with the bank by the producer, is not good security.

I can not quite understand it. I realize that it is the purpose and the object of every Senator upon this floor to try to benefit and assist the agricultural interests. Your purpose is a commendable one. But I am unable to quite understand why a chattel mortgage upon agricultural products, if negotiated through a buyer or a dealer or an exporter, or through an association, furnishes an ample and a sufficient basis for credit, but if that same security is deposited in the bank by the producer himself, as security for a loan by the bank, the corporation can not make an advance to that bank on that class of security.

I am not criticizing the purpose and object of those supporting the measure in its present form, but I think we are all interested in trying to do what we can to further the agricultural interests, in the way of enabling our farmers to tide over a period when we have no market, and in an effort to assist in carrying on exportations, and feeling this way, and desiring to accomplish all possible in their behalf, I have proposed this amendment, and I can not see that it in any way diminishes the security of the Finance Corporation, nor can I see that it imposes any hardships upon the banks, any more than for the same class of securities to be handled through dealers, exporters, and buyers.

[At this point Mr. TRAMMELL yielded the floor for the day.]

Wednesday, August 3, 1921.

Mr. TRAMMELL. Mr. President, I desire to address the Senate briefly upon an amendment which I proposed upon yesterday to the substitute which has been offered by the Senator from Oregon [Mr. McNARY].

This amendment does not provide for nor does it contemplate that credit shall be given directly to a producer. I gathered the idea from some of the inquiries made of me on yesterday by certain Senators that they were disposed to draw that conclusion. As a matter of fact, my amendment does not provide for a credit directly to the producer.

Under the substitute offered by the Senator from Oregon it is proposed that the War Finance Corporation, for the purpose of assisting the agricultural interests of the country, may make advances to dealers and to those who are engaged in marketing; and, under an amendment which is to be proposed by the Senator from South Carolina [Mr. SMITH], to associations composed of persons who are engaged in the production of the character of products which are embraced within the provisions of the bill. Those constitute the group under paragraph (a) to which advances may be made by the War Finance Corporation.

Then, under paragraph (b) of section 22, advances may be made to persons in foreign countries who are engaged in exportation when the expenditures are made entirely within this country. Under paragraph (c) of the substitute it is provided that the War Finance Corporation may make advances to banks, bankers, and trust companies upon the class of securities which are provided in paragraph (a).

We now revert to paragraph (a), and we find that the advance may be made to a dealer, to those who are engaged in marketing, and to associations which are composed of producers of agricultural products. Therefore, Mr. President, the advance which may be made to a banker, a bank, or a trust company is restricted to the securities which may come to them through a dealer, through a marketing agency, or through an association which is composed of those who are engaged in producing. So the only method through which a producer may negotiate his security, based upon a chattel mortgage upon staple agricultural products, is by knocking at the door of the dealer, the marketing agency, or an association which is composed of producers who are engaged in the production of this character of products.

Under the provisions of this measure he is precluded from going directly to the bank itself and furnishing to the bank the

security upon which he may obtain an advance from a dealer, upon which he may obtain an advance from a marketing agency, or through the agency of an association.

What is the basic security upon which an advance may be made to a dealer? The basic security is the product which the producer offers to the dealer upon which to obtain a loan. The dealer, Mr. President, can take that same security, in the instant case a chattel mortgage, and can go to a bank and obtain an advance upon the chattel mortgage furnished to him by the farmer; but if the bank receives that chattel mortgage from the farmer direct it is precluded from getting any advance from the War Finance Corporation under the provisions of this measure.

If a producer applies to a person engaged in marketing for a loan upon a hundred bales of cotton, and the marketing agency advances him upon that hundred bales of cotton, as an illustration, a loan of \$200 to tide him over, the marketing agency can go to the bank, negotiate the chattel mortgage upon the farmer's cotton, and obtain a loan. Then the bank in turn can take the chattel mortgage, and it is eligible as security under those circumstances to obtain a loan from the War Finance Corporation. If it is handled through an association it may follow the same course. But if the farmer himself does not use the agency of a dealer, the agency of a marketing company, or of an association, his security held by the bank is not eligible and does not constitute a security upon which the bank can obtain an advance from the War Finance Corporation.

The object of my amendment is that a chattel mortgage held by a bank covering an advance upon staple agricultural products, that chattel mortgage having been made direct by the producer to the bank, may become eligible as a security in the hands of the bank upon which the bank may negotiate an advance from the War Finance Corporation. That is not dealing with the individual; that is dealing through the duly organized and constituted financial institutions of the country in regard to chattel mortgages just the same as the bill proposes to deal in regard to all other securities.

Should this class of securities be made eligible for an advance to a bank? I take the position, Mr. President, that it is just as stable, that it is just as secure an obligation if it is placed in the hands of the bank by the producer himself as if it had come through the circuitous route of having been placed there by the dealer or by a marketing agency or by an association.

This class of securities would not be an adventurer into our financial affairs. It is a security that is not new to the banking institutions of this country. Under the present Federal reserve bank law the very class of securities which I propose to make eligible for an advance in the hands of a bank is made eligible for rediscount. I can read the section. I think, however, the Senators generally are familiar with the law. I think the Senators generally know that when a member bank holds chattel mortgages or warehouse receipts or other instruments of writing securing the title to staple agricultural products, including live stock, so specified in the Federal reserve bank law, that class of security is eligible for rediscount at the Federal reserve bank. I am seeking in this emergency measure, in this measure which has been heralded as intended to afford relief to the producers of this country under their stressed circumstances, to give the producer, through the banks, no greater privilege, even under these stressed circumstances, than is given to him in days of peace and prosperity under the Federal reserve bank law.

I can not quite understand why anyone should oppose an amendment of this kind. If the real purpose and object is to afford relief to the agricultural interests, why require the producer to go to a dealer to get his advance? Why require the producer upon his valid, ample, and staple security to go to a marketing agency to obtain an advance upon his products? Why require him to apply to some association and have the transaction handled through an association before he can become the beneficiary of the so-intended beneficent features of this measure? We all know what it means if you give the dealers of the country a monopoly, the marketing agencies a monopoly, the associations a monopoly, in the way of making those the only channels through which a producer can finance and hold his products; you know that in a great many instances the producer is going to have to pay a very dear toll for the accommodation which he receives from the dealer or the marketing agency, and an unnecessary expense, even through an association composed of producers.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. Certainly.



Mr. FLETCHER. I think the objection urged to the Senator's amendment is based on the idea that he proposes to have the War Finance Corporation deal directly with producers; and inasmuch as there are some 6,000,000 farms in the United States, or more, that would involve this corporation dealing with six or eight million people. That would necessitate an organization probably of 50,000 people before they could get in shape to do that. Now, the point is whether this amendment requires the Finance Corporation to deal directly with the producer or with the bank with which the producer may be accustomed to do business. The language is:

Also for advances made to any producer for the purpose set forth in paragraph (a).

I do not believe there can be any objection to this corporation dealing with banks or with institutions already organized, but you would not want to put them in the position of taking the place of the banks. I should like to hear the Senator on that point.

Mr. TRAMMELL. Mr. President, my colleague was not present when I began my remarks. I stated very emphatically, and I hope very clearly, that this amendment did not provide for granting any credits to the individual directly, but that it only makes eligible in the hands of a bank an additional line of securities. I will state to my colleague that the word "and" should precede "also." I thought when I sent the amendment to the desk that I had the word "and" there. Here is the way paragraph (c) would read as I propose to amend it.

Following, of course, the statement that the War Finance Corporation may make advances, it gives different groups, group (a), group (b), and then we come down to group (c). The War Finance Corporation under group (c), if the paragraph is amended as I propose, would be empowered to make these advances—

To any bank, banker, or trust company in the United States which makes or has made an advance or advances to pay such person as is described in paragraph (a) of this section for the purpose therein set forth, and also for advances—

Now, it states to whom they may make advances. They may make them to banks, bankers, and trust companies—

And also for advances made to any producer for the purpose set forth in paragraph (a) upon notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock.

It simply makes eligible that class of securities. Now, I have cited the policy of the Government and our financial institutions as provided under the Federal reserve bank law, which makes this character of securities eligible for rediscount when held by a bank, of course; but in this very measure itself, the substitute under consideration, the subcommittee which proposed the substitute recognized the stability of the very same class of securities, in that the subcommittee in the substitute provides that these classes of securities may be purchased by the War Finance Corporation in exceptional cases. That is found on page 5, section 24. It is provided there that—

The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock.

I very largely copied the provisions of that section relative to the purchase of this character of securities; but in my amendment I enlarge the authority of the War Finance Corporation to the extent that this class of securities that under the bill have been made available for purchase may also be made available, when held by a bank, for an advance to the bank. It is not a question of any individual loans.

Some Senator said here yesterday that it would necessitate an investigation, and that the War Finance Corporation could not carry on an investigation into the character of the security. Mr. President, this character of security held by a bank which had been delivered to the bank for a loan on the part of the producer is no more difficult to investigate as to its stability and its value than if the same security had been deposited there upon an advance or a loan to a dealer, to a marketing agency, or to an association.

The substitute provides that these advances shall be secured by promissory notes and such other guaranties as may be required. For advances made to a dealer, for advances made to a marketing agency or association, the substitute does not require any mortgage security. The substitute does not require that the bank shall underwrite that security upon obtaining an advance. It leaves it within the discretion of the War Finance Corporation to require such security, such pledge, or guaranty as may, within its discretion, be deemed advisable.

Then, I say that the security to the Government under the substitute upon the advances that are authorized is not, as far as the requirements of the measure are concerned, as safe and ample security as I have proposed to make eligible in the hands of a bank upon which an advance may be made.

Of course, proceeding under the law, I take it that the War Finance Corporation will, by pledges and guaranties, secure amply all advances, and in their experience in the past I understand that they have suffered no losses whatever; but, as far as the provisions of the substitute are concerned, it does not propose securities for every class of advance that is authorized thereunder that would be as staple and as secure as an advance on a chattel mortgage based upon staple agricultural products, that chattel mortgage held by the bank and the bank negotiating for the advance through the regular channels.

Some Senator yesterday, speaking in a critical mood in regard to this amendment, said that the bank might have to indorse the security. Mr. President, if the bank should be required to indorse this character of security, then certainly the Finance Corporation, in its zeal to protect the Government, would require the bank to indorse the securities brought to it by dealers, by marketing agencies, and by associations. You have imposed no hardships upon the bank in addition to those which would be imposed upon it, if it is a hardship, in the negotiation for advances under the provisions of the substitute as proposed.

Mr. President, as a matter of fact, I do not think that the banking institutions of this country would look with disfavor upon my amendment. Rather, to the contrary, I think that the banking institutions of the Nation would look with favor upon a provision which authorizes the bank at first hand to obtain advances under the same circumstances and conditions under which a dealer or a marketing agency could obtain them. Why should it be necessary for the bank, before it can utilize this character of securities, to have that character of securities come to it through the hands of a dealer, a marketing agency, or an association? I can not quite see any reason for that.

It seems to me that the bankers of the country would welcome an opportunity to utilize a chattel mortgage given upon staple agricultural products, or upon warehouse receipts, as an eligible asset or security upon which the bank could obtain advances from the War Finance Corporation. Under the provisions of the bill they can not do it. I am unable to understand, if this character of security when held by a dealer constitutes eligible security upon which the dealer can obtain an advance and obtain it directly, why it is not as good security if offered by a bank after having been given to the bank direct.

I will give an illustration. A farmer goes and mortgages certain products to a dealer for a thousand dollars. The dealer goes to the War Finance Corporation and says, "This farmer has given me a mortgage for \$1,000 upon staple agricultural products." He gives his security. Under the law, the War Finance Corporation can immediately advance him a thousand dollars. But if that same producer or farmer goes to the bank and says, "Mr. Banker, I want to borrow \$1,000, and I will give you a chattel mortgage upon staple agricultural products," the banker says, "Well, I very much regret it, Mr. Jones, but demands upon the bank are so great that I can not make this advance to you, because, under the law, I am unable to use your chattel mortgage, this class of security, for the purpose of getting an advance from the War Finance Corporation." Therefore the farmer is unable to get his loan from the bank. But the banker says, "There is a way you can get it. You go over there to the man who wants to buy your crop sometime in the future; you go over there to the marketing agency, and you see if you can not get them to loan you \$1,000, secured by a mortgage upon your staple agricultural products, and they no doubt can accommodate you, because if this paper gets into their hands it then has a sanctity thrown around it under the law which makes it eligible for use by the War Finance Corporation as security for an advance."

The farmer goes over there and is subjected, of course, to the charges which the dealer or the marketing agency may impose upon him; he is subjected to such contracts as they may see fit to impose upon him, to sell in the future the product he is pledging, and that becomes the only avenue through which he can obtain his money; that is, if he obtains it that way. Of course there is another way he might obtain it—through an association—with the cumbersomeness and awkwardness and the charges that may be imposed upon farmers when they organize an association. The chances are, as a rule, when farmers organize into an association that they are unable to use their assets personally, but the financial barons of the country always require them to become jointly and severally liable, in addition to their mortgage securities.



The result is that under the McNary substitute the producer himself is forced to apply to the dealer or to the marketing agency, or else be subjected to such unreasonable regulations and terms as may be imposed upon an association. But as soon as the association gets hold of the man's chattel mortgage, as soon as the marketing agency gets his chattel mortgage, as soon as the dealer in these products gets hold of his mortgage, then that immediately becomes good security, eligible security, upon which the War Finance Corporation can make advances.

You talk about interfering with banking; you talk about trespassing upon the prerogatives of the financial institutions of our country. Under this bill in its present form, if you deprive the banks of the opportunity of holding this class of securities as eligible, upon which to obtain advances, then you have transferred to quite an extent the prerogatives of the bank from the bank to the dealer, to the marketing agency, to the association, and the bank will have to do the business secondhand. If they want to obtain some advance from the War Finance Corporation, they will have to go out and get the securities from some dealer, from some marketing agency, or from some association.

Mr. President, I am very serious about this, because I think it is an amendment which will add very much to the accommodation which will be extended to the agricultural interests of this country under this measure, and I am unable to see how anyone can take the position that this class of securities, held by a bank, will not be eligible as securities upon which advances may be made, when, if the same security is held by a dealer, by a marketing agent, or by an association, it is eligible for an advance.

All the objections which may be made in criticism of the necessity for investigating this class of security held by the banker may, with equal force and probably with greater force, be made in criticism of the necessity of investigating the security if it is held in the hands of a dealer, a marketing agency, or an association. Of course, we know that the banks engaged entirely in financial transactions, engaged entirely in carrying on the very business of making loans and advances, and dealing with the public in a financial way are really better qualified and more experienced in handling securities than the ordinary dealer or the ordinary marketing agency. So, the objection that they would have to go to a good deal of trouble to investigate the value of the security has even greater force when you apply it to a dealer, a marketing agency, or an association.

I know what the plan would be under this measure. The bank would be utilized very largely for the purpose of passing upon the value of the security and for the purpose of seeing that the Government's interest is protected in all advances which may be made. It would ultimately be the banks of the country which would make secure the Government upon its advances. Then, if it is going to be the banks which make the Government secure upon the advances, why do you say to the producers of this country that they can not have any transactions with the banks or that securities in the form of chattel mortgages upon their staple products will not be worth anything when held by the banks for the purpose of getting advances?

I think, Mr. President, that the general object and purpose of the pending measure is a very commendable one. I am sure that the authors of this substitute are sincerely desirous of assisting the agricultural interests of the country. I am sure that it is the purpose and object of Senators generally to enact legislation at this time, which is the most distressing we have had among the farmers and the producers of this country, which will operate beneficially and helpfully to this great interest of the Nation. But, Mr. President, if that is the purpose and if that is the object of all those supporting this measure—and I am sure that it is—why close the door to the producer of the country of the most convenient and the most customary avenue through which he negotiates his loans for the purpose of financing and holding over his crops until the market is in a better condition? Why should we do that?

Of course, if we could see where the interests of the Government were jeopardized it would be quite different; if we could see where it was going to necessitate any great, extensive investigation on the part of the War Finance Corporation, different from that which would be required under the other provisions of the measure, then we might pause before adopting my amendment. But none of those objections can be logically and consistently urged against the amendment now being discussed, which provides that when a bank holds a chattel mortgage securing a marketable title upon staple agricultural products that that security may become eligible as a security upon which the bank may obtain an advance.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. I yield.

Mr. FLETCHER. I suggest to the Senator that it might be a little clearer if he amended the proposed amendment by striking out the word "for," after the word "also," in line 2, so that it would read "and also advances made to any producer for the purpose set forth in paragraph" so-and-so; that is, advances made to any bank, banker, or trust company.

Mr. TRAMMELL. Certainly. What is the Senator's suggestion as to that?

Mr. FLETCHER. Just to strike out the word "for." It makes it a little clearer, because the section begins:

To any bank, banker, or trust company in the United States which makes or has made an advance.

Mr. TRAMMELL. Oh, yes; also any advances.

Mr. FLETCHER. Also advances made to producers; that is, advances made by banks and trust companies.

Mr. TRAMMELL. I think the suggestion made by my colleague is a good one, so I would modify—

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. TRAMMELL. Certainly.

Mr. LENROOT. Before the Senator modifies his proposed amendment may I make the suggestion that I still think the grammar would not be quite right even with the adoption of the suggestion of the senior Senator from Florida [Mr. FLETCHER]? I should like to suggest to the Senator that the language should read this way:

Or which makes or has made an advance or advances to any producer for the purpose set forth—

And so forth. That is, any bank, banker, or trust company which makes or has made advances for this purpose.

Mr. TRAMMELL. Will the Senator please state that again?

Mr. LENROOT. Taking the Senator's own amendment, it should read this way, in my opinion. After the words "set forth," on page 3, in line 23, strike out the period and insert the words, "or which makes or has made an advance or advances to any producer," and so forth.

Mr. FLETCHER. That is still better, I think. There could be no doubt about that meaning. I think that makes it more plain.

Mr. TRAMMELL. I think that would cover the situation. It is agreeable to me to have the amendment so worded. I am seeking the object and the purpose and not quibbling over the question of language or phraseology.

Mr. LENROOT. Will the Senator yield further?

Mr. TRAMMELL. Certainly.

Mr. LENROOT. Unless the word "producing" is stricken out, in line 2, page 3, I take it the Senator concedes his amendment would not be necessary or accomplish anything.

Mr. TRAMMELL. The amendment, of course, is lying upon the table, and I am glad to make any alterations or changes in phraseology that will carry out the purpose and object which I am seeking, so the matter of redrafting the amendment may be deferred for the present.

Mr. LENROOT. But I should like to ask the Senator this question: If the word "producing" remains in the bill, in line 2, page 3, then would there be any reason for his amendment?

Mr. TRAMMELL. Of course, if the word "producing" remains in the bill, then the War Finance Corporation would be authorized to deal directly with the individual, and that seems to be very seriously objected to by some.

Mr. LENROOT. I agree it is, but it is only in the event the word "producing" is stricken out of the bill that the Senator's amendment would be necessary to allow rediscount of producers' paper.

Mr. TRAMMELL. It would only be necessary under those circumstances if that word is stricken out. Personally I am not seeking by my amendment to open up the channels of direct negotiations between the War Finance Corporation and the individual. Yet I do believe some plan should be provided for giving the individual farmer every benefit under the measure given to anyone else. This could and should be accomplished. The object I am seeking is to make this class of securities eligible when held in the hands of bankers upon which to obtain advances, just as the same security would be eligible if held in the hands of a dealer.

Mr. LENROOT. I will submit to the Senator later my suggestion as to redrafting his amendment.

Mr. TRAMMELL. Mr. President, I have occupied quite a little time in discussion of my proposed amendment. I feel



that the producers of the country, when we are trying to assist them as we are through the pending measure, should be given the advantage of this additional opportunity to finance their crops, and I very much hope the amendment will be given serious consideration by Senators and that it will be agreed to.

Mr. HARRIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll. The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	McCormick	Spencer
Ball	Gooding	McCumber	Stanfield
Borah	Harrell	McKellar	Stanley
Brandegee	Harris	McLean	Sterling
Broussard	Harrison	McNary	Swanson
Bursum	Heflin	Moses	Townsend
Cameron	Hitchcock	Nelson	Trammell
Capper	Jones, Wash.	Oddie	Wadsworth
Caraway	Kellogg	Overman	Walsh, Mass.
Culberson	Kenyon	Pomerene	Warren
Curtis	Keyes	Ransdell	Watson, Ga.
Dial	King	Sheppard	Williams
Edge	Knox	Shortridge	Willis
Ernst	Ladd	Simmons	
Fernald	Lenroot	Smith	

Mr. CURTIS. I wish to repeat the announcement made on the previous roll call, that the Senator from Pennsylvania [Mr. PENROSE], the Senator from Utah [Mr. SMOOT], the Senator from Vermont [Mr. DILLINGHAM], the Senator from New York [Mr. CALDER], the Senator from Indiana [Mr. WATSON], the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Missouri [Mr. REED] are absent on official business, attending hearings before the Senate Committee on Finance. I ask that this announcement may stand for the day.

The PRESIDING OFFICER. Fifty-eight Senators having answered to their names, there is a quorum present.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6611) to establish in the Treasury Department a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

The message also announced that the House had passed the bill (S. 1811) to amend the Federal farm loan act, as amended, with an amendment, in which it requested the concurrence of the Senate.

#### PETITIONS AND MEMORIALS.

Mr. WILLIS presented a memorial of sundry citizens of Toledo, Ohio, remonstrating against the imposition of the proposed tax of \$10 on automobiles, which was referred to the Committee on Finance.

Mr. JONES of Washington presented a memorial of sundry citizens of Orting, Bellingham, Onalaska, Seattle, Tacoma, and Puyallup, all in the State of Washington, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. CAPPER presented a memorial of sundry members of the Abilene (Kans.) Chapter, National Society Daughters of the American Revolution, remonstrating against the enactment of the so-called Walsh bill providing for the construction of a dam in Yellowstone National Park, which was referred to the Committee on Irrigation and Reclamation.

Mr. KNOX presented a memorial of the Philadelphia (Pa.) Board of Trade, remonstrating against the enactment of legislation to provide a gold currency and a silver currency on a basis of interchangeable value, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted June 16-17, 1921, by the Pennsylvania Forestry Association, at Pittsburgh, Pa., protesting against the enactment of legislation imposing any tariff on Canadian lumber, which was referred to the Committee on Finance.

He also presented resolutions of Diamond City Post, No. 132, American Legion, of Wilkes-Barre; and Council No. 1381, Knights of Columbus, of New Kensington; both in the State of Pennsylvania, favoring the enactment of legislation providing adequate relief for disabled ex-service men, which were referred to the Committee on Finance.

He also presented petitions of sundry members of the O. A. B. C., No. 7, United Evangelical Lutheran Sunday School, of New Columbia, and sundry citizens of Wapwallopen, both in the State of Pennsylvania, praying that relief and protection be afforded the imperiled peoples of the Near East, particularly

of Armenia, which was referred to the Committee on Foreign Relations.

He also presented a petition of the Philadelphia (Pa.) Board of Trade, praying for the enactment of legislation to save daylight in the first zone, which was referred to the Committee on Interstate Commerce.

He also presented the petition of Patrick Hassett and sundry other citizens of Philadelphia, Pa., praying for the recognition of the republic of Ireland by the Government of the United States, which was referred to the Committee on Foreign Relations.

#### BILLS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SPENCER:

A bill (S. 2341) to provide a method for the settlement of claims arising against the Government of the United States in sums not exceeding \$1,000 in any one case; to the Committee on Claims.

By Mr. LADD:

A bill (S. 2342) to establish an honest-money system where the medium of exchange will give equal benefits to every American citizen and wherein the credit of the Government shall be used for the benefit of all the people instead of banking corporations; to reduce the rate of interest of loans, encourage agriculture, the ownership of homes, and for other purposes; to the Committee on Banking and Currency.

By Mr. SHORTRIDGE:

A bill (S. 2343) granting six months' pay to Alice P. Dewey; to the Committee on Naval Affairs.

A bill (S. 2344) to authorize the purchase of a site and the erection and completion of a public building thereon at Oxnard, Calif.; to the Committee on Public Buildings and Grounds.

A bill (S. 2345) granting an increase of pension to Anton Mazzanovich; to the Committee on Pensions.

A bill (S. 2346) for the relief of Ellen B. Monahan;

A bill (S. 2347) to carry out the findings of the Court of Claims in the case of Charles M. Carter; and

A bill (S. 2348) for the relief of J. G. Swinney; to the Committee on Claims.

By Mr. KING:

A bill (S. 2349) to repeal the provisions of existing law relating to retainer pay for members of the Naval Reserve Force, and for other purposes; to the Committee on Naval Affairs.

A bill (S. 2350) making it illegal for any Federal reserve bank to rediscount bills or mercantile paper for any bank which is lending money or credit at illegal and usurious rates of interest, and providing penalties therefor; to the Committee on Banking and Currency.

By Mr. McKELLAR:

A bill (S. 2351) to authorize and direct the Secretary of the Navy to reinstate certain cadets whose resignations were recently asked for by the superintendent of the United States Naval Academy and accepted by him; to the Committee on Naval Affairs.

#### CONTRACTS FOR THE FUTURE DELIVERY OF GRAIN.

Mr. DIAL submitted an amendment intended to be proposed by him to the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. DIAL. Mr. President, I desire to give notice that tomorrow morning, at the close of the morning hour, if I can obtain the permission of the Senate, I propose to address the Senate on the cotton futures contract bill and the amendment intended to be proposed by me to that bill.

#### PRICES OF CRUDE PETROLEUM.

Mr. KING submitted the following resolution (S. Res. 120), which was referred to the Committee on Commerce:

Whereas the price of crude petroleum has been greatly depressed and there has been no corresponding reduction in the price of gasoline and other products derived from crude petroleum; and

Whereas it is claimed that this condition has been brought about by individuals and corporations engaged in the refining and selling of crude petroleum and its various products, and particularly gasoline, in order that unreasonable prices might be charged to the consumers of such products and unreasonable profit derived therefrom, and also for the purpose of forcing the producers of crude petroleum to dispose of their producing wells and oil holdings to said persons and corporations or to interests controlled by them; and

Whereas it is claimed that there is a monopoly in the United States which, by improper manipulation and in contravention of law, seeks to maintain unreasonable prices for gasoline and the products of crude petroleum and to dominate the entire field of production, refining, and distribution of oil and the products of oil in the United States: Now, therefore, be it

*Resolved*, That the Committee on Commerce, or a subcommittee thereof, be, and it is hereby, authorized and directed to investigate fluctuations in the price of crude petroleum and the causes thereof, and the conditions with respect to the purchase, refining, and distribution of gasoline and other petroleum products for consumption in the United States, and particularly whether the purchasing of such crude petroleum, refining of gasoline, and the distribution of the same are affected by monopolistic manipulation and control, and whether there are individuals and corporations operating within the United States for the purpose of establishing or maintaining a monopoly in crude petroleum oil or in any of its products, and particularly in the refining, distribution, and sale of gasoline, and to report its findings in the premises to the Senate.

The committee is authorized to send for persons and papers and to employ such clerical and professional assistance as may be necessary.

#### VIEWS OF VISCOUNT BRYCE ON VERSAILLES TREATY.

Mr. HITCHCOCK obtained the floor.

Mr. McCORMICK. Will the Senator from Nebraska yield for a moment?

Mr. HITCHCOCK. I yield.

Mr. McCORMICK. I ask unanimous consent to have inserted in the RECORD the views of Viscount Bryce on the Versailles treaty, as given in a lecture before the Institute of Politics at Williams College yesterday.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

BRYCE SAYS TREATY SOWS SEEDS OF WAR; FEARS OUTBREAKS—FINDS DANGER OF CONFLICT ON THE RHINE, IN TYROL, THE BALKANS, AND RUSSIA AND TURKEY—PEACE NEEDED SUPERMEN—BUT SOME OF THE NEGOTIATORS, HE SAYS, DID NOT SEEM TO BELIEVE THE PRINCIPLES THEY PROFESSED—HE ATTACKS DEEP SECRECY—IN WILLIAMS ADDRESS HE LAMENTS THAT VICTORS BEAR RESENTMENT LIKE VANQUISHED.

[Special to the New York Times.]

WILLIAMSTOWN, MASS., August 2.

It would have taken a group of supermen to have made a satisfactory peace treaty at Versailles, Viscount Bryce declared to-day in a lecture before the Institute of Politics at Williams College. As it was, he said, the work of the negotiators has received nothing but censure in Europe and has resulted in sowing the seeds of future wars.

"There is," declared Lord Bryce, "no blacker cloud pregnant with future storm hanging over Europe now than that which darkens the banks of the Rhine."

He said that Europe's sore spots are many, and predicted that the slightest irritation of any of them may lead to armed conflict. "The war has shown one unprecedented feature painful in the prospect it opens," he asserted. "The victors bear as much resentment against the vanquished as the vanquished do against the victors."

#### REVIEWS PROBLEMS OF VERSAILLES.

Discussing the peace treaty and the events that led up to it Lord Bryce said: "After the war came the settlement by the representatives of the victorious powers assembled at Paris; not a fortunate spot for the kind of deliberation needed. Of them and of the methods they employed this is not the place or the time to speak. Their work has received in Europe nothing but censure. Comparing the treaties they framed with those which were made by the congress at Vienna in 1814-15, European critics observe that the men of Vienna, Alexander and Metternich, Talleyrand and Hardenberg and Castlereagh, may have had bad principles and employed despotic methods and misconceived the interests of their peoples, but they at least knew what they were doing and gave effect to their principles.

"Their work bestowed upon Europe a tolerable peace, which lasted for more than 30 years. But there is not one of the treaties of 1919-20 which is not now already admitted to need amendment, while some are seen to lead straight to future wars. One hears people say 'The sort of peace that those negotiations have given us is as bad as was the war.'

"With these and many other strictures you are doubtless familiar, and you can judge how far they are deserved. But against these severe judgments let us give consideration to the difficulties which faced the negotiators at Paris.

"The men of Vienna had a common ground in their faith in monarchical principles and in their reliance upon force to carry out their principles. They had only monarchs to consider, not the will of peoples, and could do what they thought best for the interest of those they served. But the negotiators at Paris differed in their principles and ideals, and at least some of them do not seem to have believed in the principles then professed. European critics have suggested that some of them may have thought they must play down to their own electorates, and regard not what ought to be done but also what would help in their next electoral campaigns. Popular prejudices, popular passions, and cupidities had to be humored or gratified.

"Moreover, and this is an excuse which must not be lightly brushed aside, the task before them was one of unprecedented difficulty. New States had to be created, territories redistributed, indemnities secured, and all on a scale incomparably greater than any international congress ever before had attempted.

#### SAYS SUPERMEN WERE NEEDED.

"A task so great needed not politicians of the usual type, but persons of the class which we now call supermen; persons who possessed not only a profound and accurate knowledge of the facts they had to deal with, but also a wide vision, a grasp of fundamental principles, a calm judgment raised above the revengeful passions of the moment; persons who loved and sought justice, looking beyond the present to the future, seeking the good of mankind as well as the advantage of their respective nations, able to appreciate the workings of those better forces which alone can bring reconciliation and peace to a distracted world.

"Such men did not appear. Why should they have been expected. There is no saying more false than the saying which declares that 'the hour brings the man.'

Taking up the position in which the European countries find themselves as the result of the peace treaty, Lord Bryce said:

"Germany, which, though reduced in area, is still Germany, and continues to call herself the reich [the realm], albeit now a republic instead of a monarchy. Germany is still the most populous of European countries after Russia, with highly educated and industrious inhabitants and great productive industries. Between her and France the ancestral antagonism, dating back to the days of Louis XIV's aggressions, is now more bitter than ever and seems likely to last in France as long as the generation lives which remembers the devastations wrought in 1918 by the retiring German Army, and in Germany as long as her Government continues to pay immense sums in reparations for the losses in the war by France.

"This war has shown one unprecedented feature painful in the prospect it opens. The victors bear as much resentment against the vanquished as the vanquished do against the victors. There is no blacker cloud pregnant with future storm hanging over Europe now than that which darkens the banks of the Rhine. Not even after Jena in 1806, not even after Gravelotte and Sedan and the capitulation of Paris in 1872 has the prospect of reconciliation between two neighboring peoples seemed so distant.

#### GERMANY'S ABILITY TO PAY DOUBTFUL.

"Into the tangled question of indemnities and their payment I will not enter. Enough to say that, though everyone agrees that the claim of indemnities is based on recognized principles, it remains doubtful what will be Germany's ability to pay."

Of Austria and of Italy's aspirations in regard to Tyrol, he said:

"Italy had, of course, no historical title whatever to the purely Germanic region she sought to acquire. However, the principle of nationality was in this case thrown overboard by the allied powers and a quarter of a million of German Tyrolese, countrymen of the heroic Andreas Hofer, who had led their forefathers in a gallant resistance when Napoleon turned them over to Bavaria in 1805, were delivered up to Italy as if they had been so many cattle. The British and French Governments defended their action by pleading a secret treaty they had made with Italy in 1915, when they were endeavoring to induce her to enter the war on their side. It was a promise that ought never to have been made. The other allied powers had no such excuse to offer and do not seem to have offered any.

"Voralberg, a small region on the eastern bank of the Rhine before it enters the Lake of Constance, and one which is usually treated as a part of Tyrol, expressed its wish after the collapse of the Hapsburg monarchy to be admitted as a canton into the Swiss Confederation, which it adjoins, but the Swiss Government did not accept the offer, opinion in Switzerland being divided on the subject and opposition on the part of France apprehended. And here it must be noted that the treaty of St. Germain forbids Austria as a whole to unite herself with Germany, a disregard of the so-called principle of self-determination which the allied powers seek to justify on the ground that such a union would strengthen Germany.

"In the case of the Republic of Czechoslovakia the boundaries of the ancient Kingdom of Bohemia were adhered to on the north and southwest, although these included several millions of men who speak German and deem themselves Germans. This departure from the principle of nationality may perhaps be defended on the ground both of antiquity and of the difficulty of



ignoring the natural frontier established by the mountain masses on the northeast, on the northwest, and on the south; and the President of the Czechoslovak Republic, one of the most thoughtful and wide-minded men of our time, has assured me of the wish of his State to treat—as it will be truly their wisdom so to do—the German element with full friendliness and justice. Nevertheless there is a possibility that difficulties may hereafter arise from the desire of that element to be added to their Germanic brethren on the other side of the mountains."

#### ASSAULTS PARTITION OF HUNGARY.

On the provision in the peace treaty which strips Hungary of more than half her territory, Lord Bryce declared:

"No explanation has ever been given of this policy, and the reasons one hears hinted at are not sufficiently confirmed by proof to make it right for me to state them. You are doubtless aware that a thick shield of secrecy was, from the first, hung before the proceedings of the negotiating powers, and though subsequent revelations, not always discreet, have given some light, much still remains matter for conjecture. It is a singular fact that though no diplomatic proceedings for three generations have been so important as those of 1919-20, and though never before was there so general a demand for publicity, no previous negotiations have been shrouded in so deep a mystery. Many things were done which could not have been done in public had those in England, for instance, who knew the facts and desired justice, been able to express their views.

"I come now to other sources of trouble likely to arise between the South Slavs and their neighbors on the south and west. The allied powers prudently refused to divide Albania between Yugoslavia and Greece, leaving this interesting group of tribes to work out their own salvation in their own way. It has hitherto been a wild way, but it may be softened down now that the barbaric Turk has been removed.

"On the east Yugoslavia is confronted by Bulgaria, whose people, though they speak a Slavonic tongue which differs little from Serb and from Russian, are not of Slavonic but of Finnic stock. Descending from the middle course of the Volga in the eighth century A. D., they adopted the tongue of the Slavs, whom they conquered, but in physical structure and character they are sharply contrasted with the Serbs, their bodies more solid, their intellect less imaginative and susceptible, a people of patient industry and steady will, good fighters, and able to support defeat and rise from it with a resolve to recover what they have lost.

#### ASSERTS BULGARIA HAS NO FRIENDS.

"A bitter rivalry, dating back to the short war of 1885, has unfortunately created bad relations between them and the Serbs and become one of the factors in preventing the formation of that confederation of the Balkan peoples, to include Serbs, Greeks, and Rumanians, as well as Bulgarians, which the friends of the races liberated from Turkish tyranny dreamed of 40 years ago. Bulgaria has at present no friends anywhere, for the Rumanians have taken territory inhabited by a Bulgarian population in the Dobrudsha, south of the lower Danube; the Greeks have received parts of Thrace, where there is a large Bulgarian element, and occupy the seaports on the north coast of the Aegean Sea; and the Serbs have appropriated a large region in southern Macedonia, where the Bulgarian element is in a large majority.

"This was one of the errors committed by the allied powers assembled at Paris. Disregarding the appeal of the Bulgarians to the principles of nationality and self-determination, which would have given southern Macedonia to Bulgaria, refusing even to constitute that region a small and more or less autonomous State under the direction of the allied powers or of the League of Nations, they assigned most of it to Serbia, which had conquered it from the Bulgarians in 1913, and the rest to Greece. The Macedonians have had to submit, but neither they nor their brethren in the Kingdom of Bulgaria have renounced their aspirations; so one may fear trouble in this quarter as soon as a prospect of satisfying those aspirations rises over the horizon."

Turning to Russia, Lord Bryce said:

"If the experience of States which have in past times lapsed into anarchy or fallen under the dominion of a group of adventurers ruling by mere force, without a shred of constitutional or moral authority, were to furnish any ground for a forecast, we should expect the rise of military despotism like that of Bonaparte. But whence or when will the deliverer appear? Three attempts have been made and have failed. Whoever reestablishes order will find a country from which most of its best men have been removed, some by starvation, many by murder, others by exile, so his task will be all the more difficult.

"But it must be remembered that Russia herself, once her internal troubles have subsided and she is again a military power, will probably endeavor to reconquer all the territories which she has recently lost, except perhaps Poland and Finland. The Russian exiles, survivors from the old régime, who have escaped into western Europe make no secret of their desire to recover the Baltic lands which had been largely Russified before 1917, and even the territories beyond the Caucasus, in which the native races had been only superficially affected by Czarist rule.

"Such an attempt would raise a whole crop of new questions capable of furnishing materials for new wars. A Russia of 80,000,000 people, with the immense natural wealth of Siberia added to her own, would be formidable to her neighbors. Before the war she was formidable enough to alarm Germany, and would have been more than a match for any European power had not her administrative system, military and naval as well as civil, been worm-eaten by a corruption which crept up into the very highest circles like a hidden dry-rot."

Continuing this survey, Lord Bryce found also much inflammable material in Turkey and said he wondered why "the Turkish Government, which had in 1915 massacred 1,000,000 of its Christian subjects—women and children as well as men—and had treated the British prisoners whom it had captured in Mesopotamia with an inhumanity which caused the death of more than half of the private soldiers—the officers would probably have suffered equally but for the intervention on their behalf by German officers—why after these crimes that Government should have been treated by the Allies with such extraordinary lenity and should now have fresh indulgence offered to it by proposed modifications in the treaty of Sevres—these are mysteries the explanation of which is probably known to some of you as it is to me. But the secret is one which, as Herodotus says of some of those tales which he heard from the priests in Egypt, it would be improper for me to disclose."

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. HITCHCOCK. Mr. President, I desire first of all to call the attention of the Senate to the method by which it is now attempted and practically successfully attempted to substitute for the Norris bill a measure which, as my colleague has said, was evidently originated outside of the Senate.

In the previous administration our friends on the other side of the aisle freely criticized the administration of Woodrow Wilson for its attempt to dictate legislation, and criticized Members on this side of the aisle very freely for yielding to that dictation.

One might have assumed after such preachments and such criticisms that this session of Congress, with its enormous Republican majority, might at least have freed itself from such a charge, but we find already early in this administration that the control of legislation is not in the House of Representatives and the Senate, but is at the other end of the Avenue.

Mr. President, there was another distinction between the so-called Executive dictation of the former administration and the present dictation, to which I want to call the attention of my Republican friends. It is this: When the Woodrow Wilson administration went into office it had a right to assume that it had received a mandate from the American people to enact certain constructive legislation. It prepared that legislation, submitted it to Congress, and used all the power which the backing of the people gives a new administration to force that legislation through Congress. That legislation, with some amendments and some changes, went through, and it fulfilled the pledges that had been made when Woodrow Wilson was elected President. Now, we witness in this administration a different situation. Instead of submitting to the Congress of the United States a program of constructive legislation, in order to fulfill promises which were made to the people in the last election, Congress is practically left to its own sweet will, and in a disorganized way it floats along, week after week, with almost nothing accomplished; but when the House of Representatives and the Senate indicate a disposition to enact certain legislation which they feel the public necessities require, when it is on the point of enacting such legislation dictation comes from the other end of the Avenue and legislation is slaughtered by the decree of the Executive; in other words, it is a negative dictation to destroy what the representatives of the people are about to enact. We have seen an evidence of that on a former occasion when the President of the United States came to the Senate and used his personal influence concerning a great

bill which was then before the Senate and was likely to pass, a bill that had been reported by a committee, a bill which was taken up by a vote of the Senate, but which upon the demand of the Executive was recommitted to the committee.

So in this case one of the great committees of the Senate, the Agricultural Committee, responding to an evident distress in the agricultural industry and in agricultural regions, formulates a bill, which was drawn by my colleague, the chairman of the committee, the Senator from Nebraska [Mr. NORRIS], reports it favorably to the Senate, and submits it for consideration.

The Senate by a vote decides to consider the bill; it makes it the unfinished business; and there soon develops a sentiment here which indicates that the bill in some form, either as originally reported or as amended by the Senate, is likely to pass. Then, from the other end of the Avenue, we learn through the public press that the President of the United States is likely again to visit the Senate and to protest against the passage of that bill. Finally, however, as a substitute for that and as an expedient more consonant with legislative proprieties, administration influence and administration men draft a bill of a different character, and, at the dictation of the Executive, that bill, or substantially that bill, is to be substituted for the bill which my colleague drew and which the Agricultural Committee reported to the Senate.

Mr. KELLOGG. Mr. President, will the Senator from Nebraska yield?

Mr. HITCHCOCK. I yield.

Mr. KELLOGG. Does the Senator from Nebraska not know that the Agricultural Committee, by a vote of 10 to 2, adopted the substitute? Does the Senator think that administration influence has changed the opinions of most or all of his colleagues on the other side of the Chamber?

Mr. HITCHCOCK. Mr. President, what the Senator from Minnesota says is true. The Agricultural Committee has adopted the substitute bill, just as other Senators here of the majority party have accepted the dictation that has come from the Executive.

Mr. KELLOGG. What about the minority?

Mr. HITCHCOCK. The members of the Agricultural Committee are no different from the other Senators here.

Mr. KELLOGG. What about the Senator's colleagues?

Mr. HITCHCOCK. The members of the committee have yielded to an Executive demand, and, after having considered a bill and reported it to the Senate and supported it here in the Senate, they permit it to be set aside and a very largely different bill to be substituted for it.

Mr. KELLOGG. What about the colleagues of the Senator on the other side of the Chamber who are not supporting the original bill but are supporting the substitute?

Mr. HITCHCOCK. Well, Mr. President, I do not suppose the Senator from Minnesota expects me to criticize those who differ from me. There are upon this side of the Chamber many Senators representing agricultural districts who are anxious to secure legislation, and many of them looked upon the bill which was introduced by my colleague as a measure which would bring about relief; but those Senators, when the majority takes the position that it proposes to kill that bill, will take any other measure which promises to afford some measure of relief. So I think there may be a reason why Senators upon this side of the Chamber who represent agricultural districts will support the substitute.

Mr. TOWNSEND and Mr. LENROOT addressed the Chair.

The PRESIDING OFFICER (Mr. BROUSSARD in the chair). Does the Senator from Nebraska yield; and if so, to whom?

Mr. HITCHCOCK. I yield to the Senator from Michigan.

Mr. TOWNSEND. I desire to ask the Senator from Nebraska if he has read the two bills, and which he thinks is the better bill from the standpoint of the farmers?

Mr. HITCHCOCK. I have not taken the floor for the purpose of discussing the merits of the bills.

Mr. KELLOGG. But simply to make a political speech.

Mr. HITCHCOCK. I shall discuss some of the merits of the bills, and I am making a political speech, as the Senator from Minnesota [Mr. KELLOGG] suggests. I am not the first Senator, however, who has made a political speech; I have heard Senators upon the other side do so; and I feel that it is a perfectly legitimate proposition at this time to call to the attention of Senators who a few months ago denounced Executive dictation that they now are becoming parties to the very thing which they were so loud in denouncing in the former administration.

Mr. LENROOT. Mr. President, will the Senator from Nebraska yield to me?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. HITCHCOCK. I yield.

Mr. LENROOT. I should like to ask the Senator from Nebraska if he is not aware of the fact that a majority of the Democratic Senators who have spoken upon this subject have stated upon the floor that they preferred the substitute bill to the bill as originally reported by the Committee on Agriculture?

Mr. TOWNSEND. If the Senator from Nebraska will permit me, that was what I intended to say. I am not so much interested in the political aspects of the matter, although I am prepared to argue the question of Executive dictation to which the Senator from Nebraska [Mr. HITCHCOCK] has referred. However, is it not the duty of the Senate when matters of legislation come before it to obtain the best possible measure of relief?

Mr. HITCHCOCK. Yes; certainly. That is an obvious proposition.

Mr. TOWNSEND. That is the object that ought to govern the Senate?

Mr. HITCHCOCK. Yes.

Mr. TOWNSEND. The pending measure has been brought before the Senate in a perfectly orderly way. I deny that there has been any dictation from the President. The President has simply submitted his views, as it was his duty to do, and has left the Senate free, without any threat or any intimidation, to take any action it may please.

A committee of the Senate has acted upon the bill in a non-partisan manner and a great majority of the committee, as shown by an almost unanimous vote, believe that the measure that is now before the Senate as amended by the committee will accomplish the purposes that we desire accomplished better than would the original bill. I again ask what is the duty of the Senate under such circumstances as those?

Mr. HITCHCOCK. Mr. President, the duty of the Senate, in my opinion, is to show some legislative independence, and when one of its great committees has originated a piece of legislation it is the obligation of the Senate to give that legislation some consideration. That legislation has had no consideration; we are not discussing it; we have not voted upon it; we are merely assuming, as a matter of fact, that the substitute bill which comes, as my colleague, Senator NORRIS, stated before he was stricken with his illness, from the administration officials of the United States, is being accepted by the majority of the Senate, and its merits cut no figure.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. HITCHCOCK. I yield, but not for a speech.

Mr. SIMMONS. I merely wish to correct a statement made by the Senator. I wish to say that the substitute now pending has been prepared after consultation with many Democratic Senators.

Mr. HITCHCOCK. I understand that.

Mr. SIMMONS. And it incorporates many of their suggestions. I wish to say that the Senator is absolutely wrong—

Mr. HITCHCOCK. I do not yield for a speech.

Mr. SIMMONS. I am merely going to say the Senator is wrong in the statement that he just made.

Mr. HITCHCOCK. That will be sufficient.

Mr. SIMMONS. I can not say it in a word.

Mr. HITCHCOCK. I do not yield to the Senator for a speech.

Mr. SIMMONS. The Senator has just said that the Norris bill has had no consideration. The Senator is wholly mistaken about that. He was not in the Chamber at the time, perhaps, when we spent a whole day here after the Kellogg substitute was presented, and the Senator from Minnesota [Mr. KELLOGG] explained it, I myself explained it, and the Senator from Nebraska [Mr. NORRIS] replied on that day in a two-hour speech. After that whole day devoted to the explanation and discussion of the measure, the Agricultural Committee met and reversed itself, turning down the Norris bill and adopting the substitute by a vote of 10 to 2.

Mr. HITCHCOCK. Mr. President, the Senator from North Carolina is welcome to his opinion, and I respect his opinion, as a usual thing; but every Senator in the Chamber knows the real reason why the pending amendment has been substituted for the original bill. It is because of Executive influence and administration demands, which take the place of Executive determination to defeat the original bill. I am not going to discuss that any further.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Iowa?

Mr. HITCHCOCK. I yield.



Mr. KENYON. I think the statement of the Senator from North Carolina is not exactly correct. The Agricultural Committee did not support what is known as the Kellogg substitute. They tried to take the best part of the Kellogg substitute, which is practically all of it, I think, and added to it the parts of the Norris bill which they believed were helpful, making a composite bill out of the two. That is the measure that the committee reported.

Mr. EDGE. Mr. President, will the Senator yield to me for a moment?

Mr. HITCHCOCK. I yield.

Mr. EDGE. I think the Senator from Nebraska made the statement that the Norris bill as originally introduced was not discussed on the floor of the Senate. I think he is entirely mistaken in that statement, because the Norris bill, before even the substitute of the Senator from Minnesota or the committee substitute was considered, was discussed for two whole days on the floor of the Senate by several Senators, including myself.

Mr. HITCHCOCK. I do not care to split hairs on this proposition. I am pointing out that the Norris bill has not been seriously considered following the time that the administration circles decided upon its defeat; when the administration circles decided that it should be defeated, it was simply a question of the means to defeat it; and finally, instead of an absolute attempt to defeat it in cold blood the substitute was brought in. I do not care to go any further in that matter, because I have another line on which I desire to speak.

Now, as to the merits of the bill. This is the third or fourth attempt to galvanize the War Finance Corporation into beneficial activity. The first one occurred in March, 1919, when the Congress passed an act giving the War Finance Corporation additional power for the purpose of promoting the exportation of agricultural and other products of the United States. As originally introduced, it was for agricultural products, but it was then enlarged so as to include agricultural and "other products." That was done in March, 1919, and under that authorization the War Finance Corporation comparatively did nothing at all to promote the exportation of American products.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. HITCHCOCK. I do.

Mr. LENROOT. Who was to blame for that? Was it the Democratic administration, or the Secretary of the Treasury, or not?

Mr. HITCHCOCK. I am not making an attempt to locate personal blame. I doubt whether there was any personal blame. I do not believe that the War Finance Corporation, as organized, can promote foreign commerce to any extent. When the matter was under discussion here, while I voted for the measure in 1919 and voted again in December of last year to revive the War Finance Corporation, I did so with the statement that I doubted whether it would have any important effect except possibly a psychological effect among the exporters of the United States.

Mr. KELLOGG. Mr. President, will the Senator yield for a question?

Mr. HITCHCOCK. Yes.

Mr. KELLOGG. Does the Senator know what products the War Finance Corporation has placed in foreign countries since it was rehabilitated?

Mr. HITCHCOCK. Mr. President, I have not time to give all the figures; but the statement published by the War Finance Corporation in November of last year—

Mr. KELLOGG. I am speaking about what it has done since last winter, this spring and summer. It was not revived until last winter.

Mr. HITCHCOCK. I shall take that up in its order. At the time that we passed the joint resolution reviving the War Finance Corporation for the purpose of promoting exports—a joint resolution which President Wilson vetoed, and which we passed over his veto—the statement was made that export loans were \$42,000,000, and other statements made at that time indicated that they had promoted exports to the extent of a few million dollars—I do not know just how much; fifty or sixty million dollars altogether—but very little in the way of agricultural exports; their loans were almost altogether for the promotion of manufactured exports, and very insignificant even in that line.

Mr. KELLOGG. Mr. President, will the Senator yield while I read him the figures—\$69,000,000 of agricultural products since the revival of the War Finance Corporation?

Mr. HITCHCOCK. I have the figures here, and I can give them in detail.

Mr. KELLOGG. Why does not the Senator state them, then?

Mr. HITCHCOCK. I think the Senator is mistaken as to the amount, but I will say that when we passed the joint resolution reviving the War Finance Corporation six months ago the statement was then made, and is in the official report, that their loans for the promotion of exports at that time were only \$42,000,000. That was at a time when our exports amounted to something like seven thousand million dollars a year. Their loans were a mere fly bite. The influence of the War Finance Corporation was something merely nominal in the way of promoting the exports of the United States. It was insignificant. Within a few days I have received, as other Senators have received, a statement of the War Finance Corporation showing their activities in promoting our international commerce. They say, for instance, as the Senator has just quoted, that the War Finance Corporation has already approved advances or now has negotiations pending for advances amounting to a total of \$63,000,000. What is that to a country whose exports amount to six or seven thousand million dollars a year? It is insignificant. Furthermore, when they go on to specify the amount of these loans, the officers of the corporation say that "the largest transactions relate to cotton, the Nation's greatest single export, on which the corporation has agreed to loan \$16,500,000."

What is \$16,500,000 to cotton exports which amount to over \$600,000,000 this year? It is insignificant. It means that only 2 per cent of the cotton exports are financed by this corporation. When it comes to wheat exports, its activities are still more insignificant. They state in this circular just received to-day, under the head of wheat advances, that none have been made, but they "have under consideration" making \$7,500,000 in wheat advances. What is \$7,500,000 loaned to exporters of wheat, considering the fact that we exported during the last 12 months \$700,000,000 worth of wheat? One per cent financed by this corporation! No; not even 1 per cent financed; only 1 per cent of a year's exports of wheat under negotiation.

Mr. WATSON of Georgia. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. HITCHCOCK. In a moment.

I do not know whether it is the nature of the War Finance Corporation or the personnel of the War Finance Corporation or the nature of the situation which makes it an ineffective agent, but it has been ineffective. It has failed to function. At the present time the War Finance Corporation has a credit in the Treasury of the United States of over \$400,000,000. Its capital is only \$500,000,000. In other words, its capital is and long has been practically idle, and has been idle for months, and nothing was being done.

Mr. EDGE and Mr. KING addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. HITCHCOCK. I promised to yield to the Senator from Georgia first.

Mr. WATSON of Georgia. Mr. President, does the Senator from Nebraska, who is now addressing the Senate, mean to be understood as saying that he would have voted for the Norris bill as it then stood, without amendment?

Mr. HITCHCOCK. I think the Norris bill would have been amended, Mr. President, if it had had fair consideration here.

Mr. WATSON of Georgia. In what respect would it have been amended?

Mr. HITCHCOCK. I do not know. The Norris bill was a sincere and a serious effort to remedy the situation of the agricultural interests, which is very difficult; and I was glad when the committee reported the bill and brought it into the Senate in order that it might have a hearing.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. HITCHCOCK. I yield to the Senator from Wisconsin.

Mr. LENROOT. I should like to ask the Senator what provision of the Norris bill that is not in the substitute he would have favored if the original bill had been before the Senate?

Mr. HITCHCOCK. The Senator may ask that question, and he may answer it in his own speech. I am not going to be diverted from the line that I have taken up here.

Mr. KING and Mr. EDGE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. HITCHCOCK. I yield to the Senator from Utah.

Mr. KING. The Senator from Nebraska used a moment ago, and I think very properly, the word "psychological." He voted for the revival or rehabilitation of this corporation because of the psychological effect.

I know the Senator is fair, and wants to be fair. I think he ought to supplement the statement he made a moment ago



about the small amount advanced by the War Finance Corporation for the purpose of facilitating exports by stating that the War Finance Corporation has used its influence, and successfully used its influence, to induce various exporters to advance money for the purpose of financing exports; and the large amount of exports is directly traceable in part to the activities of the War Finance Corporation, and to the psychology resulting from the fact that it was functioning at all. When we revived it, when it evinced a purpose to expend something, and when it utilized its influence to engage in activities other organizations, I think it was serving a very useful purpose; and as far as I am concerned I should be very glad if it would induce private corporations and individuals everywhere to furnish the money for the purpose of exporting, rather than availing itself of money which we may have appropriated.

Mr. HITCHCOCK. I am glad to hear what the Senator says, and I have not any criticism to make on the personnel of the War Finance Corporation. As I say, I voted for legislation to revive and continue it. I voted to override the President's veto. I believed in making the attempt, because it was the only thing proposed; but the course of events since the revival does not bear out the statement that it has had any effect at all.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New Jersey?

Mr. HITCHCOCK. In a moment. We revived the War Finance Corporation in December of last year. In that month our exports were \$720,000,000. The next month they were \$654,000,000. The next month they were \$486,000,000. The next month they were \$386,000,000. The next month they were \$340,000,000. The next month they were \$329,000,000, and in June they were \$340,000,000. They have been almost cut in two since the War Finance Corporation was revived.

I am not criticizing the War Finance Corporation for that tremendous collapse of our international commerce. It is due to other causes; but I am saying that I believe this bill will prove a delusion and a snare, and that it will not promote our foreign commerce.

I now yield to the Senator from New Jersey.

Mr. EDGE. The Senator from Nebraska a few moments ago, in detailing the activities of the War Finance Corporation, referred to wheat. I know that he is very anxious that the Senate should have the facts. I will read, if I may, a four-line telegram from the Northwest, addressed to Mr. Meyer, of the War Finance Corporation:

Arrived home to-day from my eastern trip. I want to say to you that our Northwest farmers are very grateful for the aid promised, and will take great pride in handling the transaction so it will prove satisfactory in every respect to all concerned. They request I extend their thanks.

(Signed)

GEORGE C. JEWETT,

General Manager Northwest Wheat Growers' Association.

Mr. HITCHCOCK. Yes; I have already read that telegram, and of course I am glad that this gentleman is hopeful of something being done; but I will say, as a matter of fact, that the actual advances made to the wheat growers and to the wheat exporters are almost negligible—1 per cent of our total wheat exports during the last 12 months.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from North Carolina?

Mr. HITCHCOCK. I yield to the Senator.

Mr. SIMMONS. I can tell the Senator the reason why the War Finance Corporation have not advanced any greater sum than they have for the purpose of exportation of cotton.

Mr. HITCHCOCK. Will the Senator do that in his own time?

Mr. SIMMONS. I can do it in a minute. The Senator has made the statement here, and I should like to answer it. The reason is that the powers conferred upon them by the present act are very limited. It was found that they could only advance to persons who were buying for immediate exportation; and they found, in addition to that, that Europe was in such a condition that it could only buy cotton as it needed it, instead of buying, as heretofore, for a year's consumption at one time.

Mr. HITCHCOCK. I understand that that is the reason, Mr. President.

Mr. SIMMONS. This bill enlarges their powers, and permits them to loan to an American producer, through his bank, money to enable him to hold his cotton until the European market is ready to take it under this process of buying from day to day.

Mr. HITCHCOCK. It is possible that it may have some beneficial effect in relieving the banks of their frozen credits. I do not deny that it may have some such effect. What I say is that our experience with the War Finance Corporation is that it is an ineffective agent to produce the results that we desire to have produced.

#### THE BANK OF NATIONS.

Now, Mr. President, I am going to take a little of the time of the Senate to set forth what I think is the impending evil, and the manner in which it could be reached by a constructive piece of legislation.

The United States is the greatest producing nation in the world. It is the greatest exporting nation in the world. Our country produces more than any other country in its cotton fields, its agricultural sections in the West, its mines in the mountain regions of the West and of the North, as well as its factories. We are vitally interested in international commerce, and as I look at the situation the difficulties in the United States to-day are not domestic. They are international. They are due to the fact that we are not able to market the surplus products which we are making or which we can make. We can manufacture in our factories more products than the American people can consume. We can mine in our mines a great deal more of copper and iron and coal and silver than the American people can use. We can raise twice the amount of cotton in the South than the American people can consume. We can raise a great deal more wheat and meat than the American people can consume. Now, if we are not permitted to sell our surplus products abroad, to Europe particularly, we will have idle men in our mills, as we have now. We will have prostrate cotton interests, as we have now. We will have copper mines closed up, as we have now. We will have a failure in the demand for coal, as we have now. We will have our railroads, as we have them now, in a distressed condition for lack of business. We will have millions of idle men, as we have now. That is an international situation, and it brings us face to face with the proposition, What are we going to do to restore to the people of the United States the markets of the world?

Why can we not sell to the world? Why can not the American people, who are anxious to work and anxious to produce, sell their surplus products to the rest of the world? The rest of the world needs them. We know that they need our copper. We know that they need our cotton. We know that they need much of our manufactured goods and our agricultural products. Why do they not buy them? Why is our international commerce practically in collapse to-day? Why are we exporting to the rest of the world to-day in most of our products less than we were before the war?

Why are we exporting to the rest of the world to-day one-half the amount we exported a year ago? Why have our exports dropped from eight thousand million dollars down to something like three thousand million dollars a year in the last 12 months?

My own opinion is that it is because there is an utter failure to finance international commerce. That is worth thinking of. If we are interested in international commerce, we are interested in having it financed. Men can not buy for cash. If the people of the United States were compelled to do their business on a cash basis, business would collapse, and we would go back almost to barbarism. We have devised in the United States a great system, which we call the Federal reserve banking system, and before that we devised a national banking system. What were they for? They were to give a system of banking and currency to the people of the United States in order to afford credit to business, and our business is carried on by credit, as everybody knows. Eight times as much business is done on credit as is done by cash.

Great Britain has a banking and currency system that is similar. Germany has a system, the Reichsbank, and France has a system, the Bank of France, great reserve banks, which unite all the banking institutions, and afford credit to the people of those countries, as we afford credit to ours; and to-day, crushed though Germany is in a military sense, and embarrassed as she is in an economic sense, a business man can go into a bank in Germany and borrow on just as easy terms as can an American business man in a bank in the United States.

Mr. WATSON of Georgia. Borrow what?

Mr. HITCHCOCK. Borrow money.

Mr. WATSON of Georgia. What sort of money?

Mr. HITCHCOCK. The sort of money they use in the country there.

Mr. WATSON of Georgia. What sort of money?

Mr. HITCHCOCK. I hope the Senator will not divert me. The German business man borrows whatever he needs to pay his labor and to pay for his raw material.

Mr. WATSON of Georgia. He borrows paper money.

Mr. HITCHCOCK. Of course he does, and it serves his purpose. In France they have a similar system, and in Great Britain they have a similar system, and to-day interest rates are just as low in those countries as they are in the United States, and in some of those countries they are lower; and



their credit is just as good, and they are carrying on their business affairs among themselves just as satisfactorily; I believe they are doing it more satisfactorily than we are. I believe credit conditions are better there, because they have not had this deflation which we have had over here.

So I say that every country in the world has established for its own people a system of banking and currency by which credit is supplied to carry on business of all kinds.

But all of those systems stop at the water line of the Atlantic Ocean or at the boundary line of those nations. The great international commerce of the world has no banking and currency system to afford credit to the people who engage in it.

Before the war a makeshift had grown up, a makeshift very largely in the hands of British international bankers, who promoted their trade by a system of international credit, followed somewhat later by a system of international banking which developed in New York, on a much smaller scale, and with much less ability behind it. The war practically smashed those systems, and at the present time there is no international credit system and nothing to regulate international exchange.

The result is that international exchange is now a matter of gamble and speculation, not of legitimate business. If you are an exporter and you have a half a million dollars' worth of meat you want to sell in Europe, you are compelled to demand cash for it in New York. You are afraid to ship that meat to a purchaser across the ocean and accept pay at the rate of exchange as it might be when the vessel gets over there.

I was talking to a man the other day who represented one of the lumber export houses of New Orleans. The firm had shipped a shipload of lumber to Buenos Aires, sold to people down there. While the vessel was on the ocean, during either January or February, Argentine exchange went down in a great fall, and when the vessel arrived the firms which had ordered the lumber refused to take it; they could not afford to buy American exchange to pay for it; and the lumber had to be sold at auction, and the shipper lost \$50,000. He said, "That ends my export business in lumber to South America. I will not take any more chances." This is only a sample case.

The fact is that at the present time this country is suffering because hundreds of exporters have gone into bankruptcy, or have been forced to give up business, because they are afraid to do business in this fluctuating exchange, which is one thing one week and another thing another, one thing on Saturday and another on Monday. The fluctuation has been so great in some cases as to cause enormous losses.

Those are the facts. There is no system to provide credit for this business, and no system to regulate exchange, but it is left to a lot of international pirates, who gamble and speculate in the exchange in an illegitimate way, while legitimate exporters and legitimate importers are doing a dangerous business if they attempt to ship and take their pay in any form except cash on leaving New York.

Mr. SMOOT and Mr. LENROOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield, and, if so, to whom?

Mr. HITCHCOCK. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, we all know that the exchange values of money in all of the countries are in a condition that was never known before in the history of the world.

Mr. HITCHCOCK. Yes.

Mr. SMOOT. And I want to say to the Senator from Nebraska that I have not any doubt but what Germany intends to keep her money worth just about what it is to-day. If she does, I predict now that just as soon as Germany gets in condition to manufacture all classes of goods, as she did before the war, she will control the commerce of the world up to the amount that she can manufacture, and there is no limit upon that amount except the ability of Germany to get raw material and labor; and I will say this while we are on it, if the Senator does not object, that to-day the mark in Germany is worth a cent and a quarter, but that is on a gold basis. She can export her goods to America, and she demands gold for every mark's worth of goods she exports. She can take that one and a quarter cent mark and buy 4.6 cents in labor in Germany, in rent in Germany, in shoes in Germany, in clothing in Germany, and in food products in Germany, and she has, as far as America is concerned, three times the advantage in making goods for exportation, and she is going to keep that advantage. She has an advantage over England, she has an advantage over France, she has an advantage over Belgium, or over any country where the exchange is much higher than it is in Germany. In fact, I am quite sure, Mr. President, from reading the articles that have been sent me from Germany, this is a deliberate plan, and will be carried out successfully, I am

quite sure. I was interested in the Senator's proposition of establishing an international bank.

Mr. HITCHCOCK. If the Senator will permit me to get to it, I would like to close by stating what I propose, which will take only a few minutes.

What the Senator says about Germany's power to export may be true; that is a proposition that has to be met by the rest of the world when we come to it. My judgment is that the United States has very little to fear from Germany. I think Germany is going to be a great customer of ours; I think she will eat up enormous quantities of our exportable surplus, and I am glad to see that the trade with Germany is growing. It is about the only country in the world whose trade with us is growing at the present time on a large scale. I hope it will continue and I hope it will be reciprocal. I hope we will buy from Germany, as we export to Germany. I know we will have to buy from Germany if we propose to export to her.

Mr. REED. May I make one observation?

Mr. HITCHCOCK. Certainly.

Mr. REED. If the logic of the Senator from Utah is correct, then the rotter a currency is in any country the greater advantage it has in trade, and we ought to go to greenbacks and turn all the printing presses of the country loose getting them out quickly.

Mr. SMOOT. The Senator may think that, but we are up against a proposition which a mere statement will not change. There is not any question but that Germany, with the mark at 1½ cents, with the power in her own country to produce three times the amount through the passage of certain laws and the regulation of prices, has an advantage of the American people in producing goods to send into the commerce of the world.

Mr. HITCHCOCK. That is another story, as they say. But what I want now, while I have the opportunity, is to call the attention of Senators to the fact that there is a perfectly legitimate expedient which can be taken up at this time, a tried expedient, which has been used by every nation in the world to promote trade and establish credit, and that is the establishment of a system of banking and currency to afford credit for this international commerce, which has none at the present time.

My proposition and my bill is only a suggestion. I realize that the majority leaders must take it up and work it out, if it is to go at all. My suggestion is the establishment of an international bank, which I would call the bank of nations. I believe it should have a capital of \$2,400,000,000, the greatest institution in the world. I believe that capital could be paid in, one-third in gold and two-thirds in the interest-bearing bonds of solvent nations; and I define a solvent nation as one which recognizes and takes care of its external obligations, which has established a balanced budget, and which has united with the United States in some form of disarmament for the purpose of making its government solvent.

Mr. REED. And pays its interest on current loans?

Mr. HITCHCOCK. One which observes its outside obligations. Any Government has power to discount its own home obligations, to tax them and reduce them; but a solvent government must recognize its external obligations.

Mr. President, my suggestion is that this bank be established with a capital of \$2,400,000,000; that the Secretary of the Treasury should at once take \$1,300,000,000 of that capital for the United States and pay it in, one-third in gold and two-thirds in bonds, which he has under his control. In this case they could be British bonds, or French bonds, or a mixture of bonds, providing it could be established that they were valid, that the Governments which issued them were solvent, and would take care of their interest.

Then I would sell to the American people, particularly to bankers, exporters, and importers interested in international commerce, \$200,000,000 of the capital paid in, in the same way. Then I would offer to the other nations of the world \$900,000,000 of this capital of \$2,400,000,000, and allow them to pay it in in the same way, one-third in gold and two-thirds in acceptable bonds. I would permit them by treaties, made through the President of the United States, treaties which would establish their rights as stockholders in the bank.

That bank I would dedicate to the financing of international commerce. I would authorize it to buy and sell exchange, to lend money to importers, to exporters, and to banks engaged in financing exporting and importing. I would authorize it to issue currency against a gold reserve, that currency to be the international dollar.

I call the attention of the Senate to the fact that at the present time we have in the United States one-half of all the gold in the world. We have as much gold here now as all of the



other nations have combined. We are not using it, or rather we are only using it partially. We do not require it for our domestic uses. Some people are actually advocating that we should export it. But it is still coming to this country at an enormous rate. It has come here to the extent of \$500,000,000 within the last 18 months. It is coming here now in great sums, and we are not using it, and the rest of the world is being deprived of it. Why can we not use that gold as the basis for an international currency? Why can we not have an international dollar which can finance international operations? And why can not this bank, with this enormous power, become a great clearing house through which all of the exporting and importing of this country and all other countries could be done, a clearing house in which somebody would be able to tell what the exchange would be at least 24 hours in advance? It would be an institution large enough to make it impossible for the speculators and gamblers and international pirates, who now are making money out of the fluctuations of international exchange, to continue their operations. Such an institution would be large enough to regulate if not to control international exchange—to stabilize it.

Right here, however, I wish to refer to what the Senator from Utah [Mr. SMOOT] said. I do not pretend that such a bank or any bank or any institution of any country should undertake to raise the values of foreign moneys. The law which controls those values is beyond any operation of the bank, but there can be an institution which can regulate the fluctuations. Certainly there is no reason why foreign exchange with a country should fall 15 or 20 per cent in one week. That is an artificial thing. That is a gambling proposition. This bank would be able to prevent that. It would be able to put into operation a regulation of international exchange, and then the business of exporting and importing would become safe. It is dangerous now. It is a dangerous thing to engage in the exporting and importing business simply on account of the enormous fluctuation in exchange as it goes on, violent fluctuations, gambling fluctuations, from time to time.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from New Jersey?

Mr. HITCHCOCK. I yield.

Mr. EDGE. I am interested to have the Senator develop further how he could possibly establish an international dollar of equal value throughout the world when it is generally recognized that exchange will always be influenced almost entirely by the balance of trade conditions.

Mr. HITCHCOCK. I will say to the Senator that the American dollar now is practically the only money that is on a gold basis, and we can keep it on a gold basis; but if we go on accumulating the gold of the world and keeping it here idle, acting as a dog in the manger, I would not be surprised if some of the other nations would undertake to demonetize gold and leave us sitting on top of our gold heap here. We have this gold and ought to use it. We ought to use it by authorizing this bank against a special gold reserve to issue this international currency, and it would be just as good as the American dollar is now and be accepted everywhere in international commerce. It should be limited to international commerce.

Mr. EDGE. I follow the Senator; but how would the value of the international dollar be in any way established because other nations are interested as stockholders in this institution? If the balance of trade remains as it is or fluctuates as it may in the future, how can the mere fact that nations are collected together doing a banking business influence except by the regularly established method which comes through the bidding for money to pay bills?

Mr. HITCHCOCK. I suppose the Senator would not like to go into any great detailed argument here, and I am not yet equipped to do that. I am hoping my friend the Senator from Connecticut [Mr. McLEAN] will permit the Committee on Banking and Currency to have hearings upon this question, and I hope when that time comes we shall have the expert advice of everyone who knows anything about international trade.

I remember when our Committee on Banking and Currency had hearings in the early days of the Woodrow Wilson administration, the bankers, who now decry the idea of an international bank and say it is impossible, came before our committee and said the Federal reserve system was impossible. They said almost to a man that we could not get the American banker to enter into a system by which he would discount the notes in his bank with any central agency. They said we could not introduce the European system into the United States; that we could not get the American banker to discount his notes because he would regard it as an element of weakness, would regard it as a weak thing for a banker to do.

On the advice and largely the judgment of those bankers, almost every Republican Senator and almost every Republican Member of the House of Representatives voted against that system. So even though bankers may say now that this international bank is not a feasible proposition, I think we must have the advice of international merchants, traders, exporters, and importers, and be guided in part by their experience.

My idea is that the issuance of this currency by an international bank against the gold reserve will afford a medium of exchange which will largely take the place of gold in international settlements. I see no reason why such international currency, issued by this bank, should not be sent over here to pay balances, instead of attempting to send gold. Why not? We have stopped shipping gold in the United States.

Senators will remember that before the Federal reserve system was established we kept shipping gold back and forth over the United States, and express companies did an immense business in that. We never hear of a gold shipment now, or almost never. The gold is left in Washington or in New York and in the reserve banks of the country, and there is a mere book-keeping exchange; that is, the currency is shipped in exchange back and forth. There is no reason why international business can not be done in the same way.

Mr. EDGE. I am sure I agree with the Senator that there is some merit in his contention that we may have too much gold. Going back to the original proposition as I understand it, merely interrupting to give another thought, if it would be of any advantage, the Bank of England, with all its great resources recognized of course because they exist, has not been able in any way to relieve the very rapid depreciation of exchange in value of the English sovereign.

Mr. HITCHCOCK. The Senator entirely mistakes me if he thinks that I am recommending an attempt to check the depreciation. I have said specifically that that is governed by a law beyond our legislative control.

Mr. EDGE. Yes. I understand the Senator's main object—and it must be his main object if he is going to accomplish relief—is to try to affect exchange, which as now is a deterrent to foreign trade. But I understood the Senator to say very clearly that the combination of several of the countries of the world in this great international bank or an international dollar would have its effect on exchange. I can not follow that reasoning.

Mr. HITCHCOCK. I will state it to the Senator in another way. I do not claim that any attempt should be made by way of legislation to regulate the value of the British pound or the German mark or the French franc or the Italian lira. What I claim is that we should put a stop to these violent fluctuations of values which take place and which distress international commerce and make it dangerous and bankrupt the exporters engaged in it.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. HITCHCOCK. Certainly.

Mr. McCORMICK. If I may interrupt the Senator for a question, unless we control the issue of paper by other Governments and the deficits in their budgets, how can we prevent fluctuation in the relative value of the lira and the dollar?

Mr. HITCHCOCK. I am sure the Senator from Illinois will not claim that the fluctuation of the lira from week to week is dependent upon its issue in Italy. It is these fluctuations that occur violently, artificially, and destructively to commerce that we are interested in. The value of the lira may go down if they issue more paper money, just as the value of the mark has gone down, but there is no reason why it should fluctuate so as to disjoint international commerce and make exporting a dangerous business. We ought to know what its value is.

Mr. LENROOT. Mr. President—

Mr. HITCHCOCK. I yield to the Senator from Wisconsin.

Mr. LENROOT. If a foreign buyer needs international dollars to pay for American goods, why is he not under exactly the same difficulties as when he needs American dollars to pay for them?

Mr. HITCHCOCK. These international dollars can be loaned. The very idea of this is to provide loans in international commerce comparable to what we now have in domestic commerce. I will say to the Senator from Wisconsin that if a man running a cotton mill in this country buys raw cotton he is not required to pay cash for it. There are means by which he can get credit until he turns that cotton into the finished product and liquidates the note given when he buys the cotton. When a German manufacturer proposes to buy cotton, he practically has to pay cash for it now. If there were an international bank with a branch in Germany, there is no reason why the German



cotton manufacturer should not be able to buy that cotton on a reasonable credit and be given a reasonable time to turn his cotton into the finished product and liquidate his claim through the branch of the international bank in Germany.

Mr. LENROOT. Is not the difficulty in having the market for the finished product with which to make payments, and if there was a market, as there was before the war, would not the difficulties we now have disappear?

Mr. HITCHCOCK. The Senator refers to the German finished product?

Mr. LENROOT. Yes.

Mr. HITCHCOCK. I think, as the Senator from Utah [Mr. SMITH] has said, that we can depend on Germany finding a market for her finished product. The world is not always going to be languishing.

Now, Mr. President, I have taken much more time than I expected. I know that the Senator from Tennessee [Mr. McKELLAR] desires to take the floor, and so I shall conclude. I have taken the liberty of bringing this idea before Senators because of my strong conviction that we are in a depression which is going to proceed from bad to worse unless this Government does something on a big scale of a constructive character to change the situation and remedy some of the evils. We have on this side of the Chamber comparatively little power or responsibility. You on the other side of the Chamber have both, and I have introduced my bill for the bank of nations as a suggestion for your consideration. The situation is deplorable, and on you is the responsibility of affording relief.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Connecticut?

Mr. HITCHCOCK. Certainly.

Mr. McLEAN. The Senator is dissatisfied with the present proposal—that is, with the pending bill—and he thinks that it would be ineffective to accomplish the disposition of our surplus products. Do I understand the Senator to say he would substitute the international bank for the plan proposed by the substitute?

Mr. HITCHCOCK. Oh, no; not at all. I will say to the Senator from Connecticut that I am going to vote against substituting the pending amendment for the Norris bill. If, however, that motion is carried, I shall then vote for the substitute, just as I shall vote for anything that is offered if it is the best that can be had.

Mr. McLEAN. Is it the Senator's idea that the plan which he has suggested would some time in the future operate as a substitute for the pending measure?

Mr. HITCHCOCK. I am very confident that it will do more than any other thinkable thing to restore our exports and to build up international commerce. It is the one thing needed, the giving of credit and the establishment of power to regulate the international exchange.

Mr. McLEAN. The Senator's proposal is that we take \$1,300,000,000 in gold out of the Treasury of the United States to furnish the capital for this new international bank?

Mr. HITCHCOCK. Yes; gold and bonds.

Mr. McLEAN. If the plan is to take money out of the Treasury of the United States for the purpose of withholding domestic food products until they can receive an orderly market abroad, the direct effect of that institution would be to suppress competition at home.

Mr. HITCHCOCK. The Senator is referring to the pending bill?

Mr. McLEAN. The idea which the Senator from Nebraska suggests as a substitute some time, seems to me, should be very carefully considered. By all means, if we are to establish a bank of that kind to raise prices, the capital should come from private persons and not be taken out of the Treasury of the United States.

Mr. HITCHCOCK. I know that is the Senator's theory, and that is the theory advanced by bankers. In my discussions with them I have found that objection. They say that the Government should not go into the banking business. They said that when we established the Federal reserve banks. They objected to having the Government take a controlling interest in the affairs of the Federal reserve bank. But private capital is not going into this international banking business with any authority. It has to have the sovereign power of a government behind it to be effective, and in my opinion we must have the power of the Government in an international bank, in a bank of nations, and we must have a union of Governments for the purpose of controlling and regulating international exchange and for the purpose of affording a credit in international business.

Mr. McKELLAR obtained the floor.

Mr. LENROOT. Mr. President, will the Senator yield to me a moment?

Mr. McKELLAR. Certainly.

Mr. LENROOT. I should like to ask the Senator from Nebraska, in view of his statement, whether he is in favor of that provision of the Norris bill which authorizes the Government to buy and sell farm products?

Mr. HITCHCOCK. Why does the Senator insist on discussing the Norris bill when the Norris bill probably has scarcely enough support here to get a record vote?

Mr. LENROOT. The Senator stated he is going to vote for it.

Mr. HITCHCOCK. Yes; I am.

Mr. LENROOT. Is the Senator in favor of that particular provision?

Mr. HITCHCOCK. I am not going to discuss it.

Mr. LENROOT. I thought not.

Mr. McKELLAR. Mr. President, I am going to occupy only about 10 or 15 minutes of the Senate's time in analyzing and comparing the three proposals now before the Senate for farmers' legislation.

I am very much in favor of the proposed farmers' legislation. If there ever was a time when such legislation was necessary, that time is now. The condition of the farmers of the United States at this period is indeed deplorable. Farm products, when there is any market for them at all, bring not more than one-third or one-fourth as much as they did last year. Not only the home market but the foreign market for our products has fallen off enormously. The result is that not only are the farmers in a bad plight, but the rail transportation companies, the shipping companies, the manufacturers, and all the middlemen are in a like bad plight. The prosperity of the whole Nation being dependent upon the prosperous condition of the farmers, it is of the utmost necessity that steps be taken immediately to give our best aid to our agricultural interests. The prosperity of all other interests depends upon the prosperity of the farmers. This was the situation on the 31st of May of this year when Senator NORRIS, chairman of the Agricultural Committee, introduced a bill for the relief of the farmers.

#### THE NORRIS BILL.

On that date Senator NORRIS introduced a bill providing for aid to farmers in exporting their products. The bill provided for an independent "farmers' export financing corporation," consisting of three directors, the Secretary of Agriculture, and two new members to be appointed by the President. Powers were given to this commission similar to those now held by the War Finance Corporation in regard to exports.

The Government was to take all the stock, amounting to \$100,000,000. The corporation was then empowered to issue bonds in ten times the amount of its paid-in capital. This would give the corporation a capital of \$1,100,000,000. These bonds were to be substantially tax free and were all to be guaranteed by the Government. The corporation was further empowered to aid in financing producers and dealers in exporting their raw or manufactured products for a period not exceeding five years. The corporation was also authorized to buy and sell such products. The purpose of this bill was excellent. The demand for such legislation was and is undeniable. If we could not have secured a better bill, I would have certainly supported the Norris bill.

#### OBJECTIONS TO THE BILL.

I desire now to mention the objections to the Norris bill. The objections to the bill, as I see them, are, first, the creation of a new and a necessarily inexperienced commission, with all the vast expense attending it; second, the putting of the Government in the business of buying and selling farm products, which I do not believe in; third, the limiting of financial aid to exporters alone; fourth, the guaranteeing of the bonds by the Government; and, fifth, the making of the bonds tax free.

The bill was debated for many days and its opponents claimed to have the votes to defeat it. Many of the Republican "old guard" declared it would never pass, and, of course, with their objections, we all know it could not have passed. Then came, like a bomb from an airplane, the Kellogg substitute, and the Norris bill was chloroformed.

Here let me say that I do not approve of the treatment given the able Senator from Nebraska by the administration in reference to this legislation. Of course, this is not, accurately speaking, my affair. It is really none of my business. Republican fights are or ought to be no concern of any good Democrat; but ordinarily it would have seemed that common fairness would have required that the administration should have introduced its own substitute for a bill through its own constituted



committee authority and not through an outsider. It must have been very humiliating to the distinguished Senator from Nebraska to have stood by and seen his measure sidetracked and killed without his consent and, perhaps, even without his knowledge. My sympathy goes out to the Senator from Nebraska. I can not but believe that he was not treated fairly. He was at work on this legislation while others were not even considering it. He is entitled to the credit for whatever legislation is passed.

#### THE KELLOGG SUBSTITUTE.

I now wish to refer to the so-called Kellogg substitute. Generally speaking, the substitute that has been offered, having the identical purpose of the Norris bill, is, in my judgment, in many respects superior to the Norris bill. When certain amendments to it shall be adopted, as I am sure they will be adopted, the substitute will be of very much greater benefit to the farmers than the original Norris bill. I desire briefly to point out some of the improvements of the so-called Kellogg plan over the Norris plan. They are as follows:

First. The Kellogg plan uses the already established War Finance Corporation to do the work. I think this is of great and beneficial importance, because not only will it effect a great saving to the Government, but it puts the execution of the plan in the hands of a board already doing identically the same thing in a smaller way. The machinery has already been set up. New men will not have to be broken in, for competent and efficient men of ripe experience and great ability are already serving on the War Finance Corporation Board. It is a tremendous improvement in this proposed legislation to place the execution of it in the hands of the War Finance Corporation rather than to constitute a new corporation. The delay attendant upon the establishment of a new commission to perform this work might perhaps defeat the real good which it is hoped to accomplish.

Second. In the next place, I do not think that the Government ought to be put in the business of buying and selling agricultural products. I think it is a wrong policy. In my opinion, the Norris bill goes too far in that respect, and the Kellogg substitute is therefore much better.

Third. Again, under the Norris bill the financial aid was limited to exporters, while under the Kellogg substitute, whenever the directors of the corporation believe the public interests require, "it is empowered to make advances to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock."

In other words, we not only give the aid of this institution to those who export our products but to those who are helping now to tide the farmers over in the way of lending them money. This is a most important function for the corporation to perform, and it is a tremendous improvement over the Norris bill. It is the one great distinguishing feature of the Kellogg substitute and should be adopted without question.

Fourth. Again, while the bonds issued by the War Finance Corporation are virtually guaranteed by the Government under the Kellogg amendment, still they are not in fact so guaranteed, and such action is made unnecessary by directing that the Federal reserve banks shall be authorized to discount the notes or bonds of the corporation. This is a great improvement upon the Norris provision in this regard.

Again, the Norris provision makes the bonds tax free. I think enough tax-free bonds have already been issued in this country, and we ought to be very careful about increasing the number of such tax-free bonds.

#### THE McNARY SUBSTITUTE.

The McNary substitute, for the most part, consists of the Kellogg substitute with some amendments. The principal amendments are:

First, extending the life of the War Finance Corporation; second, extending the benefits of the act in a modified way to the producers; third, extending it to foreign Governments or subdivisions thereof; fourth, giving the corporation power to purchase, sell, or otherwise deal in debentures, adequately secured, issued by banking corporations organized under section 25a of the Federal reserve act; fifth, to investigate foreign market conditions; sixth, fixing a limitation upon the interest rate. In the main, these constitute improvements upon the Kellogg substitute; and no doubt the McNary substitute will be adopted.

#### AMENDMENTS.

There are, however, certain amendments that should be made to any substitute bill.

The Kellogg substitute, first, directs that loans may be made "to any person, firm, corporation, or association engaged in the United States in dealing in or marketing any such prod-

ucts," and so forth. I believe this ought to be amended so as to include the producers of such products or associations of producers. It is claimed that the War Finance Corporation has not sufficient force to ascertain the financial responsibility of producers or associations of producers. That may be so, but the same reasoning would hold as to dealers or associations of dealers. It would not be harder to investigate as to the financial responsibility of a producer or an association of producers than it would to ascertain the financial responsibility of a dealer or association of dealers. By all means an amendment to this effect should be adopted, for surely the farmers ought to be put on the same basis as the middlemen. The McNary substitute aids the situation, but does not go far enough.

Mr. CARAWAY. Mr. President, I will ask the Senator if he likes the provision of the bill which allows loans to be made only to those who expect to export but will not permit the loan of a penny to a man who holds his agricultural products if he intends to sell in the domestic market?

Mr. McKELLAR. I do not; I am arguing that proposition now.

Again, I believe that section 17 of the Norris bill should be inserted in the bill finally to be adopted. That section provides as follows:

That for the purposes of securing reduced freight rates on export shipments of agricultural products the Interstate Commerce Commission is hereby authorized, either upon its own initiative or upon the application of the corporation, any common carrier, or any shipper, to grant such reduction in freight rates upon such products for export shipment as may in the judgment of said commission be fair and just.

This ought to prove a big incentive to the exportation of our products. However, if such an amendment is likely to inject the railroad refunding controversy in this bill, the amendment should not be offered.

In passing, Mr. President, I desire to say that unquestionably the present freight rates are proving a hindrance to business. In some cases, at least, freight rates are higher than the traffic will bear, and, of course, they ought to be reduced. The railroads owe it to themselves to reduce the freight rates. The income of the railroads would be infinitely larger if the rates were reduced.

Another amendment that could well be added to this bill would be one authorizing this board to discount the paper on farm loan banks to the extent, say, of \$100,000,000, so that the purposes of the farm loan bank might be more expeditiously carried out. With these amendments it seems to me that the Kellogg substitute would be an excellent piece of legislation, much better than the original Norris bill, and should be passed.

I want to say that, whatever amendment or substitute may be adopted, the Senator from Nebraska [Mr. NORRIS] and his committee are entitled to the great credit for originating this legislation. The Senator from Nebraska has done a great public service. It never would have passed but for his splendid work. I do not believe that the majority of our Republican friends are greatly interested in the measure, but they have simply bowed to the inevitable. The financial interests have bills that our Republican friends want to pass, and the claims are similar to the claims of the farmers. They have other irons in the fire that can not be welded without asking the Government to do for them just what the Senator from Nebraska has asked for the farmers. In other words, some of their pet legislation can not get through unless this legislation goes through, and therefore they have rather grudgingly yielded to the inevitable, and this substitute will therefore pass, backed as it is by the Senator from Nebraska and his progressive friends on the other side of the Chamber, and with the almost unanimous support of the Democrats. It is a fine piece of legislation.

I believe that it will prove to be a tremendous benefit not only to the farmers of the country but to the commercial interests and every other class of our people. It is absolutely necessary that something should be done, and it ought to be done speedily. I hope that this bill may be passed to-day and that the House of Representatives will take it up and dispose of it at once.

Mr. STANFIELD. Mr. President, early in this session I introduced in the Senate a bill directing the Secretary of the Treasury, through the War Finance Corporation, to make loans for the benefit of the live-stock industry, which, as all Senators know, is in a very dire and distressful condition. Following that there was organized an association of the large banks of the country to aid the situation. Some banks which had never been interested in live-stock loans contributed to a pool of \$50,000,000. The New York banks contributed \$25,000,000 to the pool, and the remainder of the fund was raised on a basis of contributions similar to that employed in the case of the Liberty loan contributions in the different Federal reserve districts of the United States.



JULY 23, 1921.

For some reason some people and some newspapers have seen fit to criticize the organization of this pool long before there has been an opportunity of proving its ability to do something for the relief of the live-stock industry. Knowing the needs and the wants of the live-stock industry in the United States, I have been very much interested in its development, and so I have taken upon myself to keep in touch with the men who are in charge of the pool.

Yesterday I received a telegram from Mr. M. L. McClure, president of the Stock Growers' Finance Corporation, a banker of long experience in the making of live-stock loans. I should like permission at this time to have printed in the Record his telegram, also a letter which I have received from him, a letter from him to Gov. Harding, of the Federal Reserve Board, and an interview with the correspondent of an El Paso (Tex.) paper.

The PRESIDING OFFICER (Mr. MOSES in the chair). Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

CHICAGO, ILL., August 1, 1921.

HON. R. N. STANFIELD,  
United States Senate, Washington, D. C.:

Just returned from Kansas City, where the live-stock men are jubilant over results already accomplished by this organization, claiming it has put new life and strength in values and prospects. Have loaned over four and one-half million dollars to date. Subscriptions to pool not fully completed, but hope to close pool with thirty-five or forty million subscribed to-day or tomorrow. Chicago banks have been advancing money for operations so far. We are in some cases agreeing to accept personal guaranties from stockholders and directors of banks in lieu of banks' indorsements where loans offered exceed 10 per cent of capital and surplus for one individual. Sending full information by to-day's mail. State advisory committees will be appointed this week.

M. L. MCCLURE,  
President Stock Growers' Finance Corporation.

STOCK GROWERS' FINANCE CORPORATION,  
Chicago, Ill., August 1, 1921.

HON. R. N. STANFIELD,  
United States Senate, Washington, D. C.

DEAR SENATOR: Your telegram of the 29th ultimo was received at the office Saturday morning. On account of my absence in Kansas City it was not answered until my return to-day.

I am inclosing herein copy of letter written to Gov. Harding, of the Federal Reserve Board, at the close of the first week's operations. I also inclose copy of an interview, which will be published in the El Paso papers, made by Mr. J. G. McNary.

The facts are results have been accomplished over great difficulties, for the reason we commenced operations for the psychological effect before we were physically ready, and what we have accomplished has made that attempt worth while, although we will have and are having considerable criticism heaped on us because we could not handle the situation and give our transactions more deliberate thought. These things will improve as our office becomes better organized.

There has been delay in the appointing of the advisory committees, caused by the delay of the subscriptions to the pool not coming in as rapidly as desired. It is proposed to close the pool to-day. We are sending telegrams and other information, and it is thought the pool will finally be closed with thirty-five to forty million dollars, but this is not an accurate statement.

The advisory committee for Utah has been appointed, namely:

T. W. Boyer, vice president Continental National Bank, Salt Lake City; E. O. Howard, president Walker Bros. Bank, Salt Lake City; C. S. Buston, vice president Utah State National Bank, Salt Lake City; Patrick Healey, president Commercial National Bank, Ogden.

The committee for New Mexico has also been appointed, and other committees will be appointed just as soon as possible.

It is also the intention to make our first assessment on the subscribers to-day or to-morrow.

I am inclosing herein a list of loans made to date. Many of these loans were made with the direct promise from the borrowing banks and loan companies that they, being relieved of these stock cattle loans, would use the funds obtained from us to loan to customers for the purpose of buying young stock. Therefore it answers two purposes—stopping the marketing of the stock cattle and provides a market for feeding steers, and enables the farming districts to market their corn and feed their hogs.

We thank you for your kindly interest and will be glad to answer any inquiries you may make.

Yours, very truly, M. L. MCCLURE, President.

HON. W. P. G. HARDING,

Governor Federal Reserve Board, Washington, D. C.

DEAR GOVERNOR: Your letter of the 20th instant received inclosing copy of letter written by Mr. Frank Kell, of Wichita Falls, Tex., to the Secretary of the Treasury.

This answer has been delayed on account of the overwhelming amount of correspondence that has been required during this week, and the reply should not be written hastily but after some thought.

Just how much short the loaning pool will fall in affording relief to the live-stock interests, of course, is not known. It would take a person of very great imagination to expect a \$50,000,000 bankers' pool to be the panacea for all the ills besetting the live-stock industry at this time.

I have been closely allied with this business for about 35 years, and during that time I can not remember when all the conditions all the time and everywhere were just right. Some time the breeders were prosperous and the feeder was losing money; at times some districts were blessed with plenty of feed, grass, and water, but others had drought; at times part of the live-stock districts had mild, pleasant winters, and in other districts violent storms were killing the herds; at times prices of feeders were high and fat cattle sold so low the man who fed lost money. These kinds of statements could be continued, but at the present time most conditions affecting live stock are practically the same, and the whole live-stock industry is suffering alike, and it might be said, along with every other industry. Like conditions prevail in the whole live-stock industry, affecting the breeding, growing, and feeding. Everywhere they have the things most needed, such as grass, water, and feed, and all are alike handicapped in the fact that there is a shortage of loanable credits, partly caused by shrinkage of values and loss from drought and winter storms the past few years.

These, with other reasons, such as high rates of interest obtainable from other securities, have caused a withdrawal of loanable funds heretofore used in the industry. It is also true that just before the war began in 1914 and for two years after there was an overabundance of loanable funds for the use of the live-stock interests, and those interests, to some extent, overborrowed, partly induced by the general call to increase production for war purposes.

Mr. Kell has made a strong plea for the cattle breeders, and I hope and veritably believe he is in error in stating this pool will not help the breeder. Every dollar used to finance any phase of the cattle business will be a direct benefit to the owner of cows. All breeders are compelled to sell off their increase or become overstocked, and they must have the necessary money to conduct their business.

At the present time there is no sale for 1-year-old and 2-year-old steers, not because they are not wanted to fill vacant pastures in the growing districts north of the breeding districts but because those who want them can not be financed. It can be easily seen that if buyers are obtained for the young steers, it would relieve the Texas, New Mexico, and Arizona breeders, and permit them to make some payments on their indebtedness.

In the fall of 1920 farmers could not get sufficient credit to buy feeder steers. He had his land, his corn, and his hogs, but for lack of obtainable funds he could not feed, so that his corn would thus be marketed, his land fertilized, and his hogs fattened cheaply. If this situation is relieved it will be a blessing to the farmer, and at the same time will make a market for the breeder for the steers, young and old, calves and heifers.

The Stock Growers' Finance Corporation proposes and is doing these very things, in addition to providing funds to banks and loan companies, enabling them to carry the breeding herds.

Banks and loan companies who have loans on live stock and the security is just ample, it is their duty to conserve their own interests as well as the borrowers by giving sufficient time to growers and enable them to orderly market the security. Most of the banks and loan companies who know the business are doing that very thing. The Stock Growers' Finance Corporation proposes to help them by carrying that part of this indebtedness, which is well secured.

Banks and loan companies carrying loans on live stock, where the security is more or less insufficient, will worry along and will stand their own losses cheerfully, and will not ask either the Government or anyone else to step in and take this loss for them.

The live-stock producer who has lost, chiefly on account of conditions and events over which he has no control, has the sympathy of everybody, but this is an event in his business life and is such a contingency that will arise and does arise in every other industry or business, and most of these men are strong, red-blooded fellows who are not going to try to put their loss on

anybody else, but will manfully take up the fight in the way they originally started into the business, perhaps in a smaller way, but will eventually pay their debts and retrieve their fortune.

The question has been raised by many producers of live stock as to the policy of injecting to any extent governmental or unnatural credits to increase the production of live stock. Their idea is to conserve what they now have and to continue the regular breeding with the present herds. Their reason is that apparently there is sufficient production now and prices obtainable are not remunerative. The owners of breeding herds are unable to dispose of their increase and are compelled at a great expense to move them to other pastures in other States, and at the same time apparently there is sufficient beef animals going to the market selling at prices that will show no profit for the breeders or feeder. Some are advocating the spaying of the heifer calves and also the marketing of them until the demand increases and prices are obtainable to justify producing and feeding.

This pool has now been operating for just one week, and its operations we believe have been of benefit. It has encouraged the live-stock men to know that the best bankers in the United States have enough confidence in the future live-stock business to provide loanable funds. The corporation has made commitments and loans around \$3,000,000, most of which is or will be secured by breeding herds or young cattle. Over one-half million dollars has been loaned for the direct purpose to buy yearling steers from the breeders in Texas, New Mexico, and Arizona.

Some stockyard banks and loan companies have been relieved of stock-cattle loans which they had proposed to liquidate this fall, and they in turn propose to reloan these funds for the purpose of purchasing steers, which in turn will relieve the breeders, where the most relief is desired.

So far the loans on sheep have been for the purpose of conserving the present herds and not for new investments. Loans have been made in the following States, named in the order of the amounts which they have received: Texas, Wyoming, Idaho, New Mexico, Montana, North Dakota, South Dakota, Colorado, and Kansas.

Some loans have been made of which part of the security is composed of older steers, but these will come to the market this fall, and those proceeds can be reloaned to be invested in young and breeding stock.

I think I have been conservative in my statements; only time can tell what the direct benefits will be. We know it is hard to operate a large affair of this kind from one office at a long distance, and we find it almost physically impossible to intelligently and with justice administer this pool, but are endeavoring to operate it with full sympathy for the live-stock industry and at the same time remembering we are administering a trust for those who have so kindly provided the funds to be safely invested to assist the live-stock interests.

We are under many obligations to certain Chicago banks and one New York bank who have patriotically advanced funds to this corporation to loan before and pending calling on the subscribing banks for funds, enabling us to carry on our business so far. We believe this will be appreciated by the live-stock interests, who will understand why many of these subscribing banks never have heretofore carried live-stock loans.

I would be pleased to answer any further inquiries from the Secretary of the Treasury or your board.

With regards and best wishes I am,

Yours, very truly,

M. L. McCLURE, President.

#### IS THE CATTLE POOL FUNCTIONING?

By James G. McNary, president First National Bank, El Paso, Tex., chairman advisory committee for west Texas and New Mexico.]

"There are many doubting Thomases who do not believe that the cattle pool will ever function to such extent as to give any real measure of relief to the cattle industry. As one of the advisory committee for El Paso and surrounding territory I have been asked a great many questions in regard to the pool and its methods of operation, and especially whether or not it is going to give the desired relief. This I will attempt to answer in this article.

"I will say in the first place that the pool is functioning very efficiently and rapidly. It was originally intended to handle funds up to a total of \$50,000,000, and in the first week of its operations accepted applications for loans amounting to \$4,000,000, or nearly one-tenth of the total. The fact that a previous pool organized about a year before in Chicago did not function to any great extent was used by many as an argument to prove that the present pool would not function; but the other pool

just referred to with total original strength of \$22,000,000 made total loans amounting to only \$750,000, if my memory is correct, or in other words, only 3½ per cent of its total loaning capacity, while, as above stated, the present pool loaned 8 per cent in the first week.

"There was much disappointment in the beginning when the word went out that the pool would restrict itself to loans on the indorsements of banks and cattle loan companies and would not loan direct to the stockmen. It is true that at the meeting in Chicago between the representatives of the bankers and the cattlemen, much stress was laid on the importance of the pool making loans direct, but when the Stock Growers' Finance Corporation had been organized, its board of directors selected, its executive committee formed, and its management engaged, all concerned soon found that the proposition of direct loans presented almost unsurmountable obstacles. How, let me ask, could five men sitting in Chicago loan safely \$50,000,000 of other people's money to thousands of cattlemen scattered over six or more States comprising approximately 1,000,000 square miles of territory. It simply could not be done without creating an organization which would require great time and expense and be so slow moving and cumbersome that no immediate aid would be forthcoming, and all who know the status of the cattle industry know that time was the essence of importance so far as relief was concerned.

"There is no other line of business in which the moral element enters more largely in the extension of credit than in the cattle business.

"A very interesting article appeared in Collier's Weekly for July 16, dealing with 'Character as a basis for credit,' written by A. B. Farquhar, a distinguished citizen of the United States, now in his eighty-second year, who has served his country and is active in the State of Pennsylvania in many capacities, among other things having been vice president and director of the Chamber of Commerce of the United States and the American Industrial Commission of France, and who is acknowledged especially as an authority on banking and political economy. In this article in question he says: 'I would rather have five minutes' talk with anyone than have an accountant's statement of their wealth.' It is this personal contact which is absolutely necessary in loaning with any degree of safety, and especially this is true of the cattle business and more especially so at the present time. In recognition of the great difficulties involved and also of the very high responsibility resting upon them in loaning \$50,000,000 of other people's money, the executive committee of the Cattle Finance Corporation, made up of the very best bankers in this country, decided to make no direct loans, but to loan only upon the indorsement of banks and cattle loan companies, and I feel their decision was absolutely correct.

"Criticism has been made on the management of the pool because of the fact that it is giving preference to large loans. In fact, in a circular letter sent out they directly asked that the larger applications be sent in and the smaller ones withheld for the time being. I believe they were right in this action also. The point was to give the greatest possible relief in the shortest possible time, and manifestly they could get quicker action on 10 loans of \$100,000 than on 100 loans of \$10,000. There will doubtless be an opportunity for the smaller loans to come in for consideration later, but the bank which was sending up the loans for relief of one loan of \$100,000 would be, in consequence, just that much better able to take care of than its customers remaining for their \$10,000 each until and if their loans could be placed through the pool.

"Many other questions I have been asked regarding the duties of the State committees. Inasmuch as loans are to be made only on the recommendation and with the indorsements of banks and cattle loan companies the duties of State committees will necessarily be merely advisory in character; that is, advisory both to the management of the pool and of the bank and the stockmen in their vicinities.

"I will endeavor to cover a number of other points on which information has been asked and to outline the procedure which is to be followed in sending in loans. I do not wish to be speaking for the executive committee or the manager, President M. L. McClure, as I have not been in any way authorized so to speak, but am merely giving the gist of such information as I have been able to obtain by going after it.

"In this connection I might say that I have heard criticism of the pool because more explicit instructions in regard to the handling of applications had not been sent out, and can say on this point that they should be pardoned for this omission as before they were really incorporated or had an office or a desk or a typewriter the applications began to come in on them so that they were absolutely snowed in without having sent out any instructions or invitations. President McClure will prob-



ably find time to send out instructions in great detail when the applications slow up a little.

"In the first place, the pool does not use any forms of its own. It accepts the notes and mortgages so long as they are in proper legal form of the banks and cattle loan companies which send in the loans. A bank having a loan to submit of say \$25,000 should first satisfy itself that the applicant has a substantial equity in value over the amount of the loan desired. The note should then be dated, drawn up, signed, bearing interest to maturity in denominations of \$5,000 and \$10,000 (?). The original chattel mortgage should either accompany or should be filed to a certified copy which need not be certified together with abstract of the record or of recorder's certificate showing no other mortgage against the cattle. This to be all accompanied by the financial statement of the maker of the paper and the report of the inspector showing the number and quality of the cattle and his estimate of the value of the security. On all notes as well as on previous indorsements must be a waiver of demand, notice, and protest.

"Loans should be dated for six months or less, it being understood that if found satisfactory it will be extended or renewed for another six months, and extended or renewed again the total length of time, not exceeding 30 months from the original date of loan, at which time payment in full will be required.

"The rate of discount which has been fixed for the present by the executive committee is 7 per cent. The directors of the corporation have issued no rule in regard to a differential in interest for the underwriting bank or cattle loan company. While it is unreasonable that they would expect banks to use their credit to underwrite loans of this character without any consideration, it is equally unreasonable to expect that they would permit any bank to impose on the cattleman and charge him an exorbitant fee for such underwriting, so that a modest charge in keeping with the spirit in which the pool was conceived and organized should govern.

"It is my understanding that the policy of the management will be to accept one renewal of the loan without making out new papers, but at the end of one year they will require new inspection and complete new papers all around.

"Inasmuch as the loan must be acceptable for rediscount by national banks for the Federal reserve system, the taking of real estate as part security will not be permitted, the suggestion of the management being that if the ranches have sufficient tangible value to justify the loan that a separate loan be made on them through real estate channels and the amount called for from the pool reduced accordingly.

"One point should not be lost sight of, and that is at the termination of the period for which the pool was organized, namely, 30 months, there will be, so far as now is apparent, no other organization ready to take up its burden, so it behooves the cattleman who takes advantage of the facilities of the pool to so arrange his business that he can reduce his loan to the pool at each six months' period or, if not, at the end of each year, so at the end of two and a half years he can have it retired entirely or reduced to such an extent that it can be conveniently handled locally.

"I wish to call attention to one of the great benefits which is bound to result in the formation of this pool, and that is that cattle paper should be restored to good standing again with the banking fraternity of the United States. The grievous misfortunes and unparalleled difficulties under which the cattle and sheep men of the country have struggled for the past few years has resulted in bringing cattle paper into bad repute in banking circles throughout the United States. Under the plan adopted and efficient management afforded the \$50,000,000 now being offered to aid the cattlemen should be loaned safely and satisfactorily, and these loans should all be paid within the allotted time of 30 months, interest and principal, without sacrifice to the industry or loss to the bankers who have so generously made this aid possible. And this accomplishment in itself should be of lasting and untold benefit to the future of the stock-growing industry in the United States."

Mr. STANFIELD. Mr. President, I should like to say at this time that the live-stock loan pool has been functioning; that it has extended relief to the live-stock industry to the extent of \$4,591,000, which had been loaned, up to the close of the last week in July. The loans were made in the principal live-stock States of the West, Wyoming, New Mexico, Oregon, Kansas, Colorado, Utah, Texas, North Dakota, and South Dakota receiving relief.

It is generally admitted that the relief of \$50,000,000 for live stock is inadequate; but now, with the passage of the McNary substitute to the Norris bill, an adequate fund will be provided through the War Finance Corporation that undoubtedly will give full relief to the live-stock industry. I

think it is very important that all of those interested in live stock should be made aware of the fact that they have two sources of relief, and that for the present they can secure relief through the live-stock loan pool, with headquarters in Chicago, located in the Continental & Commercial National Bank of Chicago.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Mississippi [Mr. HARRISON] to the committee substitute for Senate bill 1915.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Harrison	McNary	Stanfield
Ball	Heflin	Moses	Stanley
Borah	Jones, Wash.	Nelson	Sterling
Brandegee	Kellogg	Nicholson	Sutherland
Broussard	Kenyon	Norbeck	Townsend
Calder	Keyes	Oddie	Trammell
Cameron	King	Overman	Wadsworth
Capper	Knox	Ransdell	Walsh, Mass.
Caraway	Ladd	Reed	Warren
Curtis	La Follette	Sheppard	Watson, Ga.
Dial	Lenroot	Shortridge	Watson, Ind.
Ernst	McCormick	Simmons	Williams
Fernald	McCumber	Smith	Willis
Fletcher	McKellar	Smoot	
Harris	McLean	Spencer	

The PRESIDING OFFICER. Fifty-eight Senators having answered to their names, there is a quorum present. The question is upon agreeing to the amendment of the Senator from Mississippi [Mr. HARRISON] to the committee substitute for Senate bill 1915.

Mr. ASHURST. Mr. President, I assume that before the vote is taken upon any proposed substitute, it is in order to perfect the substitute by any amendment that any Senator sees fit to offer.

The PRESIDING OFFICER. That is correct.

Mr. HARRISON. Any amendment to the committee substitute.

The PRESIDING OFFICER. The Chair will state that there is an amendment pending to perfect the pending substitute—the amendment offered by the Senator from Mississippi.

Mr. HARRISON. The amendment I offer is to the committee substitute.

Mr. KING. The Senator from Arizona does not desire to offer an amendment to that amendment?

Mr. ASHURST. No; I simply have another amendment which I propose to offer to the pending committee substitute.

Mr. KING. The Senator can offer that later.

Mr. ASHURST. Yes.

Mr. SMITH. Mr. President, under the present situation in reference to the Farm Loan Board it seems to me that an amendment such as that offered by the Senator from Mississippi to authorize the War Finance Corporation to purchase these bonds might have an unfortunate effect upon the sale of the bonds, for the reason that the Farm Loan Board is authorized under the law to sell its bonds for the purpose set forth, and is an independent organization set up by the Government for the purpose of financing the farmers of the country upon their farms as collateral. In view of the legislation that I presume has practically passed the other body of Congress, increasing from 5 per cent to 5½ per cent the rate of interest that the farm loan bonds may bear, it seems to me that to authorize the War Finance Corporation before that legislation can become operative to take a certain amount of these bonds is equivalent to serving notice upon the public at large that we ourselves have some doubt either as to the ability of the public to buy them or as to the ability of the Farm Loan Board to negotiate them. In any event the public will have to be the purchasers of those bonds, whether they buy them through the War Finance Corporation or whether they buy them through the Farm Loan Board. Until the question is settled as to whether or not the bill shall pass the other body of Congress authorizing the increase of the rate of interest to 5½ per cent, the War Finance Corporation can not purchase these bonds unless it purchases the present issue of 5 per cent bonds; and it would hardly seem to be the fair thing to propose that the bonds shall bear 5½ per cent in the immediate future and have another Government corporation buy them at 5 per cent.

I am as much in earnest as is the Senator from Mississippi in the desire to increase the capital of the Farm Loan Board. I do not know of any instrumentality that promises so much aid to the real American home builder as the principles involved in the farm loan act; but I would deplore cheapening it



in the minds of the American people by providing that another instrumentality of the Government, set up for the relief of the people, was paramount to the Farm Loan Board, and was composed of better business men, who could sell their bonds to the public better and get money better than the Farm Loan Board itself could do.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from North Carolina?

Mr. SMITH. I yield.

Mr. SIMMONS. I think the Senator misunderstands this amendment, or else I misunderstand it. I do not think the amendment proposes that this corporation shall buy the bonds of the Farm Loan Board, but that it shall advance money to the Farm Loan Board upon its bonds.

Mr. SMITH. It amounts to the same thing.

Mr. SIMMONS. No; I will differentiate it a little bit if I am correct. Am I not correct?

Mr. HARRISON. It provides in the alternative. They may either purchase them or they may make advancements on them, but in either case it must be done at the request of the Federal Farm Loan Board. If they make no request, it certainly will not be done.

Mr. SIMMONS. The second paragraph of the amendment would seem to indicate that the idea in the mind of the draftsman of this amendment was that these loans would be made in the nature of advances secured by bonds instead of by the purchase of the bonds. Now, I want to call the Senator's attention to this situation: Just at this particular time the farm land banks are practically out of funds. I have in my pocket now a letter referring to a statement issued by Mr. Lever, a member of the Federal Farm Loan Board, in which the statement is made, if Mr. Lever is correct as to the amount that has been apportioned to North Carolina, South Carolina, Georgia, and Florida, that the three hundred and odd association districts in those four States will each be entitled to only \$7,000. Practically, therefore, the farm loan banks at this time are out of funds for the purpose of helping the farmer.

Mr. SMITH. I recognize that, Mr. President—

Mr. SIMMONS. I beg the Senator to let me finish this statement. The board can not, as the Senator has very properly said, sell their bonds at the present rate of interest. When that rate is increased, as is contemplated and provided in the act which has passed the Senate and which is now pending in the House, permitting the rate of 5½ per cent, I am told by Mr. Lobdell, the chairman, that they have very little doubt about their ability to sell those bonds. But, even assuming that the bill is passed in the House during this week, and that it has no trouble in conference—

Mr. FLETCHER. It has been passed by the House, and has been reported to the Senate.

Mr. SIMMONS. The Senator from Florida says it has been passed and has been reported to the Senate; but they have, then, not only to rely upon the receipts from the sale of the bonds, but they have to negotiate the sale of those bonds in the market, and that will require time. Does the Senator think there would be any objection to allowing this corporation, which we are now clothing with additional powers, while they are selling those bonds to borrow money from that corporation upon the security of their bonds? It may be the 5 per cent bonds. That makes no difference, because when the advances made are paid out of the proceeds of the sale of the new bonds they will simply take those bonds in and cancel them. I think it would help, and I do not think it would hurt.

Mr. SMITH. Mr. President, my whole idea is that the emergency is very great, and it is the object of Senators here to get legislation which will relieve the present acute situation as far as we may do it by legislation and by authorizing the War Finance Corporation to do the thing set forth in this bill. I had hoped that we would restrict the bill to that purpose and not divert the attention of the War Finance Corporation by adding to it other functions, subsidiary and corollary. I am just as anxious as is the Senator from Mississippi [Mr. HARRISON] or the Senator from North Carolina [Mr. SIMMONS] to see that this Farm Loan Board functions to its fullest capacity.

I can see some reason why it might be advantageous temporarily to allow them to accept these bonds as collateral for a loan. But the question then arises at once, Where will the War Finance Corporation get the money? It has only \$400,000,000 now of paid-in capital. It must sell its bonds to do the things set forth in this bill, and if we load it up with farm-loan bonds and they advance out of their present capital they in turn will have to sell their bonds to replenish their treasury to meet the things set forth in this, and I was hoping that we might confine it to the objects set forth in this.

Since I have been on my feet I have been informed that the amendment changing the rate of interest provided in the farm loan act to 5½ per cent has been agreed to in the House and is back in the Senate.

Mr. KENYON. I think the Senator will find that that applies to only the joint-stock land banks, not to bond issues of the farm-loan banks.

Mr. SMITH. I was under the impression that allowing them to raise the rate of interest to 5 per cent on their bonds pertained to the Federal farm-loan as well as to the joint-stock banks. It simply relates to the joint-stock land banks?

Mr. KENYON. Simply to the joint-stock land banks.

Mr. SMITH. And has no reference whatever to the Federal farm-loan banks?

Mr. KENYON. No.

Mr. SMITH. I shall look into the matter to which the Senator has called my attention. But, be that as it may, I was hoping, and still hope, that this measure can pass, restricted to the objects for which it was drawn.

Mr. LENROOT. Mr. President, I agree with what the Senator from South Carolina has said, that irrespective of the merits of this measure it ought not to be voted for by those who desire that the present emergency be taken care of at the earliest possible moment.

But before discussing that I wish to say just a word regarding the speech of the Senator from Nebraska [Mr. HITCHCOCK]. A weaker, more pitiful attempt to inject politics into a matter that has been and is purely nonpartisan I have never witnessed in this Chamber. The Senator from Nebraska must know that before this bill was prepared Senators upon both sides of the aisle were consulted, freely consulted, and suggestions made, and I do not believe the President of the United States ever saw the bill until it had been agreed to by a number of Democratic as well as Republican Senators. The Senator from Nebraska ought to have known that, and the Senator from Nebraska, if I may be permitted to say it, throughout his discussion made it very evident that he was trying to make a political speech. In his attempt to do so he served neither his party nor his country.

The Senator from Nebraska, too, Mr. President, refuses to tell the Senate and the country whether he is in favor of the major proposition in the Norris bill, which he denounces the Republicans for not accepting. He refuses to state to the Senate, he refuses to state to his constituents through the CONGRESSIONAL RECORD, whether he is in favor of the Government going into the business of buying and selling farm products, as is proposed by one provision of the Norris bill.

Now, Mr. President, with reference to this amendment, irrespective to its merits, Senators will remember that last winter the Senate passed as a separate proposition a bill embodying provisions similar to those embodied in the amendment now pending before the Senate. The House declined to consider that bill, and it died with the session. Now we are faced by a great emergency and are considering a bill that is directed to this particular emergency. This bill from beginning to end relates to personal credits, and if the Senate is going to attach to it this proposition or any other amendment which does not deal with the subject matter in the bill as pending, the Senators who vote for such amendment must take the responsibility of delaying for 30, 60, or perhaps 90 days, or even longer, the relief which will be granted by this bill as it stands.

I am very hopeful, Mr. President, that if this bill is passed, together with such amendments as may be adopted which relate to the subject matter of the bill as reported, that the bill may never need to go to conference at all and that it will receive very prompt action from the House.

On the other hand, if this amendment to the bill or the so-called Borah amendment be adopted, we may be very sure that there is going to be delay, and great delay, in the House of Representatives in the consideration of this bill.

So with the present emergency, considering the crying need for immediate action, I hope that every friend of the agricultural interests of the country will vote against the amendment, however meritorious it may be considered as a separate measure.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. LENROOT. I yield.

Mr. KING. Let me ask the Senator whether, if this amendment were adopted, the effect would not be to diminish the funds which it is thought will be available for immediate use by those in whose interest it is alleged this bill is drawn?

Mr. LENROOT. Just to that extent \$100,000,000.



Mr. KING. So to that extent it would prove injurious to the farmers?

Mr. LENROOT. Certainly; so far as this present emergency is concerned.

Mr. HARRISON. Mr. President, I do not believe that anyone will say that I am or possibly could be in favor of delaying action on this measure. It so happens that I was on the subcommittee which helped to draft the committee amendment. I want to see it enacted, because I believe in the principles incorporated in the Kellogg substitute, as well as in the Senate committee substitute.

The amendment I have offered has been considered by the Senate before. It was reported once out of the Committee on Agriculture, and was tacked on an agricultural appropriation bill. At the same time the Committee on Appropriations of the Senate attached it to one of the big appropriation bills, and its report came in before the report of the Committee on Agriculture came in, and so the general appropriation bill was considered first; I have forgotten whether it was a deficiency bill or a sundry civil bill. The amendment passed the Senate, I think, by unanimous vote. It provided that the Secretary of the Treasury could purchase a hundred million dollars worth of these bonds this year, and a hundred million dollars worth next year. That was not the first time we had done that. We did it, I think, at least on one occasion before, and I am under the impression twice before, when the Federal Farm Loan Board were unable to sell their bonds. The reason why we passed through the Senate upon the appropriation bill the provision for the Secretary of the Treasury to purchase a hundred million dollars worth of the bonds the last time was that a case had been pending in the Supreme Court for a long time to test the constitutionality of the farm loan act.

The bill carrying that provision went to the House. The Senator from Wisconsin [Mr. LENROOT] would have the Senate believe that the House would tie up this bill if we should incorporate this provision in it. That is a far-fetched statement, and I do not know on what the Senator bases it. It is unfair to the House to say that it is not as good a friend of the farmer as is the Senate. The farmers have as many friends over there as they have in the Senate—many more, probably—and they will adopt this amendment if it is placed in this bill by the Senate.

The reason why the House did not adopt the Senate amendment before was because a few days after we had incorporated it in the bill the Supreme Court, after months of labor, finally handed down a decision in the matter, holding that the bonds would be good, upholding the constitutionality of the law; and the word went from this Chamber to the other end of the Capitol, from the leaders on both sides of the Chamber, and by the friends of those who had incorporated the provision in the general appropriation bill, that it would be unnecessary then to incorporate it in the law. It was for that reason, and that reason alone, that that provision did not remain in that appropriation bill.

The Federal Farm Loan Board offered their bonds for sale. They thought they would be taken up quickly; but it took over nine weeks to sell the last issue of \$40,000,000 of those bonds. They desired to sell many more than that, because there are now pending applications for loans amounting to \$150,000,000 before the Federal Farm Loan Board. They have on hand, as I understand, about \$15,000,000 to take care of the needs of the farmers who want to take advantage of the provisions of the Federal farm loan act, and I submit that if you are real friends of the farmer, as some pretend to be—and I know the Senator from Wisconsin is—you will not oppose this proposition, because it is right in line with the purposes of this bill. It will not delay it one moment. It will render a great service to the farmers of the country, who really need it, to those men who are farming away out in the rural sections, who have had their applications for loans pending for months and months, and because there were no funds to take care of them in the treasury of the Federal Farm Loan Board, they have not been able to obtain the money. I submit that the Senate would be taking a backward step, in view of the circumstances, and in view of the obstacles which have arisen against the sale of bonds by the Federal Farm Loan Board, if this amendment were defeated, and I submit that we ought to adopt it.

The PRESIDING OFFICER. The Senator will suspend while the Chair calls the attention of the Senate to the unanimous-consent agreement entered into on the 1st of August and modified on the 2d of August, "that after 2 o'clock p. m. on the calendar day of Wednesday, August 3, 1921, no Senator shall speak more than once or longer than 10 minutes upon the bill or any amendment offered thereto."

Mr. HARRISON. Have my 10 minutes expired?

The PRESIDING OFFICER. No; the Senator's 10 minutes have just begun.

Mr. HARRISON. I thank the Chair very much.

Mr. LENROOT. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield.

Mr. LENROOT. I should like to make a parliamentary inquiry of the Chair as to whether the Chair's construction is that that means 10 minutes on the bill and 10 minutes on each amendment?

The PRESIDING OFFICER. That is the Chair's construction. Under that construction the Chair would assume that the Senator from Mississippi is entitled to speak for 20 minutes.

Mr. HARRISON. I shall not even occupy 10 minutes more. The question is so simple to me that it would seem that those who wish to render some real aid in this instance ought to do it.

Mr. LENROOT. Mr. President, will the Senator yield for a question?

Mr. HARRISON. Gladly.

Mr. LENROOT. I should like to ask the Senator from Mississippi, who is on the Committee on Agriculture and Forestry, in view of the Senator's suggestion that this matter is so plain and so simple and the emergency is so great, how it happens that in reporting two bills here to the Senate the committee of which the Senator is a member never included that amendment?

Mr. HARRISON. I will answer the Senator's question. The committee of which I am a member once unanimously reported a provision similar to this. I offered this proposition in the committee at this time. It was voted down by 1 vote. One or two members of the committee told me afterwards that they would have voted for it if they had understood it clearly, so I suppose I am to blame for not making it clear. I did not call for a record vote in the committee. I expressly reserved the right in the committee, which was unanimously agreed to and accepted, that I should offer the proposition upon the floor of the Senate. That is the reason why it is not here in the committee substitute.

Now, Mr. President, under the committee substitute and the Kellogg substitute there is attempted to be given to the War Finance Corporation the right to purchase from domestic banks, bankers, or trust companies their notes, drafts, bills of exchange, and so forth. I call to the attention of Senators that if they vote against the proposal which I have offered they discriminate against the farmers who have applications on file with the Farm Loan Board by denying to them exactly those things that are being granted through the War Finance Corporation to corporations, banks, bankers, and trust companies of this country.

Mr. LENROOT. Will not the Senator be entirely accurate and state that those advances are advances which have been limited to the banks for agricultural purposes?

Mr. HARRISON. Of course, for agricultural purposes; but what I propose to do by the amendment which I have offered is to have the War Finance Corporation loan to the Federal Farm Loan Board not on notes and collateral, but on their bonds, bearing interest, may I suggest to the Senator from South Carolina [Mr. SMITH], at 5 per cent or 5½ per cent, if need be, if the bill be amended as it passed the House yesterday.

Mr. LENROOT. Mr. President—

Mr. HARRISON. Will the Senator permit me just a moment? The Senator said for agricultural purposes. This goes for the improvement of the farms of this country. I now yield to the Senator from Wisconsin.

Mr. LENROOT. But the Senator said there was a discrimination against the farmer by reason of allowing these advances to the banks, and now he admits that advances to the banks are limited to advances made by the banks to the farmers. How can that be discrimination?

Mr. HARRISON. Of course, if we permit advances to be made to the banks and bankers and export companies even to the extent of purchasing debentures and notes of all kinds that eventually go to the farmers for agricultural purposes, but the amendment which I propose provides that the advances go to the farmers, too, to help improve their farms, and help them out of their very deplorable and present stringent circumstances.

Mr. LENROOT. But the Senator said unless we adopt his amendment we would discriminate against the farmers. How could that be?

Mr. HARRISON. The farmer will think you are discriminating, and it will take you a good while to explain that you are not if you vote against my amendment. I have offered this in entire good faith. I know it is not going to hold up the legislation. I know that applications to the amount of \$150,000,000 are pending and that the Farm Loan Board has approximately \$15,000,000 with which to take care of them. If we want to render some real aid, let us go a step further. I am not



criticizing the bill. It is a wonderful piece of constructive legislation.

Mr. CURTIS. Mr. President—

Mr. HARRISON. Even if the Kellogg substitute be adopted or if the Senate committee substitute be adopted I consider it a splendid piece of constructive legislation. Let us take the situation which we are now facing and remedy it. I yield to the Senator from Kansas.

Mr. CURTIS. Will the Senator consent to modify his amendment to the extent of striking out the word "directed"?

Mr. HARRISON. Yes; I will do that and let it provide "empowered and authorized." Then it authorizes them to do it if the Federal Farm Loan Board requests it.

Mr. CURTIS. I ask the Senator to so modify his amendment.

Mr. HARRISON. Mr. President, I ask unanimous consent that my amendment to the substitute be modified by striking out the word "directed," so that it will read "authorized and empowered."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator's amendment will be modified as indicated.

Mr. SMITH. Mr. President, I desire to call the attention of the Senator from Iowa [Mr. KENYON] to a statement that he made a moment ago that the 5½ per cent rate was restricted to the Federal farm-loan bonds. I find that it refers to section 20 of the farm loan act and that contemplates all the bonds, and that section 20, as it now appears in the law, restricts the rate to 5 per cent. I was subsequently informed that, so far as the Federal farm-loan bonds were concerned, they have the power already to increase the interest rate, but I find that by this law they are restricted to 5 per cent. The proposed amendment, as it has now passed the House and is before the Senate for action, gives power to the Federal Farm Loan Board to increase the rate of interest on these bonds and on all bonds, joint-stock and Federal farm-loan bonds, to 5½ per cent.

Mr. KENYON. It may be that I am in error. The whole theory was the other way and the hearings all proceeded on the other basis. If it does what the Senator has said, I shall be very glad.

Mr. SMITH. There can be no manner of doubt in the world about it. Section 18 pertains to joint-stock land banks. Section 20 covers the entire bond issue that may be made by the Farm Loan Board. That bears out what I said a moment ago.

I do not care to go any further in a discussion of the proposed amendment offered by the Senator from Mississippi. I can not see just what good purpose, in view of this legislation, can be served by it, but I can see under the amendment that we are attempting to pass that it may have an unfortunate effect.

I do not propose to stand here and allow any man to place me in the attitude of trying to block anything that would help the people whom I am trying at this time particularly to represent and to help. The Senator said that those who oppose his amendment are discriminating or making a discrimination between the banker and the farmer.

The Farm Loan Board stands in relation to those who get this money just as the banker does. The rate of interest is restricted as to the farm-loan bonds and is not entirely restricted uniformly as to the money that we are providing the farmers shall have. There is this distinction, that whatever money goes to the Federal Farm Loan Board goes to the farmer who owns his land, while whatever money comes through this plan goes to the poor devil who is farming, even if he does not own any land. It means help for any tenant on my farm who has a crop that he has not disposed of and that he desires to dispose of. It means relief to him. Every dollar subtracted from the cash on hand by the War Finance Corporation for the purpose set forth in the substitute is left to meet the emergency that is now confronting us.

Mr. FERNALD. Mr. President, inasmuch as I am not in entire sympathy with the proposed amendment or the bill, I suppose I may be assumed to be an enemy to the farmer. Although a farmer myself, I wish to say that I believe the man in the Senate who opposes this class of legislation is the greatest friend of the farmer.

I was deeply interested in the speech of the Senator from Nebraska [Mr. HITCHCOCK]. He uttered so many truths that I find myself in rather an awkward position at this time for the first time to come to the defense of the Democratic Party. I never expected to be drafted into that service. However, Senators on the other side of the Chamber have stated that the farmers were in such a condition in this country that it was necessary that some one come to their aid, and even that they were going to have some dread disease in the South that the Government must make some appropriation to stop, until the

whole country has been up in arms and demanding that something should be done for the poor farmer.

Up to a very recent time the farmer—

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from North Carolina?

Mr. FERNALD. I yield very gladly.

Mr. SIMMONS. Does the Senator from Maine say that this uproar about the distressed condition of the farmer comes altogether from Senators on this side of the Chamber? Most of us on this side of the Chamber are particularly interested in cotton, but I have heard just about as loud complaints in this Chamber about the condition of the stock raisers of the West and the wheat and corn growers of the West as I have heard about the cotton growers of the South.

Mr. FERNALD. But the Senator has not heard any complaint from New England and I have not had a single letter from any farmer in my State urging this sort of legislation.

Mr. SIMMONS. Well, Mr. President—

Mr. FERNALD. I have only 20 minutes and I have a big speech in me.

Mr. SIMMONS. Just one word, if the Senator please. We know that New England is so barren, its soil so barren and so unproductive, that I do not think anyone interested in farming as we really view it would be found there.

Mr. FERNALD. We have no land down there which, tickled with a hoe, will laugh with a harvest, but it responds bountifully to hard work; and we stub along and in an old-fashioned way try to work out our own problems in our own way, managing as best we can to get a living.

The Senator from Arkansas [Mr. CARAWAY] in a splendid speech the other day became engaged in a colloquy with the Senator from Missouri [Mr. REED], during the course of which the Senator from Missouri said that the farmers were in a worse condition than any other class of people. The farm profits of this country during the administration of Woodrow Wilson advanced 90.8 per cent. In the Senator's own State—

Mr. CARAWAY rose.

Mr. FERNALD. Just a moment, if the Senator please, and then I will yield to him. In the Senator's own State of Arkansas the mortgages increased from \$8,000,000 to \$38,000,000 and the value of farm property in the State of Arkansas increased \$500,000,000 in that time. That same thing is applicable to every farming State in the Union.

Mr. CARAWAY. Will the Senator now yield to me?

Mr. FERNALD. Certainly.

Mr. CARAWAY. The Senator knows that we did that under Woodrow Wilson's administration, but we have lost it all under the present administration.

Mr. FERNALD. Oh, the present administration has been in existence only a short time and they still have some well-filled barns out there.

My friend from Iowa [Mr. KENYON] is from one of the great agricultural States of the Union, and it is well worth while to read into the Record something with reference to the value of farm land in his State. I wish my Democratic friends would take notice of this because they will need this part of my speech in the next campaign.

On July 27 the Bureau of Census, Department of Commerce, announced the following preliminary figures from the 1920 census: Farm land and buildings, \$77,000,000,000. Why, my friend from Iowa in his statement the other day said he understood that the value of farm property was \$30,000,000,000, but it is growing so fast that I do not wonder he was in error about it. It is going up by leaps and bounds.

While during the period that I have mentioned the value of farm property in this country advanced more than 90 per cent, and in four great States of this Union the valuation of such property is more than four billion dollars, yet the statement is made that the farmers are in worse condition than is any other class of people in the country.

Mr. President, up to a few months ago we in this country were talking about profiteers, but if there was ever a time in the history of this Government when the people who labor ought to have a friend in the Senate of the United States it is right now. Four million five hundred thousand breadwinners are out of work in this country; they are unable to find employment at any price; and yet we talk about the distressed condition of the farmers! Sirs, the average value of the farm property per farm as reported in six States is about \$25,000; and in the State of Iowa the average value of farm property is \$39,942; yet we are asked here to advance the price of wheat to men whose average farm property is worth nearly forty thousand dollars.



If this bill means anything, it means that we are asking for a higher price of food products. If it does not mean that, it does not mean anything at all. I ask Senators who favor this character of legislation if they think the people in this country who labor are at this crisis in a condition to have an advance in the price of breadstuffs?

Mr. HARRISON. Will the Senator yield?

Mr. FERNALD. I yield.

Mr. HARRISON. Was the Senator of that opinion when he voted for the emergency tariff bill?

Mr. FERNALD. I had hoped that that legislation might give a little relief to the people in the cotton States and that they might have a market for their products, but just so long as this Government goes into the business of buying farm products we shall see lower prices on everything. The report in the press day before yesterday that there was a shortage in the cotton crop had more to do with advancing the price of cotton yesterday than anything we might do in this body by way of legislation for the next 20 years. We may legislate prices up; we may hold them up; the Government is able to do that. We may run the printing presses here and print bonds from now until the end of time, but it will be in vain; and if we commence now, in peace times, to advocate the purchase of farm products, we may continue that to the end of time without avail. Now, three years after the World War is over, we are undertaking to establish war schemes in peace times.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Minnesota?

Mr. FERNALD. I have only about three minutes remaining. I will say to the Senator. Otherwise I would be glad to yield to him.

The very trouble with the market to-day arises out of the fact that the Government owns some of the products of the farm. I hold in my hand and will read to the Senate a statement issued by the Government. Senators who come from the wool States ought to listen to it and pray over it from now until the last pound of wool is disposed of. The statement is as follows:

JULY 21, 1921.

PUBLICITY STATEMENT NO. 462.

Subject: Army auction sale of wool for August 4, 1921.

The War Department authorizes publication of the following from the office of the director of sales:

The director of sales announces that another sale of surplus Army wool will be held by the quartermaster supply officer, Ford Hall, Boston, on Thursday, August 4, 1921, at which approximately 5,000,000 pounds low-grade South American wool will be offered to the public at auction. The sale will begin at 2 p. m.

The offerings will consist of approximately 1,000,000 pounds of pulled wool, 2,000,000 pounds of South American combing wool, 25,000 pounds of West Coast wool, and 925,000 pounds of scoured wool.

Samples will be on display in Boston beginning Monday, August 1, and continuing through the date of the sale. All wool will be re-weighed by the quartermaster supply officer at Boston.

Catalogues are available on application to the Boston depot.

Senators, that sort of publicity has been going on ever since the close of the World War. The Government owns great quantities of the products of the American farmer which it has purchased. The very fact that the buyers knew that this wool was held by the Government and would be sold kept them from purchasing wool in the market. Just as soon as the Government goes into the business of buying farm products and holding them off the market, just so long the market will be depressed, because the buyers understand the situation very well. While we may legislate to purchase goods, we can not by legislation compel the buyer to buy goods. He will buy when he thinks it is for his interest to buy.

I have referred to the value of farms; I have read to Senators the fact that in four great States of this Union the average value of farms is about \$25,000 each. The reason for the passage of this bill is that the bins are so filled with plenty, and there is so much of wheat and corn and oats and cotton on the market that the price must be advanced. What is needed, however, is a greater market. Higher prices for farm products can not be obtained unless the price is raised to the consumer, and I say, Mr. President, that this Government is in no position now to bring about higher prices for bread to the laboring man who is out of work on the streets. I repeat, what we need in this country is a market of our own, in order to start the wheels of industry going and keep the people at work, to start the looms and the factories all over the United States.

Senators talk about the export trade. The bonds of many foreign Governments to-day are almost worthless. I have a list of them here; I have not time to read them, but many of them are worth about 12 cents on the dollar; yet we have already loaned to foreign Governments more than \$10,000,000,000, on which we can not collect and have not up to this time been

able to collect a single cent of interest. We ought to be getting something back instead of talking about increasing our foreign trade.

As the Senator from Nebraska [Mr. HITCHCOCK] so well said this morning—and I was in sympathy with very much of his speech—if any foreign people to-day are able to put up anything in the shape of bonds or security, they can go to their own bankers and borrow the money. The United States Government can not afford to give any further credit to foreigners or to foreign nations. I will go as far as anybody in the way of charity; if there is anyone who is poor and distressed and sick I am glad to help him in the way of charity; but when it comes to a business proposition, for this Government to undertake to extend credit to foreign Governments, particularly after the experience we have had, I say is a foolhardy proposition.

Mr. HEFLIN. Mr. President—

Mr. FERNALD. I am sorry I can not yield to the Senator; I only have a few minutes, although I should like to speak an hour.

Mr. President, I have referred to the great advance in the value of farm property from \$40,000,000,000 to \$90,000,000,000 in the last 10 years. Let me compare some of the other industries with that of agriculture to show what has happened to them. In 21 of the leading industries of this country there are not as many establishments as there were in 1914. Boots and shoes are about the only exception. That industry shows an increase in the number of establishments in the last five-year period, there being 1,355 such establishments in 1914 and 1,441 in 1919; but in industries such as carriages and wagons, copper, cordage, twine, linen, engines, including steam, gas, and water engines, essential oils, fertilizer, flour and grist mills, and many others which I might mention there has been an actual decrease in the number of establishments in the last five-year period, whereas in the same time there has been the marvelous increase in the value of farm property to which I have referred.

The Senator from Iowa [Mr. KENYON], with whom I sometimes agree—we do not always agree; we did not agree, for instance, on the so-called packers' bill, but we do agree sometimes—said the other day that the issuing of tax-exempt bonds must stop. We have talked about profiteers here for more than three years, but do not Senators realize that by this very bill we are legislating in behalf of profiteers? We hear it mentioned now and then that there are \$400,000,000 in the Treasury for the War Finance Corporation.

I assert that there is not a single dollar except paper money to their credit. It is like my saying that I had a credit at the Riggs National Bank in Washington of \$100,000 provided they would take my note if I should send it to them. There is not a single dollar in the War Finance Corporation except what is authorized by the United States Government. There is no use to talk about buying things without money. If we buy property and have to pay for it, the Government must provide for the payment of the bill. As my friend from Iowa has said, the continual issuing of tax-exempt bonds makes profiteers.

If it is essential for one to have money, he must go where the money is. If any business man wanted to raise \$1,000,000 or \$10,000,000, the first thing he would do would be to start for Wall Street, because there money is to be found. So, when the Government issues tax-exempt bonds Wall Street stands ready to take them. Every time we provide for the issuance of tax-exempt bonds we are legislating for the benefit of profiteers. There are, as the Senator from Iowa said the other day, about \$20,000,000,000 of tax-exempt bonds which have been issued in this country, paying from 5 to 6 per cent, the average rate probably being 5½ per cent, which is more than any industry in the United States can afford to pay. The money invested in such bonds is being withdrawn from the industries of the country and from commerce. The profiteers of Wall Street encourage, I believe, this character of legislation. It is time that the people of the country should understand and the farmers of the country should understand that the creation of commissions and bureaus and the issuing of bonds is not in their interest. The man who stands here to oppose this kind of legislation before one year shall have elapsed will be thought more of, possibly, than he is thought of at this moment. I am opposed to this class of legislation.

At one stroke of the pen we destroyed a commerce that had been established, because it was felt that it could be done, I suppose, more easily by some legislation. Let me read from the Chicago Journal of Commerce of July 12, as follows:

In the suit brought by the Government against the large packers a decree was entered not many months ago which prevented the packers from buying and selling canned fruits and vegetables. It is related that in California and the Southwest approximately \$40,000,000 worth of fruits and vegetables were annually canned, nearly all of which was

purchased by the large packers and by them carried in their refrigerator cars and shipped to the various markets of the world, where they were disposed of to the mutual advantage of all concerned.

Now, however, that decree having been entered, that business has been stopped; and when a legitimate business of that kind, which, through economic processes and methods has been long established, has been stopped there has been taken from the farmers of the section immediately concerned the market for their products. Through the instrumentality referred to in the quotation there was created a market in California and a few of the Southwestern States for more than \$40,000,000 of canned fruits and vegetables. If the same situation should be applied to the whole country, it would involve about \$150,000,000 worth of products, which do not cost a single cent to market, because the packers have to send their cars with meat all over the country, and when they can not get a full carload of meat they can place in their cars canned goods that are distributed at little, if any, cost, and they are sold at little, if any, cost, because when a man sells beef he can sell canned goods at the same time. One of the best distributing agencies in this country was destroyed by that decree. I have not time to read the entire article, but it is stated that those interested are going to ask that the decree be set aside.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. FERNALD. Have I exhausted my time on the amendment, Mr. President.

The PRESIDING OFFICER. The Senator has used 20 minutes in all, 10 minutes on the bill and 10 minutes on the amendment.

Mr. FERNALD. I ask unanimous consent to have printed in the RECORD some statistics and statements without reading.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

DEPARTMENT OF COMMERCE,  
BUREAU OF THE CENSUS,  
Washington, July 27, 1921.

VALUE OF FARM PROPERTY IN THE UNITED STATES.

The Bureau of the Census of the Department of Commerce announces, subject to correction, the following preliminary figures from the 1920 census of agriculture for the United States, with comparative figures for 1910:

Value of farm property in the United States, by classes, 1920 and 1910.

	Jan. 1, 1920.	Apr. 15, 1910.
All farm property.....	\$77,925,989,073	\$40,991,449,090
Land and buildings (revised).....	66,334,309,556	34,801,125,697
Land alone.....	54,903,453,925	28,475,674,169
Buildings.....	11,430,855,631	6,325,451,528
Implements and machinery.....	3,595,317,021	1,265,149,783
Live stock.....	7,996,362,496	4,925,173,610
Average value per farm (all farm property).....	12,085	6,444
Land and buildings.....	10,287	5,471
Land alone.....	8,514	4,476
Buildings.....	1,773	994
Implements and machinery.....	553	199
Live stock.....	1,240	774

	Increase between 1910 and 1920.	Amount.	Per cent.
All farm property.....		\$36,934,539,983	90.1
Land and buildings.....		31,533,183,859	90.6
Land alone.....		26,427,779,756	92.8
Buildings.....		5,105,404,103	80.7
Implements and machinery.....		2,330,167,238	184.2
Live stock.....		3,071,188,886	62.4

The value of all farm property in the United States on January 1, 1920, according to the Fourteenth Census, was \$77,925,989,073, as compared with \$40,991,449,090 in 1910. The increase in the value of all farm property during the decade was thus \$36,934,539,983, or 90.1 per cent.

Four States reported farm property valued at more than \$4,000,000 in 1920, as follows: Iowa, \$8,525,270,956; Illinois, \$6,666,817,235; Texas, \$4,461,579,497; and Nebraska, \$4,193,825,242.

The average value of all farm property per farm in the United States as a whole in 1920 was \$12,085, as compared with \$6,444 in 1910.

In six States the average value reported per farm in 1920 was above \$25,000. These States were Iowa, with \$39,942; South Dakota, with \$37,833; Nebraska, with \$33,707; Nevada, with \$31,546; California, with \$29,158; and Illinois, with \$28,109.

VALUE OF FARM LAND.

The value of farm land alone in the United States in 1920 was \$54,903,453,925, as compared with \$28,475,674,169 in 1910, representing an increase of \$26,427,779,756, or 92.8 per cent. This value was obtained by subtracting from the value reported for farm land and buildings together (total real estate value) the value reported separately for buildings.

The average value of land alone per farm in 1920 was \$8,514, as compared with \$4,476 in 1910.

FARM BUILDINGS.

Farm buildings in the United States were valued at \$11,430,855,631 in 1920, as compared with \$6,325,451,528 in 1910. This represents an increase of \$5,105,404,103, or 80.7 per cent.

The average value of buildings per farm in 1920 was \$1,773, while the average in 1910 was \$994.

IMPLEMENTS AND MACHINERY.

The value of farm implements and machinery in 1920 was \$3,595,317,021, as compared with \$1,265,149,783 in 1910, representing an increase of \$2,330,167,238, or 184.2 per cent. This large increase is due in part to the fact that prices of farm implements and machinery were unusually high at the beginning of the year 1920.

The value of implements and machinery per farm in 1920 was \$558, as against \$199 in 1910.

LIVE STOCK.

The value of live stock on farms in the United States in 1920 was \$7,996,362,496, as compared with \$4,925,173,610 in 1910. This represents an increase of \$3,071,188,886, or 62.4 per cent.

Nine States reported live stock valued at more than \$300,000,000 in 1920, as follows: Iowa, \$614,326,268; Texas, \$589,321,953; Illinois, \$446,154,064; Missouri, \$389,839,045; Nebraska, \$328,460,991; Wisconsin, \$322,312,115; Kansas, \$318,025,292; New York, \$313,554,695; and Minnesota, \$305,163,825.

The average value of live stock per farm in 1920 was \$1,240, as against \$774 in 1910.

Comparative summary census of manufactures.

	Number of establishments.		
	1900	1914	1919
Agricultural implements.....	601	521	
Boots and shoes.....	1,355	1,441	
Leather.....	767	681	
Canned and dried fruits and vegetables.....	3,250	3,190	
Carriages, wagons, and materials.....	5,286	2,666	
Copper smelting and refining.....	37	33	
Cordage and twine, jute, and linen goods.....	160	158	
Engines, steam, gas, and water.....	446	371	
Essential oils.....	107	78	
Fertilizer industry.....	1,238	818	
Flour mills and gristmills.....	10,788	10,712	
Manufacture of gas, illuminating and heating.....	1,244	1,020	
Glucose and starch.....	89	56	
Lumber.....	46,584	30,235	
Motor cycles and bicycles.....	78	51	
Paper and wood pulp.....	718	713	
Butter, cheese, and condensed milk.....	7,982	7,857	
Pianos and organs.....	340	260	
Manufacture of soap.....	513	432	
Turpentine and rosin, crude gum.....	1,394	1,199	
Turpentine and rosin, wood distillation.....	14	22	
Wood used in the manufacture of veneers.....	637	362	

[From the Journal of Commerce of Chicago, July 12, 1921.]

PACKER REGULATION BILL CONTRAVENES HARDING AXIOM.

In the suit brought by the Government against the large packers a decree was entered not many months ago which prevented the packers from buying and selling canned fruits and vegetables. It is related that in California and in the Southwest approximately \$40,000,000 worth of fruits and vegetables were annually canned, nearly all of which was purchased by the large packers and by them carried in their refrigerator cars and shipped to the various markets of the world, where they were disposed of to the mutual advantage of all concerned. During the past year approximately \$40,000,000 worth of vegetables and fruits were canned in the Southwest, but, as the packers were prevented from buying and selling such products, the producers thereof found themselves deprived of their markets to their very great financial loss; and it is further related that many of these individuals are now contemplating presenting a bill to Congress to have a law enacted which will in effect annul the decree and permit the packers again to buy and sell canned fruits and vegetables. Not only have thousands of individuals engaged in packing fruits and vegetables been practically ruined by such regulation, but the business of many others such as those who pack fish and other products has been seriously interfered with.

Our citizens engaged in the business of packing meat, poultry, milk, and egg products must have refrigerator cars and vessels to carry their products not only to all sections of our own country, but to many foreign lands. Many of their refrigerator cars carry their own products west to California and could return to the East loaded with fruits and vegetables produced in that country. It is an economic wrong for the Government to interfere with the proper conduct of such business.

Not only are the business men of this section of the country deeply interested in the so-called "Packer legislation," but they are watching the progress of many other bills pending in Congress, such as the "Federal coal commission act," the "Coal industry stabilization act," the "Grain future sales act," the "United States cold storage act," the "Maternity bill," and the Pinchot-Capper "Taxation of forest products act."

This Congress was convened in special session by the President of the United States for the purpose of revising our tariff and tax laws and not for the purpose of enacting all sorts of socialistic legislation which will transfer the conduct of various business enterprises our citizens are engaged in from their own localities scattered throughout the United States to bureaucracies at Washington.

Mr. HEFLIN. Mr. President, I regret, as I know all of the Senators do, the illness and the absence of the chairman of the Committee on Agriculture and Forestry, the Senator from Nebraska [Mr. NORRIS]. The bill that he introduced and that was considered by myself and other members of the committee was the forerunner of the legislation now about to be enacted. I want to say for the chairman of the Committee on Agriculture and Forestry that he rendered great service to the farmers of



the country, and he is entitled to their commendation for the work that he has done in bringing this important matter to the attention of the Senate and the country.

I supported the bill as originally reported by the committee with the hope that certain helpful amendments would be offered and adopted in the Senate.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. HEFLIN. I do, for a question.

Mr. SIMMONS. I think the Senator might make some important addenda to his statement with reference to the Senator from Nebraska. I sympathize very much with the Senator in his statements with respect to the credit due the Senator from Nebraska, but the Senator did not say, and I think he ought to say, that there is in this substitute very much of the important part of the original bill prepared and proposed by the Senator from Nebraska.

Mr. HEFLIN. That is true, Mr. President. I was coming to that.

Mr. SIMMONS. And if the amendments that were agreed upon in conference with members of the Agricultural Committee are adopted—and I think all of them will be adopted—the substitute will further include important suggestions coming from the committee of which the Senator from Nebraska is the chairman.

Mr. HEFLIN. Yes, Mr. President; I was just about to state what has been so well stated by the Senator from North Carolina.

A great deal of the bill as originally reported to this body by the chairman of the Committee on Agriculture and Forestry [Mr. NORRIS] is now in the bill reported to this body by the Senator from Oregon [Mr. McNARY], a member of the Committee on Agriculture and Forestry. The Senator from Nebraska designated the Senator from Oregon to present this measure to the Senate. We asked the Senator from Nebraska, our chairman, to present the bill himself. Because of certain changes that were made, he preferred not to do so. Then we asked him to designate some one to present it. This was what he desired to do. I do not want the impression to go out that he has been overruled in this matter by the committee, or that the committee is hostile to him, because such is not the case.

I want to say here and now that the legislation that we will get upon the subject of financing the exports of farm products will be due to the efforts of Senators from the South and West who have worked upon this proposition persistently and insistently for many weeks.

Mr. President, we are seeking to aid the farmers of the country not only in exporting their products but also in keeping them off the market here at home until the price would yield them a profit.

The provisions of this amended measure will greatly benefit the distressed farmers of the whole country.

My good friend, the distinguished Senator from Maine [Mr. FERNALD], does not seem to think that the farmers are in distress. I know that the Senator is a big-hearted man, and a man of large sympathies. The Senator is fortunate in being blessed with a goodly share of this world's goods, and I am glad that he is, and I want the facts regarding the condition of the farmers of the country placed fully and fairly before him.

Why, Mr. President, I understand that not long ago the Irish-potato farmers of Maine were in such dire distress that they were making their potatoes into fertilizer because there was no market for them; and yet the Senator reminds us that statistics show how prosperous the farmers of the country are—an average of \$25,000 or \$30,000 to the farm. I called to the attention of the Senate a few days ago an instance where a man with a farm worth \$90,000 was unable to borrow \$20,000 in order to retain his farm, and because of his failure to obtain it he killed his wife, his four children, and himself. Some Senators do not seem to understand that this great distress really exists amongst the farmers of the country.

Mr. President, I regret that there are five or six million people unemployed. I would, if I could, this minute put every one of them to work. The most pitiful object you can look upon is an industrious man or woman able to work and wanting to work, but who is unable to find work to do. What is the matter when such a situation exists in the country? A few money kings have cornered the money supply of the country, and they sit like vultures waiting for the whole agricultural and industrial structure to fall so that they can pounce upon it and profit by the distress that they have deliberately produced.

What is the situation to-day in the West? The cattlemen are unable to get the money that they need to carry on their business, and yet they must furnish the meat supply to a hundred million of people. What is the matter with the grain growers of the West? They are unable to obtain the money necessary to carry on their business, and yet they must furnish the bread supply to a hundred million of people. What is the matter with the cotton-growing States, the States that must produce two-thirds of the world's cotton supply? They are in dire distress. They can not get the money necessary to carry on their business. They are not able to hold their produce from the market until the price will yield a profit.

I want to say to my good friend from Maine that while the price of cotton went up day before yesterday a little more than \$4 a bale it went down yesterday nearly \$2 a bale, because they said it resulted from profit taking, whatever that is, in Wall Street. Profit taking in Wall Street, on a little spot on earth less than 1 acre of ground, affects 30,000,000 people by knocking down the value of their cotton \$2 a bale because one gambler takes profit from another gambler in Wall Street. That is the situation now, Mr. President.

I want to say to my good friend that the farmers of the South to-day are forced to sell their cotton—I use the word advisedly; they are forced to sell their cotton—at 18 to 20 cents per pound under the cost of production. Now, Senators, when that situation exists I submit that there is a very serious and distressing condition amongst our farmers in the cotton-growing States. This Government owes it to those who produce that which feeds and clothes the world to see that economic laws are permitted to operate so that those who produce may derive a profit upon their toil and investment.

Why, Mr. President, Wall Street is sitting back enjoying the situation that exists in the South and West to-day. The situation is working admirably for Wall Street. She does not want aid given to the cattleman, because she is feeding on his distress. She does not want aid given to the grain growers, because she is fattening upon their substance. She does not want money aid to reach the cotton producers, because she wants to continue to flourish upon the low price of cotton. But some Senators tell us that just such legislation as this is what Wall Street wants. I want to say that legislation like this drives a dagger to the heart of Wall Street and takes her foul fingers off the throats of the producing classes of this country. Wall Street wants to be let alone. She is having her own way to-day. She seems to be controlling the Federal Reserve Board and making out of that system a central banking system.

We never intended that that should happen. We intended that the 12 regional banks should operate in the interest of productive industry and honest business the country over. Whenever credits were scarce in one section and money ran low, we intended that it should be obtained from another or other regional banks. We intended that there should be 12 reservoirs of credit for the American people that would defy the agents of Wall Street to paralyze business or produce a panic.

But, strange to say, every time Wall Street takes snuff now the Federal Reserve Board sneezes.

Mr. President, good will come from this measure. I am going to vote for the amendment of the Senator from Mississippi and the amendment of the Senator from Florida. Both of them are in the interest of the American farmer. I want the good effects of this measure to reach as many of them as is possible to reach. They are in distress, and under the peculiar circumstances that exist to-day it is the duty of the Government to extend a helping hand to them.

I am glad to say that I took some part in the revival of the War Finance Corporation. The trouble now is that you can only get financing for products intended for export.

I repeat that this bill seeks to aid the farmer in keeping his produce away from the market here until the price is profitable. We want to put the producer in position to obtain money from the War Finance Corporation, so that he can hold it and obtain a fair price for it.

I submit, Mr. President, that that is a valuable provision in this bill. It will be of great help to our farmers. They are certainly entitled to have this aid extended to them. No fair and just man wants to see the producer sell his produce below the cost of production. Every fair man knows, and will admit, that he is entitled to have a fair profit. If the operation of this law will bring that about, why not pass it and extend a helping hand to our greatly distressed farmers.

Mr. FERNALD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Maine?

Mr. HEFLIN. I yield.

Mr. FERNALD. I regret exceedingly to interrupt the Senator, because I am always delighted to listen to him. He is a real orator, and I am delighted to listen to him. We do not always agree, but he is such a charming speaker that I regret to detain him for a single moment. But I want to make an inquiry, because I know he is interested, with me, in the farmer, and in the welfare of all the people. I wanted to ask my friend if he thought the farmers would take these bonds we must issue?

Mr. HEFLIN. The Senator asks me if I think the farmers would take them?

Mr. FERNALD. Yes; whether they would take the bonds we are likely to issue to carry on this great proposition, involving several billion dollars?

Mr. HEFLIN. They would if they had anything with which to buy them.

Mr. FERNALD. As a matter of fact, they will have to go into the bond market, and the same profiteers that the Senator and I both agree about, the same profiteers who have been purchasing these tax-exempt bonds for the past three years, will go right into the market and purchase these bonds, because they are the men who have the money.

Mr. HEFLIN. I do not care who purchases these bonds, just so we sell them. Our farmers are in dire distress, and when a man is drowning he is not particular about who saves his life. The main thing with him is to get him out of the water and up on a rock. Then he can discuss the matter as to who saved his life and decide as to whether or not he wants to go back and be drowned.

Mr. FERNALD. We should not find fault with the man who furnishes the money. If we are going to legislate for that sort of thing, we must expect Wall Street to furnish the money.

Mr. HEFLIN. I want to say to my good friend that what we want now is to sell the bonds. When the Government offers them, it does not propose to say who shall and who shall not buy them. If we had done that heretofore, we would never have sold our Liberty bonds. The Government encouraged everybody to buy them, and a great many people, I am sorry to say, have, because of the Federal reserve bank's deflation policies, had to sell them at a loss of \$15 and \$20 on the \$100.

Senators, let us pass this measure to-day and send it over to the House for what I trust will be speedy action on the part of that body.

Mr. CARAWAY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. HEFLIN. Just for a question. My time is getting short.

Mr. CARAWAY. I introduced a bill at the beginning of this session to close that exchange, and it is now in a committee of which the Senator is a member.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. CARAWAY. Will the Senator vote with me to report the bill out?

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Mississippi [Mr. HARRISON] to the amendment reported by the Committee on Agriculture and Forestry in the nature of a substitute.

Mr. CARAWAY. Mr. President—

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. HEFLIN. Mr. President, will the Senator yield to me for just a moment?

Mr. CARAWAY. With pleasure.

Mr. HEFLIN. Mr. President, I have talked with the Senator from Arkansas about his bill, and I am not sure that I will not support it. I know how anxious he is to stop gambling in cotton futures, and I am introducing a resolution to-day to give the Secretary of Agriculture power to close the exchanges of the country whenever as many as two commissioners of agriculture in the cotton-growing States and two governors shall object to certain conduct and make complaint to him; which provides that the Secretary of Agriculture shall request that the conduct be suspended or cease at once, and under it he shall have power to enforce the provision and at the conclusion of the hearing to close up the exchange. I am offering that resolution to-day, and in our efforts to bring relief to the farmers of the country I am going to urge the passage of the resolution at once.

Mr. CARAWAY. Mr. President, I am not sure how far the proprieties permit Senators to discuss what took place in the committee at the time of the reporting out of the Norris bill, and the discussion of the so-called McNary amendment which is now before the Senate. I do know that, if my memory serves me correctly—and I have a very vivid remembrance of

what occurred—some Senators who have undertaken to explain what did occur are mistaken. I remember positively, though I do not say that I agreed with the chairman of the committee in that, that the chairman was against the McNary substitute and voted against reporting it. I do know that the Senator from Wisconsin [Mr. LENROOT], when he said the reason why they did not discuss with the Senator from Nebraska, the chairman of the committee, the so-called Kellogg amendment, was that the people interested in the Kellogg amendment took up with the chairman of the Committee on Agriculture [Mr. NORRIS] an amendment to strike out of the Norris bill the provision conferring upon the Government the power to buy and sell agricultural products, and that the Senator from Nebraska refused to consider it. Therefore it was not thought wise or not even reasonable that they should continue to discuss the amendment with him. I do know that when that amendment was suggested to the Senator from Nebraska, instead of rejecting it he immediately polled the committee by telephone. He said that if the committee was willing to accept the amendment, he was.

Mr. LENROOT. Mr. President, I think the Senator will agree with me that that was upon a Saturday, and the time to which I was referring was the previous Tuesday. I was informed that the Senator from Nebraska did say positively that he could not consider the striking out of that provision.

Mr. CARAWAY. I am sure the Senator from Nebraska did not tell the Senator from Wisconsin that.

Mr. LENROOT. He did not.

Mr. CARAWAY. And therefore the Senator is merely repeating what he heard. I do know that immediately upon the suggestion of that amendment—or at least the Senator from Nebraska said it had just been made to him—he called me over the telephone and asked me if I thought he ought to accept that amendment. I felt flattered that he should have done that. I asked him if he believed that the people who were offering that amendment would support the bill if he accepted it. He said he did not know. I said, "If they will, let us accept it." He said, "I will."

I know what he afterwards said about it, but I am not going to detail private conversations. I rather imagine that if the Senator were here himself he would tell what happened.

Mr. President, we are talking about this measure as a farmer's bill. The Norris bill was in the interest of the farmer. I do not know whether it was workable or not. When I discussed it before, I expressed a very grave doubt as to whether it would prove helpful. But I do know that the intention was to help the farmer find a market for his product. I do not know whether it would have done it or not. However, it was the first bill that has come into Congress since I have been a Member of either House which undertook to extend relief to the farmer without compelling him to pay tribute to local banks.

I do not care what the gentlemen who are supporting the McNary amendment may say, but they are in error when they say that it undertakes to relieve the farmer. It does not, except indirectly. It is designed to relieve banks and trust companies who have extended credit to farmers. It also will help people who own or control farm products, but always compelling the farmer to pay tribute to the local institution, bank or trust company. There is not a line in it anywhere which would relieve a farmer as a farmer. It extends credit to his commercial agents, through which he heretofore may have borrowed money, but not a line in it anywhere extends aid directly to the farmer. It was not intended to do that. It is intended to relieve banks which may have found themselves overburdened with farmers' paper; it will do that.

But there is something else about that. I should like to read it. I was impressed very much by the ardent enthusiasm of a Senator from a cotton-spinning State in supporting this bill. Here is a provision I call to the attention of the Senate. It is paragraph (a) of section 22, found at the top of page 3, which tells to what persons and institutions aid may be extended. It reads:

To any person engaged in the United States in producing, dealing in, or marketing any such products—

That is, farm products; now listen to this—

for the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner.

If the farmer wanted to carry cotton—and I speak most frequently of that because I know most about it—if he wants to carry cotton, and he expects any relief under this bill, he must be able to show that that cotton is being held by him for the purpose of exporting. If he wants to carry cotton to be sold to a local spinner, he can not get one penny on it, not a penny.



He must be able to satisfy the War Finance Corporation that that cotton is being held by him, or by those to whom he has sold it, for the purpose of exporting it. But if some local spinner wants this cotton and the farmer is going to be compelled to sell to some local spinner, the so-called McNary substitute leaves him and the bank which has advanced him the money without redress.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from North Carolina?

Mr. CARAWAY. I yield.

Mr. SIMMONS. I wish to ask the Senator if there is any question about a farmer who wishes advances for that purpose getting them under the twenty-fourth section?

Mr. CARAWAY. There is absolutely no more possibility of his getting relief under the twenty-fourth section than under paragraph (a) of section 22. He can not get a penny. It was not designed to give him a nickel.

Mr. SIMMONS. Suppose, Mr. President, a farmer who wishes to hold his cotton goes to a bank and secures advances upon that cotton so that he may be able to hold it. Is there any trouble about the bank securing a loan from the War Finance Corporation to cover that advance?

Mr. CARAWAY. Yes, sir; it can not aid the bank unless the cotton is to be exported.

Mr. SIMMONS. Would not such loan be made by the bank "for agricultural purposes"?

Mr. CARAWAY. Oh, for agricultural purposes—

Mr. SIMMONS. And is not that the language of the law?

Mr. CARAWAY. Money loaned to Armour & Co. in Chicago is loaned as much for agricultural purposes as money loaned to a cotton grower in North Carolina.

Mr. SIMMONS. I do not agree with that statement.

Mr. CARAWAY. Read the bill.

Mr. SIMMONS. I have read it.

Mr. CARAWAY. I know; I heard the Senator's speech, and I remember with what enthusiasm the Senator was supporting the Norris bill, but then suddenly discovered it was bad. I am not holding out any very great hope to the farmers of my State that they are going to get much relief under the bill, because they are not.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. CARAWAY. Certainly.

Mr. LENROOT. I should like to ask the Senator whether the provisions were any different in the original Norris bill with reference to making advances to producers than they are in the McNary substitute as reported by the committee?

Mr. CARAWAY. They were not, but the Norris bill, if the Senator from Wisconsin ever read it, did this: It undertook to constitute the Government an agent of the farmer to find a market for his products in foreign countries. It, the Government, was to come to him, buy his products, and sell them abroad. The question of advances to enable him to hold his corn or cotton was secondary, if considered at all in the Norris bill, because the thing the Norris bill aimed to do was to enable the farmers of this country to find a foreign market for the crop which is being carried over so that it might not weigh down and destroy the crop that is about to be harvested.

Mr. LENROOT. But in neither bill could any advances be made to enable the farmer to hold unless approved by the board.

Mr. CARAWAY. Of course, that is conceded. I said that a moment ago, because the Norris bill was not a bill to enable the farmer to hold only as a secondary proposition. It was intended to enable the farmer to sell his crop.

There are 6,000,000 bales of American cotton or something like that in the markets now. This is carried-over cotton. The present crop is estimated at 8,000,000 bales. It was hoped that we might export the 6,000,000 bales, so that the 8,000,000 bales could find a ready market. The bigger the crop, and everybody knows it, the less the farmer gets for it. He actually destroys himself by producing more than the world requires. There is nothing so fatal to the cotton grower as to grow more cotton than the world can consume. If I had the figures before me, I could show that for the 6,000,000 bales of cotton in round numbers exported in 1919 he got nearly a billion dollars more than he got for practically that number of bales exported in 1920-21. He got nearly three times as much for the smaller amount of cotton than he did for the larger amount. That is the law of supply and demand.

The Norris bill was designed to aid the farmer to get rid of that very condition—overproduction.

The McNary substitute in some respects is a better bill than the Norris bill, but in many respects it is a very much worse bill. There is a provision in the Norris bill that the Senator

from Mississippi [Mr. HARRISON] waves aside by saying he did not favor and the subcommittee did not consider, that gave to this proposed board the power to have the Interstate Commerce Commission reduce freight rates on farm products exported on railroads. It likewise compelled the Shipping Board to grant reductions. I do not know whether it is true or not, but reputable men testified before the Committee on Agriculture and Forestry, and no one disputed it, that there were millions of dollars worth of food and feed stuffs which were rotting on the farms because it would not bring enough to pay the cost of transportation. Notwithstanding that there were people in the world starving, these products could not be sent them because of excessive freight rates.

The Norris bill gave power to the Interstate Commerce Commission to grant a reduction in freight rates so that these food and feed stuffs could be moved. Why was not that a good provision? It went further than that and provided that if these products were to be exported the ships of the Shipping Board flying the American flag, if they had space for which they had no cargo, could be used to carry them at cost so they might find a market beyond the seas. Why was that a bad provision?

We were not making permanent law. We were undertaking to relieve a situation, a desperate situation, and were therefore supplying drastic means. If we really desire to relieve the farmer, I think we should have retained that provision. If we desire only the relieving of banks and to aid them in making money, either the Kellogg substitute or the McNary substitute will accomplish what you are trying to do. If relieving the banks was the object of the legislation, it will prove successful; but I am rather inclined to imagine the genuine farmer will wait a long time for his relief. I think the kind of farmer my friend from Maine [Mr. FERNALD] proclaimed himself to be a moment ago will get relief under this bill if he needs it; but the man who actually produces the farm products, who tills the soil, and has the corn and cotton to sell is going to wait a long time before he sees a dollar under the McNary amendment.

He will receive only what the banks and other institutions may graciously permit him.

Mr. KENYON. Mr. President, I wish to take my 10 minutes in presenting a few observations on this subject. I hope the amendment presented by the Senator from Mississippi [Mr. HARRISON] will be agreed to. I think it ought to be helpful and useful.

The first optimistic note that I have heard with relation to the American farmer or American agricultural conditions for a long while has come from the genial Senator from Maine [Mr. FERNALD]. He is always an optimist. He speaks of being a real Maine farmer. There is something about the climate of Maine, the environment of Maine, that makes an optimist out of a man. Its air is like champagne; its wonderful hills, forests, lakes, and rivers, the music of the waves of the sea as it comes through the pines, all tend toward optimism. There is nothing like Maine for climate.

Mr. STANLEY. Mr. President—

Mr. KENYON. I am not quite through; I have just reached a good point. Please do not interrupt me.

On top of all that, for a man to live near where the wonderful Poland Springs water comes from makes a thorough optimist out of him.

I now yield to the Senator from Kentucky.

Mr. STANLEY. I was just curious to know how the Senator from Iowa discovered the resemblance between the air of Maine and champagne.

Mr. KENYON. I was a guest at one time when a young man at a Kentucky banquet in Kentucky. [Laughter.] That is the only way I know anything about it.

The Senator from Maine said that legislation of this character means an increase in the price of farm products, and he protests against it. I hope it does mean an increase. I have not as much faith in it as I might have, but I hope it does. Farm products will have to reach a higher level of prices in this country to bring real prosperity.

I wonder if the Senator from Maine knows that in a study and survey made by the Agricultural Department of 36 standard farm products, taking the prewar four-year period, that the purchasing power of those 36 standard farm products—and we must measure them by their purchasing power—is now less than the average for the prewar period? The farmer can not go on in that condition. On the other hand, everything that the farmer has to buy is up around the region of 100 per cent more than he must pay. There is a relativity about that that is not right. If this does not mean an advance in the price of farm products, it does not mean anything. An advance in the prices of farm products means greater prosperity to all, even to the laboring men in the country.



I think the wisdom of the Senate in not adjourning about four weeks ago is exemplified by the present situation. There was some criticism of those from agricultural States because they were against an adjournment. Now, Mr. President, if we had adjourned, not one particle of this agricultural legislation would have been passed by the Congress. There has been an advance of thought by men in this Chamber on the agricultural situation. When we commenced this session of Congress the distressing condition into which agriculture had been brought was not fully realized, but lately even men from industrial centers have come to see the situation, and have been ready to join with those from agricultural communities in helping to remedy the situation.

I believe when this special session shall have closed there will have been a record here of accomplishment along legislative lines for agriculture that never has been equaled. I am not one of those who believe we can cure all these things by legislation. We can no more cure many of the ills of agriculture by legislation than we can change the tides of the sea. There are certain great economic laws that we can not change. It is simply proposed to ease it along a little. The great need of the farmer has been and is now markets and transportation, coupled also with a credit proposition. The farmers of my section of the country are suffering for all these reasons.

I wish to read into the Record a letter showing what the farmer has to pay in the Middle West in the way of commissions on the money that he borrows. Here is a letter from a mortgage brokerage house, reading as follows:

Replying to your letter of the 19th instant, if the 155-acre farm you refer to is high class and will show up well to an inspector we will consider the loan of \$18,000 at 6½ per cent interest, payable semi-annually, for a term of five years, with a cash commission of 7 per cent net.

That means a commission of \$1,260 that the farmer is compelled to pay. I do not know that in every instance that high a commission is charged, but that is the condition of the prosperous farmer in the Middle West, so when anyone speaks of his having large holdings that does not help the situation if he can not get any money to carry on his work.

Mr. WARREN. Mr. President, may I ask the Senator a question?

Mr. KENYON. Certainly.

Mr. WARREN. Was that a land bank?

Mr. KENYON. No; that is a farm-mortgage broker.

Mr. WARREN. Organized under the State laws?

Mr. KENYON. Yes; organized under the State laws.

Mr. WARREN. And subject to State examination?

Mr. KENYON. I will not say under State laws, because it may have been a private institution. The name of the writer is given, and it is a letter from that concern.

Mr. WARREN. I was interested in knowing whether the State of Iowa would counsel that method of business.

Mr. KENYON. We have an 8 per cent usury law. This just about brings it up around the 8 per cent.

Mr. WARREN. Except it is a large amount several years in advance.

Mr. KENYON. Yes; that is true, but that illustrates the situation the farmers are in.

Mr. SMOOT. Mr. President—

Mr. KENYON. I yield to the Senator from Utah.

Mr. SMOOT. From the reading of the letter I wondered whether the 7 per cent is on the total amount, or interest at 7 per cent, one-half per cent for each year.

Mr. KENYON. No; the interest is at 6½ per cent, and in addition to that there is a 7 per cent straight commission for all the loan of \$18,000.

Mr. FERNALD. Mr. President, may I suggest to the Senator—

Mr. KENYON. I do not want the Senator to take my time.

Mr. FERNALD. I will only take a second. I wish to suggest to the Senator that it seems to me the State of Iowa ought to get busy and not permit any such usury as that. We would not permit that in the State of Maine.

Mr. KENYON. I do not know about that. I go to the State of Maine once in a while, and I find they are pretty good on farming the summer tourists in Maine. They are good at that species of farming. It is impossible to kill off the Shylock, and they will find some way to get around the usury laws. They are doing it in every State in the Union. This is the situation in the country—lack of markets, transportation difficulties, credit difficulties. We were in that situation when this bill was born.

I wish to say just a word about the unfortunate situation into which the bill has gotten. If there is any one man in the whole United States entitled to the credit for any legislation here on this subject it is the Senator from Nebraska [Mr. NORRIS].

He took these things up when other men were doing other things, when some of those who have criticized him were indulging in the pleasures of fishing at resorts or possibly chasing the festive golf ball. He worked days and nights on this, and worked himself out, shattered his nerves. His committee brought in this bill. I know he had committee meetings—I plead guilty of not being able to attend many at the time—when there were very few members of the committee present, day after day. The Senator from Nebraska never faltered in the matter, but brought out the bill. There were things in the bill that a good many of us in the committee did not thoroughly believe in. It was experimental. I do not think the committee ever would have brought such a bill here in any time except a time of dire emergency. We were willing to try nearly anything. The provisions in the bill as to buying and selling were stricken out by the committee. The Senator from Nebraska made the fight. He made it here on the floor. I have to some extent watched public men in the time I have been in public life, and I have never seen a man more devoted to the interest of the everyday folks of the United States than is the Senator from Nebraska. He never wavers and never falters, but with courage and ability goes straight ahead even to the point of wrecking his health.

He conceived the idea—and there was some foundation for it—that the way the new bill was brought in was not fair to him. I do not think it was. I do not think for one instant that the Senator from Minnesota [Mr. KELLOGG] would grieve or wound a human being; I do not think it is in his system to do so; but the substitute bill came in in some mysterious way. It never went to the committee. Some of us thought, that being the situation—whether it was the intention to slap the Agricultural Committee or not, which is one of the committees, at least, of the Senate that is not packed—that it was the duty of the Agricultural Committee to take up these matters regardless of feeling or of pride that anybody might have in any bill and bring out the best that we could of both these measures.

Personally, I am perfectly willing to go down in any righteous cause with the Senator from Nebraska. I do not think, however, that does any good, as a general thing. The main thing is to get what is best for the country and the committee tried to do that. We have before us the best features of the Kellogg substitute and, I think, the best features of the Norris bill. The situation may be changed by amendments. I have not felt entirely above suspicion over some of the banking propositions which are embodied in the substitute. There is a marked difference between the manner in which the Norris bill deals almost directly with the producer in its benefits and the safeguarding provisions in the substitute bill under which everything is done through banking institutions.

The other fundamental difference is that the Norris bill provides a separate commission to administer the act. I believe this matter is important enough to have provided for carrying out its provisions a commission which will be interested peculiarly in agriculture. The substitute does not provide for that. That is the main objection I have to the substitute. The administration of the legislation is to be put into the hands of the War Finance Corporation. I do not share in the belief of some apparently that there is any divinity surrounding the War Finance Corporation. I do not like the amount of lobbying it has been doing for this substitute.

Senators have objected to organizing a new bureau or a new agency for the administration of this proposed legislation. If the work proposed to be carried on by this measure shall be carried out, so that it will be effective, there are going to be thousands of employees under the War Finance Corporation. I asked one of the members of the War Finance Corporation if he thought they could get along with 17,000 or 18,000 employees. His answer was rather evasive; but if that corporation is to do all of this work, it will be necessary for it to have a great number of employees. So there is not much in the argument that we already have an agency established and that it will save money to use that agency for the administration of this proposed law. I, myself, think that it will be a mistake. The War Finance Corporation is almost peculiarly a banking institution. I had rather the proposal for the establishment of a separate commission should be put into force and effect.

On the other hand, the strong point of the substitute—and that is not contained in the Norris bill—is the credit proposition as embodied in section 24 and the provision for the producer. I think that is vastly stronger than any provision in the Norris bill for credit. So, of those two bills, as I analyze them, the substitute is stronger than the Norris bill in that it provides in section 24 for a system of credits which will be of great value



to agriculture, and is weaker in that it places the administration of this proposed legislation in the War Finance Corporation.

I can support either one of these measures unless amendments change the situation, believing that they are going to do some good, though not so much good as we expect, for the legislation may be a failure. It will depend entirely on how it is administered. If it shall be administered for the benefit of the bankers instead of the farmers it will be a calamity, and retribution of outraged agriculture will quickly follow.

Mr. President, my time has nearly expired, but I wish to say further that if we had adjourned as was proposed, as I have previously said, we would have had none of this legislation. This bill, whether the substitute be passed or whether the Norris bill be passed, marks the high tide of legislation which we believe and hope will be helpful to agriculture. This Congress is going to finish the session with a record of accomplishment along this line that will, I am sure, be pointed to with pride in the future.

I call attention to what has really been done: In the first place, we have passed the Curtis bill proposing originally to deposit some \$50,000,000 in the Federal farm loan banks—though, I think, that has been cut down now to around \$40,000,000—for the use of the farmers. That is helpful. Second, the change of the law by a bill, which just passed the other House yesterday but which passed the Senate some time ago, proposing to increase the rate of interest on the bonds of the Federal Farm Loan Board. That legislation will release a great deal of money in the country, which will be for the benefit of the farmers. Next comes the packer bill, which has been agreed upon in conference and will be taken up, I assume, and disposed of within a short time. Next is the pending bill—which will be passed either in the form of the substitute or the original bill—a relief, as it is hoped it will be, for agriculture. There is also the grain exchange bill, which will be on the program here within a short time; also the cooperative marketing bill, and the bill giving to agriculture representation on the Federal Reserve Board. These measures constitute a great program of legislative accomplishment for agriculture. I think this beneficent result has been accomplished by reason of the fact that men who may be sneered at because they assume to speak for farmers have been persistent in trying to get through, regardless of politics, an agricultural program.

Mr. President, one other thing should be brought about, if possible. This country can not stand the present high railroad rates. The farmers can not stand them. The case involving many of these rates is to be heard by the Interstate Commerce Commission commencing on the 15th day of August. That case is known as the Kansas case. The other Middle Western States have joined with the complainant in that case. That will be the occasion to make a drive for the reduction of freight rates on agricultural products.

If these objects can be accomplished, if we can help to take care, as proposed in the pending bill, of the surplus, if we can help to create markets, if railroad rates can be lowered by the action of the Interstate Commerce Commission, we will have agriculture on the way back to prosperity; and when agriculture gets back on its way to prosperity the entire country will again be prosperous.

We have got to couple with it legislation, I believe, in the days that are to come, some system of rural credits for the American farmer. When we have done all of these things we shall have done a great deal for agriculture.

The things I have enumerated, that will be accomplished before this season is over in all human probability, will be pointed to with pride, I presume, next year by the Republicans, who will claim credit for them; but I wish to say that in all of this legislation there has been no politics; it has been just as much to the credit of the Democrats as to the credit of the Republicans, and it will be a creditable showing for the American Congress.

Mr. President, I believe that the amendment proposed by the Senator from Mississippi [Mr. HARRISON] is not going to delay the pending bill. As he has said, there are just as many friends for that kind of legislation in the House as there are in the Senate. If it were going to delay this measure, I would not feel like voting for it, but I believe it will go through the other House without much trouble and will be of great help.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. HARRISON].

SEVERAL SENATORS. Vote!

Mr. SMOOT. I ask that the amendment be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Mississippi to the amendment in the nature of a substitute reported by the committee will be stated.

The READING CLERK. On page 6, after line 21, it is proposed to insert the following as a new section:

SEC. 25. (a) The corporation shall have power and is authorized and empowered, upon request therefor by the Federal Farm Loan Board, created by the Federal farm loan act approved July 17, 1916, as amended, to make advances to Federal land banks, at a rate of interest not exceeding the rate of interest charged by Federal land banks for loans under the provisions of such Federal farm loan act, as amended, and to accept as security therefor farm loan bonds issued by such Federal land banks maturing within five years of the date of issue, or to purchase such bonds from the capital, earnings, reserve fund, or other assets of such corporation to the amount of \$100,000,000 during the calendar year ending December 31, 1921, and \$100,000,000 during the calendar year ending December 31, 1922.

(b) Every Federal land bank shall have power, subject to the provisions, limitations, and requirements of the Federal farm loan act approved July 17, 1916, as amended, and of this section, to receive and pay interest upon such advances, to issue farm loan bonds as security therefor, to issue and sell farm loan bonds, to buy the same for its own account at any time, and to retire any or all of such bonds at or before maturity.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oregon, as amended by the amendment of the Senator from Mississippi.

Mr. SMITH. Mr. President, as I gave notice yesterday, on behalf of the members of the subcommittee, I desire to move an amendment. On page 3, line 2, of the so-called McNary amendment, I move to strike out the word "producing," and in the same line, after the word "products," I move to insert "or to any association composed of persons engaged in producing such products." I offer that as one amendment because the two branches of the amendment pertain to the same thing.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the amendment in the nature of a substitute reported by the committee.

Mr. SMOOT. I have not seen the amendment, Mr. President. I should like to know what it is.

Mr. SMITH. It simply substitutes for the word "producing" the words "or to any association composed of persons engaged in producing such products," because it has been argued here that it will not be possible for the War Finance Corporation to deal, as we had hoped they might deal, with individuals. So we desire to strike out "person producing" and insert "any association composed of persons engaged in producing."

Mr. POMERENE. May I ask that the provision be read as it would stand if the amendment were adopted?

Mr. SMITH. I will ask the Secretary to read it.

The PRESIDING OFFICER. The Secretary will read as requested.

The ASSISTANT SECRETARY. On page 3, line 2, it is proposed to strike out the word "producing" and the comma, and at the end of line 2, after the word "products," to insert the words "or to any association composed of persons engaged in producing such products"; so as to read:

(a) To any person engaged in the United States in dealing in, or marketing any such products, or to any association composed of persons engaged in producing such products for the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina to the amendment in the nature of a substitute.

Mr. WILLIAMS. Mr. President, the amendment offered by the Senator from South Carolina [Mr. SMITH] presupposes that there is something sacred or valuable in an association of individuals which does not exist in connection with an individual producer. It also presupposes that there is some difficulty about determining the credit of an individual that does not pertain to determining the credit of an association.

It is hardly worth while to talk about the first proposition. There is nothing sacred about an incorporation of individuals into a stock company. There is nothing sacred nor in itself profitable about an association of individuals who are called upon to deal with a financial question over and above the individuals forming the association; and as to the difficulty of determining the credit, it is very much more difficult to determine what ought to be the credit of a farmers' voluntary association necessarily composed of individual farmers, each one of them constituting a factor in the problem, than it is to determine what should be the credit of the individual farmer producing the cotton or the wheat or the live stock.



I can much more easily in my county determine whether I, as a capitalist—if I were a capitalist—should extend credit to an individual farmer raising cotton or live stock than I could determine whether I should extend credit to an association composed of him and other people with limited liability. I know that when I extend credit to the individual producer I have a right at law to go against everything in the world that he owns—his crop and his stock and his land and his mules and his choses in action—but when I am to deal with this association, which necessarily is one of limited individual liability, then I am to deal only with the amount of cash that they have paid in in order to form the incorporation; and I can not deal with their credits, because their credits are quite uncertain.

Mr. President, I do not know whether this proposed legislation, either in the shape of the Norris bill or in the shape of the bill of the Senator from Minnesota [Mr. KELLOGG] or in the shape of the Agricultural Committee's bill, is going to do very much good or not. I do not pretend to know. It depends altogether upon how the individual flesh-and-blood men who are going to handle it are going to handle it. It depends altogether upon the administration of it; but I protest that if the assumed object is to help the farmer, the producer of agricultural products, he shall not by name be excluded from the benefits of the bill.

I am not sure that there will be very many individual farmers applying for credits under this proposed legislation. As one of them, I would not apply, although in a better condition financially than most of them; but if it is known as a psychological proposition that the man can apply, then it will satisfy him infinitely more to have that knowledge; and it is absolutely child's play and puerility to say that just because he has joined an association he is entitled to public help, and because he has not joined an association he is not entitled to it. He is entitled to it under either of these bills upon an exact equality with any corporation in the United States, to wit, provided that he puts up the necessary and satisfactory security, the necessary and satisfactory collateral; and if he can not do that as an individual or as a corporation, then if the thing is rightly administered he will get no credit, and if it is rightly administered, and he can put up the proper security and collateral, he will get the credit.

This whole Republic was founded upon the idea of individuality. It was its beginning; and now we are gradually coming around to the point where a farmer as an individual is tabooed by the legislation of the Federal Government, but when he forms some sort of an association, called the Molehill Washout Association, or something else, he may be recognized by the Federal Government.

As I said a moment ago, I would not apply under this law or any other for any sort of public help of any description; but I do know that my credit is better than that of any association that would be formed in Yazoo County if I wanted credit from the Federal Government, and I resent the idea that I am to be discriminated against because I propose to act individually, and do not propose to act in cohort with somebody else; and I do know that the credit of an association where every man's individual liability is limited to the amount of stock he has taken is less good than my credit where everything I am and everything I own and everything I am worth goes behind my note.

Mr. President, you are either sincere or else you are playing with the farmers. If you want to play with them, why go ahead, of course; play with them; and if they are asses enough to accept the play, you will win. If you are not playing with them, however, I beg you not to make a distinction upon the very face of the bill between the producer and some middleman handling his product, because after all has been said and done—all that can be said about an association of farmers—you will find when you come to execute this law that it will not be an association of farmers, but it will be an association of middlemen and of bankers or of somebody else who will be the recipients of the credit extended by the United States Government under either one of these bills. Besides that, my friend from South Carolina knows and I know that it is exceedingly difficult and almost impossible to bring about an association of farmers where one farmer makes himself responsible for another farmer's debt. You can bring about that association amongst banks and amongst merchants and amongst people accustomed to financial operations; but as a rule you can not make one farmer promise to go in and stand responsible for another farmer's debt. He lives by himself. Some of them live, as I do, 25 miles from a railroad, or from a telegraph, with nothing to bother their individual existence except the telephone. Some of them even have not that. The farmer is raised as an individual from the time he is born until the time

he dies. He is seldom a member of anything except a church, and you can not appeal to him to surrender his individuality.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Connecticut?

Mr. WILLIAMS. I do.

Mr. McLEAN. The Senator from Mississippi, if I understand him correctly, as a disciple of Jeffersonian Democracy, believes that if the Government is going into the business of extending special privileges it should prefer the farmer to the banker.

Mr. WILLIAMS. No; I did not say that. The Senator knows I did not say that. The Senator must be violating his usual and rather consistent character and becoming a humorist. What I was saying was that he must be put upon the same ground of equality, and not that there should be a special privilege.

This bill gives every opportunity to an association of bankers, it gives every opportunity to an association of jobbers, it gives every opportunity to an association of wholesalers, it gives every opportunity to an association of warehousemen, and then it wants to deny it to the individual who is the producer of the thing that you are pretending to try to help export and find a foreign market for. Of course the Senator knew when he asked me that question that he was playing with my sense of humor, even if he were not exploiting his own.

Mr. President, I doubt whether there will be 500 applications, I very seriously doubt whether there will be 10,000, from individual farmers, the producers of cotton, wheat, or live stock, if this bill is passed as the Agricultural Committee brought it in, and without this amendment; but I do know that if the bill bears upon its face this potentiality, as it bears upon its face the possibility of the individual producers getting credit, it will exercise a very salutary effect upon all these associations of middlemen and of bankers in their dealing with the producer himself.

The PRESIDING OFFICER (Mr. CURTIS in the chair). The time of the Senator from Mississippi has expired.

Mr. KELLOGG. Mr. President, I hope the amendment of the Senator from South Carolina will be agreed to. This is not a question of psychology; it is a practical business proposition. It has been considered very carefully by many Senators, and by the War Finance Corporation.

To commence with, it is an impossibility, as explained by the Senator from North Carolina [Mr. SIMMONS], for the War Finance Corporation to loan directly to farmers or producers. It could not do it with any organization which it could get. It could not furnish the credits necessary for it, if it could do it, because it requires all the credits of the local banks and dealers to make these direct loans. The object of this bill is to market the surplus products of the country in foreign countries, to keep up our foreign trade, furnish ready markets, and to aid in carrying the products until they can be exported, and to aid in exporting them.

Mr. President, the association of farmers was put in by the Senator for a very good reason. All over the country they are organizing farm-selling agencies, like the fruit-selling agencies in California, and already the War Finance Corporation has been advancing money to associations of stock producers, to aid in carrying it and marketing their product. There is no use whatever of authorizing a corporation to go into a business which it would be impossible for it to execute.

Mr. SMITH. Mr. President, I am not willing to be put in the attitude of offering an amendment which would discriminate against the very class I come from, and hope to represent. This is a mere matter of practical common sense. It is absurd to suppose that a few men whom we have authorized and empowered to deal with this vast problem can deal with forty or fifty million individuals. The wise men who founded this Government said that two men should stand in this body and represent every individual in their respective States. Reduced to the last analysis, the argument of the Senator from Mississippi would be that to deal fairly with the voter, every man who can vote should sit in the United States Senate. It can not be done. They could not be housed. You have to use common sense sometimes, even though it seems to go against individual rights and equities.

That is all this is introduced for, to enable a body of men to act organically, swiftly, and for the relief of the individuals, as I hope we, representing every sovereign State, are doing. That is all as to that.

I had hoped that I would not have to rise and explain this amendment. I thought it was so patent on its face that every man would see at a glance that it would take a vast army, costing a great deal of money, and having agents everywhere,



to meet individuals and pass upon their qualifications; and, as the Senator from Louisiana [Mr. RANDELL] suggests, there would be so much time consumed that there would be practically no benefits accruing from it.

We are doing the best we can to relieve this situation, and we have digested and thoroughly weighed the provisions of this bill. We have organized bankers in our State, or allowed them to organize, for the purpose of meeting the convenience of the people. We did not prescribe that every man in a State, simply because he is a voter, should be a banker. We provide rules and regulations which govern the circulating medium. I have confidence in some of our bankers, and I think they are earnestly desirous of affording means of aiding, through the laws of the State and of the Union. I think they are earnestly and honestly hoping that this means will be adopted.

Mr. President, the Senator from Mississippi has attempted to inject into this the idea that those who are proposing this amendment are inveighing against the farmer and for the bankers. The bankers are somewhat like some other professions or avocations; they are a necessary evil, if they are evil, and in this amendment we are trying to use them to the betterment of the people we are hoping to reach.

Mr. WILLIAMS. Before the Senator sits down may I ask him, if he is trying to use the bankers for the betterment of the producers, why does he not insist that the producers themselves shall be used for their own betterment?

Mr. SMITH. I merely desire to reply to that, Mr. President, by saying that we provide that if the producers can get themselves into such units so that they can avail themselves of the aid of the War Finance Corporation and not necessitate the absurdity of giving forty or fifty million men the right to come and apply for these loans, they may do so. The Senator himself admitted that he did not believe 500 of them would come, which in itself was tantamount to saying it would be an absurdity to think that they would come. I might call his attention to the fact that the farm loan act will not permit the individual to go directly to the Farm Loan Board and get his money, but he must organize, and through his organization get the money.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. The Senator from Mississippi has had the floor.

Mr. WILLIAMS. The time of the Senator from South Carolina has not expired.

The PRESIDING OFFICER. If the Senator is asking the Senator from South Carolina a question, and he yields, the Senator may have the floor for that purpose.

Mr. SMITH. I yield.

Mr. WILLIAMS. Mr. President, I have not contended for anything as absurd as that suggested by the Senator from South Carolina. I have merely said that, provided the producer could furnish exactly the same security and exactly the same collateral, to exactly the same satisfaction, of exactly the same board, he should be admitted upon an equal ground; and the number of them who may apply under that is, of course, entirely speculative.

Mr. SMITH. I want to ask the Senator if, in this emergency, in the limited time within which relief must come, if it shall come at all, he believes that if every man had the security they could accept, it would be physically possible for the War Finance Corporation to pass upon forty-five or fifty million claims?

Mr. WILLIAMS. Mr. President, of course I do not believe that; nor do I believe, nor does the Senator believe, that there would be forty-five or fifty million claims; nor do I believe, nor does the Senator believe, that there would be 20,000 claims; nor do I believe, nor does the Senator believe, that there is anything sacred about the word "association" or the word "corporation" which enables credit in the name of an association or corporation to take precedence of the same credit in the name of an individual.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. STANLEY. Mr. President, I see much to commend in the statements made by the Senator from South Carolina and by the Senator from Mississippi. They are both right, in a way. There is no reason why a producer with large holdings should be denied the right, with sufficient collateral and sufficient security, to obtain aid from the Government. I see no necessity for forcing him to form an organization of some kind in order to reach the Government.

On the other hand, I am firmly convinced that in order to utilize this advantage you are bound to give to associations an opportunity to come as an individual would come.

The Senator from Mississippi has not followed the history of farm organizations if he is under the impression that they are afflicted by the same infirmities which exist between a large

planter and a great many tenants. It is not a question of one farmer loaning to another. The citrus-fruit growers of the Pacific coast, the citrus-fruit growers in another association of Florida, the truck-market gardeners of the east coast of Maryland, and any number of associations of tobacco growers in the South have demonstrated the fact that they can, to a greater or less extent, protect a product by cooperative marketing. At this time cooperative marketing is impossible without the ability to hold the assets of the association until such time as the market conditions will warrant the sale of the products.

Mr. WILLIAMS. Mr. President, did the Senator from Kentucky understand me as objecting to the formation of associations and their getting credit from this Finance Corporation?

Mr. STANLEY. No; I did not so state.

Mr. WILLIAMS. If the Senator did, there is nothing in what I said or thought that would justify that conclusion. I have merely contended that they should stand upon an equality with the individual. Of course, the more they associate, the better.

Mr. STANLEY. We are agreed, then, on that point. For that reason, Mr. President, I do not think it is necessary to exclude the individual in order to take care of the association. The corporation can deal with those it prefers to deal with first, and those who have large claims upon it, of course, can be reached before it would deal with the individual. I think they can exercise the proper discretion in that matter.

More than that, if this legislation is to be of avail—and I sincerely hope it will be of avail—I can see no great difficulty, after the rules and regulations have been established, in giving to any number of people or any number of employees the right, on the furnishing of sufficient or solvent securities, to make the loans required.

For that reason I propose to amend the amendment of the Senator from South Carolina by adding the words "or persons," so as to read "any person or persons engaged," and so forth.

The PRESIDING OFFICER. The Secretary will state the amendment. Will the Senator suggest where his amendment is to be inserted, in what line and on what page?

Mr. STANLEY. On page 3, line 3, I move to amend by inserting, before the words "or association," the word "person," so as to read "any person or association of persons."

Mr. HARRISON. May I suggest to the Senator that I am in entire agreement with the suggestion, but if he will note, on the first page, under the definition of "person," it is stated that the word "person" includes partnerships, corporations, and associations, as well as individuals. Consequently you would not have to add "person or association," because the word "person," which is already there, includes associations of persons.

Mr. STANLEY. Does the Senator from Mississippi believe that an individual could avail himself of the benefits of this act under the amendment of the Senator from South Carolina?

Mr. HARRISON. I do not, and I am opposed to it. I am for standing by the action of the committee.

Mr. SIMMONS. Mr. President, I do not wish to take more than a few moments of the time of the Senate. I do hope that the amendment offered by the Senator from Mississippi [Mr. HARRISON] will not prevail. I am as much interested in the individual farmer as is the Senator from Mississippi or any other Senator in this Chamber, and I would not do anything which in my judgment would hurt or embarrass him in his business affairs, but I am strongly convinced that the amendment would make this legislation impracticable and unworkable in the first place, and, in the second place, I am convinced that the amendment would be of no benefit to the farmer.

Mr. WILLIAMS. Mr. President, merely for information, what amendment is the Senator talking about, the one offered by the Senator from South Carolina or the one offered by the Senator from Mississippi?

Mr. SIMMONS. I am talking about the one extending the privilege of lending directly to individuals.

Mr. WILLIAMS. That is in the bill reported by the Committee on Agriculture and Forestry, is it not?

Mr. SIMMONS. I understand the amendment of the Senator from South Carolina will change that.

Mr. WILLIAMS. But in the bill as reported from the Committee on Agriculture and Forestry individuals are allowed to make advances.

Mr. SIMMONS. Yes.

Mr. WILLIAMS. Very well; then the Senator does not mean the amendment. He means the committee substitute.

Mr. SIMMONS. I have explained what I mean and I think there is no question about what I mean. I hope the Senator will not further interrupt me.



The PRESIDING OFFICER. The Senator from North Carolina declines to yield further.

Mr. SIMMONS. I mean that I think to extend the loan powers of this corporation to individuals will make the legislation unworkable and will not be of any benefit to the individual farmer.

Why do I say that I think it would make it unworkable? First, I say that because Mr. Meyer and Mr. McLean, two directors of that corporation, stated that in their judgment it would be absolutely impossible for the legislation to be administered and that it would break down of its own weight if they were required to deal with individuals in making these loans.

In the second place, it is perfectly apparent to me, in the absence of any statement by those gentlemen who have had experience in dealing with this corporation, that it is absolutely impossible for a corporation located at the Capital, composed of five directors, only four of them active directors, to efficiently perform the functions and duties of bankers for the entire agricultural population of these 48 States. I know from experience that a small bank dealing only with the citizenship of a single county has the greatest difficulty in transacting that business without calling in outside aid for the purpose of investigating details and investigating the financial standing of their customers. Now, it is suggested to impose upon this corporation the duty of making the original investigations that are necessary to determine whether or not a loan shall be granted and whether the security of the borrower is adequate and sufficient, as applied to every man engaged in agriculture in any State in the Union. How can it be done? Mr. President, it is preposterous.

Not only that but it will make it impossible for many farmers in the country to secure relief through these banks. The time that would be required to make the investigations would run through the months, and probably before they had ascertained the facts that were necessary to enable them intelligently to decide, under the duties and powers imposed upon them, the applicant would have no further necessity for the loan.

If a farmer goes to his local bank and borrows money for agricultural purposes, that bank can immediately go to the corporation and get a loan upon that farmer's obligation. The security which the farmer in that instance has to give is a very different kind of security from that which he will have to give if he comes direct to this Federal corporation from a distant State, himself not known to a single member of the corporation. Having no personal credit himself, his loan will have to be made, if made at all, upon the showing of his property values and holdings, which would have to be investigated often from a distance of thousands of miles. On the other hand, if he goes to his local bank, credit will be extended to him not only upon the basis of his property but upon the basis of his standing as a man and a citizen in that community.

Mr. President, I would not have said this much about the matter if I did not feel that the amendment would encumber and embarrass and endanger the legislation.

Mr. WILLIAMS. Mr. President, does the Senator mean the amendment or the substitute?

Mr. SIMMONS. I mean the extension of the right to lend to individuals. I can not for the life of me see any benefit that the farmer will secure through it. I trust that we will not put on this bill an amendment that will delay its passage in the other branch of Congress.

Mr. ASHURST. Mr. President, will the Senator let me ask him a question?

Mr. SIMMONS. I hope we will not put on this bill any provision that will delay its passage through the House, and I know if we put this on we may not hope for the passage of the bill as it passes the Senate without having to go to conference and there will be long delay there.

Mr. ASHURST. Mr. President, this was reported by the committee, and if there be a committee that is a diligent committee, and most of them are, though not all, it is the Committee on Agriculture and Forestry. We have been told for four or five days that the work of this committee is sacrosanct and infallible. Now, it is proposed that the farmer individual shall not get a loan—

Mr. SMITH. Mr. President, will the Senator let me explain?

Mr. ASHURST. Certainly.

Mr. SMITH. A subcommittee was appointed for the purpose of taking these bills and agreeing on something. We had incorporated the present form in full committee. I do not know that there was any particular vote on it, however. After the facts were laid before the subcommittee that was appointed we then amended it so that it would deal as therein provided.

Mr. WILLIAMS. Who amended it, the subcommittee or the entire committee?

Mr. SMITH. The subcommittee.

Mr. WILLIAMS. So that the report of the entire committee as it stands is for the individual, and it is only the subcommittee that is demanding this change?

Mr. SMITH. We did not poll the committee, on account of the shortness of time, but I am quite sure the full committee, with one or two exceptions, would heartily concur.

Mr. WILLIAMS. It would be a very easy matter to call them together and ascertain.

Mr. ASHURST. Mr. President, I am told here—

Mr. SIMMONS. Of course, Mr. President, this is all taking place in my time.

Mr. ASHURST. That is true, and I shall say nothing further.

The PRESIDING OFFICER (Mr. WATSON of Indiana in the chair). The time of the Senator from North Carolina has expired.

Mr. SMOOT. Mr. President, I wish to take only a few moments of the Senate's time, as I desire that a vote be taken as soon as possible. I do not believe there is a Senator here who will not vote for the amendment of the Senator from South Carolina if he understands just what would happen if that amendment were not agreed to. I say now that if the amendment of the Senator from South Carolina is not adopted, and the substitute is passed as it was reported to the Senate, 250,000 employees will not be able to do the work that it will involve. If Senators want any assistance to the farmer to come from this legislation, they had better agree to the amendment offered by the Senator from South Carolina.

Think of what will happen to the War Finance Corporation if the bill is passed in its present shape. As one Senator said to me just a moment ago, the result will be 250,000 letters within a very few days from his State alone. Who is going to answer those letters? Who is going to make the investigation? Who is going to pass upon the titles? Mr. President, it seems to me almost preposterous to think that every individual in the United States should have the right to make application to the corporation for a loan and expect the corporation to answer those letters and consider those applications unless we provide for that corporation 100,000 or 200,000 employees, if they expect to get relief within a year or two years.

Mr. SIMMONS. Mr. President—

Mr. SMOOT. I yield to the Senator from North Carolina.

Mr. SIMMONS. A Senator just stated to me that one of the trust companies in the city of New York has a personnel of 2,500 to transact the business of that one institution.

Mr. WILLIAMS. Mr. President—

Mr. SMOOT. I yield to the Senator from Mississippi.

Mr. WILLIAMS. Of course, as the Senator suggests, it might be possible that 250,000 people would write to the War Finance Corporation, but it is not at all necessary that the War Finance Corporation should consider any letter, nor would they consider any letter, unless on the face of the letter there was a *prima facie* right to a credit. That letter must be accompanied by the security. It must be accompanied by the offer of security at any rate and by the offer of the hypothecation of whatever it may be. Of course there are not that number of people capable of writing to the War Finance Corporation and inclosing securities.

Mr. SMOOT. There is nothing in the bill to prevent any individual making application for a loan. Any such letter certainly ought to be answered, no matter whether it is a plain application or a letter requiring a reply as to what would be necessary for the writer to present to the War Finance Corporation in order to obtain a loan or even consideration of an application for a loan.

As I understand it, and as I think every Senator here understands it, the pending legislation is an emergency matter. If we are going to do anything we ought to do it at once. It is our desire to give relief immediately. If we leave this provision in the bill and the amendment of the Senator from South Carolina is not adopted, I tell you, Senators, it will be a long, long time before very many farmers in the country will receive any relief under the provisions of the bill.

Mr. POMERENE. Mr. President, I share the views expressed by the Senator from South Carolina [Mr. SMITH] and the Senator from Utah [Mr. SMOOT] to the effect that if we desire to make the bill unworkable we should extend the privileges to the individuals. It is not necessary to do that. If we are going to give the privileges to the individual, it can be done through the banks and other associations. There are about 8,100 national banks in the United States. There are between 25,000 and 30,000 banks all told. That means there are between 25,000 and 30,000 banking agencies, to say nothing



of others in the United States through which this board can act and reach the individual.

Some of the distinguished Senators here have suggested that we ought not to extend any privilege to the banks that were not extended to the individuals. These privileges go through the banks to the individuals. It may be that it will cost the individual a little bit more money by way of commissions. I am not sure about that, but it is necessary for safety. If some Senators are of the opinion that the rate of interest which will be charged is too high, let them go to their legislatures and have the rate of interest in their States reduced.

Why should we limit these privileges to associations rather than to the individual? It is because we know the financial responsibility of an association is better generally than that of an individual. If we are going to say that there should be no privileges extended to an association which are not extended to the individual, let us be consistent, wipe out the member banks and their power to discount, and let the individual go directly to the Federal reserve bank. If we were to adopt such a course how long would our financial system continue to serve the people?

Mr. McKELLAR. Mr. President—

Mr. POMERENE. I yield.

Mr. McKELLAR. Mr. President, the argument of the Senator from Ohio about loaning to individuals is strong, but the Senator will recall that this measure provides for loaning to any person dealing in or marketing agricultural products. If we are going to lend to the individual middleman, on what theory can we exclude the individual producer?

Mr. POMERENE. Mr. President, that is a fair question, and I will give the Senator a frank answer. I will say that I do not like that part of this bill at all. It seems to me that if we want to relieve everybody who is in distress—and we can find plenty of them; we can find them in all the walks of life—let us extend the privilege to everybody; let everybody come here with their chattel mortgages, their pledges, and so forth, and let the War Finance Corporation hang out three golden balls before its door and open up a real pawn shop. It would be an interesting kind of national financing, but it would result in the wrecking of the entire financial system, and instead of serving the farmers we would be doing them a positive disservice by ruining the whole country without saving them—

Mr. RANDELL. Mr. President, I should like to try to answer the question which the Senator from Tennessee [Mr. McKELLAR] asked the Senator from Ohio [Mr. POMERENE] as to a provision of the bill with which the Senator from Ohio said he was not satisfied. I am perfectly satisfied with the amendment offered by the Senator from South Carolina [Mr. SMITH], because I always try to be practical. I want to say on that point that it is not practical to carry out the provisions of the proposed act in any other way.

Let me refer to the Federal reserve system and ask Senators how it operates? It operates through 12 branches, and those branches operate through their member banks throughout the country. They do not deal directly with individuals. How does the farm-loan bank system operate? Twelve banks throughout the United States constitute that system. Those banks do not deal with the individuals. That would be impractical. Each farm-loan bank deals with associations of farmers. In the little parish in which I live we have one association of white people and another association of colored people who borrow from the farm-loan banks. That great organization, the farm-loan bank, could not deal directly with every farmer in the United States.

I understand that the War Finance Corporation, which it is intended shall administer the bill now under consideration, has 15 employees. The farm-loan bank, I presume, has thousands of employees, as has the Federal reserve system.

Senators, this is emergency legislation, as has well been said by the Senator from North Carolina [Mr. SIMMONS], the Senator from South Carolina [Mr. SMITH], and the Senator from Utah [Mr. SMOOT]. If we wish to get any benefit from it, let us be practical men. Theoretically it is all right to deal with the individual, but practically it is not all right. Let me call attention to one provision in the substitute, as proposed to be amended on the motion of the Senator from South Carolina [Mr. SMITH], which says:

(a) To any person engaged in the United States in dealing in \* \* \* such products.

Whom does that take in? That takes in every merchant who furnishes money to those who raise agricultural products. There are several in my town who would come in under that

provision. It also takes in every commission merchant who furnishes money to those who deal in agricultural products; it takes in a large number of people in the United States. Under the term "person" it takes in partnerships, associations, and corporations which deal in agricultural products. We do not limit it. There are a great many men who will come in under the terms of this measure as amended.

Keeping in mind that this is emergency legislation, if it is to do any good at all it must be done in the next few months, and I say the War Finance Corporation will work wonders if it succeeds in dealing with all the people and all the associations and all the partnerships which will come in under the terms of the act as proposed to be amended on the motion of the Senator from South Carolina.

Mr. STANLEY. Mr. President, when we analyze this provision, the apprehensions which Senators entertain are somewhat amusing. Under the act as amended any person engaged in dealing in or marketing farm products—

Mr. CURTIS. I rise to a question of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Under the unanimous-consent agreement, as I understand, a Senator is limited to one speech of 10 minutes on an amendment.

The PRESIDING OFFICER. The Chair so understands the agreement. Has the Senator from Kentucky previously spoken?

Mr. STANLEY. I spoke on an amendment which I offered, but I wish now to address my remarks to the bill.

The PRESIDING OFFICER. The Chair, with all due respect, thinks that the Senator from Kentucky is not in order. The question is on the amendment offered by the Senator from Kentucky to the amendment proposed by the Senator from South Carolina.

Mr. LA FOLLETTE. Mr. President, I am opposed to the amendment proposed by the Senator from South Carolina [Mr. SMITH]. If adopted, it would deny to the farmer the right to receive aid from the War Finance Corporation, to enable him to hold his crop for a limited period in order that he may secure a better price.

This legislation was originally proposed solely in the interest of the farmer, and yet this amendment would exclude the farmer from all direct benefit under it.

Senators who support the amendment, denying the farmer the right to borrow money from the War Finance Corporation, upon ample security to be approved by that corporation, assert that the corporation would be swamped by the numerous applications of individual farmers. But other provisions of the bill will permit every grain dealer and every middleman handling agricultural products in this country to file individual applications for money with the War Finance Corporation. Like provisions in the bill permit every bank and every individual banker in the United States to borrow money from this same Government agency—the War Finance Corporation—to loan to farmers, taking their rake-off of interest from the farmers. But these Senators express no anxiety that the applications of the individual middlemen and the individual banker will swamp the War Finance Corporation.

Is this bill originally proposed in the farmers' interest to be converted into a measure solely for the benefit of the middlemen, the speculators, and the bankers?

Is the farmer to be wholly eliminated and excluded from its benefits?

Mr. ASHURST. We have done so already.

Mr. LA FOLLETTE. Then, if the farmer is to be denied all aid under its terms it will be converted into legislation for the benefit of those who are leeches and parasites upon agriculture.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. No; if the Senator will excuse me; I have but a few minutes.

Mr. McKELLAR. Certainly.

Mr. LA FOLLETTE. Mr. President, it does not seem to occasion any anxiety to Senators who are supporting the amendment to deny the farmer the right to borrow money to carry his crops over the period of depression that the vast army of individual middlemen and speculators shall be permitted to besiege the War Finance Corporation for Government loans to enable these favored parties to carry their holdings in agricultural products over for higher prices. They are to enjoy the favors of the Government under this bill, but the farmer is to be cut out. We are to take care of everybody but the farmer in a piece of legislation that was at the outset to preserve the farmer from destruction.

Mr. STANLEY. The owner of a peanut stand can apply, but the man who raises the peanuts can not apply.

Mr. LA FOLLETTE. Exactly; the owner of the peanut stand is a "dealer in agricultural products," but the farmer, unfortunately, is a producer, and he is to be denied.

Mr. President, if every individual dealer and every speculator in agricultural products and every bank and every private banker can be taken care of by the War Finance Corporation without overburdening that Government agency, then it does seem to me that it would be just and fair to retain the provision that would insure the individual farmer a direct benefit.

Mr. ASHURST. Mr. President, the pending bill is the most peculiar piece of legislation which has been brought before the Senate in 10 years, and its parliamentary history is mystifying. It was reported from the Committee on Agriculture by the Senator from Nebraska [Mr. NORRIS], an earnest, faithful Senator who, with many others, labored diligently to perfect the bill, but at the appropriate time he was parliamentarily submarined, and he now lies on a bed of sickness. Then substitutes were proposed, and with gestures like those of undertakers signaling to pallbearers, Senators were urged not to vote for any amendments to the substitutes, although those doing the signaling were themselves offering amendments.

I then proposed an amendment providing that farmers under Federal reclamation projects should have the benefit of the Federal farm loan law, and Senators said, "No; this is an emergency matter; do not do this; do not try to amend this bill." Strange words from the lips of the very Senators who themselves were proposing amendments to this bill which they say "must not be amended."

Now it is discovered that the farmers are so numerous in the United States that we must eliminate them altogether from the bill.

In other words, we are quite busy trying to do something to relieve the producer by making easier the pathway of the "middleman." We are told that this bill is an emergency measure; I remember that during the war a bill was brought before us appropriating \$740,000,000 for an emergency. The Senator from Oklahoma [Mr. OWENS] arose and directed some questions as to how the \$740,000,000—for an aircraft—should be expended, and he questioned those in power as to how the appropriation was to be spent and attempted to put some words into the law that might restrict or guard the expenditure of that huge sum; he was politely but emphatically told to "Sit down; this is an emergency; do not ask questions; can you not trust other people?" We trusted other people with \$740,000,000 to build an aircraft, and from that appropriation nothing ever flew but the money.

Mr. McLEAN. Mr. President—

Mr. ASHURST. I regret I can not yield at this moment. And we are told that this bill is one which we must not amend, as it is sacrosanct, and then one of the most distinguished members of the Committee on Agriculture himself moves to amend it by thrusting a glittering blade into its bowels because the farmers, forsooth, are so numerous that we can not deal with them individually. The end and upshot of this bill seems to be to provide for the care of banks which have made improvident loans; to allow banks which are engorged with loans made at high rates of interest to liquidate those loans. If we could adhere to the original Norris bill I think possibly the farmer might get some benefit out of this legislation. I shall support it, however, because I am willing to do, as Gladstone always did, accept a compromise, but I deplore that it has been refined away and whittled away to a point so fine that it can not now be called a farmer's bill, but is almost a "middleman's" relief bill; hence I must oppose the amendment proposing to eliminate the farmer.

Mr. LENROOT. Mr. President, until within the last few days it never has been suggested to my knowledge by anybody, upon any bill, that the Government, through the War Finance Corporation, the Federal reserve bank, or otherwise, should make direct loans to farmers; and it was not suggested with reference to this bill, it was not in the thought of the chairman of the committee, the Senator from Nebraska [Mr. NORRIS], that loans should be made directly to farmers under his bill. I asked him that direct question in his speech, and I want to read to the Senate what the Senator from Nebraska said about making loans directly to farmers.

I asked him this question:

Does the Senator admit that under his bill no producer can receive advances unless that producer is either an exporter or a member of a cooperative association that is an exporter?

This is the Senator's speech of July 28. In reply, the Senator from Nebraska said:

I never had an idea that a producer, an ordinary individual farmer, was going to get a direct loan under the bill. I do not think that is contemplated by anybody. I do not suppose the Senator contemplates

that by this amendment. This corporation, no matter what it might be or how it might be constituted, would not be able to advance money to all the individual farmers of the country. I am not asking that. I am not claiming that. I do not want that, although even if the law goes far enough to give them the authority to do that, it might be, when you have to make a law general, that it would include a good many people who under the practice of carrying it out would be in effect excluded.

That is the view of the chairman of the Agricultural Committee; and now it is pretty nearly time, Mr. President, that a lot of these pretended friends of the farmer who are now making these claims that nobody ever thought of making a little while ago should understand that instead of being friends of the farmer they are trying to destroy this bill. It will be destroyed, in my judgment, unless this amendment be adopted.

Mr. HARRISON. Mr. President, it is natural that the Senator from Wisconsin should take the position that he has taken; but anyone who reads the Norris bill can see that its purpose is not only for the corporation to act as the agent for persons—and they are classed as individuals and corporations and associations—but to buy from persons throughout this country agricultural products, and to make advances to persons; and, as one member of the committee, I understood that we were going to the original producer.

The Senator from Wisconsin [Mr. LENROOT] and the Senator from Minnesota [Mr. KELLOGG] wrote a substitute, or some one else wrote it and handed it to them for correction, and it was presented here, and it was because of that substitute that the Senate Agricultural Committee substitute was presented here. We amended the Kellogg substitute, and the Kellogg substitute eliminated the producer, although, as stated by the Senator from Wisconsin it took care of the individual if he be a banker, either in the matter of advancements or in the matter of coming to the War Finance Corporation and selling his collateral. So I can not understand how the Senate can go on record as being in favor of the individual if he is a banker and not in favor of the individual if he is a producer. So it was the Committee on Agriculture and Forestry that took the Kellogg substitute and extended to the producer the provision that dealt with persons dealing in agricultural products.

From the remarks made by the Senator from Arizona [Mr. ASHURST] and others, one might think that the Committee on Agriculture and Forestry had eliminated the producer. The Committee on Agriculture and Forestry has taken care of the producer, and those who vote against the amendment proposed by the Senator from South Carolina will be voting with the Committee on Agriculture and Forestry. This is an individual amendment offered by the Senator from South Carolina. The committee's substitute takes care of the producer. If you vote for the amendment offered by the Senator from South Carolina, you vote to eliminate him.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Kentucky [Mr. STANLEY] to the amendment proposed by the Senator from South Carolina [Mr. SMITH].

Mr. ASHURST. Let it be stated.

The PRESIDING OFFICER. Without objection, the amendment to the amendment as proposed by the Senator from Kentucky will be again stated.

The ASSISTANT SECRETARY. The Senator from South Carolina proposed the following amendment:

On page 3, line 2, strike out the word "producing" and the comma and, at the end of line 2, after the word "products," insert the words "or to any association composed of persons engaged in producing such products," so that, if amended, it would read:

"(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person to carry such products until they can be exported or sold for export in an orderly manner."

And to the words proposed to be inserted by the Senator from South Carolina [Mr. SMITH] the Senator from Kentucky [Mr. STANLEY] proposes, before the word "association," to insert the words "person or," so that it will read:

Or to any person or association composed of persons engaged in producing such products.

Mr. WADSWORTH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. WADSWORTH. Has the Chair ruled as to whether or not this is an amendment in the third degree?

The PRESIDING OFFICER. The Chair understands that under former rulings it is not an amendment in the third degree, because the original amendment is a motion to strike out and insert. It is what Vice President Marshall used to call "an amendment in the third degree under Rule XVIII."



Mr. HARRISON. Did the Chair rule that this amendment is not in order?

The PRESIDING OFFICER. No; the Chair ruled that it is in order.

Mr. HARRISON. May I ask the Senator from Kentucky if it is not true that the definition of "person" in the Senate committee substitute takes in individuals, associations, firms, or corporations; and that being so, it would be useless to offer his amendment?

Mr. STANLEY. Mr. President, after examining the bill very carefully, I feel assured that under the wording of the bill as drawn persons will be taken care of as well as associations. For that reason I withdraw the amendment.

The PRESIDING OFFICER. The Senator from Kentucky withdraws his amendment. The question recurs on the amendment proposed by the Senator from South Carolina [Mr. SMITH] to the substitute proposed by the Senator from Oregon [Mr. McNARY] on behalf of the committee.

Mr. McKELLAR and other Senators called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. CARAWAY (when his name was called). I have a pair with the junior Senator from Illinois [Mr. McKINLEY]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and will vote. I vote "nay."

Mr. DIAL (when his name was called). I have a pair with the Senator from Colorado [Mr. PHIPPS]. I am informed that if he were present he would vote as I shall vote. I therefore feel at liberty to vote. I vote "yea."

Mr. DILLINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent to-day. I do not know how he would vote on this amendment, so I withhold my vote.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. I transfer that pair to the junior Senator from Delaware [Mr. DU PONT], and will vote. I vote "yea."

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. I do not know how he would vote on this matter, and I therefore withhold my vote.

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS], and therefore withhold my vote. If I were at liberty to vote, I should vote "nay."

Mr. McCORMICK (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK], who is absent. I do not know how he would vote on this matter, and I therefore withhold my vote.

Mr. SUTHERLAND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the Senator from Indiana [Mr. NEW] and will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COTT], but on this question I feel at liberty to vote. I vote "nay."

Mr. WILLIAMS (when his name was called). I have a standing pair with the senior Senator from Pennsylvania [Mr. PENROSE]. I am inclined to believe, from what I have heard, that if he were present he would vote as I am about to vote. I shall therefore take the liberty of voting. I vote "nay."

The roll call was concluded.

Mr. REED. I am paired on this bill with the Senator from Michigan [Mr. NEWBERRY], who is absent from the city. I learn, however, that I am at liberty to vote on this matter, because if my pair were present he would vote as I shall vote. I vote "yea."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Massachusetts [Mr. LODGE] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH]; and

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS].

The result was announced—yeas 43, nays 22, as follows:

## YEAS—43.

Ball	Curtis	Harreld	Knox
Brandegge	Dial	Jones, Wash.	Lenroot
Bursum	Edge	Kellogg	McLean
Calder	Ernst	Keyes	McNary
Capper	Gooding	King	Moses

Myers  
Nelson  
Nicholson  
Norbeck  
Oddie  
Overman

Pomerene  
Ransdell  
Reed  
Simmons  
Smith  
Smoot

Spencer  
Stanfield  
Sterling  
Sutherland  
Townsend  
Wadsworth

Walsh, Mass.  
Warren  
Watson, Ind.  
Weller  
Willis

## NAYS—22.

Ashurst  
Borah  
Broussard  
Cameron  
Caraway  
Fletcher

Harris  
Heflin  
Hitchcock  
Johnson  
Kenyon  
Ladd

La Follette  
McCumber  
McKellar  
Pittman  
Sheppard  
Stanley

Swanson  
Trammell  
Watson, Ga.  
Williams

## NOT VOTING—31.

Coit  
Culberson  
Cummins  
Dillingham  
Du Pont  
Elkins  
Fernald  
France

Frelinghuysen  
Gerry  
Glass  
Hale  
Harrison  
Jones, N. Mex.  
Kendrick  
Lodge

McCormick  
McKinley  
New  
Newberry  
Norris  
Owen  
Page  
Penrose

Phipps  
Poindexter  
Robinson  
Shields  
Shortridge  
Underwood  
Walsh, Mont.

So Mr. SMITH's amendment to the amendment, in the nature of a substitute proposed by Mr. McNARY on behalf of the committee, was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment proposed by the Senator from Oregon [Mr. McNARY] on behalf of the committee, as amended.

Mr. PITTMAN. Mr. President, I am going to offer an amendment which is in the nature of a rider; and I am frankly stating it because I am generally opposed to that character of legislation. But it is a matter which is very pertinent to the pending measure.

The Senator from Idaho [Mr. BORAH] has offered an amendment intended to accomplish the same purpose. The Senator from Arizona [Mr. ASHURST] has also offered an amendment for the accomplishment of the same purpose. It is to amend the Federal farm loan act so that the Federal Farm Loan Board may extend credit to farmers within irrigation projects.

In the Western States, where projects have been in existence under the reclamation act for a number of years, our chief farm production comes from those projects. They are not speculative enterprises any longer; they constitute the chief farming of our Western States. These farmers, under the irrigation act of 1902, have patents to their lands. In most of the projects all of the land is in cultivation, and yet, by reason of the inadvertent wording of the farm loan act, those lands can not be accepted as security for loans under the farm loan act. All these amendments have for their purpose the remedying of that condition.

I am only offering it as my opinion, but I do not think that the amendments submitted by the Senator from Arizona and the Senator from Idaho go far enough. They remove the restriction placed on the Farm Loan Board as to lending money on these lands, but they do not give any security to the Farm Loan Board. The farm loan act reads as follows:

SEC. 12. \* \* \* First. Said loans shall be secured by duly recorded first mortgages on farm land within the land bank district in which the bank is situated.

It is well known that under the act of 1902, the reclamation act, the Government has a prior lien on these same lands for construction costs and maintenance, and therefore the Farm Loan Board would have to take a second mortgage if money was loaned on that land.

The amendment of the Senator from Idaho and the amendment of the Senator from Arizona expressly make an exception of that character of lien. That is well and good. But the farm loan banks will not, in my opinion, lend money on those lands, even with the restriction removed.

Mr. McNARY. Mr. President, I want to ask the Senator from Nevada if he is speaking to an amendment of his own, or the Borah amendment?

Mr. PITTMAN. An amendment I am about to offer.

Mr. McNARY. Would it not be better to have it read, so that we can understand it in connection with the other proposals?

Mr. PITTMAN. The only reason I do not have it read is that I do not desire to have it read in the few minutes I have. It can be read later.

Mr. McNARY. I ask that the amendment be read by the Secretary.

Mr. PITTMAN. I trust the Senator will not ask that it be read in my time.

The PRESIDING OFFICER. The Chair will state to the Senator from Nevada that if the amendment is read, it will not be read in anyone's time.

Mr. PITTMAN. I will try to explain it first. The amendment offered by the Senator from Idaho [Mr. BORAH] and the amendment offered by the Senator from Arizona [Mr. ASHURST] relieve the farm loan banks from the restriction of a first mortgage, as far as these lands are concerned, and that is all well and good; but the lands are subject to forfeiture. Under the act of 1902, if the entryman does not pay his monthly rate, or if he does not pay the construction charges, or the maintenance charges, the Government has a right to cancel the entry. No bank is going to lend money on a title of that character.

I add to the amendment of the Senator from Idaho and the amendment of the Senator from Arizona provisions subrogating the Federal land banks to the rights of the entryman in the event of the cancellation or forfeiture of his rights. In other words, I am giving to the Federal land banks the same right that is granted in most States to a creditor in the event of a foreclosure—to step in and pay to the mortgagee the money owed on the first mortgage and take the security primarily for the second mortgage. That is the object of it.

Mr. BORAH. Could not the bank do that without an amendment providing for it?

Mr. PITTMAN. In some cases it could.

Mr. BORAH. I have no objection to the Senator's amendment at all, but I thought that the object could be accomplished without that provision. Perhaps not.

Mr. PITTMAN. I will say to the Senator that under certain State statutes that may be true. This land might not be subject to State statute. It is Government land. The Government can sell the land under any condition it wants to impose. It reserves the right of cancellation without redemption if it sees fit. I attempt to amend the act so that the right of redemption does exist not only in the entryman, but in the second mortgagee, which is the Federal farm loan bank.

Mr. KELLOGG and Mr. SMOOT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield; and if so, to whom?

Mr. PITTMAN. I yield to the Senator from Minnesota.

Mr. KELLOGG. I ask the Senator if this subject, which seems to be somewhat complicated, has been considered by any committee and reported to the Senate at any time?

Mr. PITTMAN. No; but I have absolute confidence in the Senate, and particularly in the Senator from Minnesota, and that is the reason why I am presenting the matter in the best way I can in the limited time I have.

Mr. KELLOGG. It is offered on the floor as an amendment, and no one has had an opportunity to study it or to examine it.

Mr. BORAH. It has been before the Senate for two days.

Mr. KELLOGG. I did not even hear of it until to-day.

Mr. BORAH. That was not our fault; it was the Senator's fault.

Mr. KELLOGG. The amendment has just been offered, and it has not even been read.

Mr. BORAH. The amendment was offered here two days ago and read, and there is no reason why the Senator from Minnesota, with his regularity of attendance and his acumen, should not have known of it and understood it.

Mr. KELLOGG. The amendment of the Senator from Nevada, which is being offered now, has not even been read to the Senate, I understand.

Mr. PITTMAN. I assure the Senator from Minnesota that I will see that he has ample opportunity to read it, and I assure him of another thing, that it is not capiously offered, nor offered as a surprise to the Senate. It is an old subject of discussion, and has been before the Senate for years. It has been brought up numerous times. It is intended to cure an inadvertence in the drawing of the original farm loan act. It was never intended to prevent farmers within reclamation projects from having the benefit of that act. As I said before, those farmers constitute the most prosperous and most active farmers in the West. I am only trying, by an amendment, possibly to add to the encouragement of the farm loan banks to lend the money. The amendments already offered by these other Senators allow the banks to lend the money, but I want to go further, and, if I can think of anything which will encourage them to lend the money, to put it into this amendment. If I have not gone far enough, or if I have not covered the subject, I welcome amendments by Senators which will cover the subject.

I know that no bank, whether it be a Government or private institution, is going to lend money on land, even if it has a right to lend it, unless it is secured in the title.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PITTMAN. I ask that the amendment may be read.

The PRESIDING OFFICER. The Senator from Nevada offers an amendment which the Secretary will now read.

The READING CLERK. At the end of the amendment, proposed by Mr. McNARY, from the Committee on Agriculture and Forestry, as a substitute, it is proposed to add the following new sections:

SEC. —. That the first paragraph of section 12 of an act entitled "An act to provide capital for agricultural development, to create a standard form of investment based upon farm mortgages, to equalize rates of interest upon farm loans, to furnish a market for United States bonds, to create Government depositaries and financial agents for the United States, and for other purposes," approved July 17, 1916, known as the Federal farm loan act, be, and the same is hereby, amended to read as follows:

"First. Said loans shall be secured by duly recorded first mortgages on farm land within the land bank district in which the bank is situated, except that loans may be made and secured by duly recorded mortgages on farm land within reclamation projects established and existing under the provisions of the act approved June 17, 1902 (32d Stat., p. 388), known as the reclamation act, and acts amendatory and supplementary thereto, subject to prior liens upon said lands and the water rights appurtenant thereto expressly reserved to the United States in said act."

SEC. —. That, in the event that a loan is so made to an entryman upon said land and the United States shall thereafter determine that said entryman of said land under said reclamation act has forfeited all rights under said act and that the entry is subject to cancellation, then the Secretary of the Interior shall so notify said Federal land bank making such loan to said entryman. Said Federal land bank shall have the right, within 90 days from and after a cancellation of said entry, notice of which cancellation shall be given to it at the time, to redeem the land and the water rights appurtenant thereto by payment of all moneys due the United States by such entryman or on account of said entry. The said entryman, within 90 days from and after said redemption by said Federal land bank, shall have the right to redeem said land from said Federal land bank by payment of all moneys due said Federal land bank together with the sum of money paid by said Federal land bank to the United States in the redemption of said land and water rights. If the said entryman shall fail to so redeem said land within the period designated, then his right of redemption shall forever cease, and the said Federal land bank shall be treated as an entryman of said land with a right to perfect title thereto and dispose of the same, subject, however, to the payment of any charges upon said land or water rights subsequently accruing to the United States and the lien upon said land therefor under said reclamation act.

SEC. —. In the event of the sale of said land under foreclosure procedure or otherwise by the United States said Federal land bank may become a purchaser of said land and water rights at such sale and may bid therefor a sum of money equal to the total amount due to the United States by said entryman under said reclamation act and costs of procedure plus the amount due said Federal land bank. If the land at said sale is bid in by said Federal land bank, then it shall pay to the United States that portion of the purchase price due the United States by said entryman under said reclamation act, and shall credit said entryman with the balance of said purchase price upon the said loan and mortgage. If another than said Federal land bank shall become a purchaser at said sale, then the United States, after satisfying its charges, claims, and demands against said entryman, shall pay said Federal land bank the amount due it by said entryman and said bank shall give the said entryman credit upon his said loan from said Federal land bank, and the balance, if any, shall be paid to said entryman.

SEC. —. In the event that said Federal land bank shall foreclose its mortgage upon the land of said entryman, said bank, or the United States Government, or any person qualified to be an entryman, may become a purchaser at said sale. If the said Federal land bank shall become the purchaser at such sale, then it shall be subrogated to all the rights of said entryman upon paying to the United States the amount then due by said entryman on account of any charges, claims, or demands of the United States under said reclamation act. If the United States becomes a purchaser at such sale then, after discharging all the obligations due to it by said entryman, it shall out of the balance pay said Federal land bank the amount due it by said entryman, and the balance, if there be any, shall be paid to said entryman. In the event of a purchase by another party other than the United States or the Federal land bank, then such purchaser shall be subrogated to all the rights of said entryman in and to said land and the water rights appurtenant thereto upon paying any accrued charges due the United States and qualifying as an entryman. From the purchase price there shall first be paid to the United States all charges, claims, and demands due the United States at the date of said sale by said entryman. The balance remaining of said purchase price shall then be applied in discharge of the said loan by said Federal land bank to said entryman and any balance remaining shall be paid to said entryman.

SEC. —. All rights of redemption and subrogation under the respective State statutes are expressly reserved to the entryman, the United States, said Federal land bank, and other parties entitled to redeem under such statutes.

Mr. CURTIS. Mr. President, as this is a long and an important amendment and a number of Senators have expressed a desire to talk upon it either to-night or in the morning, I wish to ask the acting chairman of the committee [Mr. McNARY] if he would be willing that we take a recess now until to-morrow? We have been in session since 11 o'clock this morning.

Mr. McNARY. I think that is a very proper suggestion.

RECESS.

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 3 minutes p. m.) the Senate took a recess until to-morrow, Thursday, August 4, 1921, at 12 o'clock meridian.



## HOUSE OF REPRESENTATIVES.

WEDNESDAY, August 3, 1921.

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore, Mr. TOWNER.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, in Thy holy presence, without reservation of heart and with willing lips, we make humble confession of our sins. The remembrance of our delinquencies is grievous unto us. But may they all be lost in the depths of Thy infinite grace. Grant, O Lord, that where the heart is burdened, lift the weight; where the outlook is obscured, let in the gentle light; and where there is great joy, lead them to the knowledge that the pleasures at the right hand of God are the pleasures forevermore. And enable us all to fall in love with goodness. In the name of Jesus of Nazareth. Amen.

The Journal of the proceedings of yesterday was read and approved.

## LEAVE TO EXTEND REMARKS.

Mr. FISH. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the so-called "Sweet bill."

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent to revise and extend his remarks on the Sweet bill. Is there objection?

Mr. RAYBURN. Mr. Speaker, does the gentleman expect to revise the remarks he put in a newspaper yesterday morning, which outrageously attacks the authors of the Sweet bill?

Mr. FISH. If those remarks affect the gentleman, he can put the shoe on.

Mr. RAYBURN. Mr. Speaker, I object.

Mr. LINEBERGER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on H. R. 6611, known as the Sweet bill, creating a veterans' bureau. I have no desire to enter into the controversy regarding the article which appeared in the paper, I will say to the gentleman from Texas [Mr. RAYBURN], who objected to the request of the gentleman from New York [Mr. FISH].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. RAYBURN. General leave was objected to yesterday afternoon on this matter.

Mr. LINEBERGER. I hope the gentleman will withdraw his objection.

Mr. RAYBURN. If I withdraw my objection to the gentleman from California, I would withdraw it to everybody.

Mr. LINEBERGER. I understood the objection on the part of the gentleman from Texas [Mr. RAYBURN] to the gentleman from New York's [Mr. FISH] request was predicated on the fact that the gentleman from New York expected to include in his remarks a certain interview which had been given out in the Washington Herald on August 2, 1921, and to which the gentleman from Texas [Mr. RAYBURN] objects.

Mr. RAYBURN. Unanimous consent was granted to everybody in the House when the bill was passed, and they had five legislative days in which to extend.

Mr. LINEBERGER. I hope the gentleman will reserve the objection. It is not fair to the disabled ex-service men of the country, after killing the Senate amendment to increase the nurse hire of the helpless disabled from \$20 to \$50 per month. I should have liked the opportunity to raise my voice in humble protest. The gentleman from Iowa [Mr. SWEET] moved the previous question yesterday to close debate and precluded all discussion at that time. I think the objection of the gentleman from Texas is manifestly unfair, and only demonstrates to the House the limits to which some will go to prevent a free and fair expression of views adverse to their own. I protest against any such tactics.

Mr. RAYBURN. I object to trying to divide this House into classes.

## CALENDAR WEDNESDAY CALENDAR.

The SPEAKER pro tempore. This is Calendar Wednesday, and the Clerk will call the roll of committees.

## DISTRIBUTION OF CAPTURED WAR DEVICES AND TROPHIES.

Mr. KAHN (when the Committee on Military Affairs was called). Mr. Speaker, I desire to call up the bill S. 674, to provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia.

The SPEAKER pro tempore. The Clerk will report the bill by title.

The Clerk read as follows:

An act (S. 674) to provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia.

The SPEAKER pro tempore. This bill is on the Union Calendar, and the House will automatically resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 674.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WALSH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 674, which the Clerk will report.

The Clerk read as follows:

An act (S. 674) to provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia.

Mr. KAHN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. DYER and Mr. RANKIN objected.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War be, and is hereby, authorized and directed to apportion and distribute pro rata among the several States and Territories of the United States and the District of Columbia in corresponding ratio as the total number of men serving in the armed forces of the United States, as hereinafter provided, from each State or Territory and the District of Columbia bears to the total number of men so serving from all States and Territories and the District of Columbia, all cannon, gun carriages, machine guns, minenwerfers, mortars, bomb throwers, flame throwers, gas projectors, and other war devices and trophies captured by the armed forces of the United States from the armed forces of Germany and allied nations, with the exception of such cannon, gun carriages, machine guns, minenwerfers, mortars, bomb throwers, flame throwers, gas projectors, and other war devices and trophies as may be required for experimental purposes, or for actual use by the armed forces of the United States; and the further exception of such of the devices aforementioned as may be required for display in museums of a national character or for monumental purposes in Arlington National Cemetery and in other national cemeteries, national parks, and national monuments wherever situated.

SEC. 2. That the apportionment and distribution provided for in this act shall be undertaken and completed as soon as practicable after the return of the aforementioned war devices and trophies to the United States; and that for the purposes of this act the Secretary of the United States Navy, or such person as he may direct, and The Adjutant General of the United States Army, shall separately or jointly compile or cause to be compiled a report or reports, showing the number of men in the armed forces of the United States accredited to each State or Territory of the United States and to the District of Columbia, either by enlistment or by the process of the selective service act, or otherwise drawn into and becoming an integral part of the armed forces of the United States during the period hereinafter specified, and that such report or reports shall be laid before the Secretary of War as soon as practicable after the passage of this act, and in no event later than six months from date hereof, and shall serve as the basis for the pro rata apportionment and distribution among the several States, Territories, and the District of Columbia, as hereinbefore provided.

SEC. 3. That in the case of the States and Territories the apportionment and distribution, as provided for in this act, shall be made through the governor or chief executive of each of the several States and Territories and in the District of Columbia through the Board of Commissioners of the District of Columbia.

SEC. 4. That for the purposes of this act the term "in the armed forces of the United States," wherever used in this act, shall be construed to include all men enlisted, drafted, or otherwise drawn into and becoming an integral part of the United States Army, the United States Navy, the United States Marine Corps, the United States Coast Guard, and all other armed forces of the United States whatsoever; and that the period of service in the armed forces of the United States, as hereinbefore provided, shall be construed to begin with the effective date of the declaration of a state of war between the United States and Germany on April 6, 1917, and to end on the effective date of the armistice between the United States and Germany, at 11 o'clock on November 11, 1918; and that the report or reports of men accredited to each of the several States and Territories and the District of Columbia shall be confined to the period between those two dates, inclusive.

SEC. 5. That all transportation charges on war devices and trophies, as indicated from point of shipment to point of central delivery within the congressional districts of the several States, the Territories, and the District of Columbia, shall be borne by the United States Government, but not the expenses or costs incident to erection in local communities.

SEC. 6. That on and after the passage of this act no award or distribution of war devices or trophies captured during the period specified shall be made except as herein provided, and all legislation conflicting herewith is hereby repealed.

SEC. 7. That to carry out the provisions of this act there is hereby appropriated, out of any money in the United States Treasury not otherwise appropriated, the sum of \$400,000, or so much thereof as may be necessary.

Also the following committee amendments were read:

Page 2, line 2, after the word "by" insert "or surrender to." Page 2, line 11, after the word "character" insert "at national homes for disabled volunteer soldiers."

Page 2, line 16, strike out all of sections 2 and 3, down to and including line 16 on page 3, and insert in lieu thereof the following:

"SEC. 2. That the apportionment and distribution provided for in this act shall be undertaken and completed as soon as practicable after the passage of this act. Said apportionment and distribution in each con-



gressional district, or Territory, and to the District of Columbia shall be made as near as possible upon the basis of the number of men in the armed forces of the United States accredited to each State or Territory of the United States and to the District of Columbia, either by enlistment or by the process of the selective service act, or otherwise drawn into and becoming an integral part of the armed forces of the United States during the period herein specified. For the purposes of this act the Secretary of the United States Navy, or such person as he may direct, and The Adjutant General of the United States Army shall separately or jointly compile or cause to be compiled a report or reports, showing the number of men in the armed forces of the United States accredited to each State or Territory of the United States and to the District of Columbia, either by enlistment or by the process of the selective service act, or otherwise drawn into and becoming an integral part of the armed forces of the United States during the period hereinafter specified, and that such report or reports shall be laid before the Secretary of War as soon as practicable after the passage of this act, and in no event later than six months from date hereof, and shall serve as the basis for the pro rata apportionment and distribution among the several States, Territories, and the District of Columbia, as hereinbefore provided.

"SEC. 3. That in the case of the several States the apportionment and distribution as provided for in this act shall be made through the Senators and Representatives comprising the State delegations in Congress from each State; in the case of the several Territories through the Delegate to Congress from each Territory; and in the District of Columbia through the Board of Commissioners of the District of Columbia: *Provided*, That any Senator, Representative, or Delegate may authorize the Governor of the State, or the district therein, or the Territory which he represents to make such distribution in lieu of said Senator, Representative, or Delegate.

"The Secretary of War is hereby authorized and empowered to make all rules and regulations to carry this act into effect."

Page 6, line 3, strike out the word "final" and insert in lieu thereof the word "central," and in the same line, after the word "the," insert "congressional districts of the."

Line 4, after the word "States," insert the word "the," and after the word "Territories" strike out "and counties thereof."

Page 6, line 16, after the word "necessary," strike out the words "to be administered by the Secretary of the Treasury."

The CHAIRMAN. The gentleman from California [Mr. KAHN] is recognized for one hour.

Mr. KAHN. Mr. Chairman, this legislation is asked for by the War Department. Before we adjourned in the last Congress a similar bill, or a bill of similar import, was passed by the House of Representatives. It differed somewhat from the Senate bill. A great many of the Members of the House felt at that time, as they feel to-day, that this distribution should be made by the Senators and the Members of Congress. There are some, however, who feel that the governors of the States should take all this material and make the distribution in their respective States that they think best.

There is a considerable quantity of this material. There are nearly 2,000 large field pieces, cannon, minenwerfers, and so on. There are, as I recall, 40,000 rapid-fire machine guns. There are 100,000 German rifles to be distributed, and there are innumerable quantities of small things, like those contained in the case in front of the Speaker's rostrum, which are trophies of war. These materials are occupying a great deal of Government space, space that can be occupied to better advantage by the Government, and probably occupied in such a way that a good deal of rent can be saved to the Government by cleaning out material of this kind and filling the warehouses with goods stored in rented quarters.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. DYER. Will the gentleman state to the committee about what expense there will be for the distribution of these guns and material, and so forth?

Mr. KAHN. The War Department notified the committee that it will not be over \$400,000 and probably will be \$396,000.

Mr. DYER. Heretofore when war trophies were distributed they were distributed at the cost of the municipalities or States that sought them. Is not that a fact?

Mr. KAHN. As I understand it, heretofore there has been no general distribution of war trophies, but any community that desired trophies would make a request, and if a bill were passed authorizing the gift or the loan of these trophies the communities did pay the freight.

Mr. DYER. In this case will the gentleman state whether or not, in his judgment, an equal amount of money will be saved to the Government in space that these trophies now occupy as the amount of the proposed transportation cost?

Mr. KAHN. I imagine that the rents that are being paid now for storage will be materially cut down, the pay for watchmen to protect this material will be cut down, and I believe that in a short while that same amount of money will be saved. We are now paying out large sums for storage.

Mr. QUIN and Mr. LAYTON rose.

The CHAIRMAN. To whom does the gentleman yield?

Mr. KAHN. I will yield first to the gentleman from Mississippi [Mr. QUIN], a member of the committee.

Mr. QUIN. As I understand, this expense is to transport the material to some central point in a State, and from that central point the expense must be paid by the State or county?

Mr. MANN. A central point in the congressional district, not in the State.

Mr. KAHN. Yes. The central point is in the congressional district.

Mr. ELSTON. Mr. Chairman, will the gentleman yield for a moment?

Mr. KAHN. I will yield first to the gentleman from Delaware [Mr. LAYTON].

Mr. LAYTON. Will the chairman of the committee please explain just what is meant on page 5 in the proviso—

*Provided*, That any Senator, Representative, or Delegate may authorize the governor of the State, or the district therein, or the Territory which he represents, to make such distribution in lieu of said Senator, Representative, or Delegate.

Mr. KAHN. Yes; I will tell the gentleman what is meant.

There are a number of Members of the House who themselves do not want to take the responsibility of making the distribution, and the War Department intended originally that the distribution should be made by the governors. This is a compromise proposition, so that those who themselves want to distribute the trophies can do so and those who do not want to distribute them can allow the governors to do it for them.

Mr. LAYTON. The gentleman has not answered my question. I will suggest a concrete example. The State of Delaware is one State and one congressional district. It has two Senators and one Representative. Now, who is who, and how will the trophies be distributed there?

Mr. KAHN. Under the bill the congressional delegation, which consists of two Senators and one Member, can get together and make the distribution if the congressional delegation desires to do so, but if any member of the delegation does not want to assume the responsibility he can turn his proportion over to the governor and let the governor make the distribution.

Mr. LAYTON. You do not say so.

Mr. MANN. Will the gentleman permit a question there?

Mr. KAHN. Certainly.

Mr. MANN. The gentleman said "any member." The language is "may authorize the governor of the State, or the district therein, or the territory." There is no governor of my district, and there is no authority in my district to which I could turn it over.

Mr. KAHN. On what page is that?

Mr. MANN. On page 5. I think there must be some omission in the language of the bill. It is on line 20; "may authorize the governor of the State, or the district therein, or the territory which he represents."

Mr. KAHN. The words "or the district therein" should be stricken out.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. BLANTON. I want to answer the gentleman from Delaware by saying that that clause in the bill means that if a Member or Senator gets weak-kneed and does not want to assume the responsibility, he can "pass the buck" over to the governor.

Mr. KAHN. The words "or the district therein" ought to be stricken out.

Mr. LAYTON. Mr. Chairman, after all, I think if you look at the language you will admit that the language is very ambiguous. It says that any Senator or Representative or Delegate may do this, and if you take the literal language it means that any Representative can hamper or hog tie the other two if he does not.

Mr. KAHN. I do not think so.

Mr. LAYTON. Then put it in the way that would prevent it.

Mr. KAHN. It says "any Representative or any Senator."

Mr. SWEET. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes; I yield to the gentleman from Iowa.

Mr. SWEET. Section 3 says "that in the case of the several States, the apportionment and distribution as provided for in this act shall be made through Senators and Representatives comprising the State delegations in Congress from each State." Now, the Representatives have districts. The Senators have the States. What portion do the Senators control, and what portion do the Representatives control?

Mr. KAHN. Well, those were matters that each delegation was expected to work out in a manner satisfactory to the members of the delegation. I am sure that the Senators of my State, meeting with the Members of the House from my State, will be able to arrange for a proper distribution for each Senator and for each Member.

Mr. SWEET. Then, as far as this bill is concerned, the question of distribution is dependent upon the Senators and Representatives disposing of the amounts to which they are entitled.



Mr. KAHN. That is very true; and that is what most of the Members of this House desire, as I am informed.

Mr. MANN. This is the only case where a Member of the House is on an equal footing with a Senator.

Mr. KAHN. And that is a very good thing.

Mr. MANN. Except that where there is only one Member from a State perhaps it is hard on him. [Laughter.]

Mr. MILLER. Is it not also the idea that the congressional delegation can take care of the distribution if there is a vacancy in any district?

Mr. KAHN. Yes.

Mr. CANNON. Will the gentleman yield?

Mr. KAHN. I yield to the gentleman from Illinois.

Mr. CANNON. The delegation acts by a majority. Suppose there is some man who does not agree. Could he be overruled by the Senators and the other Representatives and thrown out in the cold?

Mr. KAHN. I imagine that there will be enough good feeling in this matter to allow an amicable distribution. My friend from Illinois knows and his long experience here has shown him that in the distribution of a great quantity of material of this kind there must be mutuality. Otherwise you will be all at sea.

Mr. CANNON. If my friend will allow me, replying to that proposition, the Senate is a small body.

Mr. KAHN. Yes.

Mr. CANNON. And the House is a large body.

Mr. KAHN. Yes.

Mr. CANNON. The Senate being a small body, the Senators can agree amongst themselves. I am not speaking disrespectfully of the Senators or any one of them—but how far are you getting now on patronage? [Laughter.]

Mr. KAHN. I will say frankly to the gentleman from Illinois that I do not know what the condition may be in the gentleman's State regarding patronage. [Laughter.] In California the Representatives do not have any patronage in the distribution of Federal offices. The Senators have it all, and as I understand it, that is the condition pretty generally throughout the country, so that we are all in the same boat. We do not have much to do with Federal patronage, so we shall be worse off when we pass this bill than we are to-day.

Mr. MANN. Will the gentleman from California yield?

Mr. KAHN. I yield to the gentleman from Illinois.

Mr. MANN. If the matter is left to the War Department, for instance, where senatorial courtesy and influence have far greater weight, owing to the methods of appointment and confirmation, than the influence of Members of the House, is it likely that the House would have as much to say about it as it will where each Member has an equal vote with a Senator?

Mr. KAHN. Why, certainly not; because the War Department depends upon the Senators a great deal more than upon the Members of the House.

Mr. MANN. Under this bill, as I understand it, each Member of the House and each Senator will have an equal vote?

Mr. KAHN. Yes.

Mr. MANN. In my own State—I will not use invidious language—I have been here a long time, and I never had any Federal patronage.

Mr. KAHN. Neither did I.

Mr. MANN. And never expect any.

Mr. KAHN. Neither do I.

Mr. MANN. Because the Senators always grab it when we are in power, and the other side always grab it when we are not. [Laughter.]

Mr. KAHN. Exactly.

Mr. MANN. Under this bill the 25 Members of the House from Illinois will have twenty-five twenty-sevenths of the influence, including the two Senators in the total number.

Mr. KAHN. Exactly so.

Mr. KINCHELOE. Will the gentleman yield?

Mr. KAHN. I yield to the gentleman from Kentucky.

Mr. KINCHELOE. If I understand this bill, after this apportionment is made to the various States as set out in section 1, then, under the provisions of this bill, it is up to each State delegation, the Members of the House and the Senators, to get together and agree on the distribution?

Mr. KAHN. Yes.

Mr. KINCHELOE. Supposing the Senators and the Members of the House from any delegation can not agree on the distribution. Suppose the Members of the House wanted more than the Senators thought they were entitled to, or vice versa, and they could not agree at all. Who would be the arbiter in that case?

Mr. KAHN. I presume there would be no distribution in that State until they did agree; or they might allow the governor to make the distribution.

Mr. KINCHELOE. I understand the main difference between the Senate conferees and the House conferees on this bill heretofore has been that the Senators wanted the governors to make the distribution.

Mr. KAHN. Exactly so.

Mr. KINCHELOE. I am glad to see that the House conferees, including the gentleman from California [Mr. KAHN], wanted the Members of the House to have something to say about it.

Mr. KAHN. Quite right.

Mr. KINCHELOE. All right. I do not want the governor of my State distributing anything in my district that I am entitled to. [Applause.]

Mr. KAHN. I will say further to the gentleman that in some of the States the Members of Congress are not altogether in accord with the governor, and the governor would make a distribution entirely unsatisfactory to the Members of the House.

Mr. KINCHELOE. I will say to the gentleman that that might happen in Kentucky.

Mr. LAYTON. Will the gentleman answer just one question?

Mr. KAHN. I will try to.

Mr. LAYTON. Under the language used in this bill could not the gentleman from California [Mr. KAHN] authorize the governor of the State of California to distribute all of the quota belonging to California?

Mr. KAHN. No.

Mr. LAYTON. It says so.

Mr. KAHN. No; it does not.

Mr. LAYTON. I will read the language to the gentleman. It says:

*Provided, That any Senator or Representative—*

Mr. KAHN. I have said already that the words "or the district therein" should be stricken out, and at the proper time I will offer an amendment to that effect.

Mr. KELLY of Pennsylvania. Let me ask the gentleman regarding the situation in States where there are Congressmen at large. The gentleman understands that they have no districts?

Mr. KAHN. Yes.

Mr. KELLY of Pennsylvania. Where will they distribute the trophies awarded to them?

Mr. KAHN. Where they want them in any particular State. Each Member has a right to distribute the trophies as he thinks best. Members at large will have the right to distribute them as they think best.

Mr. BLANTON. Will the gentleman yield?

Mr. KAHN. For a question.

Mr. BLANTON. The gentleman from Illinois [Mr. MANN] spoke of the fact that the Senate would not permit the House to have anything to do with patronage. That is not very serious, but is not the most serious thing the fact that the Senate will not let the House have very much to do with legislation?

Mr. KAHN. That is the fault of the House.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. KAHN. I will yield to the gentleman from Virginia.

Mr. MOORE of Virginia. I want to ask the question, and it is a question put seriously. It seems evident from the action taken by the Senate that Senators are disinclined to participate in the distribution. Does not the gentleman think that probably the Senators would be quite willing to concede the distribution altogether to the Members of the House?

Mr. KAHN. I will say, frankly, to the gentleman that I had a talk with the chairman of the Committee on Military Affairs of the Senate, trying to get an agreement whereby this material could be distributed. Much of the material is contained in the warehouses up in Newark Bay, and a great deal of it is stored in the open, subject to the weather conditions. The War Department tells the committee that unless it is speedily removed most of it will be spoiled. Therefore, it is very desirable that we come to some immediate conclusion. But in speaking with the chairman of the Committee on Military Affairs of the Senate, he thought that probably an agreement contained in the House amendment could be accepted.

Mr. MOORE of Virginia. The gentleman gathered from him that the Senate would not be willing to forego a distribution itself?

Mr. KAHN. I think so.

Mr. MOORE of Virginia. It strikes me that from the position taken by the Senate it might be desirable to amend the bill so as to provide for a distribution by Members of the House.

Mr. KAHN. If the House adopts this amendment it goes to conference. If the Senate wants to accept the suggestion of the gentleman from Virginia [Mr. MOORE] it can authorize its conferees to agree to a change of the amendment so that only Members of the House will make the allotment. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman from California has used 24 minutes, but 4 minutes was used by the committee being in confusion. So that the gentleman has 40 minutes remaining.

Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. McKENZIE].

Mr. McKENZIE. Mr. Chairman and gentlemen of the House, I have the greatest admiration for our distinguished chairman, and I think in reporting this bill he represents the wishes of the majority of this House. However, this bill does not meet with my approval. I do not expect to make any fight on it. I am what you might call neutral; if the House wishes to pass it, well and good; but I fear that we are entering upon a field that is not within our province. These cannon and trophies now belong to the War Department; they are within the jurisdiction of the War Department; they can not dispose of them without legislation. It is the function of this House to legislate in order to enable the War Department to make some disposition of these trophies, but when we have done that, in my judgment we have done all that we have any real jurisdiction over.

I can not understand why we feel that it is necessary for us to assume the administration attitude, claiming the right to distribute trophies among our people. I feel that it would be infinitely better after we have proceeded with the legislation to turn the trophies over to our States to let the administrative officers of our States proceed with the distribution. I quarrel not with the man who feels otherwise about it, but I want to say to some of my good friends in this House that I fear and I have had the fear all along, and that was one of the reasons why I have not urged the reporting of the bill, that you will find that these harmless looking trophies are loaded with dynamite before you get through with them. I can understand how the gentleman from California who lives in the great city of San Francisco can distribute his cannon and his knives and spoons and other little trophies without any difficulty. But a man with 15 counties in his district, with six cannons to distribute, and every little city and hamlet wanting one of these big guns, I am afraid that when he gets through with the job we will have some one else here in his place representing them. [Laughter and applause.] There is no analogy between this and the seed distribution. I voted against the distribution of any seeds, but the department down here very wisely allots to each one of us so many garden seeds and so many flower seeds, and each one has an exact quota and sends them out, and it does not cause very much trouble. But in this matter you will find it otherwise, because there are not enough trophies to go around. I believe we are taking upon ourselves something that was never intended by the Constitution of our country, and something that will make us all kinds of trouble before we get through with it.

Mr. GARRETT of Texas. Mr. Chairman, will the gentleman yield?

Mr. McKENZIE. Yes.

Mr. GARRETT of Texas. After we have made this calculation and these trophies have been distributed to our respective districts would it not be a very gracious thing on the part of the Members of Congress to call to their assistance the ex-service men in their districts and have them help them distribute the trophies where they think they ought to be distributed, thus leaving to a large extent the distribution of these war trophies at last with the men who won them? The gentleman in that way might relieve himself of this responsibility.

Mr. McKENZIE. Oh, let me say to the gentleman from Texas that I think too much of our ex-service men to lead them into any such dilemma as that. They have done their share, and did it well.

Mr. SINNOTT. Does the gentleman fear it would be a case of—

Cannon to right of them,  
Cannon to left of them,  
Cannon in front of them  
Volley'd and thunder'd;  
Storm'd at with shot and shell.

Mr. McKENZIE. It would be more like cannon under them.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. MANN].

Mr. MANN. Mr. Chairman, for many years it has been the practice of Congress to pass special bills allotting cannon and other war trophies to different localities in the United States. It has never been thought desirable to leave the whole question of distribution of such trophies to the Secretary of War. There are some cannon in my district, placed there by virtue of a bill passed by Congress. There have been since the war with Germany 1,000 or 2,000 or more bills introduced into this House with respect to the distribution of war trophies.

Mr. KAHN. I would say 4,000.

Mr. MANN. Four thousand—I have not read all of them. [Laughter.] Some of them are mine. It being apparently the consensus of opinion everywhere that the distribution of these war trophies ought not to be left wholly to the Secretary of War, the Senate provided in this bill that the distribution shall be made by the delegations in Congress from the various States. My friend and colleague from Illinois [Mr. McKENZIE] fears that that will bring great disaster to the Members of the House. I come from a city district and there are as many localities in my district as there are counties in the gentleman's district, but I expect if this bill passes to be able to provide most of those localities with some kind of a trophy.

While I am not hankering for the job, I think on the whole I would rather have the power with the State delegation from Illinois to make the distribution than be compelled to hang onto the coat tails of the governor of Illinois begging him to do it for me. [Applause.] The people know that these are national trophies. They expect Members of Congress to provide for their distribution, and if you leave the matter to the governor your communities will ask you then to go to the governor. Why should we turn the power over to the governor and beg him to let us have our way about it? The question before us, if we are going to distribute these trophies—and perhaps they ought to be distributed—is whether we shall leave the matter with the governors of the States or with the State delegations in Congress. The only suggestion which I have heard here against leaving the matter to the State delegations is that we may be afraid to do the work. While there are lots of bills that I do not like to vote on, and I have seen lots of legislation that I would like to dodge, yet it is my belief that when a man assumes office he assumes with it the responsibility of that office, and he ought never to be afraid to exercise that responsibility which properly belongs to him. [Applause.]

Mr. KAHN. Mr. Chairman, I reserve the remainder of my time.

Mr. QUIN rose.

The CHAIRMAN. For what purpose does the gentleman from Mississippi rise?

Mr. QUIN. To discuss this bill.

The CHAIRMAN. Is the gentleman opposed to the bill?

Mr. QUIN. No; I am in favor of the bill, but I am a member of the Committee on Military Affairs.

The CHAIRMAN. Is any gentleman opposed to the bill?

Mr. LONDON. Mr. Chairman, I am opposed to the bill.

The CHAIRMAN. The gentleman from New York is recognized for one hour.

Mr. LONDON. Mr. Chairman, I am opposed to the bill. The bill proposes to distribute to the various States captured war trophies. I intend to offer an amendment that the Secretary of War be directed and authorized to sink in the deepest part of the Atlantic Ocean all guns, gun carriages, machine guns, and so forth. I think that would be the proper culmination of a war carried on by a great Republic.

History is replete with the glorification of war, of war heroes, of the soldier. We have no complete record of the progress of humanity, because even profound historians have neglected the course of philosophical thought, the trend of religious struggles, the action and reaction of social and economic forces, the progress of science, and have dwelt too much on warfare. Entire centuries of human history are a blank to us because of the emphasis laid upon military transactions. I would like to have the world begin to forget this war. In this, the greatest Nation of all nations, this most wonderful experiment in the history of the human race, this great melting pot of all ages, I would like to see every vestige, every trace, of hatred eliminated, forgotten, removed from the mind of men. Every cannon that we expose to the gaze of children, every military trophy, is an encouragement of war and a glorification of its deeds.

Mr. KAHN. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. KAHN. Does the gentleman think that we ought to pull down the statues in the city of Washington which show the officers of this country who did great service for the country in war because the sight of them might tempt some children to go into war?

Mr. LONDON. I would retain in this bill that portion of it which permits the distribution of these various articles to museums. I hope the day will soon come when not only the weapons of war but the men who advocate war will be looked upon as curiosities. The museum is a proper place for them.



It is because of this opposition to the fostering of the spirit of war that I would like to see this bill defeated. I do not know whether you will agree with me—

Mr. WARD of North Carolina. I doubt it.

Mr. LONDON. I doubt it, but I thought it would be a proper thing for me to give expression to my viewpoint. I want the United States to lead in the process of pacification. I want this country to lead along the broader and newer path, the path of humanity. Let us send these reminders of hatred to the bottom of the sea.

Mr. WARD of North Carolina. Will the gentleman yield for a question?

Mr. LONDON. I will.

Mr. WARD of North Carolina. What does the gentleman think of the educational side of the question, the books on whose pages its record is written?

Mr. LONDON. I said our histories are mutilated. They speak of war as if war is the principal business of the human race, and the very reason for the existence of mankind. The military man occupies the front page in all our history. The real basis of human progress is overlooked.

Mr. WARD of North Carolina. I submit the gentleman is now at a point where he can answer my question.

Mr. LONDON. What was the gentleman's question?

Mr. WARD of North Carolina. What would he do with the books on whose pages it is written?

Mr. LONDON. History should explain the causes of war, instead of deifying its participants. I would pay as much credit to the heroes and brave men of all other nations as I would to our own. Most people are brave and particularly so when they are put in a position where they have to fight for their existence.

Mr. WARD of North Carolina. But the gentleman does not answer my question.

Mr. LONDON. The gentleman says I do not answer. Then I do not get the gentleman's meaning and it is my fault. Will the gentleman kindly repeat it?

Mr. WARD of North Carolina. The records of war are written on the pages of history—

Mr. LONDON. Does the gentleman mean of this war or of all wars?

Mr. WARD of North Carolina. What would the gentleman do with those histories? Would he burn them up?

Mr. LONDON. I recall that Lord Byron defined history as "that great liar." If the gentleman will try to get the truth of a contemporaneous event, say, for instance, the cause of a strike, he will find that a Wall Street paper, a paper published by the A. F. L., and a paper published by the I. W. W. will give three entirely different versions of the strike, of its causes, of the policy of its leaders, and the object of the strike. He will find it extremely hard to get at the real fact. It is particularly true when you deal with international affairs and with the past. It is not considered wrong to kill your enemy for your country, and it is certainly not considered wrong to lie for your country, and most historians take all sorts of liberties with historical facts. I said some time ago that I would like to see an international scientific commission appointed to review history and to systematize our knowledge of the past and present. A knowledge of the real causes of war would make war impossible.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. LONDON. I will.

Mr. SMITH of Michigan. In the case of States which seceded from the Union, would the gentleman be in favor of letting them go?

Mr. LONDON. That question was answered by the Civil War.

Mr. SMITH of Michigan. I know; but what is the gentleman's plan to-day?

Mr. LONDON. The socialist movement of the world indorsed the North in its attitude in the Civil War and sent messages of congratulation to Lincoln. This is a fact not generally known, and I refer the gentleman from Michigan to a little book called "Lincoln, Labor, and Slavery," in which the author recites the correspondence between Abraham Lincoln and the International Workingmen's Association, the first socialist international. The socialists supported the North because they looked upon the secession of the South as an attempt to continue slavery and to break up a great Republic, which the socialists believed held out a great promise for humanity.

Now, gentlemen, I do not intend to use my hour, and I reserve the remainder of my time.

Mr. CLARKE of New York. Mr. Chairman, I would like to be recognized for five minutes in opposition.

Mr. LONDON. I will yield the gentleman five minutes.

The CHAIRMAN. All the time is in the control of the gentleman from California and the gentleman from New York.

Mr. KAHN. Mr. Chairman, I yield 10 minutes to my colleague on the committee [Mr. QUIN]. [Applause.]

Mr. QUIN. Mr. Chairman and gentlemen, the gentleman from New York [Mr. LONDON], my Socialist friend, has urged no legitimate reason why all of this old junk that has been captured from the foe of the United States in the late war should not be distributed over the United States at such points as the Congressmen and Senators of each State may agree on.

Mr. WINGO. Will the gentleman yield for a question?

Mr. QUIN. I will.

Mr. WINGO. How many large guns are to be allotted to each congressional district?

Mr. QUIN. There will be a few; we can not tell that, but they are all set out in this report. There will be three or four big guns to each congressional district—

Mr. KAHN. If the gentleman will permit, there are 2,197 large fieldpieces that will be distributed by this bill, and of course there are 435 Members of the House and 96 Members of the Senate who have this distribution.

Mr. WINGO. Are there any other guns—

Mr. QUIN. I do not want you to take all of my time. There are guns of all sizes. There are enough to go to every town. The truth of it is this bill is endeavoring to get all of these German captured war implements out of the places where they are costing the taxpayers a great deal to take care of them now. It is true this bill appropriates \$400,000 to get these trophies out of the places where they are now stored and into towns and villages where they will be appreciated. But the \$400,000 should not be considered an item of expense if you are going to keep these storage charges for 40 or 50 years. So it is a matter of economy. We did not think it ought to take over \$100,000, but the Secretary of War showed us it would require about \$400,000, and so our committee struck out the \$1,000,000 inserted by the Senate and put it like the Secretary of War had suggested, inasmuch as he expected it would take about \$400,000 to get all the different implements, all the cannon, and so forth, to each separate point in each congressional district in the United States.

Now, when the trophies reach those central points it will be obligatory on the town to transport and set up what it desires. The question of how it shall be distributed is a very important one. My good friend and colleague from Illinois [Mr. McKENZIE] said it would cause a riot. Well, a Congressman must assume some trouble and responsibility when he is elected to the great office of Representative in the United States Congress. You Republicans must decide on your postmasters and rural carriers. You are bound to get some people against you when they can not get an office. You assume that responsibility. You can not give a great big gun to every town in your district, but your constituents assume that you are going to exercise discretion and common sense and good judgment and place these mementos in towns where they will do the most good to the common mass of the people. That is all there is in this bill, namely, a measure of economy to get trophies of victory that are costing the Government too much out where the people will see them.

The gentleman from New York [Mr. LONDON] thinks these captured cannon, and so forth, ought to be framed up and put in a museum where people will have to travel thousands of miles at 6 cents a mile to see these German cannon. Of course, he wants nobody to see them. If all the people of the United States had been like the gentleman from New York during the war, my idea is that you would have a military government over here, with the Kaiser dictating to the people of the United States. [Applause.] On this matter of war he had some radical, irresponsible views before the war and during the war, and he is opposing this bill now for the same reason. The people of the United States are entitled to have these captured cannon. They are entitled to get them free of expense. The people in the rural sections of the United States can have no way, unless they can go into a big town, of seeing these German howitzers that were captured on the field of battle by the brave soldiery of the United States. I think, contradictory to my friend from New York [Mr. LONDON], that it is a matter of pride and that the coming generations of the United States can point with pride to these mementos, and the education of inspiring pride in the deeds of valor and heroism of our courageous soldiers and sailors in the war against Germany and Austria, that the gentleman from New York objected to, will be inculcated in the boys and girls here now and of the generations yet unborn. And as a matter of common decency and respect to the soldiers who won this war we owe it to them to see that these trophies, these captured cannon, shall be distributed throughout the United States in a sensible and fair manner.

And that method which this bill provides, allotting them to the congressional delegation of the House and the Senate combined to say where those cannon shall go, is the best and most sensible one for this House to adopt. Some say they ought to go to the governor and allow him to say where they shall go.

Where is the Congressman here that is afraid to do his duty and wants to go and poke some responsibility on his governor's shoulders? Have you more confidence in the governor of your State than you have in yourself? I believe the people of my district who elected me thought I had manhood and courage enough to assume all the duties of this office, and I believe this feature of the bill that puts it on the congressional delegation of each State to say where they shall go is a good feature and should stay in this bill. [Applause.]

Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. CLARKE].

Mr. CLARKE of New York. Mr. Speaker and gentlemen of the House, I had no intention while serving my novitiate here to intrude for one moment where matters of state and great importance were being considered by this body, but when I heard the insinuation and misstatement of the gentleman from New York [Mr. LONDON] that the great deeds of history, the great memories of great men, the inspiration to our youth, should be taken out of our histories, as well as that these mementos that were purchased at a price that seems to me incalculable and immeasurable should be sunk at sea, then, indeed, I felt it was up to me to break forth and give you my viewpoint. [Applause.] Think for a moment of what, after all, is the purchase price of what we enjoy and that you, Representative or misrepresentative from New York, enjoy along with us. George Washington and those noble heroes of Valley Forge under his leadership struggled and fought for principles that guarantee to you the rights of life, and liberty, and property. Their names and their deeds are written into our history, and God save us from the day when a single one of the names of those heroes is taken out or when the trophies of the Revolutionary War or the World War are destroyed. You preach to us of taking these trophies, captured on Flanders field and in the North and the South, and sinking them in the sea. God forbid!

Think for a moment of the message they speak to us. Think for a moment of the purchase price that they mean to us, guaranteeing to you safety of skin—and where were you, MEYER LONDON, all the while?—by guaranteeing to us the right of self-respect and the respect of our wives and children. We are now marching on, not in any slinking and cowardly way, but marching on under the Stars and Stripes and, under God, commanded by men right here in front of me, the boys who were leading the van in the Argonne and to the south of it. [Applause.]

Gentlemen, what are we thinking of if we can not have these trophies of the war? Unafraid to do our duty? Believing that our constituents will recognize the fact that all can not have some trophy, we know that on the greens of some of our villages and at the county seats some trophy can be erected that will speak to us the message of your deeds. We must be unafraid to uphold your deeds, to hold up your memories, and to venerate and revere and remember and keep floating the old Stars and Stripes under which you fought. [Applause.]

The CHAIRMAN. The gentleman from New York yields back one minute of his time.

Mr. LONDON. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, I have no use for socialism. For 10 years I have not permitted a Socialist to speak in my district without answering him before my people. But we men who know MEYER LONDON know that MEYER LONDON is a sincere, honest man, a man of strict integrity and high ideals, according to his beliefs, and a student; and while I hate socialism and while I fight it and while I keep it down in my district, common justice to men prompts me to say that if all Socialists were like MEYER LONDON they would not be so bad after all.

Toleration is one of the greatest things in the world. A man must have toleration; a man must be able to stay in the House of Representatives and tolerate men around us of opposite views.

Mr. HERRICK. Mr. Chairman, will the gentleman yield right there for a question?

Mr. BLANTON. In a moment.

I am tolerant of the opposite views entertained by the Member from New York without being too severe on him. He has

his way of thinking, and I have my way of thinking, and the rest of us have their way of thinking, and yet we may all be honorable men, serving our constituents as best we may.

Mr. HERRICK. Mr. Chairman, will the gentleman yield right there?

Mr. BLANTON. In just a moment. The gentleman should get time.

I want to say that I am in favor of this bill, and I am not going to shirk my responsibility with respect to the provisions of this committee amendment. It is economy for our Government to get rid of these cannon. It is costing us every day to rent buildings and guard them. I am willing to assume the responsibility, and I am willing to assume the responsibility of distributing the number of souvenirs or trophies that might be allotted under the act to my district.

We folks in Texas would not be in a bad fix if our governor should distribute them. He would make a proper distribution. He is a governor who always can be found at the capital of his State. I do not blame the distinguished gentleman from Illinois [Mr. MANN] for saying that he does not want to be compelled to hang onto the coat tails of his governor. [Laughter.] He would have to travel hurriedly over two-thirds of the State of Illinois sometimes, and just now he could not find him down at the capital. I do not blame him; and there may be others in a similar situation. [Laughter.]

Mr. MANN. I would much rather hang onto the coat tails of the governor of Illinois than to follow the governor of Texas. [Laughter.]

Mr. BLANTON. Well, I want to say that if the gentleman from Illinois would follow the governor of Texas he would follow the hearts of the people of Texas, because the hearts of the people of Texas are behind their governor. He stands for the things that they stand for, and I am sure the gentleman can not say all that about his own governor. [Laughter.]

Mr. Chairman, I yield back the balance of my time.

Mr. HERRICK. Mr. Chairman, now will the gentleman yield?

Mr. BLANTON. I yield to my friend from Oklahoma.

Mr. HERRICK. The gentleman from Texas says he kept socialism down in his district. That is an awfully big order for one man. I want to ask the gentleman if his case is not parallel to the case of the flea who sat on the axle of the chariot and said "Oh, what a dust I am raising!" [Laughter.]

Mr. BLANTON. Mr. Chairman, being a Republican, the gentleman's party makes him feel that way, but if I were a member of the Oklahoma delegation I would move to make my distinguished friend [Mr. HERRICK] the chairman of it, because he ought to be at the head of it. [Applause.]

There were over 4,000 Socialist voters in my district eight years ago. There are not a thousand of them there now. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LONDON. Mr. Chairman, I yield to the gentleman two minutes more.

The CHAIRMAN. The gentleman from Texas is recognized for two minutes more.

Mr. BLANTON. And I will tell my friend how we reduced them. We do not let them go out on the hustings there and speak without being answered. Whenever they go before the people we go after them. We show the fallacy of their arguments, and when during the war, in December, 1917, some of their misguided ones were preaching against young men enlisting in the war and against the prosecution and purposes of the war, I went down in my district and used an automobile, and I made a speech in every county, 19 of them, in the winter-time, in cold and freezing weather, and I told every audience in every county that it was all right for a man to be a Socialist in peace times, but in war times, when he was a Socialist and sought to hinder the purposes of the war, the thing they should do was to use the telegraph poles in that district. And then we stopped hearing from them. [Applause.]

The CHAIRMAN. The gentleman yields back one minute.

Mr. KAHN. Mr. Chairman, I ask that the gentleman from New York [Mr. LONDON] use the balance of his time. I have only one more speech.

Mr. LONDON. I do not intend to use the balance of the time. I shall reserve it until the gentleman from California is through.

Mr. KAHN. I have the right to close, and I shall close with one speech.

The CHAIRMAN. The gentleman from California is entitled to close.

Mr. LONDON. I do not intend to use the time. I yield it back.



The CHAIRMAN. The gentleman from New York yields back the balance of his time. The gentleman from California [Mr. KAHN] is recognized.

Mr. KAHN. Mr. Chairman, as I said in the beginning of my remarks, a great deal of this material is stored in the open. The War Department informs me that it is being spoiled by the weather. Therefore we should make some distribution of this material as speedily as possible.

Mr. Chairman, I ask that the bill be read for amendment.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of War be, and is hereby, authorized and directed to apportion and distribute pro rata among the several States and Territories of the United States and the District of Columbia, in corresponding ratio as the total number of men serving in the armed forces of the United States, as hereinafter provided, from each State or Territory and the District of Columbia bears to the total number of men so serving from all States and Territories and the District of Columbia, all cannon, gun carriages, machine guns, minenwerfers, mortars, bomb throwers, flame throwers, gas projectors, and other war devices and trophies captured by the armed forces of the United States from the armed forces of Germany and allied nations, with the exception of such cannon, gun carriages, machine guns, minenwerfers, mortars, bomb throwers, flame throwers, gas projectors, and other war devices and trophies as may be required for experimental purposes or for actual use by the armed forces of the United States; and the further exception of such of the devices aforementioned as may be required for display in museums of a national character or for monumental purposes in Arlington National Cemetery and in other national cemeteries, national parks, and national monuments wheresoever situated.

With the following committee amendment:

Page 2, line 1, after the word "by," insert the words "or surrendered to."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 11, after the word "character," insert "at national homes for disabled volunteer soldiers."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. MANN. I move to strike out the last word for the purpose of asking whether the gentleman from California knows if any construction has been had or considered with reference to the meaning of the words "museums of a national character"?

Mr. KAHN. The National Museum here in Washington.

Mr. MANN. That is a plain case. Does it mean the National Museum? The language is peculiar. It says "museums of a national character."

The Field Museum in Chicago is certainly one of the greatest museums in the world.

Mr. KAHN. Yes.

Mr. MANN. It is of a national character, but it is not a national museum.

Mr. KAHN. While I have not had an explanation from the officials of the War Department, I imagine that in the soldiers' homes, for instance, they have museums where old relics of the Civil War and the Spanish-American War are kept.

Mr. MANN. It plainly would apply to a national museum of any sort.

Mr. KAHN. Yes.

Mr. MANN. Owned by the Nation.

Mr. KAHN. Yes.

Mr. MANN. But the language is peculiar—"museums of a national character."

I judge from the gentleman's statement that there has been no construction of that language.

Mr. KAHN. No. It was the language sent to me by the War Department.

Mr. GARRETT of Tennessee. Will the gentleman from Illinois yield?

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] is recognized in opposition to the pro forma amendment.

Mr. GARRETT of Tennessee. I want to make an inquiry of some one. Under the authority given in section 1 to the Secretary of War to distribute a certain amount of trophies to museums, I suppose the tables contained in the report will have to be modified in accordance with that distribution. Am I correct in that?

Mr. KAHN. Does the gentleman ask me to answer his question?

Mr. GARRETT of Tennessee. Yes; anyone who can answer it.

Mr. KAHN. I understand that a certain percentage of all these things has been reserved by the Government for distribution to the organizations referred to in paragraph 1. I understand that there are about 1,000 additional cannon that can be distributed to these museums, and so on, and that the distribution to the districts will not be affected.

Mr. GARRETT of Tennessee. In other words, the tables, as given in the report of the committee—

Mr. KAHN. Those tables refer to the things that can be distributed under this law.

Mr. GARRETT of Tennessee. Distributed among the States and Territories?

Mr. KAHN. Yes. These other things are taken care of out of the reserve that the Secretary of War is holding back.

Mr. MANN. In order that it may be in the Record, I understood the gentleman from California to say that, although Porto Rico is not named in the bill, it is expected that Porto Rico will be taken care of out of the reserve?

Mr. KAHN. That is my understanding.

Mr. MANN. It would be unfortunate to omit Porto Rico in the distribution unless it is understood that Porto Rico is to be taken care of otherwise.

Mr. KAHN. Porto Rico gave a full regiment of Infantry in the World War, and it certainly should be taken care of, but my understanding is that that Territory can be and will be taken care of out of the reserve left in charge of the Secretary of War.

Mr. GARRETT of Tennessee. Then if I understand it this bill proposes to distribute simply that which the War Department are willing to release.

Mr. KAHN. Quite so, and the War Department find themselves so cramped for space in their warehouses that they are exceedingly anxious to get legislation of this kind passed so that they can dispose of this material as speedily as possible.

Mr. CAMPBELL of Kansas. Will the gentleman yield?

Mr. GARRETT of Tennessee. I yield to the gentleman from Kansas.

Mr. CAMPBELL of Kansas. I was wondering why Porto Rico could not be included in the bill, now that we have it up for amendment. Why can we not amend the bill and include Porto Rico, so that she will not have to depend upon any residue that may be in the War Department?

Mr. KAHN. It can be done; but you will have to change all the language referring to the Territories and the Territorial Delegates. If the gentleman will look on page 4 of the report, at the very bottom of that report, there is an allotment to Porto Rico of articles to be distributed.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. GARRETT] has expired.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word. Does this bill include all of the trophies which are in the War Department?

Mr. KAHN. Oh, no; it includes those that are subject to distribution. I stated a moment ago that I understood the War Department is still holding back about one-third of all the articles to distribute to the various institutions named in section 1 of this bill. I presume there will be demands made for the additional trophies from time to time by legislation, and, of course, they will be distributed.

Mr. DOWELL. The purpose of the reserve is for future legislation.

Mr. KAHN. Yes.

Mr. DOWELL. Why can not they be distributed now?

Mr. KAHN. The Government has always after every war held back a certain percentage of the materials, although as I understand it in the Civil War, the Spanish-American War, and in all the wars where we acquired trophies they were distributed by special acts of Congress. There has never been a distribution of the character of this distribution, but the War Department is exceedingly anxious to get rid of that quantity of the material, and they feel that it ought to be disposed of at this time.

Mr. DOWELL. Then, I understand about one-third will still remain in the War Department.

Mr. KAHN. That is my information.

Mr. DOWELL. May I inquire if the remaining part is of the same character as that which will be distributed by this bill?

Mr. KAHN. Absolutely.

Mr. GERNERD. Will the gentleman yield?

Mr. KAHN. Certainly.

Mr. GERNERD. Who is going to pay for the transportation of all these war materials?

Mr. KAHN. It will be paid for out of the Federal Treasury to the central part of each congressional district, and from that

central part to wherever it is going it will be paid by the respective recipients of the trophies.

The CHAIRMAN. The pro forma amendment is withdrawn.

Mr. MANN. Mr. Chairman, I move to strike out the last three words. I want to call the attention of the committee and especially the attention of the gentleman from California to what I think is a little defect in the first section of the bill. The first section of the bill provides at the bottom of page 1, for the distribution of all cannon, gun carriages, and so forth, surrendered to the United States, and so forth, with the following exceptions: Such cannon, gun carriages, and other war devices as may be required for experimental purposes, or for actual use by the armed forces of the United States, and the further exception for display in the National Museum or National Soldiers' Homes or for monumental purposes in Arlington National Cemetery or any other national cemeteries, parks, and national monuments. That does not leave any reserve in the War Department "except for experimental purposes and for actual use for armed forces of the United States," and so forth. That does not leave any reserve in the War Department to do with it as they please. That does not allow the War Department to send cannon to Guam, Philippine Islands, Samoa, Virgin Islands, Porto Rico, all of which are listed in the report as entitled to receive these trophies. Unless the War Department violates the law—if this is enacted into law—they can not send trophies to Samoa or Porto Rico, because we make certain exceptions and they are bound by those exceptions. I think we ought to change that and I hope that some bright mind here, and there are lots of them, has been able to think of a change while I have been speaking. There ought to be a provision giving the War Department some reserve or else make special provisions for these possessions of the United States.

Mr. KAHN. Will the gentleman yield?

Mr. MANN. Certainly.

Mr. KAHN. Of course, Porto Rico and Hawaii are Territories of the United States—

Mr. MANN. Hawaii is, but Porto Rico is not. It is not represented by a Delegate in Congress. Hawaii and Alaska are Territories, but there are no other Territories in the United States.

Mr. KAHN. In speaking with the officials of the War Department about the bill when it was first sent down in the last Congress, I was assured—

Mr. MANN. Oh, I know, but let us get some language in the bill to cover it and do not try to evade it.

Mr. KAHN. But I want to explain the situation if I am allowed. If the gentleman objects, I will do it in my own time.

Mr. MANN. The gentleman can do it in his own time, I am trying to help the gentleman and he is trying to evade it.

Mr. KAHN. I only want to make a plain statement of facts.

Mr. MANN. The gentleman wants to explain to the House why the bill is in a bad condition. Everybody in the House knows it, but what we want to do is to try to correct it.

Mr. KAHN. Mr. Chairman, the gentleman from Illinois has been very courteous and kind, as he generally is, but sometimes he loses his temper.

Mr. MANN. The gentleman from California has lost his temper.

Mr. KAHN. Oh, no; I never lose my temper. This bill was sent to me in the last Congress. I went to the War Department to take up the matter with the officials of the department. I was assured positively that every effort was being made to give to these outlying possessions a suitable number of the trophies. Of course, they could have put into the bill originally language to give to the outlying Territories and possessions of the United States some of these trophies. They could have written into the bill a provision to give to the Philippine Islands some of these trophies, but they did not deem it advisable at that time to put those sections in the bill. In working out the distribution, as will be seen by the tables cited in the report, it is stated specifically how many of these trophies will be given to each one of these outlying possessions, and I take it that the War Department in good faith will make every effort to live up to these figures which are so plainly and clearly set forth in the report.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. DOWELL. The reserve which the gentleman referred to a while ago is about one-third of these trophies?

Mr. KAHN. As I understand it.

Mr. DOWELL. In what manner can they be retained under this provision?

Mr. KAHN. I imagine that they will give a certain number of them to all of these cemeteries and they will give a lot of them to the various museums and other public institutions.

Mr. DOWELL. And that will be an immediate distribution of them, permanently?

Mr. KAHN. It may not be immediate. As new cemeteries are opened, they probably will put in them some of these trophies.

Mr. DOWELL. Does not this bill provide for the immediate distribution of them?

Mr. KAHN. With the exception of those referred to in section 1, and I dare say, taking past experience as a criterion, they will hold enough out to take care of all of these other institutions.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. SANDERS of Indiana. I notice on page 2, line 2, that different language is used to speak of the same exception; that is, on page 2, line 2, the following language is used:

and other war devices and trophies, captured, etc.

In the second exception, on line 9, of the same page, the following language is used:

and the further exception of such of these devices aforementioned.

Is it intended by the word "devices" to include everything included before?

Mr. KAHN. Yes; and I would have no objection to inserting the words "and trophies" after the word "devices"; and, Mr. Chairman, I move to amend, on page 2, line 10, by inserting the words "and trophies" after the word "devices."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 10, after the word "devices," insert "and trophies."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from California.

The amendment was agreed to.

Mr. LONDON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LONDON: Page 1, line 4, after the word "directed," strike out everything that follows up to and including the word "Columbia," on page 1, line 11, and insert in lieu thereof the following: "to send to the bottom of the Atlantic or the Pacific Ocean."

Mr. SANDERS of Indiana. Mr. Chairman, I make the point of order against the amendment that it is not germane either to the section to which it is offered or to the bill. This legislation is for the purpose of distributing certain cannon and devices of war and trophies. The title reads:

To provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia.

The proposed amendment would provide by law for the destruction of such trophies, and it is entirely foreign to the purpose of the bill.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. LONDON. No; I shall leave it to the parliamentary knowledge of the Chair.

The CHAIRMAN. The gentleman from Indiana makes the point of order that the amendment offered by the gentleman from New York is not germane. On examining the provisions of the bill it will be found it is to authorize and direct the Secretary of War to apportion and distribute certain trophies and devices captured by or surrendered to the armed forces of the United States, and the legislation provides the method to be followed and the manner in which the distribution and the apportionment shall be made. Also, there are provisions contained in the bill relative to transportation charges and delivery. The amendment of the gentleman from New York provides for the destruction of these devices by the sinking of them in the Atlantic or the Pacific Ocean, and provides an entirely new method of disposing of them. In the view of the Chair the amendment is not at all germane to the method fixed in the bill, and the Chair therefore sustains the point of order.

Mr. LEHLBACH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LEHLBACH: Page 2, line 15, after the word "situated" strike out the period and insert "and in the possessions of the United States overseas."

Mr. KAHN. Mr. Chairman, I have no objection to that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey.

The question was taken and on a division (demanded by Mr. BLANTON) there were—ayes, 47, noes, 4.

So the amendment was agreed to.



The Clerk read as follows:

Sec. 2. That the apportionment and distribution provided for in this act shall be undertaken and completed as soon as practicable after the return of the aforementioned war devices and trophies to the United States; and that for the purposes of this act the Secretary of the United States Navy, or such person as he may direct, and The Adjutant General of the United States Army, shall separately or jointly compile or cause to be compiled a report or reports, showing the number of men in the armed forces of the United States accredited to each State or Territory of the United States and to the District of Columbia, either by enlistment or by the process of the selective service act, or otherwise drawn into and becoming an integral part of the armed forces of the United States during the period hereinafter specified, and that such report or reports shall be laid before the Secretary of War as soon as practicable after the passage of this act, and in no event later than six months from date hereof, and shall serve as the basis for the pro rata apportionment and distribution among the several States, Territories, and the District of Columbia, as hereinbefore provided.

The committee amendment was read, as follows:

Strike out all of section 2 and insert in lieu thereof the following:

Sec. 2. That the apportionment and distribution provided for in this act shall be undertaken and completed as soon as practicable after the passage of this act. Said apportionment and distribution in each congressional district or Territory and to the District of Columbia shall be made as near as possible upon the basis of the number of men in the armed forces of the United States accredited to each State or Territory of the United States and to the District of Columbia, either by enlistment or by the process of the selective service act, or otherwise drawn into and becoming an integral part of the armed forces of the United States during the period herein specified. For the purposes of this act the Secretary of the United States Navy, or such person as he may direct, and The Adjutant General of the United States Army shall separately or jointly compile or cause to be compiled a report or reports showing the number of men in the armed forces of the United States accredited to each State or Territory of the United States and to the District of Columbia, either by enlistment or by the process of the selective service act, or otherwise drawn into and becoming an integral part of the armed forces of the United States during the period hereinafter specified, and that such report or reports shall be laid before the Secretary of War as soon as practicable after the passage of this act, and in no event later than six months from date hereof, and shall serve as the basis for the pro rata apportionment and distribution among the several States, Territories, and the District of Columbia.

The CHAIRMAN. The question is on the committee amendment.

Mr. MANN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Illinois will state his parliamentary inquiry.

Mr. MANN. What is the committee amendment?

The CHAIRMAN. The Chair will state the Clerk read section 2 which is stricken out and section 2 inserted.

Mr. MANN. Well, the Public Printer as usual made an error in printing the bill. I expect that the committee would rather act upon the proposition to substitute section 2 reported from the committee than merely to strike out section 2. I ask unanimous consent that the amendment be stated to be to strike out section 2 of the Senate bill and insert the language of section 2 reported by the House committee.

The CHAIRMAN. Without objection the amendment will be reported in that form.

Mr. DOWELL. Reserving the right to object, that will also include section 3?

Mr. KAHN. No; there will be another motion.

Mr. DOWELL. But this is part of the same amendment.

The CHAIRMAN. Is there objection?

Mr. DOWELL. I withdraw the reservation of the right to object.

The CHAIRMAN. The Chair hears none, and the amendment will be so stated.

Mr. MANN. Now, the part stricken out has been read, but the part to be inserted has not been read.

The CHAIRMAN. The Chair will state that both the language stricken out and the language to be inserted has been read. The question is on striking out the language of the Senate bill and inserting the language proposed as section 2 by the committee.

Mr. BLANTON. Mr. Chairman, I ask recognition on the amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, I do not intend to take up that much time. The gentleman from Illinois [Mr. MANN] is usually correct in his statements, but yesterday he made the assertion that the Public Printer was guilty of certain errors, and again, just a moment ago, he stated that the Public Printer has erroneously printed this bill. Now, there is one thing about the gentleman from Illinois that I have found out and everybody else has found out, and that is that he is fair, and he should know that this bill is printed just exactly, word for word and line for line, as the committee sent it down to the Printing Office. Not a single typographical error appears in the bill.

I hold no brief for the Public Printer, but I am an admirer of any man who tries to clean up his department and put it on a business basis. Your Public Printer has cleaned up the Printing Office of gambling. He put out a lot of gamblers among the employees who were making a constant business of gambling there during business hours, and has stopped gambling there, and I am one man who admires him for it. He is a Republican—a Republican officeholder—and I am a partisan Democrat, but when a man is trying to do something and is working along the right line for his Government I have to say something for him when a Member jumps on him, especially when he does not deserve it, and the gentleman from Illinois ought not to keep on jumping on the Public Printer, who is doing the best he can.

Mr. MANN. Mr. Chairman, I have no criticism of the Public Printer; on the contrary, I have very high admiration for him. In this case it is the fault of the Public Printer—of his office. I have had so many cases lately where it was impossible to get reported bills, reported into the House, where I have been compelled to take the original print of the bill because I could not get the reported bills promptly from the office of the Public Printer, and I am going to take a crack at him until he gets his office up to date in printing the work of the Congress. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Sec. 3. That in the case of the States and Territories the apportionment and distribution, as provided for in this act, shall be made through the governor or chief executive of each of the several States and Territories, and in the District of Columbia through the Board of Commissioners of the District of Columbia.

The committee amendment was read, as follows:

Strike out all of section 3, beginning in line 11, page 3, ending line 16, inclusive, and insert:

"Sec. 3. That in the case of the several States the apportionment and distribution as provided for in this act shall be made through the Senators and Representatives comprising the State delegations in Congress from each State; in the case of the several Territories through the Delegate to Congress from each Territory; and in the District of Columbia through the Board of Commissioners of the District of Columbia: *Provided*, That any Senator, Representative, or Delegate may authorize the governor of the State, or the district therein, or the Territory which he represents, to make such distribution in lieu of said Senator, Representative, or Delegate.

"The Secretary of War is hereby authorized and empowered to make all rules and regulations to carry this act into effect."

Mr. KAHN. Mr. Chairman, I ask leave to amend the amendment by striking out, page 5, line 2, the words "or the district," and in line 3 the word "therein."

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. KAHN to the amendment: On page 5, line 2, after the word "State," strike out the words "or the district," and in line 3 strike out the word "therein."

The CHAIRMAN. Does the gentleman desire to discuss his amendment?

Mr. KAHN. I do not.

Mr. RAKER. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. RAKER. I rise in opposition to the amendment. I wonder if that whole proviso ought not to go out, and what its meaning is if it remains in the bill. I am thoroughly in accord with the method of distribution if the amendment is amended. I want to call the attention of the gentleman to the fact that as the section now reads it requires a meeting of members of the delegation. Suppose there are 11 members of the delegation in any particular State. Read lines 19 and 25, page 4. It does not say that each member of the delegation shall have the number of trophies that would belong to his district in proportion to the number of men of the whole State; but, as the amendment now stands, irrespective of what the intention is, there might be accidentally one member who did not agree with the rest of the delegation.

The delegation can vote and distribute all of those trophies. Is not that right?

Mr. KAHN. No; it is not right. Each member of the delegation is entitled to his proportion of those that have to be distributed in the State, and if one member does not desire to come in, of course the number of trophies to be distributed in his district will not be distributed for the time being.

Mr. RAKER. I know. Undoubtedly that is the intention. But I want to call the gentleman's attention to the language. It says that in the case of the several States the apportionment and distribution as provided for in the act shall be made. How? By the Senators and Representatives comprising the State delegation. That means the entire delegation shall dis-



pose of the trophies, and the delegation must itself dispose of the trophies, and no one member can say he is entitled to one-eleventh of these trophies unless the delegation voted it.

Mr. LAYTON. And you can not obtain the consensus of the delegation without a majority vote in conference.

Mr. RAKER. Exactly. Now, you have gone beyond the power of the member to submit it to the governor, so the governor should sit in with the delegation and vote how to distribute these trophies.

Mr. KAHN. Oh, no.

Mr. RAKER. I know what the language is. The matter is just as clear as anybody can make it. It requires a meeting of the delegation and their determination of the distribution of the trophies.

Mr. KAHN. Exactly.

Mr. RAKER. Now, a majority can take the trophies and place them where they please. I say that a majority of the delegation can take all the trophies from the minority and give the minority nothing but a few little packages and retain the balance themselves.

Mr. KAHN. The gentleman is a member of the delegation of the State that I come from. He is a Democrat and I am a Republican. So far as I am concerned I will see that he gets as many of the trophies as I do.

Mr. RAKER. That is all right, but that is not the point. What I am trying to get at is this: The number of men that come from a State ought to have a representation in distributing these trophies, so that a Member of Congress might say to his people, "I am entitled after these are divided up to distribute in my district so many trophies," and I ought not to have to go to the majority of the delegation and say, "Gentlemen, will you not please give me these?" because the only way the minority Member will get them is in that way.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREENE of Vermont. Mr. Chairman, is it in order to move to strike out the third section?

The CHAIRMAN. The Chair will state that the question is on agreeing to the section, and the gentleman from California has offered an amendment to the committee amendment.

Mr. GREENE of Vermont. Would a motion to strike out be a preferential motion?

The CHAIRMAN. As the Chair understands the parliamentary situation, a motion to strike out will not be in order. If the committee amendment is not agreed to, the original language of the bill is restored.

Mr. GREENE of Vermont. I move to strike out the last word, Mr. Chairman.

Mr. KAHN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Vermont yield to the gentleman from California?

Mr. GREENE of Vermont. Yes.

Mr. KAHN. I want to make a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KAHN. Has the amendment which I have offered to this amendment passed?

The CHAIRMAN. It has not yet been voted on.

Mr. KAHN. It is pending?

The CHAIRMAN. It is now pending.

Mr. GREENE of Vermont. Mr. Chairman, I think we are all familiar, or we ought to be by this time, with the not flattering estimate of the House of Representatives or of the Congress that we occasionally read in the periodicals of the country, particularly the daily press, perhaps, as we see it in some facetious editorial paragraph, or as we see it in some cartoon. We need not debate among ourselves the fact that that estimate is very unfair and very unjust, because we know it is. But it exists, none the less, and it is fed and kept alive, quickened and revived from week to week by some—well, something in the way of an indiscretion, perhaps, that may attach itself occasionally to somebody that in the public mind may be remotely or indirectly identified with Congress, and unfortunately that is taken to mean that the whole outfit is after that sample.

Moreover, there is a popular impression, as you and I know, that we have rather gone the limit on such subtle devices as seed peddling and the distribution of documents and maps, and such stuff. I do not know that we give away boxes of chalk, or blackboards as yet. We do not peddle canary birds or goldfish yet, but we will come to it. However, in almost a literal sense we do peddle goldfish now out of the Bureau of Fisheries, and we may get around to peddling a good many other things.

In other words, we all know that, instead of abiding by the limits of our constitutional office and contenting ourselves with discharging our duties with dignity and self-respect as lawmakers, we have gone outside into this jockeying business for the last century with any kind of a little trinket thing to dis-

tribute around among our constituents, just as the missionaries and traders used to bring beads and hand mirrors and a few little colored combs and such truck out to the red Indians, trying to make friends with them. It is the same kind of a thing, and it just about befits our dignity to the same degree.

Here we start off in this same business again, going about peddling war trophies and cannon. I do not know that I want to picture myself as being seated on a tin peddler's cart going up and down my district tooting on a fish horn and peddling gas masks and cannon, and all that sort of thing, and I do not think it is a duty that devolves on the lawmakers of the Government.

Now, it is clear in my mind where the logic of this thing is. The troops were furnished by the States, and they were furnished through the executive department of the States upon the call from the executive department of the National and Federal Government. We did not have anything to do with the furnishing of those troops. We made the law that compelled both these executives to furnish them in the way they did. But we did not administer the law. We are not our own sheriff. Every judge has not yet become his own executioner, in spite of "The Mikado." There is some limit, it seems to me, to the duties we ought to undertake, and if we get laughed at by cartoonists and spanked by paragraphers it is just because we do turn ourselves into market men and peddlers on occasion and do just that same sort of thing. The public will never respect us a bit more than we respect ourselves. It will never respect our institution any more than we respect it ourselves.

I am not impugning the credit of the men who bring the bill in this way, and I am not impugning the honesty and the self-respect of the men who assent to it.

I am only undertaking to exercise the privilege of one of our association to point out what the situation is. When I look at myself in the mirror I see a peddler of seeds, and I see a peddler of war trophies, and it is questionable sometimes whether I am really engaged in the constitutional function of making law or not.

I fear it is hopeless to think of getting this paragraph stricken out, but it seems to me we ought to make a law that would turn these war trophies over to the States in the proportions set forth in the bill, the relative proportions to the number of troops of each State that furnished these glorious armies that brought back these trophies. And I contend that the executive of each State, being the man who is the titular head and chief of the State, and who in that capacity saw to it that the State furnished its particular quota, should in turn distribute to the several towns of the State their respective quotas of these trophies.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. GREENE of Vermont. Yes.

Mr. MILLER. I was wondering if the gentleman from Vermont would have to go up and down his State and throughout his district with a fish horn to distribute these trophies among the people.

Mr. GREENE of Vermont. No; I am not going to do it. I was just stating it as an illustration.

Mr. MILLER. And the gentleman is just as far from being a faker or a peddler as one could possibly be. [Applause.]

Mr. GREENE of Vermont. I thank the gentleman very much for his compliment, but the gentleman ought to keep his face straight when he makes the remark. [Laughter.]

I think in our serious minutes—and when I say "serious minutes" I mean those minutes sometimes when we are not legislating—when we are sitting in the cloakroom and comparing our minds with one another very freely, when we are doing that which Cato referred to when he said, "I do not see how one soothsayer can look another in the face without laughing"—at such times, I say, I do not see how we seed peddlers can put up this kind of stuff through the law and get by with it. To my mind it is about the cheapest contrivance for getting votes that I ever heard proposed. [Applause.]

The CHAIRMAN. The time of the gentleman from Vermont has expired. The question is on agreeing to the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out the last word of the committee amendment for the purpose of asking a question.

Mr. KAHN. Mr. Chairman, as I understand it, there is an amendment to the committee amendment pending.

The CHAIRMAN. That has just been agreed to. The gentleman from Indiana moves to strike out the last word.

Mr. GARRETT of Tennessee. The amendment was to strike out the whole thing, section 3.

The CHAIRMAN. It was to strike out and insert.



Mr. GARRETT of Tennessee. The committee amendment is to strike out section 3.

The CHAIRMAN. The Chair will state that the amendment as stated is to strike out section 3 of the Senate bill and insert section 3 as reported by the Committee on Military Affairs. The gentleman from Indiana is recognized for five minutes.

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out the last word for the purpose of inquiring of the gentleman from California (Mr. KAHN) if he thinks the language on page 5, lines 5, 6, and 7, is sufficient to authorize the Secretary of War to make the exception referred to in section 1. I notice in section 1 it is said that certain cannon, and so forth, shall be distributed, with the exception of certain devices that are necessary for experimental purposes. I suppose the general power of the Secretary of War would authorize him to make that exception. But the second exception is, "of such of the devices aforementioned as may be required for display in museums," and so forth. That is not a function of the Secretary of War, and unless the authority is contained in the language upon page 5, lines 5 and 6, there is no authority in the bill vested in any person to make this exception.

Mr. KAHN. The bill itself makes the exception, as I understand it.

Mr. SANDERS of Indiana. But it is left for somebody to determine?

Mr. KAHN. Yes.

Mr. SANDERS of Indiana. The bill makes the exception in this language:

And the further exception of such of the devices aforementioned as may be required for display—

The point I am making, if the chairman will bear with me, is that the exception is named in the statute in general terms, and the power to determine the matter is not left in any person's hands or in the hands of any authority.

Mr. KAHN. I take it that this language will give the Secretary of War authority to make rules and regulations to carry out the provisions referred to in the bill.

Mr. SANDERS of Indiana. That is the inquiry I am making. It seems to me the language is not quite broad enough for that purpose.

Mr. KAHN. I do not think that under this language he could do anything with regard to the exception in paragraph 1, except to make rules and regulations for carrying out that express provision of the law.

Mr. SANDERS of Indiana. Well, exception 1 makes an exception which is in general terms. Some power or some authority must determine what that is.

Mr. MANN. If the gentleman will permit, the bill provides that the Secretary of War is authorized to apportion the distribution—

Mr. SANDERS of Indiana. Yes.

Mr. MANN. Except certain things. It is up to the Secretary of War to determine under the law.

Mr. SANDERS of Indiana. He may have that implied power.

Mr. MANN. It is not an implied power at all. He must exercise the power. He is required to exercise it, because he can only distribute those things which are not required for other purposes under the language of the law. He must determine that.

Mr. SANDERS of Indiana. Having the power to determine the positive act of distribution you think there would be nothing left.

The CHAIRMAN. The question is on the committee amendment.

Mr. GARRETT of Tennessee. May the amendment be reported again?

The CHAIRMAN. Without objection, the Clerk will again report the committee amendment as amended.

The Clerk read as follows:

Strike out section 3 and insert in lieu thereof the following:

"Sec. 3. That in the case of the several States the apportionment and distribution as provided for in this act shall be made through the Senators and Representatives comprising the State delegations in Congress from each State; in the case of the several Territories through the Delegate to Congress from each Territory; and in the District of Columbia through the Board of Commissioners of the District of Columbia: *Provided*, That any Senator, Representative, or Delegate may authorize the governor of the State or the Territory which he represents to make such distribution in lieu of said Senator, Representative, or Delegate.

"The Secretary of War is hereby authorized and empowered to make all rules and regulations to carry this act into effect."

Mr. GARRETT of Tennessee. Mr. Chairman, may I inquire if section 3 of the original Senate bill has been disposed of?

The CHAIRMAN. Section 3 is involved in the amendment which is now pending, the motion being to strike out section 3 of the Senate bill and insert in lieu thereof section 3 as recom-

mended by the Committee on Military Affairs, as it has been amended. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. MANN and Mr. BLANTON) there were—ayes 65, noes 15.

Accordingly, the committee amendment as amended was agreed to.

The Clerk read as follows:

SEC. 5. That all transportation charges on war devices and trophies, as indicated, from point of shipment to point of final delivery within the several States, the Territories, and counties thereof, and the District of Columbia, shall be borne by the United States Government, but not the expenses or costs incident to erection in local communities.

With the following committee amendment:

Page 6, line 3, strike out the word "final" and insert in lieu thereof the word "central."

Mr. GARRETT of Tennessee. Mr. Chairman, I wish to ask the gentleman from California a question. Where is the "central" point in the ninth congressional district of Tennessee?

Mr. KAHN. The War Department have a point of distribution somewhere near the center of every congressional district, and they will send the material to that point. It is not always in the center of the county or in the center of the district, but they have some central point in every district to which they send material and from that point it is easy to send it to the outlying sections of the district.

Mr. LAYTON. It is generally a railroad center.

Mr. KAHN. Yes; it is generally a railroad center.

Mr. GARRETT of Tennessee. Does that mean the geographical center?

Mr. KAHN. Not necessarily.

Mr. GARRETT of Tennessee. What does it mean?

Mr. KAHN. It means the nearest railroad center in a congressional district.

Mr. GARRETT of Tennessee. If I understand it correctly it means that they are going to send the big Berthas and the guns of different millimeters, and the buckles, harness, and things of that sort down somewhere into the center of a congressional district.

Mr. KAHN. Near the center.

Mr. GARRETT of Tennessee. I think we ought to know where these things are going to be sent. I want to know where to go to get mine.

Mr. KAHN. The War Department officials can tell the gentleman.

Mr. GARRETT of Tennessee. If the gentleman from California will pardon me, he has been dealing with the War Department officials on friendly terms so long that it becomes somewhat disturbing. If the gentleman wants the War Department to distribute these things, why does he not bring in a bill which says so? For instance, can the gentleman give us the specific information as to where the things that are to be distributed by the Congressman in the tenth congressional district of Tennessee will be sent? Will they be sent to Memphis, or where?

Mr. KAHN. I do not know the exact location of the tenth district of Tennessee. I know the State pretty well. I have been there many times, and like it very much, but I do not know where every congressional district in the State is. The War Department officials who favored this bill have told me that there is some point in every congressional district where there is a railroad center, and that the trophies will be sent to that railroad center to be distributed to the other sections of the district.

Mr. SMITH of Idaho. Will the gentleman yield?

Mr. GARRETT of Tennessee. I yield to the gentleman from Idaho.

Mr. SMITH of Idaho. If this amendment stands, will it not be necessary in most instances to reship these trophies from the central point to some other points in the district?

Mr. KAHN. Yes.

Mr. SMITH of Idaho. Whereas they could be delivered just as cheaply at the point of final destination. It seems to me this is a very unwise amendment which has been suggested by the committee.

Mr. GARRETT of Tennessee. Of course, I do not know.

Mr. KAHN. In hearing the testimony given by the officers who favored this legislation, they pointed out that in every district in this country there is some railroad point where this material can be shipped advantageously.

It was not intended that the material should be sent directly to each place to which it was to be donated, but was to be sent from a central point, the expenses from that central point to the place of final delivery to be paid by the recipients.

Mr. GARRETT of Tennessee. I am gratified that I am not alone in my ignorance.

Mr. KAHN. Oh, the gentleman is not ignorant.

Mr. SEARS. Will the gentleman yield to me?

Mr. GARRETT of Tennessee. I yield to the gentleman.

Mr. SEARS. In the fourth congressional district of Florida it is nearly 600 miles from Jacksonville to Key West. If I select Jacksonville, Key West would have to pay the freight for 600 miles. If I select Key West or Palm Beach, all this material would go through Jacksonville and then Jacksonville would have to pay the freight back to Jacksonville.

Mr. KAHN. In a case like that, under the provisions we have just adopted, the Secretary of War would have the right to make the necessary regulations to cure a situation of that kind.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. SMITH of Idaho. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, line 3, strike out the word "central" and after the word "delivery" insert the words "designated by the Representatives in Congress."

Mr. SANDERS of Indiana. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. SANDERS of Indiana. The word "central" is a part of the committee amendment. Has that been adopted?

The CHAIRMAN. It has not.

Mr. SANDERS of Indiana. I call the attention of the gentleman from Idaho to the fact that the committee amendment has not been adopted, and that would leave it in bad shape.

Mr. McKENZIE. Mr. Chairman and gentlemen, I hope that this amendment of the gentleman from Idaho will not be adopted because it does not help at all. It leaves it in as bad a situation as ever the bill would be without the amendment. I am one of those who believe that if the Government is going to undertake to pay the expense of shipping out these various trophies and relics to the State, then it ought to pay the whole bill and not ship them to some central point of distribution and make the recipients pay the balance of the freight. I think it would create much discussion and much dissatisfaction. The War Department recognized that one town would get 150 millimeter guns, another one 200-millimeter guns, and another one a bayonet, and, of course, they realized they would have a good deal of a job shipping these things all out to these innumerable places, and therefore the committee came to the conclusion that it would be well to name a central place. Personally, I am opposed to that proposition, but if the Congress wants to take the additional burden on its shoulders, well and good. I hope the gentleman's amendment will be adopted and the committee amendment will be defeated.

The CHAIRMAN. The Chair will ask the gentleman from Idaho if he offers his amendment as a substitute for the committee amendment or a separate amendment?

Mr. SMITH of Idaho. Mr. Chairman, I ask unanimous consent to withdraw my amendment until the committee amendment has been acted upon.

The CHAIRMAN. The gentleman from Idaho asks unanimous consent to withdraw his amendment. Is there objection?

Mr. MANN. Reserving the right to object, the gentleman's amendment can not be acted upon after the committee amendment is adopted because it will be too late.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. ROACH. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, strike out section 5 and insert in lieu thereof the following: "Sec. 5. That the transportation, packing, loading, and other charges on war devices and trophies as indicated from point of shipment to the point of delivery shall be borne and paid by the recipients of such war devices or trophies, but no distribution shall be made thereof until such charges have been satisfactorily arranged for with the Secretary of War."

Mr. ROACH. Mr. Chairman, I heartily approve of the distribution of these war trophies and relics, but I doubt the wisdom of incurring at this particular time a half a million dollars of expense for that purpose, especially at a time when the taxpayers of this country are bending every effort to meet the necessary operating expenses of this Government. The general purposes of this bill are very commendable and I am heartily in favor of the provisions of the bill and shall vote for it, except the provision that incurs this additional expense. I feel this way about it: That if there is any city, town, or village in my district that wants any of these trophies bad enough to pay the charges to get them over there, they can have them; but to saddle a half a million dollars expense upon this country for

that purpose, I question and doubt the wisdom of it. Perhaps I shall not get much support in this position that I am taking, but that is my honest judgment and thought upon it, and I hope that the amendment will meet with your approval and support. [Applause.]

Mr. BEGG. Mr. Chairman, I rise to support the amendment of the gentleman from Missouri [Mr. ROACH]. I do this upon this ground: Each day during the past two weeks we have seen items in the newspapers pointing out the necessity for increased taxes on something that is not yet taxed, in order that relief may be given to already overburdened business of the country, and during all of that time every day we have been called upon here in this body to vote money out of the Treasury of the United States, in sums from \$30,000,000 down now to \$400,000, this last amount to be expended by the Treasury for the purpose of shipping some war trophy from cannon down to bridle bits out to the different sections of the country. I want to comment for a moment upon the idea of giving a community or an individual something for nothing.

There never was and there never will be an individual who got something for nothing who appreciated it one one-hundredth as much as did the man who got half as much who had to strive for what he got, and the same thing is applicable to a city or a village. Let the country know that any community may have these trophies for nothing, with all expenses paid, and every little hamlet in the United States, every school-house, every church, lodge, and everything else will want one of them, and they will want it upon the ground that it does not cost anything. This is nothing more than further carrying out the theory upon which we are making the central Government responsible for the good roads all over the United States, as well as the health and morals of the whole country, and there is an insistent demand that the United States Treasury bear the burden for States in education and from the present trend no one can tell where we will stop. All this is demanded on the theory that if the United States Government pays the bill, it will not cost the people anything. To have the United States Government assume the responsibility for these things which rightfully belong to the State is the most extravagant and wasteful way of getting them that could be devised. I noticed in my local paper that a woman from some Government department here in Washington had visited my city to ascertain the condition of the morals. My advice to her is to stay right here and she will probably find plenty to do. Anyway, is not it insane and assinine to assume that the central Government can supervise the roads, health, morals, and so forth, of a free people?

I want to say to you gentlemen that the American people are getting rather tired of this. Every little town in my district has asked me to introduce a bill to provide them with a cannon or other war trophy, and I have complied with that request; but I want to say this, that if they want a cannon or some other trophy and will not pay the transportation charges from here to the place of destination, then they do not deserve it, and I am ready to go right out and tell them that to their faces. [Applause.] I think it is about time we called a halt. If we are compelled to pay a stamp tax on the little check that we may give this afternoon, or some other afternoon, to pay for our groceries for a week, then I think it is about time to quit paying out money to send free throughout the country cannon, bridle bits, spoons, and harness breeching, and so forth, whether it be to New Mexico or Wyoming or some point nearer here.

I should think that about 50 per cent of the Ford automobiles out in my district are owned by the farmers. They are taxed as personal property and their owners are compelled to pay a State license tax and many times a city tax. Now comes the Secretary of the Treasury and says, "Let's tax them all \$10 a head again so that we can get \$4,500,000,000 in the Treasury in order to send war trophies out to the people of Podunk." I want to say to you that I would rather vote against the bill than vote to pay \$1 of the expense necessary to ship these articles anywhere into my district. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired. All time has expired.

Mr. NORTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. MILLER. Mr. Chairman, I move to strike out the last word.

Mr. MANN. Mr. Chairman, a parliamentary inquiry: What is pending?

The CHAIRMAN. A committee amendment.

Mr. BURTNESS. Mr. Chairman, I rise to offer an amendment to the committee amendment.

Mr. GRIFFIN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.



Mr. GRIFFIN. Is not the amendment of the gentleman from Missouri [Mr. ROACH] now pending before the committee?

The CHAIRMAN. It is not.

Mr. GRIFFIN. Has it not been reported?

The CHAIRMAN. It has been reported, but it will not be voted on until after the committee amendments have been disposed of. The question is on the committee amendment.

Mr. MANN. Mr. Chairman, there are three committee amendments, and we can not tell which one we are voting on.

The CHAIRMAN. Only one has been reported.

Mr. GERNERD. Mr. Chairman, I ask unanimous consent that the committee amendment be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the committee amendment.

There was no objection; and the Clerk again reported the committee amendment, as follows:

Page 6, line 3, strike out the word "final" and insert in lieu thereof the word "central."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken; and on a division (demanded by Mr. KAHN) there were—ayes 50, noes 43.

So the committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 3, after the word "the," insert "congressional districts of the."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 4, after the word "States," insert the word "the."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 4, after the word "Territories" strike out "and counties thereof."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. BURTNESS. Mr. Chairman, I move to amend by changing the word "point" where it occurs the second time in line 2, page 6, to the word "points."

The CHAIRMAN. The gentleman from North Dakota offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BURTNESS: Page 6, line 3, strike out the word "point" where it occurs the second time and insert in lieu thereof the word "points."

Mr. BLANTON. Mr. Chairman, what has become of the amendment of the gentleman from Missouri, Mr. ROACH?

The CHAIRMAN. The amendment of the gentleman from Missouri is pending, to be voted on after the text to the section has been perfected.

Mr. BURTNESS. Mr. Chairman, in support of my amendment I will say that in the larger districts of the western and southwestern and southern parts of our country we have in many cases two or three railroads running into one district, and each one of these railroads serves a substantial portion of the district. My own district, for instance, is over 300 miles long, and on an average from 50 to 100 miles wide. There are two transcontinental railroads through the district. If the word "point" can be changed to the word "points" the Secretary of War under the general provisions of the bill may make rules and regulations to designate two or possibly three central points, if there be any particular occasion or necessity for it, without causing any additional expense to the Federal Government.

In other words, the shipment could be divided in two and could be sent perhaps as cheaply as otherwise and be a great convenience and saving of expense to the communities.

Mr. MANN. Will the gentleman yield for a question?

Mr. BURTNESS. Certainly.

Mr. MANN. Does the gentleman think under the terms of the bill all trophies designed for one congressional district have to be shipped at one time to one point?

Mr. BURTNESS. The chairman of the committee, when he was asked for information, stated, if I understood him correctly on that point, that the point contemplated by section 5

was a particular place somewhere near the center of the congressional district.

Mr. MANN. Well, I know, but I wanted to get the judgment of the gentleman, who has offered an amendment, who says it could be shipped to two or three places in a district, and I wanted to know what the gentleman thinks, if under the language of the bill as it now stands everything shipped to a district would have to be shipped in one shipment to one point?

Mr. BURTNESS. I think under the language of the bill as it now stands it will all have to be shipped to one particular point within each district, and I take the position there ought to be a couple of points to which shipments could be made; that is, to either one of two or three points, as the circumstances warrant.

Mr. MANN. Mr. Chairman, I think I would have no objection to the amendment offered by the gentleman from North Dakota; it does not mean anything. It is absurd to say that under the terms of this bill the Secretary of War is required to ship at one time in one shipment to one point all the trophies provided for distribution in one congressional district. The big cannon, the 75-millimeter—is that correct?—guns, and these little badges and other things that were here to-day, and if you allotted one to a school somewhere instead of being able to send that badge by parcel post at an expense of 10 cents or a little more direct to the school, under the construction proposed the school would have to send a delegation 250 miles to meet a railroad train—and God knows when it would arrive, no one could tell within two weeks' time—and board them while waiting, simply to get hold of this badge.

Mr. GREENE of Vermont. If the gentleman will allow me to interrupt, according to the earlier terms of the bill, if the Representatives did not peddle in person they would not have to do that.

Mr. LAYTON. Will the gentleman yield for a question, please?

Mr. MANN. If I can answer it.

Mr. LAYTON. Now, in my State there is no question of the central part of Delaware; it is the capital of the State. Now, suppose in the distribution of these trophies there is a 175-millimeter gun by one shipment sent to Dover and by the allotment another 175-millimeter gun was for Georgetown, Sussex County, Del., which is 40 miles farther south. Under the terms of this bill all would have to go to Dover.

Mr. MANN. I do not think so myself. I think under the terms of the bill—and I would like to see section 5 stricken out so far as I am concerned—I think under the terms of the bill the Secretary of War has the power to send to a central point—and central point does not mean in the center of the district—a carload of these big guns and advise the people to come there and get them. But that is not requiring him to send everything to one point or all at one time. However, I rose principally to say while the estimate of the expense under this bill according to the bill is \$400,000 I take it, although I may be mistaken, that no one familiar with the operations of the Government and the War Department will think that will ever be done for \$400,000 if the Government pays for it. Of course I represent a city, and maybe I do not have quite the same viewpoint with some gentlemen who have large country districts, and I appreciate that, but it seems to me that if the people of a locality are not sufficiently interested to raise the money to pay the freight bill and actual necessary expenses they are not sufficiently interested to get the trophies. [Applause.] It never has been the policy of the Government to send these cannon throughout the country at the expense of the Government. It was always the policy to do it at the expense of the recipients. Now, these recipients have to do a great deal of work, spend more or less money in preparation for these cannon and other trophies.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. MANN. My God, if they are patriotic, let them pay the bill and not require Uncle Sam to do it.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. MANN. Not just now. I have only got a half second more. I think it is time to pass some bill in this House which is not to extract money out of the Treasury. [Applause.] We have not had many lately. All of these little bills that come in authorize an appropriation. I want to pass a bill to give these trophies to people who are willing to be interested in the subject, who are patriotic enough to pay the expense to cut down the appropriations of the Government. Now, if I have any time I shall be glad to yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. The gentleman from Illinois may be absolutely certain that, if the rules of the House are observed, section 7 will go out on a point of order, because I intend to make it.

Mr. MANN. Oh, but section 7 does not cut any ice. I am talking now about section 5.

The CHAIRMAN. The time of the gentleman from Illinois has expired, all time has expired, and the question is on the amendment offered by the gentleman from North Dakota.

Mr. ROSENBLUM rose.

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. ROSENBLUM. To offer a substitute for the pending amendment.

The CHAIRMAN. The Clerk will report the substitute.

The Clerk read as follows:

Substitute offered by Mr. ROSENBLUM for the amendment offered by Mr. BURNES: Page 6, lines 1 to 7, inclusive, strike out section 5 and insert in lieu thereof the following as section 5:

"That in order to avail themselves of the provisions of this act the said Senators, Representatives, Delegates, or governors of the States or Territories desirous of securing such trophies shall guarantee to the Secretary of War the payment of all expenses in connection with the transportation of such trophy or trophies, and that no money shall be expended from the Treasury of the United States for the purpose of carrying out the provisions of this act."

Mr. KAHN. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. KAHN. It is not a substitute for the pending amendment.

The CHAIRMAN. The Chair sustains the point of order. The question is on the amendment of the gentleman from North Dakota [Mr. BURNES].

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

I think the gentleman from Illinois [Mr. MANN] is wrong in his position on the amendment. Section 5, as originally written, contemplated a delivery, using the States and the counties as the central points. But it did not have the word "central." It said "final" delivery, and it provided that all the transportation charges from the point of shipment to point of final delivery in either the State or county should be borne by the United States Government, and the expense of erecting, say, the gun and putting a proper platform or place on which to hold it, should be borne by the people of the community. But you amended this provision by changing the word "final" to "central," and inserting "congressional districts," and you cut out the words "and counties." If "central" does not mean a central point and you are using a congressional district as the unit, if it does not mean some central point in that district to which you send the trophies for the district, then the English language does not mean anything.

Mr. KAHN. The Senate bill also contemplated the distribution by the governors of the States.

Mr. WINGO. Yes. Now, Mr. Chairman, if the Government is going to bear the expense of the transportation it ought to bear it. If you are opposed to it, then you ought not to provide for any of it. If you provide that the expense of transportation to each town should be borne by that town, say from the point of shipment in the East, and you undertook to send one gun alone, then you will treble the cost of transportation. But it is a common-sense thing to let the department send all that is available for one shipment in one compact shipment to some central point and let it be distributed from there. That would be economy in transportation. The gentleman says if you undertake to do that you will have a delegation standing at a central railroad point for two weeks. In my mind I can picture my friend from Mississippi [Mr. QUIN] as such a delegation, who will be standing there with one of these surcingle properly adjusted to his handsome form, one of these lanterns in his hand, a pair of these spurs on, covered by the bill, and one of these Uhlan lances in his hand to stick into any man that wants to run against him for Congress, and with garden seed and bridle bits for free distribution in his pockets, he will be invincible. I think we ought to classify these guns and the cities and towns, and then we ought to have brought in an omnibus bill providing that one gun of one class shall be shipped to each of the following cities, and one gun of another class to each of the following cities. But this proposition to give to each Congressman for distribution folding forks, spoons, surcingle, bridle bits, breeches, lanterns, and things like that to distribute over his district is not only absurd but will give him a lot of trouble. If you are going to send these guns to be erected as monuments in public parks and courthouse squares you ought to do it in a sensible manner. You have no right to distribute surcingle and spoons, and things of that sort. Guns are the things that should be distributed, that can be placed as memorials in every district of the United States.

Mr. DENISON. Does not the gentleman think that it would take away a great deal of the pork-barrel feature of this bill if they would be required to pay the expenses?

Mr. WINGO. No. I have in mind in a district of one of my colleagues a place where the soldiers of the Civil War and their descendants, both of the Blue and the Gray, meet. They own it. I think if you left it to Tom, Dick, and Harry to take up a collection to pay for the transportation, it might be paid; but I think the Government ought to pay the expenses of that memorial, but let the people pay the expenses of erecting it in a permanent place.

Mr. McPHERSON. Does the gentleman figure how much it would cost to ship one of these guns to each of the 15 districts in Missouri?

Mr. WINGO. No; because one gun may be of one size, which will take a higher rate than a gun of another class.

Mr. McPHERSON. If the Government does not send these guns wherever we are going to give them, is it not likely they will all be distributed to congressional districts near the places where they are now stored?

Mr. WINGO. If you do not pay the transportation it will mean that Chicago and New York and other great cities throughout the country will get the great bulk of them, and the counties, cities, and outlying sections, where these memorials ought to be, will not get them. I regret that you have not brought in a proper bill to cover guns that would, when erected, be permanent memorials, and left out the surcingle, bits, breeches, and lanterns. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired. All time has expired.

The question is on the amendment of the gentleman from North Dakota [Mr. BURNES].

The question was taken and the Chair announced that the yeas seemed to have it.

Mr. BURNES. Division, Mr. Chairman.

The committee divided, and there were—ayes 45, yeas 39.

So the amendment was agreed to.

The CHAIRMAN. The question now comes upon the amendment offered by the gentleman from Missouri [Mr. ROACH], which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ROACH: Page 6, strike out section 5 and insert in lieu thereof the following:

"Sec. 5. And all transportation, packing, loading, and other charges on war devices and trophies as indicated, from point of shipment to point of delivery, shall be borne and paid by the recipients of such war devices or trophies, and no distribution shall be made thereof until such charges have been satisfactorily arranged for with the Secretary of War."

Mr. COLTON. Mr. Chairman, I desire to speak in opposition to this amendment.

The CHAIRMAN. The gentleman is recognized.

Mr. COLTON. Mr. Chairman, I think we who live away from the seat of government are just as anxious to cut down taxes as anyone, but if this amendment prevails one can readily see that only near-by towns can afford any of these trophies. Near-by districts will, in the very nature of things, get them all.

Mr. ROACH. Mr. Chairman, will the gentleman yield?

Mr. COLTON. Yes.

Mr. ROACH. Does not the gentleman know that under the provisions of this bill the stock in the hands of the War Department would have to be apportioned to the several States, and that the portion belonging to his State could not be assigned to some near-by State but would be held until they could pay the transportation on it?

Mr. COLTON. Yes; and you would continue your taxes, because the outlying districts can not afford to ship the trophies. The freight rates are so high that it would simply mean that only these towns that can afford to pay the freight rates will pay them, and you thereby defeat one of the main purposes of the bill—cutting off the expense of caring for the trophies—besides discriminating against the States that are far distant from Washington, which contributed their share to the winning of the war. These States sent their men. It was not too much for this Government to pay the expense of bringing their soldiers back here. Now, if we are going to give these trophies to the States for historical purposes and for sentimental purposes, let us be fair about it and let all share in the benefits, as all were asked to share in the burdens of the war. [Applause.]

Mr. ROSENBLUM. Mr. Chairman, will the gentleman yield?

Mr. COLTON. Yes; I yield to the gentleman from West Virginia.

Mr. ROSENBLUM. Does the gentleman think it would be entirely fair, then, for these States that are close to the Government to pay the high expense of sending those out to the distant States?

Mr. COLTON. The matter of the expense of the war was borne by everybody, was it not?

Mr. ROSENBLUM. Yes.



Mr. COLTON. Now, you are making it so that the State or district far removed from the Capital here must pay several times the amount that near-by States or districts will pay for one of these trophies. The people far away will be discriminated against because of their geographical location.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. COLTON. Yes.

Mr. ROSE. I want to say that, like other Members, I have received dozens of requests for these trophies or cannon. I do not know of a single district that would not be willing to pay all transportation charges.

Mr. COLTON. What is the gentleman's State?

Mr. ROSE. Pennsylvania. Does the gentleman know of a single city in his congressional district that would be unable to pay the transportation charges?

Mr. COLTON. I know that a town in my district would probably have to pay several times as much as a town in the gentleman's district would have to pay for the transportation, and that is not a fair proposition.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. COLTON. Yes.

Mr. GREENE of Vermont. The gentleman realizes that this is merely a gratuitous undertaking. There is no obligation on the part of the Government to distribute these things. They are going to be sent out for quasi-sentimental purposes—largely that—historical and sentimental purposes. We are under no obligation to make the distribution, and towns that are hard up are under no obligation if they do not want to participate in it.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. MILLER. Mr. Chairman, I desire to speak in opposition to the amendment.

The CHAIRMAN. The gentleman from Washington is recognized for five minutes.

Mr. COLTON. Mr. Chairman, I ask unanimous consent to continue for one minute.

The CHAIRMAN. Does the gentleman from Washington yield to the gentleman from Utah?

Mr. MILLER. Yes.

The CHAIRMAN. The gentleman from Utah asks unanimous consent to proceed for one additional minute. Is there objection?

There was no objection.

Mr. COLTON. I just wanted to say in answer to the gentleman from Vermont that that is the crux of the whole matter. If we are going to distribute these things at all, let us be fair about it. Let us not make it so that towns near by may get one of these trophies for a mere song, a bagatelle, while another town that is equally anxious to secure a trophy will have to pay a large amount for it. If the Government is going to do it at all, let us be fair about it. That is the only point I make. [Applause.] We may question the advisability of the legislation, but if we are going to enact it let us make it so that all may share its benefits equally.

The CHAIRMAN. The time of the gentleman from Utah has again expired. The gentleman from Washington [Mr. MILLER] is recognized for five minutes.

Mr. MILLER. Mr. Chairman and gentlemen, this matter was thoroughly gone over in the committee. We considered it from every angle. We realized, as every Member of this House must realize, that some of the congressional districts and some of the States are situated near the source of supply, near where these war trophies are stored. Others are very remote, and it will cost those remote districts thousands of dollars to receive any benefit of this act should this substitute prevail. The State of Delaware, for example, could have its allotment delivered overnight to any point in the State, and at an insignificant cost, while the people in the far West and Southwest will have to bear the cost of transportation from the eastern seaboard. Does anyone believe that that is fair to the Pacific coast? How about Alaska and the Philippines and Hawaii? Does anyone believe the citizens of those far-away lands can bear this enormous expense? In effect, it will deprive them of any trophies of the war. The only fair way to do this, gentlemen, is to distribute these things pro rata, in proportion to the number of soldiers the community contributed toward this victorious war, and distribute them at public expense. That is the only way to do it. [Applause.]

States in the far West contributed their quotas, States remote from where these trophies are now stored. They are all stored along the Atlantic seaboard. Are you going to take the State of California, which was exceeded by only eight States in the American Union in the number of soldiers contributed to the

war [applause], and force its citizens to pay the cost of the transportation of these war trophies to the Pacific coast? And are you going to do it to all these other States in the far West and Northwest and Southwest? The only fair way to do it is to distribute them at Government expense.

The gentleman from Ohio [Mr. BEGG], who made such a violent attack upon this method of distribution, who wants each State to pay the expense for itself, said that those States unwilling to do that were lacking in patriotism. Perhaps the people in his State would be unwilling to do it. Might it be possible that a man who can afford to pay the tax on his \$6,000 automobile could go along the roads of his State with that \$6,000 automobile and then hesitate to pay a little tax as his portion of the cost of the transportation and delivery by the United States Government to the people of the country of these trophies of a war in which 70,000 American soldiers laid down their lives? [Applause.] That is not the sentiment of the American people. My people want these trophies to be distributed fairly and honorably to the various localities in order that each locality may have its part. [Applause.]

The CHAIRMAN. The time of the gentleman from Washington has expired. The gentleman from Mississippi [Mr. QUIN] is recognized.

Mr. QUIN. Mr. Chairman, this amendment is made for the purpose of defeating this bill. Can you conceive of a man being in favor of this bill, knowing that these war trophies are stored in the eastern part of the United States, who pretends to be honest with himself and with the American people, saying that the folks of this country shall not receive these war trophies unless they go down into their pockets and pay the expense of having them sent to the places where the people live? The people in the three States nearest the points where they are stored could get all of them practically for nothing, because the transportation cost would be so low, but out yonder in the far-away State of Texas and the Southwest the people would be deprived of these trophies because they could not afford to go down into their pockets and pay for the transportation of them while the people up here could get them for nothing. Out yonder in Utah and California and Oregon and the Pacific Northwest, and down in New Mexico it is not fair to expect those people to pay for the transportation of these war trophies, because the cost would be so great in comparison to the transportation cost in the States near by where the trophies are stored.

Mr. KINCHELOE. Will the gentleman yield?

Mr. QUIN. Yes; I yield to the gentleman from Kentucky.

Mr. KINCHELOE. Does the gentleman think the same argument would apply to the mileage of Members of Congress?

Mr. QUIN. The gentleman would not want that sort of thing when it touched his pocket. The gentleman offering the amendment is against the people of the United States having the opportunity to secure these trophies in the far distant localities as a memorial of the valor and heroism of our soldiers on the field of battle across the seas, and he stands in the same position in which the gentleman from New York [Mr. LONDON] stands. He does not want the folks to have these trophies. You know there are some people in this country who do not want anybody to have anything except themselves. Every State in the Union sent out its quota of soldiers, and I want their friends and their posterity to be able to see the trophies of this Great War, and I want them sent to these communities in such a way that they shall all be on exactly the same footing. [Applause.] It will cost the great body of the taxpayers of the United States less than it costs to store and guard these trophies to-day, to have them sent to the most central points in each congressional district in the United States in order that the mass of the people can have in their county seat or home town some trophy of the war. My judgment is that those who are opposing the wish of the plain folks back home who are entitled to these trophies, those who are favoring this amendment and other similar amendments, are doing it in order to make this bill contemptible and in order to kill it on the final vote.

Mr. CARTER. Will the gentleman yield?

Mr. QUIN. I have not the time. These gentlemen who are favoring this amendment would compel the folks back home to pay out of their pockets the expense of getting these trophies sent to them that were captured along the borders of the Rhine and the Moselle, the cannons that were captured by the heroism of our boys. [Applause.] The Government paid the packing and transportation charges on all of these things from the battle fields of Europe across the Atlantic Ocean to the storehouses in New England, where they are costing rent. Why not pay to get them to all the counties instead of letting them go to the few States near by? [Applause.]



Mr. LAYTON. Mr. Chairman, I rise to oppose the amendment. There is one consideration that we seem to have lost sight of in this discussion. When the bill was first introduced I understood that the chairman of the committee [Mr. KAHN] gave us the absolute assurance that in the passage of this bill we would save the Federal Government a large amount of money, so that in the distribution of these war trophies we are not taking money out of the Federal Treasury without at the same time saving the Federal Treasury future expense.

I am in hearty sympathy with the position taken by the gentleman from Washington [Mr. MILLER] as to this amendment, but I do not like his reference to the State which I represent. [Laughter.] He made the remark that his district covers several times as much territory as the State of Delaware. That may be true; but, gentlemen, if any bill passes in this House which requires money to be spent by the Federal Government, the State that I represent will pay more money into the Treasury of the United States than 9 out of 12 Southern States put together, and will pay more money than 9 other States north of Mason and Dixon's Line.

Mr. DOWELL. Will the gentleman yield for a question? Did not the gentleman's State get more out of the Government during the war than any other State? [Applause.]

Mr. LAYTON. That seems to be a pertinent question, but the gentleman is ignorant and ill-informed. [Laughter.] He does not know what he is talking about. When the war broke out in Europe all the world wanted the powder that was made by that old company known as the Du Pont Co., that has been in existence in this country for 150 years and that has supplied this Government in the hour of its need with its explosives from the Revolutionary War down. In addition to that, a large part of the money that that company made was not made out of the Federal Government, but was made out of foreign Governments with which it had contracts entered into for three or more years in advance. I think it is poor stuff for any man in this House to be belittling one of the great corporations of this country, which typifies the industry of this country, and which, together with others, has made this country the greatest industrial country in the world and brought to its people the greatest measure of comfort and happiness ever known.

Mr. ARENTZ. Will the gentleman yield?

Mr. LAYTON. Yes.

Mr. ARENTZ. I should like to say a word about the Du Pont Co. Before the war we paid 11 cents a pound throughout the West for powder for mining purposes. During the war the price went up on account of the high cost of glycerine, because fats were scarce. To-day you can get all the fats you want at a minimum price, while powder is selling for 19½ cents, and they have absolutely no excuse for holding up the price. [Applause.]

Mr. LAYTON. As far as that is concerned, there is no excuse for the high prices of everything in this country, from the food we buy at the delicatessen stores to the clothing that we wear; but that company is no more to blame than anybody else in this country. I hold no brief for the Du Pont Co., as everybody who is acquainted with me knows, but I will not stand here and see the State which I represent continually belittled in a way for which there is no justice or excuse. [Applause.] We are furnishing from our great establishments in Delaware honest and good money to support this Government, and during the war there was no State in the Union that gave more to the Red Cross or more to suffering humanity in Europe than Delaware gave for every humane purpose that this country demanded.

Now, Mr. Chairman, let me give you my ideas of this bill. Let us forget much of this discussion and look at the purpose of it. Gentlemen, this bill is one, in my judgment, of the finest conception that has followed on the heels of the war. [Applause.] I stand here to say that I felt this war. I had one of the dearest relatives I possessed who went down to death on the 18th of July, 1918, in that great drive.

The CHAIRMAN. The time of the gentleman from Delaware has expired.

Mr. LAYTON. Mr. Chairman, I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LAYTON. My thought about this matter has been seriously and carefully considered. I desire to give it to the House, and ask their serious consideration of it. I live in a county town. If this bill should pass, it was my purpose to see that one of these great trophies was placed out in its public square and that upon that big cannon should be inscribed the names of every man in the county of Sussex, of the State of Delaware—every man, white or black, high or low, regardless of his wealth or station—who went to his death in the recent

Great War, so that that cannon could be made a memorial to them and serve as an inspiration of the highest patriotism for all the people who dwell therein. It was my purpose that in inscribing these names upon that cannon not only those of this generation, but its children and its children's children down through the generations of time, should have an opportunity to see who died in that struggle, and so preserve not only the names of the dead in their hearts but keep in their memories a living idea as to the supreme sacrifice they made for their country. That ought to be the great purpose of every man here. If it is so determined in every county town of every State of this Union, there will be a permanent and inspiring monument of the glorious achievements and of the sacrifice of every community. As far as the rest of these trophies is concerned, my thought would be to distribute all of these things that should come as my share as a Representative to the armories of the State, and, if desired, to organizations of a civic character, whether composed of men or women, for an adornment of their halls, where they can be housed, and where anyone who desires may go and see the implements of every kind that were used during the war.

Mr. NEWTON of Missouri. Mr. Chairman, I think this amendment ought to prevail. I do not think this is any time to appropriate money for the purpose of defraying the cost of transportation of these trophies and relics. It is all right to make provision for their distribution, but when we are living in a time like this, three years, practically, after the armistice, when we have not yet reached the point where we can pay the interest on our public debt and the running expenses of the Government without hunting right and left to find something on which the tax shall be increased, it seems to me that our expenditures ought to go only for necessary things.

Gentlemen, I have had a little experience recently in this ordnance question. Whenever you start in with this proposition you will find that \$400,000 is not going to begin to pay the expenses which this bill will incur. It is 60 years since the Civil War, and if you want a piece of ordnance that was used in the Civil War the community that wants it has to pay the cost of transportation. As far as I know that has been true always since the Civil War.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. NEWTON of Missouri. Yes.

Mr. SUMMERS of Washington. The ordnance to which the gentleman refers is not located at any one point on the east coast. Much of it is in California and different points in the United States, and it does not all have to be freighted 3,000 or 3,500 miles.

Mr. NEWTON of Missouri. I have not found any Civil War ordnance on the western coast. I will give gentlemen my experience. About two months ago I took up, at the request of a Grand Army of the Republic post in St. Louis, the matter of getting two 10-inch Rodman guns, to be used for ornamental purposes in that city. I found that the guns were located at Fort Knox, in Maine. I found that the post had to pay the expenses of transportation. I took up the cost of transportation, and do you know what it amounted to? I found the best bid I could get for transporting the two guns from Fort Knox to the railway station and loading them was \$500. The freight from the railroad point in Maine to St. Louis was \$2,500 additional. The unloading and delivery in St. Louis will cost at least \$500 more, making a total of \$3,500 for those two guns of Civil War type. When you come to the cost of loading and transportation of all the big guns and small arms left us from the World War I do not believe that \$400,000 is going to begin to pay the expenses. This is only an opening wedge. I do not believe \$5,000,000 will be sufficient.

Mr. DOWELL. Will the gentleman yield?

Mr. NEWTON of Missouri. No; I have not the time. If I have any time, I will yield later. I will tell you another thing. The very minute the public finds that they can get this ordnance free, transportation paid out of the Treasury of the United States, you will find that every little community in your district is going to demand a gun. Now, what is there in this bill that requires that community after it gets the piece of ordnance to construct the proper base for it or to keep it in condition? If a community is not interested enough in getting a cannon to pay the expenses of transportation, the chances are that they will not be interested enough to take care of it when they do get it. [Applause.] But, as I say, if this ordinance is to go out all over the United States, freight prepaid, every community will want a piece, and after they get it they will find that it costs money to build foundations and properly mount it and to keep it painted and in proper repair.

What is there in the bill that requires care and protection and preservation of the ordnance after it is delivered? What is



there to prevent it from being stored for a time and then junked? I do not think this is any time to start in to pay out five or six million dollars for a purpose like this, a purpose that does not produce anything for the community in which the ordnance is delivered. Let them have the ordnance if they want it and are willing to pay the freight. If not, let us hold it until the time comes when we can at least pay the interest on the public debt and pay some of the principal before we begin to spend millions for a purpose like this. [Applause.]

Mr. RAKER. Mr. Chairman and gentlemen of the committee, gentlemen talk to-day about free material, free cannons, free howitzers, and the other trophies named in this bill. I want to tell you there is not a community in the United States to-day that has not given the best blood of the community and paid the highest price in the way of taxation for that trophy. It is theirs, and it is theirs by right, and no man should say that it is a gift to them. They paid for it many, many times over. Who raised his voice on the floor of this House to-day or at any other time in opposition to the expenses that had to be borne in bringing these trophies and cannon from the fields of France and Germany to the ports of embarkation, which cost hundreds of thousands of dollars, to be transported from there to the eastern ports of this country, at an expense of other hundreds of thousands of dollars? Who raised his voice because of the expense of bringing those trophies here, which were won by our boys with their blood, to the end that they might be distributed where they belong?

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. RAKER. I yield for a question.

Mr. GARRETT of Tennessee. How many bridle bits, assorted, does the gentleman think his district is entitled to?

Mr. RAKER. I do not know; bridle bits are not involved. There are these great cannon and other ordnance that the American people believe ought to be set up in museums, in the parks, and the public squares and courthouse squares, so that they may refer back to the time when our boys helped bring them to this country.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield again?

Mr. RAKER. Yes; I yield to the gentleman.

Mr. GARRETT of Tennessee. How many buckles and hooks would be required in the gentleman's district in order that his people might remember?

Mr. RAKER. My dear sir, the buckles and hooks were scattered all over the fields of France and other places by the American boys that the gentleman sent over and that I voted to send over when we voted for the war resolution, to the end that we might save our country and have something to show for it after it was over. Now, the picayune and miserly question is raised, after your money has been expended to bring these trophies to the ports along the eastern shore of this country, of whether we shall further tax the people to send them back to the homes of the boys, where they ought to be, so that the fathers and the mothers might view them. [Applause.]

That is the most picayunish argument that has ever been made—that it is going to cost a few dollars in a proper, legitimate way. It is not all commercialism in this country. We have got to have a few ideals; we must have a few things of sentiment, and we must have a few things that the coming generation might look back to as evidence of those things for which the country has stood from the beginning.

Mr. KAHN. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. KAHN. I would inform the gentleman that the War Department announces that there are 170 different kinds of items contained in these materials, and the total number is 710,000.

Mr. RAKER. There are many, it is true, and it is true also that there are some minor things, but they will be properly distributed when the time comes.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. GREENE of Vermont. No nation could have been more grateful than this Nation was over the sacrifices that saved it in 1861 to 1865, and yet the law requiring trophies of that war is exactly what is proposed in this amendment.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. RAKER. Mr. Chairman, I ask unanimous consent to proceed for one minute more, in order that I might answer the question of the gentleman from Vermont [Mr. GREENE].

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RAKER. Mr. Chairman, in answer to that question, I helped to get some of these Civil War cannon for various localities. The cannon of the Civil War were at convenient locations. They were all over the United States, and all the people had to do was to pay the expense from the nearest point on the railroad to the place where they were to be put up, so that, in effect, the Government had already paid the expense, practically, for those, and the communities paid a minor portion of it. All we ask in this bill is that the main expense might be paid so that the trophies may be shipped to a central point, and the local communities will pay the expense from there.

The CHAIRMAN. The time of the gentleman from California has again expired. Without objection, the pro forma amendments will be withdrawn.

Mr. GARRETT of Tennessee. Mr. Chairman, I move to strike out the last word. Mr. Chairman, these matters have certain significance, sentimental in character. If not debased by utter foolishness, the distribution can be made very valuable. A proper sentiment can be cultivated by proper action, but if the Congress goes to the absurd all of the sentimental benefits will be lost. There are certain of these captured trophies that have a historical significance and they might very properly be distributed, but there is no historical significance attached to the capture or surrender of harness or belt buckles. Of what possible historical sentimental use is it that there should be sent to your county or mine a certain number of bridle bits, either captured or surrendered? They mean nothing. And boxes, machine guns, horse breechings—how can that sort of stuff be a monument? This bill is cheapening, not glorifying America. [Applause.] Perhaps the opposition that is developing here toward retaining the provision which required the Government to pay, and the sentiment which is rising toward inserting a provision requiring the communities to pay may be due to the fact that the gentlemen know that no community is going to pay freight on bridle bits and horse breeching in order to carry it from one place to another.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. Yes.

Mr. DENISON. The gentleman does not think that the Government ought to pay that freight, does he?

Mr. GARRETT of Tennessee. I do not.

Mr. BEGG. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. I would like to see distributed those things that have some historical and sentimental value, in order to cultivate the right ideals in the minds of the youth who are to come after us, but I do not believe that either Government or community ought to pay freight on horse breeching and folding spoons and tin plates which may happen to have been picked up or surrendered. I yield to the gentleman from Ohio.

Mr. BEGG. Does not the gentleman think it would be valuable to use some of this horse breeching to hold this House from voting away so much money? [Applause.]

Mr. GARRETT of Tennessee. Well, the trouble is that I have tried to harness the Republican side so often and failed— [Applause on the Democratic side.]

A MEMBER. And they are not bridle wise.

Mr. GARRETT of Tennessee. If some gentleman from that side will move to strike out the enacting clause of this bill there is a chance it will carry. Of course if anyone on this side makes the motion it will not carry.

Mr. MANN. Will the gentleman yield?

Mr. GARRETT of Tennessee. Certainly.

Mr. MANN. Suppose the expense is stricken out of the bill, is there any harm left in the bill?

Mr. GARRETT of Tennessee. I suppose there is nothing left in the bill after that. [Laughter.]

Mr. MANN. Oh, I hope the gentleman's district would not look at it that way.

Mr. GARRETT of Tennessee. I do not think my district, I will say very frankly to the gentleman, will be willing to pay the freight on bridle bits and mule harness and things of that sort. If there could be sent to my district—

Mr. MANN. But under the proposition they would not have to, but under the original bill the Government will have to. That is what I am asking.

Mr. GARRETT of Tennessee. Well, I am going to support this Roach amendment, and then also if I happen to be able to get recognition, which seems very hard in the last few days, I am going to make a point of order against section 7.

Mr. MANN. I suppose the gentleman will get recognition for that or somebody else will.

Mr. ROSENBLUM. If my amendment carries it will automatically strike out section 7.

Mr. GARRETT of Tennessee. Of course that is the gentleman's theory.

Mr. MANN. We have these things on hand and we will have to dispose of them sometime. They will be up here all the time until some legislation is enacted. If we could provide for their distribution without expense to the Government, would not that meet the approval of the gentleman?

Mr. GARRETT of Tennessee. Entirely so.

Mr. GREENE of Vermont. Does the gentleman favor—

Mr. GARRETT of Tennessee. I would not wish, however, to hold out the idea that Congress is giving any monument by sending them folding spoons and horse breeching and things of that kind.

Mr. MANN. But somebody may want a folding spoon or a badge for that matter in a schoolroom. I dare say for a few years there will be many hanging up in a schoolroom and talked about; maybe they will later disappear.

Mr. GREENE of Vermont. Does the gentleman favor the method of distribution?

Mr. GARRETT of Tennessee. No; I do not.

Mr. GREENE of Vermont. I mean that the Representatives themselves should peddle them.

Mr. GARRETT of Tennessee. I do not. It is impossible of administration in any fair way.

Mr. GREENE of Vermont. Ought they not to be made to take out a peddler's license anyway?

Mr. GARRETT of Tennessee. Here are a certain class of guns, 8 of them, I believe, for Tennessee. I am thinking of Tennessee because I happen to be from that State. There are 8 guns; there are 10 Congressmen and 2 Senators. How are they going to divide those guns up?

Mr. GREENE of Vermont. There may be some objection raised by the peddlers' union that they were going to compete with them.

Mr. GARRETT of Tennessee. It is a question of who has the biggest political influence, and just at this time, of course, I do not know what will be the effect.

The CHAIRMAN. The time of the gentleman has expired. [Cries of "Vote!"]

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. FISHER].

Mr. FISHER. Mr. Chairman and gentlemen of the committee, I can not say that it appeals to me from any patriotic sense to have exhibited in my State or my district a lot of buttons or a lot of spoons or a lot of things that the Germans have made, but from time immemorial, as long ago as men have fought against each other, as nations have fought against other nations, it has been the custom when there was a victory to gather together the spoils and trophies and put them in the market places or in the parks as a patriotic inspiration for the young men of the country. I appeal to you not to treat this bill in a jocular mood, because we have chanced to capture in dump heaps here and there or in supply stations here and there from the German Army many things which you do not think will be inspiring exhibits; for to discard the bill you stop the distribution of large guns and other captured material. There are many discharged service men who fought in line of battle, and I have had a dozen letters from them within the last month who are interested in getting the captured guns and captured materials that they may be displayed in their communities.

If we distribute these trophies fairly in the town square or the park and around these captured guns there will be meeting places for many a day and year where the veterans of the great World War can gather and tell to their friends and acquaintances their experiences. It will be a center for patriotic inspiration.

Now, I want to say just a word about paying the expense. The Government ought to pay the transportation. If we are going into it at all, let it operate just like the draft operated. There ought not to be any question about an advantage to those near the Atlantic seaboard. When the selective draft machinery began to function it operated in every cross-roads community and the same principle should apply in this bill. [Applause.]

Let us distribute these trophies to every section of our Nation. So far as I am concerned, if I were to have my choosing, I would prefer to have in the parks of my city the guns that our boys fired at the front and which meant death and destruction to our enemies, and not captured guns, which probably were fired by the enemy at our boys. But it has been the custom always among nations to gather together these trophies. Let us not cast aside that custom in the greatest victory in warfare that the world has ever seen. [Applause.]

Mr. KAHN. Mr. Chairman, I move that all debate on this amendment be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Missouri [Mr. ROACH].

The question was taken, and the Chair announced that the yeas seemed to have it.

Mr. ROACH. Division, Mr. Chairman.

The committee divided; and there were—ayes 84, yeas 81.

Mr. KAHN. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. KAHN and Mr. ROACH took their places as tellers.

The committee again divided; and there were—ayes 82, yeas 79.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 7. That to carry out the provisions of this act there is hereby appropriated, out of any money in the United States Treasury not otherwise appropriated, the sum of \$400,000, or so much thereof as may be necessary, to be administered by the Secretary of the Treasury.

Mr. GARRETT of Tennessee. Mr. Chairman, I make the point of order that an appropriation as provided in this bill is not in order on the bill.

The CHAIRMAN. Does the gentleman from California desire to be heard on the point of order?

Mr. KAHN. Mr. Chairman, this bill was passed by the Senate. It came from the Senate Committee on Military Affairs. That committee has appropriation authority and can appropriate money. This bill practically carries, in section 7, exactly the language that was carried in the Senate bill.

Mr. ROSENBLUM. I would like to call attention to the fact that since the adoption of this amendment to section 5, a motion to strike out all of the section would really be the procedure.

Mr. KAHN. Of course, I am not making any motion on that proposition. I am just trying to call the Chair's attention to the situation. I would like to ask the gentleman from Tennessee [Mr. GARRETT] whether he would be willing to withhold his point of order and strike out the language in section 7 making the appropriation, but authorizing, by inserting the words "authorize the appropriation"?

Mr. GARRETT of Tennessee. Mr. Chairman, I would not be willing to withhold the point of order.

Mr. KAHN. As I say, Mr. Chairman, it is a Senate bill, passed by the Senate, brought to the Senate by a committee that has full power to appropriate, and adopted by the House committee in practically the language it passed the Senate.

Mr. GARRETT of Tennessee. Mr. Chairman, clause 5 of Rule XXI provides:

No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations.

It does not matter whether it is a Senate bill or a House bill. The rule says "no bill."

Mr. BEGG. Mr. Chairman—

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. BEGG. I desire to offer one comment. The gentleman from California [Mr. KAHN] suggests that this bill comes regularly from the Senate. I would like to call the attention of the chairman to the fact that there is one way this bill could get into this body, and that is by coming through the Military Affairs Committee of this House.

Mr. KAHN. Oh, no. The gentleman is mistaken.

Mr. BEGG. And the bill has traveled through that course.

Mr. KAHN. Will the gentleman yield?

Mr. BEGG. In just a minute, when I complete the statement. And the rules of the House have absolutely taken the entire appropriating power from the Military Affairs Committee. Hence any bill, regardless of its origin, if a strict interpretation of the rule is made, regardless of where it originated, if it carries an appropriation from the committees that are prohibited from making the same, can not legitimately be acted on.

Mr. KAHN. Of course, I only wanted to call to the gentleman's attention the fact that before the bill went to the Military Affairs Committee of the House it was reported to this House by the Senate and was in this House before it was referred to the Committee on Military Affairs.

Mr. BEGG. I appreciate that, but it does not change the status of the bill before this House one bit.

Mr. ROGERS. Mr. Chairman, I have just one comment to make in the way of a suggestion. On Wednesday last the pink bollworm resolution was brought up in the House. That was a Senate joint resolution carrying an appropriation reported by the Committee on Agriculture. The point of order was made



upon the appropriating section by the present occupant of the chair, the gentleman from Massachusetts [Mr. WALSH], and the point of order was sustained by the Speaker. It seems to me it is an exact precedent for the present situation.

Mr. BEGG. I would say, Mr. Chairman, that is not only a precedent, but this case is a stronger one. That was a transfer of appropriation already made. This is a new appropriation and not a transfer.

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] makes the point of order against the language in section 7 of the bill, which is as follows:

That to carry out the provisions of this act there is hereby appropriated, out of any money in the United States Treasury not otherwise appropriated, the sum of \$400,000, or so much thereof as may be necessary, to be administered by the Secretary of the Treasury.

Clause 5 of Rule XXI reads as follows, as has already been pointed out by the gentleman from Tennessee:

No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, nor shall an amendment proposing an appropriation be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

This language is clearly an appropriation. Under the new rule the Committee on Military Affairs has not appropriating power, and the language to which the point of order is made is clearly a violation of Rule XXI. The point of order is therefore sustained.

Mr. KAHN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KAHN: On line 12, page 6, insert a new section:

"Sec. 7. That to carry out the provisions of this act there is hereby authorized to be appropriated, out of any money in the United States Treasury not otherwise appropriated, the sum of \$400,000, or so much thereof as may be necessary."

Mr. GARRETT of Tennessee. Mr. Chairman, I make the point of order that that amendment is not in order, because the committee in passing upon the Rhodes amendment settled that question. The Rhodes amendment provided—

Mr. ROACH. Mr. Chairman, if the gentleman will pardon me, the amendment was the Roach amendment, not "Rhodes."

Mr. GARRETT of Tennessee. I apologize to everybody necessary. [Laughter.] The Roach amendment provided that the expense should be borne by the community. That was the effect of it, with no expense to the Government. This provides for an authorization of expense by the Government.

The CHAIRMAN. Does the gentleman from Tennessee contend that makes the amendment subject to a point of order?

Mr. GARRETT of Tennessee. I do, upon the well-known theory, Mr. Chairman, that the committee having once passed on a proposition and settled it it is not in order even to submit an amendment inconsistent with it.

The CHAIRMAN. The Chair is ready to rule. Jefferson's Manual contains the following paragraph:

SEC. 459. If an amendment be proposed inconsistent with one already agreed to, it is fit ground for its rejection by the House, but not within the competence of the Speaker to suppress it as if it were against order. For were he permitted to draw questions of consistency within the vortex of order, he might usurp a negative on important modifications, and suppress, instead of subserving, the legislative will.

The Chair thinks in accordance with the precedent there laid down and the principle established it is not within the jurisdiction of the Chair to declare this amendment subject to a point of order upon the ground that it is inconsistent with the previous action of the committee, and therefore the Chair overrules the point of order. The question is on agreeing to the amendment offered by the gentleman from California.

The question was taken, and the Chairman announced that the "noes" appeared to have it.

Mr. KAHN. A division, Mr. Chairman.

The CHAIRMAN. The gentleman from California calls for a division.

The committee divided; and there were—ayes 57, noes 75.

So the amendment was rejected.

Mr. KAHN. Mr. Chairman, I move that the committee rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. The gentleman from California moves that the committee rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and Mr. TOWNER as Speaker pro tempore having resumed the chair, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (S. 674) to provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia, had instructed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. KAHN. Mr. Speaker, I move the previous question.

The SPEAKER pro tempore. The gentleman from California moves the previous question.

The previous question was ordered.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment?

Mr. KAHN. Mr. Speaker, I ask a separate vote on the so-called Roach amendment.

Mr. QUIN. Mr. Speaker, may we have the Roach amendment reported?

The SPEAKER pro tempore. The gentleman from California demands a separate vote on the so-called Roach amendment. The Clerk will report it.

The Clerk read as follows:

Amendment offered by Mr. ROACH: Page 6, strike out section 5 and insert in lieu thereof the following:

"Sec. 5. That all transportation, packing, loading, and other charges on war devices and trophies, as indicated from point of shipment to point of delivery, shall be borne and paid by the recipient of such war devices or trophies, and no distribution shall be made thereof until such charges have been satisfactorily arranged for with the Secretary of War."

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross. The question is on agreeing to the amendments not specified.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the amendment referred to by the gentleman from California [Mr. KAHN].

The question was taken, and the Speaker announced that the "noes" appeared to have it.

Mr. KAHN. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. The gentleman from California demands the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Missouri [Mr. ROACH]. Those favoring the amendment will answer "yea" when their names are called; those opposed will answer "nay."

The question was taken; and there were—yeas 120, nays 127, not voting 184, as follows:

#### YEAS—120.

Ackerman	Coughlin	Kelley, Mich.	Robertson
Ansorge	Crisp	Kincheloe	Rogers
Appleby	Denison	King	Rose
Bacharach	Dunbar	Kline, Pa.	Rosenbloom
Beck	Echols	Kraus	Ryan
Beedy	Elliott	Lanham	Sanders, Ind.
Begg	Elston	Logan	Sears
Bell	Faust	London	Shelton
Benham	Fish	McArthur	Shreve
Black	Focht	McDuffie	Sinnott
Bond	Frothingham	McLaughlin, Nebr.	Sisson
Bowers	Gahn	McSwain	Snyder
Bowling	Garner	Madden	Sprout
Box	Garrett, Tenn.	Mann	Steagall
Brand	Gensman	Michener	Stedman
Brooks, Pa.	Gerner	Mondell	Stephens
Burton	Gorman	Mott	Sweet
Byrnes, S. C.	Graham, Ill.	Nelson, J. M.	Trendway
Byrns, Tenn.	Graham, Pa.	Newton, Minn.	Tyson
Cable	Greene, Mass.	Newton, Mo.	Vestal
Campbell, Kans.	Greene, Vt.	Oliver	Vinson
Carter	Griffin	Olpp	Voigt
Chalmers	Hammer	Park, Ga.	Walsh
Chandler, N. Y.	Hill	Perkins	Walters
Clarke, N. Y.	Hoch	Purnell	Watson
Clouse	Hukriede	Radcliffe	White, Me.
Cole, Iowa	Hutchinson	Ramsayer	Wise
Collins	Ireland	Rankin	Wood, Ind.
Connolly, Pa.	Jefferis, Nebr.	Rayburn	Yates
Cooper, Wis.	Keller	Roach	Zihlman

#### NAYS—127.

Almon	Cole, Ohio	Evans	Hersey
Andrews	Collier	Fairfield	Hickey
Arentz	Colton	Fisher	Hull
Aswell	Connally, Tex.	French	Jacoway
Bird	Crowther	Fulmer	Johnson, Ky.
Bixler	Curry	Garrett, Tex.	Johnson, Miss.
Bland, Va.	Dale	Griest	Jones, Tex.
Blanton	Darrow	Hadley	Kahn
Briggs	Davis, Minn.	Hardy, Colo.	Kelly, Pa.
Buchanan	Davis, Tenn.	Hardy, Tex.	Kendall
Burtess	Dowell	Haugen	Kissel
Campbell, Pa.	Driver	Hayden	Kline, N. Y.
Cannon	Dupré	Hays	Kopp
Clague	Edmonds	Herrick	Lankford

Larsen, Ga.	Millsbaugh	Reece	Swank
Lawrence	Montoya	Rhodes	Swing
Layton	Moore, Va.	Ricketts	Temple
Lazaro	Moore, Ind.	Robson	Thompson
Lea, Calif.	Morgan	Rossdale	Tillman
Leatherwood	Murphy	Sanders, Tex.	Timberlake
Lee, Ga.	Nelson, A. P.	Sandlin	Tincher
Lehlbach	Norton	Schall	Volstead
Lineberger	O'Connor	Scott, Tenn.	Ward, N. C.
Little	Oldfield	Shaw	Webster
McClintic	Overstreet	Sinclair	White, Kans.
McCormick	Padgett	Smith, Idaho	Wilson
McLaughlin, Mich.	Parks, Ark.	Smith, Mich.	Wingo
McPherson	Parrish	Smithwick	Woodruff
Mansfield	Pringey	Speaks	Wright
Mapes	Quin	Steenerson	Wurzbach
Martin	Raker	Strong, Kans.	Wyant
Miller	Ransley	Summers, Wash.	

## NOT VOTING—184.

Anderson	Favrot	Knight	Reber
Anthony	Fenn	Knutson	Reed, N. Y.
Atkeson	Fess	Kreider	Reed, W. Va.
Bankhead	Fields	Kunz	Riddick
Barbour	Fitzgerald	Lampert	Riordan
Barkley	Flood	Langley	Rodenberg
Blakeney	Fordney	Larson, Minn.	Rouse
Bland, Ind.	Foster	Lee, N. Y.	Rucker
Boies	Frear	Linthicum	Sabath
Brennan	Free	Longworth	Sanders, N. Y.
Brinson	Freeman	Lowrey	Scott, Mich.
Britten	Fuller	Luce	Siegel
Brooks, Ill.	Funk	Luhning	Slemp
Brown, Tenn.	Gallivan	Lyon	Snell
Browne, Wis.	Gilbert	McFadden	Stafford
Bulwinkle	Glynn	McKenzie	Stevenson
Burdick	Goldsborough	McLaughlin, Pa.	Stiness
Burke	Goodykoontz	MacGregor	Stoll
Burroughs	Gould	Magee	Strong, Pa.
Butler	Green, Iowa	Maloney	Sullivan
Cantrill	Harrison	Mead	Sumners, Tex.
Carew	Hawes	Merritt	Tague
Chandler, Okla.	Hawley	Michaelson	Taylor, Ark.
Chindblom	Hicks	Mills	Taylor, Colo.
Christopherson	Himes	Montague	Taylor, N. J.
Clark, Fla.	Hogan	Moore, Ill.	Taylor, Tenn.
Classon	Houghton	Moore, Ohio	Ten Eyck
Cockran	Huddleston	Morin	Thomas
Codd	Hudspeth	Mudd	Tilson
Connell	Humphreys	Nolan	Tinkham
Cooper, Ohio	Husted	O'Brien	Towner
Copley	James, Mich.	Ogden	Underhill
Cramton	James, Va.	Osborne	Upshaw
Cullen	Jeffers, Ala.	Paige	Vaile
Dallinger	Johnson, S. Dak.	Parker, N. J.	Vare
Deal	Johnson, Wash.	Parker, N. Y.	Volk
Dempsey	Jones, Pa.	Patterson, Mo.	Ward, N. Y.
Dickinson	Kearns	Patterson, N. J.	Weaver
Dominick	Kennedy	Perlman	Wheeler
Doughton	Ketcham	Peters	Williams
Drane	Kiess	Petersen	Williamson
Drewry	Kindred	Porter	Winslow
Dunn	Kinkaid	Pou	Woods, Va.
Dyer	Kirkpatrick	Rainey, Ala.	Woodyard
Ellis	Kitchin	Rainey, Ill.	Young
Fairchild	Klecza	Reavis	

So the amendment was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. JOHNSON of South Dakota with Mr. KITCHIN.  
 Mr. BROOKS of Illinois with Mr. MONTAGUE.  
 Mr. ATKESON with Mr. DOUGHTON.  
 Mr. FULLER with Mr. KUNZ.  
 Mr. BLAND of Indiana with Mr. RUCKER.  
 Mr. WINSLOW with Mr. HUDSPETH.  
 Mr. JOHNSON of Washington with Mr. DOMINICK.  
 Mr. HICKS with Mr. DRANE.  
 Mr. OSBORNE with Mr. BANKHEAD.  
 Mr. PATTERSON of New Jersey with Mr. FAVROT.  
 Mr. REAVIS with Mr. SABATH.  
 Mr. WASON with Mr. WOODS of Virginia.  
 Mr. RODENBERG with Mr. JAMES of Virginia.  
 Mr. HOGAN with Mr. GALLIVAN.  
 Mr. CHRISTOPHERSON with Mr. RIORDAN.  
 Mr. ANDERSON with Mr. CAREW.  
 Mr. DUNN with Mr. LYON.  
 Mr. PATTERSON of Missouri with Mr. HARRISON.  
 Mr. REBER with Mr. FLOOD.  
 Mr. TAYLOR of New Jersey with Mr. RAINY of Illinois.  
 Mr. WILLIAMS with Mr. SULLIVAN.  
 Mr. MOORE of Ohio with Mr. DEAL.  
 Mr. KIESS with Mr. BARKLEY.  
 Mr. KNUTSON with Mr. KINDRED.  
 Mr. FREE with Mr. STEVENSON.  
 Mr. ELLIS with Mr. FIELDS.  
 Mr. BLAKENEY with Mr. CULLEN.  
 Mr. LANGLEY with Mr. CLARK of Florida.  
 Mr. WHEELER with Mr. LINTHICUM.  
 Mr. STINESS with Mr. TAYLOR of Arkansas.  
 Mr. VOLK with Mr. DREWRY.  
 Mr. MUDD with Mr. BRINSON.

Mr. PERLMAN with Mr. O'BRIEN.  
 Mr. PORTER with Mr. THOMAS.  
 Mr. REED of West Virginia with Mr. JEFFERS of Alabama.  
 Mr. LEE of New York with Mr. GILBERT.  
 Mr. FOSTER with Mr. BULWINKLE.  
 Mr. DYER with Mr. LOWREY.  
 Mr. BRENNAN with Mr. COCKRAN.  
 Mr. BURROUGHS with Mr. SUMNERS of Texas.  
 Mr. GLYNN with Mr. UPSHAW.  
 Mr. KREIDER with Mr. HAWES.  
 Mr. LUHRING with Mr. GOLDSBOROUGH.  
 Mr. BUTLER with Mr. TAYLOR of Colorado.  
 Mr. KNIGHT with Mr. RAINY of Alabama.  
 Mr. PAIGE with Mr. CANTRELL.  
 Mr. MAGEE with Mr. HUMPHREYS.  
 Mr. GOULD with Mr. WEAVER.  
 Mr. CHINDBLUM with Mr. TAGUE.  
 Mr. BOIES with Mr. POU.  
 Mr. DICKINSON with Mr. MEAD.  
 Mr. SIEGEL with Mr. STOLL.  
 Mr. KENNEDY with Mr. TEN EYCK.  
 Mr. ANTHONY with Mr. HUDDLESTON.

The result of the vote was announced as above recorded.

Mr. MANN. A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MANN. The amendment to strike out section 5 of the bill having been defeated, section 5 of the bill having been perfected by amendments in fact in the Committee of the Whole House on the state of the Union, which amendments were not reported to the House, what now remains in the bill. The original section 5?

The SPEAKER pro tempore. It would be the impression of the Chair that the amendments were agreed to and were before the House.

Mr. MANN. The amendments were not reported to the House. The amendments were agreed to in committee and then the committee struck out the whole section, so that the previous amendments were not reported to the House. Not that I care except to ascertain the facts for the benefit of the engrossing clerk of the House.

Mr. KAHN. Mr. Speaker, as I recall the situation the paragraph was perfected in committee by the committee and all the amendments reported by the Committee on Military Affairs were finally agreed to. Then there was a motion made to strike out the section by the amendment offered by the gentleman from Missouri [Mr. ROACH]. That was agreed to in the committee, but when it came to adopting the amendments by the House, the House refused to adopt the substitute for the paragraph that was originally in the bill, and I assume that section 5 will take the place of the amendment that was agreed to in Committee of the Whole.

Mr. MANN. Certainly, but what is section 5? It may be that I can help out on this. Mr. Speaker, I ask unanimous consent that the amendments to section 5 agreed to in committee may be put before the House notwithstanding the operation of the previous question.

The SPEAKER pro tempore. The gentleman from Illinois asks unanimous consent that the amendments to section 5 adopted in the committee before the action was taken to strike out the section may now be placed before the House. Is there objection?

Mr. MILLER. I object.

The SPEAKER pro tempore. The parliamentary inquiry put by the gentleman from Illinois it seems to the Chair is hardly a parliamentary inquiry. The effect of that could not be determined by the Chair, but will have to be determined by the view of what was done. It seems to me it is hardly a question for the Chair to determine.

Mr. MANN. After all, Mr. Speaker, it seems to me that it is the duty of the Speaker of the House to determine what has been done and not the duty of the reading clerk to guess at what the House wanted to do. I do not know whether the reading clerk will certify to the enrolling clerk, section 5, as originally passed by the Senate or originally reported to the House, or with certain amendments. I want to see that question determined, although I am not in favor of section 5. A gentleman who is in favor of it objected to letting us dispose of it by unanimous consent.

The SPEAKER pro tempore. The Chair thinks that the gentleman from Illinois is correct in his statement that the House has not taken any action on the amendments to the section. The Chair's impression would be that the section would remain unamended, and that is the statement of the Chair.

Mr. MANN. It seems to me that that is a very good reason for recommitting the bill.



Mr. WALSH. A parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WALSH. The House having refused to strike out section 5, and the committee having adopted amendments to that section, is it not now in order in the regular course for the House to vote on the amendments that were adopted in the committee prior to that section being eliminated from the bill?

Mr. MANN. If the Chair will permit, we have agreed to all the amendments except the Roach amendments, and we could not then have agreed to the amendments adopted in the committee to section 5.

Mr. WALSH. Of course not.

Mr. MANN. Because the amendment struck out section 5. These amendments have not been agreed to and there is no way to bring them before the House now because we are operating under the previous question. When the time comes I will move to recommit the bill.

Mr. KAHN. Mr. Speaker, in order to avoid difficulty I ask unanimous consent that these amendments to section 5, which the committee adopted, be agreed to in the House.

Mr. MANN. I asked unanimous consent for that and the gentleman from Washington objected.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent that the amendments adopted by the committee to section 5 prior to the time section 5 was stricken out shall be considered as adopted by the House. Is there objection?

Mr. GARRETT of Tennessee and Mr. GRIFFIN objected.

Mr. BLANTON. Mr. Speaker, I make the point of order now that the House has refused to strike out section 5 as provided by the Roach amendment and that the amendments agreed upon in Committee of the Whole are in order before the House to be passed upon. They are amendments agreed upon in committee and not disposed of by the House.

The SPEAKER pro tempore. The Chair thinks that the point of order raised by the gentleman from Texas is not in order and that the Chair would now have no right to place them before the House.

Mr. KAHN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. KAHN. Will it be proper to move that the amendments be placed before the House for its action?

Mr. GARRETT of Tennessee. It is not, the previous question having been ordered.

Mr. MANN. We are operating under the previous question.

Mr. KAHN. In order to do that, Mr. Speaker, I ask unanimous consent that it may be done.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent that the House now take action by vote on the amendments. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, I object.

Mr. JONES of Texas. Mr. Speaker, I make the point of order that these amendments perfecting the paragraph were voted on en bloc with the other amendments. The fact that the amendment striking out the paragraph was agreed to in Committee of the Whole did not prevent the other amendments to the paragraph which were agreed to, perfecting it, in committee, from also being voted on en bloc.

Mr. WALSH. How can anything be voted on that was not reported to the House from the committee?

Mr. KAHN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of Senate bill 674.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order that the previous question having been ordered upon the bill and all amendments thereto to final passage, it is not now in order to make that motion.

The SPEAKER pro tempore. The point of order is sustained.

Mr. KAHN. Mr. Speaker, I move to reconsider the vote by which the previous question was ordered.

Mr. GARRETT of Tennessee. Mr. Speaker, I move to lay that motion upon the table.

The SPEAKER pro tempore. In the opinion of the Chair the motion of the gentleman from California is not in order.

Mr. WINGO. Mr. Speaker, I suggest that it is not in order to move to reconsider the vote by which the previous question was ordered, but it is in order to move to reconsider the vote by which the amendments en grosse were agreed to, and that that is the only right which the gentleman from California has.

Mr. MANN. I make the point of order that that motion is not in order with the previous question operating.

Mr. WINGO. Oh, yes; I think it is. We can reconsider a vote that was taken after the previous question was ordered.

We agreed to the amendments en grosse after the previous question was ordered.

The SPEAKER pro tempore. The Chair sustains the point of order.

Mr. SINNOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SINNOTT. The House agreed upon all the amendments except the Roach amendment, and were not the amendments to section 5, outside of the Roach amendments, perfecting amendments? Therefore, the House adopted all the amendments, including the perfecting amendments, with the exception of the Roach amendment.

Mr. WALSH. How could the House adopt amendments to a section that was not in the bill when it was reported to the House?

Mr. SINNOTT. We first perfected section 5 in the committee.

Mr. WALSH. And then struck it out.

Mr. CHALMERS. Mr. Speaker, I make the point of order that the Chair has already ruled on that question.

The SPEAKER pro tempore. The Chair has already ruled on that.

Mr. MANN. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The question is on ordering the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. MANN. Mr. Speaker, I move to recommit the bill to the Committee on Military Affairs.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. MANN. I am opposed to the bill in its present form.

Mr. KAHN. I move to amend the motion of the gentleman by referring the bill to the Committee of the Whole House on the state of the Union.

Mr. GARRETT of Tennessee. Mr. Speaker, I make the point of order that that motion is not in order.

The SPEAKER pro tempore. The Chair sustains the point of order.

Mr. GARRETT of Tennessee. Mr. Speaker, I move the previous question on the motion of the gentleman from Illinois to recommit the bill.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 102, noes 63.

Mr. BLANTON. Mr. Speaker, I object to the vote just taken, because there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Texas makes the point of order that there is no quorum present. The Chair will count. [After counting.] Two hundred and twenty Members present; a quorum.

So the previous question was ordered.

Mr. KAHN. Mr. Speaker, will it be in order now to offer an amendment to the motion to recommit, that the bill be recommit with instructions to report back section 5 as amended in the Committee of the Whole House on the state of the Union?

The SPEAKER pro tempore. It would not be in order, the previous question having been ordered. The question is on the motion of the gentleman from Illinois to recommit.

The question was taken, and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MANN. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 103, noes 99.

Mr. BLANTON. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER pro tempore. Six gentlemen have risen, not a sufficient number, and the yeas and nays are refused.

So the motion to recommit was agreed to.

#### ADJOURNMENT.

Mr. KAHN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 9 minutes p. m.) the House adjourned until to-morrow, Thursday, August 4, 1921, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SUTHERLAND, from the Committee on the Public Lands, to which was referred the bill (H. R. 7948) to provide for agricultural entries on coal lands in Alaska, reported the same without amendment, accompanied by a report (No. 326), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. COLLINS, from the Committee on the Public Lands, to which was referred the bill (H. R. 6961) granting certain lands to the State of Alabama for the use of the Searcy Hospital for the Colored Insane, reported the same with an amendment, accompanied by a report (No. 327), which said bill and report were referred to the Private Calendar.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FISH: A bill (H. R. 8062) amending subdivision (5) of section 302 of the war risk insurance act; to the Committee on Interstate and Foreign Commerce.

By Mr. CABLE: A bill (H. R. 8063) authorizing the Secretary of War to furnish American flags for funeral purposes at the burial of honorably discharged soldiers, sailors, and marines of the United States forces; to the Committee on Military Affairs.

By Mr. GRAHAM of Illinois: Joint resolution (H. J. Res. 183) imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person when reimported into the United States; to the Committee on Ways and Means.

By Mr. ROGERS: Resolution (H. Res. 167) requesting the Secretary of State to furnish to the House of Representatives certain information concerning the speech of Albert Douglas in Lima, Peru, on July 28, 1921; to the Committee on Foreign Affairs.

Also, resolution (H. Res. 168) requesting the Secretary of State to furnish to the House of Representatives certain information concerning the speech of Albert Douglas in Lima, Peru, on July 28, 1921; to the Committee on Foreign Affairs.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BIRD: A bill (H. R. 8064) granting a pension to Jessie M. Brundage; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8065) granting a pension to James W. McLaughlin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8066) granting an increase of pension to Hector H. Bryant; to the Committee on Invalid Pensions.

By Mr. BOIES: A bill (H. R. 8067) for the relief of Jacob C. Harmon; to the Committee on Military Affairs.

By Mr. CARTER: A bill (H. R. 8068) granting a pension to Thomas V. Hunt; to the Committee on Pensions.

By Mr. DREWRY: A bill (H. R. 8069) granting a pension to Vina Blanks; to the Committee on Pensions.

By Mr. DUNBAR: A bill (H. R. 8070) granting a pension to Milton T. Callahan, jr.; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8071) granting an increase of pension to Ella May Sloan; to the Committee on Invalid Pensions.

By Mr. GENSAMAN: A bill (H. R. 8072) granting a pension to Isaac Johnson; to the Committee on Invalid Pensions.

By Mr. HERSEY: A bill (H. R. 8073) for the relief of the Kineo Trust Co.; to the Committee on Claims.

By Mr. LAYTON: A bill (H. R. 8074) for the relief of G. Dare Hopkins; to the Committee on Claims.

Also, a bill (H. R. 8075) for the relief of Alice M. Gorman; to the Committee on Claims.

By Mr. LEE of Georgia: A bill (H. R. 8076) granting an increase of pension to Snowden Jones; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 8077) granting a pension to Minta Jones; to the Committee on Invalid Pensions.

By Mr. SANDERS of New York: A bill (H. R. 8078) granting an increase of pension to Martin Beckler; to the Committee on Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 8079) granting a pension to John Hine; to the Committee on Pensions.

By Mr. THOMPSON: A bill (H. R. 8080) granting a pension to Mary Jane Quiggle; to the Committee on Invalid Pensions.

By Mr. TEN EYCK: A bill (H. R. 8081) granting an increase of pension to Frances I. Wallace; to the Committee on Invalid Pensions.

By Mr. WINGO: A bill (H. R. 8082) for the relief of Silas Shepherd; to the Committee on Military Affairs.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2262. By Mr. KISSEL: Petition of the Armenia Society, of New York City, N. Y., transmitting a pamphlet relative to the United States Government and Armenia; to the Committee on Foreign Affairs.

2263. Also, petition of Mr. Henry Hertel, of Brooklyn, N. Y., urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2264. Also, petition of Chamber of Commerce of the United States of America, Washington, D. C., protesting against the elimination of the Federal Board for Vocational Education; to the Committee on Interstate and Foreign Commerce.

2265. By Mr. KLINE of New York: Papers to accompany House bill 8053, for the relief of John E. Russell; to the Committee on War Claims.

2266. By Mr. TOWNER: Petition of P. W. Fowler and 50 other citizens, C. A. Roberts and 51 other citizens, Mrs. Anna V. Goetling and 72 other citizens, all of Baltimore, Md., and of D. D. Brickell and 73 other citizens of New Jersey, and of L. M. Dunton and 71 other citizens of South Carolina, favoring the passage of the Sterling-Towner educational bill; to the Committee on Education.

2267. Also, petition of Mrs. Hattie G. Paul and 50 others, of Baltimore, Md., asking for the passage of the Sterling-Towner educational bill; to the Committee on Education.

2268. By Mr. WATSON: Petition of members of the Tinicum Grange, No. 1805, expressing sympathy for the persecuted Armenians; to the Committee on Foreign Affairs.

## SENATE.

THURSDAY, August 4, 1921.

(Legislative day of Wednesday, July 27, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WATSON of Indiana in the chair). The clerk will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	McCormick	Smith
Ball	Gooding	McCumber	Smoot
Borah	Harrell	McKellar	Spencer
Brandegee	Harris	McLean	Stanfield
Broussard	Harrison	McNary	Stanley
Bursum	Heflin	Moses	Sterling
Calder	Hitchcock	Nelson	Sutherland
Cameron	Johnson	Nicholson	Swanson
Capper	Jones, Wash.	Norbeck	Townsend
Caraway	Kellogg	Oddie	Trammell
Culberson	Kenyon	Overman	Wadsworth
Curtis	Keyes	Pittman	Walsh, Mass.
Dial	Knox	Pomerene	Warren
Dillingham	Ladd	Ransdell	Watson, Ga.
Edge	La Follette	Sheppard	Watson, Ind.
Ernst	Lenroot	Shortridge	Williams
Fernald	Lodge	Simmons	Willis

Mr. HARRISON. I wish to announce the absence of the Senator from Rhode Island [Mr. GERRY] on account of illness.

Mr. CURTIS. I desire to announce that the Senator from Pennsylvania [Mr. PENROSE] and the Senator from Missouri [Mr. REED] are absent on official business, attending hearings before the Committee on Finance.

The PRESIDING OFFICER. Sixty-eight Senators have responded to their names. A quorum is present. The pending question is on the amendment proposed by the Senator from Nevada [Mr. PITTMAN].

Mr. McNARY obtained the floor.

Several Senators addressed the Chair.

Mr. McNARY. I will yield for routine business that will give rise to no debate.

## PETITIONS AND MEMORIALS.

Mr. McCUMBER presented a resolution (numerously signed) adopted at a mass meeting held June 22, 1921, by the North Dakota Conference of Seventh Day Adventists, at Mandan, N. Dak., protesting against efforts to Puritanize America, especially against the enactment of any so-called Sunday blue laws, which was referred to the Committee on the Judiciary.

Mr. NELSON presented telegrams in the nature of memorials from C. S. Watts, R. N. Brandwick, G. A. Saunders, L. L. Rose, John C. Willis, Thomas V. Coleman, H. J. Labree, B. F. Hart-



zell, F. B. Beaupre, and E. M. Wilcox, all of Minneapolis; William F. Henry, assistant to publisher of the Duluth Herald, M. Monson; Arnold Amundson, secretary-treasurer Association Western Union Employees' Local No. 86; D. J. Kramer, president Association Western Union Employees' Local No. 86; E. C. Kuehl, H. A. Hansen, H. W. Beatty, J. McCann, Thea Hustovet, C. Anderson, W. O. Brushmann, A. R. MacAulay, John W. Nagle, E. W. Matteson, Samuel Paletz, Theo. J. Meyer, George S. Stebbins, J. A. O'Leary, W. H. Meacham, Nicholas Meyer, L. D. Harley, J. F. Knoph, H. G. Quinn, O. V. Dickley, Sam Azine, P. J. Desilet, G. H. Nichols, R. I. Olson, G. G. Public, W. J. Lynott, A. R. Hoff, W. A. Strother, Anton Anderson, J. R. McKinnon, George Christopherson, R. W. Daniels, and Warren C. Wood, all of Duluth; T. D. Sheehan, Thomas J. Newman, Frank Haskell, and William J. North, all of St. Paul, all in the State of Minnesota, remonstrating against the enactment of House bill 5676, taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, which were ordered to lie on the table.

Mr. WILLIS presented the memorial of Abel Comstock and sundry other citizens of Bowling Green, Fostoria, Dayton, Toledo, Haskins, Swanton, Rudolph, Bloomdale, and Lakeview, all in the State of Ohio, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented the memorial of Carl Bresenska and sundry other citizens of Toledo and Holland, both in the State of Ohio, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. LA FOLLETTE presented six memorials of sundry citizens of Appleton, Kaukauna, Albany, Brooklyn, Erodhead, Monticello, Sawyer, Yuba, Oshkosh, Hub City, Hillsboro, Rockbridge, Cazenovia, and Richland Center, all in the State of Wisconsin, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. LADD presented the memorial of H. J. Peters and sundry other citizens of Pettibone, Sykeston, Heaton, Woodworth, Jamestown, Marstonmoor, Grand Forks, and Lake Williams, all in the State of North Dakota, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McCUMBER:

A bill (S. 2352) granting a pension to Anna Trexler (with accompanying papers); to the Committee on Pensions.

A bill (S. 2353) to carry out the findings of the Court of Claims in the case of Alfred C. Wallin (with an accompanying paper); to the Committee on Claims.

A bill (S. 2354) for the relief of James G. Scott; to the Committee on Military Affairs.

A bill (S. 2355) to establish the Roosevelt National Park in Billings County, N. Dak.; to the Committee on Public Lands and Surveys.

By Mr. STANFIELD:

A bill (S. 2356) for the relief of Clarence L. Reames; to the Committee on Claims.

By Mr. FERNALD:

A bill (S. 2357) to carry out the findings of the Court of Claims in the case of Josiah H. Sturtevant (with accompanying papers); to the Committee on Claims.

By Mr. NELSON:

A bill (S. 2358) providing for the punishment of persons impeding, resisting, assaulting, or killing officers or employees of the United States while engaged in the performance of their official duties; to the Committee on the Judiciary.

By Mr. HEFLIN:

A joint resolution (S. J. Res. 92) to authorize the Secretary of Agriculture to suspend the operation of the cotton exchanges of the United States; to the Committee on Agriculture and Forestry.

#### ADJUSTMENT OF FOREIGN LOANS.

Mr. SIMMONS. I submit two short amendments to Senate bill 2135, known as the refunding bill. I ask that the amendments may be read and referred to the Committee on Finance.

There being no objection, the amendments intended to be proposed by Mr. SIMMONS were read, ordered to be printed, and referred to the Committee on Finance, as follows:

In line 3, page 1, strike out the words "the Secretary of the Treasury, with the approval of the President," and insert in lieu thereof the words "the President."

Add at the end of the bill the following proviso:

"Provided, That nothing herein contained shall be construed as authorizing or empowering the President to cancel or remit any part of the principal or interest of any obligation due the United States by any foreign Government, or to change the rate of interest of such obligations as prescribed in existing law: *Provided further*, That nothing herein contained shall be construed as authorizing or empowering the President to agree to the substitution for the obligations of any foreign debtor Government the bonds of any other foreign Government, or to postpone the payment of any interest accruing on any of such obligations after July 1, 1922, except the obligations of any of the newly created Governments, and in such case only with the unconditional indorsement or guaranty of such newly created Government."

#### AMENDMENTS TO TARIFF BILL.

Mr. JOHNSON submitted sundry amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

#### SHIPPING BOARD.

Mr. LA FOLLETTE. I ask unanimous consent that Senate resolution 113, lying upon the table at the present time, be taken from the table and referred to the Committee to Audit and Control the Contingent Expenses of the Senate. It is a resolution directing the Committee on Commerce to make investigation into the controversy and the causes thereof between the United States Shipping Board and the men employed on its ships and between the men and private owners of American ships.

The PRESIDING OFFICER. Without objection it is so ordered. The Chair hears none.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhulse, its enrolling clerk, announced that the Speaker of the House had signed the following enrolled bills:

S. 488. A bill providing for an exchange of lands between the Swan Land & Cattle Co. and the United States;

S. 530. A bill to quiet title to certain tracts of land in the city of Walters, State of Oklahoma;

S. 997. A bill conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes;

S. 1434. A bill to provide for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.; and

H. R. 6611. A bill to establish a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

#### EXPORTATION OF FARM PRODUCTS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

Mr. McNARY. Mr. President, I feel the necessity of opposing the pending amendment offered by the Senator from Nevada [Mr. PITTMAN] as well as the amendments offered by the Senator from Idaho [Mr. BORAH] and the Senator from Arizona [Mr. ASHURST]. These amendments are similar in character. I hesitate to object to or oppose any legislation which has for its purpose the development of the West through irrigation, though I do not believe these amendments tend toward that great work. More than that, I believe they would be harmful in their present form.

Again, Mr. President, I believe that the adoption by this body of any or either of these amendments would retard the speedy enactment of the proposed legislation into law. It is appropriate for me to say at this time that on three or four occasions when legislation similar to the amendments was offered for consideration in the House, it failed to pass and at other times failing to get prompt consideration and favorable action by the House committees.

If I read aright the amendment proposed by the Senator from Nevada, it is to amend the Federal farm loan act, section 12, so that the farm-loan banks may be able to loan money on first mortgages on land in Government reclamation projects, saving, however, as a first lien reserved to the Government for water rights or construction charges and charges of maintenance or operation.

In the amendment proposed by the Senator from Nevada is a program of procedure for foreclosure which I think as offered is unworkable and ill-considered. I say that with deference to



the Senator from Nevada, who is splendidly informed on law of this nature; but I think the amendment was worked out at a time when sufficient consideration was not given to the general plan, whereby the courts may take cognizance of the rights of all concerned whenever the contracts are forfeited by reason of nonpayment of construction charges or maintenance charges.

In the amendments offered by the Senator from Idaho and the Senator from Arizona they attempt to make the farm loan bank lien superior to that reserved in the reclamation act of 1902, so that the Government, for charges of construction and maintenance, does not indeed have a first lien, but has a lien second in power and force to that held by the Farm Loan Board.

In the amendments of the Senator from Arizona and the Senator from Idaho no procedure is worked out by which a foreclosure could be had, or the rights of an entryman or patentee could be determined in case of default. Inasmuch as the principle involved is largely the same, I shall confine the few remarks I make to the proposition contained in the amendment offered by the Senator from Nevada. He does not treat with the patentee. He speaks purely of the case of the entryman. The Senator must know that there is a wide distinction between an entryman on public lands who holds a contract and a patentee who has a patent under the act of 1912.

In the case of an entryman it is only necessary for the Government to forfeit the contract upon the nonpayment of the construction or maintenance charges. In the case of a patentee it is essential that the Government bring a suit for foreclosure. The act of 1912 provides that when an entryman went upon the public domain under an irrigation project, after he had made his residence there, had cultivated his land for two years, and had raised crops thereon, he was entitled to a patent, which gave him a fee simple title. In order to destroy that title, it is necessary, as the Senator from Nevada well knows, to bring a suit for foreclosure, with the right of redemption to the patentee. In the case of an entryman, he can go on the land, and under a contract he can get a first lien under this amendment, and when the foreclosure is brought the Farm Loan Board must step in and take up his rights.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Oregon yield to the Senator from Florida?

Mr. McNARY. I yield.

Mr. FLETCHER. I should like to make an inquiry. Until the entryman's claim ripens into a condition where he can obtain a patent he has no title to the land, as I understand?

Mr. McNARY. That is exactly what I say.

Mr. FLETCHER. He has no power to mortgage the land; he is merely an entryman with possible rights which may eventually mature into those of a patentee; but so long as he is an entryman he does not own the land. What power, therefore, has he to mortgage it?

Mr. McNARY. I am not discussing a theory; I am setting forth a proposition which is made by the Senator from Nevada [Mr. PITTMAN], which I read in section 2, on page 2 of the proposed amendment, which gives an entryman a right to go to the Farm Loan Board and get money. That is the objection I am making. I say that is an impracticable feature in the amendment.

Mr. FLETCHER. I quite agree with the Senator from Oregon. It seems to me thoroughly impracticable to endeavor to work out this sort of a scheme in this connection. I can not see any possible escape from postponing to the position of a second mortgage the Federal land bank. The Federal land bank must come in subject to all the rights and claims of the Government. The Government's claim for construction and for water rights is prior to any other claim that could be created.

Mr. McNARY. I concede that, but the Senator from Nevada is trying to subrogate the rights of the entryman to the Farm Loan Board without specifying that an assignee of the Farm Loan Board can take up the rights of an entryman who has violated his contract.

Mr. SMOOT. Mr. President—

Mr. McNARY. I yield to the Senator from Utah.

Mr. SMOOT. I wish to call the attention of the Senator from Florida [Mr. FLETCHER] to the fact that under the reclamation projects there are thousands of farmers receiving water who are indebted to the Government for that water, which is used on privately owned land. Therefore, what the Senator says not only applies to the entryman on public lands, but it also applies to land which is privately owned.

Mr. McNARY. Further, Mr. President, I desire to say as to the general form of legislation in all of the States where irrigation is practiced the States have enacted statutes creating what are known as irrigation districts. Those districts are

in substance municipal corporations. Those corporations would receive no advantage under the proposed amendment at all. Why? Because the lien, so called under State statutes, is not a lien but is a tax. That tax is collected as taxes are collected in municipalities. The Farm Loan Board, realizing that there was another lien superior to theirs, would not loan money to districts not organized under State laws. I say to the Senator from Nevada that the remedy lies with these associations to conform to and come in under the arm of the law of the several States. There are only a few that are outside—perhaps no more than 30 per cent.

Furthermore, as constituting another legal impediment, a great many of these associations are unincorporated. The only security the Government would have would be the individual property, and that may be absorbed by the cost of the water right and the cost of the land. So there would be no security for the money advanced by the Farm Loan Board, whereas in the incorporated organizations, which are in fact and in character municipal corporations, there is not only the liability of the land but the liability of all the property of the incorporated and organized districts, the property holding the same relation as a lot in an incorporated city. In those cases the security would be adequate, whereas in the unincorporated societies the security would be thoroughly inadequate and the Government might suffer a very great loss.

Mr. President, my time is about exhausted, and I only desire further to say that I think it would be very unfortunate to tack this proposed legislation onto this bill. It would not meet the needs of the West, and I do not believe that those interested in irrigation in the West favor it, except in a few instances. The State law is ample and adequate. I think the adoption of this proposition would prove an insuperable obstacle to the early passage of this proposed legislation, and as one who comes from the West and is deeply interested in the subject I sincerely hope that none of the three amendments will be voted onto this bill.

Mr. FLETCHER. Mr. President, of course I have heard of this question being raised before; as a matter of fact, when the farm loan legislation was under consideration this subject came up for discussion; but under that legislation it was never found possible to meet the requirements of those entering reclamation projects in the irrigation districts of the country. I should like very much if we could accommodate those who are engaged in agriculture on reclamation projects, but the way to get at it, it seems to me, is by having some measure proposed and referred to a proper committee, have that committee thoroughly consider it, and work out a plan whereby the Federal land bank might be safe and at the same time those who are engaged in agricultural development under irrigation projects might receive accommodation under that act. It is, however, a matter that will have to be very carefully considered. We must not jeopardize the safety of the farm loan system; we must not bring in question the absolute security of its bonds; it must not be insisted upon that, for reasons applying in special instances in the irrigation regions, exception should be made there which would involve a question as to the safety of the loans of the Federal farm bank. The land banks in the irrigation districts, of course, will look after that and would be primarily liable for the bonds issued by that bank; but all of the 12 banks of the 12 districts are equally responsible for the issues made by any one bank. The question involved, it appears to me, is a matter of great importance to the entire system.

I should like to see some scheme worked out whereby those living on irrigation projects may be able to get accommodation upon the same basis as all other borrowers who receive accommodations under the farm loan act; that is to say, loans made to them to the extent of 50 per cent of the actual value of the security which they can offer.

Under the plan proposed by the amendment offered by the Senator from Idaho, as well as by the amendment offered by the Senator from Arizona, and even under the amendment proposed by the Senator from Nevada, the Federal land bank is required to make loans upon property which is already encumbered by previous liens in favor of the Government for construction and for water rights. Those liens are first liens either in the shape of taxes or whatnot. In some instances, under the amendment proposed by the Senator from Nevada, the borrower may be only an entryman; he may not have title to the land at all; but under all of the proposed amendments the requirement is that the Federal land bank shall be a second mortgagee. That is the position in which it is proposed to put the Federal land bank.

The loan must be made subject to existing liens, subject to liens under the reclamation act, subject to liens for water



rights, and for construction. So the Federal land bank stands in the position of a second mortgagee as to its loans. That is an unsafe position; it violates the very principle of the act; it violates all proper principles with reference to the making of loans. For instance, suppose there are 40 acres of land reclaimed under one of these projects worth \$100 an acre—we will say that is the value of the land as it stands—and suppose the Government liens upon the land for construction, for water rights, and for whatnot amount to \$60 an acre, taking that amount merely as an illustration. Now, it is proposed that the man who has entered that land—or perhaps he is the patentee; perhaps he has title to it; let us assume that he has title to it—may go to the Farm Loan Board and say, "I want \$50 an acre loan upon this land; it is worth \$100 an acre." Under the amendment to which I have referred the Federal land bank, disregarding all prior liens, not considering the \$60 an acre lien upon this land at all, must make a loan of \$50 an acre. So here we have a man who owns 40 acres of land worth \$100 an acre able to borrow \$50 an acre on that land from the Federal land bank, although there still remains prior to that lien a lien of \$60 an acre in favor of the Government. So that we have liens amounting to \$110 an acre on land worth \$100 an acre.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Nevada?

Mr. FLETCHER. I yield to the Senator from Nevada.

Mr. PITTMAN. One might think from the Senator's statement that it is proposed to compel the farm land bank to loan money to settlers on irrigation projects. The amendment does not compel them to do so at all.

Mr. FLETCHER. It provides that the first paragraph of section 12 of the farm loan act shall read that "said loans shall be secured by duly recorded first mortgages on farm land within the land-bank district," and so forth, except in instances in reclamation projects, and in those instances loans shall be made not upon first mortgages, not upon first liens, to the Federal land bank, but subject to liens of the Government under the reclamation act for water rights, for construction, and whatnot.

Mr. President, if these amendments provided that the Federal land bank might make loans to the extent of 50 per cent of the equity of the entrymen or of the patentee, there would be more reason for it. For instance, if the land is worth \$100 an acre and the prior liens in favor of the Government amount to \$60 an acre, the entryman has an equity of \$40 per acre in that land. In that case we might, with some degree of reason, provide that the Federal land bank might be authorized to loan \$20 an acre, or 50 per cent of the farmer's equity in that land; but when we provide that the Federal land bank shall loan, as it loans to all borrowers, 50 per cent of the actual value of the land and 20 per cent of the value of the permanent improvements on the land, without regard to prior liens held by the Government, we make the whole scheme ridiculous, because the Federal land banks can not afford to buy land. The right to bid at a sale upon the foreclosure of the mortgage of the Federal land bank perhaps amounts to something; but this system is built upon the idea that these loans are to be paid in cash as they come due, not that the Federal land bank may go in and foreclose its mortgages and acquire the land. The Federal land bank is not operating farms. It can not afford to operate farms. It is engaged in the business of furnishing accommodations to those who do operate the farms, and it is no great benefit to the bank to say that it may be a bidder at a foreclosure sale; and what must it bid? Under the terms of this amendment, if the Federal land bank does bid at a foreclosure sale in case there is default by the owner of the land, and foreclosure is necessary, it must bid the entire amount of the Government lien and the entire amount of its own lien, plus the costs, attorneys' fees, and whatnot. It is required to do that; so that the Federal land bank simply becomes the owner of the property, relieves it of the Government lien, the prior lien, pays off the Government, and owns the land. That, it seems to me, is an unnecessary provision; but it certainly is not in any way saving the principle that these loans ought to be made upon first mortgages, and limited to 50 per cent of the actual value of the property.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. KELLOGG. Mr. President, It seems to me the very clear and convincing statement of the Senator from Oregon [Mr. McNARY], who is chairman of the Committee on Irrigation and Reclamation, makes it evident that this amendment ought not to be put on this bill, and the additional discussion as to the merits of it here would seem to me to add to that argument.

Mr. President, here is an elaborate amendment which has never been considered by the Committee on Irrigation and Reclamation, which affects very materially the whole scheme of irrigation, in which I understand the Government has invested something like \$120,000,000. The Committee on Irrigation and Reclamation is headed by the Senator from Oregon, who has knowledge of these subjects, and the members of the committee, I believe with few if any exceptions, are Senators from those States having familiarity with that subject, and they have never considered this amendment or this bill so far as I know.

There may be necessity for legislation along this line; but this bill ought not to be the vehicle to amend the farm loan act, to amend the irrigation laws, to amend the Federal reserve law, and to carry out all the other schemes of Senators as to legislation. It seems to me the very statement of the proposition demonstrates the unwisdom of putting the amendment on this bill.

In saying that, I am not disputing the necessity of some legislation at some time; but let it go to a committee and be considered. The vice of this proposal is in putting a debatable matter, which the chairman of the Irrigation Committee says will not accomplish what is sought, on a bill which aims to furnish immediate credit for moving the products of the farm this autumn at the earliest possible date.

Mr. President, we ought not to do that; but I do not say I would not support the legislation proposed by the Senator. I do not know enough about it. I have tried to inform myself this morning, but the speech of the Senator from Oregon is very clear and to the point, and it seems to me ought to be conclusive as to the action of the Senate on this amendment.

Mr. PITTMAN obtained the floor.

Mr. KELLOGG. Mr. President, I raise the point of order that the Senator from Nevada has spoken once for 10 minutes, and that under the unanimous-consent agreement he has not any right to speak further on the amendment.

The PRESIDING OFFICER. The Chair understands that the Senator from Nevada has spoken on this amendment.

Mr. PITTMAN. If the Senator from Minnesota had paused a few moments, he would have found that I had a right to offer an amendment. For the purpose of removing as many doubts as possible in the minds of Senators who are opposing this amendment, I now ask permission to strike out the second section of my amendment.

The PRESIDING OFFICER. Of course, the Senator has a right to modify his amendment in any way that he sees fit.

Mr. PITTMAN. Undoubtedly. Now I am speaking to that amendment, if I have the floor.

The PRESIDING OFFICER. The Chair is inclined to think that that does not void the agreement made by the Senate by unanimous consent. It does not make it a new amendment. It is still the amendment of the Senator from Nevada. The Chair would hold that a modification of that kind does not give the Senator a right to speak another time upon his amendment.

Mr. PITTMAN. I bow to the ruling of the Chair. I should like to know, however, under the ruling of the Chair, if I am at liberty to speak on the bill itself, having discussed the amendment?

The PRESIDING OFFICER. The Senator has a right to speak 10 minutes on the bill itself. The Chair understands that some Presiding Officers have held that that right could not be exercised while an amendment was pending, but the present occupant of the chair thinks it was held yesterday or the day before that a Senator could use his 10 minutes in connection with his speech on an amendment.

Mr. PITTMAN. Very well.

The PRESIDING OFFICER. The Chair will follow that ruling and recognize the Senator for 10 minutes on the bill.

Mr. LENROOT. Mr. President, may I suggest the state of the record? The Senator from Nevada actually did not offer his amendment until the conclusion of his speech. Technically he would be entitled to 10 minutes upon his amendment.

The PRESIDING OFFICER. The Chair would hold that that would be a clear violation of the spirit of the unanimous-consent agreement. Of course, if the Senate thinks differently, all right. Every Senator, then, when he wanted to offer an amendment, could speak 10 minutes and then offer his amendment and then speak 10 minutes on the amendment. That certainly was not the spirit of the unanimous-consent agreement.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. PITTMAN. I do.



Mr. BORAH. I want to make a suggestion. Of course, the Senator can speak for 10 minutes on the bill; but does the Chair hold that when an amendment is wholly changed, and becomes a new amendment, a Senator may not speak upon that new amendment?

The PRESIDING OFFICER. The Senator from Nevada did not withdraw his amendment. He simply modified the amendment that was already pending, which he had a right to do under the rule. It remained, however, the amendment which the Senator offered yesterday.

Mr. BORAH. Precisely so; but for 14 years the rule has been different in practice here. Senators have offered an amendment to an amendment and have spoken upon that amendment.

The PRESIDING OFFICER. If the Senator from Idaho had offered this amendment to the amendment of the Senator from Nevada, the Senator from Nevada could have spoken 10 minutes upon the amendment proposed by the Senator from Idaho; but that is different.

Mr. BRANDEGEE. Mr. President, allow me to present this consideration: If a Senator modifies his amendment, the meaning of the amendment may be entirely changed and all the previous debate may become worthless and nonapplicable. It makes another amendment of it. I want to suggest to the Chair where a Senator modifies his amendment is it not another amendment? Otherwise there could be no debate of the proposition before the Senate if the modification changed the effect of the amendment.

The PRESIDING OFFICER. The Chair does not think so; but the Senate can take such action as it sees fit upon the ruling of the Chair. The Chair will hold that the amendment is the original amendment proposed by the Senator from Nevada, and that under the unanimous-consent agreement he has not the right to speak again on the amendment. If the Senate does not agree with that ruling, it is very easy to change it.

Mr. LODGE. Mr. President, it seems to me that if a Senator by simply modifying his amendment himself can get 10 minutes more there is no limit to what he can do. He can change a word here and a word there, and go on and speak by the hour.

Mr. BRANDEGEE. That is true; but there is no limit to the number of amendments a Senator may offer.

Mr. LODGE. Separate amendments; yes.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield? The Senator from Nevada has the floor. The Chair will not take this out of his time.

Mr. BORAH. I do not want to take it out of the Senator's time; but I know that the rule which is now invoked is not the rule which we have been heretofore observing.

The PRESIDING OFFICER. The Chair thinks differently from the Senator from Idaho in that respect.

Mr. PITTMAN. Mr. President, this last amendment to my amendment was not offered by me for the purpose of gaining time. It is a bona fide modification of my amendment. It is offered for the purpose of meeting certain objections made to the amendment. In other words, Senators seemed to think it would be risky to grant to the Federal land banks the power to lend money to entrymen before they had obtained patents to their land within an irrigation project. By striking out all of that section which deals with entrymen and then modifying the second section, which I intend to do, so as to read, "That in the event that a loan is so made to a patentee of said land," I at least avoid one objection, and that is that you are giving the power to the Federal land bank to lend on land to which there is not a title in the borrower.

The PRESIDING OFFICER. Will the Senator from Nevada indicate clearly what part of his amendment he has stricken out? The Chair is rather confused about it.

Mr. PITTMAN. It is not numbered, but it is the section that commences on line 11 on page 2—

The PRESIDING OFFICER. Ending with line 11 on page 2?

Mr. PITTMAN. Yes.

The PRESIDING OFFICER. That is what the Chair thought.

Mr. PITTMAN. Then I shall have to amend the next section after the one that is stricken out as follows, so as to connect it up: In lieu of the first line of the third section insert: "That in the event that a loan is so made to a patentee of said land and thereafter there shall be a sale of said land under." That will precede the word "foreclosure" in the thirteenth line of page 3.

In other words, as modified, the farm loan bank can lend only to a patentee of this land. When an entryman in a project obtains patent to the land he then has a permanent investment. He has an improved farm, because under the reclamation act he can not obtain a patent to it until he has it in cultivation.

As far as the security is concerned, the Senator from Florida [Mr. FLETCHER] was fearful that the security would not be good; that, for instance, the Government might have a lien on this patented land of such a great amount that the second mortgage of the farm loan bank would not be good; but when you limit it to patented lands within a project, then you have the knowledge that it is improved land. You also have the knowledge that the Government has already been paid practically all of the construction charges over which the lien was granted.

The Senator from Oregon thinks that this amendment has been carelessly or hastily drawn. In this amendment I have expressly reserved to the patentee and to the farm loan bank every right of redemption granted under the respective State statutes. That may exist without this express provision of my amendment, but I have taken the precaution to reassert it; but in addition to that I provide in the section that stands, dealing with patentees, that in the event of a foreclosure by the Government the Federal farm land bank shall have the right of redemption and that the patentee also shall have the right of redemption.

I have provided that the Government shall be paid its money first in any case, that the farm land bank shall then receive what is due it, and that any balance shall go to the patentee. That is all this amendment provides. You would judge from the speech of the Senator from Florida that this would compel the Federal land banks to lend money on these patented claims in irrigation projects. It does not do anything of the kind. It simply removes the restrictions as to lending money on those lands. Congress thought it was proper to insure the safety of those loans by providing that the money could only be loaned on first mortgages. But the Government is already interested in these irrigation projects and the lands within them. It is to the interest of the Government to see that the farmers on those projects prosper, and if they do not prosper the Government will lose the money it has put up for the construction of the project and for its maintenance. Certainly, if we can utilize another branch of the Government to assist those farmers in making good on those projects, we will not only be doing justice to them but we will be doing a great deal toward making a success out of the reclamation projects.

Of course, if the board of directors of a farm loan bank can not be trusted, if they are not men of judgment and discretion, if they do not understand the banking business, if they are careless with the Government money, then the fear of the Senator from Florida might have some foundation. But, as a matter of fact, the history of the farm loan act is that they have been overcautious, if anything, in the lending of money to farmers. Already there are so many restrictions thrown around the farm loan act that in many cases it is impossible for one entitled to borrow money, by reason of his condition, to obtain the money.

The amendment is perfectly simple. The Senator from Oregon [Mr. McNARY] said that this same matter has come up in the House and been killed two or three times. If it was killed, why was it killed? It was killed because the measures embodying this did not have in them provisions for redemption by the farm loan banks. Admittedly, it would be a dangerous thing for the farm loan banks to lend money when the title to the land might be canceled and the banks have no right of redemption, and possibly that was the case, without such a provision as I expressly place in this amendment. In the event of the sale of this land by the United States Government under foreclosure proceedings to recover the charges due it for construction and maintenance, then the farm land bank which has loaned money on that land may pay the charges due the United States Government in the foreclosure proceedings and be subrogated to the rights of the patentee against whom foreclosure proceedings were had. No other amendment I know of has ever had that safeguard in it, and without that safeguard it can very easily be understood how Members of the House would vote to deny the farm land bank the authority to lend money on reclamation projects. This is an important matter.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. McLEAN. Mr. President, I agree with the Senator from Nevada in stating that this is a very important matter, and I would like to ask the Senator from Nevada if his amendment has been submitted to the farm loan board?

Mr. PITTMAN. No; it has not.

Mr. McLEAN. And it has not been considered by any committee of the Senate?

Mr. PITTMAN. No; it has not.

Mr. BORAH. Mr. President, for some time it has been before the committee of which the honorable Senator is chairman.



Mr. McLEAN. Not very long; and the Senator from Idaho has not asked for a hearing.

Mr. BORAH. I did not know a Senator had to go around and ask for a hearing. The bill was sent to the committee, and I supposed it would be considered. If the Senator is simply waiting for me to ask it, I will ask it now.

Mr. McLEAN. I can not give the Senator a hearing this morning; but I assure the Senator that he can have a hearing any time when he desires it. I think it should by all means be considered by the committee, and it ought to be submitted to the farm loan board.

Mr. BORAH. Mr. President, this is really a very simple matter. It does not obligate the farm loan board to make loans. It simply permits them to go upon these reclamation projects, and the adoption of this amendment would remove the legal inhibition against making the loan.

Mr. McLEAN. Mr. President, there seems to be a wide difference of opinion among the Senators who know about this situation. The Senator from Oregon is opposed to this amendment, and has given his reasons for opposing it, and I think they are substantial reasons. I have no desire to interpose any opposition to the enactment of a measure which will grant the relief desired, but as long as the doctors disagree about it, the gentlemen who are posted, it seems to me it ought to be carefully considered.

Mr. BORAH. I do not think the Senator from Oregon and I disagree about the statement which I made. In fact, I agree with the Senator from Oregon as to some of the suggestions which he has made. But this is not a complicated affair at all. There seems to be an opinion to the effect that if this amendment should be adopted there would be some obligation imposed upon the Farm Loan Board to make loans under different conditions and rules and regulations from those which govern it in making loans in other places. It simply removes the legal inhibition against their going onto reclamation projects, surveying the situation, and determining for themselves whether or not the security is ample, and whether or not the security is such as they should take.

I think I see no difficulty with this amendment. I am speaking now of the amendment which the Senator from Arizona [Mr. ASHBURST] offered, because I have not thought that the additions which have been offered by the Senator from Nevada [Mr. PITTMAN] really change the matter; in other words, I have thought that they could do without those changes which they may be able to do with them; but I do not discuss that now. Referring to the amendment of the Senator from Arizona, there is nothing to it except the mere removal of the obstacle to making loans at all, namely, the lien of the Government. As the farm loan act prescribes that the mortgage shall be a first mortgage, they have refused to consider loans upon Government projects because they regard the lien of the Government as a first lien or first mortgage, and that therefore they are prohibited.

All this does is to authorize the board, in case it sees fit, to make the loan. If the security, under the other provisions of the law and under the rules and regulations of the farm loan act, is sufficient and satisfactory to the Farm Loan Board, they can make the loan. That is all there is to the amendment, as I understand it.

Mr. SMOOT. Mr. President, the Senator from Nevada having stricken from his amendment the second section, it removes one great objection I had to it.

But the following section, Mr. President, will not meet the situation in thousands and thousands of cases. On pretty nearly every reclamation project, where citizens owning land in fee simple use the water from the reclamation project, they have made an obligation to the Government of the United States that the money expended in the construction and maintenance of the project will be paid back in 20 yearly payments. They own the land, as I said, in fee simple, and I know that in my State there are hundreds of cases, if not thousands, where individuals and banks have loaned to those farmers on second mortgages, or on mortgages subject to the claims of the Government of the United States.

In the amendment of the Senator there is no provision whatever for taking care of such a loan under a reclamation project such as I have described. In fact, Mr. President, if there should be a foreclosure, by the pending amendment the bank or the individual which had loaned to the farmer would lose his money entirely if the Government had a prior right over the mortgage that was given to the man who made the loan to the individual farmer.

No one would approve of such a thing; but that would be the effect of the wording of this amendment, and it seems to me it is a very unfortunate thing to undertake to do.

The amendment which was offered by the Senator from Idaho did not interfere with the lender's rights whatever. If the bank loaned on a second mortgage, subject to the claim of the Government of the United States upon the land which was owned in fee simple by the borrower, nothing in the amendment of the Senator from Idaho or the Senator from Arizona would interfere with that right whatever. But the pending amendment, if it were put into the law, I am quite sure would. It either would or the man could not borrow a dollar under the provisions of this bill, and I think it is rather a dangerous proposition.

Mr. FLETCHER. Mr. President, I presume there is quite a uniformity in the matter, but I would like to ask the Senator what are usually the liens held by the Government on these lands? Are they statutory liens—liens created by statute—and, if so, what do they amount to? When a man gets a patent to a piece of land, does he make a mortgage to the United States Government to secure the claims of the Government against the land or is his indebtedness fixed by statute, and, if so, what does it amount to as a general thing? What would be the prior liens on these lands which have been reclaimed?

Mr. SMOOT. It would all depend on the amount it cost per acre to build the project and place the water upon the land. For instance, in my State we have only one reclamation project. The estimated cost per acre for placing the water upon the land was \$40, but when the project was really constructed it was found that it cost about \$87 an acre, and every acre of land in that project is subject to whatever the project costs per acre plus whatever interest may be due by the time the payment is made. The Government of the United States holds a first lien upon the land, and where the property is owned by an individual and that individual has a water right which was merged into the reclamation project, then the Government of the United States in distributing the water gives that individual the same water rights that he had before; but in three cases out of four, so far as my State is concerned, the farmers wanted more water than they had before, and they purchased the water from the Government at \$87 per acre, and gave not only a lien upon the land they held in fee simple but they gave a lien upon all the water the Government sold to them and all the water they had.

Mr. FLETCHER. So that the prior liens in those cases would be about \$87 per acre?

Mr. SMOOT. Yes; and I will say to the Senator that in Utah County particularly, that being right in the center of the State, are some of the very best beet lands and fruit lands that there are in the State and that land is worth more than \$87 an acre. In fact, it is worth \$250 an acre, and I know hundreds of cases where the banks have loaned to those farmers and taken mortgages subject to the claims of the Government, and under the pending amendment I do not know what would become of their claims.

Mr. FLETCHER. That is one way to work it out, rather than break down the great principle of the farm loan system.

Mr. LENROOT. Mr. President, if this proposition is as simple as the Senator from Nevada thinks it is, and if there is no opposition to it, as Senators state, there is no reason for the amendment riding through Congress upon such a bill as this. If those Senators are correct, the bill can be passed as a separate measure without any difficulty whatever.

However, if those Senators are mistaken—and it seems to me very clear that they are—the incorporation of the amendment upon this bill means a delay at least in the final enactment of the measure. If Senators are interested in securing early relief for agriculture in this emergency, not only this amendment but all other amendments not relating to the subject matter of the bill ought to be defeated.

Mr. HITCHCOCK. Mr. President, I think the Senator from Nevada has met most of the objections stated by the Senator from Oregon [Mr. McNARY] by striking out the paragraph which gave the right to an entryman to borrow from the Federal farm loan bank, the entryman being the man who has no title to his land, but it seems to me there should be a further amendment on pages 4 and 5 by striking out the word "entryman" everywhere that it appears and inserting in lieu thereof the words "patentee or owner." Such an amendment, as I understand it, would make the amendment of the Senator from Nevada apply only to those lands in irrigation districts where the occupant is actually the owner of the title and would leave the Federal land bank free to place a farm loan mortgage upon that land subject only to the lien now held by the Government of the United States.

I therefore move to amend the amendment of the Senator from Nevada by striking out, wherever it appears on pages 3 and 4, the word "entryman" and to insert in lieu thereof the words "patentee or owner."



The PRESIDING OFFICER. The Secretary will report the amendment to the amendment proposed by the Senator from Nevada.

The ASSISTANT SECRETARY. Wherever on pages 3 and 4 the word "entryman" appears, strike it out and insert in lieu thereof the words "patentee or owner."

Mr. PITTMAN. Mr. President, it seems to me that the amendment striking out the word "entryman" and inserting the words "patentee or owner" conforms with my amendment as it now stands after it has been modified by the striking out of the second section.

I do not understand the particular objection which the Senator from Utah [Mr. SMOOT] makes to the foreclosure proceeding.

Mr. SMOOT. Will the Senator permit me?

Mr. PITTMAN. Certainly.

Mr. SMOOT. The foreclosure proceeding as found in section 2, which is now section 3 of the amendment of the Senator from Nevada, reads as follows:

If the land of said sale is bid in by said Federal land bank, then it shall pay to the United States that portion of the purchase price due the United States by said entryman under said reclamation act, and shall credit said entryman with the balance of said purchase price upon the said loan and mortgage.

The first part of that section reads as follows:

In the event of the sale of said land under foreclosure procedure or otherwise by the United States said Federal land bank may become a purchaser of said land and water rights at such sale and may bid therefor a sum of money equal to the total amount due to the United States for said entryman under said reclamation act and costs of procedure plus the amount due said Federal land bank.

In other words, the Federal land bank is limited in the amount it can bid to the amount owing the Government of the United States and the Federal land bank. I wish to say to the Senator that there are hundreds and thousands of farmers who have made loans from individuals and banks, who have taken second mortgages upon their lands subject to the claim of the Government of the United States, and under this provision there would be no way for the Federal land bank to pay off that mortgage.

Mr. PITTMAN. The Senator objects because I have limited the land bank in bidding to the amount of the lien of the Government plus the amount due to the bank. If there is a private mortgage on any of this land, then the farm loan bank can not lend any money on it because that restriction is not removed. The only restriction that is removed makes it possible now that it may lend on these lands subject to the lien under the reclamation act. If there is a mortgage on the land held by a private person or a bank, the Federal farm loan bank can not lend subject to that mortgage.

Mr. SMOOT. I do not know whether they can or not.

Mr. PITTMAN. Therefore there is only one thing the bank has to do at the sale, and that is to see that there is enough money bid at the sale to pay both the Government and the Federal farm loan bank. The provisions of the Federal farm loan bank act insure that, because it must then bid the total amount due both to the Government and the bank. That is all there is to it. We do not want them to become owners of the land. We want somebody else to have title to the land. We would be very glad if some one else outbid the farm land bank. That is the object of it, and therefore we limit them to bidding at that sale the amount due the Government on its lien and the amount due the bank. That is enough for them to bid.

The Senator from Wisconsin [Mr. LENROOT] asked, if this is such a simple matter, why we do not introduce a separate bill and have it put through. I have not found it very easy to pass any legislation through either branch of Congress in the last two and one-half years. I do not see that the committees are meeting very often and acting on any bills. We have the calendars of the committees right now jammed up full and no action being taken on bills. As a matter of fact, it is becoming apparent to some of us that practically the only way we are going to obtain legislation in the interest of certain sections of the country is to tack it on to general bills.

These people have been suffering under these irrigation projects for years. They have suffered under the red tape of the Reclamation Service and they have suffered by not being able to borrow any money to assist them in their agricultural enterprises. The farm loan act was intended to aid the farmers, and yet probably the most prosperous farmers in our States and the largest farm enterprises are absolutely debarred from the benefits of the act.

I do not see how the adoption of my amendment can endanger the passage of the bill. If the bill goes back to conference, that is all right. If the conferees on the part of the House will not stand for it and if the conferees on the part of the Senate do their duty in trying to make them stand for it, no one then

will hold up the conference report. May I suggest to the Senator, why not try to see whether the House will stand for one of these amendments?

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. LENROOT. Does the Senator think time in getting the bill through is of any importance in this emergency?

Mr. PITTMAN. I think time is very important, indeed, and I think time is also very important to the farmers within the irrigation projects of the West.

Mr. KELLOGG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. PITTMAN. I yield.

Mr. KELLOGG. Why has not the Senator tried within the last four years, during which he has been a Member of the Senate, to get this legislation through some committee?

Mr. PITTMAN. I have assisted other Senators who had introduced similar legislation.

Mr. KELLOGG. The Irrigation and Reclamation Committee is composed of Senators exclusively from States having such projects. Does the Senator pretend to say that they are not willing to act on any of his bills?

Mr. PITTMAN. The Irrigation Committee, when it has met at all, has been busy with this bill or with other irrigation bills.

Mr. KELLOGG. This bill has not been before the Irrigation Committee, I will say to the Senator.

Mr. PITTMAN. Other irrigation bills have, however. The Senator from Oregon [Mr. McNARY] has just finished preparing an irrigation bill of great importance, but we are dealing now with a bill to which this amendment is pertinent.

Mr. KELLOGG. No; Mr. President, it is not pertinent at all, any more than an amendment to the Federal reserve act or an amendment of any other act.

Mr. PITTMAN. Because it has a different name it is not pertinent, according to the Senator's view.

Mr. KELLOGG. Why does not the Senator introduce his bill and have it sent to the Committee on Irrigation and Reclamation?

Mr. PITTMAN. I did not consider it necessary to introduce a separate bill and have it sent to the Committee on Irrigation, because we are now discussing relief for the farmers of the country in the consideration of the pending bill. The purpose of the pending bill is to relieve the farmers of the country. It is to have the Government furnish money to be loaned to them. It is to get them out of the hands of the banks of the country. The only difference is that we have already a law providing for the lending of money to farmers which we can amend to help them at the same time that we pass this law providing for additional funds. It is a perfectly legitimate amendment. It is a proper thing for consideration at this time.

I would not do anything that I thought would jeopardize the passage of the pending bill, and I do not think there is any western Senator who considers that my amendment or the amendment of the Senator from Arizona—and either one of them suits me—would jeopardize the passage of the bill or delay it an hour.

Mr. McNARY. Mr. President, I exhausted my time a few moments ago on the Pittman amendment, but I assume I have a few minutes now on the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK].

The PRESIDING OFFICER. The Senator has 10 minutes on that amendment.

Mr. McNARY. I wish to occupy only a very short time. I thought this morning I pointed out the legal defects in the procedure proposed in the amendment offered by the Senator from Nevada and I shall not discuss that subject again. I do not think it workable. I think it is ill-conceived legislation. I think the Senator from Nevada, when he asked to strike out section 2, and the Senator from Nebraska, when he asked to modify certain other sections, admitted that it is an amendment which is not workable.

I have not had many years of legislative experience, but I know that the poorest legislation we get anywhere is that which is written on the floor of the Senate or the House. Legislation as important as this, meaning so much to the development of the great empire of the West, should be duly considered by a committee. The present Presiding Officer [Mr. JONES of Washington in the chair] well knows that for many weeks the Committee on Irrigation and Reclamation has been considering a very large and comprehensive plan looking to a further and greater development of the West by irrigation.

The committee has brought out what I think to be the very best bill that has ever been conceived by those interested in the growth of that country.



I wish to say to the Senator from Nevada that this matter was not presented to the Committee on Irrigation and Reclamation, but as chairman of that committee I can say that legislation similar to this, yet dissimilar in its procedure and its conception, is now being prepared and within two weeks it will be submitted to the Secretary of the Interior for his opinion and to the Farm Loan Board for their opinion, and will then come before that committee for proper and studious thought. That is better than attempting to write important legislation of this kind to-day on the floor of the Senate.

Again, I express the sincere hope that the western Senators will not feel discouraged over the position being taken here, but will, in the interest of legislation and of irrigation, consider this matter independently of that which is now before the Senate for consideration.

There are two other amendments pending, the one offered by the Senator from Idaho [Mr. BORAH] and the one offered by the Senator from Arizona [Mr. ASHURST], which I hope also will be defeated. I wish to say to the Senator from Nevada in conclusion that if any irrigationists out in the West are panting for legislation of this character, they have a door open to them.

They can organize under the State irrigation laws and get the very credit for which they are asking under this bill. They are not without remedy; it is open to them. It is foolish, indeed, to come before Congress and propose by ill-considered legislation to provide something which the people may now get in any of the 17 arid and semiarid States.

Mr. ASHURST. Mr. President, I wish to ask the Senator from Oregon [Mr. McNARY], the chairman of the committee, a question for information. If I understood the Senator aright, he is opposed to the amendment proposed by the Senator from Idaho [Mr. BORAH] to the amendment proposed by the Senator from Nevada [Mr. PITTMAN], and also to the amendment which I have proposed; that is, those amendments which have for their purpose making land under irrigation projects eligible for loans under the Federal farm loan law.

I know the Senator from Oregon is a staunch friend of the irrigation interests; I know that he is convinced of the necessity at an early date of so amending the Federal farm loan law that irrigationists under Federal irrigation projects may share in the benefits of that law; and, if I heard the Senator aright, he stated that he would at an early date, as chairman of the committee, bring in a substantive, independent bill, which would have for its purpose the curing of the defect in the Federal farm loan law in that respect. While, of course, I should be delighted to have my amendment or the amendment of the Senator from Idaho or the amendment of the Senator from Nevada adopted, I am content with the statement of the Senator from Oregon, because when he says that he will put his vast energy and his sincerity behind a bill I believe it will go through.

Before I take my seat, however, I want, for the third time, to say to Senators that there now exists in this aspect of the case certainly an anomalous and unjust situation. The Government has spent \$150,000,000 in reclaiming 3,000,000 acres of land. That reclaimed land alone is now worth \$600,000,000. All of the money which has been advanced to the Reclamation Service and spent by the Government will be reimbursed to the Treasury, with the possible exception of 1 or 2 per cent of the sum which was spent in the early period of the work under the operation of the law of 1902; yet under the Federal farm loan law at present irrigationists, water users, landowners under the Federal projects, are precluded from securing loans.

I also desire to say that it will be remembered by any Senator who pays attention to what may be said on the floor of the Senate that in 1906 not only I but other Senators arose and asked if water users and landowners under Federal irrigation projects would be eligible to share in the benefits of the Federal farm loan law, and it was the unanimous consensus of opinion, both in the House of Representatives and the Senate, that landowners under Federal projects would be eligible to secure loans under that law; yet under the construction which has been placed upon that law by Government officials—and I have no quarrel with them, they are doubtless sincere—we are told that irrigationists under a Federal project may not secure loans under the Federal farm loan law.

I am very content and very satisfied, however, with the statement of the Senator from Oregon. Though I should like to have adopted at least one of the amendments to which I have referred, I am content to wait for the action which will be taken by the Senator, for I believe when he and his committee report a bill they will make a drive in its interest and will put the bill through, and it ought to be done at the earliest moment.

The PRESIDING OFFICER. The question now is on the amendment proposed by the Senator from Nevada [Mr. PITTMAN] to the proposed substitute amendment.

The amendment to the amendment was rejected.

Mr. ASHURST. Mr. President, if the Senator from Florida will yield to me for a moment, I desire to say that it will be remembered that I introduced an amendment such as the one which has just been defeated. I will not ask for a roll call on my amendment, but I do feel that the question ought to be put on it. It was introduced and is pending. It has been read.

The PRESIDING OFFICER. The Senator's amendment has been read, and is on the table whenever the Senator desires to offer it.

Mr. ASHURST. I shall not ask for a roll call on the amendment, but I think it ought to be disposed of.

The PRESIDING OFFICER. But the Senator from Florida [Mr. TRAMMELL] has now proposed his amendment, which is pending.

Mr. ASHURST. Very well.

Mr. TRAMMELL. Mr. President, I propose the amendment which I send to the desk, and I should like to have it read.

The PRESIDING OFFICER. The amendment proposed by the Senator from Florida will be read.

The ASSISTANT SECRETARY. The Senator from Florida [Mr. TRAMMELL] proposes the following amendment to what is known as the amendment of the Senator from Oregon [Mr. McNARY], which he has offered on behalf of the Committee on Agriculture and Forestry: On page 3 of that amendment, line 23, it is proposed to strike out the period after the words "set forth," to insert a comma and the words—

or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a) upon notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock.

Mr. TRAMMELL. Mr. President, the amendment just read is practically the same amendment which I discussed rather fully on yesterday and the day preceding. The purpose and object of the amendment is to make securities furnished by a producer to a bank from which he obtains a loan, which is secured by a chattel mortgage upon staple agricultural products, eligible when held in the hands of the bank for use in connection with the bank obtaining an advance from the War Finance Corporation. That is the object and the purpose of the amendment. The same class of security if negotiated through a dealer is made eligible, so that the dealer may obtain a loan or an advance from the War Finance Corporation; but under the provisions of the substitute in its present form the same security if negotiated by a producer at the bank and held by the bank is not recognized as a proper security in the hands of the bank upon which the bank may obtain an advance from the War Finance Corporation. It is highly discriminatory to prohibit the use of such security by the bank; it is discriminatory against the producer and discriminatory against the bank.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. WATSON of Indiana in the chair). Does the Senator from Florida yield to the Senator from Oregon?

Mr. TRAMMELL. I yield.

Mr. McNARY. As chairman of the subcommittee which has proposed the pending substitute amendment, after consultation with other Members of the Senate, I do not see any objection to the amendment, and, so far as I am concerned as chairman of the subcommittee, I am willing to accept it.

Mr. TRAMMELL. In view of that statement I will yield the floor. I do not wish to discuss the amendment if it is agreeable to the committee, and I feel hopeful that it is agreeable also to many Members of the Senate.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida to the amendment in the nature of a substitute reported by the committee.

The amendment to the amendment was agreed to.

Mr. BURSUM. Mr. President, I offer an amendment which extends the time within which loans may be initiated from July 1, 1922, until October 1, 1922. It also extends the time within which final liquidation must be made from two years to three years. It also provides for including in section 27 cooperative associations. I believe such associations could obtain loans and have obtained loans, but it has been denied upon the floor of the Senate that they are eligible to obtain loans. That is necessary in order to make section 24 of the bill recognize cooperative associations as entitled to the same rights and privileges as would be accorded under preceding sections relative to exports.

The PRESIDING OFFICER. The amendment proposed by the Senator from New Mexico to the amendment in the nature of a substitute reported by the committee will be stated.

The READING CLERK. It is proposed to amend the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. McNARY] on behalf of the committee, as follows:

In line 6, page 4, strike out the word "July" and insert in lieu thereof the word "October."

In line 21, page 6, strike out the word "July" and insert in lieu thereof the word "October."

In line 14, page 4, strike out the word "two" and insert in lieu thereof the word "three."

In line 20, page 5, strike out the word "two" and insert in lieu thereof the word "three."

In line 9, page 6, strike out the word "two" and insert in lieu thereof the word "three."

In line 10, page 7, after the word "institution," insert the words "including cooperative associations."

Mr. KELLOGG. Mr. President, I inquire if all of the amendments suggested are offered as one?

Mr. BURSUM. They are.

The PRESIDING OFFICER. They are all offered as one amendment.

Mr. KELLOGG. Mr. President, several members of the committee and other Senators had a conference on that subject and also had a conference with Mr. McLean, of the War Finance Corporation. As a result, they thought it would be very objectionable to extend the time of three months out of the crop year. If Congress finds between now and next July that it is necessary to provide another emergency measure, it will be in session and can pass such an act. They also thought it was very objectionable to make the short-time credits authorized by the bill run for three years. We thought the reasons presented to the Senators who had an opportunity to investigate the matter were conclusive that we ought not to extend the credits to any such length of time, and that was the opinion of the committee.

Mr. BURSUM. Mr. President, I submit that the amendment would not compel the War Finance Corporation to make loans for three years; it would simply give them three years in which to wind up and make final liquidation of all their loans. The amendment is not obligatory.

Mr. KELLOGG. It gives them an opportunity to extend for three years loans which are supposed to be temporary and are necessarily short-term loans. Furthermore, it adds three months of time in which such credits may be extended, and affords an expectation that the corporation is going into the financing of another crop. I do not think there is any business reason why that should be done.

Mr. BURSUM. Does the Senator believe the War Finance Corporation would extend the loans unless it were necessary to do so and unless such action were justified? Can we not trust the War Finance Corporation?

Mr. KELLOGG. But the limitations of the law ought to apply to the War Finance Corporation. I obtained the best advice I could, as I know other Senators did, and as the committee did, and it is the opinion of the committee that this ought not to be done.

Mr. BURSUM. Does the Senator believe that the loans can be wound up in two years?

Mr. KELLOGG. Certainly.

Mr. BURSUM. Our past experience does not justify that conclusion.

Mr. KELLOGG. I do not think there is any doubt about it, because these loans in their very nature are temporary; they are not long-term loans like mortgage loans on real estate.

Mr. BURSUM. The condition of the live-stock industry and the condition of the average farmer is such that there is no hope for complete and full liquidation in less than three years. So why should we limit the loans to two years? So far as that portion of the amendment extending the time from July until October is concerned, if there is serious objection to it, I am willing to withdraw it, but the other portion of the amendment ought to be adopted.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from New Mexico [Mr. BURSUM].

The amendment to the amendment was rejected.

Mr. TRAMMELL and Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. TRAMMELL. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Florida offers an amendment, which will be stated by the Secretary.

The READING CLERK. On page 6, in line 16, after the word "Act," it is proposed to insert:

Provided, That no purchase of debentures, promissory notes, or other obligations of the said banking corporations shall be made, nor any loan or advance be made to said banking corporations, except for the

purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries.

Mr. TRAMMELL obtained the floor.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Oregon?

Mr. TRAMMELL. Certainly.

Mr. McNARY. Again, I am going to say to the Senator from South Carolina that personally I have no objection to the amendment which he offers, nor do I think the committee has.

The PRESIDING OFFICER. The Chair will state that the amendment that is now being discussed is the amendment that is proposed by the Senator from Florida.

Mr. McNARY. I understood it was the amendment of the Senator from South Carolina [Mr. SMITH].

Mr. SIMMONS. What is the amendment? I hope it may be stated.

The PRESIDING OFFICER. Without objection, the amendment will again be stated.

The reading clerk restated the amendment.

Mr. McNARY. Mr. President, I think the purpose of the amendment offered is already covered in the bill, but I am willing to accept the amendment.

Mr. SIMMONS. No, Mr. President; the Senator is absolutely wrong about that.

The PRESIDING OFFICER. The Chair must state that the Senator from Florida has the floor.

Mr. SIMMONS. I beg the Senator's pardon.

Mr. EDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New Jersey?

Mr. TRAMMELL. I do.

Mr. EDGE. After the Senator from Florida has made any statement he desires to make, I desire to say just a word.

Mr. McNARY. Mr. President, I may say that I had in mind another amendment. I was interrupted at the time the amendment was offered, and I thought it was another amendment.

Mr. TRAMMELL. I will state briefly the object of this amendment.

The section which the amendment seeks to amend provides as follows:

The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25(a) of the Federal Reserve act. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

Advances or purchases may be made under this section at any time prior to July 1, 1922.

The banking institutions to which reference is made are the international banks authorized under the Edge Act. The law authorizing the organization of these financial institutions does not restrict the power of the bank to financing or assisting in financing the exportation of domestic products to foreign countries. The law authorizing this character of banks gives the bank a wide scope of authority. The law itself places no specific restrictions upon the banks. The law, however, does provide that the Federal Reserve Board may make certain regulations to control their operations. The law authorizes the establishment of foreign branch banks. The law authorizes the banks to purchase stock in foreign corporations. It authorizes them, in other words, to carry on a general international banking business.

The substitute, as it applies to this character of banking institutions, authorizes the corporation to make advances and loans to them and to purchase their securities without placing any restriction whatever upon the authority of the Finance Corporation. The policy running through the entire bill is to restrict the aid that is afforded by the Finance Corporation to assisting in caring for the agricultural interests. In other words, it expressly provides in one section that advances may be made for the purpose of carrying agricultural products until they may be exported in an orderly manner, and in another section it provides for assistance for agricultural purposes; but nowhere in the bill, except in dealing with this character of banking institutions, is it the policy of the measure under consideration to give the Finance Corporation unlimited authority to deal with a financial situation in the way of advances, purchases, and so forth, as is true in regard to the particular section which I seek to amend.

My idea is that advances should be made to these banking institutions only primarily for the purpose of assisting in carrying on our export trade. Under the present law the Finance Corporation has the authority to assist in the exporting of both manufactured and agricultural products. This policy is continued by the pending measure. That authority is specifically



provided in section 21 of the War Finance Corporation act, to which reference is made in the bill under consideration. So, if we are to afford relief to the agricultural interests, and if we are to continue the provision in regard to assisting in the exportation of agricultural and manufactured products as the law now authorizes under the said section 21 of the Finance Corporation act, and not go any further in the assistance given to these international banks, it is unquestionably proper that we should adopt a proviso to the effect that the help given shall be restricted to assistance for the purpose of financing the exportation of our domestic products to foreign countries; and it is for this reason that I propose the amendment.

Mr. EDGE. Mr. President, while I disagree with the Senator from Florida as to the practical possibilities under the so-called Edge law, under which the banks are incorporated—they are incorporated for the specific purpose, as defined in the act, of international banking, which in itself must mean credits for export, and from a practical standpoint there could be no other activity on the part of these banks but to furnish credit through taking over foreign securities for American exports, agricultural and manufactured products—at the same time, inasmuch as that is all the banks are doing, I can see no objection to the amendment the Senator has offered, although I am quite positive that it is unnecessary in the bill. I shall not, therefore, object to it.

Mr. SIMMONS. Mr. President, a little while ago I announced my opposition to the amendment; but I understand that an addition has been made to it which would remove my objection—that is, the addition to agricultural products of manufactured products. Am I correct about that?

Mr. TRAMMELL. Mr. President, I do not seek to change the law in regard to that. The present law authorizes the War Finance Corporation to assist in the exportation of manufactured products and of agricultural products, so I really just repeat the law on that subject.

Mr. SIMMONS. But the Senator uses the words "agricultural or manufactured products"?

Mr. TRAMMELL. Oh, yes. I do not seek to repeal the law.

Mr. SIMMONS. With that change, Mr. President, I have no sort of objection. My objection went to this point—

Mr. TRAMMELL. I am not seeking to repeal the law which at the present time authorizes assistance to export manufactured products as well as agricultural products.

Mr. SIMMONS. That is exactly what I thought the amendment of the Senator as originally offered would have done, and that was the ground of my objection; but he has removed it.

Mr. TRAMMELL. I beg the Senator's pardon; I did not remove it, because I have not changed the amendment since it was introduced. It did not exist, to begin with.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Florida.

On a division, the amendment to the amendment was agreed to.

Mr. SMITH. Mr. President, in behalf of the subcommittee, on page 3, line 3, after the word "person," to make it conform to an amendment already adopted, I move to insert the words "or association."

The PRESIDING OFFICER. The Senator from South Carolina offers an amendment, which will be stated by the Secretary.

The READING CLERK. On page 3, line 3, after the word "person," insert the words "or association."

Mr. McNARY. Mr. President, I see no objection to that amendment. I think it should be adopted.

Mr. LENROOT. Mr. President, has the Senator considered the first paragraph, which defines "persons"?

Mr. SMITH. Yes; but we had used the words "or association of such persons," and the committee had agreed on putting in, after the word "person," the words "or association," so that there would be no confusion.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

The amendment to the amendment was agreed to.

Mr. SMITH. Mr. President, on page 3, line 6, after the words "not exceeding," I move to insert the words "1½ per cent in excess of." That is essential in order that they may do business.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from South Carolina.

The amendment to the amendment was agreed to.

Mr. SMITH. On page 3, lines 10 and 11, after the words "to any person," I move to strike out the comma and the words "Government, or subdivision of Government."

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from South Carolina.

The amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment, which I send to the desk.

The PRESIDING OFFICER. The Senator from Florida offers an amendment, which the Secretary will read.

The READING CLERK. On page 3, following the amendment offered by the Senator from Florida [Mr. TRAMMELL] heretofore, he proposes to add the following:

or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a).

Mr. McNARY. Where does that come in?

The READING CLERK. The amendment heretofore offered by the Senator from Florida is on page 3, line 23, after the words "set forth." After the words "live stock" in said amendment the Senator proposes to add the following:

or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a).

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Florida [Mr. TRAMMELL].

Mr. LENROOT. Mr. President, what does it mean?

Mr. TRAMMELL. Mr. President, I am glad to give my idea of what it means. A few moments ago we adopted an amendment proposed by me to paragraph (c), on page 3, line 23. That amendment provides that a producer's security, secured by a chattel mortgage or warehouse receipt held by a bank, is eligible in the hands of the banker as security on which a banker may obtain an advance from the War Finance Corporation.

The amendment which has been adopted provides the only method through which a banker can secure an advance upon a producer's security, as the other provisions of the measure restrict the privilege of obtaining an advance or a loan to dealers, those engaged in marketing, or through an association.

Mr. KELLOGG. Mr. President, will the Senator yield?

Mr. TRAMMELL. Mr. President, I would like to be courteous, but I can not yield during my 10 minutes, unless I am to have my time extended.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. TRAMMELL. I would like to be courteous, but I have only 10 minutes.

Mr. KELLOGG. All right; I do not press the request that the Senator shall yield.

Mr. TRAMMELL. The amendment heretofore agreed to provides, in other words, that a chattel mortgage held by a banker as security for a loan which he has made to a producer is eligible in the hands of the bank for use in getting an advance from the Finance Corporation. That is the only method provided by the bill by which a producer's security can be utilized by a banker for the purpose of getting an advance, unless the producer's security comes through the hands of a dealer, some one engaged in marketing, or through an association.

The amendment which I have just offered proposes that the producer's paper, held by a bank, upon which a bank has made a loan, shall give the bank the same privileges, as far as its availability and its eligibility are concerned, as to obtaining an advance from the War Finance Corporation, that the same security and paper in the hands of a dealer, or one engaged in marketing of these products, or if held by an association, would give it.

There is no reason in the world why you should say that a producer's security, held by a dealer, by those engaged in marketing, or by an association, shall be eligible as security for an advance by the War Finance Corporation, and upon the other hand take the position that the law shall preclude him from the privilege of having it used through the banks for the same identical purpose.

If you are going to force the producer to carry on his negotiations with dealers and those engaged in marketing, or else compel him to go through some farmers' organization, you are going to require the producer to pay an extra toll, and in many instances to go to unusual trouble in order to negotiate loans upon his products.

The orderly way to carry on the transaction is for the producer to go to the bank, to give the banker his security, and then for the banker holding that security to have that security made eligible as a security upon which he may obtain funds from the War Finance Corporation for this purpose. But if you leave the measure as it is, a producer who does not give a chattel mortgage to the bank can only negotiate a loan with a dealer, with a market agency, or through an association, and have the advantage of his paper being made eligible as a security upon which advances may be obtained by a bank from the War Finance Corporation.

The obligation of a producer held by a bank, subject to the same requirements in regard to security, pledges, and mortgages, as if that paper had come through the hands of a dealer, should be made eligible as a security upon which the bank can obtain

advances from the War Finance Corporation. If you do not authorize that privilege, then you have discriminated against the producer, and you have discriminated against the banking institutions of this country.

By the provisions of the measure in its present form you say to the banker, "If a dealer comes to you with a producer's security you can make advances to that dealer, and then we, in turn, will make advances to you"; but if you leave the measure as it is, you say to the banker, "If a producer comes to you and obtains a loan upon security satisfactory to you, a security as good as if it had been handled through a dealer, then you can not take direct from the farmer his obligation and use that obligation as an eligible security upon which the War Finance Corporation can make you an advance."

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. LENROOT. Mr. President, there is only one class of people who would be benefited by the adoption of the amendment which the Senator from Florida now proposes, and that is the speculator, the man who does nothing but speculate, the man who is not engaged in production, in marketing, or in exporting, because if he is engaged in marketing, or if he is engaged in exporting, he is taken care of under the provisions of subdivision (a), and if he is engaged in production, he is taken care of in the amendment already offered by the Senator from Florida, and which has been agreed to.

If the restrictions upon the exporter or upon the producer are greater than they should be, the fault is that of the Senator from Florida. He offered those restrictions in his amendment. I am frank to say that I would have been glad to support the amendment without those restrictions, putting them exactly upon the same basis as persons engaged in marketing or exporting. But the Senator suggested those restrictions. He is the one who has had the restrictions put in the bill, providing that there shall be security by chattel mortgage, warehouse receipt, or otherwise, and having secured that limitation from the producer, now the Senator proposes to allow the facilities of this section to a speculator, without any security. That is where the Senator from Florida gets to in his argument.

Mr. TRAMMELL. Mr. President, of course I realize that the time is limited, but does "producer" mean "speculator"?

Mr. LENROOT. No; but the word is "purchaser."

Mr. TRAMMELL. The word is "producer."

Mr. LENROOT. The amendment reads, "or which makes or has made an advance or advances to any purchaser," and so forth.

Mr. TRAMMELL. It is "producer." That is merely a typographical error in the copy in the hand of the Senator. The amendment which I sent to the desk contains the word "producer." Of course, I did not propose to relieve any purchaser. Purchaser is not mentioned in the amendment in the hand of the clerk.

Mr. LENROOT. If it is "producer," what did the Senator mean by the amendment he has heretofore offered and which he secured the adoption of?

Mr. TRAMMELL. Mr. President, if the Senator wants me to be real frank, I thought I had better take two bites at the cherry. I thought I could get those classes of securities in first, and then probably with one step made in the interest of the producer we could bring in the farmer and the producer generally through the banks, as he should have been taken care of at first.

Mr. LENROOT. Does the Senator want to legislate by providing relief for a certain class of people under the very broadest restrictions and then himself write a provision in the bill applying to the same class of people without any restrictions? Is that the way the Senator from Florida proposes to legislate? I yield to him for an answer.

Mr. TRAMMELL. Mr. President, I realized that in offering the first amendment I had to conform more or less to the policy laid down by the committee in its amendment dealing with the question of chattel mortgages. The committee placed its own restrictions upon the producer's security by providing that only in exceptional cases the War Finance Corporation may purchase from banks obligations secured by chattel mortgages and by warehouse receipts. I felt that if the committee had seen proper to make that restriction in regard to the producer's security that there would be a disposition on the part of the committee to oppose a more liberal policy.

Mr. LENROOT. I can not yield further. I want to say to the Senator from Florida that if he desires to reach what he evidently does desire, he should ask unanimous consent for the reconsideration of the vote by which his other amendment was agreed to, that it should be defeated, and that this amendment

should be adopted in its place. That is the only orderly way to reach this proposition. Certainly both of these should not go in. If the Senator's first amendment remains in the bill, this should be defeated.

Mr. TRAMMELL. Mr. President, of course the last amendment I offered is broader and more extensive than the first and would embrace the first. My object in this effort has been to ultimately accomplish the purpose covered by the amendment now offered by me. If this amendment shall be adopted, then, of course, there will be no need of the other amendment and I would be agreeable to its elimination from the measure.

Mr. LENROOT. Mr. President, I am in sympathy with this amendment, and I ask unanimous consent that the vote by which the other amendment proposed by the Senator from Florida was agreed to may be reconsidered.

Mr. TRAMMELL. Mr. President, that is agreeable to me. If this amendment can be agreed to, it will embrace the other one and go much further toward assisting the farmers and also the bankers.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the vote by which the amendment offered by the Senator from Florida was agreed to is reconsidered.

Mr. LENROOT. Now, in order to get the parliamentary situation clear, the Senator from Florida may withdraw the former amendment and offer the other one.

The PRESIDING OFFICER. Does the Senator from Florida withdraw the first amendment offered by him?

Mr. TRAMMELL. I do withdraw that amendment, Mr. President, and now I propose the amendment I last offered, on page 3, line 23, after the words "set forth," to strike out the period and insert the language I sent to the desk.

The PRESIDING OFFICER. The Senator from Florida offers an amendment, which the Secretary will read.

The READING CLERK. On page 3, line 23, after the words "set forth" and before the period, insert a comma and the words "or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a)."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Florida to the amendment in the nature of a substitute.

The amendment to the amendment was agreed to.

Mr. LENROOT. I offer the amendment which I sent to the desk.

The PRESIDING OFFICER. The Senator from Wisconsin offers an amendment, which the Secretary will read.

The READING CLERK. In the substitute, in line 21, page 5, after the word "made," insert the following:

The aggregate of any advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described.

Mr. LENROOT. Mr. President, this is a limitation upon advances which may be made to the banks, so that they can not make advances of a greater amount than the banks themselves have made and remain unpaid for agricultural purposes. It is applying to section 24 the same limitation that is found in the bill with regard to section 22.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment offered by the Senator from Oregon [Mr. McNARY] as amended.

The amendment as amended was agreed to.

The PRESIDING OFFICER. If there are no further amendments as in Committee of the Whole the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

Mr. REED. Mr. President, I have not been able to be in my seat during a considerable part of the deliberations on the bill, having been kept from the Senate by work on committee. I do not rise to oppose the enactment of the amendment in the nature of a substitute reported from the committee by the Senator from Oregon [Mr. McNARY]. It seems to be the consensus of opinion that something must be tried in the way of an experiment.

As the bill is now amended it probably has removed from it many of the dangers that characterized the original bill, and it probably will not result in any great loss to the Government, but I can not refrain from saying that in my judgment this apple of Sodom will turn to ashes upon the expectant lips of the farmers of the country. I hope it will not. I hope it will prove of great benefit, but the bill belongs to that class of legislation which undertakes to cure by statute an economic condi-



tion. Every attempt of that kind of which I know anything has ended in failure.

A few weeks ago, under whip and spur, we passed an emergency tariff bill the proponents of which informed us would bring immediate relief to all farmers of the United States. One of the most distinguished of the advocates of that measure told us that if we put a tariff of 35 cents a bushel on wheat it would send the price of wheat back to where it had been a year prior. If that had resulted, the price would have gone up \$1.05, and we would have been presented with the miracle of a tariff of 35 cents a bushel raising the price \$1.05 a bushel. Of course it would have followed that if the American price had gone up \$1.05 a bushel the foreign producer of wheat could have shipped it to the American market and made 70 cents more than his former price after he had paid the tariff. The inevitable result would have been that all the wheat of Canada and all the wheat of the world would have started toward the American ports the next day after the price was raised and our markets would have been flooded and our prices would have gone to nothing.

But we did put upon the statute books the emergency tariff bill—with what result? I have not with me, because I had not expected to say a word here to-day, the figures as to all of the products named in that bill, but wheat went down 31 cents a bushel in 30 days. I do not know what it has been doing since. It is the old attempt to seek to control prices by statute. They can be controlled by statute to a degree when the goods must be imported into the United States, and particularly when there is a domestic quasi or total monopoly, but the law does not raise the price. The law simply enables some monopoly or some producer to raise the price. So the operation of the law is to deprive a free people of the right of a free market. But no statute has ever been passed that has created a dollar of wealth. Every honest dollar there is in the world is the product of honest toil. For all the real wealth of the world somebody's back has bent in labor, somebody's brow has poured out the sweat of exertion.

The bill, in my judgment, will do but little, if any, good, because the great question of prices, after all, is controlled by economic conditions of the world. I am speaking now of prices that are not artificially interfered with. We may get a little additional market for a few days or a few weeks in Europe through financing operations, but in the long run it will be found that people unable to buy can not buy and that people able to buy will buy without any attempt at artificial stimulus. We can not control the price levels of this great world.

There are some who believe that America is possessed of a kind of supernatural power, an attribute that can be ascribed to Divinity itself. The teeming millions of the world must feed themselves, must clothe themselves, and they must produce the money with which to pay for what they consume. So, hoping that the bill may do all that its proponents dream or think it will accomplish, I predict that, after all, the world must finance itself. If we could induce the world to return to honest dealing, to honest money, to honest production, if they would quit fighting and go to working, the problem that confronts the United States and confronts the world would be the more speedily solved.

Mr. RANDELL. Mr. President, I hold in my hand a bulletin gotten out by the Hibernia Bank & Trust Co., of New Orleans, of which Mr. Rudolph S. Hecht is president. Mr. Hecht, who is one of the ablest financiers of the South and a keen observer of current events, recently traveled extensively in Europe, and his observations, especially in regard to foreign exchange and exports, are embodied in this publication. Attached thereto is a brief address on international credits delivered by Sir Drummond Fraser at the world's cotton conference in Liverpool on the 14th of last June. There is also attached a short explanation of the British Government's credit-insurance plan. These all relate directly to the measure now before the Senate, are of the deepest interest, and I therefore ask permission to publish them without attempting further explanation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

#### HOW EUROPE IS COMING BACK.

#### OBSERVATIONS MADE DURING A RECENT EUROPEAN TRIP.

[By R. S. Hecht, president Hibernia Bank & Trust Co., of New Orleans.]

"Two years have passed since the treaty of Versailles was signed. Volumes have been written and endless discussion has been had regarding the fate and destiny of the old and the new nations of Europe created by that historical document, but the great question as to how Europe is coming back still remains a subject of much uncertainty and speculation.

"Having been an interested student of this question since the day of the armistice, and having closely followed the written and oral discussions on the subject, I believed that a few weeks spent in the most important of these countries would enable me to come back with some very definite and clear-cut ideas about the present condition and future prospect of the economic, financial, and industrial life of the Old World.

"It was indeed most interesting, and, needless to say, highly instructive to meet and discuss international business questions with some of the European men of affairs, but withal I must confess that I have returned without being able to express any definite conclusions on some of the phases of the complicated situation in the new Europe.

"There are surface indications which, if accepted at their face value, would lead one to entirely different conclusions than those one is apt to reach upon careful investigation and close study of the fundamental conditions. One can travel through most of the countries of Europe and, with the exception of northern France and a part of Belgium, see the same smiling landscape, the same cleanliness and order, and the same busy farmers as ever. One can go to London, Paris, and even Berlin, and see the same gay life, the same activity, and even the same extravagance as before the war.

"And yet what a difference the war has made in the real people of Europe. What a revolution of thought, and what a changed attitude toward life is noticeable on every hand. Along with emperors, kings, and other noble titles which have gone on the scrap heap many other class distinctions have been wiped out or greatly modified, and a certain social revolution has taken place in practically all of the countries.

"The laboring man, who for more than four years laid out in the trenches in order—as one of England's leading statesmen put it—to 'make this a country fit for heroes to live in,' finally returned from the war feeling that, as he had proved himself to be a 'hero,' he was now entitled to his reward and to an immediate enlargement of his life. He therefore proceeded to dictate new terms to his employer, to society, and even to the Government itself. He demanded an entirely new relation between capital and labor, insisted on a greater voice in the management of industrial concerns, and last, but not least, an increased share of the earnings.

"It would lead too far to attempt a full discussion of these new phenomena in an article of this kind, but it may be stated as a fact that for a time labor did succeed in practically every country in Europe in forcing these new concessions—at least as long as the artificial prosperity which followed the war kept up—for employers felt it was better to make these concessions and thus preserve industrial peace in order to keep factories going and supply the urgent demand for goods. However, as soon as the inevitable slump in business followed the unhealthy boom conditions, the European labor situation underwent a complete change.

"Unemployment—the natural consequence of the world-wide business depression—became a serious problem in the countries of the victors and the vanquished. This problem had to be met by the Governments in a new way in order to avoid the danger of having the small minorities which showed communistic and bolshevistic tendencies obtain the upper hand, and, as a consequence, 'unemployment wages,' or subsidies, as one may prefer to call them, form to-day no inconsiderable part of the fearfully heavy expenditures of the European nations, and the prospects are that this burden will not be lifted for a long time to come.

"While I am forced to admit that these 'subsidies' were a necessary consequence of the war, I feel that the effect of this paternalistic attitude on the moral character and efficiency of labor is very bad, for there are many who really seem to prefer to draw this Government pay and do nothing, and who decline to work just as long as they can find a plausible excuse for the continuation of their 'pension.'

"During the war wages went up to artificially high figures, and the necessary process of readjustment is just about as painful in the European countries as it is with us. The facts are, however, that the size of the wages is not the only issue which has kept the industrial skies of Europe so gloomy for the past year or two. The demand of the workmen that they be given a more direct voice in the management of the business of which they consider themselves an essential part, finally had to be met in nearly all countries by the election of so-called workmen's committees, or Whitley councils, as they call them in England.

"At first it seemed almost impossible to the employer to manage and develop his business under such handicaps, especially as the personnel of these committees was made up largely from the most radical elements, and a succession of industrial



conflicts followed. But, as is always the case, experience proved itself the greatest teacher, and many employers have now come to look upon these 'committees' as a really desirable means of working out a proper relationship between capital and labor, while the employees, on the other hand, have learned to realize that their best interests are served by electing as their representatives on these 'committees' not the radicals and the loudest talkers but their real leaders; i. e., the ablest and most intelligent amongst them.

"The consequence is that personal consultation between employers and representatives of the employed has become a well-established habit, and the causes of friction between them are ventilated and usually solved. In any event, it is much easier to familiarize such a 'committee' with the true conditions of trade in general and their special industry in particular than it would be to spread such economic information among the individual employees. The necessity for establishing reasonable minimum wage scales, to permit existence on a fair standard of living, is now generally recognized, and while two years ago even bank employees spoke a good deal of the 'communistic' idea that one man is as good as another, and insisted on practical equality of wages, they have already come to realize that we do not all possess equal ability, and that it is absolutely necessary to hold out a reward for exceptional skill and industry if we do not want to prevent progress and paralyze production.

"The European farmers as a class, especially in the countries with inflated currencies, have improved their general situation very much during the past several years, and many of them have been able to pay off the mortgages on their farms long before maturity. They are still getting good prices for their products, and of course the value of their land has gone up in about the same proportion that the currency of their country has declined.

"The people who have suffered the most in this social revolution of which I have been speaking are the middle classes and the people who were living on fixed incomes, especially those who depended on the interest from their principal, or an annuity or a pension.

"To use a practical illustration let us take the case of an old man in Germany who 10 years ago retired from business with a fortune of 200,000 marks, giving him an income of between 10,000 and 12,000 marks a year, and enabling him to live, if not in luxury, at least in splendid comfort. This man still has his 200,000 marks capital and he still gets the same income, but, as a matter of fact, he has lost about 90 per cent of it, because the intrinsic value of his capital has depreciated enormously, and 10,000 marks a year will not even buy the necessary food for his family.

"But such has ever been the result of expansion and inflation. The creditor who put out his money in normal times must suffer when the debtor can suddenly repay it to him in a period of inflation and depreciated money.

"The average business man has fared comparatively well, because until very recently business has been quite good in most lines, and whoever carried a stock of goods bought at prewar prices became rich because the value of his goods was steadily increasing. Of course, each country had, or perhaps I should say has, a liberal supply of profiteers who by fair means or foul became enormously rich out of the war and the era of wild speculation and fictitious prosperity which followed the armistice. But the effects of this extravagance and inflation have now spent themselves and the natural reaction in business and the consequent decline in prices has made itself felt in most of the countries.

"Like ourselves, our European cousins imagined themselves a great deal richer than they were, and for a time it really seemed as if all our past teachings in economics would prove to be false. During long years of war we proceeded to waste the capital of the world like spendthrifts, and still there seemed to be more wealth than ever, and apparently there was enough to make everybody happy and comfortable.

"No one seemed to realize how far we were drifting from the sound economic foundations upon which real prosperity must necessarily be built, and it was rather a rude awakening to find that much of the world's supposed wealth really consisted of the product of the printing press—i. e., the enormous quantities of paper money—and that the real purchasing power of the world was at a very low ebb. In other words, we found that the old economic laws are still at work, and that we must replenish the wealth of the world by economy, energy, and efficiency before any great volume of genuine demand for goods can be expected or any real prosperity can return.

"Needless to say the road back to normalcy will be hard and the process of readjustment a painful one, but it is high time for each nation to face the real facts and at least begin to put its house in order.

#### ENGLAND.

"Nowhere has the problem of bringing about this transition from the abnormal to normal conditions been tackled with more energy and success than in England. One by one the many post bellum problems are being solved, and never have English statesmen, bankers, and business men cooperated more closely than they do at the present time.

"The two internal problems which are troubling England most at this time are the Irish question and the labor situation. As the former is a political question, I prefer not to discuss it at all. The latter has already been touched upon in the previous pages. English labor is probably the most highly organized in the world, and the inevitable readjustment of the wage scale to the lower prices is therefore very hard to accomplish.

"The recent coal strike which lasted nearly three months was a severe test of the respective powers of endurance of capital and labor. This strike affected practically every industry in England, enormously increased unemployment, put the whole nation to great loss and inconvenience, and produced acute distress everywhere. However, each side felt that it had to go through to the bitter end, and a compromise was finally made possible only through the intervention of the Government, which provided a fund of £10,000,000 to be applied toward the equalization of wages under certain conditions.

"This settlement carried with it a very material reduction in the fixed wages of the miners, but gave them a certain contingent interest in the net profits of the mines. The settlement of this strike had a very wholesome effect on the entire labor situation in England, and will probably put an end to the campaign for the nationalization of the coal fields as well as to the agitation for State ownership of railroads.

"I seriously doubt, however, whether the profit-sharing scheme will work out successfully; first, because it will lead to eternal disputes as to what are profits and what are proper charges of operation, and besides they are trying to hold capital down to so low a return that initiative and speculative development of new coal properties will well-nigh cease.

"This may ultimately have serious consequences for England, because cheap coal and cheap labor have been her two chief industrial advantages in the past. A population of nearly 50,000,000 people living in so small a space as England constitutes a highly artificial community, and as the nation could not possibly feed itself without heavy imports it necessarily depends on its export trade to keep itself alive.

"The English are an energetic, capable people who have for centuries shown an unusual aptitude for the manufacture of certain products such as steel and cotton goods, and they do not have their equal as international traders and bankers. But, of course, one of the essentials of their success is that they must produce on as cheap a basis as other nations, and must be able to sell their goods at prices at which their customers can afford to buy.

"As in the United States, the recent export statistics in England show an appalling downward trend, and a nation that has been bred and fed on foreign trade can not view such an enormous shrinkage of its exports with equanimity.

"The European Continent has always been one of England's best markets, and, of course, its buying power has been tremendously reduced. The Government, recognizing the difficulties which English exporters naturally experience in dealing with the impoverished and the new countries of Europe, has just announced a new plan under which it will guarantee 85 per cent of the value of the invoices of British exporters covering shipments to practically all the European nations except Germany. Needless to say, this will give English exporters an enormous advantage in dealing with these countries, at least until such time as commercial credits again become normal and bankers and shippers in other nations are willing to assume equal risks on their own account.

"(This English 'credit insurance' plan was worked out on a very fair and scientific basis, and as we have recently had some agitation for similar legislation in this country, the full text of the regulations is printed in the succeeding pages under the heading of 'export credits'.)

"England is doing a fair volume of business with Germany, both in the occupied and unoccupied area, but it worries British business men not a little to see Germany go more and more out of the world's markets as a buyer and enter it more and



more as a seller in competition with her former enemies. English bankers and business men also state quite frankly that they consider it a serious mistake to exact such enormous reparations in 'cash' from Germany, because Germany has not the gold, and can produce the cash only by enormous exports at low prices in competition with and to the detriment of the allied nations.

"They argue that France should insist on her reparations more in labor and materials and in commodities like coal, timber, sugar, potash, and other raw materials. They contend, and properly so, as I will illustrate under the heading of 'reparations,' that to insist on these payments in cash only means to compel Germany to underbid other nations in export business and thus force her to become a first-class industrial State again.

"On these questions the views of English business men are diametrically opposed to those of her neighbor and ally, France.

#### FRANCE.

"A visit to the devastated regions of France will easily explain why France should want to insist on collecting the largest possible indemnity from Germany. The sight of these battle-scarred sections is truly pathetic, and no one who has not been through these regions himself can possibly grasp the terrible meaning of this devastation.

"It will take years and untold billions of dollars to restore the damage, so far as it can ever be restored, but there appears no doubt that the economic structure of the country is perfectly sound and that she will be able to stand up under her burdens and realize the destiny which her brave fight entitles her to.

"France's debt is truly staggering, having already been very large before the war, and her national expenditures are far in excess of her income, and no serious effort has yet been made to balance her annual budgets. The deficiency has been met by the flotation of bond issues and by borrowings from the Bank of France which has tremendously increased its note issue.

"A very material increase in taxes seems inevitable, but this action has been steadily postponed, first, because it was uncertain to what extent the annual reparations payments would cover the deficit, and, secondly, because the political leaders felt that the economic struggle of the people should not at this time be made still harder by very high taxation.

"Of course, the consequence of this policy has been that inflation has continued and the difficulties of her exchange position are still almost as great as ever. Her foreign debt constitutes a heavy burden, and her interest obligations to England and to the United States alone will have a tendency to keep the value of her money from improving, especially as her income from the heavy foreign investments which she made in Russia, Turkey, and other countries has for the time being at least been entirely eliminated.

"In addition to these heavy interest payments, France must make enormous expenditures for pensions as well as for her large army and navy.

"Her imports still exceed her exports by a very large margin, and France feels that only by exacting the large cash reparation payments from Germany can she hope to make solid progress in mastering her difficulties.

"To England's suggestion that she should accept reparations largely in labor and materials for the rebuilding of the devastated sections, France frankly replies that she has already a considerable number of unemployed among her own nationals and therefore does not wish to import any foreign labor. Nor is the argument that she is forcing Germany to compete with her in her export trade a particularly convincing one for France, because in the past she really has never competed very much with Germany in the same classes of goods, and is therefore not so much afraid of having German industry outdo the French.

#### GERMANY.

"Notwithstanding the very serious problems facing the country, there are many surface indications in Germany pointing to a considerable measure of prosperity, but the prosperity stands on 'paper' legs.

"Take the banking situation, for instance. All of the banks have made very large profits and almost without exception have increased their dividends over the previous year. Their deposits have gone from 40,000,000,000 marks to 62,500,000,000 marks during the last year, but a very considerable percentage of this increase represents foreign balances. (One banker told me that before the war his institution had 700 accounts from America, whereas it now has 70,000 such accounts.) Much of this money is invested in 90-day treasury bills, which, of course, ties up the banks very closely with the Government.

"Prices of nearly everything continue to go up in Germany, partly owing to the continued depreciation of the paper mark

and partly to an era of wild speculation, which is one of the forms of social demoralization following the war.

"Nearly everybody seems to gamble on the stock exchange in an effort to supplement his income, and, on the other hand, there is on the surface a good deal of extravagance on the part of those who have some money and feel they would rather spend it than have the Government take it away from them by the process of the ever-increasing burden of taxation.

"When the defeated army returned from the war and the Republic was still very young it looked for a time as if the bolshevistic idea might really get hold of the German laboring classes, and their efficiency was reduced to but a small fraction of the prewar basis. They did many abnormal things in their effort to forget that as a nation they would have to work harder than ever to bear the consequences of their defeat, and they tried desperately to escape that responsibility.

"But now the atmosphere has changed; they know the worst, and they have gone back to work with something like their former spirit. Germany rose to a condition of wealth as the result of her people's proverbial willingness to work. I think Germany 'will come back' as the result of the absolute necessity for hard work, and I believe her productive power will surprise the world within a very few years.

"In any event, her people are back at work, her factory wheels are started again, and if she can get sufficient coal and raw materials unemployment will soon cease to be a serious problem for the German Government, which still pays large sums in 'unemployment' wages, just as does England.

"It is generally admitted, even by France, that the present German Government, i. e., the Wirth cabinet, is the most sincere they have yet had, and there seems to be no doubt that they are making every effort to live up to the reparation agreement which they signed last May. I only fear that the Government does not have a sufficient majority to prevent another cabinet crisis in case the Upper Silesian question is not settled with reasonable satisfaction to Germany.

#### REPARATIONS.

"Of course, the all-important question in Germany to-day is, 'Can we pay these enormous sums?' There is an honest difference of opinion among her business men on the subject, some feeling it is impossible but all apparently agreeing that they must try. My own judgment is that Germany can pay and that she underestimates her own productive power in that respect. I would qualify this statement in only one respect; that is, she can pay if the world's markets are kept open to her. It, of course, requires no debate to establish the fact that Germany does not have the gold or other cash to make even a small part of her annual payments, but in the last analysis every large payment from one country to another resolves itself into a payment of goods.

"The reparation agreement signed last May provides that Germany must pay yearly 2,000,000,000 gold marks plus 25 per cent of the value of her total exports which it is estimated will increase her annual bill by more than another billion and when there is added the total amount of the occupation expenses Germany's annual outside liabilities will probably exceed 4,000,000,000 gold marks, which in her present depreciated currency means the staggering total of over 50,000,000,000 marks.

"How, then, can Germany raise this enormous amount each year? She does not have the gold and no one would accept her paper marks in settlement; first, because of their unstable value; and, secondly, because the printing and issuing of that much additional paper money would automatically reduce its value. Before the war Germany had colonies, foreign investments, a merchant marine, and ample means of getting credit if she needed it, to offset her balance of trade, but all these are gone now, and her only means of creating the balances necessary to pay her obligations is to export, export, export.

"Now, Germany never has been an exporter of raw materials on a very large scale, but rather a refiner and finisher of raw products which she had to import, and to pay for these imports she must further increase her exports over and above the amount required for the reparation payments.

"Of course, the German Government tries by every conceivable means to hold down the imports to the lowest possible figure, and makes it very difficult to get in luxuries of any kind. Then, too, the very drastic program of taxation will necessarily force a lower standard of living in the whole country and reduce the purchasing power of the people, thus not only decreasing imports but also reducing home consumption to such an extent as to make increased exports possible.

"Germany is required to export an enormous amount of coal which, in view of the large loss in total output through her loss of important producing territory, seriously weakens her na-

tional economy and makes the Silesian question so important for her. Potash which formed an important part of Germany's prewar exports has lost much of its importance in Germany's international trade, because the best fields were in Alsace Lorraine which now belongs to France. Sugar, which was another important export article, will probably not be produced in sufficient quantity to do more than take care of the home supply for many years.

"There remains only one way, therefore, for Germany to make her yearly settlements, and that is to furnish so many billion hours of work which German people can and must supply, and then ship the products of this labor to all parts of the world, in the shape of manufactured products.

"It is not difficult to foresee that this means a new, though peaceful, 'German danger,' and we must recognize that this very necessity for hard work will shortly make Germany's productive power greater than ever, and give the entente nations a degree of competition such as they never experienced before, and that at a time when foreign trade is already difficult enough on other grounds.

"Much will depend, of course, on the willingness of the German people to work and on the fluctuations in the value of the German mark. That Germany has gone back to work with a new will and determination is the opinion expressed by every observer I have talked with, and discouraging as the final outcome of the reparations' commission deliberations is to the nation as a whole, the individual worker and business man is beginning to look to the future, with more hope than any time since the armistice was signed.

"Germany has lost 7,000,000 people since 1914, of which 1,700,000 fell in the war and over 5,000,000 lived in territory lost to her under the terms of the treaty. As in every other country the length of the working day of the individual workman has been materially reduced, but there seems to be a genuine willingness to work and it is estimated that from 4,000,000 to 5,000,000 women have been added to the number of women employed in 1913. So that Germany's total productive power does not appear to have been seriously impaired.

"Of course, the question of whether the rest of the world can successfully compete with Germany depends not only on technical efficiency but also on the standard of living of her working people, and the size of the wages which they receive. Before the war a German workman receiving 8 marks a day was very well paid. A skilled mechanic now receives about 8 marks an hour, or 64 marks a day, which is just about a living wage, considering the purchasing power of the depreciated paper mark at home. Sixty-four marks based on the prewar exchange would be about \$15. But figure this so-called 'living wage' into dollars at the present rate of exchange and you will find that the equivalent of this day's wages is just about 82 cents. The same class of workman in the United States of America receives about \$8 a day, or nearly ten times as much. Could there be a more convincing example of how much the position of the foreign exchanges means to us in our export trade?

#### THE EXCHANGES.

"Time was when the subject of international exchange was regarded as a highly technical field, interesting only to a few bank men who made a specialty of it, and who in some mysterious way seemed to be able to make a little profit by buying and selling checks and drafts payable in foreign currencies, or by switching these balances around from one country to another by means of so-called arbitrage transactions. But all this was in the days when the currencies of the European nations and, for that matter, most of the moneys of the rest of the world, were on a gold basis. In those days the daily fluctuations in quotations were of negligible size and were based on such well-known seasonal causes that not even the exporter or importer had to pay much attention to these differences in quotations, and certainly they had no interest for the average American business man who was not directly concerned with export business.

"Perhaps the situation was very similar in Europe prior to the war, but it is astounding to see how really well posted the average person in the various European countries is on the subject of 'The Exchanges' to-day. In fact, the knowledge of the subject seems the greater, the lower the value of their home currency is. In Germany, for instance, where the depreciation of the exchange is the greatest, it is literally true that everybody in all classes of society talks about the 'Valuta,' or 'Exchange,' as if it were something to eat or to wear. The explanation for this higher knowledge is quite simple, however, because, as I will hereafter try to explain, the question of the 'exchanges' really does affect every German household in the most direct manner and the cost of what they eat and wear is daily affected by these fluctuations.

"It will not be easy to convince the average American that this problem also affects his welfare and prosperity, and that for his own sake he should make a careful study of the question and help in finding a solution. All that is fairly well known among our people to-day is that the dollar commands a big premium in every country in the world, and that looks like an unmixed blessing to the casual observer, especially if he happens to be a tourist and can get 12½ francs for his dollar, where he received only about 5 francs a few years ago, or when he gets 75 marks for a dollar that formerly brought only 4½ marks.

"The other side of the picture—that is, the effect which this state of the exchanges has on our American domestic and foreign business, is something which does not lie quite so much on the surface, and naturally requires much explanation.

"In spite of the temporary business depression which we are experiencing in the United States at this time, it is a fact that the whole world is heavily indebted to us and that it is becoming increasingly difficult to buy enough dollar exchange in the foreign countries to pay this indebtedness. Our transition from a debtor to a creditor nation has been so fast and the balance of trade annually accumulating in our favor during the past several years has been so great, that the demand for dollars has been so persistent as to drive its value to heights which none would have considered possible but a short time ago.

"But what is the consequence? Our foreign customers complain that we are making it impossible for them to pay us their debt without terrific losses to themselves and instinctively they blame us for this condition of affairs, which after all is but the effect of the immutable law of supply and demand. Of course, such raw materials as only we can furnish—cotton, for instance—and such foodstuffs as are absolutely essential to prevent starvation and suffering in foreign countries, will continue to move there, no matter what the exchanges may be, but when it comes to exports of less essential articles and especially those which other nations can supply in competition with us, our business will suffer in the same ratio as the value of the dollar abroad continues to climb.

"While in Coblenz I asked one of our American boys stationed there if he was not anxious to get back home. His answer was 'No; I don't want to leave here as long as my \$30 a month produces over 2,000 marks on which I can live like a prince.' But this exchange question is a double-edged sword which cuts both ways. While we are busy building our tariff wall higher and higher this premium on our dollar tends to keep our goods out of foreign markets far more effectively than any protective tariff which the other nations might enforce against us. There is no more striking illustration of the disadvantages of a high premium on a country's exchange than the present situation of Switzerland, whose business is slowly dying as the result of the high value of the Swiss franc. Swiss chocolates were the favorite all over Europe, but to-day few people can afford to pay the high prices and domestic chocolates have largely taken their place in England, France, and Germany. Swiss hotels were always filled to capacity at this season, but this year they have been almost empty except for the American tourists, because travelers can get so much more for their money in other countries.

"Time was when these exchange differences could be overcome by shipments of gold, but that remedy is no longer effective, and the United States of America already owns about one-half of the total gold supply of the world. Other forms of correction will therefore have to be applied, if we do not want to lose all of the temporary advantage which we gained in international trade as the result of the war.

#### AMERICA'S POSITION.

"Politically we should undoubtedly keep out of European affairs, but whether we like it or not our financial and commercial welfare, and even our credit structure, is closely tied up with the fate of Europe. It is quite useless, therefore, to deny the necessity of interesting ourselves in the economic readjustments now being made abroad because the effect of the reparation settlements, the depreciation of foreign currencies, and the ultimate distribution of the raw materials of Europe will be felt very nearly as much by us as by the countries 3,000 miles away, because commercially speaking this is a very small world and we are a most essential part of it.

"The example I have already used comparing wages in Germany with those paid in America, based on present exchange rates, clearly illustrates the difficulty we are going to have in competing with a country whose currency has depreciated as much as has the German mark.

"Ordinary tariff measures will hardly be sufficient to cure this evil, and even the antidumping laws will be only partially effective. If cheap German goods are offered here, it does not mean that they are being 'dumped' below the cost of produc-



tion. The low prices may be simply the result of converting 'cheap' German marks into 'dear' dollars. Clearly, this is a new factor in international trade and one we must be prepared to meet, for no matter what tariff rate we may fix, every further decline in the value of the mark will be reflected by lower offerings of German goods, and only a stabilized market in the foreign exchanges can prevent chaotic conditions in the world's foreign trade.

"Then, too, we must bear in mind that even if we succeed in passing tariff and antidumping laws which will keep these cheap goods out of our own country, we can not keep them out of the world's market, which, of course, means the keenest possible competition for the exporters of American manufactured goods.

"Already the value of our export trade has fallen off materially, and while the enormous decline in prices makes a real comparison difficult, the excess of our exports over imports is now quite small compared with the totals of the last several years.

"Other nations are working with feverish energy to recover the foreign markets in which we have gained a foothold since the war, and in order to compete we have to adopt the same progressive methods as they do. Our people must understand that foreign trade means more than just exporting our own goods; it must mean an interchange of goods, and where the balance is so largely in favor of one country as it is with us, it must also mean foreign credits and investments.

#### FOREIGN CREDITS.

"Most of the European nations will show an unfavorable balance of trade for many years to come, because their need for raw materials is very great. Also, the ever-increasing tariff wall which we are building here is making imports quite difficult. As already stated, gold shipments will no longer be practical, and we must remedy the situation by extending credits to these nations in one form or another.

"Bank credits to first-class commercial houses will, of course, facilitate the movement of goods to some extent, but they must necessarily be restricted both in time and in amount, and must be of a self-liquidating nature. What is needed are permanent investments in foreign enterprises and in Government obligations, and while we must necessarily use the utmost caution in matters of this kind, my judgment is that there is no doubt whatever of the recuperative power of the principal European nations.

"I am not underestimating the difficulties in the way of making such credits available, but I believe that the so-called 'Ter Meulen' plan, which was first suggested at the financial conference in Bruxelles, does point the way toward a safe solution, and I hope that we will hear more of this plan in the next few months.

"[Sir Drummond Fraser delivered a very interesting address explaining the Ter Meulen plan at the recent world cotton conference in Liverpool, and we are printing his remarks and the full text of the Ter Meulen plan in the succeeding pages under the heading, 'International Credits.']

"Certain it is that all of the European countries are interdependent, Germany not excluded, and that America can not long be prosperous unless Europe is also economically sound.

"Just at the moment we appear to feel the world-wide industrial depression somewhat more than the poorer nations, and strange as it may seem, the three nations which have had the minimum of inflation and whose exchange has the highest value, the United States of America, Japan, and Switzerland, are suffering more than those who have a depreciated currency and whose rising flood of paper money is temporarily at least driving prices higher and keeping superficial prosperity alive.

"Fundamentally, however, there is no nation in the world as safe and sound as our own, for, after all, we are about the only nation which is really self-contained.

"The world must have our cotton, our foodstuffs, and other raw products, and while we, of course, want to continue to develop our export trade in manufactured products, we do not depend on it to the same extent as all the other nations, for we have a population of over 100,000,000 people, which represents a sufficient buying power to keep most of our industries busy and prosperous.

"It will take some time yet to see us safely through the present period of readjustment, but we are certain to emerge from it in a safe and sound condition and economically and financially the leading nation of the world."

#### INTERNATIONAL CREDITS.

[Address delivered at the World's Cotton Conference, Liverpool, June 14, 1921, by Sir D. Drummond Fraser, K. B. E., M. Com.]

"The international credits scheme is the scheme of Mr. ter Meulen, adopted by the League of Nations at the Brussels conference in September, 1920, by means of which necessitous

nations, with approved securities, may be enabled to finance essential imports.

"An international commission of bankers and business experts is to be appointed by the League of Nations, who shall have power to determine the gold value of the assets offered by the Governments of these countries. The Governments will then issue bonds to the gold value of their pledged assets which will be specifically secured by the revenue from these assets. These assigned assets will be so administered by the participating Governments or by the international commission that the bondholders should be secured against default or loss.

"The details and practical operation of the scheme can be obtained from my pamphlet, entitled 'International Credits' (published by Harrison & Sons, St. Martin's Lane, London, W. C., 2s. 6d., post free).

"The object of the scheme is the restoration of normal international credits required by importers in these European countries whose impoverished condition has rendered it impossible for them to obtain accommodation on reasonable terms in the open market. All Governments have misused credit for war purposes and have restricted the free exchange of goods from one country to another. This has caused a shortage of international credits for the movement of goods. These goods are held up in certain countries which are unable to sell them because the countries which require them are unable to pay. It is essential that additional credits be found and that Government interference with the movement of goods be stopped. This bureaucratic control and misuse of credit have engendered a diffused distrust, not only among the leaders of industry but also among the workers, which has caused industrial stagnation throughout the world.

"Many schemes have been propounded for the restoration of the confidence necessary to attract credit to impoverished countries. The outstanding solution is undoubtedly the Ter Meulen scheme, of which I have been appointed the organizer, and the text of which is hereby attached.

"The first step is for the Government of a distressed country to apply for the issue of bonds. It offers to the league a statement of its position. The league then asks for the assignment of a definite asset against the credits to be opened in favor of the importers. As a rule the trader would be a private individual, and the assets pledged by his Government to the league have to be made available to him for facilitating his imports. This is done by means of a bond, which the Government concerned has been authorized to issue for the approval transaction, to be used by the importer as a collateral security. These bonds are lent to the importer, and his Government may or may not take security from him for the loan of the bonds. These bonds then go to the exporter in a foreign country, where they will be held as a guarantee. When the importer pays for his goods the bonds will be returned to him intact, and he will hand them to his Government. Thus, all parties to the transaction are protected in a great measure against any risk or loss. The league is protected because it, of course, has the assigned assets of the Government which has issued the bonds. The Government can take security from the importer. The exporter holds bonds as a collateral security, whose service is assured by the assets held by the league. The advantages to the importer are obvious. He has secured the needed credit for himself and, for his country, that which is essential for the livelihood of its people. The transaction, moreover, has had a reflex action. It has released energy, which will stimulate activity, harder work, and therefore increased production, which, in its turn, will bring about the gradual reduction of inflation and improvement in the rate of exchange.

"The bonds will be payable, both as regards principal and interest, in the currency of the lending countries or in any other currency selected by the exporter. The revenue from the borrowing country will be utilized in paying the maturing bonds; in providing interest and sinking fund; and for the sale of bonds held against the debt of defaulters. Both the importer's Government and the individual exporter will use full discrimination in the choice of the importer. With this discrimination the necessity for selling the bonds should hardly ever arise. But should a default occur the exporter primarily offers the bond for sale for a fortnight to the borrowing Government before selling it on the market.

"The British Government has undertaken to guarantee its manufacturers against 85 per cent of the risk, if the foreign importers can put up satisfactory collateral security. The British Government has thus put the seal of official approval on the Ter Meulen bonds by recognizing them as 'satisfactory security.' These bonds will only be issued for essential imports.

The imports will stimulate the economic life of the country by creating a steady and accelerating flow of trade. They will help to restore distribution, without which production is valueless. And additional production will be determined by the capacity to sell that which is produced. It, therefore, remains with British exporters to benefit from this guarantee by arranging with importers of impoverished countries to adopt this method, thereby creating a demand for Ter Meulen bonds. If exporters who wish to take advantage of this scheme will impress on the foreign importer the fact that this scheme provides his best chance of obtaining facilities on reasonable terms they will be helping themselves toward the consummation of its inauguration.

"The political situation in Central Europe has caused economic paralysis. The old European countries are broken up into new, antagonistic political States. These States have erected trade barriers which, with the chaotic condition of transport, have brought international trading to a standstill. There are indications already that these are gradually being removed. But more is required than the mere removal of barriers. The budgets of the impoverished countries must be balanced, their currencies must be stabilized, and the business of the central bank freed from the control of the State before it will be safe to give them the extended credits upon which the new economic situation in Europe depends.

"These are the problems which the League of Nations was compelled to face in trying to apply the Ter Meulen scheme to Austria. The success which has attended the league's operations in Austria so far is by this time well known. And, though I give only my personal opinion, I feel sure that the league will not hesitate to respond to the desires of any country which needs assistance in its economic policy by the application of the international credits scheme.

"The application of the scheme will not demand any new machinery. It will merely lubricate the wheels of commerce until an organic revolving movement of exports and imports is once more attained. In each case the internal finances of the country will have the first consideration of the league, because the scheme does not allow the issue of bonds whose gold value can be questioned. It is this feature which differentiates the Ter Meulen scheme from all others. Personally, I believe that the day is not far distant when all the necessitous countries of Europe will be obliged to adopt this scheme of international credits, and that by its means the great work of reconstruction in Europe will have begun.

#### TEXT OF "TER MEULEN" SCHEME.

"I. In order that nations, which under present circumstances are unable to obtain accommodation on reasonable terms in the open market, may be able to command the confidence necessary to attract funds for the financing of their essential imports, an international commission shall be constituted under the auspices of the League of Nations.

"II. The commission shall be appointed by the council of the League of Nations and shall have discretion to appoint agents and subcommissioners and to devolve upon them the exercise of its functions.

"III. The Governments of countries desiring to participate shall notify to the commission what specific assets they are prepared to assign as security for commercial credits to be granted by the nationals of exporting countries.

"IV. The commission, after examination of these assets, shall determine the gold value of the credits which it would approve against the security of these assets.

"V. The participating Governments shall then be authorized to issue bonds to the gold value approved by the commission. The bonds shall be in such form, with such date of maturity and rate of interest, as the commission may decide, and shall in particular enumerate the assets pledged against the bonds. The denomination of each bond and the specific currency in which it is to be issued shall be determined by the participating Government in agreement with the commission in accordance with the conditions applicable to the particular transactions in respect of which they are issued.

"VI. The service of these bonds, which will be obligations of the issuing Government, shall be specifically secured out of the revenue of the assigned assets.

"VII. The assigned assets shall be administered by the participating Government or by the international commission, as a majority of the council of the League of Nations may determine, on the proposal of the international commission. Nevertheless in cases where the administration of the assigned assets is in the hands of the participating Government the interna-

tional commission at any time may, and in the event of default shall, require the participating Government to transfer the administration of the assets to itself.

"The participating Government shall have the right of appeal to the council of the League of Nations against this requirement, and the decision of the council of the League of Nations on these questions shall be binding.

"VIII. The revenues from the assigned assets shall be applied as follows to the service of the bonds:

"(1) Out of these revenues the commission shall purchase and hold or the participating Government shall satisfy the commission that it has purchased and holds foreign currencies sufficient to provide—

"(a) Cover for the coupons falling due in the next year of all bonds at any time outstanding in each of such currencies.

"(b) A sinking fund calculated to redeem at maturity 10 per cent of the bonds outstanding in each of the different countries.

"(c) A reserve in such foreign currency or currencies as the international commission may determine for the redemption of any bonds sold in accordance with paragraph 16.

"(2) Any surplus remaining after the provision of these services shall be at the free disposal of the participating Government.

"IX. The participating Government will be free either to pledge its own bonds as collateral for credits for approved imports on its own account or to lend the bonds to its nationals as collateral for credits for improved imports on private account, and for the latter purpose will be free to fix such terms, including the security, if any, to be given, as it may think fit.

"These terms shall be communicated to the commission. The bonds shall not be used for any other purpose than those specified in this clause.

"X. Each bond shall, before issue, be countersigned by the commission in proof of registration.

"XI. The fundamental purpose of the new scheme being to facilitate and expedite the import of such raw materials and primary necessities as will enable the borrowing countries to reestablish production especially for export, bonds secured on the assigned assets shall not be utilized as collateral for credits for the import of other commodities, provided that where the commission is satisfied that the import of such other commodities will assist in securing the above purpose, it shall have the discretion to permit special exceptions to the above rule, subject to such conditions as it may think fit.

"XII. For such borrowing country the commission will draw up, in consultation with the participating Government, a schedule of approved imports which will be regarded as falling within the definition of raw materials and primary necessities.

"XIII. Particulars of each transaction must be registered with the commission, which, before countersigning a registered bond, will satisfy itself that the credit is for an approved import and that the period for which it is approved to be granted is a reasonable one.

"XIV. The same conditions as govern the pledge of its bonds as the collateral for credits for imports on private account shall apply in cases where the participating Government pledges its own bonds as collateral for imports on Government account.

"XV. After having received bonds duly countersigned, the importer will pledge them with the exporter.

"XVI. Pledged bonds shall be dealt with as follows:

"(a) In the absence of any failure by the importer to fulfill his contract with the exporter, the coupons on their due date and the bonds as they are released shall be returned to the importer, who shall return them to his Government forthwith.

"(b) In the event of the importer not fulfilling the terms of his contract, the exporter—or his assigns—may either hold the bonds until maturity or, if he prefers, he may at any time sell them in accordance with the laws and customs of his country, providing that, before the bonds are sold, a reasonable opportunity shall be given to the issuing Government to repurchase them by paying to the exporter the amount of his claim. The proceeds of such sale shall be applied by the exporter toward covering his claims against the importer. Any surplus not required for this purpose shall be accounted for by the exporter to the participating government.

"(c) Any coupons or bonds returned to the participating government or purchased by such government shall be forthwith canceled in accordance with the regulations to be prescribed by the international commission. Canceled bonds may subsequently, with the approval of the commission, be replaced by other bonds either in the same or in a different currency, in accordance with the conditions governing the original issue of bonds."



## EXPORT CREDITS: EXTENDED FACILITIES.

An explanation of the British Government's "credit insurance" plan.  
PART I. GUARANTEEING OF DRAFTS.

"1. In order to facilitate the resumption of the ordinary means whereby traders and others can obtain facilities from the bankers to enable them to finance their export trade, the Government is prepared under the following conditions to entertain proposals to guarantee drafts drawn against shipments of goods to the following countries:

"Finland, Latvia, Estonia, Lithuania, Poland, Czechoslovakia, Serb-Croat-Slovene State, Rumania, Georgia, Armenia, Bulgaria, Austria, Hungary.

"Any variations which may be made from time to time in the countries to which this scheme relates will be announced.

"2. Guaranties will only be granted in respect of goods wholly or partly produced or manufactured in the United Kingdom, including coal produced in the United Kingdom.

"3. Applications for guaranties should be made by the exporter to the Export Credits Department, 73 Basinghall Street, London, E. C. 2, on forms which may be obtained from the department. Applications should be submitted through the exporter's banker and the banker's recommendation should be attached. For the convenience of exporters, the department is prepared to receive and give a decision on applications in advance, a limit of time being stated within which the transaction will be completed.

"4. No application can be entertained from an alien or from a firm in which the majority of the partners are aliens, or from a company where British subjects do not form a majority of the directors, or where a majority of the voting power is not in the hands of British subjects.

"5. The guaranty will be given to an extent not exceeding 85 per cent of the total amount of the bill of exchange drawn against the shipment. The Export Credits Department will decide the proposition to be guaranteed in each case, taking into consideration relevant circumstances, such as current market values, the amount included as net profit, and the security offered by the importer.

6. The department will not require the bills to be accepted before guaranteeing them, but—

"(a) In cases where no security is to be deposited the department will require that the bills should be accompanied by a letter of guaranty from the importer's bank, which must be an approved bank, or by other satisfactory evidence, to the effect that they will be accepted.

"(b) In cases where security is to be deposited the department will require a letter of guaranty as aforesaid from the importer's bank to the effect that the bills will be accepted and that the stipulated security will be deposited immediately upon the first presentation of the documents to the importer.

"7. Recourse in event of default by the importer: The Government will have a first charge on all proceeds of the bill, and

"(i) In cases where the importer puts up security deemed sufficient to cover the whole amount guaranteed, the Government will have no recourse against the exporter.

"(ii) In cases where the importer puts up security less than that deemed sufficient to cover the whole amount guaranteed, the Government will retain recourse against the exporter to the extent of half the difference between the amount guaranteed on the one hand, and on the other hand such amount, if any, as may be paid by the importer, plus the amount deemed to be covered by the security (or which the security eventually realizes, whichever is the greater).

"(iii) In cases where the importer puts up no security the Government will retain recourse against the exporter to the extent of half the difference between the amount guaranteed on the one hand, and on the other hand such amount, if any, as may be paid by the importer.

"8. Security: The following classes of securities will be considered for the purpose of the scheme:

"(a) Bonds issued in accordance with the international credits scheme of the League of Nations (so-called Ter Meulen bonds).

"(b) Deposit of currency coupled with an approved guaranty for the maintenance of the currency deposited to cover any decline in the rate of exchange. In certain cases the deposit of fixed amounts of currency might be accepted.

"(c) Deposit of approved produce, approved Government securities, or an approved banker's guaranty insuring due payment in sterling at maturity.

"(d) An undertaking by an approved British bank or British accepting house that the purchaser will find at maturity currency of the buying country to an agreed amount.

"(e) First charges on railways controlled by British companies and under repair, equipment, and reconstruction by them

when the first charge is limited to the amount required to provide import of goods for those purposes.

"The export credits department will be prepared to consider other proposals as to security which may be put before them.

"9. The periods for which the bills to be guaranteed are drawn will be a matter of arrangement, and arrangements may also be made for renewals.

"10. The department will fix and charge premiums to defray the expenses of the department and to form a fund to meet losses.

"11. As soon as the bills have been finally liquidated and the liability of the department is brought to an end, the security lodged will be returned to the importer. In the event of default, the department may cause the necessary steps to be taken to realize the security or to hold the same, as may be deemed expedient.

"The department will be at liberty to require the exporter to take such steps as the department may think necessary to realize the security and to enforce payment by the importers.

## PART II. PARTICIPATION WITH BRITISH BANKS, BANKING HOUSES, CREDIT ASSOCIATIONS, ETC.

"1. In addition to the foregoing method of granting guaranties to individual exporters, His Majesty's Government are prepared under the following conditions to make arrangements with approved banks or banking houses or credit associations for participation in any loss incurred by such banks, banking houses, or credit associations in respect of transactions carried through by them for exporters in the United Kingdom to the countries named in clause (1) of part I.

"2. His Majesty's Government, in consideration of an agreed premium, will take a share not exceeding 70 per cent of any loss-incurred transactions, provided that the transactions comply with the conditions as to the nature of goods and nationality of exporters or exporting firms prescribed in part I. The export credits department will arrange with any approved bank, banking house, or credit association, which may apply for participation in this scheme, the total amount in each case up to which this undertaking would be given.

"3. Application should be made by exporters direct to the bank, banking house, or credit association concerned."

[NOTE.—The scheme at present in operation for the grant of advances in accordance with the conditions dated 1st December, 1920, will remain in force until further notice.]

THE PRESIDING OFFICER. The question is on concurring in the amendment made as in Committee of the Whole.

The amendment was concurred in.

MR. HARRIS. Mr. President, the Senator from Missouri [Mr. REED] does not think the bill will accomplish very much. I do not know the conditions in his State, but I do know them in my own State, and I believe a measure has never passed Congress that will give greater relief to the farmers and merchants and bankers of the country.

The amendment directing the War Finance Corporation to loan the farm loan bank \$100,000,000 will help our people a great deal. Some weeks ago I introduced a bill requiring the Secretary of the Treasury to purchase \$200,000,000 of these bonds to loan to the farmers. Members of the House from my State had introduced the same bill. The legislature of my State the other day adopted a resolution unanimously urging Congress to pass this very legislation.

Last year the farmers in my State spent three times as much to produce the cotton crop as they realized from it, or would have realized from it if they had been able to dispose of it. The banks are holding farmers' notes and mortgages which were given to pay losses on their crops. Many of them can not pay themselves out of debt for several years. They are obliged to borrow money from loan companies or the farm loan bank, and this measure will give them great relief. It will relieve the banker, and it will enable him to accommodate the merchant and the farmer. I think the legislation will prove to be one of the most useful things that this Congress has done for the people of the United States.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The bill as passed is as follows:

Be it enacted, etc., That when used in this act the term "person" includes partnerships, corporations, and associations, as well as individuals.

SEC. 2. That section 1 of the War Finance Corporation act, approved April 5, 1918, as amended, is amended to read as follows:

"That the Secretary of the Treasury, the Secretary of Agriculture, and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the War Finance Corporation (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That except as otherwise provided by this amendatory act the corporation shall not exercise any of the powers conferred by this act except such as are incidental to the liquida-



tion of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States."

Sec. 3. The War Finance Corporation act, approved April 5, 1918, as amended, is amended by adding after section 21 thereof the following new sections:

"Sec. 22. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine:

"(a) To any person engaged in the United States in dealing in, or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding 1½ per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made;

"(b) To any person without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time.

"(c) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person as is described in paragraph (a) of this section for the purpose therein set forth, or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a). The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described. Such advances shall bear interest at the rates fixed by the corporation.

"Sec. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

"All advances made under section 21 or under section 22 of this act shall be made against the promissory note or notes or other instrument or instruments in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The corporation shall retain the power to require additional security at any time.

"Sec. 24. Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year, and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations, or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made. The aggregate of any advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company, for purposes herein described.

"The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal reserve act: *Provided*, That no purchase of debentures, promissory notes, or other obligations of the said banking corporation shall be made nor any loan or advance be made to said banking corporations except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

"Advances or purchases may be made under this section at any time prior to July 1, 1922."

Sec. 25. (a) The corporation shall have power and is authorized and empowered, upon request therefor by the Federal Farm Loan Board, created by the Federal farm loan act approved July 17, 1916, as amended, to make advances to Federal land banks, at a rate of interest not exceeding the rate of interest charged by Federal land banks for loans under the provisions of such Federal farm loan act, as amended, and to accept as security therefor farm loan bonds issued by such

Federal land banks maturing within five years of the date of issue, or to purchase such bonds from the capital, earnings, reserve fund, or other assets of such corporation to the amount of \$100,000,000 during the calendar year ending December 31, 1921, and \$100,000,000 during the calendar year ending December 31, 1922.

(b) Every Federal land bank shall have power, subject to the provisions, limitations, and requirements of the Federal farm loan act approved July 17, 1916, as amended, and of this section, to receive and pay interest upon such advances, to issue farm loan bonds as security therefor, to issue and sell farm loan bonds, to buy the same for its own account at any time, and to retire any or all of such bonds at or before maturity.

"Sec. 25. The aggregate amount of all advances made under sections 21, 22, and 24, and all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

"Sec. 26. The corporation is empowered and authorized to investigate upon its own initiative or in cooperation with other governmental agencies foreign market conditions and to advise where disposition may be advantageously made of such agricultural products.

"Sec. 27. Whenever in this act the words 'bank, banker, or trust company' are used, they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

"Sec. 28. In order to enable the corporation to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized to furnish to the corporation for its confidential use such reports, records, or other information as he may have available relating to financial condition of national banks to which the corporation has made or contemplates making advances, and to make, through his examiners, for the confidential use of the corporation, examinations of banks, bankers, or trust companies, other than national banks, to which the corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company.

"Sec. 29. No person, bank, banker, or trust company receiving money under the provisions of this act shall loan such money at a rate of interest greater than 2 per cent per annum in excess of the rate of interest charged or received by the corporation upon such money.

"Sec. 4. Section 21, of the War Finance Corporation act, is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

"Sec. 5. The first paragraph of section 12 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"Sec. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than four times its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge on all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association, at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine."

The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1927, but no notes or bonds shall mature later than July 1, 1927.

Sec. 6. Paragraph 1 of section 13 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal Reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper or corresponding maturities."

The title was amended so as to read: "A bill to amend the War Finance Corporation act, approved April 5, 1918, to provide relief for producers of and dealers in agricultural products, and for other purposes."

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. STERLING. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 7294) an act supplemental to the national prohibition act.

Mr. WADSWORTH. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from New York?

Mr. STERLING. I yield.

Mr. WADSWORTH. I merely desire to say that so far as I am concerned I have no objection to the bill being taken up as the next one for consideration in the Senate, provided that we can have an understanding, perhaps, with the sponsors of this remarkable measure that we shall adjourn at the conclusion of the business to-day, in order that there may be a morning hour, and a chance, at least, then to take up until 2 o'clock to-morrow and on legislative days following some bills which are upon the calendar and which are of considerable importance. In this connection I may make the observation that nearly three weeks have gone by since the Senate has devoted any attention to the calendar. I should like such an understanding with the Senator from South Dakota.

Mr. STERLING. Mr. President, if the Senator from New York will withdraw his remarks in regard to this being a very remarkable bill and all that, I do not think I shall have any objection to the arrangement which he suggests.



Mr. WADSWORTH. With certain mental reservations, I withdraw the epithet.

Mr. JOHNSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from California suggests the absence of a quorum. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McCumber	Spencer
Ball	Harrell	McKellar	Stanfield
Brandegee	Harris	McLean	Stanley
Broussard	Heflin	McNary	Sterling
Bursum	Hitchcock	Moses	Sutherland
Calder	Johnson	Nelson	Swanson
Cameron	Jones, Wash.	Nicholson	Townsend
Capper	Kellogg	Norbeck	Trammell
Caraway	Kenyon	Oddie	Wadsworth
Culberson	Keyes	Overman	Warren
Curtis	Knox	Pomerene	Watson, Ga.
Dial	Ladd	Ransdell	Watson, Ind.
Dillingham	La Follette	Reed	Weller
Ernst	Lenroot	Sheppard	Willis
Fernald	Lodge	Simmons	
Fletcher	McCormick	Smith	

Mr. CURTIS. I am requested to announce that the Senator from Pennsylvania [Mr. PENROSE] is absent on official business. I will let this announcement stand for the day.

The PRESIDING OFFICER. Sixty-two Senators having responded to their names, a quorum is present. The question is on the motion of the Senator from South Dakota [Mr. STERLING] that the Senate proceed to the consideration of the bill (H. R. 7294) supplemental to the national prohibition act.

The motion was agreed to, and the Senate, as in Committee of the Whole, resumed the consideration of the bill.

Mr. STERLING obtained the floor.

#### THE MEAT-PACKING INDUSTRY—CONFERENCE REPORT.

Mr. KENYON. I ask the Senator from South Dakota if he will not yield for a moment or so in order that the conference report on the so-called packers' bill may be considered? The report has been presented, and I do not believe it will lead to much discussion. I should like to have it disposed of.

Mr. STERLING. The Senator from Iowa asks me to yield "for a moment or so." If that is all that is necessary, if it is not necessary for me to yield too long, and if the Senator expects to dispose of the conference report in a few moments, I shall yield for that purpose, but I should not want to yield for extended discussion.

Mr. KENYON. If the consideration of the conference report leads to extended discussion, I will, of course, withdraw the request.

The PRESIDING OFFICER. The Senator from Iowa asks unanimous consent for the consideration of the conference report on the packers' bill. Is there objection?

Mr. FERNALD. What was the request, Mr. President?

Mr. KENYON. My request is that the conference report on the packers' bill may be taken up if there is no objection.

Mr. FERNALD. I have no objection to the consideration of the report at this time, but I simply wish to make a few remarks on it.

Mr. KENYON. I should like to have the order made that the conference report is taken up.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Iowa for unanimous consent for the consideration of the conference report on the packers' bill?

Mr. NELSON. I ask unanimous consent that the unfinished business may be temporarily laid aside for the purpose desired by the Senator from Iowa.

Mr. KENYON. If that is necessary, I ask that that may be done.

The PRESIDING OFFICER. The Chair will state to the Senator from Minnesota [Mr. NELSON] that before the Senator from Iowa [Mr. KENYON] may be recognized to make his request for unanimous consent the Senator from South Dakota [Mr. STERLING] must consent that the bill he has in charge may be temporarily laid aside. The Chair understood that the Senator from South Dakota had consented that that be done.

Mr. STERLING. That was the consent given.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Iowa?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6320) to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes.

Mr. KENYON. Mr. President, all I have to say is this: The Senate conferees were compelled to recede on every amendment to this bill except three. The amendments from which

the House receded are amendment numbered 16, giving the right to the Secretary of Agriculture to request the Federal Trade Commission to "make investigations and report in any case"; amendment numbered 17, which provides that the Secretary may make rules and regulations; and amendment numbered 15, which is not an important amendment. As it was a question merely of acceding to the demands of the House conferees or securing no legislation, we did not feel warranted in such insistence as would bring about the failure of all legislation. Amendment 16 gives to the Federal Trade Commission the right to make investigations and reports when requested to do so by the Secretary of Agriculture. It does not, as I understand it, permit the making of orders, although there is dispute as to that proposition.

Mr. FERNALD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Maine?

Mr. KENYON. I am through.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. FERNALD. I merely wish to make an inquiry of the Senator from Iowa in regard to the provisions of this so-called packers' bill. It seems to me that it is quite rightly named the packers' bill, for I recall that in the discussion of the bill in the Senate some weeks ago the Senator from Wisconsin [Mr. LA FOLLETTE], my distinguished seat mate, made a very illuminating and intelligent speech on the bill, during the course of which he held in his hand a copy of the bill and said that seven provisions of the bill were written in it in the handwriting of the packers' attorney. I merely want to inquire of the Senator if those seven provisions remain in the bill?

Mr. KENYON. I should like to inquire of the Senator if that is the reason he voted against the bill—because of the fact that it was claimed to be a packers' bill?

Mr. FERNALD. There are a great many reasons that induced me to vote against the bill.

Mr. KENYON. I will answer the Senator's question. I think most of the provisions referred to by the Senator have been left in the bill. I will say very frankly the bill does not suit me, but it is better than having the legislation fail.

Mr. FERNALD. Possibly I may be able to vote for it.

Mr. KENYON. With the seven packers' provisions in it?

Mr. MOSES. Perhaps the Senator from Maine can vote for it rather on the assurance that it does not suit the Senator from Iowa.

Mr. FERNALD. Perhaps my action may be more on that account.

Mr. KENYON. I thought that would be a strong argument with the Senator from Maine.

Mr. FERNALD. However, Mr. President, it seems to me that the Senate is going a long way in accepting a conference report presented by the conferees on a bill which is admittedly written by the attorney for the packers. I simply want to make that suggestion to the Senator.

Mr. KENYON. The Senator really does not mean that the bill is written by the attorney for the packers. I want to make the best defense I can of the House bill; I make it without much enthusiasm. The charge was made here that seven amendments had been written in the handwriting, I think the statement was, of some attorney for the packers. That charge was made at the time of debate here, but those provisions do not constitute the whole bill; there are a great many good things in the bill. I have no knowledge as to the claim of the packers' attorney writing any amendments to the House bill.

Mr. MOSES. The Senator should not overlook the fact that seven is a mystical number.

Mr. FERNALD. Mr. President, they were mentioned as being very effective amendments by my distinguished friend from Wisconsin, and I am willing to take his word for it. I merely want the people to know that we have indorsed the packers' bill.

The PRESIDING OFFICER. The question is on agreeing to the report.

Mr. POMERENE. Mr. President, I heard the Senator from Iowa, who is in charge of this report, make the statement that certain provisions of the Senate bill were eliminated, as I understood him, by the conferees, and that such action was taken on the insistence of the House conferees. I was not, however, able to hear what those provisions were.

Mr. KENYON. There were three of the Senate amendments retained. I spoke hastily concerning them because I did not want to take the time of the Senator from South Dakota [Mr. STERLING]. I repeat, three amendments adopted by the Senate were retained in conference. On the remaining Senate amendments the Senate conferees were compelled to accede to the insistence of the House conferees or have the legislation fail.



Mr. POMERENE. What were those amendments?

Mr. KENYON. One gave the Secretary of Agriculture the right to establish rules and regulations of procedure, which is not an especially important amendment.

Mr. LA FOLLETTE. That was retained.

Mr. KENYON. That was retained, but I understood the Senator from Ohio to ask concerning the three amendments which were retained. Another, and an important one, is that which gives the Federal Trade Commission the power to make investigations when requested so to do by the Secretary of Agriculture. The House bill takes out of the Federal Trade Commission act all jurisdiction over the packers. In the Senate we put in an amendment of the Senator from Oklahoma to the effect I have indicated, and that amendment we held. The third amendment is rather an inconsequential one relating to the question of jurisdiction.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Oregon?

Mr. KENYON. I yield.

Mr. McNARY. I wish to inquire of the Senator from Iowa if his amendment concerning publicity has been retained in the conference report?

Mr. KENYON. It has not been retained. The House conferees claimed that their provision as to publicity was fully as good as the Senate provision, and other arguments in favor of the House provision were made by them. As I have stated, the fundamental question got down to this, the bill having been in conference for a month, that either we should have no legislation at all or else accede practically to the House bill. The Senate voted for the House bill much against my desire, and consequently those of us who served on the conference committee on the part of the Senate felt that it was our duty not to thwart all legislation.

I desire to say that the Senator from Nebraska [Mr. NORRIS] refused to sign the conference report, feeling that the House bill took away too much power from the Federal Trade Commission.

Mr. POMERENE. Let me ask another question, if I may. The Senator has referred to the provisions that were retained. I have had no opportunity to examine the report, but I should like to know, in a word, what the important provisions were which were stricken out at the instance of the House conferees.

Mr. KENYON. Mr. President, I will say to the Senator that the amendments in regard to publicity and what we termed uniform accounting were the two amendments that some of us considered very important. They are numbered 13 and 14. I ought to say, in fairness, that the House bill does provide that in specific instances investigations can be made and systems of accounting established. Our provision was for uniform accounting, so that the Secretary could establish rules and regulations without any particular complaint as to particular instances; but if the Senator will observe amendment No. 13, on page 24, he will see that it does in a way cover those questions. It is much better than nothing.

Mr. FERNALD. Mr. President, I want to ask the Senator how much better than nothing this bill is.

Mr. KENYON. Considerably. I realize the sorrow that the Senator from Maine feels at being compelled to vote for any bill that has any packer stamp upon it, and I sympathize very deeply with him.

Mr. FERNALD. I dislike very much to vote for a bill that the packers themselves have written.

Mr. KENYON. Of course, the packers have not written the bill. I can not be put in the position of trying to defend the writing even of amendments by packer counsel.

Mr. FERNALD. As I remember, the Senator from Wisconsin stated that there were seven very important provisions.

Mr. KENYON. I am glad that the address of the Senator from Wisconsin made such a profound impression upon the Senator from Maine.

Mr. FLETCHER. Mr. President, I want to ask the Senator, since he says this bill does not suit him at all—

Mr. KENYON. Oh, no; I do not mean to say that. The Senate bill was the one I was for. That suited me. We were defeated on a vote. I felt that it was our duty then to carry out the will of the Senate as best we could, and we have done that. It does not suit me, but it is far better than nothing; and it places in the hands of the Secretary of Agriculture powers from which, if they are fairly exercised, great good will come. As long as we have the present Secretary of Agriculture, I have great confidence that the bill will do good.

Mr. FLETCHER. Then I understand the Senator to say that the committee believes that this would be an improvement over the present law?

Mr. KENYON. Over the present condition of affairs—yes; very much of an improvement.

Mr. FLETCHER. The present laws give the Federal Trade Commission jurisdiction to inquire into these matters. That, I believe, is entirely taken away from them except as the Secretary of Agriculture may ask them to make such inquiry.

Mr. KENYON. I do not like that. I do not like any curtailment of their jurisdiction.

Mr. FLETCHER. I am afraid the Secretary of Agriculture will not call on the Federal Trade Commission, and I think that is a great weakness in this measure. I think it is a pity to take that jurisdiction away from the Federal Trade Commission.

Mr. KENYON. I think it is a great mistake; but the Senate voted that way, and the only salvation is that the Secretary of Agriculture can require the examination.

Mr. WADSWORTH. Mr. President, may I ask the Senator from Iowa, for the purposes of the record, what the contention of the House conferees was—if he is privileged to state their contention—in connection with the amendment adopted by the Senate eliminating from the jurisdiction of the Secretary of Agriculture the regulation of horse markets and mule markets?

Let me remind the Senator and the Senate itself that the Senate voted to strike out "horses, mules, and goats." I think it did so upon the theory that the regulation of the sale and shipment of horses and mules was utterly apart from the problem which the proponents of the bill had in mind, namely, the marketing, sale, and distribution of food-producing animals and food products. My understanding is that the House conferees would not accept that Senate amendment, thereby insisting that the Secretary of Agriculture shall possess regulatory power over every horse-auction stable in the United States and every mule-sale stable in the United States. What was the contention—if the Senator feels free to answer the question—of the House on that matter? What was to be gained by imposing such a burden upon the Secretary of Agriculture?

Mr. KENYON. Mr. President, I am sorry that the House was not willing to accept the Senate amendment. I have discovered in conferences now that they are not free conferences any more between the House and the Senate. The Senate is the goat, not only in this amendment but in other conferences. Perhaps I ought not to discuss the subject in that way, but the conferees of the House fall back on their rules. They can not do anything because the rules require that it must go back for a vote. I do not think there is much harm in that amendment, even from the Senator's standpoint, because the things that are forbidden in the House bill would not likely be carried on by dealers in mules or by dealers in goats. We did not regard the amendment as so serious as perhaps the Senator from New York does. We have done the best we can. It was a question of doing as we did or failing in any legislation—that was the issue. The Senate can now accept it or reject it. It is up to the Senate for determination.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. REED. I call for the yeas and nays.

The yeas and nays were not ordered.

Mr. REED obtained the floor.

Mr. STERLING. Mr. President, I think the "moment or so" for which I agreed to yield for the consideration of this conference report has more than expired, and I insist now on going on with the unfinished business.

Mr. KENYON. How many moments, I should like to inquire, is the Senator from Missouri going to speak on this matter? Will he not let us get through with it?

Mr. REED. I did not rise to obstruct the bill.

Mr. KENYON. Then let us vote.

Mr. REED. I rose to ask the Senate if it would not give us a record vote.

Mr. ASHURST. I think the Senator from Missouri is right about that.

Mr. REED. I want to be recorded against all this kind of socialistic legislation.

The PRESIDING OFFICER. The Senator from Missouri calls for the yeas and nays on the adoption of the conference report. Is the request seconded?

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. DIAL (when his name was called). I am paired with the Senator from Colorado [Mr. PHIPPS], and therefore withhold my vote.

Mr. FERNALD (when his name was called). I have a general pair with the Senator from New Mexico [Mr. JONES]. Not knowing how he would vote on this matter, I withhold



my vote for the present. If at liberty to vote, I would vote "nay."

Mr. McCORMICK (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK]. If he were present, he would vote as I intend to vote. Therefore I will vote. I vote "yea."

Mr. REED (when his name was called). I have a pair, and I have not yet ascertained whether I can get a transfer. For the present I withhold my vote.

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will vote. I vote "yea."

The roll call was concluded.

Mr. CARAWAY (after having voted in the affirmative). I have a general pair with the junior Senator from Illinois [Mr. McKINLEY]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and will let my vote stand.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I understand that if he were present he would vote as I intend to vote, so I will vote. I vote "yea."

Mr. DILLINGHAM. I have a pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I withhold my vote.

Mr. LODGE (after having voted in the affirmative). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Vermont [Mr. PAGE] and will allow my vote to stand.

Mr. SUTHERLAND (after having voted in the affirmative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the Senator from Indiana [Mr. NEW] and will allow my vote to stand.

Mr. McCUMBER. I have a general pair with the junior Senator from Utah [Mr. KING], which I transfer to the junior Senator from Delaware [Mr. DU PONT], and will vote. I vote "yea."

Mr. REED. On this question I have been released by my pair. I vote "nay."

Mr. KENYON. I desire to announce the unavoidable absence of the Senator from Wyoming [Mr. KENDRICK]. If he were present he would vote "yea."

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 48, nays 10, as follows:

#### YEAS—48.

Asburt	Heflin	McCumber	Simmons
Ball	Hitchcock	McKellar	Smith
Borah	Johnson	McNary	Spencer
Bursum	Jones, Wash.	Nelson	Stanfield
Cameron	Kellogg	Nicholson	Sterling
Capper	Kenyon	Norbeck	Sutherland
Caraway	Keyes	Oddie	Swanson
Curtis	Ladd	Overman	Townsend
Ernst	La Follette	Pomerene	Trammell
Gooding	Lenroot	Ransdell	Walsh, Mass.
Harris	Lodge	Sheppard	Watson, Ga.
Harrison	McCormick	Shortridge	Willis

#### NAYS—10.

Brandegge	Knox	Stanley	Watson, Ind.
Broussard	Moses	Wadsworth	
Fletcher	Reed	Warren	

#### NOT VOTING—38.

Calder	France	McLean	Poindexter
Colt	Frelinghuysen	Myers	Robinson
Culbertson	Gerry	New	Shields
Cummins	Glass	Newberry	Smoot
Dial	Hale	Norris	Underwood
Dillingham	Harrell	Owen	Walsh, Mont.
du Pont	Jones, N. Mex.	Page	Weller
Edge	Kendrick	Penrose	Williams
Elkins	King	Phipps	
Fernald	McKinley	Pittman	

So the conference report was agreed to.

#### IMPORTATION OF WOOD PULP FROM CANADA.

The Presiding Officer laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 36) authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments of Quebec, Ontario, and New Brunswick as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood therefrom to the United States.

The amendments of the House were to strike out the preamble; on page 2, line 4, to strike out "requested" and insert "authorized"; on page 2, line 7, to strike out "or" and insert "also"; on page 2, line 7, to strike out "said" where it occurs the second time and insert "the"; on page 2, line 8, after "governments" to insert "thereof"; on page 3, line 4, to strike out "said" and insert "the"; on page 3, line 8, to strike out "said" and insert "the"; on page 3, line 12, to strike out "\$50,000" and insert "\$10,000"; and, on page 3, line 14, after "appropriated," to insert: " : Provided, however, That the members of the commission shall serve without compensation."

Amend the title so as to read:

Joint resolution authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States.

Mr. CURTIS. I move that the Senate concur in the House amendments. The only material amendment is one reducing the amount for the investigation to \$10,000, and that is satisfactory to the Senate conferees.

Mr. BORAH. I understand there is an error to be corrected.

Mr. LODGE. There is a verbal error to be corrected in amendment numbered 6.

Mr. CURTIS. I had not been informed of that. I move that the Senate concur in all the amendments except amendment numbered 6.

The motion was agreed to.

Mr. CURTIS. I move that the Senate agree to the amendment of the House numbered 6 with an amendment as follows:

Restore the matter stricken out by said amendment, and on page 2, line 7, strike out the word "said" where it occurs the first time and insert the word "the."

The motion was agreed to.

#### JOINT COMMISSION OF AGRICULTURAL INQUIRY.

Mr. LENROOT. Mr. President, I ask the Senator from South Dakota whether he will yield to me for just a moment to ask unanimous consent for the consideration of a House resolution extending the time for the final report of the Joint Commission of Agricultural Inquiry?

Mr. STERLING. I yield for that purpose.

The PRESIDING OFFICER. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The Assistant Secretary read the concurrent resolution (H. Con. Res. 26), as follows:

*Resolved by the House of Representatives (the Senate concurring), That the time for the completion of the investigation by the Joint Commission of Agricultural Inquiry, created by Senate concurrent resolution No. 4, of the present session, and the filing of the report to Congress therein directed to be made be, and the same is hereby, extended to a date not later than the first Monday in January, 1922.*

Mr. LENROOT. I ask that the resolution be concurred in.

The concurrent resolution was considered by unanimous consent and agreed to.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill H. R. 7294, an act supplemental to the national prohibition act.

Mr. STERLING. Mr. President, I made a statement concerning this bill at the time it was first brought before the Senate. I was about to ask that it be read for action on the committee amendments, but I believe an order to that effect has already been made.

Mr. REED. Mr. President, I am obliged to leave the Senate Chamber within a few minutes, and as I shall not be here tomorrow, I have asked the Senator from South Carolina if he will kindly permit me to talk at this time.

Mr. DIAL. I yield to the Senator gladly.

Mr. REED. Mr. President, I shall send to the desk and ask to have printed and voted upon in due course an amendment to the pending bill. I shall read it, because I do not believe anybody else can. It is as follows:

That any officer, agent, or employee of the United States, or other person who, under color of claim that he is enforcing or is engaged in the enforcement of this act, or the act of which it is amendatory, willfully subjects or causes any person to be subjected to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution or laws of the United States, shall be deemed guilty of a felony, and upon conviction thereof shall be punished by imprisonment for a period of not more than five years or by a fine not exceeding \$10,000, or by both such fine and imprisonment.

I desire to offer a few observations first upon the bill and then upon the amendment.

I do not know, Mr. President, whether either the Congress or the courts have longer much respect for the Constitution of the



United States. We have gone so far from the old landmarks and the old canons of construction that it sometimes seems to me that the Constitution is about to be repealed by the process of legislative chicanery. Without right to regulate the affairs of the peoples of the States, in most important respects we usurp that right by appropriating the moneys of the United States upon condition that the States shall agree to abide by the rules and regulations of some Federal bureau. In effect, we control the affairs of the States in matters entirely without the purview of the Federal Government. We deliberately adopt an artifice for the purpose of taking over to ourselves a power which we well understand was never vested in the Federal Government.

We entirely disregard the fact that the very palladium of the Constitution itself is the Congress, and especially the Senate of the United States. The courts long ago laid down the rule that they will sustain any act of Congress if they can find any reasonable construction which will allow them to maintain its constitutionality. They do that upon the ground that the Congress, as the guardian of the Constitution, is to be presumed to have itself considered and weighed the effect of all the acts they may have made into laws. What I have said is merely by way of illustration of what we are now asked to do, and is not directly in point.

When the advocates of national prohibition came before Congress they told the Congress and the country that they were making war upon the saloon. The slogan was, "The saloon must go." It was solemnly asserted upon this floor, not once but scores of times, that there would be no attempt to interfere with the private rights of the citizen; that there was no contemplated invasion of the home; that the saloon and the business of selling liquors for beverage purposes was all that was contemplated and all that was desired.

Notwithstanding the paid agents of the propaganda, notwithstanding their powerful lobby, in my judgment they would never have been able to have secured the submission of an amendment which proposed to interfere with the rights of physicians to prescribe medicines for their patients.

It may be that I talk to the deaf ears of the adder and that nothing can reach the reason or arouse the sense of responsibility which ought to exist in Members of a body authorized to speak under the Constitution for a great Nation; but I venture, nevertheless, to once more call attention to the Constitution itself and to inquire whether Members here are willing to pass legislation which is clearly contrary to the spirit, if it be not in the very teeth of the constitutional amendment so recently adopted.

I want to call attention to that amendment and to the language of this bill. Bear in mind that this is a government of delegated powers, that all powers not expressly granted are reserved to the States and the peoples thereof; that the Federal Government is without power to pass a statute punishing murder or arson or larceny or any other crime committed within the borders of a State; that all those are questions for the State governments and must be punished in State courts under State laws.

That being the case, sir, when we come to construe any article of the Constitution or to test any law proposed to be enacted in pursuance thereof, we must find the authority for the enactment of that statute within the four corners of the constitutional provision which it is claimed gives authority for the statute. With that, by way of preliminary, I call attention to the language of the eighteenth amendment:

After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

The language of the Constitution prohibits the manufacture and sale for beverage purposes. It extends not one fraction of a shadow beyond the manufacture and sale and use of intoxicants for beverage purposes, and any use of intoxicating liquor which is not for beverage purposes has not been prohibited by the Constitution of the United States.

In view of that language of the Constitution let us examine the language of the bill. It provides:

That only spirituous and vinous liquor may be prescribed for medicinal purposes, and all permits to prescribe and prescriptions for any other liquor shall be void. No physician shall prescribe, nor shall any person sell or furnish on any prescription, any vinous liquor that contains more than 24 per cent of alcohol by volume.

Observe the language, that only spirituous and vinous liquors may be prescribed for medical purposes. In other words, the bill reads exactly as though its provisions were that beer, porter, ale, and similar liquors shall not be prescribed by any phy-

sician for the care of the sick. What has that to do with beverage purposes? By what stretch of the language of the Constitution can the proponents of the bill claim that the inhibition upon a doctor against the prescription of beer and porter and ale for sick people is a prescription for beverage purposes? It will strain the ingenuity of any court to find a line of reasoning which would justify this wrenching of the Constitution and the usurpation by the Congress of rights never granted to the Federal Government and never intended to be granted by the American people who adopted the Constitution.

Now, Mr. President, I do not wish to say anything harsh, but I do say that a man who thinks more of his prohibition proclivities and prejudices than he does of the Constitution which he swore before Almighty God he would sustain is a bad citizen and an unworthy member of the American Republic. The man who thinks that the prescription of a bottle of beer to a sick man or to an old lady who needs a tonic to keep her alive is a worse crime than the destruction of the Constitution of the United States has no conception of the American Government or of the sanctity of the Constitution of the United States. Of course, I do not apply those remarks to those who think they are acting within the Constitution, but I do apply them to all that class of men who are willing, in order to gain their point and to have their way, to override the Constitution and trample in the dust that sacred instrument which has protected the liberties of the American people since its adoption.

I know there are men who have apparently abandoned all restraint, who rush forward in pursuit of their favorite prejudice regardless of all consequences. There are men so constituted that they would destroy the very temple of liberty in order that they might realize a consummation of their extreme views. But I hope there are enough men in the Senate who understand and reflect the Constitution to say that prohibition against a doctor prescribing beer to a sick man or a sick woman is not within the language of the Constitution which prohibits the manufacture and sale for beverage purposes, and prohibits nothing else.

Mr. President, I did not vote for this constitutional amendment. I was not greatly interested, however, in the question of prohibition or nonprohibition. I regarded the question as one to be settled by the several States. I did not believe as to this proposition, as I did not believe in regard to another, that it was the business of the people of one State to seek to control the affairs of the people of another State. I believed that the people of the respective States could be trusted to govern their own affairs, and that the morals of Congress and of the Federal Government are no better than the morals of the States' general assemblies and of the States' governments. But the constitutional amendment was adopted.

I offered no opposition to the Volstead Act, extreme as it was; at least, I made no serious effort to obstruct its passage. I was willing then, and I am willing now, that we shall try out this prohibition question, that we shall test it thoroughly, and that after a thorough test, if it shall be proven a success and be acceptable to our people, it shall be permitted to remain. On the other hand, if it fills the country with illicit stills, if it floods the country with illicit whisky, as it is doing now, if it produces an army of spies and informers, if it proves detrimental to the welfare of the people, then in good time the people will demand its repeal.

But, sir, how any man can stand upon this floor and say that it was ever contemplated when this constitutional amendment was adopted that the word "beverage" could be so far wrenched from its natural meaning as to cover the prescription of a physician made in good faith to a sick person is beyond my ken or my powers of imagination. That will not make a bit of difference to the proponents of the bill, but it ought to make a difference to some of the Members of the Senate.

I wish to make just one further observation. I have offered this amendment in good faith. I shall probably not be here to press for its passage, because I am obliged to leave the city this evening, and the committee amendments have been called for and probably will consume the afternoon; but I hope that it will be pressed by some one, and I desire, if it can be obtained, a record vote. I desire to know whether the proponents of this legislation are willing or are not willing that men engaged in the enforcement of this prohibitory law shall violate with impunity the Constitution of the United States. I would like the Members of this body put on record, so that we will know how they stand. I would like to understand whether they are willing to refuse to vote for an amendment which proposes to punish a man who, under the color or pretense of enforcing law, shall violate the statutes of the United States or the Constitution itself.



There is a reason for this amendment. Men pretending to be officers of the Federal Government have invaded the homes of citizens without warrant. They have done it not only once but hundreds and I think I may say thousands of times. The right of castle, one of the most ancient rights of the Anglo-Saxon race, has been disregarded. The provision of the Constitution which declares that every person shall be immune against unreasonable searches and seizures and that no person or property shall be violated except upon warrant of law supported by open affirmation, that old provision essential to our liberty, has been trampled upon by men pretending to enforce the prohibitory law. They have stopped without warrant of law the citizen pursuing his peaceful course along the highways of the country. They have searched vehicles so often in utter violation of law and without a semblance of right that highwaymen have begun masquerading as prohibition officers, and under the pretext that they are authorized to halt the citizen driving along the road have proceeded to loot his vehicle, pick his pocket, and take his watch. These highwaymen pretend, and gain the ascendancy by the pretense, that they are prohibition officers. Individuals, some of them officers of the prohibition department, have come to the homes of citizens, in the absence of the head of the household—I beg pardon; I was referring to the man, but of course he is no longer the head—in the absence of the man of the house, and have forced their way in in the face of the protests of the good woman and have taken the property of the citizen.

Mr. BROUSSARD. Mr. President—

Mr. REED. In just a moment I shall conclude. They have haled the citizen to distant courts and put him to tremendous expense. The fact that the Supreme Court of the United States, following a long course of decisions, has declared such acts to be illegal and in violation of the rights of the citizen, has made no difference. The practice has been pursued until to-day we are confronted with the questions, shall the rights of the citizens be disregarded; shall their homes be invaded; shall the guarantees of the Constitution be trampled upon; or shall we pass a statute which will serve notice upon those who pretend to enforce this law or who actually enforce it that they must proceed in accordance with the forms of law in accordance with the tenets of the Constitution?

I want somebody to get a record vote on the amendment, for I desire to see how many Senators there are in the Senate who will have the temerity practically to say by their votes against the amendment that they are willing that the Constitution shall be disregarded; that they are willing that men shall proceed without warrants and without authority; that they are willing to destroy the very structure of our Government by the invasion of the ancient rights of the citizen merely that they may have their way.

Mr. President, I might speak much longer upon this question, but time forbids. I am proceeding by the courtesy of my good friend from South Carolina [Mr. DIAL], whom I very much thank.

PEND D'OREILLE RIVER BRIDGE, IDAHO.

Mr. DIAL obtained the floor.

Mr. CALDER. Will the Senator from South Carolina yield to me to report a bill from a committee?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from New York?

Mr. DIAL. I yield.

Mr. CALDER. From the Committee on Commerce, I report back favorably without amendment the bill (H. R. 7328) authorizing the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho, and I submit a report (No. 242) thereon.

There is an earnest desire for the passage of the bill, and I ask unanimous consent for its present consideration. If there is any objection, of course I will withdraw the request.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That Peter Young, of Priest River, Idaho, his legal representatives or assigns, is hereby authorized to construct, maintain, and operate a bridge across the Pend d'Oreille River, in Bonner County, Idaho, at a point suitable to the interests of navigation, and at the Newport-Priest River Road crossing, Idaho, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### CONTRACTS FOR THE FUTURE DELIVERY OF GRAIN AND COTTON.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. DIAL. I yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, I understand the Senator from South Carolina is about to discuss the cotton question and the relations of the stock exchange thereto and the necessity for certain legislation. I have discussed this question with the distinguished Senator sufficiently to know that he has a message on this subject to deliver to the Senate, and I think Senators ought to be here to hear it. Therefore, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Borah	Harris	Moses	Smoot
Broussard	Harrison	Nelson	Spencer
Bursum	Heflin	Nicholson	Stanley
Calder	Jones, Wash.	Oddie	Sterling
Cameron	Kenyon	Overman	Sutherland
Capper	Keyes	Pittman	Swanson
Caraway	Knox	Pomerene	Trammell
Curtis	Ladd	Ransdell	Wadsworth
Dial	La Follette	Reed	Walsh, Mass.
Edge	Lodge	Sheppard	Watson, Ga.
Fernald	McCormick	Shortridge	Watson, Ind.
Fletcher	McKellar	Simmons	Willis
Gooding	McNary	Smith	

The PRESIDING OFFICER. Fifty-one Senators having answered to their names, a quorum of the Senate is present.

#### CONTRACTS FOR FUTURE DELIVERY OF GRAIN AND COTTON.

Mr. DIAL. Mr. President, I desire to get the Senate a little better acquainted with cotton, in the hope that we can have the present unjust cotton-futures contract law amended.

As far back as there is any record, history tells us that the people of the world clad themselves in fibers that were raised or grown in their respective countries. Spain, Syria, Palestine, Greece, and the other countries in that section of the world used wool. In the northern part of Europe hemp was used. In China and Japan silk was used. In India, as far back as there is any record, cotton was used. The impression now is that the production of cotton is confined principally to the Southern States, but that is a great mistake. There are records showing that over 3,000 years before Christ cotton goods were used. Herodotus wrote about cotton and Aristobulus, contemporary of Alexander the Great, mentions the cotton plant as a wool-bearing tree. Cotton is grown in India, in some parts of Russia, in Japan, in China, in Egypt, in Peru, and in Brazil and other parts of the world. We read in history where the mummies were wrapped in cotton goods away back 2,000 years before Christ. Josephus speaks of the staple. The Hindoos were expert weavers. Xerxes' army wore goods made out of cotton. When Columbus discovered this country he found the cotton stalk here. When Cortez discovered Mexico, in 1519, cotton was found there. Columbus found it in the West Indies. The colonies in this country grew cotton as far north as New Jersey. Before the Revolutionary War the colonists in Pennsylvania harvested enough cotton to supply the domestic demand. It was raised also in Maryland, and on down the coast.

It is very interesting to look at the growth of cotton. There was not much exported from the United States before 1794. It was used for domestic purposes here. In 1793 Eli Whitney invented the saw gin, and the first gin that was erected in the United States was erected by James Kinkaid in 1795 in Fairfield County, S. C. We are told by history that Wade Hampton, sr., ancestor of my friend and predecessor, Gen. Wade Hampton, in 1797 raised 600 bales of cotton on 600 acres around Columbia, S. C. Bales at that time were of 400 pounds, as I gather from reading the records.

In 1793 the Colonies exported 487,000 pounds. This amount increased to 1,600,000 pounds in 1794, immediately after the gin was invented. By 1796 production had risen to over 10,000,000 pounds. In the year 1790-91 the crop amounted to 5,000 bales. From that time forward the production in this country increased until 1859-60. The crop of that year amounted to 5,602,639 bales. During the Civil War the production decreased, the crop of 1865-66 amounting to only 2,501,921 bales. After that production increased until 1894 to 11,466,486 bales. This year the prediction is that we will make less than 8,000,000 bales. This is the smallest crop that has been raised since 1895. In that year there were 7,976,045 bales produced.

After the gin was invented we soon commenced to establish cotton mills in this country.

Mr. WILLIS. Mr. President, would it interrupt the Senator if I should ask him a question?

Mr. DIAL. Not at all.

Mr. WILLIS. I am interested in obtaining some information about the production of sea-island cotton. Would it interrupt the Senator to give us some information about that, or has he already covered that in his remarks?

Mr. DIAL. No; I have not separated that from the rest of the cotton. I am just speaking of cotton generally.

Mr. WILLIS. Can the Senator give us that information?

Mr. DIAL. No; I can not.

Mr. WILLIS. Does the Senator know about the production of long-staple cotton, such as they are producing in the Southwest, which is to be an issue here soon, I understand, in connection with the tariff bill?

Mr. DIAL. Yes; the long-staple cotton which is intended to be protected here is grown principally in Arizona and in California. We do not raise very much of it in this country—possibly 100,000 bales, or something like that—and that is raised on irrigated land, and there is some particular reason for that. We do raise what we call long-staple cotton down on the coast on very rich land. Some of it is raised in South Carolina.

Mr. WILLIS. Is that what is called the sea-island cotton?

Mr. DIAL. The sea-island cotton; yes.

Mr. WILLIS. Does the Senator know whether the production of that cotton has increased or decreased in recent years?

Mr. DIAL. I think it varies considerably.

Mr. SMITH. Mr. President, if my colleague will allow me to answer the Senator's question, since the advent of the boll weevil it has decreased. It has not increased or decreased, but according to the statistics it has been practically wiped out.

Mr. DIAL. The first cotton mill built in the United States was built at Beverly, Mass., in 1787-88; and it was followed by others down the eastern shore in Connecticut and Rhode Island. Very shortly after that there was a small one built at Statesburg, S. C. This was not much of an industry down South, though, until about the time of the Civil War. At that time we commenced to build cotton mills, and to-day South Carolina manufactures about 700,000 bales of cotton. We will manufacture this year nearly as much as we will raise.

This is a very important matter to my section, and particularly to my State. Last year we were the second producing State in the Union. We raised more than either Georgia or North Carolina, each with about double the area of our State.

My complaint is against the practices that are followed by cotton exchanges. I am candid to say that the practice on the cotton exchanges never has been a proper practice, and the law that we now have on the statute books is an unjust law. It is a one-sided law. It amounts to confiscation of a large part of our crop.

Perhaps an explanation is due the Senate as to why I take such a bold stand as to say this. I do not arrogate to myself to know all about cotton; neither do I claim that my associates and all of my predecessors do or did not understand the business as well or better than I, but the practice of the exchanges just started wrong, and has continued wrong, and the law humored them and it started wrong. I do not know that anyone in particular is to blame, and I hope to show in the following remarks my reasons for taking so positive a position.

I was not born until during the Civil War. I am not here now trying to fight the Civil War over, nor am I offering any apologies or explanations. I mention that merely to show that that was the time when this unjust practice commenced. I have often said that the North freed the slaves, and then we turned around and reenslaved the darkies and enslaved ourselves by the production and method of marketing cotton. To be perfectly candid, I did not know that that was true until recently, but I felt that it was. I read now from the report of the United States Bureau of Corporations on cotton exchanges. To be perfectly frank, I am an optimist. I always believe that everybody is honest. I know that Congress is honest. It is going to do what is for the best interest of the whole people, if it understands what it is. I did not know how this practice of future dealing in cotton originated until some time ago. I was raised on a farm, own some little farms, and my whole surroundings have been connected with the farmers.

Briefly, on page 41 of this report, it says:

Before the Civil War the cotton business in New York was simply one form of the old-fashioned commission business, exactly like the business of handling molasses, sugar, hides, wool, country produce, and many other similar agricultural commodities.

The Civil War completely upset the regular conduct of the cotton business in New York, as just described. While it lasted there were, of course, no regular shipments of cotton to New York from the South, and the only source of supply consisted of lots of cotton which the Government from time to time got hold of through the capture of blockade runners or through confiscation in the South. Naturally, such lots of cotton could not be handled on a commission basis but had to be bought outright as a speculation. The huge profit made by some of those who bought this Government cotton was the real beginning of general speculation in cotton in this country. And the same thing happened across the water in Liverpool. The fierce demand and the uncertain and inadequate supply gave opportunities for vast and sudden profits, such as have never been seen before or since in connection with any commodity. And, curiously enough, it was out of this wild speculation of the time of the Civil War that the entire modern method of handling the cotton business was evolved, for, in their eagerness to get hold of cotton, speculators began to buy not only actual cotton on the spot in New York or Liverpool but "cotton to arrive," when they got wind of a lot of cotton on some ship destined for one or other of those ports. Here was the beginning of the system of trading in cotton futures, which has gradually revolutionized the whole cotton business in every root and branch, for certain very clever men, whose business was that of cotton merchants and not speculators, saw a way to make use of the extensive trading in contracts for "cotton to arrive" as a protection to themselves in their legitimate buying and selling of actual cotton.

It was two or three years after the Civil War that this new conception of the cotton business took shape in the mind of one of the most brilliant cotton merchants the world has ever known, the late Mr. John Rew, of Liverpool, whose firm is still in existence. In 1868 or 1869 Mr. Rew saw that the newly laid Atlantic cable made it possible for a cotton merchant in Liverpool to ascertain with unheard-of quickness the price at which actual cotton could be bought in the Southern States and the approximate date at which it could be shipped to England. He saw also that if the price that was being bid in Liverpool for "cotton to arrive" was high enough to enable him to buy the cotton in the South and sell contracts for this same "cotton to arrive" in Liverpool, two or three months later, he could enter into the transaction with entire safety, as when his cotton reached Liverpool he could either deliver it to the parties to whom he had sold the contracts or if some spinner was willing to pay a higher relative price than the holder of the contracts had agreed to pay he could buy back his contracts and sell the cotton to the spinner with the larger profit to himself.

The immediate and large success obtained by Mr. Rew in his new way of conducting the cotton business attracted the instant attention of the ablest cotton merchants both of Liverpool and New York; and when, a year or two later (in 1870 and 1871, respectively), the Liverpool Cotton Association and the New York Cotton Exchange were organized the best men in the trade had adopted the new scheme as the basis of their business. Already before the organization of these great exchanges the methods of dealing in contracts for "cotton to arrive" or "for future delivery" had become fairly well systematized. For example, the contract unit had already been made 100 bales, or, rather, a sufficient weight of cotton to be equivalent to about 100 bales as generally put up in the South. The period during which delivery might be made under the contract had been fixed at two months in Liverpool and one month in New York, the reason for this difference being that in those days the duration of an ocean voyage to Liverpool was necessarily uncertain, and it was considered fair that a delivery of cotton out of a vessel arriving at any time during two coupled months should be a good delivery. Hence we have to this day (though such will not be the case after January 1, 1908) all the trading in Liverpool contracts done in coupled months, i. e., May-June, July-August, January-February, etc. In New York, on the other hand, it was felt that the arrival of cotton could be calculated within a single month, and so contracts for future delivery covered only one month—January, March, July, etc. These details and many others were at once embodied in the by-laws and rules of the Liverpool and New York exchanges, and other by-laws and rules were adopted to produce absolute uniformity, equality, and fairness in all trading, whether between members of the exchanges themselves or between members and the public at large. Here, then, at least, the cotton merchants who had seized upon Mr. John Rew's new method of conducting the cotton business had all the facilities they required.

That shows when this business of trading in cotton futures commenced in 1870, John Rew, of Liverpool, about the time the Atlantic cable was laid over there, caught on to the idea of selling cotton to arrive, and that started the business in Liverpool, or at least accelerated it, and the house founded by him is in existence to-day.

From page 55 of the same book I read:

The advantages of the future system were at once so apparent that dealings in future contracts increased with great rapidity. By the end of 1868, as already pointed out, such transactions had become a distinct feature of the cotton trade. During the period from January 1 to August 31, 1869, the total sales of such contracts in the New York market amounted to 101,665 bales, as compared with 873,563 bales of spot transactions. A "spot" transaction, it will be recalled, is one made from goods on hand, and which calls for practically immediate delivery. In the next crop year, during which the exchange was organized and a regular form of contract adopted, dealings in these forward deliveries aggregated 591,586 bales, as compared with 616,410 bales of spots.

Listen to this, Senators:

In the crop year ended August 31, 1871, there was an enormous increase in the volume of future trading, which reached a total of nearly 3,000,000 bales, as compared with 733,905 bales of spots.

I ask to have the remarks I have inclosed in brackets inserted as a part of my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

It should be emphasized that one of the great functions of a cotton exchange is the bringing together of buyers and sellers or their representatives. An exchange is a great market place. Transactions are,



of course, greatly facilitated by the mere congregation of buyers and sellers and their representatives on the floor of an exchange. In the case of those exchanges on which a future business is conducted it should be noted that there are really two markets, one for future contracts and the other for spot cotton. The future market is not used to bring the producer and the spinner directly together, but is rather a meeting place for cotton merchants—or their representatives—and brokers, who stand between the producer and the spinner. Spinners, for reasons explained in detail in a later part, do not ordinarily receive their supplies of cotton directly on exchange contracts, but enter into private arrangements with merchants or brokers for the particular kinds of cotton which they require. These merchants, moreover, ordinarily do not obtain the cotton which they need by receiving it on exchange contracts. Such merchants, as already emphasized, use the future market mainly for hedging purposes, and the future ring to this extent becomes, as already pointed out, a great clearing house for hedging transactions.

The enormous advantage of such hedging transactions to the spot merchant, however, has been fully illustrated, so that it should be apparent that the future market, while not designed to bring the final consumer into direct touch with the producer of cotton, may perform quite as legitimate a function as if it accomplished this result directly.

Of course, in addition to hedging transactions, a vast volume of speculative business is conducted in contracts. These, however, as just pointed out, are closely intertwined with hedging operations and may greatly facilitate the latter, although at times they undoubtedly are a source of disturbance.

Mr. DIAL. The point is this, that they commenced to sell futures—not actual cotton, but paper cotton—and in the first year they sold contracts for 101,665 bales, whereas they sold eight hundred and seventy-three thousand odd bales of spots. In the third year the future transactions amounted to 3,000,000 bales, and the spot sales to 733,905 bales, showing that the future business soon outgrew the spot transactions. That has increased from that time on, until in 1919 in the United States we raised less than 12,000,000 bales of cotton, but on the New York and New Orleans Cotton Exchanges alone they sold 104,860,100 bales of cotton, and they delivered 139,900 bales.

Mr. POMERENE. Mr. President, can the Senator give us the yield for the year 1870?

Mr. DIAL. For the years at the close of the Civil War, 1865 and 1866, the production was 2,501,921 bales. Production was very slow after that. I have not the exact figures, but I will insert them in my remarks. It was beginning to increase a little more.

Mr. POMERENE. I wanted it as a basis of comparison, that is all.

Mr. DIAL. I am sorry I have not the figures. There was a very great decrease in the production of cotton immediately after the Civil War. Records show the crop of 1869–70 was 3,122,551 bales.

Now, I want to show Senators the condition. This future trading started up, and there was no law governing it at all; the exchanges merely made rules for its operation; and that is one of the complaints I have to make now. They started off wrong. There were 32 grades. The seller of the contract had a right, under those rules, to deliver whatever grades of cotton he saw proper to deliver. I take it that one reason why we have submitted to this unjust and nefarious practice so long is because it simply became a custom with us.

They speak here of the South being poverty-stricken, always appealing to Congress for help. That is humiliating to me, and I want Congress to pass some real legislation—legislation which will enable our people to help themselves. I am glad the substitute for the Norris bill has been passed. I think it will go a long way toward relieving the distress of the country. What I want now is for Congress to amend this one-sided law and the South will try to take care of itself.

This practice of the exchanges was always that the seller of the contract had a right to tender any grades he saw proper. Hence we have never gotten what we ought to have gotten for our cotton since the Civil War. It is unjust to come here and compare one year with another. They will go back a number of years and say, "A few years ago you only got so and so." Then they go back further and say, "Thirty years before that you only got so and so."

Senators, it may not be very pleasant to hear the facts, but I want to relate a little of the history of our trials. Our slaves were freed. We had nothing left in the South except our land; implements, animals, everything was gone. Then the Negro started out on his own hook. The white people had nothing much to support themselves with. The darkey, of course, had a hard time. He started with a low standard of living. His houses were of the crudest kind; his clothing was scant; his food was coarse. It did not take much for him to live upon. He produced a little cotton, and under this practice these exchanges had of the unjust tender they never let that cotton bring what it ought to have brought. We became accustomed to this miserable existence we have been under so long.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator yield to the Senator from Kentucky?

Mr. DIAL. I yield.

Mr. STANLEY. If I understand the Senator, the fictitious sale of many hundred per cent more bales of cotton than are actually produced kept the planter from knowing the actual scarcity, or the purchaser from knowing the actual scarcity, and in that way induced the sale of that cotton at a lower price than it would have brought if actual conditions could have been known, or had been ascertainable?

Mr. DIAL. Yes; I will come to that in a little while.

There was no national law on this subject until 1914. Nearly every Southern State, according to this book, passed some law on the subject, trying to correct unjust practices of these exchanges. But all those laws were failures.

They had a law in my State and in North Carolina; Louisiana had one; and, in fact, practically every Southern State passed laws on the subject; even Virginia, which raises very little cotton. But the laws were failures. Bills were introduced in Congress back as far as 1884, and from that time on to 1914 every session bills were introduced. Sometimes they would pass one House and sometimes the other House, but in 1914 the present law was enacted.

Mr. POMERENE. Mr. President, do I understand from the Senator's statement that prior to 1914 there was no law fixing the grades of cotton?

Mr. DIAL. No; there was not.

Mr. POMERENE. Did this question of the grades grow up just as a matter of custom and practice?

Mr. DIAL. Yes. There was no law fixing the grades at all.

Mr. POMERENE. How many grades were there prior to 1914?

Mr. DIAL. That is pretty hard to tell. I think that according to the custom of the exchanges there were 32 grades tenderable on contracts.

Mr. SMITH. Mr. President, cotton was graded on account of color for a long time—that is, upland cotton. For a long time there was no account taken of staple whatever, and there was simply account taken of the color and the foreign matter in it. Cotton which was gathered before rain fell on it was a higher grade and that which stayed a little longer was a lower grade, and that which stayed until it was discolored by exposure to the weather, on account of the length of time it remained in the field, was a lower grade still. Some of it became so ripened in the wind and rain, and had fallen to the ground, and that was known as the lowest grade. It had a good deal of foreign matter in it, dirt and trash, and they graded it according to the tint, the color. When my colleague shall have finished, I want to explain to the Senate some things in reference to the present law which I think the Senate ought to be in possession of.

Mr. DIAL. There was no law; it was graded by a mere custom.

Mr. STANLEY. Had the length of the staple anything to do with the grade of the cotton?

Mr. DIAL. Yes; it had something to do with it.

Mr. STANLEY. I was under the impression that was a factor.

Mr. SMITH. In what was known as the upland cotton, the length of the staple, up until the last two or three years, had nothing whatever to do with the grade. It was graded entirely according to the color, and they made a distinction.

Mr. DIAL. Color and foreign matter?

Mr. SMITH. Yes; color and foreign matter. They made a distinction. Some they called middling gulf and some middling upland. The gulf cotton was produced in the Delta of the Mississippi and along the western river bottoms, like the Red River, the Brazos, and down in the Mississippi Valley proper, where they produced cotton that never came under a certain length of staple. So they classed that in one class, and upland cotton was graded according to what I have already said, and, as my colleague said, it ran in what they called grades, quarters, and splits, to about 32 grades.

Mr. DIAL. That law was passed in 1914 and went into effect in February, 1915. If Senators care to look into this question more thoroughly, they will be furnished with a speech delivered by Mr. Francis G. Caffey, Solicitor of the United States Department of Agriculture. Mr. Caffey made this address before the Alabama State Bar Association at Montgomery, Ala., on July 10, 1915. It is a very learned and a very exhaustive address on the subject.

He shows the necessity of legislation. He shows how the farmers had been deprived of a large proportion of the value of their crop, and how the people rose up and demanded that some law be passed whereby the exchanges should be regulated. He



goes on to show that it is very probable that amendments will have to be made to this law from time to time. I ask, Mr. President, to be allowed to incorporate as a part of my remarks some parts of this address, which I have placed in brackets. I would like to read it to the Senate, but I want to rush along and not take up too much time.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

State laws relating to the purchase and sale of cotton for future delivery have failed to accomplish their intention. They have been various in form, but their prevailing assumption is that dealing in cotton futures is gambling, because it is a guess or bet on the value of an article not in possession, frequently not even grown or planted, and is therefore wrong, morally or economically, or both. The cotton exchanges have encountered little difficulty in adjusting their rules to these statutes. In general, by the use of a system of symbols for actual cotton, they have theoretically eliminated transactions in nonexistent commodities and thereby stripped from the business the features which State laws declare to be unlawful. In addition, the Federal Constitution is an undoubted embarrassment to the drafting of effective legislation by a State, aimed to correct some of the effects of dealing in cotton futures, which are conceded to be evil.

The consumption of cotton is remote from the places in which it originates. An overwhelming percentage of it moves in interstate or foreign commerce. The prices to producers are inevitably influenced, and in large measure fixed, by transactions in States other than those in which it is grown and in foreign countries. The prices producers receive for spot cotton in primary markets are almost entirely dominated by quotations on future exchanges. For many years a large proportion of the membership of both spot and future exchanges have felt that there were abuses in the methods prevailing on some or all of the future exchanges. Contemporaneously, the feeling among producers and spinners that they were unfairly treated had been deep and becoming widespread. Facts of this kind ultimately led Congress to comply with the long-standing demand for an attempt by it to afford relief.

At nearly every session of Congress since 1884 bills dealing with the regulation of cotton futures have been introduced. A schedule of 120 of these has been made. (See note at end.) They have generally been based upon the post office and post roads, or the commerce, or the tax clause of the Constitution. Previous to the Sixty-third Congress three passed the House. Another, the Hatch bill, passed both Houses at the Fifty-second Congress, and failed only because of a parliamentary situation in the House, in which it originated; near the end of the session, in March, 1893, the test vote on certain Senate amendments, resulting in 172 ayes to 124 noes, was taken under a rule which required two-thirds, not a majority only, for affirmative action.

At the first session of the Sixty-third Congress the Senate incorporated in the tariff bill a clause, known as the Clarke amendment, imposing a tax, at the rate of 50 cents a bale (of 500 pounds), on each sale of cotton for future delivery, equivalent to \$50 on each so-called exchange contract, involving 100 bales. The Senate receded from its insistence upon that provision only after the House had shown clearly that it favored some action on the subject, but disagreed as to the particular method proposed and indicated strongly that the matter would be taken up comprehensively at the next session.

When the second session of the Sixty-third Congress convened, the situation was that each House had previously gone square on record separately as desiring a wholly destructive measure. A great deal of sentiment in favor of wiping out future cotton exchanges still persisted in both houses. Investigation, however, had impressed, or further consideration did impress, a majority that properly regulated exchanges had an important and useful economic office to perform, which it might be possible to continue. The bill which finally became law on August 18, 1914, was, accordingly, constructive; designed to preserve the good, and remove the evil features of transactions as then conducted. The unanimity with which, at the hearings before the House Committee on Agriculture, the bill was approved is notable. Its enactment was urged on behalf of producers, merchants, and spinners. It was also substantially indorsed—there was no material dissent in principle, or to any large extent in detail—by the representatives of the great future exchanges at New York and New Orleans.

After opportunities had been afforded to all interests to express their views, the committee made an illuminating report. This ought to be read by anyone concerned with the details of the circumstances under which the cotton futures act grew into being. The committee also availed itself of the results of investigations which had been carried on for some years by the Department of Commerce and by the Department of Agriculture.

The substance of the committee's findings of the general facts may be briefly summarized thus: Exchanges, in their original conception, are essentially useful institutions, capable of performing great service for the country. The price of cotton is so variable that hedges constitute the only effective means by which merchants and manufacturers may avoid speculation, and confine themselves to their own particular fields of commercial endeavor, when they sell cotton goods for forward delivery, in advance of having them in hand or even manufactured. These consist of safeguarding every sale by a purchase on a future exchange, for delivery in a month approximating the date when needed, of an equivalent quantity of the raw material involved, or vice versa. Purely speculative transactions, because of the permanent conflict of interests between speculators, tend to stabilize prices, and are helpful rather than injurious. Whenever variations on an exchange in the prices of the commodity dealt in do not reflect changes in actual commercial values, the institution has ceased to perform the true economic functions for which it was organized. To the extent that an exchange is not a substantially correct barometer of genuine market values, there is something wrong. The degree in which quotations fail to express the normal operation of the laws of trade is the measure of the evils practiced. The bad features of exchanges are excrescences, largely the creation of artificial manipulation. These can be eliminated without unfairness to, or interference with, legitimate business. The methods of the exchanges in this country have been harmful, and have resulted in injustice, particularly to farmers.

The exchange contract customarily in use before the act was passed did not permit a party to require the delivery of any particular grade. The party obligated to deliver was entitled to tender cotton of any grade recognized by the rules of the exchange. Contracts specifying

middling, as the basis of the agreed price, ordinarily resulted, and might always result, in money adjustments being necessary. If the scale for adjustments had been in exact conformity with the differences in value of spot cotton of the grade contracted for, and of the grade or grades of which symbolic or actual delivery was made, no injustice or economic evil could have occurred. Instead, however, under the old practice, the differences were fixed by arbitrary rulings of exchange committees, which members were compelled to accept. This was the so-called "fixed difference" system. The result was that the prices on exchanges, upon which the public relied, and upon which they must rely if exchanges are to perform the purposes for which they are organized, not merely did not reflect actual values, but were subject to the widest possibilities of manipulation.

Doubtless experience will demonstrate that this statute ought to be altered in some respects. But a dispassionate examination of the law itself, and of the legislative history of the bill which finally became law, as well as of its predecessors back to 1884, can hardly fail to create three impressions: First, Congress has made an honest effort to do justice to all; second, if the evils at which the statute is aimed persist, and can not be eliminated by amendment, eventually the business of dealing in cotton futures will have to be carried on otherwise than upon exchanges; third, in its present temper Congress is determined to exercise its undoubted power to destroy the exchanges rather than to see its deliberately expressed judgment thwarted by subterfuge or evasion.

Injustice is always a grave matter. When clearly discerned, persistence in it is criminal. When proven, if no remedy be proposed, it engenders radicalism, from which extreme consequences are apt to follow. The wrongs to the producer of cotton, as well as to the manufacturer and to the consumer of cotton goods, resulting from the methods of conducting dealings in cotton futures, long prior to the Sixty-third Congress, had become so manifest to every exchange that candor and the uncontroverted evidence, alike, compelled admission of their existence. The inability of the farmer, with exactness, to specify the means employed to deprive him of the fair economic share of the fruits of his toil afforded no satisfaction to the intelligent, thoughtful cotton exchange broker. What should be done was of concern to everyone; it was not a class or sectional issue.

The intervention of Government agency should have been, and has been, welcomed. Honest and patriotic members of exchanges cheerfully accepted release from shackles which tradition had imposed, and which they themselves had not had sufficient initiative to break. They were glad to escape from the pressure of the possibilities of unfair competition. In the past these had induced them to participate in a system which was indefensible. They are gratified to be freed from the odium heaped upon them, always with a measure of propriety, frequently unduly, by those whose respect and good will they preferred to enjoy. They recognize that shafts hurled at them, though often misshapen and poorly aimed, nevertheless bore points forged in truth.

The United States cotton futures act is an attempt to eradicate injustice. It is framed in the interest of all; producers, spinners, exchanges, and the country. It seeks to revive genuine, unfettered competition; to give a free market place to the makers and to the users of a great American crop. Even though it should prove defective in some of its details, because of its motive it will be a benefaction, both to the exchanges and to the public.

Mr. DIAL. I say, Senators, with all due respect to Congress, that this law is wrong. I have no criticism whatever to make of its framers. If the law had turned out as they intended, it would be all I or anyone else could ask if exchanges are to be tolerated at all. It is a long act, and complicated.

Mr. McNARY. Does the Senator mean the United States cotton futures act?

Mr. DIAL. Yes; the United States cotton futures act of 1914. There are two sections in that act, and this is where the trouble comes in. As I said before, I do not claim to know all about cotton. It would be silly for me to arrogate any such knowledge. And, as I have also said, I have no criticism to make of the framers of the present law, if it had operated as they intended it. Of course, they meant well, and if this law had been put into operation the way they framed it, and no doubt the way they thought it would operate, it would be almost a perfect law, so far as I know, if you are going to allow exchanges to exist at all. I am not here to say whether exchanges ought to exist or not. Sometimes I think they ought, and then again I think they ought not, but I do not care to complicate this particular problem with a discussion of that point.

There are two sections involved in the law. One provides that at the time the contract is made the specific grade must be specified. If it had stopped there it would be all we could ask. That is what ought to be done, because when we go to a broker and buy a bond, we do not just buy bonds; we buy some particular bond or some particular stock. It is unfortunate to my mind that the framers of the law allowed another section to be put in which permits the seller of the contract at his option to select any of the grades that are tenderable to be delivered upon that contract.

I wish to go back just a little bit. I am too fast in my story.

Mr. STERLING. Mr. President—

Mr. DIAL. I yield to the Senator from South Dakota.

Mr. STERLING. Just what does the Senator mean by the seller of the contract? Is it the assignment of the contract first made?

Mr. DIAL. I will explain that. I am glad to answer any questions Senators may ask, because it seems they are greatly interested. This is more a conference than a speech.



I desire to lay down a proposition or two. My contention is—get this point, as a judge down in my State frequently says, this is the milk in the coconut—that the price of the actual commodity, the spot cotton, is controlled almost universally by the future contract market. There is no question about that. I will prove it. I made the assertion just a short time ago in a brief reference to this matter. We men in the South know that to be true. Buyers will not bid on cotton in the morning until they get a report from the exchange.

I was home on election day. A farmer came in and said, "I owe the bank some money and want to pay it." "All right, sit down." We get the market quotations by wire. I said, "What did you get for your cotton?" He said, "I got 20½ cents a pound, but the wagon just ahead of me got 21 cents. I unloaded my cotton, took my mules down and fed them, and the next man that came up got 20 cents." Now, why is that? That is \$5 a bale variance in less than an hour. That is on account of the future contract market controlling the situation. I think that makes out a prima facie case that proves that the price of spot cotton is controlled by the future contract market.

I am going to answer the question of the Senator from South Dakota now. The interest of the grower and the interest of the owner of the cotton—he might be a merchant or might buy the cotton—and the interest of the purchaser of the contract is identical. Of course, they want the price of the actual cotton to go up. A contract means 100 bales. The man who has bought a contract is in an identical position with the farmer, the producer, or the owner of the cotton. If you had bought 100 bales of cotton at a warehouse, you would want the price to go up, and the man who bought the contract wants the price to go up, otherwise he does not make any money.

Mr. OVERMAN. Mr. President—

Mr. DIAL. I yield to the Senator from North Carolina.

Mr. OVERMAN. As I understand it, the man who sells the cotton contract probably never saw a bale of cotton and has no cotton, but sells it by wire.

Mr. DIAL. He buys or sells paper cotton.

Mr. OVERMAN. He never saw cotton and does not know what cotton is, and yet he is there gambling on the exchange and buying and selling it.

Mr. DIAL. Yes; that is true. These are the facts. The price of spot cotton is controlled by the future contract market, and the interest of the farmer and the purchaser of the contract is identical. The producer is the man we are trying to help.

Mr. POMERENE. Mr. President—

Mr. DIAL. I yield to the Senator from Ohio.

Mr. POMERENE. The Senator stated a while ago that one of the provisions of the law was to the effect that the contract of the seller had to state the grade of the cotton. Then later he referred to another section which permitted the seller—perhaps I am misstating that—

Mr. DIAL. No; the other section permits the seller to select the grades to be delivered.

Mr. POMERENE. Does not that entirely nullify the first provision?

Mr. DIAL. No. I am coming to that in just a moment. As a matter of fact, Senators, the first provision of this law has never been put into effect on the New York Exchange.

Mr. CURTIS. Mr. President—

Mr. DIAL. I yield to the Senator from Kansas.

Mr. CURTIS. Before the Senator leaves the point which he has been discussing, he stated a moment ago that one farmer had sold his cotton at 21 cents, I believe—

Mr. DIAL. Twenty and one-half cents.

Mr. CURTIS. Yes; and the next man who came along got half a cent less, and the next man still another half cent less. What brought about that condition? Was there a wire from headquarters or what was it?

Mr. DIAL. That was brought about, according to my contention, by the action of the future contract market. They get their market reports generally down in my country in the small places every 20 minutes.

No doubt the future contract market had declined, and the spot man was simply following the future contract market, not that the cotton had deteriorated in value. There is no doubt that the second bale of cotton was actually worth as much as the first bale, because it was raised and ginned under the same conditions, but there was a decline of \$5 a bale in less than an hour, brought about in the way I have explained.

Mr. STERLING. Mr. President—

Mr. DIAL. I yield to the Senator from South Dakota.

Mr. STERLING. To what does the Senator from South Carolina attribute that decline of \$5 a bale within that short period of time?

Mr. DIAL. I will come to that in just a little while. Will the Senator please call my attention to it if I do not answer him in a moment?

Answering the question of the Senator from Ohio [Mr. POMERENE], the first provision of the law was never put into operation on the New York Exchange. I went to the Agriculture Department last summer and tried to find out why. They said they did not know. In the New Orleans Exchange they have put the provisions of that law into operation in a very limited way, but never on the New York Exchange. There is where we have been hoodooed or whatever you may see fit to call it. We have been deprived of the benefit of the first provisions of the law. I do not know what the difficulty is; I am not accusing the Department of Agriculture of any dereliction, but unfortunately we pay for it; we suffer because we have not had that law fully in effect. They simply said the traders were not dealing that way, and that they would not make that kind of a contract.

The Agricultural Department admitted the present law does not operate fairly and justly.

Senators, under this law as it was passed in 1914 there were 20 grades of cotton tenderable on a contract. Under that law the seller of the contract had the right to tender all of the quantity in any one or all of those 20 grades that he saw fit. A little later that law was amended and limited to 10 grades tenderable on a contract. But here is what I am complaining of, that the law still allows the seller of the contract to select all the quantity in any one or all of those 10 grades he may prefer, irrespective of the use to which the purchaser of the cotton may want to put it. I know of no other commodity in the world where the seller selects the quality of the article the purchaser has to buy.

Mr. NICHOLSON. May I inquire of the Senator who grades the cotton?

Mr. DIAL. We have United States graders.

Mr. NICHOLSON. Government officials?

Mr. DIAL. Yes. There is no complaint about the grades or the grading when done by Government graders. The Government has graders even in many of the little country towns.

Mr. STANLEY. Is it mandatory upon the farmer to grade his cotton?

Mr. DIAL. No; it is the right of the farmer or the buyer to do it, but it is not compulsory. The Government has not a sufficient number of graders scattered over the country to grade all of the cotton.

Mr. HEFLIN. Mr. President, if the Senator will allow me to interrupt him—

Mr. DIAL. Certainly.

Mr. HEFLIN. There are hundreds and hundreds of market places in the South where there are no Government graders. I think there are really very few markets in the South where there are expert or Government graders.

Mr. DIAL. The buyers, the mill, and exporters have graders of their own. Such a correction of that law will bring, I believe, the greatest help that could possibly be rendered to a suffering people.

Mr. STERLING. Does the dealing on the exchange to which the Senator has alluded, and of which he gave an illustration a little while ago, work sometimes the other way, so as to increase the price of spot cotton?

Mr. DIAL. Yes; it works the other way sometimes. To answer the question of the Senator from South Dakota, asked a moment ago, let me read from a New York paper just last week, July 26, as follows:

The really important movement in the cotton market to-day came just before the close, when prices had a perpendicular drop of over 30 points under heavy selling by one of the leading commission houses and private cables from Manchester to the effect that there was no demand nor any prospects of trade revival until September or October. The market closed barely steady at a net decline of 23 to 29 points.

This is about the saddest picture one could well draw. We see scattered around in our country the farmers, poor people in a great measure, in a little section down there about 500 miles wide and 2,000 miles long, inhabited by perhaps 25,000,000 unorganized people, probably half of those darkies, a great number of them tenant farmers, having to borrow money or to buy goods on credit to make a crop, and yet they can sit back in their little homes in March, for instance, before they have planted their cotton seed and look in the morning paper and see what their cotton will sell for next October, next November, next January, and during the whole of the next crop season.

I do not know whether Senators may notice those quotations in their papers or not. Some of them do not quote all of the months ahead in that way, but they do quote them all at different times. For instance, I have in my hand now a quo-



tation for next October—high 12.35, closed at 12, and went as low as 11.97. Here is a quotation for delivery next March at 13 cents high, went as low as 12.68, and closed at 12.70. Then as far ahead as next May the quotation is 13.12 high and closed at 12.76.

It is true, I will say to the Senator from South Dakota, that it does go up sometimes, but that is the exception and not the rule. Thus the people know just what their crop will be sold for before they have planted it or started to make it, and they have no way to help themselves. It is absolutely impossible for them to do anything. The whole South is just as helpless as a newborn babe.

The complaint I make about it is this: As I said, in 1919 we made less than 12,000,000 bales of cotton, yet on the New York and New Orleans exchanges alone they sold over 104,860,000 bales. We do not know how many contracts were sold in Liverpool, in Bremen, in Japan, and other countries of the world. There are about 151,000,000 spindles in the world; of these there are in the United States about 34,000,000, and in England about 59,000,000 spindles. In Liverpool, for instance—England does not raise a bale of cotton—they have not any actual cotton to sell, yet they have this great exchange that has grown up there not only buying cotton to supply their own demands but reselling to Germany and Austria and various other countries of the world. Under the provisions of the existing law they can sell this paper cotton just like this man sold the other day in New York. They have not a bale of real cotton, but they sell spurious cotton, paper cotton, watered cotton, counterfeit cotton, or whatever you may be pleased to call it.

Mr. STANLEY. Mr. President, I have followed the Senator from South Carolina with a great deal of interest, and I do not want to interrupt him—

Mr. DIAL. I am glad to be interrupted. I hope the Senator will ask me questions.

Mr. STANLEY. But if I catch the argument of the Senator correctly, under these contracts sellers of cotton may furnish any one of 10 or more different grades?

Mr. DIAL. Yes; any one of 10 grades.

Mr. STANLEY. What practical good does the cotton planter get from the Government grading if any one of 10 different grades may be used in filling the contracts, and most of the cotton is sold through the exchanges?

Mr. DIAL. They have a graduated schedule of prices. If one gets middling, he pays a premium on the cotton; if he gets below middling, he gets a discount. I am not complaining about grades now; I am not complaining about the graduated schedule of cotton prices. However, there is too great a difference in prices between grades.

Mr. STANLEY. If I apprehend the Senator, that is not what I mean. As I understand, a sale is made for the future delivery of cotton. When the time comes to make the actual delivery—if there is an actual delivery under the contract—the contract may be filled by any one of 10 different grades?

Mr. DIAL. Yes; that is optional with the seller.

Mr. STANLEY. What is the use of having the cotton graded if any one of 10 grades may be used to fill the contract?

Mr. DIAL. The use of it is this: The grader has nothing to do with the contract except to see that the cotton is properly classified. He can not classify middling cotton as low middling cotton. The Senator might sell cotton to me and I would say, "This is low middling." He would call in the Government grader and he would say, "It is middling." That is where the Senator would be protected in that respect. There is no harm in that; I am not kicking about that.

However, take the case which I just read about a while ago of a man in New York selling cotton when he did not have a pound of cotton. I want to give Senators a practical illustration of this thing, if they will excuse me for a personal allusion. I am interested in a little bank down home. There is a poor man down there, a farmer working with his own hands. He acquired a nice little home. He is an honest, straight man. He bought Government bonds; his people helped to fight the World War. He had some cotton on hand year before last. He wanted a little money. Our little banking institution let him have \$10,000 on 120 bales of cotton. Cotton went down. I urged him to sell at 41 cents, but he did not do it. He came up like a man and put a mortgage on his plantation. The other morning, after this New York man sold out his paper cotton, this farmer woke up and found that his 120 bales of cotton was worth 30 points less, and \$1.50 a bale on 120 bales would be \$180.

That is more than one of his sons would clear in 12 months digging it out of the ground. I am trying to prevent that kind of procedure.

While I am talking about selling cotton, let me put the position of the South a little bit straighter with the Senate and with the world, if I can. There has been a great deal of criticism as to why we did not sell cotton when we could get 40 cents a pound for it. Of course, we ought to have sold it, but there was only a certain demand in the world for cotton. This demand could only absorb so much cotton; the world could only pay for so much cotton. If more of it had been dumped on the market, the prices would have gone down quicker, and perhaps lower. I am not trying to defend ourselves for holding it; I urged my friends to sell; but I say that they are not to be blamed for holding it.

My first consideration is for the man who goes out on the ground and works his money out of it and makes crops and adds something to the wealth of the country. It makes me tired to sit here and hear Senators claiming that it requires \$1,500 or \$1,800, and so forth, to support a family of three or four or five in a city. Those people work about seven hours or stay about the office about seven hours. They have not really been introduced to work; they do not know anything about it. Let them visit a farm. I am not one of those oratorical financiers and a great bawler for the farmer; but we certainly ought to pass just laws whereby every man may receive his rights under the Government. I endeavor to get beneficial results. Cotton is sold like second-hand clothes.

Senators will see how this scheme operates with the seller of the contract having the right to deliver all of the quantity in any of these 10 grades or to mix it up as he may see proper. Suppose a Senator over there were the president of a cotton mill and he were to get an offer for all the goods he could make in the next six months, and say he is using 1,000 bales of cotton a month.

He receives a satisfactory offer for his cloth and accepts it. He then hedges on the exchange a thousand bales per month for the next six months, but when the time comes for delivery he knows that the seller may not deliver him the kind of cotton he can use because the purchaser has no option in the matter; hence, he sells out his contract. The seller might deliver him grades of cotton that would not be spinnable in his mills and unsuitable for the cloth he is making. If he were to accept the cotton that was tendered him, perhaps he could not use a pound of it and would have to raise extra money to pay for the kind that he could use, besides paying all carrying charges on the offgrades and taking chances of getting rid of it the best way he could.

Mr. SIMMONS. Then the hedging operation is not of much help?

Mr. DIAL. It is as a speculative proposition only.

Mr. STERLING. When the owner of the cotton mill asks his agent that a thousand bales of cotton for each month of the year be furnished him why does he not specify the kind of cotton that he wants for the particular mill?

Mr. DIAL. He does; but he does not do it on exchanges.

Now, coming to the point, here is the way it works: If he knew that he could get the kind of cotton delivered that he used, he would make the contract and stand up and demand delivery; but this is what they do: Knowing that that is not the law, the speculators will not trade in that way. The mill gets its order and then goes to a cotton buyer and makes a trade with him. The buyer has put into his hands a great multitude of orders, and he manipulates the market. The cotton mill man sees it is too dangerous for him and he gets out of the way; he buys specific cotton from John Jones, for instance, but John Jones sells not only to that mill but to a number of other mills. He sells short in New York and beats the market down. For instance, speculators sell 100,000 or more bales in New York or New Orleans without intending to deliver a bale of cotton, and that beats the market down. Then they have their agents over the country to scoop up the actual cotton. That is the way it works.

Mr. OVERMAN. If I understood him aright, the Senator from South Dakota desires to know if the cotton mill man should buy a hundred bales of fair middling cotton whether when he wants the cotton he can get it.

Mr. DIAL. Not on the exchange contract.

Mr. OVERMAN. He can not get it on the exchange. What does he get?

Mr. DIAL. Oh, he will have to take anything that is tendered of the 10 grades. The seller may tender it all in one grade or he may mix it up in 10 grades and the buyer can not demand the grade he needs. He has to sell out his contract or take whatever is tendered him.

Mr. MOSES. That is not the way that cotton is bought by the cotton mills.



Mr. DIAL. No; I say it is not done in that way when cotton is bought by the cotton mills.

Mr. MOSES. The cotton mills in my State, for instance, buy their cotton from their own agents scattered through the South.

Mr. DIAL. That is true in a great measure. They may not have to go to the big dealers, but they make future contracts with them to be delivered. The dealer will sell them 1,000 bales of December cotton at so many points above the price of January cotton, for instance.

Mr. MOSES. The Senator is now speaking of the cotton broker doing business on the cotton exchange in one of the big cities.

Mr. DIAL. Yes.

Mr. MOSES. But, as a matter of fact, the large cotton mills of the country do not buy their cotton through cotton brokers on the exchange.

Mr. DIAL. Various mills employ different means.

Mr. NICHOLSON and Mr. STANLEY addressed the Chair.

Mr. DIAL. I yield first to the Senator from Colorado.

Mr. NICHOLSON. Does it not often follow when brokers and cotton dealers sell quantities of cotton that they have not in their possession that the speculators finding them short immediately go after them and raise the cotton market out of sight? So if that be taken into consideration, as well as the practice of selling short, does it not make a fair average?

Mr. DIAL. No; by no means. That is what Mr. Caffey said in his speech must be the result; but he said time would demonstrate perhaps the need of an amendment.

Now, here is the way it has been operating: The cotton world knows that the South will produce 60 per cent of the cotton of the world. The growers in the South borrow the money to make their crop, their paper will mature early in the fall, at which time the farmer is compelled to sell his cotton at whatever price he may get for it. The world knows that and sells paper cotton on the exchanges; the speculator sells it, and the millman and exporter who have hedged, knowing that they have no option whatever, will sell out their contracts. I believe, Senators, that there are a few spot dealers in the United States, possibly four or five, who control the price of spot cotton as effectively as the packers control the price of meat.

In this connection I want to say to my Republican friends that they are interested in the subject deeply, not directly and immediately as we are in the South, but when the cotton exchanges are permitted to manipulate the price of cotton and it declines and is beaten down to less than its value, the people of the world then are getting their wealth at the expense of the people of the United States. I do not know how much, but perhaps one-third or one-fourth of the value of each crop is taken away from the farmers under such manipulations.

Mr. HEFLIN. Mr. President—

Mr. DIAL. I will ask the Senator to wait for a moment. Japan is a large user of our cotton, consuming, perhaps, 600,000 bales a year; Germany and Austria consumed from 2,500,000 bales to 3,000,000 bales; Spain uses 300,000 bales, and other countries of the world use large quantities, but we in the South stand still and allow this one-sided, unjust law to keep us almost in bondage. I am not asking for sympathy; I am asking for a correction of the unjust law which imposes a one-sided contract. I now yield to the Senator from Alabama.

Mr. HEFLIN. Mr. President, I am very much interested in the speech of the Senator from South Carolina. A moment ago he said that four or five spot dealers practically control the spot market.

Mr. DIAL. I said I believe that to be true.

Mr. HEFLIN. The Senator means by manipulation of the exchanges under the present law?

Mr. DIAL. I think it is very probable they do.

Mr. HEFLIN. The Senator does not mean that they manipulate the spot price independently of the exchanges?

Mr. DIAL. No; I mean they sell down on the exchanges and then go around and pick up the spot cotton.

Mr. HEFLIN. They sell the fictitious stuff and beat down the price of real cotton?

Mr. DIAL. Yes. I will give my friend from Alabama an illustration: Suppose there is a bank in the country with, say, 1,000 shares of stock; and suppose a man should go in the neighborhood of that bank and commence to sell its stock to be delivered. He has not a dollar of the stock, but he commences to sell its stock and he continues that operation until he has sold five, six, seven, or eight times the amount of the actual stock. He could run down the price of the stock and then buy in the real stock and probably bankrupt the institution. Taking operations on the Liverpool exchange, the exchanges in this country, and the other exchanges of the world, perhaps every bale of

cotton that is raised in the United States is sold twenty-five times over.

Now, Senators, what I want is this: I want this contract to represent actual cotton. It ought to be convertible into actual cotton, and I want it to be an honest contract. I want each party to the contract to have equal rights. I want a man when he sells anything to be forced under the law to deliver the actual article. If he sells milk do not let him deliver buttermilk. I do not want him to be allowed to sell cotton and then deliver any one of 10 grades of cotton at his option. I want him to be forced to specify whether it is middling, strict middling, middling fair, or whatever kind he sells. Then, if the mills of this country—and they realize that the prosperity of this country depends upon the success of the farmer—if the mills of this country buy or hedge their contracts for future delivery, if they have to hedge at all, let them stand up and demand delivery. In that way we will find that the price is stabilized and will run steadily along; it will never decline as it has heretofore.

Senators, I hope I am not a crank. I never have been accused of it down home, but I am more enthused on this proposition or as much enthused as I ever was on any one in my life. I do believe that the price is depressed many cents a pound every month in the year by reason of the manipulation.

Now, I come around to talk about the exchanges. I am not trying to put the exchanges out of business. In fact, I care very little about the exchanges. I am trying first to help the man who produces this cotton, who digs it out of the ground, who adds wealth to the world. I believe in treating the darkies fairly in paying them what you promise them, and in paying them when you promise them, but the system that has grown up in our country can not be tolerated any longer. The idea of employing laborers to prepare, plant, and cultivate the crop, and keeping them there for a few months, and then turning them loose while the cotton is maturing, and then expecting to go out and hire them back to gather it is all wrong. The price of cotton ought to be enough to employ labor all the time and let them improve the land. Something will be said about the cost of production of cotton. I saw a statement a short time ago from a New York firm, a very responsible firm, with connections in the South, to the effect that cotton could not be produced for less than 17 cents a pound. Now, we will all differ in the Southern States, no doubt, as to what it will cost. One will tell you that it will cost 17 cents, and one will tell you that it will cost 30 cents, and one will tell you this, that, and the other. Perhaps they are all telling the truth, but let me tell you how it is done. I hope the Senator from Ohio [Mr. WILLIS] will listen to me on this point.

If one had to go out and buy the land, if you had to go out and hire the labor and get the mules and all the machinery, and so forth, and raise the cotton, and pay for everything, there is no telling what it would cost to raise it; but the way half of it is raised, and possibly more than half, is by small tenants, largely darkies, and that is the reason why we have never gotten the price that we ought to have gotten for it.

"John Jones and his wife and about five or six children raised cotton. It did not cost him much to live." No; he did not hire labor, but what did they do? His wife cooked for him, she ironed for him, she scoured for him, and she helped work the crop. He paid her nothing. No account is taken of that. His children went to school two or three months in the year, perhaps, and sometimes did not go at all. They would go out in the field before sun-up and work until after sundown, and they did not get any pay for that. Their services were not taken into consideration in the cost of growing this crop. Therefore he may have raised his crop for 10 or 12 cents a pound; but I submit, Senators, that all of the work that goes into the production of the crop should be paid for, or at least estimated for, according to its actual fair and reasonable value.

We have gotten into this unfortunate condition in the South, and the time has come to change it. I make bold to say that this practice was wrong in the beginning, and it is wrong now; and I do not believe there is a man in the Senate, if he will go to the trouble of understanding the amendment I propose, who will vote against it.

Some people will say that I will destroy the exchanges. I have no particular ill will toward them. I am not here representing anybody in particular. I am here trying to represent the people of my section first, and next the people of the United States. I am endeavoring to represent everyone. I did not know much about this law until recently, because I presumed that you gentlemen up here passed just, honest, and fair laws; but with all due deference you have not done it in this case. I do not say that you did it intentionally, but you did it



because it was not brought to your attention, and you have not familiarized yourselves with the operation of this law.

Mr. RANDELL. Mr. President—

Mr. DIAL. I yield to the Senator from Louisiana.

Mr. RANDELL. I infer from the Senator's remarks that he attributes the present low price of cotton to trading on the exchanges. Am I correct in that?

Mr. DIAL. In a great measure.

Mr. RANDELL. Does the Senator know whether or not tobacco, rice, and hides are traded in on future exchanges? I will say that I am told they are not.

Mr. DIAL. None of them has gone down as low as cotton.

Mr. RANDELL. Relatively, I understand, they are just as low as cotton. I know that the rice people of my State are making a great deal more noise than the cotton growers, and neither of the three is traded in on future exchanges.

Mr. DIAL. Very well. My contention is that ever since the Civil War, every year, cotton has not brought what it ought to have brought, and it has not brought what it would have brought if the conditions had been understood.

I am not trying to destroy exchanges. I care but little about them. I am not trying to get a contract that is unfair to anyone. I am not asking favors. I am merely asking for justice. If the exchanges can not exist under an honest law, then, in the name of justice, let them get out of business, and the quicker the better.

This would stabilize the price of cotton. It would aid us to get a better price—a regular price—and would help us to pay our debts and buy from the other sections of this country and of the world. It would help the farmers wonderfully and would not hurt manufacturers. I urge you to give a more careful consideration to the condition of the farmer. At present he is raising his crop under difficulties. When he ships his cotton he pays as much for freight now for a \$50 bale as he did a short time ago for a bale selling at \$200. The railroad labor is getting double what it got a year ago. This cotton is manufactured into cloth by laborers that are paid about twice what they were a year ago. Therefore, the cloth is returned to the farmer, and he pays almost double for it that he did a short time ago. Cotton has kept up the balance of trade of the United States since the Civil War.

Now, Senators, to reiterate, here is what I want: I offered an amendment here some time ago that went to the Agricultural Committee, and I made a talk before it on the 24th day of May. No report has been made on that amendment, notwithstanding the chairman said he was ready to report it favorably. Yesterday I had printed an amendment which I propose to offer to the Capper-Tincher bill, and it is a little bit different from the one that went before the Agricultural Committee. I want Senators to study these propositions and at the proper time see if they can not help to put a just law on the statute books. I want the man who sells the contract to be forced to deliver what he sells, and not let him keep on selling water, water forever, and depressing the price of cotton.

I have an idea that if the cotton mills of this country, both North and South, would hedge their contracts in case they feel that they should hedge them, and if they would stand up and demand delivery of cotton a great deal of the South's trouble would be solved. That is the greatest good that could result to the people of my section from any imaginable law, and it should not be withheld from them 15 minutes; and I believe Congress will correct this law. It is claimed it is fair to let the seller of the contract select all of the 10 grades. Suppose we reverse this and let the purchaser select all for awhile.

Senators, I did intend to say something more, but I understand that it is desired to have an executive session. I ask to have inserted in my remarks a telegram that was sent to the Senator from Louisiana [Mr. RANDELL] by W. B. Thompson, of New Orleans, La. I understand that Mr. Thompson represents the cotton exchange. This shows their side of the case. I offer this, understanding that he says I am wrong, but I offer it to prove that my contention is right. I ask that it be printed as a part of my remarks.

There being no objection, the telegram referred to was ordered to be printed in the RECORD, as follows:

NEW ORLEANS, LA., May 5, 1921.

HON. JOSEPH E. RANDELL,  
United States Senate, Washington, D. C.:

Your letter April 29 and wire May 3. In my opinion future-contract trading is essential. The abolition of the future market would be a vast misfortune to all engaged in cotton production and merchandizing. It is true that in the late deflation campaign, when constructive speculation was paralyzed and destructive speculation stimulated and in fact encouraged by the attitude and acts of one branch of the Federal Government the producers should have been protected from the injurious results of excessive bear speculation, and should be protected

should any excessive selling develop during the abnormal period of readjustment. But the way to make such protection effective is through temporary prohibition of speculative short selling, and not through the destruction of the future trading system. The future markets may be destroyed directly, as under the Caraway bill, or indirectly, as under the Dial bill. Senator DIAL's fifty-fifty argument sounds plausible enough, but in practical effect it would drive sellers from the future market and make said market innocuous. The fault with DIAL's argument lies in the fact that the obligations assumed by the buyer and seller in the future contract are not equal. If the buyer could demand that even 50 per cent of contract delivery should be two specific grades, designated by him (the buyer), he would naturally demand the grades which seller would have most difficulty in securing, even if he could secure same at all. Such a contract would make seller's position so hazardous that eventually there would be no sellers, either speculative or hedging. Having gone through a period during which the speculative short seller had all the advantage, now that trend of events and the attitude of the administration favors a revival of buying, I think it would be most unfortunate for us, by destroying the future markets, to deprive cotton of the benefits of constructive buying.

W. B. THOMPSON.

Assuming, Senators, that you traded with me to deliver you 10 automobiles, and I had the selection of them at the market price, would I not naturally tender you the kind that you could not use, perhaps too many of one kind? This practice reverses the laws of human nature. It cancels all the laws of merchandising. Who ever heard before of the purchaser of an article letting the seller select the article he should use, particularly when that article has to be used by machinery?

I apologize for having taken up so much time, Senators. I do not want to get a reputation for being an extremist. I do not want to have to make many talks in the Senate. I do not like to speak. I have gotten to the age where if I write what I say I can not read it without my glasses, and if I put on my glasses I can not see my audience, and therefore I just eat the subject raw; but I hope I have at least given you the ground upon which you can investigate this matter, and the more you look into it the more you will be convinced that it is no wonder that we have a depressed feeling. I am not looking at the matter from a sectional point of view at all, but it is one in which we are all interested.

I ask Senators to get this speech of Mr. Caffey and read it. That will put you to thinking on the subject.

In conclusion, my remedies are:

First, correct this unjust law.

Second, let the South produce a living at home and raise cotton as a surplus crop.

Third, the South should increase its banking facilities—stronger banks—and build up export companies.

Fourth, let the mills demand delivery of cotton on contract.

Mr. SMITH. Mr. President, I apologize for getting up at this late hour; but I am quite sure that my colleague, in the enthusiasm of the debate, did not mean what he said when he said that the present law was an unjust one, and that he had had confidence in Congress, and trusted them, and yet there was on the statute books an unjust, unfair, and dishonest law.

I have the fortune or misfortune of being the author of the present law. I want to say that the smallest number of men understand the peculiar nature of cotton to its grades.

Mr. DIAL. Mr. President, I will ask my colleague to yield. I certainly meant no reflection. I said that the framers of the law deserved great credit and praise. It never entered my mind to make a reflection on my colleague.

Mr. SMITH. I understand, Mr. President; but I just want in a few words to show that the present law as now upon the statute books would be absolutely just if it were not for the unjust discrimination practiced between the grades as to the intrinsic value of the grades. I do not know who is responsible for introducing this discrimination, the exchanges or the manufacturers. The practice grew up in the New York and New Orleans exchanges that whenever they sold a contract with the option on the part of the seller to deliver any grade of cotton the exchange had the right also to fix the difference between that grade and what was known as the basic grade, middling. "Middling" is the so-called basic grade, with a premium for the grades above middling and a discount for the grades below middling. The exchanges sold basis middling, and then when specific fulfillment was demanded, if lower grades were tendered overvalued them to a point where the purchaser could not dispose of it without a loss.

To illustrate: I buy 100 bales in New York, basis middling, at 10 cents a pound. I conclude that I will take up the cotton rather than settle on margins. I demand the cotton. They deliver me a hundred bales of good ordinary and strict good ordinary, the two lowest grades, and fix the difference between 10 cents, the price of the basis middling, and these grades. Suppose they fix the difference at 8 cents, when the commercial market would not take them at anything above 6 cents.

Mr. DIAL. Your law fixes that.



Mr. SMITH. Just a minute. We appointed a commission, with Herbert Knox Smith at the head of that commission. He went to New York and studied the conditions, and came back and recommended that Congress pass a law abolishing what was known as fixed differences, so that when a man took up a contract the seller of the contract had to tender him every grade according to the commercial price of that grade, and could not fix the difference.

We drafted the law in conformity with the recommendation of Herbert Knox Smith, and provided in that law that the differences should be fixed in six reputable spot markets, so that if anyone felt that he had been aggrieved or that the price of the grade tendered had been too high, the Department of Agriculture was empowered to settle the matter by ascertaining the average price of the grade or grades in dispute in six bona fide spot markets at a given time.

Mr. President, our bill was passed with that in view. Then we concluded that if we left the grading of the cotton to the trade at large the man who produced it would not be in much better fix than he was before, because I can bring in, and will bring in, before this discussion stops the Liverpool samples of cotton, the New York samples, the New Orleans samples, the Memphis samples, and show you that middling between these markets varied almost a grade, and the other grades in proportion. Therefore it was essential to establish a fixed official standard.

We then passed the standardizing act and authorized the Agricultural Department to fix the grades of cotton, white cotton, upland cotton; not staple cotton, but upland cotton.

We provided under that act that no cotton could be tendered in fulfillment of a contract that was not standardized by the Government, and that the price of the grade tendered would be fixed then by the six spot markets. That looked like protection enough, to that extent.

We soon found that the trade had taken advantage of this, and had standardized more than the nine grades that were in existence when the law was passed, and had standardized blues and sandies, stains and tinges, had run the whole gamut of cotton, and standardized practically all cotton.

Therefore, under the law anything was tenderable that was standardized, and everything had been standardized, and we were in about as bad a fix as to the number of grades that could be delivered as we were before we restricted them to the standardized grades.

Next, they were making a difference of about 2 cents a pound between good ordinary, which was the lowest grade of so-called white cotton and middling. I got an appropriation in an Agricultural appropriation bill authorizing and empowering the Agricultural Department to spin into yarn and to test the tensile strength and the bleaching qualities of every grade of cotton from good ordinary to middling fair, to see whether or not the manufacturers of this country and the dealers in cotton were justified in making the radical difference between middling and the grades below. I have here in this envelope, and I want at some time when I have more time for Senators to see, the result of that Government official test. Here are the homespun made out of the same kind of yarn, from good ordinary, which is now bringing anywhere from 5 to 6 cents a pound lower than middling, making as good cloth, bleached as white, tensile strength just as good as middling.

Mr. DIAL. There is no question in my mind but what they make too great a distinction between the different grades. But I want to ask my colleague if he does not think this law would be improved if the seller were compelled to deliver specifically what he contracted to deliver?

Mr. SMITH. I state without qualification that this law would be improved if the people who manufacture and buy this stuff would give the intrinsic value of the thing they buy. That is what I mean. If a millman knows that good ordinary, outside of the foreign matter that is in it, will make as good cloth as middling, why does he not give as much for good ordinary as for middling? We do not need any law for him to do that.

Mr. WILLIAMS. It costs more to bleach it and to make it into cloth.

Mr. SMITH. Not one penny more, according to the Government test, the result of which I have right here. Here is the Government test as to the bleaching. Let me read the Senator what the Government said about the bleaching process.

Mr. WILLIAMS. I am only asking for information.

Mr. SMITH. The five grades of yarn were spun under similar conditions, with the same speeds and settings. The five grades of yarn were bleached in the same bath, remaining the same length of time, two and one-half hours. Here we have No. 20 yarn. Here is the bleached homespun, with the tags on it, and the goods made from good ordinary is just as white and

the tensile strength practically as good as that which was made not from middling but from middling fair. To be perfectly fair, there is necessarily in the lower grades more foreign matter, more dirt, and more trash, and in the manufacturing process there was a certain amount of loss. That is put in percentages underneath the other figures. The percentage of loss was about 12 per cent average. So that the only difference between good ordinary, white, upland cotton, and middling was about 6 per cent.

I then introduced an amendment to the cotton futures act providing that in order to make surety doubly sure nothing should be tenderable or deliverable below low middling, and there is not a cotton man in this country who does not know that if you take the ordinary upland cotton, and take a good running lot from low middling to middling fair, it all can be spun in the same mill, on the same set of looms, and the same spindles and make identically the same cloth.

Mr. WILLIAMS. If the Senator will pardon me just a moment, because I want to understand it, I confess my ignorance and I am asking purely for information—

Mr. SMITH. I will be glad to give it if I am able to.

Mr. WILLIAMS. The waste in the middling fair was 7.32?

Mr. SMITH. Yes, sir.

Mr. WILLIAMS. And the waste in good ordinary was 16.47?

Mr. SMITH. That is from middling fair, not from middling. Here is the middling. Middling is the standard.

Mr. WILLIAMS. But the waste in the middling fair, which is the highest grade, was 7.32?

Mr. SMITH. Yes.

Mr. WILLIAMS. The waste in middling was 10.38, but the waste in good ordinary was 16.47, which makes the 6 per cent?

Mr. SMITH. I said about 6 per cent.

Mr. WILLIAMS. But it is nine and a fraction per cent beyond that in the middling fair.

Mr. SMITH. Yes. If the Senator will observe the tensile strength, they reach about the same figure. The difference is practically negligible. They run along from 59 and 60 up to as high as 69.5 for the very highest possible grade.

Mr. WILLIAMS. That is what I was thinking about a moment ago when I asked if the expense was not greater. I did not mean that the expense of the spinning or of the bleaching was greater, but when a man had bought a pound of cotton in which there was a waste of 16 and a fraction per cent—

Mr. SMITH. As against 10.

Mr. WILLIAMS. And then another pound of cotton in which there was a waste of only 10, of course, he would lose 6 per cent of his raw material.

Mr. SMITH. All right. Let us get down to real facts in this. Let us suppose that I buy a bale of good ordinary and a bale of middling. The difference in their value is determined by the foreign matter in the two. There is 10 per cent waste in one, 16 in the other. Therefore the difference is 6 per cent. That means 6 pounds out of a hundred, or out of a commercial bale of 500 pounds 30 pounds of cotton. A man can sit down and calculate exactly the difference in the intrinsic value between good ordinary and middling by knowing the amount of foreign matter they carry, and that is about 6 per cent.

But, in addition to that, they have penalized every grade now below middling. When cotton was around 45 cents a pound they made a difference of from forty-five to fifty dollars a bale; and I think my colleague will bear me out in that.

Mr. DIAL. More than that.

Mr. SMITH. I want to state, further, that when we turned everything over to the Government somebody got the administration to issue an order that nothing below middling should be used in filling Government contracts. Horse collars, ordinary blankets, horse blankets, any and everything that was made for Government account had to be made from middling or above. The result was that it gave the speculator the chance of his life to say, "Your Government will not have anything below middling, and therefore any grade below middling is at a discount."

Any shrewd millman, if he wanted to, could have bought good ordinary at fifty or sixty dollars a bale below middling, converted it into Government articles, and sell them as being made of middling, and no man could have told the difference; it was just as good as middling. That is one reason why it is alleged that we have such a plethora of the low grade, because of that unfortunate order.

I took these yarns and went to the President of the United States and called his attention to what would probably be the result of that order. He said to me he did not know that test was in existence.

I do not know whether the results of the Government experiment are accurate or not. The mill people know; I do not. The Government says, "Here is the tensile strength, the bleach-

ing quality, and the waste incident to the different grades." This was done at Danville, Va., and at Clemson College, in South Carolina, under Government auspices. They say, "Here is the result. Practically good ordinary is just as good as middling, barring the foreign matter and the waste incident to the converting."

I had the law amended so that they could not deliver any grade standardized, but that nothing below low middling should be delivered in the fulfillment of a contract. The thing for us to decide is, is there any difference in fact in the intrinsic, commercial value, or as converted and expressed in terms of cloth and yarn, between middling and middling fair?

Mr. WILLIAMS. Except the waste.

Mr. SMITH. Except the waste. If the 10 grades—low middling, strict low middling, strict middling, good middling, strict good middling, and middling fair, and then the stains and tinges of like quality making up the 10 grades—will produce, without any detrimental result, identically the same cloth, and are intrinsically worth the same, how can any man be hurt in demanding specific fulfillment when he is getting cotton that will make the same cloth?

Mr. DIAL. May I ask my colleague if that is not another way of getting the cotton from the farmer for less than it is worth?

Mr. SMITH. If the man who buys the cotton knows that a bale of cotton that is graded as middling fair is worth no more than low middling, I can not for the life of me understand how, as between two traders, we are going to make him pay by law unless the man who sells it is informed by his Government and it is proven that it has been a fictitious, unwarranted difference, and that he should not be allowed to get it.

I want to amend the law in this respect, that hereafter on any contract based upon a deliverable grade, if the Government test proves what they have alleged in the preliminary test is true, on any contract for the future delivery of cotton, specifically fulfilled, that any arbitrary difference made that does not reflect the real intrinsic difference shall bear a tax that will tax it out of existence. I would make them toe the mark. I would say to them, "We will let you deliver 10 grades, but if you say low middling is not worth within 3 cents a pound of what middling is worth, and the test proves that it is worth just as much, you shall pay a tax on that that will prohibit the contract."

What I do not want is to have my cotton crop split in two, and because a shower of rain happens to fall on one part of it that I am to lose \$10 a bale, when the man who converts it into cloth makes as good cloth out of that cotton as he does out of the cotton he got before the shower ever fell. That is what we are entitled to have decided. If I am a mill man and under the 10 grades allowed now by the Government can prove by a Government test that the bleaching qualities and the cloth-making qualities of one grade are just as good as the other, barring this difference of 6 per cent loss, then let that per cent of loss be fixed in the contract so I will not be swindled out of half the value of my cotton merely because a man says it is good ordinary and is worth \$30 a bale less than middling.

Mr. DIAL. Mr. President—

Mr. SMITH. I yield to my colleague.

Mr. DIAL. We are all trying to drive at the same purpose, to get a just law, but my colleague must know that if he had gotten the sample out of some other bales of cotton there might have been a difference. You can not standardize the sample you get out of one bale by the sample you get out of some other bale. There is no doubt that there is a distinction in the grades. Last year when they were buying cotton so many points under the price of certain cotton, certain cotton went below nothing.

Mr. SMITH. Yes. They had good ordinary, for instance, \$50 a bale below middling. Middling then dropped \$50 a bale, and therefore we would have to give the fellow good ordinary cotton and pay him boot to take it. That is where it would go if we followed that analogy. That is actually true. If they were putting good ordinary at \$50 a bale below middling, and then middling went down 1,000 points, good ordinary being the lowest one, where would good ordinary go? There you are! It was worth exactly \$50 a bale less than nothing.

Mr. SIMMONS. Mr. President—

Mr. SMITH. I yield to the Senator from North Carolina.

Mr. SIMMONS. There is one thing about this matter that I can not understand. I do not profess to know much about the future cotton situation, and I do not profess to know much about the difference in the grades of cotton, but the Senator has stated and stated repeatedly in his argument that there was a plethora of low-grade cotton in this country.

Mr. SMITH. I said alleged; I do not know specifically.

Mr. SIMMONS. That means there is not much demand for low-grade cotton in this country by the spinners, does it not?

Mr. SMITH. I would prefer to put it this way, that on account of the discrimination against low grade, both by the Government and by the trade, perhaps the principal part of the cotton that is left is below middling.

Mr. SIMMONS. The point I am making is this: If it be true that there is no demand coming from the spinners for those low grades, I can not understand the statement of the Senator. If those low grades sell in the market for 5 cents a pound less than middling and if the cloth which is made out of the low grades is intrinsically just as valuable, why there should not be a greater demand on the part of the spinners for low grade at half the price of the other?

Mr. SMITH. The Senator does not know but what there is such a demand. I do not know.

Mr. SIMMONS. I understood the Senator to say there was a plethora of that in the market because there was no demand for it.

Mr. SMITH. It is alleged that that is true.

Mr. SIMMONS. It would seem to me, if the balance of the Senator's statement is correct, that the demand would be greatest for that. Why should not the spinner, if he can buy low-grade cotton and make intrinsically just as good cloth out of it for 5 cents less, buy the low-grade cotton?

Mr. SMITH. Is the Senator informed that he is not buying it?

Mr. SIMMONS. I was taking the statement of the Senator from South Carolina.

Mr. SMITH. I said that it was alleged. I do not know. I wish I did know. If I can find any means by which I can ascertain just what is the character of the cotton that is being bought and converted, I am going to do it. Common sense would tell anyone that if I can get rid of a 6 per cent waste in the conversion I would do it, and I understand that the mill operatives object to handling it.

Mr. DIAL. If the Senator will allow me to interrupt him again—

Mr. SMITH. Certainly.

Mr. DIAL. As a matter of fact, the higher grades of cotton have been growing in demand. Labor does not like to work the off-grade cotton, because there is too much waste and too much breakage. The tendency is toward the higher grades of cotton, and we are trying to improve it for that reason.

Mr. SIMMONS. I understood the Senator to assert that the difference in the price of low-grade cotton was many times greater than the waste between the low grade and the higher grades.

Mr. SMITH. It is, and I think my colleague will agree with me on that.

Mr. DIAL. Yes; I think that is true.

Mr. SMITH. The average will be the same, however. To sum it all up, it means that if the Government test approximates the truth, the Government ought to rearrange the whole system of grades and include in one grade all cotton that could be converted easily into the same yarns and cloth, regardless of the color or foreign matter. Let them be classified in that way. There is not a buyer in the country who, when he comes to buy cotton for his mill, will not take what is called an even running lot in the grades that his mill can combine and spin. For instance, strict low middling, middling, strict middling, and strict good middling could be combined and spun into the same yarn and used to make the same cloth, but there is not one buyer in a hundred who buys one specific grade, because between good middling, strict good middling, and middling fair it takes a pretty good eye to tell the difference, even in the creamy colors.

Mr. BRANDEGEE. Mr. President, may I inquire of the Senator what would be the justice of any grading system that would take four or five different qualities of cotton, which were all of different grades, and classify them under the same grade?

Mr. SMITH. I am going upon this theory, that if the difference in color made no difference in the quality of the yarn or the cloth that might be made, and no incidental expense of conversion was involved, then they should be classified upon their mill value and not upon the incidental color.

Mr. BRANDEGEE. But what is the use of having any classification at all? If you can blend all grades into one and possibly make cloth out of it in the mill, why do you need any grading system?

Mr. SMITH. We would not need any grading system, except that from low middling down to strict good ordinary there is a difference in the foreign matter to the extent of



6 per cent, and that ought to be taken into account. That is the only point I have made.

Mr. WILLIAMS. There is some slight difference in the breakage?

Mr. SMITH. Yes; but it is negligible.

There is another class of cotton that is made in the same field from the same stalk known as stains and tinges. Just as the boll is matured and before it opens, the frost destroys the life of the plant and throws down or precipitates, in frosting the boll, a little tannin that leaks through the opening and puts a stain on it, and it is called stains. The tensile strength and quality of the cotton is just as good as middling fair if it is kept out of the weather, but we have included good middling tinges and good middling stains with the standard grades.

The present contracts prohibit by taxation the delivery of anything outside of the 10 grades specified. If we want to start a reformation, the reformation should be in educating the people what their cotton is worth according to grades as compared with middling. If we can enforce it by law, let us enforce it by law.

Why, Mr. President, here sits the Senator from Georgia [Mr. WATSON], there is my colleague [Mr. DIAL], and here is the Senator from Louisiana [Mr. RANDELL]. They will agree that a farmer can drive up any street of the ordinary southern town with his bale of cotton and if there are half a dozen buyers in that market and he, without them knowing it, asks each to grade that bale of cotton, I doubt if any two will grade it the same grade.

Mr. DIAL. Not only that, but the same man will possibly not grade it the same the next day as he did that day.

Mr. SMITH. Precisely. When we stop to think that there is \$5 a bale difference between middling and strict low middling, what a temptation it is for the man who buys it, dealing with the poor devil who does not know anything about grading, to just come and look at it and say, "This is strict low," and thus get it for a cent a pound less than middling. Then when he ships it out he can ship it out as middling and make \$5 a bale in addition to his commission.

The man who produces his cotton and bales it and brings it to the market is entitled to have standard weights and measures intervene and say, "Here is a set of samples; go and compare it," just like I would take a yardstick, and when a man tells me that he has sold me half a yard I would measure it and see if he had. If he had short-measured me, I would know about it, or if he had short-weighted I would know about it. That is what I am pleading for now.

Mr. President, at the proper time I am going to take the floor and go exhaustively into this matter.

Mr. BRANDEGEE. Does not the Senator from South Carolina think he had better have a conference of the cotton boomers themselves so they can agree among themselves?

Mr. SMITH. The Senator does not mean to say cotton boomers?

Mr. BRANDEGEE. The friends of cotton, then.

Mr. SMITH. I wish to make this observation in all seriousness, that the Senator from Connecticut [Mr. BRANDEGEE] is just as vitally interested in the prosperity of the cotton farmers as I am. The looms of New England and the South have a monopoly of the really spinnable cotton of the world, for whatever else may be said, those who will make a microscopic test of it will find there is no cotton produced in the world that has the same nature of fiber as the cotton produced in the South.

Mr. WILLIAMS. Mr. President, there is just one thing I wish to suggest as a subject for the Senator from South Carolina to contemplate before he comes forward to exhaustively argue the matter. Even if we can regulate the New York and New Orleans exchanges, and all the exchanges in the United States, would we not have a good deal of the same substantial trouble growing out of the fact that we could not regulate the Havre and Hamburg and Liverpool exchanges; and if they continue this abuse will it not have substantially or to a large extent the same effect upon the farmer? I do not ask that question to be answered now. I merely desire the Senator to think about it before he goes exhaustively into an argument of the subject.

#### ROANOKE RIVER BRIDGE.

Mr. SHEPPARD. Mr. President, from the Committee on Commerce I report back favorably without amendment the bill (H. R. 7208) to extend the time for the construction of a bridge across the Roanoke River in Halifax County, N. C., and I submit a report (No. 243) thereon.

The Senator from North Carolina [Mr. SIMMONS] is very anxious to have the bill passed this afternoon, and I ask unanimous consent for its present consideration.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge authorized by act of Congress approved March 1, 1919, to be built by the county of Halifax, N. C., across Roanoke River between Hills Ferry and the ferry near the town of Halifax, in said county and State, are hereby extended one and three years, respectively, from the date of approval hereof.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### DISPOSITION OF WATERS OF COLORADO RIVER.

Mr. LODGE obtained the floor.

Mr. BURSUM. Mr. President, will the Senator yield to me to ask unanimous consent for the present consideration of a bill which I think will involve no discussion?

Mr. LODGE. I was about to move an executive session, but I yield to the Senator if the matter to which he refers will lead to no debate.

Mr. BURSUM. I ask unanimous consent for the present consideration of Senate bill 1853.

The PRESIDING OFFICER. The title of the bill for which consideration is asked by the Senator from New Mexico will be stated.

The ASSISTANT SECRETARY. A bill (S. 1853) to provide for a compact commission between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming and between said States and the United States, respecting the disposition and utilization of the waters of the Colorado River for irrigation and other uses, and for other purposes.

Mr. BURSUM. A bill identical with the Senate bill, the title of which has just been read, has been passed by the House of Representatives, and I offer the House bill as a substitute for the Senate bill.

The PRESIDING OFFICER. The Chair is informed that the House bill is before the Senate Committee on Irrigation and Reclamation.

Mr. CURTIS. Mr. President, let us have the facts in relation to this matter. The fact is that the Senate Committee on Irrigation and Reclamation in reporting the bill recommended an amendment to strike out all after the enacting clause and to insert in lieu thereof the House bill. Therefore, the House bill is identical with the Senate amendment, and the Senator from New Mexico desires that the House bill may be passed instead of the Senate bill as proposed to be amended by the committee; and that should be done.

Mr. BURSUM. It is my desire to substitute the House bill for the Senate bill.

The PRESIDING OFFICER. Is there objection?

Mr. HARRISON. Reserving the right to object, I desire to ask whether there is a unanimous report of the committee on the bill?

Mr. BURSUM. The report of the committee is unanimous.

Mr. KENYON. Does the bill carry an appropriation?

Mr. HARRISON. There is an appropriation of \$10,000 authorized by the bill.

Mr. KENYON. I believe it is a good thing to understand what is embraced in the bills which we are passing, and I suppose it is not out of order for Senators to inquire.

Mr. LODGE. I inquire what is the character of the bill?

Mr. BURSUM. It is a bill to obtain by agreement instead of by litigation an arrangement between western States under the Colorado Basin relative to the disposition and utilization of the waters of the Colorado River for irrigation and other uses. All of the States under that basin have passed legislation relative to the subject, and have, through their governors and the agent appointed by each State, asked for the passage of this legislation. This bill simply proposes to grant the authority of Congress.

Mr. LODGE. I now understand the purpose of the bill. It is a good bill and ought to pass.

Mr. BURSUM. I move that the Committee on Irrigation and Reclamation be discharged from the further consideration of the bill (H. R. 6877) to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes.

The motion was agreed to.

Mr. BURSUM. I now ask unanimous consent that the Senate proceed to the consideration of the House bill 6877.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

*Be it enacted, etc.,* That consent of Congress is hereby given to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming to negotiate and enter into a compact or agreement, not later than January 1, 1923, providing for an equitable division and apportionment among said States of the water supply of the Colorado River and of the streams tributary thereto, upon condition that a suitable person, who shall be appointed by the President of the United States, shall participate in said negotiations as the representative of and for the protection of the interests of the United States, and shall make report to Congress of the proceedings and of any compact or agreement entered into; and the sum of \$10,000, or so much thereof as may be necessary, is hereby authorized to be appropriated to pay the salary and expenses of the representative of the United States appointed hereunder: *Provided*, That any such compact or agreement shall not be binding or obligatory upon any of the parties thereto unless and until the same shall have been approved by the legislature of each of said States and by the Congress of the United States.

Sec. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

The preamble was agreed to, as follows:

Whereas the Colorado River and its several tributaries rise within and flow through or from the boundaries between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming; and

Whereas the territory included within the drainage area of the said stream and its tributaries is largely arid and in small part irrigated, and the present and future development necessities and general welfare of each of said States and of the United States require the further use of the waters of said streams for irrigation and other beneficial purposes, and that future litigation and conflict respecting the use and distribution of said waters should be avoided and settled by compact between said States; and

Whereas the said States, by appropriate legislation, have authorized the governors thereof to appoint commissioners to represent said States for the purpose of entering into a compact or agreement between said States respecting the future utilization and disposition of the waters of the Colorado River and of the streams tributary thereto; and

Whereas the governors of said several States have named and appointed their respective commissioners for the purposes aforesaid, and have presented their resolution to the President of the United States requesting the appointment of a representative on behalf of the United States to participate in said negotiations and to represent the interests of the United States: Now, therefore.

Mr. BURSUM. I move that the bill (S. 1853) to provide for a compact commission between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming and between said States and the United States, respecting the disposition and utilization of the waters of the Colorado River for irrigation and other uses, and for other purposes, be indefinitely postponed.

The motion was agreed to.

#### MOVING-PICTURE INDUSTRY IN FOREIGN COUNTRIES.

Mr. WADSWORTH. Mr. President—

Mr. LODGE. I yield to the Senator from New York, who, I understand, desires to introduce a resolution.

Mr. WADSWORTH. Out of order, I ask unanimous consent to introduce a Senate resolution calling for certain information from the Department of Commerce. I ask that it may be read. It is only four lines long.

The PRESIDING OFFICER. Without objection, the resolution will be read.

The Assistant Secretary read the resolution (S. Res. 121), as follows:

*Resolved*, That the Secretary of Commerce be, and is hereby, requested to report to the Senate, if not incompatible with the public interest, the development of the moving-picture industry in foreign countries and the present effect and probable future effect upon the industry in the United States of the importation of films of foreign manufacture.

Mr. WADSWORTH. I ask unanimous consent for the immediate consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. HARRISON. Mr. President, reserving the right to object, I desire to understand the object of the resolution.

Mr. WADSWORTH. The resolution calls upon the Secretary of Commerce to furnish the Senate with data and information concerning the very important developments internationally in the moving-picture business.

Mr. HARRISON. Is it simply a Senate resolution?

Mr. WADSWORTH. It is a Senate resolution calling for the information which I have stated.

Mr. JONES of Washington. Mr. President, from the reading of the resolution my understanding is that it goes further than calling for information, and asks for the judgment of the Secretary of Commerce as to what effect the development of the moving-picture industry in foreign countries will have upon our industry. I believe that goes further than we usually have gone in such matters. It is all right to call for the facts, but it seems to me the resolution is rather broad, calling, as it does, upon the Secretary of Commerce for his conclusions

and judgment as to what the effect of the development would be upon our industry.

Mr. WADSWORTH. I see the point which is made by the Senator from Washington.

Mr. JONES of Washington. It is merely a suggestion.

Mr. WADSWORTH. Mr. President, I will modify the resolution to meet the objection of the Senator from Washington [Mr. JONES]; and I ask that as modified the resolution may be read.

The resolution, as modified, was read as follows:

*Resolved*, That the Secretary of Commerce be, and is hereby, requested, to report to the Senate, if not incompatible with the public interest, the development of the moving-picture industry in foreign countries and the extent of the importation of films of foreign manufacture.

Mr. WADSWORTH. I ask unanimous consent for the present consideration of the resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. WILLIAMS. Mr. President, I object.

The PRESIDING OFFICER. Objection is made, and the resolution will be printed and lie over under the rule.

#### EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened, and (at 5 o'clock and 30 minutes p. m.) the Senate adjourned until to-morrow, Friday, August 5, 1921, at 12 o'clock meridian.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 4 (legislative day of July 27), 1921.*

#### DEPARTMENT OF JUSTICE.

##### UNITED STATES ATTORNEYS.

Louis H. Burns to be United States attorney, eastern district of Louisiana.

Peyton Gordon to be United States attorney, District of Columbia.

##### DISTRICT OF COLUMBIA.

Mary O'Toole to be judge of the municipal court of the District of Columbia.

##### POSTMASTERS.

##### IOWA.

Harriette Olsen, Armstrong.  
Joseph T. Larson, Cambridge.  
Andrew N. Jensen, Elk Horn.  
Lee E. Friar, Grimes.  
George Kraft, Melvin.  
Andrew C. Ries, Ringsted.  
Allan Muilenburg, Sioux Center.  
Roy O. Kelley, Westside.

##### MICHIGAN.

Elsie R. Stephens, Davison.  
Levant A. Strong, Vicksburg.

##### MISSOURI.

Earl M. Mayhew, Callao.  
Bessie A. Grotjan, Dalton.  
Dwight A. Dawson, Lowry City.  
Mary F. Walker, Mount Washington.  
Hubert Lamb, Pineville.  
John S. Gatson, Vandalia.  
Minerva Norton, Winona.

##### NORTH DAKOTA.

Anton M. Jacobson, Makoti.  
William E. Bowler, Noonan.

##### OHIO.

Emma E. Thorne, Berea.  
Theodore A. Sherman, Deshler.

##### OKLAHOMA.

John C. Patrick, Crescent.  
Horace Bradley, Wewoka.

##### SOUTH DAKOTA.

Henry C. Grinde, Colton.  
Ed B. Toomey, Gettysburg.  
Clarence S. Johnson, Milbank.



## HOUSE OF REPRESENTATIVES.

THURSDAY, August 4, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, Thou art still speaking. Light and life Thy providence still bestows. It cheers our drooping hearts; it quells our rising fears, and gives unto us the blessed assurance that Thou wilt never leave nor forsake us. Thy hand beckons us and we are satisfied to follow on. Thus would we approach the threshold of our duties, and may the commissions of sacrifice and service be engraven on all of our hearts. Encourage us to press on even with clouds of doubt above and ruts of discouragement below, and fear not, till God shall stop the conflict and call us home. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

CLERK OF THE HOUSE PRO TEMPORE.

The Speaker laid before the House the following communication:

HOUSE OF REPRESENTATIVES,  
CLERK'S OFFICE,  
Washington, D. C., August 3, 1921.

Hon. FREDERICK H. GILLET,  
Speaker of the House of Representatives.

DEAR SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. John H. Hollingsworth, Chief Clerk of the House of Representatives, to sign any and all papers for me which he would be authorized to sign by virtue of this designation and of clause 4, rule 3, of the House.

Very respectfully,

WM. TYLER PAGE,  
Clerk of the House of Representatives.

## EXTENSION OF REMARKS.

Mr. LINEBERGER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill H. R. 6611, known as the Sweet bill.

The SPEAKER. The gentleman from California asks unanimous consent to extend his remarks in the RECORD on the Sweet bill. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, has the gentleman from Texas [Mr. RAYBURN] withdrawn his objection?

Mr. LINEBERGER. The gentleman from Texas [Mr. RAYBURN] made objection yesterday on the general principle of objecting to a request on the part of my colleague from New York [Mr. FISH], predicated, as I understand, upon some controversy between him and Mr. FISH regarding an article in a newspaper. My request is simply to extend my remarks in order to voice my opinion of the bill and the conference report particularly.

Mr. GARRETT of Tennessee. I will have to ask the gentleman to defer his request until the gentleman from Texas [Mr. RAYBURN] is present. Personally, I shall not object later.

Mr. LINEBERGER. I will say to the gentleman I am sorry that he insists upon objection, because I do not desire to take up the time of the House on this matter. I would like to express myself in this case by means of an extension of remarks, but, if I am forced to do so, I shall have to obtain, under a different parliamentary situation, permission of the House to speak.

Mr. GARRETT of Tennessee. I am not making any captious personal objection. But I think the gentleman from Texas [Mr. RAYBURN] should be present.

## COMMISSIONS IN ARMY BY MEMBERS OF THE HOUSE.

Mr. GARRETT of Tennessee. Mr. Speaker, I present the privileged resolution which I send to the Clerk's desk.

The SPEAKER. The gentleman from Tennessee presents a privileged resolution, which the Clerk will report.

The Clerk read as follows:

House resolution 169.

Resolved, That the Committee on the Judiciary be instructed to ascertain and report to the House whether any Member of the House is at present holding a commission as an officer in the service of the Army of the United States; and if so, whether the holding of such commission vacates the seat of the Member holding the same.

Mr. GARRETT of Tennessee. Mr. Speaker, I do not care to discuss the resolution.

Mr. MONDELL. Will the gentleman from Tennessee yield to a question?

Mr. GARRETT of Tennessee. Certainly.

Mr. MONDELL. Does the gentleman's inquiry include the question as to whether a commission or appointment or position in the Reserve Corps affects the seat of a Member?

Mr. GARRETT of Tennessee. I think it will necessarily involve that. I think it will be the duty of the Judiciary Committee to report upon that question. If that element were not involved, there probably would be no necessity for the investigation.

Mr. MONDELL. I realize that, and hence my question, in order that we may be quite certain that the inquiry would involve the question of the Reserve Corps.

Mr. GARRETT of Tennessee. I will say that that is within my own contemplation, and I imagine the Judiciary Committee will do that.

Mr. MONDELL. I think the language is broad enough to include the Reserve Corps.

Mr. GREENE of Vermont. The Reserve Corps is made a special part of the Army of the United States in the Army reorganization act.

Mr. DYER. I think, if the gentleman will permit, the resolution ought to be amended to include the Reserve Corps, so that there may be no question about it in case it appears and the committee is called upon to act.

Mr. GARRETT of Tennessee. Mr. Speaker, I will say to my friend from Missouri, I do not think there is any doubt about it, but if the Judiciary Committee, after investigating, finds there is a doubt, then I think we can amend the resolution.

My DYER. Why not do it now? The gentleman has in mind one reserve officer. He has in mind no Regular Army officer, I am quite sure.

Mr. GARRETT of Tennessee. Mr. Speaker, the resolution is so broad that I can not conceive that there is a doubt about it. The Army reorganization bill, as the gentleman from Vermont has just pointed out, makes the Reserve Corps a part of the Army. I do not think there is any question—

The SPEAKER. The question is on agreeing to the resolution.

Mr. DYER. Mr. Speaker, I move to lay the resolution on the table.

Mr. GARRETT of Tennessee. I move the previous question, Mr. Speaker.

The SPEAKER. The gentleman from Missouri moves to lay the resolution on the table.

The question was taken, and the Speaker announced that the yeas seemed to have it.

Mr. DYER. Mr. Speaker, I make the point of order that there is no quorum present, and I object to the vote for that reason.

The SPEAKER. The Chair will count.

The Chair proceeded to count.

Mr. BLANTON. Mr. Speaker, that would not get a roll call. There has been no division.

Mr. DYER. Mr. Speaker, at the request of the gentleman from Wyoming and others on this side, against my own judgment, I withdraw the motion.

The SPEAKER. The gentleman from Missouri withdraws the motion. The question is on agreeing to the resolution.

The question was taken, and the resolution was agreed to.

## ENROLLED SENATE BILLS SIGNED.

The SPEAKER announced his signature to enrolled Senate bills of the following titles:

S. 488. An act providing for an exchange of lands between the Swan Land & Cattle Co. and the United States;

S. 530. An act to quiet title to certain tracts of land in the city of Walters, State of Oklahoma;

S. 1434. An act to provide for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.; and

S. 997. An act conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker pro tempore signed the same:

H. R. 6611. An act to establish a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

## ADMINISTRATION OF INDIAN AFFAIRS.

Mr. SNYDER. Mr. Speaker, under the rule recently reported and adopted I move that the House resolve itself into Committee of the Whole House on the state of the Union for the purpose of considering the bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes; and pending that motion I want to see if we can agree upon time for general debate.

Mr. HAYDEN. How much time does the gentleman suggest?  
Mr. SNYDER. I have requests here for 1 hour and 30 minutes.

Mr. HAYDEN. I have requests for nearly that much time. That will be agreeable to me—one hour and a half.

Mr. SNYDER. I suggest that the time for general debate be one hour and a half on a side, one half to be controlled by the gentleman from Arizona [Mr. HAYDEN] and the other half by myself.

Mr. CANNON. This is to be for general debate? You do not anticipate action?

Mr. CAMPBELL of Kansas. Oh, yes. We want to pass the bill to-day.

Mr. CANNON. If there is any hope of its passage, you will have to have a good quorum.

Mr. SNYDER. We shall have to take our chances on that.

Mr. CANNON. Well, do you want unanimous consent?

Mr. SNYDER. No. We are operating under the rule.

Mr. CANNON. When was the rule brought in?

Mr. SNYDER. It was brought in about a week ago, making it in order to-day or any other day that the House could find it convenient to bring it up, so that we are moving now to go into Committee of the Whole House on the state of the Union for the purpose of considering this bill, and we are attempting to fix the time for general debate.

Mr. MANN. Reserving the right to object, I do not desire to take the floor myself in opposition to the bill, but I suggest that if there be any Member of the House who wishes to oppose this bill in general debate he ought to have control of the time instead of two gentlemen, both enthusiastically in favor of the bill, controlling all of the time of the debate.

Mr. HAYDEN. I will say to the gentleman that I am, reluctantly, in favor of the bill.

Mr. MANN. Oh, no; not reluctantly. The gentleman is back of the bill. He is the one that is pushing it. I have no objection to that. I do not know that I have any objection to the bill.

Mr. HAYDEN. I propose to allot time to gentlemen opposed to the bill. I have requests of that kind.

Mr. SNYDER. And I propose to do the same.

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. Does the rule under which this bill is brought up for consideration require the general debate to be confined to the bill?

The SPEAKER. It does not.

Mr. WALSH. Well, what is the necessity, then, for one hour and a half on a side if they are going to talk about other matters?

Mr. MANN. Well, that is a good use of time.

Mr. MONDELL. Several gentlemen have asked for time.

Mr. MANN. That has been done in the last week or two to good purpose.

Mr. MONDELL. We have had some very excellent debates while the gentleman from Massachusetts [Mr. WALSH] was away.

Mr. WALSH. I will go away again if by absentsing myself I can bring about something beneficial to the country. [Laughter.]

Mr. SNYDER. I desire to say that all who have asked for time, desire to talk on the bill or on Indian affairs with the exception of one Member.

Mr. MONDELL. Will the gentleman yield now to me in order that I may submit a unanimous-consent request?

Mr. SNYDER. I will.

#### ADJOURNMENT OVER UNTIL MONDAY.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn until Monday.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn until Monday. Is there objection?

There was no objection.

#### ADMINISTRATION OF INDIAN AFFAIRS.

Mr. SNYDER. Mr. Speaker, I ask that my unanimous-consent request be put.

The SPEAKER. The gentleman from New York asks unanimous consent that the time for general debate be limited to three hours, half to be controlled by himself and half by the gentleman from Arizona. Is there objection?

Mr. CANNON. I object, but I have no objection to their talking an hour and a half on a side. I do not want to close general debate by unanimous consent. I have no objection to gentlemen talking. We have been educating Indians world without end. What is the gentleman's request?

Mr. SNYDER. For one hour and a half of general debate on a side.

Mr. CANNON. You do not propose to close general debate to-day?

Mr. SNYDER. Certainly.

Mr. CANNON. You will not have a quorum here.

Mr. SNYDER. We propose to close general debate at the expiration of three hours, and then take up the bill under the 5-minute rule.

Mr. CANNON. Well, proceed in your own way. I shall not make any agreement by unanimous consent that will dispense with a quorum, and you have got to stay here.

Mr. SNYDER. Mr. Speaker, I have nothing further to say on the proposition.

The SPEAKER. Objection has been made.

Mr. SNYDER. I do not understand that the gentleman objected.

Mr. CANNON. I do object.

The SPEAKER. The gentleman from Illinois objects.

Mr. BLANTON. Mr. Speaker, I think we ought to have a quorum here.

Mr. SNYDER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union.

Mr. BLANTON. We ought to have a quorum here.

The SPEAKER. The gentleman from Texas makes the point that there is no quorum present.

Mr. BLANTON. I will withdraw the point, Mr. Speaker.

The SPEAKER. The question is on agreeing to the motion of the gentleman from New York [Mr. SNYDER], that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7848.

Mr. CANNON. Unless you agree that you can conclude your talking—

Mr. SNYDER. I have no desire to prolong discussion.

Mr. MONDELL. We want to discuss the measure fully.

Mr. CANNON. You want to discuss it fully, without a quorum.

The SPEAKER. The question is on agreeing to the motion of the gentleman from New York, that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7848.

The motion was agreed to.

The SPEAKER. The gentleman from Ohio [Mr. BURTON] will please take the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7848, with Mr. BURTON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7848, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

Be it enacted, etc., That the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, in addition to the duties now required to be performed by existing law, shall direct, supervise, and expend such moneys as Congress may from time to time appropriate, authority for which is hereby granted, or that may be available from other sources, for the benefit, care, and assistance of the Indians throughout the United States for the following purposes:

General support and civilization, including education.

For relief of distress and conservation of health.

For industrial assistance and advancement and general administration of Indian property.

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

For the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects.

For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

For the suppression of traffic in liquor, peyote, and other deleterious drugs.

For the purchase of horse-drawn and motor-propelled passenger-carrying vehicles for official use.

And for general and incidental expenses in connection with the administration of Indian affairs.

SEC. 2. That annual estimates shall be submitted for the consideration of Congress as provided by section 5 of the legislative act approved March 3, 1901 (31 Stat. L., 1009).

Mr. SNYDER. I yield 20 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman and gentlemen of the committee, this measure simply makes in order the items which have been carried for many years in the Indian appropriation bills. I helped to take a number of these items out of the last Indian bill through points of order, but it was the most futile effort possible, for they were reinserted in the Senate and in the end nothing was accomplished. I am opposed to legislating on the point-of-order principle, where one man can



prevent action by the entire body, and therefore I shall not oppose this measure. I sincerely hope, however, that it will give us the opportunity to get down to the fundamentals of our Indian system and inspire us to constructive remedies for an intolerable situation.

I had the pleasure of serving during the past two years on the Indian Affairs Committee, presided over by that most tireless worker and able chairman, the gentleman from New York [Mr. SNYDER]. [Applause.]

During those two years one of the most thorough and complete investigations ever undertaken by a committee of the House was held by that committee. Those hearings left with me certain well-defined convictions, and I am glad to have this opportunity of presenting them, in the hope that I may help a little in the solution of a problem whose very existence in this year of grace is a shameful reflection upon American efficiency and American justice.

Mr. Chairman, no failure or maladministration in Government service can reflect so directly upon the Nation as in our relations with the American Indians. They are wards of the Nation, not of any State or community. They are disfranchised and inarticulate, forced to look to Washington for every need.

It is therefore a peculiar responsibility resting upon every Member of Congress to interest himself in their welfare. Yet that responsibility is not often realized. I do not have a single Indian in my district, and until I was made a Member of the Indian Affairs Committee cared little about the question and knew nothing except what I had learned in little-headed discussion of Indian appropriation bills and in casual visits to a few Indian reservations and Indian schools.

Two years' intensive study has convinced me that Congress has abdicated its functions and powers for many years to a bureau. The result has been just what a great writer on constitutional government said must always follow bureaucracy. "A bureaucracy," said he, "is sure to think that its duty is to augment official power, official business, or official numbers, rather than to leave free the energies of mankind." That is an exact statement of the attitude of the Indian Bureau, which is the embodiment of bureaucracy, a despotic, arbitrary domain which has been permitted to exist and to flourish in this land of the free.

We hear a great deal about bureaucracy in other departments of the Government. Let me say that I have no fear of any bureaucracy exercising despotic sway over free men. In the full control of their own property, with the right of free speech and the ballot, a mightier weapon than the musket, Americans have always ample remedy against any set of public officials who might undertake to rob them of their liberties. Free Americans may always abolish bureaucracy and send bureaucrats into oblivion by a peaceful but effective revolution at the ballot box.

There are certain requirements necessary to establish a real bureaucracy. There must be a subject and helpless people. There must be a class of ruling officials, and there must be possible power and profit out of the exploitation of the subject people.

These characteristics of bureaucracy are all present in the Indian Bureau and nowhere else in our Government. Here are the American Indians, without the rights of citizenship, subject to every whim of their power-seeking rulers, but possessed of \$1,000,000,000 in money and property. Here is a vast ruling organization, with 6,000 employees, whose very existence on the public pay roll depends upon the exploitation of those under them.

There are many black pages in the history of America's dealings with the red men, the native inhabitants of the continent. The first word the Pilgrim Fathers and the Jamestown colonists heard from Indian lips was the word "welcome." They were the type, then, of whom Columbus wrote to his sovereign:

There are not a better people in the world than these, nor more affectionate, affable, and mild. They love their neighbors as themselves.

The American Indian held it a crime to take pay for food. They extended their hospitality with open hands, but the response in the end was written in fire and blood.

Then, in 1775, the Continental Congress, in the midst of the War of the Revolution, realized the deadly danger of the enmity of the Indians. The Congress agreed to the report of its Committee on Indian Affairs, beginning with these words:

That the securing and preserving the friendship of the Indians appears to be a subject of the utmost moment in these Colonies.

The very first treaty made by the Continental Congress, acting for the United States of America, was the treaty made with the Delaware Indians. In that treaty, after the help of the Indians was guaranteed, the hope was held out that a State would

be created and the Indians assured possession, with representation in Congress.

Other treaties were made and a great number of the Indians fought loyally under the new flag of the United States. So important was their help that Gen. Washington declared that if they had been enemies instead of friends the Revolution would not have ended in American independence.

Mr. Chairman, the manner in which that loyalty and friendship were repaid need not be elaborated here. From the very beginning of national history the Federal Government has had exclusive jurisdiction of the Indians of America. Out of the provision in the Constitution that "Congress shall have power to regulate commerce with the Indian tribes" has grown our system of dealing with the Indians.

From 1789 to 1849 Indian affairs were under the control of an Indian office, which was under the War Department. The office of the Commissioner of Indian Affairs was created by the act of 1832, and in 1849 this office was transferred to the newly created Department of the Interior.

During this period the "reservation" plan was adopted and the Indians in the Eastern States were moved to western territory and segregated there. The Government assumed the guardianship of the persons of the Indians and also acquired, through treaties and laws, the complete control of their property. Lands were sold and the funds were placed in the Treasury, to be expended by the Indian Bureau for "such objects as will best promote the comfort, civilization, and development of the tribes entitled to them."

Under these treaties the Government agreed to give supplies, goods, and money for a certain period. When the periods expired there arose the system of "rationing" through which gifts of food and other supplies were made to the Indians.

Through all these processes the Indians and their property were brought completely under the control of the Federal Government. The Indian was a native-born American but he was not a citizen. Gen. Cushing called him a "domestic subject." Daniel Webster applied to the Indians the legal definition of "perpetual inhabitants with diminutive rights." About the best characteristic of the anomalous status of the Indian was that he was a "ward of the Government."

For many years the futility and injustice of the whole system was seen and denounced by a great many Americans. In 1885 the Board of Indian Commissioners, a commission created in 1869 at the request of President Grant, made an earnest plea that all Indians born within the territorial limits of the United States be declared citizens.

Finally, in 1887, Congress definitely and deliberately decided to end the system by breaking up the tribal governments and stopping the "rationing" policy. The Dawes Act, known as the general allotment law, was passed in that year. This law undertook to confer citizenship upon every Indian allotted land under its provisions or under any law or treaty. It further provided that "every Indian, born within the territorial limits of the United States, who has voluntarily taken up his residence separate and apart from any tribe of Indians and has adopted the habits of civilized life, is hereby entitled to all the rights, privileges, and immunities of such citizens."

For an entire generation it has been the express purpose of the American Congress to individualize the Indians, to give them homes of their own, to help them become self-supporting, and to make them citizens of the United States.

It has been the purpose of Congress to end the system of guardianship and make the Indian a citizen instead of a ward. Congress said clearly some 34 years ago that the guardian's first duty to his wards is to make them competent to take care of themselves.

I contend that that purpose has not been carried out in good faith by the Indian Bureau. I have no hesitation in saying that, with all the record of injustice in the past, the blackest page of our dealings with the Indians is to be found in the Indian Bureau system of the past 30 years. With 330,000 souls to be dealt with, less than one-fourth the population of my home county of Allegheny in Pennsylvania, less than one-third of the number of immigrants coming to this country from foreign lands in a single year, the problem has been growing greater with each passing year and Federal expenditures increasing by leaps and bounds. The shame of broken Government promises of the distant past is overshadowed by the deliberate and long-continued effort to hold these Indians in chains against the express will of the lawmaking body.

Mr. Chairman, the Indian Bureau has multiplied its activities, its employees, and its expenditures many fold in 30 years and has actually prevented a solution of the problem. It has held to all the Indians under its care and has reached out for others who had been self-supporting and living free from its restric-



tions. Once corralled by the bureau, it has been an almost impossible task for an Indian to break loose from a system which, by its very nature, degenerated, degraded, and destroyed. The Indians have been kept prisoners on reservations, under arbitrary control and without personal and property rights. They have been segregated in a way to encourage and perpetuate savagery and the use of worthless languages.

The bureau has sought to make such use of the Indians' funds as would unfit them for the management of their own affairs and their own property. The money appropriated for the service of the Indians has not been directed to strengthen their manhood and fit them for intelligent citizenship and a place as self-supporting members of America. Instead it has been largely spent in building up a great organization, with a thousand ramifications, each adding new restrictions upon these wards of the Government and making it still more difficult for them to escape the toils and traps laid about them. The whole purpose has been to make the American Indian an Indian instead of an American.

If a real effort had been made to fit these Indians for citizenship and to set them free, certainly the bureau, in a generation, would have decreased its activities and each year would have been a lessened overhead expense. As the Indians were born, educated, and grew up to maturity they would be given the chance of a free-born American, to make their own way in life, unfettered by external power. By this time, we might have reasonably expected that the Indian Bureau would have decreased its activities until it functioned only for the benefit of the old Indians, who, in 1887, had no education and no opportunities to know the duties and obligations of American citizenship.

Mr. Chairman, the facts show a vastly different situation. Year by year since that time the bureau has increased its activities and its organization.

In 1832 when the bureau was first established it was confidently predicted that in 25 years the Indian problem would be solved and there would be no further need for the bureau activities.

In that 25 years the entire cost of Indian administration was \$50,000,000, less than the sum spent in the past four years. During this period whole Indian tribes were removed to distant reservations, provisions were furnished, and annuities paid. From the lands sold under these treaties the Government received two dollars for every one spent.

Mr. FAIRFIELD. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I will yield, but I would like to continue my statement.

Mr. FAIRFIELD. Were there more Indians then than at the present time?

Mr. KELLY of Pennsylvania. Not under the control of the Indian Bureau. The fact is, that when Congress passed the Dawes Act with the intention of giving Indians individual homesteads and making them citizens, the Commissioner of Indian Affairs reported 243,399 Indians on the bureau rolls. In 1920 the commissioner reported 336,337 Indians on the bureau rolls. That increase does not mean any real increase in the number of Indians, it means that the policy has been to hold fast to all the Indians possible and to round up other Indians who have been outside the fold, wherever and whenever they can be corralled. Every additional Indian brought within bureau control was a reason for greater expenditures and increased organization and no opportunity has been lost to accomplish those ends.

Almost entirely through items on appropriation bills, and without authorization in any statute, divisions and sections have been added, until to-day this agency of the Government is a nation within a nation, a duplicate organism which performs almost every act undertaken by every other department of the Government. It is legislative, executive, and judicial in its functions. It acts as judge, jury, prosecutor, and executioner. It is a mammoth anomaly in American form of government.

The hearings before the Indian Affairs Committee during the past two years show that this bureau has 6,000 employees, not including 12,000 Indian employees. There are scientists and laborers, judges and policemen, accountants and blacksmiths, irrigationists and foresters, carpenters and chauffeurs, physicians and dentists, druggists and rangers, lawyers and farmers, teachers and messengers, stockmen and merchants, oil and gas experts, cooks, waiters, and followers of every other vocation known to modern civilization.

In 1887 there were in the bureau an account division, finance division, files and record division, land and law division, and education division.

Since that time there has been added a purchase division, a probate division, an inspection division, and forestry and irriga-

tion divisions. The number of employees has been multiplied many times.

New sections have been added to all these divisions, and the present organization shows in the education division such sections as employees, schools, law and order, industries, construction, health, and statistics.

Over and above all these divisions and sections is the inspection division, with its supervision of activities in the field and in the office. It is quite natural that such a system must have its inspectors and inspectors of inspectors. In the inspection division there is a special supervisor over the reimbursable industrial appropriations. There are two special supervisors over the probate division. There are two supervisors, one hospital supervisor and one chief supervisor, over the health division. There is a chief supervisor and an assistant supervisor over the irrigation division. There are 10 district supervisors over the schools. There is a chief supervisor and an assistant supervisor over the courses of study in the schools. There is a chief supervisor over the agriculture division. There is a chief supervisor over the live stock division. There are three supervisors over the receipts and disbursements of funds. There is a supervisor over Indian employment. There is a supervisor over Indian traders. Then over all this vast inspection service there is a chief inspector and four separate assistants whose duties are to make special investigations, presumably of the work of the other inspectors.

The forestry division was organized in 1909. The diagram furnished by the bureau shows that it contains six sections: Protection of forestry, forest surveys, sales of lumber, manufacture of lumber, forest extension and grazing.

These are in turn divided into a host of subsections, each with its employees. These subsections are: 1. Construction of roads, trails, bridges, and telephone lines. 2. Establishment of range stations. 3. Maintenance of forest control. 4. Suppression of forest fires. 5. Prevention of timber trespass. 6. Prevention of destruction by insects. 7. Education as to proper use of forests. 8. Establishment of boundaries. 9. Examination of timber. 10. Detailed estimate of amount of timber. 11. Systematic appraisals of timber values. 12. Preparation of contour maps. 13. Regulation for particular salaries. 14. Preparation of contracts and bonds. 15. Presentation of sales to timber operators. 16. Supervision of logging operations. 17. Disposition of slash from lumbering operations. 18. Records of transactions. 19. Conducting of logging operations. 20. Establishment and manufacture of sawmills. 21. Operation of sawmills. 22. Sale of sawmill products. 23. Supervision of cutting operations by Indians. 24. Encouragement of natural reproduction. 25. Planting of trees. 26. Assistance in management of stock. 27. Supervising grazing in Indian lands. 28. Preventing damage to forests.

Did you ever hear of a private business organization so divided and subdivided into futility and foolishness? No business corporation could last a month on such a system. There is a separate agency for conducting logging operations; another for supervising logging operations. There is even a separate branch to encourage the natural reproduction of trees. Whether that means an employee who stands guard over the acorn and the shoot and sapling until it reaches maturity in the great oak I do not know, but rather think it does.

Little wonder that the Indian is baffled and completely confused by a complicated system which will puzzle a college professor. Everything is directed from Washington and complaints and requests run a long gauntlet before finally reaching a remote and haughty administrative authority.

There are frequent changes of administrative heads. New rules and regulations are imposed. The procedure of to-day may be reversed to-morrow.

In view of the exact facts, there was considerable justification for the remark of the old Indian chief in council. After a representative of the bureau had spoken, he was asked to take part in the discussion. He responded with this speech:

Everyone who comes to us from Washington is a liar. The bald-headed ones are the worst. This man is a bald-headed liar.

Then he sat down, his last word spoken. [Applause.]

Mr. Chairman, it simply passes belief to note the vast overhead in forestry operations, and this is made more astounding when it is known that there is a Forestry Service in the Government, organized for exactly this same kind of work. In the Forestry branch in the Indian Service there is a chief who receives \$3,500 a year. There is a chief supervisor of forests, 2 supervisors of forests, 2 expert lumbermen for supervision and inspection, 2 forest assistants, 2 deputy supervisors of forests and a cruiser, who are available for assignment to special work on various reservations, 15 deputy supervisors and rangers in charge of various reservations, 40 forest assistants and scalers



employed in the administration of timber sales, and about 100 guards. There are 165 persons employed in this expanding service. The assistant commissioner, after making the above statement, said that there are 115 employees and that the salaries would not exceed an average of \$1,200 per annum.

That would mean \$138,000 per year for salaries alone. There is an item of \$400,000 carried for "Industrial work and care of timber" in the 1920 appropriation bill. And it is safe to assume that a major portion of it will go to timber work.

The timber is presumed to belong to the Indians and to be sold for their benefit. During the past 10 years, with unprecedented high prices for lumber, all the timber cut under the supervision of the Forestry branch was valued at \$15,000,000. The Indian owners received an infinitesimal fraction of that sum for their direct benefit.

Every division in the Indian Bureau shows practically the same state of affairs. Extensive and expensive organization, with diminishing benefits to the Indians and increasing benefits to the bureau—that is the uniform story throughout.

In the early days of the Indian Bureau the annual appropriation for the entire service was around \$800,000 and this met all treaty obligations, the transportation of Indians to reservations, rations, and supplies. The 1920 Indian appropriation bill carried \$15,346,108.84. In the early days there were 5 agency superintendents. Now there are 150.

Mr. WALSH. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield to the gentleman from Massachusetts.

Mr. WALSH. Have the expenses of this department been increasing during recent years?

Mr. KELLY of Pennsylvania. Yes; increasing to the extent of millions of dollars.

Mr. ELSTON. That is hardly accurate. They have been decreasing during the past several years.

Mr. KELLY of Pennsylvania. No. I mean to say that whereas in 1887 the expenses of the Indian Bureau were \$5,000,000, in 1920 they were more than \$15,000,000, an increase of \$10,000,000 a year, long after Congress had decided to make the Indians self-supporting men and women.

Mr. WALSH. The more they make themselves self-supporting the more it costs to take care of them.

Mr. KELLY of Pennsylvania. I would rather say that the more efforts made by the Indian Bureau to keep them from becoming self-supporting, the more money it costs the United States. [Applause.]

Mr. Chairman, how has this gigantic organization, with its tremendous expenses, been built up? How has it been possible to not only perpetuate but to increase greatly the task definitely undertaken 30 years ago, that of making competent, self-supporting Americans out of some 300,000 assimilable American Indians?

It could be done in but one way—making the Indians incompetent and keeping them incompetent. The system depends upon branding the Indians as inferior and incapable of taking care of themselves.

In answer to a question of mine, Commissioner Sells stated that every self-supporting Indian should be a citizen and have all the rights that go with citizenship. He emphatically declared that a vast number of the Indians are not self-supporting and therefore must be protected and guarded by the bureau.

Now, we have been hothousing the Indians for a century, and there never was a normal Indian who could not have been made into a competent, self-supporting individual in the 21 years required to make a competent citizen of a child born to any American parents. But the average Indian is not self-supporting, and as long as the present system continues he can not become self-supporting. His opportunities are bounded by the reservation and there is no chance for his development. His chances to make money are in the hands of agents and officials who thrive upon a system which depends upon his being a nonsupporting, incompetent individual.

What is the exact situation? It can be seen by a study of the report of the Commissioner of Indian Affairs for the fiscal year 1920.

That report shows that 26,949 Indians were engaged in other industries than farming and live-stock raising. What were these industries which would help make competent, self-supporting citizens? They were basket making, beadwork, pottery, blanket weaving, lace making, fishing, woodcutting, and wild rice gathering.

Three thousand nine hundred and thirty-five basket makers had an income of less than \$25 a year. Two thousand seven hundred and fifty-five beadworkers had an income of less than \$20 a year. Five thousand five hundred and fifty-seven blanket weavers made less than \$120 in the year. Two thousand one hundred and forty-four fishermen made less than \$80 a year.

Two hundred and twelve lace makers made less than \$30 a year. Five hundred and sixty-six pottery workers made less than \$15 a year. One thousand three hundred and fifty wild rice gatherers made less than \$10 a year each.

Each worker of the entire 26,949 had an average income of \$69 for the entire year, or \$5.75 a month.

Is that the method in making self-supporting citizens. Yet there are teachers for these occupations, these soft, nomad trades. The Indians are encouraged to do this kind of work, which in itself unfits them for a place in a real productive community and industry.

But let us look a little further into the employment of these Indians as revealed in the report of the bureau. Twelve thousand two hundred and twenty-four Indians were employed by the bureau itself during the year. They earned or were paid \$1,586,141, or \$130 a year. That means that they had an income of a little more than \$10 a month on which to be self-supporting citizens.

There were 11,038 employed by private parties. These did a little better than those in the bureau service. They received the munificent pay of \$220 a year, or less than \$20 a month, on which to be self-supporting citizens. The only work they could secure was that which might be offered adjacent to the reservation, and under such limitations they did the best they could. Still, \$20 a month does not mean self-support in these days of the high cost of living.

There were 40,962 farmers, and they cultivated an area of \$90,700 acres. They raised crops worth \$4,437,572. That means that each farmer had 22 acres and received about \$110 for the effort for the entire year.

Is it any wonder that a case can be made out by interested parties against the competency of Indians who have only such opportunities. If they are incompetent, the bureau is responsible. With a fair chance and the shackles removed from them they can prove their right to the title of self-supporting individuals, but they can not do it under such obstacles as now prevail. If one-tenth the effort made to persuade, hire, and force the Indians to remain in tribal masses is made to persuade them to become part of American life, the Indian problem will be solved to the benefit of all concerned. All that is necessary is to carry out the thought of James Russell Lowell, "The 'Great American Idea' is to make a man a man and then let him be."

The adults in the Indian reservations can not become self-supporting under these conditions. What, then, of the children who are growing up to-day? Are they being educated into self-supporting Americans, with the education needed to make them able citizens?

The figures show last year 21,056 children eligible for school were not in school because of lack of facilities. That means that one out of every four Indian children is deprived of all opportunities to secure the fundamentals of education absolutely essential to a worthy place in the American community.

Has Congress not appropriated the money for Indian schools? Since 1887, the date of the Dawes Act, \$115,000,000 have been appropriated for schools for Indians. The commissioner's report states that the Government has school buildings on the various reservations valued now at \$15,660,373. That means that money enough to provide a \$40,000 school building for every 200 children has been furnished by Congress. The report, however, states that the money has been spent to build 2,450 schools. That means a school building for every 33 Indian children.

Building so many schoolhouses and scattering them so widely has certain fixed results. It keeps the children on the reservations amid all the obstacles imposed by such conditions. It keeps them from learning the ways of outside life in American civilization, and holds them fast to outworn traditions and outgrown customs. It makes necessary more employees. The pay roll of the Indian school system last year amounted to \$1,727,000. In the past 10 years we have spent over \$600 for the education of every Indian child in the United States.

The enrollment of pupils in a mission school on the Red Lake Reservation in Minnesota is evidence in point. There are 88 Indian pupils enrolled, and it takes \$125, approximately, out of tribal funds to maintain each child a year. There are children on the list who entered the school eight years ago, and who had 60 months schooling before being enrolled there, and who are still in the third grade. Not a single child is above the sixth grade. One of the few sixth-grade pupils was enrolled 10 years ago, with 66 months previous schooling.

The American Government has expended a sufficient sum to give every Indian child a high-school education. The money has been expended, but the children have not had the education. Therefore they are doomed to be incompetent, and

because of that condition the guardianship of the Indian Bureau must be continued.

Guardianship, did I say? The commissioner's report for 1920 shows that among 206,808 Indians scheduled 73,573 have tuberculosis and trachoma. The surgeon general of the Public Health Service made a survey of Indian schools in 1912 and reported that 8,940 children out of 39,231 had trachoma. One out of every three Indians afflicted with these dreaded diseases. Yet millions have been spent for the purpose of guarding them from the dangers of mingling with the whites and risking the contagion of their diseases, mental, moral, and physical.

Guardianship? Yes; the bureau distributed last year rations and gifts to a cost of \$367,081. It is the most expensive system of outdoor relief in the world, and these bureau hand-outs were given in many instances to those who had large sums of money in the Treasury of the United States. Almost every dollar of it was a waste of money and far more. It was pauperizing, degrading influence upon human beings. It made the Indians who were given such humiliating bounties feel their utter helplessness and realize their degradation.

Take the report of the Committee on Expenditures in the Interior Department during the Sixty-second Congress. In two large volumes, known as House Report 1336, this committee details a state of affairs which for fraud, debauchery, and gross betrayal of justice has never been excelled.

This House committee investigated conditions on the White Earth Indian Reservation in Minnesota. They say on page 20 of the report:

These White Earth Indians, the remnant of the once powerful Chipewewa Nation, are rapidly succumbing to the effects of extreme poverty and the white man's diseases, and betrayed by their lawful guardian and their mixed-blood relatives, are now despoiled of their heritage.

It is, indeed, a sad commentary upon the administration of the Interior Department, and more particularly upon the Indian Bureau, that notwithstanding the fact that they have about \$4,000,000 in the United States Treasury and that millions of dollars of their own have already been spent, ostensibly for their relief and civilization, the condition of a very large part of the tribe is far worse than when the first treaty was concluded with them at Fort McIntosh in 1785. When one considers their present condition and reflects on the treatment they have received, he is forcibly reminded of the words of Thomas Jefferson, "When I reflect that there is a just God, I tremble for the future of my country."

Guardianship? Yes; there are 55,141 Indian families outside the Five Civilized Tribes. Of these, the commissioner's report shows that 44,195 are living in permanent houses. The quality of these houses may be understood when it is known that 14,200 of them have no floors. Besides these, 10,496 families live in tents, tepees, and so forth.

These conditions actually exist to-day after all our efforts and our expenditures. They are the sure results of the bureau system of government.

The salary list of the bureau in 1920 was \$4,507,586. There is a reason in every dollar of that sum for the continuance of the present system.

The bureau depends upon the retention of these Indians in the position of helpless wards, huddled together on reservations, and therefore every effort is made to hold to the system.

The Indians are encouraged to remain on the reservation. If any are educated elsewhere, they are encouraged to return. They are taught that their homes, their property, and their future prosperity lie within the confines of the reservation. If a young Indian marries, his reservation-born child has a place on the tribal rolls and a share in the funds locked up in the Treasury. If his child is born outside the reservation, it loses any claim to a share in the pot at the end of the bureau rainbow.

There are many inducements held out. Those vast irrigation schemes, paid for out of alleged reimbursable funds, which are seldom reimbursed, work both ways. It is a mortgage hold on the property of the Indians and an implied promise that the work will be done and in the end the mortgage will be canceled. Within recent years there has been built up a vast system of loans to Indians, known as "reimbursables." The money is appropriated from the Treasury and spent for a multitude of purposes according to the whims of the bureau agents. All this money is supposed to be paid back to the Government by the Indians. The loans are a lien on the property of the Indians and thus become chains to hold them to their places. They are modern bureau inventions for the one great end—bureau perpetuity.

Exclusive of the last two years, there had been expended in reimbursables for industrial purposes alone, \$3,036,936. This money has gone for live stock, cattle, sheep, milch cows, horses, farming implements, seed, fencing material, and many other things.

Both before and after the loan there are red-tape restrictions and regulation which destroy independence and individuality. The chief of the industry section summed these up as follows:

A presurvey is made by the superintendent before anything is sold to the Indian, and his needs are ascertained usually by the farmer in charge of the district in which the Indian lives. If the situation of the Indian is such as to indicate that he will make good use of the team and wagon, etc., it is sold to him, because it is the duty of the farmer to follow him up and see that he does make good use of it.

That outline shows clearly the good use of these reimbursables. They serve as bribes to good Indians, that is, those who are obedient to the bureau in every detail and then they serve as a splendid method of keeping these Indians good for all time to come. But it is a shameful thing to enmesh men in such perpetual debt obligations.

On the Blackfeet Indian Reservation, for instance, out of a total of \$344,017 advanced as reimbursable funds, only \$48,132 had been repaid at the time of the hearings.

When asked what the Government will do in order to enforce payment of these loans, the commissioner and assistant commissioner both declared that the policy had not been determined. The chief of the industry section gave the real situation clearly when he said:

I think it would be safe to allow these delinquents to stand for an indefinite period, you might say, providing the Indian is making an ordinary effort to make his agreement good. It is largely, in my estimate, a part of their education along business lines.

I leave it to the Members of this House to decide just what kind of education along business lines is involved in a system of loaning money to Indians on the assumption that it will be paid back and then to allow the loan to run on, with no effort to collect it, as long as the Indian submits to every kind of restrictions and allows his mind to run uniformly with the Indian Bureau. It is certainly not the kind of business education calculated to make competent citizens.

Such a system offers endless opportunities for fraud and extortion and is certain to lead to bitter resentment, even though there be no misconduct in the transactions.

Capt. Perauk, Ute Indian chief, made a statement concerning the members of his tribe which might be applied to every tribe. He said:

Some of them owe on reimbursables, and they take that out, but they have no way of knowing how much they pay on that when they don't know how much they are getting, they can't keep track of it.

The whole tribe are troubled about this, and can't understand why the agent does not tell them how much they are going to get, and how often.

The payment they had last time was to have been \$100, and none of them got more than \$80, some \$50, some \$40, and they want to know where the rest of their checks went, from \$20 to \$80 held out, on each check.

This goes to show that the agent is crooked, and they have the proof of that.

The Indian farmer makes them put their thumb mark on the checks, and then takes them and has them cashed; they don't know how much he holds out, as they don't know how much the checks are for.

They want to know why the agent is allowed to rob them this way.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. KELLY of Pennsylvania. Will the gentleman from New York yield me a little additional time?

Mr. SNYDER. I yield 10 additional minutes to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. Then besides the loans made to individuals and presumed to be reimbursable there are tribal loans, in which the entire tribe is involved. On the Blackfeet Reservation more than \$250,000 was invested in a tribal herd of cattle. It was stated in the hearings that the herd numbered 4,800 and that it was valued at \$300,000. What is the situation now, when the price of cattle has dropped to less than half its figure? Such a herd to-day is worth less than one-half the amount expended for it. Who is to pay the loss? It was bought on a reimbursable system and the money was to be taken from the tribal funds. Will the Indians, who had nothing to say about the plan, have to stand a loss of more than \$100,000?

There is more than the injustice to the Indians involved in such a plan as dealing with herds of cattle and sheep, which are always more or less a gambling venture. There is a deeper matter of perpetuating tribal property and tribal systems. Such herds and their possession delay the day of individuality. They put property on a tribal basis and hold Indians to the reservations. They evidence a return to the days when all possessions were in the hands of the tribe and nothing in the hands of individuals. The whole system is wrong and should be abolished, and the individual Indian should be encouraged to stand out as an entity, depending upon himself to become self-supporting instead of dealing with him as a tribal mass.



On the Cheyenne River Reservation in South Dakota is a tribal herd of sheep. That herd cost \$25,957 originally, and the expenditures for employees, feed, and so forth, have amounted to \$4,927 more.

The value of the herd, together with all receipts for the sale of products, shows a net gain of \$1,140. But the inventory was made when sheep were worth many times more than they are to-day. Who is to stand the loss? The Indians, who had nothing to say about the investment, or the Government, which made the investment? It is safe to say that in the final analysis the Government will lose the money and the Indians will have another course in business education.

Mr. Chairman, how in the name of all that is sensible can the Indians pay back this Government-created debt? Take the Pimas, whose outlook was the occasion of considerable felicitations by the Indian Bureau employees during the hearings. There is an irrigation system which June 30, 1918, had cost \$449,683.62, with an estimated cost to complete of \$170,000 more. Besides this, \$43,137 had been loaned to individual Indians for industrial purposes, all of which was to be paid as reimbursables.

The total income of the 6,253 Pimas for 1919 was \$271,049, and this included crops raised, stock sold, native industries, sale of timber, and wages earned. That means that each Indian had an income for the entire year of \$43.35, or \$3.60 per month.

Can the Government take out of an income like that sufficient to reimburse itself for these expenditures? Such a task is the nearest approach to squeezing blood from a turnip that could well be imagined. Congress will simply be compelled to annul the debt, and the sooner it is done and the whole practice discontinued the better for everybody.

Two hundred Pima Indians working at the most menial tasks in American industry can make more in a year than the entire tribe made after all these "orphan asylum" methods have been given full sweep.

Gen. Pratt, founder of the Carlisle Indian School, and better acquainted with the Indian problem from an administrative standpoint than any man in America, has expressed it more forcefully than I could. He says:

Lo, "the poor Indian" doesn't half express it. Driven forcibly from his ancient home, corralled on a reservation, robbed of his rights, and finally reduced to a state of practical peonage, he is deliberately kept in a state of savagery and denied the privileges of citizenship and the protection of the courts of the land which originally belonged to him alone.

Mr. Chairman, you may take any group of Americans you choose, segregate them on reservations, and put a bureau over their affairs; let that bureau take their money and spend it for them without informing them of the amount or the purpose; take the land on which they live and sell it or lease it without their consent; give them royalties from oil wells and mines, but no opportunity to work them themselves; educate them to believe that outside their narrow walls and barriers great perils lurk and certain ruin impends; require that every act, no matter how simple, must have the O. K. of an agent whose position depends on the perpetuation of the system.

Does any sane man deny that such a process can fail to breed a race of cringing creatures, unfit for responsibilities of any kind? Yet there is no more need for bureaucratic control of Indians than of the Bohemians, Slavs, Poles, Hungarians, French, Irish, German, English, Scotch, or any other of the nationalities that have been merged into American citizenship. Would any sane man argue that because of such treatment these segregated souls were forever incompetent and should never have a chance to meet life's responsibilities as men and women?

That is the story of Indian control. The very fact that the spirit of many thousands of Indians has not been broken and they still dare to stand for their rights is evidence that they are not an inferior but a superior race. They are worthy of freedom and a fair start and a square deal in the race of life in the midst of American civilization.

The reservation system may have served a good purpose in compelling the Indians of other days to forsake their wild, nomadic ways. But its day is long since passed. It is to-day a breeding place of idlers, beggars, gamblers, and paupers. It is a prison pen where human beings are doomed to live amid sad memories of their ancestors and among the ghosts of the dead. The sooner the whole tribal system and the reservation policy is abolished the sooner we write "finis" to one of the blackest pages of American history.

Compare the American community of 7,500 with the Indian community of the same number, and you will no longer wonder at the lack of Indian development.

In the American community the people are citizens. In the Indian community the vast majority are helpless subjects.

In the American community the officials are elected by the people. In the Indian community a bureau agent has arbitrary authority.

In the American community there are banks, where depositors control their own accounts. In the Indian community there are no banks and the Indians have no right to control their own money.

In the American community the public funds are reported and audited. In the Indian community there is no itemized account of Indian expenditures and the Indians are not told how their money is spent.

In the American community the individual has his private possessions, to be held against the world. In the Indian community the individual may be shorn of his possessions at the whim of a bureau agent without redress.

In the American community there are theaters, movies, lectures, recreational and educational programs. In the Indian community there are no recreation halls and get-together meetings are forbidden.

In the American community there are public libraries and open forums for public discussion. There are no libraries in the Indian community and open forums are forbidden.

In the American community there are physicians and dentists giving competitive service. In the Indian community there are perhaps two Government physicians, who are paid the same salary, whether they give service or not.

In the American community there are public schools, grade and high, fitting the youth for the duties of life. In the Indian community there is an Indian school to the sixth grade only, with teachers for useless occupations, unfitting the youth for real American life.

In the American community there are courts of justice, where wrongs are dealt with according to law. In the Indian community there are police judges, who are absolutely under the control of the superintendent, and whose decisions are without validity until approved by the superintendent.

In the American community no person may be deprived of life, liberty, or property without due process of law. In the Indian community no Indian has any right to life, liberty, or property which a bureau agent is bound to respect.

In the American community offenses and crimes are dealt with under exact laws. In the Indian community the Supreme Court has ruled that certain heinous crimes, if committed by an Indian against an Indian, are outside the jurisdiction of any American court.

In the American community there are farmers' associations, housekeepers' clubs, parents' associations, and other mutual-benefit organizations. In the Indian community they are forbidden.

In the American community there are freedom, development, and democracy. In the Indian community there are serfdom, repression, and autocracy.

Mr. Chairman, to perpetuate such an unworthy system of perpetual tribalism has been the Indian Bureau policy. In order to carry it out there has been a continued effort to delay allotting the reservations to individual Indians.

The fundamental desire of Congress in the act of 1887 has been thwarted by specious objections and arguments. Bureau representatives, knowing exactly what they want, have appeared before the changing Committees on Indian Affairs and have usually succeeded in carrying out their wishes by hook or crook.

The "knockout" argument has been that if these first Americans are set free and given their own homes, they will immediately fall victims to the traps and pitfalls of unscrupulous white men, who are pictured as melodramatic villains, going up and down seeking what poor Indians they may devour.

I have pointed out that the responsibility for the Indian lack of business training rests upon the bureau itself. But putting that aside, it is strange doctrine in America that a law-abiding race must be disfranchised and kept in bondage in order that lawless citizens may be restrained from preying upon them.

It would be more just to put the bureau on the task of dealing with crooks who menace the Indians rather than to permit it to longer submerge and domineer over normal human beings who are capable of becoming splendid American citizens.

The real fear of the bureau is not that freedom to use their own lives and their own property would ruin the Indians, but that it would ruin the Indian Bureau. That is why the bureau is so vociferous in its declaration that the parental, kindly,



patient guardianship of the bureau is the only hope of the red man.

Former Commissioner Sells in an address in 1915 said:

If I were called upon to indicate the one important word in our relations with the red man, it would be "patience."

That is the key word of Indian policy. The bureau glorifies "patience" on the part of the Indians and expects them to endure their evils without murmuring. It glorifies "patience" on the part of the American people and expects them to keep "hands off" and allow its experts to continue and extend a preposterous and infamous system.

If I am not mistaken, the American people and this Congress have come to realize that further forbearance is not a virtue but a vice; that the time for "patience" is over, and the time to act has come.

The illogical un-American arguments of the Indian Bureau have been successful in many instances. To recite all such cases would require volumes.

In 1889 Congress passed a law, after the most careful consideration, ordering the allotment of the Red Lake Reservation in Minnesota. To-day, 32 years after that date, the reservation has never been allotted and is still in tribal possession.

Eight years ago an allotment agent, who, by the way, had never had any experience in Indian matters, was named for the Pima Reservation in Arizona. The Pimas have the proud boast that never in their history have they shed the blood of a white man. They were the friends of the forty-niners who were seeking the gold coast of California, and they saved many of the fortune seekers from death at the hands of the Apaches.

This allotment agent has been at the task of allotting 4,800 Indians for the past eight years, drawing a good salary for it, and not one of his allotments had been completed in 1920. After all these years not a single Pima Indian on the reservation is a citizen of the United States, although their brothers, the Pimas in Mexico, have received the grant of citizenship long ago.

On the Menominee Reservation there is a Grand Army post made up exclusively of Indian veterans of the Civil War. Those men are on a closed reservation, where they can not establish homes, agriculture, stock raising, or anything that marks the independent home builder, because the land is not allotted, and there is no individual right of property. There the Indians can not become citizens without abandoning their reservation rights, and although they have pleaded for allotments the bureau refuses to release its hold. These unfortunate people have some valuable timber, and they will not be released as long as the money from the timber can be used.

This fast declining membership in the old Grand Army post are men of wealth, if they could receive 20 per cent of the actual value of the lumber cut from their reservation lands. They are old war veterans whose property is being fast dissipated, and they will go to their graves paupers, without receiving any real benefit from their vast estate. The children of these veterans are noncitizens, treated as noncompetents, given no chance to enjoy their property or to develop as men and women in free opportunity that should belong to all Americans, especially the children of the men who fought our battles.

It is clear that without allotment of lands an Indian can have no chance to become a competent, self-supporting individual. But even where allotments are made, there are countless methods for keeping the Indian in tow. One notorious case is that of William Brass, a full-blood Crow Indian, living on the Crow Reservation in Montana. His wife inherited the allotment of her grandmother and it had been used by William Brass for 15 years. He had fenced it, cared for it, and made it a valuable hay meadow. In 1918 he raised and sold hay to the value of \$700 from this 80-acre allotment, besides retaining enough for feed for his horses.

In the spring of 1919 the Montana Farming Corporation, acting under a lease granted through the Indian Bureau, broke into this meadow, tore down the fences, removed his farm implements, and a stack of hay, and plowed his land. The Indian knew nothing about the lease and protested against this wrong with all his might, but was utterly helpless.

In the Indian Affairs Committee I brought the case before Indian Bureau officials, the superintendent of the reservation, and Secretary of the Interior. The latter declared that such a case could not have occurred, and I presented the sworn affidavit of William Brass. After some time, the explanation was given that it was not the allotment of Brass until his wife's heirs were determined, and that therefore it was leased to the Montana Farming Corporation.

It rested in the hands of the bureau to determine the heirs. The Indian had cultivated the land and secured more for it in

one year than he could secure in 10 years under the lease forced upon him. He was supporting himself and earning the right to eat his own bread in the sweat of his brow. Over every protest, his land was taken from him and given to a great corporation. Is that the kind of treatment to make competent, self-supporting American citizens?

Remember that this land of the Crow Reservation was the small tract reserved out of the vast hunting grounds of the tribe for these Indians who paid with their blood for their friendship for the white man. The Crows never took up arms against the whites, but they took up arms for them on many a bloody battle field. In the Custer massacre the Crow scouts fought beside the ill-fated commander until they died. The only man who escaped the slaughter was Curly, the Crow scout, who, acting under Custer's express orders, escaped in order to bring reinforcements. It was of the land of this reservation that Curly spoke in 1907 when it was planned to throw open unoccupied lands. At the council Curly rose and said:

I was a friend of Gen. Custer. I was one of his scouts, and will say a few words. The soil you see is not ordinary soil—it is the dust of the blood, the flesh, and bones of our ancestors. We fought and bled and died to keep other Indians from taking it, and we fought and bled and died helping the whites. You will have to dig down through the surface before you find nature's earth, for the upper portion is Crow. The land as it is is my blood and my dead. It is consecrated, and I do not want to give up any portion of it.

William Brass is a full blood of that tribe. The land was his by every right of justice, and into it he had put 15 years' work, care, and attention. In a single day he was dispossessed and the great tractors of the Montana Farming Corporation cut through the soil that was "dust of the blood and flesh and bones of his ancestors." Because the Indian Bureau had not determined the heirs, which they alone could determine, this Indian's farm was taken from him and leased for a long period, and he was left despoiled, helpless, and alone.

Mr. Chairman, this power of determining heirs is one of the greatest in the arsenal of the bureau for its own perpetuation. It means that an Indian's estate is rarely settled. The Indian owner's will means nothing, and the Indian Bureau exercises complete judicial authority, and the Indian heirs have no day in court. There have been cases where by will Indian owners left their land to their widows and the widows' deaths occurred before the endless routine could be completed. I have been told that on the Omaha Reservation three sets of heirs died while the Indian Bureau was determining who were the heirs. Such actions rob the Indians of all faith and initiative. They can never be secure in their temporary rights, and they are made paupers in spirit even when they are not made paupers in property. Real assistance to the Indian would mean a scrupulous and sacred regard for the possessions which are his own. He should be urged to develop himself and his property and given absolute confidence that no one can disturb his rightful ownership. The present policy makes a fearful, craven creature instead of a self-sufficient man, and such a result is inevitable.

In the commissioner's report for 1920 it is stated that 234 Indians were given patents for their lands. They are called fee patents, but a note explains that the owners of these lands can not sell them. In another table it is stated that certificates of competency were issued to 86 other Indians.

If we take the entire number and assume that each Indian was freed entirely from the guardianship of the bureau, the fact remains that on such a basis the problem is perpetual. There were 6,000 Indian births in 1920, while only 320 Indians were declared competent and given their property. Congress has passed laws removing restrictions and it has created competency commissions, but with little success. The competency commissioners are composed of Indian Bureau agents, and Solomon himself would have doubts cast on his competency were he an American Indian appearing before the commissioners.

But even the Indians who are declared competent to manage their own property and are given fee patents and made citizens still do not escape the guardianship of the bureau. During the hearings I asked Commissioner Sells this question: "After the Indian has been declared competent and his property given him he is no longer retained on the rolls, is he?" "Not unless he has tribal property," was the commissioner's reply.

There is the string which still holds these Indians. No matter how able and competent, the Indian can not be loosed entirely until all tribal property is adjusted. The tribal property can not be disposed of until the rolls are made up, and the rolls are made up by the Indian Bureau. The fact that not a single tribe in the United States has had its affairs finally wound up is an indication of the speed made in the solution of this old problem.

But that is not all. When an Indian is declared competent it does not mean that his wife is competent. An alien coming



here from darkest Africa may become a citizen in five years and his wife and minor children become citizens by that act. Not so with the first Americans. The Indian father may petition to receive his lands by grant of competency and may receive it, while his wife is still incompetent, incapable of a single action without the consent of the bureau. The children must be passed on as to competency also before having any rights whatsoever.

Such a policy ties the whole family to the bureau. If it is to be continued, generation after generation will see a segregated group in our midst, never assimilated and never Americanized.

I have seen a letter written within the past year by a woman belonging to the Omaha Tribe in Nebraska. She has a half interest in her father's allotment of 160 acres. She is declared to be incompetent, and, therefore, business must be done for her through the bureau agents. The land was leased for \$10 an acre, secured by a bond, and providing for payments necessary for the support of the woman and her invalid husband. Here is what was done, as written by this woman herself to the Indian Bureau:

This lease has been canceled. In its place is a lease that pays the rent in a share of the grain raised. This is made by your office, but I do not know where, when, or how I am to get my rent. I do not know that it is secured by any bond or anything, and it is doubtful if I can travel to look after the grain that is to be paid in rent. It is also doubtful if the share of grain that is to be assigned to me will pay the taxes. It is certain that you have exchanged for me a lease that would have provided for all my necessities for one out of which I can not secure a pound of meat or the necessities of life for myself and family. I am now a pauper, without any benefits from my land, and I am forced to submit my wishes through the same persons and office that has placed me in that position. The same officials who looked after the welfare of the white man renter must submit my statement to you, and his story weighs with you against me.

That is the kind of business judgment which is used for the benefit of these "wards of the Government," who, if left to themselves, would so surely come to poverty. For my part, I believe the average Indian has better business judgment for himself than the average Indian agent has for him.

I have been told of a contract made by a superintendent for the building of a barn for Mrs. Metana Lyon, a full-blood Omaha Indian woman. She is listed as incompetent and the superintendent transacted the business for her. The barn cost \$1,275, while other barns in the vicinity—larger, better, and more complete—cost \$525.

Is it worth while to spend millions of dollars of the taxpayers' money in order to inflict upon helpless human beings such business judgment as that?

Mr. Chairman and members of the committee, what can be said of a condition such as is evidenced by a recent incident at the Winnebago Reservation in Nebraska? The men of this tribe have been citizens of the United States since 1887. They have had an annual celebration on a certain tract of land. This land this year was cultivated so that the crop might be removed before the end of July, when the celebration was to take place. The owner of the land is Charles Fisher, and it was patented in fee to his father many years ago. The son has been a voting citizen for years.

These citizens advertised their celebration and made all their plans. Their own baseball team has been winning many victories, and they made arrangements for games. Then two weeks before the date of their picnic notices were posted by the superintendent stating that the celebration could not be held. The notice stated that it would be inimical to the interests and welfare of the Indians at this time, but that he would arrange a celebration for them later in the fall. The notice closed as follows:

All persons, therefore, are forbidden to go upon this land for the purpose of preparing for or taking part in the proposed powwow. And anyone so doing will render himself and his belongings thereon subject to ejection and the penalties of the laws of the United States relative to trespass upon Indian lands. The law will be enforced.

SUPERINTENDENT.

If such autocratic authority is used over such advanced Indians as the Winnebagos of Nebraska, who have had allotments of their own and citizenship in most cases for a generation, what would be the limit on closed reservations, where no allotments have been made and no citizenship granted? It is impossible to portray in words too strong the degradation which must follow such unworthy authority backed by the power of the United States Government upon a subject people.

No foothold of control is overlooked. One Indian appeared before the Indian Affairs Committee who was declared by the bureau officials to have an income of \$90,000 a year, an income equal to the salaries of any 12 Members of the House. He testified that he had been overseeing employees on his farm last summer. Inquiry revealed the fact that the Indian Bureau is allowing this Indian \$300 a month to spend, with an extra order for an automobile occasionally. The rest of his "in-

come" is in the guarding hands of the bureau to be held for his heirs, though he has no children.

In 12 years there will be a fund of a million dollars in that one account, with heirs to be determined and endless complexities to be handled in the manner most beneficial to the bureau.

It is as certain as day following night that to leave discretion in the hands of the bureau as to competency of Indians means that in 2021 there will still be a large number of incompetent Indians kept as wards for the support of the Indian Bureau. The Indian Bureau can not exist without the Indians, and the bureau will never go out of existence with the consent of those who make up its personnel.

As a matter of theory, the bureau officials know what should be done. Former Commissioner Sells said to the committee:

I want this record to contain the statement from me that among the most noble characters that I have ever met, and some of them as intelligent men as I care to meet, men who have the highest ideals of devotion to duty, patriotism, love of family, and industry, if you please, have been men every drop of whose blood was Indian.

That is a high tribute, but it is apparently the same kind that was paid the Hebrews by ancient Pharaoh. They were supporting his great empire by making bricks without straw. They were among the most "noble characters he had ever met." They had the "highest ideals of industry, if you please," and so he returned a scornful negative to the appeal of Moses, "Let my people go."

Surely if these full-blood Indians are as intelligent men as one would care to meet, of noble character, and industrious, they are needed in the great American community as citizens and as partners in a self-governing commonwealth. Commissioner Sells paid them a splendid tribute. He admired them so much that he would do everything for them, except the one thing of value—taking his organization off their backs and letting them go as free men.

Oh, the former commissioner was even willing to have them become citizens. In answer to another question of mine he said:

Every American Indian should be a citizen, but I do not wish to convey the idea that that will release him from wardship.

What does that mean? It means that the Indians may be citizens, given the right to a voice and a vote in the biggest business enterprise on earth, the American Government, but they should still be kept as wards for the benefit of the guardian. I maintain exactly the opposite view. No man should be an American citizen unless he is released from wardship. He should be a free man, able to act on his own intelligence and his own conscience, without fear or favor for any bureau on earth. We have plenty of group and class consciousness now in America without building up the most dangerous of all—a group of voters who depend for their prosperity upon a single bureau in a single department in Washington.

Mr. Chairman, a hundred years ago or more, President Jefferson said to an Indian delegation:

My children, I shall rejoice to see the day when the red men, our neighbors, become truly one people with us, enjoying all the rights and privileges that we do, and living in peace and plenty as we do, without anyone to make them afraid, to injure their persons, or to take their property, without being punished for it according to fixed laws.

That was early in the nineteenth century. We have now passed the second decade of the twentieth century and we have made not an inch advance toward that time visioned by the Sage of Monticello. There has been a shameful neglect, but longer delay now in the light of the facts will be infamous indeed.

Without a flag to call his own, the Indian has fought for the starry banner of his guardian. They fought by thousands to preserve the Union and free the black man in the sixties, and then went back to slavery themselves. Ten thousand Indians fought with the American Army at Chateau-Thierry and the Argonne. Twenty-five million dollars was furnished by Indians for the purchase of Liberty bonds to save the country that withheld liberty from them.

The newspapers in June, 1918, told the story of a Sioux Indian who presented himself at the registration booth in the city hall of Philadelphia to register for the draft. He carried in his hand a suitcase. His fathers once owned a great part of the United States, but he carried all his inheritance in his suitcase. He was asked if he was a citizen. "No," he replied, "I am not a citizen." "You are an alien, then?" "No," he answered. "I was born in the United States." "What are you, then?" "I am an Indian. I have neither the rights of a citizen nor an alien. My father is a full-blood Sioux chief. I offer myself for military service." The registration board finally recorded him as "Big Face, born in the United States but not a citizen."



He was accepted in the Army and went overseas. He faced the German shells. He was good enough to fight for his country, but not good enough to be a part of it. Then when he returned he was met with the Hohenzollern rule of the Indian Bureau. He might show his honorable service in the Nation's war, but that does not pass current with the bureau. He must be passed upon by the Indian Bureau agents before he could be declared competent. His share in the tribal property could not be given him. Back he goes to the reservation so that he may forget in time his glorious part in helping to make the "world safe for democracy."

There are veteran American soldiers on almost every reservation treated as serfs by arbitrary officials, seeing the flag they fought for flying over the office of an Indian Bureau agent who refuses to declare them competent citizens even though they rendered the supreme service of citizenship in the fighting line. They took a fighting chance in the Great War. They should have a fighting chance for freedom. They helped to free the world from armed brutality; we should now free them from autocratic bureaucracy.

It is clear to every observer of the actual situation that the Indian Bureau will voluntarily relinquish its throttle hold on the Indians only when every dollar of their money is spent and their property has been dissipated. When the Indians have nothing left and when Congress refuses to appropriate further funds, the Indian Bureau will decide that it is time to release control and for their gigantic organization to go out of business.

It is infamous to wait until that far-off day. This is an American problem and should be met by Congress. There is a kind of savage irony in our habit of groaning over the wrongs of the Armenians by the Turks, the harrying of the Christians in Bulgaria and the Jews in Rumania and Russia, when our own hands are stained with the blood and plunder of the original Americans.

What can be done? Give the Indian simple justice. Emancipate him from the autocratic control of a money-wasting bureau. Take the crushing burdens of bureaucracy off his back and he will walk erect, an American. [Applause.]

There are 60,000,000 acres of land in these reservations. That is more than 160 acres for every man, woman, and child of all those now within the bureau control. The wealth remaining to them aside from the land would give every Indian family of five the sum of \$10,000.

The allotment of the lands and the division of the money should be made at once. The property of minors and hopeless incompetents could be administered in the courts of the various States in the same manner as those of persons other than Indians.

The Indians should be declared citizens with the rights and duties of citizens. They should be encouraged to enter industrial pursuits and not compelled to reside on reservations which in the past have been reserved for barbarism.

Will some Indians suffer in the process? Yes; but they will be freemen, suffering only as freemen do in the struggle of life. The suffering will be infinitely less than under the present system, which imperils, dwarfs, undermines, and destroys the Indians' manhood as well.

Mr. Chairman, around old Liberty Bell, the most priceless possession in America, there is an inscription which is supposed to be the message of this Republic to the world. Our Indian policy has made it read, "Proclaim liberty throughout all the land to all the inhabitants thereof—except the Indians."

On the nickels coined in the United States mints is the portrayal of an American Indian, and just in front of his eyes is that great word of America, "liberty."

It is high time that this Congress undertake to announce the date when that shameful addition to the motto of Liberty Bell shall be removed, when liberty will not be simply before the eyes of the Indians but in their secure possession. [Applause.]

Mr. BLANTON. Mr. Chairman, we ought to have an understanding with regard to the division of time that is going to the opposition. The gentleman from New York [Mr. SNYDER] is in favor of this bill. He is the chairman. The minority Member on this side, the gentleman from Arizona [Mr. HAYDEN], is likewise in favor of the bill.

Mr. WALSH. The gentleman is not entitled to the floor unless recognized by the Chair.

Mr. BLANTON. I am raising a question of privilege under the rules of the House.

Mr. WALSH. The gentleman can not do that in committee.

Mr. BLANTON. I ask for recognition against the bill, if the gentleman from Arizona is in favor of the bill.

The CHAIRMAN. Does the gentleman wish to speak in opposition to the bill?

Mr. BLANTON. I do.

The CHAIRMAN. Is the gentleman from Arizona [Mr. HAYDEN] opposed to the bill?

Mr. HAYDEN. I am not.

The CHAIRMAN. Is any member of the committee opposed to the bill?

Mr. HAYDEN. No.

The CHAIRMAN. Then the Chair thinks it is his duty to recognize the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Then I will yield half of my time to the gentleman from Arizona [Mr. HAYDEN], if I may be permitted to do it.

Mr. HILL. Mr. Chairman, I object to the time against the bill being yielded to those for the bill. I am against the bill, and the gentleman from Texas has time against the bill.

The CHAIRMAN. The gentleman from Texas has the right to yield time.

Mr. BLANTON. The gentleman from New York [Mr. SNYDER] should yield the gentleman from Maryland [Mr. HILL] some of his time.

Mr. HILL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HILL. The gentleman in charge of the bill is for the bill, and has charge of the time for the bill, and the gentleman from Texas [Mr. BLANTON] made the point just now that he should have charge of the time against the bill, because he is against the bill and no member of the committee is against the bill. I want some time against the bill, and I think I am entitled to get it from the side against the bill, and not from those for the bill.

The CHAIRMAN. That is entirely beyond the jurisdiction and control of the Chair. It is the Chair's duty to recognize one in opposition to the bill if he claims recognition. The Chair has recognized the gentleman from Texas, and it is in order for him to control the time.

Mr. HILL. And it is perfectly proper for him to decline to yield time to a Member against the bill?

The CHAIRMAN. It is for him to determine if it is perfectly proper to yield time.

Mr. HILL. That is the point I wanted to make.

Mr. WALSH. Mr. Chairman, is it permissible under the rules for a gentleman to announce that he is opposed to the bill and seek recognition, and then yield some 50 minutes of his time to a Member who is in favor of the bill?

The CHAIRMAN. It is up to a Member's own conscience and responsibility to decide whether that is proper or not.

Mr. BLANTON. If the gentleman from Massachusetts [Mr. WALSH] wants time against the bill, I will yield him such time as he wants. If the gentleman from Maryland [Mr. HILL] can not get time from the gentleman from New York [Mr. SNYDER], I intend to yield him some time.

Mr. WALSH. Will the gentleman yield 59 minutes of his time?

Mr. BLANTON. I will yield to the gentleman from Massachusetts [Mr. WALSH] 10 or 15 minutes, if he desires; or anything within reason.

Mr. SNYDER. Mr. Chairman, a parliamentary inquiry. The chairman of the Committee on Indian Affairs would like to know now how the time is divided.

The CHAIRMAN. The gentleman from New York [Mr. SNYDER] has used a portion of his hour and has reserved the remainder. The gentleman from Texas [Mr. BLANTON] has been recognized for one hour, and is entitled to use it or yield it, as he sees fit.

Mr. BLANTON. Mr. Chairman, I am against this bill. It is a most important measure, in that it changes and holds for naught very important rules of this House. In so far as the Indian appropriation bill is concerned, in the future when this bill becomes the law every Member of this House will have taken from him his right to have a voice in such appropriations annually, except the five Congressmen who are on the subcommittee of the Appropriations Committee that frames such supply bill.

The facts which have been so earnestly presented before us by the gentleman from Pennsylvania [Mr. KELLY] ought to be conclusive against this measure. How he can gather such information, and understand it, and then vote for this measure is beyond my comprehension. All of the great abuses which he mentioned in his argument could be increased many times under the provisions of this bill. Concerning any expenditure desired to be made by it, however needless, however wasteful, however extravagant, all on earth the Indian Bureau would have to do would be to bring in its estimates before this subcommittee of five Congressmen on the Appropriations Com-



mittee, win them over to its way of thinking, have them put such items in the Indian appropriation bill, and the bureau would get the money, for no Congressman could make a point of order against such items because this bill makes in order everything that the subcommittee of five may see fit to put in the bill. When you deprive the 435 Congressmen of their rights under the rules of the House to make points of order against and strike from the appropriation bill items of appropriation for which there is no authority of law, and by such a bill as this give blanket authority to the five Congressmen who compose the subcommittee of the Committee on Appropriations to put in the Indian appropriation bill all items of appropriation they may see fit to put in same, regardless of specific law authorizing them, you make rubber stamps and mummies out of all of the other 430 Members of the House of Representatives. You might as well abolish their positions and send them home and save this waste of their salaries paid out of the Treasury. I am surprised that the distinguished gentleman from New York [Mr. SNYDER], who is usually very jealous of his rights being taken from him, sponsoring such a vicious measure as this—

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON (continuing). Our friend from New York usually looks with scrutinizing care upon any measure that comes before this House that has even a tendency to take from him or his committee any power, authority, or privilege. I am greatly surprised that he has brought in a measure like this. If it applied to any other department of Government other than the Indian Bureau, I feel sure that he would never have brought it upon the floor of this House.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes; I yield.

Mr. SNYDER. The gentleman is entirely wrong in the statement he is making. This bill neither appropriates nor authorizes an appropriation.

Mr. BLANTON. Well, let us see about that, Mr. Chairman. I did not say that this bill appropriates anything, and I do not say that it appropriates anything. It does not. But, Mr. Chairman, it does authorize appropriations without limit or restriction. Is it possible that the distinguished chairman of this committee, the gentleman from New York [Mr. SNYDER], so little understands the provisions of his own bill, a little short bill of only two pages, that he will make the point-blank assertion that "this bill does not authorize an appropriation"? Why, that is the very purpose of this bill. Therein lies its vice and danger. For it authorizes, without limit or restriction, the five Congressmen on the subcommittee of the Committee on Appropriations to put into the Indian appropriation bill any and every item of appropriation that they desire to put in it, and this I will prove to any fair-minded man on this floor in a few minutes.

Now, Mr. Chairman, the gentleman from New York says that this bill "neither appropriates nor authorizes an appropriation." Let me read him the caption of his bill to convince him that it "authorizes an appropriation":

A bill authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

Does not the above caption state that this bill is to "authorize appropriations"? Under the present rules of the House the Committee on Appropriations can only place in the Indian appropriation bill those items of appropriation which have been authorized by specific laws. If the Committee on Appropriations attempts to exceed its authority by placing in the Indian appropriation bill any items of appropriation which have not been authorized by some specific law, then any Member of this House from the floor may exercise his prerogatives as a legislator and have the provision stricken from the bill by timely making a proper point of order against it. And through such rules the Treasury is protected. And it is this right that each and every Member of the House has constitutionally under the rules of the House to thus protect the Treasury that this vicious bill now proposed seeks to deprive all of us of, for this blanket bill, if passed, will constitute specific authority and specific law authorizing the Committee on Appropriations to place in future Indian appropriation bills any and every item of appropriation they have seen fit to put in it absolutely without any limit or restriction whatever.

Why, the bill provides:

That the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, in addition to the duties now required to be performed by existing law, shall direct, supervise, and expend such moneys as Congress may from time to time appropriate, authority for which is hereby granted, or that may be available from other sources, for the benefit, care, and assistance of the Indians throughout the United States for the following purposes:

General support and civilization, including education.

For relief of distress and conservation of health.

For industrial assistance and advancement and general administration of Indian property.

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

For the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects.

For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

For the suppression of traffic in liquor, peyote, and other deleterious drugs.

For the purchase of horse-drawn and motor-propelled passenger carrying vehicles for official use.

And for general and incidental expenses in connection with the administration of Indian affairs.

Now, Mr. Chairman, in all fairness and frankness, could there be any provisions more general in character and containing less restriction and limitation? Note that the bill says:

Shall expend such moneys as Congress may from time to time appropriate, for which authority is hereby granted, or that may be available from other sources.

Now, the only way that Congress from time to time appropriates money for the Indian Bureau is through the regular Indian appropriation bill, except what may be given it through the deficiency bill, both of which come from the Committee on Appropriations. And note in the bill the expression in blanket form—

For which authority is hereby granted—

which is specific blanket law, granting specific blanket authority to the Committee on Appropriations, whose subcommittee of five frames all Indian appropriation bills, to place in same any and all items of appropriation, without limit or restriction, that they may see fit to put in such bill. Because, Mr. Chairman, each and every one of these nine purposes for which appropriations in this bill are authorized to be made are general in character and will take in the whole earth and the deep blue sea thrown in for good measure. There is no limitation—

Mr. SNYDER. The gentleman is entirely wrong about that. All that this does in the world is to—

Mr. BLANTON. Make all items of appropriations absolutely impervious to and immune from points of order. That is all this bill does. But I decline to yield to the gentleman from New York, Mr. Chairman, because he has his own time and can defend his bill in his own time. But, as I said, the whole purpose of this bill is to make all items of appropriation immune and not subject to points of order under the general rules of this House. Now, let us take up and consider separately each one of these nine purposes specified in this bill for which blanket authority to appropriate without limit or restriction is given to the Committee on Appropriations:

(1) General support and civilization, including education.

Could anything be more general, and with less limit or restriction? It is all left to the judgment of the committee. Why, the committee could decide that for "general support" they would give each Indian \$20,000 a year; and for "civilization" might decide that each Indian should be permitted to attend all sessions of Congress, so as to be benefited by its civilizing influences, and under "education," the committee might decide that a \$10,000,000 Indian university should be established and built in Oklahoma and in each of the numerous States now sheltering Indians, and under the first purpose specified in this bill such committee would have authority to place all of the above-mentioned items of appropriation in the Indian appropriation bill, and not a single Member could raise a point of order against any of them, because this little innocent looking but vicious bill now under consideration will be specific law for it all. Now, take the second purpose specified, authorizing appropriations:

(2) For relief of distress and conservation of health.

Under this purpose, Mr. Chairman, the committee might decide that it was necessary to build a \$10,000,000 Indian hospital in Oklahoma and likewise in each one of the numerous States harboring Indians, and under this bill would be authorized to place items of appropriation for same in the Indian appropriation bill, and not a Member of the House could protect the Treasury by making a point of order against it. And under the general purpose "For relief of distress and conservation of health," the committee would be authorized to place numerous, unheard-of items of appropriation in the Indian bill, and all of us Members would be helpless. Now, take the third purpose specified, for which appropriations are authorized:

(3) For industrial assistance and advancement and general administration of Indian property.

The Indian Bureau would not want anything more general than this purpose to authorize it spending barrels of money. It will have all its numerous experts, 6,000 white employees



and 12,000 Indian employees, 18,000 employees in all, to rack their brains to think of just how much it can make estimates for under this purpose, which is wholly without limitation and restriction. Why, for "industrial assistance and advancement" the committee might decide to do almost anything that costs a lot of money, involving millions of dollars annually; and under the general term "general administration of Indian property," the bureau might convince the committee that it needed 100,000 additional employees, and if granted by the committee, all Members of Congress would be helpless, with their right to make points of order against it taken from them by this bill. Now, note the fourth purpose specified, for which appropriations are authorized:

(4) For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

Why, Mr. Chairman, under this head the committee could place items in the Indian appropriation bill to spend millions of dollars building irrigation dams and systems all over Oklahoma and in every one of the numerous States now harboring Indians, and none of us could stop them with points of order. Now, note the fifth purpose specified, for which appropriations are authorized by this bill:

(5) For the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects.

Under this purpose specified generally in the bill, Mr. Chairman, the committee would be authorized to tear down every shack used by Indians and replace same with million-dollar plants, and under the term "projects" almost anything could be done in the way of spending money out of the Treasury. And do you, colleagues, want to be hog tied and hamstrung by this bill and made absolutely helpless, so that you can not function? I do not; and, therefore, I will not support it. Note the sixth purpose specified, for which appropriations are authorized by this bill:

(6) For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

Note that the above is without limit or limitation. It has no restriction whatever. All the bureau has to do is to convince this subcommittee of five Congressmen that it needs 1,000 extra inspectors, 1,000 extra supervisors, 5,000 extra superintendents, 10,000 extra clerks, 1,000 extra field matrons, 10,000 extra farmers, 1,000 extra physicians, 1,000 extra Indian police, 100 extra Indian judges, and 100,000 extra unclassified employees and the subcommittee would put the necessary items of appropriation in the Indian appropriation bill, and there would be a perfunctory vote of some ayes and a few noes and the bill would pass, and the bureau would spend the money. But note the seventh purpose specified for which appropriations are authorized by this bill:

(7) For the suppression of traffic in liquor, peyote, and other deleterious drugs.

It does not even restrict it to the suppression of intoxicating liquor, but permits the bureau to ask for and get from the subcommittee of five Congressmen unlimited amounts of money to be spent in suppressing all liquor, pot liquor, and even common water. In this connection we have another bureau which is spending millions of dollars to suppress sales and use of intoxicating liquor, and it ought to look after the Indians and all, so that there may be no duplication of this expense. Yet if this bureau convinces the subcommittee of five that it should have several hundred thousand dollars to spend under this head, we other Members would be helpless and could not stop it by points of order, as this bill will be a specific blanket law authorizing such appropriations. Now, note the eighth purpose specified for which appropriations are authorized in this bill:

(8) For the purchase of horse-drawn and motor-propelled passenger-carrying vehicles for official use.

Are you, colleagues of mine, going to vote for a blanket authorization of that kind? It authorizes the committee to put in the Indian appropriation bill an appropriation to furnish 10,000 Pierce-Arrow limousines for the employees of the Indian Bureau, and this bill at the same time takes from each one of us our present power we have of stopping it by making a timely point of order. Remember that this bureau has 6,000 white employees and 12,000 Indian employees. All of them will want the same kind of an automobile. I want to keep my power of using properly the point of order. And I am not going to vote it away by voting for this vicious bill. But note the ninth purpose specified for which appropriations are authorized by this bill:

(9) And for general and incidental expenses in connection with the administration of Indian affairs.

Show this to your constituents and ask them if they want you to vote such blanket authority: "For general and incidental expenses"! "Incidental expenses"! Why, Mr. Chairman, whenever a bureau chief wants to have a lot of money turned over to him that he can waste and spend extravagantly he asks for it as "incidental expenses." I am not going to vote to make any such blanket authorizations. Whenever I vote for a law that is going to authorize appropriations to be made out of the Public Treasury I am going to know all about the matter and just how much money is to be taken out and exactly how it is going to be spent and by whom it is to be spent. As I said before, this is a general blanket authority for the Subcommittee on Appropriations to put in the Indian bill just any kind of a proposal to spend money that they see fit, and all of us, by voting away our power to make points of order, are thereby making ourselves worthless as legislators and taking away from ourselves the right to function properly.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes; I yield.

Mr. ANDREWS. Would not a good title for this bill be "A bill to prevent the chairman of the Committee on Indian Affairs from raising points of order on the Indian appropriation bill"?

Mr. BLANTON. No. That is a facetious question. For it prevents each and every Member of the House from making points of order against such items of appropriation.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COOPER of Wisconsin. The gentleman criticizes the title of the bill, that it authorizes appropriations.

Mr. BLANTON. No; I never made that criticism of the bill. The gentleman from New York [Mr. SNYDER] said this bill does not authorize appropriations. I have read the title of the bill to show that the title itself was against the statement made by the gentleman from New York.

Mr. COOPER of Wisconsin. The bill is really, is it not, a bill to give the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior—and that means the chief of the Bureau of Indian Affairs—the absolute right in his discretion to spend all of this money?

Mr. BLANTON. To spend every single dollar that Congress will give him through the action of the Committee on Appropriations.

Mr. COOPER of Wisconsin. Yes. Now, then, one moment. It says:

For the purchase of horse-drawn, motor-propelled, passenger-carrying vehicles for official use.

He can buy as many as he pleases?

Mr. BLANTON. Yes; if they gave him the money. All on earth the Indian Bureau will have to do is to convince the subcommittee of five Congressmen that it needs 10,000 cars and it would get them.

Mr. COOPER of Wisconsin. And there is no provision in this bill for any report by him as to the way he has spent the money, but he is required to make an annual estimate for the consideration of Congress but not a report of his expenditures.

Mr. BLANTON. I am glad that there is at least one gentleman on that side of the aisle that is now in power and that has the machinery of the Government in its charge who has a clear brain and who can see what the English language means in this bill, because the gentleman from Wisconsin has interpreted what this bill really means. What are you going to do? Are you going to just keep on passing this kind of blanket measure? Would you pass this kind of a measure with respect to any other bureau or department of the Government? I would not, and I am not going to vote for this kind of a measure, even for the Indians, and God knows I would do as much for the Indians as anybody else would.

I would do as much as any other American citizen to discharge the debt and obligation that we owe to the American Indians; but the gentleman from Pennsylvania [Mr. KELLY] has demonstrated that the Indian gets very little of the benefit of all these enormous sums that are spent for the Indian Bureau. Much of it is in overhead, and I want to state that we can stop that by points of order when they are not authorized by law. Here is a blanket provision that gives the subcommittee authority to put in Indian bills any amount of money that they see fit to expend, on any kind of a subject that comes under these general heads. As I said before, these general heads will take in every kind of subject of expenditure known under God's heaven and you can not stop them from it if they get their hands on the money.

Mr. HILL. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Maryland.



Mr. HILL. The expenses in 1920 were \$15,000,000.

Mr. BLANTON. Yes; and in 1887 they were \$5,000,000, and they have been increased \$10,000,000 in that length of time, when they should have been decreasing instead of increasing.

I yield to the gentleman from Maryland [Mr. HILL] 10 minutes, and then reserve the balance of my time.

Mr. HILL. Mr. Chairman and members of the committee, I should not speak against this bill unless at this time it raised one of the most important questions before our Government, the question of proper departmental reorganization. Our party is pledged to prompt and careful reorganization of the departments of the Government, and here is one of the bureaus of the Government—the Bureau of Indian Affairs—a byway bureau of the Government of which the great mass of the American people know absolutely nothing, which, in my opinion, should not be granted any additional power.

Mr. SNYDER. Will the gentleman yield right there? I should just like to say to the gentleman that this bill does not grant any additional powers to the bureau—no power that it does not now have.

Mr. MONDELL. Whereabouts in the bill does the gentleman find any additional power or authority given to the Bureau of Indian Affairs?

Mr. HILL. Among other places, in lines 14 and 15, page 2, for the purchase of horse-drawn and motor-propelled vehicles for official use.

Mr. MONDELL. All that does is to give the appropriating committee of Congress the right to appropriate for horse-drawn vehicles.

Mr. CARTER. The right to recommend an appropriation.

Mr. MONDELL. I mean the right to recommend appropriations—to report a bill appropriating for this purpose. It does not give the bureau any authority.

Mr. MANN. Will the gentleman yield?

Mr. HILL. I would rather not.

Mr. MANN. Perhaps I can help the gentleman.

Mr. HILL. I would rather not yield now. If the Government at this time has any well-defined policy as to the Indians it is to break up the tribal government and fit them for individual citizenship as soon as possible. We spent \$5,000,000 in 1887 and \$15,000,000 in 1920 for the Bureau of Indian Affairs.

The census of 1860 showed 254,300 Indians in the United States. The census of 1910 showed an Indian population of 304,950. These Indians mostly live on Government reservations, which Secretary of the Interior Lane aptly designated as "little more than expanded and perhaps somewhat idealized orphan asylums." The importance of the present Indian problem may be seen from the fact that at present they have lands aggregating 109,150 square miles, or territory equal to that of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Kentucky, and Virginia.

The Department of the Interior estimated in 1914 these holdings to be worth \$600,000,000. Over two-thirds of this land is now held as individual farms, the unallotted or tribal lands being estimated as worth nearly \$200,000,000 in 1914. I understand that situation has not materially changed since that time.

Secretary Lane, in his report for 1914, says:

If the oil and coal and timber lands belonging to the Indians were appraised at their full value, and if to this the value of their yieldings and personal property were added, it is estimated that the Indians would be found to have a wealth approximating \$900,000,000.

In other words, applying the report of the Secretary of the Interior for 1914, each Indian in the United States at the present time would be worth on an average \$3,000. In addition to these possessions—my authority is the report of the Secretary of the Interior for 1914—the Treasury of the United States has tribal funds approximating \$50,000,000, while in the banks throughout the Nation the Government has deposited to the credit of individual Indians under its control something over \$18,000,000.

The Secretary of the Interior says that the Osage Indians are the wealthiest people in the world. The department said in 1914 that the average wealth of the Osage Indian was \$9,579.85. With their land holdings and their gas and oil royalties for an average family of four, the Osage Indian has an income of \$2,700 in addition to the income from land.

Mr. CARTER. Will the gentleman yield?

Mr. HILL. Not now. I will yield to the gentleman later. Some families have an income of \$12,000 a year. In view of the only Indian policy the United States has ever had, the policy of returning them to equal citizenship with other citizens, I believe that we should not at this time, especially in view of the pending departmental reorganization, do anything more to keep up the present system of \$15,000,000 a year Indian control. Now, I will yield to the gentleman from Oklahoma.

Mr. CARTER. The gentleman said that the Osage wealth was \$9,000 per capita. The Osages receive something like \$10,000 a year.

Mr. SNYDER. More than that.

Mr. CARTER. Their wealth is immensely more than that.

Mr. HILL. That increases the difficulty, and I did not get the riches of the Osages high enough.

Mr. ELSTON. Will the gentleman yield?

Mr. HILL. I will.

Mr. ELSTON. The gentleman from Maryland does not wish to establish in the bureau any new power, but wishes it to remain as it is now?

Mr. HILL. I wish to see the present Indian Bureau abolished as quickly as it is possible.

Mr. ELSTON. In the meantime he wants the Indian Bureau without any due activity to function?

Mr. HILL. In the meantime I do not wish to see that functions increase.

Mr. ELSTON. Does not the gentleman wish to see it function in the matter of education?

Mr. HILL. I do not wish to see it function any further. I want to save \$15,000,000 a year and put the Indian on an independent basis.

Mr. ELSTON. It can not function under authority of law unless we pass this bill. Does the gentleman from Maryland want to see the present hospitals abolished?

Mr. HILL. As quickly as possible.

Mr. ELSTON. Does the gentleman think they should be continued until they are abolished?

Mr. HILL. Yes.

Mr. ELSTON. How are they going to function unless authorized by Congress?

Mr. HILL. I am opposed to all these improvements, irrigation and building additional buildings.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. BLANTON. Mr. Chairman, I yield five minutes to the gentleman from California [Mr. LINEBERGER].

Mr. SNYDER. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. LINEBERGER].

The CHAIRMAN. The gentleman from California is recognized for 15 minutes.

Mr. LINEBERGER. Mr. Chairman, I shall not use all my time.

It is unfortunate that Members of the House who are as vitally interested in all legislation affecting ex-soldiers, and particularly the wounded and maimed of the World War, as are the ex-service men who are Members of this House and many other Members, should be forced by a combination of political and parliamentary circumstances to express their opinions on the conference report of House bill 6611, entitled "An act to establish in the Treasury Department, a veteran's bureau, and to improve the facilities and service of said veterans' bureau to amend and modify the war risk insurance act," by speaking out of order or through the medium of an extension of remarks.

The necessity for this method of expression rather than a free and fair discussion of the question on the floor of the House at the time the conference report was before us was necessitated by the fact that the distinguished gentleman from Iowa [Mr. SWEET], whose name the bill bears, moved the previous question and thereby precluded all discussion of what many of us believed to be very vital sections of this bill.

One provision of the conference report, and I will mention only one, is particularly obnoxious, not only to the ex-service men of this House, but to a vast majority of the Members who sympathize with a fair and sane treatment of the disabled. [Applause.]

I refer particularly to the refusal of the House conferees to concur in Senate amendment No. 56, which provides that:

If the disabled veteran is so helpless as to be in constant need of a nurse or attendant, such additional sum shall be paid, but not exceeding \$50 per month, as the director may deem reasonable.

The law now provides \$20 per month, and this proposed amendment inserted by the Senate would have increased the amount from \$20 to a possible \$50 per month.

We can not understand why our House conferees should have refused to concur in this amendment, thereby forcing a recession on the part of the Senate conferees. We feel that such an attitude on the part of our conferees is unfair to the totally and permanently disabled, and that it is not in consonance with the sentiment of the whole country to go the extreme limit in doing everything possible to provide the necessary comforts for those who have made all but the last sacrifice for their country.

The cry of economy has been raised. Any attempt to economize at the expense of the wounded and maimed veterans of this Nation is unfitting of the American Congress and a serious reflection upon the gratitude and worthiness of the American people. [Applause.]

Two Republicans, which included the gentleman from Iowa [Mr. SWEET], the author of the bill, and his colleague from New York [Mr. PARKER], according to information which I consider to be reliable, were consistently in favor of the Senate amendment, but were voted down in conference.

I do not criticize my colleagues and I do not wish to be unfair, but I can not understand, and the helpless ex-service man can not understand, why the gentlemen who opposed the Senate amendment so uncompromisingly should be so overwhelmed with their sense of responsibility and economy as to insist on a recession that would save the Government possibly \$30 a month on the comparatively few helpless veterans affected by the deceased amendment. The country demands economy, but not this kind of economy.

Perhaps they can explain it to their constituents.

I can not, nor would I attempt to do so. The ex-service men of my district, because I am of them and for them, know where I stand, as do the rest of my constituency.

I also desire to raise my voice in protest against the practice of bringing in a conference report, such as the one to which I have referred, wherein important changes have been made by the conferees, without permitting some discussion on the floor of this House of the merits or demerits of the agreements which have been made. [Applause.]

This bill came in from conference absolutely sewed up; and when the gentleman from Iowa [Mr. SWEET] moved the previous question, all debate was prevented and the gag rule was on.

It seems to be the idea among the conferees that they can bring in these bills saturated with provisions, or a suppression of provisions, which are distasteful, oftentimes, to a majority of the Members of the House and then force a favorable vote on the part of the Members by precluding debate by what is really a mild but nevertheless effective means of intimidation and coercion. I am glad to know that there are at least a few Members of the House who will not stand for this sort of thing and who will vote against a bill, even though they favor its general provisions, as a protest against this practice.

It was in this consciousness and with this feeling that I have voted against the Sweet bill. I should not have done so had I felt that the bill would have failed to carry on account of my negative vote, but having been shut off from debate I have been forced to this attitude as the only means of protest against what I consider to be a flagrant betrayal of the needs of the disabled, helpless ex-service men in reducing the amount allowed for nurse hire from a possible \$50 to \$20 a month.

In this I have been joined by my colleague, comrade, and friend, Representative HAMILTON FISH, Jr., of New York. We feel that it will be a great deal easier for us to explain to the veterans of the country why we were forced to vote against this bill in protest than it will be for some of you gentlemen to explain to them why—in your zealotness to railroad this bill through along with the refusal of the conferees to concur with the Senate amendment to which I have referred—you forced us into the attitude we have taken, which is not one of opposition to the bill itself but of protest at the tactics and methods of some of the conferees.

The distinguished floor leader of the House [Mr. MONDELL] made a very fair and able speech, in which he referred to the \$475,000,000 per year being paid out by the Government in behalf of the disabled veterans. I approved of many of the things he said, but I think our leader was most unfortunate in the choice of his words, and that his reference to the "generosity" on the part of the Government toward the wounded and disabled might have well been left unsaid.

He did not state that the disabled men have paid in large measure, by reason of the premiums they have paid on their insurance policies, and so forth, for the benefits they are receiving. For the information of the House it would have proven very desirable had he taken the time to go deeper into the matter and tell us how much further the Government would have had to extend its generosity (?) in order to have permitted the Senate amendment of a possible \$50 per month to remain for the care of the helpless, instead of retaining the \$20 per month as provided in the bill as passed.

I am a Republican through and through, and I yield to no man in this House in party loyalty, but it is for the very reason that I am a good Republican that I do not like to see my party permit certain members of the conference committee to force it into such a questionable attitude as it has been forced into by

the blind adoption of this conference report. It is our duty to be for our party, but it is also our duty to see that our party is always right, so that we will not be called upon to be for our party "right or wrong." [Applause.]

My colleague [Mr. FISH] sounded a word of warning in an article appearing under his name in the Washington Herald of August 2, 1921. I believe, without passing on the merits or demerits of some of the statements which my colleague in his sincerity and independence has had the temerity to voice, that there is ample food for thought in the same. [Applause.] [Beginning of extension of remarks.] I hope that every Member of the House will take the time to read this article, as I have been subsequently prohibited from including the same in my remarks because of the objection made by the gentleman from Indiana [Mr. SANDERS]. Perhaps the gentleman "belongs to the union" for preventing, as far as possible, the House from reading or listening to views that do not agree with his own on this important subject. [End of extension of remarks.] There is an old saying that "he who runs may read." I presume the word "run" applies to a political race as well as to those who aspire to the marathon in the Olympic games. [Applause.]

Perhaps a greater desire on the part of the House membership to permit a free and fair discussion on matters such as the Sweet bill conference report would minimize the likelihood of Members being forced into the papers of the country to express their views on vital questions, whereas, without doubt, it would be much more desirable to have them discussed on the floor of the House and given to the country through the medium of the CONGRESSIONAL RECORD, which is the medium which the Congress has provided for such expression on the part of its membership. [Applause.]

Mr. Chairman, I yield back the rest of my time to the gentleman from New York.

The CHAIRMAN. The gentleman from California yields back four minutes. The Chair recognizes the gentleman from Arizona [Mr. HAYDEN] for one hour.

Mr. HAYDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. CARTER].

Mr. CARTER. Mr. Chairman and gentleman of the committee, in view of the turn that this debate has taken and the distance it has drifted afield, it might be well enough to call attention of gentlemen to what this bill really does. This bill does not undertake the enlargement or creation of a single activity which is not now in operation by the Indian Bureau. It simply provides for making certain appropriations in order for activities which have been carried along from year to year by appropriations of money for that year without any specific authorization for the work.

The Indian Bureau was established in 1832, then in the War Department. Its functions were very limited to start with. The only thing they undertook to do to begin with was to put the Indian on a reservation and hold him in restraint to prevent his encroaching on what was considered the white man's rights. Later on, the bureau was transferred to the Interior Department. Still later, a Board of Indian Commissioners was established, then inspectors, then certain agencies with agents, superintendents, clerks, and so forth. Later, schools were authorized with teachers and other employees. Then, again, certain other commissioners, special agents, and interpreters were authorized and various special acts, treaties, and agreements provided from time to time for appropriations for certain specific tribes.

But the difficulty is that no general authorization has been made for many of the Indian Bureau agencies. Like Topsy, "they just grew." An epidemic would break out on some certain reservation and without objection an item would be inserted in the current appropriation bill for its suppression and control. Next, certain Indians would be found wanting to farm but without necessary farming implements and stock, so an industrial item would be inserted and no point of order raised against that. Thus the system grew up, and these different agencies were established by the simple insertion of an appropriation in the annual appropriation act without the passage of any organic act authorizing them.

These appropriations were carried along from year to year so long as the Indian Committee had jurisdiction of appropriations without much friction. But when all appropriations were concentrated in the Committee on Appropriations then the fun began. Before this change the Indian Committee had both legislative and appropriating jurisdiction, and when that committee brought in these unauthorized items points of order were rarely insisted upon because no committee jurisdiction was transgressed and no other committee felt sufficiently aggrieved to kick up the row. When appropriation jurisdiction was taken away from the Indian Committee and the Appropriations



Committee brought in their bill carrying these unauthorized propositions that constituted a clear invasion of committee jurisdiction, the Indian Committee rebelled and its membership—particularly the gentleman from New York [Mr. SNYDER] and myself—raised considerable fuss, resulting in the Indian bill being stripped until, when it reached the Senate, it somewhat resembled "September Morn." [Laughter.] It is true these items were nearly all restored in the Senate, brought back to the House and many of them voted on separately, but the House did not get to consider them under the 5-minute rule.

The purpose of this bill is to cure these defects, and that is all the bill does or undertakes to do.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. CARTER. Yes.

Mr. BLANTON. For instance, take the subsection on lines 16 and 17 on page 2—

And for general and incidental expenses in connection with the administration of Indian affairs.

That takes in everything.

Mr. CARTER. That takes in general incidental expenses. Yes; that covers a great many things.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. CARTER. Yes.

Mr. LAYTON. I do not profess to know anything about the Indian question except as a general reader, and I assume that the gentleman does know particularly and personally something about it. What I want to know is, When will the time come when we can gradually let the tribes come into the body politic and develop themselves and comport themselves as any other foreign element may do? Is there going to be no end to the operations of the Indian Bureau? It is now nearly 100 years since the bureau was established:

Mr. CARTER. Mr. Chairman, that time will come when all Indians are made citizens of the United States, first. That is the first step. Another important step is to educate and civilize every Indian to the point where he is able to meet his white brother on equal terms.

Mr. LAYTON. That is not the basis of citizenship.

Mr. CARTER. My friend says that is not the basis of citizenship. If it is not, then I have no conception of what good citizenship is.

Mr. LAYTON. It is the theoretical basis of citizenship.

Mr. CARTER. It is easy to make assertions, but my friend's assertion is not backed up by any authorities on citizenship on the face of the earth, so far as I know. This thing of good citizenship that we are trying to bring the Indian to is to make him, if possible, the equal of the white man.

Mr. LAYTON rose.

Mr. CARTER. Oh, do not interrupt me now. I want to finish this statement. Of course, we do not expect to make every one the equal of my distinguished friend, but it is hoped that a few of them may even aspire to that. What I mean is that the Indians must be raised to the white man's plane of civilization.

Mr. LAYTON. I only just wanted to say in controverting the gentleman's statement, and rather in substantiation of my own, that there were something like 5,000,000 people admitted to citizenship and to voting in this country, and I am sure they did not have an educational qualification.

Mr. CARTER. We had a bill here last Congress granting citizenship to all Indians, and releasing a great many from governmental supervision, which was a long step. I do not know whether the gentleman voted for it or not, but he had an opportunity to do so. I would like to know whether the gentleman was present and voted for that bill or not.

Mr. KELLY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. CARTER. Just a moment. I want to know whether the gentleman from Delaware voted for that bill?

Mr. LAYTON. I can not tell.

Mr. CARTER. That shows right there, Mr. Chairman, why there is no better solving of the Indian question. Here the gentleman complains against a wrong, against something that is going on, and says something else ought to be done, and when I ask him if he took advantage of an opportunity to rectify that wrong, he can not tell me.

Mr. LAYTON. The gentleman must not put words in my mouth. I had no complaint to make; I only ask the gentleman for a little information.

Mr. CARTER. The gentleman was complaining, and I think he complained justly.

Mr. LAYTON. But I am not complaining.

Mr. CARTER. The gentleman complains that the Indian question was not settled, and he said it had been going on for a hundred years.

Mr. LAYTON. Oh, no.

Mr. CARTER. The gentleman certainly said that it had been going on for a hundred years.

Mr. LAYTON. And it has.

Mr. CARTER. And that he would like to know when, if ever, this thing was going to come to an end.

Mr. LAYTON. In the gentleman's opinion.

Mr. CARTER. In my opinion, it will come to an end when gentlemen like the gentleman himself, a distinguished Congressman, give a little more consideration to the solving of the problem.

Mr. KELLY of Pennsylvania. Mr. Chairman, will the gentleman yield now?

Mr. CARTER. Yes.

Mr. KELLY of Pennsylvania. Just along that line, I voted for the citizenship bill, as the gentleman knows.

Mr. CARTER. I remember the gentleman did.

Mr. KELLY of Pennsylvania. Is it possible under the reservation system of schools, of the sixth grade, to elevate the Indian child to the level of the white child?

Mr. CARTER. With some of them it is not, because some of them do not speak the English language.

Mr. KELLY of Pennsylvania. Is not the fault with the reservation school system?

Mr. CARTER. That perhaps may be true.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. HAYDEN. Mr. Chairman, I yield the gentleman five minutes more.

Mr. CARTER. Mr. Chairman, I want now to talk about the bill. This bill will do something toward solving the Indian problem, because this will permit appropriations to be made somewhat more intelligently. It will permit appropriations to be made for the activities for which they should be made in order that the problem may be worked out.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. CARTER. If the gentleman will make it short.

Mr. ANDREWS. Will this bill do anything more than to prevent points of order on the Indian appropriation bill?

Mr. CARTER. Absolutely nothing else. It does not start a single additional agency in the Bureau of Indian Affairs, it does not enlarge their activities, and does not create any new activities. It does nothing more than protect the committee reporting the bill against the whims and peevishness of some Member attacking the bill. For instance, it might prevent my good friend from Texas [Mr. BLANTON] from reserving a point of order so as to get time to make a speech, and we all know how well he does love to make a speech. He makes some very good ones and I enjoy them very much, but I do not want him to be able to tear a bill to pieces just simply to relieve himself of a speech. My friend from Texas calls attention to the general and incidental expense item. It is broad, it is true, but it is the similar provision to that carried in several other bills. Another gentleman complained about the authorization of—

Mr. FAIRFIELD. Will the gentleman yield?

Mr. CARTER. In a moment. Complained about the authorization for the purchase of motor and other vehicles. There is not a man who ever visited an Indian reservation but who knows that the old cheap automobile they have on an Indian reservation is about the most serviceable thing they have there. It enables one man to cover more ground and do more real field work than three or four men without this conveyance.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. CARTER. Will the gentleman yield me one more minute?

Mr. HAYDEN. I yield the gentleman one minute.

Mr. FAIRFIELD. I understand that objections to items in the former bills practically tore that bill to pieces. Is there any recourse to the subject matter which was not taken care of—is there any recourse—

Mr. CARTER. Yes; the only recourse is this, so far as the House is concerned: The bill went to the Senate, and those items were added in the Senate and came back to the House. The House had recourse under this rule of a separate vote on each item if it so desired.

Mr. FAIRFIELD. But now the House would have no recourse?

Mr. CARTER. Oh, absolutely none save that. The man in charge of the Indian appropriation bill will be at the mercy of any one man in the House who wants to hold him up.

Mr. FAIRFIELD. I understand; but if this bill be passed, then the appropriation bill will go through without the House having the recourse of taking any item out—

Mr. CARTER. No; the House can take out any item it wants to by a majority vote.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. SNYDER. I yield five minutes to the gentleman from Wyoming [Mr. MONDELL]. [Applause.]

Mr. MONDELL. Mr. Chairman, for a long time the committees of the House, having both appropriating and legislative jurisdiction, failed to guard the items of their appropriation bills by legislation—I do not say this in criticism; I simply state it as a fact—with the result that in the last Congress, when the authority to appropriate was vested exclusively in the Committee on Appropriations and gentlemen became somewhat critical of the make-up of the bills by reason of that fact, we were made painfully aware that points of order could be successfully made against many items in a number of appropriation bills which had been reported formerly from those committees which had joint legislative and appropriating authority. The Indian bill left this House as full of holes as a skimmer, and the items which went out were not extraordinary, unusual, or debatable items. They were the usual ordinary essential items of the bill, items which everyone admitted must be in the bill if the Indian Service was to be cared for, items with regard to which the only question ordinarily would be as to the sum to be carried. It became very evident that if we were to continue under the new rule relative to appropriations, or if we were to return to the old practice in the matter of appropriation, in any case, the questions of points of order having been raised, it would be necessary to protect our appropriation bills in the matter of the usual ordinary, necessary, essential items. This is the first bill that has been presented to the House for that purpose. I am sure it was not the intent of the framers of this bill to unduly increase the jurisdiction of the Appropriation Committee. The bill was reported by the Indian Committee, so we must assume that committee intended to protect its legislative authority in framing the bill.

The committee did, on the other hand, endeavor to draft a bill broadening the fundamental law of the bureau sufficiently to make in order the usual essential items on an Indian appropriation bill. As we come to the various paragraphs of the bill there may be found ground for difference of opinion as to whether they are, some of them, at least, a little too narrow or a little too broad. When the bill was first introduced I called the attention of the chairman of the committee, the gentleman from New York [Mr. SNYDER], to the fact that one paragraph in the bill was, in my opinion, too broad. It took from the Indian Committee jurisdiction which it should retain and gave it to the Appropriations Committee. The bill, as originally introduced, authorized appropriations for "hospitals or other buildings," and under a liberal interpretation of that provision it would have been possible for the Appropriations Committee to have reported an item for a new hospital, and I am not so sure whether or no under the language "and other buildings" the committee could not have reported items for new Indian schools or for new institutions of any sort properly coming under the jurisdiction of the Indian Bureau.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. MONDELL. Will the gentleman from New York give me three minutes more?

Mr. SNYDER. I really have not got it.

Mr. MONDELL. Will the gentleman from Arizona [Mr. HAYDEN] give it to me?

Mr. HAYDEN. I will yield one minute to the gentleman.

Mr. MONDELL. At my suggestion that paragraph was so modified that it authorizes the Appropriations Committee to provide for "the enlargement, improvement, and repair of buildings and grounds of existing plants and projects." I think that language will probably meet with the approval of the House, although suggestions may be made as to its further modification. That paragraph and all the other paragraphs were drawn for the purpose of giving authority to appropriate for those things which the appropriating committees have ordinarily appropriated for without any question, and yet not going far enough to impinge upon, to lessen, to reduce the proper jurisdiction and authority of the Indian Committee. Whatever gentlemen may think as to the language of any particular one of the paragraphs in this bill, it is highly important that legislation along these lines be enacted into law before we report our next appropriation bill.

Mr. HILL. Will the gentleman yield for just one question?

Mr. MONDELL. If I have time.

Mr. HILL. Then it would not be inconsistent for one who opposed this bureau and wanted it abolished as soon as possible to vote for this bill?

Mr. MONDELL. Not necessarily.

Mr. SNYDER. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. BURTON].

Mr. BURTON. Mr. Chairman, Mr. Thomas B. Reed, at one time Speaker of this House, made the remark that in proportion to the amount contained in it the Indian appropriation bill carried more of waste and of graft than any other branch of public expenditure.

In the session of 1902-3 I gave very considerable attention to the whole system and made elaborate remarks in the month of January. I am conscious that much of my information is out of date, but I reached certain conclusions at that time which are equally correct now, as I believe. In the first place, this country has been generous to a fault in the treatment of the red man. In the next place, its policy, prompted in great measure by that generosity, has been demoralizing to the Indian, destroying initiative and interfering with his wholesome progress, and at the same time has been characterized by extravagance on the part of the white man and the creation of relations which are not best for either.

I wish especially to set forth the large appropriations which we have in recent years been making for the Indian tribes of this country. The number of the Indians, according to the census of 1920, was 336,000; to speak exactly, perhaps, 336,331. The appropriations from year to year have varied from \$10,000,000 to \$11,000,000, averaging per capita about \$32 for every Indian dwelling within the limits of the continental United States. If equal appropriations per capita had been devoted to purposes of general development, aside from the Army and Navy, preparation for war, and cost of prior wars, it would mean that \$3,500,000,000 would have been appropriated by the Federal Government for the building of roads, for rivers and harbors, and for other improvements—things that add to the welfare of the people. Now, it is unnecessary for me to say that this is five or six times as great an amount as we did appropriate for such purposes. And I may call attention to the fact that for the first 42 years of the life of this Government, from 1789 to 1832, we appropriated only about \$8,900,000 for the support and maintenance of the Indian tribes, and that notwithstanding numerous treaties with them which involved compensation. Thus, there stands out as a most notable fact the very large amounts we have been expending for the Indian tribes.

Mr. SUMMERS of Washington. Was that the amount expended for 72 years?

Mr. BURTON. Forty-two years—from 1789 to 1832.

Are the Indians so bad off? In considering this question it is necessary to take into account that they have been located on reservations where the land is very poor in some cases and on others very rich, not only for agricultural purposes but more especially in minerals. The total value of Indian property, as estimated last year, both tribal and individual, was stated by the Commissioner of Indian Affairs as \$761,000,000. But we must add to that a careful estimate of the value of the oil lands of the Osage Indians, \$700,000,000, and of the Five Civilized Tribes, \$850,000,000, making a total value of Indian property of \$2,311,000,000. So that the average wealth of the Indians of this country is about \$7,000 apiece. The condition of the Osages seems almost fabulous. The 2,100 members are entitled to an income from oil and gas and other sources to the amount of \$10,000 apiece. And yet when I made some remarks on this floor in the year 1903 the Federal Government was paying for their schools, was paying for their every expense. But I have been very glad to see that there has been very substantial reforms made since that time.

Now, this system of coddling the Indian and pampering him and keeping him everlastingly in leading strings has prevented his taking the place that he naturally would take in the citizenship of this country. I am not one of those who for a minute approves of that saying that "the best Indian is a dead Indian." When I was a boy at school I did not accept the boys' superstition that there were Indians in the moon. They have great capacity, physical strength, and intellectual powers as well. In this late war 150 medals were granted to them. At one time I was present at Muskogee, the residence of the lady Member of this House, attending church in the afternoon, and the clergyman was a half-breed Indian. A call that I received from a leading citizen was from a half-breed Indian, also, and there were full-blood Indians all around in that neighborhood who were making progress and doing well.

But what are you doing? Keeping him on the reservation. And you have built up a system of bureaucracy the object of which is to maintain those reservations, to maintain the tribal relations, and the indirect, if not the direct, effect of it is to prevent growth in the civilization of the American Indian.



There is no people on the globe that ever attained a high grade of civilization or strength, except they were left to work out their problems for themselves; and just so long as the Indian is kept in this tutelage it means that his future if not black will be unprogressive.

Now, I do not know what can be done in regard to this Indian Bureau. We can not scrap it; we can not abolish these schools. We can not take any of the radical steps that have been advised by many, but we can change our policy, and I am very glad to note that there have been material changes made since 1903, when I last examined this question. In the first place, those tribes which have such large amounts are setting apart a portion of their income. I mentioned at that time that they were paid 5 per cent on all the Indian funds on deposit in the Federal Treasury, while we were issuing bonds at 2 per cent. Those were the halcyon days with respect to the issue of bonds of the United States at a low rate. We give them a preferential status in courts, and the United States has always been just, or has tried to be just, to the Indians.

Mr. CONNELL. Mr. Chairman, will the gentleman yield?

Mr. BURTON. Yes.

Mr. CONNELL. Is it true that the wealth of the Indian is a great deal higher than the wealth of the average white man in this country?

Mr. BURTON. It is. At different times I have given a good deal of attention to the question of the aggregate wealth of this country and other countries. All estimates are more or less fanciful. The wealth of Great Britain at the beginning of the Great War was set down at \$80,000,000,000; that of Germany, \$80,000,000,000; France, \$60,000,000,000; the United States about \$225,000,000,000, which would be somewhat in excess of \$2,000 per capita. There is no question but that the average wealth of the Indians of this country, \$7,000 apiece, is much in excess of that of the white inhabitants, but, as I said before, it is very unequally divided.

Now, I trust that the schools and other bureaus have done better work than they formerly did. I ask unanimous consent, Mr. Chairman, to insert some documents and somewhat enlarge my remarks for lack of time. I may also desire to insert an extract from a report of the Commissioner of Indian Affairs. I ask unanimous consent, Mr. Chairman.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

Mr. BURTON. This report for the year 1901 contained this statement:

#### WELL-MEANT MISTAKES.

In the last annual report some attention was given to the obstacles in the way of the Indian toward independence and self-support, and three of the most important were pointed out and made the subject of discussion. It was shown that the indiscriminate issue of rations was an effectual barrier to civilization; that the periodical distribution of large sums of money was demoralizing in the extreme, and that the general leasing of allotments instead of benefiting the Indians, as originally intended, only contributed to their demoralization.

Further observation and reflection leads to the unwelcome conviction that another obstacle may be added to these already named, and that is education. It is to be distinctly understood that it is not meant by this to condemn education in the abstract—far from it; its advantages are too many and too apparent to need any demonstration here.

Neither is it meant as a criticism upon the conduct or management of any particular school or schools now in operation. What is meant is that the present Indian educational system, taken as a whole, is not calculated to produce the results so earnestly claimed for it and so hopefully anticipated when it was begun.

No doubt this idea will be received with some surprise, and expressions of dissent will doubtless spring at once to the lips of many of those engaged or interested in Indian work. Nevertheless, a brief view of the plan in vogue will, it is believed, convince the most skeptical that the idea is correct.

There are in operation at the present time 113 boarding schools, with an average attendance of something over 16,000 pupils, ranging from 5 to 21 years old. These pupils are gathered from the cabin, the wigwag, and the tepee. Partly by cajolery and partly by threats, partly by bribery and partly by fraud, partly by persuasion and partly by force, they are induced to leave their homes and their kindred to enter these schools and take upon themselves the outward semblance of civilized life. They are chosen not on account of any particular merit of their own, not by reason of mental fitness, but solely because they have Indian blood in their veins. Without regard to their worldly condition, without any previous training, without any preparation whatever, they are transported to the schools—sometimes thousands of miles away—without the slightest expense or trouble to themselves or their people.

The Indian youth finds himself at once, as if by magic, translated from a state of poverty to one of affluence. He is well fed and clothed and lodged. Books and all the accessories of learning are given him and teachers provided to instruct him. He is educated in the industrial arts on the one hand, and not only in the rudiments but in the liberal arts on the other. Beyond "the three R's" he is instructed in geography, grammar, and history; he is taught drawing, algebra and geometry, music, and astronomy, and receives lessons in physiology, botany, and entomology. Matrons wait on him while he is well and physicians and nurses attend him when he is sick. A steam laundry does his washing and the latest modern appliances do his cooking. A library affords him relaxation for his leisure hours, athletic sports and

the gymnasium furnish him exercise and recreation, while music entertains him in the evening. He has hot and cold baths and steam heat and electric light and all the modern conveniences. All of the necessities of life are given him and many of the luxuries. All of this without money and without price or the contribution of a single effort of his own or of his people. His wants are all supplied almost for the wish. The child of the wigwag becomes a modern Aladdin, who has only to rub the Government lamp to gratify his desires.

Here he remains until his education is finished, when he is returned to his home—which by contrast must seem squalid indeed—to the parents whom his education must make it difficult to honor, and left to make his way against the ignorance and bigotry of his tribe. Is it any wonder he fails? Is it surprising if he lapses into barbarism? Not having earned his education, it is not appreciated; having made no sacrifice to obtain it, it is not valued. It is looked upon as a right and not as a privilege; it is accepted as a favor to the Government and not to the recipient, and the almost inevitable tendency is to encourage dependence, foster pride, and create a spirit of arrogance and selfishness. The testimony on this point of those closely connected with the Indian employees of the service would, it is believed, be interesting.

It is not denied that some good flows from this system. It would be singular if there did not after all the effort that has been made and the money that has been lavished.

In the last 20 years fully \$45,000,000 have been spent by the Government alone for the education of Indian pupils, and it is a liberal estimate to put the number of those so educated at not over 20,000. If the present rate is continued for another 20 years it will take over \$70,000,000 more.

But while it is not denied that the system has produced some good results, it is seriously questioned whether it is calculated to accomplish the great end in view, which is not so much the education of the individual as the lifting up of the race.

It is contended, and with reason, that with the same effect and much less expenditure applied locally or to the family circle far greater and much more beneficial results could have been obtained and the tribes would have been in a much more advanced stage of civilization than at present.

On the other hand, it is said that the stream of returning pupils carries with it the refining influence of the schools and operates to elevate the people. Doubtless this is true of individual cases and it may have some faint influence on the tribes. But will it ever sufficiently leaven the entire mass? It is doubtful. It may be possible in time to purify a fountain by cleansing its turbid waters as they pour forth and then returning them to their original source. But experience is against it. For centuries pure fresh-water streams have poured their floods into the Great Salt Lake, and its waters are salt still.

What, then, shall be done? And this inquiry brings into prominence at once the whole Indian question.

It may be well first to take a glance at what has been done. For about a generation the Government has been taking a very active interest in the welfare of the Indian. In that time he has been located on reservations and fed and clothed; he has been supplied lavishly with utensils and means to earn his living, with materials for his dwelling and articles to furnish it; his children have been educated and money has been paid him; farmers and mechanics have been supplied him, and he has received aid in a multitude of different ways. In the last 33 years over \$240,000,000 have been spent upon an Indian population not exceeding 180,000, enough, if equitably divided, to build each one a house suitable to his condition and furnish it throughout, to fence his land and build him a barn, to buy him a wagon and team and harness, to furnish him plows and the other implements necessary to cultivate the ground, and to give him something besides to embellish and beautify his home. It is not pretended that this amount is exact, but it is sufficiently so for the purposes of this discussion.

What is his condition to-day? He is still on his reservation; he is still being fed; his children are still being educated, and money is still being paid him; he is still dependent upon the Government for existence; mechanics wait on him and farmers still aid him; he is little, if any, nearer the goal of independence than he was 30 years ago, and if the present policy is continued he will get little, if any, nearer in 30 years to come. It is not denied that under this, as under the school system, there has been some progress, but it has not been commensurate with the money spent and effort made.

The commissioner stated further that it would seem a rather sad commentary on the ration system to see Indians driving regularly to the agency in buggies and carriages to receive a gratuitous division of supplies from the Indian agent to keep them from starving.

As it appeared at that time, the proportion of those who were self-supporting in the tribes where the schools were most highly developed in the 10-year period very materially diminished. The percentages of the Shoshones subsisting by civilized labor at the beginning of the period was 25 per cent; at the end of the period it had decreased to 12 per cent. At the Pottawatomie Agency, Kans., the percentage had decreased from 75 to 25 per cent, and at the Umatilla Agency, Oreg., it had decreased from 100 to 30 per cent.

I omitted to mention the care of the Indians in the maintenance of hospitals. There are 19 of these. In the last appropriation bill the amount appropriated for the Sacs and Foxes in Iowa was \$40,000, yet the total number of Indians in the State of Iowa is only 345.

I call attention to an extract from the report of the superintendent of schools showing the ideas that prevailed in regard to the teaching of the Indians. Gentlemen, you would think this was a joke, but it is a part of an official report. This lady was laying out a plan for her subordinates for a 6-year course:

For the first year do not restrain the natural curiosity of the child and his tendency to ask questions.

I think we may pass that up as a chestnut.

In the second year they should have some light work to do, such as shelling corn for the fowls. In the third year they are advanced enough to drive the cattle. In the fourth year such progress can be



made that the pupil can be told of the necessity of keeping the place free from weeds. In the fifth year they should be taught the meaning of capillary attraction.

My, what a loss it is in our educational system that we did not bring that out in time!

In the sixth year it should be shown that the number of dogs maintained does not add to the revenue of the family.

That is the result of the six years' instruction, to teach the Indian that his favorite dog, that is to bear him company in the future state, does not add to the economy of the family. [Laughter.]

I really think this instruction to teachers must have been intended to confirm those two lines of Alexander Pope in regard to the Indian—

His soul proud science never taught to stray  
Far as the solar walk or milky way.

Certainly this instruction would not enable the Indian to go that far.

Now, in the first place, I think this whole system is wrong; that, as is always true in long-established bureaucracies, a cluster of leeches has gotten on the body politic; 6,000 white employees, 1 for every 50 Indians, and I understand from time to time it is increased periodically by 12,000 Indians.

I do most decidedly approve the report of the Committee on Indian Affairs, made by the gentleman from New York [Mr. SNYDER] and some of his colleagues on the 18th of December last. I have not very much pride about it, but it very closely coincides with some suggestions that I made 18 years ago, and it goes still further and accomplishes much more. One thing recommended is to do away with duplication. It seems they have at Muskogee about 150 persons, and they have about 150 in the Indian Department here whose work is overlapping. The next point he makes is that—

All Indian children of any quantum of Indian blood who have received an education in Indian or other schools to the standard of the seventh grade, and who have become 21 years of age, male or female, should be made citizens and at the age of 23 be given certificates of competency and have turned over to them anything due them from the Government and then be required to work out their own salvation. Inasmuch as it has been proven beyond the question of a doubt that a very large per cent of the Indians sent to Indian schools return to their tribal government, it is believed that this recommendation would return to the country considerably more of benefit and profit for the money spent and also tend to force the Indian to make something of himself.

That makes them separate units in our citizenship. It leads to the granting of citizenship to them, and that is the only future for the Indians. If they are kept on the reservation, if they are kept in these tribal relations, they will never emerge from a condition which is a reminiscence of their savage state. That can not be done in a year. Maybe it can not be done in 10 years, but it is the only course to pursue in regard to them.

Mr. YATES. Will the gentleman yield?

Mr. BURTON. Yes.

Mr. YATES. What, in the gentleman's opinion, should be the first step toward the independence of the Indians?

Mr. BURTON. As soon as they have sufficient capacity and competency give them the so-called certificate of competency and put them on their own mettle, on their own resources, and let the Government stop operating toward them as a nurse would operate toward a child.

Mr. CONNELL. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Pennsylvania.

Mr. CONNELL. Is it not true that the average Indians in Oklahoma now have fine homes?

Is it not also true that the Indians in Oklahoma, notwithstanding the fact that they have elegant homes, prefer to sleep in tents in the rear of their residences? So it would appear that while we are appropriating millions for the support of the Indians, as a matter of fact, they are better cared for than any other division of our population.

Mr. BURTON. Many of them have.

Mr. CONNELL. And fences around them and flowers in their front yards?

Mr. BURTON. I am not aware of that. Many of them have fine homes. Of course, it is very hard for any race to break away from its early traditions. It is true, however, that the Indian is a very prominent and helpful element in the citizenship of Oklahoma.

Mr. EVANS. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Nebraska.

Mr. EVANS. When a certificate of competency is issued, should there not be some proceeding by which the competent Indian is entirely separated from tribal interests?

Mr. BURTON. I should think so.

Mr. EVANS. And unless that is done is not the certificate of competency an evil rather than a good in most instances, if he continues his tribal relations?

Mr. BURTON. In the tribe he does not have the separate position as a citizen that is necessary for his independence and development.

Then another point that was recommended in this report is the sale of the surplus Indian lands. There is one reservation belonging to the Navajos which contains 5,380,000 acres. It is true that most of it is very poor land, but what is the sense in leaving any such enormous reservation in the control of one Indian tribe?

Then it is suggested that attendance on schools be made compulsory. It appears that there are about 23,000 Indian children who are being educated at an expense of \$4,992,000 last year, or an average of \$230 apiece. These schools can not be in good shape, can not be well managed. The total amount expended in this whole country for 15,500,000 pupils is about \$760,000,000 a year, a little less than \$50 apiece, as against more than \$200 apiece for the Indian children.

Now, the whole sum and substance of this, I repeat again, is that they must be taught self-reliance, to act for themselves. "If a man will not work, neither shall he eat." Industry and independence are the two words which afford hope for the Indian's future. It should be a lesson to us all that we have done a little too much of the same coddling toward different elements in our own white population. It is a good idea for us who love independence to let the citizen work out his own destiny. There is a great deal in that expression of Jeremy Bentham applied on a larger scale to the business of the country:

All that commerce and industry ask of the State is that which Diogenes asked of Alexander: "Get out of my sunshine!"

[Applause.]

I yield back the remainder of my time.

Mr. SNYDER. Will the gentleman from Texas use some of his time?

Mr. BLANTON. Mr. Chairman, I desire to use five minutes and will ask the Chair to call me down at the end of that time.

The CHAIRMAN. The Chair will notify the gentleman at the end of five minutes.

Mr. BLANTON. Mr. Chairman and gentlemen, the gentleman from Nebraska [Mr. ANDREWS] asked the gentleman from Oklahoma if it were not a fact that the only purpose of this bill was to make the Indian appropriation bill impervious to points of order? The gentleman from Oklahoma, of course, answered yes, and that was the fact. Therefore he would assume that the bill ought to be passed. For that very reason I assume that the bill ought not to be passed. There is no question but what that is its purpose. The gentleman from Wyoming [Mr. MONDELL] has admitted it. The gentleman from New York [Mr. SNYDER] has admitted it. The bill itself admits it. The report admits it. Everything about it admits it, that it is to make the Indian appropriation bill impervious to points of order. Now, to what will that lead? Do you know that the backbone of the safety of our Treasury on the floor of this House is in the point of order? The rules of the House have seen fit to so prescribe. And what are the present rules in that respect? The Committee on Appropriations can bring in no bill on the floor of the House with any item of appropriation in it that is not authorized by some law, and when it violates this rule such item is made subject to a point of order which can be raised by any Member of the House if he knows how and when to raise it. That is the rule. When the Committee on Appropriations brings in a bill on this floor no Member, not even the chairman of the committee, if you please, can get up and propose to insert one single item into that bill that is not authorized by some existing law, and when it is made it is subject to a point of order, and if a point of order is made at the proper time that item will go out of the bill. Is not that a protection to the people? Is not that a protection to the Treasury? Do your people want you to do away with that protection? Do your constituents want you to sign away that protection which safeguards the money in the Treasury? My people do not want me to do it, and I am not going to do it.

Take this item:

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

As I said before, the Committee on Appropriations can report an item for the building of a \$10,000,000 dam if they want to, and if they bring in a bill for it they will come very near passing it. They can go to any kind of expense—

Mr. CARTER. Will the gentleman yield?

Mr. BLANTON. In a moment. I want to get this clearly before my colleagues. The distinguished gentleman from Pennsylvania [Mr. KELLY] very ably, correctly, and clearly showed you that under one section of forestry they have 28 subsections,



with all kinds of employees in each subsection now on the pay roll of the Government.

Mr. CARTER. Will the gentleman yield?

The CHAIRMAN. The gentleman has used five minutes.

Mr. BLANTON. Mr. Chairman, I will yield myself one minute more in order to yield to the gentleman from Oklahoma [Mr. CARTER].

Mr. CARTER. The gentleman spoke about irrigation projects and said that this would authorize the appropriation of \$10,000,000. Let me call the gentleman's attention to the fact that this does not extend the improvement or operation of the existing irrigation system. There is not an existing irrigation system to-day but what is limited by the very first appropriation that authorized the irrigation projects. So it could not exceed the amount authorized under the original act.

Mr. BLANTON. That would be true if this bill did not do away with those limitations. That is the vice of this bill. It does away with the limits and safeguards heretofore provided, and makes any amount of money the Appropriation Committee sees fit to give them properly expendable by the bureau. That is the trouble with this wild piece of blanket legislation, that it leaves us helpless and without any guide or compass. Mr. Chairman, I reserve the balance of my time, and I yield 13 minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES of Texas. Mr. Chairman and gentlemen of the committee, the all-absorbing topic of to-day is the question of taxation. At the corner grocery store, in the busy marts of trade, in the factory, in the field, on the farm, and in the mammoth mercantile establishments, is heard the constant recurring cry, When is Congress going to revise the revenue law?

As a matter of fact, we are still operating and doing business with the same or substantially the same revenue laws that were passed under the stress of war times. These laws were passed at a time when the world was aflame, when the dogs of war had been unleashed, and stretching from Belgium to the Adriatic was a thousand-mile line tipped with fire.

From every community in America strong young men with eager eyes were hastening to that conflict. It was necessary to raise money in tremendous amounts and without delay. Millions of the most virile young men of America were going 3,000 miles to fight. It took billions to equip and supply them. It mattered little that business might be interfered with. We had to get money wherever it was available and regardless of how it might hurt. The big thing was to supply the soldiers and save civilization. What did business amount to in an hour like that? Business could be revived at a later date. But the armies of freedom were compelled to strike at once and with driving power or everything, including business, would be lost. It would have been suicide to stop to iron out all the inequities of the bill and to deliberate in order to have exact justice dealt out in a revenue law. While we were thus lingering the war might have been lost.

As it was necessary to raise an army on a scale never before dreamed, and to equip it at an expense never before thought of, so it was necessary to draft a revenue bill on a basis never before heard of. The revenue law was passed on May 23, 1917, just 47 days after the declaration of war. It was passed by a vote of 329 ayes and 76 noes, Democrats and Republicans alike, be it said to their credit, joining in passing that bill to supply the Army. The measure went to the Senate and after considerable discussion and some delay passed the Senate with scarcely a dissenting vote. On October 1, 1917, the House without a roll call approved the final conference report. Provision was thus made for supplying the American Army across the seas.

No one party can claim the credit for the passage of that measure. It was an American measure. Whatever defects and whatever demerits the bill possessed must be shared by Democrats and Republicans alike who voted for it in those stirring times.

On the other hand, whatever glory came from the passage of the bill must be shared by Democrats and Republicans alike acting as Americans, everyone realized that the measure was not perfect, everyone realized that grave inequities were embodied in its provisions, but everyone knew it would get the money, and that it was the best that could be had in the limited time permitted for its consideration.

On September 20, 1918, the second revenue measure was passed by the House of Representatives, the vote being 349 ayes and not a single no, all parties again joining in the essential war measure and all parties being entitled to whatever credit was to be had from its passage.

This is the true history of the war-time revenue legislation. Thanks to the cooperation of the American people and the unity of the American citizens, the war was won and the armistice

was signed on November 11, 1918. Great rejoicing prevailed in America and all over the world at the successful termination of the greatest war in all history, and men again turned with a sigh of relief from the implements of war to the arts of peace.

Just before the signing of the armistice the American people saw fit to displace the party then in power and to give the Republican Party control of both the House and the Senate. With the return of peace everyone realized almost instinctively that one of the big problems that faced the country was that of readjusting the inequities of war-time revenue legislation. Everyone realized its justness and necessity as a war-time policy, but every thinking man realized that the burdens must be adjusted to suit the demands of peace. No one realized the necessity of relief and surcease from the burden of war-time legislation more than the great man who then occupied the exalted position of Chief Executive of this Nation, President Woodrow Wilson. Immediately upon the reconvening of the new Republican Congress, he urgently recommended that that Congress take up the question of a revision of the war-time revenue legislation. On May 20, 1920, in his first message to the new Republican Congress he recommended that these changes be made. I want to read some things that he said with reference to Federal taxation at that time:

And credit and enterprise alike will be quickened by timely and helpful legislation with regard to taxation. I hope that the Congress will find it possible to undertake an early reconsideration of Federal taxes, in order to make our system of taxation more simple and easy of administration and the taxes themselves as little burdensome as they can be made and yet suffice to support the Government and meet all its obligations.

The main thing we shall have to care for is that our taxation shall rest as lightly as possible on the productive resources of the country, that its rates shall be stable, and that it shall be constant in its revenue-yielding power. We have found the main sources from which it must be drawn. I take it for granted that its mainstays will henceforth be the income tax, the excess-profits tax, and the estate tax. All these can so be adjusted to yield constant and adequate returns and yet not constitute a too grievous burden on the taxpayer. I think you will find that further changes can be made to advantage both in rates of the tax and in the method of its collection. The excess-profits tax need not long be maintained at the rates which were necessary while the enormous expenses of the war had to be borne; but it should be made the basis of a permanent system which will reach undue profits without discouraging the enterprise and activity of our business men.

Many of the minor taxes provided for in the revenue legislation of 1917 and 1918, though no doubt made necessary by the pressing necessities of the war time, can hardly find sufficient justification under the easier circumstances of peace, and can now happily be got rid of. Among these, I hope you will agree, are the excises upon various manufacturers and the taxes upon retail sales. They are unequal in the incidence of different industries and on different individuals. Their collection is difficult and expensive. Those which are levied upon articles sold at retail are largely evaded by the readjustment of retail prices.

During all of the time that has elapsed since the signing of the armistice and since the delivery of that message, the Republicans have been in continuous power in both ends of the Capitol. During all of that time from practically every hamlet in the United States has come the constant cry for relief from the undue burdens of war-time taxation. Yet on this 4th day of August, 1921, we are still operating under the same old war-time taxation that existed during the emergency when all of the nations of the earth, including America, were going through a trial by fire.

Whatever of blame is to be had for the failure to revise the war-time revenue laws must rest where it belongs, at the feet of the Republican Party. They have had the power; they have had the authority. The Democratic executive—which was the only branch of the Government that was left in the hands of the Democrats—recommended that the question be immediately taken up and that adjustments be made at the earliest possible moment. But throughout the long weary months that widened into years, the American people have been crying for relief, and all that has been heard is the empty echo of that fruitless cry, while the Republican leaders have sat supinely by and watched business go to the wall. They have seen what was a flourishing and prosperous country under Democratic control crash into what amounts almost to a panic under Republican rule. They have taken up their time during that period in discussing minor matters, and have ignored the main question. They have gone off after incidental issues, they have even endeavored to escape responsibility. They have hoped that the American people would lose sight of the fact that the Republicans have had control of both the House and the Senate, and would charge the condition up to the Democratic Party. They went all over the country and undertook to fool the American people last fall with that kind of a cry. They made the promise that if they were put into power they would relieve the people of these burdens of taxation. The only branch of the Government that



was left in the hands of the Democrats was the executive, and a Democratic President at the first opportunity urgently requested the new Congress to revise the tax laws, but the Republicans saw fit to engage in other and minor matters and to neglect the one great problem that faces the American people.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HAYDEN. Mr. Chairman, I yield the gentleman two minutes more.

Mr. JONES of Texas. Mr. Chairman, the Republican Party has been in power, and now through their official organ, the Washington Post—and one might well call it the official hand-organ, because all you have to do is to turn the handle and it produces the music; it misses a note occasionally, but music such as it is, it delivers—through their official organ, I say, they are trying to escape the responsibility, because here in an editorial which appeared in that paper the day before yesterday they say it is cruel to make the American people believe that they can grant this relief. Let me read just a part of that editorial:

It would be most acceptable news for the public to learn that taxes were to be reduced \$500,000,000 a year, or approximately upon an average of \$5 per capita, but it would be unfair to the point of cruelty to deceive the people into expecting such a decrease if there is no possibility of its realization.

With the heavy fixed charges which now lie against the Treasury the fiscal officers of the Government can see no way, even if all the economy measures undertaken prove effective, to reduce their estimates to a great extent.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Texas. I can not yield in the time that I have.

Mr. BLANTON. I yield my colleague five minutes, if he wants more time.

Mr. JONES of Texas. Very well, I yield.

Mr. BURTNESS. Has the gentleman any constructive suggestions to make as to how to improve the situation?

Mr. JONES of Texas. I have just finished reading you some very constructive suggestions from the pen of Woodrow Wilson, and I commend them again to your careful perusal. But, as a matter of fact, one would think from the speeches that were made during the Republican campaign that they did not need any suggestion; that all they needed was the privilege of attending to the matter. I made some suggestions here some few months ago in a 15 or 20 minute speech, and a number of other Democrats have made them, but you fellows do not seem inclined to follow them. I should be very glad to make a lot of suggestions if you will follow them. The trouble with you gentlemen is that you went all over this country and preached and won the election upon the vain and fruitless promise that you could give relief for everything, and then the first thing you did when you got in power was to begin to side-step and to avoid meeting the issue squarely. I will tell you one place where I think you could have relieved it very much. I think the President, who has the power, could have called a disarmament conference two or three months ago to meet at an early date. I can see no necessity for the long delay. The delay has been so great that other nations have been talking about earlier conferences. If we had acted at once and in earnest appropriations for the Navy, and even for the Army, for the ensuing year might have been reduced.

Even at this new session, instead of taking up the revision of the revenue laws, in which every American was interested and which would be of real advantage to every American citizen, the Republican Party, grown rusty with tradition, began to tinker with the tariff. There was a time when most of the revenues necessary to operate the Government were raised by the indirect system of taxation known as the tariff, but even the most ardent believer in the tariff realizes that not more than 15 per cent of the essential revenues of the Government can now be obtained from tariff laws. How silly, how foolish, then, to take up months of this new session in revising the tariff laws, which at most can not produce more than one-sixth of the revenues of the Government, and which, therefore, is relatively far less important than the measure which is to raise at least five-sixths of the essential moneys for the operation of the governmental affairs of the United States.

During all these months—aye, during the two and one-half years that have passed—the one great problem that has stood at the door of every American home has been the injustice of war-time taxation legislation effective in peace-time conditions, and yet, turning a deaf ear to the pleading of the American citizens, the Republicans have seen fit by passing the highest protective tariff bill in the history of the Nation to impose an additional burden on the people of this land.

The American people asked for bread and they gave them a stone; they asked for tax revision and they gave them a tariff law; they asked for relief from the high cost of living and,

with honeyed words as to what they proposed to do along that line, they slipped a dagger into their backs in the form of an added burden in the high cost of living. The truth is that you were intoxicated by the victory last fall [cries of "Oh, no, no; not since prohibition!"]; that victory is about the only form of intoxication you have a chance to indulge in at the present time, and at least you acted as if you were intoxicated, because you neglected the very issues that you "went to bat on" last fall.

True to the historic traditions of the old party, you have fed the American people on promises. The elephant has always been a slow-moving animal, but the leaders this time have made him even slower by keeping him chained to a stob and preventing him making any progress whatever.

The people of the United States have been long suffering and kind to the Republican Party. They have kept that party in power during these three years on the naked promise that the people would be given relief. They have been slow to anger. The American people have always been slow to anger, but the Nation, like the man—that is, slow to anger—is mighty in wrath once that wrath has been aroused, and I confidently predict that when the American people fully realize the true facts in connection with this all-important subject they will rise in righteous wrath and sweep the Republicans from power and will again trust the affairs of their Government to the party that has always stood for the rights of the people—the Democratic Party of the United States. [Applause on the Democratic side.] Now, as a matter of fact, it is an important question even though you do not change the tax law much. There are men all over the United States who for the past two and a half years have been laboring under suspense and under an uncertainty that is almost as bad as the tax itself, of not knowing what the next thing would be, of not knowing how to lay out their credits, of not knowing how to manage their businesses, because there has been the continuous promise that on to-morrow, next week, a little later we are going to revise all these absurd taxes and give you a new tax bill. If you had come in on the basis of truth and fairness at the beginning and told the people frankly that there is money that must be paid, you would have stood in a better place in reference to them. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Mr. Chairman, may I ask how the time stands?

The CHAIRMAN. The gentleman has nine minutes remaining.

Mr. BLANTON. Will the other gentleman use some time?

Mr. SNYDER. I would like for the gentleman from Texas to use the balance of his time.

Mr. HAYDEN. Mr. Chairman, I yield five minutes to the gentleman from Utah [Mr. LEATHERWOOD].

Mr. LEATHERWOOD. Mr. Chairman, in the limited time allotted to me here I may speak somewhat disconnectedly. The history of the Indian affairs of this country for the last 75 years contains many pages which do not reflect any particular credit upon my Government and your Government in the management of those affairs, yet I do not advert to that fact in order to further criticize but only to illustrate one or two things which it may be possible by our experience in the past to correct. At the outset I am in favor of this pending legislation. I do not believe that the time has arrived, even though there may be mismanagement in the Bureau of Indian Affairs, for striking down that agency of the Government. I do not believe that reform should come in any such manner. If there are wrongs to be righted, let us right them more gently. Now, at the very outset there are three fundamental things which, I think, are necessary before we may emancipate the Indian. Those things are provided for in the present activities of the department, and we are simply trying to add some permanency to them by the pending legislation. We must educate the Indian. We must teach him how to take care of himself, and how to be healthy; but we have not finished when we have done that, gentlemen. A man may be healthy; an Indian may be healthy; he may be educated; and yet not fit for the Government to cease its guardianship over him. In addition to those things, we must teach him self-reliance and the ability to do for himself. I have been somewhat surprised at the statement made here by some gentlemen who would seem to infer that because great wealth is centralized in certain portions or certain localities occupied by the Indians that that might be a reason for doing away with the Bureau of Indian Affairs. Indians are like white men, some are rich and some are poor, some are lazy and some are industrious. In the main the wealthy Indians of this country are centralized in the five tribes largely. The rest of the Indians that have been



pushed out into the Rocky Mountain region in the intermountain States have very little of the great wealth now held by the Indians as a whole in this country. Now, I must reach the exact point which I desire to emphasize, and it is this:

I believe that one of the fundamental mistakes which the Government has been making in handling this question has been that the greed of the white man has caused him to drive sharp bargains in dealing with the Indian, and I am not proud of the way the white man has dealt with them. In the main, I think my Government has tried to be fair with the Indian, but I think, gentlemen, we have perpetrated many wrongs against him. Even if you will take the treaties and examine them you will find that in order to drive a sharp bargain we have agreed to do the very things which have made it impossible to emancipate the Indian. Instead of putting him where he can make a living, where it is economically possible for him to make a living, we have given him gratuities, we have fed him, we have given him blankets, we have clothed him, instead of putting him in a position where it would be possible for him by his own industry to live independently apart from the guardianship of the Government. That, gentlemen, is one point I want to emphasize in the consideration of this Indian legislation. Let us deal fairly with the Indians. I read last evening with considerable interest a report for the fiscal year ending June 30, 1920, in reference to one particular tribe of Indians with which I happen to be very familiar, the Bannock Indians. If you will read that report it is, indeed, a discouraging statement of fact in many respects, yet this tribe is advancing and will soon be ready for emancipation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LEATHERWOOD. Mr. Chairman, in order that I may complete that which I had hoped to develop, may I ask unanimous consent to extend my remarks?

The CHAIRMAN. The gentleman from Utah asks unanimous consent to extend his remarks in the Record. Is there objection? [After a pause.] The Chair hears none.

Mr. JONES of Texas. Mr. Chairman, I make the same request.

The CHAIRMAN. The gentleman from Texas makes the same request. Is there objection? [After a pause.] The Chair hears none.

Mr. HAYDEN. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. CONNALLY].

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, we were told in the House months ago that it was very important that the peace resolution be adopted at "once." In fact, we were told that immediately upon the inauguration of the present administration the first thing to which it would address its attention would be the conclusion of peace with Germany. It waited for months and then took up the peace resolution. The peace resolution passed this body under whip and spur and was signed by the President on the 2d day of July. It is now the 4th day of August, and the Attorney General of the United States has not yet been able, in answer to the administration, to decide whether or not it is necessary to issue a proclamation of peace. And so the Attorney General is lockjawed on the question as to whether or not it is necessary, under this legislation—the peace resolution—whether we are at peace already with Germany or whether it will be necessary for the President to issue a proclamation to that effect. So what are we to do? The question is, Are we at peace or are we not? I want to call the attention of the committee, however, to the fact that when this matter was before this body I sought to point out that one of the results that the passage of the peace resolution would accomplish would be to imperil the custody of the United States of alien enemy property. That property should be retained until American claims are settled.

I want to call the attention of gentlemen on the Republican side of this House to a communication in the New York Times of last Monday, August 1. The headlines read:

Germans open fight to get \$350,000,000 seized during the war.  
Otto Heins, former president of Bosch magneto, leads campaign for property.

I quote from this article. This is what Mr. Andrews, the attorney for Mr. Heins has to say:

The Germans expect their property back under the treaty with Prussia, still in existence, providing that in case of war the property of private citizens of either country shall be held inviolate during the war and not confiscated. Every German expects every dollar returned. The thing is that \$10,000,000 property should not be sold for \$4,000,000.

The whole tenor of this article, gentlemen, is to the effect that Mr. Andrews, a New York attorney representing Mr. Heins, who was formerly associated with one of the German companies, the Bosch Magneto Co., is seeking to organize a deter-

mined drive and a campaign to go into the courts and recover all the property still in the hands of the Alien Property Custodian. He states that he has been in touch with prominent members of the Republican administration and prominent Republican politicians, and that he has the sympathy and support of some of them. And the New York Times of Tuesday, I believe it is, carries an interview with Senator CALDER, of New York, who announces that he, at least in part, sympathizes with Heins. The Washington Post of Monday carries this statement:

Complete and formal peace by treaty between the United States and Germany is imminent.

Surely the administration is not going to conclude peace by a separate treaty, if we are already at peace. How can you conclude a treaty of peace when you are already at peace with Germany? Did not it take the first time? We were told when the peace resolution was under consideration that it would bring us peace, and that the technical state of war would no longer disturb our people. But now we are going to have a treaty of peace. Some of us were bold enough even then to suggest to the administration and its representatives on this floor that we could only have formal peace by a treaty, according to the constitutional method, but it has taken the Republican administration until this time to come to the conclusion that really a treaty is at last necessary.

I quote further:

To-day is the seventh anniversary of the beginning of the World War by Germany. When a treaty between Germany and this country has been signed and ratified the war will officially come to an end, as all of her former enemies have made peace through the treaty of Versailles.

That is from the Washington Post.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HAYDEN. I yield two more minutes to the gentleman.

Mr. CONNALLY of Texas. That is from the Washington Post, and we know that it is authoritative, because the Post is close to the sources of influence and inspiration.

What else do we find in the New York Times? It also states that the Harding administration never did believe in the peace resolution. Here is what it says:

The Harding administration had no liking for the peace resolution. It used its influence to have it amended and was instrumental in preventing its adoption for a long period. The President was ultimately understood to have reached the conclusion that as Congress desired to enact this legislation, it might as well do so.

And I want to call attention furthermore to the fact that the attorney for the German interests bases one of his claims on the fact that the Foreign Affairs Committee of this House refused to adopt an amendment to the resolution, proposed by the Alien Property Custodian, which sought to ratify sales made by the custodian. I have here a letter from the Alien Property Custodian under the present administration and a copy of the amendment which he drafted, and which he, Mr. Miller, appointee of President Harding, asked the Committee on Foreign Affairs to incorporate in the resolution, by which sales of alien property would have been ratified, and which your committee absolutely refused to put into its resolution.

Mr. TEMPLE. If the sales had been legally made, there would be no use in ratifying them. If they had not been legally made, they ought not to have been ratified.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CONNALLY of Texas. Will the gentleman from Texas [Mr. BLANTON] yield me a minute in which to answer the question?

Mr. BLANTON. I yield to the gentleman two minutes.

Mr. CONNALLY of Texas. I will say to the gentleman from Pennsylvania, in answer to that question, that if there was any doubt about it, it could have been removed by the amendment urged by Mr. Miller, present custodian. Here is what the amendment of the Alien Property Custodian provided:

The words "and sales" are intended so as to insure the ratification and confirmation of all sales made pursuant to law.

So, if a sale had not been made pursuant to the law, under the amendment the Alien Property Custodian tried to get you gentlemen to put into this resolution it would not have been validated or confirmed. If a sale had been unlawfully made, in law it is no sale.

Mr. TEMPLE. Mr. Chairman, will the gentleman yield?

Mr. CONNALLY of Texas. Yes; I yield.

Mr. TEMPLE. If the sales were made pursuant to law, what further law was necessary to ratify them?

Mr. CONNALLY of Texas. Oh, the gentleman, of course—

Mr. TEMPLE. Does not the gentleman know that cases are now pending in the courts to determine whether certain sales were made in accordance with law, and we do not want to

ratify sales that were in doubt and take the matter out of the courts? [Applause on the Republican side.]

Mr. CONNALLY of Texas. The gentleman begs the question. This amendment provides only that those sales made in accordance with law were to be ratified and those not were not to be ratified. The gentleman voted in the committee against putting that in the resolution, and as the result of his action and that of his committee and of this House this country is now going to be flooded by a campaign, not only in the public prints but in the courts, to take back the German property and take it out of the possession of this Government before American citizens are paid for their claims, because you passed this foolish peace resolution.

Mr. TEMPLE. I voted in the committee and will vote in the House against ratifying any fraudulent action.

The CHAIRMAN (Mr. BURTON). The time of the gentleman from Texas has expired.

Mr. HAYDEN. Mr. Chairman, I yield to the gentleman from Texas [Mr. SUMNERS] five minutes.

The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

Mr. SUMNERS of Texas. Mr. Chairman, in my time I desire to read a communication from Frank L. Ogburn, adjutant of John W. Low Post, No. 53, American Legion, as follows:

JOHN W. LOW POST, No. 53, AMERICAN LEGION,  
Dallas, Tex., July 18, 1921.

Hon. HATTON W. SUMNERS,  
Member of Congress, Washington, D. C.

MY DEAR MR. SUMNERS: I am directed by the members of the John W. Low Post, No. 53, of the American Legion at Dallas, Tex., to forward to you a copy of a resolution recently passed by this post with reference to certain utterances of the Hon. George Harvey, our ambassador to the Court of St. James.

The post directs me to ask you that you call to the attention of the House of Representatives, and, if consistent with the rules of the House, to have incorporated in the permanent records, this resolution as our protest against these utterances.

Very respectfully, yours,

FRANK L. OGBURN,

Adjutant John W. Low Post, No. 53, American Legion.

Mr. Chairman, I ask that the resolution be read in my time.

The CHAIRMAN. The Clerk will report the resolution.

The Clerk read as follows:

Be it resolved by the John W. Low Post, No. 53, of the American Legion, at Dallas, Tex., That we protest to the Congress, to the President of the United States, and to the country against the utterances made by Hon. George Harvey, ambassador to the Court of St. James, at the Pilgrim's Society dinner, on May 19, 1921, and particularly resent and challenge that portion of his address in which he attempted to belittle the part played by the Americans in the World War, and to slander the spirit and high purpose which inspired the American soldiers and sailors who fought in that war, and the American people who encouraged and sustained them in their sacrifice and achievements.

We protest that it is not true that only self-interest and fear prompted the action of the people of the United States and the soldiers and sailors who defended the flag and all that it stands for in the world. We denounce as shameful, unpatriotic, and unworthy from an American, and especially one who is the accredited representative and spokesman of the American Nation at the court of another great nation, such a statement as made by Mr. Harvey, in which he says:

"Even to this day at rare intervals an ebullient sophomoric seeks to applaud and win a smile by shouting 'we won the war.' Far more prevalent until recently was the impression—and this was and still is in a measure sincere—that we went into the war to rescue humanity from all kinds of menacing perils.

"Not a few remain convinced that we sent our young soldiers across the sea to save this Kingdom and France and Italy. This is not the fact. We sent them solely to save the United States of America, and most reluctantly and laggarly at that.

"We were not too proud to fight, whatever that means. We were afraid not to fight. This is the real truth of the matter, and so we came along toward the end and helped you and your allies to shorten the war. That is all we did and all that we claim to have done."

We are certain, because we know, that we and our American comrades in arms, in common with the American people, fought for greater and nobler ideals and motives than those stated by Mr. Harvey. We respectfully submit that aside from any question as to the attempt of Mr. Harvey to discredit his own Nation and its soldiers and sailors in the eyes of the world, that any citizen of America, during that period of sacrifice and world service, who failed so utterly to share in the impulses, the purposes, and the courage unmixed with fear, which was common to the masses of the American people, as Mr. Harvey, by his utterances shows himself to have failed, is unfit to represent in any capacity the American people, much less to represent them in a high diplomatic position. His utterances ought to be repudiated by the only method by which that repudiation can be made complete—by his recall: Therefore be it

Resolved by the John W. Low Post, No. 53, of the American Legion, at Dallas, Tex., That the Government of the United States for which we fought, and for the honor, good name, and ideals of which we are willing to fight again, be petitioned to recall the Hon. George Harvey and to send in his place some man who is 100 per cent American, whose own courage and share in the sentiments of the American people will enable him, without any instructions from Washington, to reflect that courage and sentiment in the discharge of his diplomatic duties and in his public utterances.

ROYALL R. WATKINS,  
LESLIE KEARNEY,  
FRANK L. OGBURN,  
Resolution Committee.

Mr. SUMNERS of Texas. Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The gentleman from Texas yields back one minute.

Mr. CONNALLY of Texas. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. Nine minutes.

Mr. SNYDER. Will the Chair please advise us how the time stands now?

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] has 7 minutes. The gentleman from Arizona has 9 minutes, and the gentleman from New York [Mr. SNYDER] has 11 minutes.

Mr. SNYDER. As to the gentleman from Texas I did not hear.

Mr. BLANTON. I have 7 minutes.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] has 7 minutes.

Mr. HAYDEN. Mr. Chairman, I can not by silence give approval to attacks upon the Indian Service by those who never saw an Indian reservation and who base their charges either upon half truths or anticipated information. It is very easy to cite special instances which, if unexplained, would make the uninformed believe that the Indians have no friends and are always the victims of tyranny and oppression by those appointed to guard their welfare. Neither is it fair to say that a white man can never get justice at the hands of the Indian Bureau when his interests are in conflict with the desires of the Indians, although there is more truth in this charge than in the other.

The personnel of the Indian Bureau contains the usual proportion of job holders and drones such as are found in other branches of the Government, but some years of experience qualifies me to say that as a whole there is no body of Federal employees with higher ideals or a more sincere desire to render good service. Nowhere else are there to be found better examples of men and women who with the true missionary spirit have devoted their lives to the advancement of the dependent and uncivilized people over whose affairs they have been given supervision. I do not deny that occasional wrongs have been done, but more often the fault has been an overzealous care to see that the Indian shall get the best of any bargain that is made.

It is interesting to note how the opponents of the Indian Bureau have changed front in recent years. The old cries of fraud and graft and of robbing the Indians of their heritage have been largely abandoned. We are now told that the Indians are oversupervised, that their initiative is being destroyed, and the suggestion is made that the tribal property which has been so carefully conserved should be immediately divided. It is undoubtedly possible to prove this last contention by pointing to individual instances, but for the great majority of Indians, who are not yet civilized, the adoption of such a policy would make them paupers within a decade. The truth lies between these two extremes, and for that reason we will have an Indian problem, and an Indian Bureau at work solving it, for many years to come.

It has been well said that the first step in the direction of releasing the Indians from supervision by the Bureau of Indian Affairs is to declare that all of them shall be American citizens. I must confess that when such a proposal was first submitted to the Committee on Indian Affairs that I, representing a State where there are over 40,000 full-blood Indians, many of whom can not speak the English language, all of whom are in the tribal relation, hesitated to give such legislation my approval. But the longer I study the question the more I am convinced that it is fundamentally right to grant this privilege to them. The Indians are native born in the United States. They were here before we were, and they should enjoy all the privileges that Congress can consistently give them.

The bill introduced in the last Congress by the gentleman from New York [Mr. SNYDER], the chairman of the Committee on Indian Affairs, confers citizenship on all Indians, but allows them to retain their interest in all tribal property until a proper distribution of that property can be made. I am satisfied, so far as the Indians of the Southwest are concerned—and there are a little over 60,000 of them in Arizona and New Mexico—that a generation, at least, and perhaps two or more generations, must elapse before their tribal property can be distributed and all of such Indians be declared competent to manage their own affairs.

It is not within reason to expect that Indians who within the lifetime of most of us were engaged in warfare against the United States, who had to be conquered by the Regular Army and by force be placed upon reservations on account of their savage and murderous acts, could within such a comparatively short time do everything that a civilized white man can do, particularly in a business way. But such of them as are fit for



American citizenship should have its benefits. Such of them as are incompetent to manage their own affairs should be retained under the restrictions and the supervision of the Indian Bureau.

It must be remembered that citizenship does not necessarily mean the right to vote. Women were always citizens of the United States, yet the election laws of a number of States did not allow them to vote even after they were enfranchised by a constitutional amendment. The same would be true of the Indians. In my State in order to vote a person must be able to read and write and to understand the Constitution of the United States.

Any Indian who has learned to read and write at an Indian school, and can show that he understands the nature of the organic law of the land, would be permitted to vote in Arizona whenever he abandons the tribal relation and becomes an American citizen. There are relatively few of them who can meet these requirements, but I will be the last to deny any man the right of suffrage if he is qualified to exercise it. Whenever the Indians are qualified I am more willing that they should vote than some foreigner who has no better knowledge of our language and our ways and who carries in his heart a greater love for the country of his birth than for America.

I heartily agree that a greater effort should be made to expedite the separation of qualified Indians from their tribes and allow them to become citizens of the United States. The only practical method of doing that, and at the same time doing justice, is through the appointment of competency commissions. Such commissions should take up the cases of individual Indians and, having satisfied themselves that they should become citizens, can recommend appropriate action to the Secretary of the Interior, and then such Indians shall be relieved of restrictions and be permitted to control their own property.

I am confident that a well-qualified competency commission could go through the tribes in the Southwest and within a month or two decide which Indians are fit to become citizens. Take the Navajo Indian Reservation in northern Arizona for example. The competency commission could quickly ascertain by general observation that there are very few Navajo Indians who are prepared to take up the duties and obligations of citizenship. But if it were reported through the Indian agent, or otherwise, that a certain Indian possessed a large number of sheep, that he had a very respectable balance in the bank, that he was a good business man, and that he owned automobiles, and had demonstrated by the conduct of his business that he was perfectly competent to cope with the white man in a business way, that kind of an Indian could be readily pointed out to the commission, and they could determine whether he ought to become a citizen or not.

I am well aware that in certain parts of the country there are Indians who are perfectly competent but who do not want to become citizens because thereby the burden of taxation will be imposed upon them. Indians are not taxed, as Members know, and it is therefore to their financial advantage to remain as members of a tribe. In cases of that kind the competency commission would undoubtedly be obliged to thoroughly investigate the facts. If an Indian applies for citizenship, as would happen in a number of cases, there would also be necessity for a careful investigation, to find out whether he really wanted to become a citizen or simply wanted to wastefully dispose of his property. Some discretion must therefore be reposed in the competency commissions. But, after all, we must presume that men of common sense, who will understand the general situation and look into particular cases as well, will be appointed to do this work. As I have said, it will not take long to find all the competent Indians in the Southwest. There are at least 60,000 Indians in Arizona and New Mexico who ought to remain under restrictions, who ought to have the benefit of supervision by the Bureau of Indian Affairs for a generation if not longer.

Since the Indian Bureau must be retained we should make it as efficient as possible, having always in mind that its ultimate object is not to perpetuate itself but to gradually decrease its activities as the Indians cease to be wards of the Government. Within the bureau there should be a greater recognition of the fact that in many instances the interests of the Indians and their white neighbors are identical and that only by proper co-operation can both races enjoy the fullest measure of prosperity. Since the Indian is free to travel over the white man's roads, he should do his fair share of road building on the reservations. Where there is more land within a reservation than is needed for farming and grazing allotments the surplus should be surveyed and sold to white people who are seeking homes. All of the mineral resources of every reservation should be opened to development under a proper leasing system to the mutual advantage of the Indians and those interested in mining. These

are some examples of what must be accomplished if the orderly development of the Western States where the Indians reside is not to be unduly retarded.

Mr. Chairman, I stated at the beginning of the session to-day that I reluctantly supported the bill that we now have before us for consideration. Frankness compels me to say that I was not favorably impressed with the measure the first time I read it. It then seemed to me that its purpose was to allow the Committee on Indian Affairs to appear, make its bow, and thereafter disappear from the legislative scene of action by thus abdication all of its authority in favor of the Committee on Appropriations. I have examined the terms of the bill in the meantime, and find that the grant of power to the Appropriations Committee is carefully guarded. What it actually amounts to is to authorize by law the making of the usual annual appropriations to carry on the work of the Indian Service, and nothing more.

Since the jurisdiction has been transferred from the Committee on Indian Affairs to the Committee on Appropriations to report the Indian appropriation bill, I see no good reason why there should not be authority of law for the usual and ordinary items contained therein. That committee can hereafter consider and report the Indian bill to the House, and the House discuss and vote upon the items on their merits. Failure to pass this measure means that any gentleman so inclined may make points of order, and item after item can be thus stricken from the appropriation bill. Of course, when it passes the House and goes over to the Senate the items will all be reinserted; but the consideration will be given to them there, and not by this body.

That is the reason, I suspect, why the gentleman from Texas [Mr. BLANTON] objects to the passage of this bill, because he knows it will take from him the right to make points of order. I realize that that right is very dear to his heart. But in spite of the fact that he has stricken numerous items, yea, hundreds of them, out of the appropriation bills, if the same bills were examined in the form in which they were finally approved by the President it would be found that in ninety-nine cases out of a hundred the identical items of appropriation have been reinserted in the Senate, so that in the end his making of points of order here against appropriations which are necessary to maintain the public service merely occupies the time of the House and accomplishes no other result.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. HAYDEN. With pleasure.

Mr. ANDREWS. The passage of this bill, as I understand it, would place the chairman of the Committee on Indian Affairs under bond when the next Indian appropriation bill comes in here?

Mr. HAYDEN. No bond of any kind is necessary. In my opinion the chairman of the Committee on Indian Affairs rendered an excellent service to the House and to the country by his action in connection with the last Indian appropriation bill. If he had not taken that course we would probably not be considering the bill that is before us to-day. By making points of order he pointed out that the Committee on Appropriations had no authority of law for many of its actions. He forcibly directed the attention of the House to that fact and to the necessity for legislation of this kind, as could not have been done in any other manner.

The first class of items that are made in order by this bill relate to the general support and civilization, including the education, of Indians. The physical support of Indians has practically ceased. There was a time some years ago when rations were issued to large numbers of Indians, both able-bodied and otherwise. This was done upon the theory that it was cheaper to feed them than to fight them. Now only the aged and infirm Indians receive such support, and the amounts allotted for that purpose are comparatively small. The item of civilization of Indians includes the maintenance of agencies, the pay of employees, and so on, and aggregates a relatively large sum.

Appropriations for education, to my mind, are most important, because without teachers and schoolhouses no race of people can become fit for self-government. Last year we appropriated \$1,700,000 for the support of Indian day and industrial schools, not to mention the nonreservation boarding schools which were specifically provided for. Of course, there should be authority of law to appropriate money for the education of the Indians.

For the relief of distress and conservation of health there was appropriated last year \$375,000. That item was stricken out in the House but was reinserted by the Senate and written into the law. It is utterly useless to attempt to educate a child



and expect it to grow up to a life of usefulness without good health. The Indian health service has performed a wonderful work in the last few years, with the result that the health and sanitary conditions on the reservations have greatly improved.

"For industrial assistance and advancement and general administration of Indian property" there was appropriated last year \$400,000, which is an entirely proper kind of aid if the Indians are, as we consider them legally to be, wards of the Government.

The provision relating to the "extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies" is necessary. This provision does not authorize the installation of any new Indian irrigation system. All new projects will have to be authorized, as heretofore, by an enabling act reported out of the Committee on Indian Affairs and passed by the House and Senate. But as to the existing irrigation system, certainly there should be authority of law to carry them on and make necessary improvements and extensions. The same is true of "the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects."

There can be no reason why an established Indian school should not be maintained and why adequate school rooms and dormitories should not be provided. Yet in the last Congress when the committee reported out appropriations for improvements of that kind they immediately went out on points of order and had to be restored by the Senate.

The next provision is "for the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees."

That is a blanket authority which will authorize the Committee on Appropriations, after a hearing, to make the necessary appropriations for the personnel of the Indian Service. When the several items come into the House we can discuss them on their merits, and raise or lower the appropriations as the majority of the Members may see fit. If that authority is not granted there will be no discussion or votes in the House at all. Such appropriations will all go out on points of order and all the authority to make them will be transferred to the other end of the Capitol.

The same is true of the item "For the purchase of horse-drawn and motor-propelled passenger-carrying vehicles for official use." About \$200,000 of applicable appropriations is usually made available each year for this purpose. Only \$125,000 is annually appropriated for the "General and incidental expenses in connection with the administration of Indian affairs," so that this authorization is not the great menace to the Treasury which some Members would have us believe.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. HAYDEN. I yield to my friend from Indiana.

Mr. SANDERS of Indiana. I notice that there is a provision "for the suppression of traffic in liquor, peyote, and other deleterious drugs."

In view of the fact that we have now Federal prohibition officers I was wondering why the whole matter should not be turned over to them, and why there should be a separate department for the suppression of the liquor traffic under the Bureau of Indian Affairs?

Mr. HAYDEN. That question has been seriously considered by the Committee on Indian Affairs in the last three Congresses. At one time we reported the Indian bill without any appropriation for this purpose. At another time we reported out a greatly reduced appropriation, but each time the House by a vote reversed the action of the committee and insisted that this special fund should be maintained for the suppression of the liquor traffic among Indians. There is a chief special officer with a number of deputies whose duty it is to enforce the special laws that have been enacted to prevent Indians from obtaining liquor. We have gradually reduced the amount of this appropriation, and my judgment is that in the course of time the whole of it can be wiped out and this duty transferred to the service that enforces the general prohibition law; but in the opinion of the House after considerable debate it was decided not to do that.

If this service is to be continued to any extent, there ought to be authority of law to make the necessary appropriations. The same is true with reference to the suppression of the traffic in peyote and other deleterious drugs. I do not believe that anyone who has seriously studied the subject will deny that the Indians as wards of the Government should be protected against the use of peyote and other like drugs.

Mr. GENSMAN. Has the gentleman ever seen a peyote religious ceremony?

Mr. HAYDEN. I have not seen the ceremony itself.

Mr. GENSMAN. Then, the gentleman admits he does not know anything about it except what he has read?

Mr. HAYDEN. I have seen an alleged peyote church in Oklahoma, and I have listened to intelligent and well-qualified witnesses who stated the facts which proved the evil effects which follow the use of peyote. And I will say further to the gentleman from Oklahoma that every authority in the United States, every organization that has at heart the best interest of the Indians, has pronounced against the use of peyote. There is a Board of Indian Commissioners, consisting of 10 men, appointed by the President, whose sole and only duty is to look out for the welfare of the Indians. After a thorough investigation they have recommended that the use of peyote be prohibited. The Board of Catholic Indian Missions are on record against it. The National Women's Christian Temperance Union, whose attention was first directed to this question by reports of the use of peyote by American soldiers stationed on the Rio Grande during the Mexican border troubles, has urged that legislation be passed to suppress its sale. The same is true of every other organization in the country that has examined into the facts. With such universal disapproval, I believe that Congress is fully justified in appropriating money for the suppression of the traffic in peyote and other deleterious drugs among the Indians. [Applause.]

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. HAYDEN. Mr. Chairman, under the permission granted I shall extend my remarks by printing in the RECORD some of the letters that I have received in support of legislation to prohibit the sale and use of peyote. The first is from the attorney of the Anti-Saloon League, transmitting a letter that he had received from "Pussyfoot" Johnson, who was at one time the chief special officer for the suppression of the liquor traffic among Indians:

THE ANTI-SALOON LEAGUE OF AMERICA,  
Washington, D. C., April 12, 1918.

Hon. CARL HAYDEN,  
House of Representatives, Washington, D. C.

DEAR MR. HAYDEN: I inclose herewith copy of letter which I received from Mr. Johnson to-day, who was formerly connected with the Indian Commissioner's office. It is self-explanatory. If you want any of the peyote as samples, I will gladly give you some of them. It is evidently an easy way to get a cheap drunk.

Yours, cordially,

W. B. WHEELER,  
Attorney and General Counsel for  
Anti-Saloon League of America.

WESTERVILLE, OHIO, April 10, 1918.

Hon. WAYNE B. WHEELER,  
Washington, D. C.

MY DEAR WHEELER: Reference is made to that part of your letter of April 8 regarding peyote. There is a little cactus growing on rocky ledges in certain parts of southwestern Texas and northern Mexico known as peyote. It is about the size and shape of a small carrot. Its head just sticks above the surface. After the spring rains a little purple flower develops. This as the season progresses develops into a little brown fuzz resembling a caterpillar. Peyote is the Nahuatl Indian name for caterpillar, and it applies to this plant as a sort of nickname. But in the absence of any other name than that of the Latin scientific name peyote has come to be recognized as the name for this plant. The definition for peyote and mescal in the Standard dictionary and New Webster is faulty and misleading. I explained the thing to Frank Vizetelly, and he will straighten the thing out in the next edition of the Standard.

About 30 years ago the Carizzo Indians, a small tribe, now obsolete, had their stamping ground in the lower Rio Grande. They had some mystic dances in which they chewed the dried tops of these peyote plants. These dried tops at a distance look like large black buttons. In this way locally they have been referred to as mescal buttons or mescal beans. Mescal is another Nahuatl word which got into the Mexican and from that into the English, and very nearly corresponds to our word "dope." It is applied to most any southwestern plant that is poisonous or narcotic or anything that will make one wild like the Mexican marahuana. Properly and specifically, however, mescal is the name for the product secured from pulque, the juice of the maguay, or century plant.

Some of these Indians wandered as far north to what is now Oklahoma, and there began explaining to the Indians these mystic peyote rites. This resulted in a committee of these Indians going to Laredo, Tex., in search of these same mystic plants. They found that the Mexicans of the lower class were accustomed to use these same things when green as medicine. They would bind them on their heads for headache or apply them to almost any part of their body where there was a pain. Arrangements were made by the Indians with Villegas & Co., of Laredo, dealers in Mexican products, to supply peyote. In this way traffic sprang up. Villegas & Co. supplied the Indians and in turn got their supply from the vicinity of the inland town of Los Ojuelos, about 40 miles southeast of Laredo. The traffic reached such proportion in 1909 that the gathering of these peyote was almost the entire occupation of the people of this village. They would cut the tops off, dry them, and turn them into the two local stores at \$2.50 per thousand, and take their pay in trade. The two merchants in turn would send them to Villegas & Co. at \$2.50 per thousand, taking their pay in trade. Villegas would sell them to the Indians in cash at \$3 per thousand. Locally these dried peyotes practically passed as money.

Villegas & Co. very skillfully preserved the secret. The Indians did not know where they came from, except that they got them from



Villegas & Co. The ignorant Mexicans did not know what they were for and knew nothing except they were purchased by Villegas & Co. Villegas & Co., as a sort of blind, would refer to them locally as Japanese beans. And the impression was out in the trade at Laredo that they were used by the Japanese for some medical purpose.

These peyotes are narcotic in character. They are generally chewed, although they are sometimes steeped and the tea therefrom drunk. They produce visions very much like opium and they have a distinct effect on the nerves somewhat like cocaine. I have known of several Indians being killed by eating them to excess.

Around these peyote a sort of religious cult was developed, churches were organized, and preachers appointed, and even some church buildings were erected. The principal of the cult is Alfred Hensley, of Winnebago, Nebr. Black Dog, of the Osages, and Quanah Parker, of the Comanches, were prominent in the cult. The peyote was used by the Indians for communion. They would eat a few peyotes and take one in their hand and pray to it, or rather pray to God through the medium of the peyote. The vision produced by eating the peyote was the answer to their prayers. The effect generally of these practices was demoralizing and degrading. The cult spread rapidly. From 1905 complaints from Indian field officials became so numerous that I was directed by the Indian Bureau to suppress it if possible. Investigation revealed the situation as I have explained it, and that the sole source of supply was Villegas & Co. and another house which was an offshoot of the Villegas establishment. I held a conference with these two establishments, with the result that they agreed to cooperate with me in suppressing this business if I would dispose of the peyotes that they had on the market. Accordingly I purchased all the peyotes held by these two establishments. Also purchased all the peyotes at Los Ojuelos that had been gathered. For this I expended something over \$400 for these purchases and burned the entire supply. When the Indians after that sent in remittances for peyote their money would be returned and their letter sent to me. I would then get after the Indians.

I succeeded in keeping the Mexican peyote gatherers in order, through the cooperation of the Mexican consul at Laredo. A few peyotes had floated across the border from the vicinity of Muisquiz through Eagle Pass through a trader at that place. My representation to the trader was such that he agreed to quit and did quit. I made an agreement with the customs officials at Eagle Pass whereby it became practically impossible to get any quantity across the border there. By these methods I annihilated the whole peyote business and for nearly a year there was no peyote to be had. I succeeded in this without any law, but by following these "rabbit-foot" practices. Finally politics got into the situation in the department and my work was ruined. The traffic was reopened and it is now making plenty of trouble among the numerous tribes of Indians. It is alleged by the peyote chiefs that peyote is good because it weans them away from whisky. It does often wean them away from whisky, just as a man often quits whisky when he begins to use opium, cocaine, or morphine. Peyote, however, in my judgment is equally as bad or worse than whisky.

Yours, cordially,

W. E. JOHNSON.

NATIONAL WOMAN'S CHRISTIAN TEMPERANCE UNION,  
DEPARTMENT OF LEGISLATION,  
Washington, D. C., March 21, 1918.

HON. CARL HAYDEN, M. C.,  
Washington, D. C.

MY DEAR MR. HAYDEN: We of the National Woman's Christian Temperance Union are deeply interested in the passage of your bill concerning the manufacture and use of peyote and are hopeful of its passage.

Is there anything the National W. C. T. U. can do to help bring it to a fulfillment, for not only is the Indian harmed but our boys on the border are becoming addicted to its use more and more, and we are very desirous of having this temptation removed right speedily?

With every good wish for the success of this bill and a keen desire to help, I am,

Respectfully,

MARGARET DYE ELLIS,  
Superintendent Department of Legislation.

THE SOCIETY OF AMERICAN INDIANS,  
Washington, D. C., March 12, 1918.

HON. CARL HAYDEN,  
House of Representatives, Washington, D. C.

MY DEAR MR. HAYDEN: The inclosed letter from the president of the National Congress of Mothers and Parent-Teacher Associations, I am sending to you for your information. I am earnestly hoping that your bill (H. R. 2614) will soon be enacted into law.

Thanking you for your good work in behalf of Indian welfare,  
Very sincerely,

GERTRUDE BONNIN, Secretary.

NATIONAL CONGRESS OF MOTHERS  
AND PARENT-TEACHER ASSOCIATIONS,  
Washington, D. C., March 8, 1918.

MISS GERTRUDE BONNIN,  
Washington, D. C.

MY DEAR MISS BONNIN: Your letter in regard to the menace of peyote was presented to the board of managers of the National Congress of Mothers. A resolution was passed instructing the national legislative committee to take up the matter with Congress. Mrs. Kate Waller Barrett is chairman, and I am sure that you will have the cooperation of our legislation department on such measures as will abolish this menace.

Cordially, yours,

(Mrs.) H. K. SCHOFF, President.

TO THE HON. CARL HAYDEN,  
House of Representatives, Washington, D. C.

DEAR SIR: At a meeting of the New York City Indian Association held on January 20, 1919, the following resolution was unanimously adopted:

Whereas we are informed, and believe, that the use of the drug peyote is increasing among many tribes of Indians and causing moral and physical harm to large numbers of the Indian race, as well as resulting in economic loss by unfitting the users for their daily avocations; therefore

Resolved, That we approve the bill prohibiting traffic in peyote introduced in Congress by Representative HAYDEN and known as H. R. 2614, and we urge its speedy passage and strict enforcement.

Respectfully, yours,

MRS. BURLOCK E. RABELL,  
President, 60 Hamilton Terrace, New York.  
HELEN M. THOMPSON,  
Corresponding Secretary, 76 West Eighty-sixth Street,  
New York.  
LOUISE D. AMERMAN,  
Recording Secretary, 250 West Ninety-fourth Street,  
New York.

SOUTHERN CALIFORNIA CONGREGATIONAL CONFERENCE,  
Los Angeles, Calif., June 28, 1919.

HON. CARL HAYDEN,  
House of Representatives, Washington, D. C.

DEAR SIR: I inclose herewith copy of resolution adopted unanimously by the Southern California Congregational Conference at its annual meeting at Whittier, May 13, 1919.

I hope that you will present this resolution to Congress in support of your bill in behalf of the Indians.

With kind regards and all good wishes, I am,

Yours, sincerely,

(Signed) GEORGE F. KENNGOTT,  
Superintendent and Registrar.

We urge upon Congress the passage of the bill introduced by Hon. CARL HAYDEN in the House of Representatives (H. R. 2614) "embodying provisions for further protecting the Indians from the curse of intoxicants, which includes the inhibition of the use and importation of peyote and similar narcotics by Indians over whom or whose property the Government through its departments exercises guardianship or supervision.

BOARD OF INDIAN COMMISSIONERS,  
Washington, D. C., February 26, 1918.

HON. CARL HAYDEN,  
House of Representatives, Washington, D. C.

DEAR MR. HAYDEN: Referring to peyote, the Board of Indian Commissioners is formally on record against the use of peyote by Indians, as will be seen by the following resolutions which have been adopted:

"Voted: That the Board of Indian Commissioners favor legislation or executive action extending all restrictions applicable to the use of and traffic in intoxicating liquors so that such restrictions shall apply also to the use of and traffic in mescal or peyote."

Adopted at the annual meeting, March 7, 1912.

"Resolved, That the Board of Indian Commissioners reiterates its recommendation of March 7, 1912, in regard to the use of and traffic in mescal (peyote); that it urges the Indian Office to make careful inquiry as to the spread of the mescal habit; and that it favors in every way legislation and executive action looking to the total elimination of the evil."

Adopted at the annual meeting, January 13, 1913.

"Upon motion of Commissioner Dockweiler, it was unanimously voted that the board should address a special communication to the Secretary of the Interior, recommending the submission to Congress of a bill prohibiting the importation of peyote into the United States, prohibiting its introduction, use, or sale on any Indian reservation, or the manufacture or sale of any product thereof. It was also voted that the communication to the Secretary of the Interior should refer especially to the discussion of this subject at the thirty-second Lake Mohonk conference, and that Commissioner Dockweiler present the subject in person to the Secretary of the Interior."

"Upon motion of Commissioner Dockweiler, it was voted unanimously to be the sense of the board that the next Indian bill should include peyote among the intoxicants to be suppressed."

Adopted at the Lake Mohonk meeting, October 14, 1914.

Faithfully, yours,

MALCOLM McDOWELL, Secretary.

UNITED STATES INDIAN SERVICE,  
TRUXTON CANYON INDIAN SCHOOL,  
Valentine, Ariz., April 16, 1917.

HON. CARL HAYDEN, M. C.,  
Washington, D. C.

DEAR MR. HAYDEN: I am just in receipt of a copy of House bill 2614, amending sections 2139 and 2140 to include intoxicants used especially by Indians, and further limiting introduction, etc.

About nine years ago the writer tested the effects of peyote by placing himself under its influence. This was while he was in charge of the Cheyenne and Arapahoe Agency in Oklahoma. After the experiment he wrote in detail his experiences while under its influence. A copy of this was sent to the Indian Office, and may be found there I presume. I thought it possible that this might be of some value in discussion of the subject before the committee.

I tried the experiment of placing myself under the influence of this substance, and, while the results are very different from alcoholic intoxication, they are very marked and very bad. I was under the spell of peyote for several hours, and, while the sensation is very pleasurable while it lasts, the after effects are not pleasant.

There has always been very decided opposition to legislation against peyote on the part of Indian users. It is a dangerous and very harmful intoxicant.

Very respectfully,

CHARLES E. SHELL,  
Superintendent.

Mr. BLANTON. Mr. Chairman, in just a few minutes we are going to vote on this very important measure, which does away with important rules of the House, and we have only 52 Congressmen here on the floor to decide that question. The balance, I presume, are at the double-header ball game. If there is a roll call, as many of them as have returned will be running in here from their offices without knowing anything about what they are voting on, and so this important measure will be decided.

My friend from Arizona [Mr. HAYDEN] asks what good is the point of order if, when we make it and prevent appro-



priations from coming into a bill in the House, the Senate can put it back and it gets into the bill after all, as he intimates it will. Now, if they all got back, which is not the case, still we would have one advantage, I will say to my friend, because whenever an amendment is put on by the Senate without authority of law every Member of the House has a right to vote on it here in the House when it comes back under the conference report. But they are not all put back. Let me call my friend's attention to the fact that when one of our colleagues in the days of Densmore, when he was spending money recklessly from the Treasury on the so-called United States Employment Service without any benefit to the American people, offered an amendment upon the floor to one of the supply bills proposing to appropriate more than \$10,000,000 to turn over to him to be wasted, that proposition was defeated in the House on my point of order.

I made a point of order against that amendment and it was stricken out of the bill and it was never put back. Almost immediately the gentleman from Massachusetts [Mr. GALLIVAN] offered another amendment and claimed it was authorized by the enacting clause creating the department, and it proposed to spend \$10,000,000 on this department. I made a point of order against it and it went out. The gentleman from New York [Mr. LONDON] then took a spiel at it and offered an amendment on the floor to appropriate \$10,000,000 for the United States Employment Service under Densmore, and I made a point of order against it and it went out. Then the gentleman from Missouri [Mr. DECKER] offered another amendment to put \$10,000,000 into the bill for the United States Employment Service, to be spent under John B. Densmore, and I made a point of order to that and it went out, because there was no law authorizing it.

It is true that a few hundred thousand dollars was put back by the Senate, but \$10,000,000 was saved to the Treasury. I want to call the attention of the gentleman from Arizona to the fact that when we granted the third bonus to the civilian employees of the Government there was a provision in the bill to pay \$240 bonus to all civilian employees drawing not over \$2,500 per annum. It was the third bonus we paid. You will remember that you have paid them one bonus of \$120 and four of \$240 each. Everyone knows now that the gentleman from California [Mr. NOLAN] had prepared to offer from the floor, if no point of order was made against the section, an amendment to increase the bonus to \$480. The labor papers published here in Washington asserted that they had enough votes promised on the floor of the House to carry that \$480 bonus. I do not know whether they had or not, but when they say they have, they usually have them, because when the gentleman from California [Mr. NOLAN] gets up here and forces a roll call he usually gets enough votes to carry the measure that he is fighting for. I made a point of order against the paragraph and had it stricken out, which kept him from offering his \$480 amendment. Then the labor papers in this country from one side to the other condemned me because I had kept 200,000 civilian employees from getting a \$480 bonus, because if it had gone on they would have passed it in the Senate and incidentally, although I had kept \$50,000,000 in the Treasury, unions condemned me from one side of the United States to the other.

I want to say to my good friend from Arizona that a short time ago I made points of order against one bill which was sustained by the Chairman, of eminent parliamentary ability, that struck out nearly \$2,000,000 from the bill, and it is these items, the most of which the Senate put back, that my friend from Arizona referred to.

Mr. HAYDEN. They were all put back.

Mr. BLANTON. Practically all of them, but I want to tell the gentleman that the House of Representatives had the right and exercised it of voting on the items by a roll call and going on record.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. BLANTON. In a few minutes. I want to finish my statement. Do you know what can be done under this bill? Who is it that says the Indian Bureau has been wasteful and extravagant; who says it has been full of graft in the past? Let me repeat what the distinguished ex-Senator, the gentleman from Ohio [Mr. BURTON] has just said, "that Mr. Speaker Reed said that this Indian Bureau had been the most wasteful bureau, and more full of graft, than any other bureau in the Government," and the gentleman from Pennsylvania [Mr. KELLY] showed you that that was true, and other gentlemen have shown you that that is true. It has been the most extravagant bureau in the Government for years past. Let me tell you something: You cut off the right of every Member in

this House from exercising his constitutional prerogative under the rules of this House to make points of order against items of appropriation, for which there is no law, when you pass this bill and they can bring in any kind of an item here they want to and you have got to swallow it and let it become the law of this country. [Applause.]

Mr. SNYDER. Mr. Chairman, I yield 10 minutes to myself. Mr. Chairman, this bill, if it becomes law, will have absolutely no different effect upon the Indians or the Bureau of Indian Affairs from that which exists to-day under present laws. It will have no effect upon the Congress except the fact that when an item which should be appropriated for is brought before the House it will not be subject to the objection of some Member who desires to make a speech and who has no interest in any particular item other than that his desire may be gratified.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. SNYDER. Yes.

Mr. SANDERS of Indiana. In other words, if this bill is passed, the entire membership will decide on the appropriation instead of one lone Member.

Mr. SNYDER. That is a proper statement of it.

Mr. HILL. Will the gentleman yield?

Mr. SNYDER. I will.

Mr. HILL. Does the gentleman think that those of us who are opposed to the Bureau of Indian Affairs can vote for this bill and get a better crack at it next time?

Mr. SNYDER. I will say that any Member of the House who has had opportunity to make careful study of the Bureau of Indian Affairs would be justified in wishing the bureau might be put out of business, but the men who have made a complete study of the Indian Service have come to the conclusion that it is the only way that the Indian affairs can be wound up.

Mr. HILL. Then, if we are against the Bureau of Indian Affairs and want it closed up, we can still vote for this bill?

Mr. SNYDER. Absolutely. There is nothing in the bill that affects the Indian Bureau. I have in my hand the appropriation bill of last session, and more than 90 per cent of the items of appropriation in that bill were subject to a point of order, and more than 70 per cent of the total appropriation was subject to a point of order. Why?

Away back in 1832 the first Indian Commissioner was appointed, the bureau being then under the War Department. In 1849 the Interior Department was organized, and the Bureau of Indian Affairs was set up without any substantive law except that which created the Indian Commissioner in 1832. During all of that period this service for the Indian has been from year to year increased in size and volume until to-day there has grown around that little stump which was started with the idea of civilizing the Indians more than 100 different bureau activities in the service, including hospitals, schools, forestry, education, and a thousand and one different items. In fact, every single item of Government activity is included in the Indian service, except a branch of the Army and Navy. There has never been a time when these various activities were added to the bureau under a substantive law, and thus make it possible that appropriations should be made from year to year without being subject to points of order, as is the case in other departments, and under other bureau services. It may seem strange to some of the membership that I am here advocating the passage of this bill because of the fact that I raised most of the points of order upon it when it was under consideration in the House. But I want to say I have but one desire as a Member of this body, and that is to expedite good legislation. I do not care to be a party to impeding proper legislation, and I do not care what committee has the making of the appropriation. I want it arranged so that the legislation regarding these appropriations can be carried on in this House and not in the body at the other end of the Capitol. Last year nearly 90 per cent of items carried in the Indian appropriation bill were stricken out on points of order and went over to the Senate, where they were added to the bill, and it was brought back here. All the average Member knew about the legislation was what he gathered from the debate when the conference report was under consideration. That is wrong. This House ought to have the right to say what appropriations shall be made for this service, and if this present bill is enacted it will have that right. Otherwise anyone, the gentleman from Texas [Mr. BLANTON] or myself, or anyone else, can absolutely mutilate the Indian appropriation bill every time it comes into the House and force the legislation into the other branch of the legislative body. Therefore in behalf of good order and good legislation I hope this bill will pass, so that either the Indian appropriation committee or the present appropriating committee will be given



the right to authorize appropriations for the various activities in this bureau without being subject to points of order and in a regular and orderly way.

The report that the committee has made on the bill covers the question entirely. It is proposed to offer a few amendments, which are simply corrective, without any idea of at all changing the policy of the bill, when we reach consideration of it under the five-minute rule, but the committee has no idea of putting into the bill anything more than to do just what the report says it wants to do. The report follows:

The Committee on Indian Affairs, to whom was referred the bill (H. R. 7848) entitled "A bill authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes," having considered the same, report it back to the House without amendment, with the recommendation that the bill do pass.

This is a bill to make in order appropriations for bureaus that have been added to the Indian Service since the bureau was inaugurated in 1838, which have thus become integral parts of the service, nearly all of which have been appropriated for from year to year and which will continue, in all probability, as long as the bureau exists. Therefore the committee has deemed it wise to present a bill which will make in order these appropriations which have hitherto been subject to a point of order.

Mr. DOWELL. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. Yes.

Mr. DOWELL. Then, as I understand the gentleman, this bill does not authorize anything not already included in the Indian appropriation act.

Mr. SNYDER. It does not authorize the bureau to do a single additional thing.

Mr. DOWELL. It does not authorize anything that is not appropriated for under the present law.

Mr. SNYDER. Absolutely not. It includes only those things that have become integral parts of the service.

Mr. DOWELL. And that are now a part of the service.

Mr. SNYDER. Yes. The argument of the gentleman from Texas [Mr. BLANTON], with reference to his striking out \$10,000,000 of this, that, and the other thing, is simply foreign to the consideration of this bill, because of the fact that he could do the same thing on any other appropriation bill if any new item were brought in. The integrity of the committee as a legislative body is wholly guarded in this bill.

Mr. SANDERS of Indiana. And the Committee on Indian Affairs, instead of giving up its jurisdiction, is exercising its legislative jurisdiction when reporting this particular bill? If there is anything objectionable that ought not to be authorized, the Committee of the Whole House or the House itself can reject it.

Mr. SNYDER. Absolutely. The Committee on Indian Affairs is living in hope that some day that committee may regain the power which it has lost, and if it does, then it wants the right to do the things in making the appropriation bill that this bill would permit it to do in case it becomes a law.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SNYDER. Yes.

Mr. BLANTON. The gentleman said that the committee could not do anything more under this bill if it becomes a law than is now contained in the appropriation act. Under the automobile clause, if the appropriation committee wanted to do so, it could bring in a provision to give a Pierce Arrow limousine to each one of the 18,000 employees of the bureau, if it wanted to.

Mr. SNYDER. The gentleman is wrong in two particulars. In the first place, the committee could only bring in the request for appropriation; it could not make it. In the second place, there are not 18,000 employees in the service, or anything like that number.

Mr. BLANTON. Are there not 6,000 white and 12,000 Indians?

Mr. SNYDER. There are 6,000 employees in the Indian Service.

Mr. BLANTON. And 12,000 Indians.

Mr. SNYDER. The gentleman from Oklahoma, who was with us on our investigating tour last summer, knows the value of automobiles, and we have furnished the service automobiles for years, and this does not change the situation at all. It simply fixes it so, when the House desires to appropriate \$200,000 for the purpose of needed vehicles, it can do so if it wishes, and not lay itself liable to an objection and have it go out on a point of order, and then go over to the Senate to achieve its desire.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. SNYDER. I yield to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. The gentleman, I am sure, wants to be correct in his statement as to the number of employees. The report of the Commissioner of Indian Affairs for 1920 shows 6,000 employees paid all the time and 12,000 and more Indian employees in the service.

Mr. SNYDER. I think the gentleman makes a mistake in including both in that item. I think the 6,000 statutory employees are included in the 12,000.

Mr. KELLY of Pennsylvania. No; 12,000 Indian employees.

Mr. SNYDER. That is not the way I understand it.

Mr. ANDREWS. Will the gentleman yield for a question?

Mr. SNYDER. I will.

Mr. ANDREWS. Was the raising of points of order on the last appropriation bill to demonstrate the necessity for this legislation now in order to clear the way?

Mr. SNYDER. No. I will say to the gentleman that at the time these points were raised there was no such legislation as this contemplated so far as I am concerned. I did not think about it at the time. However, I will say this much: After I had had time to think over what happened and the possibilities of what might happen in the future unless this thing was corrected, I concluded that it was time to frame legislation which would not permit that possibility to again arise.

Mr. LAYTON. Will the gentleman yield for a question?

Mr. SNYDER. Yes.

Mr. LAYTON. The gentleman is evidently a student of Indian affairs. I would like to ask him, for the information of the House and of the country at large, does he see any prospect in sight whereby this very expensive proposition that has grown up will begin to atrophy?

Mr. SNYDER. I can answer that question in this way: If the House would accept the recommendations of the committee which made an investigation last year and prepared a bill and brought it into this body—and some members of that committee nearly worked themselves to death to get it before the House—if that measure and the recommendations of that committee who made the careful investigation referred to were adopted, we might begin to see an end to the Indian Service. But as it exists to-day it seems there will never be an end to it. This is one section, which is section 2 of the recommendation:

2. All Indian children of any quantum of Indian blood who have received an education in Indian or other schools to the standard of the seventh grade, and who have become 21 years of age, male or female, should be made citizens, and at the age of 23 be given certificates of competency and have turned over to them anything due them from the Government and then be required to work out their own salvation. Inasmuch as it has been proven beyond the question of a doubt that a very large per cent of the Indians sent to Indian schools return to their tribal government, it is believed that this recommendation would return to the country considerably more of benefit and profit for the money spent and also tend to force the Indian to make something of himself.

Mr. LAYTON. So that is a mere recommendation and is not yet the law?

Mr. SNYDER. It is not yet the law. If that and the eight other recommendations made by this committee were adopted, within a period of 10 years it would furnish the Indian Service with a revolving fund which would support itself and would produce greater results from the schools. Now we do not get 2 scholars out of 100 out into the economic walks of life. In fact, we do not get 2 out of 100 who go back to the tribes and amount to anything more than they did before they went there, and most of the money we spend on the education to-day is lost.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SANDERS of Indiana. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. SANDERS of Indiana. To discuss the pending bill.

The CHAIRMAN. The Chair will state that the three hours has expired.

Mr. SANDERS of Indiana. I did not understand there was any unanimous-consent agreement reached in reference to close of general debate. I think I am entitled to an hour; but I may relieve the committee by saying that if I am entitled to the hour I do not intend to use it, but I do want to use a little time if I am entitled to recognition.

The CHAIRMAN. The gentleman is recognized.

Mr. SNYDER. Mr. Chairman, I understood that at the expiration of the three hours we were going to proceed under the five-minute rule.

The CHAIRMAN. There was no agreement to that effect, the Chair is informed.

Mr. CARTER. Mr. Chairman, would it not be possible to conduct further discussion of this bill under the five-minute rule?

The CHAIRMAN. Of course, the reading of the bill would begin immediately if general debate had been closed, but there having been no agreement in regard to the termination of the time for general debate the bill is still open for general debate.

Mr. CARTER. It would not be in order to move to close debate?

The CHAIRMAN. Unanimous consent might be asked or anyone might move that the committee rise for that purpose.

Mr. CARTER. I understand, but I did not understand—

The CHAIRMAN. If there is no discussion of the bill, the Clerk will read the bill. However, the gentleman from Indiana has been recognized.

Mr. SANDERS of Indiana. Mr. Chairman, I desire to discuss the bill—

Mr. SNYDER. Mr. Chairman, I desire to ask unanimous consent that general debate be closed at the expiration of the remarks of the gentleman from Indiana.

Mr. SANDERS of Indiana. Mr. Chairman, I make the point of order that is not proper in committee.

The CHAIRMAN. That request can not be made unless the gentleman from Indiana yields for that purpose.

Mr. SANDERS of Indiana. I do not think if I did yield for that purpose it would be proper to close general debate in committee.

Mr. SNYDER. Then I shall move to rise after the gentleman has concluded his remarks.

Mr. SANDERS of Indiana. Mr. Chairman, I just want these few minutes to discuss the proposed measure, which I think is a very beneficial measure, and I should like to send to the Clerk's desk and have read for the information of the committee an amendment which I desire to offer.

The CHAIRMAN. Without objection, the Clerk will read the amendment proposed to be offered for the information of the committee.

There was no objection.

The Clerk read as follows:

Page 2, line 18, strike out section 2.

Mr. SANDERS of Indiana. Mr. Chairman, I would like, if I may, to have the attention of the chairman of the committee, Mr. SNYDER, in discussing this matter.

Section 2, Mr. Chairman, provides the annual estimate shall be submitted for the consideration of Congress as provided by section 5 of the legislative act approved March 3, 1901. That is found in the Thirty-first Statutes at Large, page 1009. Section 5, referred to in section 2 of this bill, has been repealed by implication by the passage of the budget law, and the section of the budget law which repeals it by implication reads as follows. It is section 215:

The head of each department and establishment shall revise the departmental estimates and submit them to the bureau on or before September 15 of each year.

Mr. SNYDER. I would like to say to the gentleman that the committee has an amendment prepared to strike out section 2.

Mr. SANDERS of Indiana. That will be very fine. I yield back the balance of my time, Mr. Chairman.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that general debate be now closed and that we take up the bill under the five-minute rule.

The CHAIRMAN. The gentleman from New York asks unanimous consent that general debate on the bill be now closed. Is there objection?

Mr. CANNON. Mr. Chairman, I think we ought to have a quorum. I make the point of no quorum.

The CHAIRMAN. Does the gentleman from Illinois make the point of no quorum?

Mr. CANNON. I doubt if there is a quorum present. Possibly there may be.

The CHAIRMAN. The Chair understands the gentleman from Illinois makes the point that there is no quorum of the committee present.

Mr. CANNON. I think so. I doubt if there are 100 Members here.

The CHAIRMAN. The Chair will count. [After counting.] One hundred Members are present, a quorum. The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,* That the Bureau of Indian Affairs, under the supervision of the Secretary of the Interior, in addition to the duties now required to be performed by existing law, shall direct, supervise, and expend such moneys as Congress may from time to time appropriate, authority for which is hereby granted, or that may be available from other sources, for the benefit, care, and assistance of the Indians throughout the United States for the following purposes:

General support and civilization, including education.

For relief of distress and conservation of health.

For industrial assistance and advancement and general administration of Indian property.

For extension, improvement, operation, and maintenance of existing Indian irrigation systems and for development of water supplies.

For the enlargement, extension, improvement, and repair of the buildings and grounds of existing plants and projects.

For the employment of inspectors, supervisors, superintendents, clerks, field matrons, farmers, physicians, Indian police, Indian judges, and other employees.

For the suppression of traffic in liquor, peyote, and other deleterious drugs.

For the purchase of horse-drawn and motor-propelled passenger-carrying vehicles for official use.

And for general and incidental expenses in connection with the administration of Indian affairs.

Mr. SNYDER. Mr. Chairman, I offer the following amendment:

Amendment offered by Mr. SNYDER: Page 1, line 4, after the word "Interior," strike out all of lines 4 and 5 to and including the word "law" in line 5.

Mr. SNYDER. Mr. Chairman, all that I desire to say in regard to that is, that it has been shown to my satisfaction by various Members of the House that that language means nothing, and therefore it is superfluous and should be stricken from the bill.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SNYDER. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from New York offers another amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. SNYDER: Page 1, line 7, after the word "appropriate" strike out all of lines 7 and 8 up to and including the word "sources," so that the paragraph will read:

"Shall direct, supervise, and expend such moneys as Congress may from time to time appropriate for the benefit, care, and assistance of the Indians throughout the United States for the following purposes."

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken and the amendment was agreed to.

Mr. SNYDER. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from New York offers another committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 2, line 12, after the word "liquor" strike out the balance of the paragraph.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. SNYDER. Mr. Chairman, all I desire to say in regard to that amendment is that there never has been an appropriation made for the suppression of peyote or deleterious drugs so far as the Committee on Indian Affairs is concerned. There has been a bill passed by this House within a year or two in regard to this matter and it never has become a law. And since there is no such authorization and since there has been no appropriation for it, it was thought wise this morning by the committee, at a meeting at which there was a majority present, and after full discussion, that the matter should be left out until such time as there was occasion for an appropriation.

Mr. BLANTON. Will the gentleman yield right there?

Mr. SNYDER. I will.

Mr. BLANTON. Does not the gentleman think that if this paragraph, lines 12 and 13, is going to mean anything he must put the word "intoxicating" before the word "liquor"?

Mr. SNYDER. If I had my way, I would strike it all out.

Mr. BLANTON. It will mean nothing if you do not put "intoxicating" preceding the word "liquor." It is intoxicating liquor that there is a traffic in. It is not just liquor.

Mr. SNYDER. Most of the bootlegging liquor we get nowadays is intoxicating enough.

Mr. TILLMAN. If I understand, it leaves the word "liquor" in and cuts out "peyote and other deleterious drugs"?

Mr. SNYDER. The reason for that is that there has never been an appropriation for the suppression of peyote. There have been some of us opposed to appropriating money for the further regulation of the liquor traffic among the Indians, due to the fact that we are now appropriating several million dollars for the enforcement of the Volstead Act and the eighteenth amendment under another bureau. And it seemed to the committee this morning, after a careful discussion and a vote, that it was wise to not attempt to legislate for something that did not exist. And so I offer this as a committee amendment.

Mr. HILL. Mr. Chairman, I rise to offer a privileged amendment.

The CHAIRMAN. The gentleman from Arkansas [Mr. TILLMAN] is recognized in opposition to the amendment.



Mr. HILL. I rise to offer a privileged perfecting amendment. Does not that come ahead of the other?

Mr. TILLMAN. I think the Chair recognized me.

The CHAIRMAN. The gentleman from Maryland [Mr. HILL] will be recognized later.

Mr. TILLMAN. Mr. Chairman, there might be some reason for the chairman's position, that the entire provision might well be stricken out, including intoxicating liquors, for the reason that we have another department which is supposed to enforce the laws against intoxicating liquors, but no good reason why liquor should be left in and peyote excluded. But I want to discuss the question of peyote. For six years I was a member of the Committee on Indian Affairs, and during that time a very exhaustive investigation was had by a special subcommittee with reference to this drug, peyote. I served as chairman of that committee, the gentleman from New York [Mr. SNYDER] and the gentleman from Oklahoma, Mr. Hastings, and possibly others, were members.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. TILLMAN. Yes.

Mr. LAYTON. What is peyote?

Mr. TILLMAN. I will explain. The gentleman is a physician, and will understand a great deal better than a layman would what peyote is. Peyote is a variety of cactus. I hold in my hand a peyote button, sometimes called a mescal button, or bean. It was discovered in Mexico when the conquering Spaniards came under Cortez. The Aztecs were using it. "Peyote" is an Aztec derivative. It has an effect upon the user similar to opium and other deleterious drugs, and the Indians now are extensively using it. They have a religious ceremony at which they use peyote. This is the button that grows on the top of the cactus. They swallow this in the form of pills, or they boil it and then drink the tea, and it has in the end a very weakening but at first a very happy effect upon the user.

Mr. GENSMAN. Mr. Chairman, will the gentleman yield?

Mr. TILLMAN. Yes.

Mr. GENSMAN. Will the gentleman state whether or not he has ever attended one of those gatherings where that ceremony was indulged in?

Mr. TILLMAN. The gentleman asked that question of another speaker. I have not. Has the gentleman?

Mr. GENSMAN. Yes, sir.

Mr. TILLMAN. I have lived near the Indians all my life. My district joins Oklahoma. I am the Indians' friend, and I will repeat to this body the testimony of many men and women under oath, physicians, scientists, druggists, and numerous others who have attended these ceremonies time and again, who know what they are, and who have denounced them in the most vigorous terms.

I will say to the gentleman from Delaware [Mr. LAYTON], an eminent medical practitioner, and other physicians in this body, that this drug is dangerous in the extreme, is a poison, a narcotic, worse in its effects than opium or cocaine. A physician from Anadarko, Okla., Dr. Chambers, a Cherokee Indian, says of peyote:

Peyote is on the increase and will continue to be so long as we have no backing. I have studied the Indians that use it very carefully and can not find that it does them the least bit of good. On the other hand, it is very harmful in many ways:

1. It lowers their vitality and their power of resistance to any exposure they may have to undergo.
2. In using it the Indians are always in a hot tent, breathing foul air, etc.
3. Peyote has first a stimulating and later a depressing effect on the heart.
4. I know of a number of cases of sexual intercourse of Indians while under the influence of the drug.
5. I know of nine babies dying because of the administering to them of peyote by some medicine man.

The gentleman from Oklahoma [Mr. GENSMAN] refers to a religious ceremony in the use of peyote. This so-called ceremony is farcical, of course. Men and women get in a hot tent. They breathe the foul air and sit there all night. Peyote is the god they are worshiping. They drink this drug and sometimes commit all sorts of abuses, sexual crimes often, witnesses say. Peyote first has a stimulating and then a depressing effect of the heart.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. TILLMAN. Yes.

Mr. COOPER of Wisconsin. The gentleman repeatedly stated that it produced a very happy effect.

Mr. TILLMAN. Yes. I will explain that in a moment.

Mr. BLANTON. He has already explained it.

Mr. TILLMAN. So does opium produce a happy effect.

I read from a letter received by me from Dr. Ketcham, director of the Bureau of Catholic Indian Missions:

THE BUREAU OF CATHOLIC INDIAN MISSIONS,  
Washington, D. C., February 26, 1918.

Hon. JOHN N. TILLMAN,

House of Representatives, Washington, D. C.

MY DEAR MR. TILLMAN: As your subcommittee has been considering the question of peyote, I beg to submit the following in support of the effort looking to its legal suppression:

1. The unanimous testimony of all the Catholic missionaries to the Indians, and, I believe, the testimony of the missionaries of other religious organizations working among the Indians, is to the effect that the use of peyote results in great mental, moral, and physical injury to the Indian people. I inclose herewith a letter from Rev. Francis C. Elast, who has had occasion to observe the effect of peyote eating among the Kickapoos of Kansas. During a period of many years missionaries have been writing in this strain to this office, and I have duly forwarded their letters to the honorable Commissioner of Indian Affairs, and since 1909 have repeatedly endeavored to induce the Indian Office to take a stand against the importation and use of peyote.

2. I have also received letters from the Indians begging that something be done to prevent the introduction of peyote among their people. Letters of this kind came to me especially from various Sioux reservations and satisfied me that not only the missionaries but even those Indians who wish to advance their people are convinced of the baneful effects of this drug. I also received one letter from an Indian of the Arapaho Tribe in Wyoming who had been addicted to peyote telling me of the injury its use had done him and pleading with me to warn others who were in danger of being led into the same habit, which interested persons have endeavored to propagate and protect under the guise of religion.

3. With the exception of certain Indians who use peyote, I have never yet heard the habit defended or advocated by any persons actually living in the Indian country. I am inclosing herewith a statement of Dr. Claude S. Chambers, United States physician stationed at Anadarko, Okla., which I recently submitted to the Board of Indian Commissioners, of which I am a member. I call attention to the fact that the Kiowa Agency is one which is held up as an example by those who advocate the use of peyote. Dr. Chambers himself is a member of the Cherokee Tribe. He has practiced medicine for a number of years among various tribes of Indians, and I am convinced that if he were not sure of his ground his inclination would be to humor the Indians and let them have their way.

4. The Board of Indian Commissioners has continuously advocated legislation for the suppression of peyote. I am inclosing herewith resolutions adopted by the board to this effect, beginning March 7, 1912. Previous to that year the board devoted a great deal of time to the investigation of the subject, and before it both the advocates and the antagonists of peyote put forth their respective claims. Since that time the individual members of the board have, as occasion offered, been gathering information relative to peyote eating and the peyote "cult."

5. I personally have had a number of conferences with Indians who advocate peyote, particularly with representatives of the Kiowa Agency tribes and with the Quapaws. I have spent hours with them discussing the question and trying to view it from every possible angle. My personal friendship for these tribes in particular and for the Indian people in general would incline me to indulge them in anything not harmful to them from which they derive, or imagine they derive, consolation and benefit; but having carefully studied the question for many years, my very friendship for them compels me to oppose the use of peyote and to express the hope that the Government of the United States may intervene to suppress the noxious traffic and habit.

Respectfully submitted.

WILLIAM H. KETCHAM, Director.

The Indian Office is against this evil. The missionaries are against it. All the churches are against it. The societies in the East and elsewhere who are laboring for the uplift of the Indian are against it.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. TILLMAN. Yes.

Mr. SANDERS of Indiana. Is there any criminal law against the use of peyote?

Mr. TILLMAN. Out where it is well known—in Utah, Colorado, and Nevada—they have stringent State statutes against the use of it.

Mr. SANDERS of Indiana. But we have no Federal law against it?

Mr. TILLMAN. No; there is no Federal law prohibiting it. We are the guardians of these Indians. They are our wards. Every man who loves them—and I love them—wants to take from them this deleterious drug.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. TILLMAN. Mr. Chairman, I ask unanimous consent to proceed for five minutes more. This is an important amendment, and I presume the only one that will be discussed at any length.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TILLMAN. Here is the effect it has. Dr. Havelock Ellis, an eminent physician, says his first symptom was that of immense strength and wonderful intellectual power. I think that is true also of all such drugs. He experimented with it on himself. After a period of elation he suffered great depression.

Now, listen; this is what makes it attractive and dangerous. I quote from the testimony of Dr. Ellis:

A pale shadow seemed to hover over the book I read. Visions came slowly, then rapidly. First, a vast field of golden jewels studded with red, crimson, and green stones—a wonderful perfume—a dull, rich

glow and brilliant points—rare flowers and iridescent fibrous wings, as of butterflies—then a hollow revolving cylinder lined with marvelous mother-of-pearl—profuse and various images—living arabesques. Then I saw waves of light, shadows flushed with violet. Once I visioned "floating white drapery" and "feathery forms."

No wonder they like it. That is what it does for them at first; the reaction that follows is not so pleasant.

Mr. LONDON. I wonder how much he consumed directly before testifying. [Laughter.]

Mr. TILLMAN. The same quantity the Indians consume during their so-called religious ceremonies. [Laughter.]

Mr. SANDERS of Indiana. Where does the gentleman say this drug can be obtained?

Mr. TILLMAN. Down in Mexico, on both sides of the Rio Grande, and in a few other sections where cacti abound.

Mr. CARTER. The gentleman will recall that I was also a member of this investigating committee.

Mr. TILLMAN. Yes.

Mr. CARTER. And we spent a great deal of time preparing an exhaustive report.

Mr. TILLMAN. Yes.

Mr. CARTER. I fail to remember the party who wrote that beautiful dream that the gentleman is just telling us about. I would like to ask the gentleman his authority for that statement.

Mr. TILLMAN. It is Dr. Havelock Ellis. He took it himself. He is speaking by the card. His testimony is set out at length in the hearings that I hold in my hand.

Mr. SNYDER. That was the information that was brought to us by Dr. Wiley, was it not?

Mr. TILLMAN. I think so; but he quoted Dr. Ellis. Here is what Dr. Richardson, of Denver, says:

As far as its results on the human economy are concerned, from a pathological standpoint, alcohol is altogether the safest and least harmful. The alcoholic subject may by a careful system of dietetics be made to escape physical and mental weakness, but the mesal fiend can not.

It is a vicious thing. We had before us a number of Indians who belong to this peyote cult. They did not want to give up this stimulant; but, as I say, every real friend of the Indian does want him deprived of the right to debauch himself and his family by the use of this drug.

Mr. LAYTON. From the description the gentleman has read, given by the physician who experimented on himself, I should say that the drug is somewhat after the order of hashish.

Mr. TILLMAN. Yes; it is sometimes called hashish, but erroneously so; but it has the hashish kick.

Mr. LAYTON. You will recollect that De Quincy wrote an article on that subject while under the influence of it.

Mr. TILLMAN. I do, Doctor; and it is a very interesting article.

Mr. LAYTON. And there is also a little booklet by Prof. Horatio C. Wood, of the University of Pennsylvania, who took hashish and wrote his symptoms while under the influence of it.

Mr. TILLMAN. Yes; that is true.

Mr. PARRISH. I should like to ask the gentleman from Arkansas how the traffic in this drug can be suppressed without a Federal law?

Mr. TILLMAN. It is impossible to do that, and we are trying to get such an act through Congress, the bill having been introduced by the gentleman from Arizona [Mr. HAYDEN].

Mr. PARRISH. Does the Committee on Indian Affairs intend to bring in a law which will deal with it?

Mr. TILLMAN. The history of this proposed legislation is that after the conclusion of the hearings before our committee a bill was reported by the Committee on Indian Affairs which passed this House unanimously. It never has been considered by the Senate, but it passed the House last May without a dissenting vote. Now, I appeal to the members of the committee. This is a serious subject. This drug is debauching the Indians all over the country. They are forming these so-called peyote cults everywhere. It has the effect of making them forget the Christian religion, and that is one of the reasons, no doubt, why most of the ministers and uplift people are against its use. The greater reason, however, is that it is destroying them, as I have pointed out.

I would curtail no man's religious privileges, but the claim, stoutly maintained, that these night orgies in a small tent polluted with foul air should not be outlawed because of the religious character of the ceremonies should receive scant credit, although picturesque and eloquent Indian orators before the subcommittee pleaded persuasively for the "peyote religion," and insisted that it would be an unwarranted interference with their "constitutional" rights to curtail the worship of the peyote god. They quote scripture to prove a biblical justification of this alleged sacrament. In view of the fact that many reputable

witnesses testify that many of these peyote feasts are attended with unrestrained libertinism, this particular claim urged by Indian orators with great force might be met with the much-quoted question:

What plea so tainted and corrupt but being seasoned with a gracious voice obscures the show of evil; what damned error but some sober brow will bless it and approve it with a text!

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HILL. Mr. Chairman, I rise to offer a perfecting amendment. The chairman of the committee has moved to strike out the words "peyote and other deleterious drugs," in lines 12 and 13. I move to amend by striking out of lines 12 and 13 the following words:

For the suppression of traffic in liquor, peyote, and other deleterious drugs.

The CHAIRMAN. The Chair will suggest that that is not a perfecting amendment. That is a separate amendment, which will be voted on after the other one is disposed of.

Mr. FRENCH. Mr. Chairman and gentlemen of the House, I want to urge with all the earnestness in my being that the amendment offered be not adopted by the committee. [Applause.] I was a member of the Committee on Indian Affairs when this question was investigated by a subcommittee. Not being a member of the subcommittee, I did not have the immediate first-hand information that a few of the members had, but as a member of the full committee we considered the question most seriously, and I want to tell you that the peyote habit is a habit that is akin to the opium or morphine habit, that is working its havoc in our country and other countries.

Mr. HILL. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. HILL. Would it not be better, then, to put it under the jurisdiction of the Harrison Drug Act and treat it as a drug and not treat it in an Indian bill?

Mr. FRENCH. We may consider that later; but peyote is something that is peculiar to the Indians. As has been said, it had its origin down in Mexico and along the Mexican border; but to-day, especially since the stopping of the sources from which the Indians can obtain liquor, Indians and whites who are engaged in the peyote business find it profitable to buy these peyote buttons and sell them for profit to the Indians farther north.

Mr. SNYDER. Will the gentleman yield for a question?

Mr. FRENCH. Yes.

Mr. SNYDER. Is it not a fact that whether this stays in the bill or goes out it does not have any effect upon any money that is to be spent for the suppression or regulation of peyote? The only thing is that if this goes out it leaves legislation referring to it that may come up later subject to a point of order.

Mr. FRENCH. Yes; that is true; and for that reason we ought not to leave it necessary to have the fight over and over again with the convening of each session of Congress and the consideration of the Indian appropriation bill. The fact of the business is that not only is the drug damnable but since the abolition of the liquor business, and thus the opportunity to purchase liquor as the Indians were in the habit of purchasing it, the peyote drug habit is increasing and is extending itself northward among the Indians, even almost to the Canadian line. The gentleman stated the fact when he said that most of those who are familiar with the question, as doctors or religious or welfare workers, are earnestly opposed to the peyote habit among the Indians. He might have stated further that many of the better Indians themselves are opposed to it, and their representatives came before our committee and spoke with an earnestness that I never saw manifested by Indians in urging any other cause, begging the committee to make it possible for their people to be saved from the peyote habit that was being extended among them.

Mr. TILLMAN. Will the gentleman yield?

Mr. FRENCH. I will.

Mr. TILLMAN. Who is Mrs. Gertrude Bonnin?

Mr. FRENCH. Mrs. Bonnin was one of the witnesses to whom I referred. She herself is a member of the Sioux Tribe of Indians. I have understood that she is a kin of the late Sitting Bull. At any rate, she is one of the prominent, outstanding Indian women of our country.

Mr. TILLMAN. Is she not married to an American officer?

Mr. FRENCH. She is married to an American officer who saw service in the World War, and she is one of the outstanding Indian women in this country in every cause that means for the betterment of her people.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. FRENCH. I will.



Mr. SANDERS of Indiana. I agree with the gentleman's idea that the traffic should be suppressed, but there is no criminal law against it in the United States.

Mr. FRENCH. There is no criminal law.

Mr. SANDERS of Indiana. How are you going to suppress it by the Federal Government; if there is no criminal law on the subject, how can you suppress it?

Mr. FRENCH. I think there will be a criminal law shortly. A bill is pending that I believe will pass Congress.

Mr. EVANS. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. EVANS. Is not there a bill pending before the Indian Affairs Committee making it a crime to deal in peyote?

Mr. HAYDEN. The bill passed the other House and is pending before the Indian Committee.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. GENSMAN. Mr. Chairman, I recognize the temper of the House at this time and of the Members; but, gentlemen, I come from a country that only 20 years ago was entirely inhabited by the Indians, except for a few Indian traders. I have been in a peyote church merely as a casual observer, having stepped in to see what they were doing. I want to say to you that I never have seen anything going on there that could be criticized in reference to the peyote religion. History tells us that back in Europe, along the Ural Mountains, we had a tribe of people who began to punish the members of their tribe on account of their religious belief. Those people were turned out into the interior and afterwards their offspring conquered Rome. Now, gentlemen, we have had a very vivid illustration of the persecution of men and women on account of their religious belief right here at home. We are but a very short distance from the place on the Atlantic coast where the Pilgrim Fathers landed, and they landed on the shores of America because of the fact that the country from which they came persecuted them on account of their religious belief.

Now, you have heard the gentleman from Arkansas, who never saw a peyote tent, a peyote tepee, or a peyote church; he knows nothing about it but what he may have read in the statement of some doctor or self-styled scientist. He tells you that these Indians go into a hot tent and have ceremonies under insanitary conditions and surroundings. Why, gentlemen, far be it from me to compare my religion with theirs, but I do not think the gentleman from Arkansas is right about it. We find occasionally the white man's churches not entirely ventilated. Gentlemen, in the short time I have to talk to you on this subject I want to say to you that I am acquainted with a great number of Indians whose ancestors brought their religion with them from the time of Cortez in Mexico, and they are just as proud and enjoy their religion just as much as you enjoy yours.

I say to you that that is the old, old way of proselytism. The Indian's peyote religion is just as sacred to him as your religion is to you. There are men on the floor of the House to-day who know something about the peyote religion at first hand, men whom you absolutely respect, men who are a credit to this House, men who, I am glad to say, and I wish I might say it of myself, have Indian blood circulating in their veins. They will not tell you, gentlemen, that the peyote religion is not a thing for them. They will not tell you that the Indians ought to be deprived of it; that remains for some fellow from Arkansas.

Mr. CHANDLER of Oklahoma. Will the gentleman yield?

Mr. GENSMAN. Certainly.

Mr. CHANDLER of Oklahoma. I would like to ask the gentleman if the Protestants do not say that the Catholic religion is wrong, and the Catholics say that the Protestant religion is wrong.

Mr. GENSMAN. Yes; and you find the Catholics trying to proselyte the Methodists and the Methodists trying to proselyte the Baptists, and the Dutch Reformed Church trying to proselyte the Indians from their church. I tell you that, as far as I am concerned, all religions are good. I wish that I had more of it myself. [Laughter.]

Mr. LAYTON. Will the gentleman yield?

Mr. GENSMAN. Not just now; I will yield later.

I want to say to you that we would all be better if we had more religion in our nature, and whatever religion you have, it is sacred to you, and it is as sacred to the Indian as to anyone else, and I believe from talking to them and seeing them in their performances—

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CHANDLER of Oklahoma. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CHALMERS. Mr. Chairman, will the gentleman yield to me for a question?

Mr. GENSMAN. Yes; in a moment.

Mr. LAYTON. Mr. Chairman, will the gentleman now yield?

Mr. GENSMAN. Yes.

Mr. LAYTON. I am a little bit mixed. Is peyote a religion, or is it a drug they get from the top of the cactus plant?

Mr. GENSMAN. I will tell the gentleman what peyote is. Peyote is a little root about the size of a radish, and is not the mescal and is not a part of the cactus plant. It is of the cactus family, but it grows in the ground in the arid country, coming up a very little bit above the ground. The Indian cuts the top of it off and uses that in their religious ceremonies. I have no doubt if the gentleman took enough of these peyote beans and boiled them down and drank the fluid he would have certain hallucinations—at least some doctors think he would, and I am not denying that; but at the same time—and far be it from me to compare the religion of the Indians to the religion of the white man—could not the gentleman take enough of the red wine used in the sacraments in the white man's church, so that he would get stewed? [Laughter.] I do not say that sacrilegiously, and I want the Members of the House to so understand it.

Mr. CHALMERS. Mr. Chairman, will the gentleman yield?

Mr. GENSMAN. Yes.

Mr. CHALMERS. And even though the peyote is injurious physically, if it be used in a religious rite, is it the gentleman's opinion that it ought not to be interfered with?

Mr. GENSMAN. It is my opinion that any religion that comes from the bottom of the heart of a man is good. If he believes in it and feels that it is the proper way to worship, he can go into a tent or a little shack of any kind or a church and there offer himself up to his Maker and worship his Creator according to the dictates of his heart and conscience, I say to you that I think it is good.

Mr. CHALMERS. I would remind the gentleman that some mothers conscientiously and religiously believe that they are doing the right thing when they sacrifice their offspring to the alligators, religiously.

Mr. HERRICK. Mr. Chairman, will the gentleman yield to me for a question or two?

Mr. GENSMAN. Yes.

Mr. HERRICK. I want to ask the gentleman a few questions. First, has not the gentleman lots of Indians in his district?

Mr. GENSMAN. I have a few.

Mr. HERRICK. Well, does the gentleman expect his Indians to read this speech at the next election, or does he expect to read it to them? [Laughter.]

Mr. GENSMAN. I just want to answer that. The Indians in my district are not registered and have no opportunity of registering, and will not have an opportunity of voting at the next election. [Applause.]

Mr. TILLMAN. Mr. Chairman, will the gentleman yield?

Mr. GENSMAN. Yes.

Mr. TILLMAN. If it were not for this peyote button that they eat and use, there would not be any religious ceremonies at all?

Mr. GENSMAN. As to that, I am not as familiar with the religion as I might be, but I do know that right up here before the Indian Committee and before the President of the United States, Mr. Harding, I presented 20 Indians, two-thirds of whom were members of the peyote church, and I believe some of you gentlemen saw those Indians walking about the streets and will agree with me that they are perfect specimens of humanity, as perfect as I ever saw in my life, and they all belonged to the peyote religion. As to the workings of the religion, I know as little about it as I do about Mohammedanism, but I do know that I have often on a morning gone by their tents and I have seen the Indians after they have been in there worshipping, and I never yet saw one of them intoxicated or acting in a disorderly fashion around or near a church tepee. They did not act or look as if there was anything wrong with them, and they were as strong physically and as wide awake as I am at this minute. [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has again expired.

Mr. HAYDEN. Mr. Chairman, I move to strike out the last word. As a member of the Committee on Indian Affairs I listened to extended hearings on the question of the use of peyote and became fully convinced that it is a deleterious drug, the use of which should be prohibited. There is not an organization in the United States interested in the uplift of the



Indians—and all of them have investigated the matter—that is not opposed to the use of this drug. Every superintendent of an Indian reservation where the Indians under his charge use this drug advises against it. Every physician in the Indian Service condemns it. The Board of Indian Commissioners have reported against it. A bill to prohibit the use of peyote passed this House in a former Congress and a similar bill is pending before the Committee on Indian Affairs that will undoubtedly pass the House when brought to a vote.

What is the situation to-day? For the first time since 1832, when the Indian Bureau was established, we are passing a general enabling act giving authority to make appropriations for the Indian Service. It may be another 89 years before a bill of that kind is again before the House. Now is the opportune time to authorize appropriations for the suppression of the use of this drug. Congress can hereafter pass the necessary legislation to prohibit the use of peyote, but let us squarely meet the issue that is presented to-day and vote for that which is conceded to be in the best interest of the Indians.

Dr. Harvey W. Wiley, former Director of the Bureau of Chemistry, thoroughly investigated this matter personally. One of his assistants, Mr. Elwell, took this drug and was observed by Dr. Wiley and by other members of the Bureau of Chemistry. Let me read briefly from the hearings before the Committee on Indian Affairs, which show what the doctor said about the effect of peyote on this young man:

He was constantly talking and saying, "Oh, how beautiful; oh, how splendid, how magnificent." I was particularly struck with this expression. I knew something of his views and that he was a great admirer of Robert G. Ingersoll. One of the things he said was, "Oh, I wish I could talk with Ingersoll just for a minute; I could convince him that there is a heaven; I see it. I see the angels in the streets of gold." Of course, the heaven which he saw was the heaven that had been described to him. The Indians probably see a heaven of a different kind, the chase, or something of the kind. He saw visions that were perfectly entrancing, as translated from his remarks and descriptions of them.

Mr. CLARKE of New York. Was that a he-man or a pacifist?

Mr. HAYDEN. I do not think that anyone who knew Dr. Wiley would charge him with being a pacifist.

Mr. CLARKE of New York. I was not speaking of Dr. Wiley, but of the assistant, who made the test.

Mr. HAYDEN. When I first introduced the bill to prohibit the use of peyote by the Indians Dr. Wiley sent me this statement:

The protection of the Indians against the intoxication produced by the peyote or mescal button is a matter of supreme importance. Not only does it affect the obligations which the Government has toward its wards, but also particularly does it affect the physical, mental, and moral welfare of the Indians. I might add to this also their financial welfare. Intoxication produced by these bodies is of the most seductive character. My own experience in the study of a case of intoxication showed me how beautiful and delightful are the mental impressions of the victim. No wonder that they are anxious to repeat the dose, and no wonder that the habit becomes so speedily fixed and spreads so rapidly.

Everyone interested in our own relation to the Indians and their welfare should join in this propaganda to prohibit the importation of these mescal buttons, or peyote, among the Indian tribes. I believe that practically all of it is brought in from Mexico. It would therefore be easy to prevent its coming through the regular channels of trade. It would require great diligence, however, to prevent its being smuggled over the border.

Legislation should be directed toward preventing the importation of this drug but also toward arranging for its confiscation when found in this country. Incalculable good will arise from restrictive legislation of this kind.

The idea of making an intoxicating drug the basis of a religion is preposterous. One might as well use the sacrament as an excuse for drinking a gallon of wine to become intoxicated. This talk of religion is all a subterfuge. It is a bold attempt to perpetuate, under the guise of religion, the use of a drug that ought to be prohibited. We should act to-day by approving this bill without amendment and then pass a bill as soon as possible prohibiting the use of peyote.

Mr. SNYDER. I want to say to the gentleman that he knows that when we went through this investigation it was finally determined by all of us that while peyote might do some good it might do more damage than it did good, and we tried very hard—I did, at least, because I guess everybody here would agree that I would be about the last man to take the joy out of life of anybody, much less the Indian, and if there is a little joy left in this I would say let the Indian get it as long as he could—but we finally determined it was a wise thing to do to get rid of this, and there is nothing in this bill that deals with the merits at all.

Mr. HAYDEN. The gentleman from New York is technically correct. There is now no law upon the statute books prohibiting the use of peyote, but there will be that kind of a law if we can ever bring the question to a vote on the floor of this House. We might as well anticipate that to-day and provide

the necessary authorization for appropriations to carry out such a law. [Applause.]

Mr. CARTER. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Arizona. From a discussion of this amendment offered by the gentleman from New York, which is a committee amendment, it would seem we have under consideration here a bill for the suppression of peyote. We have no such thing under discussion or consideration at all. The bill we have under consideration is a bill to make in order on the Indian appropriation bill certain items which have long been carried on that bill and which have been activities of the Indian Bureau for years and years. The difference between the other items and this item is that this is an item which is not prohibited by law, but you are passing a law here under the guise of authorizing appropriations which this House ought not to do without more information than it has to-day. As to the hearings which the gentleman from Arkansas and the gentleman from Arizona have exhibited, I will leave it to any fair-minded man to go through those hearings and prove either side of the case by competent witnesses. What has been referred to by the gentleman from Arkansas and the gentleman from Arizona as stated by eminent scientists is true. These statements I read; I heard some of them and read some of them afterwards in the document when it was printed; but we must not forget that many Indians and some scientists appeared before that committee who said that peyote had no such deleterious effect as that described by the scientists on the other side. So you can prove the case either way by calling in evidence the document cited here to-day. When this peyote question was raised I was very much opposed to taking peyote away from the Indians, because they insisted that it was a part of their religious ceremony. It does not affect the Indian tribe to which I belong, because we have never used peyote, and perhaps have progressed far enough in the white man's religion that it will never be used, but it is a fact that some tribes in Oklahoma use it during their religious rites.

This peyote subject was first brought up several years ago when I was chairman of the Committee on Indian Affairs. Both sides were urgently insisting upon being heard. I finally decided to appoint a subcommittee for that purpose. The question of prohibition seemed to be involved, so I appointed as chairman the gentleman from Arkansas [Mr. TILLMAN], a well-known prohibitionist. To offset him I assigned as a minority member the gentleman from New York [Mr. SNYDER], whose antiprohibition views are too well known to need discussion by me. [Laughter and applause.] In order to balance the committee I appointed Mr. Hastings, because I thought there ought to be some one on the committee who would temporarily forget prohibition and look after the Indian. [Laughter and applause.] After extended hearings that committee brought back to the Committee on Indian Affairs the consensus of their views, favorably reporting the bill with some amendments. It was brought into the House. I yielded to their judgment when it came into the House and I did not object to unanimous consent being given for the passage of the bill. Now, I am frank to say that I am not sure but what some bill should be passed to prevent the use of peyote. But this is not the way to do it; this is not the time to do it, with such meager information as we have concerning it.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. CARTER. In a moment. I do not think we ought to take peyote away from the Indians in this manner without giving them their day in court and an opportunity to be further heard by the other Members of the House. I now yield to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. Is the gentleman a member of the committee?

Mr. CARTER. Of the Indian Affairs Committee? I am not now.

Mr. COOPER of Wisconsin. I notice that the committee unanimously reported this provision with these words, "peyote and other deleterious drugs."

Mr. SNYDER. I will say the committee subsequently met this morning, and the committee authorized the chairman to offer a committee amendment.

Mr. COOPER of Wisconsin. I know; undoubtedly active influences have been at work, as they have in my vicinity since this bill came on; but the committee unanimously reported this language, "peyote and other deleterious drugs."

Mr. CARTER. Yes; that is true; but the committee changed it this morning, I understand.

Mr. COOPER of Wisconsin. Is not peyote a deleterious drug and does it not make drug addicts?



Mr. CARTER. I think I have just explained that you can prove that it is or that it is not by the testimony of so-called experts.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. CARTER. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. The gentleman from Oklahoma asks unanimous consent to proceed for three minutes more. Is there objection?

There was no objection.

Mr. CARTER. You can take the hearings, you can take the testimony of the witnesses who appeared before the subcommittee when the hearings were held in the hearing room just adjoining my office, and you can prove, on the one hand, that an Indian may be influenced by peyote to do anything from stealing sheep to running away with his neighbor's wife; and by another witness who claims to be just as expert you can prove that it does no damage to the Indian, but is, on the contrary, a benefit to him and takes away from him the desire for the drinking of liquor. I do not know which class of experts to believe, but I do not think the committee should take action in this hasty manner.

My friend from Arizona [Mr. HAYDEN] says that a bill will probably be passed for the suppression of peyote. If that is true, undoubtedly when the bill is passed the bill by its own terms will authorize an appropriation and this item in this bill will not then be necessary.

Mr. SANDERS of Indiana. Will it authorize an appropriation to be expended by the Indian Bureau? Would it not go to the Department of Justice?

Mr. CARTER. The bill as passed before placed its enforcement with the Indian Bureau and would by implication authorize the use of the money by those officials.

Mr. TILLMAN. Mr. Chairman, will the gentleman yield?

Mr. CARTER. Yes.

Mr. TILLMAN. I have a great respect for the gentleman's opinion, and so has the House. The gentleman from Oklahoma is an Indian. Suppose that further hearings had been had on this subject and that a bill was reported as the result of the hearings that the drug should be suppressed. Would the gentleman vote for the bill?

Mr. CARTER. I would with my present information; but I do not think it should be done in this haphazard and hasty manner. There are many Members who may differ with me, and I must say for myself that I would vote for it with much reluctance, because it is claimed to interfere with the Indian's religious ceremonies, and I hesitate to interfere with any man's religious service or views with the meager, conflicting information we have on this subject. [Applause and cries of "Vote!"]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired. The pro forma amendment offered by the gentleman from Oklahoma is withdrawn. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. SNYDER]. The Clerk will report it again.

The Clerk read as follows:

Page 2, line 12, after the word "liquor," strike out the balance of the paragraph.

Mr. TILLMAN. Mr. Chairman, I want to offer a perfecting amendment, if it is in order. I desire to offer this amendment: On page 2, line 12, amend that line and line 13, so that it will read as follows: "For the suppression of traffic in intoxicating liquors, peyote, and other deleterious drugs."

Mr. SANDERS of Indiana. Mr. Chairman, I make the point of order that that is not a perfecting amendment.

The CHAIRMAN. That is a separate amendment. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. SNYDER].

The question was taken, and the Chairman announced that the ayes appeared to have it.

Mr. BLANTON. Mr. Chairman, I call for a division.

The CHAIRMAN. A division is demanded.

The committee divided; and there were—ayes 27, noes 43.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

Mr. FRENCH. Mr. Chairman, I rise to offer an amendment.

Mr. TILLMAN rose.

Mr. FRENCH. I will yield to the gentleman from Arkansas, who is a member of the committee.

Mr. TILLMAN. Mr. Chairman, I move to amend the amendment that is now adopted by inserting, on page 2, line 12, before the word "liquor," the word "intoxicating."

Mr. HILL. Mr. Chairman, I rise to oppose the amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. TILLMAN: On page 2, line 12, before the word "liquor," insert the word "intoxicating."

The CHAIRMAN. The gentleman from Maryland [Mr. HILL] is recognized in opposition to the amendment.

Mr. HILL. Mr. Chairman and gentlemen of the committee, I am absolutely against the liquor traffic among the Indians. I am absolutely for the enforcement of the liquor laws of the United States, but I think that we should not further subdivide the enforcement of the law by giving power to the Indian Bureau to do something for which we are spending millions of dollars to allow the Treasury Department to do. At the present time we have in the Internal Revenue Bureau in the Treasury Department a corps of persons to enforce the national prohibition law.

Mr. HERRICK. Will the gentleman yield for a question?

Mr. HILL. I decline to yield. At the same time we have in the Department of Justice a corps of persons to enforce that same law, and now it is proposed by this amendment to create a separate national prohibition enforcement department in the Indian Bureau.

Mr. HAYDEN. Will the gentleman yield?

Mr. HILL. I decline to yield. I say that in the interest of national efficiency, totally regardless of whether or not you should have a national prohibition act, you should vote against the further splitting up of the enforcement of the prohibition laws of the United States.

Mr. LINEBERGER. Mr. Chairman, I ask unanimous consent to extend and revise my remarks.

The CHAIRMAN. The gentleman from California asks unanimous consent to revise and extend his remarks. Is there objection?

Mr. SANDERS of Indiana. Reserving the right to object, I should like to inquire whether it is the gentleman's own remarks or whether he intends to insert any newspaper articles?

Mr. LINEBERGER. I did intend to insert newspaper articles.

Mr. SANDERS of Indiana. I object to the insertion of any newspaper articles. I have no objection to the gentleman extending his own remarks.

Mr. LINEBERGER. In view of the gentleman's proposed objection, I shall withhold the newspaper articles and will ask unanimous consent to revise and extend my own remarks.

Mr. BLANTON. Mr. Chairman, I make the same request—to extend the remarks I have made to-day.

Mr. HAYDEN. I make the same request.

Mr. TILLMAN. I make the same request.

Mr. GENSMAN. I make the same request.

Mr. TILLMAN. And I ask that all gentlemen who have spoken on this bill on either side may have that privilege.

The CHAIRMAN. The gentleman from Arkansas [Mr. TILLMAN] asks unanimous consent that all those who have spoken in the committee to-day on this bill may have the right to revise and extend their remarks. The Chair understood that objection was made or would have been made to including extraneous matter, such as newspaper articles, and it is further understood as the Chair supposes that the extensions must be on the general subject discussed to-day.

Mr. DOWELL. That request I think is not in order in the committee—the general request.

Mr. BLANTON. That is not in order in Committee of the Whole. The gentleman from Arkansas should withdraw that request.

Mr. TILLMAN. I withdraw it.

The CHAIRMAN. Then the request is that the gentlemen who have asked the privilege be given leave to revise and extend their remarks in the RECORD. Is there objection?

There was no objection.

Mr. DOWELL. I am not objecting to the general request, but I am only suggesting to the Chair that it should not be made in the committee.

Mr. TILLMAN. I withdrew it.

The CHAIRMAN. The general request is withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. TILLMAN].

The question being taken, on a division (demanded by Mr. HILL) there were—ayes 66, noes 1.

Accordingly the amendment was agreed to.

Mr. GENSMAN. Mr. Chairman, I offer the following amendment: In line 12, after the word "peyote," add the words "except for religious purposes."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Oklahoma.

The Clerk read as follows:

Amendment offered by Mr. GENSMAN: Page 2, line 12, after the word "peyote," insert the words "except for religious purposes."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The question being taken, on a division (demanded by Mr. BLANTON) there were—ayes 21, noes 46.

Accordingly the amendment was rejected.

Mr. COLLINS. Mr. Chairman, I have an amendment at the desk that I wish to offer.

The Clerk read as follows:

Amendment by Mr. COLLINS: Page 2, line 14, strike out lines 14 and 15.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken, and the amendment was rejected.

The Clerk completed the reading of the bill, as follows:

SEC. 2. That annual estimates shall be submitted for the consideration of Congress as provided by section 5 of the legislative act approved March 3, 1901 (31 Stat. L., p. 1009).

Mr. SNYDER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. SNYDER: Page 2, line 18, strike out lines 18 to 21, inclusive.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. SNYDER. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BURTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. SNYDER. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

There was no demand for a separate vote, and the amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 81, noes 2.

Mr. BLANTON. Mr. Speaker, I object to the vote because it shows that no quorum is present, and I make the point of order that no quorum is present.

#### ADJOURNMENT.

Mr. SNYDER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 40 minutes p. m.) the House, in compliance with its previous order, adjourned until Monday, August 8, 1921, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. COLTON, from the Committee on the Public Lands, to which was referred the bill (H. R. 7780) for the relief of G. Fred Roach and others, reported the same with an amendment, accompanied by a report (No. 328), which said bill and report were referred to the Private Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. BUTLER: A bill (H. R. 8083) to authorize the Secretary of the Navy to dispose of, by sale or otherwise, certain lands or portions thereof, with the improvements thereon, that are deemed by him to be no longer required for naval purposes; to the Committee on Naval Affairs.

By Mr. FOCHT (by request): A bill (H. R. 8084) to vacate certain streets and alleys within the area known as the Walter Reed General Hospital, District of Columbia, and to authorize the extension and widening of Fourteenth Street from Montague

Street to its southern terminus south of Dahlia Street; Nicholson Street from Thirteenth Street to Sixteenth Street; Colorado Avenue from Montague Street to Thirteenth Street; Concord Avenue from Sixteenth Street to its western terminus west of Eighth Street west; Thirteenth Street from Nicholson Street to Piney Branch Road; and Piney Branch Road from Thirteenth Street to Blair Road; and for other purposes; to the Committee on the District of Columbia.

By Mr. BUCHANAN: A bill (H. R. 8085) to provide foreign credits for the purchase of products of essential industries of the United States and to promote the foreign commerce thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. VOIGT: A bill (H. R. 8086) to prohibit the shipment of filled milk in interstate or foreign commerce; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND of Virginia: A bill (H. R. 8087) for the relief of J. W. Hogg; to the Committee on Claims.

By Mr. BOWERS: A bill (H. R. 8088) granting an increase of pension to Thomas F. Riley; to the Committee on Pensions.

By Mr. COPLEY: A bill (H. R. 8089) for the relief of Silas S. Myers; to the Committee on Claims.

By Mr. GRAHAM of Illinois: A bill (H. R. 8090) granting a pension to Emma Hibbard; to the Committee on Pensions.

By Mr. GREENE of Vermont: A bill (H. R. 8091) for the relief of Ray Ernest Smith; to the Committee on War Claims.

By Mr. HARDY of Colorado: A bill (H. R. 8092) granting an increase of pension to Hattie Pringle; to the Committee on Invalid Pensions.

By Mr. LANKFORD: A bill (H. R. 8093) granting an increase of pension to William H. Mercer; to the Committee on Invalid Pensions.

By Mr. LAYTON: A bill (H. R. 8094) granting an increase of pension to William Johnson; to the Committee on Pensions.

By Mr. QUIN: A bill (H. R. 8095) granting an increase of pension to Janie B. Jones; to the Committee on Pensions.

By Mr. REECE: A bill (H. R. 8096) granting a pension to William D. Davis; to the Committee on Invalid Pensions.

By Mr. SUMMERS of Washington: A bill (H. R. 8097) granting an increase of pension to Phebe E. Sargent; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 8098) granting a pension to Annie I. Geen; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 8099) granting a pension to Louise S. Gayland; to the Committee on Pensions.

By Mr. WILLIAMS: A bill (H. R. 8100) granting an increase of pension to Effie J. Wolf; to the Committee on Invalid Pensions.

By Mr. WOODYARD: A bill (H. R. 8101) granting a pension to Mary L. Haddix; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2269. By the SPEAKER (by request): Resolution of the Maui Woman's Club, a nonpolitical, nonsectarian organization, composed of the women of Maui, with a membership of about 180, urging the passage of the joint resolution in the Senate providing, for limited periods of time, sufficient agricultural labor to relieve the present acute labor shortage; to the Committee on Immigration and Naturalization.

2270. By Mr. DRIVER: Memorial of Blytheville Chautauqua, Blytheville, Ark., sympathizing with Korean aspirations for independence; to the Committee on Foreign Affairs.

2271. By Mr. DYER: Petition of Jacob Palmbeier and sundry other citizens of Missouri, urging the passage of joint resolution 60, providing for the release of political prisoners; to the Committee on the Judiciary.

2272. Also, petition of Charity Grace and 299 others of the twelfth congressional district of Missouri, urging the recognition of the Irish republic; to the Committee on Foreign Affairs.

2273. By Mr. KISSEL: Petition of William Baumann, Harry C. Bowers, Frederick Burns, and Robert Heinrich, all of Brooklyn, N. Y., urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2274. Also, petition of the Medical Society of the State of New York, New York City, opposing the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.



2275. By Mr. LINEBERGER: Petition of Mrs. Freeman A. McKenzie, R. J. Buffum, and 1,000 other citizens of Long Beach, Calif., protesting against the passage of Senate bill 1948; to the Committee on the District of Columbia.

2276. By Mr. McARTHUR: Petition of residents of Vernonia, Oreg., against compulsory Sabbath observance; to the Committee on the District of Columbia.

2277. By Mr. OSBORNE: Petition of 438 citizens of Glendale, Calif., and 64 citizens of Los Angeles, Calif., in opposition to the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2278. By Mr. RAKER: Petition of the Union Publishing Co., of Grass Valley, Calif., protesting against the repeal of the "zone postal law"; to the Committee on the Post Office and Post Roads.

2279. Also, petition of M. Schussler & Co. (Inc.), of San Francisco, Calif., urging the passage of the Hawaiian immigration measure; to the Committee on Immigration and Naturalization.

2280. Also, petition of the Western Confectioners' Association, San Francisco Zone, San Francisco, Calif., urging the repeal of the excise tax on candy; also petition of T. D. Bryan, vice president San Joaquin Almond Growers' Association, of Linden, Calif., urging a tariff on almonds of 5 cents in shell and 15 cents per pound shelled; to the Committee on Ways and Means.

2281. By Mr. SMITH of Michigan: Petition signed by 41 citizens of Charlotte, Mich., protesting against the passage of House bill 4388, providing for regulation of Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2282. Also, petition of 41 citizens of Charlotte, Mich., and 146 other citizens of Michigan, protesting against the passage of House bill 4388, providing for regulation of Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

2283. By Mr. SWING: Petition of citizens of Riverside, Calif., protesting against the Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2284. By Mr. TAYLOR of Colorado: Petition of citizens of Grand Junction, Colo., protesting against legislation to regulate Sunday observance by civil force in the District of Columbia; to the Committee on the District of Columbia.

2285. By Mr. THOMPSON: Petition of certain citizens of Liberty Center, Ohio, protesting against the passage of the compulsory Sunday observance bill (S. 1948); to the Committee on the District of Columbia.

2286. Also, petition of certain citizens of Liberty Center, Ohio, protesting against the passage of the compulsory Sunday observance bill (S. 1948); to the Committee on the District of Columbia.

2287. Also, petition of certain citizens of Liberty Center, Ohio, protesting against the passage of the compulsory Sunday observance bill (S. 1948); to the Committee on the District of Columbia.

2288. By Mr. TILSON: Petition of Benjamin Franklin Council of the American Association for the Recognition of the Freedom of Ireland, of New Haven, Conn., opposing any settlement of the debts owed by Great Britain to this country or further postponement of interest payments until the recognition of the Irish Republic; to the Committee on Foreign Affairs.

## SENATE.

FRIDAY, August 5, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, in the multitude of Thy tender mercies we gather here this morning, recognizing that goodness and grace have been vouchsafed unto us. We humbly beseech Thee for Thy guidance and Thy help in all matters of duty which may come before this body. Grant to each health and strength for the performance of every duty to Thy glory. We ask in Jesus Christ's name. Amen.

### NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, August 5, 1921.

To the SENATE:

Being temporarily absent from the Senate, I appoint Hon. CHARLES CURTIS, a Senator from the State of Kansas, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro tempore.

Mr. CURTIS thereupon took the chair as Presiding Officer.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Wednesday, July 27, 1921, when, on request of Mr. Smoot and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### CALL OF THE ROLL.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	Ladd	Smith
Borah	Fletcher	McCumber	Smoot
Brandegee	Gooding	McKellar	Spencer
Broussard	Harris	McNary	Stanley
Bursum	Heflin	Nelson	Sterling
Cameron	Hitchcock	Nicholson	Trammell
Capper	Johnson	Oddie	Wadsworth
Culberson	Jones, Wash.	Overman	Warren
Curtis	Kellogg	Pittman	Watson, Ga.
Dial	Kenyon	Pomerene	Williams
Edge	Keyes	Sheppard	Willis
Ernst	King	Shortridge	

Mr. SMOOT. I wish to announce the absence of the Senator from Pennsylvania [Mr. PENROSE] and the Senator from Indiana [Mr. WATSON] on official business of the Senate, attending hearings before the Committee on Finance.

The PRESIDING OFFICER. Forty-seven Senators having answered to their names, there is not a quorum present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. BALL, Mr. GLASS, Mr. KNOX, Mr. MCCORMICK, Mr. NORBECK, and Mr. STANFIELD answered to their names when called.

Mr. RANDELL, Mr. TOWNSEND, Mr. SIMMONS, Mr. CARAWAY, Mr. SUTHERLAND, Mr. LODGE, Mr. CALDER, Mr. LA FOLLETTE, Mr. LENROOT, Mr. MCLEAN, Mr. DILLINGHAM, Mr. MOSES, and Mr. SWANSON entered the Chamber and answered to their names.

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED.

The PRESIDING OFFICER, as Acting President pro tempore, announced his signature to the following enrolled bills and joint resolutions, which had previously been signed by the Speaker of the House of Representatives:

S. 488. A bill providing for an exchange of lands between the Swan Land & Cattle Co. and the United States;

S. 530. A bill to quiet title to certain tracts of land in the city of Walters, State of Oklahoma;

S. 997. A bill conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes;

S. 1434. A bill to provide for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.;

H. R. 6611. A bill to establish a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act;

S. J. Res. 5. A joint resolution authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925; and

S. J. Res. 72. A joint resolution for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm.

### PETITIONS AND MEMORIALS.

The PRESIDING OFFICER (Mr. CURTIS) presented the petition of F. C. Fox and sundry other citizens of Topeka, Kans., praying for adequate protection in the proposed tariff act covering amorphous graphite, which was referred to the Committee on Finance.

He also presented the petition of the Richards-Scheble Candy Co., and sundry other confectionery companies of Hutchinson, Kans., praying for the repeal of the excise tax on candy, which was referred to the Committee on Finance.

He also presented the petition of James N. Miller and sundry other members of Eggleston Post, No. 244, of Wichita, Kans., praying for the enactment of legislation granting pensions to widows of Civil War soldiers who were married previous to 1905, which was referred to the Committee on Pensions.

Mr. SHORTRIDGE. Mr. President, I send to the desk certain petitions signed by numerous citizens of California, praying for the passage of the resolution introduced by the Senator from Wisconsin [Mr. LA FOLLETTE], and also the resolution introduced by the Senator from Nebraska [Mr. NORRIS], praying for the recognition of the independence of the republic of

Ireland by the Government of the United States. I ask that they be noted in the RECORD and appropriately referred.

The PRESIDING OFFICER. The petitions will be noted in the RECORD and referred to the Committee on Foreign Relations.

The petitions praying for the recognition of the republic of Ireland were from the following-named citizens, all of the State of California:

W. J. O'Brien, W. A. Brown, Leo C. Hammett, J. L. Hammett, Clayton J. Hughes, J. A. Peabody, E. J. Gobin, J. T. Gilligan, Joseph E. Duckart, Charles J. Foret, E. H. Henning, C. J. Ring, E. A. Bissonette, J. C. Day, Henry Orrense, R. H. Wilson, James F. Ring, Dennis Armstrong, Ted McMahon, John Feltes, Joseph R. Scarini, William J. Silva, Clarence H. Felte, L. R. Barnett, W. A. McDermott, F. W. Leibrenz, Charles J. Outman, M. D. Bacciarini, F. W. Hansing, E. H. Decker, W. T. McCormack, J. J. Ring, W. B. Kelly, J. E. McCormick, W. E. Lettes, R. G. Drouillard, Carl E. Kahn, and Harry J. Kelly.

Mr. WARREN presented a resolution adopted by unanimous vote of the second annual convention of the National Park-to-Park Highway Association held in Salt Lake City, Utah, June 16 and 17, 1921, favoring amendment of the present Federal aid road act in such manner that the Federal Government may recognize its obligations to the Western States and require of them a lesser percentage of cooperation than now required in order to secure Federal aid road funds, and so forth, which was referred to the Committee on Post Offices and Post Roads.

Mr. WATSON of Georgia. Mr. President, I present resolutions from members of Washington Camp, No. 342, Patriotic Order Sons of America, of Philadelphia, Pa., which I ask may be printed in the RECORD and referred to the Committee on the Judiciary.

There being no objection, the resolutions were referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

WASHINGTON CAMP, No. 342, P. O. S. OF A.,  
Philadelphia, Pa., July 15, 1921.

Whereas the frequent display of foreign flags independent of and over the Stars and Stripes on buildings, automobiles, etc., has been brought to the attention of members of Washington Camp, No. 342, P. O. S. A.: Therefore be it

*Resolved*, That inasmuch as the above action indicates clearly that those responsible for such display are hyphenated citizens whose loyalty to America is secondary to the nation or authority whose emblem they place above the Stars and Stripes, we demand that all those guilty of this un-American act be deprived of their citizenship whether naturalized or American born; and be it further

*Resolved*, That copies of this resolution be forwarded to Attorney General Daugherty with a request that he take the necessary steps to enforce the above action; and if without legal authority so to do, that he request Congress to grant such authority in order that the ideals of and loyalty to this Nation may be upheld as provided in our Constitution; and be it further

*Resolved*, That a copy of this resolution be sent to Hon. J. Hampton Moore, Mayor of Philadelphia, with a request from the 1,700 members of Camp No. 342, P. O. S. A., that he issue orders to cause the arrest of any person or persons displaying any symbol or flag above the Stars and Stripes under any condition whatsoever; and be it further

*Resolved*, That copies of this resolution be forwarded to the chairmen of the Judiciary, Immigration, and Foreign Relations Committees of the House and Senate; to President Harding; to the public press, and through them request all 100 per cent American organizations to give this matter their full support; and be it further

*Resolved*, That the names of the newspapers publishing this resolution and the communications from those mentioned above be read at our next camp meeting.

ROYAL C. STEPHENS.  
ALBERT H. PALMER.  
FRANK G. DONICHY.  
CHARLES R. ALLEN.  
C. W. T. ROBINSON.

JAMES G. CURBLER.  
OLIVER A. McMULLEN.  
WM. S. FOLEY.  
N. E. ROGERS.

Mr. RANSDELL. Mr. President, I present a resolution adopted by the annual session of the Louisiana State Farmers' Union, held at Baton Rouge, La., July 26. It is brief, and I ask that it may be printed in the RECORD and referred to the Committee on Agriculture and Forestry.

There being no objection, the resolution was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

#### Resolution 1.

We, the Louisiana State Farmers' Union, in annual session at Baton Rouge, La., July 26, declare:

First. That we request the Louisiana delegation in Congress to urge the United States Congress to cease all attempts at experimental legislation and concentrate upon efforts to open up markets of the world for all farm products, such as cotton, grains, packing-house products, wool, tobacco, and other farm products.

Second. It is unrestricted and unlimited markets for cotton, packing-house products, grain, and wool which is needed to relieve the present depression in agriculture, finances, and transportation of our Nation, and we oppose all legislation which will have the effect of restricting in any manner the free and unlimited marketing of cotton, grain, and live-stock products.

Third. We are gratified to note from the papers that Senator RANSDELL, as a member of the Senate Committee on Agriculture, opposed the Dial bill. In 1914 the cotton exchanges were closed, with the result that farmers were unable to ascertain the correct prices of cotton, and, owing to the closing of cotton exchanges, the spinners and large cotton, spot, dealers were enabled to depress the price of cotton, and they did without mercy, and the result was that the cotton producers of America were compelled to accept ruinous prices for cotton; and we oppose any legislation which will have the effect of closing the cotton exchanges and grain exchanges of the Nation, or any legislation which will impair or interfere with the free marketing of cotton and grain by future contract sales or otherwise.

Fourth. We ask the Louisiana delegation in Congress to oppose any legislation being enacted which will interfere with or prevent the free and unlimited marketing at home and abroad of packing-house products of all kinds and to do everything possible to encourage and aid the sale of packing-house products and all live-stock products on the part of the American producers and manufacturers.

Fifth. We request that a copy of this resolution be forwarded at once to the United States Senators, JOSEPH E. RANSDELL and EDWIN BROUSSARD, with request that they furnish a copy to each Member of the Louisiana delegation for us, and we wish to express our thanks to the Louisiana delegation for aiding us on the above lines.

Sixth. We request that a copy of this resolution be furnished to the State officials for the farmers' unions of all other States, with the request that they urge upon their delegation in Congress to work for the world's markets, as it is markets and not credits and not corporations for the purchase of farm products which will relieve the situation, and that they also urge their delegation in Congress to oppose all legislation which restricts marketing of above products and to do all possible to open up the free and unlimited markets for grain, cotton, and live-stock products.

(Signed)

H. ARTHUR MORGAN, Chairman.  
W. B. GENTRY.  
JAMES HALL.

Adopted:

M. CARRON.

Mr. NICHOLSON presented three memorials of sundry citizens of Grand Junction, Jaroso, and Palisades, all in the State of Colorado, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented a petition signed by sundry members of the Colorado Confectioners' Association, of Denver, Colo., praying for the enactment of legislation repealing the present excise tax on candy, which was referred to the Committee on Finance.

He also presented telegrams in the nature of memorials of the Denver Dry Goods Co., and the Retail Merchants' Bureau, both of Denver, Colo., remonstrating against the inclusion of the American valuation plan in House bill 7456, the tariff bill, which were referred to the Committee on Finance.

He also presented a telegram in the nature of a petition from C. J. Thurber Co., of Denver, Colo., praying for the enactment of legislation imposing a tariff of 5 cents on almonds in the shell and 15 cents on shelled almonds, which was referred to the Committee on Finance.

He also presented letters and telegrams in the nature of memorials of J. G. Simonton, the Colorado Manufacturing & Elevator Co., Otis & Co., R. T. Sterner, and G. F. White, all of Denver, Colo., remonstrating against the enactment of House bill 5676, relative to contracts for the future delivery of grain, etc., particularly of paragraph G of said bill, which were ordered to lie on the table.

He also presented a resolution adopted by the Pitkin County board of commissioners, of Aspen, Colo., protesting against the enactment of Senate bill 1355, the interstate highway roads bill, unless it be so amended as to appropriate funds for road and trail construction in the national forests, etc., which was referred to the Committee on Post Offices and Post Roads.

#### BOY SCOUTS OF AMERICA.

Mr. KENYON. Mr. President, under the articles of incorporation of the Boy Scouts of America it is required that a report shall be filed with Congress every year. Such a report was filed and referred to the Committee on Education and Labor. Generally the report is printed, and it should have been referred, I think, to the Committee on Printing. I ask that the Committee on Education and Labor be discharged from the further consideration of the report, and that it be referred to the Committee on Printing.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HITCHCOCK:

A bill (S. 2359) providing for an international aero congress cancellation stamp to be used by the Omaha post office; to the Committee on Post Offices and Post Roads.



By Mr. BALL:

A bill (S. 2360) authorizing the extension of the park system of the District of Columbia; to the Committee on the District of Columbia.

By Mr. McNARY:

A bill (S. 2361) for the relief of Clarence Chambers; to the Committee on Claims.

By Mr. CURTIS:

A bill (S. 2362) granting a pension to N. Angie Vermillion (with an accompanying paper); to the Committee on Pensions.

By Mr. WADSWORTH:

A bill (S. 2363) to abolish the limitation on military service without the continental limits of the United States, imposed by the act of Congress approved March 4, 1915; to the Committee on Military Affairs.

By Mr. BURSUM:

A bill (S. 2364) granting a pension to Harriet Adams; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2365) to authorize the Director of the Census to conduct surveys of municipal activities; to the Committee on Education and Labor.

By Mr. NICHOLSON:

A bill (S. 2366) for the relief of Glen D. Manning; to the Committee on Claims.

By Mr. SMOOT:

A bill (S. 2367) granting a pension to Sarah H. E. Ryan (with an accompanying paper); to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 2368) authorizing the President of the United States to appoint Sergt. Alvin C. York as a captain in the United States Army and then place him on the retired list; to the Committee on Military Affairs.

A bill (S. 2369) granting an increase of pension to Joseph T. Spence (with accompanying papers); to the Committee on Pensions.

By Mr. GOODING:

A bill (S. 2370) to extend the provisions of the emergency tariff act for two months; to the Committee on Finance.

By Mr. SHEPPARD:

A joint resolution (S. J. Res. 94) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

A joint resolution (S. J. Res. 95) authorizing a survey and examination of the Rio Grande border of the United States to determine the advisability of constructing a highway for military or other Government purposes either along the entire border or certain sections thereof; to the Committee on Military Affairs.

#### ANNIVERSARY OF DANTE'S DEATH.

Mr. SHORTTRIDGE. Mr. President, I introduce a joint resolution and ask to have it read at the desk.

The joint resolution (S. J. Res. 93) authorizing the President to communicate with the Government of Italy on the six hundredth anniversary of the death of the poet Dante, and appointing September 14, 1921, a national holiday to be known as Dante's Day, was read the first time by title, and the second time at length, as follows:

Whereas September 14, 1921, will mark the sixth centennial of the death of the great Italian poet Dante; and

Whereas his sublime genius is duly appreciated by all civilized peoples and has benefited mankind in general: Now, therefore, be it

*Resolved, etc.,* That the President of the United States be authorized and directed to send a communication to His Majesty, the King of Italy, and his Government and people, expressing the great esteem, regard, and veneration in which the Government and the people of the United States hold this illustrious son of Italy on the six hundredth anniversary of his death: And be it further

*Resolved,* That the President shall proclaim the 14th day of September, 1921, a national holiday to be known as Dante's Day.

The PRESIDING OFFICER. The joint resolution will be referred to the Committee on the Library.

#### REDUCTION OF THE ARMY.

Mr. BORAH. I introduce a joint resolution which I ask may be read and lie on the table. Later in the day I shall make some observations upon it.

The joint resolution (S. J. Res. 96) to reduce the Army to 100,000 enlisted men, excluding the Philippine Scouts, was read the first time by its title and the second time at length, as follows:

*Resolved, etc.,* That the Secretary of War is directed, under such reasonable regulations as he may prescribe, to grant applications for discharge of enlisted men serving in the continental United States,

without regard to the provisions of existing law respecting discharges, until the number of the Army has been reduced to 100,000 enlisted men, not including the Philippine Scouts.

The PRESIDING OFFICER. The joint resolution will lie on the table and be printed.

#### AMENDMENTS TO TARIFF BILL.

Mr. SHORTTRIDGE submitted sundry amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. WADSWORTH submitted an amendment intended to be proposed by him to the bill (H. R. 7294) supplemental to the national prohibition act, which was ordered to lie on the table, to be printed, and to be printed in the Record, as follows:

On page 3, line 18, after the word "act," strike out the period and add the following: "the commissioner may authorize the return to the United States, under such regulations and conditions as he may prescribe, any distilled spirits of American production exported free of tax and reimposed in original packages in which exported and consigned for redeposit in the distillery bonded warehouse from which originally removed."

#### GARDEN CITY AND GARDEN SUBURB MOVEMENT.

Mr. SHEPPARD submitted the following resolution (S. Res. 122), which was referred to the Committee on Agriculture and Forestry:

Whereas the garden city and garden suburb movement in Europe has made wonderful progress during the first 10 years of its existence; and

Whereas the object of this movement is to secure permanent and comfortable homes for the people, on terms within the reach of the average income, and to combine the advantages of town and country in the same community; and

Whereas this movement is contributing materially to the health, comfort, and prosperity of the people who have experienced its benefits; and

Whereas the movement, in the estimation of many, points the way to the long-sought goal of a contented, home-owning population; and

Whereas a beginning along this line is claimed to have been made in the United States: Therefore be it

*Resolved,* That the Senate Committee on Agriculture and Forestry be authorized and requested to hear and consider such testimony as may be produced before said committee in Washington regarding this movement in Europe, in the United States, and elsewhere, to initiate such further investigation as the committee may deem proper, and to report its findings to the Senate.

#### BUREAU OF MANUFACTURE.

Mr. SHEPPARD submitted the following resolution (S. Res. 123), which was referred to the Committee on Manufactures:

Whereas the further development of manufacturing processes is one of the most important and powerful means of increasing the Nation's efficiency, wealth, and prosperity; and

Whereas departments of the Government are now devoted to agriculture, commerce, and labor, but so far no department or bureau has been established for manufacture, the other fundamental source of national progress; and

Whereas there is a wide field for the making of useful articles by hand and without machinery, a field which should have especial study; and Whereas the distribution of knowledge among the people as to the practicability of conducting manufacturing processes, both with and without machinery, on the cooperative plan and otherwise, will open up new channels of popular occupation and achievement; and

Whereas the adaptation of modern machinery to small factories in rural districts, villages, small towns, and in the home itself will open up an avenue of economic independence of incomparable value to the people; and

Whereas the farm is of itself a factory, and its higher profits and possibilities will be unrealized until its processes are carried to the finished state within its own limits or as near thereto as practicable; and

Whereas one of the principal needs of the United States is the conversion of its raw materials into finished products within its own boundaries, it being a source of national shame that we ship such enormous quantities of our basic raw materials abroad to be made by foreign countries into finished products and resold by them to us and others at a great profit; and

Whereas the conversion of raw materials into finished products should be effected as near the place of production as may be consistent with access to markets for finished products: Now, therefore, be it

*Resolved,* That the Committee on Manufactures is hereby authorized and directed to investigate the practicability of establishing a bureau of manufacture at the seat of government for the purpose of studying manufacture in all its forms and diffusing information relating thereto among the people of the United States.

The said committee is hereby authorized and directed to report to Congress the result of its investigation during the present Congress, and, if the committee finds such a bureau desirable, to submit a plan and bill to Congress therefor.

#### THOMAS H. MATTERS.

Mr. HITCHCOCK submitted the following resolution (S. Res. 124), which was referred to the Committee on the Judiciary:

*Resolved,* That the Attorney General be, and he is hereby, directed, if not incompatible with the public interest, to transmit to the Senate the petitions, letters, and other papers which were considered by the President in granting a pardon to Thomas H. Matters, who had been convicted and sentenced to imprisonment in the Leavenworth Penitentiary for his part in wrecking the First National Bank of Sutton, Nebr.

## UNITED STATES PROPERTY AT BRIDGEPORT, CONN.

Mr. BRANDEGEE submitted the following resolution (S. Res. 125), which was read, considered by unanimous consent, and agreed to:

*Resolved*, That the Secretary of Labor be, and he is hereby, directed to inform the Senate what reason exists for the nonpayment of taxes by the United States Housing Corporation upon property of the United States at Bridgeport, Conn.

## UNEMPLOYMENT IN THE UNITED STATES.

Mr. McCORMICK. I ask unanimous consent to offer the resolution which I send to the desk, and for which I ask immediate consideration.

The resolution (S. Res. 126) was read, as follows:

*Resolved*, That the Secretary of Labor be, and he is hereby is, directed immediately to advise the Senate as to the estimated unemployment in the several States, including the number of men, of ex-service men, and of women estimated to be unemployed.

Mr. McCORMICK. I ask unanimous consent for the immediate consideration of the resolution.

The resolution was considered by unanimous consent and agreed to.

Mr. McCORMICK. I will state that the resolution is offered at this time because of reports that during the month of July there was a further increase in unemployment.

## MOVING-PICTURE INDUSTRY IN FOREIGN COUNTRIES.

Mr. WADSWORTH. I ask unanimous consent for the present consideration of the resolution which I submitted yesterday evening. I wish to say that the objection which was then made to its consideration by the Senator from Mississippi [Mr. WILLIAMS] has been withdrawn, that Senator having since examined the resolution.

The Senate, by unanimous consent, proceeded to consider the resolution (S. Res. 121) submitted by Mr. WADSWORTH on the 4th instant, and the resolution was agreed to, as follows:

*Resolved*, That the Secretary of Commerce be, and is hereby, requested to report to the Senate, if not incompatible with the public interest, the development of the moving-picture industry in foreign countries and the extent of the importation of films of foreign manufacture.

## DEVELOPMENT OF PORT OF NEW YORK.

Mr. EDGE. Mr. President, the Senate a few weeks ago passed a joint resolution giving formal authority to the States of New York and New Jersey to carry out a compact or understanding into which they had entered for the development of the port of New York. The joint resolution was a purely formal matter, giving Federal authority to carry on this work, and it in no way involved the Government from the standpoint of appropriations or otherwise.

It appears that there was an error in the joint resolution as passed. The joint commission of the two States has prepared another joint resolution, which I introduced a few days ago and which is now on the calendar, having been reported from the Committee on the Judiciary with a slight amendment of one word to correct a typographical error. I should like to secure unanimous consent of the Senate to consider the joint resolution in its amended shape as now reported.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 88) granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York, which had been reported from the Committee on the Judiciary with an amendment in section 1, page 14, line 2, after the word "right," to strike out "of" and to insert "or," so as to make the joint resolution read:

*Resolved, etc.*, That the consent of Congress is hereby given to the said agreement, and to each and every part and article thereof: *Provided*, That nothing therein contained shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of said agreement.

SEC. 2. That the right to alter, amend, or repeal this resolution is hereby expressly reserved.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

## THE CALENDAR.

Mr. WADSWORTH. Mr. President, I understand morning business is closed?

The PRESIDING OFFICER. The Chair is about to announce that fact. Morning business is closed. The Senator from New York.

Mr. WADSWORTH. I move that the Senate proceed to the consideration of the calendar, commencing at that point on the calendar at which we left off when it was last under consideration.

Mr. SMOOT. When the calendar was last under consideration the Senate reached Order of Business 151.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Utah?

Mr. WADSWORTH. I yield.

Mr. SMOOT. I should like the Senator from New York to include in his motion or request for unanimous consent—I think what he desires will have to be done by unanimous consent—that the Senate take up the calendar for the consideration only of bills to which there is no objection. Otherwise the time will be consumed perhaps on one or two bills.

Mr. WADSWORTH. I intended to include in my request that the calendar be called for bills to which there is no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. McKELLAR. With what order of business on the calendar does the Senator from New York desire to start?

Mr. WADSWORTH. With Order of Business 151.

Mr. KING. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from Utah will state it.

Mr. KING. Should the motion of the Senator from New York [Mr. WADSWORTH] be agreed to, would it be proper if objection is made to the consideration of a bill for a Senator to move to take up the bill to which objection is made?

The PRESIDING OFFICER. The Chair thinks not.

Mr. KING. Then I have no objection to the motion.

Mr. BRANDEGEE. Mr. President, why can we not proceed with the calendar under Rule VIII?

Mr. SMOOT. I will say to the Senator from Connecticut that when we begin to consider the calendar under Rule VIII the whole time is spent in going over bills to which there is objection. I therefore thought it was nothing more than right to begin with the calendar at Order of Business 151 in order to give the bills following that number an opportunity to be considered.

Mr. BRANDEGEE. Mr. President, the trouble about that is that there are certain bills on the calendar which are meritorious and which a great majority of the Senate favor, but under a unanimous-consent agreement to consider only measures to which there is no objection, a single Senator is day after day able to defeat the consideration of important measures. I think the regular rule of the Senate should be observed, that the calendar should be taken up, if the Senate wants to take it up, and bills on the calendar considered. I do not see why one Senator should be allowed continuously to defeat meritorious measures, and I should feel compelled, I think, to object to such an arrangement.

The PRESIDING OFFICER. The calendar under Rule VIII is in order.

Mr. SMOOT. Mr. President, I will ask the Senator from Connecticut if he will not to-day allow us to proceed with the consideration of the calendar under the unanimous consent asked for by the Senator from New York, beginning with Calendar No. 151.

Mr. WATSON of Georgia. Mr. President, will the Senator from Utah speak a little louder. This is a matter of unanimous consent, and we all want to hear what he says.

The PRESIDING OFFICER. The Senate will be in order.

Mr. SMOOT. I ask the Senator from Connecticut, Mr. President, if he will not allow the unanimous consent asked for by the Senator from New York to be agreed to to-day, so that at least we may run through the calendar and consider the bills to which there is no objection, beginning with Calendar No. 151?

Next Monday I shall have no objection at all, and I do not think any Senator will, to begin with the first bill on the calendar and take up the bills as they are reached, as suggested by the Senator from Connecticut. We have run over the bills up to Calendar No. 150 or 160 about three times now and spent the whole time on them, and the bills beyond Order of Business No. 151 have not been considered, and most of them have never been reached. I wish to ask the Senator if he will not agree to that to-day?



Mr. BRANDEGEE. I will not object to-day, although I do not approve thoroughly of that course, if we can commence with Calendar No. 151 and proceed, so that the Senate may by vote take up a measure in spite of a single objection under the terms of Rule VIII.

The PRESIDING OFFICER. Does the Senator from Connecticut submit a request to that effect?

Mr. BRANDEGEE. I say I have no objection to an unanimous-consent agreement to that effect.

The PRESIDING OFFICER. Is there objection?

Mr. WATSON of Georgia. I object; and I call for the regular order.

The PRESIDING OFFICER. The calendar, under Rule VIII, is in order. The Secretary will state the first bill on the calendar.

#### BILLS PASSED OVER.

The bill (S. 656) to create a bureau of aeronautics in the Department of the Navy was announced as first in order.

Mr. SMOOT. Mr. President, I object to the consideration of that bill.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Objection being made, the bill will be passed over.

The bill (S. 1021) to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii was announced as next in order.

The PRESIDING OFFICER. The bill has heretofore been read, considered, and amended. The bill is still before the Senate as in Committee of the Whole, and open to further amendment.

Mr. McCORMICK. Mr. President, in the absence of the Senator from Indiana [Mr. NEW], I wonder if any other member of the Committee on Territories and Insular Affairs may have anything to say on that bill?

Mr. KING. If the Senator will pardon me, I believe that there is no objection to the measure.

Mr. OVERMAN. There is objection.

Mr. WADSWORTH. I ask that the bill go over at the suggestion of the Secretary of War, in order that we may have more information from Hawaii direct.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 384) to require judges appointed under authority of the United States to devote their entire time to the duties of a judge was announced as next in order.

Mr. KELLOGG. I ask that that bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 214) to amend section 24 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, was announced as next in order.

Mr. KING. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 724) for the relief of Henry J. Davis was announced as next in order.

Mr. KING. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 725) for the relief of Orion Mathews was announced as next in order.

Mr. KING. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 581) to repeal the act prohibiting increased pay under lump-sum appropriations to employees transferred within one year was announced as next in order.

Mr. KING. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 582) to repeal section 5 of the act approved June 22, 1906, entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1907, and for other purposes," was announced as next in order.

Mr. KING. Reserving the right to object, I should like to inquire—

Mr. OVERMAN. I ask that the bill go over.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

#### THE MEAT-PACKING INDUSTRY.

The bill (S. 659) to create a Federal live stock commission, to define its powers and duties, and to stimulate the production, sale, and distribution of live stock and live-stock products, and for other purposes, was announced as next in order.

Mr. KENYON. Mr. President, that bill should be stricken from the calendar. There is no use keeping it on the calendar indefinitely; it should be indefinitely postponed.

Mr. KING. Let the Senator move that the bill be indefinitely postponed; I shall have no objection to that.

Mr. KENYON. I move that Senate bill 659 be indefinitely postponed.

The motion was agreed to.

#### BILLS PASSED OVER.

The bill (S. 1439) to amend an act entitled "An act to provide for vocational rehabilitation and return to civil employment of disabled persons discharged from the military or naval forces of the United States, and for other purposes," approved June 27, 1918, as amended by the act of July 11, 1919, was announced as next in order.

Mr. KENYON. I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1467) to carry into effect the findings of the Court of Claims in favor of Elizabeth White, administratrix of the estate of Samuel N. White, deceased, was announced as next in order.

Mr. KING and Mr. SMOOT asked that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1807) to aid in stabilizing the coal industry was announced as next in order.

Mr. WADSWORTH. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 425) fixing the salaries of certain United States attorneys and United States marshals was announced as next in order.

Mr. KING and Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 205) relating to the fiscal system of the District of Columbia, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1016) to amend an act entitled "An act to repeal section 3480 of the Revised Statutes of the United States" was announced as next in order.

Mr. KING. Let the bill be read, Mr. President.

The reading clerk read the bill.

Mr. SMOOT. Let that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1375) to prohibit and punish certain seditious acts against the Government of the United States and to prohibit the use of the mails for the purpose of promoting such acts was announced as next in order.

Mr. BORAH. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (S. J. Res. 12) authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 13,902 tons of sugar imported from the Argentine Republic was announced as next in order.

Mr. WATSON of Georgia. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### PROPOSED DIVISION OF CONSTRUCTION AND HOUSING.

The bill (S. 1890) authorizing the Secretary of Commerce to establish in the National Bureau of Standards a division to be known as the division of construction and housing was announced as next in order.

Mr. CALDER. I ask that that bill may go over under Rule IX.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

#### BILLS, ETC., PASSED OVER.

The resolution (S. Res. 67) authorizing the Committee on Expenditures in the Executive Departments to hold hearings here or elsewhere and to employ a stenographer to report the same was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1855) to save daylight in the District of Columbia was announced as next in order.

Mr. WADSWORTH. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### AMENDMENT OF PATENT LAWS.

The bill (S. 1838) to amend section 4887 of the Revised Statutes relating to patents was announced as next in order.

Mr. BRANDEGEE. Mr. President, at the request of the chairman of the Committee on Patents, I move that that bill be recommitted to the Committee on Patents.

Mr. MCKELLAR. Mr. President—

Mr. SHEPPARD. Mr. President, the author of the bill is not here. It would seem, in fairness, that he should be here when that is done.

Mr. BRANDEGEE. I consulted with the Senator from Kentucky [Mr. STANLEY] yesterday, and told him that certain amendments were proposed, and that it was necessary to have some further hearings upon the bill, and he had no objection, as I understood him. The Commissioner of Patents has written a letter criticizing some of the provisions of the bill.

The PRESIDING OFFICER. The Senator from Connecticut moves that Senate bill 1838 be recommitted to the Committee on Patents.

The motion was agreed to.

#### BILLS, ETC., PASSED OVER.

The bill (S. 63) for the relief of Lester A. Rockwell was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 491) to provide without expenditure of Federal funds the opportunities of the people to acquire rural homes, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 136) for the relief of Dr. O. H. Tittmann, former Superintendent of the United States Coast and Geodetic Survey, was announced as next in order.

The PRESIDING OFFICER (Mr. WILLIS). Let that bill go over.

The bill (S. 665) to provide for free tolls for American ships through the Panama Canal was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2051) to amend section 3142 of the Revised Statutes, to permit an increase in the number of collection districts for the collection of internal revenue and in the number of collectors of internal revenue from 64 to 74, was announced as next in order.

Mr. CURTIS. Let that go over. There will be some discussion on it.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1010) to amend sections 5549 and 5550 of the Revised Statutes of the United States was announced as next in order.

Mr. WATSON of Georgia. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 62) for the relief of Charles K. Bond, alias Kimball W. Rollins, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 73) amending Rules XXXVII and XXXVIII of the Standing Rules of the Senate, so as to provide for the consideration of nominations and treaties in open executive session unless otherwise ordered, was announced as next in order.

The PRESIDING OFFICER. This resolution is reported adversely.

SEVERAL SENATORS. Let it go over.

The PRESIDING OFFICER. The resolution will be passed over.

The bill (S. 1355) to provide for the establishment, construction, and maintenance of a post roads and interstate highway system, to create a Federal highway commission, and for other purposes, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### LANDS IN WASHINGTON.

The bill (S. 1168) to authorize the payment of certain taxes to Stevens and Ferry Counties, in the State of Washington, and for other purposes, was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized and directed to pay to Stevens and Ferry Counties, in the State of Washington, as taxes claimed by said counties under section 2 of the act of July 1, 1892, relating to the payment of local taxes on allotted Colville Indian lands, the following sums, to wit: To Stevens County, \$44,309.67; to Ferry County, \$71,458: *Provided,* That there may be deducted from said amounts by the Secretary of the Interior such sum or sums as he may find have been paid to said counties for Indian tuition; also the excess, if any, where the rate based on the value of Indian allotments may be found to be in excess of the rate on taxable land.

Sec. 2. That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to be immediately available, \$115,767.67 for the payment of said sums to said counties, as provided in the foregoing section.

Mr. KING. Mr. President, I have made some investigation in regard to this measure. I objected heretofore to its consideration. I believe that it is a measure which ought to pass; but I shall ask the Senator from Washington to make a brief

explanation for the RECORD, so that Senators who have not been advised may understand its nature.

Mr. JONES of Washington. I made a brief statement for the RECORD when it came up before.

Mr. KING. I was not aware of that.

Mr. JONES of Washington. When the Senator made his objection, I covered the facts in the case.

Mr. KING. I have no objection, then.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BILL PASSED OVER.

The bill (S. 1829) for the relief of Walter Runke was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### QUAPAW TRIBE OF INDIANS.

The bill (S. 1894) to amend section 26 of an act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs," etc., was considered as in Committee of the Whole.

The bill had been reported from the Committee on Indian Affairs with an amendment, on page 2, after the word "the," to strike out "latter" and insert "said named Indians," so as to make the bill read:

*Be it enacted, etc.,* That section 20 of the act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1922," approved March 3, 1921, be, and the same is hereby, amended by adding to the list of members of the Quapaw Tribe therein enumerated, after the words Lucy Lottson Beaver, the names of three omitted members, to wit, Minnie Griffin, Lewis Quapaw, and Leona Quapaw, in order that the said named Indians may have the full benefit of the 25-year extension period provided by the act.

The amendment was agreed to.

Mr. KING. Mr. President, may I inquire of the Senator from Kansas whether this bill entails any expense upon the Government?

Mr. CURTIS. None whatever. It simply extends by three names the list of incompetent members of the Quapaw Indian Tribe. The list was furnished by the department at the last session of Congress, and in the preparation of the list they omitted three incompetents. This bill just adds those three and prevents them from selling or disposing of their property without having a competency certification. Its enactment is requested by the Secretary of the Interior and the Commissioner of Indian Affairs.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### INDIANS OF MESCALERO RESERVATION.

The bill (S. 2022) promoting civilization and self-support among the Indians of the Mescalero Reservation, in New Mexico, was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### ARTHUR E. RUMP.

The bill (S. 154) to extend the benefits of the employers' liability act of September 7, 1916, to Arthur E. Rump was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the United States Employees' Compensation Commission shall be, and it is hereby, authorized and directed to extend to Arthur E. Rump, a former employee in the post office in St. Louis, Mo., the provision of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, compensation hereunder to commence from and after the passage of this act.

Mr. SMOOT. Mr. President, I should like to ask the Senator from Missouri [Mr. SPENCER], since he introduced the bill and also reported it, the reasons for the passage of this bill. Why should the employers' liability act be extended to this man?

Mr. SPENCER. Mr. President, if the Senator please, I should like to say a word about this case. It is an unusual case. As far as I know, the like of it has never arisen before.

The bill gives to the man about \$66 a month as long as he lives. Congress already has appropriated \$2,000 to this man about five or six years ago; therefore the necessity of bringing him under the compensation law.

The facts of this case, in a word, are these:

This man was employed in the Post Office Department, and was hit by a mail sack. He was severely injured, as it was thought, but not irreparably. After four or five years of suffering, Congress passed this \$2,000 appropriation in his behalf. Now, here is what happened: Ankylosis set in with that man,



until to-day he is absolutely rigid. He can not move a single joint in the body. Up to a few months ago he had the use of one thumb, with which he manipulated a telephone that was strapped to him, and tried to get orders for magazines. Within the last few months that thumb has ceased to act, and the only joint that that man now can use is his jaw, for about a quarter of an inch, which is gradually diminishing. He probably has but a few months to live.

I have on my desk pictures of that man as he lies in bed. He is the worst injured man I have ever seen or heard of in my lifetime. The fact of the matter was that when they settled his claim six years ago it was never expected that there would be any permanent incapacity. It developed afterwards, and this bill, which has already been favorably reported upon by the committee of the House, gives him the benefit of the employers' compensation act as long as he lives.

The emergency is here. Of course, the man is entirely helpless. He was a Government employee, injured in the Government service. There is an old woman who has been taking care of him, and this is to provide \$67 a month, so that she can continue to take care of him and he can be supported during what few months are left of his life.

Those are the facts in the case.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BILL PASSED OVER.

The bill (S. 1251) providing for investigations for irrigation works in Green River, Wyo., was announced as next in order.

Mr. SMOOT. Mr. President, the Senator reporting the bill is not present, but I can not believe that \$20,000 will be required to make that investigation. It may be, but I doubt it. Therefore, until the Senator is present, I ask that his bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### JOHN HICKSON, JR.

The bill (S. 1951) for the relief of John Hickson, jr., was considered as in Committee of the Whole.

The bill had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "\$1,375" and to insert in lieu thereof "\$1,075," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John Hickson, jr., of Lynchburg, Va., owner of a Chalmers automobile, the sum of \$1,075 in full settlement to reimburse such owner for loss sustained as a result of damages caused to such automobile through a collision which occurred at Miami, Fla., on May 21, 1920, with a trailer which became detached from a motor truck belonging to the Navy Department while such truck and trailer were being operated by an employee of the Navy Department.

Mr. SMOOT. Mr. President, I notice that the Secretary of the Navy states in a letter addressed to the Senator from Virginia [Mr. GLASS] that—

The report of Lieut. Commander Allen was favorable to this claim, but he subsequently reported that the damage was done by a civilian laborer, and the department has no authority to settle such cases.

Mr. GLASS. Under the law, the department has no authority to adjust cases of accident where the employee of the Navy Department causing the injury is a civilian. The man was a chauffeur, but he was not in uniform. The Secretary assured me that otherwise the Navy Department would have paid the claim, as it is a just claim. They have no authority under the law to pay it.

Mr. SMOOT. There is no doubt about the accident?

Mr. GLASS. None at all. There is no dispute as to the facts. The only difficulty is that they have no authority under the law to settle such claims.

The PRESIDING OFFICER. The question is on the amendment of the committee.

The amendment was agreed to.

Mr. KING. Not by way of criticism or in opposition to the bill, but for information, I would like to inquire of the Senator from Virginia if he thinks it is proper, under circumstances such as those of this case, where there are civilian employees who may be guilty of negligence, for the Government to be responsible for their torts. I was wondering what the precedent might be, and what the effect might be, how far-reaching the establishment of such a principle might be.

Mr. GLASS. The only difficulty is that the man did not wear a uniform. Had he been in the uniform of the Navy, the Navy Department itself would be authorized, under the law, to make the adjustment. He happened not to be in uniform; but, nevertheless, by his negligence the property of this citizen of Virginia was utterly destroyed through no fault of his own.

Mr. BRANDEGEE. Mr. President, I assume that the rule of law would be the same as the liability of a principal for an

act of his agent whether the agent were a civilian or a military person, it certainly ought to be. As I understand it, the point about this case is that the department hold that they can not take funds which were appropriated under the naval appropriation bill for the Navy and compensate a civilian for an injury.

Mr. GLASS. Precisely. There is no question as to the facts, and no question of the justice of the claim; but, under the law, the department is not authorized to take funds from any appropriation for this purpose.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BILLS PASSED OVER.

The bill (S. 7) to amend the act entitled "An act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia," approved February 4, 1913, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 496) for the relief of George A. Robertson, was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### DISTRICT STREET RAILWAYS.

The bill (S. 985) to amend the provisions of an act relating to certain railway corporations owning or operating street railways in the District of Columbia, approved June 5, 1920, was announced as next in order.

Mr. KING. Mr. President, may I inquire of the Senator from Delaware if it will not take some time to consider and dispose of this measure?

Mr. BALL. I presume that it will lead to some discussion.

Mr. KING. Does the Senator think, in view of that fact, that we ought to enter upon it during the morning hour?

Mr. BALL. I think it had better go over for the present.

The PRESIDING OFFICER. The bill will be passed over.

#### MEMORIAL TO EMPLOYEES OF DEPARTMENT OF AGRICULTURE.

The resolution (H. J. Res. 112) authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to employees of the United States Department of Agriculture who died in the war with Germany, was considered as in Committee of the Whole, and was read as follows:

*Resolved, etc.,* That the Secretary of Agriculture be, and he is hereby, authorized to grant permission to the Department of Agriculture war memorial committee for the erection in the Department of Agriculture grounds, Washington, D. C., of a memorial to the former employees of the said United States Department of Agriculture who lost their lives while in the military or naval service in the war with Germany: *Provided,* That the site chosen and the design of the memorial shall be approved by the Joint Committee on the Library with the advice and recommendations of the Commission of Fine Arts, and the United States shall be put to no expense in or by the erection of this memorial.

Mr. BRANDEGEE. Mr. President, I am heartily in favor of a measure which will accomplish this purpose, and I am not sure that this does not accomplish it properly. It is true that under the joint resolution the Government would be put to no expense; the money has all been raised.

What I am not certain about is that the House passed a joint resolution upon this subject, and it came over to the Senate. The Committee on Public Buildings and Grounds has reported this joint resolution. The one which the House passed, on the same subject, was referred to the Senate Committee on the Library, and is now pending there. I polled the committee some time ago on that joint resolution, and they ordered a favorable report upon it. I am perfectly willing that this measure should pass, if the Senator from Maine [Mr. FERNALD] has looked the matter up so as to be sure that this is the one the proponents of the project want to have passed.

There was some difference between the two measures. One confers jurisdiction upon either the Secretary of War or the Secretary of Agriculture, I have forgotten which. There was a difference between the two measures as to the part to be played by the Fine Arts Commission.

I am not sure of my ground at all. I simply want to be certain that the Senator from Maine has looked into the situation. I am somewhat confused about it. I am perfectly satisfied to take the word of the Senator from Maine if he is clear about it.

Mr. FERNALD. Mr. President, I am quite clear as to the difference between the two measures. The only difference is that the Joint Committee on the Library in one measure is desig-

nated to select the place where this memorial shall be erected, and in the other the Fine Arts Commission is designated. The employees at first thought that they wanted this measure which passed the House, and then came to the Committee on Public Buildings and Grounds, and we reported that favorably. The only difference between the two measures is as to whether it should go to the Joint Committee on the Library or to the Fine Arts Commission. The measure which we have reported would turn it over to the Joint Committee on the Library.

Mr. BRANDEGEE. I am quite certain that the provision that the advice of the Commission on Fine Arts should first be taken should be in the joint resolution. Their judgment ought to be consulted in the matter, I think.

Mr. FERNALD. Then the joint resolution ought to go over?

Mr. BRANDEGEE. No; there is such a provision in this measure.

Mr. FERNALD. There is.

Mr. BRANDEGEE. I have no objection to the pending joint resolution. If any mistake is being made, it can be corrected.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. FERNALD. Mr. President, I ask unanimous consent to reconsider the vote by which Senate joint resolution 52, authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to employees of the United States Department of Agriculture who died in the war with Germany, was ordered to a third reading and passed.

Mr. SHEPPARD. Has not the joint resolution gone to the House?

The PRESIDING OFFICER. The Chair is advised that it has not. It is on the table.

By unanimous consent, the motion to reconsider was agreed to.

Mr. FERNALD. I move that Senate joint resolution 52 be indefinitely postponed.

The motion was agreed to.

#### POTOMAC INSURANCE CO. OF THE DISTRICT OF COLUMBIA.

The bill (S. 1312) to amend the charter of the Potomac Insurance Co. of the District of Columbia was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the act entitled "An act to incorporate a fire insurance company in Georgetown, in the District of Columbia," approved the 2d of March, 1831, and the act entitled "An act to amend the charter of the Potomac Fire Insurance Co. of Georgetown," approved the 3d of March, 1837, and the act entitled "An act to renew and continue in force the charter of the Potomac Insurance Co. of Georgetown, D. C.," approved the 25th of March, 1870, and the act entitled "An act to change the name of the Potomac Insurance Co. of Georgetown, and for other purposes," approved the 10th day of March, 1900, be, and the same are hereby, amended so as to grant to the Potomac Insurance Co. of the District of Columbia, in addition to the powers, privileges, and immunities granted to the said company in and by its original act of incorporation, as amended, full power and authority to make insurances against lightning, windstorm, tornado, cyclone, earthquake, hail, frost or snow, civil riot and commotion, and by explosion, whether fire ensues or not (except upon steam boilers and pipes, flywheels, engines, and machinery connected therewith or operated thereby, against explosion and accident, and except against loss or damage to life or property resulting therefrom, and except against loss of use and occupancy caused thereby); and also against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires, and of water pipes, and against accidental injury to such sprinklers, pumps, or other apparatus; also insurances upon automobiles, whether stationary or being operated under their own power, which shall include all or any of the hazards of fire, explosion, transportation, collision, loss by legal liability for damage to or resulting from the maintenance and use of automobiles, and loss by burglary or theft, or both, but shall not include loss by reason of bodily injury to the person; and to effect reinsurances of any risks taken by it; and the said company shall have full power and authority to make and effect any and all of the above-described insurances and reinsurances.

Mr. KING. I would like to ask the Senator from Washington whether the capital of this corporation warrants the extension of its powers so liberally as in the bill is provided, and whether the record of the corporation justifies the granting to it of these additional powers?

Mr. JONES of Washington. I will say to the Senator that I do not know. That matter was not investigated. The bill was referred to the District Commissioners, they reported that they had no objection to the measure, and it was simply automatically ordered reported favorably by the committee. If the Senator thinks it ought to be gone into somewhat more fully, I have no objection.

Mr. KING. If the Senator has no particular interest in the matter, I will ask that it go over until the next calendar day, so that it may be fully investigated.

Mr. JONES of Washington. If the Senator thinks there ought to be further investigation, I think it would be well to

have it referred back to the committee, and let the committee make further investigation.

Mr. KING. Very well; I move that the bill be recommitted to the Committee on the District of Columbia.

The motion was agreed to.

#### NAVAL STATION AT ST. THOMAS.

The bill (S. 1771) to authorize the United States, through the United States Shipping Board, to acquire a site on Hazzell Island, St. Thomas, Virgin Islands, for a fuel and fuel-oil station and fresh-water reservoir for Shipping Board and other merchant vessels, as well as United States naval vessels, and for other purposes, was announced as next in order.

Mr. JONES of Washington. I ask that the bill may go over. I wish to make some further inquiries with reference to the situation.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

#### SCHOONER CHARLOTTE W. MILLER.

The bill (S. 1063) for the relief of the owners of the schooner *Charlotte W. Miller* was announced as next in order.

Mr. WATSON of Georgia. Mr. President, the chairman of the committee is not present, but I am a member of the committee. The bill has not been considered by the committee so far as I know. I should like to know more about it.

The PRESIDING OFFICER. Does the Senator object to the present consideration of the bill?

Mr. WATSON of Georgia. I object.

The PRESIDING OFFICER. Objection is made, and the bill will go over.

#### HORACE A. CHOUMARD.

The bill (S. 1856) to reimburse Horace A. Choumard, chaplain in the Twenty-third Infantry, for loss of certain personal property, was announced as next in order.

Mr. WATSON of Georgia. Let the bill go over.

Mr. McKELLAR. Will the Senator withhold his objection until I can explain a moment about the bill?

Mr. WATSON of Georgia. Very well.

Mr. McKELLAR. The bill is for the relief of a chaplain in the Army who was living at Texas City and had all his property destroyed. It is recommended by the War Department, and a similar bill has already once passed the Senate. The property was destroyed by the Gulf storm at Texas City in August, 1915.

Mr. WATSON of Georgia. I do not understand that we are liable for providential losses like Gulf storms, cyclones, and matters of that kind.

Mr. McKELLAR. He was a chaplain in the Army at the time, and it was through no fault of his that the property was lost.

Mr. WATSON of Georgia. No one gets hurt by a strike of lightning if he can help it. I object.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

#### ESTATE OF CATHERINE LOCKE.

The bill (S. 1535) for the relief of the estate of Catherine Locke, deceased, was announced as next in order.

Mr. KING. Mr. President, reserving the right to object, I should like to have an explanation of the bill.

Mr. CALDER. Mr. President, I should like to make a brief explanation of the bill. The bill as originally introduced provided for an appropriation of \$30,000 for the relief of the next of kin of Catherine Locke. The Committee on Claims reduced the amount to \$5,000. This woman, working for her living, supporting herself and in part her family, was walking along one of the streets of Brooklyn, in fact right near my own home, on a very wide street, when a motor truck owned by the War Department ran up on the sidewalk without notice, knocking her down and killing her.

A most exhaustive examination was made of the matter by the War Department, and there were many pages of testimony taken, all of which I have read. The Committee on Claims very carefully considered the matter. There is no doubt under the evidence submitted that the woman was killed not through an accident but through the negligence of the driver of the truck. It seems to me that this is as just a claim as has ever been acted upon in this Chamber.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

Mr. KING. I object.

The PRESIDING OFFICER. Objection is made. The bill will be passed over.



## GALLATIN NATIONAL FOREST.

The bill (S. 255) for the consolidation of forest lands within the Gallatin National Forest, and for other purposes, was considered as in Committee of the Whole.

The bill had been reported from the Committee on Public Lands and Surveys with an amendment to strike out all after the enacting clause and insert:

That the Secretary of the Interior be, and he hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the Gallatin National Forest, Mont., not to exceed 24 sections, if in the opinion of the Secretary of Agriculture the public interests will be benefited thereby and the lands are chiefly valuable for national park purposes, and in exchange therefor may cause to be patented to the party conveying to the United States not to exceed an equal value of land within such national forest, or the Secretary of Agriculture may authorize the party conveying to cut and remove an equal value of timber within any national forest in the State of Montana, the value of the land or timber to be determined by the Secretary of Agriculture and acceptable to the owner as fair compensation: *Provided*, That before any such exchange is effected notice of the contemplated exchange, reciting the lands involved, shall be published once each week for four successive weeks in some newspaper of general circulation in the county of Gallatin, Mont., and in some like newspaper published in any county in said State in which may be situated any lands or timber to be given in such exchange. Timber given in such exchanges shall be cut and removed under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the Gallatin National Forest.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## ARMY FIELD CLERKS AND FIELD CLERKS, QUARTERMASTER CORPS.

The joint resolution (S. J. Res. 48) authorizing retirement as warrant officers of certain Army and field clerks and field clerks, Quartermaster Corps, was announced as next in order.

Mr. WADSWORTH. Mr. President, I desire to offer an amendment to the joint resolution before it is considered finally by the Senate.

Mr. SMOOT. I should like to have the joint resolution go over.

Mr. WADSWORTH. Will the Senator permit me to perfect it first?

Mr. SMOOT. Certainly.

Mr. WADSWORTH. I think in about five sentences I can tell the Senator about it, and I do not think he will then object.

Mr. KING. Let it be read, or will the Senator explain it?

Mr. WADSWORTH. I wished first to offer an amendment, but let it be read.

The PRESIDING OFFICER. The joint resolution will be read.

The Secretary read the joint resolution, as follows:

*Resolved, etc.*, That the Secretary of War be, and he hereby is, authorized to appoint and immediately retire as warrant officers any Army field clerk or field clerk, Quartermaster Corps, whose status was changed from a civil to a military one by, or who was appointed as such under, the act of August 29, 1916, and who, because of age, service, or disability incurred in line of duty, would be eligible for retirement on the same basis as a warrant officer: *Provided*, That for the purpose of retirement and longevity pay Army field clerks and field clerks, Quartermaster Corps, herein referred to, shall be permitted to count all service in and with the Army.

Mr. WADSWORTH. Mr. President, inadvertently, I think, the Committee on Military Affairs in reporting the joint resolution neglected to make the amendment which I now propose. In lines 6 and 7 I move to strike out the words "or who was appointed as such under," including the commas, so that the sentence will read, "whose status was changed from a civil to a military one by the act of August 29, 1916," etc.

The PRESIDING OFFICER. Without objection, that amendment will be agreed to.

Mr. SMOOT. Now, I ask that the joint resolution go over.

Mr. WADSWORTH. Will the Senator not permit me to make a very brief explanation?

Mr. SMOOT. Very well.

Mr. WADSWORTH. I think the Senator perhaps does not understand what happened in this instance. Of course, if he does, and still objects, I can not say anything about it.

When the Congress last year passed the Army reorganization bill, which involved consideration of a vast number of details in connection with the personnel of the Army, among other things, it created a new grade of warrant officer, and it provided also that no more field clerks or field clerks, Quartermaster Corps, should be appointed in the service or in connection with the service. It permitted the field clerks and field clerks, Quartermaster Corps, to become eligible for appointment as warrant officers. The position of warrant officer is one having full and complete military status.

It so happens that back in 1916, at the time when field clerks and field clerks, Quartermaster Corps, had no military status, the Congress passed a bill transferring all the field clerks and field clerks, Quartermaster Corps, from a civil status to a military status. That took the field clerks and field clerks, Quartermaster Corps, out of the classified service. They thereupon, of course, by arbitrary act of Congress, became ineligible to the retirement privileges granted civil service employees.

There are about 30 of these men who are still field clerks and field clerks, Quartermaster Corps, having this semimilitary status. They are ineligible for retirement under the civil service law and they are too old to be commissioned as warrant officers, having passed the age fixed as the limit in the Army reorganization act.

In drafting that bill we forgot or did not have brought to our attention the condition of these men. They have been in the Government service 30 or 35 or 40 years or more. They can not continue as field clerks much longer. They are breaking down with age. They can not be retired as civil service employees. Their position was originally changed arbitrarily by the Congress and they are left all alone, 30 men, with no outlook whatsoever when the War Department will be compelled to let them go. The joint resolution will authorize their appointment as warrant officers to be retired as warrant officers in accordance with the provisions of the existing law. It is a matter of simple justice to a little group of faithful Government servants, who have served the Government for a generation or more.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

Mr. SMOOT. Mr. President, I will say to the Senator from New York that if he will prepare a bill allowing these men to retire under the civil service law the same as other clerks of the Government I shall offer no objection, but I do object to the clerks here having the privilege of longevity pay and having the privilege of retirement the same as a warrant officer in the Army. I have, of course, some sympathy with them under the statement made by the Senator.

Mr. WADSWORTH. They are in quite a predicament through no fault of their own.

Mr. SMOOT. Let us put them in the position that they would have been in had they continued as clerks. That is what it should be, and nothing else. Their 30 or 40 years' service has been as clerks. I am perfectly willing to have a bill introduced and passed, and will support such a bill, allowing them to retire under the civil service law.

Mr. WADSWORTH. Then we practically repeal the act of Congress which gave them a military status.

Mr. SMOOT. We can do that.

Mr. WADSWORTH. They are not like ordinary civil service clerks. They are men in uniform. They go with the Army into the field to do clerical duty at battalion headquarters or field headquarters and they are often under fire. They are subject to the Articles of War and regulations of the Army and subject to discipline of every kind. They are military men. The Senator from Utah desires to have them changed back to civil service employees with no military status and then give them the retirement privilege.

Mr. SMOOT. The 30 or 35 years' service they have rendered the Government was as clerks.

Mr. WADSWORTH. Field clerks.

Mr. SMOOT. Yes; field clerks.

Mr. WADSWORTH. With the Army, in uniform.

Mr. SMOOT. Yes; with the Army, in uniform, and they were not given the retirement privileges or the longevity pay.

Mr. WADSWORTH. Of course, it was expected that they would have the privileges which go with a military status.

Mr. SMOOT. But they did not have them.

Mr. WADSWORTH. The only reason why they have not, may I say to the Senator, is that this little group of men have passed the age limit. If they were not over the age fixed by law for the appointment of warrant officers the Government would take care of them.

Mr. SMOOT. Yes; under the act of 1916.

Mr. FLETCHER. Mr. President, the situation is that they have not been long enough in the military service with a military status to entitle them to the benefits under the new law.

Mr. SMOOT. That is what I said.

Mr. FLETCHER. But they have been long enough in the service as civilians to entitle them to certain rights, and those rights were taken away from them by legislation.

Mr. SMOOT. Then we will have to pass legislation correcting that and giving them the retirement privilege under the civil service act.

Mr. FLETCHER. The joint resolution does that thing.

The PRESIDING OFFICER. The Senator from Utah objects, and that ends the matter.

Mr. FLETCHER. Of course, if the Senator from New York desires he can move to take up the joint resolution. I think this is an important matter and ought to be taken up and considered.

Mr. KING. Mr. President, I rise to a parliamentary inquiry in response to the suggestion of the Senator from Florida. It was decided by a former occupant of the chair that no motion to take up a bill or joint resolution could be considered during the call of the calendar.

The PRESIDING OFFICER. We are proceeding under Rule VIII.

Mr. FLETCHER. We are now proceeding under Rule VIII. Consequently, it would be in order to move to take up the joint resolution. I merely made that suggestion to the Senator from New York.

The PRESIDING OFFICER. Objection is made. The joint resolution will be passed over.

#### FOREST RESERVES IN NEW MEXICO AND ARIZONA.

The bill (S. 916) limiting the creation or extension of forest reserves in New Mexico and Arizona was considered as in Committee of the Whole and was read as follows:

*Be it enacted, etc.,* That hereafter no forest reservation shall be created, nor shall any additions be made to one heretofore created, within the limits of the States of New Mexico and Arizona except by act of Congress.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### CLOSING OF PINEY BRANCH ROAD IN THE DISTRICT.

The Senate, as in Committee of the Whole, proceeded to consider the bill (S. 1066) to authorize the Commissioners of the District of Columbia to close Piney Branch Road between Seventeenth and Taylor Streets and Sixteenth and Allison Streets NW., rendered useless or unnecessary by reason of the opening and extension of streets called for in the permanent highway plan of the District of Columbia.

It proposes to authorize the Commissioners of the District of Columbia to close Piney Branch Road from Seventeenth and Taylor Streets to Sixteenth and Allison Streets NW., upon the application in writing of the owner or owners of all of the property abutting on that road between the limits named, and provides that upon the closing of the road the land embraced therein shall revert to the owners of the abutting property.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### EXTENSION OF RENTS ACT.

The bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes, was announced as next in order.

Mr. FLETCHER. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. BALL. Mr. President, is there objection to the consideration of the bill?

The PRESIDING OFFICER. The Senator from Florida [Mr. FLETCHER] has objected.

Mr. BALL. I move that the Senate proceed to the consideration of the bill notwithstanding the objection.

The PRESIDING OFFICER. Notwithstanding the objection of the Senator from Florida, the Senator from Delaware moves that the Senate proceed to the consideration of the bill.

Mr. KING. In view of the fact that there are several Senators who are interested in the bill whom I do not see upon the floor, I feel constrained to ask for a quorum, in order to give them an opportunity to be present.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ball	Gooding	McKellar	Stanley
Borah	Harrell	McLean	Sterling
Brandeggee	Harris	McNary	Sutherland
Broussard	Harrison	Moses	Swanson
Calder	Heffin	Nelson	Townsend
Cameron	Johnson	Nicholson	Trammell
Capper	Jones, Wash.	Norbeck	Wadsworth
Caraway	Kenyon	Oddie	Warren
Curtis	Keyes	Overman	Watson, Ga.
Dial	King	Pomerene	Watson, Ind.
Dillingham	Ladd	Sheppard	Weller
Edge	La Follette	Shortridge	Williams
Ernst	Lenroot	Simmons	Willis
Fernald	Lodge	Smith	
Fletcher	McCormick	Smoot	
Glass	McCumber	Spencer	

The PRESIDING OFFICER. Sixty-one Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Delaware that the Senate proceed to the consideration of Senate bill 2131, notwithstanding the objection of the Senator from Florida.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments.

The first amendment was, on page 3, after line 9, to insert as a new section the following:

SEC. 4. That Title II of such act is amended by adding at the end thereof two new sections to read as follows:

"SEC. 123. In all cases where the owner of any rental property, apartment, or hotel has, prior to April 18, 1921, collected any rent or charge therefor in excess of the amount fixed in a determination of the commission made and in full force and effect in accordance with the provisions of this title, he may within 10 days after this section takes effect return such excess rental or charge to the tenant directly, and if such return is made within such period the owner shall not become liable under the provisions of section 112 of this act.

"SEC. 124. (a) Any violation of this act or of any order of the commission committed before the termination of this act may, after such termination, be prosecuted by and in the name of the Attorney General in lieu of the commission in the same manner and with the same effect as if this act had not been terminated.

"(b) In the case of (1) any proceeding begun under the provisions of section 114 before the termination of this act, or (2) any proceeding on appeal from a determination of the commission begun before the termination of this act, such proceeding may, after such termination, be continued in the same manner with the same effect as if this act had not been terminated, and all powers and duties in respect to such proceedings vested in the commission by this act shall for the purposes of such proceedings be vested in the Attorney General.

"(c) Any right or obligation based upon any provision of this act or upon any order of the commission, accrued prior to the termination of this act may, after the termination of this act, be enforced in the same manner and with the same effect as if this act had not been terminated.

"(d) The Attorney General may, after the termination of this act, appoint the attorney last appointed by the commission under the provisions of section 103 to assist in the enforcement of this act. Such attorney shall continue to receive compensation for such services at the rate of \$5,000 per annum, payable monthly."

Mr. BALL. Mr. President, I offer an amendment as a substitute for a portion of the amendment reported by the committee.

The PRESIDING OFFICER. The amendment proposed by the Senator from Delaware to the amendment reported by the committee will be stated.

The ASSISTANT SECRETARY. In the amendment reported by the committee it is proposed to strike out, on page 3, from line 12 to line 21, inclusive, embracing section 123, and to insert the following:

SEC. 123. In all cases where the owner of any rental property, apartment, or hotel has, prior to April 18, 1921, collected or received any rent or charge therefor in excess of the amount fixed in a determination of the commission made and in full force and effect in accordance with the provisions of the title, he may within 30 days after this section takes effect return such excess rental or charge to the tenant directly, and if such return is made within such period the owner shall not become liable under the provisions of section 112 of this act. An owner who has obtained a judgment against a tenant for or which includes such rent or charge in excess of the amount fixed in such a determination of the commission shall move to vacate such judgment to the amount of such excess within 60 days after this section takes effect. In case such motion is not made and such owner does not exercise reasonable diligence to have such judgment vacated, such judgment, to the amount of such excess, shall be null and void.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The question is on the amendment proposed by the Senator from Delaware to the amendment reported by the committee.

Mr. WILLIS. Mr. President, will the Senator from Delaware explain what change his amendment makes? I tried to follow it, but did not, perhaps, grasp its full scope.

Mr. BALL. Mr. President, the first change from the original rent act is that all business property is relieved from the effect or control of the act, making it clearly a housing proposition.

The second change is that the Rent Commission is authorized to employ an attorney. Under the original act they may employ nobody except a secretary, aside from such employees as they are authorized to obtain through the Civil Service Commission. The pending bill authorizes the employment of an attorney.

There is another change which applies where, since the law was declared to be unconstitutional by the local court, the tenant has paid an excess of rent over and above the amount fixed by the Rent Commission. According to the original law, the landlord had to refund the excess to the Rent Commission and pay double the amount. This bill authorizes their paying the excess to the tenant direct within 30 days, and the landlord is required to pay only the amount that has been overpaid.

Another amendment provides that where the agent or landlord has obtained a judgment against a tenant for the difference between the amount of the rent authorized by the Rent



Commission during that interim and the amount as fixed by the landlord or agent the landlord or agent must move to vacate that judgment. Those are the only amendments proposed to the original act.

Mr. FLETCHER. May I ask the Senator from Delaware to what extent the amendment he has offered reaches the amendment proposed by the committee? Does the Senator's amendment apply only to section 123, and will the other amendments proposed by the committee be offered as we proceed with section 124, for instance?

Mr. BALL. The amendment to section 123 takes the place of the amendment that was first offered.

Mr. FLETCHER. What about the other section, 124?

Mr. BALL. Section 124 stands the same way.

Mr. FLETCHER. It is not changed?

Mr. BALL. No.

Mr. FLETCHER. Then the amendment we are now voting on is an amendment offered to section 123?

Mr. BALL. In lieu of section 123.

Mr. FLETCHER. I do not see very much change in that, except that they have added the words "or received," so as to read "collected or received any rent," and then at the conclusion there are some changes and additions.

May I ask the Senator if he can tell us what this commission is costing now? The members of the commission get salaries of \$5,000 a year each, and then here is a secretary at \$3,000, and an attorney at \$5,000. What are the other expenses connected with the commission?

Mr. BALL. The other expenses are only the employees that they have in the office, civil service employees, clerical assistants. I do not know what that expense is.

Mr. FLETCHER. Can the Senator give us any idea as to the monthly expense of this commission?

Mr. BALL. The original act appropriated \$50,000 for the two years. I think there was an additional appropriation in the emergency appropriation bill of \$15,000, was there not?

Mr. KING. Yes.

Mr. BALL. So far, the total expense of the operation of the act has been within \$65,000.

Mr. FLETCHER. I saw a statement on this subject in the newspaper the other day. I have sent for the paper, but I do not have it here. My recollection is that the statement showed that during the last month this commission determined that there had been excess charges by landlords, tenants called upon to pay more than they should have paid, to the amount of about \$6,387, in 42 cases, and that on the other hand they had found in favor of the landlords—in other words, against the tenants, and held that they should pay more than they did pay—to the amount of over \$2,274, in 8 cases, showing that apparently the actual benefit to tenants under the decisions of this commission for one month amounts to some \$4,113, according to that statement. It seems to me this commission is costing a good deal more than it is producing in the way of beneficial results.

Mr. POMERENE. Mr. President—

Mr. BALL. I should like to make just one statement, Mr. President, and then I will yield the floor. That, to me, shows that the commission is eminently fair both to the tenants and to the landlords, and that is what is necessary to have such a commission result in good effect. The moral effect of the existence of this commission has undoubtedly of itself reduced rents. I received to-day, and one yesterday, I think, a number of notices sent to me by different tenants, received from their landlords, stating that the rent act would expire on the 22d, and there would be an increase in their rents ranging from 15 to 40 per cent after that date.

Mr. FLETCHER. Mr. President, of course I do not know the merits of those cases. Each case depends upon its own facts and circumstances. It may be that they ought to be increased—I do not know—but this legislation was always wrong, in my judgment, and I regarded it as unconstitutional from the start. I never did believe that it was constitutional legislation, and it just did get through by the skin of its teeth upon that proposition, it seems.

Mr. KING. As a war measure.

Mr. FLETCHER. As a war measure, the lower court holding that it was unconstitutional; but I believe finally the Supreme Court, by a majority of one, decided that it was constitutional; but they put it upon the ground and upon the idea that it was war-emergency legislation, originating in war conditions, and justified only by reason of war conditions. The Government could commandeer buildings required for the conduct of the war. Now, it is supposed that the war ended some little time ago. Certainly we are not fighting anybody now and

nobody is exercising any war powers now. Why should we continue upon our statute books legislation which practically places in the control of a commission the real estate investments of the people in the District of Columbia? Have we gotten to the point where the Government is warranted in laying its hands upon an apartment house, a building that is erected for the purpose of renting to tenants, and saying to the landlord or the owner of that property "You can charge only so much," and to tenants "You are entitled to occupy those premises without regard to the will of the owner of the property, and you can only be called upon to pay so much"? If that is not "government in business" I can not understand what is "government in business." The Government is actually taking control and charge of the property of individuals, men who have put their money into investments in this city, and is telling them how much they shall charge for the use of those premises they own, in effect when they shall be occupied and when they shall not be occupied, how long tenants shall stay there, and how soon they shall be forced to get out.

I submit that the whole thing is wrong. As far as I am individually concerned, while I own a little property here, it is utterly immaterial to me as a property owner in the District; but the whole legislation is wrong. This thing ought to end where Congress originally prescribed that it should end, in my judgment. I have never had any occasion to invoke or resist the jurisdiction or powers of the rent commission. I believe the members of it eminently fair, just, and capable; but placing an individual's property under the control and direction of a commission or an official is to that extent confiscation of private property. On principle it can not be defended. Only war emergency—actual war conditions—could warrant or excuse such legislation.

Mr. CARAWAY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Arkansas?

Mr. FLETCHER. I yield.

Mr. CARAWAY. I want to ask the Senator for his construction of the language at the top of page 2. It enumerates apartment houses, but, if I read it correctly, hotels and apartment houses are both excluded from the provisions of the act. Now, who they are trying to catch I do not know.

Mr. KING. They are trying to catch apartment houses.

Mr. CARAWAY. But they have not got them. Under the definition commencing on the bottom of page 1 it says:

The term "rental property" means any building or part thereof or land appurtenant thereto in the District of Columbia rented or hired and the service agreed or required by law or by determination of the commission to be furnished in connection therewith; but does not include (a) a hotel or apartment, (b) a garage or warehouse, or (c) any building or part thereof or land appurtenant thereto used by the tenant exclusively for a business purpose other than the subleasing or otherwise subcontracting for use for living accommodations.

If there ever were any gougers in the District of Columbia, commend me to the hotel people and the apartment-house owners; and yet they are excluded from the provisions of this law.

Mr. FLETCHER. It certainly is quite ambiguous whether it is intended to exclude an apartment house or not or whether it is intended to mean an apartment in a hotel.

Mr. CARAWAY. An apartment would be, I think, pretty well defined.

Mr. FLETCHER. But I agree with the Senator that if there is anything that needs regulation or control by the Government in this city it is the hotels.

Mr. CARAWAY. And the apartment houses.

Mr. FLETCHER. And the apartment houses. Why, Mr. President, a friend of mine had two adjoining rooms at a hotel here last week, and \$19 a day was the charge for the rooms. Their charges are grossly outrageous here and elsewhere, in most instances.

Mr. GLASS. Mr. President, with respect to the question of the definition, do we not have here what are called apartments and hotel apartments, distinguished the one from the other?

Mr. CARAWAY. Does the Senator think that does not include an apartment house?

Mr. GLASS. I think not. I think it includes only a hotel apartment—that is, an apartment house that is in the business likewise of furnishing meals.

Mr. CARAWAY. May I ask the Senator a question, if the Senator from Florida will permit me?

Mr. FLETCHER. Certainly.

Mr. CARAWAY. Why should an apartment hotel be excluded from the provisions of the act if an apartment house is to be included?

Mr. GLASS. I assume they put it on the same basis as a hotel.

Mr. FLETCHER. I see no reason for making any exception in instances of that sort. If there ought to be any regulation at all, it ought to cover those that are excluded.

Mr. POMERENE. Mr. President, will the Senator permit a suggestion? My reading of this leads me to suggest that while it is a little bit obscure, it seems to me, after conferring with the Senator from Delaware, who is the chairman of the committee, that what is intended is that there should be a comma after the word "thereto" on line 5, so that the qualifying clause following that applies to all of these buildings. It would then read "a hotel or apartment used by the tenant exclusively for a business purpose other than the subleasing or otherwise subcontracting for use for living accommodations."

Mr. CARAWAY. The intention was not to exclude apartments?

Mr. BALL. Oh, no; only apartment houses parts of which are used exclusively for business purposes.

Mr. CARAWAY. I believe it is going to take some remodeling, or else they will escape.

Mr. BALL. The original act named apartments and hotels used entirely for living purposes. This bill makes that exception, that apartments or hotels or buildings used exclusively for business purposes are exempt from the operation of the bill.

Mr. POMERENE. Let me suggest a modification of that so as to make it perfectly clear, if the chairman will permit me. Suppose that right after the words "a hotel or apartment" we insert the last clause, "used by the tenant exclusively for a business purpose other than the subleasing or otherwise subcontracting for use for living accommodations."

Mr. BALL. I like the wording of that better than the wording of the bill as it stands, although I think either will cover the ground.

Mr. POMERENE. I think that would relieve the difficulty which the Senator from Arkansas and the Senator from Florida have in mind.

Mr. BALL. I accept that change in the wording, Mr. President.

The PRESIDING OFFICER. The Chair will state that before that can be done the pending amendment must be disposed of.

Mr. FLETCHER. There is an amendment already pending. We shall have to go back to that, because that has not been involved in the discussion so far. However, I think the suggestion will very greatly improve it, so that it would exclude a hotel or apartment used exclusively for business purposes. I take it that the hotel would have to be used for the business of conducting a hotel. An apartment would have to be used for business purposes, but not for subleasing or subcontracting for use for living accommodations.

The PRESIDING OFFICER. The Chair will state that if that is agreed upon, it may be done by unanimous consent.

Mr. POMERENE. I think we do agree—at least, those who have been taking part in the colloquy here.

The PRESIDING OFFICER. The Chair will submit a request for unanimous consent.

Mr. POMERENE. I ask unanimous consent that that be taken up now.

Mr. FLETCHER. I have no objection to that.

Mr. WILLIS. What is the request of my colleague?

Mr. POMERENE. To insert, after the words "a hotel or apartment," in line 4, the language in lines 6, 7, and 8.

The PRESIDING OFFICER. Is there objection? There being no objection, the Secretary will state the amendment.

Mr. FLETCHER. I do not understand that they want to strike out anything.

Mr. POMERENE. No; leave that language just as it is.

Mr. FLETCHER. That could be left to be adjusted when the Senators have taken a little time to go over it. The question would first come on this amendment, and that could be straightened out later.

The ASSISTANT SECRETARY. After the word "apartment" and the comma, on line 4, insert the words appearing on lines 6, 7, and 8, so as to read:

Used by the tenant exclusively for a business purpose other than the subleasing or otherwise subcontracting for use for living accommodations, (b) a garage or warehouse, or (c) any building or part thereof or land appurtenant thereto used by the tenant exclusively for a business purpose.

Mr. KING. May I inquire of the Senator from Ohio or the Senator from Delaware if, as read at the desk, it would not exclude from the limitations the buildings described in line 5?

Mr. POMERENE. They are exempted, I take it, from the provisions of the act. I may say that the chairman of the com-

mittee is very much more familiar with the provision than I am, because I have not given much attention to the matter of amendment of the bill; but, as I understood his statement, the object was simply to keep under the jurisdiction of the Rent Commission property which is used for residential or housing purposes.

Mr. FLETCHER. All business property, all hotels, and all portions of apartments used for business purposes are to be excluded from the jurisdiction of the commission.

Mr. BALL. Mr. President, I am quite sure that the language is perfectly clear. These are the exceptions:

"But does not include (a) a hotel or apartment," if tenanted exclusively for business purposes; "(b) a garage or warehouse; or (c) any building or part thereof or land appurtenant thereto."

It means all of those, or any of them, used by the tenant exclusively for business purposes.

The PRESIDING OFFICER. The question is upon the amendment proposed by the Senator from Ohio.

Mr. FLETCHER. I think the purpose of the Senator would be accomplished by just putting a comma after the word "thereto."

Mr. BALL. I think so.

Mr. POMERENE. I think that would perhaps meet the situation. I accept that suggestion.

The PRESIDING OFFICER. The Senator from Ohio withdraws the previous amendment and moves to amend by inserting a comma after the word "thereto," in line 5.

The amendment was agreed to.

Mr. KING. I renew the inquiry which was propounded by the Senator from Arkansas a moment ago. If I understand the purpose of the Senator from Delaware, I fail to see how that purpose can be consummated, with the amendment just agreed to, by leaving the language as reported by the committee. I understand these properties will be excluded from the jurisdiction of the commission, namely, hotels and apartments. It is not the intention of the Senator to exclude apartments from the operation of the bill unless the apartments are used exclusively for business purposes?

Mr. BALL. The Senator certainly appreciates the fact that that designates hotels and apartments, garages, and so forth, or any other buildings, excluding all of those under subdivisions (a), (b), and (c) from the effect of the law. They are the exceptions.

Mr. KING. It does not include hotels; it does not include apartments, it does not include garages or warehouses, or any building or part thereof, or the land appurtenant thereto, used by a tenant exclusively for business purposes.

Mr. BALL. That is right.

Mr. KING. Does the Senator mean to exclude apartments from the operation of this bill? I thought it was the intention of the Senator to subject apartments to the operation of the bill.

Mr. BALL. It is the intention to exclude apartments if any part of those apartments is used entirely for business purposes. The first stories of large apartment houses are generally occupied by stores. It excludes those stores. It excludes any part of an apartment occupied entirely for a business purpose, but it keeps under the act the apartment building or parts of it used for housing purposes.

Mr. KING. Mr. President, not being a supporter of the bill, if the Senator is satisfied with what I regard as a very defective construction, which is bound to lead to an interpretation, in my opinion, adverse to that for which he contends, I shall make no objection. If he is content to have the bill in that form, of course I shall not object.

Mr. WILLIS. Mr. President, I desire to propound an inquiry to the Senator from Utah, as he has given this subject much study. In his judgment, what is the effect upon building operations in the District of such restrictions as are here contemplated, and as were provided in the original act? Are they likely to encourage or to discourage the building of rental property?

Mr. KING. Mr. President, I had occasion, when the measure was under consideration some time ago, to express my opinion in regard to this character of legislation.

Mr. POMERENE. Mr. President, will the Senator allow me to make another suggestion? May I have the attention of the chairman of the committee, as well?

Mr. KING. If I may be excused from answering the question of the junior Senator from Ohio, I will yield to the senior Senator from Ohio.

Mr. POMERENE. If the Senator was answering the question of another Senator, of course I shall not interrupt.

Mr. KING. I can answer that inquiry later.

Mr. WILLIS. I want to have it answered.



Mr. POMERENE. I was going to suggest that after the word "or" in line 4, page 2, there be inserted the words "or any portion of an apartment building," and then insert the comma as suggested. Then it would make it perfectly clear that you are only exempting from the provisions of the act any portion of an apartment building which might be used exclusively for business purposes.

The PRESIDING OFFICER. Does the Senator from Ohio offer that as an amendment?

Mr. POMERENE. I can simplify it by moving to strike out the word "apartment" in line 4, page 2, and to insert in lieu thereof the words "or any portion of an apartment building."

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 2, line 4, it is proposed to strike out the word "apartment" and to insert the words "any portion of an apartment building," so that it will read:

but does not include (a) a hotel or any portion of an apartment building, (b) a garage or warehouse, or (c) any building or part thereof or land appurtenant thereto used by the tenant exclusively for a business purpose other than the subleasing or otherwise subcontracting for use for living accommodations.

Mr. POMERENE. Mr. President, I withdraw that amendment, because after a conference with the chairman of the committee I find that that is entirely wrong.

The PRESIDING OFFICER. The Senator from Ohio withdraws the amendment.

Mr. BALL. I would like to offer one amendment, and I am satisfied it will make the provision absolutely safe. I propose to amend on line 5, page 2, by inserting after the word "any" the word "other."

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 2, line 5, after the word "any," the first word in the line, it is proposed to insert the word "other," so that it will read "or (c) any other building or part thereof or land appurtenant thereto."

The amendment was agreed to.

Mr. POMERENE. I now offer my amendment at another point. I propose to amend by inserting after "(a)," in line 3, page 2, the words "any portion of a hotel or apartment building."

Mr. BALL. I accept that amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. The Senator from Ohio proposes to strike out the words "a hotel or apartment," at the beginning of line 4, page 2, and to insert the words "any portion of a hotel or apartment building."

The amendment was agreed to.

The PRESIDING OFFICER. The question now is upon the amendment proposed by the Senator from Delaware to the committee amendment.

Mr. WILLIS. Mr. President, I desire at this point to renew my inquiry made of the Senator from Utah or the Senator from Florida or some one who has investigated this question as to what has been the effect of legislation of this character upon building operations in the District? I am asking the question because it is perfectly obvious that the only way you can remedy a situation of this sort, in the long run, is to have more houses, more rooms, and more buildings. If this legislation encourages building it is desirable. If it discourages building it is undesirable. I should like to have the opinion of the Senator from Florida on that point.

Mr. FLETCHER. Mr. President, I can not speak from experience in connection with the matter, but from observation and from common knowledge it is perfectly apparent that this sort of legislation discourages building. It does retard it in many ways, and it certainly discourages the putting up of new buildings, because a man who has a lot which he would like to improve by erecting buildings on to rent out to people who need houses would not undertake to launch upon an enterprise of that sort and invest his capital in buildings when he knew they would be controlled and managed by an outside commission.

It stands to reason that no man would want to invest his money and take the chances of being able to invest so as to earn a reasonable percentage on his investment, knowing that some third party would step in and say, "We will tell you how much you shall charge for your buildings and we will decide how much your apartments will be let for, and all questions between you and your tenants are not matters of private contract between you people, to be settled among yourselves, but those contracts are to be supervised by us, and we will determine whether they are reasonable or not, and we will determine whether the contracts between the landlord and tenant have been violated or not, if the question arises in the course

of time, and we will determine whether the tenant is right or you are right, and we will decide that the tenant can stay in possession of your property as long as we say the tenant shall stay there, and that the tenant shall pay only the rent we say the tenant shall pay."

No man is going to invest his money in a building with that sort of condition existing, in my judgment, unless, of course, he assumes that the law is to terminate very soon.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Tennessee?

Mr. FLETCHER. I yield.

Mr. McKELLAR. The Senator will admit that this law has been on the statute books quite a while, and that a great many apartment houses have been erected in the city of Washington notwithstanding it. What has the Senator to say about that?

Mr. FLETCHER. I admit that there have been a great many apartment houses erected; that a great many buildings have gone up, but nothing approaching what would have been erected, in my judgment, if that legislation had not been on the statute books, and certainly not if the owners of those properties had not understood that the legislation was to terminate at a certain time, and the time would soon come, probably by the time their buildings are completed, when they would be no longer under the restraints and restrictions of this law.

The PRESIDING OFFICER. The Senator from Florida will suspend. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 7294) supplemental to the national prohibition act.

Mr. STERLING obtained the floor.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Delaware?

Mr. STERLING. I yield to the Senator from Delaware to submit a request.

Mr. BALL. I ask unanimous consent that the bill known as the rent bill be considered until 2.30 o'clock, in the hope that we may get a vote by that time.

The PRESIDING OFFICER. The Senator from Delaware asks unanimous consent that the consideration of the bill known as the rent bill may be continued until 2.30 o'clock.

Mr. STERLING. Mr. President, I am constrained to object to that request.

The PRESIDING OFFICER. Objection is made.

#### AMENDMENT OF FEDERAL FARM LOAN ACT.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Connecticut?

Mr. STERLING. I yield.

Mr. McLEAN. The bill (S. 1811) increasing the rate of interest on farm loan bonds from 5 to 5½ per cent has passed the House and has been received by the Senate. The House placed an amendment limiting to June 30, 1923, the time in which the rate shall be 5½ per cent. I understand there is no objection to that amendment. It is very important that the bill should pass as amended. I ask the Senator from South Dakota if he is willing that the unfinished business may be temporarily laid aside while the Chair hands down the bill to which I have referred.

Mr. STERLING. I consent that the unfinished business may be temporarily laid aside for that purpose, if it leads to no discussion.

Mr. McLEAN. I know of no discussion that will ensue.

Mr. FLETCHER. I think it ought to be acted on, and I hope that the Senate will concur in the amendment.

The PRESIDING OFFICER. The Chair lays before the Senate the amendment of the House of Representatives to the bill (S. 1811) to amend the Federal farm loan act, as amended. The amendment of the House was on page 2, line 3, after "anum" to insert ", but no bonds issued or sold after June 30, 1923, shall bear a rate of interest to exceed 5 per centum per annum."

Mr. McLEAN. I move that the Senate concur in the amendment.

The motion was agreed to.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7294), an act supplemental to the national prohibition act.

Mr. STERLING. Mr. President, I ask that the Secretary may proceed with the reading of the bill for action on the committee amendments.

The PRESIDING OFFICER. There is now pending an amendment of the committee which the Secretary will state.

The READING CLERK. The Committee on the Judiciary propose, on page 2 in line 4 after the word "contains," to insert the words "separately or in the aggregate," so as to read:

Nor shall any one prescribe or sell or furnish on any prescription more than one-fourth of one gallon of vinous liquor, or any such vinous or spirituous liquor that contains separately or in the aggregate more than one-half pint of alcohol, for use by any person within any period of 10 days.

#### PROPOSED REDUCTION OF THE ARMY.

Mr. BORAH. Mr. President, I introduced a joint resolution this morning (S. J. Res. 96) to reduce the Army to 100,000 enlisted men excluding the Philippine Scouts. I now desire to make some brief observations with regard to it before it shall be referred to the committee.

We have reached the point where we are compelled to consider the question of whether we are going to raise taxes instead of lower them. The chairman of the Committee on Finance advised the country some two weeks ago that there would be no decrease in taxes this year. The Secretary of the Treasury has now advised us that not only will there be no decrease, but unless there are pronounced reductions in the way of expenditures and appropriations there will be an increase in taxes. This, it seems to me, enjoins upon us the necessity of looking about to see where we may possibly reduce expenditures.

To increase taxes at this time would be almost a disaster. To fail to reduce taxes would, indeed, be most discouraging. I know of no way by which we can reduce taxes except to reduce expenditures. I have no faith in reducing taxes by reducing the class of expenditures to which so much reference is now being made; that is, by cutting down expenditures in the departments by the discharge of employees, and so forth. I do not criticize that. I think it is very important that we reduce the expenses of the different departments to the lowest possible working point. But it is manifest that, do the very best we may with reference to that class of expenses, we can not hope to cut enough to make any perceptible effect upon the taxes which we are compelled to levy.

There are no places where we can cut to the extent of reducing taxes except through the Army and the Navy, and if we are not willing to do that we may just as well say to the country that we shall do exceedingly well if we keep the expenditures and the taxes at the present point and that there is no hope of reduction.

This morning's Washington Post carries a statement from the Secretary of the Treasury, in which he said:

Without the assurance of substantial additional reductions in expenditures it would be folly to proceed to reduce revenue merely in the hope of reduced expenditures. Even without change in the law, revenue will shrink from natural causes and will shrink according to the present outlook at a faster rate than current expenditures.

The Secretary proceeded to show that expenditures thus far in the present fiscal year had actually increased as compared with those of a year ago. He told the committee that ordinary expenditures for July, the first month of the fiscal year, were \$322,000,000, as against \$307,000,000 in July, 1920, leaving a current deficit of \$113,000,000, as compared with a deficit of \$76,000,000 in July a year ago. Of the total expenditures last month \$115,000,000 was for the account of the Military and Naval Establishments and \$32,000,000 for the Shipping Board.

Now, Mr. President, we reduced the Army or made provision for its reduction during this session of Congress to 150,000 men, but in my opinion it would be perfectly safe to reduce the Army to 100,000 men. If we do so, we can certainly cut expenses in that instance to the extent of from \$50,000,000 to \$70,000,000. I know of no other place, except that of the Navy and the Shipping Board, where we can make any considerable cut. It was thought at the time the bill was before the Congress providing for reduction to 150,000 men that it would be practically impossible to accomplish that result. It was supposed that the contracts with the men stood in the way of a reduction. I did not think then, and I do not think now, that the contracts, according to their terms, stand in the way of reduction to any extent which the Government may see fit to make. But we need not discuss that, because it now transpires that the men are so anxious to get out of the Army that they are perfectly willing to relieve the Government of any contractual obligation which may possibly exist between the Government and the men.

As I understand, Secretary Weeks, who set about in good faith to carry out the provisions of the law, published a general notice or sent out a general order that anyone desiring to leave the Army should file his application for discharge and that it would be immediately acted upon and he would be given permission to take his leave. As the Senator from Utah

[Mr. SMOOT] just suggests, that was in continental America. I am also informed that out of twenty-three thousand and some odd men upon the Mexican border 11,984 applied for discharge. I have seen it stated in the western papers, although I have not known of it being officially confirmed, that the personnel at Camp Lewis voted unanimously to apply for the discharge for every man there in the service.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. Certainly.

Mr. JONES of Washington. I will say to the Senator that in talking with the Secretary of War a short time ago I do not remember that he said they voted unanimously, but he said they were nearly all applying for discharge from Camp Lewis; so the reports in the paper are no doubt correct.

Mr. BORAH. According to a statement published in the papers a few days ago we were advised that the reduction of the United States Army to a peace-time strength of 150,000 men would be accomplished by July 31. The resignations literally poured in and caused the Secretary of War to revoke his order before the month ended. I have no doubt at all that if we should pass a joint resolution providing for reduction of the Army to 100,000 men and the Secretary of War should recognize the applications which have been made, we could reduce the Army to 100,000 men by the 1st of October just as easily as we have reduced it to 150,000 men by the 31st day of July.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. I confess an erroneous impression at the time the Army reorganization bill was before the Senate and to have made the mistake of supposing that it would be impossible to reduce the Army without, as our committee was told, resorting to strong-arm methods. In other words, I was under the impression—and I got it honestly from the hearings before the committee—that it would be impossible to reduce the Army to 150,000 men within the time suggested in the Senate without forcing them.

However, I am glad to say that what the Senator from Idaho is stating is borne out by the information which comes to me that the men are making application to be discharged much faster than the War Department can adjust itself to the new conditions. They have to reorganize units, on account of these numerous applications, in a way that they never supposed would come about. It is entirely possible that what the Senator desires can be accomplished, and the Army can be reduced to 100,000 men without compelling any drastic methods to be adopted.

Mr. BORAH. Mr. President, I am informed, not officially, but semiofficially, that the applications now on file, or the applications which were received up to the time when the Secretary revoked his order, if accepted would reduce the Army now to 100,000 men.

So we have this situation: An Army of 150,000 men reduced easily under the law which Congress passed, with applications for discharge pending which would reduce it to 100,000 men. The simple question, therefore, and the only question that Congress has to determine is whether in times of peace and under the economic conditions which confront us we can afford to reduce the Army to 100,000 men.

Mr. NELSON. Mr. President, will the Senator from Idaho yield to me?

The PRESIDING OFFICER (Mr. WILLIS in the chair). Does the Senator from Idaho yield to the Senator from Minnesota?

Mr. BORAH. I yield.

Mr. NELSON. I wish to call the Senator's attention to the fact that we probably have a complement of officers now sufficient for 500,000 men. Merely discharging the privates will still leave us with a top-heavy body of officers whose pay is immense. The pay of the supernumerary officers would amount to more than that of the privates, and unless we could reduce the corps of officers commensurately with the reduction in the number of privates we should not get full relief.

Mr. BORAH. I am coming to that. I thank the Senator, however, for the suggestion. But the reduction of the Army to 100,000 men would of itself reduce the expenses of the Army from sixty to seventy million dollars. That would be the direct reduction of expenses, but the indirect reduction would be much larger. There are savings which could be made by reason of the cut in other ways. It would be safe to say that from



seventy-five to one hundred million dollars could be saved merely by the reduction of the Army to 100,000 men.

As indicated by the venerable Senator from Minnesota [Mr. NELSON] we have 14,000 commissioned officers in the Army, and if I carry the figures correctly in my mind the expenditure for those officers in the way of salaries, and so forth, aggregates about from fifty-three million to fifty-four million dollars annually.

Mr. President, it seems perfectly ludicrous to say that we need 14,000 commissioned officers for an Army of 150,000. The 14,000 commissioned officers were provided upon the theory of maintaining an Army of from 280,000 to 300,000 men. In fact, I was advised by an officer of the Army lately that we had a sufficient Army organization, in the way of officers, for an Army of 400,000, if not for an Army of 450,000 men. We have here in the city of Washington, according to the telephone book—the nearest information that I have been able to get—from 1,750 to 2,000 officers. We have in Germany, with the Expeditionary Force there, in round numbers, about 500 officers. What we should do, if we are going to reduce expenditures, is to set about with the same zeal and vigor to reduce the Army and give it the same attention and study for the purpose of reduction that we set about to increase it when conditions required it to be increased. I feel perfectly sure, if the Military Affairs Committee, with its very able chairman, will give this matter the attention which they would undoubtedly give it if a different exigency confronted us—that is to say, if it were necessary to increase it—that we can safely reduce the Army to 100,000 men, and we can reduce the commissioned officers of the Army so as to save \$25,000,000 to \$30,000,000 in that particular instance.

Here, Mr. President, would be a saving of \$100,000,000 or \$150,000,000. Will some Senator tell me where else we may make a cut and secure a saving of such moment?

We are confronting the proposition of either reducing the Army and building up a different organization, or we are confronted with the proposition, as the Secretary of the Treasury tells us, of increasing taxes this year. Mr. President, this is not a party matter, and yet such questions appeal to us because we are responsible for this situation. We are in power; we are in control; and as a mere matter of prophecy and by no means as a threat—which it could not be—I venture to say that if we maintain the Army at 150,000 men, with 14,000 commissioned officers, and increase taxes this year, we shall have a much smaller membership in both bodies of Congress after the next election than we now have.

It is not a theory, but it is a condition which confronts us. There is nothing which is now of so much concern to the people of the country as to know whether or not they are going to get any relief from these ever-increasing expenditures. It is up to the party in power to devise some means or methods by which to do it.

Does anyone feel that we shall be insecure with an Army of 100,000? It is conceded that we are simply maintaining an Army for police purposes, as it were; it is conceded that our Army would be wholly insufficient and that we could not rely upon it if we were in expectation of trouble even with Mexico, or with any other country. Fortunately we are not in expectation of any trouble, but we are maintaining the Army solely for police purposes. One hundred thousand men, in my judgment, will be just as efficient, will meet the situation with as much security to the order and safety of the country, as would 150,000 men.

Mr. President, we have 14,000 men in Germany. One of the solemn pledges made to the voters in the last campaign was that the Army would be brought out of Europe just as soon as the new administration could issue the order. That pledge was repeated more than once in the campaign, and it was thoroughly understood. I think that that was a pledge which is within our power to fulfill. I would not expect a party pledge to be carried out if conditions were changed, if circumstances were different, but if conditions have changed and if circumstances are different we are uninformed as to the change.

What possible benefit do we receive from having 14,000 soldiers in Europe? What possible advantage is it to the United States? What property have we there to secure? What interests have we there to protect? On the other hand, what possible security or what possible advantage is it to any European power to have them there? Does anyone think that it is necessary to maintain soldiers in Germany under present conditions in order to insure peace or prevent an outbreak on the part of the German people?

We not only have 14,000 soldiers there, but, as I said a moment ago, we have about 500 officers. What possible use can

there be, so far as official duties are concerned, for 500 officers when they serve with only 14,000 soldiers? According to the report of the Secretary of War, we had in Germany under date of July 26, 1921, commissioned officers, 480; warrant officers, 20; enlisted men, 13,241. I have stated the number at 14,000; that is true, in round figures, but I give the exact figures here. That makes a total of 13,785 altogether.

These figures are taken from a report of June 30, 1921, which is the latest available. The total cost of keeping these troops in Europe from December 18, 1918, to April 30, 1921, the latest date available, has been \$275,324,192, an average of \$966,049.80 per month. It is costing us, therefore, about \$1,000,000 a month to maintain this army in Europe—a much larger amount than would be necessary to maintain the same number in the United States.

On April 30, 1921, the balance due to the United States by Germany for the maintenance of this army was \$240,744,511.89. So, as a matter of fact, while Germany is responsible for the cost, at present it is all coming out of the taxpayers of the United States and the amount is growing all the time. It is no relief to the taxpayer to say to him that Germany is responsible, when Germany does not respond and Germany can not respond at the present time.

I should like to be advised by some one who is more familiar with the subject than myself as to what possible advantage, either to the United States or to the security of Europe, the expenditure of this \$1,000,000 a month is. If it is of no advantage, certainly in the interest of economy we should stop the expenditure as soon as possible.

I desire to say further, Mr. President, that, even if Germany were able to respond within any reasonable time, there is no reason why we should put upon Germany any unnecessary expense. If it is unnecessary to maintain American troops in Germany, it is unreasonable to put that expense upon Germany, and, in a sense, it is unjust. All Europe is interested in the recovery of Germany as an economic unit. Europe will not be restored to normal conditions until Germany is restored economically. Until the German question and the Russian question are solved, until the 160,000,000 people in Russia and the 70,000,000 people in Germany are back to economic normalcy, we can not hope for any recovery of normal conditions throughout Europe and, indeed, throughout the world. Not, therefore, as a question of justice, or injustice alone, but as a question of assisting in the restoration of economic conditions in Europe, we should take from Germany every dollar of expense that it is not absolutely necessary to put upon her.

Mr. BRANDEGEE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Connecticut?

Mr. BORAH. I yield.

Mr. BRANDEGEE. Has the Senator any information as to why our governmental authorities consider it necessary to maintain 14,000 American troops in the Rhineland when France has an army of 800,000 men?

Mr. BORAH. No; I have no information about that which I could give the Senator, but, like the Senator, I have a very strong opinion that it is unnecessary.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. I assume the Senator understands they are there by agreement with Germany. Whether they are there at the request of Germany is another question.

Mr. BRANDEGEE. I have seen it stated in the public prints by correspondents residing abroad that our troops there were very well contented, and that they liked it, and that the Germans liked to have them there in preference to the troops of other nations. I assume that when they originally were placed there it was done by due authority and for a proper purpose, just after the armistice; but I am at a loss to understand why the necessity for their maintenance there now exists, and I am simply seeking for some light, hoping that the department may inform us. I was under the impression that some resolution had been adopted by the Senate within the last few weeks asking the War Department or the President to advise us why it was considered necessary to maintain those troops there, or whether it was considered necessary, but I am not sure. I think such a resolution was passed.

Mr. BORAH. No; the resolution simply called for the number of troops and the expenditure, and how much Germany was indebted to us for keeping them there. It did not call for the reasons for keeping them there, because I felt that in all



probability that would embarrass a reply to the resolution, and I wanted the other information.

Mr. BRANDEGEE. I do not think it would embarrass anybody. I do not think it ought to embarrass the administration, for it seems to me that three years after the war is over the American people are entitled to know, without anybody being embarrassed, why an American Army is being maintained abroad in Europe, what the necessity for it is.

Mr. McKELLAR and Mr. FLETCHER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, after the passage of the peace resolution was it not the idea that the soldiers in Germany should be at once returned, and that it should be illegal, or almost if not quite an act of war, to keep them there after the peace resolution passed? As I understood that was one of the arguments in favor of the so-called Knox-Porter resolution—that it would mean the withdrawal of our troops from the Rhine.

Mr. BORAH. I do not know that the Senator's question calls for an answer, but it may call for a comment. I think that we should have withdrawn our troops prior to the passage of the resolution, and I do not think the passage of the resolution presents any reason why they should not be withdrawn after its passage.

Mr. McKELLAR. I agree with the Senator about that; and I think it would save us an enormous amount of money to withdraw them.

Mr. BORAH. In other words, it is supposed in some quarters that the passage of the resolution did not have any effect one way or the other. It is not necessary to argue that, but it certainly did not present any reason for keeping them there.

Mr. McKELLAR. I do not believe that the Attorney General has yet reported as to whether the peace resolution had any effect or not. I understand it is still in his hands to determine whether or not it actually had any effect.

Mr. BRANDEGEE. Mr. President, if the Senator will allow me, I have no such understanding. I do not know where the Senator gets his understanding.

Mr. McKELLAR. I get it from the newspapers, saying that the resolution is still in the hands of the Attorney General for a report as to what its effect is; and I also get from the newspapers the statement that the administration contemplates entering into a treaty of peace with Germany. I read that in the New York Tribune, which is a well-known Republican journal.

Mr. BRANDEGEE. Yes; very. My understanding of the situation was that the Attorney General was not to give an opinion as to the effect of the Knox resolution, but that he had been requested to advise the President whether it would be advisable for him to issue a proclamation stating that Congress had passed such a resolution; but I do not think our understandings from what men write in newspapers are a very sound basis for international arguments.

Mr. McKELLAR. I am glad to have the explanation of the Senator. I did not know that it had any result at all; and, whether claimed or not, I have not seen any effects of it. Surely the only effect that seemed possible under it was to withdraw the troops, and the troops have not been withdrawn.

Mr. BRANDEGEE. The Senator, I know, belongs to that school which considered the joint resolution of Congress which had declared war and then stated that we were at peace to be a mere idle gesture; but I think the Senator will in due time perceive the effect of the resolution.

Mr. McKELLAR. I hope so.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER (Mr. LENROOT in the chair). Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I yield.

Mr. STANLEY. If the passage of the Knox resolution in no way affects the status of this country as to the moral or legal right to maintain an army in the territory of the countries with which we are alleged to be at peace, can the Senator point to any difference whatever in our relations with Germany from those that existed before the passage of the resolution?

Mr. BRANDEGEE. Why, yes. Irrespective of what effect it has upon our right to maintain an army abroad, in my opinion there can be no question that the passage of the Knox resolution produced an official status of peace between the United States and Germany. That is my opinion. If it did, then I fail to perceive our authority to maintain an army in Germany; but even if Germany consents to it, I myself do not see what authority we have to order troops into a foreign country, even with the consent of the foreign country, in time of peace. I do not know what purpose our troops are serving in Germany,

and I do not approve of it. I expressed the opinion to the Senator from Tennessee, at the time we passed the Knox resolution, that the army ought to be withdrawn, and I had a confident hope that it would soon be withdrawn, and I have not abandoned that hope.

Mr. McKELLAR. In which hope I heartily join the Senator from Connecticut.

Mr. BRANDEGEE. I do not know but that the matter is in process of carrying out now. I do not know. I suppose that even if the War Department and the President have made up their minds to withdraw that army very quickly, it is considerable of an enterprise to make the proper preparations to withdraw such a large force across the sea.

Mr. STANLEY. As I understand, the Senator from Connecticut and the Senator from Idaho take different views about the effect of this resolution upon our moral or legal right to maintain these troops in Germany. As I understand the Senator from Connecticut, he is of the opinion that we are officially at peace, and, if we are officially at peace, certainly we have no moral, if any legal, right to maintain an army within the territory of a country with which we are at peace, officially or otherwise.

Mr. BRANDEGEE. I do not think myself that the question of morals enters much into the military business, but there is a question of our legal right to maintain an army across the seas.

Mr. STANLEY. Does not the Senator think that the question of morals ought to enter into the conduct of the Government in the disposition of an army?

Mr. BRANDEGEE. Of course, I think morals ought to enter into everything, and do; but I know of no basis upon which to arrive at a logical conclusion about whether or not we have a moral right to maintain these men abroad.

Mr. BORAH. Mr. President, what I had to say, to which the Senator from Kentucky referred, was this: We had a perfect right to withdraw these troops from Germany before the official status of peace was declared, if we desired to do so. If the Knox resolution has had the effect of declaring an official state of peace, we still have the right. In other words, the Knox resolution, from my viewpoint, has nothing to do with either our right or our duty to withdraw these troops from Germany.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kentucky?

Mr. BORAH. I do.

Mr. STANLEY. Is the Senator of the opinion that the passage of the Knox resolution and an official status of peace, as far as this country is concerned—of course it can not affect Germany—would add to the obligation of this Government to remove those troops, if it had any effect whatever?

Mr. BORAH. It might add something to the obligation in a sense, but I do not care to discuss the question of the effect of the Knox resolution. I recognized the fact that we were, as a fact, in a state of peace, and the mere technical condition which existed did not disturb me in the least. I was perfectly willing to vote for the resolution in order to have that official status declared, but for all practical purposes we could have gone ahead and done what we ought to do now without its passage. The fact is that the conditions were brought on by reason of the fact that the Versailles treaty was not satisfactory, and a condition arose in which apparently there had to be a declaration of an official status of peace, and the Knox resolution did it. As far as the subject with which I am now concerned is touched by it or controlled by it, I do not think it has any particular effect upon it. It does not from my standpoint.

Mr. President, I do not know what the President's program is for withdrawing these troops from Germany. I am not seeking to criticize. I only say that as a Senator whose duty it is to find some way by which to reduce expenditures I see in this program some way of reducing them; and I sincerely hope that the executive department, if it has not already taken steps, will take steps immediately to withdraw these troops from Germany, reduce the expenses in that particular as far as possible, and that it will then cooperate with the Congress in reducing the number of the Army in the United States.

The newspapers carry to us from day to day, Mr. President, the proposition that Congress must reduce expenditures, and the Secretary of the Treasury advised Congress upon yesterday that Congress must reduce expenditures. Of course, primarily, the responsibility is upon Congress. That is correct. Primarily, no one except the Congress can do that; but it would be misleading to the country if it were assumed that Congress could do this without the cooperation and the full-hearted aid and support of the executive department. I want to say to Mr. Mellon and those who are interested in curtailing



expenses that in order to bring about a curtailment of expenses we must have the hearty cooperation of the executive department. Congress would have cut the Army to 100,000 men at this session in my judgment if it had not been for the opposition of the executive department, and Congress would have cut the Navy \$10,000,000 in this Senate Chamber had it not been for the opposition of the executive department. It was only by determined effort on the part of Congress in opposition to the executive department that we reduced the Army to 150,000. Therefore, in order to have a program of reduction and economy, it is not sufficient to say that Congress must act. There must be cooperation and complete cooperation upon the part of the executive department in order that we may accomplish these things.

If the President, therefore, will assist us, or if he will not oppose, through his Secretary of War, the reduction of the Army to 100,000 men, I venture to say that the Congress will pass a measure bringing about such a reduction without any considerable delay.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. May I ask the Senator if he thinks any action by Congress is necessary to bring the Army away from Germany?

Mr. BORAH. I do not think so.

Mr. FLETCHER. It seems to me that that is entirely within the Executive authority.

Mr. BORAH. Yes; I do not think there is any necessity for any congressional action.

Mr. FLETCHER. I agree with the Senator that there is no reason justifying the continuance of that Army there. Even if Germany is obligated to pay the expense of it, we ought not to impose that expense upon Germany, and I believe we have no right to maintain that Army there. I quite agree with that; and, as I say, I can not understand that any action by Congress is needed in order to relieve that situation.

Mr. BORAH. The thought which I was seeking to accentuate, therefore, when the Senator interrupted, was the mere fact that if this program is going to amount to anything at all it must have the hearty approval of both the executive department and the Congress. Having been interested in these matters for months I will be pardoned for saying the failure to reduce is not wholly with Congress.

Mr. President, we have called a conference for the purpose of disarmament, or of limitation of armament; and I can think of no more encouraging fact prior to the convening of that conference than the fact that the United States, with its 110,000,000 people, had reduced its Army to 100,000 men.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. Just a moment. It would be notice to the entire world that the United States is acting in the best of faith with the view of actually reducing these expenditures for armies and navies.

There is no possible reason why we should not give a manifestation of that faith upon our part, and let it have what effect it will as a moral proposition in leading other nations to believe that this matter is in good faith upon our part.

Mr. McKELLAR. Mr. President, I agree with the Senator from Idaho that the cutting down of the Army just prior to the call of the conference was a hopeful sign. But I want to ask the Senator from Idaho if he read in the morning paper that Great Britain, which is, in the minds of many, a poverty-stricken country, through its House of Commons, had ordered a new naval building program of four battleships, after the conference had been called to reduce armaments? Does the Senator think that is a hopeful sign? I would like to have his views on it.

Mr. BORAH. I may refer to that a little later, as I am going to discuss the Navy in a few moments.

Mr. STANLEY. Mr. President, it is not my purpose to divert the Senator from Idaho from the argument that he is making, but right at that point there seems to be a general impression when disarmament is mentioned that it refers to the curtailment of the naval programs of the several nations pursuant to any agreement which may be entered into. Does the Senator believe that a curtailment of the navies of the several countries which maintain large navies, without a contemporaneous curtailment of the land forces of those countries, is material in the maintenance of peace, or in the cutting down of the inordinate expenses due to the preparations for war by those several

countries? It strikes me that of the two the more dangerous and the more expensive, in the long run, is the maintenance of enormous land forces.

Mr. BORAH. Mr. President, let me give the Senator an illustration. I think he will see the viewpoint of the Senator from Idaho through an illustration better than in any other way.

Of course, if we could have a curtailment of land armament, of appropriations for the purpose of maintaining military forces, along with the curtailment of naval expenditures, that would be what everyone would desire; that would be the consummation for which we would all pray.

But suppose it should transpire that, owing to existing conditions in Europe, we can not get land disarmament. The question then is, Shall we give up hope of curtailing expenditures on naval armament until the conditions in Europe permit of land disarmament? I do not think we should. For instance, France to-day has 800,000 men in her army. As a matter of fact, she has 1,600,000 subject to call. But she has actually in her army 800,000 men. But if the Senator were called upon to vote upon my joint resolution to-morrow, he would not care whether France had 800,000 or 1,000,000, so far as the reduction of our Army to 100,000 men is concerned. Neither would he care whether Italy has 300,000 or 100,000. Neither would he care whether Hungary had 300,000 or 30,000. It would not concern the Senator in the least, and I doubt if it would be any concern to the Senator, so far as reducing our Army is concerned, whether Great Britain has 300,000 or 100,000 men.

But if France, instead of 800,000 men in her land forces, were building a navy proportionately strong, the Senator from Kentucky would not consent to reducing our naval building program. It makes all the difference in the world, Mr. President, to my mind. In fact, Mr. President, it may be said with a good deal of certainty that the late war was largely the result, not of armies being increased and augmented but the result of the continuous competitive building of navies between Germany and Great Britain.

Suppose we take Japan, which always comes to the front in these discussions. I doubt if there is a Senator in the Chamber, unless he has looked it up, who knows what sized army Japan has. But we know what sized navy Japan has, and we know next morning when there is an increase in the building of that navy. If there is an airship added to the Japanese Navy, we know it. We give concern to it. We are interested in the proposition. If there is a naval base established somewhere in the islands of the Pacific to which Japan is giving attention, we know that, and we give particular attention to it. But if she adds 50,000 or 100,000 or 150,000 men to her army, we pay no attention to it at all. It is not a matter which excites interest. Of course, as an economic proposition it would be greatly to the interest of the United States to have land forces in Europe and Japan and everywhere reduced. But as a matter of our security we give little heed to the size of the armies. But vastly different is it as to the navies.

So I say, Mr. President, without going into that old discussion again, upon which my views have been expressed heretofore, I think that if we should be unable to secure land disarmament it is of the highest moment, for the peace of the world as well as for the better economic condition of the world, that we secure all the cut in the naval program we can possibly secure.

I want to say a word about that before I sit down, Mr. President. I have occupied the floor now longer than I had expected to. We are expending now about \$400,000,000 upon the Navy, and since the experiment off the Virginia coast I have been convinced that we are expending at least \$240,000,000 of it in a way that will not add any security to the people of the United States. The experiment off the Virginia coast demonstrated that which the best minds in the naval life of England has asserted for the last year and a half, that the battleship is practically obsolete. It has at least demonstrated that the type of battleship which we are now building will be obsolete within the next two or three years at most.

It may be possible to contrive some kind of a battleship, to improve the type in some way, so that it will still have its place in a modern, efficient fighting navy. It may be possible to do so; but that experiment has certainly demonstrated that the type of battleship which we are now building is not that kind of a battleship and that we will have to reconstruct and reorganize our entire method of building battleships.

Mr. President, it is now admitted that instead of building a Navy for the purpose of protecting the United States and giving security to the people of the United States, in view of the experiment off the Virginia coast we must now devote our money and our time and attention to building a Navy which will protect our battleships.



We are building 16 battleships, costing from \$40,000,000 to \$42,000,000 apiece, and in less than 30 minutes, as Gen. Mitchell told us he would, they sunk the ship which Von Tirpitz said was an unsinkable ship. Yet the airplane development is just beginning. It is just in its youth. Nay, more, it has not accomplished anything compared with what it will accomplish, according to those who are informed, even within the next year. Yet we go forward building these great battleships at this enormous expense, knowing that inside of two years the airplane will have rendered this particular type of battleship absolutely worthless as a defensive proposition.

Mr. President, there are six of those great battleships of the *Indiana* class, costing from \$40,000,000 to \$42,000,000 apiece to build, upon which very little work has been done, upon which a very small percentage of building has been accomplished, and if we want to save, would it not be wise to discontinue the building of those six battleships of the *Indiana* type; not only to slow down, as I understand the order has already been given—not only to slow down, but to abandon and clean up the contracts? If it costs us \$10,000,000 to clean up the contract, very well and good; we will have saved \$230,000,000 or more by doing that. If it costs us \$40,000,000 or \$50,000,000, we will have saved \$200,000,000 or more by doing so, and in my opinion, unless we are willing to do that, Mr. President, unless we are willing to cut the Army to 100,000 men and reorganize the official organization of the Army, and unless we are willing to take the lesson which we have had given to us off the Virginia coast, and discontinue the building of at least six or eight of these battleships, there is no place where we can cut any expenditures that will amount to anything considerable.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. BORAH. I yield.

Mr. SMITH. Was the type of vessel sunk off the Virginia coast of the type that the Senator is now asking that we discontinue?

Mr. BORAH. Not exactly the type; but I call the Senator's attention to what I just said, that the great German admiral said that the ship which was sunk off the Virginia coast in about 21 minutes was an unsinkable ship.

Mr. SMITH. So that, for all practical experimental purposes, the ship that was sunk was practically as well protected against the attack of airplanes as the ones we are now building?

Mr. BORAH. I am informed by those who are in charge of the sinking business, the Air Service, that they could sink any ship we have or are building just as easily as they sunk this ship. But when you get into the details and the expert knowledge, I must rely, of course, entirely upon what others say.

Mr. SMITH. The only point I wanted to get at, and about which I wanted to be satisfied, was whether the Navy people, who were carrying on this experiment in conjunction with the airplane people, had this vessel of such a type and so armored that the experiment would give us some satisfactory data as to what would be the effect of airplane attacks upon the ships we are now building, and I thought perhaps the Senator was reliably informed as to the character of the protection which the one that was sunk had in comparison with the protection of those we are now building.

Mr. JONES of Washington. Mr. President, I had the privilege of seeing the bombing of that German battleship, and I heard some of the expert naval officers talking with reference to that ship and the character of its construction before it was sunk, and one of them said that, in his judgment, it was a thousand to one that the ship would not be sunk by the bombing. He was thoroughly acquainted with the character of the construction, with the water-tight compartments, and all that sort of thing; and yet, as the Senator from Idaho has said, within 15 or 20 minutes from the dropping of the first 2,000-pound bomb the ship was sunk.

Mr. SMITH. Mr. President, I beg the pardon of the Senator from Idaho for taking his time, as I do not care to break the continuity of his argument; but unless we could be sure, or unless those of us who are charged with making this appropriation could know, that the character of the ship sunk was of the character of those we are now building, and for all practical purposes as well protected and as well constructed, it seems to me the experiment would not prove anything at all. If they took some obsolete type of ship and carried it out there and bombed it and sunk it, that would not spell anything to those who are charged with providing an efficient Navy.

Mr. BORAH. They all concede it had a powerful effect upon the program for the vessels we are now building, and that those we are now building must be protected in some other way than in the manner in which they have been protected heretofore or they will go the same way.

Mr. McKELLAR. As I understood the Senator, he said that battleship was sunk in 21 minutes.

According to newspaper accounts which I read of the sinking of the ships, one of them, a small vessel, was sunk with comparative ease, while the second, a battleship, took considerably longer. My recollection is the newspaper accounts said it took two days with constant bombardment of the one vessel floating out there, with no ability to protect itself. I do not know about that. I just read the account in the paper. I should like to have information about it from the Senator from Idaho, who is a member of the Committee on Naval Affairs.

Mr. BORAH. The Senator is mistaken about the last proposition. When the aircraft people were given opportunity to deal with it as they desired to deal with it, and to bomb it as they desired to do, they sank it in less than 30 minutes.

Mr. McKELLAR. That was the last ship?

Mr. BORAH. Yes.

Mr. McKELLAR. The newspaper account which I read was wholly mistaken then, because that account stated they were bombing it for two days before they finally sunk it.

Mr. BORAH. They were throwing some small bombs for a couple of days, but when they threw the big bomb they just threw one and it did the business.

I wish to say another thing which I think it is not at all improper to say. In a conversation with the aircraft men, two of them who were familiar with the situation and knew what was going on and what did go on, said if they had been permitted to do this experimenting under rules and conditions which would obtain under ordinary fighting conditions they would have sunk it even more readily than they did. In other words, the most favorable conditions that could be established for the battleships were established, and the rules under which they were operating were as favorable to the battleships as could be, as they contended to me.

Mr. McKELLAR. I have the same thought about aircraft that the Senator has, that its future is very great, and that it perhaps will put the battleships out of business. But in the interest of fairness it does seem to me that the sinking by bombs from the air of a vessel that is just lying out in an open place where they have an unlimited chance to hit it is very different from attacking a vessel manned by a competent force and able to take care of itself. That is the thought that goes through my mind, in fairness to the other side of the question.

Mr. BORAH. It is not a question of fairness. It is a question of getting accurate information.

Mr. McKELLAR. I mean accurate information.

Mr. BORAH. It is immaterial to me whether the aircraft men or the Navy men won. It is simply a question of getting accurate information.

I have here an editorial from the New York Times based upon this experiment, written within a day or two thereafter, in which it is said:

Of the sinking of the former German dreadnaught *Ostfriesland* by Army aviators, Gen. Williams, Chief of Ordnance, said: "A bomb was fired to-day that will be heard around the world." He added: "The capital ship now faces a new menace that must be guarded against by every possible study and effort." As the practical way to guard against that menace is to acquire an air force equal or superior to that of any other sea power, it devolves upon Congress to supply the necessary appropriations. The alternative, it should be emphasized, is limitation of armaments by agreement with other nations.

Naval men who held that the heavily armored battleship would withstand assaults from the air and remain afloat have been confounded. It was only a question of the explosive power of the bomb used.

Mind you, they claim that they will be able to throw a bomb with three times the power of the one which they threw upon this particular occasion.

Brig. Gen. William Mitchell's dictum that "the air force will constitute the first line of defense of the country" no longer seems fanciful to open-minded champions of the capital ship. They must admit that the tests off the Virginia Capes support this contention of his:

"A nation unequipped to concentrate her whole air force over the water, if the decision lies there, can just as well leave her navies tied up to the wharves instead of sending them out to certain destruction against a hostile country equipped for this purpose."

If there were war to-morrow with a sea-and-air power possessing swift airplane carriers and a well-trained and numerically strong aviation corps, the United States fleet could not face the risk of putting to sea, and it would be in great danger of being sunk at its moorings. Little comfort can be got out of the view that under service conditions the "Ostfriesland" would probably have escaped destruction. If 2,000-pound bombs dropped near a dreadnaught open her "seams" and make a sinking hulk of her, she will always be in danger night and day in a sea campaign. Antiaircraft guns are not to be depended upon; they register too many misses, and when a squadron of planes concentrate for an attack the battleship will always be at a great disadvantage.



Besides, it must be considered that while the hull may avoid for a time shocks that would send it to the bottom, the crew could not live on its deck during a bombardment. Add gas shells to the ordinary rending explosives, and the chances of the complement of the ship would be desperate, almost nil.

Twenty-one minutes of attack sufficed to sink the once formidable "Ostfriesland," and the seven 2,000-pound bombs that sent her down were dropped, not by sailors in seaplanes but by soldiers who had flown 100 miles from an inland air field to the rendezvous! It was not necessary to burst her deck open. The bombs that executed sentence of death upon her were dropped alongside. Who on board could have survived the disruptive power of those explosives? The achievement was a great triumph for the intelligent, strong-willed, persistent assistant chief of the Army Air Service, a leader who asks no subordinate to take any greater risks than he is willing to face himself.

In a contribution to the May World's Work, Admiral Sims said: "If the claims of the airplane advocates can be realized, it means that any battleship operating within the radius of planes which are in control of the air will be disabled or destroyed."

This was written before the test.

If those claims have not been fully realized, no fair-minded officer will now argue that the acquisition of a formidable naval air force is not more important than the completion of the 3-year capital ship construction program.

Mr. President, without assuming to say that the battleship is absolutely obsolete and can never be made effective by any changes which may be made or any different construction which may be had, it does seem to me conclusively established that to go forward and build these battleships at this time until this testing proposition has been carried to its final conclusion, until we know what is needed, what kind of battleship will stand it, is a mere sheer waste of money. No man in the Senate, as a business man, a member of a corporation, a stockholder, or having anything to say with reference to the expenditure of his money upon that kind of an enterprise, would consent to it for a moment. He would say, "Let us know whether we are putting \$42,000,000 into each one of these ships that can be sunk in 21 minutes before the aircraft service has even reached what it contends is its first period of success in these matters."

Mr. President, if we should discontinue the building of the six battleships we could there save an expenditure of at least \$240,000,000. I see no other way by which to reduce the expenditures upon the part of Congress.

The Senator from Tennessee [Mr. McKellar] spoke a few moments ago of the fact that England had ordered, I think, four superdreadnaughts. That is another reason why we should stop.

Mr. NICHOLSON. Mr. President—

Mr. BORAH. In just a moment. If the naval experts are correct, the battleships which we are now building will not be able to contend with the extraordinary ships which England is building; in other words, they will be in a measure obsolete as against those ships. It is just the same program that took place between Germany and England from 1898 to 1914. One country would put out a battleship. The other nation would put out a larger or stronger or greater ship. The ship which had just been put out by the former nation had then become practically obsolete, so they had to build another ship a little superior to the German ship, and then the German Navy would build a ship a little superior to the English ship. They kept on at that rate from 1898 to 1914, one year rendering the ships of the previous year practically obsolete against the improvements.

I now yield to the Senator from Colorado.

Mr. NICHOLSON. Under the Senator's reasoning would it ever be possible to land an army on foreign soil, provided that the Nation spent sufficient money to have airplanes capable of carrying the bombs of which the Senator speaks?

Mr. BORAH. The Senator has suggested a very important proposition. An admiral stated to me a few days ago that not only the experiment off the Virginia coast demonstrated that the battleship as it is now being built is practically obsolete but it demonstrated further that with sufficient airplane and submarine protection this country was perfectly safe from attack from any other country.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER (Mr. McNary in the chair). Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. Certainly.

Mr. JONES of Washington. This shows, too, that while possibly the airplane would not do vital damage to a battleship by striking it on the deck, yet it would absolutely destroy transports carrying troops.

Mr. BORAH. Yes. Of course, Mr. President, it might be inferred from something I have said that I would like to see our naval building stop entirely, regardless of what other nations do. I do not take that position. I do not wish that to be understood. What I say is that we are putting this vast amount of money into these ships without getting any corre-

sponding security and without getting any safety such as we are entitled to have for that amount of money. We had infinitely better take \$40,000,000 out of these battleship expenditures and put it into airplanes and submarines if we want real security and real safety. I do not think in the building of battleships we are giving our country any security or any safety at all, comparatively speaking.

Mr. McKellar. Mr. President—

Mr. BORAH. I yield to the Senator from Tennessee.

Mr. McKellar. The Senator was interrupted a while ago and did not finish answering my question that he was good enough to say he was going to answer. My question was whether he thought the passage of a law by the English House of Commons, after they had agreed to take part in a disarmament parley in the fall, providing for the construction of four additional battleships, augurs well for any tangible result from the disarmament conference that we are to have and which I think is most desirable, of course.

Mr. BORAH. I think I can see England's viewpoint. We are building 16 battleships. England had not laid a post-Jutland battleship since the war. She is an island nation. It is not extraordinary, in view of our immense building program, that England should see fit to go ahead and put out additional ships. I have no doubt that is the viewpoint from which she argued.

I do think, however, that the fact the premier of England, the next day after he announced that he was gratified to receive the invitation from the President of the United States, also announced that they would go ahead nevertheless with their building program, was somewhat discouraging. I thought it was equally discouraging when our Secretary of the Navy the next day thereafter announced that we would go ahead completing our program. I did not see any necessity of advertising to each other that notwithstanding the conference we proposed to be armed to the teeth when the conference took place. I look upon it rather as a discouraging attitude of mind than anything else.

Nevertheless, we have this hope, that if the public opinion of the world, especially the public opinion of the three great nations primarily interested—Great Britain, the United States, and Japan—continues to be as strong and well directed toward the proposition of disarmament as it is, we may nevertheless achieve a great deal. I have never supposed, I will say to the Senator from Tennessee, that we would ever achieve disarmament through the action of the diplomats or through the emissaries who may meet from the different nations of the world if they were left alone.

But if we may continue to have a thoroughly aroused, well sustained, and well directed public opinion of the world upon this question I think we may achieve a great deal.

Mr. McKellar. Mr. President, I join with the Senator from Idaho in that hope. I, like him, think that it is very discouraging that plans for building larger navies should proceed, and especially that they should be entered into after the agreement for a disarmament conference has been virtually entered into. I shall hope that public opinion in our Nation and in Great Britain, as well as in Japan, will bring about some tangible results.

Mr. BORAH. Mr. President, just a word, and I shall conclude. The point which I desire to stress is that we, as a party, simply can not afford to permit an increase in taxes this year.

Mr. STANLEY. Mr. President, before the Senator from Idaho concludes I wish to ask him another question, not in a controversial sense. I heartily agree with the Senator from Idaho that we should push a reduction of naval armament, whether we secure other reductions or not, in the hope that disarmament may come. My question was addressed to the idea that the good result, the security of the Nation, would only come after we had disarmament both as to land and naval forces.

I see in the newspapers that the advocates of the dreadnaught claim that the airship in actual warfare inflicted no serious injury upon transports and battleships, and that its failure to inflict such injury is so recently demonstrated that it argues that under war conditions they would be impotent to inflict injury. I do not concur in that opinion, but I should like to hear the Senator's idea about it, because he is better advised than is almost anybody else on the subject.

Mr. BORAH. No; I am not on that particular phase of it. I do not want again to wander too far away from my subject, because I see my friend from South Dakota [Mr. Sterling] looking very wistfully over this way, and, of course, the Senator from Kentucky is equally anxious with the Senator from South Dakota to have the consideration of the liquor bill proceed.

Mr. KING. Mr. President, if the Senator from Idaho will pardon me, I do not think the Senator ought to permit, by declining to advert to the suggestion of the Senator from Kentucky [Mr. STANLEY], the inference to be drawn from the statement that the tests and experiments to which the Senator from Kentucky referred demonstrated that the airplane and the torpedo were not powerful foes of the battleship. I think those tests demonstrated the vulnerability of the battleship, and demonstrated that, while it is not obsolete, as the principal unit of the fleet its strength and influence have been greatly impaired.

Mr. STANLEY. Mr. President, if the Senator from Idaho will pardon me—

Mr. BORAH. I can not resist.

Mr. STANLEY. I hope the Senator from Idaho will understand that I am in complete and ardent harmony with him as to the vital importance of the matter to which he calls the attention of the Senate and the country. The nations of the world, as the Senator from Idaho has so much better said than could I, are in an agony of oppression and want. The necessities of the people and the demands of the Governments have ground the taxpayers to the bone. I know of no matter, not even the pending bill which is in the hands of the Senator from South Dakota [Mr. STERLING], that is so vitally important to the people now as is the opportunity suggested by the Senator from Idaho to secure a reduction in armaments and a material alleviation of the burdens of the people, while at the same time we are marching toward that goal to which all Christian and humanitarian agencies look with infinite longing, toward the days when armaments will not be necessary and international disputes may be settled in some other way than by the system of international destruction.

Mr. BORAH. Mr. President, the party which is now in power can not afford from any standpoint to permit any opportunity to go by to reduce expenses to the point where at least we shall not have to increase taxes; indeed, it will be unfortunate if taxes must be maintained even at the present rate. I hope, therefore, when the resolution which I have offered goes to the committee we may have an immediate consideration of it and an immediate report on it. It ought not to require long to consider the resolution. The whole matter was discussed a few weeks ago in this Chamber; every Senator's opinion is made up; and if the resolution could be reported and passed and the Army curtailed as it proposes, it would be a vast saving in that particular.

Then, if the Naval Committee would report out the bill which has been introduced by the able Senator from Utah [Mr. KING] to readjust that situation, we should save an expenditure in that direction of some \$240,000,000, and still have a better Navy than we shall have by the expenditure of that sum. If there is any other way by which we can save, I do not know of it. We may cut out some expense here and there in a department or we may dismiss a few employees and curtail here and there in a small way, but we can not cut down expenses in such manner as the Secretary of the Treasury says we must in order to hold taxes even to the present status unless we do it upon these two lines.

The PRESIDING OFFICER. The Chair desires to inquire of the Senator from Idaho if he wishes his resolution to be referred to the Committee on Military Affairs.

Mr. BORAH. I do.

The PRESIDING OFFICER. The resolution will be so referred.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill H. R. 7294, an act supplemental to the national prohibition act.

Mr. WADSWORTH. I offer an amendment to the pending bill, which I ask may be printed and lie upon the table.

The PRESIDING OFFICER. It will be so ordered.

Mr. STERLING. Mr. President, I desire at this time to submit a request for a unanimous-consent agreement to vote on the bill (H. R. 7294) supplemental to the national prohibition act.

The PRESIDING OFFICER. The Senator from South Dakota prefers a request for unanimous consent, which will be read.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 5 o'clock p. m. on the calendar day of August 8, 1921, the Senate will proceed to vote, without further debate, upon any amendment that may be pending, any amendment that may be offered, and upon the bill (H. R. 7294), an act supplemental to the national prohibition act, through the regular parliamentary stages to its final disposition; and that after the hour of 4 o'clock p. m. on said day no Senator shall speak

more than once or longer than five minutes upon the bill, or more than once or longer than five minutes upon any amendment offered thereto.

Mr. WATSON of Georgia. I object, Mr. President.

Mr. STERLING. Mr. President, do I understand that the Senator from Georgia objects?

Mr. WATSON of Georgia. I object. I thought I secured the floor.

The PRESIDING OFFICER. The Chair did not hear the Senator from Georgia.

Mr. STERLING. Does the Senator from Georgia object to the unanimous-consent agreement?

Mr. WATSON of Georgia. He does.

Mr. STERLING. Is it because of the date fixed for the vote?

Mr. WATSON of Georgia. I do not feel that the Senator from South Dakota has any right to ask for an explanation of the Senator from Georgia. The Senator from Georgia desires to address the Senate.

Mr. STERLING. I simply thought if the objection was because of the date—

Mr. WATSON of Georgia. It does not at all matter to the Senator from Georgia what the Senator from South Dakota thinks.

Mr. STERLING. Well, it is of some importance as to what the Senator from Georgia thinks.

Mr. WATSON of Georgia. The Senator from Georgia merely wants to address the Senate. Am I recognized, Mr. President?

Mr. STERLING. I thought if the date proposed was too early for the Senator from Georgia we might fix some other date.

Mr. WATSON of Georgia. I thought I had secured the recognition of the Chair.

The PRESIDING OFFICER. The Chair recognized the Senator from South Dakota.

Mr. WATSON of Georgia. Very well.

Mr. STERLING. I see there is objection to the request for unanimous consent as submitted.

The PRESIDING OFFICER. Objection has been made.

Mr. STERLING. I am willing to make the date Tuesday, August 9, at 5 o'clock, and ask that the proposed unanimous-consent agreement be submitted in that form.

Mr. WATSON of Georgia. I object to that, Mr. President.

The PRESIDING OFFICER. Objection is made.

Mr. KENYON. Let us vote.

Mr. STERLING. I ask that the pending amendment may be stated.

The PRESIDING OFFICER. The question is on the amendment on page 2, line 4.

#### THE FEDERAL RESERVE SYSTEM.

Mr. WATSON of Georgia. Mr. President, it seems to me that the Government is not dealing honestly with the people, and that there are too many things taken for granted here in the Senate. There are too many assumptions which have no basis of fact, and, without intending in the least degree to be disrespectful to any Senator or to wound his feelings, I wish to call attention to one or two of those unwarranted assumptions.

Throughout this debate touching the general condition of the country, it has been assumed that the South makes more cotton than the American people can consume. The Senator from Nebraska [Mr. HITCHCOCK], who on yesterday addressed the Senate, said that the South produced twice as much cotton as the American people could consume. Mr. President, a greater mistake was never made—honestly, of course—and a greater mistake could not be made. This country can never produce too much wheat or too much cotton, so long as there is a single person who has not enough to eat or enough to wear. Because of the fact that the Norris bill, as amended by the McNary substitute, proposed a decentralization of money and a better distribution of money, in order that more people may be enabled to buy, I supported it; but it does not, in my judgment, meet the requirements of our people.

The largest crop of cotton that we ever raised in the South was 16,000,000 bales. The crop which is now said to be too large is 13,000,000 bales. The census reports show that there are more than 20,000,000 families in the American household. Let any Senator reflect for a moment, and he will see that the \$50 which a bale of cotton will bring to-day will hardly gain the planter a foothold at the counter in a dry-goods store. Let him put the price up to \$100 per bale, and the same thing will be true. Let him put the cotton at 40 cents a pound, and let the bale bring \$200, and I will ask any Senator to reflect whether or not the family, composed of five persons on the average, can buy a sufficiency of clothing for the year, a sufficiency of bed-clothing for the year, a sufficiency of thread and binding twine



for the year, a sufficiency of plowlines and well ropes for the year, a sufficiency of dress goods that range all the way from the balbriggan to the mercerized goods that you can not tell from silk unless you are an expert.

Mr. President, there is no sadder thing to be seen on the American continent to-day than a child in sight of a wheat field unable to have every day a sufficiency of his daily bread, no matter how often he repeats the Lord's prayer; no sadder sight than to see a ragged white man, a ragged white woman, ragged white girls or boys, or, as for that matter, ragged colored people, striving virtually from one end of the year to the other, to make cotton, and at the end of the year not having a sufficiency for their own needs—I do not say their own comforts. They do not have comforts. Go into their hovels as you go when they are sick; go there when you are on your visits, and you will find that they do not have the comforts of life, and very frequently not the necessities of life. There are children in the cotton belt to-day who are not being educated to the extent of the rudiments of an English education, because our poorest people are the proudest people on earth, and they will not send their children to school unless they can clothe them as other children are clothed. Even the Sunday schools are not fully attended, for the same reason.

It seems to me that something must be radically wrong when those who produce what is called twice the amount of cotton that the people can consume are not themselves sufficiently clad. Let Senators think of it. From the collar around your neck, if it is not linen, to the hosiery on your feet, the dress goods of the boys and the girls, of the women and the men, are chiefly composed of cotton; and you can go out over the cotton belt and you will find on the highways and in the fields and in the homes of these people an insufficiency of necessary clothing.

Work? Why, to make a cotton crop, Mr. President, you have virtually to toil from one end of the year to the other. Before the winter snows are off your western plains our people are putting the plows in the ground, preparing the soil for the crop. During the hottest days of the summer they are laying it by. During all of the autumn days and the early fall, sometimes until the Christmas holidays, they are picking that cotton; and yet in the sight of the cotton factories of South Carolina and of Georgia you will find school girls and boys, or boys and girls who ought to be in school, who are so insufficiently clad that they attract your attention and excite your pity. Therefore there is not too much cotton produced.

The Senator from Nebraska [Mr. HITCHCOCK] spoke of German conditions. I was greatly interested in what he said about them. The Senator from Nebraska said that you could go to any bank in Germany and borrow, and I asked him what, and he said "money." I asked him if he meant paper money, and he said "yes, paper money." "Based upon what?" "Based upon the credit of the Government." "Does it answer every purpose?" He said it does. We are erecting to-day a tariff wall, called the Fordney bill, which will act as an embargo upon German products; and the Senator from Missouri [Mr. REED] said that these German products simply proved that the rottenness of a currency was the better it could rival the products of other countries.

Mr. President, a currency that produces products to such an extent as to rival the products of this country, with our gold reserve rapidly approaching \$3,000,000,000, is not a rotten currency. A currency which produces a sufficiency of food for every German—and nobody says that it does not—can not be classed as rotten. A currency which not only clothes Germany and fills her warehouses with manufactured products but threatens us to such an extent that we virtually put an embargo upon German products can not be a rotten currency.

If it were not so late I would ask Senators to pay some attention to chapter 13 of James G. Blaine's Twenty Years of Congress, volume 2. It can not be claimed that Mr. Blaine was a demagogue, nor a radical, nor a socialist, nor a communist, nor a bolshevik. He does not come under the head of any of those people that we have been putting in jail or sending out of the country without process of law. What is the law to us? We have long since pulled up the anchor and gone away from the Constitution. It is almost a joke in this Chamber when anybody mentions the Constitution. Talk about arresting a man without a warrant! Why, the stern champion of this antidoctor law, this legislator [Senator STERLING], this lawyer who wants to tell a doctor how to practice medicine, what does he care about the Constitution? What is the Constitution when it comes to a question between him and beer? Why, you do not need any warrant to arrest anybody.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Georgia yield to the Senator from South Dakota?

Mr. WATSON of Georgia. I do.

Mr. STERLING. Let me say to the Senator from Georgia that I simply care enough about the Constitution to enact a law for the enforcement of the provisions of the Constitution.

Mr. WATSON of Georgia. The Senator no doubt is honestly of the opinion that he is trying to do that, but his law does not follow the constitutional amendment. The constitutional amendment says, as plainly as any law could say, that these things shall not be used for beverage purposes. The Senator goes out of his usual route to dictate to a doctor what the doctor shall prescribe to his patients—that by way of incident—and the law enforcers in his State and in mine pay no attention to constitutional requirements about the issuance of a warrant to search the person, to search the baggage, to search the stateroom on a Pullman car, to search the berth of a Pullman, or to search a private house. If any warrant is obtained at all, it is obtained afterwards, and possibly after somebody has been shot and killed, very often after the lady of the household has had her every feeling outraged by the ransacking of her bureau drawers and the closets which contain her clothing; and if between the mattresses the officer of the law can find a pint of beer or a pint of wine or a pint of whisky, he goes out then and gets his warrant. Kill your man first and explain why afterwards!

As I was saying, Mr. President, Mr. Blaine opens chapter 13 of his book with this statement—he is referring to December, 1865.

We all know that the war between the States had but recently ended. He said:

The financial experience of the Government of the United States in the years following the war is without precedent among nations.

That statement is erroneous. Just exactly the experience which this country went through after the Civil War is the experience which the bankers, the money changers, have put every modern nation through after every war; and the ruin wrought by the contraction of the currency, the ruin of homes and of business, the beggaring of people who had been in comfortable circumstances, the reduction of the wage earner to the condition of a tramp, walking the roads begging for work, willing to work and finding no work, has been repeated after every modern war; and the bankers are the real vultures that feed upon the dead who fall upon the battle line. Very often, Mr. President, it is the banker who precipitates the war, either to make an investment or to save one.

Then Mr. Blaine takes up the gradual progress of the contraction of the currency, and he writes paragraph after paragraph, giving the arguments on both sides of the fearful panics, the failures, the collapse in values, which followed upon the contraction of the currency. It is an instructive chapter. I take the liberty to suggest to Senators that at their leisure they get the book from the library. It fits the present conditions like a glove, with this exception: Secretary McCulloch and those who were in charge of the Treasury at that time gave the people two or three years' notice that they would resume specie payments, that the paper currency would be called in. The storm signals flew. The beacon lights blazed. Every vessel, every ship out at sea, had the opportunity to reef sails and run into the harbor.

After this war there was a colossal contraction of the currency—debated where, decided upon where? In the open Senate of the United States, as Mr. Blaine speaks of in his book? Not so. In the House of Representatives, with all the American people listening to the debates? Not so. This contraction of the currency was debated behind closed doors and in secret by the Federal Reserve Board, and the storm came upon the country when the country had not been prepared for it.

A Senator speaking here yesterday used a contemptuous phrase about "printing-press money." Has that phrase been used about the issuance of bonds? Twenty-five thousand million dollars of bonds have been issued, printing-press paper, engraved here in Washington City, just as the Federal reserve bank notes were.

What is the difference between the printing press in the one sense and in the other? Your printing-press bond bears interest. Your printing-press money bears none. Which is the better for a country, to have a sufficiency of printing-press money bearing no interest, or printing-press bonds bearing interest? To ask the question is to answer it.

The Senator from Idaho [Mr. BORAH], speaking of our condition and of what we should do to improve it, spoke of curtail-



ing the expenses of the Army and the Navy. I agree with him about that. But that would not be a drop in the bucket. Has it never occurred to Senators who discuss these questions that the slump in values was coincident with the retirement of the currency? When you see two correlated things happening at the same time, do you not immediately reason that the one is connected with the other? When you see a motionless steamship begin to emit smoke from her stack, you hear the throb of her engines, and she begins to "walk the waters like a thing of life," do you not connect the steam with the motion of the vessel?

Cotton was selling at 40 cents a pound. What made it drop? The retirement of the money. Who retired the money? The Federal Reserve Board. What right did they have to retire it? They had none, or they should not have had it. What notice did they give the country? None. On whom did they serve the notice, "Call in your investments; curtail your expenses; get ready for a storm"? On nobody. It fell upon the country as the avalanche falls upon the unsuspecting tourist of the Alps.

In chapter 13 of Mr. Blaine's second volume he describes what happened, and he shows there that his sympathy was with the contractionists, but as an impartial historian he gives both sides. Very much to his honor, being a partisan by nature—and a very brilliant, effective partisan—when he came to write his book the lances of the setting sun rested upon his head, and the shadows of evening were creeping around his feet, and he was impartial. Passions had died away, just as they had died away when he made that beautiful commemorative address after the death of President Garfield—in my judgment one of the most beautiful orations that the English language contains.

But had Mr. Blaine studied the history, and the recent history, of other nations as carefully as he had studied that of his own country, he would have known that what was happening after the Civil War, and down to the Black Friday of 1873, was but the old lesson repeating itself.

Consult Alison's History of Europe, consult Browning's Modern Times, books easily accessible to anyone who cares to know, and you will discover that after the wars were over the paper money which paid the soldier for his service, which fed him on the march and in the camp, which clothed him with his uniform, which supplied him with a tent, which gave him his gun and his ammunition, was destroyed. Why? Because the man who had the gold wanted his own price for it; and that is what is happening now; the same thing happened in France, the same thing happened in Germany. I do not wish to indulge in anything that looks like pedantry, but I assure Senators that what happened to us at the close of this war, as the result of the contraction policy, has been the aftermath of every modern war.

These men of the Federal Reserve Board say, "We will have peace to-morrow; everything will be settled to-morrow." Yes; it will. I stood on the seacoast in Florida once and I witnessed a great equinoctial storm blowing across the Atlantic to the Gulf. I saw the waves rising higher and higher, until in the distance they looked like a range of mountains, and one trembled, for fear the next rise would take them over the ground upon which one's feet were planted. There were breakers above where I stood and breakers below. I could see those waves running to the rocks, over the rocks, and toward the inlet, with the foam streaming behind them, like so many of Neptune's horses at full speed, bent upon furious destruction, and a grander sight, a sublimer sight, a more terrible sight, I never saw.

But during the night the storm lulled, the wind ceased to blow, breezes came from the land side, and the next morning when I went out to the ocean there was an unrippled surface, amber hued by the rising sun.

The waves were lipping the beach as softly and as innocently as a child would move its rosy lips when asking its mother for a kiss. But all up and down the coast, as far as the eye could reach, there were wrecks, vessels with everything gone except the mast that stood above the waters, and when you saw apparently struggling monsters of the deep raging a few hundred yards from the shore, it did not need a very lively imagination to tell you that a school of sharks were conveying some human victim out to the greater depths beyond.

Yes; we will have peace, but where will be the men and the women who have been ruined by the storm that has been brought upon us by the Federal Reserve Board? Who will put back upon the ocean of business the vessels that have been wrecked? Who will call back to life the men and the women who lost everything they had, including their hopes, and who then took their own lives? Not until He who made us all shall cause the

final trump to sound will anybody know just what has been the wreckage made by the contraction of our currency, now reaching something like two thousands of millions of dollars.

The whole country had adjusted itself to war expansion. Enterprise was animated. Credit was extended to almost everyone who had a good name and apparently good security. Business was never better. But all at once, when this life blood was let out of the arteries of commerce, what happened? It was the same thing that would happen to your physical body if a lancet should open your arteries. It weakened, it languished, it fell, and it is still prostrate; and this man, Gov. W. P. G. Harding, now has the effrontery to say that times are good. Good for him, no doubt. It is one of the sad, deplorable things about human nature that if you or I be well placed in position and drawing a good salary, having no need to fear for the bread of to-morrow, having no terror lest the wolf approach the door, we are inclined to forget those who are not so fortunately placed. The men in high places, drawing large salaries, are the very last men who ever mix with the people or who ever know anything about their real condition. Usually they are surrounded by a camarilla of designing men, a human palisade, a human fence, which can not be penetrated by the ordinary outsider, and even when some with the privilege of going inside does get in, he can not talk without some one hearing what he says to the big man to whom he wishes to talk.

It is the misfortune of one in power—for instance, the President of the United States—that he never really comes in contact with the people. He sees those whom his private secretary wants him to see, and the private secretary wants him to see whom somebody else wants him to see. The very men whom he ought to see to become acquainted with real conditions he never sees.

Napoleon used to say to his secretary on going to bed, "If good news comes during the night, let me alone, do not waken me. Good news can wait until the morning. But, if bad news comes, wake me at once, because it must be attended to." I would to God that somebody had the power to waken our President to the bad news that comes to us from all parts of the country.

As I said here some time ago, Great Britain has increased her money four and one half times since the war, France about seven times, Germany nearly forty times; and the Senator from Nebraska [Mr. HITCHCOCK] stated in his speech yesterday that anybody in Germany could get, at any bank, money that was good in Germany. What does the German care about any other sort of money, then? If we could get money here in this Republic that is good in every State and Territory of our possessions, what would we care about English pounds, shillings, and pence or German money or French money or Italian money? Money is just as good as the Government that issues it.

I mentioned here the other day to a very distinguished Senator, who I am sure believes that he thoroughly understands the money question, that we had out \$25,000,000,000 of bonds, and he said they were good because they were backed by gold. Not a single one of those bonds is backed by gold. As the Senator from Arizona [Mr. ASHBURST] has very well suggested, there is not that much gold in the world. There never was and there never may be. There was a time, after gold was discovered in California, when the European bankers thought there would be too much coin, and so they demonetized gold; at least the Latin Union did. They went on a silver basis. The Bank of England that was spoken of by the Senator from Nebraska suspended specie payment in 1797, and for 21 years England financed her wars against Napoleon Bonaparte with paper money.

During all that time there were harvests to feed the English, there was clothing to clothe the English, there was no housing problem in England, and it was not until the contractionists destroyed the paper money and went back to gold that they had trouble. Then came the riots, and the breaking of labor-saving machines, which was referred to so touchingly here the other day by the Senator from Nebraska [Mr. NORRIS]. The breaking of machinery became an epidemic in England, because the working people got it into their heads that the machine which could do the work of 10 men or 100 men deprived them of labor.

I saw a letter which a member of the Federal Reserve Board wrote to a Member of Congress from my State—a very insolent letter, a dictatorial letter, a threatening letter—admonishing him that if he did not change his tone he would be opposed for reelection next year. Well, if we all live and nothing happens, we will all be back in Georgia next year and we will see about that. But he said in this letter: "Your banks in Georgia are charging usury." He probably meant the State banks, which



on short loans frequently charge 12 per cent. I have paid 12 per cent myself for all the money I borrowed in working myself up in the world, and was glad to get it at that price. It was worth that much to me. Whether that be too much or too little, let us see what the Federal reserve bank has been charging and getting.

In Boston they made 120 per cent clear profit. In New York they made 203 per cent, in Philadelphia 121 per cent, in Cleveland 110 per cent, in Richmond 118 per cent. In Atlanta they made 151 per cent, and they did not lend it to Georgians, either. They sent it to Chicago and loaned it to Ogden Armour, and he used it in his business and charged us three or four prices for his canned goods and his meats, and so forth. In Chicago they made 178 per cent, in St. Louis 121 per cent, in Minneapolis 112 per cent, and so on.

Senators, look back through the vista of time and see Roman senators rising in their places to assassinate in the senate chamber Julius Caesar. To defend himself he had nothing in his hand but the little steel instrument with which they wrote in those days—the stylus. He fought them until he saw his bastard son among the assassins, and then he said, "And you also, Brutus?" He covered his face with his mantle and sank into death at the base of the statue of Pompey, which was only unearthed in the Roman forum a few years ago. One can see that very statue now, at whose feet Caesar fell with the wounds of Cassius and Casca and of Brutus that took his life.

Why did they kill him? The noble Brutus, Mr. President, was one of the usurers who were lending money in the Roman provinces at 48 per cent. Caesar had passed a law forbidding it; making it a crime thereafter to charge more, I believe, than about 12 per cent—at any rate, reducing it to something reasonable. The usurers who had been bleeding, not Rome itself, but the conquered provinces of Rome, killed Caesar for doing that. Our noble Brutuses are not content with 48 per cent. In Kansas City they wanted 128 per cent, and got it; in Dallas, they wanted 83 per cent, and got it.

Mr. ASHURST. What was it at San Francisco?

Mr. WATSON of Georgia. At San Francisco they wanted 150 per cent. Should any Caesar, if there should be one, threaten to check those men and shear them of their power, he would be killed if they could kill him. It is charged that the governor, W. P. G. Harding, tried to beat up John Skelton Williams, right there in the committee room, because John Skelton Williams was telling the truth on them. They admitted that they had loaned \$126,000,000 to one bank in New York. Whose bank? Morgan's; no doubt. They admitted that they had loaned themselves \$18,000,000. That was a beautiful admission—was it not—showing the truth of the statement made by Sergeant S. Prentiss, of Mississippi, when speaking of a collector of the customs, he said:

In vain will you seek for the eunuchs who have the power to guard the treasures of your harems without the wish to enjoy them.

These eunuchs, Gov. Harding and company, have the power to guard, and it is their desire to enjoy; and they do both.

If it were not so late, I should really like to have some fun with my friend the Senator from Nebraska [Mr. HITCHCOCK], whose peculiarity is that as soon as you get after him with two or three questions and push him up into a corner where he can hardly draw his breath, he cuts everything off by saying you are diverting him from his line of thought. His line of thought! When the Senator from Wisconsin [Mr. LENROOT] got after him about what he would vote for in the Norris bill, he complained that the Senator from Wisconsin was diverting him from his line of thought; when I got after him with a few questions, which were just as simple as they could be, he soon discovered that he was going up into the corner, and he shut me off by saying I was diverting him from his line of thought. What was his line of thought? It was that we should establish a great international bank—as if we did not have four or five of them already. The house of Morgan has a chain of international banks. Kuhn, Loeb & Co. have a chain of international banks; the Warburgs have a chain of international banks; the Rothschilds have a chain of international banks. It is well known, I think, that the Belmonts of New York are their American branch bank. However, the Senator from Nebraska wanted to take \$800,000,000 in gold out of our Treasury and put it into an international bank. He never realized that he would be making a present of that much money to Mr. Morgan; that it would be giving him the use of all the idle gold in our Treasury.

Talk about reducing the Army! Why, yes; reduce it. I, myself, think an Army of 25,000 men would do. Reduce the Navy! Why, of course, I think, possibly, two or three of our admirals ought to have ships in which to sail around, and there ought to

be enough of them left to escort the President when he takes a vacation to Plymouth Rock, or elsewhere. Possibly he will be taking a trip down to Jamestown before we know it. It will require a half dozen battleships to take him down to Jamestown and back.

I say I would be willing to reduce the Army to the vanishing point, leaving, of course, Gen. Pershing on deck. It would never in the world do to get rid of the General Staff. The country is full of soldiers now who have had experience.

All you have got to do is to sound the bugle, and tell them what you are fighting about. Nobody has ever been able to tell them what they fought about in the last war. That is a question that agonizes everybody right now—to tell the people what they fought about. They do not know; they realize it cost them a lot of money; and we are bringing dead soldiers back every day; but whenever the doctrinaires state what the war was about, the doctrinaires differ.

When President Wilson said we went to war for one thing, Senator Warren Harding said we did not do it on that account; that Wilson's talk was all balderdash. Now that President Wilson is down and out and Senator Harding is President, he is using exactly the same language that President Wilson used; but, of course, it is not balderdash. It makes a whole lot of difference as to who uses the language, and when, and where. I say that you can cut your Army and you can cut your Navy, but they are drops in the bucket. You must restore to circulation the money that was taken out of circulation. The taking of money from circulation weakened the whole business world. If you want to restore its strength, put the money back in circulation. The first thing to do, however, to accomplish that is to remove the present Federal Reserve Board, for which purpose I have introduced a resolution. Of course, it has no chance of passing here. This is a Republican Senate, a very reactionary Senate. It does not hear from the people; it does not care for the people. The people are honored in having a Republican majority here; they ought to be satisfied with that and not question the way they vote. If they want to give \$25,000,000 to open the way for the Standard Oil Co. to get into Colombia, that is all right; if they want to give the railroads \$500,000,000, that is all right; give it to them. Why not turn the whole Treasury over to them? They need it; they can use it to advantage; and they can prove by propaganda that it would benefit the whole country if we would let them have all the money that is in the Treasury.

We are heaping up gold; we are becoming a great national Midas. Here at the central Government everything we touch turns to gold. But Midas could not eat his gold, and he could not drink it, and he found himself starving to death in the midst of his gold. Our people throughout this Union are clamoring for money to be restored to circulation, so that the black man who can put up a horse or a mule or a cow may borrow money, and the white man who can offer collateral may borrow money. To-day our banks are choked with last year's paper. They are marking time and paying expenses while they are doing so.

We read that the railroads to whom we are to lend \$500,000,000 made \$27,000,000 in June of this year. Half of their stock is water; in round numbers the stock issue aggregates nineteen thousand million dollars; half of it is made up of printing press shares, printing press stocks and bonds; and we are paying them upon those watered securities, as well as upon the actual investment, \$27,000,000 in one month; and yet they want \$500,000,000 more. The Steel Trust made \$21,000,000 clear during the last quarter, while the farmers of the country, the wage earners, the bread winners, the men who have to sell their muscle, the women who have to sew for bread, the children who have to work, the whole mass of the population are suffering from the lack of the money which the Federal Reserve Board secretly, cruelly, despotically, criminally, and ruinously retired from circulation.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7294), an act supplemental to the national prohibition act.

The PRESIDING OFFICER. The question is on the amendment on page 2, line 4.

The amendment was agreed to.

The PRESIDING OFFICER. The Secretary will continue the reading of the bill.

The reading of the bill was resumed.

The next amendment of the Committee on the Judiciary was on page 2, lines 14 and 15, to strike out the words "limit the quantity of liquor unfit for beverage purposes that may be prescribed, sold, or furnished on a prescription," and insert "be



construed to limit the sale of any article the manufacture of which is authorized under section 4, Title II, of the national prohibition act."

The amendment was agreed to.

Mr. BROUSSARD. Mr. President, I do not care to continue the speech which I began the other day on this afternoon; but while this measure is pending I desire to discuss briefly one of the features of the facts which I discussed the other day.

A portion of my remarks on July 27 had reference to the lobby maintained here by the Anti-Saloon League. Within 10 minutes after I had concluded my speech one of the Senators handed me on the floor this slip of paper, and I was informed that it was circulated in the galleries while I was speaking. There is nothing offensive in it, but I want to read it to the Senate. I merely want to emphasize the fact that in the Senate of the United States lobbyists are busy while Senators are discussing questions which involve even the constitutionality of legislation.

It is not so much, as I said before, what is contained in this slip, but I call upon my friends who advocate this measure to consider the significance of this incident, and I will call the attention of Senators to the fact that it has reference directly to that which I discussed just a few moments before, the inference being that this was typewritten at some place very close to the place where we are talking.

Here I shall read this propaganda, or whatever it is. It begins with a quotation:

"Senator BROUSSARD's attack upon the prohibition department because it does not issue the regulations on beer is strangely inconsistent, in view of the fact that the regulations relating to wholesale liquor dealers have not been issued, even though the opinion relating to them was rendered long before the beer opinion," said Wayne B. Wheeler, general counsel of the Anti-Saloon League of America. "The dregs were interested in having those regulations issued promptly, and they have been delayed far longer than the beer regulations. As a matter of fact, both regulations have been a matter of controversy, and that explains largely the delay in their issuance."

I care nothing about this any more than any other Senator, whether he favors or opposes the bill; but I think it is my duty, since it was presented to me immediately after the closing of my remarks, to submit this matter to the Senate to be considered in such light as they, viewing the statutes upon the books and their own ideas, may attach to it.

Mr. MOSES. Mr. President—

Mr. BROUSSARD. I yield to the Senator from New Hampshire.

Mr. MOSES. In connection with what the Senator from Louisiana has just said, I am reminded of another letter which I received from the well-informed Federal Trade Information Service, under date of July 28, in which the writer says:

In view of the interest you are displaying in the administrative activities of the Bureau of Internal Revenue relating to the liquor traffic, we believe you will be glad to see the statement printed at page 170 of the attached publication concerning a forthcoming Treasury decision on this subject. We believe this news has been published exclusively in the Federal Trade Information Service. We had in our possession the full text of the draft of the Treasury decision, but pressure on our space permitted the presentation of a summary merely.

On turning to page 170, as suggested by the letter, I find a summary of the regulations for wholesale druggists, which the slip which the Senator from Louisiana has just read says have not been issued; and I wonder again how it is that the Federal Trade Information Service is able to get the full text of regulations drawn by the Bureau of Internal Revenue while the Senate does not have them and while the country does not have them, and I ask unanimous consent that this publication may be printed in the RECORD.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Ohio?

Mr. MOSES. I do not happen to have the floor.

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. BROUSSARD. I do.

Mr. WILLIS. Reserving the right to object, does the Senator give it as his opinion that these are true and exact copies of any regulations that have been issued by the department?

Mr. MOSES. I express no opinion as to the truth or the exactitude of these regulations. I merely read the letter of this person, who is readily get-at-able in Washington, and from whom one can ascertain how he managed to get them, if he got them improperly or if they are fraudulent in any sense. The Senator will recall that I have pending here a resolution asking the Treasury Department to send us the accurate text, and the friends of this measure have objected to our having that information. What is it they are afraid of? If the Senator from Ohio thinks that these regulations which I present

here, and which the editor of this paper—and I assume he is a reputable person—says are authentic, are in fact not authentic, why do the friends of this measure object to our having the information which my resolution asks for? What are you afraid of?

Mr. WILLIS. Mr. President, if the Senator from New Hampshire would give it as his opinion that these are exact copies of regulations that have been issued it would be quite a different thing. He does not so state. The fact of the matter is that no regulations have been issued and there is no good reason why the RECORD should be lumbered up with some statements purporting to be regulations, and I therefore object.

Mr. MOSES. Mr. President, if I may have the floor again from the Senator from Louisiana, I will say that these do not purport to be the full and exact text of the regulations. If the Senator from Ohio followed the text of the letter which I read, he will remember that they purported to be a summary, and I take the liberty of reading them, inasmuch as they are very brief.

Mr. BROUSSARD. May I ask the Senator to wait until I am through?

Mr. MOSES. Oh, yes, indeed; I beg the Senator's pardon.

Mr. BROUSSARD. I want to follow this matter up, and I think in my further remarks I shall answer the Senator from Ohio.

I call the Senate's attention to the fact that Mr. Wheeler complains here that we have made no complaint as to the tardiness of the issuance of regulations with reference to liquors other than beer, and that is contained in this circular which was sent through the galleries here while I was speaking; but since receiving this I have received the letter which I have in my hand from the prohibition commissioner, which contains information which I would gladly have given to the Senate had I had it in my possession at the time when I addressed the Senate on July 27. I happened to receive this this morning; and I want to answer those of the Senators who are advocating the bill, if they indorse the comments of Mr. Wheeler, by replying that the prohibition commissioner is giving to people engaged in legitimate business in this country the same reasons for not issuing permits under the national prohibition law which he gives for refusing to issue permits to doctors to prescribe beer.

I have here a letter which was written to Representative DUPRE, of Louisiana. It has reference to an application made by the old-established firm of I. L. Lyons & Co., who have conducted for many, many years the largest wholesale drug business in the South; a house that has been established possibly 75 years; people who are reliable and responsible; people who have been recognized I think by the National Association of Druggists and Pharmacists by honoring one of their members with election as president at one time; people who stand among the foremost of our progressive citizens. This firm had an application pending before the prohibition commissioner, who has delayed action upon this application, and when they are pressed the answer comes to Mr. DUPRE, Member of Congress from the second district of Louisiana, as follows:

AUGUST 3, 1921.

HON. H. GARLAND DUPRE,  
House of Representatives.

MY DEAR MR. DUPRE: I am in receipt of your communication dated July 30, 1921, inclosing a copy of letter addressed to this office by I. L. Lyons & Co., wholesale druggists and importers, New Orleans, La. In reply to your inquiry regarding the status of this company's application for permit to manufacture certain special preparations, I have the honor to inform you that the application as executed by the above-mentioned company was forwarded to this office by the Federal prohibition director for the State of Louisiana without his recommendation for approval or disapproval, and in his letter transmitting same he calls attention to the fact that this company desires to import intoxicating liquors for subsequent resale for medicinal purposes. All applications of this character are at this time being held in abeyance awaiting the disposition of the bill now pending before Congress to prohibit further importation of liquors.

Mr. NELSON. Mr. President, may I ask the Senator a question?

Mr. BROUSSARD. Certainly.

Mr. NELSON. Does not the Senator think it is fairer to the brewers and the wholesale liquor dealers that the regulations be held in abeyance? Suppose rules are issued and Congress passes this bill; what would the rules amount to? They would simply be a deception and would mislead the brewers and would get them started in a practice in which they would have to take a back track. So it is for the protection of the brewers and the wine men, as much as for anybody else, that these imagined rules are held back until we pass this legislation.

Mr. BROUSSARD. Mr. President—

Mr. NELSON. And I want to give the Senator another sentiment, if he will allow me—



Mr. BROUSSARD. I will.  
Mr. NELSON:

There's a spirit above and a spirit below,  
A spirit of joy and a spirit of woe;  
The spirit above is the spirit divine,  
The spirit below is the spirit of wine.

Mr. BROUSSARD. "The spirit above is the spirit of love," I would correct the Senator.

But, in answer to the Senator from Minnesota, who is the chairman of the Judiciary Committee, under whose jurisdiction this bill was considered and reported, I will ask him who gives him the authority, even as chairman of the Committee on the Judiciary, to ignore laws which his own committee submitted to Congress, and which were passed in 1919, to disregard them now, in order that the Congress may enact laws which he desires to see on the statute books?

Mr. NELSON. What laws did the Judiciary Committee ignore?

Mr. BROUSSARD. They ignored the national prohibition act, under which these people are entitled to these permits.

Mr. NELSON. We have not ignored it.

Mr. BROUSSARD. You are defending the course of the commissioner, who admits he is violating the law in order to await the passage of an act by this Congress.

Mr. NELSON. We are not defending him.

Mr. BROUSSARD. You are not?

Mr. NELSON. No; we are not defending him. The committee as a committee has not defended the commissioner.

Mr. BROUSSARD. Has not the Senator asked me if he was not right in withholding these permits?

Mr. NELSON. I will say that it is for the protection of the brewers and the wholesale dealers that they withhold these rules until we can legislate. Is it not better for them to await our action, instead of embarking in a practice in which they would have to take the back track as soon as we pass this law? And it will pass, I want to say to the Senator. As soon as we pass this law, these rules the Senator imagines and talks about would be of no use, and it would be misleading, and the brewers and the wholesale dealers would curse you for getting them into a scrape and making them spend money under rules that will never be effective.

Mr. BROUSSARD. I will reply to the distinguished Senator that if the antiprohibition element are able to continue to control the enforcement department of this Nation, for the sake of law and order I hope the bill will be passed, because you are absolutely setting at naught not only your own law but you are abusing the privileges and guaranties which the Constitution of the United States gives to this firm; and this is not, I will say to the Senator, a letter with reference to beer, but it is with reference to liquor for medicinal purposes, which, under the present law, you provide for.

Mr. NELSON. We will send you fresh, pure water, from Itasca clear down the Mississippi to New Orleans. You need not worry.

Mr. BROUSSARD. I do not care to reply to that remark.

I want to complete the reading of this letter. The last paragraph states:

You may be assured, however, that as soon as we are in possession of definite information bearing upon applications of this kind the matter of I. L. Lyons & Co. will be properly disposed of.

Sincerely, yours,

R. S. HAYNES,  
Prohibition Commissioner.

I think it may not be necessary, but I desire to comment just a little bit on the significance of this letter, with the idea that Senators who are supporting this measure will realize—and if they do not realize, the country will realize—that you are absolutely now interfering with the functioning of the laws of this Nation; that you believe, as the Senator from Minnesota has just expressed it, that you are saving the brewers from themselves.

But that is not the question involved here, Mr. President. The point is that those who submitted the eighteenth amendment adopted the national prohibition act, and within 5 days after that act went into effect the construction of that law was submitted to the prohibition commissioner in 1920, on January 25, and on January 31, just 16 days after the act had gone into effect, the prohibition commissioner decided that he had no authority to withhold from physicians permits for the prescription of wine and beer, and he not only ruled that, but he went on to say that there was no limit to the amount which physicians might prescribe.

This letter was written, as I have demonstrated before, to a man who is a sincere prohibitionist, who has voted for all of the prohibition measures in Congress, and they thought they could trust him, and they withheld the publication of the regu-

lations which, in that letter of January 31, 1920, they said they were preparing.

Subsequently, when they were pressed for action again, as they are being pressed now by I. L. Lyons & Co. under the present law, they submitted the matter to the Attorney General, and the Attorney General has ruled that the letter which Mr. Kramer, the prohibition commissioner, had written on January 31, 1920, was absolutely correct. Then those who advocate this measure now came to Congress and said, "There is an emergency here. We are holding up everybody clearly entitled under the law to a permit. We are refusing to issue permits to physicians. We are refusing to issue permits to wholesale drug importers. We are absolutely at the mercy of the law which you have enacted." And with that spirit of my good friend the Senator from Minnesota [Mr. NELSON] they thought there devolved upon them the duty of saving this country, because they thought that the doctors might kill everybody; and that is the situation presented here, and I refer to it only for the purpose of calling the attention of Senators who intend to support the measure to the fact that they are encouraging agencies of this Government, created by Congress, to disregard, to set at naught, to defy, the legislative action of Congress, when it clearly is against the Constitution for them to take such a course.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from South Dakota?

Mr. BROUSSARD. I yield.

Mr. STERLING. Mr. President, I think the situation is simply this: Whatever the Commissioner of Internal Revenue may have written to somebody—and the Senator has alluded to a letter to which he called attention in his remarks the other day—granting that it was true that the Commissioner of Internal Revenue had said that there was no restriction in the law against prescribing wine and beer for medicinal purposes, and that there was no limit to the quantity which might be prescribed, it was assumed generally throughout the country by everybody that the law prohibited the prescribing of wine and beer. It was assumed by the framers of the original Volstead Act. It was thought to be necessarily implied from the terms of that act that nothing but spirituous liquors could be prescribed for medicinal purposes.

The House has passed this bill which we have under consideration now, H. R. 7294, and action on the part of the Senate is imminent upon the same measure, which prohibits the prescribing of beer. Under those circumstances, Mr. President, is it not the most reasonable thing that the Commissioner of Internal Revenue should withhold regulations for the manufacture of beer for medicinal purposes, it being quite evident that within a few days the Senate will have passed the bill, and it will have received the approval of the President?

I can not help but think that, in the interest of everybody, the brewers and the public as well, the Commissioner of Internal Revenue is doing the right and proper thing in saying, "Until final action by the Congress of the United States I will withhold the issuance of these regulations."

Those are the motives which are governing the commissioner, and instead of being censured for it, I think he ought to be lauded for the position which he has taken.

Mr. SHORTRIDGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from California?

Mr. BROUSSARD. I yield.

Mr. SHORTRIDGE. Is there any doubt about what the law is?

Mr. STERLING. I am not saying as to what the national prohibition act actually is. If the Senator will recall, I stated that it was assumed that everybody throughout the country generally thought that the original Volstead Act prohibited, impliedly if not expressly, the prescribing of wine and beer for medicinal purposes.

Mr. SHORTRIDGE. If that be so, is any man in this Republic above the law, or is any man beneath its protection?

Mr. STERLING. No; nobody is above the law. But there is some discretion, I suppose, in the Internal Revenue Commissioner, in regard to the issuance of regulations, under which it shall be manufactured and prescribed for medicinal purposes, and now, to avoid a disturbance of business, not only of the brewer's business directly, but of those related to it, the commissioner says, "I shall not in view of the pending legislation issue these regulations for the present." I think he is doing the wise and the reasonable thing in taking that position.

Mr. SHORTRIDGE. Does the Senator think that it is a course of which we can approve?



Mr. STERLING. I think that course upon the part of the Commissioner of Internal Revenue, under conditions as they exist, ought to meet the hearty approval of everybody. Had no bill been introduced, had none passed the House of Representatives, we might have said that the commissioner would have been justified in going ahead and issuing these regulations. But since we are now here discussing a bill already passed by the House, and the Commissioner of Internal Revenue knows that, as I have said before repeatedly, I think he has done the wise thing.

Mr. WADSWORTH. May I ask when the opinion of the Attorney General was rendered?

Mr. BROUSSARD. On March 3, 1921.

Mr. STERLING. I am glad the Senator calls attention to that. Notwithstanding an opinion was rendered by the Attorney General as far back as March 3, 1921, I do not think any particular pressure has been brought to bear for regulations until comparatively recently. At least I heard of no agitation of the question particularly, except that there was some wonder as to what might be done after the opinion of the Attorney General.

Mr. BROUSSARD. I was glad to yield to the Senator, and now I want to answer him.

Mr. SHORTRIDGE. I am not concerned with the merits of this bill for the moment, but does the Senator from South Dakota take the position that any man, unless authorized by law, directly or impliedly, can suspend a law?

Mr. STERLING. He is not suspending the law, I will say to the Senator from California. The law has not commanded him to issue these regulations.

Mr. BROUSSARD. What is that?

Mr. STERLING. I think the law has not commanded him to issue any regulations.

Mr. SHORTRIDGE. Does the Senator then hold that it is discretionary with him to enforce the law, or to fail to enforce it? Is not that the law?

Mr. STERLING. There is no question that he may issue regulations; that he may be expected to issue regulations. I think it likely that he would be under the law expected to issue regulations, but I do not recall any provision of the law that commands him to issue the regulations.

Mr. SHORTRIDGE. In other words, the Senator does not think it mandatory that he issue regulations permitting the matter sought in this particular instance?

Mr. STERLING. Not at any particular time, I think.

Mr. BROUSSARD. Mr. President, I listened very attentively to the Senator from South Dakota in his defense of the commissioner for not issuing regulations under a law on the statute books of the United States. I have known, but I am satisfied that the Senator from South Dakota did not know, what the construction of the law was until March 3, 1921. But I have demonstrated that the prohibition commissioner as early as January 31, 1920, very clearly ruled that he had no authority to withhold these regulations and that he promised to issue them immediately and stated that he was preparing them.

Since March 3, 1921, the press of this city and the press of the country has almost daily announced that the regulations were printed and were ready to be issued. I am surprised that any Senator would take the position of the Senator from South Dakota in defending the commissioner in disregarding his oath of office and refusing to comply with the law and stating as a reason that the law does not suit his view and he is merely holding up these permits until the law can be changed.

If the Prohibition Commissioner may suspend the operation of an act of Congress, no matter at whose instance, then we have reached the stage when the Congress might just as well delegate all its powers to some agency of the Government and let us go home and take a recess. We are here for the purpose of enacting laws. We are here for the purpose of creating agencies for the purpose of executing those laws and not to hold them up.

I do not know that I am doing justice to my friend the Senator from Ohio [Mr. WILLIS], but it seems that I read in some paper in Washington that the Chief Executive had been appealed to by him to participate in this holding up of the operation of the law. I think that the press may have been mistaken; I hope it was; but as I read it I think that it had some reference to the Senator from Ohio. If I am wrong about that I desire to be corrected.

But now we have here the strange spectacle of Senators who find the law is not what they thought it was, when the enforcement division within 10 days after the enactment of the law, or after it went into effect, knew that it meant a certain thing, and after holding up the law for nearly a year they submitted it to the Attorney General at a time when they

thought he was preparing to leave the office and would not have time to pass on it or give an opinion in the matter—just about 10 days before going out of office this matter which was first decided and then held up for a year was referred to him for an opinion and to their surprise he decided that these people had a right to the permits under the law.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. BROUSSARD. I yield.

Mr. WILLIS. I presume the Senator from Louisiana refers to me, though I do not know the substance of the article to which he refers.

Mr. BROUSSARD. I said I did not know whether the Senator had any part in it.

Mr. WILLIS. I have no objection to stating to the Senator from Louisiana that while of course I could not properly state what is the position of the Chief Executive, because that would be entirely improper even if I knew, and I do not know anything about it—I am not his spokesman or mouthpiece—yet I have no hesitancy in saying to the Senator that I did say to the Chief Executive what I now say to the Senator, that it seems to me it would be a perfectly ridiculous position for the Government to be in to permit the issuance of these regulations about which there has been so much discussion and then for the Congress a few days later to enact legislation that would set those regulations at naught.

I did say to the Chief Executive, and perhaps that is what may have been in the papers, but that I do not know anything about, what I now say to the Senator—that I think that would put the Government in a perfectly absurd position and everybody would be entitled to say that those who are in authority do not know their own minds. That is my part in the matter and that is my position now.

Mr. BROUSSARD. I know the Senator from Ohio is sincere in that opinion. I hold a different opinion, that any official of the Government who is willing to accept the office, finding a law upon the statute books and takes an oath to discharge its functions, is under that oath obligated either to resign that office or to carry out the law as he finds it on the statute books. I think that any influence which is exerted either upon the prohibition commissioner or the Secretary of the Treasury or the President of the United States is an undue, illegal, unconstitutional interference with the rights of men like I. L. Lyons & Co., who have been in business for 75 years and who under the law are entitled to this permit which is refused them because the law does not suit the view of the prohibition commissioner.

I understand there is a desire to have an executive session and I shall detain the Senate but a moment longer. Before closing I desire to read into the Record something which has regard to the matter to which I have directed my observations. It appeared in the Cincinnati Times-Star. I understand that paper is owned by Charles P. Taft, who is a brother of the present Chief Justice. Here is an editorial of Monday, August 1, 1921, entitled "The New Invisible Government," and which reads as follows:

"Great is the prohibition lobby. It is a very real imperium in imperio, or rather an empire within a Republic.

"The present Volstead law permits the manufacture and sale of beer for medicinal purposes. A Democratic Attorney General so interpreted the law, and a Republican Attorney General agrees with his predecessor's interpretation. But the prohibition lobby, which works Congressmen on wires, has notified the Commissioner of Internal Revenue that it will force through Congress a law making the manufacture and sale of beer for medicinal purposes illegal. Therefore the commissioner has held up the lawful regulations for such sale and manufacture. Meanwhile the prohibition lobby has forced its new bill through the House and it is now pending in the Senate. But the point is that a high official of the Government is taking orders from a congressional lobby, disregarding an existing statute while virtually enforcing a bill that the lobby promises to have passed at some future day. In other words, the law of the land is what Wayne B. Wheeler et al. say it is going to be, not what it actually is.

"Much used to be written of 'invisible government,' implying that behind the scenes of Congress were the prompters, who gave the puppets their lines. Some of it was true and some of it was not. But to-day we have an open puppet show, in which the wires running from the lobby to the Congressmen are in full view, and all the world may see them move and then the Congressmen sequentially act. A fourth department has been added to the executive, the judicial, and the legislative. Or, rather, the fourth is the department of departments. It tells a Commissioner of Internal Revenue what the law is not but



should be; it hurries Congress in the passage of the law that it demands, and we have no assurance that it will not tell the courts how the law should be interpreted."

#### SOUTHERN TARIFF CONGRESS.

Mr. McKELLAR. Mr. President, the Southern Tariff Congress is going to hold a meeting at Greensboro, N. C., on August 15 and 16. I ask unanimous consent to have printed in the RECORD two brief letters with reference to that meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters are as follows:

THE GREENSBORO NATIONAL BANK,  
Greensboro, N. C., August 3, 1921.

HON. KENNETH MCKELLAR,

United States Senate, Washington, D. C.:

National tariff policies and purposes are undergoing a re-examination by those engaged in creating and conserving the wealth of the South, and the effect of the tariff levy upon the industry and upon southern progress is engaging the careful attention of thoughtful men.

At Greensboro August 15 and 16 the authorized spokesmen of southern agricultural, commercial, and industrial interests will hold a Southern Tariff Congress to consider the Fordney tariff measure.

You will render the South a distinct service by your presence and counsel at this congress, and we extend you a special invitation to be with us.

We inclose copy of the call for the congress and will thank you for your attention to this matter.

Yours, very truly,

E. P. WHARTON,  
President North Carolina Division  
Southern Tariff Association.

AUGUST 4, 1921.

Mr. E. P. WHARTON,

Greensboro, N. C.

MY DEAR MR. WHARTON: Your courteous invitation of the 3d to attend a meeting of the Southern Tariff Association at Greensboro, N. C., August 15 and 16 received and noted. I greatly regret that my duties here will prevent my attendance upon this meeting.

However, it is but frank for me to say that I feel that I would be out of place at such a meeting and could not come in any event.

I am unalterably opposed to a protective tariff. I believe there never was a time in our history when a protective tariff would do more to injure the American people than now. The one absolutely necessary condition to American prosperity is our ability to sell our surplus products abroad. We produce so much more than we can consume, it seems to me that any person would know that we can not be truly prosperous unless we have a ready foreign market for these surplus products. The main cause of the present business depression in the United States is unquestionably our inability to dispose of these surplus products abroad. Now, why we should undertake to make it more difficult to sell this surplus abroad is absolutely unexplainable to me. Of course, when we put a tariff wall about our own country, other nations can not ship us their goods. We have over half the gold supply of the whole world in our country, and, of course, foreign business men can not buy our goods and pay for them in gold. It follows that if they get our goods they must pay for them with their goods. This is so elemental that it seems to me that any man can see it and understand it.

For these reasons, I have no sympathy whatever with the proposed conference of the Southern Tariff Association. I believe that such a meeting is wholly inimicable to the best interests not only of the South but of our whole country.

A short time ago I was besieged with letters from members of the Southern Tariff Association to vote for the so-called farmers emergency tariff bill. Holding the views I do, of course I did not vote for that bill. You will recall that our Republican friends and their high-protective Democratic aides declared that bill would not only restore the farmers to a condition of prosperity but would aid in restoring the whole country. Now, instead of these predictions coming true, if there is a man, woman, or child in this country who really believes that bill has helped anybody, except possibly a few profiteers, that man, woman, or child has not yet arisen to make the statement that the bill has helped.

The present Underwood tariff law is a most excellent law. It brings in more revenue than any tariff law ever on the statute books, and ought not to be repealed nor even amended, except possibly to lower some of the rates.

I think that the best service that the Southern Tariff Association could do to the South would be for it to dissolve. Or, in any event, it should change its purposes and devote its attention to the building up of our foreign trade, upon which our prosperity really depends.

I hope you will pardon me, my dear Mr. Wharton, for writing plainly as to this matter. I would be untrue to the principles I believe in did I not so express myself in view of your very courteous invitation and your own frank statement of the purposes of the proposed convention and in view of the past course and the published purposes of the Southern Tariff Association.

Very sincerely, yours,

KENNETH MCKELLAR.

#### HEALTH AND FOOD CONDITIONS IN THE SOUTH.

Mr. McKELLAR. Mr. President, I wish to state that several days ago a publication was made in reference to pellagra and a state of semifamine in the South. The public health authorities, by direction of President Harding, as I recall, were to meet here to-day and report upon the matter. They did meet here to-day, and issued a statement in which they assure the public that there is no state of semifamine in the South and that pellagra, instead of increasing, has actually decreased in the last few years.

I ask unanimous consent that the newspaper article containing the statement of the public health authorities may be placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

"State health officers of the Southern States, in conference at the request of the Surgeon General of the United States Public Health Service, deplore the fact that an impression has been created that famine conditions exist in the South and as a result that pellagra has increased to an alarming extent.

"After making an investigation, using all information available, we do not believe the situation warrants or should occasion any undue alarm. The indications are that there will be an increase in pellagra this year in localities in certain States where the disease has been endemic, but data in hand show in an unmistakable way that the number of cases and deaths from pellagra during 1921 will still be less than the annual average during the period of 1914 to 1921.

"In other words, it is fully substantiated by facts in hand that pellagra has steadily decreased in the Southern States during previous years. In drawing conclusions relative to the actual control of any disease comparative statistics are valueless unless an analysis is made for a period of years not less than 5, and preferably 10.

#### "PLAGUE OR FAMINE NOT THREATENED.

"There is no condition approaching a famine or plague in the South. It is obvious that this is a clear case of misinterpretation of terms, an incorrect analysis, and as a result statements have been made that are erroneous and misleading to the public.

"We realize that pellagra requires scientific and aggressive consideration, and that the solution of the pellagra problem depends upon sane educational methods. The whole question is one that should be approached as a public-health problem and dealt with by a well-defined plan.

"There can be no doubt that there will be an increase in the prevalence of tuberculosis, pellagra, and other diseases during the next few years as a result of the economic depression throughout the entire country, unless Federal, State, and local health departments are given adequate financial support and cooperation in directing intensive public-health education and in the establishment and maintenance of local health organizations which are fundamental in the prevention and control of all disease and the promotion of the public health.

#### "DIVISION OF OPINION.

"The health officers were evenly divided as to the advisability of going on record that the pellagra situation was no worse at the present time than during recent years. Dr. West declared that, while he 'resented from the end of his toes to the top of his head charges that a veritable condition of famine existed in the South,' health authorities should realize the seriousness of the situation. Dr. C. W. Garrison, of Arkansas, took a similar position, while Dr. James A. Hayne, South Carolina; Dr. A. T. McCormack, Kentucky; S. W. Welch, Alabama; and Dr. W. S. Leathers, Mississippi, were among those who contended the situation was no worse than in previous years."

Mr. WILLIAMS. Mr. President, I wish to express my regret that some of our southern people, with what I consider exaggerated sensitiveness, although I honor their sensitiveness very much, seem to have expressed themselves about the Presi-

dent's first notice, calling attention to this statement of threatened famine and pellagra in the South, as a sort of insult to us. Of course, I understand the basis of the feeling that led them to some extent to resent that, more in the newspapers than elsewhere; but of course the President of the United States could not have had any sort of idea, nor could the Public Health Service have had any sort of idea, of insulting the South or slandering it in any way in the world. They are doubtless just as glad to learn the facts in the case, which were known to me before this report was made and were probably known to the Senator from Tennessee before it was made, as we are ourselves.

So far from showing any bad feeling, it showed rather a feeling of generosity and a desire to be helpful, if any need for helpfulness existed. I merely desired to make this statement in behalf of the South.

Mr. McKELLAR. May I say, in addition to what the Senator from Mississippi has said, that I made some remarks on the same matter some days ago and took exactly the same position and praised President Harding for his generous views about it. He was just misled about the facts.

Mr. WILLIAMS. If I had known that, I would have left unsaid what I have just said, because I would have known the same thing had been said, and better said, probably; but I did not know it, and I thought some one ought to say it before the matter passed into history.

#### EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

#### RECESS UNTIL MONDAY.

Mr. LODGE. I move that the Senate take a recess until Monday next at 12 o'clock.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate took a recess until Monday, August 8, 1921, at 12 o'clock meridian.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 5, 1921.*

##### TREASURY DEPARTMENT.

###### COLLECTOR OF CUSTOMS.

Charles C. Hinkle to be collector of customs, district No. 43, Memphis, Tenn.

###### POSTMASTERS.

###### ARIZONA.

Alice V. Taylor, Inspiration.

###### CALIFORNIA.

Flora A. Hastings, Coachella.

George W. Turner, Fresno.

Frank Fesler, Owensmouth.

Eldo R. West, Yorba Linda.

###### CONNECTICUT.

Robert J. Benham, Washington.

###### DELAWARE.

Fred C. Powell, Harrington.

###### IDAHO.

Willard G. Sweet, Arco.

Lillie B. Young, Kuna.

Fred H. Chase, Leadore.

Oren M. Laing, Meridian.

Lewis N. Balch, Potlach.

Benjamin E. Weeks, Shoshone.

###### INDIANA.

Edith B. Robertson, Ambia.

Herman U. Blood, La Fontaine.

James B. King, Star City.

Jesse F. McGehee, Washington.

###### KENTUCKY.

William Blades, Island.

Mattie B. Mullins, Mount Vernon.

###### MAINE.

Burton A. Hutchinson, Buckfield.

Harvard M. Armstrong, Cape Cottage.

William E. Bragdon, Franklin.

###### MASSACHUSETTS.

Frank W. Niles, Charlemont.

Addison T. Winslow, Nantucket.

Clifford H. Dickson, Pittsfield.

Everett A. Thurston, Swansea.

Webster L. Kendrick, West Brookfield.

###### NEW JERSEY.

Joseph Cassio, Fairview.

John R. Fetter, Hopewell.

William A. Cullen, Waldwick.

William C. Swackhamer, White House Station.

###### NEW YORK.

Edna Glezen, Blasdell.

Harry B. McLaughlin, Liberty.

###### OHIO.

William S. Parlett, Dillonvale.

Henry E. Fisher, Osborn.

Crayton E. Womer, Republic.

Alice C. Griffith, Worthington.

###### OREGON.

John B. Schaefer, Linnton.

###### RHODE ISLAND.

Walter A. Kilton, Providence.

###### WASHINGTON.

Ira G. Allen, Pullman.

###### WISCONSIN.

Walter W. Peterson, Centuria.

Ervin D. Koch, Kewaskum.

Herman A. Krueger, Merrill.

Clyde D. Sullivan, Phillips.

Walter C. Crocker, Spooner.

#### SENATE.

Monday, August 8, 1921.

(Legislative day of Friday, August 5, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. LODGE. Mr. President, I make the point of no quorum.

The PRESIDING OFFICER (Mr. McNARY in the chair). The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McKellar	Smith
Ball	Harreld	McNary	Smoot
Brandegge	Heflin	Nelson	Spencer
Broussard	Johnson	Nicholson	Stanfield
Bursum	Jones, Wash.	Norbeck	Stanley
Cameron	Kellogg	Oddie	Sterling
Capper	Kenyon	Phipps	Trammell
Culberson	Keyes	Pittman	Wadsworth
Curtis	Ladd	Poinexter	Warren
Dillingham	La Follette	Sheppard	Williams
Ernst	Lenroot	Shortridge	Willis
Fletcher	Lodge	Simmons	

Mr. McKELLAR. I wish to announce the absence of the senior Senator from Virginia [Mr. SWANSON] and the junior Senator from Virginia [Mr. GLASS] on business of the Senate.

Mr. CURTIS. I desire to announce the absence of the Senator from Pennsylvania [Mr. PENROSE] on official business. He is engaged in hearings before the Senate Committee on Finance. I ask that this announcement may stand for the day.

Mr. LA FOLLETTE. I desire to announce the absence of the Senator from Nebraska [Mr. NORRIS] on account of illness. I shall let this announcement stand for the day.

The PRESIDING OFFICER. Forty-seven Senators having answered to their names, there is not a quorum present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. BORAH and Mr. RANDELL answered to their names when called.

Mr. OVERMAN, Mr. KING, Mr. TOWNSEND, Mr. WATSON of Indiana, Mr. MOSES, Mr. POMERENE, Mr. DIAL, Mr. McLEAN, and Mr. CARAWAY entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-nine Senators having answered to their names, a quorum is present.

#### PROPOSED CONSTITUTIONAL AMENDMENT.

Mr. SMOOT. If the Senator from South Dakota [Mr. STERLING] will yield for a moment, I introduce a joint resolution and ask that it may be read.

The joint resolution (S. J. Res. 97) proposing an amendment to the Constitution of the United States was read the first time by title and the second time at length, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amend-



ment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

#### ARTICLE —.

The Congress shall have power to lay and collect taxes on incomes derived from obligations issued or created by a State or any political subdivision thereof after the ratification of this article, without apportionment among the several States and without regard to any census or enumeration.

Mr. SMOOT. Mr. President, I am not going to address the Senate upon the joint resolution at this time, knowing that the unfinished business is now before the Senate, but I do intend within a very short time to address the Senate and call the attention of the Senate, as well as the attention of the people of the country, to the absolute necessity of legislation of this kind, if the Government of the United States in the future is to receive sufficient income to carry on the actual necessary business of the Government.

I move that the joint resolution be referred to the Committee on the Judiciary.

The motion was agreed to.

#### PETITIONS AND MEMORIALS.

Mr. WILLIS presented a resolution adopted by the Junior Chamber of Commerce of Cincinnati, Ohio, favoring the taking of prompt action by the United States Government relative to the Great Lakes waterway, so as to lower freight rates, which was referred to the Committee on Commerce.

He also presented a letter in the nature of a memorial of the foreign trade committee of the Cleveland (Ohio) Chamber of Commerce, remonstrating against the inclusion of the American valuation plan in the pending tariff bill, which was referred to the Committee on Finance.

#### MAJ. FRANCIS M. MADDOX.

Mr. SPENCER, from the Committee on Claims, to which was referred the bill (H. R. 6407) for the relief of Maj. Francis M. Maddox, United States Army, reported it without amendment and submitted a report (No. 244) thereon.

#### BILL INTRODUCED.

Mr. WADSWORTH introduced a bill (S. 2371) to further amend an act entitled "An act for making further and more effective provision for the national defense, and for other purposes," approved June 3, 1916, which was read twice by its title and referred to the Committee on Military Affairs.

#### HOUSE-FURNISHING GOODS.

Mr. KENYON. Mr. President, I present a letter from Mr. J. R. Howard, president of the American Farm Bureau Federation, which I ask may be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN FARM BUREAU FEDERATION,  
Chicago, Ill., August 3, 1921.

Senator WILLIAM S. KENYON,  
Senate Office Building, Washington, D. C.

DEAR SENATOR KENYON: Our research department has called my attention to the inclosed chart showing the relative wholesale price conditions for several groups of commodities. You will note that the prices of farm products on June 1, 1921, registered but 13 per cent above the prices of these products in 1913, and that during the period of deflation through which we have been passing during the past year farm products have experienced the greatest degree of decline and have for some time been below all other groups of commodities. The fact that farm products have a purchasing power of approximately 66 per cent in relation to all other commodities explains why the farmer is out of the market to-day to such a large extent as a purchaser of commodities, and also explains in part the failure of business conditions generally to improve.

Since 48.6 per cent of our people are classed as rural population and apparently derive their income wholly or in part from or in connection with the production of farm products, it becomes a matter of vital interest to them that prices of other commodities should bear a much closer relation to the prices of the products which are the source of their income than is now the case. Under such conditions it is of particular importance that the price of commodities that the farmer has to purchase shall at least be free of any artificial restraints or influences which prevent the free play of competitive forces and that the price shall be determined by unrestricted supply and demand forces.

The farmer already knows reasons for the failure of prices of some other commodities to respond to the deflation process. Thus, for example, in the case of prices of lumber and building materials, which, as the chart shows, are still 202 per cent of the 1913 prices, an explanation of the failure of these prices

to adjust themselves more in line with the prices of farm products is given us by the report of the Federal Trade Commission on the activities of trade associations operating in that industry in the direction of bringing about uniform prices and their maintenance at an artificially high level by curtailing production or supply. The investigations of Samuel Untermyer and others at New York and Chicago have given additional explanations of conditions in this industry out of harmony with the public interest.

The investigations last winter by Senator CALDER's committee on reconstruction and production showed, among other things, the activities of the coal associations, and this explained to some extent at least the reason for price conditions in the coal industry at that time.

The studies of the Federal Trade Commission with respect to the Pittsburgh plus basis of determining prices in the steel industry have thrown some light on prices in that industry. The farmers hope that results of a constructive nature will follow from these investigations so as to correct conditions already disclosed. We think the time is ripe for investigations of other commodities, and particularly of the activities of associations therein.

We desire at this time, however, to call your attention specifically to the prices of household furnishings, which you will note are 250 per cent of 1913 prices and are in a class by themselves—the highest class—being entirely out of line with prices of any other group shown by the chart. We have endeavored to make some investigation, but with little success thus far, of the causes for the price increases which occurred in the household furnishing group during 1920, which reached, in October, 371 per cent of 1913 prices, having continued to rise for several months after prices of most other commodities had begun to decline. We have attempted to find out whether or not any further decline in prices in this group may be expected and have been assured by most of the concerns we have interviewed in this trade that no further declines are anticipated. We have heard of strong associations operating in certain branches of the furniture industry, of a trust in the glass industry, which dominates the situation, and of similar conditions with respect to other important articles included in the household furnishings commodity group.

It seems to me that this is an appropriate time for an investigation by the Federal Trade Commission of the household furnishing industry and trade, with a view to ascertaining what the actual conditions are which make possible a price condition so much out of line with tendencies in most other lines.

Assuring you that any action which may be taken by you toward initiating such an investigation will, in my judgment, be appreciated by the entire consuming population, of which the farmer is a very important part, I am

Yours, very truly,

AMERICAN FARM BUREAU FEDERATION,  
By J. R. HOWARD, President.

Mr. KENYON submitted the following resolution (S. Res. 127), which was referred to the Committee on Manufactures:

Whereas reported statistics show that the prices of house-furnishing goods reached a higher peak relative to prewar prices than any other class of commodities; and

Whereas since May, 1920, while most other reported classes of commodities were falling in price, the price of house-furnishing goods continued to increase until the latter part of 1920 and then registered only a gradual decline; and

Whereas the prices of house-furnishing goods are now relatively very much higher than any other class of commodities, and particularly are relatively more than twice as high as the prices of farm products: Therefore be it

Resolved, That the Federal Trade Commission be, and hereby is, authorized and directed promptly to investigate the causes of factory, wholesale, and retail price conditions in the principal branches of house-furnishing goods industry and trade, beginning with January, 1920, and particularly to ascertain the organization and interrelations of corporations and firms engaged therein, and whether there have been and are unfair practices or methods of competition, or restraints of trade, combinations, or manipulations out of harmony with the law of public interest, and if so, what effect the same have had on prices; and serially to report the facts, with its recommendations, at the earliest possible time as different phases of the investigation are completed.

#### ENROLLED BILLS PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that, on August 5, 1921, they had presented the following enrolled bills and joint resolutions to the President of the United States:

S. 488. A bill providing for an exchange of lands between the Swan Land & Cattle Co. and the United States;

S. 530. A bill to quiet title to certain tracts of land in the city of Walters, State of Oklahoma;

S. 997. A bill conferring jurisdiction upon the United States district court for the eastern district of South Carolina to hear

and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes;

S. 1434. A bill for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.;

S. J. Res. 5. A joint resolution authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925; and

S. J. Res. 72. A joint resolution for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7294) supplemental to the national prohibition act.

Mr. STERLING. Mr. President, when the pending bill was last under consideration the Secretary was proceeding with the reading of the committee amendments to the bill. I will ask that the next committee amendment be stated.

The PRESIDING OFFICER. The next amendment reported by the Committee on the Judiciary will be stated.

The ASSISTANT SECRETARY. In section 2, page 2, line 19, after the words "If the commissioner shall find," the Committee on the Judiciary proposes to insert the words "after hearing, upon notice as required in section 5 of title 2 of the national prohibition act"; in line 22, before the words "national prohibition act," to strike out "the" and insert "said"; in line 23, after the word "being," to strike out "purchased for use" and to insert "used"; in line 25, after the word "article," to strike out "or" and to insert "and in the event that such change is not made within a time to be named by the commissioner he may"; and on page 3, line 7, before the words "national prohibition act," to strike out "the" and insert "said," so as to make the clause read:

If the commissioner shall find after hearing, upon notice as required in section 5 of title 2 of the national prohibition act, that any article enumerated in subdivisions b, c, d, or e of section 4 of title 2 of said national prohibition act is being used as a beverage, or for intoxicating beverage purposes, he may require a change of formula of such article, and in the event that such change is not made within a time to be named by the commissioner he may cancel the permit for the manufacture of such article unless it is made clearly to appear to the commissioner that such use can only occur in rare or exceptional instances, but such action of the commissioner may by appropriate proceedings in a court of equity be reviewed, as provided for in section 5, title 2, of said national prohibition act.

The amendment was agreed to.

The next amendment was, on page 3, line 8, before the word "liquor," to strike out "intoxicating" and insert "spirituous"; in line 10, before the word "spirituous," to strike out the words "vinous or"; in line 14, after the word "manufactured," to insert "and imported," so as to read:

No spirituous liquor shall be imported into the United States, nor shall any permit be granted authorizing the manufacture of any spirituous liquor, save alcohol, until the amount of such liquor now in distilleries or other bonded warehouses shall have been reduced to a quantity that in the opinion of the commissioner will, with liquor that may thereafter be manufactured and imported, be sufficient to supply the current need thereafter for all nonbeverage uses.

The amendment was agreed to.

The next amendment was, on page 3, line 16, after the word "uses," to insert:

Provided, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act.

The amendment was agreed to.

The next amendment was, in section 3, page 3, line 19, after the word "act," to insert "and the national prohibition act"; in line 20, after the word "apply," to insert "not only"; in the same line, after the words "United States," to strike out "and" and insert "but"; and in line 25, after the word "and," to strike out "islands" and insert "Islands," so as to make the clause read:

SEC. 3. That this act and the national prohibition act shall apply not only to the United States but to all territory subject to its jurisdiction, including the Territory of Hawaii and the Virgin Islands; and jurisdiction is conferred on the courts of the Territory of Hawaii and the Virgin Islands to enforce this act and the national prohibition act in such Territory and Islands.

The amendment was agreed to.

The next amendment was, in section 4, page 4, line 1, after the word "made," to insert "by the commissioner," so as to make the section read:

SEC. 4. That regulations may be made by the commissioner to carry into effect the provisions of this act. Any person who violates any of the provisions of this act shall be subject to the penalties provided for in the national prohibition act.

The amendment was agreed to.

The next amendment was, in section 5, page 4, line 9, after the word "and," to strike out "continued" and insert "con-

tinue"; in line 11, after the word "laws," to strike out "that" and insert "as"; in line 13, after the word "act," to insert "or of this act"; in the same line, before the word "such," to insert "any of"; in line 14, after the words "national prohibition act," to insert "or of this act"; and in line 20, after the word "manufacture," to insert "of," so as to make the paragraph read:

SEC. 5. That all laws in regard to the manufacture and taxation of and traffic in intoxicating liquor, and all penalties for violations of such laws that were in force when the national prohibition act was enacted, shall be and continue in force, as to both beverage and nonbeverage liquor, except such provisions of such laws as are directly in conflict with any provision of the national prohibition act or of this act; but if any act is a violation of any of such laws and also of the national prohibition act or of this act, a conviction for such act or offense under one shall be a bar to prosecution therefor under the other. All taxes and tax penalties provided for in section 35 of title 2 of the national prohibition act shall be assessed and collected in the same manner and by the same procedure as other taxes on the manufacture of or traffic in liquor.

The amendment was agreed to.

Mr. STANLEY. I offer, and I desire to have read and have the Senate act on when we reach it, an amendment on page 5, line 12, after the word "penalties," to strike out the words "not collected."

The PRESIDING OFFICER. When that point is reached a negative vote on the committee amendment will accomplish the Senator's object.

Mr. STANLEY. Very well.

Mr. STERLING. That was the understanding in regard to that amendment.

Mr. BROUSSARD. I suggest that the committee amendment ought not to be agreed to.

Mr. STERLING. We have not yet reached the amendment in the consideration of the bill.

The PRESIDING OFFICER. The amendment has not yet been reached. The Secretary will continue the reading of the committee amendments.

The next amendment of the Committee on the Judiciary was, on page 4, line 21, after the word "spirituous," to insert "upon which the internal-revenue tax has not been paid"; in line 24, after the numerals "1920," to insert "or the merchant marine act, 1920"; on page 5, line 1, after the word "warehouse," to strike out "and the person guilty of the theft has been convicted of the offense," so as to read:

If distilled spirits upon which the internal-revenue tax has not been paid are lost by theft, accidental fire, or other casualty while in possession of a common carrier subject to the transportation act of 1920 or the merchant marine act, 1920, or if lost by theft from a distillery or other bonded warehouse, and it shall be made to appear to the commissioner that such losses did not occur as the result of negligence, connivance, collusion, or fraud on the part of the owner or person legally accountable for such distilled spirits, no tax shall be assessed or collected upon the distilled spirits so lost, nor shall any tax penalty be imposed or collected by reason of such loss, but the exemption from the tax and penalty shall only be allowed to the extent that the claimant is not indemnified against or recompensed for such loss.

The amendment was agreed to.

The next amendment was, on page 5, line 12, after the word "penalties," to strike out "not collected," so as to read:

This provision shall apply to any claim for taxes or tax penalties not collected that may have accrued since the passage of the national prohibition act or that may accrue hereafter.

Mr. STANLEY. That is the amendment to which I had reference.

Mr. STERLING. Mr. President, at the time of the presentation of the report of the committee I reserved the right to ask the Senate to disagree to the amendment inserting the words "not collected." I hope the amendment will be disagreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was rejected.

The next amendment was, on page 5, line 14, after the word "hereafter," to insert:

Nothing in this section shall be construed as in any manner limiting or restricting the provisions of title 3 of the national prohibition act.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments as printed in the bill.

Mr. STERLING. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from South Dakota will be stated.

The ASSISTANT SECRETARY. On page 3, at the end of line 7, it is proposed to insert a colon and the following proviso:

Provided, That no change of formula shall be required and no permit to manufacture any article under subdivision (e), section 4, title 2, of the national prohibition act shall be revoked unless the sale or use of such article is substantially increased in the community by reason of its use as a beverage or for intoxicating beverage purposes.



The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota.

The amendment was agreed to.

Mr. BROUSSARD obtained the floor.

Mr. STERLING. Will the Senator allow me, on behalf of the committee, to offer another amendment?

Mr. BROUSSARD. I yield to the Senator from South Dakota.

Mr. STERLING. I offer the amendment which I send to the desk, to come in at the end of line 18, on page 3, as a proviso.

The PRESIDING OFFICER. The amendment proposed by the Senator from South Dakota will be stated.

The ASSISTANT SECRETARY. At the end of section 2 it is proposed to insert the following proviso:

*Provided, No vinous liquor shall be imported into the United States unless it is made to appear to the commissioner that vinous liquor for such nonbeverage use produced in the United States is not sufficient to meet such nonbeverage needs.*

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from South Dakota.

Mr. WADSWORTH. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state his parliamentary inquiry.

Mr. WADSWORTH. Do I understand that the Senator from South Dakota offers the amendment just stated as an amendment to the committee amendment?

Mr. STERLING. It comes in at the end of section 2 and after the committee amendment, but it is not an amendment to that amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from South Dakota comes in at the end of the section; it follows the committee amendment.

Mr. WADSWORTH. I make the inquiry because I have an amendment drawn in such way as, if it is adopted, would follow the committee amendment on line 18.

Mr. STERLING. Would it not equally well follow the language of the proposed amendment offered by me, I will ask the Senator from New York?

Mr. WADSWORTH. I have had it printed. I might redraft it in the form of an additional proviso.

The PRESIDING OFFICER. The Chair thinks the amendment offered by the Senator from South Dakota does not qualify the words in italics reported by the committee as an amendment. The amendment offered by the Senator from South Dakota should be considered as a separate amendment following the committee amendment which has been agreed to.

Mr. WADSWORTH. May I ask the Senator from South Dakota to give us a little sketch of the situation as he sees it and which makes necessary the amendment which he has just offered, which I understand would prevent the importation of any vinous liquors if the commissioner had an idea that there was enough of a certain kind of vinous liquor already in the country to meet medicinal needs?

Mr. STERLING. Mr. President, may I ask the Secretary to read the proposed amendment again?

The PRESIDING OFFICER. The Secretary will again read the amendment.

The amendment was again stated.

Mr. STERLING. Mr. President, the reason for the proposed amendment has just come to my notice. The original paragraph applied to all intoxicating liquors. The committee amended it so that it should apply to spirituous liquors alone.

I have these data: From June 30, 1920, to July 1, 1921, there were 1,200,000 gallons of wine imported into this country; 90,000 dozen quarts of still wines in bottles; 51,000 dozen quarts of champagne. During the year before there were 28,000 gallons imported; 5,000 dozen quarts of still wine in bottles, and 2,800 dozen quarts of champagne. The increase from 28,000 gallons to 1,200,000 gallons shows what will happen if vinous liquors are eliminated from this section; and it would seem that there ought to be a restriction by inserting the proposed amendment here.

Mr. WADSWORTH. Mr. President, may I ask the Senator from South Dakota if I understood him correctly to say that 1,200,000 gallons were imported last year?

Mr. STERLING. One million two hundred thousand gallons of wine were imported into the country from June 30, 1920, to July 1, 1921, a period of one year.

Mr. WADSWORTH. I ask the Senator if that amount of wine was imported for medicinal purposes?

Mr. STERLING. I do not know as to that; but it was imported into this country.

Mr. WADSWORTH. How did it get in if it was not for medicinal purposes?

Mr. STERLING. It was imported into this country, whether imported for medicinal purposes or whether used for medicinal purposes I do not know. I will say, however, Mr. President, that under the interpretation put upon the law by the Attorney General it was supposed it could not have been used for medicinal purposes. I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota.

The amendment was agreed to.

Mr. BROUSSARD. Mr. President, on behalf of and at the request of the Senator from Missouri [Mr. REED], I offer the amendment which I send to the desk, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. At the end of the bill it is proposed to add a new section, as follows:

Sec. 6. That any officer, agent, or employee of the United States, or other person who, under color of claim that he is enforcing or is engaged in the enforcement of this act, or the act of which it is amendatory, willfully subjects or causes any person to be subjected to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution or laws of the United States, shall be deemed guilty of a felony, and upon conviction thereof shall be punished by imprisonment for a period of not more than five years or by a fine not exceeding \$10,000, or by both such fine and imprisonment.

Mr. STERLING. Mr. President, I have just a word or two to say in regard to the proposed amendment. I hope it will not prevail. There is no need for the amendment to this particular bill. Sections 20 and 21 of the chapter relating to search warrants in the espionage law fully cover the situation. Let me read those two sections. They are as follows:

Sec. 20. A person who maliciously and without probable cause procures a search warrant to be issued and executed shall be fined not more than \$1,000 or imprisoned not more than one year.

Sec. 21. An officer who in executing a search warrant willfully exceeds his authority, or exercises it with unnecessary severity, shall be fined not more than \$1,000 or imprisoned not more than one year.

Mr. LODGE. Mr. President, if I may ask the Senator a question, how about the officer who makes an arrest or seizes a man without any warrant at all, or who makes an entry without any warrant at all? The sections which the Senator from South Dakota has just read cover the abuse of a warrant, but they do not cover the cases which are occurring, if I may trust the news dispatches, where seizures are attempted without any warrant at all.

For instance, I saw stated in the papers the other day the case of an officer who saw a man come out of a hotel with a package in his hand and get into his automobile; and he got into the automobile himself, seized the package, found that it contained a bottle of whisky, arrested the man, and took him before the court. The court dismissed the man at once, and dismissed the case, on the ground that it was an illegal arrest, because it was made without a search warrant or any warrant at all.

Mr. WILLIAMS. But at the same time nothing was done to the officer, and there was nothing in the law that enabled anybody to do anything to the officer.

Mr. LODGE. Precisely. This does not provide at all for officers of the Government or any officers who make seizures without any warrant whatever. This is the abuse of a warrant; that is all.

Mr. STERLING. Mr. President, I think we can hardly provide in the law that there can be no arrest without warrant. The general law is that for an offense committed in the sight of the officer there may be an arrest without warrant. No warrant is required. So there will be those cases, and undoubtedly many of them where, if this amendment were adopted, you could not enforce the law, because here the man suddenly appears committing the act in violation of the prohibition law, and here is the officer who has no time at that moment to procure a warrant, and he arrests because he has seen the commission of the act.

I think a private individual, not an officer, seeing the commission of a criminal offense, may arrest. Further, let me say to the Senator from Massachusetts, if there is an unjustifiable arrest without warrant, the party has his civil remedy as well for false arrest and imprisonment; and where there is an arrest that is malicious or without probable cause, he has his remedy in a civil action for damages for malicious prosecution.

Mr. LODGE. In the case that I have stated, the man had this bottle of whisky in his possession, and had it in his automobile; but he was not violating any law.

Mr. STERLING. If he was not violating any law by that conduct of having it in his possession, of course the officer had no right to arrest him without a warrant.

Mr. LODGE. He was not selling or manufacturing.

Mr. STERLING. He had no right to arrest without a warrant; but the question as it appeals to me, I will say to the Senator from Massachusetts, is whether he was not violating a law and whether he was not violating the prohibition law in having it in his possession.

Mr. LODGE. He might have been; but this man had no warrant to make the arrest.

Mr. STERLING. If he had it in his possession, and was thus violating the law, I think the arrest could have been made without a warrant.

Mr. LODGE. The court disagreed with that view.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Utah?

Mr. STERLING. I yield to the Senator.

Mr. KING. I call the attention of the Senator from South Dakota to the fact—and it is a fact, attested by a long line of abuses which have been chronicled by the press and by individuals who are familiar with the facts—that a large number of the officials charged with the enforcement of the prohibition act have utterly disregarded personal rights, have committed assaults upon individuals, have searched homes, have seized individuals, have abused their person, and have resorted to methods which are intolerable in a civilized community; and they have been justified by the Anti-Saloon League and by the officials. Something ought to be done to restrain these men who refuse to respect the rights of individuals.

Mr. STERLING. Of course, if an unnecessary assault is committed, with or without warrant, upon the individual sought to be arrested the party is liable, and criminally liable, too, for assault and battery, as well as civilly liable.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Mississippi?

Mr. STERLING. I yield to the Senator from Mississippi.

Mr. WILLIAMS. The Senator has just informed us of the fact that if an officer made an arrest without a warrant, unjustifiably, there was a remedy on the civil side of the law; in other words, that you could sue the man and get damages, and then you could collect providing you could find anything to collect out of. In the vast majority of these cases an execution would be returned that no property was found. If it be true, however, that a civil remedy is all sufficient, why should the Senator provide a criminal penalty where there is an abuse with a warrant and not provide a penalty where there is an unjustifiable arrest without a warrant? Why should the abuse with the warrant require criminal procedure in order to complete the protection of the citizen and an unjustifiable arrest without a warrant not require the same thing?

Mr. STERLING. Does not the Senator from Mississippi agree that all abuses under a warrant are covered by sections 20 and 21 of the search-warrant law?

Mr. WILLIAMS. My question admitted that.

Mr. STERLING. As to the other cases, I say there are many where it will be impossible to procure a warrant and apprehend the offender under a warrant; and I do not think you should provide here by law in this case any more than you would in any other infraction of law that no arrest can be made without a warrant. That would be a dangerous thing to do.

Mr. WILLIAMS. Mr. President, of course it is a familiar principle of law that where a violation of the law is taking place in the presence of an officer, he does not have to wait to go around and make an affidavit and get a warrant. If the Senator from South Dakota were attacking the Senator from Massachusetts in my presence and I were a constable or a policeman or any other sort of peace officer, even a justice of the peace, I would have a perfect right to go up and arrest both parties and to bring them before the proper tribunal. There never has been any doubt about that. Now, here comes this case, and if it stood alone it would not make any difference; but it has become the rule and not the exception where a man goes up to another and for some reason suspects that he has in his valise whisky or wine or something else and then proceeds to arrest him, even if he had in his possession the liquor, whatever it may be, it does not follow for that reason that he is violating the law.

The mere possession of whisky is not a crime under the Volstead Act. It is the possession of it for unlawful purposes.

Here comes a man who takes for granted, first, that there may be possession—*may be*, not *is*—and proceeds to open a man's valise without any warrant or anything else. In my opinion the man is perfectly justified in knocking him down, and, if the officer were superior in strength to him and he could not prevent the insult otherwise, shooting him, if he had anything to

shoot him with. There must be always a limit to the tyranny of the man, for—

Proud man,  
Drest in a little brief authority,  
Most ignorant of what he's most assured,  
His glassy essence, like an angry ape,  
Plays such fantastic tricks before high heaven,  
As make the angels weep.

And there must be some protection for the citizen; and where a suit at common law for damages for unlawful arrest is not sufficient, then this statute ought to provide it.

As I said a moment ago, it has become the rule and not the exception. This is not the only case. I noted with pleasure that this particular court pronounced a rebuke to the officer. Again and again, all over the country, judges have informed officers that they have no right to arrest men without a warrant.

It is not like seeing a man with a pistol pointed at another, at the point of committing murder. It is not like seeing one man with his fist lifted, about to strike another in the face or elsewhere. It is not like seeing a man breaking into a door of a residence at night, from which you can assume that burglary is contemplated. The reason of the law which enables the officer to arrest for a crime committed in his presence is to protect life and limb and property when there is not time to do it otherwise. Now, a man could not contend that he is opening another man's valise in order to protect life or limb, or to prevent an irreparable injury to the public or to an individual that could not be redressed in any way except by the immediate action of the officer. That is the reason underlying the law. Cessat ratio, cessat lex, ought to apply.

Mr. LODGE. Mr. President, the officer in the case to which I have referred, and about which the Senator has been speaking, exercised the right of search.

Mr. WILLIAMS. Of course.

Mr. LODGE. There was no obvious violation taking place.

Mr. WILLIAMS. Of course.

Mr. LODGE. He had to search the man in his automobile, and I contend that the court was right when it said he had no right to do it.

Mr. WILLIAMS. And I neglected that in my argument. It was not merely an arrest, but prior to the arrest was the exercise of the right of search; and that right has always depended upon some legal authority, some warrant of some description. A man has no right to come into my house at night upon the general supposition that I am about making a bomb with a view of destroying the life of the Senator from Massachusetts. He has no right to come in to search and see if I have a weapon in my house on the supposition that I am going to use it unlawfully. The right of search was fully protected away back yonder, before the very remote ancestors of the first English-speaking people in America had ever found out that there was a New World, as far as that was concerned.

As I said a moment ago, the only reason why an officer has a right to arrest a man in the commission of a crime is that great bodily hurt or harm of some sort to an individual or to the public, otherwise irreparable and irremediable, is about to take place. However much gentlemen may hate a bottle of whisky, it can not be said that its mere possession in a valise constitutes an irreparable and irremediable injury either to society or to any man's fellow citizens.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Kentucky?

Mr. STERLING. I yield.

Mr. STANLEY. I notice, Mr. President, that the sections to which the Senator from South Dakota has called the attention of the Senate provide:

SEC. 20. A person who maliciously and without probable cause procures a search warrant to be issued and executed shall be fined not more than \$1,000 or imprisoned not more than one year.

Section 21 provides that—

An officer who in executing a search warrant willfully exceeds his authority, or exercises it with unnecessary severity, shall be fined not more than \$1,000 or imprisoned not more than one year.

Those two provisions were written at a time when it was presumed by the lawmakers of the land that no officer would attempt to search the person or the property of any citizen without previously securing a search warrant, and this act was approved May 16, 1918. The sanctity of the person is old, is sacred; it comes down through all our Saxon civilization, and when Saxon civilization and Anglo-Saxon law are lost in the twilight of time and of tradition, Tacitus tells us that our Scandinavian forbears, while they permitted their lands to be allotted by the will of a chief, resented the laying of the weight of a hand upon the person of any free man. The right of castle,



the sanctity of the home, and the person of the free man have been so sacred, and sacred for so long, that the writers of this law never fancied that the time would come in a free country when some petty officer, armed with a brief authority, should cut such antics as would make the angels in high heaven weep. But it is true, Mr. President, that at this time the person and the property and the home of the citizen are not immune.

It is true, and it will not be denied, the statement will be challenged neither by the proponents nor the opponents of this measure—that it is almost customary, that it is usual, upon the highways of this country for men and women to be held up and searched.

Not long ago some ladies were traveling to the city of Lexington from a city in an adjoining State, the wives of some of the first citizens of Kentucky, unaccompanied by any gentleman. They were stopped by half a dozen men, who were courteous enough to say, "Ladies, do not be frightened. We simply propose to go through your automobile and see if there is any liquor in this vehicle, and if you will kindly turn over any little vials you have no violence will be offered." They were gallant and courteous to that extent. But it is true, it is customary, and it is an outrage to the person and the property of a citizen.

What were search warrants originally authorized for? For the apprehension of the most despicable of criminals. A search warrant was originally intended, and usually intended, prior to this present condition for the purpose of finding purloined and stolen property, for the purpose of detecting the crook, the sneak thief; and yet, about him, even, the law threw the safeguard of the search warrant and provided that the person and property of a man suspected of the most despicable crimes could not be violated except after a warrant duly procured, and then that it must be enforced in a certain way; and in order to safeguard the rights and property and person of the citizen, this espionage act adds additional penalties to the man who will abuse the warrant, to the man who procures it by collusion, or fraud, or false statement, or other misconduct, or to the officer who executes it with unwarranted violence. But there is not a word here which prohibits the searching of the person or property of the citizen without a warrant, because it was thought unnecessary.

The Senator from South Dakota has very eloquently and very ably argued to the Senate that when the original Volstead Act was proposed and was passed, it was the opinion of the author of the act, and of those who were interested in it, that the act did prohibit the use of brewed liquors for medicinal purposes. I do not concur with the Senator in that opinion, but he himself claims that, since the original act intended that this prohibition should be contained, that now it should be inserted. I am sure the Senator will apply the same reasoning to sections 20 and 21 of the espionage act. No lawyer in this body will argue for one instant that the law which provides heavy pains and penalties against an officer who would procure a search warrant by making a false statement, which provides heavy pains and penalties against an officer who would execute a search warrant with undue severity, which provides a prison sentence for the man, for instance, who would offer an insult to a woman in executing a search warrant, or who would make a false statement in order to search the person of a man, should provide no protection whatever against the wanton disregard of all the rights that have been safeguarded for 2,000 years, and by a thousand years of English jurisprudence, and leave the person and property of the citizen utterly defenseless against any insolent officer, however petty and however silly or useless his ground, however unwarranted he may be in laying his hands upon the person or poking his ubiquitous nose into the closets and the pantries of the men and women of this country.

This is not an effort to prevent the enforcement of the law against the transportation of alcoholic liquors. If it were proposed to repeal the wise acts which now adorn the statute books providing for search warrants, upon any sensible man claim that they who maintained the inviolate right of the individual against unreasonable search and seizure, or they who incorporated it into the Constitution of the United States, were in favor of thievery or in favor of highway robbery? Not at all.

It is not necessary, in order to enforce this law, that the citizen should be deprived of this ancient and sacred safeguard to the privacy of his person and the sanctity of his home and the immunity of his property. The man who does not violate the law, the man who does not transport alcoholic liquors, has the same right now that he always had to go wheresoever he pleases, without being interfered with, without being stopped, without being searched. His home is just as immune now as

it ever was from the presence either of officers, or of lawless men who pretend to be officers, in entering his house without a warrant.

The other day in the city of Chicago, on one of its principal streets, one of its most thickly populated avenues, a truck backed up to the palatial home of a citizen, who was at that time in California on a summer vacation; the servants of that home were lined up against the wall by men wearing badges of revenue officers, and the house was searched and robbed. The men were not revenue officers. Had these provisions been broad enough, that home would have been protected. These provisions should be enlarged, not only to protect the home of the citizen as it always has been protected, they should be enlarged to cover search without a warrant, in order to protect the citizen from the lawless acts of the thousands of highwaymen and burglars who pretend to be prohibition officers in order to enter the homes of citizens; and that thing is going on everywhere, in every city in the United States.

Mr. WILLIS. Mr. President, as I understand the Senator, he contends that if this amendment had been in effect it would have prevented such an outrage as he describes as having taken place in Chicago.

Mr. STANLEY. I think it would.

Mr. WILLIS. Will the Senator explain how it would have had any bearing? This amendment applies to any officer, agent, or employee of the United States who does these things. The Senator says these men were not revenue officers; they were not agents or employees of the Government. How would this amendment have prevented anything of that kind, then?

Mr. STANLEY. I think I go not too far when I say that the average citizen of the United States still has, notwithstanding these abuses, a respect for the law and is inclined unquestioningly to obey the mandate of any man who appears to be an officer of the law. The officers of the law have been engaged in this business of going wheresoever they listed, of stopping whomsoever they pleased, of searching where and whatever they cared to search, so that it has only been necessary for an officer to show his badge to secure immediate obedience. These servants, seeing these badges, believing the men were officers of the law, yielded until it was too late to offer resistance. If it had been absolutely necessary to show a warrant, and if that had been generally known, those servants would have said, "Where is your warrant?" That is what they ought to have said.

Mr. SIMMONS. Mr. President, I wish to call the attention of the Senator from Kentucky, in connection with the point made by the Senator from Ohio, to the fact that the proposed amendment, after enumerating officers, agents, or employees of the United States, adds:

Or other person who, under color of claim that he is enforcing or engaged in the enforcement of this act or the acts of which it is amendatory—

And so forth.

So that it would cover, indeed, anyone pretending that he was an officer.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Massachusetts?

Mr. LODGE. I do not wish to break the argument of the Senator from Kentucky.

Mr. STANLEY. I am practically through, I will say to the Senator from Massachusetts.

I wish to ask the Senator from South Dakota if he would object to broadening the amendment or applying the same rule, the same wise safeguard contained in sections 20 and 21, to search by an officer or other person without a warrant; in other words, the Senator admits that it is wise to provide that the officer does not secure a warrant illegally and does not transcend his discretion in the execution of it. I am sure the Senator believes it is just as necessary to properly secure the warrant as to properly execute it, and for that reason I would suggest that the same identical provisions apply to persons searching without a warrant as to persons searching with a warrant illegally obtained. There is no reason why they should not so apply, and I would suggest that the bill be amended to the effect that "any officer or person who shall arrest or search or attempt to search the person or property of any citizen for any violation of this act without previously securing a warrant or search warrant as required by law shall, upon conviction, be fined not to exceed \$1,000 or imprisoned not to exceed one year."

Mr. LODGE. Mr. President, the Volstead Act, for which I voted—and this is an amendment to it in substance—was passed by the Congress for the purpose of carrying out a constitutional provision adopted in the necessary constitutional form. We also have in the Constitution a clause, which I am going to read,



which is quite forgotten, I think, by some people. It is to this effect:

The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

I contend that legislation to carry out that provision of the Constitution is just as legitimate as legislation to carry out the prohibitory amendment, and the fact that it stands in the Constitution is no reason why we should not have a law to carry it out and enforce it and punish infractions of it. Those infractions by these officers are going on all over the country at this time. They are searching without warrant; they are arresting without warrant; they are violating the fourth amendment.

We have a law which punishes them if they take excessive steps under a warrant, and yet you would decline to punish them for acting without a warrant. They pursue automobiles where they think there may be liquor and shoot them up until they stop. That has happened in my State; and it is done without a warrant, without anything but suspicion to go on. Such cases might be multiplied everywhere. Why should not the officers of the Government who violate the Constitution be just as much punished as the people who violate the prohibitory amendment to the Constitution?

Mr. NELSON. Mr. President, the effect of the pending amendment is to encourage bootleggers. We have had experience in Minnesota and North Dakota on the border of Canada. Men go over to Canada and get a lot of liquor—and they get it cheap—and they get fast automobiles of the very greatest speed and rush back across the boundary line. It is a prairie, open country. In those cases if compelled to have warrants we never could catch those bootleggers. They have their big automobiles filled with Canadian whisky and come through at a rapid rate across the boundary line. To say to us that we must have a warrant to search those people before we can do anything is to make the law in cases of that kind utterly impossible of execution.

I wish to say to my good friend the Senator from Kentucky [Mr. STANLEY], who spoke about men who pose as officers when they are really not such officers, that we have a statutory provision in our criminal code; I do not recall just what the punishment is, but it makes it a penal offense for anyone to assume to be a public official and act as such.

It has been a rule of the common law, and it is as much a rule to-day as it ever was, that when a man is engaged in committing an offense if a peace officer catches him in the offense he is not compelled to get a warrant, but can arrest him; that if he has stolen or smuggled goods in his possession the officer has a right to take those goods from him without a search warrant and keep them.

All legislation, Mr. President, should be practicable. The people of the United States have adopted the prohibition amendment. We are anxious to have that amendment enforced, and any legislation which will help bootleggers, any legislation which will prevent the due enforcement of the law, is inimical to the spirit of the constitutional amendment.

For more than six months the bane of our State was the running of Canadian whisky down to Minneapolis and St. Paul. They would run it through in carload lots, smuggle it in, put it into boxes as dry goods, put it into sacks, and ship it as flour. Those cases could be reached by a search warrant, but the worst things we had to contend with were the automobile bootleggers.

I will be charitable and say that the Senator from Kentucky does not intend to help the bootleggers by the amendment, but the effect of it will be that if an automobile full of whisky comes across the boundary line from Canada into our part of the country we can not stop it until we get a search warrant. How utterly useless it would be to say that before we can arrest that automobile of whisky, before we can take the whisky out of the automobile, we must go and get a search warrant. It would make the law practically nugatory in that case. We have hundreds of such cases. Therefore we have in our law provisions against the abuse of search warrants. We have laws prohibiting men to pose as public officers and making it a criminal offense for them to claim to be officers when they are not in fact officers.

There are cases and there always will be cases where an offense has been committed where the peace officer, the constable, the sheriff, or the marshal sees a crime committed, knows it has been committed, and is sure of it, and he has the right of arrest in all such cases. It has always been the fact from early English history down that in cases where a man catches one in the act of a crime he has the right to arrest him without a warrant, and if he catches him with stolen or

smuggled goods or goods that he has no right to carry he has the right not only to arrest him but to take those goods without a warrant.

Mr. BROUSSARD obtained the floor.

Mr. STANLEY. Mr. President, will the Senator permit me to reply to the Senator from Minnesota?

Mr. BROUSSARD. I yield the floor to the Senator from Kentucky.

Mr. STANLEY. Mr. President, I am grieved and surprised to hear so great and so profound a jurist, a great lawyer, who has for so many years presided with such grace, such dignity, such poise, as the chairman of the Committee on the Judiciary of the Senate, second only in its dignity to the great court within the same building—

Mr. NELSON. Mr. President, may I correct the Senator?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Minnesota?

Mr. STANLEY. Certainly.

Mr. NELSON. I wish to disabuse the mind of the Senator from Kentucky. I only claim to be a hayseed lawyer. I became chairman of the Judiciary Committee not through any merit, but through the rule of seniority that prevails in the Senate, so I do not desire him to ascribe my ability as a lawyer or otherwise to the fact that I happen to be chairman of the Judiciary Committee. I am just a plain hayseed, country lawyer, and I can say, in the language of the old Methodist hymn:

Just as I am, O Lord, I come.

Mr. STANLEY. The Senator is not only a great lawyer, but he is a versatile genius, and in this case the great chairman of the Committee on the Judiciary has displayed that versatility by making a hayseed argument that is not worthy of the lawyer or the chairman.

Would the chairman of the Judiciary Committee of the Senate claim for an instant that the abrogation of the provision, not only of the Constitution but of the Bill of Rights, that was intended to make the person and property of the citizen forever immune from unwarranted searches and seizures would not materially facilitate the apprehension of every burglar, of every robber, of every footpad, of every pickpocket, of every sneak thief in the United States? If the officers of the law were permitted upon the statement of a citizen that his person had been robbed to immediately surround an assembly, however large, and search every man in it, would they not detect many criminals who now escape? An entertainment, a wedding party, is given, and they discover five minutes afterwards that a part of the jewelry and valuable presents have been taken. How simple a matter it would be to surround that building with a cordon of police, to send in nimble searchers to run through the persons of the men and women present in order to apprehend the thief.

It is admitted by all who know aught of the enforcement of the criminal statutes of the country that this immunity of the person and the home of the citizen must delay in a measure the enforcement of the law, not against the importation of a pint of Scotch whisky from Canada to a Northern State, but it does militate and does delay and does often prevent the apprehension of those who come into homes at midnight prepared to commit murder in order to succeed in their nefarious calling. And yet will it be said in an hour of passion and fanatical blindness that we will rob the citizens of those safeguards which have remained so long sacred and secure, notwithstanding the fact that those safeguards interfere with the apprehension of the most dangerous criminals, in order now to reach with greater facility the activities of a bootlegger here and there?

In addition to that, Mr. President, are search warrants obtained according to law? Does the Senator from South Dakota, who is in charge of the bill, or does the chairman of the Judiciary Committee, the Senator from Minnesota, claim that it is the common practice to search cars, suit cases, and citizens passing through the States without a search warrant? If it is the common practice, it is time that the law be amended; if it is not a common practice, then the law will not be interfered with. If the officers of the law are obeying the spirit, as well as the letter of the law, and are securing search warrants before they stop Dick, Tom, and Harry on the highway, then there is no necessity for granting them immunity. If they are not respecting the spirit of the law, there is greater necessity for this proposed amendment. If it be true that the prohibition law can not be enforced without an open and unblushing violation and nullification of the Bill of Rights and of the Constitution of the United States, if it be true that it can not be enforced without stripping from the citizens the last particle of immunity and protection, without robbing the home of the last vestige of its privacy and sanctity, it is time that we knew it.



I do not believe that the law is so impotent, that the time has come for the Constitution to be trampled under foot, for the most sacred rights to be outraged and disregarded in order to enforce the prohibition law or any other act of the Congress of the United States.

Mr. WILLIS. Mr. President, I have no desire to discuss the purpose of the amendment offered for the Senator from Missouri [Mr. REED] in his absence or the amendment offered by the Senator from Kentucky [Mr. STANLEY], but I merely desire to make one or two observations as to the probable results of these amendments.

Mr. STANLEY. Will the Senator from Ohio yield for just a moment? I should like to send the amendment which I have prepared to the desk and have it read and pending in case the amendment proposed by the Senator from Missouri shall not be agreed to.

Mr. WILLIS. I yield to the Senator from Kentucky for that purpose.

Mr. STANLEY. I now desire to offer the amendment, in order that the Senator from Ohio may address himself to it.

The PRESIDING OFFICER. There is an amendment pending at this time.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the junior Senator from Ohio yield to his colleague?

Mr. WILLIS. I yield to my colleague.

Mr. POMERENE. In order that I may be able to follow my colleague's argument, I should like to have read the amendment which is proposed by the Senator from Kentucky [Mr. STANLEY].

Mr. WILLIS. Let the amendment be read. I have no objection to that.

The PRESIDING OFFICER. The amendment proposed by the Senator from Kentucky will be stated.

The ASSISTANT SECRETARY. It is proposed to insert at the proper place in the bill the following words:

Any officer of the United States or other person who, under claim that he is enforcing or is engaged in the enforcement of this or other acts of the United States, shall arrest or search or attempt to search the person or property of any citizen without previously securing a warrant or search warrant as required by law shall, upon conviction, be punished by a fine not exceeding \$1,000 or by imprisonment for a period not exceeding one year, or by both such fine and imprisonment.

Mr. WILLIS. Mr. President, I do not desire to discuss the purpose of the two amendments which have been offered; that purpose is undoubtedly laudable and proper, but I desire to make an observation about what the inevitable result of the adoption of either of the amendments would be.

There is a very grave danger while we are talking about some technical constitutional right of a bootlegger we are going to put ourselves in a position where the Constitution of the United States, which 99 per cent of the people desire carried into effect, can not be carried into effect. There is no purpose disclosed in the pending bill to take away from any man any constitutional right; and if such purpose were disclosed it would, of course, be utterly futile. Any right that any man has guaranteed to him under the Constitution he, of course, still has whether the pending bill is enacted or not. Its enactment would make no difference about that; but if either the amendment offered by the Senator from Missouri or the amendment offered by the Senator from Kentucky should be adopted, the effect would be to make practically impossible the enforcement of this proposed law in this country. I desire to call attention to something which I think Senators have overlooked in this connection. Let us see how the proposed amendments would work. Take the amendment which has been proposed by the distinguished Senator from Kentucky. As pointed out by the Senator from Minnesota, the criminals—and they are criminals—who are engaged in rum running are men of desperate character. I happen to know something about the difficulties surrounding this problem, for I come from a State where we have had some experience with that very thing. These men, these booze peddlers and rum runners, travel across the borders of States and the international border in high-powered automobiles; they are armed to the teeth; they will shoot at sight; they pay no attention to any order from anybody; yet if word comes that a gang of that sort is coming across the boundary line of a State or the international boundary line, if the amendment proposed by the Senator from Kentucky should be adopted, instead of dealing with that sort of criminals in the only way that they understand, the Senator's amendment requires that there be very great deliberation, and that search warrants should issue. There would be placed by either of these amendments on the shoulders of the officers whose duty it is to enforce the law the danger, when dealing with a lot of thugs of that kind if they should happen to violate the law in any particular,

that a tremendous fine and imprisonment would be visited upon them, perhaps.

I repeat that any right which a citizen has he will still have, and why, therefore, should we attach to this particular bill a provision of the kind now proposed? The effect of the adoption of either of these amendments by the Senate will be that we shall render nugatory the law itself. The question for us now to decide is, Shall we quibble about protecting some little technical right of a booze peddler or rum runner, or shall we enact a law that will make possible the enforcement of the amendment to the Constitution of the United States, which the very great majority of the people of the United States desire enforced?

I do not at all question the purpose of the amendment; but the rights of the citizen are already protected and guaranteed, and it does not need this amendment to accomplish that object. We are, however, to decide whether we are going to protect particularly the technical rights of the criminal, the man who is seeking to break the law, or whether we are going to make it possible to enforce the law.

Gentlemen criticize the eighteenth amendment because they say it is not enforced and some of them in ghoulish glee—not in this Chamber but elsewhere—point out that the law is being violated and that liquor can be bought. They complain about the enforcement of the law, on the one hand, and yet, on the other hand, they question whether we ought to do the thing that will make the enforcement of the law possible. If we really want the law enforced we must enact such legislation as will make it possible for the officers of the law to do their duty.

The enforcement of the prohibition act, Mr. President, is no easy task. I wonder whether Members of this body are aware of the fact that the loss of life among the men who have to deal with the thugs who are trying to violate the eighteenth amendment is higher in percentage than that sustained by our gallant troops in the World War. Yet when these men have to face dangers of that kind, we are told that their hands should be tied and they must run out and summon a court of inquiry and discuss this, that, and the other, and get a search warrant. That is a very nice theory, but we can not enforce the law in that manner. I think the people of the country expect the law to be enforced and the eighteenth amendment to be carried into effect. Neither can the law be enforced if we tie the hands of the officials. Therefore I trust that both the amendment of the Senator from Missouri and the amendment of the Senator from Kentucky will be voted down.

Mr. LODGE. Mr. President, may I ask the Senator a question there?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. WILLIS. Certainly.

Mr. LODGE. There is the fourth amendment of the Constitution which has not been repealed. Is not that the law of the land?

Mr. WILLIS. Undoubtedly.

Mr. LODGE. Is it not our duty to enforce the provisions of the Constitution without passing special laws to enforce them?

Mr. WILLIS. Undoubtedly; there is no question about that; but, of course, the Congress has the authority, and it is the duty of Congress to pass laws to carry the Constitution into effect; there is also no question about that.

Mr. LODGE. I mean if we do not do that it does not make the Constitution any less binding.

Mr. WILLIS. Certainly not; nothing that we can pass, no law that we can enact here, would affect any constitutional right.

Mr. LODGE. I am not more interested in protecting the rum runner and the booze peddler, to use the current vernacular describing the men engaged in the illicit traffic, than is the Senator from Ohio.

Mr. WILLIS. I understand that.

Mr. LODGE. But I am interested in protecting the interests of the citizen who is not engaged in violating the law and who outnumbers the other one hundred to one. Those are the men that I should like to see have the constitutional protection to which they are entitled, and it seems to me very important that they should be accorded that protection.

Mr. WILLIS. The Senator is quite right in that view. Of course my fear is that if we should adopt either of the proposed amendments the very constitutional rights in which the Senator is interested, and in which all of us are interested, could not be protected, because the prohibition enforcement officials have got to deal with a lot of desperate criminals. If we say that an officer who makes an arrest shall necessarily have to be sure on every point, the Senator knows what the



effect will be. It will be to tie the hands of the officials and to make practically nugatory the law.

Mr. LODGE. The Senator means, then, that by omitting any allusion to it in this act these men could go ahead and safely violate the fourth amendment.

Mr. WILLIS. No; I do not mean that, because the Constitution, as the Senator has pointed out, still stands. I mean that the adoption of this amendment here would put every officer on notice that when he sees a carload—

Mr. LODGE. Does the Senator think these admirable officers employed under the prohibitory law ought to obey the Constitution like every other citizen?

Mr. WILLIS. I certainly do; and I think that they are obeying the law. I do not join in the general statement that has been made here—not by the Senator from Massachusetts but by others—that unwarranted acts on the part of officers have become the rule rather than the exception. I think that ordinarily the prohibition officers are excellent men, although I think there may be extreme cases.

Mr. LODGE. I agree with the Senator. I think as a rule they are good men and well-intentioned men, but there are some of them who are not.

Mr. WILLIS. That is undoubtedly true.

Mr. LODGE. And those men, I think, are apt to be rather harsh in dealing, perhaps, with perfectly innocent people.

Mr. WILLIS. My only fear is that the amendments proposed will be so interpreted as to make the legislation practically unenforceable.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. WILLIS. I yield the floor.

Mr. BORAH. Mr. President, I wish to make a single observation with reference to this question which seems now to be before the Senate. As I understand, it relates to the amendment offered by the Senator from Missouri [Mr. REED]. The only objection which should be interposed to the amendment of the Senator from Missouri is that it is too limited and narrow in its scope. In other words, while control of the officer in the enforcement of this law is a desirable object to be attained, we know that during the last seven or eight years the practices which are claimed to be prevalent under this law are practices which have been prevalent with reference to the enforcement of a great many other laws.

I have been a member of a subcommittee which has had to do with the investigation of the conduct of officers connected with the Department of Justice for the last several years; and our investigations have shown that it has become almost a practice in many classes of cases to disregard entirely the constitutional guaranties. Men are arrested and imprisoned without warrant, houses are searched without warrant, private papers are taken without warrant; and to say to those men that they have a remedy by civil process is, of course, to say that which everybody knows is without any real merit so far as their protection is concerned.

I hope that the report of this committee will be before the Senate in a few days. I had hoped it would be here before this discussion came up, but we went thoroughly into the matter. The able Senator who now has charge of this bill, I think, was chairman of the committee, and the facts are there. The record may be read by any one who desires to read it. What we need is not only the amendment which the able Senator from Missouri [Mr. REED] has proposed but an amendment broad enough to cover the right of the citizen under the provisions of the Constitution and make them available to the private citizen not only with reference to this law but with reference to any other law which the officers are called upon to enforce.

Some time ago I introduced a bill which I am going to ask to have printed in the Record in connection with this debate which undertakes to cover the subject matter. It may not be sufficient, but it certainly will form a nucleus around which to organize our ideas with reference to protecting the citizen in his rights under the Constitution. I read a paragraph or two from it.

The first section reads:

That every officer, agent, or employee of the United States in the civil, military, or naval service who injures, oppresses, threatens, or intimidates any person in the free exercise or enjoyment of any right or privilege secured or guaranteed to him by the Constitution or laws of the United States, or because of his having so exercised the same, shall, upon conviction, be imprisoned not more than five years or fined not more than \$10,000, or both.

SEC. 2. That every officer, agent, or employee of the United States in the civil, military, or naval service who, under color of any order, regulation, or custom, or otherwise, willfully subjects or causes to be subjected any person to the deprivation of any rights, privileges, or

immunities secured or guaranteed by the Constitution or laws of the United States shall, upon conviction, be imprisoned not more than five years or fined not more than \$10,000, or both.

That is practically this amendment limited to this law.

SEC. 3. That every officer, agent, or employee of the United States in the civil, military, or naval service thereof who, by force, threat, intimidation, order, advice, or otherwise, prevents or attempts to prevent any person from freely exercising his right, privilege, or immunity by lawful means to advance, promote, agitate for, or discuss any amendment to the Constitution of the United States, or any statute of the United States, or amendment of a statute of the United States, or any proposition, policy, or measure, or any legislative, executive, or administrative action, the carrying out of which under the Constitution of the United States would fall within the scope of Federal jurisdiction or would involve an amendment of the United States Constitution, shall, upon conviction, be imprisoned for not more than five years or fined not more than \$10,000, or both.

That, together with the other two sections, covers the entire field of controversy so far as we have been able to develop it by this investigation, as I see it. I shall vote for the amendment offered by the Senator from Missouri if we get an opportunity to vote; but I only want to say that we ought not to confine our efforts to the punishment of persons who violate the constitutional guaranties or the rights of a citizen under the Constitution with reference to the enforcement of this particular law. We ought not to suppose, either, that when we pass this particular amendment offered by the Senator from Missouri we have done all that we ought to do in reference to this matter.

I call attention to this because I hope in a few days we shall have the report of this committee in, and then I shall urge the consideration of this measure.

I ask permission to print in full as a part of my remarks the bill of which I have just read a part.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Without objection, that order will be made.

The bill is as follows:

A bill (S. 664) to protect persons in the exercise of certain privileges and immunities guaranteed and secured by the Constitution of the United States.

Be it enacted, etc., That every officer, agent, or employee of the United States in the civil, military, or naval service who injures, oppresses, threatens, or intimidates any person in the free exercise or enjoyment of any right or privilege secured or guaranteed to him by the Constitution or laws of the United States or because of his having so exercised the same shall, upon conviction, be imprisoned not more than five years or fined not more than \$10,000, or both.

SEC. 2. That every officer, agent, or employee of the United States in the civil, military, or naval service who, under color of any order, regulation, or custom, or otherwise, willfully subjects or causes to be subjected any person to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution or laws of the United States shall, upon conviction, be imprisoned not more than five years or fined not more than \$10,000, or both.

SEC. 3. That every officer, agent, or employee of the United States in the civil, military, or naval service thereof who, by force, threat, intimidation, order, advice, or otherwise, prevents or attempts to prevent any person from freely exercising his right, privilege, or immunity by lawful means to advance, promote, agitate for, or discuss any amendment to the Constitution of the United States or any new statute of the United States or amendment of a statute of the United States or any proposition, policy, or measure, or any legislative, executive, or administrative action, the carrying out of which under the Constitution of the United States would fall within the scope of Federal jurisdiction or would involve an amendment of the United States Constitution shall, upon conviction, be imprisoned for not more than five years or fined not more than \$10,000, or both.

SEC. 4. That every officer, agent, or employee of the United States in the civil, military, or naval service who, without duly issued search warrant or other warrant of law, shall enter into and search the house, office, room, or other premises of any person of any State, Territory, or District, or seize any book, paper, document, or other printed or written matter belonging to any such person, or enter any hall, room, or other premises for the purpose of obstructing, interfering with, or breaking up any meeting shall, upon conviction, be imprisoned not more than five years or fined not more than \$10,000, or both.

SEC. 5. That any officer, agent, or employee of the United States who violates any provision of this act shall, upon conviction thereof, be at once discharged from the service of the United States.

SEC. 6. That, in addition to the punishment above provided, any person who shall violate any provision of this act shall be liable to the person injured or aggrieved in an action at law, suit in equity, or other proper proceeding, for redress. Such actions may be brought in any Territorial or district court of the United States wherever the defendant may be found, without regard to the other party or the amount in controversy.

Mr. STERLING. Mr. President, just a word or two with reference to the law as it now is relative to search warrants and warrants generally.

I turn to section 25 of the national prohibition act, which provides as follows:

It shall be unlawful to have or possess any liquor or property designed for the manufacture of liquor intended for use in violating this title or which has been so used, and no property rights shall exist in any such liquor or property.

The part to which I wish to call particular attention is as follows:

A search warrant may issue as provided in Title XI of public law numbered 24 of the Sixty-fifth Congress, approved June 15, 1917.

That is the law passed in 1917, and is a general Federal search-warrant law. The provisions of that law in regard to



the use of search warrants follow the Constitution, and protect a citizen.

Turning to section 3 of Title XI of this Federal search-warrant law, I find the following:

A search warrant can not be issued but upon probable cause, supported by affidavit naming or describing the person and particularly describing the property and the place to be searched.

So, Mr. President, I question whether any search or seizure can be made without a search warrant; and why? Because there is the place to be searched and there is the thing to be seized, and the party desiring the search warrant must make an affidavit describing the place to be searched and the thing to be seized; and where there is a search and a seizure, or either, without any warrant being obtained as the statute requires, the party must have a remedy against the trespasser who does search and seize under the Constitution and under this Federal search-warrant law, which provides that no search warrant can issue except upon probable cause and upon affidavit describing the place to be searched and the thing to be seized.

Mr. BRANDEGEE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Connecticut?

Mr. STERLING. I yield to the Senator.

Mr. BRANDEGEE. Suppose an officer, in an attempt to enforce this prohibition law, breaks into the Senator's house and searches it in an attempt to find a violation of the law, and finds nothing. The Senator says he has a remedy. Will he state what that remedy is?

Mr. STERLING. He certainly has a civil remedy, and of course if it is accompanied with an assault there can be no question but that he will have his criminal remedy against the party.

Mr. BRANDEGEE. Assume that the Senator is terrified by the nocturnal invasion of this "law-enforcing" officer, and makes no resistance, and the officer ransacks his premises and retires in good order, and the next day the Senator brings a civil suit against him for damage that he has suffered—damage to what?

Mr. STERLING. Damage for invasion of my premises; and the circumstances, of course, would warrant exemplary damages.

Mr. BRANDEGEE. If the Senator will pardon me, the circumstances would warrant the imprisonment of that lawbreaker and invader of private houses, and in my opinion he ought to be put in the penitentiary for 10 years at hard labor.

Mr. STERLING. I am inclined to think that there is already a statute that will reach a case of that kind and punish it as a criminal offense. I have not run down the statutes to find out, but I believe it would be covered; and, as I say, there can be no question about it if it is accompanied by an assault.

Mr. BRANDEGEE. Mr. President, there is no statute whatever about it. A person in his own house is called to the front door by an officer. The officer shows him his badge, and says, "I am an officer, and I demand to search your house." The citizen, who does not know the law, and perhaps is not familiar with his constitutional privileges and immunities, instead of having a fight with the officer, which is his only remedy, and perhaps shooting him, says, "I protest against it, but I can not resist"; and in the man goes. Now, the only thing he has done is to commit a trespass, as he would have done if he had jumped over the fence into the man's yard when the man forbade him to do it. There is no damage whatever done to the property, and the right of the citizen to recover is a pure paper right, a fiction. He might get 1 cent and costs; but when that sort of proceeding is indulged in by a force of "law enforcers" all over the country under the direction of chiefs and deputies, with the country mapped into districts, if search and seizure, or search for the purpose of seizure, or search upon suspicion is to be the universal rule in the enforcement of this law, there will be riots in this country, Mr. President. The country never will stand for such a thing. If this law can not be enforced without the invasion of private premises, and arbitrary search of both sexes at any time of night or day that it may enter the head of one of these law enforcers to perpetrate those outrages, then the law will not be enforced. If it can not be enforced except by such Russian, inquisitorial methods as that, then it is a law that is unadapted for a free Anglo-Saxon people.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Kentucky?

Mr. STERLING. I yield to the Senator.

Mr. STANLEY. I want to ask the Senator from Connecticut a question at that point. The Senator speaks of a civil remedy here.

Mr. BRANDEGEE. I did not speak of it.

Mr. STANLEY. The Senator was discussing it. It appears that this act, the only law to which the Senator from South Dakota has called our attention, provides absolutely no penalty for a search without a warrant. The penalties are all for an abuse of the warrant and for obtaining it by some indirection. Now, in that case, if the man himself is not personally responsible, as for a trespass, what good will a civil remedy do?

Mr. BRANDEGEE. Of course, I do not think it does any good, and I claim there is no adequate remedy. It is a mere fiction that there is a remedy. The law provides for its orderly enforcement, as other laws do. They get a search warrant under the provisions of the Federal statute. The object of the opponents of this amendment, which gives a man a remedy for a wrong and punishes the perpetrator of the wrong, is to subject the country to a loss of the constitutional rights of its citizens by refusing to penalize an officer who exercises the right of search without any process of law or search warrant or due process whatever.

That is the only explanation of the opposition to this amendment. The Senator from Ohio [Mr. WILLIS] has said that men are injured in trying to enforce this law. Of course they are. They will be injured just the same whether this amendment is adopted or not. If desperadoes are engaged in smuggling contraband goods, they will generally shoot when they are interfered with, and they will do it just the same whether this amendment is adopted or not. The amendment will not hurt any officer of the law who is holding up a motor car loaded with contraband goods. He will go in there, if he has knowledge that the machine is loaded with contraband goods, and he has a right to arrest the men without a warrant, the crime being perpetrated in his presence, the men sitting on the seats with drawn weapons. I am not talking about that sort of a case. That is not the case of searching suit cases of men and women on railroad trains and invading their houses on the suspicion that they may be violating the law.

So the Senator from Ohio, who says he is in favor of enforcing this provision of the Constitution, apparently is in favor of violating the other provision of the Constitution which provides that people shall be safe in their persons and property against unreasonable searches and seizures.

Mr. STERLING. Mr. President, just one word in reply to the Senator from Connecticut. If, as in the case he supposes, there is an invasion of a right by entering a man's house without warrant and searching it, making seizures or not making seizures, it pertains to every other violation of the law of that kind, every one of them, and his objection is no more applicable to the enforcement of prohibition than it is in the case of a search without a warrant or a seizure without a warrant in any other case.

Mr. BORAH. Mr. President, would the Senator be willing to accept this amendment if it were changed so as to cover the enforcement of any law of the United States?

Mr. STERLING. I will think about that. It is more reasonable, of course, than limiting it to this particular law, I will say to the Senator from Idaho.

Mr. STANLEY. I want to state that I have an amendment now pending which covers the violation of this or any other act.

Mr. STERLING. Mr. President, it has been widely assumed, I think, that the prohibition law invites invasions of the rights of citizens more than any other law. I have no doubt but what there have been those who have been overzealous, perhaps, in the enforcement of the law. It is going to take a little time to regulate that, with the proper kind of administration here at Washington to see to it. But, Mr. President, I think we might well hesitate, simply because of that fact, to enact the wholesale proposition such as is involved in the present amendment.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Ohio?

Mr. STERLING. I yield.

Mr. WILLIS. I have heard many complaints and criticisms relative to the conduct of revenue officers and customs officers in the enforcement of the revenue and customs laws. Does the Senator know whether any such law as is proposed in the amendment of the Senator from Kentucky applies to them?

Mr. STERLING. It does not, I think.

Mr. WILLIS. Is there any more reason, then, why it should be here applied than that it should be applied to customs officers and other officers of the Government?

Mr. STERLING. None at all.

Mr. STANLEY. Mr. President, if I am not mistaken, the Senator is inadvertently shooting at a man of straw, or I did not put in the amendment what I intended to. I heartily concur with the Senator from Ohio that the persons of law-abiding citizens should be immune from search or seizure, that their homes



should be sacred from the invasion of any man who chooses, on a faint suspicion or to please his own sweet will, to go in there, in the middle of the night or at any other time, not for the violation of this act specifically, but to search it for the violation of this or any other act of the United States. It covers every case of the searching of a man supposed to have diamonds on his person, as well as liquor.

Mr. STERLING. Mr. President, it was the intention of the framers of the national prohibition act that the same law should apply in regard to arrest or in regard to the issuance of the service of search warrants as in all other cases.

With reference to arrests, we adopted the provisions of section 1014 of the Revised Statutes, which provide as follows:

For any crime or offense against the United States the offender may, by any justice or judge of the United States or by any commissioner of a circuit court to take bail, or by any chancellor, judge of a supreme or superior court, chief or first judge of common pleas, mayor of a city, justice of the peace, or other magistrate of any State where he may be found, and agreeably to the useful mode of process against offenders in such State, and at the expense of the United States, be arrested and imprisoned or bailed, as the case may be, for trial before such court of the United States as by law has cognizance of the offense.

By relation, we adopted that provision of the Federal statutes, so that a party can only be arrested under this law with or without a warrant, in a particular State, under the same circumstances under which he could be arrested under section 1014.

What are some of the circumstances under which one may be arrested? Reference has been made to arrest without warrant, and that seemed to be at the beginning of this discussion the only question which concerned the proponents of this amendment. Can arrests be made without warrants? Ought arrests to be made of violators of the prohibition law without warrants? If the party is found in the commission of the offense, of course he ought to be arrested without warrant, as a man may be arrested, either by a peace officer or a private citizen, when he is found in the commission of any other offense. I turn to the statutes of my own State as to arrests and when arrests may be made without warrant, and I think they must be very similar to the statutes of every State in this Union. The law there provides that—

A peace officer may, without warrant, arrest a person:

1. For a public offense committed or attempted in his presence.

It does not make any difference whether it is a misdemeanor or a felony, he may be arrested if it is committed in the officer's presence. The law further provides that—

2. When the person arrested has committed a felony, although not in his presence.

3. When a felony has in fact been committed, and he has reasonable cause for believing the person arrested to have committed it.

A private person may arrest another:

1. For a public offense committed or attempted in his presence.

And as in the case of the officer, it does not make any difference whether it is a felony or a misdemeanor, the private person may arrest without a warrant.

The national prohibition act simply adopts section 1014 of the Revised Statutes of the United States, and arrests can be made only in accordance with the laws of the States, as to the issuance of warrants and as to arrests made without a warrant, following the same process exactly.

As to search warrants, the Federal search warrant law provides penalties for searching where there is no probable cause. It assumes, of course, that there can be no search without a search warrant, and rightly assumes that there can be no search without a search warrant.

Section 21 provides that—

An officer who in executing a search warrant willfully exceeds his authority, or exercises it with unnecessary severity, shall be fined not more than \$1,000 or imprisoned not more than one year.

As I said a while ago, and in response to the Senator from Idaho [Mr. BORAH], I do not believe in, nor do I want to see, any discrimination between the enforcement of this law in regard to search warrants and ordinary warrants of arrest, or arrests without warrant, and the enforcement of any other Federal statute.

An officer may, without a search warrant, for the violation or alleged violation of some other law, wrongfully invade the premises of the citizen and commit an outrage in so doing. Why should we say with reference to the prohibition law that there shall be a penalty attached to that, where we do not say it as to other statutes?

Mr. POMERENE obtained the floor.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kentucky?

Mr. POMERENE. I yield.

Mr. STANLEY. I think it is highly important that the Senate should hear the very elaborate discussion of the Sen-

ator from Ohio. I happen to know that this is a matter upon which he is thoroughly posted, and I think it of great importance to the country that Senators should hear his discussion. For that reason I make the point of no quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Harrell	McKellar	Smith
Borah	Harrison	McNary	Smoot
Brandegee	Heflin	Nelson	Spencer
Broussard	Johnson	Nicholson	Stanfield
Bursum	Jones, Wash.	Norbeck	Stanley
Cameron	Kellogg	Oddie	Sterling
Capper	Keyes	Overman	Townsend
Caraway	King	Polindexter	Trammell
Curtis	Ladd	Pomerene	Wadsworth
Dial	La Follette	Ransdell	Warren
Fletcher	Lenroot	Sheppard	Weller
Gerry	Lodge	Shortridge	Williams
Gooding	McCumber	Simmons	Willis

The PRESIDING OFFICER (Mr. CURTIS in the chair). Fifty-two Senators having answered to their names, a quorum is present. The Senator from Ohio will proceed.

Mr. POMERENE. Mr. President, when the eighteenth constitutional amendment was pending before the Senate I did not vote for it at that time for the one particular reason, above everything else, that up to that time Ohio had always voted against prohibition. It has always been my thought that Senators should be controlled, when it comes to the submission of constitutional amendments, by what seemed to be the prevailing opinion in their respective States. I realize that other Senators differ with me on that subject, and I have no quarrel with them because they do.

Everyone recognizes the stupendous evil of the liquor traffic. The eighteenth amendment was adopted and became a part of the fundamental law of the land. Since that time I have voted not only for the Volstead Act but, as I now recall, for every bill that came before the Senate of the United States having for its purpose the enforcement of the eighteenth amendment. I have been hoping that no bill would be presented having that purpose in view which would not meet my approval.

I purpose this afternoon to discuss this question in part from a constitutional standpoint and in part from a point of policy. I wish to say now, lest I may be misunderstood, that I have no sympathy whatsoever with the violation of this law or any other law.

An examination of the statutes of the several States, and perhaps the constitutions of most of the States, will show liquor in one form or another has been manufactured and sold for four general purposes, beverage, medicinal or pharmaceutical, sacramental, and industrial or manufacturing purposes. This fact must have been in the mind of the draftsman of the eighteenth amendment, for we find upon an examination of it that it prevents "the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes."

In my humble judgment, when this amendment was ratified by the legislatures of the several States they had in mind the prohibition of the manufacture, sale, transportation, exportation, and importation for "beverage purposes." I dare say that it was never suggested that the amendment would be so construed as to prevent the manufacture and sale for either medicinal or pharmaceutical purposes, sacramental purposes, or industrial or manufacturing purposes.

I recognize fully the decisions of our Supreme Court bearing upon the subject. I think that we must construe not only this amendment of the Constitution but the decisions of the Supreme Court, having in mind the history of the traffic in intoxicating liquors. If it were intended by the Congress of the United States or by the legislatures when they ratified this amendment to prohibit the use of intoxicating liquors, either in whole or in part, for medicinal purposes, it seems to me that the draftsman would have so provided; but when the prohibition goes only to beverages, the presumption is that it was not intended to prohibit the manufacture and sale for other purposes.

I am not unmindful of the fact that in the Volstead Act the Congress limited the amount of the alcoholic content to one-half of 1 per cent. No objection, in my judgment, can be taken to that provision. I may say in passing that there is an amendment pending to this bill the purpose of which is to allow the manufacture of beer with an alcoholic content of 4 per cent and of wine with an alcoholic content, I believe, of 12 per cent. I can not support that amendment. I do not believe it would be constitutional. I do not believe that it is within the power of Congress to say as a matter of law that a beer or a wine which can be proven to be intoxicating is not intoxicating. I think



if that amendment were adopted the courts without very much hesitation would hold it to be unconstitutional.

I recognize the fact that they have said that any liquor with an alcoholic content of one-half of 1 per cent is intoxicating, and I recognize the power of the Congress to pass laws which may not come within the letter of the Constitution, but which come within the spirit of it for the purpose of enforcing the provisions of the Constitution, but it can not be done for the purpose of destroying the Constitution.

The pending legislation provides that only spirituous and vinous liquors may be prescribed by a physician, and then only one-half pint of alcohol within a period of 10 days. This means that no matter what might be the necessities of his patient in his scientific judgment, if the physician were to prescribe anything in addition to one-half pint of alcohol within the period of 10 days, he would find himself amenable to the criminal provisions of the pending bill. He is absolutely forbidden to prescribe beer, ale, or porter, no matter what the alcoholic content.

The other day when the very learned Senator from Montana [Mr. WALSH] was discussing the question he cited in support of the constitutionality of the bill the case of Ruppert against Caffey and others, decided by the Supreme Court of the United States January 5, 1920. The court, in delivering that opinion, quotes from the case of the Purity Extract Co. v. Lynch (226 U. S., 192).

This case determined that such legislation of this character is valid, and set forth with clearness the constitutional ground upon which it rests. I read:

When a State exerting its recognized authority undertakes to suppress what it is free to regard as a public evil, it may adopt such measures having reasonable relation to that end as it may deem necessary in order to make its action effective.

It does not follow that because a transaction separately considered is innocuous it may not be included in a prohibition the scope of which is regarded as essential in the legislative judgment to accomplish a purpose within the admitted power of the Government.

I call especial attention to this language:

Measures having reasonable relation to that end.

The case of the Purity Extract Co. against Lynch arose in Mississippi. The legislature of that State had passed a law forbidding the manufacture and sale of any malt liquor, whether it was intoxicating or not. The purpose of that legislation, of course, was to prohibit the dealing in liquor for beverage purposes. I think the court was right in its holding, looking at it from a constitutional standpoint; but, so far as the eighteenth amendment is concerned, there is nothing in it which prohibits the manufacture or sale of any intoxicating liquor for medicinal purposes, for sacramental purposes, or for industrial purposes. Can it be said—and that must be the position of those who contend for the constitutionality of the pending bill—that in order to prevent the violation of the eighteenth amendment, which prohibits the sale of alcohol for beverage purposes, we may go further and prohibit the sale of liquor for medicinal purposes? If that position is taken, it must be because it is felt that course is necessary in order to prevent the sale of liquor for beverage purposes. Then, it is only one step further to say that under the same constitutional provision Congress may prevent the manufacture and sale of wines for sacramental purposes because that may lead to the violation of the eighteenth amendment.

Then, in the minds of some, Congress may go a step further and say "We will prohibit the manufacture of liquor for industrial or manufacturing purposes," because more danger to the community may arise from the manufacture of alcohol for industrial purposes than can possibly arise from the manufacture of beer for medicinal purposes.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Utah?

Mr. POMERENE. I yield.

Mr. KING. I was diverted for a moment and did not exactly learn the position of the Senator from Ohio with respect to the decision of the Supreme Court in construing the Volstead Act. The Senator may recall that during the consideration of that bill in the Senate a number of Senators took the position that Congress could only declare as an alcoholic beverage that which was in fact a beverage which was intoxicating, and that under the constitutional amendment it was not within the power of Congress to declare as intoxicating that which everybody conceded was not intoxicating?

Mr. POMERENE. Yes.

Mr. KING. Now, as a lawyer, not as a citizen, does the Senator approve of the decision of the Supreme Court, which in effect says that Congress has the unlimited power to declare that to be intoxicating which everybody knows is not intoxicating?

Mr. POMERENE. Yes, Mr. President; I think Congress has the right to pass such a law. I think the Supreme Court of the

United States rightly held that law constitutional, because, bear in mind, we are dealing with the subject of beverages. I can cite the Senator from Utah to other decisions which carry out the thought that we may not only pass a statute which has for its purpose the enforcement of the provisions of the Constitution, but that Congress can go further and say that if there is something—here in this case a beverage—which by reason of its appearance, by reason of the package in which it is contained, by reason, perhaps, of its taste and smell, may encourage the violation of law and increase the difficulties of enforcing it, I think the Congress has the right to say that we may likewise prohibit its manufacture and sale.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Utah?

Mr. POMERENE. I yield.

Mr. KING. I do not think the Senator from Ohio can find the decisions that support that view. The Senator will find that the Supreme Court of the United States have upheld that doctrine as applied to the States, and have, so far as they have the right to speak upon the subject, affirmed the constitutionality of State statutes which have received the approval of the highest judicial tribunal of the State; but the Senator from Ohio appreciates the fact that the State, because of its plenary power, may deal with a subject with which the Federal Government may not deal. The Federal Government must put its finger upon the authority to deal with the subject. In this case that authority is the eighteenth amendment, which gives Congress the right to prohibit the manufacture and sale of alcoholic liquors for beverage purposes.

Mr. POMERENE. I recognize the fact that a distinction is drawn between the police power of the State and the limited powers of the Federal Government, generally speaking. Let me remind the Senator that when we adopted the eighteenth amendment we made it a part of the fundamental law of the land. By it a part of the police power is directly conferred upon the Congress. Such power was inherent in the States prior to the adoption of this amendment. That power is in part now vested in the Congress under the eighteenth amendment.

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. POMERENE. Yes; I yield.

Mr. BROUSSARD. Does the Senator contend that the delegation of power to Congress to regulate the liquor traffic for beverage purposes includes its regulation for other purposes?

Mr. POMERENE. Speaking generally, no. I am not prepared to say how far the power might be extended. Thus far I have been trying to discuss this matter leading up to the question which is immediately involved in this bill, namely, the right to prohibit the manufacture and sale of intoxicating liquor for medicinal purposes.

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Louisiana?

Mr. POMERENE. I yield.

Mr. BROUSSARD. If the Senator will permit one more observation or question—I will reduce it to that form—the delegation of authority under the Constitution to the Congress is to regulate the manufacture, use, transportation, and sale of intoxicating liquor, and the Congress has defined what an intoxicating liquor is by adopting what to me appears to be an absurd position, that forty-nine one-hundredths of 1 per cent is not intoxicating but fifty-one one-hundredths of 1 per cent is intoxicating.

Mr. POMERENE. Yes.

Mr. BROUSSARD. And, as I understood the decision, the Supreme Court held that the definition of what was an intoxicating beverage was one within the discretion of the Congress. Is not that the correct interpretation?

Mr. POMERENE. I think that is perhaps correct; yes; for the purpose of enforcing the Constitution, but not for the purpose of destroying or defeating it. Now, let me go a step further. If it were within the mind of the Congress of the United States to prohibit the manufacture and sale of beer for medicinal purposes, it would have been easy enough to say so; but the fact that Congress limited the prohibition against intoxicating liquor to beverage purposes clearly justifies the inference that it would be perfectly legitimate to manufacture and sell it for other purposes.

Again I do not want to be misunderstood. I do not think that it is or ought to be within the power of a physician in his professional capacity to write prescriptions for beverage purposes under the pretext that it was for medicinal purposes. I



recognize the fact that it is necessary to hem around these privileges with proper restrictions, just as we did in the case of narcotics, and I had hoped that the committee could see its way clear, instead of placing the limitations for medicinal purposes which are contained in the pending bill, would put in it some provisions which were more reasonable and would permit the legitimate application of these remedies by physicians in the proper practice of their profession.

Mr. President, while the Senator from Montana [Mr. WALSH] has taken the position that this bill is constitutional under the holding of the Supreme Court in the case of the Purity Extract Co. against Lynch, we, I think, must all agree that the facts were very different in the Mississippi case from those involved in the pending bill. The court said in that case that the legislature might adopt "such measures having reasonable relation to that end"; but can it be said, when we know that liquor of all kinds has been used by doctors in the practice of medicine, that we can by act of Congress prohibit the use of medicine by physicians in the practice of their profession and say that such a law has "reasonable relation" to the prohibition of the traffic for beverage purposes? That point, it seems to me, marks the distinction between the two cases. Liquor for beverage purposes is one thing; liquor for medicinal purposes is quite another. To forbid the one ought not to destroy the other.

I recognize the fact, Senators, that in this day and generation I ought not even to refer to the Constitution; but I am not so constituted, and I am not willing at this time in the history of this legislation to say, as those who support this bill must say, that beer and porter and ale have no place in the art of medicine.

I understand, of course, that there were certain hearings in the House, and certain witnesses came before the committee, one of them an eminent doctor, who said that he never heard that beer was prescribed as a medicine, and he was supported by a resident of the District of Columbia, who seemed to be very much opposed to beer; and I judge from a reading of his testimony that it was largely because when he was a young man in Germany he learned to drink beer to such an extent that it spoiled his manly beauty.

Mr. President, when physicians will appear before a committee and say that they have never heard of beer being prescribed as a medicine for a sick patient, the only comment I care to make is that for the sake of their patients I hope they know more about the practice of medicine than they do about the history of the practice of medicine.

With all due respect to the committees that have had this matter in charge, I make bold to say that no such investigation has been made by either branch of the Congress of the United States as will justify its Members in saying that beer and ale and porter have no place in the medical art.

Mr. President, let me call attention to what a few of the authorities have said upon that subject. The authorities I cite apply in part to whisky and brandy and in part to beer, more particularly the former; but they will have application to the limit that is placed upon the right of the physician to prescribe alcohol in the pending bill. The limit in the bill is one-half of 1 pint of alcohol in 10 days.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Delaware?

Mr. POMERENE. I yield to the Senator.

Mr. BALL. I should like to ask the Senator if every work on therapeutics of any repute in the United States does not name alcohol and its derivatives as one of the principal medicines?

Mr. POMERENE. I never had any doubt about it until a few Congressmen and Senators turned into doctors overnight.

Mr. BALL. In all of my medical studies I have always found alcohol designated as one of the principal medicines. No other medicine is given that will take its place under certain conditions.

Mr. POMERENE. Will the Senator allow me now to ask him a question? Does his statement apply to beer and ale and porter as well as to wine and whisky?

Mr. BALL. It does to some extent, Mr. President. It is given in all works on therapeutics as a medical agent. It is not as important as some of the stronger forms of alcohol.

Mr. POMERENE. The Senator is a practicing physician, and has been practicing medicine for many years—

Mr. BALL. I have practiced medicine for 35 years.

Mr. POMERENE. And I will not ask him to say so, but I do know that he has been a very successful practitioner.

Mr. President, I want to read an excerpt from "Physiological Aspects of the Liquor Problem," an investigation made by and under the direction of W. O. Atwater, John S. Billings, H. P. Bowditch, R. H. Chittenden, and W. H. Welch, subcommittee of the committee of fifty to investigate the liquor problem. This committee was appointed some years ago.

In volume 2, pages 210 to 211, appears the following:

The patient was a young, very good-looking girl, who entered the hospital very ill with double pneumonia, both lungs being solidified below the scapula. She was so very sick that she was put in ward 24, one of the long, one-story wards, cut up into small rooms, so that each patient might be by himself. My house student told me he could not get her to swallow anything of a quieting nature; in fact, she would swallow nothing. She was evidently mildly delirious, quiet, with a quick, feeble, irregular pulse and short, embarrassed breathing. When I spoke to her she gave me no answer. She made no complaint. I asked my assistant to bring me some milk. I presented a teaspoon of it to her lips, and she immediately clicked her teeth and tried to turn her head away so as not to swallow a drop of it. I did not care to use any force in such a case, and so did not urge her any further. I then told my assistant to bring me some brandy. I mixed a little of it with water in a teaspoon and presented it to her lips. A drop or two got into her mouth, and she did not reject it, but took the whole of it without any difficulty. I saw I had my cue. I directed the nurse to give her as much brandy and water as she would take, carefully watching for any signs of overstimulation, and stopping if such indications appeared. The nurse's report the next morning was that she had taken half a bottle of brandy without any unpleasant effects, and nothing else. She had slept very little, as had been the case for several nights. My order was, "Continue treatment." The next morning the report was a quiet night, with very little sleep. She had taken in 24 hours another pint of brandy. The same order, "Continue treatment," was given. The report on the third day was the same. The patient had slept more, and was evidently doing well. The order to continue treatment was repeated, but as the patient was drinking the most expensive French brandy I felt justified in changing the stimulant to Bourbon whisky, which was considerably cheaper. On the fourth morning the nurse reported that "three-quarters" of a bottle of Bourbon whisky (or a pint and a half of the liquor) had been taken in 24 hours, without any unpleasant effect, and the patient was sleeping better. And so it went on for the remaining three days in the week, the patient having a pint and a half of whisky each 24 hours, with excellent effect.

Why, that was more by one-half in one day than the doctors can legally give under this bill in 10 days.

She was sleeping much better, had little or no fever, and a good pulse. On the morning of the eighth day the patient absolutely refused to take any more stimulant and began to take suitable food. Her convalescence was rapid and she got entirely well.

Of course that doctor would have been a criminal if the pending bill had been in force at that time, and the patient probably would have died.

Let me read from another:

Excerpts from a paper on Alcohol Medication, by Dr. Abraham Jacobi, in *American Medicine*, September, 1913. From "The Whole Truth about Alcohol," by George Elliot Flint, pages 119 to 124.

I am not going to read all of this.

A few stray specimens of my observations are as follows: With one of my most respected colleagues I saw 35 years ago a boy of 5 years. Membranes covered his fauces and mouth and part of his lips, and were visible in the nares. Round the neck were big lymph body swellings, now known to all of us as the sure proof of thorough mixed infection. Some membranes could be removed by forcible injections into the nose. It had been bleeding and oozing, the odor was foul. The second heart sound, still slightly perceptible, pulse 160, hardly felt at the wrist. Boy restless in his semicomatose, tossing about, feet bluish, not cold, covered with erosions and subcutaneous hemorrhages of different sizes. His whole surface discolored, from drab to blue; hemorrhages small and large in and under the skin. No intestinal hemorrhage. Urine could not be obtained. My friend told me I was not called by him but by the family of the dying boy—

His friend was the family physician.

He was going down town, and on his way would order the undertaker to send the coffin after dark. I begged him not to do that, but to wait until to-morrow. The undertaker, however, came after dark and left, disgusted. Meanwhile I had permission to act. The boy's stomach retained my whisky, from one to two teaspoonfuls every 15 or 25 minutes, diluted in water, occasionally in milk or coffee, and his rectum retained a few doses. Within a day he took a pint and a half, perhaps more. We kept on, the boy and I. He was alive when I happened to meet him 20 years afterwards.

This doctor would have been lodged in jail if he had lived in this day, when Congressmen and Senators want to tell the doctor at the bedside of a dying patient what he shall give and what he shall not give.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Delaware?

Mr. POMERENE. I yield to the Senator.

Mr. BALL. In my own experience I have known a patient suffering from typhoid fever in a very low form to take as much as a quart of whisky in 24 hours. The test is always the odor of alcohol or whisky on the breath. With the high fevers they burn it up and it is all used for food. The moment you get the odor on the breath then you are using an intoxicant. Otherwise, it is a medicine; and there is but the one test as to when you are giving more than you should. I am confident that in those cases whisky or alcohol has saved many lives.



Mr. POMERENE. Yes; and if my distinguished friend from Delaware were to prescribe after this bill goes into effect as he did then he would be a criminal, and if he had complied with the present law his patient would have been dead.

Mr. BALL. Mr. President, it appears to me that a physician is placed between two fires—one to do his duty as a physician, the other to protect himself from prison—if this bill shall pass.

Mr. POMERENE. Yes.

Mr. BALL. The patients that he receives early in the 90 days will receive good medical treatment. Those received later in the 90 days will take their chances.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. POMERENE. I yield.

Mr. STERLING. I should like to ask the Senator from Delaware whether or not there is any other known remedy in such cases which can be taken instead of spirituous liquor?

Mr. BALL. Mr. President, there is no medicine which possesses both stimulating and nourishing qualities as does alcohol. We have a number of stimulants which act quickly for a short time, like strychnia, but there is no medicine which will take the place of alcohol in being both a stimulant and a nourishing liquid.

Mr. STERLING. Then why, may I ask the Senator from Delaware, did the American Medical Association, at its convention in 1917, declare against the use of alcohol or spirituous liquors as medicine?

Mr. BALL. Mr. President, I can not answer that.

Mr. POMERENE. Mr. President, I expect to answer the Senator in a moment on that subject. I have heard that statement before here on the floor of the Senate, and I am amazed that Senators did not give us the whole truth about it. I propose to read from "The supplemental prohibition enforcement bill," a brief presented by Wayne B. Wheeler. This was the resolution which was passed in 1917 by the American Medical Association. I read:

Whereas we believe that the use of alcohol as a beverage is detrimental to the human economy; and  
Whereas its use in therapeutics as a tonic, or a stimulant, or as a food has no scientific basis: Therefore be it

Resolved, That the use of alcohol as a therapeutic agent should be discouraged.

I do not know the circumstance surrounding the adoption of that preamble and resolution at the time, but let us see what the American Medical Association did afterwards. My authority is Wayne B. Wheeler. He says in this brief:

At its recent meeting in Boston this year (1921) when a motion was made to reaffirm the action of 1917 the matter was referred to a committee to report next year.

And somebody on the floor of the Senate said, "That is the record of the American Medical Association," but they did not tell the Senate that the great American Medical Association was so uncertain about its position of 1917 that they did not dare to even reaffirm the action they took in 1917, but referred it to a committee for investigation, to report next year. This action can mean only one thing—the American Medical Association in 1921 is not satisfied with the action taken by it in 1917. Yet the Congress of the United States, in anticipation of the future action of the American Medical Association next year, wants to penalize the good doctors of this country because they may want to give, forsooth, a gill of whisky more than the Congress of the United States in its wisdom is willing that they shall give.

Mr. WADSWORTH. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from New York?

Mr. POMERENE. I yield.

Mr. WADSWORTH. I might observe at this point that perhaps the doubts which overtook the American Medical Association, and which were evident at their convention this year, as contrasted with their attitude of 1917, may be due to the fact that in the interval of time the country has suffered from two tremendous influenza epidemics, when every physician, or nearly every physician, found himself compelled to prescribe whisky.

Mr. POMERENE. Mr. President, carrying out the thought that was expressed by the Senator from New York, I have on my desk two letters from one of the ablest physicians in Ohio, in which he said, "Years ago, when I could treat my patients and give them the liquor that I, as a physician, thought they ought to have, I was having very much better results than I am now under the restrictions which are permitted by the law."

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. POMERENE. I yield.

Mr. BROUSSARD. Will the Senator permit me to read just a very short paragraph of the action taken by the American Medical Editors' Association in Boston in June of this year?

Mr. POMERENE. I yield for that purpose.

Mr. BROUSSARD. This is from the Medical Record of June 18, 1921:

#### PROTESTS AGAINST THE VOLSTEAD ACT.

At the annual meeting of the American Medical Editors' Association in Boston last week resolutions were adopted declaring that the medical restrictions of the Volstead Act, together with its various administrative and other interpretations, are obstacles to the free practice of therapeutics, and have reacted to the detriment of society and the public health; that the American Medical Editors' Association protests against further undue regulation of therapeutic procedure by statute or by administrative interpretation or regulation; and that the association requests of the proper authorities a review and revision of such existing statutes, rules, and regulations as may be unduly restrictive of the therapeutic judgment and procedure of physicians.

Mr. POMERENE. But this has not had the approval of the Judiciary Committee of the Senate yet.

Let me read again from the same authority from which I was reading a moment ago, George Eliot Flint, in the book, "The Whole Truth About Alcohol." This is interesting as applied to the limitations in this bill:

A girl of 7 years I found in about the same condition 30 years ago. She was a patient of one of our great physicians who, when he died suddenly a year ago, proved to the world that there are some men who are indispensable. He said, "Now, here I have given your whisky, but she will die." How much is she taking? "Besides her other drugs she is taking as much as half a pint each of these two days, and retains it." Very well, just continue, and I will give her my additional half pint. So we did. She took a pint or more daily and got well.

Again:

A boy of 3 years with the formidable symptoms of mixed infection was "given up." I held out the hope of recovery provided the doctor would succeed in getting into him, with other appropriate medication, at least a pint of whisky daily. He did succeed. Five days afterwards the father called in despair, saying his child was alive but insane. So he was. The boy was better, in fact on the way to recovery, but drunk. To me that was a welcome occurrence, for I knew, and want my readers to know, that no amount of whisky will lead to intoxication when its effect is wanted to combat sepsis. I repeat: No amount of alcohol will intoxicate a thoroughly septic person. As soon as my little patient did not longer require his big dose of alcohol, it made him "insane," intoxicated. I had enjoyed that experience before in many cases and have since. Maybe my first case of the kind was that of a refined lady who had typhoid fever 50 years ago. I learned the alcohol practice from Dr. Ernst Schilling, who 60 years ago treated many hundreds of cases of typhoid and typhus among the immigrants on Wards Island. My lady patient, thoroughly septic, took a quart of whisky daily 10 days in succession until the beginning of her recovery; no other drop since.

Again the doctor was a criminal. He should not have saved that patient's life, if this bill is right. He ought to have let that patient die.

The doctor goes on to say:

I want these specimens of alcohol treatment to suffice for my purpose, which is to make facts tell their stories. My cases of thorough sepsis relieved or cured by alcohol extend over more than half a century. My cases have not all been cured. I belong to the class that has to meet failures. But I have seen what was considered hopeless cases to take a favorable turn. There are in diphtheria cases which are not influenced by antitoxin in small or big doses. That class of cases is not always hopeless when the doctor has hope and discrimination and the courage to fight infection and to cheat an undertaker. I refuse to deal in theories. I can not tell the cause of the antiseptic action of alcoholic beverages when administered in sufficient doses. I merely refer to occurrences and observations extending over half a century and more. Let somebody else explain. Meanwhile take the hint.

Now, I wish to read something which my memorandum shows was copied from "The Whole Truth About Alcohol," pages 124 and 125:

Dr. Beverley Robinson, emeritus clinical professor of medicine, University Bellevue Hospital Medical College, remarks anent alcohol medication in severe cases of grippe pneumonia:

"For stimulants or heart tonics there are only two worth considering—one is strophanthus, the other is old brandy. The strophanthus should be given in small doses, 1 to 2 minims, every two or three hours, at the same time as the brandy. The latter may be given in doses from a teaspoonful to a tablespoonful in a very little water, or Vichy water, ice cold."

And so there are physicians of the highest standing who still believe in alcohol as a stimulant, as a tonic, and as a saver of life when all other medication fails.

Dr. Kate Mitchell, member of the British Medical Temperance Association, in her book, "The Drink Question: A large majority of the drugs in the Pharmacopoeia—the extracts and tinctures and spirits—are made from alcohol, which we are taking in small doses when we are prescribed these different medicines. The claims of alcohol are indisputable and manifold. In our denunciation of its use as a beverage we must not overlook its value in other directions, as such a proceeding would rather weaken than enforce the arguments of temperance reformers."

Let me read from another authority, "Personal Hygiene Designed for Undergraduates," and I recognize that there are different opinions which may be expressed in some of these authorities. This is by Alfred A. Woodhull, brigadier general, United

States Army, lately colonel, Medical Department, United States Army. I read only a paragraph:

The important difference between starch or sugar and alcohol as food is that the former may be taken up to the limits of digestion and assimilation, but the latter acts upon the nervous system in health so peculiarly that it is impossible to take enough to be of any nutritive value. But in certain conditions of disease large quantities of alcohol are not only tolerated but sustain life through a stimulating and a possibly nutritive effect.

Mr. President, I still have some other medical authorities, and, because we have in the Senate a committee that has not examined into the scientific side of this question, and has tried to minimize the effect of alcohol in its various forms in the treatment of disease, I am going to take the time to read from a few more of them.

Dr. Horatio C. Wood, LL. D., emeritus professor of materia medica and therapeutics in the University of Pennsylvania, member of the National Academy of Science, in his work on Therapeutics, Its Principles and Practice, as revised by Horatio C. Wood, Jr., M. D., associate professor of pharmacology in the University of Pennsylvania, assistant physician to the Philadelphia General Hospital, fourteenth edition, beginning on page 202, discusses the therapeutics of alcohol, as follows:

"Therapeutics: Our knowledge of the physiological properties of alcohol shows that its chief therapeutic value in acute disease is as a stimulant, a temporary impartor of power, which will enable the system to stand some strain of short duration, to bridge over some period of weakness.

"The cases to which it is especially adapted may be divided into three classes:

"First. Those in which there is a temporary loss of heart power, as in fainting from exhaustion, loss of blood, or other cause. In these cases the alcoholic stimulant should, if possible, be given hot and not much diluted; with it should also be exhibited some more rapidly acting diffusible stimulant, such as ammonia.

"Second. Those acute diseases in which the powers of the system are in danger of being used up; to aid in the digestion of food and in the maintenance of power. Alcohol, as has already been stated, is to a certain extent a food—

Some of our congressional doctors deny that—

but it will not of itself sustain life for a long time, and should in adynamic disease always, unless for special reasons, be combined with milk, or occasionally with eggs. One great source of its value in these diseases is the power it imparts of assimilating food, and in milk punch are furnished the stimulant to digestion and the most perfect food known for digestion. This use of alcohol is apart from its office in the lowest stage of fever as a heart and nerve stimulant. Employed for this purpose it is useful in all stages of the adynamic fevers, such as typhus and typhoid. By the exhibition of 3 or 4 ounces of milk every two hours, with 1 or 2 drachms of brandy or whisky, from the beginning of the attack, in many cases the development of the severe adynamic symptoms may be prevented."

A. Ott claims to have experimentally determined upon a fever patient that the value of alcohol as an albumin-saving food is equal to its isodynamic equivalent of a pure food hydrocarbon:

"In the advanced stages of pneumonia, pyemia, exanthematous fever, and other acute diseases, when the typhoid state is well developed, alcohol should be given boldly, to quiet by stimulation the nervous and circulatory systems, to afford a food which will in a measure replace the natural pabulum, to aid in the digestion of milk and other simple nourishment, to aid in lowering temperature; in a word, to enable the system to stand the drain upon its vital powers, and at the same time to check such drain."

Roberts Bartholow, M. A., M. D., LL. D., professor emeritus of materia medica, general therapeutics, and hygiene, in the Jefferson Medical College, of Philadelphia; formerly professor of materia medica and therapeutics and of the practice of medicine in the Medical College of Ohio, etc., in his work A Practical Treatise on Materia Medica and Therapeutics, eleventh edition, discusses the physiological action of alcohol, beginning on page 570, 571, 572, 573, 574, 575. On page 575 he discusses the therapy of alcohol. Among other things he says:

"Alcohol in small doses is a useful stomachic tonic. It is best taken for this purpose after or with meals. It is especially serviceable in the feeble digestion of old people, the atonic dyspepsia of the sedentary, and in the slow and inefficient digestion of convalescence from acute diseases."

"Excellent results are obtained from the use of brandy in the apoplexy of infants."

"Alcohol in some form is constantly prescribed in low conditions in fevers, acute inflammations, and depressing maladies of all kinds."

"It may be used to relieve pain, to promote sleep, and to quiet delirium."

"When wakefulness is due to a condition of cerebral anemia, a full dose of some alcoholic fluid, whisky or brandy, will procure sound and refreshing sleep. In some subjects a glass of ale or beer answers better."

But you can not use it under the pending bill. Let these sick people die. That is what this bill means, that they shall have no relief. I shall have something to say a little later on that subject.

On page 577 he says:

As alcohol stops waste, promotes constructive metamorphosis by increasing the appetite and the digestive power, and favors the deposition of fat, it is directly indicated in chronic wasting diseases, especially in phthisis. Clinical experience is in accord with physiological data: Alcohol is an important remedy in the various forms of pulmonary phthisis.

So far as the alcohol is concerned, beer, ale, and porter correspond in physiological actions to the spirituous liquors and to wines. As they contain malt extract, their nutritive value is greater than spirits and wines. An important constituent, the hop, being an aromatic bitter, the tonic and stomachic qualities of these malt liquors are also greater than their congeners. The process of fermentation, however, lessens

in a remarkable degree the nutritive and stomachic qualities of the constituents which enter into the composition of malt liquors. Their value as foods is much exaggerated by the habitual consumers.

That is what troubled Dr. Wiley when he testified before the House committee. He said, in substance, it spoiled his manly form, and after he acquired the habit he became obese.

They increase the appetite and favor the deposition of fat. Although the malt beverages do not cause to anything like the same extent the alterations in the nervous centers produced by the spirituous, they induce other and almost as important structural changes. They set up in the organism fatty degeneration of various tissues, notably of the liver and heart. The habitual beer consumer is known by his obesity, his flushed face, embarrassed breathing, puffy hands, yellow conjunctiva, etc.; he is usually short lived, and the end is reached by hepatic and cardiac disorders. It is certainly true that a moderate amount of beer may be taken daily for a lifetime without any obvious impairment of the functions, but excessive use produces with great certainty the unfavorable effects above described.

I am not contending that men should be permitted to drink to excess. I have no interest in the subject as a beverage. My belief is that the medical profession should not have its hands tied at this stage of legislative knowledge on the subject.

In discussing the therapy of beer, ale, and porter, he says, on page 583:

Beer, ale, and porter are not usually prescribed in acute maladies. They are, however, much and justly esteemed as stomachic tonics and restoratives in chronic wasting diseases—for example, in convalescence from acute diseases and surgical injuries, in cases of profuse and protracted suppuration, prolonged lactation, diseases of the joints, scrofula, phthisis, etc.

When wakefulness is due to cerebral anemia, a glass of beer or ale at bedtime will frequently produce satisfactory sleep.

Dr. Alfred A. Woodhull, A. M., M. D., LL. D., brigadier general, United States Army, retired, lately colonel, Medical Department, United States Army, in a little book entitled "Personal Hygiene," printed in 1906, discusses the subject of alcohol, beginning on page 183.

I shall only quote a few sentences as indicating his view of alcohol and beer.

On page 185 he says:

As stated, alcohol has qualities under certain circumstances that belong to food, but it is not the best food, and beyond very narrow limits it creates pernicious conditions. Still, when acting as food, the various exhibitions of energy proceed in an orderly way and neither antagonize each other nor take on irregular forms.

Again, on page 186, he said:

But in certain conditions of disease large quantities of alcohol are not only tolerated but sustain life through a stimulating and a possibly nutritive effect. The foregoing states the whole case in favor of alcohol as nutriment. Its potential food value lies within three or four glasses of highly diluted whisky or as many glasses of beer, taken with meals in the course of 24 hours by fully developed men, and it only considers its possible nutritive value under very favorable conditions. Some authorities limit the permissible amount to a glass of wine or a pint of beer in 24 hours.

On page 187 he said:

Small quantities of spirits may act as supplementary fuel food, but it is more expensive than ordinary food and dangers accompany it.

There is no one of these authorities from whose lines I have quoted that does not condemn—so far as I have been able to read them, and I went over them rather cursorily with the aid of an assistant—excessive drinking. I am talking about alcoholic remedies at the bedside of the sick patient, and I do not desire any other construction to be placed upon the remarks which I may be making.

Now, Mr. President, let me go a step further. I wish to say, so there may be no misunderstanding about it, that about two weeks ago I dictated a letter to every county medical society in Ohio. There are 88 counties, and presumably one society in each of those 88 counties. This is a season of the year, I have been told by several of them, at which they do not have meetings. I have not heard from a good many of them. I have heard probably from eight or nine. In some of those societies, two or three of them, they were unanimously opposed to beer and favored the bill. In some others they appeared, perhaps, as two-thirds and one-third. I am going to read a few observations from some of those men.

The statement has been made here on the floor of the Senate, and it is correct on the face of it, that a very large majority, I do not remember the figures, but a very large majority of the physicians have not taken out any license to prescribe intoxicating liquors, and the inference is drawn that only those who did take out the license believe in it. How manifestly unfair that is. I say that not on my own authority, but because certain prominent physicians in Ohio have said to me that they preferred not to prescribe any liquors rather than to have the Congress of the United States say to them, "You shall only prescribe so much." In other words, they felt they had more confidence in their own judgment than they have in the judgment of a congressional Æsculapius.



However, I do not think that position is right. My own judgment about it is that a physician, if he has a patient whom he thinks needs liquor, ought to comply with the law to the extent that he can, and prescribe it.

In further support of the position which I have taken as to what may be the sentiment prevailing in the medical profession, I am going to read a letter from the secretary of one of the county medical societies:

In re your inquiry, not one of the physicians of ——— County has a permit to prescribe alcoholics in any form. They all thought that it would be a nuisance and did not want to make themselves liable to the temptation of the urgings of their friends, but each and every one of us would like to have the privilege of being in a position to furnish in some legitimate manner such form of alcohol as the occasion might demand.

Further, I believe every man of us does not believe alcohol to be indispensable, but on most occasions a better substitute can be employed, but there are times when each one may feel that it is [needed] indicated. I am not speaking now officially for the society, but believe I express their feelings in the matter, and, as we do not have a meeting until September, I take it upon myself to answer your inquiry.

Mr. President, I have here a statement which was printed in the *Lancet*, which is one of the leading medical journals of Great Britain. I have compared it with the text in the journal and know it to be correct:

We have received the following document for publication in the *Lancet*. As an expression of scientific opinion it deserves to be considered carefully by medical practitioners. The signatories are well-known members of the profession, and the importance of the questions involved, alike from the medical and social point of view, can hardly be overestimated.

I read now the statement:

In view of the statements frequently made as to the present medical opinion regarding alcohol and alcoholic beverages, we, the undersigned, think it desirable to issue the following short statement on the subject, a statement which we believe represents the opinions of the leading clinical teachers as well as of the great majority of medical practitioners.

Recognizing that in prescribing alcohol, the requirements of the individual must be the governing rule, we are convinced of the correctness of the opinion so long and generally held, that in disease, alcohol is a rapid and trustworthy restorative. In many cases it may be truly described as life-preserving, owing to its power to sustain cardiac and nervous energy, while protecting the wasting nitrogenous tissues.

As an article of diet we hold that the universal belief of civilized mankind that the moderate use of alcoholic beverages is, for adults, usually beneficial, is amply justified.

We deplore the evils resulting from the abuse of alcoholic beverages; but it is obvious that there is nothing, however beneficial, which does not by excess become injurious.

I ask that the names of the prominent physicians at the end of this paper may be incorporated in the Record in my remarks without reading.

The PRESIDING OFFICER (Mr. JONES of Washington) in the chair). Without objection, it is so ordered.

The names referred to are as follows:

T. McCall Anderson, M. D., regius professor of medicine, University of Glasgow; Alfred G. Barrs; William H. Bennett, K. C. V. O., F. R. C. S.; James Crichton-Browne; W. E. Dixon; Dyce Duckworth, M. D., LL. D.; Thomas R. Fraser, M. D., F. R. S.; T. R. Glynn; W. R. Gowers, M. D., F. R. S.; W. F. Halliburton, M. D., LL. D., F. R. C. P.; F. R. S., professor of physiology, King's College, London; Jonathan Hutchinson; Robert Hutchinson; Edmund Owen, LL. D., F. R. C. S.; P. H. Pye-Smith; Fred. T. Roberts, M. D., B. Sc., F. R. C. P.; Edgemoor Venning, F. R. C. S.

Mr. POMERENE. Mr. President, thus far I have seen fit to quote from leading medical writers. I have some letters here which bring the subject down to date. I desire that we may understand this question, and I want to be perfectly fair about the matter. I am not a physician, though I believe I know a little about the subject; and if I am wrong about this I should like to be set right.

The other day there was read on the floor of the Senate a letter from Dr. J. H. J. Upham, chairman of the committee on public policy and legislation, professor of medicine in the Ohio State University, to Representative VOLSTEAD, under date of May 10, 1921. That letter has been previously read and Senators will have it in mind. Before I knew of that letter I wrote to Dr. Upham, among others, and I want Senators to note his reply. He confirms what he said in his letter to Representative VOLSTEAD, and he is one of the men who evidently does not believe in alcoholic treatment. I think I will read, so that there may be no misunderstanding, the text of his letter to Representative VOLSTEAD:

The Ohio State Medical Association, representing 4,500 regular physicians, indorses overwhelmingly the prohibition of the liquor traffic for beverage purposes, and can see no excuse for the use of beer or other malt liquors as medical remedies. Personally, as a teacher in a medical school, I have taught for years that any supposed indications for their use would be satisfactorily met in other ways.

Under date of July 20 he wrote me:

In reply to your letter of recent day concerning proposed antibeer legislation, I can only reiterate my statement to Mr. VOLSTEAD that the Ohio State Medical Association has gone on record as supporting prohibition, and believes that beer never had any standing as medicine, and the attempt to classify it as such is clearly a misrepresentation.

Then follows this paragraph:

There is a growing feeling of resentment at the continued imposition of restrictions on medical practice, however, inasmuch as relatively very few physicians in Ohio have violated the letter or the spirit of the prohibition laws; certainly no more than the natural incidence of moral crookedness in any group of a thousand men. Many of our members feel that they could be safely trusted to prescribe spirituous liquors with judgment and propriety, and perhaps a few conscientiously believe in the efficacy of beer in carefully selected cases. The general sentiment, however, I believe, is that, while it might be welcome to some as a beverage, the medical profession is opposed to bearing the onus of the return of beer under the cloak of medicine.

Mr. President, I do not favor the return of beer as a beverage; it can not, I think, be returned under our Constitution, if for no other reason. I am talking about the efficacy or the inefficacy of different intoxicants as medical remedies.

Now, let me go a step further. Dr. Upham, I believe, was at one time the president of the association. He signed his letters to me as chairman of the committee on public policy and legislation of the Ohio State Medical Association. He is an honorable gentleman; but I have a letter here from Wells Teachnor, M. D., of Columbus, Ohio, who is now the president of the Ohio State Medical Association, and there are no abler doctors anywhere than there are in the State of Ohio. He says:

DEAR SENATOR: Beer is and has been a recognized medicinal agent for many years by all therapeutists and should be standardized and classified as such. Reference: Roberts, Bartholow, or other standard textbooks on materia medica—

I read from Dr. Bartholow's work a while ago—

This is my view of the question: No one has been officially authorized to speak for the Ohio State Medical Association as an organization.

Very sincerely, yours,

WELLS TEACHNOR.

Mr. President, let me go a step further. Another prominent Ohio doctor, of State-wide reputation, writes me—and I am only going to read two paragraphs from his letter—as follows:

I believe the medical profession unanimously approve of prohibition of whisky as a beverage and legislation against the saloons. To all honest physicians 100 prescriptions for prescribing whisky in 90 days are more than adequate.

I think that is true. I believe if I were drafting this bill I would place a lower limit on the number of prescriptions that can be given than this bill contains.

The majority of the profession know that good beer, with a low grade of alcohol, is of great benefit to a vast number of people.

Beer made with distilled water, containing hops and malt, is a tonic and is very beneficial in many wasting diseases. I have many patients who I believe have been benefited by the daily use of good beer.

Let me read from another reply in answer to a letter which I wrote to a physician who has a standing in his profession which no man who knows him would dare to question. He says:

I shall not stop to argue the question, but content myself with saying that I am absolutely convinced that I have seen good from beer administration to the sick. Right now I have on my list several aged patients who are slowly sinking; can't take nourishment; thoughts of any food or medicine repulsive. In every one I have experimentally suggested article after article of food, bringing only expressions of disgust. In every one, without a single exception, when I mentioned beer the facial expressions brightened up and promptly came the responses, "Can you get me some? I believe that would taste good."

Beer judiciously used is without doubt beneficial. Not one of these old people has been a beer drinker. I am somewhat doubtful as to the prescription business as to beer. It ought to be placed on sale under a high license, the license to be forever revoked in case the dispenser sold to any one individual above a statutory limit.

This prescribing business in narcotics, as well, is disgusting; for example:

The red tape wound around morphine administration. Do you know that the Harrison Act includes on its list "apomorphin"? Apomorphin is an emetic. Can you imagine anyone becoming addicted to the use of a drug that is emetic only?

In my judgment many legislators' views are formed not by the right or wrong of a question, not by the sense or the nonsense involved, but by the way the political wind at home is blowing.

Let me read from another. This is from an Ohio physician, also a prominent physician:

The society here feels that no layman can with right say that a doctor can or can not prescribe anything which he may think of value to a patient.

I shall not read the rest of it because I do not want to offend the rules of the Senate.

Another doctor in Columbus writes:

In answer to your communication of a few days ago, I will say that I am sure there are some cases of illness that are benefited by beer. If legislation could be enacted whereby such a medicinal agent could be prescribed without the abuse of such privileges it would be commendable.

Personally I believe it is an extreme view of the matter to say that beer has no place as a medicinal agent.

Mr. President, I am going to read one more letter, not from a physician, but from a man who is known to most of you, who lost his father some years ago. He was the victim of a cancerous growth that involved all his vital organs. He writes me with regard to this case:

My father, a resident of another State, died on March 31, 1917, of cancer of the abdomen. At the time of his death he lacked a few months of being 80 years old. During the close of his illness, under

the progressive stages of the disease, he was without appetite and grew constantly weaker. He had intermittent spells of nausea, attended with very great sickness and suffering. It became almost impossible to get him to take food at all. We tried in every way to coax his appetite by setting before him the table delicacies he once enjoyed, but he repelled them one after another. Nothing tasted good to him—that is, nothing but beer.

Our family physician—

And he names him here—

may have belonged to the type of doctors who would now be called old-fashioned, for he prescribed beer for my father, and advised us never to be without a supply in the house. Whenever my father was asked if he would enjoy a little beer, he nearly always would reply, "I believe I would." He would become brighter and stronger after partaking of this tonic, and it was apparent that it had a beneficial effect in aiding digestion, and particularly in dispelling the gases that caused the nausea. So, on the advice of the old-fashioned doctor, I had the best bottled beer sent to my father during his long illness, and I personally know he derived much benefit from it.

Can any of our over-zealous reformers really have the heart to say that I am guilty of moral obliquity because I provided this beneficial tonic and restorative for a dying old man? Does not this typical case strike you as affording some proof, at least, that it would not be right nor in the best interest of society to put an absolute ban on beer as a medicinal agent?

Assume, for the sake of the argument, that a dear old father or any of the dear ones at home in the family of any of the Senators who are now trying to put an inhibition upon beer, ale, and porter was on a sick bed, it may be a dying bed, and the doctor said, "A little beer would comfort; it would do some good"; I wonder what those Senators would think of this legislation under those circumstances?

Mr. President, in discussing this subject with a gentleman who favors it insistently, he met the objections against it by saying: "Beer is no good. Alcohol is better. Pure malt that is nonintoxicating will supply the food value. Alcohol can be taken in other forms." In other words, each of these ingredients taken separately, in his judgment, would bring about the same result that would happen in the proper combination. Who believes that kind of silly twaddle? On the same theory the good housewife could take the flour and bake it separately, and take the yeast and the salt, and instead of making bread let her family eat the baked flour, and then take the yeast and on top of that take the salt. It would be just as good. It would be relished by the family.

Let me illustrate again. In the all-pervading atmosphere we have the life-giving and the life-sustaining oxygen. In the mechanical world and in the medical world we have carbon, and pure carbon is administered to many patients for certain stomachic troubles. The oxygen is life-giving and life-sustaining; the carbon is itself a remedial agent; but you combine the oxygen with the carbon as carbon dioxide and you have a most vicious poison.

Oh, yes; some of these medical agents have come around—no, not medical agents; men who know nothing about the subject—trying to tell us what should be done. Senators, I think the wickedest speech I ever heard in my life was made by a prominent lawyer of the West who one day made a "wet" speech. He discussed the evils of excessive drinking. He gave the argument used by temperance advocates to the effect that strong drink got control of the appetite and drove men and women to untimely graves. After painting this picture, he said: "What of it? What use is a man of that kind to the country? Let him go to his grave, and let us give him a kick and help him into it more quickly."

That was the most wicked speech I ever heard. And now what is the situation here? The family physician comes in. There is the sick, perhaps dying, patient. He needs some life-sustaining food, it may be. He needs some stimulant. The old doctor is the only hope of the sick man and his grieving friends. He says: "I think a little beer, or ale, or porter would do this patient good," and we have Dr. Congress saying: "Let the patient die." What is the difference in principle between the two cases?

I have nothing to say in favor of liquor as a beverage. Prohibition of liquor as a beverage is here to stay. I want the law against intoxicating beverages enforced, and there can not be any reasonable regulation brought in here that I will not support. If Senators have not read the hearings on this bill in the House, read them, and I challenge any man to say to me that there was a real effort to find out whether beer and ale and porter have any medicinal virtue; and when the bill comes before the great Judiciary Committee of the Senate they do not call in a single scientist to give them the benefit of his views.

I have not read all of the parts of the hearings before the House committee which are related to pharmacy, but I think I have read all that relate to beer as a medicine. There were some witnesses for the bill, one witness against it, and I believe I state the exact truth when I say that they were extremists on both sides of the problem.

Let us assume, for the sake of the argument, that a vote of the physicians would show that two-thirds may think that beer has no therapeutic value. Suppose the one-third, out of the abundance of their own experience, say, "Yes; it is a medicinal agent. We ought to have the right to prescribe it under such circumstances." In my judgment, we should not deprive that one-third of what they honestly believe should be their right in their ministrations to the sick.

That is my position, and who here can say, in view of all these medical and other authorities I have cited, that neither ale nor beer nor porter has any therapeutic value; and who here can say, in the light of the authorities which I read as to the administration of whisky and brandy, that one-half of 1 pint of alcohol in 10 days shall be the maximum that any of this great, noble profession can administer to their patients? Who can say it? Who would run that risk if it was in his own family and the physician was there?

Mr. President, it might be that if this subject were thoroughly examined into by a commission of real scientists, they could present a report which would be all-persuasive to us here who now differ on the subject. In my judgment, Senators, we had better haste a little slowly in this matter. Let us not destroy the good while we are destroying the evil.

Mr. President, would it not be better for humanity's sake, instead of this prohibition against the prescription of beer and this extreme limitation on the prescription of whisky and brandy, to provide for the appointment of a commission of real scientists, not of extremists, let them examine into it, let them make their report, and then, with that before us, let us draw a bill in harmony with it? Is not that the better course to pursue? Meanwhile, you say, there is danger from the opening up of breweries and distilleries. If there is, let us curb it, let us stop it as nearly as we can, so far as it relates to beverages.

This bill is inconsistent in its provisions. I think everybody must admit that more harm comes from the drinking of whisky than from the drinking of beer, and yet you prohibit the administration of the lesser of the two evils, and you permit the other. Is that right?

I am ready at all times, Senators, to accept the judgment of men who know their subject, but I have not seen anything in the record of this bill which persuades me that we should go to the extreme which is intended. I think that the proponents of the bill will live to regret it if it passes. I recognize that when it comes to drastic legislation, like the prohibition laws, we can not expect to enforce them to the extent that there shall be no violation, and do it in a day or a year. Conditions will improve with experience, with time, with vigorous enforcement. But when you seek to advance prohibition by denying relief at the bedside, you are going to create a hostility, not only against this bill but against all regulatory measures.

I have said what I have said because I believed I ought to say it in behalf of the medical profession, and in behalf of the sick, the old and the weak of the land, and I am willing, if this privilege can be continued, to vote for any reasonable regulation which will prevent physicians from prescribing illegally, or outside of the letter and the spirit of the law. It is easy enough to find those who violate the law. If any physician is plying an illegal trade, it will be only a short time before he will be found out. His brother physicians will know it; the authorities will know it. Why, then, should we select the medical profession as if they were the worst violators of the law, and put this prohibition against them? In the name of real temperance, I think it is a mistake.

Mr. President, I hope the committee having this bill in charge will modify it in the two respects to which I have referred, and then place around it all the strict provisions that they can think of which are practicable, and I will support it. In any event, I feel that, in view of the fact that the committee held no hearings as to the therapeutic value of these agencies, this bill ought to go back to the committee, and they ought to come in with a report from the real scientists of the country, and not from the extremists on one side or the other.

Mr. RANSDELL. Mr. President, as a preface to my brief remarks on this bill I wish to say that for years I have been a consistent Prohibitionist. I voted for submission of the eighteenth amendment to the Constitution and for all prohibition measures submitted to the Senate since I became a Member eight and one-half years ago. I am a strong believer in the good effects of prohibition and anxious to assist in the passage of whatever laws are necessary to make the eighteenth amendment fully effective.

I can not support the pending bill unless it be materially amended, for in my judgment the clause attempting to regulate and control the use of intoxicating liquors in the practice of



medicine is unconstitutional and wholly beyond the power of Congress. I refer particularly to section 2, which reads in part as follows:

SEC. 2. That only spirituous and vinous liquor may be prescribed for medicinal purposes, and all permits to prescribe and prescriptions for any other liquor shall be void. No physician shall prescribe, nor shall any person sell or furnish on any prescription, any vinous liquor that contains more than 24 per cent of alcohol by volume, nor shall anyone prescribe or sell or furnish on any prescription more than one-fourth of one gallon of vinous liquor, or any such vinous or spirituous liquor that contains separately or in the aggregate more than one-half pint of alcohol, for use by any person within any period of 10 days.

This provision forbids doctors from prescribing malt liquors of any kind, such as beer, ale, porter, mead, and so forth, and it limits the amount of any vinous or spirituous liquor which a doctor may prescribe, both for external and internal use, to not exceeding one-half pint of alcohol for a patient within a period of 10 days.

The legislator in this act assumes the province of the doctor, says that no malt liquors can ever be prescribed, and that no matter how critical the case, nor how much alcohol may be required, under no circumstances can more than one-half a pint be prescribed for any patient within 10 days.

I am unable to find any authority in the Constitution for this invasion of the rights of the medical profession, one of the oldest, most highly respected, and honorable of all the learned professions. Even among savage tribes the doctor—the medicine man as he is called—always occupies a commanding position of the highest importance and influence, and the practice of medicine dates from the very dawn of the human race.

Congress is a body of limited powers, exercising such authority only as is especially delegated to it by the Constitution, being different in that respect from State legislatures, which can enact laws upon any subject unless prohibited by their constitution. Prior to the passage of the eighteenth amendment, Congress had no power to legislate in regard to the use of intoxicating liquors as a beverage, or otherwise, but thereafter it was vested with full and complete authority so far as beverage uses are concerned. The eighteenth amendment provides:

SEC. 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all Territories subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

The whole spirit and purpose of this amendment was to prevent the use, and especially the abuse, of intoxicating liquors as a beverage, not their use for any other purpose. Mention of the one purpose, "beverage," clearly excludes other purposes such as medicinal, sacramental, industrial, and scientific. This principle of legislative construction is so well established by innumerable decisions of the courts that argument to sustain it is unnecessary, and no one will contend that the power to regulate the use of intoxicating liquor for beverage purposes conveys power to regulate its use for medicinal, sacramental, industrial, and scientific purposes. They are clearly apart, separate and distinct from the other, and not connected with nor controlled by it.

As a layman, I do not assume to say that doctors should ever prescribe malt liquors to their patients, or that one-half a pint of alcohol in 10 days is not a sufficient amount in the most extreme case; but I have not the slightest hesitation in saying that these matters belong to the medical profession, not to the lawmaking; that they should be decided by doctors, not by lawmakers.

The point at issue is that the pending bill seeks to regulate the practice of medicine in so far as the use of intoxicating liquors is concerned, and the Constitution does not furnish the slightest authority for so doing. Hence if I vote for the bill, ardent Prohibitionist as I am, it would be violating my oath to obey the Constitution.

However, I am forced to the conclusion that, aside from the unconstitutional character of this provision, it is unwise, radical in the extreme, will not be obeyed if enacted, and will do a great deal to bring prohibition into contempt. It is going entirely too far, is too great an invasion of personal rights and liberties, and arouses a just fear that if allowed to go on without check other and more sacred rights will be invaded. If under the authority of the eighteenth amendment Congress can legislate in regard to the use of intoxicating liquors for medicinal purposes—not for beverage purposes, but purely for medicinal, as is sought to be done by the pending bill—then beyond any question it can legislate regarding the use of intoxicating liquors for sacramental, industrial, and scientific purposes. If the entering wedge be driven and the strong log of medicine be rent asunder by the pending bill, then no one who uses alcoholic liquors for sacramental or scientific purposes can feel safe.

Mr. STERLING. Mr. President, will the Senator yield?

Mr. RANSDELL. I am very glad to yield.

Mr. STERLING. I should like to ask the Senator if he supported the original Volstead bill, now the national prohibition law?

Mr. RANSDELL. Yes; I voted for it.

Mr. STERLING. Will the Senator point out in what respect the present bill is more drastic than the original Volstead Act was supposed to be?

Mr. RANSDELL. In the original bill there was no prohibition whatsoever against the use of malt liquors.

Mr. STERLING. But the Senator knows that for a long time, and up until the time the Attorney General rendered his opinion, it was generally supposed that only spirituous liquors could be prescribed for medicine, does he not?

Mr. RANSDELL. I am not very familiar with that. I have had practically nothing to do with the enforcement of the prohibition law, but we certainly did not put any prohibition of that kind in the bill, and if there had been, and it had been called to my attention I would not have voted for it.

Mr. STERLING. Does the Senator recall having heard of any particular complaint because physicians were not permitted to prescribe beer?

Mr. RANSDELL. No; I have not heard of any particular complaint; but I do not propose, let me say to the Senator, to have anybody tell me what I shall do, or wait until there has been some complaint. As I read the Constitution, it teaches me that we have absolutely no right to regulate the use of liquor for medicinal purposes. It is a medicinal purpose if doctors wish to prescribe malt liquors, and whether I have heard complaint or not does not enter into the question at all, I will say to the Senator.

Mr. STERLING. But, if the Senator will allow me, the Senator said that he had supported the original Volstead Act.

Mr. RANSDELL. I did.

Mr. STERLING. I thought he was proceeding in his argument on the theory that the present bill is much more drastic than the Volstead Act was originally supposed to be.

Mr. RANSDELL. There was not a word said in the original law prohibiting the use of other than vinous and spirituous liquors.

Mr. STERLING. That is true.

Mr. RANSDELL. I will ask the Senator whether there was any such provision in the original law.

Mr. STERLING. No; the Senator is correct in that.

Mr. RANSDELL. Certainly.

Mr. STERLING. But by implication it was thought that the prescribing of wine and beer for medicinal purposes was prohibited. It was generally so believed up until the time the Attorney General rendered his opinion.

Mr. RANSDELL. I did not so understand it, but even if it was understood that way, the plain language of this bill prohibits the prescribing of malt liquors, and there can not be any question about that.

Mr. STERLING. There is no question about it.

Mr. RANSDELL. And even if it were originally intended to carry the purpose, it was not there in plain terms. When I voted for the Volstead bill I had no idea that it would be defined in a way which would make it illegal. I am not responsible for a definition placed upon a statute by the law officers of the Government, but I am responsible, I will say to the Senator, when the language is plain and unequivocal, and the language in this bill plainly says, as plainly as it can, that it is unlawful under any circumstances to prescribe malt liquors.

It further says, and in that it goes further than the original bill, that not to exceed one-half pint of alcohol can ever be prescribed for a patient within a period of 10 days. I will say to the Senator that I was once the victim of a very severe attack of typhoid fever, and they gave me alcohol baths, which perhaps saved my life. If this bill were enacted in its present form it would be impossible to give anyone a series of alcohol baths.

Mr. STERLING. I think the Senator from Louisiana is mistaken in that respect. There is no question but what alcohol can be prescribed for alcohol baths, denatured alcohol, and it will be just as good for an alcohol bath as spirituous alcohol.

Mr. RANSDELL. If the Senator from South Dakota wishes to have his person rubbed with denatured alcohol, which has been poisoned in such a way as to make it entirely bad for internal use, then, I say to him, he can take it, but no denatured alcohol will ever, with my consent, be applied to my body.

Mr. STERLING. I recall reading in the hearings the testimony of one Mr. Doran to the effect that alcohol so treated—it may be said to be denatured or medicated or whatever term is proper to use in that connection—was just as efficient as spirituous alcohol for the purpose of an alcohol bath.

Mr. RANSDELL. I do not so understand it. If that be true, what would be the objection to writing in the bill in plain language that the limitation of one-half pint in 10 days is con-

fined to alcohol for internal use? Would the Senator have any objection to putting that amendment in the bill? It would be much less objectionable to me, I will say, if the Senator would add that amendment, although even that would not make me vote for it, because I consider that the bill is a clear invasion of the rights of the medical profession. I have said that plainly and do not care to repeat it.

Let me say to the Senator that if he will draw the bill in a form which is clearly in accord with the eighteenth amendment as I understand it, which is clearly confined to beverage purposes, I will vote for his bill, and gladly do so, because I am just as ardent a prohibitionist as he is or anyone else. I yield to no man in my belief in the eighteenth amendment and in my desire to see the eighteenth amendment fully and fairly enforced.

As a sincere believer in prohibition, and one who has proved his faith by his works, I appeal to my prohibition brethren not to insist upon these radical provisions in regard to medicine, but to amend the pending law so as to accomplish desired results without going to this extreme. Far more good will come from a fair, just, reasonable enforcement of the eighteenth amendment under laws which we have a clear right to pass, and which would be respected if enacted.

In conclusion I wish to say that I regret, Mr. President, that I can not vote for the measure; that I am obliged to part company with my prohibition friends and vote against this measure in its present form.

**THE PRESIDING OFFICER.** The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. BROUSSARD] in behalf of the Senator from Missouri [Mr. REED].

**Mr. STANLEY.** Mr. President, I offered an amendment previously which I desire to withdraw, and I now offer the amendment which I send to the desk, which is substantially the same as the amendment offered by the Senator from Missouri [Mr. REED].

**THE PRESIDING OFFICER.** The amendment of the Senator from Missouri [Mr. REED] is the pending amendment.

**Mr. BROUSSARD.** Inasmuch as practically the same amendment is to be offered by the Senator from Kentucky, which, I understand, meets with the approval of a great many Senators on the other side, I wish to withdraw the amendment which I offered in behalf of the Senator from Missouri.

**THE PRESIDING OFFICER.** If there is no objection, the amendment of the Senator from Missouri is withdrawn. The Senator from Kentucky [Mr. STANLEY] submits an amendment, which will be read.

**THE READING CLERK.** Add as an additional section the following:

SEC. 6. That any officer, agent, or employee of the United States engaged in the enforcement of this act, or the national prohibition act, or any other law of the United States, who shall search or attempt to search the property or premises of any person without previously securing a search warrant, as provided by law, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not to exceed \$1,000 or imprisoned not to exceed one year, or both so fined and imprisoned in the discretion of the court.

Any person not a duly authorized officer, agent, or employee of the United States, who, under color or claim to be acting as such in the enforcement of this act, or the national prohibition act, or any other law of the United States, subjects or causes any person to be subjected to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution of the United States, shall be deemed guilty of a felony, and upon conviction thereof shall be punished by imprisonment for a period of not more than five years or by fine not exceeding \$10,000, or by both such fine and imprisonment.

**Mr. STERLING.** Mr. President, the amendment is satisfactory and I accept the same.

**THE PRESIDING OFFICER.** The question is on the amendment offered by the Senator from Kentucky [Mr. STANLEY].

The amendment was agreed to.

**Mr. WADSWORTH.** Mr. President, I offer the amendment which I send to the desk.

**THE PRESIDING OFFICER.** The amendment will be stated.

**THE READING CLERK.** On page 3, line 18, add the following additional proviso:

Provided further, That the commissioner may authorize the return to the United States, under such regulations and conditions as he may prescribe, of any distilled spirits of American production exported free of tax and reimported in original packages in which exported and consigned for reexport in the distillery bonded warehouse from which originally removed.

The amendment was agreed to.

#### MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Presiding Officer (Mr. CURTIS) as Acting President pro tempore:

S. 252. An act to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two

States, and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States"; and

S. 732. An act to extend the provisions of section 2455, Revised Statutes, to the lands within the abandoned Fort Buford Military Reservation in the States of North Dakota and Montana.

#### THE DYE INDUSTRY.

**Mr. KING** addressed the Senate. After having spoken for some time, he said:

**Mr. President,** it was my purpose to discuss at some length the dye inquiry and the dye situation, the dye lobby, its pernicious and sinister activities; but since I have taken the floor it has been suggested by friends of this measure and by opponents, both sides, that they would be very glad to have a vote this afternoon. I do not want to interfere with action upon this bill, and I shall yield the floor, but I shall resume tomorrow morning at the earliest opportunity and conclude what I intended to say this afternoon.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill H. R. 7294, an act supplemental to the national prohibition act.

**Mr. SPENCER.** Mr. President, is there an amendment pending?

**THE PRESIDING OFFICER** (Mr. JONES of Washington in the chair). There is no amendment pending now.

**Mr. SPENCER.** I desire to call attention to one provision of the bill to which I personally can not agree, and I believe it is as unwise in its principle as it is unnecessary in its procedure.

The bill provides that a physician can not under any circumstances prescribe more than what amounts to a fifth of a pint of wine a day for any patient, because there is the limitation of 2 pints within a period of 10 days.

**Mr. WADSWORTH.** Two pints of wine?

**Mr. SPENCER.** Two pints—a fifth of a pint a day for any patient. My own experience has been what doubtless that of any other Senator has been, that again and again that would mean the dividing line between life and death. It is a ridiculous interference with the right of the practitioner of medicine. It is an attempt to substitute the judgment of Congress, that never has seen the patient, that knows nothing about his condition, and to make a prescription limitation in regard to that patient which only the physician is qualified to make. If that provision remains in the bill, we will live to see the ridicule that it will occasion cause far more harm to the cause of temperance than its omission will ever cause.

I submit, therefore, an amendment to that part of the bill and only that part of the bill, and ask that the Secretary may read it, and that it may be voted upon.

**THE PRESIDING OFFICER.** The Senator from Missouri offers an amendment, which will be stated.

**THE READING CLERK.** On page 2, line 1, it is proposed to strike out commencing with the word "nor" and including lines 2, 3, 4, 5, and the first seven words on line 6, and to insert in lieu thereof the following:

And all such prescriptions shall be limited strictly to cases in which such prescriptions are clearly necessary for medical purposes as defined in Title II, section 7 of the national prohibition act.

**Mr. STANLEY.** Mr. President, I should like to have the amendment of the Senator from Missouri read again. I was trying to follow it and I could not catch its import.

**Mr. LODGE.** Let the Secretary read it as it would read if amended.

**Mr. SPENCER.** I suggest that the Secretary commence at the beginning of the sentence, beginning on line 11 of page 1, and read it as it would read with the amendment added.

**THE PRESIDING OFFICER.** The Secretary will read as requested.

**THE READING CLERK.** Commencing on line 11, page 1:

No physician shall prescribe, nor shall any person sell or furnish on any prescription, any vinous liquor that contains more than 24 per cent of alcohol by volume, and all such prescriptions shall be limited strictly to cases in which such prescriptions are clearly necessary for medicinal purposes as defined in Title II, section 7 of the national prohibition act.

**Mr. LODGE.** That strikes out what?

**THE READING CLERK.** Striking out the words:

Nor shall anyone prescribe or sell or furnish on any prescription more than one-fourth of 1 gallon of vinous liquor, or any such vinous or spirituous liquor that contains separately or in the aggregate more than one-half pint of alcohol, for use by any person within any period of 10 days.



Mr. STERLING. Mr. President, I trust that amendment will not prevail. The striking out of the language suggested and the insertion of that proposed by the Senator from Missouri would, as I understand the proposed amendment, leave unlimited the amount of wine that might be prescribed for medicinal purposes. I do not think we can afford to do that.

I have called attention again and again to the fact that Senators seem to be laboring under a misapprehension as to this bill. It is assumed that it is a tremendously drastic measure as compared with the present national prohibition law. As I have said again and again, it is not as drastic as the original law was supposed to be, because that law was supposed to prevent the prescribing of wine as well as beer, and never until the opinion of the Attorney General was it generally thought otherwise.

I am satisfied that the physicians of this country, having declared themselves already as they have, especially through the American Medical Association, are not asking that they, for the safety and health of patients, shall be allowed to prescribe wine in any quantity. There may be now and then, I grant, a physician who is asking that, who thinks that wine is good for medicinal purposes and that a physician ought to have the right to prescribe wine. The bill gives the right to prescribe wine, and it is different from what the Volstead Act was supposed to be in that respect, and gives the right to prescribe wine in a reasonable quantity. It gives the right to prescribe wine with the same amount of alcoholic content as the spirituous liquors which can be prescribed under the national prohibition act. The same quantity of alcohol may be contained in the amount of wine prescribed under this law as was allowed to be prescribed in spirituous liquors under the Volstead Act.

Mr. WADSWORTH. Mr. President, is the Senator quite sure of that?

Mr. STERLING. I am quite sure.

Mr. WADSWORTH. Then what is the meaning of the language of the bill which says that no one may make a prescription for more than one-fourth of a gallon of vinous liquor, regardless of the alcoholic content?

Mr. STERLING. Because wine of the very highest alcoholic content contains 24 per cent, and this will include the great bulk of wines of various kinds manufactured in this country or imported from other countries, because the maximum of alcoholic content in any wine is about 24 per cent. Nearly all wine contains less than that.

Mr. WADSWORTH. The Senator is mentioning maximums.

Mr. STERLING. I am mentioning maximums.

Mr. WADSWORTH. Yes; but the language on line 3 has nothing to do with alcoholic content, maximums, averages, or minimums. It says, "No more than one-fourth of 1 gallon" of any kind of wine.

Mr. STERLING. But the doctor is privileged, if he wants the alcohol, to prescribe the wine that has the highest alcoholic content.

Mr. WADSWORTH. Suppose the doctor does not want to do that?

Mr. STERLING. Then he can prescribe less.

Mr. WADSWORTH. But no more than a certain amount.

Mr. STERLING. Certainly.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Delaware?

Mr. STERLING. I yield to the Senator.

Mr. BALL. I understand that the Senator from South Dakota is opposed to the amendment?

Mr. STERLING. I am opposed to the amendment.

Mr. BALL. Then the Senator from South Dakota is opposed to physicians prescribing according to their judgment?

Mr. STERLING. Yes. A particular physician might say, so far as that is concerned—I am not saying that of physicians generally—that a gallon of spirituous liquor should be prescribed for use in a period of 10 days.

Mr. BALL. Mr. President, I should like to ask the Senator another question. The Senator certainly realizes that under certain conditions more liquor is required or a greater number of prescriptions are required than under other conditions. Take an epidemic such as the Spanish influenza, where hundreds of patients in every physician's practice needed alcohol each day.

There are cases of intense depression where a life is saved by alcohol, and yet under this bill you are limited to 100 prescriptions in 90 days, or if you should attempt to get the right to issue more your patients would all pass away, of course, before that time, and it would do you no good. By such an act, if you are not going to trust to the physician's judgment,

Congress is taking the responsibility for the future life of the physician's patients.

Mr. STERLING. Mr. President, the Congress did not quite trust to the physician's judgment in the original prohibition act when it provided that the amount of spirituous liquor that might be prescribed within any period of 10 days should be 1 pint. They did not take the physician's judgment in that case.

Mr. BALL. Mr. President—

Mr. STERLING. If the Senator will permit me—

Mr. BALL. I should like to ask a question; that is all.

Mr. STERLING. I yield to the Senator.

Mr. BALL. Did not the original Volstead Act apply to liquor used as a beverage? That was my impression, and I voted for the Volstead Act in the belief that it controlled the use of alcohol as a beverage. This bill controls its use as a medicine.

Mr. STERLING. That bill controlled its use as a medicine—

Mr. BALL. Then why do you want further control?

Mr. STERLING. And in the very way in which I say it controlled its use as a medicine, by limiting the amount of spirituous liquor that could be prescribed, we can now allow wine to be prescribed, and with the same amount of alcohol in the wine to be used within a certain period of time as was allowed to be used in spirituous liquor in the Volstead Act.

Now, Mr. President, it is for Congress to determine. One-half of 1 per cent of alcohol in a beverage is not intoxicating. Everybody, I think, admits that it will not intoxicate; and yet Congress saw fit in the national prohibition act to provide that no beverage containing as much as one-half of 1 per cent of alcohol would be permitted to be manufactured or to be sold. Why that restriction? It was for the purpose of preventing the use of alcoholic liquors as a beverage. Why, Mr. President, do we limit the amount that may be prescribed by a physician and prohibit altogether the use of beer for a medicine? It is in order to secure the end provided for in the constitutional mandate itself, and in the law enacted for the purpose of carrying out that mandate—namely, to prevent the use of alcohol as a beverage. These are the means that we have used, and the Supreme Court of the United States has said virtually in the Ruppert case and in the consideration of the Purity Extract case, brought up from Mississippi, that Congress has the right to determine the means that should be used for the purpose of preventing the use of alcohol as a beverage.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota further yield to the Senator from Delaware?

Mr. STERLING. I yield to the Senator from Delaware.

Mr. BALL. I, of course, am not going to discuss the constitutionality of the measure. The question with me is whether it is good legislation, whether it is fair legislation for the general public. Much legislation would be constitutional for which I think no Senator here would want to vote; but it is a question of legislating for the best interests of the people, and it seems to me that physicians, from their training from all points, should be allowed to prescribe those medicines which in their judgment are most needed. Certainly there is some manner of enforcing this law so as to prevent physicians from prescribing alcohol as a beverage, but when you limit the number of prescriptions as you do in this bill you are preventing a physician from practicing medicine along the lines which in his judgment are necessary for the saving of life. That, to me, is not only class legislation but it is almost criminal.

Mr. STERLING. As to limiting the number of prescriptions, I will ask the Senator if he has noted all the provisions of the bill with reference to the number? The bill provides:

No physician shall be furnished with more than 100 prescription blanks for use in any period of 90 days, nor shall any physician issue more than that number of prescriptions within any such period unless on application therefor he shall make it clearly apparent to the commissioner that for some extraordinary reason a larger amount is necessary, whereupon the necessary additional blanks may be furnished him.

Mr. BALL. The Senator from South Dakota certainly knows that if a physician had to go through the routine prescribed in this bill there would be no necessity for acquiring alcohol for the patient. Even the funeral rites would be all over. We prescribe in cases of emergency, and only in cases of emergency.

Mr. STERLING. I suppose the prevalence of any disease for which spirituous liquor might be a remedy at all, in any community, like the influenza, for example, would afford the extraordinary occasion when a physician might apply to the commissioner for permission to issue more prescriptions.

Mr. BALL. Mr. President, I am glad the Senator brought up the Spanish influenza, which is the best instance, probably, we have had in medicine. Ordinarily in my practice I did not give 10 prescriptions a year for liquor. I doubt whether I gave five; but during the attack of influenza I believe for a



week or 10 days I averaged 50 a day, and I could not have given those under the provisions of this bill. I did save life by it. Now you are going to pass an act which, if it had been a law then, would have prevented me, as a physician, from performing what I believed to be my duty as a physician, my honest duty to the public.

Mr. STERLING. We have the testimony of one physician. I value it, and I have great respect for the opinion of the Senator from Delaware.

Mr. BALL. I would like to state, if the Senator will permit me, that I have tried to make a canvass of the physicians of my own State. I have not completed it, but I find that more than 90 per cent of the physicians of my State hold exactly the same views I hold myself.

Mr. STERLING. With respect to what, may I ask the Senator?

Mr. BALL. With respect to the prescribing of alcohol, and its absolute necessity under certain conditions.

Mr. STERLING. Then the Senator's objection goes to the original act, which limits the amount of alcohol to 1 pint for every 10 days, which is not the measure before us. The objection goes to that. Let the Senator attack that, or offer an amendment to it.

What does the amendment of the Senator from Missouri imply? That we shall restrict the amount of spirituous liquor that can be prescribed to a pint for every 10 days, and make the amount of wine which might be prescribed unlimited. That is the proposition, and if that is agreed to we shall absolutely let down the bars.

Mr. WADSWORTH. He withdraws the limit from both.

Mr. STERLING. It is so much the worse if he withdraws the limit from both—the amount of spirituous liquor which may be prescribed, as well as the amount of wine.

Mr. President, if there is an unlimited amount of wine or an unlimited amount of spirituous liquor to be prescribed, you will simply nullify the national prohibition act, and every drug store will be made a saloon, and a saloon, too, without the ordinary police supervision which accompanies the sale of intoxicating liquors in a saloon. That is what you will have.

The druggists, the pharmacists, are not clamoring for this legislation. Indeed, so far as beer is concerned, they protest against any law allowing the prescribing of beer for medicinal purposes. Five hundred physicians in the great State of Massachusetts signed a protest against the prescribing of beer for medicinal purposes.

Mr. President, I can not help but think that there is a great deal of what we call camouflage, for want of a better word just on the instant, in this cry for the protection of the people from any disease or illness for which intoxicating liquor may be said to be a remedy. The American Medical Association thought that there was no therapeutic value in it beyond what could be found in some other way, and they so declared, and they said that with reference to beer.

Mr. WADSWORTH. When?

Mr. STERLING. They said it in 1917, and they have not taken it back.

Mr. SPENCER. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Missouri?

Mr. STERLING. I yield.

Mr. SPENCER. I have at present no disagreement with the distinguished Senator from South Dakota about the right of Congress to pass this law; but I appeal to his sense of fairness, which is so characteristic of him, to ask him if, when we have once provided in this bill that wine does have some medicinal property, there may not be occasions when the prescription of wine is necessary? It is admitted in the bill that wine has some medicinal value. When you have taken that step and provided that physicians shall be allowed to prescribe wine under certain conditions, I appeal to the Senator from South Dakota if it is not ridiculous to say to a physician, who may think that a patient needs the stimulant of wine three times a day, "Yes; we will allow you, by law, to prescribe wine, but you can not prescribe more than one-fifteenth of a pint of wine at any one of the three meals a day for any 10-day period?"

The arithmetic is simple. The result of it is that you give permission for the prescription with one hand and withdraw its efficacy with the other. If wine can be prescribed there ought to be a reasonable concession to the discretion of the physician who prescribes it, and that is the purpose of the amendment which I have offered.

Mr. STERLING. Mr. President, I do not know how many States which have adopted prohibition and passed prohibition laws have forbidden the prescribing of wine, or the manufacture or sale of wine for medicinal purposes, but a very great many of

them have. A great many of them have laws more drastic than the national prohibition law or than this measure, and I want to call attention to the State of Mississippi.

The Purity Extract Co., of the State of Mississippi, manufactured a malt beverage without a particle of alcohol content in it. Its manufacture and sale were prohibited by the State law of Mississippi. The company brought an action, and the case went to the Supreme Court of the United States, which upheld the act of the State of Mississippi, and I want to quote briefly from the decision in the case of Jacob Ruppert against Caffey:

Purity Extract Co. v. Lynch (226 U. S., 192), determined that State legislation of this character is valid, and set forth with clearness the constitutional ground upon which it rests: "When a State exerting its recognized authority undertakes to express what it is free to regard as a public evil, it may adopt such measures having a reasonable relation to that end as it may deem necessary in order to make its action effective. It does not follow that because a transaction separately considered is innocuous it may not be included in a prohibition the scope of which is regarded as essential in the legislative judgment to accomplish a purpose within the admitted power of the Government. It was competent for the Legislature of Mississippi to recognize the difficulties besetting the administration of laws aimed at the prevention of traffic in intoxicants. It prohibited, among other things, the sale of 'malt liquors.'"

And this, as I say, was a malt liquor without any alcohol in it at all.

Turning to the conclusion which the court draws as applicable to a law passed by the Congress of the United States, this is what the court said:

That the Federal Government would, in attempting to enforce a prohibitory law, be confronted with difficulties similar to those encountered by the States is obvious; and both this experience of the States and the need of the Federal Government of legislation defining intoxicating liquors, as was done in the Volstead Act, were clearly set forth in the reports of the House Committee on the Judiciary, in reporting the bill to the Sixty-fifth Congress, third session, Report 1143, February 26, 1919, and to the Sixty-sixth Congress, first session, Report 91, June 30, 1919. Furthermore, recent experience of the military forces had shown the necessity of fixing a definite alcoholic test for the purpose of administering the limited prohibitory law included in the selective service act—

And so forth.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Mississippi?

Mr. STERLING. I yield.

Mr. WILLIAMS. The Senator will excuse this interruption, I know, because this is the second time in the debate when a State statute and a decision upon its constitutionality has been quoted in connection with the contention here. Of course, the Senator is too good a lawyer not to know, as every lawyer does, and as three-fourths of the laymen of America do, the immense difference between the power of a State in the exercise of its police power and the power of the Federal Government in the exercise of its delegated powers.

Mr. STERLING. Yes; and I will say to the Senator from Mississippi that I was just dwelling on that point.

Mr. WILLIAMS. I said I knew that. The case from which the Senator just quoted was from the State of Mississippi, and the State has also said that no physician should prescribe wine or beer, or even whisky, I believe. The State of Mississippi could pass a law, if it wanted to, saying that duck eggs should never be hatched under hens. The State of Mississippi could pass a law, if it wanted to, saying that no article containing carbonic-acid gas should be sold for beverage purposes or for medicinal purposes. The right of the State of Mississippi to legislate for its people is absolutely plenary, except in so far as it may be directly and expressly limited by something in the Constitution of the United States or by something in the constitution of the State. Mississippi has the right to deny any man the right to drink beer in its limits, as medicine or as a beverage, regardless of whether it has alcohol in it or not, but the United States Government has no power in relation to this subject except that which is delegated to it under the constitutional amendment, and that power is simply to regulate and to prohibit the manufacture, importation, and sale of alcoholic liquors used for beverage purposes.

The State of Mississippi has a perfect right to say that no man in the State of Mississippi should prescribe beer or wine or whisky as a medicine, if it chose to say it. It has a right to say that he shall not prescribe quinine, if the legislature were asses enough to say it. The power is there, undoubtedly. Whenever this sort of argument is made, gentlemen forget the character of the dual governments under which they live.

The State of Mississippi might pass a law that men should not dye their hair; and, by the way, it would be a very good law; most hair dyes are partially poisonous; but the Federal Government could not do such a thing.



Mr. STERLING. But, Mr. President, let the Supreme Court of the United States answer the argument of the Senator from Mississippi.

In the Ruppert case, I call the Senator's attention to a few further sentences from the opinion:

The police power of a State over the liquor traffic is not limited to the power to prohibit the sale of intoxicating liquors supported by a separate implied power to prohibit kindred nonintoxicating liquors so far as necessary to make the prohibition of intoxicants effective; it is a single broad power to make such laws, by way of prohibition, as may be required to effectively suppress the traffic in intoxicating liquors.

That is the power the State of Mississippi has.

Mr. WILLIAMS. That is the power of the State.

Mr. STERLING. The Senator will agree to that.

Mr. WILLIAMS. The power of the Federal Government to suppress its use as a beverage.

Mr. STERLING. I read further:

Likewise the implied war power over intoxicating liquors extends to the enactment of laws which will not merely prohibit the sale of intoxicating liquors but will effectually prevent their sale.

The object of the national prohibition act with its restriction of prescriptions of spirituous liquors is to prevent the sale and the use of intoxicants as a beverage—

Mr. WILLIAMS. Ah!

Mr. STERLING. Just bear with me a moment, please.

Furthermore—

Now, note this—

as stated in *Hamilton v. Kentucky Distilleries & Warehouse Co.*, ante, 156, while discussing the implied power to prohibit the sale of intoxicating liquors: "When the United States exerts any of the powers conferred upon it by the Constitution"—

Is this power conferred upon it by the Constitution?

Mr. WILLIAMS. That is what we are talking about.

Mr. STERLING (reading):

When the United States exerts any of the powers conferred upon it by the Constitution, no valid objection can be based upon the fact that such exercise may be attended by the same incidents which attend the exercise by a State of its police power.

I think that is a complete answer to the Senator from Mississippi.

Mr. WILLIAMS. No; it is not. Undoubtedly that is true. When the State has the power, and Mississippi had full power in the cases referred to, not to prohibit merely the use of intoxicants as a beverage but to forbid their use as medicine or for sacramental purposes or for anything else, then everything absolutely necessary or reasonably necessary to be done in order to accomplish that purpose, though it may hurt somewhere else, falls within the State's power. But when the Federal Government has the power only to prevent the manufacture and sale or importation of intoxicants, its power is confined to that particular sort of use of them which is expressed by the language "for beverage purposes."

If the United States Government, in undertaking to execute its constitutional rights to forbid the use for beverage purposes, should incidentally touch upon something which would, not as its purpose but by incident purely, prevent something else from being used which was not even intoxicant, of course that would have to go. But if the Federal Government undertakes to prevent or to limit the use of intoxicating liquors for sacramental purposes or for medicinal purposes, then it has undertaken something for which it has no grant and concerning which it has no implied power.

The Senator would not contend here for one moment that the Congress had the right to say that a church could administer wines for sacramental purposes, but could not administer more than half a pint a month or more than half a pint a week or more than half a pint at a single meeting of the congregation, regardless of the size of the congregation or anything else. Even if the congregation were only four persons, the Senator would not contend that Congress could do that. Why? Because the Congress has no power whatsoever, granted or incidental, expressed or implied, to regulate the use of wines for sacramental purposes in the church, nor has it any right to do the same thing for medicinal purposes by a doctor. Both may be abused.

I heard some time ago, though I do not know how true it was, that some people were getting up a new church with the idea of getting wine for sacramental purposes. But if that abuse shall occur, or if the abuse shall occur with a doctor, there are the grand juries of the States, there is the neighborhood, with its public opinion, there are the petit juries of the States, there is the public opinion that knows almost at once that the man is abusing his power as a physician in order to become a saloon keeper, and they will indict him. There are the medical fraternities, the most honorable men in the world, guarding their honor. They can be trusted to do something.

I am tired of the idea that the only thing in the world that can legislate or accomplish anything is this miserable Federal

Government at Washington. If the President and all the Members of the Senate and the Members of the House died tomorrow, the American people would get along very well for six months through the States.

Mr. WILLIS. Mr. President, I desire to ask the Senator from South Dakota if it is his purpose to press the bill to a vote this evening. There are a number of Senators who desire to discuss this rather important question, but I understand an executive session is desired.

Mr. STERLING. No; I do not desire to push the matter to a vote to-night.

SEVERAL SENATORS. Vote! Vote!

Mr. STERLING. I think I shall not press for a vote to-night.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Missouri [Mr. SPENCER].

Mr. BRANDEGEE. Mr. President, I merely wish to suggest to the Senator from South Dakota that for a week or more various Senators who desire to go away and others who have been away and have come back have had their movements interfered with by the uncertainty of having a vote on this bill. Certain Senators want to go away to-night and others to-morrow. I hope we can dispose of this measure to-night. I am willing to sit late if the Senator desires further time, and I think we should dispense with an executive session this evening.

Mr. PENROSE. Mr. President—

Mr. STERLING. I yield to the Senator from Pennsylvania.

Mr. PENROSE. I sincerely hope that we can vote this afternoon. I concur in the view of the Senator from Connecticut. The Finance Committee adjourned in the midst of important hearings to permit the Members to come here on the assumption that they were to vote on various phases of the bill. That great committee is in session from 10 o'clock in the morning until 5 or 6 in the evening, and if they are to break up their meetings every 20 minutes to come to the Senate and vote, we shall never get through the gigantic task reposed in us. I sincerely hope that we can vote this afternoon.

Mr. STERLING. I hardly expected to reach a vote on the bill this afternoon. I now ask the Senator from Kansas [Mr. CURTIS] if it is desired to have an executive session.

Mr. CURTIS. We do want a short executive session, and I wish to have an amendment to a Senate joint resolution reconsidered and the joint resolution passed if possible, but I do not wish to interfere with the vote on the pending bill.

Mr. STERLING. I will yield for the purpose of an executive session.

Mr. BROUSSARD. Mr. President, reserving the right to offer further amendments, I move that the bill be recommitted; and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McCumber	Shortridge
Ball	Harrel	McKellar	Simmons
Borah	Harrison	McLean	Smith
Brandegee	Heflin	McNary	Smoot
Broussard	Johnson	Moses	Spencer
Bursum	Jones, Wash.	Nelson	Stanfield
Capper	Kellogg	Nicholson	Stanley
Caraway	Kenyon	Norbeck	Sterling
Curtis	Keyes	Oddie	Townsend
Dial	King	Overman	Wadsworth
Dillingham	Ladd	Penrose	Warren
Earnest	La Follette	Phipps	Weller
Fernald	Lenroot	Pomerene	Willis
Fletcher	Lodge	Ransdell	
Gerry	McCormick	Sheppard	

The PRESIDING OFFICER. Fifty-eight Senators having answered to their names, a quorum is present.

Mr. BROUSSARD. Mr. President, I demand the yeas and nays on my motion to recommit.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. CARAWAY (when his name was called). I have a general pair with the junior Senator from Illinois [Mr. McKINLEY]. My colleague, the senior Senator from Arkansas [Mr. ROBINSON], if present, I am told, would vote as I am going to vote. Therefore I wish to transfer my pair with the Senator from Illinois [Mr. McKINLEY] to my colleague and vote. I vote "nay."

Mr. DILLINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. I transfer that pair to my colleague [Mr. PAGE] and vote "yea."

Mr. FERNALD (when his name was called). I have a general pair with the senior Senator from New Mexico [Mr. JONES]. On this matter, I understand, he would vote as I shall. I shall therefore vote. I vote "nay."

Mr. KENYON (when his name was called). I have a pair with the Senator from Missouri [Mr. REED]. I strongly suspect, however, that if present he would vote to recommit the bill, and consequently I am not at liberty to vote.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Iowa [Mr. CUMMINS] and vote "yea."

Mr. MCCORMICK (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK]. I understand that if he were present the Senator from Wyoming would vote as I propose to vote. Therefore I feel at liberty to vote, and vote "nay."

Mr. McLEAN (when his name was called). I have a pair with the Senator from Montana [Mr. MYERS]. I transfer that pair to the Senator from Maryland [Mr. FRANCE] and vote "yea."

Mr. TRAMMELL (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. COLT], but, understanding that if present he would vote as I propose to vote, I shall vote. I vote "nay."

The roll call was concluded.

Mr. SHEPPARD. Mr. President, I desire to state that if the senior Senator from Texas [Mr. CULBERSON] were present he would vote "nay."

Mr. GERRY. I desire to announce that the senior Senator from Virginia [Mr. SWANSON] and the junior Senator from Virginia [Mr. GLASS] are absent on business of the Senate, and that the Senator from Nevada [Mr. PITTMAN], not understanding that there was going to be a vote this afternoon, has been called to one of the departments.

The PRESIDING OFFICER (Mr. JONES of Washington) (after having voted in the negative). The present occupant of the chair desires to state that the senior Senator from Virginia [Mr. SWANSON] is necessarily absent. The Chair promised to take care of that Senator; but the Chair understands that if present the Senator from Virginia would vote as the Chair has voted. The junior Senator from Delaware [Mr. DU PONT] is necessarily absent, and the Chair finds that he can transfer his pair with the Senator from Virginia to the Senator from Delaware, who, if present, would vote "yea." So the Chair allows his vote to stand.

Mr. HARRISON. I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I understand that if he were present he would vote as I intend to vote; so I shall vote. I vote "nay."

Mr. GERRY. I desire to announce that the junior Senator from Virginia [Mr. GLASS] is absent on business of the Senate. If present, he would vote "nay."

I also wish to announce that the Senator from Georgia [Mr. WATSON] is absent because of illness.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS];

The Senator from Michigan [Mr. NEWBERRY] with the Senator from Indiana [Mr. NEW];

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS];

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Massachusetts [Mr. WALSH];

The Senator from Pennsylvania [Mr. KNOX] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 23, nays 38, as follows:

## YEAS—23.

Ball	Johnson	Penrose	Stanley
Brandegge	King	Phipps	Wadsworth
Broussard	La Follette	Pomerene	Warren
Cameron	Lodge	Ransdell	Weller
Dillingham	McLean	Shortridge	Williams
Gerry	Moses	Spencer	

## NAYS—38.

Ashurst	Gooding	McCumber	Simmons
Borah	Harrell	McKellar	Smith
Bursum	Harrison	McNary	Smoot
Capper	Heflin	Nelson	Stanfield
Caraway	Jones, Wash.	Nicholson	Sterling
Curtis	Kellogg	Norbeck	Townsend
Dial	Keyes	Oddie	Trammell
Ernst	Ladd	Overman	Willis
Fernald	Lenroot	Polindexter	
Fletcher	McCormick	Sheppard	

## NOT VOTING—35.

Calder	Glass	Myers	Shields
Colt	Hale	New	Sutherland
Culberson	Harris	Newberry	Swanson
Cummins	Hitchcock	Norris	Underwood
du Pont	Jones, N. Mex.	Owen	Walsh, Mass.
Edge	Kendrick	Page	Walsh, Mont.
Elkins	Kenyon	Pittman	Watson, Ga.
France	Knox	Reed	Watson, Ind.
Frelinghuysen	McKinley	Robinson	

So the Senate refused to recommit the bill to the Committee on the Judiciary.

The PRESIDING OFFICER. The question now is on the amendment proposed by the Senator from Missouri [Mr. SPENCER].

The amendment was rejected.

The PRESIDING OFFICER. The bill is still before the Senate as in Committee of the Whole and open to amendment. If there be no further amendment as in Committee of the Whole, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

Mr. BROUSSARD. I offer the amendment which I send to the desk as a substitute for the bill.

The PRESIDING OFFICER. The amendment proposed by the Senator from Louisiana will be stated.

The ASSISTANT SECRETARY. It is proposed to strike out all after the enacting clause and insert the following:

That section 1 of title 2 of the national prohibition act is hereby amended by adding at the end of said section the following: "Provided, however, That the above construction of the word 'liquor' or the phrase 'intoxicating liquor,' so far as it relates to beer, ale, porter, and wine, shall not apply in those States which through a referendum vote shall adopt a different construction for the word 'liquor' or the phrase 'intoxicating liquor,' and any State may, through a referendum vote of the people, place such construction upon the word 'liquor' or the phrase 'intoxicating liquor' as shall not include, within the operation of this act, beer, ale, and porter up to 5 per cent alcoholic content by volume and wine up to 14 per cent alcoholic content by volume, and the Federal Government hereby concurs in such construction, said referendum to be placed upon the ballot at any special election for that purpose called by the governor of any State, or at any State or national election whenever the governor of such State, in his discretion, may so direct or whenever 15 per cent of the voters of such State shall so petition the secretary of state of such State at least 30 days before said election."

The PRESIDING OFFICER. The Chair will state to the Senator from Louisiana that the Chair is of the opinion that the amendments made as in Committee of the Whole should be first concurred in in the Senate, before his substitute is voted upon.

Mr. BROUSSARD. Reserving my right to the privilege of having a vote on the amendment, I yield for that purpose.

The PRESIDING OFFICER. The question is on concurring in the amendments made as in Committee of the Whole.

The amendments were concurred in.

The PRESIDING OFFICER. The question now is on the amendment in the nature of a substitute offered by the Senator from Louisiana.

Mr. STERLING. Mr. President, I simply want to say a word with reference to the proposed substitute. It would give to each State the power by referendum vote in the State to nullify the Constitution. That is plain upon the face of the proposed amendment.

Mr. WILLIAMS. Mr. President, I do not desire that my vote or my attitude should be misunderstood. I want to enforce the power which Congress has, and I have been protesting against Congress usurping power which it has not; but the particular motion now pending is a motion to have the Congress nullify the eighteenth amendment. Congress can not do that. Whenever Congress passes a law leaving the enforcement of the eighteenth amendment to the States or to each State individually and refuses to obey that part of the eighteenth amendment which grants to Congress the power to enforce the amendment it is a suspension by Congress, at any rate pro tanto, of a constitutional provision—a nullification of it to the extent that any one particular State may choose to nullify it. Congress has no power to do anything of that kind. The action now proposed would be as unconstitutional as attempting to take jurisdiction over liquor administered for medicinal or for sacramental purposes, and even more so. I hope the amendment will be voted down.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana as a substitute for the bill as amended.

The amendment was rejected.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.



The PRESIDING OFFICER. The bill having been read three times, the question is: Shall it pass?

Mr. WILLIS. On that question I ask for the yeas and nays. The yeas and nays were ordered, and the reading clerk proceeded to call the roll:

Mr. CARAWAY (when his name was called). Making the same explanation concerning my pair and its transfer as on the last vote, I vote "yea."

Mr. DILLINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I do not know how he would vote on this question, and in his absence I withhold my vote.

Mr. FERNALD (when his name was called). Making the same announcement concerning my pair and its transfer as on the last roll call, I vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I understand that if he were present he would vote as I intend to vote. I therefore feel at liberty to vote and vote "yea."

The PRESIDING OFFICER (Mr. JONES of Washington). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. If present he would vote "yea." The junior Senator from Delaware [Mr. DU PONT] is also necessarily absent. If he were present he would vote "nay." The present occupant of the chair transfers the pair he has with the senior Senator from Virginia to the junior Senator from Delaware and votes "yea."

Mr. KENYON (when his name was called). I am paired with the Senator from Missouri [Mr. REED], and hence withhold my vote. If at liberty to vote, I should vote "yea."

Mr. McCORMICK (when his name was called). I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK], which I transfer to the junior Senator from Pennsylvania [Mr. KNOX], and vote "yea."

Mr. CURTIS. I should like to state that the junior Senator from Wyoming [Mr. KENDRICK] asked me to announce that, if present, he would vote "yea."

Mr. McLEAN. As on the preceding vote, I transfer my pair with the Senator from Montana [Mr. MYERS] to the Senator from Maryland [Mr. FRANCE], and vote "nay."

Mr. LA FOLLETTE (when the name of Mr. NORRIS was called). The Senator from Nebraska [Mr. NORRIS] is absent on account of illness. I ask that this announcement stand for the day.

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLE], but I feel at liberty to vote upon this question. I vote "yea."

The roll call was concluded.

Mr. FERNALD. My colleague, the junior Senator from Maine [Mr. HALE], is necessarily absent from the Senate. If he were present he would vote "yea."

Mr. SHEPPARD. If the senior Senator from Texas [Mr. CULBERSON] were present he would vote "yea."

Mr. GERRY. I desire to make the same announcement as on the last roll call in regard to the Senator from Virginia [Mr. GLASS] and the Senator from Nevada [Mr. PITTMAN]. If the Senator from Virginia were present he would vote "yea" on the passage of this bill. The Senator from Georgia [Mr. WATSON] is absent on account of illness.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Maine [Mr. HALE] with the Senator from Tennessee [Mr. SHIELDS];

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS];

The Senator from Pennsylvania [Mr. KNOX] with the Senator from Wyoming [Mr. KENDRICK];

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Massachusetts [Mr. WALSH]; and

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 39, nays 20, as follows:

## YEAS—39.

Ashurst	Gooding	McCumber	Simmons
Borah	Harrell	McKellar	Smith
Bursum	Harrison	McNary	Smoot
Capper	Heflin	Nelson	Spencer
Caraway	Jones, Wash.	Nicholson	Stanfield
Curtis	Kellogg	Norbeck	Sterling
Dial	Keyes	Oddie	Townsend
Ernst	Ladd	Overman	Trammell
Fernald	Lenroot	Polindexter	Willis
Fletcher	McCormick	Sheppard	

## NAYS—20.

Ball	Johnson	Moses	Shortridge
Brandegge	King	Penrose	Stanley
Broussard	La Follette	Phipps	Wadsworth
Cameron	Lodge	Pomerene	Warren
Gerry	McLean	Ransdell	Weller

## NOT VOTING—37.

Calder	Glass	New	Swanson
Cole	Hale	Newberry	Underwood
Culberson	Harris	Norris	Walsh, Mass.
Cammins	Hitchcock	Owen	Walsh, Mont.
Dillingham	Jones, N. Mex.	Page	Watson, Ga.
Du Pont	Kendrick	Pittman	Watson, Ind.
Edge	Kenyon	Reed	Williams
Elkins	Knox	Robinson	
France	McKinley	Shields	
Frelinghuysen	Myers	Sutherland	

So the bill was passed.

Mr. STERLING. I move that the Senate request a conference with the House of Representatives upon the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. STERLING, Mr. NELSON, and Mr. OVERMAN conferees on the part of the Senate.

## CONTRACTS FOR FUTURE DELIVERY OF GRAIN.

Mr. CAPPER. I move that the Senate proceed to the consideration of H. R. 5676, known as the future-trading bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, which had been reported from the Committee on Agriculture and Forestry, with amendments.

Mr. CAPPER. On behalf of the Committee on Agriculture and Forestry, I offer a substitute bill which I ask to have printed and lie on the table.

The PRESIDING OFFICER. That order will be made.

Mr. CURTIS. I ask unanimous consent that the unfinished business may be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

## IMPORTATION OF WOOD PULP FROM CANADA.

Mr. CURTIS. I ask unanimous consent that the Senate reconsider the vote whereby it agreed to amendment No. 6 with an amendment to the joint resolution (S. J. Res. 36), authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States. The amendment to amendment No. 6 was to correct a clerical error, changing the word "said" to "the."

The PRESIDING OFFICER. The Senator from Kansas moves to reconsider the vote whereby amendment No. 6 was agreed to with an amendment.

The motion to reconsider was agreed to.

Mr. CURTIS. I move that the Senate concur in the House amendment No. 6.

The motion was agreed to.

## DEATH OF REPRESENTATIVE RORER A. JAMES.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, communicated to the Senate the intelligence of the death of Hon. RORER A. JAMES, late a Representative from the State of Virginia, and transmitted the resolutions of the House thereon.

Mr. SIMMONS. Mr. President, I ask that the resolutions of the House be laid before the Senate.

The PRESIDING OFFICER laid before the Senate the resolutions of the House of Representatives, which were read as follows:

IN THE HOUSE OF REPRESENTATIVES,  
August 8, 1921.

*Resolved*, That the House has heard with profound sorrow of the death of the Hon. RORER A. JAMES, a Representative of the State of Virginia.

*Resolved*, That a committee of 15 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

*Resolved*, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

*Resolved*, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

*Resolved*, That as a further mark of respect this House do now adjourn.

Mr. SIMMONS. Mr. President, I offer the resolutions which I send to the desk.

The PRESIDING OFFICER. The resolutions will be read. The resolutions (S. Res. 128) were read, considered by unanimous consent, and unanimously agreed to, as follows:

*Resolved*, That the Senate has heard with profound sorrow the announcement of the death of Hon. ROGER A. JAMES, late a Representative from the State of Virginia.

*Resolved*, That a committee of six Senators be appointed by the Presiding Officer, to join the committee appointed by the House of Representatives, to attend the funeral.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives.

The PRESIDING OFFICER appointed, under the second resolution, Mr. SWANSON, Mr. GLASS, Mr. OVERMAN, Mr. SIMMONS, Mr. SUTHERLAND, and Mr. WELLER as the committee on the part of the Senate.

Mr. SIMMONS. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 5 o'clock and 40 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, August 9, 1921, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

MONDAY, August 8, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, day unto day Thy voice uttereth speech and night unto night it showeth knowledge. We bless Thee for its message and in all of our ways may we be led by its truth.

A laborer in our own vineyard, who needeth not to be ashamed, has returned from the field bringing his sheaves with him. O, bless and receive them. Reach forth Thy arm of infinite love and encircle those who are in the shades of the silent tomb. Over the sea and through the storm may they see Thy face and hold Thy hand. When sorrow has done its work, when grief has left its sting, give them great peace. So when the tale of our years is told and our time is run out, when we have passed through the afternoon of life and faced the sunset skies, O, may the morning skies scatter the shadows and may it be daylight everywhere. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Thursday, August 4, 1921, was read and approved.

### ENROLLED BILLS SIGNED.

The SPEAKER announced his signature to enrolled bills of the following titles:

S. 252. An act to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two States and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States."

S. 732. An act to extend the provisions of section 2455, Revised Statutes, to the lands within the abandoned Fort Buford Military Reservation, in the States of North Dakota and Montana.

### LEAVES OF ABSENCE.

Leave of absence was granted to—

Mr. MONTROYA, indefinitely, on account of sickness in family.  
Mr. BRENNAN, for five additional days, on account of death in family.

### THE LATE REPRESENTATIVE ROGER A. JAMES.

Mr. MOORE of Virginia. Mr. Speaker, it is my melancholy duty to make formal announcement to the House of the death of my colleague, Hon. ROGER A. JAMES, the Representative from the fifth district of Virginia. Mr. JAMES's death occurred most suddenly at his home in the city of Danville last Saturday morning. Later the House will be requested to designate a time when services may be had in honor of his memory.

I now ask the adoption of the following resolutions.

The Clerk read as follows:

House resolution 170.

*Resolved*, That the House has heard with profound sorrow of the death of the Hon. ROGER A. JAMES, a Representative of the State of Virginia.

*Resolved*, That a committee of 15 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

*Resolved*, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

*Resolved*, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

The SPEAKER. The question is on agreeing to the resolutions.

The resolutions were agreed to.

COMMITTEE TO ATTEND FUNERAL OF LATE REPRESENTATIVE JAMES.

The SPEAKER appointed the following committee to attend the funeral of the late Representative ROGER A. JAMES:

Mr. FLOOD, Mr. BLAND of Virginia, Mr. DEAL, Mr. MONTAGUE, Mr. DEEWBY, Mr. WOODS of Virginia, Mr. HARRISON, Mr. MOORE of Virginia, Mr. SLEMP, Mr. STEENVERSON, Mr. GRIEST, Mr. PAIGE, Mr. BELL, Mr. MEAD, and Mr. ROUSE.

### ADJOURNMENT.

Mr. MOORE of Virginia. Mr. Speaker, as a further mark of respect, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 12 o'clock and 7 minutes p. m.) the House adjourned until to-morrow, Tuesday, August 9, 1921, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS, ETC.

201. Under clause 2 of Rule XXIV, a letter from the Acting Secretary of the Navy, transmitting tentative draft of legislation to punish persons for the sale of any military or naval decoration, was taken from the Speaker's table and referred to the Committee on the Judiciary.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. MONTROYA, from the Committee on the Public Lands, to which was referred the bill (S. 920) for the consolidation of forest lands in or near national forests, New Mexico, and for other purposes, reported the same with amendments, accompanied by a report (No. 329), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 1889) granting a pension to W. Orville Wood; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 8098) granting a pension to Annie I. Geen; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 7613) granting an increase of pension to Mary E. Steepy; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MCKENZIE: A bill (H. R. 8102) to authorize the sale of real property no longer required for military purposes; to the Committee on Military Affairs.

By Mr. JOHNSON of Mississippi: A bill (H. R. 8103) to repeal section 15A of the interstate commerce act, as amended by section 422 of the transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Washington: A bill (H. R. 8104) authorizing and directing the removal of the office of the superintendent of the Quinault Indian Reservation; to the Committee on Indian Affairs.

By Mr. ZIHLMAN: A bill (H. R. 8105) authorizing extension of the park system of the District of Columbia; to the Committee on the District of Columbia.

By Mr. SINNOTT: A bill (H. R. 8106) extending the provisions of the act of February 25, 1919 (40 Stat. L., p. 1161), relating to credit under the homestead laws for military or naval service, and for other purposes; to the Committee on the Public Lands.

By Mr. LONGWORTH: A bill (H. R. 8107) to control importations of dyes and chemicals; to the Committee on Ways and Means.



## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRENNAN: A bill (H. R. 8108) for the relief of Charles Gittery, jr.; to the Committee on Claims.

By Mr. CABLE: A bill (H. R. 8109) to carry out the findings of the Court of Claims in the case of James B. Jewett; to the Committee on War Claims.

By Mr. HOUGHTON: A bill (H. R. 8110) to carry out the findings of the Court of Claims in the case of Samuel M. Morgan; to the Committee on War Claims.

By Mr. HULL: A bill (H. R. 8111) granting an increase of pension to John W. Wabgrass; to the Committee on Pensions.

By Mr. KNUTSON: A bill (H. R. 8112) granting an increase of pension to Katherine Hoch; to the Committee on Invalid Pensions.

By Mr. LUHRING: A bill (H. R. 8113) granting a pension to Malinda K. McGowen; to the Committee on Invalid Pensions.

By Mr. MUDD: A bill (H. R. 8114) for the relief of Thomas A. Groover; to the Committee on Claims.

By Mr. SANDERS of Indiana: A bill (H. R. 8115) for the relief of Warren Lindley; to the Committee on the Post Office and Post Roads.

By Mr. ZIHLMAN: A bill (H. R. 8116) granting an increase of pension to Jacob S. Best; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2289. By Mr. CLAGUE: Petition of citizens of Currie, Minn., favoring the recognition of the Irish republic; to the Committee on Foreign Affairs.

2290. Also, petition of citizens of Madelia, Minn., favoring recognition of the Irish republic; to the Committee on Foreign Affairs.

2291. By Mr. DYER: Petition of Southern Illinois Milk Producers' Association, favoring the passage of the Fordney bill, which will give relief to the dairy interests; to the Committee on Ways and Means.

2292. Also, petition of International Boiler Makers and Iron Ship Builders and Helpers of America, Indianapolis, Ind., regarding Senate bill 657, amending section 1014 of the Revised Statutes of the United States; to the committee on the Judiciary.

2293. Also, petition of State Board of Accountancy of Missouri, favoring the filing of a tentative return where it is impossible to file a complete return within the time prescribed by law; to the Committee on Ways and Means.

2294. By Mr. KISSEL: Petition of Samuel, George H., and Theresa Dovey and Charles Rassigo, jr., all of Brooklyn, N. Y., urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2295. By Mr. MICHENER: Petition of W. E. Taylor and 30 other citizens of Grand Rapids, Mich., asking for the repeal of the excise tax on candy; to the Committee on Ways and Means.

2296. Also, petition of Kleis Beverage Co., of Ann Arbor, Mich., opposing tax on carbonated beverages, etc.; to the Committee on Ways and Means.

2297. Also, petition of sundry citizens of Michigan, favoring the removal of the 10 per cent tax on carbonated beverages; to the Committee on Ways and Means.

2298. By Mr. RIORDAN: Petition of interstate committee of one hundred, on prevention of pollution of coast waters and beaches; to the Committee on Rivers and Harbors.

2299. By Mr. SANDERS of New York: Petition of Automobile Club of Rochester, N. Y., opposing the imposition of a \$10 tax on all automobiles; to the Committee on Ways and Means.

2300. By Mr. TEN EYCK: Petition of 17 constituents from Watertown, N. Y., against the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2301. By Mr. TOWNER: Resolution of Rhode Island State Federation of Women's Clubs, with a membership exceeding 6,000 women of the State, indorsing the Towner-Sterling education bill; to the Committee on Education.

2302. Also, resolution of Medical Women's National Association at annual meeting held at Boston, Mass., June 11, 1921, indorsing Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

2303. Also, petition of Jacob Shively and 29 other citizens of Osceola, Iowa, protesting against the passage of House bill 4388; to the Committee on the District of Columbia.

2304. Also, petition of Everett W. Ballew and 43 other citizens of Baltimore, Md., and elsewhere, asking for the passage of the Sterling-Towner educational bill; to the Committee on Education.

2305. Also, petition of Mrs. C. Purcell and 29 other citizens of Baltimore, Md., and elsewhere, asking for the passage of the Sterling-Towner educational bill; to the Committee on Education.

2306. Also, petition of Mrs. Jerome C. Bernstein and 27 other citizens of Baltimore, Md., asking for the passage of the Sterling-Towner educational bill; to the Committee on Education.

2307. Also, petition of Miss Alice Nearing and 29 other citizens of White Plains, N. Y., and elsewhere, asking for the passage of the Sterling-Towner educational bill; to the Committee on Education.

2308. Also, petition of Mrs. Susan Wallace and 15 other citizens of Gravity, Iowa, and vicinity, protesting against the passage of the compulsory Sunday observance law (S. 1948); to the Committee on the District of Columbia.

2309. By Mr. WARD of North Carolina: Petition of Pitt County Chamber of Commerce, Greenville, N. C., regarding House bill 6377; to the Committee on Agriculture.

## SENATE.

TUESDAY, August 9, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we thank Thee for the brightness of another morning. We thank Thee for the way along which Thou art leading us, that we can recognize that the goodness of God never fails. Help us so to understand Thy ways with us and through us that we may fulfill the tasks committed to us to Thy glory and to the highest interest of our loved country. We ask in Jesus Christ's name. Amen.

## NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., August 9, 1921.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. IRVING L. LENROOT, a Senator from the State of Wisconsin, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro Tempore.

Mr. LENROOT thereupon took the chair as Presiding Officer.

The Assistant Secretary, Henry M. Rose, proceeded to read the Journal of the proceedings of the legislative day of Friday, August 5, 1921, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

## CALL OF THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ball	Glass	McCormick	Smith
Borah	Gooding	McKellar	Smoot
Brandegge	Hale	McNary	Spencer
Broussard	Harrell	Nelson	Stanfield
Bursum	Harrison	New	Stanley
Calder	Heflin	Nicholson	Sterling
Cameron	Johnson	Norbeck	Sutherland
Capper	Jones, N. Mex.	Oddie	Swanson
Caraway	Jones, Wash.	Overman	Townsend
Culberson	Kellogg	Owen	Trammell
Curtis	Kenyon	Philpps	Wadsworth
Dial	Keyes	Poindexter	Warren
Edge	King	Pomerene	Watson, Ga.
Ernst	Ladd	Ransdell	Watson, Ind.
Fernald	La Follette	Sheppard	Williams
Fletcher	Lenroot	Shortridge	Willis
Gerry	Lodge	Simmons	

Mr. CURTIS. I wish to announce the absence of the Senator from Pennsylvania [Mr. PENROSE] on official business, attending hearings before the Senate Committee on Finance. I ask that this announcement may stand for the day.

Mr. LA FOLLETTE. I was requested to announce the absence of the Senator from Nebraska [Mr. NORRIS] on account of illness.

The PRESIDING OFFICER. Sixty-seven Senators having answered to their names, a quorum is present. The Senate will receive a message from the President of the United States.

A message in writing from the President was transmitted to the Senate by Mr. Latta, one of his secretaries.

#### CARE AND TREATMENT OF WORLD WAR VETERANS.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Mississippi will state it.

Mr. HARRISON. On July 20, after the House had passed the bill known as the Sweet bill, the Senate passed it, it being a bill to improve the facilities and services of the bureaus affecting disabled soldiers. That has been some three weeks ago. I was wondering if the President has signed the bill yet. I thought perhaps the message that has just come to the Senate from the President was one approving that bill, it now being three weeks since it passed the Senate.

The PRESIDING OFFICER. The Chair will inform the Senator that the bill having originated in the House, the House will be notified of its approval by the President.

Mr. HARRISON. Has it yet been signed and become a law?

The PRESIDING OFFICER. That notification would go to the House.

Mr. HARRISON. Is it still in the House?

The PRESIDING OFFICER. It being a House bill, the message will go to the House and not to the Senate.

Mr. HARRISON. So I presume it has not yet been signed.

Mr. CURTIS. The bill was only signed by the Presiding Officer of the Senate three or four days ago.

Mr. HARRISON. Then it has not yet become a law. It was rushed through here quickly in order to give some relief. I do not know why it has not yet become a law.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. CALDER. Mr. President, I was detained from the Chamber yesterday when the final vote was taken on the bill (H. R. 7294) supplemental to the national prohibition act. The Record shows that I was paired on that bill with the senior Senator from Georgia [Mr. HARRIS]. If I had been present I would have voted against the bill. If the senior Senator from Georgia had been present he would have voted for it.

Mr. EDGE. Mr. President, I desire to make an announcement similar to that just made by the Senator from New York [Mr. CALDER]. In view of the request made for unanimous consent last week, when a final vote on the bill was asked for Monday and denied, I assumed that there would not be a vote yesterday. I wish it clearly to appear in the Record that if I had been present I would have voted against the amendment of the Volstead Act.

#### MISSISSIPPI BARGE LINE.

Mr. MCKELLAR. Mr. President, I wish to have inserted in the Record a statement of the earnings of the Mississippi Barge Line. I am happy to state that during the past four months that institution has steadily made profits to the Government, and very good profits, after allowing for depreciation and all charges. They have made such an excellent showing that I ask unanimous consent that the figures for April, May, June, and July be inserted in the Record.

The PRESIDING OFFICER. The Senator from Tennessee asks unanimous consent to have inserted in the Record the statement referred to. Is there objection? The Chair hears no objection, and it is so ordered.

The statement is as follows:

April.	
Tonnage, 36,917.	
Revenue.....	\$166,366.10
Operation expenses.....	122,541.24
Profit.....	43,824.86
Divided as follows:	
Depreciation.....	27,102.85
Absolute profit.....	16,722.01
	43,824.86
May.	
Tonnage, 34,412.	
Revenue.....	\$158,263.23
Operation expenses.....	129,555.98
Profit.....	28,707.25
Divided as follows:	
Depreciation.....	28,040.35
Absolute profit.....	666.90
	28,707.25

June.	
Tonnage, 37,000.	
Revenue.....	\$180,000.00
Operation expenses.....	134,500.00
Profit.....	45,500.00
Divided as follows:	
Depreciation.....	33,500.00
Absolute profit.....	12,000.00
	45,500.00

July (estimated).	
Tonnage, 39,200.	
Revenue.....	\$190,000.00
Operation expenses.....	133,000.00
Profit.....	57,000.00
Divided as follows:	
Depreciation.....	32,000.00
Absolute profit.....	25,000.00
	57,000.00

#### SUMMARY.

April, May, June, July (estimated), 1921.

Tonnage, 147,529.	
Revenue.....	\$694,629.33
Operation expenses.....	519,597.22
Profit.....	175,032.11
Divided as follows:	
Depreciation.....	120,643.20
Absolute profit.....	54,388.91
	175,032.11

Average revenue, \$4.43 per ton, of which 36 per cent is grain. The upstream and downstream tonnage is nearly balanced 50-50.

#### GOVERNMENT OF MEXICO.

Mr. SHEPPARD. Mr. President, I ask that a resolution passed by the Legislature of Texas favoring the recognition of the present Government of Mexico be read at the desk.

The PRESIDING OFFICER. Without objection, the Secretary will read the resolution.

The Assistant Secretary read the resolution, as follows:

House concurrent resolution 18.

Whereas for a period of nearly 10 years, beginning in 1910, the neighboring Republic of Mexico has been in the throes of revolution which made for political instability and which constantly jeopardized life, liberty, property, and the pursuit of happiness; and

Whereas by legal methods as provided for by the constitution of the land there has been elected to and installed in the presidency of our sister Republic across the Rio Grande His Excellency the Hon. Alvaro Obregon; and

Whereas President Obregon has the confidence, respect, and support of the people of Mexico to a degree almost unprecedented in the history of that country, with the result that to-day Mexico is enjoying peace and stability; and

Whereas through the efforts of President Obregon a new era of cordiality and friendly relations has been initiated between the peoples on either side of the Rio Grande, who for so long misunderstood and distrusted each other; and

Whereas the friendly attitude toward American citizens and American interests so uniformly manifested by President Obregon since becoming the President of the Republic of Mexico eight months ago is of that sincere nature and of that evident good faith which makes the best feeling between nations, strengthened by the promise of President Obregon in frequent utterances that Mexico will meet every just obligation for which Mexico as a Nation is responsible; and Whereas it is altogether fitting and appropriate that the Lone Star State of Texas should join her sister States of California, Arizona, Oklahoma, Michigan, and Illinois in a formal expression of friendship to the people of Mexico and of commendation and confidence in President Obregon: Now, therefore, be it

*Resolved by the house of representatives (the senate concurring),* That the Legislature of the State of Texas declare itself pleased with the election of and administration by President Obregon and congratulate the people of Mexico upon the new era of peace, prosperity, and amicable relationship which have been established; and be it further

*Resolved,* That it is the sense of the Legislature of Texas that the best interests of our Nation and our State will be served and the restoration of order in world affairs will be hastened by the immediate official recognition on the part of the Government of the United States of the Government of Mexico, as administered by President Obregon; and be it further



*Resolved*, That the clerk of the house be, and is hereby, directed to forward copies of this resolution to the President of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives, and to each of the Texas Senators and Representatives in Congress; and be it further

*Resolved*, That the clerk of the house be, and is hereby, directed to send a copy of this resolution to His Excellency the Hon. Alvaro Obregon, President of the Republic of Mexico.

CHAS. G. THOMAS,  
*Speaker of the House.*  
LYNCH DAVIDSON,  
*President of the Senate.*

I certify that house concurrent resolution No. 13 was adopted by the house July 30, 1921.

CARL PHINNEY,  
*Chief Clerk of the House.*

I certify that house concurrent resolution No. 13 was adopted by the Senate August 1, 1921.

W. V. HOWERTON,  
*Secretary of the Senate.*

Mr. LODGE. Mr. President, what action was taken on the resolution which has just been read?

The PRESIDING OFFICER. The Senator from Texas merely asked that it be read at the desk.

Mr. LODGE. And that it lie upon the table?

The PRESIDING OFFICER. The Senator from Texas made no request as to the disposition of the resolution, but it will lie upon the table unless some further request be made in reference to it.

Mr. SHEPPARD. I ask that the resolution may be referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PETITIONS AND MEMORIALS.

Mr. SHEPPARD. Mr. President, I ask that a letter containing a resolution recently adopted by the Supreme Forest Woodmen Circle Convention in the city of New York, in behalf of the so-called Sheppard-Towner bill for the protection of maternity and infancy, be printed in the RECORD.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

SUPREME FOREST WOODMEN CIRCLE,  
Omaha, Nebr., August 5, 1921.

Senator MORRIS SHEPPARD,  
The Senate, Washington, D. C.

DEAR SENATOR: At the recent meeting of the Supreme Forest Convention in the city of New York the following resolution was unanimously adopted:

"Whereas the Sheppard-Towner bill for the protection of maternity and infancy is now pending before Congress; and

"Whereas the purpose of this measure is to enable the Federal Government, through the Children's Bureau, to cooperate with the States in the distribution of information and instruction relating to the hygiene of maternity and infancy; and

"Whereas the need of such an enactment is shown by the fact that about 200,000 infants and from 15,000 to 20,000 mothers are dying in the United States every year through lack of proper instruction and care, a fact brought out by the Children's Bureau and other child-welfare organizations at the recent hearings in Congress on this bill: Therefore be it

"Resolved, That the Supreme Forest Woodmen Circle, an organization with local units in every section of the United States, hereby indorse this bill and urge Congress to adopt it as soon as possible or practicable; and be it further

"Resolved, That copies of this resolution be sent to Senator MORRIS SHEPPARD and Representative H. M. TOWNER, at Washington, for presentation to Congress."

Fraternally, yours,  
[SEAL.]

MARY E. LEA ROCCA,  
*Supreme Guardian.*  
DORA ALEXANDER TALLEY,  
*Supreme Clerk.*

Mr. CALDER. I present a petition signed by a number of citizens of the city of Binghamton, N. Y., praying recognition of the independence of the Irish republic. I ask that the petition be referred to the Committee on Foreign Relations and printed in the RECORD.

There being no objection, the petition was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD without the names attached, as follows:

To the Foreign Relations Committee of the Senate of the United States,  
Washington, D. C.:

We, the undersigned citizens of the United States, residing in the city of Binghamton, New York State, representative by birth or origin of various nations of Europe, including Czechoslovakia, Ukraina, Lithuania, Poland, France, Greece, Russia, and Rumania, have, after a careful and impartial study of the heroic struggle now being made by the dauntless people of Ireland for liberty, and having been convinced of the justification of their demand, cheerfully subscribe to the following:

"Whereas England's brutal policy toward the people of Ireland deserves the condemnation of the justice-loving people of the world; and

"Whereas it appears that a very large percentage of the citizens of America are in favor of and deeply sympathize with the Irish in their aspirations for liberty: Therefore be it

"Resolved, That the Foreign Relations Committee of the United States Senate be, and hereby are, respectfully urged to give their full and unstinted support to joint resolution (S. J. Res. 1) declaring that the independence of the republic of Ireland ought to be recognized by the United States of America."

BINGHAMTON, N. Y., May 20, 1921.

Mr. NICHOLSON. I present a petition from the North Park Stock Growers' Association, of Colorado, relating to legislation regulating the meat and meat-products trade. As this petition is rather brief and contains a great deal of information, I should like to have it printed in the RECORD in full, if there is no objection.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent that the petition referred to by him be printed in the RECORD. Is there objection?

Mr. WADSWORTH. May I ask the Senator how long it is?

Mr. NICHOLSON. It is very brief. If the Senator desires to have it read, I will have it read. It is very brief, however.

Mr. WADSWORTH. I do not ask to have it read.

There being no objection, the petition was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

At a meeting of the North Park Stockgrowers' Association, held at Walden, Colo., on August 4, 1921, the following resolution was unanimously adopted:

"Whereas the live-stock industry of the United States is in a deplorable financial condition, involving banks, merchants, and other related lines of business. The producer is selling his cattle for 25 per cent less than the cost of production. The average retail market is taking a gross profit of 100 per cent. The hotels and restaurants are taking a gross profit of from 200 to 400 per cent over the prices that they pay to the wholesalers from whom they buy.

"For many years it has been the pet hobby of the cheap politicians and other unsophisticated persons to cry, 'Stop thief!' at the packers. While the packers may have been guilty of some unfair practices in the past, an investigation of the entire meat industry of the country shows that all the injustices of the packers combined amount to a mere bagatelle compared to the practices of the retail markets, hotels, and restaurant keepers. The excessive prices demanded are placing meats beyond the reach of the average consumer, whereas, considering the wholesale prices, meats should be about the cheapest foods and within the reach of everyone.

"The best illustration of the enormous profits made in retailing meats are the large number of markets in residential sections of our cities, doing a small amount of business but operating under heavy overhead expenses. An investigation of many of these places and their fixed charges prove that they are making a gross profit far exceeding 100 per cent.

"We believe that a great mistake was made by the Federal authorities in restricting the packers to the wholesale meat trade. We know that the large packers, with their knowledge of the trade and business organizations, can distribute every pound of meat for 25 per cent of the present profits made by retailers. The distribution of meats by the smaller packers in the States of Oregon and Washington absolutely prove this contention. When the wholesale price of beef or the prices on the hoof are the same in Oregon and Washington as in the rest of the United States, meats can be purchased 25 to 40 per cent cheaper from the packer-operated retail markets in the Pacific coast cities than in the cities where there are no packer-operated markets. We believe that the retailer should be licensed and limited the same as the packers. If it is fair to limit one, it is fair to limit the other.

"We believe that 40 per cent would be a liberal gross profit for any retail market doing a reasonable amount of business. We also believe that if 30 per cent of the 100 per cent profit now being taken by the retailer were given to the producer that the producer could remain in a state of solvency. We further believe that if the remaining 30 per cent taken by the retail markets were given to the consumer meat products would be placed within the reach of all classes of consumers. The consumption of meat products would increase to such an extent that everyone connected with the live-stock industry would be benefited. As a result of the increased volume of business the overhead percentage charges of both packer and retailer would be materially reduced; railroads would be enabled to reduce rates.

"The live-stock industry is perhaps the most essential basic industry of the United States. The fertility of the soil



of a country can only be measured by the amount of live stock that it carries. The present crisis in the live-stock industry is placing it on the brink of destruction, and can only be averted by immediate and intelligent legislation: Therefore be it

*"Resolved,* That we request the Congress of the United States to immediately enact such legislation as may be necessary to stop excessive profiteering in the retail sale of meats and meat products; be it further

*"Resolved,* That a copy of this resolution be sent to all Members of Congress from Colorado, requesting them to take prompt action in the matter and help save the live-stock industry from complete destruction."

Mr. NICHOLSON presented a memorial of sundry citizens of La Junta, Colo., remonstrating against the enactment of Senate bill 2135, which they allege gives unlimited authority to the Secretary of the Treasury to deal with the payment of the British war debt to the United States; also questioning President Harding's statement that granting a bonus to ex-service men at this time would disturb the finances of the United States, which was referred to the Committee on Finance.

He also presented a resolution adopted by the department encampment of Colorado and Wyoming, Grand Army of the Republic, held at Golden, Colo., June 23, 1921, favoring an amendment to the pension laws allowing soldiers' widows a pension although their marriage was at a date subsequent to June 27, 1905, which was referred to the Committee on Pensions.

He also presented a resolution adopted by the department encampment of Colorado and Wyoming, Grand Army of the Republic, at Golden, Colo., June 22, 1921, favoring the enactment of legislation making monthly payments to soldiers of the Grand Army of the Republic and their widows, which was referred to the Committee on Pensions.

He also presented a petition of the Graphite Corporation, of Greeley, Colo., praying for the enactment of legislation placing a tariff duty on crude amorphous graphite, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Grand Army of the Republic of Colorado and Wyoming, at its annual encampment held at Golden, Colo., June 22, 1921, protesting against the age limit set by the Postmaster General for postmastership applicants, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the City Council of Glenwood Springs, Colo., favoring the recognition of the republic of Ireland by the Government of the United States, which was referred to the Committee on Foreign Relations.

He also presented a petition signed by sundry citizens of Glenwood Springs, Colo., praying for the recognition of the republic of Ireland by the Government of the United States, which was referred to the Committee on Foreign Relations.

Mr. NELSON presented a resolution adopted by the convention of the Minnesota Game Protective League, at Gull Lake, Minn., July 15, 1921, and also a resolution of the Gopher Campfire Club, of Belle Lake, Minn., favoring the enactment of Senate bill 1452, to establish shooting grounds for the public, refuges for migratory birds, etc., which were referred to the Committee on Agriculture and Forestry.

He also presented 67 letters in the nature of memorials from sundry bankers in the State of Minnesota, remonstrating against the enactment of legislation providing for the use of revenue stamps on bank checks, which were referred to the Committee on Finance.

Mr. TOWNSEND presented memorials of sundry citizens of Grand Haven, Mayville, Elkton, Reese, Ann Arbor, Munith, Stockbridge, and Van Buren County, all in the State of Michigan, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented a resolution adopted at a recent meeting of the Michigan Milk Producers' Association, favoring the enactment of the so-called Fordney filled milk bill, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by officers and members of Detroit (Mich.) Chapter, Salve Regina, favoring international disarmament, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Charles A. Learned Post, No. 1, the American Legion, of Detroit, Mich., favoring an amendment to the Constitution of the United States giving Congress the power to regulate the use for travel of

all air space over the earth and within the borders of the United States and its Territories, etc., which was referred to the Committee on the Judiciary.

Mr. JONES of Washington presented three memorials of sundry citizens of Mount Vernon, Seattle, and Carrolls, all in the State of Washington, remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. CAPPER presented a resolution adopted by the Augusta (Kans.) Chamber of Commerce, favoring the so-called French-Capper truth in fabric bill, which was referred to the Committee on Interstate Commerce.

Mr. McLEAN presented a petition of the Women's Benevolent Association of the Macabees, of Ansonia, Conn., praying for the passage of the so-called Norris resolution relative to Ireland, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Benjamin Franklin Council, American Association for the Recognition of the Republic of Ireland, of New Haven, Conn., calling upon Congress not to agree to any settlement of the British debt or further postponement of interest thereon until England recognizes the republic of Ireland, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry candy manufacturers of New Haven, Meriden, and Bridgeport, all in the State of Connecticut, praying that the excise tax on candy imposed under the revenue act of 1918 be repealed, which was referred to the Committee on Finance.

He also presented memorials of Hannah Benedict Carter Chapter, Daughters of the American Revolution, of New Canaan, and Green Woods Chapter, Daughters of the American Revolution, of Winsted, both in the State of Connecticut, remonstrating against the enactment of legislation commercializing the national parks, which were referred to the Committee on Public Lands and Surveys.

#### REPORTS OF COMMITTEES.

Mr. FERNALD, from the Committee on Public Buildings and Grounds, to which were referred the following bill and joint resolution, reported them each without amendment:

A bill (H. R. 6514) granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.; and

A joint resolution (S. J. Res. 67) stating the true meaning and intent of the provisions relating to the erection and use of the George Washington Memorial Building in the act entitled "An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings; and for other purposes," approved March 4, 1913, as amended.

Mr. KENYON, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 110) to investigate activities of the National Grain Dealers' Association and other organizations engaged in combating legislation for the relief of agriculture, reported it without amendment.

Mr. SPENCER, from the Committee on Claims, to which was referred the bill (S. 157) for the relief of the Rosen Reichardt Brokerage Co., of St. Louis, Mo., reported it with an amendment and submitted a report (No. 245) thereon.

He also, from the same committee, to which was referred the bill (S. 165) for the relief of Hans Weideman, reported it without amendment and submitted a report (No. 246) thereon.

Mr. TRAMMELL, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (H. R. 1940) for the relief of the Southern Iron & Metal Co., Jacksonville, Fla. (Rept. No. 247); and

A bill (H. R. 2117) for the relief of the city of West Point, Ga. (Rept. No. 248).

Mr. STANFIELD, from the Committee on Claims, to which was referred the bill (S. 2356) for the relief of Clarence L. Reames, reported it without amendment and submitted a report (No. 249) thereon.

Mr. BRANDEGEE, from the Committee on the Judiciary, to which was referred the bill (S. 2272) to amend the act approved October 29, 1919, known as the national motor vehicle theft act, reported it without amendment.

#### TRADE WITH CHINA.

Mr. BRANDEGEE, from the Committee on the Judiciary I report back favorably with an amendment the bill (H. R.



4810) to authorize the incorporation of companies to promote trade in China. I ask consent of the Senate that I may have leave to file a written report on this bill at some time within a week.

The PRESIDING OFFICER. The Senator from Connecticut asks unanimous consent that he may have leave to file a report upon the bill known as the China trade bill within a week. Is there objection?

Mr. KING. Mr. President, may I inquire of the Senator whether there is a minority report on that measure?

Mr. BRANDEGEE. No. The bill reported by the Senate Committee on the Judiciary is a substitute for the House bill. No member of the committee who voted against it announced his intention to file a minority report. There were several members of the committee who voted against it.

Mr. KING. This is the granting of a charter by the Federal Government to private individuals to engage in private business in some other country, is it?

Mr. BRANDEGEE. No; not exactly, if the Senator will permit me to answer the question by stating my view of it. It is practically the creation of a general Federal incorporation act, under which any five persons may, with the approval of the Secretary of Commerce, file articles of incorporation and become a body corporate for the purpose of transacting business between the people of the United States and the people of China. It proceeds upon an entirely different theory from that upon which the House bill proceeded. The House bill attempted to incorporate citizens of the United States as a corporation for the purpose of conducting business wholly within China. The Committee on the Judiciary of the Senate did not think that Congress, under the commerce clause of the Constitution, which confers the right to regulate foreign commerce among other things, would be constitutionally authorized to incorporate a company for the transaction of business exclusively within the Chinese Republic; but they did take the view that under the right to regulate commerce with foreign nations we would have a right to incorporate a company for the transaction of business between citizens of the United States and citizens of China. However that may be, it is a constitutional question, and can be argued on the floor at the time the Senate acts upon the bill. I do not want to take up the time of the Senate with it now.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Connecticut? There being no objection, it is so ordered.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. STERLING:

A bill (S. 2372) for the relief of Alfred Sjöström; to the Committee on Claims.

By Mr. FLETCHER:

A bill (S. 2373) granting certain lands to Escambia County, Fla., for a public park; to the Committee on Public Lands and Surveys.

By Mr. STANFIELD:

A bill (S. 2376) to amend section 5202 of the Revised Statutes of the United States, second edition; to the Committee on Banking and Currency.

By Mr. JONES of Washington:

A bill (S. 2377) to authorize the extension and widening of Ninth Street from Longfellow Street NW. to Underwood Street, and Underwood Street from Ninth Street to Georgia Avenue NW.; to the Committee on the District of Columbia.

By Mr. CAPPER:

A bill (S. 2378) granting a pension to Carra Belle Jacobs (with accompanying papers); to the Committee on Pensions.

By Mr. HALE:

A bill (S. 2379) providing for the appointment of Warrant Officer Emil Bergdahl as captain of Cavalry, United States Army, to take rank under the provisions of section 24a of the act of Congress approved June 4, 1920; and

A bill (S. 2380) for the relief of Henry P. Collins, alias Patrick Collins (with an accompanying paper); to the Committee on Military Affairs.

By Mr. CALDER:

A bill (S. 2381) to make a survey of the Saratoga Battlefield, and to provide for the compilation and preservation of data showing the various positions and movements of troops at that battle, illustrated by diagrams, and for other purposes; to the Committee on Military Affairs.

#### SAVING OF GOVERNMENT FUNDS.

Mr. KING. Mr. President, Gen. Dawes—who has been doing, I think, admirable work, and I hope his powers may be increased if he can effectuate any reforms—made a statement recently in which he said that the budget bureau had saved substantially \$112,000,000. My opinion is that the general is in error, and that he will suffer a rude awakening when the Federal agencies of the executive departments make up their final report for the year. He will find that some of these bureaus in which he reports gains will demand further appropriation and report deficiencies. The distinguished general does not yet know the habits of Government departments and bureaus. However, giving full credence to the general's report, I am offering a bill requiring that the savings referred to by Gen. Dawes be covered into the Treasury. We should "grab" them while we can. I am afraid they will prove illusive, but let us see whether they have been or can be saved. I ask the reference of the bill to the Committee on Appropriations.

The bill (S. 2375) to repeal authorizations for the expenditure of certain moneys for the fiscal year 1922, and to cover the same into the Treasury, was read twice by its title and referred to the Committee on Appropriations.

Mr. KING. Mr. President, attention has been called repeatedly to the fact that a great many appropriations which were made, particularly during the war, and which were not absorbed, are carried over, and a practice has grown up under which large appropriations are carried over from year to year, and without any further legislation made available for utilization by the various departments. It is a pernicious practice. No business house in the world could carry on business in that way. I offer a bill, and ask its reference to the Committee on Appropriations, which calls for the return to the Treasury of all these amounts.

These unexpended balances, amounting to tens and, indeed, hundreds of millions of dollars, should be covered into the Treasury immediately, and there should be legislation which will in the future compel the return to the Treasury at the end of each fiscal year of all unexpended balances. The practice of making permanent appropriations and appropriations for an indefinite period is wrong. It makes for waste and extravagance, and is contrary to all sound principles of business administration. It is time for reforms in the business methods of the Government.

The bill (S. 2374) to cover into the Treasury of the United States the balance of all appropriations remaining unexpended on June 30, 1922, was read twice by its title and referred to the Committee on Appropriations.

#### AMENDMENTS TO TARIFF BILL.

Mr. STANFIELD submitted two amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

Mr. RANDELL submitted an amendment intended to be proposed by him to House bill 7456, the tariff bill, which was referred to the Committee on Finance and ordered to be printed.

#### ENROLLED BILLS PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on August 9, 1921, they had presented the following enrolled bills to the President of the United States:

S. 252. An act to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two States and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments, and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States"; and

S. 732. An act to extend the provisions of section 2455, Revised Statutes, to lands within the abandoned Fort Buford Military Reservation in the States of North Dakota and Montana.

#### DOCKET OF UNITED STATES SUPREME COURT.

Mr. SPENCER. Mr. President, one of the questions with which we shall soon have to deal seriously is the crowded condition of the dockets of the Federal courts. I ask unanimous consent that there may be printed in the Record a brief article from the Central Law Journal which was written by Mr. Thomas W. Shelton, of Virginia, who is the chairman of the committee on uniformity of judicial procedure of the American Bar Association.

The PRESIDING OFFICER. The Senator from Missouri asks unanimous consent to have printed in the Record the mat-

ter presented by him. Is there objection? There being no objection, it is so ordered.

The article referred to is as follows:

"THE DANGER OF THE INCREASED BURDEN UPON THE FEDERAL SUPREME COURT FROM ITS CONTINUALLY EXPANDING DOCKET.

"The conservative Harvard Law Review (vol. 32, p. 538, No. 3), the guide and inspiration of thousands of America's greatest jurists and lawyers, gives expression to the statement that 'the Supreme Court (sic. of the United States) has made a number of loose and inconsistent statements, some of which must necessarily be repudiated.' It is worthy of note that the particular issue in which the above observation appeared was dedicated to Hon. Oliver Wendell Holmes 'on the happy occasion of his eightieth birthday.'

"Consciousness of the high authoritative source of the remark drives the mind of thoughtful men to measuring the possible effect of such a condition and sets one in search of the cause, rather than the verity thereof. It is not necessary to go into the latter, since the very suggestion from any respectable source of carelessness or any other inefficiency, or a lack of conservatism or well considered language in America's great tribunal, is sufficiently alarming. The executive and legislative departments might suspend for a stated period without other result than inconvenience but, should the Supreme Court cease to function at all one dares not predict the result. As a governmental agency that great tribunal, said Thomas Jefferson, 'Has the weight of all manner of conflict on its hands because it is the last appeal of reason.' It alone applies the 'legal checks' that makes possible the perpetuation of the American Republic—democracy administered through a strong republican form of government.

"Now it is of first importance to be mindful that its great power is not derived from a Constitution or statutes or duress, but from the voluntary submission of a highly intelligent and patriotic people justified by their faith, respect, and reverence. For that reason one's heart almost ceases to beat at the thought of a possible cause for lack of reverence. The instance calls for the repetition of sentiments long ago expressed and suggestions then ventured for the lessening of the onerous duties of the court so that its important labors might be leisurely and deliberately performed. But before doing this an humble appreciation of the greatest tribunal of justice on earth is permissible.

"It is respectfully submitted that faith in and submission to the Supreme Court is the cohesion binding together the Union of the States. The history of the court is an interesting and vital story of the conflict and evolution of many years of interstate relations and the establishment of interstate commercial regulations. In bringing about this wholesome status the Supreme Court converted an inert parchment into a plastic, flexible tie, profitably binding the States together in amicable relation and automatically disposing of friction as it arises. No code of statutes prepared by a Solomon would have achieved this marvelous result so necessary to the stability of the new and untried Republic, even though the statutes could have been agreed upon. There is no legislative body on earth that could have enacted enough statutes and sufficiently elastic to have momentarily met the kaleidoscopic developments and changes in interstate political and economic relations during the early growth of the Nation, with its diversified interests and keen antagonisms and rivalries. That is the basis of John Marshall's great reputation, daily growing brighter in the hearts of a grateful people.

"Thus the Supreme Court nurtured the Nation in its infancy, trained it in its youth, and is now guiding it in the straight and narrow way in its maturity. It has been to the Nation a pillar of fire by night. It has guided destructive revolutionary doctrines into beneficial evolutions. The violence of anarchy and the persuasiveness of the demagogue have fitted themselves into the constitutional mold. The oppression of concentrated power and the chicanery of corrupt organizations have ceased to trouble and alarm at its simple word. It is the final arbiter between man and his brother, the State and the church, the citizen and the soldier, and even between Congress and the Chief Executive himself. Who may measure the debt of the country to its highest court?

"And, it is well to add, that there abides in the hearts of the people of this country a sublime faith in their highest tribunal that makes of submission the noblest attribute of national character. That faith is the corner stone upon which rests the very existence of the Republic. It is as beautiful as filial bondage and stronger than the duress of arms. Believing these things, is there a more patriotic duty in the noble profession

of the law than the sacred obligation to encourage, foster, and make justifiable that faith in the highest court of the country that is the very breath of its life?

"The Supreme Court of the United States is necessarily the most deliberate body within the conception of the mind of man and requires time for mature thought. Haste in its affairs is not conceivable. But it must not be overlooked that it has its economic side as well as commerce, and its humanity may gradually and unconsciously respond to a public demand for dispatch at the cost of the wisdom and careful expression that made its reputation. It is just that possibility, but not probability, that presents the greatest menace to the strength of the court and through it the destruction or weakening of respect and confidence. The public must continue under the conviction that the Supreme Court weighs its words as if each measured life and death and has plenty of time in which to select the most appropriate. Let us give this sentiment a thought.

"John Marshall handed down but 519 opinions during the entire tenure upon the bench of 34 years and 5 months or substantially 12,390 days, from February 4, 1801, to July 6, 1835. (Carson's Hist. Sup. Ct., p. 286). Deducting approximately 1,788 Sundays and a 30-day annual vacation, aggregating 1,020 days, we have left 9,582 working days. Therefore he averaged an opinion every 18 working days.

"The Supreme Court at its October, 1919, term, ending in June, 1920, 'actually considered 501 cases, of which, 210 were argued orally and 291 submitted on printed arguments' (Atty. Gen.'s Rept., 1920, p. 10). There were 1,019 cases actually pending, 609 of which were disposed of during the term (id. p. 10). Dividing the opinions equally amongst the nine members they each wrote approximately 56 opinions in 291 actual working days, which is ascertained by deducting a 30-day vacation and 44 Sundays. Every five days an opinion had to be produced by each member of the court, assuming that no member was absent from duty—a most improbable premise. This is substantially three times the speed required of John Marshall.

"But since these results are predicated on full work time they do not fairly reflect the actual conditions. Time must be taken out for hearing argument of 210 cases at the bar of the court. More than half of its term the court sits from noon to 4 o'clock. We shall put to one side the considerable time consumed in the consideration of motions, petitions for certiorari, and other incidental duties, rapidly multiplying, that call for the most laborious and conscientious thought and research. No effort has been made to set out other than the most obvious duties performed. It is manifest that the Supreme Court is one of the hardest worked organizations in America with daily increasing duties as will now appear from a comparison of its dockets of yesteryear.

"At the beginning of the October term, 1904, there were 282 cases brought over from the past term and 400 new cases added, totaling 682 cases. Of these 402 were disposed of during the term, leaving untouched 280 or just 2 cases less than in the beginning. Passing the eight intervening years it found awaiting it in October, 1913, a docket of 604 cases carried over from 1912—an increase of about 250 per cent—to which were added 524 new cases, making a total of 1,128 cases. By the hardest exertion and application 593 were disposed of, leaving 535 to be carried over to the October, 1914, docket. It will now be observed that a degree of haste had been forced upon the court. The number of cases disposed of in 1913 was nearly double the entire docket of 1904. A big increase in business is reflected and evidences the necessity for relief, for two reasons. The first is in the interest of prompt hearings, and the second is the subject of this discussion.

"But there is another element. No thoughtful person will be unmindful that nearly all of this work is epoch-making and calls for the supreme genius, learning, patience, research, deliberation, and physical power possessed by these great and able jurists. They not only should not be hurried or harried but they must be permitted to proceed under the conditions that made possible the masterful work of John Marshall and under the inspirations that guided his great mind and spirit. It is pertinent to inquire of the effect upon him of crowding and haste and impatience. As a question of psychology, the people must continue to visualize the Supreme Court as the most deliberate and painstaking and most nearly perfect of human organizations. They love to think so, but they also know that it is the final earthly resort for justice.

"The solution of the trouble, without additions to the present membership, is not so difficult if Congress can be induced to act. And it is believed it will. Without going into details the practical mind naturally turns to the administration of justice



as a whole, including the circuit courts of appeals, by an uncompensated group of lawyers and judges who would after a careful study, consultation, and inquiry formulate a program that would form an intelligent and scientific basis for final action by Congress. This is the English way, and it is a sound one. The expansion of the country and the growth of business has been phenomenal and problems of administering justice have increased in proportion. If relief is to be given it must be in a way commensurate with the expansion of the Nation. No statutory patchwork will suffice. Congress would thus convince the people of its good intention and would share a great responsibility with the lawyers, where it belongs.

"THOMAS W. SHELTON."

#### DOCKETS OF UNITED STATES DISTRICT COURTS.

Mr. SPENCER. Mr. President, the article which I have presented, and which has been ordered printed in the *RECORD*, deals entirely with the overburdened docket of the Supreme Court of the United States. What is true of that court, as Mr. Shelton so clearly outlines, is even to a greater degree true in regard to the United States district courts in the several districts of the United States. I ask that there may also be printed in the *RECORD* a brief summary of the actual condition of the dockets of the United States district courts which was furnished me within the last day or two from the office of the Attorney General. This summary shows an intensely interesting state of affairs. There were in 1913, the year before the World War, 52,618 cases commenced in those courts; there were at the end of that year 102,012 cases pending.

If we turn from 1913 to the last year, we find that instead of 52,618 cases having been commenced there were 104,000 cases commenced, which is nearly accurate, though it is partly an estimate, because a few of the reports have not yet been received. Of those 104,000 cases which were commenced in the United States district courts in the year 1920 more than 70,000 were criminal cases. The burdening of the dockets of the courts which have to deal with the great questions of the constitutional rights of the individual with a lot of cases the punishment of which characterizes them as misdemeanors is something which should give us great concern.

Mr. KING. Will the Senator yield?

Mr. SPENCER. I will yield if the Senator will allow me to finish my statement.

This summary also shows that there were pending at the end of the year 1920, 140,000 cases in the United States district courts, as compared with 102,000 cases in 1913. The condition is one that, of course, interests us and one with which sooner or later we shall have to deal.

Mr. President, if there is no objection, I ask that the table of cases I have presented, setting forth the facts I have stated and the data for other corresponding years, together with a statement of the expenditures incident to the Federal judiciary, may be inserted in the *RECORD* for our information.

Mr. KING, Mr. HARRISON, and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Utah?

Mr. SPENCER. I yield.

Mr. KING. I hope that the table which has been submitted by the Senator from Missouri may also be referred to the Committee on the Judiciary. Some time ago, at the request of a member of the Federal judiciary, I called the attention of the Senate to the enormous amount of work which is now devolving upon the Federal judges, resulting largely from misdemeanor cases, as indicated by the Senator from Missouri. Nearly all of the 70,000 new cases are misdemeanor cases, which ought to be tried by a justice of the peace or by some inferior tribunal. I suggested at that time, and I beg leave to repeat the suggestion, that the Judiciary Committee take cognizance of the situation. I think some instrumentality, some judicial tribunal, may be devised, supplementary to the present Federal courts, in order to handle the misdemeanor cases. If that were done, then the Federal courts could go on looking after the important cases and the little misdemeanor cases, the petty cases, which ought not to be in the existing Federal courts, could be disposed of by the inferior tribunals.

Mr. SPENCER. May I say to the Senator from Utah—and doubtless there will come some suggestion from him that will remedy the situation—that the difficulty lies in the fact while everybody would agree that there ought to be some commission or some inferior tribunal created that would immediately proceed to determine these misdemeanor cases, but under the Constitution of the United States every inferior court which

has to do with Federal business is a life office, holding during good behavior, and when we appoint a judge to try misdemeanor cases we have in fact created a new Federal judge, whose term of office may run long after the emergency which caused the creation of the office has ceased to exist.

Mr. KING. I appreciate that; but, in my opinion, the business of the Federal courts in the future will continue to increase, and we could well have some permanent inferior tribunal as a sort of an adjunct to the district courts to take up unimportant matters and to act as referee in bankruptcy and in other matters.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Tennessee?

Mr. SPENCER. I yield.

Mr. McKELLAR. I wish to say to the Senator, in view of what he has just said about the crowded dockets of the Supreme Court and of the district courts, that the same statement holds true of a number of the circuit courts of appeal of the United States, notably in the circuit where the Senator from Missouri has his home, the eighth circuit, the docket of which is crowded, so that the court is more than two years behind. In like manner in the sixth circuit the circuit court of appeals is about two years behind. In the fifth circuit the court is not so far behind, but in the second circuit it is very far behind. The same crowded condition exists in all the Federal courts, both in the appellate courts and in the district courts.

Mr. SPENCER. I think the Senator from Tennessee is entirely right.

Mr. POMERENE. Mr. President, will the Senator yield to me for a moment?

Mr. SPENCER. I yield to the Senator from Ohio.

Mr. POMERENE. In view of the statement which has been made, it may be interesting to say a word with regard to the conditions in the Federal court at Cincinnati. Some months ago a movement was set on foot to create a new judgeship in that district. The United States district judge, Hon. John Weld Peck, wrote me on the subject. He has been on the bench about two years. When he was appointed the docket was overcrowded. Now, he is up with his docket, and during the last year he was assigned to Memphis, Tenn., and served one month there, and was subsequently assigned by the Chief Justice of the United States to go to New York, where he also served one month. He is on his job all the time.

Mr. KING. We want more judges like him.

Mr. HARRELD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Oklahoma?

Mr. SPENCER. I yield to the Senator from Oklahoma.

Mr. HARRELD. I should like to ask the Senator from Missouri if his investigations did not disclose that because of the congested condition of the court dockets there are being lost to the Treasury of the United States large amounts of money in fees, fines, and forfeitures? I should like also to inquire if, as a matter of fact, it would not be along the lines of economy to have more judges so as to take care of the congested condition of the business of the Federal courts? In my State a short time ago I made an investigation, and have the figures which show that in the eastern district in my State there is such congestion—and great complaint is made of that—that many cases are being held up, and the Government is absolutely losing money in the way of fines and forfeitures. In my judgment, in that State at least, it would be a matter of economy to provide an additional judge. I wish to know if that is not true also in a great many other districts?

Mr. SPENCER. There can be no doubt, I think, as to the truth of what the Senator from Oklahoma has said.

Mr. WADSWORTH rose.

Mr. McCORMICK. I ask for the regular order.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Missouri to print in the *RECORD* the matter referred to by him.

Mr. HARRISON. Mr. President—

Mr. NELSON. In connection with the statement which has been made—

Mr. WADSWORTH. I was going to ask for the regular order.

The PRESIDING OFFICER. The Senator from New York asks for the regular order. Is there objection to printing in the *RECORD* the table referred to by the Senator from Missouri?

Mr. HARRISON. I have no objection to that.

The PRESIDING OFFICER. There being no objection, the table will be printed in the *RECORD*.

The table referred to is as follows:

*Comparison of business and expenditures—Department of Justice and United States courts.*

(Includes all cases brought before the United States district courts, excluding naturalization proceedings.)

	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921
<b>BUSINESS UNITED STATES DISTRICT COURTS.</b>										
Cases commenced.....	50,691	52,618	57,646	62,768	64,963	62,017	72,237	80,291	91,254	<sup>1</sup> 104,000
Increase, number of cases.....	1,927	5,028	5,122	2,195	2,946	2,946	10,220	8,054	16,963	.....
Increase, per cent.....	3.8	9.5	8.8	3.5	4.5	4.5	+16.4	11.1	13.6	.....
Cases terminated.....	46,648	53,450	56,336	60,393	75,502	65,955	85,441	83,422	68,735	<sup>2</sup> 85,000
Increase, number of cases.....	6,802	2,886	4,057	15,109	9,547	9,547	19,486	2,019	14,687	.....
Increase, per cent.....	14.5	5.4	7.1	25	12.6	12.6	29.5	2.3	17.6	.....
Number of cases pending at close of year.....	102,299	102,012	120,208	132,102	129,421	118,926	100,389	96,255	118,744	<sup>2</sup> 140,000
<b>EXPENDITURES.</b>										
Justice.....	\$5,217,912.01	\$5,569,228.57	\$5,743,110.32	\$5,743,064.35	\$5,830,250.81	\$5,917,202.50	\$7,904,336.82	\$9,324,827.76	\$9,913,872.15	.....
Courts.....	4,978,660.90	4,925,431.97	4,992,808.30	5,020,163.60	4,995,283.11	5,053,322.56	5,584,935.43	5,771,938.15	6,643,490.29	.....
Total.....	10,196,572.91	10,494,660.54	10,735,918.62	10,763,227.95	10,825,533.92	10,970,525.06	13,489,272.25	15,096,765.91	16,557,362.44	<sup>2</sup> 17,900,000
Increase, amount.....		298,087.63	241,258.08	27,309.33	62,305.97	144,991.14	2,518,747.19	1,607,493.65	1,450,593.53	<sup>2</sup> 1,400,000
Increase, per cent.....		2.9	2.3	$\frac{1}{4}$ of 1	$\frac{1}{15}$ of 1	1.3	22.9	11.9	9.6	<sup>2</sup> 9
Special items.....							\$783,320.19	\$1,122,574.11	\$772,269.49	.....

<sup>1</sup> Estimated, of which 70,000 are criminal cases.

<sup>2</sup> Estimated.

NOTE.—Figures in italics indicate decreases.

STATEMENT BY REPRESENTATIVE KELLER.

Mr. HARRISON. Mr. President, along the same line as the documents which have been placed in the RECORD by the Senator from Missouri, and which are very instructive, there appeared in yesterday's paper statements by two very distinguished Republican leaders—one by Representative KELLER, of Minnesota, and the other by Representative FREAR, of Wisconsin. I ask unanimous consent that their statements be placed in the RECORD for the instruction of the Senate.

Mr. KING. May I say to the Senator from Mississippi that the letter of Representative FREAR I offered in connection with my remarks yesterday, and made a part of my remarks in the RECORD.

Mr. WATSON of Indiana. Mr. President, I should like to inquire what the statements are about.

Mr. HARRISON. I will have them read for the information of the Senator.

Mr. KING. They are about the dye monopoly, and other matters.

The PRESIDING OFFICER. The regular order has been called for.

Mr. HARRISON. I did not understand that the Senator objected to the statements referred to by me being printed in the RECORD.

Mr. WADSWORTH. I asked for the regular order in the midst of the discussion on the congested condition of the dockets of the Federal courts.

Mr. SMOOT. In view of the fact that one of the statements has been in the RECORD only once, I do not see why it should not be ordered printed in the RECORD every morning.

Mr. HARRISON. While the Frear statement is very interesting, I do not want it to go in twice. I ask that the Keller statement go in the RECORD.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that the statement referred to by him be printed in the RECORD. Is there objection?

Mr. POINDEXTER. I will ask the Senator from Mississippi if this statement was not printed in the proceedings of the House of Representatives?

Mr. HARRISON. I do not think so. It would not hurt if it was printed on the Senate side, so that some of the Senators might read it.

Mr. POINDEXTER. They are both printed in the same RECORD. There is no occasion for reprinting it. I have no objection to printing it once, but I do object to printing it twice. I wish the Senator would inquire whether the Representative who wrote the statement did not have it printed in the RECORD.

Mr. HARRISON. If unanimous consent is granted, and I find that it has been placed in the RECORD, I shall not incorporate it again; but I should like to get the consent, because the statement is very instructive.

Mr. POINDEXTER. If the Senator will make that inquiry and act accordingly, I have no objection.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

The matter referred to is as follows:

REPRESENTATIVE KELLER'S STATEMENT.

"Our ability to compete with other nations for world markets—and consequently our prosperity—primarily depends on reasonable transportation charges, cheap power, low interest, easy rents, low taxation, efficient labor, and systematic distribution. We have adopted a policy which has brought about the exact reverse of these ideal conditions. Our exorbitant transportation rates absorb producers' profits and paralyze production. Our great natural water-power resources are monopolized or undeveloped, and power is correspondingly dear. Interest rates are high, credit is controlled, and speculators are favored over producers. Rents are excessive, taxes are crushing, and our manner of distribution is the most costly and cumbersome in the civilized world. The Government has attempted to legislate on every one of these vital problems within the past six months, but instead of honestly searching for the best way out of our industrial difficulties and welcoming the disinterested advice of economists, scientists, engineers, real financiers, and experts in various lines, the machinery of Government has been commandeered by a little clique, ignorant of the A, B, C's of economics, whose blind obedience to Wall Street is responsible for the stupid, selfish, and shortsighted policy that is retarding our prosperity and creating profound distrust and discontent among the people.

"The President has assumed more power than any of his predecessors and tells Congress what bills to pass and what not to pass. Bills concocted at secret conferences are introduced without being referred to responsible committees. The President's advisors seem to think it possible for this country to lift itself by its economic bootstraps and vaguely promise that a half billion dollar gift to the railroads—which in some mysterious manner is not to increase taxes—will 'restore prosperity.' They would do better to busy themselves with lowering rates, taking off the transportation tax, and seeing to it that the railroads are run efficiently with a minimum of waste. But that is not likely so long as railroad executives can depend upon the administration for lavish gifts.

"In the matter of farm credits—absolutely imperative if the purchasing power of the people is to be restored—the President interfered to block a bill designed to eliminate middlemen and directly aid the producers. As a consequence a camouflaged measure has been passed which will benefit bankers, dealers, and speculators more than it will the actual raisers of farm crops.

"I agree with the President that the revenue bill should have been taken up before the tariff. Tariffs should be based upon the difference in the cost of production at home and abroad. Taxation has become one of the largest items of production. How could a fair tariff be framed when its authors did not know the basic elements that entered into the costs of production? But the Ways and Means Committee was more interested in protecting special privilege than in devising scientific schedules, and the tariff bill was driven through the House under a special rule which limited debate and practically prohibited amendment. It was such a bungling job that it must be



rewritten by the Senate. I have been informed that it is intended to shove the revenue bill through the House under another special rule—one of those tricks which makes a farce of representative government. Most Members of the House want to carry out the people's wishes, but a little dominant minority has tied down the safety valve of free discussion until an explosion impends which will scatter the Republican Party from Maine to California.

"The Ways and Means Committee has demonstrated its utter unfitness to deal intelligently with the great financial measures on which to a great degree the prosperity of the country depends. Advocates of intelligently constructive measures were hurried through their testimony with scant courtesy, and I am reliably informed that it was actually proposed to hold no public hearings at all on taxation.

"Taxation is the most important matter that confronts the United States. Federal taxes alone now aggregate approximately \$4,000,000,000 a year. One-third of the net income of corporate business is put into State and National taxes. Practically all these taxes are levied upon production. This vast tribute can not be taken from industry without the serious danger of disrupting our entire economic structure. There is not the slightest doubt that much of our business depression is directly due to our unscientific methods of raising revenue. High taxes inflate prices and thus decrease the purchasing power of the public. When declining sales prevent the taxes from being passed along to the public they rest with paralyzing effect upon industry itself. The result is industrial stagnation, with agricultural impoverishment, widespread unemployment, and general distress.

"There is no reason why raising necessary Government revenues should not promote production. There are rules of taxation just as well established as the laws of mathematics. But instead of calling in competent experts, the Ways and Means Committee seeks the advice of a multimillionaire Cabinet officer, whose suggestions seem to be based on preselection promises rather than time-tested principles of economics.

"He suggests repeal of the excess-profits tax, reduction of the higher surtax rates on individual incomes, increase of the corporation tax, retention of the ruinous transportation tax and the nuisance taxes, with new impositions on automobiles and bank checks and increased rates on first-class postage.

"This policy will further depress industry and fail to raise sufficient revenue for the Government's needs. The proposal to repeal the excess-profits tax and to lower the higher individual income surtaxes, without providing any constructive substitute, is special legislation of the most vicious character. Less than 5,000 persons—most of them war profiteers—pay the higher surtaxes on incomes of more than \$100,000 annually, yet Secretary Mellon wants to cut in half the \$500,000,000 which they contributed to the upkeep of the Government and throw the additional burden upon small manufacturers, jobbers, merchants, and workers and farmers.

"Mr. FORDNEY offers no objection to this—he is very sympathetic to wealth—but he sees the political danger in increasing taxes and seriously proposes that this be avoided by borrowing money for current expenses. This is a contemptible subterfuge, which should not be tolerated. We ought to retire our national debt more rapidly, not increase it. It could be paid off in 30 years if the tax program I have proposed were adopted.

"Taxes can not be reduced unless the administration agrees to a drastic cut in its military expenditures. Ninety-three per cent of our revenue goes for war purposes, and the President strenuously objected to any curtailment of this program. It is possible to lighten taxes on industry, however, provided that the administration and its lieutenants on the Ways and Means Committee quit coddling millionaires and monopolists and seriously consider the taxation of inheritances and land values.

"Several billion dollars annually pass by inheritance in this country. Increased rates on these estates would produce between \$500,000,000 and \$750,000,000. There is no valid reason why this tax should not be increased. A tax on inheritances is not a tax upon industry. It does not have an injurious effect upon business. Instead, it actually will increase business and add more capital for productive purposes by taking money which otherwise would be held by individual heirs or trusteeships, generally in the form of tax-exempt securities, and diffusing it for productive purposes. According to Secretary of the Treasury Mellon, there is \$10,000,000,000 invested in tax-exempt securities. Most of this amount can be reached in no way except through an inheritance tax. One of my bills reduces the rates on earned income, and the inheritance tax bill is in effect a deferred income tax to be collected at a point where evaluation is impossible and where the amount of the levy can not check production or retard investment.

"A 1 per cent tax on land values, with all improvements deducted and an individual exemption of \$10,000, would raise approximately \$1,000,000,000 annually. The deduction of improvements and the exemption of \$10,000 would eliminate practically all farmers and city home owners. The bulk of this billion dollars would be paid by the owners of unused natural resources, of vacant city lots, and those who hold agricultural land out of use for speculative purposes. This tax actually would reduce rents, promote building, and stimulate general production. Taxation of land values always has this effect.

"These bills are before Congress. Two other bills repeal all the nuisance taxes; do away with the tax on transportation; abolish the excess-profits and corporation-income taxes, which have inflated prices and add an element of uncertainty to business; distinguish between earned and unearned income by one-half. This program lifts \$1,750,000,000 from industry—virtually cutting the present taxes in two—and replaces this sum by levies that will stimulate production.

"This program would go a long way toward restoring prosperity, but it is hardly considered by the administration's inner circle, whose members are so engrossed in legislating for the interests of 5,000 millionaires that they can not comprehend the needs of the 109,995,000 people who carry on the constructive work of this Nation."

#### INTERSTATE HIGHWAY SYSTEM.

Mr. HEFLIN. Mr. President, a few days ago the Washington Star contained an article charging that some of the States had wrongfully disposed of war material furnished by the Federal Government for use in building and improving public roads in the States. I have a telegram on the subject from the State engineer of Alabama which I wish printed in the RECORD. The charge is not true, so far as Alabama is concerned.

The PRESIDING OFFICER. The Senator from Alabama asks unanimous consent that the telegram referred to by him be printed in the RECORD. Is there objection?

Mr. SMOOT. Mr. President, I am not going to object. I am simply going to call the attention of the Senate once more to the fact that I do not believe the CONGRESSIONAL RECORD ought to be a public daily printing bulletin. Every day it is getting worse and worse. The RECORD is supposed to be for the purpose of recording what is done in this body and in the House of Representatives. It is getting now so that more than half of the volume of the CONGRESSIONAL RECORD is made up of outside publications, newspaper reports, editorials from different magazines, and so on. We did have it stopped for a while. I am not a Member of the Committee on Printing now, or I assure the Senator I would do everything I could to stop it again.

Mr. HARRISON. Of course, the Senator's remarks are not leveled at the statement of Congressman KELLER.

Mr. SMOOT. I am not speaking of any particular article; I am speaking of them as a whole. The Senator ought to pick up the RECORD to-morrow morning and find what the Senate has done, and then find what is in the RECORD outside of the Senate proceedings. As far as the cost is concerned, of course that does not make any difference, because billions are to be spent for anything now; but I want to say to the Senator that every one of those pages costs the Government of the United States \$50 and over to print, besides the cost of carrying it through the mails, and I think we ought to begin to take into consideration even hundreds and thousands of dollars a day.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? There being no objection, it is so ordered.

The telegram is as follows:

MONTGOMERY, ALA., August 6, 1921.

Senator J. THOMAS HEFLIN,  
Washington, D. C.:

This department has not disposed of any surplus war materials given Alabama. See article in Washington Star, July 31.

W. S. KELLER, State Engineer.

#### THE TOBACCO SITUATION.

Mr. SMITH. I introduce a Senate resolution and ask unanimous consent for its immediate consideration. I will state that this matter came up in the Agricultural Committee and I was authorized by the committee to present this resolution. It simply asks for certain information from the Federal Trade Commission in reference to the condition of tobacco and its sale in this country, both in the raw and in the manufactured form. I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The Senator from South Carolina asks unanimous consent for immediate consideration of a resolution which will be read by the Secretary.



The resolution (S. Res. 129) was read, as follows:

*Resolved*, That the Federal Trade Commission be, and is hereby, directed to investigate the tobacco situation in the United States as to the domestic and export trade, with particular reference as to market price to producers for tobacco and the market price for manufactured tobacco and the price of leaf tobacco exported, and report to the Senate as soon as possible the result of such investigation.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. SMOOT. I want to say to the Senator that I just received the other day from the Agricultural Department a full statement of everything that is asked for in this resolution.

Mr. SMITH. I think the Senator is mistaken, in view of the fact that there is a claim made that the amount of raw tobacco on hand is so far in excess of any demand that the farmers who produce it in every State I have heard from—and I have heard from a good many, and, as a tobacco producer myself, I know it reflects the condition in my State—are actually hauling their tobacco back into the fields, and in fields where fertilizer is needed they are actually using some of their leaf tobacco for that purpose. There is no market at all for such grades of tobacco, and the claim of those who are purchasing is that they have an oversupply, while at the same time inquiry has revealed the fact that all manufactured tobacco, in the form of snuff, cigarettes, cigars, and chewing tobacco, is at the peak of war prices.

Surely, those who produce it are entitled to know if the condition of the market for the leaf tobacco, both at home and abroad, is such that they can not absorb any more, and then to be informed of the conditions that produce that very anomalous condition, where the manufactured tobacco in all forms is at the peak of war prices, while the material out of which the manufactured form is made is without a market, and is begging for a market. As I specify in the resolution, I would like to have a detailed statement as to the reason why that condition exists, if any can be given, based upon natural laws. The Federal Trade Commission is operating, and they will return to the Senate, without any cost to anybody, their findings, whatever they may be, and I hope that the Senator will allow the resolution to go through.

Mr. SMOOT. I have not yet had time to go over it, but the department sent me information, in response to my inquiry, not as to what was produced or the amount on hand, but as to the consumption, in order that I may make an estimate of what revenue the Government will receive out of the sale of tobacco for the next fiscal year. That information, of course, any Senator can get at anytime by asking the Agricultural Department. It is true that they did not give any reason why the prices are high, or state whether they are high or low.

Mr. SIMMONS. That concerns only the prices of manufactured tobacco, not of leaf tobacco.

Mr. SMOOT. They gave the amount of leaf tobacco supposed to be on hand. They estimated what the crop for this year would be.

Mr. SMITH. If the Senator will allow me, what I am desirous of knowing from the commission which we have established is what are the reasons, if any, for this abnormal difference. A little piece of chewing tobacco which, previous to the war, cost 5 cents, now costs 15 cents. Cigarettes are proportionately high. Cigars are proportionately high. All forms of manufactured tobacco are still at the peak, while the producers of it actually can not find a market at all for certain grades.

Mr. SIMMONS. The data which the Senator from Utah has relates to another phase of the question.

Mr. SMITH. Entirely.

Mr. SIMMONS. The Senator from Utah is interested in the raw tobacco.

Mr. SMITH. The raw material.

Mr. SIMMONS. He is trying to ascertain the production for the purposes of revenue legislation.

Mr. SMOOT. I am interested in all phases of the question.

Mr. WADSWORTH. Mr. President, I shall have to ask for the regular order.

The PRESIDING OFFICER. The regular order is called for. Is there objection to the immediate consideration of the resolution submitted by the Senator from South Carolina?

Mr. SMOOT. The Senator should let the Agriculture Department furnish him with the information, as it has it in hand.

The resolution was considered by unanimous consent and agreed to.

#### OHIO RIVER BRIDGE.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1934) granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway toll bridge across the Ohio River, be-

tween the city of Huntington, W. Va., and a point opposite in the State of Ohio.

The amendments were, on page 1, line 6, to strike out the word "toll" and to amend the title so as to read: "An act granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway bridge across the Ohio River, between the city of Huntington, W. Va., and a point opposite in the State of Ohio."

Mr. SUTHERLAND. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

#### EXTENSION OF RENTS ACT.

The PRESIDING OFFICER. The morning business is closed. Mr. BALL. Mr. President, I ask unanimous consent for the immediate consideration of Senate bill 2131, the District of Columbia rents act.

The PRESIDING OFFICER. Is there objection?

Mr. FLETCHER. Mr. President, I shall not object to the consideration of the bill; I shall do nothing to obstruct its disposition; but I expect to explain my position in regard to it in due course. For the present, I shall not make any objection.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Delaware [Mr. BALL] to the committee amendment, which the Secretary will state.

The ASSISTANT SECRETARY. On page 3, the Senator from Delaware proposes to strike out all of lines 12 to 21, both inclusive, and to insert in lieu thereof the following:

SEC. 123. In all cases where the owner of any rental property, apartment, or hotel has, prior to April 18, 1921, collected or received any rent or charge therefor in excess of the amount fixed in a determination of the commission made and in full force and effect in accordance with the provisions of the title, he may within 30 days after this section takes effect return such excess rental or charge to the tenant directly, and if such return is made within such period the owner shall not become liable under the provisions of section 112 of this act. An owner who has obtained a judgment against a tenant for, or which includes, such rent or charge in excess of the amount fixed in such a determination of the commission shall move to vacate such judgment to the amount of such excess, within 60 days after this section takes effect. In case such motion is not made and such owner does not exercise reasonable diligence to have such judgment vacated, such judgment, to the amount of such excess, shall be null and void.

The PRESIDING OFFICER. The question is upon the amendment proposed by the Senator from Delaware to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The Secretary will state the next amendment reported by the Committee on the District of Columbia.

The ASSISTANT SECRETARY. On page 5, line 1, the committee proposes to change the number of the section from 4 to 5.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 5, lines 4 to 14, inclusive, the committee proposes to strike out section 5 in the following words:

SEC. 5. That in all cases where the owner has, prior to April 18, 1921, collected any such excess rent or charge he may return such excess to the tenant direct, and in default of his so doing, then, upon application by the tenant to the commission, a rule shall be issued against such owner and served in the same manner as other notices from the commission, requiring such owner to refund such excess to the tenant within 10 days from the service of such rule, and in default of such refund within said 10 days the commission shall proceed to recover double the amount of excess with costs and attorney's fee, as herein provided.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading and to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. BRANDEGEE. Mr. President, I do not desire to make any extended remarks upon the bill, but I have grave doubts as to the constitutionality of the measure. It does not seem to me that three years after we have concluded the war Congress has authority to pass a bill of this nature, interfering with contracts made by private parties. That is all I care to say about the measure.

Mr. BORAH. Mr. President, I wish to ask the Senator from Connecticut a question. I agree with the Senator; I have very grave doubts myself about the constitutionality of the bill; but what more power had we under the Constitution three



years ago to deal with this particular subject than we have now?

Mr. BRANDEGEE. I am unable to cite anything more specific in the Constitution authorizing such legislation than that during a war, exercising the so-called war powers, Congress has power to do anything that in the judgment of Congress is necessary to win the war. That is the basis of all such legislation originally, and I think it falls to the ground when we are at peace.

Mr. BORAH. I only desire to say, Mr. President, that in my opinion the whole theory upon which these war powers were extended to such subjects as this has no basis in the Constitution at all. There are certain war powers given Congress in the Constitution, and those powers are defined. The Congress of the United States can exercise no powers in war any more than it can in peace, except those which are provided for in the Constitution. I want to record again, as I have so often recorded, that this entire theory that in some way or other when war is declared the Constitution disappears and reappears when the war is at an end, is wholly fallacious under our theory of government. The Constitution obtains and is our sole source of authority in war the same as in peace.

Mr. FLETCHER. Mr. President, the question in the mind of the Senator from Idaho [Mr. BORAH] and the suggestion by the Senator from Connecticut [Mr. BRANDEGEE], we may get a little light upon by reference to a case which involved the constitutionality of the act of which the bill is amendatory. It is a case decided by the Supreme Court of the United States. Since the matter was up last week I have been furnished with a very comprehensive and clear discussion of the subject in the form of a brief prepared by certain gentlemen here in the city, which I will make reference to a little later.

Mr. BRANDEGEE. Was that a decision of the Supreme Court of the United States or of the Supreme Court of the District of Columbia?

Mr. FLETCHER. Of the Supreme Court of the United States. The constitutionality of the act was decided in the case of Block versus Hirsh, and the Court of Appeals of the District of Columbia in that case held the law to be invalid. The case was taken to the Supreme Court of the United States, and on April 18, 1921, the Supreme Court of the United States held the act to be constitutional by a 5 to 4 decision.

It is to be noted that the majority opinion of the court based the constitutionality of the act solely and entirely upon the ground that there was, quoting from the opinion, an "emergency growing out of the war, resulting in rental conditions in the District dangerous to the public health and burdensome to public officers, employees, and accessories, and thereby embarrassing the Federal Government in the transaction of the public business." That was the ground upon which the court held the act to be constitutional.

Mr. BORAH. Of course, Mr. President, the logic of that statement is that as soon as war is declared the Constitution of the United States is suspended, and nothing is to be considered except the public interest, and what the Congress of the United States or the court deems to be the public interest.

There is no other conclusion to be drawn from that statement than the fact that the Congress must determine for itself what is in the public interest, regardless of any power which may be defined in the Constitution.

Mr. FLETCHER. The Supreme Court in that decision was very careful to say that the decision of Congress as to an emergency, for instance, was not conclusive. They said in the same opinion:

No doubt it is true that a legislative declaration of facts that are material only as the ground for exacting a rule of law, for instance, that a certain use is a public one, may not be held conclusive by the courts. \* \* \* But a declaration by a legislature concerning public conditions that by necessity and duty it must know is entitled at least to great respect. In this instance Congress stated a publicly notorious and almost world-wide fact. That the emergency declared by the statute did exist must be assumed, and the question is whether Congress was incompetent to meet it in the way in which it has been met by most of the civilized countries of the world.

That was the basis upon which the Supreme Court upheld the constitutionality of the act. The court distinctly said that the fact that we may now say that the emergency continues to exist is not conclusive on the court at all.

Mr. BRANDEGEE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Connecticut?

Mr. FLETCHER. Certainly.

Mr. BRANDEGEE. What was the date of that decision?

Mr. FLETCHER. April 18, 1921.

Mr. BRANDEGEE. It is possible that the court is correct. Of course, whatever the Supreme Court of the United States decides is the law, whether we think it is a proper interpreta-

tion of the situation or not. But the legislation that we are now asked to pass is another effort to extend a war statute, and it is being passed after the Congress by joint resolution has declared that we are no longer at war. Whether the reasoning of the court in that case or its conclusion there would obtain in a suit under the present bill is an entirely different proposition.

Mr. FLETCHER. That is just the point I am coming to. I have no objection to the legislation if it can accomplish any good. So far as I am informed, the commission is a very admirable one. Their decisions have been fair and just and reasonable. I have never had any occasion to come in contact with them, one way or another, and know nothing about the actual transaction of business before the commission, but I take it that they are all honorable citizens of great integrity. I believe there is one woman member of the commission, and all of them have done excellent work. I am not questioning that. It is the principle of the thing to which I can not quite agree, and I think we are establishing here a very dangerous and vicious precedent.

Mr. BRANDEGEE. It seems to me not only that but I can not help considering that it shows a lack of faith in ourselves, for the very men who voted that we are at peace to be now exercising war powers in time of peace and passing legislation that it is admitted could only be passed or justified or palliated when we were at war to save the life of the Nation.

Mr. FLETCHER. It is worth considering now that the Supreme Court, at the time this case was before them, recognized that the statute was to terminate at the end of two years. It is specifically pointed out that it was an emergency measure only to last for two years, and they considered that fact as having a direct bearing on the question of constitutionality.

Now, it expires by its own limitations next October, but the proposal is to continue for 7 months longer. If we can do that for 7 months, why not do it for 12? If we see fit before the 7 months expire, why not propose to extend it another 6 or 7 months?

Mr. BRANDEGEE. Will the Senator be good enough to send the decision to me, that I may examine it?

Mr. FLETCHER. I have not the decision; I was reading from the brief; and I am glad to send it to the Senator.

Mr. SHORTRIDGE. Mr. President—

Mr. FLETCHER. I yield to the Senator from California.

Mr. SHORTRIDGE. I venture to suggest to the Senator that the philosophy of the decision referred to is exactly that which proceeds along the same line as the Supreme Court and inferior Federal courts have held to in many cases during the war. The reasoning is this: The Congress having power to declare war, inferentially has the power to carry on war, inferentially has the power to carry on war successfully if possible, and inferentially has the power to enact such legislation as will aid in the carrying on of war successfully. That power is deraigned directly from the specific delegation of power in the Constitution. Subdivision 18 of section 8 of Article I confers upon or delegates to the Government all powers necessary to carry out the specifically delegated powers.

Upon that theory and upon that reasoning the statute in question was upheld. It was an exercise of the so-called war power. The war being over that power ceases, and I claim with deference, agreeing, I think, with the Senator from Florida, that the decision is not authority now for the enactment of such legislation as the pending bill. Congress in time of peace has no power, and I say it with great deference, to enact a statute of that character. During war days it has the power, if in the judgment of Congress such legislation is in aid of the carrying on successfully of the war in which the Government is engaged. That is the philosophy of all the decisions upon these questions. I have been through many of them and argued many of them.

Mr. FLETCHER. The decision is important not only because it has determined the constitutionality of the act which is sought to be amended, but because it has a direct bearing upon this very question now before us. I contend that the decision itself supports the claim here that this proposed legislation is not constitutional, because the decision in that case involving that question as to this act was based upon the fact that there was an emergency existing during the war and that under those particular circumstances the legislation could be justified. Even then it was an opinion by a divided court of five to four.

There was a very serious question even when the war was on, even when we had 100,000 people more in Washington than we have to-day, even when they could not get accommodations in apartment houses or anywhere else and the public business was jeopardized and hampered and hindered in vari-



ous ways and people were suffering and were crowded in rooms. Under those circumstances even the Supreme Court by a divided vote of five to four said that the legislation was an attempt to meet that emergency and considered it in the interest of the public and upheld it. Certainly that condition does not exist to-day in the city of Washington.

Mr. WILLIS. Mr. President—

Mr. FLETCHER. There is no war on, there are no war conditions, there is not that crowded situation that we had then, and there is not that justification for this sort of legislation. In my judgment we are doing a futile thing when we pass the bill to extend that act seven months longer.

I yield to the Senator from Ohio.

Mr. WILLIS. I dislike to interrupt the Senator, but I happen to have before me the decision of the Supreme Court, from which I should like to read at least a paragraph or two on that point.

Mr. FLETCHER. I am glad to have the Senator do so.

Mr. WILLIS. The court said right upon the specific point the Senator is now so ably discussing:

The statute embodies a scheme or code which it is needless to set forth, but it should be stated that it ends with the declaration in section 122 that the provisions of title 2 are made necessary by emergencies growing out of the war, resulting in rental conditions in the District dangerous to the public health and burdensome to public officers, employees, and accessories, and thereby embarrassing the Federal Government in the transaction of the public business.

The Senator will observe that the court put this on the ground that the situation then existing, and which was sought to be remedied, resulted in an embarrassment to the Federal Government. Then the court goes on to say:

As emergency legislation the title is to end in two years unless sooner repealed.

The court clearly placed it upon the ground which the Senator has just stated, that it was an emergency. That is set forth, if the Senator will permit me further, in the syllabus, which says:

1. The emergency growing out of the World War clothed the letting of buildings in the District of Columbia with a public interest so great as to justify, despite United States Constitution, fifth amendment, such temporary regulation as is made by the act of October 22, 1919, title 2, section 109—to remain in force two years unless sooner repealed—giving a tenant the privilege of holding over after the expiration of the lease, subject to regulation by the commission appointed by that act, so long as he pays the rent and performs the conditions as fixed by the lease, or as modified by the commission.

The syllabus further said:

2. A limit in time to tide over a passing trouble may justify a law that could not be upheld as a permanent change.

Obviously the implication from that is that the court is upholding the act only upon the basis that there was an emergency growing out of the war, and that in time of peace the court would hold, although that is an inference, but the clear inference, I believe, that in time of peace there would be no such emergency and consequently no need for the act.

Mr. FLETCHER. I am much obliged to the Senator. I think that reinforces the position which I took at the outset. I have already referred to the particular point mentioned, set out in that case.

Let us go back a little and see what the legislation is. The act was passed by Congress on October 22, 1919, and by its terms expires at the end of two years from the date of enactment. It is proposed now to extend that for seven months, or until May 22, 1922.

The act created a commission which has the power to fix rents to be charged and paid for all rental real estate in the District of Columbia, irrespective of the contract of lease entered into between the tenant and the landlord.

It further provides that so long as the tenant shall pay the rent fixed by the commission—not by the landlord, not by agreement, but fixed by the commission—he shall be evicted only in two cases; first, in the case in which the complainant landlord desires the property for his own personal use, and, second, where he wants the property for the purpose of tearing it down in order to immediately construct new rental property.

Those are the only two instances where the owner of the property can do what he likes with his own property. There may be an apartment house in which a tenant may become thoroughly objectionable, may be disorderly, may jeopardize the standing of the whole house and thus depreciate the value of the property, and yet the landlord, even though the tenant may be a renter from month to month, would be utterly unable to dispossess that tenant. The commission could not order it done. The commission has no power under the very terms of the act to evict a tenant or allow a tenant to be evicted except in the two instances which I have mentioned, where the owner desires the property for his personal use or where he desires to tear down the building in order to construct new rental property.

These are the only two instances where a tenant can be put out of possession of the premises.

Now, it is proposed to continue that authority and control over the property which an individual may own, may have built, and put his money into, and expected at the time, of course, to control it. The question is, does that condition which existed when the bill was passed in 1919, nearly two years ago, exist to-day in the District? I take it the committee had to find, before they could feel justified in reporting the pending bill, that that emergency continues to exist. I suppose they found that. From the hearings before that committee, however, I can draw no such conclusion. I have had some occasion to look into those hearings, and I do not believe that the testimony shows that condition to exist; certainly as to the main fact it can not exist, and that is we are not to-day at war and we are not operating under war conditions.

As to the other facts, they do not exist; for instance, according to the testimony before that committee given by Mrs. Taylor, she—

estimated that at the beginning of the war there were some 300,000 people in Washington; that the peak of population was 600,000; and that, at the present time, there was somewhere between 400,000 and 460,000.

In other words, there has been a falling off in the population of Washington approaching 200,000 since the so-called rent law was put upon the statute books.

There are also the statements of other witnesses before the committee; for instance, of one real estate agent, "that in 1919 his office received from one to twenty-five applications per day for rooms, apartments, and so forth, whereas to-day they are only receiving one or two." Other testimony before the committee, taken from advertisements in the newspapers of people wanting apartments and advertisements in the newspapers by owners of apartments advertising for tenants, shows that there has been a vast decrease in the number of people wanting accommodations and a vast increase in the number of people who have apartments for which they desire to find tenants.

Statements furnished by both electric street railway companies show, for instance, that the total of the decrease of the two companies in the number of passengers carried per month has been 1,982,273 as compared with the number that traveled in 1919 on those electric street railway cars.

Another real estate operator says:

From reports received, however, it appears that there are for rent in Washington at the present time 354 apartments and 280 dwellings.

People built houses after this law went into effect to a considerable extent in the District, but they built them for sale, not for rent. They built apartments, but they built them for sale. Very few, if any, buildings have been erected for rent since this law was passed, because people are not going to invest their money in an enterprise of that sort and place the property absolutely in the control and under the management and direction of outside individuals.

To-day there are any number of buildings which are advertised for sale and any number of apartments which are advertised for rent. There are here in the Government hotels vacant rooms. One whole building near the Union Station, according to my information, is entirely vacant; it is not now occupied at all. There is no existing condition in the District of Columbia to-day that calls for this proposed drastic regulation—more drastic than any of the regulations which I have known with respect to the housing problem anywhere in the country. It is unfair, arbitrary, and unjust to take charge of private property when there is no emergency existing that would warrant such action.

It may be that some rentals are too high; it may be that some people do not get enough salary to pay the rent which they ought to pay; but the remedy in such cases is, in some way, to increase the salaries, to increase the income. It may be that there are some landlords who are grasping. If so, I hope they will lose out, and that they will lose their tenants. They ought to lose them. If there are any Gradgrinds in the District who are oppressing the people they ought to be made to suffer; but this is not the way to remedy that situation. The way to reduce rents is to increase the number of apartments and the number of buildings which will be for rent. The people are not going to put up buildings or apartments, as I have said, for the purpose of renting them if they can not control their tenants and can not by agreement with the tenants fix the rent that they will derive from their investment.

It may be that people are now building to some extent in the District in spite of this law, but they are doing so with the idea that the law is to end. They have not figured that this law is to be perpetuated in peace times by having it continued time after time just before it expires by its terms. It is for



that reason, Mr. President, that I oppose the bill. I think it is unsound in principle; I think that it amounts practically to a confiscation of private property when there is no sort of justification for it.

The emergency which, according to my understanding, ought to be kept in mind in dealing with legislation of this kind is not some sort of imaginary, so-called emergency, or one based upon what some people may think is an excessive charge by landlords for apartments or buildings, but "as used in the law, it means that there is a shortage of living accommodations for the renting population of Washington, as augmented and increased by those who came here to assist the Government in the conduct of the war." That is what the Supreme Court had in mind, I think. Or, to put it in another way, the emergency arose at the time this law was enacted "from the fact of the shortage of housing in Washington, caused by the temporary war-time population, created a public interest in such facilities which justified regulation." That was the basis upon which we had to find the emergency to exist. If the emergency is based upon the fact that rents are higher than tenants can afford to pay, the law becomes simply a confiscation of private property, because there is no escape for a landlord from the payment of his taxes when they are due and from the payment of his interest and other fixed charges, and we undertake to tell the landlord that he must accept whatever we fix as a rental for his property.

I have referred somewhat to this brief. I think it is a very clear and very fair discussion of the facts developed before the committee. It is too long to go in the *RECORD*, but I should like to ask that the conclusions stated in the brief be inserted in the *RECORD*.

The PRESIDING OFFICER. The Senator from Florida asks that the matter referred to by him be inserted in the *RECORD*. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

#### CONCLUSIONS.

The testimony taken before the Senate committee clearly establishes the following propositions:

First. That whatever the situation may have been in October, 1919, there is to-day no emergency existing in the District of Columbia justifying the extension of the Ball rent law.

Second. A declaration by Congress now that such an emergency exists would be in direct contradiction of the evidence before the committee.

Third. Such a declaration would be contrary to the testimony even of those who favor a further extension of the act, such as the members of the rent commission, for the testimony adduced in this behalf consists almost entirely of opinions, is not supported by any facts, and is generally contradicted by admissions showing that housing conditions in Washington have entirely changed since the rent law was passed and that no shortage now exists.

Fourth. The affirmative testimony of real estate owners and of men long experienced in the business of renting apartment houses and other properties in Washington shows overwhelmingly that the ratio of vacant apartments, dwellings, and rooms to the number of persons desiring them is rapidly reaching the normal; that there is to-day more vacant houses looking for tenants than there are tenants looking for housing; that these facts are not disputed by any of the witnesses who are seeking an extension of the rent law, and that the only menace to this return to normal conditions is the continuance of congressional restriction.

Fifth. Specific facts and figures submitted to the committee, and undisputed, show that the population of Washington has been greatly reduced by reason of the departure of thousands of persons who were here during the war, all of which is shown particularly by the statistics of the Government departments, street railroad companies, telephone company, and from other reliable sources. The uncontradicted testimony further shows that the Ball Act, although passed as an emergency measure to relieve the housing situation in 1919, has not only failed to give any such relief, but has been the most potent factor in preventing a return to normal conditions; that this legislation has actually prevented the building of rental properties in the District of Columbia; that it is impossible to interest investors in the building of houses or apartments for rent so long as Congress enacts that such investor shall have no control over his investment; that it was only because of the belief that the act would be held invalid by the courts, as it was by the court of appeals, that building operations were beginning to recover, and that since the decision of the Supreme Court upholding the constitutionality of the law, and

particularly since the present proposal to extend it for two years longer, it has not only discouraged but made practically impossible all enterprise of this character.

Sixth. It is true that in some instances the rents allowed by the rent commission have been reasonable, and that in other instances they did not permit a fair return on the investment; but whether fair or unfair, the mere fact of the uncertainty as to what the present commission or its successors in the future may do defers the investor from financing and the builder from building rental properties, for in these days of high return on money without risk no man will invest where there is an uncertainty of return, and the chief value and attractiveness of real estate investments has always been a sure return and an absence of mere speculation.

Seventh. The proposed extension of the rent law is even worse for the interests of the District of Columbia than its original enactment, because at that time it was held out to be a purely temporary measure, the act itself providing that it should expire at the end of two years unless sooner repealed, and to extend it now for a further period of two years puts before the investor and builder in Washington the specter of an uncertain, unnecessary, and un-American restraint upon business enterprise. Nor is there any hope of lifting this shadow hereafter, for if Congress now extends the Ball Act for two years, there is nothing to prevent its further extension at the expiration of that period.

Eighth. It was stated at the hearing before the committee that one reason for extending the law was the fear that if not so extended the owners of rental properties in Washington will increase their charges next October. There is no testimony making the basis for such apprehension, the facts as shown being that some rents have been going up, while others have been coming down, and that rents will be reduced just as everything else will be reduced by a decrease of abnormal charges in building materials, interest rates, taxes, insurance, and commodities and service of all kinds. But even if it were true that the expiration of this statute next October would result in instances of increased rent, the same thing would occur at the expiration of the extended period, because so long as this rent law is in existence building will be curtailed and the supply of housing will be restricted. The sooner, therefore, the operation of the act expires the sooner new buildings will be built and the sooner conditions will return to normal.

Ninth. Those who advocate extending the Ball Act, having failed completely to show any housing shortage, crowding conditions, or danger of real estate monopoly, which was believed to exist two years ago and which alone, in the opinion of the Supreme Court, empowered Congress to pass this law, now say that even though no emergency exists, still the rents charged in Washington are higher than the Government employees can afford to pay. This puts the contention where it rightfully belongs—a frank proposal to confiscate private property to make up the deficiency in the compensation paid to the employees of the Government caused by the increased cost of living in all directions. It is upon this ground alone that Congress, under the facts disclosed before the Senate committee, could justify the law, and such justification is not only socialistic and destructive of fundamental law and the traditions of this country but it means socialism in its worst form, for it confiscates not all property but the property of a particular class in a particular community. The next step must be the extension of rent laws to other States and other cities, and then the extension of the principle of fixing prices by law for all forms of property and all kinds of labor, for equality and impartiality will not prevail until all industry and all individual incentive is brought to the dead level of soviet stagnation.

Tenth. The testimony before the Senate committee shows that the only way to reduce the housing shortage in Washington is to build more houses. And the only way to reduce rents is to encourage competition. It is just as idle to pretend that buildings will go up and rents will come down by imposing discriminatory burdens upon both as it is to attempt the impossible feat of pulling one's self over the fence by the straps of one's boots. The continuation of a rent-fixing law in the District of Columbia will just as effectually prevent all new building, and thus require far higher rents, as would a statute bluntly making it unlawful hereafter to erect any new structures in this city.

We believe that every member of the Senate and House has the welfare of the National Capital at heart. And it is because we believe in its future, and have confidence in the good faith and the sense of fairness of Congress, that we have undertaken to present this brief discussion of the rent act and this review of the testimony taken upon the question of continuing the operation of that law. It is the policy of the present adminis-



tration, as defined by the President himself, that there should be less government in business and more business in government, and that the Government should, wherever it is possible, relieve the business of the country of all war-time restrictions; and every business and professional man of this District who is familiar with local conditions and with the practical effect of the Ball Act, knows that the development of Washington into the city we all hope to see it become will remain unrealized so long as its material development is interfered with by legislation of this kind.

Respectfully submitted.

BATES WARREN,  
RICHARD A. FORD,  
EDWIN A. KRAUTHOFF,  
ABNER H. FERGUSON,  
*Counsel in their own behalf  
and for other property owners.*

Mr. BORAH. Mr. President, I wish to say a word in regard to the constitutionality of this proposed measure. It seems to me the opinion which was rendered by the Supreme Court of the United States is not an authority for the constitutionality of this particular measure; in other words, if the reasoning of the Supreme Court be accepted, such a law could only be passed during a state of war. If this measure, therefore, is being urged upon the ground that its legality has been determined by the Supreme Court in the case of Block against Hirsh, I do not believe that that decision will be found to be an authority. I have no doubt we can deal with the subject of rents, but not in this way.

I wish to go back just a moment to express the view which I intimated a moment ago, and that is the view which is so often advanced in a vague and nebulous way, that war powers are powers commensurate with any discretion which the Congress of the United States may see fit to exercise.

I can conceive, Mr. President, of such an exigency and such an emergency arising when war is actually being carried on that we might say, "We will abandon the Constitution of the United States entirely; that it is a restraint and we will throw it aside; we will disregard it, and not presume to act under it." I can conceive of such a condition of affairs when that might be said; but I am speaking now of carrying on war in a constitutional way; that is, under and by authority of the Constitution and according to the principles of constitutional government. Of course, the right of revolution always exists. We might establish a dictatorship instead of a representative Republic. And we might say Congress should be that dictator. But, until we overthrow and renounce the Constitution, it, and it alone, is our sole source of authority for legislation. Holding the view that the war powers, the same as all other powers, are defined by the Constitution, the Congress could exercise no power other than that which is defined and granted by the Constitution.

The able Senator from California [Mr. SHORTRIDGE] has suggested that we have the power to declare war, and inferentially, therefore, to carry on war and inferentially to do whatever is necessary to make the war a success. I accept that doctrine so long as in exercising the power which Congress seeks to exercise it finds authority in the Constitution. But I ask this question: Suppose that Congress should conceive it to be necessary to deny all men the right of trial by jury from the hour that the declaration of war was passed; could we do it? Have we power to suspend any provision of the Constitution which a Congress might assume was somewhat embarrassing to the carrying on of the war?

This question was under consideration during the Civil War, and even so great a man as Mr. Lincoln approved a judgment rendered by a court-martial, largely on the theory which had been advanced that during a state of war anything could be done which was necessary to carry on the war. That was not the language which he used, but that was its purport, nevertheless. That case went to the Supreme Court of the United States, and the Supreme Court held, *Ex parte Milligan*, in language which ought to be written over the doorway of every legislative and congressional body, that the Constitution of the United States was made for war as well as for peace and that its terms and obligations were binding upon the Congress and all branches of the Government in time of war as well as in time of peace, and that the trial of a party not a member of the Army by a court-martial, the courts being open, was void, and that he was entitled to be tried according to the provisions of the Constitution of the United States in a court and before a jury.

That, Mr. President, is a decision which was rendered shortly after the Civil War. To my mind, it states the only true doctrine of constitutional law in a government which is oper-

ating under a written constitution. I recognize, of course, that there are certain war powers which we do not exercise during a state of peace; but they are powers which are defined and provided for a state of war. The men who framed the Constitution of the United States were among the greatest soldiers of the modern world. Washington had just carried out a war against the British Government at the head of the Army. Hamilton was a student of war, and had been actively engaged in war as one of the high officers of the Army. Those two men particularly, together with their associates, understood, of course, that at some time or other in all probability the American Republic would be called upon under the Constitution to carry on war, and therefore they devised and provided the method in which the war powers should be exercised. What I contend is that while those powers are called into activity during a state of war, they are nevertheless found in the language of the Constitution, and there is the only place where we can go to search for power.

I think the doctrine announced by the Supreme Court in this case leads inevitably to the conclusion, which undoubtedly is well lodged in the minds of many people, that when war is declared the Constitution of the United States is suspended. Many people believe, and I heard a Senator upon this floor advance the doctrine during the war, that whatever the Congress should see fit to enact during a state of war was its measure of power under the Constitution. Now, with all due respect to that able Senator, a more vicious doctrine was never advanced in a free Government.

Mr. McKELLAR. Mr. President, that doctrine was advanced by only one Senator upon this floor, as I recall.

Mr. BORAH. I think only one Senator had the courage to state it, but a great many undoubtedly entertained the same view, because they voted accordingly. Our authority for any act which we may see fit to pass is just the same to-day as it was upon the day after we declared war, and it was just the same after we declared war as it is to-day, and that is the Constitution of the United States.

This very bill shows the viciousness of any other theory. If you say to a body that it may exercise such power as in its discretion seems necessary, it will extend the time for which it may enact as well as expand its authority for enacting. In this instance, after we have declared the war at an end, after the war is actually closed, after a state of peace actually exists and has existed for three years, and after we have passed a resolution declaring a status of peace, we are still assuming to exercise the powers which the Supreme Court of the United States said could only be exercised during a state of war. Why? Because we were given to believe that our discretion and our judgment was the limit of our power in the passage of laws.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. I do.

Mr. McKELLAR. Is not the jurisdiction of Congress over the District of Columbia and its affairs precisely the same as the jurisdiction of a State over its affairs? We have unlimited jurisdiction over the District of Columbia unless it is withheld by the Constitution.

Mr. BORAH. Does the Senator mean that we have power over the District of Columbia other than that which is given to us by the Constitution of the United States?

Mr. McKELLAR. The Constitution gives us plenary powers over the 10-mile-square area of territory known as the District of Columbia, and we have full and plenary powers over it, as I understand.

Mr. BORAH. Could we deny a citizen of the District of Columbia the right of trial by jury?

Mr. McKELLAR. Oh, no; not where there is an inhibition of the Constitution. I do not mean that; but I mean that in dealing with matters in the District of Columbia such as the rent of houses and the expiration of leases and various things of that sort, unless we are prohibited by the Constitution from dealing with those matters we have a right to deal with them.

Mr. BORAH. But the Congress of the United States could not invalidate a contract in the District of Columbia.

Mr. McKELLAR. Why, surely not. We can not do anything that is inhibited by the Constitution; but anything that is not prohibited or inhibited by the Constitution, as I understand, under the Constitution we have a right to deal with in the District of Columbia.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. I do.



Mr. POINDEXTER. The Senator from Tennessee has just announced a rather revolutionary doctrine. How does the Senator reconcile the idea that Congress has the power to do anything in the District of Columbia that is not prohibited by the Constitution of the United States with amendment 10 of the Constitution, which provides that—

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

It not only reserves powers to the State but—what is very frequently overlooked—it reserves powers to the people of the United States except where they are expressly delegated in the Constitution.

Mr. McKELLAR. I will simply read the part of the Constitution of the United States affecting this matter to the Senator and to the Senate, on page 377 of the Rules and Manual of the United States Senate:

The Congress shall have power \* \* \* to exercise exclusive legislation in all cases whatsoever over such district (not exceeding 10 miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the Government of the United States, and to exercise like authority over all places purchased by the consent of the legislature of the State in which the same shall be, for the erection of forts, magazines, arsenals, dockyards, and other needful buildings.

Mr. BORAH. The language is "exclusive legislation"; but what legislation? "Exclusive" is not synonymous with "omnipotent."

Mr. McKELLAR. This is legislation, as I understand. We are legislating for the District of Columbia about rents, and unless otherwise prohibited—

Mr. POINDEXTER. There is not any middle ground. There must be some inalienable and fundamental rights reserved to the people, or there are none at all; and if the proposition of the Senator from Tennessee is correct, then we wipe out the Constitution of the United States so far as the people of the District of Columbia are concerned.

Mr. McKELLAR. Oh, quite the contrary. The Senator misunderstands me. My proposition is simply that the people of the District of Columbia are bound by the inhibitions of the Constitution, of course—

Mr. BORAH. The provisions of the Constitution.

Mr. McKELLAR. The provisions of the Constitution.

Mr. BORAH. That is all right. I agree with the Senator.

Mr. McKELLAR. But where the Constitution is silent we have absolute and complete jurisdiction and authority to deal with any matter. My proposition is that on the matter of the control of rents in the District of Columbia there is no inhibition in the Constitution against the Congress controlling them, and under that provision of the Constitution it has plenary power. We have the same kind of power over the District of Columbia that a legislature has in dealing with the affairs of a State. The legislature is limited only by the specific provisions of the constitution of the State and of the Constitution of the United States; and so this body, in dealing with the affairs of the District of Columbia, has complete authority and power except as limited by the provisions of our United States Constitution.

Mr. BRANDEGEE. That is the very point. Of course, the fact that the Constitution gives Congress authority to manage the affairs of the District of Columbia and to pass laws in the management of the affairs of the District of Columbia does not, I trust, in the opinion of the Senator from Tennessee, authorize Congress to violate any of the guaranties of the Constitution to protect the rights of the people?

Mr. McKELLAR. None whatever; why, of course not. My only proposition is that we are authorized and empowered to legislate as to any matter in the District of Columbia, limited only by the provisions of the Constitution.

Mr. BRANDEGEE. There is a constitutional provision which prohibits any State from passing any law which would impair the obligation of a contract. The Senator says Congress has plenary power to legislate about the rents that property shall yield in the District of Columbia. Yes; but if in so legislating, Congress violates a property right, guaranteed by the Constitution, of an inhabitant of the District of Columbia, then the Senator would say the legislation was unconstitutional, would he not?

Mr. McKELLAR. I would.

Mr. BRANDEGEE. Certainly.

Mr. BORAH. Mr. President, the bill which we are about to pass upon will soon pass away. It will last only for six months, perhaps, if it ever is enacted at all and the Supreme Court does not declare it unconstitutional; and while we may be concerned in that proposition it is not the primary proposition with me in this debate. For what it is worth, I want to

record myself just as often as I can against the vicious principle of constitutional law which has come to be regarded in this country as so well established for a great many people—that is to say, that it is practically, in time of war, a government of unlimited and undefined powers.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BORAH. Yes.

Mr. McKELLAR. I simply wish to say that in that statement I heartily and absolutely agree with the Senator from Idaho. There can not be any question about it under the decision of the Supreme Court of the United States right after the Civil War in the Milligan case.

Mr. BORAH. I did not have the Senator in mind when I made the statement. I stated a general belief.

The dissenting opinion in this case states the matter as must necessarily come to be the law of the land if we are going to have the Constitution at all. It says:

If its power is superior to article 1, section 10, and the fourteenth amendment, it is superior to every other limitation upon every power expressed in the Constitution of the United States, commits rights of property to a State's unrestrained conceptions of its interests, and any question of them—remedy against them—is left in such obscurity as to be a denial of both. There is a concession of limitation but no definition of it, and the reasoning of the opinion, as we understand it, and its implications and its incident, establish practically unlimited power.

We are not disposed to further enlarge upon the case or attempt to reconcile the explicit declaration of the Constitution against the power of the State to impair the obligations of a contract or, under any pretense, to disregard the declaration. It is safer, saner, and more consonant with constitutional preeminence and its purposes to regard the declaration of the Constitution as paramount, and not to weaken it by refined dialectics, or bend it to some impulse or emergency "because of some accident of immediate overwhelming interest which appeals to the feelings and distorts judgment."

Mr. President, that is all I desire to say.

Mr. SHORTRIDGE obtained the floor.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Tennessee?

Mr. SHORTRIDGE. I yield.

Mr. McKELLAR. I want the attention of the Senator from Connecticut for just a moment. I think I made a statement, in answer to a question which that Senator asked me a while ago, which ought not to have been made, but which was made due to my misunderstanding of his question. If I recall rightly, the Senator asked if Congress could impair the obligation of a contract made here in the city of Washington. If he did ask that question, then my answer was wrong, and was made under misapprehension. There is no inhibition in our Constitution on Congress violating the obligation of a contract. It is not done, but there is no inhibition in the Constitution against it. The inhibition in the Constitution is that no State shall pass any law impairing the obligation of a contract.

Mr. SHORTRIDGE. Does the Senator think that Congress can do so?

Mr. McKELLAR. I think it can, so far as the District of Columbia is concerned.

Mr. BRANDEGEE. The Senator based his whole statement upon an erroneous impression of the question asked him.

Mr. McKELLAR. Some Senator called my attention to it, and I was afraid I had made a misstatement about it.

Mr. BRANDEGEE. I will repeat, in substance, my question and the Senator's answer. I stated to the Senator that, of course, he was aware that the United States Constitution provided that no State could pass a law which would impair the obligation of a contract. Then I said, "Does the Senator, who claims that the Constitution gives Congress exclusive jurisdiction to legislate for the District of Columbia, contend that Congress can pass any law which will violate any right guaranteed by the Constitution to the people of the District?"

Mr. McKELLAR. If that was the question, my answer was entirely correct.

Mr. BRANDEGEE. I do not agree with the Senator that Congress can pass a law which will impair the obligation of a contract; because I think the framers of the Constitution, while they did not directly in terms prohibit Congress from doing it, assumed, of course, that Congress would not do a thing which it prohibited the States from doing.

Mr. McKELLAR. I think they assumed that; but there is no inhibition in the Constitution itself, except the inhibition placed upon the States, and Congress could pass such a law in dealing with the District of Columbia.

Mr. BRANDEGEE. I have no doubt that the Supreme Court would decide that Congress had no authority to do that which would impair the obligation of contracts.

Mr. BORAH. Referring to the statement of the Senator from Tennessee, what would become, then, of the fifth amendment?

Where is your due process of law, if the Congress of the United States can impair the obligation of a contract in the District of Columbia?

Mr. McKELLAR. My proposition was that there is no inhibition against it. But, so far as the question of the Senator from Connecticut is concerned, it was properly asked and properly answered, in my judgment.

Mr. SHORTRIDGE. I wish to call the attention of Senators to subdivision 11 of section 8 of Article I of the Constitution. Among the specific powers delegated to the Federal Government is this power:

To declare war, grant letters of marque and reprisal, and make rules concerning captures on land and water.

Now, subdivision 18 of the same section delegates this power:

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.

I took occasion to suggest a moment ago that it had been decided in many cases, having these two provisions of the Constitution in mind, that inasmuch as Congress had power to declare war, it had the power to carry on war, it had the power to adopt such ways and means as it deemed necessary to a successful carrying on of war.

Mr. BORAH. Mr. President—

Mr. SHORTRIDGE. I think the Senator and I will agree.

Mr. BORAH. Provided those means adopted do not conflict with the Constitution of the United States.

Mr. SHORTRIDGE. Precisely. Wherefore it has been held, and I think soundly and correctly, that anything which logically is calculated or intended to enable the Government to carry on war successfully may be enacted or provided for. It was under that theory that many laws were passed during the late war. Those familiar with the decisions will recall that that was the line of argument adopted by the several courts. But manifestly under that theory there must be some limit, or otherwise you wipe out the Constitution itself.

Whether courts have so said or not, I believe it to be true that whether a given act of legislation is designed logically to carry out a war power may be a legislative question, and very likely, where it is debatable, the judicial department of the Government would not intervene to hold that legislation void as contravening some particular section of the Constitution.

The very act passed here yesterday, this act said to be in aid of the enforcement of the prohibition law, is sustained, if it is to be sustained at all, upon that same theory. The eighteenth amendment gives to Congress the power to enforce that amendment by appropriate legislation. It is true the amendment speaks of intoxicating liquors "for beverage purposes," and those who submitted that amendment to the several States—and I assume the legislatures of the several States which voted to ratify it—so understood. But we were told here by learned Senators and learned lawyers that in aid of that legislation Congress has power to enact a law in respect to the use of intoxicating liquors for medicinal purposes, the argument being that thereby you are aiding in the effective carrying out of the confessed power of Congress in respect to the use of intoxicating liquors for beverage purposes.

So, in respect to this so-called war power, any act during war which has for its object the successful carrying on of war, the preservation of the liberty or the very existence of the Nation, may be said to be within the power of Congress to enact. But assuming that to be legally true, there must be limitations, and I will not prolong my remarks to pursue them. When war has ceased, as matter of fact and as matter of law, this so-called implied or delegated power to carry on war which justifies, if it does, a specific act of legislation, ceases with the termination of the war.

Therefore, to conclude, if there be no war, if we have peace, where is this power to enact this specific legislation in respect to and affecting a state of peace?

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Idaho?

Mr. SHORTRIDGE. I yield.

Mr. BORAH. The rule of construction to which the Senator has referred, which justifies the exercise of this power, that is to say, that whatever logically in the mind of Congress was essential to the carrying on of the war, is no different, as I conceive, from the rule of construction which would apply to the exercise of any other power granted to Congress.

In the carrying out of any power, peace powers or any other power, whatever Congress does which is within the implied pow-

ers is constitutional. The rule of construction, in other words, is the same in both cases, is it not?

Mr. SHORTRIDGE. It would seem to be so. But let me add this, there is the inherent, inalienable right of self-preservation in a nation, and I do not have to read, to quote Lincoln, the Constitution and parse its every word and sentence in order to determine that a nation has a right to its own life. I go this far, I think, generally agreeing with the learned Senator, that if it should appear to be and be necessary, for the life of the Nation, we may, over and above and beyond the written Constitution of this Republic, do a given thing.

Mr. BORAH. Mr. President, now the Senator and I do not disagree at all. I agree, as I said a moment ago, that the exigency may arise in which we, as a people, would deem it absolutely necessary to put aside the Constitution entirely; but what I am speaking of is the carrying on of war under the Constitution before we have arrived at the point where we conceive that the Constitution is wholly inadequate and therefore put it aside.

The question which the Senator has raised is precisely the question which the great Webster raised in reply to Hayne. He said to Hayne:—"You may do what you propose to do; I grant you that right; but it is revolution. It is not within the Constitution you are proposing to do it; it is the setting aside of the Constitution. But, so far as we profess to have a Constitution and profess to act under the Constitution and profess not to have revolutionized the Government, we can only exercise such powers as the Constitution grants, whether it is in time of war or in time of peace."

Mr. SHORTRIDGE. And with the great Daniel Webster and the great Senator from Idaho I very fully agree.

Mr. POINDEXTER. Mr. President, in my opinion this bill violates the Constitution of the United States in two particulars; it at least violates in two particulars the Constitution in so far as the Constitution applies to the action of States, and the question would arise, in the matter of Congress legislating for the District of Columbia, whether or not any such emergency exists as to the rental of houses in the District of Columbia at this particular time, more than two years after the war has closed, as would justify Congress in exercising greater powers upon the property and personal rights of the people of the District of Columbia than a State can exercise upon the people of the State.

This bill, if it should be enacted, in my opinion, as in the opinion also of the Chief Justice of the United States and three members of the Supreme Court, who dissented with him from the opinion of the court in a case coming up from the State of New York, would violate the obligations of contracts.

If a man rents his house for a year, the contract is that the lessee should give it up at the end of a year. If you pass a law providing that he can stay in there as long as he wants to, with the permission of a rent commission established by act of Congress, the contract is entirely changed, violated, and the law of Congress is substituted in its place.

The PRESIDING OFFICER. The Senator from Washington will suspend. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 5676) taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade, and for other purposes.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Delaware?

Mr. POINDEXTER. I yield to the Senator to submit a request.

Mr. BALL. I ask unanimous consent that the unfinished business may be temporarily laid aside, to see if we can not complete the consideration of the bill which has been under consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Delaware?

Mr. POINDEXTER. I object.

The PRESIDING OFFICER. Objection is made by the Senator from Washington.

Mr. POINDEXTER. Mr. President, to conclude the observation which I was just about to make upon the bill which we had under discussion before the unfinished business was laid before the Senate, in addition to violating the obligations of a contract, it in a very substantial manner takes private property for private use. That is something that is expressly prohibited by the Constitution of the United States so far as any legislation affecting either the District of Columbia or the States is



concerned. It takes private property for private use for the reason that it takes a dwelling house that may be owned in fee simple by a citizen of the District of Columbia at the expiration of the term of the lease which he may have made upon it and turns it over to another private citizen for his occupancy, because the latter considers it a matter of convenience and advantage that he should have the other man's house. It is in plain, direct, diametric conflict with the Constitution.

Mr. President, I reserve some further comment upon the decision of the Supreme Court of the United States and the reasons given in the decision upon the so-called Ball rent act for a future occasion if the bill shall be brought before the Senate again.

Mr. CAPPER obtained the floor.

Mr. KENYON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Iowa?

Mr. CAPPER. I yield.

Mr. KENYON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	McKellar	Smith
Ball	Gooding	McNary	Smoot
Borah	Harrell	Nelson	Spencer
Brandeggee	Heflin	New	Stanfield
Broussard	Johnson	Nicholson	Sterling
Bursum	Jones, N. Mex.	Norbeck	Sutherland
Calder	Jones, Wash.	Oddie	Swanson
Cameron	Kellogg	Overman	Townsend
Capper	Kenyon	Phipps	Trammell
Caraway	Keyes	Pittman	Wadsworth
Curtis	King	Polindexter	Warren
Dial	Ladd	Ransdell	Watson, Ga.
Edge	La Follette	Sheppard	Willis
Ernst	Lenroot	Shorridge	
Fernald	McCormick	Simmons	

The PRESIDING OFFICER. Fifty-eight Senators have responded to their names. A quorum is present. The Senator from Kansas [Mr. CAPPER] has the floor.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Washington?

Mr. CAPPER. Certainly.

#### LAND GRANT TO STATE OF WASHINGTON.

Mr. JONES of Washington. Mr. President, I have been hoping for a couple of weeks that we would reach on the calendar the bill (H. R. 1475) providing for a grant of land to the State of Washington for a biological station and general research purposes. It is a bill that turns over to the State of Washington for the site of a biological station and general research purposes certain lands that have heretofore been reserved for military purposes and never used. The War Department favors it, the Committee on Military Affairs favors it, and I should like to ask unanimous consent to temporarily lay aside the unfinished business for the consideration of this measure.

If it leads to any discussion, I shall not press the request, except that I wish to say this as a justification for urging its passage at this time: I have a letter from the president of the board of regents of the State university, in which he said:

We have certain important work which is being held up at considerable inconvenience as well as expense and are therefore anxious indeed for its early passage.

The PRESIDING OFFICER. The Senator from Washington asks unanimous consent that the unfinished business be temporarily laid aside for the immediate consideration of House bill 1475. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 1475) providing for a grant of land to the State of Washington for a biological station and general research purposes, which had been reported from the Committee on Military Affairs with an amendment, on page 1, in line 8, after the word "granted," to insert the words "subject to the conditions and reversion hereinafter provided for," so as to make the bill read:

*Be it enacted, etc., That the title and fee to portions of sections 1, 2, 11, and 12 of township 35 north, of range 3 west of the Willamette meridian, being a military reservation at San Juan Island, in the county of San Juan, State of Washington, containing about 484 acres, be, and the same are hereby, granted, subject to the conditions and reversion hereinafter provided for, to the State of Washington for the use of the University of Washington, for the purpose of a biological station and for general university research purposes, subject, however, to the right of the United States to at any and all time and in any manner assume control of, hold, use, and occupy without license, consent, or leave from said State or university any or all of said land for any and all military, naval, or lighthouse purposes, freed from any conveyances, charges, encumbrances, or liens made, created, permitted, or sanctioned thereon by said State or university: *Provided*, That the United States shall not be or become liable for any damages or compensation whatever to the said State of Washington or the University of*

Washington for any future use by the Government of any or all of the above-described land for any of the above-mentioned purposes: *Provided further*, That if said lands shall not be used for the purposes hereinabove mentioned the same or such parts thereof not so used shall revert to the United States.

The amendment was agreed to.

The bill was reported to the Senate as amended and the amendment was concurred in.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

#### CONTRACTS FOR FUTURE DELIVERY OF GRAIN.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes.

Mr. CAPPER. Mr. President, I ask that the formal reading of the bill be dispensed with and that the committee amendment be first considered.

The PRESIDING OFFICER. The Senator from Kansas asks unanimous consent that the formal reading of the bill be dispensed with and that the committee amendments be first considered. May the Chair inquire of the Senator from Kansas whether the committee amendment in the form of a substitute is to be considered and the other amendments are withdrawn?

Mr. CAPPER. That is correct. I wish to take up the committee amendment in the nature of a substitute that was offered last evening.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas? There being no objection, it is so ordered. The question now is upon the amendment in the nature of a substitute proposed by the Committee on Agriculture and Forestry, which will be read.

The READING CLERK. Strike out all after the enacting clause and insert the following:

That this act shall be known by the short title of "The future trading act."

SEC. 2. That for the purposes of this act "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell. That the word "person" shall be construed to import the plural or singular and shall include individuals, associations, partnerships, corporations, and trusts. That the word "grain" shall be construed to mean wheat, corn, oats, barley, rye, flax, and sorghum. The term "future delivery," as used herein, shall not include any sale of cash grain for deferred shipment. The words "board of trade" shall be held to include and mean any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling grain or receiving the same for sale on consignment. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person.

SEC. 3. That in addition to the taxes now imposed by law there is hereby levied a tax amounting to 20 cents per bushel on each bushel involved therein, whether the actual commodity is intended to be delivered or only nominally referred to, upon each and every privilege or option for a contract either of purchase or sale of grain, intending hereby to tax only the transactions known to the trade as "privileges," "bids," "offers," "puts and calls," "indemnities," or "ups and downs."

SEC. 4. That in addition to the taxes now imposed by law there is hereby levied a tax of 20 cents a bushel on every bushel involved therein, upon each contract of sale of grain for future delivery except—

(a) Where the seller is at the time of the making of such contract the owner of the actual physical property covered thereby, or is the grower thereof, or in case either party to the contract is the owner or renter of land on which the same is to be grown, or is an association of such owners, or growers of grain, or of such owners or renters of land; or

(b) Where such contracts are made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a "contract market," as hereinafter provided, and if such contract is evidenced by a memorandum in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery, and provided that each board member shall keep such memorandum for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture and the United States Department of Justice.

SEC. 5. That the Secretary of Agriculture is hereby authorized and directed to designate boards of trade as "contract markets" when, and only when, such boards of trade comply with the following conditions and requirements:

(a) When located at a terminal market upon which cash grain is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the grain and the difference in value between the various grades of grain, and having adequate storage facilities and recognized official weighing and inspection service.

(b) When the governing board thereof provides for the making and filing, by the board or any member thereof, as the governing board may elect, of reports in accordance with the rules and regulations, and in such manner and form as may be prescribed by the Secretary of Agriculture, and whenever in his opinion the public interest requires it, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides for the keeping of a record by the members of the board of trade showing the details and



terms of all cash and future transactions entered into by them, summarized at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture and United States Department of Justice.

(c) When the governing board thereof prevents the dissemination, by the board or any member thereof, of false, misleading, or inaccurate report, concerning crop or market information or conditions that affect or tend to affect the price of commodities.

(d) When the governing board thereof provides for the prevention of undue or unfair manipulation of prices or the cornering of any grain by the dealers or operators upon such board.

(e) When the governing board thereof admits to membership thereof and all privileges thereon on such board of trade any duly authorized representative of any lawfully formed and conducted cooperative associations of producers having adequate financial responsibility: *Provided*, That no rule of a contract market against rebating commissions shall apply to the distribution of earnings among the bona fide members of any such cooperative association.

(f) When the governing board shall provide for making effective the final orders or decisions entered pursuant to the provisions of paragraph (b), section 6, of this act.

SEC. 6. That any board of trade desiring to be designated a "contract market" shall make application to the Secretary of Agriculture for such designation and accompany the same with a showing that it complies with the above conditions, and with a sufficient assurance that it will continue to comply with the above requirements.

(a) A commission composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General is authorized to suspend for a period not to exceed six months or to revoke the designation of any board of trade as a "contract market" upon a showing that such board of trade has failed or is failing to comply with the above requirements or is not using reasonable diligence in enforcing its rules of government made a condition of its designation as set forth in section 5. Such suspension or revocation shall only be after a notice to the officers of the board of trade affected and upon a hearing: *Provided*, That such suspension or revocation shall be final and conclusive unless within 15 days after such suspension or revocation by the said commission such board of trade appeals to the circuit court of appeals for the circuit in which it has its principal place of business by filing with the clerk of such court a written petition praying that the order of the said commission be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such board of trade will pay the costs of the proceedings if the court so directs. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to the Secretary of Agriculture, chairman of said commission, or any member thereof, and the said commission shall forthwith prepare, certify, and file in the court a full and accurate transcript of the record in such proceedings, including the notice to the board of trade, a copy of the charges, the evidence, and the report and order. The testimony and evidence taken or submitted before the said commission duly certified and filed as aforesaid as a part of the record, shall be considered by the court as the evidence in the case. The proceedings in such cases in the circuit court of appeals shall be made a preferred cause and shall be expedited in every way. Such a court may affirm or set aside the order of the said commission or may direct it to modify its order. No such order of the said commission shall be modified or set aside by the circuit court of appeals unless it is shown by the board of trade that the order is unsupported by the weight of the evidence or was issued without due notice and a reasonable opportunity having been afforded to such board of trade for a hearing, or infringes the Constitution of the United States, or is beyond the jurisdiction of the Secretary of Agriculture: *Provided further*, That if the Secretary of Agriculture shall refuse to designate as a contract market any board of trade that has made application therefor, then such board of trade may appeal from such refusal to the commission described therein, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General of the United States, with the right to appeal as provided for in other cases in this section, the decision on such appeal to be final and binding on all parties interested.

(b) That if the Secretary of Agriculture has reason to believe that any person is violating any of the provisions of this act, or is attempting to manipulate the market price of any grain in violation of the provisions of section 5 hereof, or of any of the rules or regulations made pursuant to its requirements, he may serve upon such person a complaint stating his charge in that respect, to which complaint shall be attached or contained therein a notice of hearing, specifying a day and place not less than three days after the service thereof, requiring such person to show cause why an order should not be made directing that all contract markets until further notice of the said commission refuse all trading privileges thereon to such person. Said hearing may be held in Washington, D. C., or elsewhere, before the said commission or before a referee designated by the Secretary of Agriculture, who shall cause all evidence to be reduced to writing and forthwith transmit the same to the Secretary of Agriculture as chairman of the said commission. Any member of the said commission or said referee shall have authority to administer oaths to witnesses. Upon evidence received the said commission may require all contract markets to refuse such person all trading privileges thereon for such period as may be specified in said order. Notice of such order shall be sent forthwith to the offending person and to the governing boards of said contract markets. After the issuance of the order by the commission as aforesaid the person against whom it is issued may obtain a review of such order or such other equitable relief as to the court may seem just by filing in the United States circuit court of appeals of the circuit in which the petitioner is doing business a written petition praying that the order of the commission be set aside. A copy of such petition shall be forthwith served upon the commission by delivering such copy to its chairman or to any member thereof, and thereupon the commission shall forthwith certify and file in the court a transcript of the record theretofore made, including evidence received. Upon the filing of the transcript the court shall have jurisdiction to affirm, to set aside, or modify the order of the commission, and the findings of the commission as to the facts, if supported by the weight of evidence, shall in like manner be conclusive. In proceedings under paragraphs (a) and (b) the judgment and decree of the court shall be final, except that the same shall be subject to review by

the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code.

SEC. 7. That any board of trade that has been designated a contract market in the manner herein provided may have such designation vacated and set aside by giving notice in writing to the Secretary of Agriculture requesting that its designation as a contract market be vacated, which notice shall be served at least 90 days prior to the date named therein, as the date when the vacation of designation shall take effect. Upon receipt of such notice the Secretary of Agriculture shall forthwith order the vacation of the designation of such board of trade as a contract market, effective upon the day named in the notice, and shall forthwith send a copy of the notice and his order to all other contract markets. From and after the date upon which the vacation became effective the said board of trade can thereafter be designated again a contract market by making application to the Secretary of Agriculture in the manner herein provided for an original application.

SEC. 8. That the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of boards of trade and may publish from time to time, in his discretion, the result of such investigation, and such statistical information gathered therefrom, as he may deem of interest to the public, except data and information which would separately disclose the business transactions of any person, and trade secrets or names of customers: *Provided*, That nothing in this section shall be construed to prohibit the Secretary of Agriculture from making or issuing such reports as he may deem necessary relative to the conduct of any board of trade or of the transactions of any person found guilty of violating the provisions of this act under the proceedings prescribed in section 6 of this act: *Provided further*, That the Secretary of Agriculture in any report may include the facts as to any actual transaction on any board of trade without divulging the names of the persons therewith connected. The Secretary of Agriculture, upon his own initiative or in cooperation with existing governmental agencies, shall investigate marketing conditions of grain and grain products, and by-products, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges. He shall likewise compile and furnish to producers, consumers, and distributors, by means of regular or special reports, or by such methods as he may deem most effective, information respecting the grain markets, together with information on supply, demand, prices, and other conditions, in this and other countries that affect the markets.

SEC. 9. That any person who shall fail to evidence any such contract by a memorandum in writing, or to keep the record, or make a report, or who shall fail to pay the tax, as provided in sections 4 and 5 hereof, or who shall fail to pay the tax required in section 3 hereof, shall pay in addition to the tax a penalty equal to 50 per cent of the tax levied against him under this act and shall be guilty of a misdemeanor, and upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than one year, or both, together with the cost of prosecution.

SEC. 10. That if any provision of this act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the act and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 11. That no fine, imprisonment, or other penalty shall be enforced for any violation of this act occurring within four months after its passage.

SEC. 12. The Secretary of Agriculture may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes.

Mr. CAPPER. Mr. President, it is nothing new that we hear to-day from the producers of food, from grain dealers and millers, and from the victims of speculation carried on without restriction, of the abominations of speculation in these basic products. It has been heard again and again, though this is the first time a bill has come to a vote in the Senate. But the Senate and the other branch of Congress again and again have had their attention called to this thing and inquiries have been held and hearings given at which over and over it has been charged and admitted that gambling constitutes a great part of all the business transacted on these exchanges. It is an immoral practice. But we are attempting to correct it in this bill, not merely because of its immoral character and influence but because of its arbitrary interference with economic laws and its disturbance of the balance that demand and supply of commodities when left to itself brings about. This great law of nature has always appealed strongly to the sense of justice in all men. Anything that tends to destroy or frustrate this great democratic law of nature, any combination or any distorted mechanism of trade is offensive to the sense of common justice and fair dealing which all men, and certainly we as Americans, cherish.

During the past year the price of wheat and corn has been determined to a large extent not by the demand and supply of the commodity itself but by the fabulous quantities sold on the exchange that never had any existence, that no grain farmer in the world ever planted, ever toiled over its cultivation and harvest, or offered for sale. I claim in behalf of this bill that its sole purpose is to eliminate from the exchanges exactly those operations that do not conform to a market place where prices are determined in accordance with



the law of demand and supply. The defenders of these practices of gigantic speculation and gambling do not deny the practices; they rest on the proposition, which in the long run is undoubtedly correct, that speculation can not overcome the law of demand and supply. We admit that it can not. But we know that temporarily, at least, the fictitious demand or fictitious supply created by gambling deals on the exchanges distorts true demand and supply and creates a false price; that it causes, and during the past year has caused, violent and unnatural fluctuations; and that when wheat and corn came on the market a year ago the resumption of options dealing was immediately followed by such an orgy of gambling operations as to drive prices within a period of months far below the cost of production.

Mr. President, when trading in wheat futures was resumed in July of last year, after more than two years of its suspension as a war measure, the "traders" of the Chicago Board of Trade began a great "bear" raid. This bear raid was maintained for nearly 10 consecutive months in the face of the greatest export demand for wheat this country ever experienced. When this raid began December futures opened at \$2.75 per bushel. Before it ended the farm price of cash wheat in the grain belt had fallen to 85 cents a bushel.

While this steady decline and tremendous fall of wheat prices was going on during the old crop year ending in June this country established new high records for wheat exports, measured both in dollars and in bushels.

I offer these and other facts as my indictment of the grain gambler. His own market statistics convict him. The Chicago Board of Trade pleads guilty to his evil practices and promises, as it often has before, to abate them. On behalf of national welfare, on behalf of fair dealing and honest markets, I ask that the Nation's lawmakers put an end to this great evil.

The purpose of this bill, Mr. President, is to correct some of the evil practices of the professional speculators on the grain exchanges and to authorize supervision of the grain-futures markets, but not to disturb any of their legitimate and useful functions. It will not put any curb upon free and unlimited hedging by elevator companies, exporters, millers, and other manufacturers of grain products.

Briefly summarized, the evils in the marketing system which this bill undertakes to correct are:

- (a) Market manipulation by large operators.
- (b) Promiscuous and unrestricted speculation in foodstuffs.
- (c) Dissemination of false crop information.
- (d) Gambling in indemnities or "puts" and "calls."
- (e) Arbitrary interference with law of supply and demand.

That these evils exist and should be eliminated is not challenged. They all grow out of dealings in futures. The bill does not touch any transaction in cash grain, for it is expressly provided in the definition section that it shall not include any cash grain for deferred shipment.

The plan of the legislation for correcting the evils is that future transactions shall be engaged in only on certain boards of trade, as, in fact, they now are. It then places the duty upon the boards of trade to correct the evils. It does not tell them how to do it. Their past experience has shown that they know how to do it. Their representatives agree that they will undertake to do it, and really all the legislation does is to compel them to do, under supervision of the Secretary of Agriculture, that which they say they ought to do and ought to have done a long while ago.

Every reasonable suggestion for safeguarding the machinery of the trade has been incorporated in the bill now before the Senate. Let me repeat that the bill does not concern itself at all with the sale or purchase of actual grain, either for present or future delivery. The entire business of buying and selling the actual grain, sometimes called "cash" or "spot" business, is expressly excluded. It deals only with the "future" or "pit" transaction, in which the transfer of actual grain is not contemplated. This legislation does not destroy the hedge; but on the contrary its object is to improve the hedge. It is not a regulation of business in the sense in which that term is usually employed.

What it does, very roughly, is this: It says to the eight boards of trade:

Your body, if it wishes to deal in futures, must prevent the artificial manipulation of prices; you must prevent the circulation by your members of false reports as to crops or markets; you must abolish the most vicious and harmful forms of pure gambling.

It vests in a board of three Cabinet officers the power, not of regulation, but of supervision; the power to see that the boards do correct the abuses; and if they do not, these Cabinet officers have the power, subject to court review, to suspend the offending trader or, as a last resort, the board itself from the privileges of trading in futures.

#### DOES NOT INTERFERE WITH LEGITIMATE GRAIN TRADE.

Let me repeat that the bill does not interfere with any legitimate function of the board of trade. What it does, in brief, is this:

First. It specifically permits dealing in futures by providing that such dealing shall be carried on in certain markets. At present there are eight markets in which facilities are provided for future trading. All of them are located at terminal markets. The measure provides that the Secretary of Agriculture shall designate such boards of trade as "contract markets." It will be observed that no discretion is lodged in the Secretary of Agriculture, but that he is "directed" to designate such boards as meet the requirements as contract markets. If he refuses, he can be compelled, by mandamus, to make the designation.

Second. As a check on the evil of manipulation, the bill requires future contracts to be evidenced by memorandum in writing. It requires that the governors of the boards of trade shall direct members to make and file reports of such future transactions. It makes such records available to the inspection of the Department of Agriculture and the Department of Justice. At the present time no one can tell from the records what part of the trades in futures are speculative and what part are bona fide hedges. No one should object to this provision except the manipulators. Secrecy is necessary to the manipulator of the market, which is probably the reason the Chicago Board of Trade keeps no records. If a big manipulator undertakes to "bear" the market and the whole world knows he is doing it, he is the loser.

Third. The bill requires the boards of trade to use diligence in preventing the dissemination of false crop reports by its members.

Fourth. The bill requires that the privilege of dealing in futures shall be withdrawn from any board of trade unless it enforces rules which will prevent manipulation. Any manipulation of the market would mean the closing of its future trading business.

The bill then vests with the Secretary of Agriculture power, subject to court review, to investigate an individual member who is charged with disseminating false crop reports or manipulating prices, and, upon finding that such individual has been guilty of such practices, to suspend him from the trading privileges of contract markets. This is subject to court review. It then provides that in case a board of trade itself is not using reasonable diligence to correct these abuses a commission of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General may suspend its designation as a contract market, subject to a review by the courts.

Publicity is a true precautionary measure in reference to public markets, as it is in many other things. Section 5 of the bill is not an inquisitorial interference with the free course of trade, but merely a sanitary provision calculated to purify the atmosphere of the grain pits and to admonish speculators and gamblers of the right of government to protect the public and legitimate commerce from the abuses on these exchanges. I believe that the effect of this section will be salutary and that the requirement that records shall be made and kept on file of every transaction from its start to final completion will of itself greatly tend to deter big and little gamblers from attempting to interfere by their operations with the markets.

There are three additional provisions which should be noted. They are:

First. The taxing out of existence indemnities or puts and calls. Every representative of the board of trade before the committee admitted their evil and approved of their prohibition. A "put" is an option for a contract of sale; a "call" is an option for a contract of purchase. The consideration of the option is a dollar a thousand bushels. If the market closes to-day at \$1.30, I may go to a dealer in Chicago and buy of him a "call." He fixes the "call" price. This "call" price is a fixed amount over the close of to-day's market. If it is a stable market, it may be 5 cents over to-day's market; if a fluctuating market, it may be 10 cents. Let us assume that he fixes the call price at 5 cents over to-day's market, or \$1.35. The call is only good for the next day's market. The result of the transaction, then, is this: If the market to-morrow closes at \$1.35 or over, I can exercise my option and compel the dealer to sell to me the wheat covered by the call at the call price. If it does not reach that point, I have lost the money paid for the option. The abuses to which this transaction are put are many, and the good it does is so remote and theoretical that all agree that they should be abolished.

Second. By amendment made in the House, the bill provides that contract markets shall permit cooperative associations of producers to membership. A great storm has waged over this provision, but I think it is one of the most commendable fea-



tures of the bill: The boards of trade say that cooperative associations are now welcome to membership, and, in fact, such associations are members of one or two of the boards of trade. The boards of trade, however, have a rule which prohibits rebating or splitting of commissions. They have never permitted a cooperative association to become a member unless that association distributed its profits upon the basis of the capital invested by its members. Most cooperative associations distribute their profits not upon the basis of capital invested, but upon a patronage or earning basis; that is, the more wheat a man sells through an association the greater his share of the profits, without reference to the man who has contributed to its capital. This, the boards of trade insist, is equivalent to a rebating of commissions; but I do not agree with them. If the cooperative system of marketing can handle the grain more economically or more satisfactorily, it will in time prevail, despite any obstacle that may be placed in its way. Whether the cooperatives can or can not do this time alone will tell. In the meantime they should be encouraged and should be given an even chance. It does not seem to me that it is a matter in which the boards of trade are interested, and that they could well afford to welcome them to membership and give them a chance to show that they can do the business more efficiently than it is being done at present.

Third. The bill as originally introduced in the Senate by myself, and in the House by Mr. TINCER, provided for the elimination of so-called private wires. This was stricken out in the House and has been reinserted by the Senate committee.

Mr. President, it is against the law to run a gambling house anywhere within the United States. But to-day, under the cloak of business respectability, we are permitting the biggest gambling hell in the world to be operated on the Chicago Board of Trade. The grain gamblers have made the exchange building in Chicago the world's greatest gambling house. Monte Carlo or the Casino at Habana are not to be compared with it.

More than 500 private-wire houses have direct connection with the Chicago Board of Trade, according to the Federal Trade Commission, and it costs \$3,000,000 a year to maintain them. Then come the wire systems of the Chicago brokerage houses, which seek speculative business where they may. One such system has 66 branches in 19 States. Eight years ago it had only 33. The mileage of the private-wire systems of Chicago Board of Trade members having offices in Chicago exceeds 106,000 miles.

This shows how the gambling game is growing.

The extent and completeness of its system for rounding up suckers explains how the Chicago Board of Trade must "sell" more grain every year than the entire globe produces. Approximately from eighteen and a half to twenty billion bushels of grain are sold at Chicago annually at a value ranging from fifteen to more than twenty billions of dollars.

The private-wire houses reap fortunes from the gambling in futures. A single house will in three days sell as much grain as can be delivered on the futures market in a year. When their wires are not otherwise engaged, they are used for transmitting faked or exaggerated statements of market conditions to get the little fellows into the game for the sake of the commission revenue.

Mr. President, the small gambler in futures has no more chance to win than the small gamster in a gambling house where they use marked cards and loaded dice.

In its constant search for victims to play the market the Chicago Board of Trade does more fishing than goes on in all the Seven Seas. Every week day it casts its net over the United States and Canada. Every night it is drawn in. You can hardly imagine the extent of the catch. Some recent instances are impressive.

One is the admitted embezzlement of \$1,187,000 by R. J. Thomson, comptroller of the Minnesota firm of packers, the George A. Hormel Co. Thomson is credited with losing a part of this huge sum in operations on the Chicago Board of Trade.

Another is the closing of the Arcola (Ill.) State Bank and the arrest of its president and cashier, father and son, for a shortage of \$400,000, due to losses in the Chicago grain pit.

Still another instance is found at Prophetstown, one of the largest grain centers of Illinois. Prophetstown's most prominent citizen and bank president, George E. Paddock, is now a fugitive from justice at the age of 72. His son, the bank's cashier, indicted with him for embezzlement of \$150,000 of depositors' funds, has recently given himself up to the sheriff. Behind the bank room proper examiners found a secret chamber with direct wire connections to Chicago brokerage houses.

E. R. Robertson, prominent real estate and insurance man of Newton, Ill., in a fit of insanity caused from brooding over losses on the Chicago Board of Trade, shot and killed Charles Sutton, member of a grain brokerage firm, then killed himself.

When a cashier of the city treasury at Boston was appointed treasurer the other day, it was discovered he was short \$40,000. He had lost it in grain market speculation expecting every day to win.

An Omaha grain operator named Rothschild, with offices at Omaha and St. Louis, staked his all in the Chicago Board of Trade's gambling game and lost, then turned on the gas and died.

A widow at Topeka, Kans., is suing to recover \$35,000 lost in grain speculation last spring. A bookkeeper in a grain operator's office tells me the country would be shocked if it knew how many women were "playing the market."

At Corning, Kans., only a few weeks ago, after using the money of others in market flyers, and losing it, E. A. Miller, manager of the Farmers' Elevator Co., took strychnine when exposure came, ending his hopeless efforts to win back these losses.

Elevator managers, I am told, are particularly susceptible to the grain gambling mania. At one of our hearings A. L. Middleton, member of a farmers' cooperative elevator company at Eagle Grove, Iowa, testified that so many elevator managers had gone wrong in Iowa that his company had instructed its manager not to use the "hedge" except when requested to by vote of the directors.

This country is strewn with the financial carcasses of thousands of men who have been ruined in the Chicago grain pit. I have had scores of personal letters citing most pathetic cases. The almost constant stream of suicides and embezzlements for this cause in the day's news shows that the board of trade gambling game is widespread and claims many victims yearly.

Mr. President, of what use is it to abolish public gambling or to abolish the lottery when an institution is maintained in the small town to which every man is invited to drop in and gamble a few dollars on the grain market? It has been said many times during the hearings before the committee that his chance of winning was not one in twenty. The effect on the market is certainly harmful, for whether it affects the prices up or down it is an unwholesome and artificial market which is thus created.

It has been argued that it is necessary to have the small gambler in the small town to maintain the hedge. I do not believe it; probably half of the representatives of the boards of trade do not believe it and say so. It is a matter not capable of exact proof. I do want to say this, however: It is unbelievable to my mind that the merchandising of the foodstuffs of the country can not exist without a thousand gambling houses scattered all over the country engaged in gambling in the products of the farmer. I do not want my bread any cheaper if my gain comes from the widow who has gambled away her life insurance money, or from the farmer who has gambled away the savings of a lifetime, or from the bank clerk who has gambled himself into the penitentiary.

#### BOARD OF TRADE WILL NOT CLEAN UP.

Mr. President, probably the strongest argument that can be used at the moment in support of any contention that the grain exchanges should be placed under Government supervision is to quote the words of the Chicago Board of Trade's president and directors who outlined and described the evils of the trade (Exhibit B, pp. 474-478, hearing before the Committee on Agriculture and Forestry, United States Senate, on H. R. 5676) and, as early as April 12, 1921, promised prompt remedial action by the board of trade. In the same volume, page 485, J. P. Griffin, president, in a letter to Mr. Gates, set "July 25, as the date when the proposed amendments will be enacted into rules," but that date has passed and no report has been made by committees. Apparently the board of trade is making no effort to eliminate the evils which everyone admits exist.

Only yesterday I received a letter from a well-known member of the Chicago Board of Trade in which he says:

"Puts" and "calls" are still rampant and "private wires" are endeavoring to stave off action until Congress adjourns. To-day, like all business days for years past, Armour is selling all the "puts" and "calls" in unlimited quantities that the "traders" will buy. If he can manipulate the markets to-morrow, so that they will not advance above "calls" or decline below "puts" the \$10,000 or \$20,000 which the farmer, the barber, and the blacksmith has bet with him to-day will be "velvet." They call it speculation, but they know and you know it is the cheapest sort of gambling.

Personally, I visited the wheat pit this afternoon ("puts" and "calls" are traded in between 1.30 p. m. and 2.30 p. m.) and Armour's representative, George A. Seaverns, was surrounded by anxious buyers of "puts" and "calls" on wheat, who were taking them as fast as



he could write down the transactions. In the corn pit I found H. E. Schwarz, another agent, was performing the same service in corn.

A very large percentage of the membership of the board of trade are criticizing the directors for their failure to keep faith with you gentlemen in Washington, especially in so far as the abolition of "puts" and "calls" are concerned, for every member knows that it did not require the appointment of a committee, nor any delay exceeding 20 days from the date when they declared against further tolerating them, to have utterly abolished "puts" and "calls." All of this spread-eagle stuff is to gain time and quiet any criticism from Washington. In the meantime, Armour is the bookmaker and absorbing the same as a pool room absorbs the suckers' bets which roll in over private wires from every village and hamlet of the great West.

#### OBJECTIONS TO THE BILL ANSWERED.

Mr. President, what are the objections to the pending measure by the exchanges? First, they say that the law is unconstitutional because of the use of the taxing power. The use of the taxing power for similar purposes has very many times been used by Congress. The cotton futures act is an example. In *McRae v. the United States* (195 United States, 27), the Supreme Court of the United States expressly said that the power of Congress to tax was its broadest power; and that the courts would not inquire into the reason for the use of the power; and in that case they sustained the law, which taxed artificially colored oleomargarine out of existence, when the entire history of the law shows that it was not, in fact, a revenue measure. I am advised by able lawyers that the proposed law is entirely constitutional.

Aside from their objection to the cooperative section, the great burden of the objection of the exchanges is the well-known cry, governmental regulation. I submit for the careful consideration of the Senate that this is not a regulatory measure. It is a measure which points out the evils, and gives the business itself the right and the power to correct them, and vests in the Government only the power of supervision and says to them that they themselves must correct these evils, or the Government will undertake to do it.

The powers conferred by the bill are as follows:

First. The Secretary of Agriculture is directed to designate certain contract markets. Those markets which comply with the conditions are entitled to be so designated.

Second. Records of their transactions are required to be preserved for three years "or for a longer period if the Secretary of Agriculture shall so direct." Certainly no hughaboo can be made out of vesting the power with the Secretary of Agriculture to require them to preserve their records for a longer period.

Third. Section 5, subsection B, requires the governing board of the contract markets to provide for the making and filing of reports "in accordance with the rules and regulations and in such manner and form as may be prescribed by the Secretary of Agriculture and whenever, in his opinion, the public need requires it." It will be assumed that if the records maintained are intelligible the Secretary will be satisfied, and that he will never exercise this power unless some member refuses to keep records which are intelligible.

Every other power is vested in the governing board of the exchange themselves. Every subsection of section 5 that places a requirement commences with the words, "When the governing board thereof."

So much for regulation.

When it comes to the matter of enforcing the law, that power must be in some one. It would be absurd to enact a law without providing for its enforcement. Aside from the usual penalty clause two methods are used. One of them was placed in the bill at the suggestion of the exchanges, and that was to provide that in case one member of a board of trade manipulated prices or circulated false reports the Secretary of Agriculture, after a hearing, shall suspend him from the privileges of future trading. The second method is that if a board of trade are not using reasonable diligence in cleaning up their house a commission of three—the Secretaries of Agriculture and Commerce and the Attorney General—may suspend their privilege as a contract market, and both of these are subject to court review.

Mr. President, the principal complaint growing out of governmental regulation is that the power is, in the last analysis, exercised by subordinates. The powers lodged in this bill to a great extent are such that they can not be delegated. No one but the Cabinet members themselves can sit upon this commission in finally passing upon the question as to whether the contract market shall remain in business.

The fact about the matter is that the objection on the ground of regulation will not bear the test of analysis. There is no regulatory power lodged in the bill except the very minor one as to the manner in which records should be kept. The other powers are vested in the governing boards of the exchanges themselves. Powers of enforcement of the law are vested in officials of the Government, subject to court review, and it is

respectfully submitted that powers of enforcement can be lodged nowhere else.

A great many opponents of the measure who appeared before the two committees, representing the grain trade generally, agreed that in view of the storm that has raged about their operations for years some legislation would be helpful to the grain trade. I quote from the statements of some of the representatives of the grain business who appeared before the committees.

The following colloquy occurred between Mr. Julius Barnes and the chairman of the committee, the Senator from Nebraska:

The CHAIRMAN. I think you will agree there are a good many things going on on the boards of trade that ought to be eliminated if they can be.

Mr. BARNES. Yes, Senator. My whole emphasis is that the exchanges have clearly made some progress in eliminating those things. Take these spectacular corners of 20 years ago. The business conscience which thought they were smart has entirely altered.

The CHAIRMAN. Your theory is that it will improve itself if we let it alone?

Mr. BARNES. Yes, Senator. Is it not possible under some conditions that corrective legislation might hasten those things or, even in some cases, it might bring reforms that the exchanges themselves could not possibly reach by their own authority?

Mr. BARNES. Yes; that is true. I must recognize that.

Mr. Barnes had stated that he believed that if the exchanges were let alone they would correct these evils, and that they were getting better. He was asked if the gambling in "puts and calls" had not been going on for many years, and he was then asked:

Senator CAPPER. \* \* \* Have there been any rules and regulations of boards of trade laid down that would tend to eliminate that evil—and everybody admits it is a great evil?

Mr. BARNES. No. I think that is a fair shot at the exchanges. They should have eliminated that some time ago, because the public sentiment of the exchanges is almost unanimously behind their elimination. You are quite right in pointing out that the exchanges have failed to do that, even after public sentiment has formed, but they will do it.

Senator CAPPER. I think you will find the same statement made in the testimony that was given 12 years ago that you have made, and that is the only reason why I think there is more pressure back of this legislation at this time than ever before. There is a feeling, I think, on the part of a great many that the time has come when Congress must step in and undertake to do some of these things that the grain trade itself has failed to do.

Mr. BARNES. Senator, it is because I quite appreciate that that must be the situation—that there is pressure upon your office—that I have made these suggestions in regard to this bill. They are what, I believe, would preserve its constructive features and not make it destructive, although I am opposed to the regulation on principle.

Later on, he said:

Mr. BARNES. Well you see we are quite in accord as to the desirability of all of the enactments in the bill up to the point of intrusting in some hands the authority to close those exchanges. That, I think, is fatal because it undermines the trading.

Senator KENDRICK. That could be done with great discretion; I have no doubt about that.

Mr. BARNES. That is true. If you can alter that so as to put certain safeguards and assurances that it would not have the hasty judgment of any single man, no matter what his office, you have modified that very considerably.

Since Mr. Barnes testified the committee has so amended the bill to meet his objection that the power should not be vested in the hands of a single man.

Mr. Moore, of the Duluth Board of Trade, said concerning this measure:

I feel that the spirit back of this proposed legislation means to be constructive and intends to deal fairly with all interests affected. I am not here to object to Government supervision of exchanges, if Congress feels that the public welfare requires it.

Manipulation is so infrequent and usually obvious when it is in process that the exchanges can easily check it when they see the strong arm of the Government is behind it, with their laws already existing.

Mr. Crosby, of the Crosby Milling Co., of Minneapolis, said:

Mr. CROSBY. I think, Senator, our objection to the bill is to the feature of governmental control.

The CHAIRMAN. Do you not want any governmental control?

Mr. CROSBY. We do not have the slightest objection to supervision.

When Mr. Arnot, of the Chicago Board of Trade, was on the stand his attention was directed to the evil practices which had been enumerated by Mr. Griffin, the president of the Chicago Board of Trade, to the directors. He was then asked if those evils had not been embodied in the general principle of this bill. His answer was as follows:

Mr. ARNOT. Yes, sir; I think you are right, Senator; I think they will be covered, but Senator, there are other things that come up from time to time that might be wrong, some practice, for instance, that was never experienced before which we would want to correct. There is no bill that can cover all of these things that might go wrong on an exchange. However, it is the duty of the men who are there and in touch with conditions to find out and correct those things, and they should be made to do that. That has always been my opinion and is yet. They can do it better with authority back of them than otherwise, but it is up to them to do it.

Mr. Wells, of Minneapolis, summed up his position in a few words:



Mr. WELLS. Senator, I am not opposed to some legislation on the subject of grain trading or grain exchanges. I do not think any grain exchange opposes some legislation which will make that exchange directly responsible to the Government for the proper conduct of its business. I think what they resent is an interference with the internal operations of the exchange which jeopardizes the operation of the market.

Mr. Wells presented the amendment which the exchanges desired, and then said of it:

I do believe that under the bill as amended we can function, and I think we would cooperate in every way to make it a success, but to go further and introduce more drastic features I doubt very much whether it would be anything but a case of strangulation—a slow death.

He also said:

I quite agree with your expression the other day, Senator, that we would gain a certain prestige or gain a certain public confidence if we were directly responsible to some governmental agency.

Senator CAPPER. I think you said you would be in favor of some kind of legislation?

Mr. WELLS. I favor a supervision which does not extend to the point of regulation. I favor making accessible to the proper Government authority such information as he may require when the public interests demand it.

Senator McNARY. If the proposed measure and the amendments that you have submitted this morning were written upon the statute books and became a law, is it your opinion that that law would place such restrictions and difficulties upon the grain markets as to injuriously affect them?

Mr. WELLS. I believe that if the law as proposed were wisely and fairly administered the grain exchanges could continue to function satisfactorily. I think that temporarily the investing public might avoid the exchanges, but I think they would ultimately come back.

These were all statements made before the Senate committee.

At the time the representatives of the boards of trade appeared before the House committee the bill was in the form in which it was originally introduced in the Senate by myself and in the House by Mr. TINCHER. Of the bill as originally introduced, which is in substance the same as the bill now before the Senate, Mr. Wells, of the Minneapolis Board of Trade, speaking before the House committee, said:

H. R. 2363, the so-called Tinchler bill, embodies a great many constructive ideas, and with certain modifications, to make it practical in its operation and to preserve the hedging markets, would, in my judgment, prove constructive legislation.

He also said:

It is rather significant, and I think will give you a little confidence in the position of the grain trade, to know that there is hardly a provision in the bill H. R. 2363, Mr. TINCHER's bill, which has not been covered prior to this hearing and subsequent to the general discussion of this subject by recommendations and resolutions of the boards of directors of the various grain exchanges of this country.

Mr. Griffin, the president of the Chicago Board of Trade, which board of trade, I might say, is the strongest opponent of this sort of legislation, said before the House committee, in opening his remarks, as follows:

I also concur in the statement of Mr. Wells that the Tinchler bill has many elements of a constructive character. In principle, I wish to say to you, I indorse the Tinchler bill. In precise detail I believe it needs amendment, largely to meet practical questions.

The original bill also had the indorsement of a number of other representatives of the grain exchanges.

#### PRICES OF FOODSTUFFS MANIPULATED BY SPECULATORS.

Mr. President, manipulation of the prices of the foodstuffs of the country by individuals for their own profit does exist, and it is conceded by all that it exists. The circulation of false and misleading crop information does exist. The legitimate machinery of the grain business has been prostituted, particularly in the small towns, to the purpose of pure gambling.

Statistics were presented to our committee, which have not been denied, that during certain periods the speculative market was more than three hundred times as large as the cash market. That is to say, there has been bought and sold in the pit three hundred times as much grain as actually existed, the exact figures being that for every 28 bushels of actual grain available 10,000 bushels have been bought or sold.

The Federal Trade Commission, in its recently published report, finds that future trading in grain amounts some years to more than 20,000,000 bushels, or three times all the grain produced in the world, while the actual amount of grain which changes hands at Chicago, where five-sixths of this trading is done, is a small fraction of 1 per cent of these billions of bushels. Transactions last year amounted to fifty-one times the amount of wheat produced in the United States.

That the abuses of the present marketing system should be corrected is not even open to dispute. It is the claim of representatives of the grain business that their correction should be left to the boards of trade themselves, without any legislation. It is interesting to note, however, that in hearings before the committee of the House of Representatives 12 years ago, when a similar bill was before that committee, the representatives of the boards of trade admitted then, as they do now, the existence of abuses, but claimed then, as they do now, that the

correction should be left to the boards themselves. During the 12 intervening years very little has been done to correct the abuses.

This is not the first time an attempt has been made to correct these abuses. The matter has been before Congress off and on for more than 20 years. It has failed heretofore, in my judgment, because this is the first time that the taxing power has been attempted for that purpose. To undertake to correct the evils by use of the power over commerce or over the mails has been unsuccessful because the transactions are not matters of interstate commerce; and to forbid the use of the mails does not prohibit, but only interferes with, their operation, and interferes with the legitimate business as well as with the abuse.

Mr. President, in practically all of the Western States and in many of the other States, statutes have been enacted which have undertaken to remedy some of the evils, particularly that of promiscuous gambling. The police power, which is reserved to the States, has made that possible. The difficulty with these statutes is that in nearly every instance they prohibit a transaction where delivery is not intended. To prove intention is difficult and the statutes have been avoided by a simple provision in the contract for the future trade, reciting that it is the intention of both parties to make and accept delivery. Moreover, the States can not cure the evil. All that a single State could do would be to force the operators into another State.

Future trading in grain, almost exactly as it is carried on in this country, was carried on in Germany years ago. In 1896 the Bourse law was passed by Germany, which absolutely prohibited speculation in futures. This was modified in 1900 to permit such trading by members of grain exchanges only. The public in that country was not and is not permitted to speculate in foodstuffs.

The history of this sort of legislation in the Old World, the statutes of our various States, and the many years of study given to the subject by the committees of Congress and of the various departments should be proof enough that evils exist.

For many years there have been complaints of false crop reports. A report will go out to the grain trade that a bountiful rain has assured a tremendous crop in Kansas. The report will be in fact untrue. These became so frequent in 1920 when the great decline in prices occurred that I caused a number of these complaints to be investigated. In nearly every instance the source of such false information was found to be an operator on the "bear" side of the market.

Reports will come out to-day and be contradicted to-morrow. Certainly no harm can come from a requirement, as is found in this bill, that some supervision over reports of crop conditions shall be had, to the end that truth and not falsehoods shall be scattered broadcast.

Manipulation on the "short," or selling, side of the market by big speculators and "bear raids" by their followers, such as happen every year shortly before or immediately following harvest, play directly into the hands of European importers, who are enabled to buy millions of bushels of wheat in the futures market at a reduced price, which they later exchange for cash wheat. On several occasions during this greatest export year for wheat the raiders of the wheat pit depressed the price of the American crop 12 to 14 cents below the world price, below the cheap wheat of South America.

In playing their game the Chicago wheat gamblers sold something they did not possess to bear down the price of something they did not own. They wrecked the true market, depressed the value of the producer's property, and the big speculators and exporters bought wheat cheaper and cheaper.

Board of trade gamblers make wagers on billions of bushels of grain annually. A single commission house in the Chicago Board of Trade will in three days sell as much grain as can be delivered on the futures market in an entire year. Often an entire crop is "sold" before any of the grain has been harvested. One big market operator was "short" 30,000,000 bushels of corn in December when the price broke 4½ cents. It was a lucky break for the operator, although it subtracted from the value of the corn crop of every State in the Union.

Mr. President, every member of a grain exchange who testified before the Agricultural Committee of the Senate acknowledged that there is at times excessive speculation and undesirable speculation in the futures market. It was brought out that a few big traders at times influence prices—manipulate the market—by the great volume of their operations. Also it was shown that a continually fluctuating, and not a stable, market is the desire of the speculators.

Such a market is against the interests of the producer; he must have stable prices in order to market his crops to the best advantage. The reason for this is that rapidly fluctuating prices can not be fully reflected in the prices paid at country



stations, so an additional margin must be allowed when buying in the country, and it comes out of the farmer. Also, when prices are fluctuating as they have done for months past, consignments of grain from country points to the terminal markets are more likely to find the bottom price of the day's range than the top. Fluctuations benefit the scalper, whether in the pit or at the cash grain tables, but work against the producer.

#### OPERATORS ADMIT MARKET IS MANIPULATED.

Mr. President, the representatives of the boards of trade who have appeared before the committees of both House and the Senate have been frank to admit that manipulation goes on. In order that there may be no possible doubt that this manipulation of prices exists, I want to read you a few excerpts from the testimony of witnesses before the committees. In doing this I confine myself to the representatives of the grain trade, the boards of trade, who have appeared in opposition to the bill. It appears in practically all of the testimony of all of the witnesses, and it would only be duplication to refer to the testimony of some of the other witnesses before the House committee.

Mr. Julius Barnes, grain exporter and formerly president of the United States Grain Corporation and Wheat Director, in speaking of manipulation, said that the officers of the boards of trade know very well when manipulation is going on and who is doing it. I quote from his testimony:

Mr. BARNES. Why don't you drive right at the speculator who uses these market facilities?

The CHAIRMAN. Would we not have to separate his contracts from the others and find out how much he did?

Mr. BARNES. Yes, Senator; and that would be a hopeless project if you tried to analyze all the trades.

The CHAIRMAN. Then, how can you drive at him?

Mr. BARNES. The man who is doing that can be located by the size of his orders and the resources that he has.

Senator REED. How? Now, you come to the question.

Mr. BARNES. The exchange authorities themselves know very well by whom and when that is going on.

Senator REED. Then, the exchange authorities must be able to distinguish between that kind of a deal and other kinds of deals?

Mr. BARNES. Not the deal. They go at the individual who originates the deals, and by tracing his operations they can tell whether they are of a size and character such as to come within the definition of manipulation. Business conscience to-day condemns the manipulator.

Senator CAPPER. Is it not a fact that at various times while that bear market was on large operators went on the market and sold wheat in large volume, some of them possibly several million bushels, in the course of a day or two days?

Mr. BARNES. By common report, and I presume that is correct. It was done, Senator; yes.

Senator CAPPER. Now, would not that have a tendency to aggravate the situation and to further depress the market?

Mr. BARNES. Yes; while it lasted.

Senator CAPPER. And would not that work to the injury, first, of the producer?

Mr. BARNES. At that time, yes; of course, it must be met at some stage by buying an equal weight. They must get those contracts back and induce the buying of equal force. The injustice in that, Senator, lies not so much in that transaction as in the fact, which every reasonable man must admit, that through that process of decline under the influence of those sales some farmer may have his confidence undermined and market his product on the lower basis.

Senator CAPPER. Does that particular transaction that I spoke of on the part of the Armour Grain Co., for example, who, under the present rules, can go on the market any day and sell five or ten million bushels of wheat, assist in stabilizing the market or maintaining a steady market?

Mr. BARNES. No; because that is a transaction of great weight under concentrated direction. It is just like any combination and therefore is not fair, and is a matter which the exchange authorities ought to govern and regulate among themselves. The manipulator is an undesirable factor anywhere. He sometimes injects himself into the business of the exchanges, but not so often as in other businesses, or to such a harmful extent, such as building construction and building materials as recently disclosed.

Mr. Hargiss, the president of the Kansas City Board of Trade, testified as follows:

You want to know something of the abuses. I must admit to you that I think manipulation is a grave abuse on the exchange when it is indulged in. I think, on the other hand, that practically all manipulations, with few exceptions, have been on the long side of the market.

Upon being asked whether or not manipulation ought to be prevented, Mr. Hargiss answered:

Oh! absolutely. (S. Res. 275.)

And again, on page 277, he said:

You could put a very heavy penalty upon manipulation. Personally I believe, if there is not already a Federal statute—I know one man that was indicted for manipulation, I believe, but even a stronger criminal law on manipulation would cure the whole thing.

Mr. Arnot, a member of the Chicago Board of Trade, testified:

Senator CAPPER. Would it not be a good plan, then, to have some sort of governmental supervision, such as we contemplate in this bill, which will give an impartial Government official the opportunity to see the books on such an occasion as we have in mind here, when we think the market is being manipulated by somebody for the purpose of depressing the price of the farmers' product?

Mr. ARNOT. I should have absolutely no objection to that.

Mr. Gates, for years president of the Chicago Board of Trade, testified as follows:

Because the trade recognizes the manipulator as an enemy to the whole organization, to the whole trade, we dislike him just as much as any of you gentlemen do, and if we could find any way of shutting him out absolutely we would be glad to do it. Maybe you can help us on some of these problems.

F. M. Crosby, of the Washburn-Crosby Flour Mills, said:

We are heartily in sympathy with the elimination of manipulation. A man should not be permitted to deal in these large volumes. If by supervision of the Secretary the penalty should fall on that man, I do not think you would have manipulation, at least then.

These quotations are made by the leaders of the opposition to this measure, and they speak for themselves.

Frederick B. Wells, of the Minneapolis Board of Trade, and one of the men in charge of the opposition to this measure, in testifying before the House committee in April of this year, said:

No; I wanted to eliminate manipulation, and I still want to do that. I do not call it gambling. I call it speculation. I still want to eliminate manipulative speculation; that is, where large money interests can go into a market and temporarily affect the trend of values one way or the other, up or down.

Mr. Griffin, the president of the Chicago Board of Trade, testifying before the House committee, said, in a formal report to his board of directors, which is published on page 157 of the hearings before the House committee, as follows:

That manipulation of the grain markets has occurred in the past is an admitted fact. Such manipulation, however, has usually been attempted for the purpose of forcing prices upward. Manipulators have been inspired by the belief that it would be possible for them to buy a greater quantity of contract grades of grain than could be delivered at the time and place of delivery for which the contract called. At times such manipulation has been successful; more often it has failed.

It was said a great many years ago that "facts are stubborn things." However persuasive the argument may be that manipulation is possible, and however persuasive the admissions by the members of the boards of trade themselves that manipulation does exist, the most persuasive proof of it is in the actual facts.

#### VIOLENT FLUCTUATIONS IN THE MARKET.

Mr. President, the system of exchange now conducted by the Chicago Board of Trade is an economic monstrosity. In the business of separating men from their money without proper return of goods or service, its market manipulators and gamblers are doing that for which hold-up men are sent to prison. No American industry other than agriculture would tolerate such a juggling of markets for a single minute. No other commodity seesaws up or down every day and every hour, month after month, as does the price of wheat on the Chicago Board of Trade. It is a great injustice to the producers of this country and a great injury to the country's welfare, progress, and stability.

I propose to cite to you a few instances of fluctuations in the market which, in my judgment, can not be explained by any of the natural and legitimate forces of supply and demand. I cite these instances for two purposes: First, as showing that other forces are at work than the laws of supply and demand, which forces are and must be manipulative in character; and, second, to show that under our system as it now exists the market is unstable. Every witness who appeared at the hearings, on every side of this matter, agreed that a stable market was desirable not only for the producer but for the consumer and for every intermediate handler. The instances which I am about to show are but few of many, and I think it safe to challenge anyone to explain them by any normal play of the forces of supply and demand.

The first of these instances concerns itself with the two weeks commencing July 15, 1920. This was the first two weeks of future trading, or pit transactions, after they were abolished at the commencement of the war. All future transactions in wheat were abolished for three years—from July, 1917, to July 15, 1920. During a part of that time there was governmental control of prices. Governmental control of prices ended on May 31, 1920. During the six weeks between June 1 and July 15, 1920, there was neither governmental control nor future trading. The extreme fluctuation in prices in that six weeks was 28 cents on any grade and 7 cents on Nos. 1 and 2 grades. This was on the Kansas City market. It was a fairly stable market. Future trading was resumed on July 15, 1920. During the next two weeks the price dropped from \$2.75 to \$2.10, a break of 65 cents, and worked back to \$2.45. In other words, a fluctuation in two weeks of nearly three times the extreme fluctuations of the preceding six weeks.

The exact figures for the Kansas City market for wheat during the six weeks between June 1, 1920, and July 15, 1920, when there was neither a Government price nor a future market, as found in the January and February, 1921, hearings before the Senate committee are as follows:

(Page 181.)

June 1, following the Grain Corporation's control of the grain business of the country, No. 2 hard wheat sold on the floor of the exchange in Kansas City at \$2.89 to \$2.90 per bushel. The following Monday, June 7, No. 2 hard wheat sold at Kansas City at \$2.88 per bushel. Monday, June 14, No. 2 hard wheat sold at \$2.85 per bushel; Monday, June 21, No. 2 hard wheat sold at \$2.83 per bushel; Monday, June 28, No. 2 hard wheat sold at \$2.78 per bushel; Monday, July 6, No. 2 hard wheat sold at \$2.81 per bushel; Monday, July 12, No. 2 hard wheat sold at \$2.88 per bushel; and on Thursday, July 15, the day future trading was reinstated, No. 2 hard wheat sold on the cash market at \$2.88 per bushel and the December option opened in Chicago at \$2.75 to \$2.72 and closed at \$2.70½ or 15½ cents per bushel below the cash.

From these figures it will be observed that from June 1 to July 15 the range in prices on No. 2 hard wheat was only 7 cents per bushel.

Now, if you will turn to the market after July 15, 1920, you will find the following to be the facts, still on the Kansas City market:

(Page 182.)

Monday, July 19, No. 2 hard wheat sold in Kansas City at \$2.87 per bushel, and the December option in Chicago closed at \$2.51, or 36 cents below the cash. Monday, July 26, No. 2 hard wheat sold in Kansas City at \$2.80, and the Chicago December option closed at \$2.47½. On Monday, August 2, No. 2 hard wheat sold in Kansas City at \$2.28 a bushel, or a decline of 53 cents a bushel in one week, and the December option closed at \$2.13½, or 34 cents per bushel lower than the week previous.

Mr. President, it is difficult to see in the face of these figures, realizing that the wild fluctuation of the two weeks commencing July 15 was immediately after the stable market ending on the same day, how the facilities for hedging assist in stabilizing the market. Numerous explanations have been made by the representatives of the exchanges to account for this situation. It is probable that the facility of hedging would tend to stabilize the market if there were no outside forces at work, but the fact remains that because of the abuses at which this bill is directed hedging is becoming of little value and the market is not stable.

In part, it was the wild fluctuations following the opening of the future market, compared with the stable condition, when there was no future trading, that was the immediate cause for the great wave of discontent that prompted this legislation. On the 1st day of December, 1920, in a single day wheat went down 12 cents and up 10 cents, a fluctuation of 22 cents. On December 2 it went up 17 cents and down 11 cents, and on the 3d it went down 12 cents and up 8 cents. It is impossible to ascribe to any normal and proper force a break in the market of 11 cents and a recovery of 17 cents in three or four hours. The newspapers carried the report that during these three days a half dozen speculators on the Chicago Board of Trade had profits of more than \$3,000,000, all of which was at the expense of producer and consumer. If this bill becomes a law, this manipulation of the market will not be possible.

The day the committee reported this bill out of the House the market broke 11 cents. I do not mean to say that this was a punishment visited upon the constituents of the Congress for their effrontery in undertaking to legislate; I do say that the 11-cent break can not be attributed to supply and demand.

While the committee hearings were in progress the following market situation occurred, as shown by the testimony of Rollin E. Smith, of the Bureau of Markets:

May wheat, as the result of short selling running into stop orders and causing a loss of confidence as prices declined, was forced down 35 cents in a few weeks. The decline terminated on April 14. Then under the influence of speculative buying an advance started and continued until May 25—a bull market; a wild bull market part of the time. The advance from April 14 to May 25 was 67 cents. Then the price broke 20 cents in two days and advanced 22 cents in two days more, 19½ cents of which was on May 31.

The net advance of the May future from April 14 to May 31 was 69½ cents. At the same time July wheat advanced only 35 cents. May wheat was cornered, but let us see what cash wheat did.

On May 31 Nos. 1 and 2 red and hard winter wheat, the contract grades, sold in the Chicago market at 2 cents under May, or 57 cents over July. No. 3 sold at the fixed discount of 7 cents under Nos. 1 and 2. This was 50 cents over July. No. 4, which is not deliverable on contracts at any price difference, sold at 5 cents under to 5 cents over July.

On the next day, June 1, after the May future had expired, cash wheat sold as follows: No. 1 red and hard, 20 to 23 cents over July. This was as compared with 57 cents only the day before. No. 2 red and hard, 19 to 21 cents over July; No. 3 red and hard, 15 to 18 cents over July; No. 4 red and hard, 10 to 15 cents over July. This was a drop over night of from 34 to 37 cents for No. 1, 36 to 38 cents for No. 2; 32 to 35 cents for No. 3, but an advance of 10 to 15 cents for No. 4.

In the face of the market in May of this year it can not seriously be said that trading in futures has stabilized the market.

Mr. KING. Mr. President, May I interrupt the Senator? The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Kansas yield to the Senator from Utah?

Mr. CAPPER. Certainly.

Mr. KING. Were the fluctuations in wheat as detailed by the Senator greater than the fluctuations in the prices of other commodities and were they greater than the recorded changes, as shown upon the stock exchanges of various stocks, industrial, railroad, and so forth?

Mr. CAPPER. I have made no inquiry as to that phase of the situation, but I think they were. It was very generally stated at the time of the great bear drive on the wheat market that speculators paid attention especially to wheat.

Mr. KING. There is no doubt but what there have been abuses in the grain exchanges which have injuriously affected the agricultural producers of the United States. Any sane and constitutional measure that will prevent a continuation of practices which are evil I shall gladly support. The bill before us may possess some healing virtues; at least it is to be hoped that it may bring some relief. Referring to the violent fluctuations in the prices of stocks, the Senator knows that on the New York Stock Exchange and the various stock exchanges throughout the United States this condition is almost chronic. The rise and fall has been more than 10 points within 24 hours. The rapid advances and recessions in prices have been incredible. Millions have been lost and won within a few hours.

However, in many instances, let me say, the persons who suffered were the gamblers themselves and it did not affect the intrinsic value of the stocks nor were the railroads or the industrial concerns, whose stocks were being gambled with upon the market, affected. I am inclined to think that the \$3,000,000 which the Senator said was made by a number of individuals during one day did not come from the farmers but from the "lambs" who were fleeced by the wheat brokers and gamblers. I am inclined to think the little gamblers were swallowed up by the big gamblers, and they were the ones who were compelled to add to the accretions of speculators and gamblers, whose operations were very extensive.

I have been wondering if the evil upon the grain exchanges is greater than on other exchanges, and if the Government may regulate grain exchanges ought it not regulate all exchanges in the United States, in order that there shall be no stock gambling and no dealing in futures and no dealing in stocks except under the immediate surveillance of the United States Government? Does the Senator think that would be a good thing? I am expressing no opinion one way or the other and am only seeking the view of the Senator.

Mr. CAPPER. I think the Government might very well have supervision over stock markets and exchanges generally to some extent, but first I think we had better start with the grain exchanges because we have the proof there of the harm that is done and the injury that is being worked.

The fluctuations affect the farmer in this way: Every day while that bear raid was on and the market was fluctuating up and down millions of bushels of wheat were going to market. We can not stop, on an hour's notice, or a day's notice, the flow of wheat. The man who reached the market on the day that wheat was down, of course, was the loser. Then the grain dealer or the elevator man or the buyer at the country markets must take into account the possibility of a great fluctuation in the market price, and consequently the price he offers the producer necessarily must be less than he would offer on a stable market. For that reason we are urging conditions that will help to stabilize all the markets.

Mr. WILLIS. Mr. President, while the Senator is yielding, may I say that at some place during or after the Senator's speech I desire to get his opinion touching certain telegrams that have come to me in criticism of the pending measure. I do not desire to inject unfavorable matter into the Senator's speech at this point if he would prefer to yield at some other point, but I do desire his opinion upon the criticisms that are embodied in two or three of the telegrams which I have received, because I have great confidence in his judgment and the judgment of the Committee on Agriculture and Forestry. Would he prefer that I interrupt at another point?

Mr. CAPPER. Will the Senator wait until I shall have concluded? I shall be through in just a few moments.

Mr. WILLIS. Certainly.

Mr. CAPPER. The plain truth, Mr. President, is that through manipulation of the market the big speculators on the Chicago Board of Trade are undoubtedly a powerful factor in fixing the price of the farmer's wheat. They sell large volumes of wheat futures short during a period before harvest when there is no great volume of buying, and the weight of their selling forces the price down. Then, by continually hammering, they hold the price there until the crop movement begins, when hedging sales place sufficient pressure upon the market to enable the speculators to buy back what they sold without advancing the price.



By this process the farmer loses and the speculator wins nine times out of ten. I fear this country will not long continue to produce the finest wheat in the world if we continue to let the wheat gambler fix the price.

#### VICIOUS PRACTICES OF COMMISSION MEN.

Mr. President, a particularly vicious form which manipulation takes is that indulged in by commission men. By commission men I refer now to those men who place orders for future delivery for their customers. As agents for their principals they, of course, must know and do know what trades their customers are making. Every principle of common honesty should prevent these commission men from utilizing this knowledge for their own benefit. What they do is even worse than that; they utilize this knowledge not only to benefit themselves, but to benefit themselves at the expense of their customers. They sit by and watch their customers buy and, perhaps, encourage them to buy and by the force of the buying force the market up; then these commission men, when the price is too high, jump in and break the market, ruin their customers, and make themselves rich. I quote from an article appearing in Wallace's Farmer, under date of February 11, 1921, the article being written by Rollin E. Smith, of the United States Bureau of Markets:

Speculative commission houses, or commission houses whose members speculate, are one of the big handicaps under which the market is weighted down. It is just as unfair to the public, or outside speculators, for commission houses to speculate as it is for a poker player to look at the hands of his opponents, for such a commission house knows at all times just how its customers stand on the market. The public has just as much chance of winning as a poker player would if he laid his cards on the table, face up. The reason is this: This professional speculator knows from long observation that 95 per cent of the outsiders lose their money. Therefore the professional—in which class are the speculative commission houses, their employees, and the brokers and scalpers in the pit—takes the other side of the market from the outsiders; not in every instance, of course, but in a large general way.

If, for example, as often happens in a bull market, the public gets the speculative fever and buys heavily, this is of course known to the professionals. As the public becomes more and more excited and continues to buy, the professionals gradually sell out their own holdings and then closely watch for the time when the public buying exhausts itself. That will mean the end of the advance. The public is always craziest right at the top, just when they should be selling and taking their profits.

When the force in public buying has exhausted itself, the professionals begin to sell short. If the advance is checked, they sell more. Soon the market begins to break, and then the professionals "jump on it"—sell millions of bushels; and a great slump follows. Out of the wreck a few stragglers from the public pull out with a little money left, but 95 per cent of them have left their balances with the speculative commission houses, the brokers, and the scalpers.

These are the manipulations that the bill seeks to prevent.

#### THE "HEDGE" MUST BE PRESERVED.

By the elimination of these abuses, it is also believed that the hedge will not only be preserved, but will be infinitely better. The foundation of all of the arguments of the grain exchanges is that the hedge must be preserved. They argue that a legitimate hedge is insurance and keeps down the margin between the producer and consumer. It is just as true that a hedge that will not work increases that margin. Where the future market on which the hedge is placed goes down while the cash goes up, the hedge is ruinous. It has been said on good authority, and after an examination of the trend of the future and cash markets for several years, that 40 per cent of the time the hedge does not work because the cash and future do not run together. I do not vouch for that figure, but it is a statement found in Wallace's Farmer under date of March 18, 1921, the author being Mr. Rollin E. Smith. Take the market in March and April of this year. The cash advanced 65 cents and the future 35 cents during the same period. You can not use the hedge on that kind of a market. In February the cash was 35 cents over the future and in March only 8 cents over the future and in May the future and cash came together. You can not hedge on that kind of a market. An elevator man or a grain dealer may have contracts to buy wheat in May and on account of the lack of cars or other reasons he is forced to extend the time to his customer so that the wheat is in June. If his hedge has been placed on the May option, it must then be transferred to the July option. On May 31 May wheat closed at Chicago at \$1.37½ and July wheat closed at \$1.28½.

On May 31 cash wheat sold in Chicago at 57 cents over July wheat. The next day the same wheat sold 20 to 23 cents over July, a break of 34 cents. This is attributed to the fact that there was a corner on May wheat. But you can not hedge on that kind of a market.

This has become of so frequent occurrence that hedging is becoming a dangerous instrument to play with. If the normal forces are left alone, future and cash should go hand in hand. The wild fluctuations of May of this year were because of manipulation by the great operators on the Chicago Board of Trade. It can be stopped and should be stopped.

That it can be stopped, Mr. President, and can be stopped by the boards themselves is proven by this fact: In 1911 the Chicago Board of Trade put in a rule that has practically stopped manipulation of prices upward, sometimes called "corners." This rule is a simple one; roughly, it vests the power in a committee of the board of trade to determine, in case of a corner, what the fair market value of the wheat would have been if there had been no corner. Manipulation of the price upward, or corners, is ruinous to the short sellers upon the boards of trade. The operators upon the boards of trade are victims of corners, and they temporarily help the producer. Since the losses by such manipulation fall upon the members of the boards of trade themselves, more than 10 years ago they put in a rule that has stopped such manipulation. Manipulation downward only hurts the producer, the grower of the grain. The boards of trade could prevent such manipulation, as 10 years ago they prevented manipulation upward. One of the purposes of this law is to compel them to do that.

#### WHAT THE TESTIMONY SHOWS.

Mr. President, if the Members of this body have the opportunity to read the entire record of the hearings before the House committee in January and the same committee in April, and the hearings before the Committee on Agriculture of this body held in May, June, and July of this year, I believe that exactly this will be found to be the situation:

First. The market which governs the price paid to the farmers for their wheat and correspondingly the price paid for food-stuffs by our people in general, while controlled largely and necessarily by the law of supply and demand, is, nevertheless, seriously and occasionally affected by the manipulation of prices and by promiscuous and unlimited gambling.

Second. These abuses are admitted by everyone, and it is likewise admitted that they should be corrected.

Third. The bodies best able to correct these evils are the exchanges themselves.

Fourth. The most enlightened and the most successful members of those exchanges admit that it would help them to correct the evils if the Government stood behind them.

Fifth. The great body of business men engaged in this business do not object to supervision, nor to punishment if they do not play the game fairly. They do object to governmental regulation.

Sixth. An analysis of the bill will demonstrate that it simply says to the boards of trade, "These are evils; you can correct them; do so; and, if you do not, you can not deal in futures."

The provisions of the bill if enacted into law will deflate gambling and speculation on the exchanges of the land. They will release the law of demand and supply and make these market places subservient to that great law of trade. They will drive out of business thousands of gamblers in puts and calls. They will turn such funds to legitimate uses and the support of industry. They will destroy the infamous influences that, attaching themselves like barnacles to the exchanges of the country, retard legitimate industry and promote vice and too often suicide and crime. And they will protect the producer, whose toil and sacrifice enable all of us to live, from the theft of his well-earned reward by the machinations of professional gamblers, forestallers, and market riggers.

This country exported 365,000,000 bushels of wheat, in the form of wheat and flour, during the 12 months ending June 30 this year. The money value of these exports of wheat was \$840,000,000, or \$2.30 a bushel. The American wheat raiser averaged something less than \$1.30 a bushel, a difference of \$365,000,000. This dollar a bushel difference, in the face of such figures, is convincing indication of a prolonged and serious interference with the operation of the great fundamental economic law of supply and demand.

We can not expect to gather grapes from thistles. So long as this juggling of the markets is permitted, and so long as this cancer of gambling in one of the necessities of life is permitted, we can not expect to have permanent prosperity in the United States. For years previous to the present crisis in the agricultural industry the men frequently referred to by orators as the "backbone of the Nation" have averaged barely more than a decent living by working their wives and children as well as themselves, and have realized no return from their capital. The real job we have on our hands is to find out how farming can be made as safely profitable as any other American occupation. Unless that can be done it is simply a question of time when our farmers will be forced to abandon a too hazardous means of livelihood. The one vital industry on which the Nation's welfare and prosperity depend, must have its chance to live and prosper if the rest of us expect to, and if it is to have this chance, the grain gambler must go.

In conclusion, Mr. President, I submit this one thought for the serious consideration of this body. There can be no more solemn duty resting upon the Congress of the United States than to preserve to the farmer and the consumer the free play of economic laws upon the prices which they get for their product and upon the price which the consumer pays for his bread. There is not that free play now. The abuses are certain, definite, and admitted. They can be corrected and will be corrected, if this bill is passed, without Government regulation, but if any situation is serious enough to justify even governmental regulation, the measure now before the Senate meets that situation. As now conducted, the Chicago Board of Trade is the most wanton and the most destructive game of chance in the world. The bill now before you is a legislative mandate to these great exchanges, that if they wish to continue to deal in futures without restriction or regulation, they must eliminate from their midst the man who thrives upon the losses of the gamblers in foodstuffs; they must suppress the man who profits by the circulation of falsehoods affecting the price of wheat and bread; and they must drive from their midst the man who is prostituting the machinery of the grain market for his own selfish purpose by manipulating the price to his own advantage. The bill, in my judgment, is constructive legislation, legislation that has been sorely needed for more than a quarter of a century. If I read the public mind aright, the American people have determined to do away with every serious mischief-making evil that affects the general welfare. They have known about market gambling for a long time, thousands have been "stung" by it. They have their minds about made up that the Chicago Board of Trade's poker playing with the food supply is the most wanton, most wicked, and most destructive game of chance in the world and they are going to stop it.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Washington?

Mr. CAPPER. I yield.

Mr. JONES of Washington. I have a telegram here that is a sample of quite a number of telegrams I am receiving with reference to certain provisions of the bill. I have examined hurriedly the substitute that is proposed by the committee, and as I read it several of the criticisms, if not all of them, have been taken care of. However, I wish to call the attention of the Senator to them and ask his judgment as to whether or not they are met by the substitute.

First, I have a telegram which reads as follows:

As to Tinscher-Capper bill in its present form this bill if passed will make it impossible for grain houses operating on the board of trade to exist and the grain trade can not furnish satisfactory markets unless the bill is amended in certain particulars. We want to amend section 5, paragraph D, so that exchanges will not be compelled to place definite limits on amount of grain single individuals may trade in.

I take it that is taken care of by the substitute?

Mr. KENYON. It is.

Mr. JONES of Washington. The telegram continues:

Amend section 5, paragraph (e), so that no applicants for membership will have advantage or preference over any other applicant.

I take it that also is taken care of?

Mr. CAPPER. I think it is taken care of, I will say to the Senator from Washington.

Mr. JONES of Washington. The telegram continues:

Amend section 5, paragraph (g), by striking out the paragraph intention of which is to limit private wire service between large terminal markets and prevent such service to anyone outside said markets. The tendency of such clause and the unfairness of it is only too apparent. The bill obligates exchanges to prevent manipulation, but should leave them free to adopt whatever measures to this end may seem to them wise.

That has been omitted, as I understand, from the proposed substitute, although it was included in an original committee amendment.

Mr. CAPPER. That has been omitted from the proposed substitute.

Mr. JONES of Washington. The telegram continues:

It also provides that representatives of farmers' associations must be admitted on a preferential basis. This would amount to practical—

And so forth. I take it that that is not the effect of the substitute?

Mr. CAPPER. That has been modified. I think the senders of the telegram were unnecessarily alarmed as to the effect of that provision.

Mr. WILLIS. Will the Senator again read his telegram? I am anxious to see whether these telegrams from various sections of the country are duplicates.

Mr. JONES of Washington. I think they are duplicates to a great extent.

Mr. KENYON. Over three thousand of them have been sent.

Mr. WILLIS. I have received a number of such telegrams and I wish to see if their language is identical with that of the telegram which has been read by the Senator from Washington.

Mr. JONES of Washington. The concluding portion of the telegram, from which I have been quoting, reads:

The unfairness of it is only too apparent. The bill obligates exchanges to prevent manipulation, but should leave them free to adopt whatever measures to this end may seem to them wise. It also provides that representatives of farmers' associations must be admitted on a preferential basis. This would amount to practical rebating of commission. We bespeak your opposition to this bill, which would be destructive to our business as well as all other grain firms conducting a similar business.

I have several other telegrams. They do not go into the matter so much at length as does this one, but they are substantially the same and point out the same objections.

Mr. CAPPER. The telegrams in reference to this matter have come here from all over the country. They have been inspired by the National Grain Dealers' Association, I think. Possibly there is some basis for some of the objections which they make.

Mr. JONES of Washington. I take it the Senator has tried to obviate all the objections in the substitute as now proposed?

Mr. CAPPER. I think the proposed substitute meets all those objections.

Mr. WILLIS. Will the Senator yield to me?

Mr. CAPPER. I yield.

Mr. WILLIS. I think, perhaps, that the response which the Senator from Kansas has made to the inquiry of the Senator from Washington [Mr. JONES] covers the question I am about to ask, but I am not sure. I desire to obtain the opinion of the Senator from Kansas, because he is thoroughly informed about these matters. I have not very carefully read the telegrams which I hold in my hand. The one from which I shall now quote is from the City Bank of Lima, Ohio. I think it is substantially the same as the telegram which the Senator from Washington has read. This telegram reads:

LIMA, OHIO, August 3, 1921.

HON. FRANK B. WILLIS,  
United States Senate, Washington, D. C.:

In reference to the future trading bill, known as House bill 5676, being in touch with grain men, farmers, elevator men, and also mills in this district, they, as well as ourselves, wish to enter protest against this class of legislation unless amended in certain particulars. First, we want to amend section 5, paragraph d, so that the exchange will not be compelled to place definite limits on the amounts an individual can buy.

That is taken care of, I understand.

Mr. CAPPER. It is.

Mr. WILLIS. The telegram continues:

The bill obligates the exchange to prevent manipulation, and should be left free to adopt whatever measure to this end may seem to them wise.

That is already safeguarded in the amended bill, is it not?

Mr. CAPPER. Yes.

Mr. WILLIS. The telegram continues:

Second, amend section 5, paragraph e, so that no applicant for membership will have an advantage or preference over any other applicant.

Is that covered by the bill as the Senator has proposed to amend it?

Mr. CAPPER. I think that is taken care of. Really, the section referred to did not give any one applicant an advantage over another, but we have modified the section referred to so that I do not believe any fair-minded person could object to it.

Mr. WILLIS. There is another suggestion contained in this telegram which I will read:

The bill at present provides that representatives of farmers' associations must be admitted on a preferential basis, which would be the destruction of commission rules, for it would amount to practically rebating of commissions. Third: Amend section 5, paragraph G, by striking out the paragraph, the intention of which is to limit private-wire service on grain to wires between the large terminal markets and to prevent service to anyone outside of the large terminal markets. The tendency of such a clause and the unfairness of it are only too apparent.

Is that objection covered?

Mr. CAPPER. That has been covered.

Mr. POMERENE. Mr. President—

Mr. WILLIS. Just a moment. I will inquire if my colleague has a duplicate of the telegrams from which I have been reading?

Mr. POMERENE. Yes; I have received substantially the same telegrams, and also a number of letters.

Mr. KENYON. There were several thousands of those telegrams sent.

Mr. WILLIS. I also desire to read the following telegram from Toledo, Ohio:

TOLEDO, OHIO, August 2, 1921.

HON. F. B. WILLIS,  
The Senate, Washington, D. C.:

Referring to Tinscher-Capper bill, H. R. 5676, we wish to protest against bill as now written. Paragraph (e), section 5, should be changed. Without any question, cooperative associations should not be



allowed memberships except on same basis of other members, and not through act of Congress. Country has had enough of class legislation. Bill should also be amended in section 5, paragraph (d), so that no limitation be placed on amount of trade by any one party. Paragraph (g), section 5, should be eliminated. Let Washington be constructive, and not destructive.

THE C. A. KING & Co.

I have received about 80 telegrams on the subject of the pending bill, the phraseology being exactly the same in each instance. Here is a somewhat different telegram, which I have received from J. M. Smith, of Mansfield, Ohio. It reads:

MANSFIELD, OHIO, August 3, 1921.

HON. FRANK B. WILLIS,  
George Washington Inn, Washington, D. C.:

Regarding bill H. R. 5676, dealing with grain trade and methods of control, the writer objects seriously to this bill being passed in its present form. Refer to paragraphs (d), (e), and (g) of section 5. This bill should be amended without a doubt, as it is absolutely class legislation. We hope that you will give this matter your careful and personal attention, and not allow the farmer to be hoodwinked into the belief that the new bill as proposed is a protection to him. It is positively just the opposite.

J. M. SMITH, 30 Douglas Avenue.

Mr. KENYON. The similarity in the telegrams shows how spontaneous they all were.

Mr. WILLIS. Here is another to the same effect. It is from the Lantz Bros. Milling Co., of Mansfield, Ohio, and reads:

MANSFIELD, OHIO, August 3, 1921.

HON. FRANK B. WILLIS,  
George Washington Inn, Washington, D. C.:

Regarding House bill 5676, dealing with grain trade and methods of control, the writer objects seriously to this bill being passed in its present form; refer to paragraphs d, e, and g of section 5. This bill should be amended without a doubt as it is absolutely class legislation. We hope that you will give this matter your careful and personal attention and not allow the farmer to be hoodwinked into the belief that the new bill as proposed is a protection to him; it is positively just the opposite.

LANTZ BROS. MILLING CO.

The Senator from Kansas [Mr. CAPPER] has already discussed the objections raised in the telegram.

Mr. CAPPER. I think that everything that really has any basis for any objection in the legislation has been taken care of.

Mr. WILLIS. The Senator from Kansas making that response, I shall desist and not request to put further telegrams and letters into the Senator's speech.

Mr. POMERENE. Mr. President, I desire to ask the Senator from Kansas a question. I regret that a committee engagement prevented my being in the Chamber while he was speaking, so I have not had the advantage of the Senator's argument. I understand, of course, that the pending bill does not forbid future sales?

Mr. CAPPER. Not at all.

Mr. POMERENE. Will the Senator, in brief, state just what the evils are which he is proposing to correct by this legislation? I ask that question for this reason: I had very carefully this morning gone over the bill as reported by the Agricultural Committee about a month ago, and I learned only within a half hour that on yesterday a new bill had been introduced which contains many of the modifications which have been referred to by the Senator from Washington [Mr. JONES].

Mr. CAPPER. I will briefly summarize just what we have in this legislation attempted to correct:

- (a) Market manipulation by large operators.
- (b) Promiscuous and unrestricted speculation in foodstuffs.
- (c) Dissemination of false crop information.
- (d) Gambling in indemnities or "puts" and "calls."
- (e) Arbitrary interference with law of supply and demand.

The purpose of the bill is to correct those evils which are admitted by practically everybody.

Mr. POMERENE. In other words, the Senator is trying to prevent in part what are commonly known as "bucket-shop" operations?

Mr. CAPPER. Yes; that is the purpose, in part.

Mr. KENYON. Such operations may still be carried on under private wire.

Mr. POMERENE. The statement is made that the proposed legislation simply corrects "in part" the "bucket-shop" evil. What part of it is left in the bill now?

Mr. CAPPER. If we could get rid of the private wires, we probably could go a little further in the way of eliminating what the Senator calls "bucket shops"; but that is a pretty big problem, and the committee after considering it very carefully thought it best not to undertake that task at this time.

We shall make a start when we put the grain exchanges under the supervision of the Government and say to them that they have got to lay their cards on the table and play the game on the square.

Mr. WILLIS. Did I understand the Senator to say there was no restriction in his bill now relative to private wires?

Mr. CAPPER. No; there is not, except as to the dissemination of false crop reports. Of course, the private wires have been used very extensively for the carrying of all sorts of fake reports intended to influence the market. Under this bill the Secretary of Agriculture will have supervision over the reports that are carried over private wires.

Mr. HARRELD. Suppose we do not get results from this measure, what will be the next move—Government regulation?

Mr. CAPPER. I think we will get some results. This bill has the hearty approval of the Secretary of Agriculture, who has gone into it very carefully and who thinks it is workable. He is hopeful that it will correct the evils about which so much complaint has been made.

Mr. DIAL. Mr. President, some time ago I submitted an amendment to the cotton futures contracts act. The amendment was referred to the Committee on Agriculture and Forestry. On the 24th day of May I went before that committee in behalf of the amendment, and the committee appointed a subcommittee to consider the subject, but the subcommittee has not reported. The matter is one of great importance to the section of the country which I in part represent, and I am very anxious to have some legislation adopted at the earliest possible moment.

Some days ago, after a conference with a number of Senators from the cotton-growing States, it was decided that the amendment which I proposed, and which was referred to the Agricultural Committee, was perhaps a little too liberal. I was of that opinion when I proposed the amendment, but I was afraid I could not get any better provision adopted at the time. After a conference, however, with a number of Senators our opinion was that we ought to amend the present cotton futures contract law by requiring the seller of the contract to specify the grade to be delivered at the time the contract was entered into.

Generally, under the present law there are two sections that are considered in this connection; one is section 10, which embodies the idea referred to, and the other is section 5, which is more liberal, and which authorizes the seller of the contract to deliver all the contract in any one or all of 10 grades. That is commonly known, as I have said, as section 5, and that is the section that we thought ought to be repealed. I, therefore, proposed an amendment reading, "That section 5 be, and the same is hereby, repealed"; but upon a more thorough investigation and examination into the present law the conclusion was reached that a wording to that effect would have mutilated the act. Consequently, I submitted the matter to the drafting bureau, and they very kindly consented to put that idea into proper form. Hence I had printed the other day and placed on the desks of Senators an amendment to House bill 5676.

The whole purpose of this amendment is simply to make the seller of the contract specify the grades which he is going to deliver; in other words, it conforms the law to common sense. I know of no other business in the world outside of cotton, and particularly when the commodity is going to be used in manufacturing, where the seller has the right to select the grade and the quality of the article to be delivered. To my mind, by that section of the law great injustice is done our section of the country.

I reluctantly had the amendment printed as an amendment to the pending grain act. I would much have preferred it to be an amendment to the cotton-futures act, because that is where it belongs. I did intend to offer it and press it at this time, but after conference with Senators from the cotton-growing States we have decided to postpone the matter for the present, in the hope that by conference and through the committee we may agree either upon this amendment, the one that is already pending, or some better amendment.

I am not extreme about the matter; I have no particular personal pride as to how the purpose shall be accomplished, but I am trying to get beneficial results. I think the last amendment provides what the law ought to be. By way of compromise, I would have accepted the one that was before the committee, but I have the highest confidence in the ability of the southern Senators on this point, and I have the strongest hope that we will agree upon something that is just and proper, and I believe that our friends on the other side will join with us as soon as we can decide upon the best course to pursue.

I know of no opposition to correcting this law except from one Senator, perhaps, who thinks that by passing it we will destroy the exchanges. As I said the other day, I am not trying to destroy the exchanges. It is a matter of no importance to me whether the exchanges exist or not. I have different views on the exchanges at different times. Sometimes I think

they are beneficial, and sometimes I think they are injurious; but the party who needs honest laws is the farmer, the man who produces the commodity. Under the present system I am confident that the producers do not get nearly what they ought to get for what they raise.

Some idea may have sprung up that we southern Senators differ about this matter, but I know of no difference whatever, except upon the part of one Senator, who wants the exchanges retained. My colleague [Mr. SMITH] has taken a great interest in this proposition for many years, and has taken a leading part in the legislation, and he and I are thoroughly in accord as to the necessity of some legislation being passed.

While we are speaking of the exchanges, in order that Senators may have the views of one who is well posted on the subject, I ask the privilege of having printed as a part of my remarks a letter which I received from a member of the New York Cotton Exchange, or at least a man who was recently a member of it. I am not positive whether he is a member now or not, but he was for over 40 years a member of the New York Cotton Exchange. This letter is dated "New York City, N. Y., June 6, 1921." I withhold the name of the writer, but I shall be glad to give it to any Senator upon inquiry. The letter gives his views of the exchange; and I will ask Senators at their convenience to read the letter after it is published as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

NEW YORK CITY, N. Y., June 6, 1921.

Hon. N. B. DIAL,  
United States Senate, Washington, D. C.

DEAR SIR: Your favor of the 3d instant at hand, with copy of my letter addressed to Mr. Wanamaker, dated August, 1920. As the conditions then existing are entirely reversed from those at present prevailing, I can not permit the use of that letter as expressive of my views at the present time.

The bill you have introduced is a just one, giving an equal basis to both buyer and seller in all contracts made on the exchanges, and will prevent such extreme wild fluctuations as frequently occur under the present laws and rules of what has become "a corporation for speculative purpose," and which admits of manipulations that are calculated to injure legitimate dealings between producer and consumer and unsettle sound, stable values.

The present method of trading on the exchanges is, to say the least, inadequate to conduct its dealings with just and equal regard toward all interests involved. Speculative interests have only in view their profits. They are neither the producer nor consumer—nor the source of real wealth—hence the exchanges are simply methods of clearance for financial security during the transfer of the actual commodity from the producer to the consumer. That being the case, the first requirement is a safe and sound security that can be cleared financially at any and all points of the world, where the financier has the finances and is ready to make the clearance.

Our exchanges, in so far as cotton is concerned, limit their clearance in the actual cotton to that stored at the point of their trade. New York has an actual clearing association, which undertakes to clear all contracts between its members for 12 months, and while it clears thousands of contracts every day only clears actual cotton—or warehouse receipts—that is in its local stores, and then only for the present month. Our New York Exchange is often thousands of bales long or short on margins, while its available stock is much less, and at its best has only a limited storage capacity. As it is mostly speculative in its character of dealings, pools can be formed that take advantage of its condition and make artificial values at their pleasure.

The New York Exchange has made and will make rules that seem to draw speculation—molasses draws flies the same. For the safety and equitable dealings of all interests concerned—viz, producer, consumer, and speculator—the Government at Washington should enact laws that will give equal opportunities to producer, consumer, and the mongrel speculator.

The consumer—manufacturer—long since learned that exchanges were only temporary expedients and does very little trading in its contract. The producers—the South—are now getting their education at considerable expense, and recently the small speculator finds it rather difficult to play the game successfully unless the outsider puts up his margins and gives business orders.

Mr. DIAL. As I stated before, I do not wish to mutilate the grain bill, as it were, by adding this particular section to it; and I am taking the course that I have announced in the hope and the belief that the Agricultural Committee will soon work out this matter on an equitable and just basis, which I feel they are disposed to do on all matters. I must congratulate the Senate, and particularly the Agricultural Committee, on their desire and their effort to help the farmers of this country. I feel that there is a genuine desire to accomplish that purpose, and I am satisfied that great good will result from the laws which we have recently passed. I am happy to note that "behind the clouds the sun still shineth," and I believe we will have a brighter day.

Entertaining these views as I do, I shall not now press the amendment to which I have referred at the present time. I hope Congress will soon take a recess and let us go home and breathe good air and get in a good humor; and as soon as we get back here I hope we will have worked out something that we will all agree upon—at least, practically all, if we can not

all agree upon it—anyway, something for the good of the producing interests of this country, and that we will pass it at an early date. I would thank the Senators to do me the favor to read my speech on this subject in Friday's RECORD.

Mr. SHEPPARD. Mr. President, I am in favor of the pending measure. I desire, however, at this time briefly to discuss another bill, which I believe will do much—

Mr. KENYON. Mr. President, we are up to a vote on this bill. Will not the Senator let us pass this bill and then discuss the other bill?

Mr. SHEPPARD. I will.

Mr. OVERMAN. Mr. President, I should like to ask the Senator from Iowa if he intended to make an appropriation by this language:

There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes.

Mr. KENYON. No; that is simply an authorization which passes the matter over to the Committee on Appropriations.

Mr. OVERMAN. There is no intention to make an appropriation?

Mr. KENYON. No.

Mr. OVERMAN. It is too indefinite; it would not amount to anything.

Mr. KING. Mr. President, let me inquire of the Senator from Iowa, apropos of what has just been suggested by the Senator from North Carolina, what the anticipated cost will be. There seems to be an authorization here for the Appropriations Committee to make an appropriation. I should like to have some idea of how much the blank check is that we are writing.

Mr. KENYON. The Secretary of Agriculture has estimated that it will be under \$200,000.

Mr. KING. Has he not machinery enough now to carry out the provisions of the bill?

Mr. KENYON. That is the nearest information I can give the Senator. I hope the amount may be less. Certainly the work will be carried on as economically as possible, but it will save many times that amount to the farmers of the country every week.

Mr. KING. I can not conceive of its costing such a large amount. As to the benefits of the act, I make no prediction. I sincerely hope that benefits will be derived from it.

Mr. KENYON. Of course the expenses of running it will be entirely for the Appropriations Committee to pass upon.

Mr. KING. Except that where you authorize a department to go ahead and engage in certain undertakings with no limitation they may project a very large organization, much larger than is necessary, whereas if they knew the limitations that would be placed upon them and the maximum appropriations that would be made they would formulate different plans, and perhaps utilize organizations that now exist.

Mr. KENYON. No appropriation is carried by the bill.

Mr. KING. However, if the committee has no concrete suggestions to make, I will make none.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The question is on agreeing to the substitute reported by the committee.

The amendment, in the nature of a substitute, was agreed to. The bill was reported to the Senate as amended, and the amendment was concurred in.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. CAPPER. Mr. President, I move that the Senate request a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. CAPPER, Mr. KENYON, and Mr. SMITH conferees on the part of the Senate.

#### EXTENSION OF RENTS ACT.

Mr. BALL obtained the floor.

Mr. McCORMICK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ball	Gerry	Ladd	Ransdell
Broussard	Gooding	Lenroot	Sheppard
Bursum	Harreld	McCormick	Shortridge
Cameron	Heflin	McKellar	Smith
Capper	Jones, Wash.	McNary	Warren
Caraway	Kellogg	Nelson	Watson, Ga.
Dial	Kenyon	Overman	
Edge	Keyes	Phipps	
Fletcher	King	Pomerene	



The PRESIDING OFFICER. Thirty-three Senators have responded to their names—not a quorum. The Secretary will call the names of the absentees.

The reading clerk called the names of the absent Senators, and Mr. ERNST, Mr. POINDEXTER, Mr. SMOOT, Mr. SPENCER, Mr. TRAMMELL, Mr. WADSWORTH, Mr. HALE, Mr. NEW, Mr. ODDIE, Mr. ASHURST, Mr. STERLING, Mr. WILLIS, Mr. SWANSON, Mr. BRANDEGEE, Mr. STANLEY, Mr. STANFIELD, Mr. LODGE, Mr. GLASS, and Mr. CURTIS entered the Chamber and answered to their names.

Mr. SMOOT. Mr. President, I desire to announce that the Senator from Pennsylvania [Mr. PENROSE], the Senator from North Dakota [Mr. McCUMBER], the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from Connecticut [Mr. McLEAN], the Senator from West Virginia [Mr. SUTHERLAND], the Senator from Vermont [Mr. DILLINGHAM], and the Senator from New York [Mr. CALDER], are in attendance at a meeting of the Committee on Finance.

Mr. GERRY. I desire to announce the absence of the Senator from Mississippi [Mr. HARRISON] and the Senator from Nevada [Mr. PITTMAN] on official business.

The PRESIDING OFFICER. Fifty-two Senators having responded to their names, a quorum is present.

Mr. BALL. I move that the Senate proceed to the consideration of Senate bill 2131, the District of Columbia rents bill.

The PRESIDING OFFICER. The question is on the motion of the Senator from Delaware.

Mr. POINDEXTER. Mr. President, it seems to me to be rather undue zeal at this late hour of the day, Senators having taken up business in committees and in their offices, for the Senator from Delaware to insist again upon the consideration of this measure.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Delaware?

Mr. POINDEXTER. I yield.

Mr. BALL. If we vote to take up the bill and make it the unfinished business, I am perfectly willing to have it laid aside until to-morrow morning to accommodate the Senator from Washington.

Mr. POINDEXTER. I understood that the Senator moved to take it up, and did not ask unanimous consent?

Mr. BALL. I moved to take it up.

The PRESIDING OFFICER. If that motion is agreed to, it would make the bill the unfinished business.

Mr. BALL. If the bill is made the unfinished business of the Senate, I am perfectly willing to lay it aside until to-morrow morning for the accommodation of the Senator from Washington.

Mr. POINDEXTER. I would not like to see it made the unfinished business. It is not important that the bill should pass; I think it is a vicious bill myself, and I hope the Senate will not make it the unfinished business. I hope the Senator from Delaware will not insist upon his motion this afternoon.

Mr. BALL. Mr. President, it is for Senators to decide whether they are willing to make it the unfinished business.

Mr. POINDEXTER. I want to discuss it somewhat. The measure which the Senator is seeking to bring up, reduced to its simplest form, provides that if one individual wants a house which belongs to another he can take it because it suits his convenience. There is no doubt that there are a great many people in the District who would like to occupy houses which belong to other citizens, and I do not hesitate to say that in time of some great national emergency, when the life of the Nation is at stake, when the convenience and even the rights of individuals are as nothing compared with the national welfare, Congress would be justified in seizing the property of individual citizens and turning it over to other private citizens if the interests of the community and of the Nation as a whole were promoted by that policy.

This is not a bill to take private property for public use, and I think I can demonstrate the soundness of that statement. If a man leases his house for a certain term, that term has expired, and he desires to recover his property for the purpose of selling it, it may be under this bill a tribunal, which is established for the purpose of protecting lessees, may deny him the right to recover possession of his property for the purpose of disposing of it by sale.

I think the legislation is unprecedented in the history of the United States, certainly of the District of Columbia, in time of peace. It is true that the State of New York passed a law of this character during the war as a war-emergency measure, and that law was sustained by the Supreme Court of the United States by a divided opinion of five to four. But no State, nor the Congress legislating for the District of

Columbia, has ever in the history of the country undertaken to enact such legislation in time of peace until the Senator from Delaware proposes this measure now.

Mr. BALL. Mr. President, I wish to ask the Senator if that law is not still in effect in New York?

Mr. POINDEXTER. I am not advised whether it is in effect or not.

Mr. BALL. This bill only proposes to extend the law until next April. I think it is very unwise that the law should cease to function on October 22, the beginning of winter, when the demand for rental places in Washington is much greater than in the spring. It only continues the operation of the law until next April, giving all the summer months, when the demand is not so great, for the rentals in Washington to adjust themselves.

The constitutionality of the law has been passed upon by the Supreme Court, so I think it is useless for us to discuss that phase of it here. The question to be discussed is as to whether there is any real demand for this extension.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Ohio?

Mr. POINDEXTER. I yield to the Senator from Ohio.

Mr. WILLIS. Will the Senator from Delaware state to the Senate that if this bill is passed there will be no purpose on the part of his committee when the seven months have rolled around to provide for another extension of the law?

Mr. BALL. So far as the chairman of the committee is concerned, unless there is some unreasonable condition existing, I will state frankly that no further extension will be asked for.

Mr. WILLIS. Is there any reason, in the Senator's opinion, why there should be legislation of this character for this city which would not also apply to Boston or Wilmington or Cincinnati or Seattle or New Orleans?

Mr. BALL. I certainly think that there is, Mr. President.

Mr. WILLIS. I should like to know what it is.

Mr. BALL. Washington is the seat of the government, and the city was founded exclusively for that purpose. Seventy-five per cent of the people living in Washington are dependent upon the Government, directly or indirectly. The Government, to get efficient service from its employees, must properly house and care for those employees. Congress has exclusive jurisdiction over the District of Columbia, and Washington is the only city in the world under such a government as we have here. Therefore the conditions, so far as the housing conditions are concerned, differ from those of any other city of the world. The Federal Government, in my judgment, is responsible for the proper care of its employees.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Ohio?

Mr. POINDEXTER. I yield to the Senator from Ohio.

Mr. WILLIS. I desire to ask a further question of the Senator from Delaware. The argument the Senator is now making simply goes to the constitutional authority and obligation of the Congress of the United States to legislate for the District of Columbia. I will put my question in just a little different form, then. Is there any reason why legislation of this character should be enacted by the Congress to apply to the city of Washington that would not apply also to the proper law-making body, the common council, the board of aldermen, or whatever it may be, in the city of Wilmington, the city of Boston, the city of Cincinnati, or the city of Seattle?

Mr. BALL. Mr. President, I can conceive of conditions existing, and I understand that they do exist in New York, similar to those in Washington, and I understand that a similar law has been passed in New York, and is in force and is functioning now in that city; and that the Supreme Court has declared that law to be constitutional, the same as it has declared the law relating to the District of Columbia to be constitutional. Therefore, probably the same conditions which exist here do exist in certain other cities; but Congress has no right to legislate for those cities, while it is responsible for Washington. Therefore legislation for this city is the only legislation that would come under our jurisdiction.

Mr. WILLIS. Can the Senator state what the population of the city of Washington was at the time the legislation was enacted? He was here at the time and is the author of the original bill. Approximately what was the population of the city then and what is it now?

Mr. BALL. The greatest population in Washington at any time, I understand, was 600,000, and probably now it is about 500,000.

Mr. WILLIS. Does the Senator think it is as great as 500,000? It is my opinion that it is not so great as that, but even if it is as much as 500,000, what I am seeking to get at

is whether there is now a shortage of houses? I am seeking to get at the facts.

Mr. BALL. We held hearings off and on for probably two weeks to definitely ascertain whether there was any necessity for an extension of the provisions of the law. It was the unanimous opinion of the committee, I think, with the exception of the Senator from Utah [Mr. KING], that there was a demand for its extension; that conditions were decidedly better than they were two years before when, for instance, they were housing from six to eight girls in one room. Now we find that there are not more than two or three in one room. However, the demand for houses is such that the rentals have advanced within 18 months and have not been reduced.

We found that now a number of notices have been given, which were submitted to the committee, and almost each day I have similar notices submitted to me, coming from landlords stating to tenants that after October 21 their rents will be advanced.

I should like to state that to-day the manager of a business house came to me with a notice, representing a business house which is relieved under the proposed extension. His notice was that after October 22 his rent will be increased from \$150 to \$400 per month, more than 100 per cent increase.

Mr. WILLIS. I have been told by a Member of the Senate within an hour that when the decision was made by the local court—and as I recall that decision in the local court it was against the constitutionality of the so-called Ball Rent Act—indicating that probably the act would be held unconstitutional ultimately, that rents immediately were increased. Is that the fact?

Mr. BALL. That is true. Mr. President, I ask for a vote on the motion.

The PRESIDING OFFICER. The Senator from Washington [Mr. POINDEXTER] has the floor.

Mr. POINDEXTER. Mr. President, I have seen a great many emergencies arise in various cities of the country creating a shortage in houses. I remember that in 1898 the greatest gold stampede that the world has ever seen precipitated itself upon the city of Seattle. People gathered there from all parts of the world, having heard of the strike in the Klondike the preceding year. It was practically impossible for anyone to get a room to stay overnight. People considered themselves fortunate if they secured the privilege of sleeping on a cot in a whitewashed cellar in a hotel. There were a great many houses in Seattle at that time that had vacant rooms and a great many dwellings that were not fully occupied, but it never occurred to the municipal authorities of Seattle or the State authorities of the State of Washington that because there were some people there who were not fully accommodated with dwelling space, that they should go out with the strong arm of the Government and take away the private property of one citizen and turn it over to others. That is what the bill proposes to do.

Mr. FLETCHER. Mr. President—

Mr. POINDEXTER. I yield to the Senator from Florida.

Mr. FLETCHER. I wish to ask the Senator a question which came to my mind during the colloquy between the Senator from Ohio [Mr. WILLIS] and the Senator from Delaware [Mr. BALL].

Mr. BALL. Mr. President, will the Senator yield to me for a moment?

Mr. POINDEXTER. I have just yielded to the Senator from Florida, who has not completed his inquiry.

Mr. BALL. I hope the Senator from Washington will yield to me when the Senator from Florida shall have concluded.

Mr. FLETCHER. It is quite a serious question, it seems to me, that goes to the root of the whole matter, so far as those of us are concerned who object to it on the ground of its being unconstitutional in our judgment, as to whether there is any difference in passing a bill like this which extends the operations of a statute and, on the other hand, passing an original bill creating the commission and doing the same thing as the original act. In other words, the Supreme Court held that the act was constitutional because of the existence of an emergency at that time under war conditions. Now, we have passed through that emergency undoubtedly. If the proposition came up now as a new and original proposition to pass the original Ball Act with the amendment on it that is carried in the pending bill, would it not be the same thing that is now proposed to amend that act by extending the time for its operations? Is there a difference?

Mr. POINDEXTER. The point which the Senator from Florida makes is exceedingly important and does credit to his acumen as a lawyer. The original act was sustained by the Supreme Court on the ground of the existence, as found by the Congress, of an emergency. That emergency, of course, was

the war. I do not claim that the court laid down the general rule that no such legislation could be enacted in any emergency except the emergency of war, but the fact was that in that case the emergency that existed was the war.

Furthermore, in rendering their decision the Supreme Court laid great emphasis upon the fact that by its own terms the act was to come to an end in two years after its enactment unless it was sooner repealed. That was one of the important elements which entered into its decision. Now, the Senator from Delaware proposes to extend that period of two years, and I do not think it follows at all because the original act was held by the narrow margin of one in a division of the Supreme Court to be within the power of Congress, that Congress should be held to be within its powers in making a further extension of it under the present circumstances.

I now yield to the Senator from Delaware.

#### EXECUTIVE SESSION.

Mr. BALL. Mr. President, I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Delaware for that purpose?

Mr. POINDEXTER. I yield for that purpose.

The PRESIDING OFFICER. The question is on the motion now made by the Senator from Delaware.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 35 minutes spent in executive session the doors were reopened.

#### PROPOSED RECESS.

Mr. LODGE. Mr. President, I move that the Senate take a recess until to-morrow at 12 o'clock.

Mr. POINDEXTER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gerry	Nelson	Smith
Ball	Heflin	Nicholson	Spencer
Brandegge	Jones, Wash.	Oddie	Stanley
Broussard	Kenyon	Overman	Townsend
Caraway	King	Phipps	Wadsworth
Curtis	Lenroot	Poinexter	Warren
Edge	Lodge	Pomerene	Watson, Ga.
Ernst	McKellar	Sheppard	Willis
Fletcher	McNary	Shortridge	

The PRESIDING OFFICER. Thirty-five Senators having answered to their names, there is not a quorum present. The Secretary will call the roll of the absentees.

The Assistant Secretary called the names of the absent Senators, and Mr. CAMERON, Mr. CAPPER, Mr. KEYES, Mr. NEW, Mr. RANDELL, Mr. STANFIELD, and Mr. TRAMMELL answered to their names when called.

Mr. LODGE. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Mr. BURSUM, Mr. CALDER, Mr. STERLING, and Mr. SUTHERLAND entered the Chamber and answered to their names.

The PRESIDING OFFICER. Forty-six Senators having answered to their names, a quorum is not present.

#### ADJOURNMENT.

Mr. LODGE. I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 45 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, August 10, 1921, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate August 9, 1921.*

##### VETERANS' BUREAU.

Charles R. Forbes, of Washington, to be Director of the Veterans' Bureau. (New office, act of Aug. 9, 1921.)

##### TREASURY DEPARTMENT.

##### ASSISTANT APPRAISERS OF MERCHANDISE.

Louis Pfeiffer, of Bedford, Mass., to be assistant appraiser of merchandise in customs collection district No. 4, with headquarters at Boston, Mass., in place of Frederick J. Sullivan.

Thomas P. Harrison, of Allston, Mass., to be assistant appraiser of merchandise in customs collection district No. 4, with headquarters at Boston, Mass., in place of Redmond S. Fitzgerald.



## ASSAYERS IN CHARGE.

William L. Hill, of Helena, Mont., to be assayer in charge of the United States assay office at Helena, Mont., in place of Herbert Goodall.

Thomas G. Hatheway, of Seattle, Wash., to be assayer in charge of the United States assay office at Seattle, Wash., in place of John W. Phillips.

## PUBLIC HEALTH SERVICE.

## PASSED ASSISTANT SURGEONS TO BE SURGEONS.

Francis A. Carmelia, May 19, 1921.

Lionel E. Hooper, May 14, 1921.

Ernest W. Scott, May 15, 1921.

Joseph Bolton, July 26, 1921.

Tully J. Liddell, July 28, 1921.

Walter L. Treadway, July 28, 1921.

## ASSISTANT SURGEONS TO BE PASSED ASSISTANT SURGEONS.

Harry E. Trimble, July 16, 1921.

Anthony A. S. Giordana, July 31, 1921.

Mary V. Ziegler, August 2, 1921.

James E. Faris, August 1, 1921.

## DEPARTMENT OF THE INTERIOR.

## REGISTERS OF THE LAND OFFICE.

John Towles, of Miami, Ariz., to be register of the United States Land Office at Phoenix, Ariz., vice Charles E. Marshall, resigned.

Joshua B. Campbell, of Waukomis, Okla., to be register of the land office at Guthrie, Okla., vice James Y. Callahan, resigned.

Ivan G. Bishop, of Vancouver, Wash., to be register of the United States Land Office at Vancouver, Wash., vice Henry Alexander Porter.

Elgie K. Fritts, of Waterville, Wash., to be register of the land office at Waterville, Wash., vice Benjamin Spear, term expired.

## RECORDER OF THE LAND OFFICE.

Mrs. Mabel P. LeRoy, of Michigan, to be recorder of the general land office, vice Lucius Q. C. Lamar.

## RECEIVERS OF PUBLIC MONEYS.

Mrs. Hattie Jewell Anderson, of Oakland, Calif., to be receiver of public moneys at San Francisco, Calif., vice Mrs. Genevieve D. Reid, failed of confirmation.

Harry K. Lewis, of Halley, Idaho, to be receiver of public moneys at Halley, Idaho, vice William U. Hews, resigned.

## PROMOTIONS IN THE REGULAR ARMY.

## COAST ARTILLERY CORPS.

*To be colonel.*

Lieut. Col. Henry Benjamin Clark, Coast Artillery Corps, from July 18, 1921.

## INFANTRY.

*To be colonel.*

Lieut. Col. George Sherwin Simonds, Infantry, from July 23, 1921.

## APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

## ORDNANCE DEPARTMENT.

Capt. Arthur Burnola Custis, Cavalry, with rank from October 19, 1921.

## CAVALRY.

First Lieut. Claude Weaver Feagin, Quartermaster Corps, with rank from July 1, 1920.

## FIELD ARTILLERY.

Maj. Harry Lumsden Hodges, Cavalry, with rank from July 1, 1920.

## INFANTRY.

Capt. Allan Johnson, Coast Artillery Corps, with rank from July 1, 1920.

## REAPPOINTMENTS IN THE REGULAR ARMY.

## INFANTRY.

*To be first lieutenant with rank from August 1, 1921.*

Everett Samuel Prouty, late first lieutenant, Infantry, Regular Army.

## COAST ARTILLERY CORPS.

*To be first lieutenant with rank from July 29, 1921.*

Wilber Russell Ellis, late second lieutenant, Coast Artillery Corps, Regular Army.

## APPOINTMENTS OF ENLISTED MEN IN THE REGULAR ARMY OR IN THE PHILIPPINE SCOUTS.

*To be second lieutenants with rank from August 3, 1921.*

James Raymond Goodall, Coast Artillery Corps.

John Kenneth Sells, Cavalry.

Douglas Cameron, Cavalry.

Hobert Hayden James, Field Artillery.

Eleutrio Susi Yanga, Philippine Scouts.

Donald Raymond West, Quartermaster Corps.

Edward Lowry Traylor, Infantry.

Robert Thomas Randel, Infantry.

John Barry Peirce, Infantry.

Arthur Jennings Crimes, Infantry.

Walter Duval Webb, jr., Field Artillery.

Ernest Starkey Moon, Air Service.

## APPOINTMENTS IN THE REGULAR ARMY OR IN THE PHILIPPINE SCOUTS.

*To be second lieutenants with rank from August 4, 1921.*

Charles Emmett Cheever, Quartermaster Corps.

Paul Gustav Wehle, Air Service.

Vesper Anderson Schlenker, Field Artillery.

Harry Meyer, Corps of Engineers.

Peter Anthony Feringa, Corps of Engineers.

John Russell Perkins, jr., Field Artillery.

Warren Catlin Hamill, Infantry.

Frederick Hewitt Fox, Corps of Engineers.

Edward Barber, Coast Artillery Corps.

Edward Hall Walter, Corps of Engineers.

David Albert Morris, Corps of Engineers.

Percy Earle Le Sturgeon, Infantry.

Juan Segundo Moran, Philippine Scouts.

Paul Cone Parshley, Corps of Engineers.

Lewis Wellington Call, jr., Coast Artillery Corps.

Richardson Selee, Corps of Engineers.

James Benjamin Ford, Infantry.

Luis Mobo Alba, Philippine Scouts.

Don Waters Mayhue, Field Artillery.

James Wilbur Robinson, Signal Corps.

Carter Jenkins, Corps of Engineers.

Charles Harold Crim, Coast Artillery Corps.

John Harry, Field Artillery.

Harold Oakes Bixby, Coast Artillery Corps.

John Bruce Medaris, Infantry.

Ambrose Lawrence Kerrigan, Coast Artillery Corps.

Charles Ernest McKelvey, Chemical Warfare Service.

Irvin Albert Robinson, Infantry.

George Randall Scithers, Field Artillery.

John Henry Featherston, Coast Artillery Corps.

Paul Massillion McConihe, Infantry.

Ralph Roth Wentz, Ordnance Department.

Daniel Webster Kent, Infantry.

Michael Henry Zwicker, Coast Artillery Corps.

Maurice Gordon Jewett, Field Artillery.

Frederic deLannoy Comfort, Cavalry.

Charles Andrews Jones, jr., Chemical Warfare Service.

Cecil Austin Bryan, Infantry.

William Conrad Jones, Infantry.

George Marion Davis, Infantry.

Hubert Stauffer Miller, Infantry.

Edward Harold Coe, Infantry.

Allan Eugene Smith, Field Artillery.

Robert Dunning Chellis, Infantry.

Daniel Burnett Knight, Infantry.

Paul MacKeen Martin, Cavalry.

Creswell Garrettson Blakeney, Field Artillery.

Alfred Griffin Ashcroft, Ordnance Department.

Louis Jeter Tatom, Signal Corps.

Marshall Keith Berry, Cavalry.

George Wythe Bott, jr., Ordnance Department.

Louis Watkins Prentiss, Field Artillery.

William Edmund Waters, Field Artillery.

Joseph Kennard Bush, Infantry.

Orlando Clarendon Hood, Infantry.

John Oliver Kelly, Coast Artillery Corps.

Bert Nathan Bryan, Infantry.

Harvie Rogers Matthews, Infantry.

Louis Beman Rapp, Cavalry.

Hayward Kendall Kelley, Field Artillery.

Caryl Rawson Hazeltine, Infantry.

James Thorburn Cumberpatch, Air Service.

Edwards Matthews Quigley, Field Artillery.

Kent Roberts Mullikin, Chemical Warfare Service.

James Breakenridge Clearwater, Field Artillery.  
 Noble Crawford Shilt, Infantry.  
 Henry Laurance Ingham, Field Artillery.  
 Joseph Warren Huntress, Quartermaster Corps.  
 Luther Daniel Wallis, Infantry.  
 William Daniel Bradshaw, Field Artillery.  
 John Tipton Lonsdale, Coast Artillery Corps.  
 Wesley Tate Guest, Signal Corps.  
 Edward Charles Engelhardt, Field Artillery.  
 Edgar Daye Upstill, Field Artillery.  
 Duncan Philip Frissell, Infantry.  
 James Baker Dickson, Air Service.  
 Henry Hammond Duval, Coast Artillery Corps.  
 Charles Edward Neagle, Coast Artillery Corps.  
 Leon Valentine Chaplin, Field Artillery.  
 John William Dwyer, Coast Artillery Corps.  
 Alwin Frederick Pitzer, Ordnance Department.  
 Alfred Vepsala, Field Artillery.  
 Robert John Zaumeyer, Ordnance Department.  
 Samuel Howard Davis, Air Service.  
 Joseph Myles Williams, Cavalry.  
 Verne Leon Harris, Coast Artillery Corps.  
 Edmund C. Langmead, Air Service.  
 Carroll Heiney Deltrick, Ordnance Department.  
 Leon Marcellus Grant, Field Artillery.  
 Burton Larrabee Pearce, Field Artillery.  
 Alan Dean Whittaker, jr., Coast Artillery Corps.  
 Lee W. Haney, Infantry.  
 Leon Crescencio Reyna, Ordnance Department.  
 David William Goodrich, Air Service.  
 Franklin Mitchell, Infantry.  
 George William White, Infantry.  
 Arnold Hoyer Rich, Infantry.  
 Philip Fisher Robb, Field Artillery.  
 William Hypes Obenour, Field Artillery.  
 Henry Burt Bosworth, Infantry.  
 Wallace Ellsworth Niles, Infantry.  
 Harvey Thomas Kennedy, Field Artillery.  
 Lewis Edward Weston Lepper, Field Artillery.  
 Ralph Henry Price, Field Artillery.  
 Edward Harris Barr, Field Artillery.  
 Melecio Manuel Santos, Philippine Scouts.  
 James Augustus Whelen, jr., Cavalry.  
 James Roscoe Hamilton, Infantry.  
 Joe Robert Sherr, Signal Corps.  
 Simon Meyer, Infantry.  
 Harold Goodspeede Laub, Coast Artillery Corps.  
 William Uren Gallaher, Field Artillery.  
 Charles Dawson McAllister, Field Artillery.  
 Henry Chester Jones, Infantry.  
 Louis Simelson, Infantry.  
 Frank Weddall Simpson, Coast Artillery Corps.  
 Ernest Vivian McCain, Field Artillery.  
 Christopher William Duffy, Infantry.  
 Charles Irish Preston, Field Artillery.  
 Walter Vinal Reed, Coast Artillery.  
 Edward Albert Banning, Infantry.  
 Richard Franklin Rey, Field Artillery.  
 John Robsin Skeen, Field Artillery.  
 Arthur Benton Campbell, Field Artillery.  
 Keff Dobbs Barnett, Coast Artillery Corps.  
 Albert John Lent, Coast Artillery Corps.  
 Louis Leopold Lesser, Field Artillery.  
 Walter Francis Jennings, Cavalry.  
 Edward Cuyler Applegate, Infantry.  
 Henry Louis Love, Field Artillery.  
 Fay Warren Lee, Field Artillery.  
 Stanley Lane Engle, Infantry.  
 Asa Vern Wilder, Coast Artillery Corps.  
 Clinton Velony Stevens, Field Artillery.  
 Lewis Eugene Snell, Field Artillery.  
 Harold Arthur Doherty, Infantry.  
 Cranford Coleman Bryan Warden, Infantry.  
 Harry Robert Swanson, Infantry.  
 William Dawes Williams, Field Artillery.  
 William Thomas Semmes Roberts, Infantry.  
 McDonald Donegan Weinert, Infantry.  
 Frederick Lake Thomas, Field Artillery.  
 John Walker Childs, Signal Corps.  
 Harold Stevenson, Infantry.  
 Vincent Joseph Tanzalo, Infantry.  
 Carl Emil Hansen, Coast Artillery Corps.  
 Charles Donald Clay, Infantry.  
 Arthur Lee Forbes, jr., Infantry.  
 Russell Shannon Lieurance, Field Artillery.

Wilmar Weston Dewitt, Infantry.  
 Carl Philip Dowell, Field Artillery.  
 Hermas Victor Main, Field Artillery.  
 Gerald Handley Fitzpatrick, Air Service.  
 James Milliken Bevans, Field Artillery.  
 Floyd Raymond Brisack, Field Artillery.  
 Clarence Everett Jackson, Infantry.  
 Edward Joseph Walsh, Infantry.  
 Chester Arthur Carlsten, Infantry.  
 James Thomas Dismuke, Infantry.  
 Karl Vernon Palmer, Infantry.  
 Russell Harold Swartzwelder, Infantry.  
 Hayden Purcell Roberts, Field Artillery.  
 Aaron Grayson Dawson, Infantry.  
 Alan Sydney Rush, Infantry.  
 Thomas Brown Manuel, Infantry.  
 Dayton Talmage Brown, Infantry.  
 Clifford Cleophas Duell, Field Artillery.  
 Harry Lynch, Signal Corps.  
 Thomas Whitfield Ross, Infantry.  
 Lauren Blakely Hitchcock, Field Artillery.  
 Thomas Archer Bottomley, Infantry.  
 Paul Groover, Field Artillery.  
 Henry William Erickson, Infantry.  
 Thomas William Williamson, Infantry.  
 William Orville Collins, Infantry.  
 Frank Thomas Honsinger, Air Service.  
 Harry Craven Dayton, Field Artillery.  
 William Larwill Carr, Field Artillery.  
 Frank Vern Silver, Field Artillery.  
 Russell George Duff, Field Artillery.  
 Raphael Fred Rabold, Air Service.  
 Ross Clyde Brackney, Infantry.  
 Alfred Clement, jr., Air Service.  
 Glenn Ingersoll Molyneaux, Infantry.  
 John Randolph Reilly, Infantry.  
 Roy Prewett Huff, Field Artillery.  
 Harold Robertson Davenport, Infantry.  
 Herbert John Affleck, Infantry.  
 Nicolas Boadilla Dalao, Philippine Scouts.  
 Ray Kerr Easley, Field Artillery.  
 Lawrence August Dietz, Infantry.  
 David Martin Bowes, Infantry.  
 Narcise Lopez Manzano, Philippine Scouts.  
 Rex Leno Brown, Infantry.  
 Paul Hanes Kemmer, Air Service.  
 Elmo Shingle, Infantry.

#### PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Passed Asst. Surg. Acipfar A. Marsteller, for temporary service, to be a passed assistant surgeon in the Navy with the rank of lieutenant, to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Passed Asst. Surg. Thomas L. Carter, of the United States Naval Reserve Force, to be a passed assistant surgeon in the Navy with the rank of lieutenant, to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Loyd Lewis Edmisten, a citizen of Indiana, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade), to rank from July 13, 1921.

Passed Asst. Dental Surg. Ronnie A. Berry, of the United States Naval Reserve Force, to be an assistant dental surgeon in the Navy with the rank of lieutenant (junior grade), to rank from March 1, 1920.

Robert R. Crees, a citizen of California, to be an assistant dental surgeon in the Navy with the rank of lieutenant (junior grade), to rank from July 7, 1921.

Passed Asst. Paymaster Palmer J. McCloskey, for temporary service, to be a passed assistant paymaster in the Navy with the rank of lieutenant, to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Asst. Paymaster Frank P. Delahanty, of the United States Naval Reserve Force, to be an assistant paymaster in the Navy with the rank of lieutenant (junior grade) to rank from July 1, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Passed Asst. Paymaster John Atwell Fields, of the United States Naval Reserve Force, to be a passed assistant paymaster in the Navy with the rank of lieutenant, to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

The following-named assistant paymasters, for temporary service, to be assistant paymasters in the Navy with the rank



of lieutenant (junior grade), to rank from July 1, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Chester B. Peake.  
Clarence E. Kastenbein.  
Ervin R. Brown.

The following-named assistant paymasters of the United States to be assistant paymasters in the Navy with the rank of lieutenant (junior grade), to rank from July 1, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

William R. Calvert. Charles M. Garrison.  
Harry R. Hubbard. Hunter J. Norton.

Assistant Paymaster John Ball, for temporary service, to be an assistant paymaster in the Navy, with the rank of ensign, to rank from June 6, 1919, in accordance with the provisions of the act of Congress approved June 4, 1920.

The following-named ensigns of the United States Naval Reserve Force to be assistant paymasters in the Navy with the rank of ensign, to rank from June 4, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Errett R. Feeney. Melbourne N. Gilbert.  
Philip A. Haas. Nicholas J. Halpine.  
John N. Silke. Edmund T. Stewart.  
Richard L. Whittington. Leslie A. Williams.

Assistant Civil Engineer Edmund B. Keating, of the United States Naval Reserve Force, to be an assistant civil engineer in the Navy, with the rank of lieutenant, to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Assistant Civil Engineer Robert E. Hancock, for temporary service, to be an assistant civil engineer in the Navy, with the rank of lieutenant (junior grade), to rank from July 1, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Raymond D. Reid, a citizen of Nebraska, to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), to rank from July 7, 1921.

The following-named passed assistant paymasters, for temporary service, to be chief pay clerks in the Navy, to rank with but after ensign from the 5th day of August, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Rufus B. Hurst.  
Ransom C. Wall.

The following-named assistant paymasters, for temporary service, to be chief pay clerks in the Navy, to rank with but after ensign from the 5th day of August, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Jesse A. Scott. Clifford W. Waters.  
Howard F. Bowker. Jacob K. Ziesel.

Assistant Paymaster Carl R. Fatzer, for temporary service, to be a chief pay clerk in the Navy, to rank with but after ensign from the 5th day of August, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Passed Assistant Paymaster Frank E. Herbert, United States Naval Reserve Force, to be a chief pay clerk in the Navy, to rank with but after ensign from the 5th day of August, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

The following-named chief pay clerks, for temporary service, to be chief pay clerks in the Navy, to rank with but after ensign from the 5th day of August, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Lewis R. Benson. Theodore P. Witsil.  
John A. Zinsitz. William G. Nicol.

#### POSTMASTERS.

##### INDIANA.

Harold D. Johnson to be postmaster at Milroy, Ind., in place of J. H. Spilman, resigned.

##### IOWA.

Donald G. Gearhart to be postmaster at Washta, Iowa, in place of Ray Hamilton, resigned.

##### MICHIGAN.

Hardie L. Reynolds to be postmaster at Fennville, Mich., in place of G. H. Roblyer, resigned.

Maude G. Cook to be postmaster at Grand Blanc, Mich., in place of J. R. Burrington, resigned. Office became third class January 1, 1921.

Rollo G. Mosher to be postmaster at Wayland, Mich., in place of J. C. Yeakey, resigned.

##### MINNESOTA.

Margaret A. McGinn to be postmaster at Minnesota, Minn., in place of James McGinn, deceased.

##### MONTANA.

George S. Haynes to be postmaster at Judith Gap, Mont., in place of C. L. Beers, deceased.

##### NEW JERSEY.

Charles B. Ogden to be postmaster at Butler, N. J., in place of Jesse Ward. Incumbent's commission expired September 7, 1920.

##### NEW YORK.

Joseph W. Mullins to be postmaster at Fallsburg, N. Y., in place of M. G. Dolan, resigned. Office became third class January 1, 1921.

Joseph P. Fallon to be postmaster at Irvington, N. Y., in place of M. J. Murtha. Incumbent's commission expired February 15, 1920.

##### NORTH CAROLINA.

Felix M. McKay to be postmaster at Duke, N. C., in place of E. S. Yarbrough, resigned.

William M. Liles to be postmaster at Lilesville, N. C., in place of J. D. Kirby, resigned. Office became third class April 1, 1921.

##### OHIO.

John M. Washington to be postmaster at Sabina, Ohio, in place of P. J. Curren, resigned.

##### SOUTH CAROLINA.

Robert L. Plexico to be postmaster at Sharon, S. C., in place of W. B. Caldwell, resigned. Office became third class October 1, 1920.

##### VIRGINIA.

Daisy D. Slaven to be postmaster at Monterey, Va., in place of J. A. Whitelaw. Incumbent's commission expired January 8, 1921.

##### WASHINGTON.

Kathryn Reichert to be postmaster at Orting, Wash., in place of Kathryn Fenton; name changed by marriage.

Howard J. Lonctot to be postmaster at Yacolt, Wash., in place of S. S. Campbell, resigned. Office became third class July 1, 1920.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 9, 1921.*

##### VETERANS' BUREAU.

Charles R. Forbes to be Director of the Veterans' Bureau.

##### POSTMASTERS.

##### KENTUCKY.

Arthur G. Powell, Irvine.  
James M. Wolfenbarger, Ravenna.

##### RHODE ISLAND.

Ralph H. Chapman, Esmond.

##### MICHIGAN.

Sumner Blanchard, Perry.

#### HOUSE OF REPRESENTATIVES.

*Tuesday, August 9, 1921.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, from whom all blessings flow, again we are persuaded that nothing can separate the love of God from us. Breathe upon our spirits and quicken them in righteousness and in charity. Bless us with that freedom that enables us to do our work without strain. Bestow upon us that peace that is independent of earthly conditions and usually follows in the wake of a good conscience. Grant that our lives may blend in accord with those many virtues that stimulate the pure and the upright in heart. In the name of the Man of Galilee. Amen.

The Journal of the proceedings of yesterday was read and approved.

##### APPROPRIATIONS AND EXPENDITURES, INDIAN SERVICE.

The SPEAKER. The unfinished business is the bill (H. R. 7848) authorizing appropriations for the administration of Indian affairs, on which the previous question was ordered, and the question is pending on the passage of the bill. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 7848) authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced the ayes seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 41, noes 3.

Mr. BLANTON. Mr. Speaker, I object to the vote because there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas [Mr. BLANTON] makes the point of order that there is no quorum present. It is clear there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 227, noes 25, answered "present" 3, not voting 175, as follows:

## YEAS—227.

Ackerman	Echols	Kraus	Rhodes
Almon	Elliott	Lanham	Ricketts
Andrews	Evans	Lankford	Riddick
Anthony	Fairchild	Lawrence	Roach
Appleby	Fairfield	Layton	Robertson
Arentz	Faust	Lazaro	Robison
Aswell	Fenn	Lea, Calif.	Rogers
Atkeson	Fish	Leatherwood	Rose
Bacharach	Fisher	Lineberger	Rosenbloom
Beck	Flood	Little	Sanders, Ind.
Begg	Foster	London	Sandlin
Benham	French	Luhning	Schall
Bird	Frothingham	McArthur	Scott, Tenn.
Bixler	Fulmer	McClintic	Sears
Blakeney	Garner	McCormick	Shaw
Bland, Ind.	Garrett, Tenn.	McDuffie	Shreve
Bland, Va.	Garrett, Tex.	McFadden	Sinclair
Bowers	Gensman	McKenzie	Sinnott
Box	Gerner	McLaughlin, Mich.	Smith, Idaho
Brand	Goodykoontz	McLaughlin, Nebr.	Smith, Mich.
Briggs	Gorman	McPherson	Smithwick
Brooks, Pa.	Graham, Ill.	McSwain	Speaks
Browne, Wis.	Greene, Mass.	MacGregor	Sproul
Buchanan	Greene, Vt.	Magee	Stedman
Bulwinkle	Hadley	Mann	Steenerson
Burtness	Hammer	Mapes	Stephens
Burton	Hardy, Colo.	Martin	Strong, Kans.
Butler	Harrison	Michener	Summers, Wash.
Byrnes, S. C.	Haugen	Miller	Swank
Byrns, Tenn.	Hayden	Mills	Sweet
Cable	Herrick	Millsbaugh	Swing
Campbell, Kans.	Hersey	Mondell	Ten Eyck
Campbell, Pa.	Hickey	Moore, Ohio	Tillman
Carter	Hill	Morgan	Timberlake
Chalmers	Himes	Mott	Tincher
Chindblom	Hoch	Nelson, A. P.	Towner
Clague	Hukriede	Newton, Minn.	Treadway
Clouse	Hull	Newton, Mo.	Vare
Cole, Iowa	Hutchinson	Nolan	Vestal
Collier	Ireland	Norton	Vinson
Collins	Jacoway	O'Connor	Voigt
Colton	Jeffers, Nebr.	Padgett	Volk
Connell	Jeffers, Ala.	Park, Ga.	Volstead
Connolly, Pa.	Johnson, Ky.	Patterson, Mo.	Ward, N. C.
Copley	Kahn	Patterson, N. J.	Webster
Coughlin	Keller	Perkins	White, Kans.
Curry	Kelley, Mich.	Petersen	White, Me.
Dale	Kelly, Pa.	Pringley	Wilson
Darrow	Kendall	Purnell	Wingo
Davis, Minn.	Kiess	Quin	Wise
Denison	Kincheloe	Rainey, Ala.	Wood, Ind.
Dowell	King	Raker	Woodruff
Drewry	Kincaid	Ramseyer	Woodyard
Driver	Kissel	Ransley	Wurzbach
Dunbar	Kline, N. Y.	Rayburn	Wyant
Dupré	Kline, Pa.	Reavis	Yates
Dyer	Kopp	Reece	

## NAYS—25.

Beedy	Davis, Tenn.	Moore, Va.	Stegall
Black	Hardy, Tex.	Oliver	Tyson
Blanton	Huddleston	Parks, Ark.	Walsh
Bowling	Jones, Tex.	Parrish	Williams
Cannon	Logan	Rankin	
Connally, Tex.	Lowrey	Sanders, Tex.	
Cooper, Wis.	Mansfield	Sisson	

## ANSWERED "PRESENT"—3.

Griffin	Johnson, Miss.	Montoya
---------	----------------	---------

## NOT VOTING—175.

Anderson	Burroughs	Crowther	Fields
Ansorge	Cantrill	Cullen	Fitzgerald
Bankhead	Carew	Dallinger	Focht
Barbour	Chandler, N. Y.	Deal	Fordney
Barkley	Chandler, Okla.	Dempsey	Frear
Bell	Christopherson	Dickinson	Free
Boies	Clark, Fla.	Dominick	Freeman
Bond	Clarke, N. Y.	Doughton	Fuller
Brennan	Classon	Drane	Funk
Brinson	Cockran	Dunn	Gahn
Britten	Codd	Edmonds	Gallivan
Brooks, Ill.	Cole, Ohio	Ellis	Gilbert
Brown, Tenn.	Cooper, Ohio	Elston	Glynn
Burdick	Crampton	Favrot	Goldsborough
Burke	Crisp	Fess	Gould

Graham, Pa.	Larsen, Ga.	Parker, N. J.	Strong, Pa.
Green, Iowa	Larson, Minn.	Parker, N. Y.	Sullivan
Griest	Lee, Ga.	Perlman	Sumners, Tex.
Hawes	Lee, N. Y.	Peters	Tague
Hawley	Leibach	Porter	Taylor, Ark.
Hays	Linthicum	Pou	Taylor, Colo.
Hicks	Longworth	Radcliffe	Taylor, N. J.
Hogan	Luce	Rainey, Ill.	Taylor, Tenn.
Houghton	Lyon	Reber	Temple
Hudspeth	McLaughlin, Pa.	Reed, N. Y.	Thomas
Humphreys	Madden	Reed, W. Va.	Thompson
Husted	Maloney	Riordan	Tilson
James	Mead	Rodenberg	Tinkham
Johnson, S. Dak.	Merritt	Rossdale	Underhill
Johnson, Wash.	Michaelson	Rouse	Upshaw
Jones, Pa.	Montague	Rucker	Vaile
Kearns	Moore, Ill.	Ryan	Walters
Kennedy	Moore, Ind.	Sabath	Ward, N. Y.
Ketcham	Morin	Sanders, N. Y.	Wason
Kindred	Mudd	Scott, Mich.	Watson
Kirkpatrick	Murphy	Shelton	Weaver
Kitchin	Nelson, J. M.	Siegle	Wheeler
Klecza	O'Brien	Slomp	Williamson
Knight	Ogden	Snell	Winslow
Knutson	Oldfield	Snyder	Woods, Va.
Kreider	Olpp	Stafford	Wright
Kunz	Osborne	Stevenson	Young
Lampert	Overstreet	Stiness	Zihlman
Langley	Paige	Stoll	

So the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. JOHNSON of South Dakota with Mr. KITCHIN.

Mr. PORTER with Mr. RIORDAN.

Mr. FULLER with Mr. KUNZ.

Mr. ELSTON with Mr. DRANE.

Mr. GRAHAM of Pennsylvania with Mr. RUCKER.

Mr. VAILE with Mr. DOMINICK.

Mr. BROOKS of Illinois with Mr. MONTAGUE.

Mr. FREE with Mr. OLDFIELD.

Mr. CHANDLER of Oklahoma with Mr. POY.

Mr. WINSLOW with Mr. RAINEY of Illinois.

Mr. SHELTON with Mr. BELL.

Mr. HAYS with Mr. CAREW.

Mr. MALONEY with Mr. GALLIVAN.

Mr. GRIEST with Mr. HAWES.

Mr. LUCE with Mr. TAGUE.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. REBER with Mr. WOODS of Virginia.

Mr. HOGAN with Mr. TAYLOR of Arkansas.

Mr. PAIGE with Mr. WEAVER.

Mr. OLPP with Mr. DOUGHTON.

Mr. BRENNAN with Mr. SULLIVAN.

Mr. ANDERSON with Mr. OVERSTREET.

Mr. ELLIS with Mr. CRISP.

Mr. HICKS with Mr. BANKHEAD.

Mr. CROWTHER with Mr. FAVROT.

Mr. STINESS with Mr. HUMPHREYS.

Mr. JOHNSON of Washington with Mr. LARSEN of Georgia.

Mr. RADCLIFFE with Mr. MEAD.

Mr. WALTERS with Mr. COCKRAN.

Mr. UNDERHILL with Mr. FIELDS.

Mr. KNUTSON with Mr. KINDRED.

Mr. BURROUGHS with Mr. STEVENSON.

Mr. DUNN with Mr. THOMAS.

Mr. KNIGHT with Mr. SUMMERS of Texas.

Mr. EDMONDS with Mr. DEAL.

Mr. PERLMAN with Mr. O'BRIEN.

Mr. OSBORNE with Mr. CULLEN.

Mr. SIEGEL with Mr. LINTHICUM.

Mr. STRONG of Pennsylvania with Mr. SABATH.

Mr. WASON with Mr. WRIGHT.

Mr. KREIDER with Mr. GOLDSBOROUGH.

Mr. LEHLBACH with Mr. BARKLEY.

Mr. WILLIAMSON with Mr. LYON.

Mr. REED of West Virginia with Mr. HUDSPETH.

Mr. TAYLOR of New Jersey with Mr. TAYLOR of Colorado.

Mr. CHRISTOPHERSON with Mr. STOLL.

Mr. BOIES with Mr. UPSHAW.

Mr. KIRKPATRICK with Mr. BRINSON.

Mr. WHEELER with Mr. CANTRILL.

Mr. FOCHT with Mr. LEE of Georgia.

Mr. FORDNEY with Mr. GILBERT.

The result of the vote was announced as above recorded.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had agreed to the amendment of the House of Representatives to the bill (S. 1811) increasing the rate of interest on farm loan bonds from 5 to 5½ per cent.



The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 916. An act limiting the creation or extension of forest reserves in New Mexico and Arizona;

S. 1894. An act to amend section 26 of an act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs," etc.;

S. 1168. An act to authorize the payment of certain taxes to Stevens and Ferry Counties in the State of Washington, and for other purposes;

S. 154. An act to extend the benefits of the employers' liability act of September 7, 1916, to Arthur E. Rump;

S. 1951. An act for the relief of John Hickson, jr.;

S. J. Res. 88. Joint resolution granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York;

S. 1066. An act to authorize the Commissioners of the District of Columbia to close Piney Branch Road between Seventeenth and Taylor Streets and Sixteenth and Allison Streets NW., rendered useless or unnecessary by reason of the opening and extension of streets called for in the permanent highway plan of the District of Columbia;

S. 255. An act for the consolidation of forest lands within the Gallatin National Forest, and for other purposes; and

S. 1915. An act to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes.

The message also announced that the Senate had agreed to amendments of the House of Representatives to the joint resolution (S. J. Res. 36) authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States.

The message also announced that the Senate had passed the following resolutions:

Senate resolution 128.

*Resolved*, That the Senate has heard with profound sorrow the announcement of the death of Hon. RORER A. JAMES, late a Representative from the State of Virginia.

*Resolved*, That a committee of six Senators be appointed by the Presiding Officer, to join the committee appointed by the House of Representatives, to attend the funeral.

*Resolved*, That the Secretary communicate these resolutions to the House of Representatives.

*Resolved*, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

The message also announced that the Senate had passed with amendments the bill (H. R. 7294) supplemental to the national prohibition act, had requested a conference with the House of Representatives, and had appointed Mr. STERLING, Mr. NELSON, and Mr. OVERMAN as the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6320) to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry products, and eggs, and for other purposes.

The message also announced that the Senate had passed without amendment the following resolution:

House concurrent resolution 26.

*Resolved by the House of Representatives (the Senate concurring)*, That the time for the completion of the investigation by the Joint Commission of Agricultural Inquiry, created by Senate concurrent resolution No. 4, of the present session, and the filing of the report to Congress therein directed to be made, be, and the same is hereby, extended to a date not later than the first Monday in January, 1922.

The message also announced that the Senate had passed without amendment bills of the following titles:

H. R. 7328. An act to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho;

H. R. 7208. An act to extend the time for the construction of a bridge across the Roanoke River in Halifax County, N. C.;

H. R. 6877. An act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming, respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes; and

H. J. Res. 112. Joint resolution authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to employees of the United States Department of Agriculture who died in the war with Germany.

SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 1915. An act to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes; to the Committee on Banking and Currency.

S. 154. An act to extend the benefits of the employers' liability act of September 7, 1916, to Arthur E. Rump; to the Committee on Claims.

S. 1066. An act to authorize the Commissioners of the District of Columbia to close Piney Branch Road between Seventeenth and Taylor Streets and Sixteenth and Allison Streets NW., rendered useless or unnecessary by reason of the opening and extension of streets called for in the permanent highway plan of the District of Columbia; to the Committee on the District of Columbia.

S. 916. An act limiting the creation or extension of forest reserves in New Mexico; to the Committee on the Public Lands.

S. 255. An act for the consolidation of forest lands within the Gallatin National Forest, and for other purposes; to the Committee on the Public Lands.

S. 1951. An act for the relief of John Hickson, jr.; to the Committee on Claims.

S. 1894. An act to amend section 26 of an act entitled "An act making appropriations for the current and contingent expenses of the Bureau of Indian Affairs," etc.; to the Committee on Indian Affairs.

S. 1168. An act to authorize the payment of certain taxes to Stevens and Ferry Counties, in the State of Washington, and for other purposes; to the Committee on Indian Affairs.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that August 6 they had presented to the President of the United States, for his approval, the following bill:

H. R. 6611. An act to establish a veterans' bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act.

MEAT-PACKING INDUSTRY—CONFERENCE REPORT.

Mr. HAUGEN. Mr. Speaker, I call up the conference report on the bill H. R. 6320.

The SPEAKER. The gentleman from Iowa calls up a conference report on a bill, which the Clerk will report.

The conference report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6320) to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, 5, 7, 8, 12, 13, 14, 18, 19, and 20.

That the House recede from its disagreement to the amendments of the Senate numbered 15, 16, and 17, and agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "buying or selling on a commission basis or otherwise" and a comma; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "90 days"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "buying or selling on a commission basis or otherwise" and a comma; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the

matter proposed to be inserted by the Senate amendment insert "buying or selling on a commission basis or otherwise" and a comma; and the Senate agree to the same.

G. N. HAUGEN,  
J. C. McLAUGHLIN,  
C. B. WARD,  
H. M. JACOWAY,  
J. W. RAINEY,

*Managers on the part of the House.*

WM. S. KENYON,  
JOHN B. KENDRICK,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6320) to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendments Nos. 1 and 2: These amendments exclude horses, mules, and goats from the provisions of the bill; and the Senate recedes.

On amendment No. 3: This amendment strikes out of the bill a definition of "commerce" intended to make it clear that Congress is looking at the meat-packing and live-stock industries as a whole, that the evils sought to be remedied are country-wide in their scope, and that Congress intends to exercise, in the bill, the fullest control of packers and stockyards which the Constitution permits; and the Senate recedes.

On amendment No. 4: This amendment strikes out of the bill a provision making it unlawful for a packer to engage in or use any unjustly discriminatory practice or device in interstate or foreign commerce; and the Senate recedes.

On amendment No. 5: This amendment strikes out of the bill a provision making it unlawful for a packer to make or give, in interstate or foreign commerce, any undue or unreasonable preference or advantage to any person or locality; and the Senate recedes.

On amendment No. 6: The House bill defined "stockyard services" so as to include, among other things, services and facilities furnished at a stockyard in connection with the "marketing" in interstate or foreign commerce of live stock. The Senate amendment, while not striking out the word "marketing," added the phrase "buying or selling on a commission basis." The House recedes with an amendment, adding the words "or otherwise" at the end of the Senate amendment, thus making the bill cover all buying and selling, whether or not on a commission basis, as provided in the House bill.

On amendment No. 7: The House bill defined "dealer" to mean any person "engaged in the business of buying or selling in interstate or foreign commerce live stock at a stockyard, either on his own account or as the employee or agent of the vendor or purchaser." The Senate amendment adds at the end of this definition words which merely repeat what was in the House bill; and the Senate recedes.

On amendment No. 8: This amendment adds to the bill a provision that after two years from the passage of the act no packer engaged in interstate or foreign commerce shall own or control or have any interest in any stockyard unless the Secretary of Agriculture determines that such ownership or control of interest "is not in violation of the purposes of this act," or that the packer has been unable, "despite due diligence," to dispose thereof, in which case the Secretary may by order extend the period during which such ownership, control, or interest may continue. The matter is now dealt with more effectively in the consent decree as it relates to the large packing concerns; and the Senate recedes.

On amendment No. 9: The House bill limited the time for filing complaints with the Secretary of Agriculture for alleged grievances suffered at a stockyard to one year after the accrual of the cause of action. The Senate amendment made the time 60 days, and the House recedes with an amendment making it 90 days.

On amendment No. 10: The House bill provided that whenever the Secretary of Agriculture finds that any rate, charge, regulation, or practice of any stockyard owner or market agency, for or in connection with, among other things, the "marketing" in intrastate commerce of live stock, causes any undue or unreasonable advantage, prejudice, or preference, as between persons or localities in intrastate commerce in live stock on

the one hand and interstate or foreign commerce in live stock on the other hand, the Secretary of Agriculture shall prescribe the rate, charge, regulation, or practice to be observed. The Senate amendment, while not striking out the word "marketing," added the words "buying or selling on a commission basis." The House recedes with an amendment adding the words "or otherwise" at the end of the Senate amendment, thus making the bill cover all buying and selling whether or not on a commission basis, as provided in the House bill.

On amendment No. 11: The House bill made it unlawful for any stockyard owner, commission man, or dealer to engage in or use any unfair, unjustly discriminatory, or deceptive practice or device in connection with, among other things, the "marketing" in interstate or foreign commerce at a stockyard of live stock. The Senate amendment, while not striking out the word "marketing," added the words "buying or selling on a commission basis." The House recedes with an amendment adding the words "or otherwise" at the end of the Senate amendment, thus making the bill cover all buying and selling whether or not on a commission basis, as provided in the House bill.

On amendment No. 12: The House bill made applicable to the jurisdiction and powers of the Secretary of Agriculture in enforcing the provisions of the stockyards title of the bill the provisions of the laws relating to the suspending or restraining the enforcement, operation, or execution of or the setting aside of the orders of the Interstate Commerce Commission. The Senate amendment strikes out this provision and in lieu thereof inserts a provision making sections 203 and 204 of this act applicable in enforcing the provisions of the stockyards title; and the Senate recedes.

On amendments Nos. 13 and 14: The House bill in section 401 required every packer, stockyard owner, commission man, and dealer to keep such accounts, records, and memoranda as fully and correctly disclose all transactions involved in his business. The House bill further provided that whenever the Secretary of Agriculture finds that all such transactions are not fully and correctly disclosed, he may prescribe the manner and form in which such accounts, records, and memoranda shall be kept, and that failure to keep such accounts, record, and memoranda in the manner and form prescribed or approved by the Secretary, may be punished by a fine of not more than \$5,000 or imprisonment for not more than three years, or both. The House bill also made applicable to the powers of the Secretary of Agriculture in enforcing this act the powers of the Federal Trade Commission relating to the compelling of reports in writing under oath as to all accounts and other transactions of packers, stockyard owners, commission men, and dealers. The House bill also gave to the Secretary of Agriculture the powers of the Federal Trade Commission relating to the right of examination and copying of the books and records of such persons. Senate amendment No. 13 strikes out provisions of the House bill relating to accounting, and Senate amendment No. 14 inserts a provision which is intended to take the place of the provisions of the House bill relating to accounts, and which provides that every "operator" and packer shall keep such records and statements of account, and make such reports, under oath or otherwise, as the Secretary of Agriculture may require. The amendment further authorizes the Secretary in his discretion to prescribe "uniform systems of accounts and records and require the installation and use thereof by packers and operators." It also authorizes any officer or agent of the Government designated by the Secretary of Agriculture to enter and inspect any place used by any packer or operator in its business and examine any books, papers, records, or correspondence relating to such business. Violations of these provisions is punishable under the Senate amendment by fine of not more than \$5,000 or by imprisonment for not more than three years, or both. The effect of this amendment would have been to relieve from the accounting and penalty provisions of the bill all stockyard owners, market agencies, and dealers, for the term "operator" as used in the Senate amendment is nowhere defined. The amendment also made it difficult to secure conviction of a packer, for the minimum imprisonment was fixed at three years.

Senate amendment No. 13 inserts a provision empowering the Secretary of Agriculture to investigate and ascertain the facts relating to the ownership, production, transportation, manufacture, storage, handling, and distribution of live stock and all products and by-products—other than meat and meat food products—of the slaughtering and meat-packing industry, and made it his duty to compile and furnish to producers, consumers, and distributors information respecting the condition of the live-stock markets and the supply, demand, prices, and other condi-



tions affecting the market. The matter can now be dealt with more effectively under existing laws. The Senate recedes on amendments 13 and 14.

On amendment No. 15: The House bill contained a section providing that "for the purpose of securing effective enforcement of the provisions of this act," the provisions of certain sections of the Federal Trade Commission act should be made applicable to the jurisdiction and powers of the Secretary in enforcing this act. The Senate amendment in lieu of the words above quoted inserts the words "for the effective execution of the provisions of this act, and in order to provide information for the use of Congress"; and the House recedes.

On amendment No. 16: The House bill took away from the Federal Trade Commission its power and jurisdiction in regard to any matter which by the act is made subject to the jurisdiction of the Secretary of Agriculture, except where complaint has been served before the passage of the act. The Senate amendment, while retaining the provisions of the House bill, continues in force the powers of the commission, but only so far as relating to making investigations and reports, and permits these powers to be exercised only on request of the Secretary of Agriculture; and the House recedes.

On amendment No. 17: This amendment adds to the House bill a provision empowering the Secretary of Agriculture to "make such rules, regulations, and orders as may be necessary to carry out the provisions of this act." The House bill did not contain this specific provision, but did make applicable to the jurisdiction and powers of the Secretary of Agriculture in enforcing the act the powers given the Federal Trade Commission by section 6 of the Federal Trade Commission act, one of the provisions of which authorized that commission to make rules and regulations for the enforcement of the act, the two being substantially the same; and the House recedes.

On amendment No. 18: The House bill in section 405 provided "nothing contained in this act, except as otherwise provided herein, shall be construed" to alter, modify, or repeal any of the antitrust laws. The only provision of the House bill to which the clause "except as otherwise provided herein" relates is subdivision (b) of section 406, which takes away from the Federal Trade Commission, among other powers, its powers and jurisdiction given under section 11 of the Clayton Act. The Senate amendment added a provision to the effect that nothing contained in the act shall be construed to repeal any provision of the Sherman Act, "or any act amendatory thereof," thus leaving the bill open to the construction that some portion of it might be construed to repeal such of the antitrust laws as are not "amendatory" of the Sherman Act, and, however construed, adds nothing to what was already in the House bill; and the Senate recedes.

On amendment No. 19: The Senate amendment adds to the bill a provision that if any commission man aids in the enforcement of any rule of a live-stock exchange of which he is a member, which rule is intended to or does prohibit membership in such exchange to a cooperative association of producers acting as a commission firm because of the method of distributing surplus earnings of such association among its members, such action by the commission man shall be deemed an unjust, unreasonable, and discriminating practice. The House bill already made it unlawful for any commission man to engage in or use any unfair, unjustly discriminatory, or deceptive practice or device in connection with the buying or selling in interstate or foreign commerce at a stockyard of live stock, and empowered the Secretary of Agriculture to make an order to cease from violating this provision. The bill further provided in subdivision (f) of section 306 that the provision prohibiting a commission man from refunding or remitting any of his rates or charges should not prevent a cooperative association of producers from bona fide returning to its members on a patronage basis its excess earnings on their live stock, subject to regulations prescribed by the Secretary of Agriculture; and the Senate recedes.

On amendment No. 20: This amendment provides that none of the provisions of the act shall be construed to include or be binding upon a person whose chief business is the raising of live stock or agricultural products, thus apparently excluding the farmer from the benefits afforded him by the act; and the Senate recedes.

G. N. HAUGEN,  
J. C. McLAUGHLIN,  
C. B. WARD,  
H. M. JACOWAY,  
J. W. RAINY,

*Managers on the part of the House.*

The SPEAKER pro tempore (Mr. WALSH). The question is on agreeing to the conference report.

Mr. HAUGEN. Mr. Speaker, the results of the conference on the packer-control legislation is set forth in the printed report and statement. I did not intend to comment on it, but with the wholesale misrepresentation that has been scattered broadcast, while I am aware that little, if any, attention is given to unfounded and uncalled-for statements such as have been made in reference to the bill now before the House, notwithstanding, in view of the misinformation that has gone into the Record, a brief statement of facts seems timely and proper. The subject of packer-control legislation has been under consideration for more than a third of a century, one which has been more vigorously contested than any. It has been bitterly opposed naturally by those affected by the legislation, and its progress has been substantially hindered and obstructed by "supposed" friends. In securing the passage of this bill, as of most other measures, the difficulty has not been so much in overcoming the frank, open, out-and-out opposition which it has encountered as the opposition from the professed friends of effective legislation, as, for instance, that constant plea for delay, for the adoption of amendments designed to weaken, to destroy the bill, and the numerous devices resorted to in delaying and defeating the passage of effective legislation.

H. R. 6320, introduced and reported by me, passed the House by practically a unanimous vote on June 2 and passed the Senate on June 17, but it was not until 40 days later, on July 28, that an agreement was reached in conference. The conference report was agreed to by the Senate August 4 by a vote of 48 ayes and 10 noes.

In another body this bill has been characterized as a packer bill and it has been alleged to contain seven amendments written by an attorney for the meat packers and accepted by the House Committee on Agriculture. A careful reading of the Record discloses no evidence beyond the bare statement of an alleged champion of the people's rights making the charge that seven amendments were written into the bill by an attorney for the meat packers. The professed friend of effective packer-control legislation did not even give any intimation as to what were the amendments to which he referred. He specified only one, which had to do with taking away the jurisdiction of the Federal Trade Commission.

The champion of the people's rights was mistaken about that. Why he did not specify what were the other six amendments I know not. Probably they were not of enough importance. But, inasmuch as no amendments have been written into the bill by any packer or any other interest, it matters not. He was mistaken as to the one specified and it goes without saying that he was mistaken as to all of them. Hence the House bill did not, as stated on page 2680 of the CONGRESSIONAL RECORD of June 16, carry seven amendments which the packers' attorney wrote in the original Haugen bill. If he had taken the pains to inform himself of the facts he would not have made the statement. He would have found that the suggestion giving the jurisdiction to the Secretary of Agriculture was made by many excellent persons and which seemed to be the consensus of opinion of all. If he had turned to Secretary Wallace's statement before the committee, page 234 of the House hearings of May, 1921, he would have found, in response to a request for his opinion as to the question of jurisdiction over the packers, as follows:

Secretary WALLACE. I think the interests of the public will be served if you put all of this thing and all of this control and regulation in the hands of one supervisory body and not distribute it among several.

We have a large number of people who are very well informed, certainly, on agriculture. So that from that standpoint I think it would be wiser to put this matter in the department rather than in the hands of some commission which was not so closely related to agriculture.

Certainly the champion of effective legislation would not contend that Secretary Wallace acted as an attorney for the packers.

On page 77 he would have found a statement of Mr. Atkeson, representing the National Grange, regarding the matter, as follows:

I would call your attention to the fact that my first choice would be a separate commission and my second choice would be the Secretary of Agriculture. Assuming that the Senate passes a bill providing for a special commission, as they did before, and that the House is likely to pass a bill providing for its administration by the Secretary of Agriculture, then, taking that viewpoint, I want to call your attention to one feature of what is commonly known as the Haugen bill: Beginning in section 302, on page 12, as I have studied this bill, I fail to see any reason for introducing two administrative factors or authorities. Maybe I am entirely at sea in regard to the matter, but if I were writing this bill I would substitute for "Interstate Commerce Commission" "Secretary of Agriculture" clear through.



On page 78 Mr. Atkeson says:

If I were suggesting any changes in this bill (Haugen bill) it would simply be that change that the "Secretary of Agriculture" be substituted for the "Interstate Commerce Commission" throughout the bill, beginning with section 302. That is a mere suggestion.

Certainly he would not charge Mr. Atkeson, representing the National Grange, with acting as an attorney for the packers.

If he had turned to the hearings of Monday, January 3, 1921, page 26, he would have found Secretary Meredith's suggestions given in response to a request for his views on the subject of jurisdiction, as follows:

It would be difficult, if not almost impossible, for such a separate agency to utilize to advantage the existing facilities of the Bureau of Markets. In the circumstances it seems to me that it would be in the interest of efficiency and economy to place the activities proposed by the measure within the jurisdiction of this department, to be coordinated with its other activities and to be carried on under the direction of the Secretary of Agriculture. \* \* \*

Thus, I might continue to quote from various others, but I take it that this is sufficient to convince even the biased mind. While the other amendments alleged to have been written in the bill by an attorney for the packers were not specified, I assume that they were amendments enumerated by Mr. Lightfoot, attorney for Wilson & Co., which appear on page 2705 of the CONGRESSIONAL RECORD of June 17. If so, they were amendments suggested by the American Farm Bureau Federation. I refer you to pages 2705-2706 of the CONGRESSIONAL RECORD of June 17, in which Mr. Lightfoot states that the suggestions made by him were in response to Mr. Atkeson's request for the packers' views. The first amendment referred to is the one conferring jurisdiction upon the Secretary of Agriculture instead of the Interstate Commerce Commission over the stockyards, commission men, and traders. This amendment, as I have stated, was suggested to the committee by the present Secretary of Agriculture and his predecessor, by Mr. Atkeson, and also by various other representatives of farm organizations, and was in accord with the Senate bill, which created a live-stock commissioner in the Department of Agriculture and gave him complete authority over the stockyards, commission men, and traders.

Mr. KINCHELOE. Will the gentleman yield?

Mr. HAUGEN. I will.

Mr. KINCHELOE. Is it not a fact that the only amendment of any consequence that the Senate passed, as shown in the conference report, is that, whereas under the original bill as it passed the House in the investigation against packers the power to investigate was lodged simply with the Secretary of Agriculture, the Senate amendment gives the Secretary of Agriculture power in his discretion to call on the Federal Trade Commission every time he desires to do so?

Mr. HAUGEN. That was Senate amendment No. 16, which was adopted. I shall refer to it later.

The next amendment referred to was to amend the definition of the term "live-stock products," so as to remove the objection that the bill subjected to regulation many industries never engaged in the slaughtering of animals, such as tanneries, fertilizer plants, woolen mills, automobile manufactories, and many others using by-products of the packing industry. Mr. Lightfoot's statement does not indicate the nature of the amendment which he proposed to Mr. Atkeson. The only suggestion of which the committee had any knowledge was one proposed by the American Farm Bureau Federation (see p. 481 of the hearings), which proposed to strike out from the bill the definition of "live-stock products" and substitute a definition of the term "meat-food products," which was to be defined to mean "all edible products and by-products of the slaughtering and meat-packing industry." At the same time the farm bureau suggested that the definition of the term "packer" be so amended as to confine packers to those manufacturing or preparing meats or meat-food products for sale or shipment in commerce. While recognizing the justice of the complaint that the definition in the original Haugen bill might be construed to include independent tanneries, fertilizer plants, and other industries using by-products of the packing industry, the committee at once perceived that the adoption of the suggestions of the American Farm Bureau Federation would be to leave outside of all regulation such industries when conducted as subsidiaries of the packing industry. It therefore amended the Haugen bill in such manner as to relieve from regulation these outside industries only when having no affiliation with a packer, but subjecting the packer to complete regulation, no matter what line of business he goes into.

The next amendment which Mr. Lightfoot states was suggested to Mr. Atkeson was to section 207 of the original Haugen bill relating to the accounts of the packers. Section 207 provided that any packer who kept any other or different accounts than those prescribed by the Secretary should be guilty of a criminal offense. Here again the committee had no knowledge

of any amendment suggested by the packers' attorney either to the committee or to Mr. Atkeson, but the committee did receive from the American Farm Bureau Federation (see p. 481 of the hearings) a suggestion to strike out these words and to insert a provision that any packer who fails to keep his accounts "in the manner and form prescribed or approved by the Secretary" shall be guilty of a criminal offense. This suggestion was adopted by the committee and appears as section 401 of the House bill.

The next amendment which Mr. Lightfoot states was suggested by him to Mr. Atkeson was to section 205 (f) of the original Haugen bill, which provided that the findings of the Secretary as to the facts, if supported by evidence, should be conclusive. The suggestion was to insert after the words "supported by" the words "the weight of the."

This suggestion was not made by the packers' attorney to the committee, but the same suggestion was made by the American Farm Bureau Federation (see p. 481 of the hearings), but was not adopted by the committee. It adopted an amendment striking out of the bill all reference to the conclusiveness of findings of fact of the Secretary. In this connection it should be noted that the amendment suggested by the American Farm Bureau Federation appeared in the Senate bill, both as reported to the Senate at this session and as passed by the Senate in the last Congress. (See 66th Cong., S. 3944.) The amendments, in connection with the one referred to relating to the jurisdiction of the Federal Trade Commission, amount to only five in number. What the other two amendments referred to may be I have no knowledge of or means of surmising, but whatever they may be they were not put there as a result of any request made to the committee by any packer or his attorney or any other outside interest.

Another insinuation made was that the subcommittee was carefully selected. The subcommittee consisted of the three authors of the bills then before the committee and were appointed on a motion unanimously adopted by the committee. It is difficult to see what better method of harmonizing the conflicting views of the membership of the committee as to the form this legislation should take than to create a subcommittee composed of the individuals who had already put forward in bill form these views. The statement that the bill framed by the subcommittee was reported by the full committee without change and passed the House without amendment would seem to be the best possible proof that the bill, as passed by the House, was a meritorious measure. The foregoing considerations should convince any fair-minded person that the charges alleged that the committee was very "carefully" selected, that it wrote into the bill seven important suggestions made by an attorney for the packers—radical suggestions—suggestions that completely change the character of the bill as it was first introduced, are absolutely without foundation.

As stated on page 2713 of the CONGRESSIONAL RECORD, after the adoption of certain amendments, the Member preferring the charges voted for the bill. Amendments referred to were as follows: First, No. 13, the adoption of the publicity section of the Senate bill, a provision practically the same as one carried in the Agricultural appropriation bills for a number of years, giving the Secretary ample authority to gather and publish any related information pertaining to marketing and distributing of live stock, meats, fish, animal by-products, and so forth. As the publicity had already been provided for, it did not seem necessary to incorporate it in the bill, certainly not as proposed in this Senate amendment, which, according to the definition of live-stock products as given in the bill, excludes from the investigation and report the meats and meat-food products. (See p. 2, line 5, H. R. 6320.)

The other amendment referred to was the adoption of the provision of the Senate bill for uniform accounting. The amendment No. 13, page 25, strikes out section 401 of the House bill, that whenever the Secretary finds that the accounts, records, and memoranda of any packer, stockyard owner, market agency, or dealer do not fully and correctly disclose all such transactions involved in such business, the Secretary may prescribe the manner and form in which such accounts, records, and memoranda shall be kept. The amendment No. 14 provides that the Secretary may in his discretion prescribe a uniform system of accounts and records and require the installation and use thereof by packers or operators, thus eliminating from the section the stockyard owner, market agency, and dealer, as defined in the bill. While there may be no serious objection to the uniform system of accounts, it seems of much importance that accounts, records, and memoranda of packers, market agencies, stockyard owners, and dealers should fully and correctly disclose all transactions involved in their business. If it is proper and necessary to apply it to one,



I can see no objection to applying it to all; besides, it would be necessary in order to check up the books of the packers. The penalties that may be imposed under the House bill for failure to keep such accounts, records, and memoranda are, upon conviction, not more than \$5,000 or imprisonment not more than three years, or both. In the amendment penalties are, upon conviction, not more than \$5,000 or imprisonment for more than three years, or both. Past experience has proven that excess penalties, such as are provided in the proposed amendment, a minimum fixed at more than three years imprisonment, has made it impossible to convict and has thus rendered the laws ineffective. It goes without saying, if the minimum fines and penalties are made so high that no conviction can be had, the whole structure falls and would fail in its purpose.

The next amendment referred to "the adoption of the provision which makes the Sherman antitrust law applicable to the packers, of which it is claimed that it radically improves the bill." Inasmuch as the provision was already contained in section 405 of the House bill, I am at a loss to know why it is necessary to insert the provision twice and in what respect it radically improves the bill. (See Senate amendment No. 18.)

It would seem that if the bill was worthy of support after the Senate had added 20 amendments, three-fourths of which materially weakened the bill and the remainder of which were immaterial or merely restated what was in the bill before, this would simply indicate the bill as passed by the House was an effective piece of legislation.

In reference to charges made I can only say that it has not been my habit to pay any attention to charges on their face so ridiculous and unfounded, but as the charges made involve the integrity and motives of not only myself as author of the bill but it includes the subcommittee; the membership of the committee and the House; yes, members of a committee in another body, the Secretary and former Secretary of Agriculture, Mr. Wallace and Mr. Meredith, the representatives of farm organizations, such as the American Farm Bureau Federation, the National Grange, and other worthy organizations who have earnestly and persistently labored for the enactment of effective packer control legislation, a brief statement seems timely and proper.

As before stated, the amendments referred to, and which were in part adopted, good or bad, came to the committee from the American Farm Bureau Federation and others. Whether or not they were the product of the farm bureau or the attorney for the packers it matters not, just so the amendments are proper. My knowledge of the representatives of the farm bureau's skill and deep interest in the welfare of all concerned warrants the belief that they drew their own amendments, and had nothing but the best interest of all concerned in view. The bill and modified amendments have been tested. They have been approved by a vote of 48 to 10, or better than 4 to 1, in the Senate and previously by practically a unanimous vote in the House.

As to the Senate amendments, I desire to say the Senate recedes from 13 of its 20 amendments and agrees to modifications of 4 of the amendments, which substantially restore the provisions of the House bill. The House recedes from its disagreement and agrees to three immaterial amendments, practically restating what was already in the bill. The amendments agreed to are Nos. 15, 16, and 17.

Amendment No. 15, section 402, page 27, lines 15 and 16, strikes out the words "for the purpose of securing effective enforcement of the provisions of this act" and inserts in lieu thereof "for the effective execution of the provisions of this act and in order to provide information for the use of Congress." The amendment is harmless, and the House recedes.

Amendment No. 16, section 405, took away from the Federal Trade Commission its power and jurisdiction over the packer and stockyards and gave the Secretary of Agriculture exclusive jurisdiction. The Senate amendment retains the provisions of the House bill and adds a clause to continue in force the power of the commission to make investigations and report, to be exercised only on request of the Secretary of Agriculture. Section 407 of the bill already provides that the Secretary may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person, which deals with the matter more effectively, hence the Senate amendment is unnecessary; it neither adds nor detracts. As it is harmless, the House recedes.

Next, amendment No. 17, page 30. The section 407 "empowers the Secretary to make such rules and regulations and orders as is given the Federal Trade Commission by section 6 of

the Federal Trade Commission act." The Senate amendment adds, on line 11, "make such rules, regulations, and orders as may be necessary to carry out the provisions of this act, and may"; hence it is substantially the same as the House bill, and the House recedes.

The three amendments, Nos. 15, 16, and 17, unlike the other 17 amendments, though they add nothing nor do they strengthen the bill in any particular, are harmless and will do no injury to the bill, so the House recedes on these three.

Amendments Nos. 6, 10, and 11: These amendments insert the words "buying or selling on a commission basis." The effect of these amendments was to take away from the Secretary of Agriculture all power to regulate the practices in relation to buying or selling at the stockyards unless such buying or selling was done on a commission basis. The packers and traders do not buy or sell on a commission basis, therefore the effect of the Senate amendment would have been to leave them entirely outside of all regulation, in so far as related to their buying or selling at a stockyard, thus cutting out one of the most important portions of the bill. The House insisted on and the Senate agreed to an amendment to its amendment making it clear that the Secretary's power relates to all buying or selling, whether on a commission basis or not. This was the effect of the House bill before the insertion of the Senate amendment, for the word "marketing" used in the House bill clearly included all buying or selling, whether or not on a commission basis.

Amendments 1 and 2, page 2, lines 1 and 2, excludes horses, mules, and goats from the bill. Horses, mules, and goats are sold in the stockyards and slaughtered by the packers and are under the meat inspection act. There seems to be no good reason why they should be excluded from the act. The Senate recedes.

Amendment No. 3, page 2, lines 14 and so forth, strikes out the definition of "commerce" intended to make it clear that Congress intended to exercise in the bill the fullest control of packers and stockyards which the Constitution permits. Recent decisions in the Supreme Court show the wisdom of making clear the intention of Congress. The Senate recedes.

Amendment No. 4, page 4, line 20, strikes out of the bill a provision making it unlawful for a packer to engage in or use any unjustly discriminatory practice or device in commerce. The Senate recedes.

Amendment No. 5, page 4, line 22, strikes out a provision making it unlawful for a packer to make or give in commerce any undue or unreasonable preference or advantage to any particular person or locality. It seems proper to make unjustly discriminatory practices unlawful and that for any packer to give in commerce undue or unreasonable practices or advantages should be prohibited. The Senate recedes.

Amendment No. 7, page 14, line 19, subdivision (b): The House bill defines dealers to mean any person engaged in the business of buying or selling in commerce live stock at the stockyard, either on his own account or as the employee or agent of the vendor or purchaser. The Senate amendment adds "and including any packer in his capacity as a buyer or seller of live stock in commerce and any employee or agent of any packer in such capacity"—words which merely repeat what was in the House bill. The Senate recedes.

Amendment No. 8, page 12, line 22: The Senate amendment adds a provision requiring the packers to dispose of their holdings in stockyards. The Senate amendment was totally ineffective to produce any useful results, inasmuch as it placed the prohibition only on the packer, the effect of which would have been to make it possible for the packers to indirectly retain their interest in stockyards by selling their stock to individual stockholders and members of their families. This matter is now dealt with more effectively in the consent decree as it relates to the Big Five. The Senate recedes.

Amendment No. 9 reduces from 1 year to 60 days the period for filing complaints with the Secretary against stockyard owners, commission men, and traders. Inasmuch as the complainant may not know that his cause of action had accrued until after 60 days, and inasmuch as he has, in most States, six years to file a claim under the State law, it would seem that the period fixed by this amendment is too short. The Senate agrees to an amendment to its amendment which gives 90 days for filing complaints with the Secretary.

Amendment No. 12, page 25: The House bill makes applicable to the jurisdiction and powers of the Secretary the provisions of the laws relating to the suspending or restraining the enforcement, operation, or execution or the setting aside of the orders of the Interstate Commerce Commission. The Senate amendment strikes out that provision and in lieu thereof inserts a provision making sections 203 and 204 of this act applicable in

enforcing the provisions of the stockyard title. This amendment of the Senate was entirely inconsistent with all of the rest of the stockyard title and its adoption would have necessitated an entire rewriting of the title, which was beyond the power of the conferees. Furthermore, the adoption of the amendment would have materially weakened the bill. Amendments 13, 14, 15, 16, 17, and 18 I have already discussed. The Senate recedes.

Amendment No. 19, page 31, deals with the live-stock exchanges, which is taken care of on lines 3, 4, 5, 6, 7, and 8, page 17. The Senate recedes.

Amendment No. 20, page 31, excludes all persons whose chief business is the raising of live-stock or agricultural products, which would deprive farmers shipping live stock from all the benefits of the bill, including the right to petition the Secretary on having his damages assessed, which assessment becomes prima facie evidence in an action in the courts and entitles the petitioner to attorney's fees and relieves him from the payment of the cost. The adoption of this amendment would be to deprive the farmers of the greatest advantages given by the bill, and the Senate recedes.

Thus I have made it clear that three of the amendments agreed to, while adding nothing materially to the bill, did it no harm, but that every one of the other 17 amendments materially weakened the bill. In view of this fact, the House will agree with me that the managers on the part of the House acted wisely in insisting upon the Senate receding from its amendments. It is indeed pleasing and gratifying, especially to the members of the Agricultural Committee, who worked arduously, night and day, to promote just, fair, and effective legislation, to know that the bill, if the conference report is agreed to, is substantially the same as reported out of the committee and that it has successfully withstood all efforts in and out of Congress to weaken it.

In conclusion I desire to say the Senate added 20 amendments to the bill. Anybody who has studied the amendments must admit that three-fourths of them, or 15 out of the 20, are unjust, discriminatory, and destructive to the bill; as, for instance, amendments Nos. 1 and 2, which eliminated horses, mules, and goats from the bill. Horses, mules, and goats are bought and sold in the stockyards. They are slaughtered by the packers under the meat inspection acts. Why not make unfair and discriminatory practices in commerce in connection with the marketing and slaughtering of horses, mules, and goats unlawful? Why not give the shipper of horses, mules, and goats the same protection and benefit given the shipper of cattle?

Amendment No. 4: Why not make unjust, discriminatory practices or devices in commerce unlawful as provided in the House bill?

Amendment No. 5: Why not make it unlawful to give in commerce undue, unreasonable preference or advantage to any particular person or locality as provided in the House bill?

Amendments 6, 10, and 11: Why limit the Secretary's jurisdiction over marketing of live stock to that only on a commission basis and thus practically exempt the packers, dealers, and stockyard owners from the provisions of the bill as provided in the Senate amendment?

Amendment No. 9: Why limit the time for filing claims to 60 days, when in many States the statutes of limitation run for six years, as was done in the Senate amendment?

Amendment No. 13: Why exempt commission men, stockyard owners, and traders from requirements to keep such accounts, records, and memoranda as correctly disclose all transactions involved in their business as provided in the Senate amendment? The Secretary will get nowhere by checking up the books of the packer without authority to check up the books of the commission men and traders.

Amendment No. 14: Why apply minimum prison penalty to three years, under which no conviction can be had? Why not apply penalties to the commission men and traders as was done in the House bill?

Amendment No. 20: Why amendment No. 20, which reads, "None of the provisions of this act shall be construed to include or be binding upon a person whose chief business is the raising of live-stock or agricultural products"? I know of no reason why the farmer who ships and sells his live stock at the stockyards, who is discriminated against, who suffers a loss through unjust and discriminatory practices or devices, should not be entitled to the same protection and benefit extended to other shippers. Why should he be thus discriminated against?

What unpardonable sin has the farmer committed that should deprive him of the right to petition the Secretary and have his damages assessed, which assessment becomes prima facie evi-

dence in an action in a court and entitles the petitioner to an attorney fee and relieves him from the payment of costs?

The bill agreed to in conference is, as before stated, substantially the same as it was passed by the House. It was drafted with a view not to destroy but to build up, to promote worthy and legitimate enterprises and activities in connection with the great packing industry. It gives the Secretary of Agriculture complete visitorial, inquisitorial, supervisory, and regulatory power over the packers and stockyards. It extends over every ramification of the packers and stockyard transactions in connection with the packing business. It provides for ample court review. The bill is designed to supervise and regulate and thus safeguard the public and all elements of the packing industry, from the producer to the consumer, without injury or to destroy any unit in it. It is the most far-reaching measure and extends further than any previous law into the regulation of private business—with few exceptions, the war emergency measure and possibly the interstate commerce act.

The friends of this bill, who had to do with the drafting of the bill, believe in just laws and in the honest administration of such laws. In my opinion, we can not afford to be contented with anything else. This legislation is not intended to meet the views of the demagogue or those howling in season and out of season for anything and everything, regardless of justice and property rights, but it is intended to meet the views of those who would proceed in an honorable and dignified manner, in a spirit of fairness and justice to all concerned. It is not legislation to injure or deprive an individual, corporation, or interest of a single dollar or single penny, but legislation that will grant to all an equal right and protection. Oh, that all might take a just pride in our national growth and greatness, in the fact that we are living in an age of marvelous expansion and are moving forward at a mighty pace. We are proud of the fact that industry is moving forward to its normal prosperity and happiness, and that we rank among the most successful and practical people on earth; that all, no matter what their political affiliation, creed, or occupation may be, may, under our laws, receive a common benefit under laws designed to protect the weak, to relieve the distressed, and to uplift humanity. The aim of all should be to give honest and thoughtful consideration to the securing of full benefit of our national resources, the development of mechanical appliances, the skill and genius of American labor, and to see to it that all are given adequate protection against the invasion of unscrupulous and dishonest interests, in order that we may have the full development of all worthy and legitimate enterprises. My friends, that can not be done by demagoguery. It takes wise constructive legislation to accomplish that, legislation in harmony with the views of those who have at heart the best interests of the country. Gentlemen, I thank you. [Applause.]

Mr. Speaker, I yield 10 minutes to the gentleman from Nebraska [Mr. REAVIS]. How much time have I remaining?

The SPEAKER. The gentleman has 20 minutes remaining. The gentleman from Nebraska is recognized for 10 minutes.

Mr. REAVIS. Mr. Speaker, I am not a member of the Committee on Agriculture, and for that reason I think I can speak more becomingly regarding the matter I have in mind than I could otherwise. I think that everyone at all familiar with the legislation of this session must have become more or less impressed with the dominance of the House. The military bill, the naval bill, the peace resolution, the packers' bill, and other legislation indicate very clearly that at this session the House in large measure has had its way. I do not take pride in the abstract proposition of the House having its way unless the way of the House is the right way. We have a rule in the House—and a very proper rule it is—that prohibits discussion of the other body in the Capitol.

I could wish that the other body had a similar rule, or if it has it, that the Members would observe it. All the way through the discussion of this packer bill, whether as a result of the heat or of peevishness I do not know, but constant unpleasant and ugly insinuations have been made with reference to the action of the Agricultural Committee and the action of the House on this measure. It has been openly charged in the other body during the debate on this conference report that this is a packers' bill passed by the House under dictation of the packers. No proof has been offered to substantiate any such charge. One Senator made the statement that seven amendments on the House bill were written by the attorneys for the packers. The only amendment of the seven to which he called attention was an amendment suggested by the Secretary of Agriculture himself. What the other six amendments are nobody knows. There is no suggestion that the amendments were



not proper legislation. There was no complaint or criticism regarding any of these amendments excepting the apparently reckless charge as to their source. Gentlemen, in my opinion anyone who would wrongly leave the people of this Nation under the impression that either one of its legislative bodies would willfully subject itself to the dictation of the packers or of any other special influence is doing not only a positive disservice to the Congress but a positive disservice to the people of the Nation as well. [Applause.] I have taken the floor this morning for the sole purpose of voicing my resentment against such an attitude. The spirit of cooperation must exist between the two legislative bodies if we are to function efficiently, and we can never have the spirit of cooperation when one body without cause, without justification, impugns the motives and reflects upon the integrity of the other. [Applause.]

Mr. HAUGEN. I yield to the gentleman from Minnesota [Mr. SCHALL].

Mr. SCHALL. Mr. Speaker, the stage is set. The scene is laid. The curtain has risen. The first act is about to come off. Many of the Congressmen are home. What is to be done? A little job of murder. Who is to be killed? The Federal Trade Commission. Why? Because they have done their duty honestly and faithfully. Sentence has been passed. It has been O. K'd by the Senate, and it is back here to be O. K'd by the House. No chance to amend it. Our only hope is in the future. In order to be sure that the bill passed it is plastered around with regulations that should go into effect, that should have gone into effect long ago, but that would never have been brought to light had it not been for the courage and industry and integrity of the investigations of this very Federal Trade Commission which certain clauses of this bill now seek to quietly assassinate. Every good provision in the bill has been inspired by the work of the Federal Trade Commission, yet buried deep in this law is the death sentence of that commission, the only legal machinery which has been constructed that has proven itself equipped to meet the industrial problems of to-day in the interest of the public.

This is the first act of a long and ill-conceived tragedy. Next will come the clause in the futures trading bill which will attempt to take from the Federal Trade Commission their jurisdiction over the grain trade. Then the clause in the misbranding bill taking their power away over misbranding, and the clause in the coal bill taking away their power over the coal operators. Then any other criminal industrial combination who feel they need protection from exposure of the truth will bring forth a measure purporting to control and regulate them, while in reality they are trying to avoid a just and well-merited punishment as criminals under the law of the land. The Federal Trade Commission was the first institution ever formed to really accomplish anything along this line, the first obstacle that ever raised itself in the path of the packers. Constituents write, "Get after the packers. Get after the coal combine." But there was no way to get after them without evidence of overt acts, and the socialists have seized upon this apparent governmental impotence as an objective with which they are converting thousands to the idea that the Government should take over and own these immense private combinations. If we do not do something soon to get visible results and show that we are the Government, that creed will continue to grow.

We have the Clayton Act, the Sherman Act, and others, but while there have been suspicions and rumors never before had the facts been made certain and usable. Never before had there been competent evidence legal to go before a court. The Federal Trade Commission was organized September 26, 1914, with power by one means or another under the law to go into records, to get evidence, wherever that evidence could be found, to prove the things the country knew were going on. The men appointed went fearlessly ahead and did their duty and secured evidence sufficient to convict criminally of violation of law.

Everybody knew there was collusion and combination in restraint of trade, but heretofore there was no machinery to collect competent evidence. The commission found out and told the truth not only about the packers but about coal and oil and shoe and wool and other illegal combinations. They found that the packers controlled 762 individual and separate corporations, engaged in different industries, to say nothing of lesser interests in hundreds of others.

The Attorney General admitted that the Federal Trade Commission had collected evidence sufficient to convict the packers, but instead of starting proceedings he eased matters for the packers by stipulating a compromise, entitled a consent decree. The packers admitted suppliantly and unctuously that they were

caught with the goods. They were only too glad to come in under this consent decree, whereby, with great newspaper flourish of magnanimity they voluntarily gave up a few of their iniquities in lieu of being prosecuted, and the public was hoodwinked through newspaper reference to their rights being protected in the decree. In reality their magnanimity consisted in pretending to forsake 10 classifications, still leaving them 752 over which they have complete control as yet. In these 10 they can still own 49 per cent of stock, and if they do not like to abide by 49 per cent they can organize another similar corporation over which there would be no restraint.

Their control of banking facilities is not mentioned, and through banks they can still hold absolute control by having some director of the bank sit with directors of the corporation, ostensibly to protect their financial interests, and thus continue the monopoly and hold in the palm of their hand the consumer and producer.

Now comes the word that they are modifying the consent decree. If the truth were known this agreement has already been completed whereby the consent decree will be modified to suit the packers. It is not desirable that the public shall know anything about this until after this measure becomes a law. Again and again, when amendments were suggested, we were informed that the point was taken care of by the consent decree. The very basis and framework of the bill was built on the existence of this consent decree, which, even at this moment I believe, arrangements are being made to set aside, in part. What part I do not know, but it is safe to predict that it is the part that is pricking them hardest on which they are at work. I have wondered at the apathy, all during the history of this bill, among the champions of the packers. They were not fighting it. When all is over and the truth is known I surmise it will be seen that the bill is satisfactory to the packers. It ought to be. One of their own attorneys wrote in the bill in his own handwriting amendments, seven of which have been adopted, among them the one dealing death to the Federal Trade Commission. This bill is a great coup for the packers. They hate the Federal Trade Commission, as any criminal hates his accuser.

To get rid of its power over them they will agree to anything; make any concession. They can attend to future involvements later. Not being able to buy off or stop it, since the men on the commission "neither beg nor fear your favors nor your hate," they undertake to destroy the power given them by law. Here we had the law, the machinery, and men with the courage to use them. Now the chief interest of the men implicated is to nullify the law so that no one will take action, to emasculate the commission so that it will rust out, fall into disuse, because they secured the evidence they were created to secure, because they have been efficient and done what they were organized to do. They are dangerous to crooked big business. They will educate the people if they are allowed to go free and untrammelled, these courageous men, who did their duty regardless of the power and pressure brought to bear upon them.

The Federal Trade Commission has proved its right to our confidence, in spite of the attacks upon it by its enemies, in their efforts to abolish, or at least curtail, its powers. Its members are able and fearless and honest, and if left undisturbed in their function will prove an effective check to the all-absorbing power of the great financial trusts, who do not like the light which the Federal Trade Commission causes to shine into their darkest corners. This commission unearthed the facts about the food profiteers and, in consequence, drew down upon themselves the deadly hatred of those powerful concerns, who will not rest till they have taken away every bit of effective power the commission has, and will use every resource at their command, every avenue of publicity open to them to discredit in the minds of the American people, this our one hope of handling these all-powerful institutions. They dare not come out openly and advocate the repeal of the Federal Trade Commission act on account that public opinion might ask why, and that might involve technical explanation. Public opinion, notoriety, publicity, is the one thing these profiteers fear, because this opinion directly reacts upon their public men.

The Federal Trade Commission furnished this publicity, therefore it must go. Upon it they vomit forth calumny and infamy to destroy the influence of these brave men fighting for the people and keep the truth they have gathered from reaching the ears of the public. They will not give up until they have robbed of power or had time to change the complexion of the commission. They view with horror the prospect of their real actions being disclosed, laid before a court.

When election time comes you will see men out talking apparently in the interests of the plain people, but the packers will be furnishing the money. They will call attention to the



men who have dared vote against the "packer control bill," and they will point out all the splendid talking points of it, but they will never mention that deep down in this bill is the clause of murder of the very commission that made these splendid provisions a possibility. Men are intimidated from doing their duty lest they be covered with obloquy by unscrupulous hirelings of press and platform. The acutest intellects of the land and all the money that is needed are subsidized to put honest men in the hole. They do not want men around that believe in telling the people. Many and many an honest man, and many and many a timid man will vote for this bill because on its face it is what it should be. If the bill were honestly meant, would not it be fair, and good sense and justice to leave back of the Secretary of Agriculture the power of the Federal Trade Commission, which has been the packers' downfall?

Of course, if it is the packers that are to be considered, that is the thing to do. Kill the Federal Trade Commission. They want to be rid of the men who have exposed them. They want to leave to the Secretary of Agriculture the power to do, but no evidence to do with. They have to make a showing of playing square, which irks them, unless they can get rid of the Federal Trade Commission and its evidence. This body's only business is to investigate these crooked concerns and show up to the people what they have been doing and give to the court evidence on which to convict.

It seems to me utter folly for Congress to give up this faithful agent for the investigation of these crooked concerns. Any Member of the House can now introduce resolutions for investigation, and if he secures a majority of this body, can order the Federal Trade Commission to make such investigation and furnish its report to the House. This investigation is evidence in court. Any Member of the Senate can do likewise. The President, upon his own initiative can so order them. Why so anxious to get rid of the means of securing the facts against these monsters who are crushing the lifeblood out of the Nation? We should keep every arm of investigation we have as a safety measure and not delegate our power out of the immediate reach of the people. But what has this bill done with that power? Transferred it to a new man, the Secretary of Agriculture, already loaded down with the other duties of his department. Why turn it over to a new man, whose tenure of office is so short; he will be out before anything is accomplished. Whatever he may be, he is better for the packers than what is, which means criminal conviction. He has to start in all over and form anew the machine that is already in such efficient running order in the hands of the Federal Trade Commission. Why not keep a thing that is doing business?

We will be in fine shape to go before the country and have our opponents point out that the Republican Party killed the one thing that efficiently and truthfully worked for the interests of the people. Talk about bolshevists; that is the way to make them. Perhaps the packers think that they can get rid of the past. Once bitten, they may learn how to successfully hide secret files. In their long years of immunity they grew so bold that they kept their files, with all their damning evidence, right out in their offices, feeling sure that, as in the past, they could control, intimidate, and dominate anyone whose duty it might be to look them over.

It took the Federal Trade Commission six years to accomplish its work on the packers. Even should the Secretary of Agriculture bring to the attack the vim of the commission, the packers need not worry for six years more. Why take away the power from the Federal Trade Commission? Why not add to what we have, but keep what we know? On the face of it, the Secretary of Agriculture is given certain powers he can use. The bill may do good, but it is trading off something we have and allowing a proven guilty corporation to get away under the law from the competent evidence of the hearings. They do not care what law is passed for the future. They will try to take care there will be no tangible and accessible evidence.

A new law can not be retroactive, and you knock out all the work the Federal Trade Commission has done. No wonder that there is some color to the claim that is voiced that the packers are the Government. They are certainly mighty well taken care of in this bill.

But, in my opinion, it is not the packers we want represented so faithfully. It is the duty we, as public officers, owe the people that is paramount to all others. The people want justice, they want what is theirs, and they want others to have what is theirs; but they as American citizens do not believe that their property and their lives should be confiscated by these great

combinations of money power, these trusts, these monopolies, who control mines, mills, forests, fisheries, food products of the world and the highways of traffic over which they are carried. There is little wonder at the accusation that Representatives, interstate commissioners, have been too often in the past their blinded dupes, helpless foes, or salaried, subservient tools. Their contempt for the law was as open as it was cynical. Judges too often have been their pawns, the executive powers of the mighty commonwealth their vassals, and governors of States their servants in livery.

On the wings of steam and with the voice of electricity they rallied their disciplined forces for aggression or defense as speedily as the devil in the ancient legend showed to Jesus all the kingdoms of the earth in a moment of time. But the evidence adduced by the Federal Trade Commission has bowed their crest, and they began to see their days of arrogance were numbered unless they can circumvent the commission. Though the packers are sinners above all Israel, the incorporated street car lines, transfer companies, water, gas and electric light combinations, land, cattle, and coal, lumber, telegraph and telephone companies, match and oil trusts, are equally ready for an act of injustice which may advance their interests or increase their dividends.

The commission has proven a pretty faithful watchdog to keep them from trespassing, for the ban of the law only serves to render them reticent as to their whereabouts and purposes, but affects their power for evil about as much as a leaden bullet does the vitality of a ghost, unless we produce evidence, and the Federal Trade Commission did produce that evidence.

The extent to which not only the political but the individual life is sequestered by the influence of combination power is but faintly appreciated.

For a bribe of a penny less upon a bunch of matches or a gallon of gasoline or a cigar or a pound of beefsteak, the short-sighted, unthinking public can be purchased to assist the old foe as against any new friend until from lack of support on the part of those to whom it has a natural right to turn and expect aid, the crippled and unfriended enterprise must sell out, join the opposition, or go down in ruin. It is only by fair and open competition that the equal, inalienable rights of the producer and consumer can be maintained.

Such combination power by the number and intricacy of its combination has strangled in America everything worthy the name of competition. By its immense resources and capital, great cold-storage plants, complete monopoly of refrigerator cars, and unfair rebates it has destroyed the law of supply and demand. To-day there is, from the Mississippi to the seaboard, practically but one freight line. Substantially there is but one telephone company, one oil, one match, one coal company, one telegraph company. Five packing companies, which are one great combination, not only fix the price of every ox and every pound of steak in the United States but have treated with a contempt that goes unpunished the gravest lawmaking power of the land, jeered at the helpless rage of Congressmen whose authority they flouted and whose loyal attempt at their legal restraint they despised. Why now rob ourselves of the agency that can supply the evidence which under the laws already passed will convict and thereby furnish the long-sought control? As a result of their machinations we have the wonderful spectacle of cattle raised and sold at an actual loss by the farmer and ranchmen, while beef in our great cities is as dear as when a greenback dollar was worth 20 cents. The Federal Trade Commission has shown them up for what they are, how rules are adopted for the government of employees, schemes are developed for the forcing up of prices and the forcing down of wages, the crushing of competitors, the manipulation of legislatures, and the evasion or defiance of statutes, which no person, individually responsible to the State or to the public reprobation would ever dream of attempting. No matter how vigorous the action, how unjust the demand, how oppressive or dangerous to the community, nobody is personally responsible. Each actor in the enforcement of the relentless, conscienceless order, from the president down to the office boy, is only a servant of the combination, whose duty it is to see that the behest of this invisible, unconvictable, irresistible tyrant is obeyed.

What matter if rest and food and proper shelter be denied the weary laborer? He enters into their computation exactly on a level with so many tons of iron, thousands of feet of lumber, cords of stone, cubic yards of earth, or bales of cotton. When he is worn out there is the poor farm, the potters' field, the pickling vat at the medical school. He is used up. He is so much human junk. Sympathy, interest, brotherly love, men may have to or for one another, but combinations of this sort



have nothing to do with these things. In fact, one of the advantages of a combination existence along all lines of business is that it can be run without sentiment.

What matter if women do starve and freeze and helpless babes moan out their lives in misery? Let the law still continue to give to the poor wretch who filches a pound of beef-steak or an apronful of coal 90 days in the workhouse. Food and fuel must not be stolen, even at the relentless behest of motherhood, from the respectable citizen who by his interest in a great beef trust or coal combination takes illegally money, comfort, health, and life from the weak and defenseless, that he may add to his millions and increase the inventory of his luxuries.

What matter if you and I and all of us put on the garments that clothe us, eat the food that sustains us, do the work that comes to us, and if demand be made, lie down and be crushed into nothingness at the command of these grasping, gory juggernauts, so that their garments be of purple and fine linen, their food sumptuous and well flavored, their homes rich with uncounted spoil, and the wheels of their imperial cars be kept from contact with this too, too common earth? Nothing? Let the czar do what he will with his own. Is there no law for the emperor?

But we have laws, passed by Republican Congresses, the Sherman antitrust law, the Clayton Act, and others, to prohibit and punish just such acts as enumerated above—to send to prison just such commercial tyrants. But we have lacked evidence competent in court to convict. We have the Federal Trade Commission erected by Congress for the very purpose of securing evidence as above enumerated to convict them under the law as criminals for such practices, which evidence under the law is made competent in any court. The Federal Trade Commission has done its duty faithfully and loyally and has produced such evidence, and we now have such evidence, and by using it can set these people behind the bars where they belong; and these very control acts that are now before this body of the different unfair trade industries have been forced by public opinion through the evidence that the Federal Trade Commission produced. And now into these very controlling acts are being injected, as has already been done in the packer bill, the insidious drops of poison that are to eat out the life of the instrumentality that has brought them to taw. Section 405 and Article B of section 406 in this bill is the decree of death. What the numbers will be in the other bills remain to be seen. If the Members of this House knew and understood the significance of these venomous sections, they would not have stood for them. And I believe that when they come to understand they will rise up in their might against such pandering to great criminals. It must not be, it can not be, that the people's representatives will allow it to go unchallenged. If such things can be, then we are adding fuel to the anarchistic fire, already glaring too balefully in this country.

I do not know whether there is any way to get at sections 405 and 406, but some one here with parliamentary experience enough ought to do it. I do not believe the Members of this House know what is in those sections. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. SCHALL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. SCHALL. Under leave granted me to extend my remarks, I wish to insert in the Record the following letter from Sam Gompers, a clipping from the Washington Herald, and a circular letter from farm, labor, and women's organizations.

Sam Gompers, president of the American Federation of Labor, wrote the following to the members of the conference committee:

Permit me, in the name of 4,500,000 members of the American Federation of Labor, to protest against the passage of H. R. 6320, now in conference. "An act to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes."

A most serious objection to the bill is the provision that the Federal Trade Commission shall have no power or jurisdiction whatever over the packing industry. Its jurisdiction, powers, and duties are delegated to the Secretary of Agriculture. The proposed law is not only unwarranted and unjust but unfair to the people of our country. The organic act creating the Federal Trade Commission defines its powers and duties as follows:

"That unfair methods of competition in commerce is hereby declared unlawful. The commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks and common carriers subject to the acts to regulate commerce, from using unfair methods of competition in commerce."

Prohibiting the Federal Trade Commission from investigating the unfair methods of competition in commerce of the meat packers could only mean that the bill is intended to permit the meat packers to use such unfair methods. It is past understanding that the Congress of the United States would go so far as to make the meat-packing industry immune from such investigation. No other construction can be placed upon H. R. 6320.

The Federal Trade Commission has proved its value in the many investigations that it has made. It has been found that its findings can not be influenced and that its work is in the interest of all the people instead of a few. Why should Congress pick out the meat-packing industry for immunity from a fair and impartial investigation of its methods? When the Federal Trade Commission makes an investigation of an industry, its report is given to Congress. The Secretary of Agriculture under H. R. 6320 is given autocratic power. He is answerable to no authority other than to the courts when the packers appeal from his decisions.

While not at this time giving approval to other parts of the bill, I make most earnest protest to the conferees having in charge H. R. 6320 and urge that the sections of the bill which give to the Secretary of Agriculture all the powers, jurisdiction, and duties of the Federal Trade Commission be retained.

Very truly, yours,

SAM GOMPERS.

The Washington Herald, August 5, says, in part:

FEDERAL TRADE BODY'S END SEEN IN SENATE MOVE—APPROVAL OF PACKER BILL HELD FIRST STEP IN ITS ABOLITION.

What is regarded as the first successful blow in an alleged campaign to abolish the Federal Trade Commission has been struck by the Senate in adopting the conference report on the packer control bill. The measure now awaits final approval by the House before it goes to President Harding for his signature and becomes law.

The measure, as approved by the Senate yesterday, would give to the Secretary of Agriculture the power to establish machinery in his department similar to that already established by the Federal Trade Commission act for regulation of packing practices.

#### PACKERS OLD ENEMIES.

It is believed here that under the new law, after it is finally passed, the packers, in case of adverse decisions by the Federal Trade Commission, will seek to reopen those cases before the Secretary of Agriculture, and in pending cases will seek to have the hearings transferred from the commission to the body that will be established in the Department of Agriculture to carry on similar work. The fight of the packers against the Federal Trade Commission is an old and bitter one. Just what effect final enactment of the packer control bill into law will have on the whole packer fight is being watched with great interest by both private individuals and those elements of the public who have been involved in past struggles over this problem.

JOINT LETTER FROM FARM, LABOR, AND WOMEN'S ORGANIZATIONS CONCERNING PACKER-CONTROL LEGISLATION.

WASHINGTON, D. C., July 8, 1921.

To the Members of the House and Senate:

The organization we represent have been trying earnestly for nearly three years to secure packer-control legislation. The object of this letter is to protest against the kind of legislation that Congress appears to be about to enact. The bill, both as it passed the House and as it was amended by the Senate, is unsatisfactory.

We wish to advise the Members of both Houses that we are unalterably opposed to any legislation that curtails or interferes with the powers of the Federal Trade Commission. Particularly we oppose any legislation taking the packers out from under the jurisdiction of the Federal Trade Commission, as this bill does.

When the packers found that their long fight to prevent legislation could not succeed, they sought to control the form the legislation should take. Though beaten, they yielded in such a way as to secure important compromises from the House committee, especially in releasing them from the Federal Trade Commission act. Our organizations are not disposed to compromise, certainly not on such a vital issue as the Federal Trade Commission.

It seems clear that the packers want to abolish the commission so far as its jurisdiction over any of their companies is concerned. The organizations which we represent are firm, on the contrary, in the conviction that the commission's jurisdiction over the packers should not be impaired. If the commission is not made the agent to administer the act, it ought at least to be left with unimpaired powers. This would enable it to continue many of its proper functions without conflicting in any way with the activities of the Secretary of Agriculture under this act.

A few instances of the work of the Federal Trade Commission are found in its investigations and reports on the coal industry, the petroleum industry, the leather and shoes industries. We also cite its investigations of the causes of the high price of farm implements, showing restraints of trade in that industry; its investigations of lumber, showing combinations there to fix prices and curtail production in order to maintain prices; its investigations of the wholesale marketing of foods, showing the waste in our systems of distribution of perishable food; its report on wheat-four milling; and its exhaustive report on the grain trade.

The commission's investigation of the packers was one of the most thoroughgoing and fearless investigations ever carried through by the Federal Government. That is why we are for the commission and why the packers and the large monopolistic interests of this country are against it.

This is not an eleventh-hour presentation of the matter. Again and again our respective organizations have made clear to the committees of Congress our position on these bills, and particularly our attitude toward the Federal Trade Commission.

The packers and other interests are trying to get rid of the commission and destroy it piecemeal. We call upon every Member of Congress, who has the interest of the public at heart, to support the commission in this crisis, to refuse his vote to any such project of its enemies, and to insist on effective packer control.

We therefore most earnestly request that a concurrent resolution be passed by both Houses instructing the conferees to restore to the Federal Trade Commission its jurisdiction over the meat-packing industry.

To accomplish the above it appears necessary to strike out of the bill (H. R. 6320), as amended, all of section 405, paragraph (b) of section 406, and Senate amendment 18 in section 408, and to insert

at the end of the bill in lieu of the above provisions a section preserving unqualifiedly the Federal Trade Commission act. (See draft attached.) Respectfully submitted.

Mrs. Edward P. Costigan, National League of Women Voters; Mrs. Dorothy Kirchwey Brown, National Consumers' League; T. C. Atkeson, representative of National Grange; Herbert F. Baker, the Farmers' National Council; Benjamin C. Marsh, executive secretary, the Peoples' Reconstruction League; Noyes Matteson, president, American Society of Equity; C. S. Barrett, chairman, National Board of Farm Organizations and president National Farmers' Union; Maurice McAuliffe, president, Kansas Farmers' Union; John A. McSparran, master, Pennsylvania State Grange; Charles W. Holman, acting secretary, the National Milk Producers' Federation; J. H. Kimble, legislative agent, Farmers' National Congress; Charles A. Lyman, secretary, National Board of Farm Organizations; E. C. Pommerening, president, Wisconsin Society of Equity; H. E. Wills, A. C. C. E. and national legislative representative, Brotherhood of Locomotive Engineers; C. J. McNamara, vice president and national legislative representative, Brotherhood of Locomotive Firemen and Engineers; W. M. Clark, vice president and national legislative representative, Order of Railroad Conductors; W. M. Doak, vice president and national legislative representative, Brotherhood of Railroad Trainmen.

Mr. HAUGEN. Mr. Speaker, I yield five minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, the adoption of this conference report will mark a triumph for sound, sane, sensible, constructive legislation. The gentleman from Kansas [Mr. TINCER] just called attention to the fact that for 30 years there has been agitation for public regulation of the packing industry. He reminded us of the fact that during that period legislation has been rendered impossible by the extreme attitude of two groups—those who opposed any regulation whatever and those who insisted upon legislation so radical that it did not command the support of sane, sensible, reasonable legislators. The House of Representatives has performed a great service in fixing and determining the character of this legislation. The Committee on Agriculture in the House has in reporting this bill and piloting it to enactment proven to the House and to the country that it is composed of sound, sane, sensible men, who understand the problems before them and have the courage to meet them—to meet them fairly, equitably, and to solve them wisely. This legislation will not put the packers out of business, for, notwithstanding the sins they have been guilty of, they have performed and they must continue to perform a highly important public service. On the other hand the bill does place in the hands of the Secretary of Agriculture sufficient authority to so regulate the packing industry as to prevent abuses from which the people have suffered in the past without injury to legitimate business. This bill provides a sane, sensible regulation of a great industry. We are fortunate that after all of these years of agitation, after all of the efforts that have been made by those who have taken an extreme and radical position in the matter, the Congress is finally about to place upon the statute books a piece of legislation which can be defended as sane and reasonable. The measure, while establishing that control and supervision which are essential to the public interest, does not vest power to injure the legitimate pursuit of a great industry and through that injury to bring harm to the live-stock industry and the public at large. [Applause.]

The gentleman from Nebraska [Mr. REAVIS] has called attention to the controlling influence the House has had in determining the character of this legislation. The view of the House has prevailed because it is the reasonable view, fair alike to the live-stock industry, the packing industry, and the general public. Such a view and position, steadily and resolutely adhered to, is bound to win in the long run because it commands confidence and support.

The SPEAKER. The time of the gentleman from Wyoming has expired.

Mr. HAUGEN. Mr. Speaker, I move the adoption of the conference report.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

On motion of Mr. HAUGEN, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

#### IMPORTATION OF DYES.

Mr. LONGWORTH. Mr. Speaker, by direction of the Committee on Ways and Means, I submit herewith a privileged report to accompany the bill (H. R. 8107) to control the importation of dyes and chemicals.

The SPEAKER. The gentleman from Ohio presents a privileged report, to accompany the bill H. R. 8107, which will be referred to the Union Calendar.

Mr. MANN. Mr. Speaker, I reserve all points of order.

The SPEAKER. The gentleman from Illinois reserves all points of order.

#### CORPS OF CADETS, UNITED STATES MILITARY ACADEMY.

Mr. KAHN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of taking up the bill (S. 1358) to provide for maintaining a Corps of Cadets at the United States Military Academy, and so forth.

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. Under what rule does the gentleman from California offer this motion?

Mr. KAHN. Under a rule which was passed by the House some weeks ago making four bills, including this one from the Committee on Military Affairs, in order.

Mr. WALSH. Mr. Speaker, a further inquiry. Does that rule permit the taking up of one measure before the consideration of the other measures taken up under the rule has been completed?

Mr. KAHN. Well, the three bills referred to in the rule have already been considered by the House, and this is the only one that is left out of the four mentioned in the rule.

Mr. WALSH. And consideration has been completed on all the others?

Mr. KAHN. Yes, sir.

The SPEAKER. The gentleman from California moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1358.

Mr. KAHN. And, pending that, I ask unanimous consent that general debate on the bill be limited to two hours, one hour to be controlled by the gentleman from Texas [Mr. GARRETT] and one hour by myself.

The SPEAKER. The gentleman from California asks unanimous consent that general debate be limited to two hours, one hour to be controlled by himself and one hour by the gentleman from Texas [Mr. GARRETT]. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from California, what about those who are against this bill? I understand both gentlemen are for it.

Mr. KAHN. No; the gentleman from Texas [Mr. GARRETT] stated to the House a week ago that he was opposed to it.

Mr. BLANTON. This is an important measure. Is the gentleman willing to give more general debate?

Mr. KAHN. I think general debate can be finished within that time.

Mr. BLANTON. There is a good deal of opposition to the bill.

Mr. KAHN. I understand.

Mr. BLANTON. Will not the gentleman give us an hour and a half to a side?

Mr. KAHN. Well, I think an hour of general debate on a side can bring out all the opposition that there may be against it.

Mr. BLANTON. This is a very important measure, Mr. Speaker—

Mr. KAHN. I think so.

Mr. GARRETT of Texas. I shall be forced to object to the two hours. If the gentleman will ask a little more time—

Mr. KAHN. Mr. Speaker, I ask the Chair to put the question and I will see whether I can arrange for the closing of general debate later on.

Mr. BLANTON. Mr. Speaker, I object.

The SPEAKER. The Chair understands the gentleman from California to withdraw his request?

Mr. KAHN. Yes.

The SPEAKER. The question is on the motion of the gentleman that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1358.

The question was taken, and the Speaker announced the ayes seemed to have it.

On a division (demanded by Mr. BLANTON) there were—ayes 96, noes 4.

Mr. BLANTON. Mr. Speaker, I object to the vote because there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. It is clear there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.



The question was taken; and there were—yeas 182, nays 70, answered "present" 1, not voting 177, as follows:

## YEAS—182.

Ackerman	French	Little	Robison
Anderson	Frothingham	Logan	Rogers
Appleby	Gerner	Longworth	Rose
Arentz	Goodykoontz	Lowrey	Rosenbloom
Beck	Gorman	Luhling	Sanders, Ind.
Beedy	Graham, Ill.	McArthur	Sandlin
Begg	Green, Iowa	McCormick	Scott, Tenn.
Bell	Greene, Mass.	McFadden	Shaw
Bird	Greene, Vt.	McKenzie	Shelton
Bixler	Griest	McLaughlin, Nebr.	Shreve
Bowers	Griffin	McPherson	Sinclair
Brooks, Pa.	Hadley	MacGregor	Sinnott
Brown, Wis.	Hardy, Colo.	Madden	Smith, Mich.
Bulwinkle	Hayden	Magee	Speaks
Burtess	Herrick	Mann	Sproul
Burton	Hersey	Mapes	Stephens
Butler	Hickey	Martin	Strong, Kans.
Cable	Hill	Michener	Summers, Wash.
Campbell, Kans.	Himes	Miller	Swing
Chalmers	Hoch	Mills	Thompson
Chandler, N. Y.	Houghton	Millsbaugh	Tillman
Chindblom	Hukriede	Mondell	Tilson
Clouse	Hull	Montoya	Timberlake
Cole, Iowa	Hutchinson	Moore, Ohio	Tincher
Colton	Ireland	Moore, Va.	Towner
Connell	Jacoway	Mott	Treadway
Connolly, Pa.	Johnson, Ky.	Nelson, A. P.	Vare
Coughlin	Kahn	Newton, Minn.	Vestal
Crowther	Kellar	Newton, Mo.	Voigt
Curry	Kelly, Pa.	Norton	Volk
Dale	Kendall	Patterson, Mo.	Walsh
Darrow	Kiess	Patterson, N. J.	Watson
Dowell	King	Perkins	Webster
Dunbar	Kinkaid	Petersen	White, Kans.
Dupré	Kissel	Pringley	White, Me.
Dyer	Kline, N. Y.	Purnell	Wilson
Echols	Kline, Pa.	Quin	Wingo
Elliott	Kopp	Raker	Wise
Evans	Kraus	Ramsayer	Woodruff
Fairchild	Lankford	Ransley	Woodyard
Fairfield	Larson, Minn.	Rayburn	Wurzbach
Fenn	Lawrence	Reavis	Wyant
Fish	Layton	Reece	Yates
Fisher	Lazaro	Rhodes	Young
Foster	Lea, Calif.	Roach	
Free	Lineberger	Robertson	

## NAYS—70.

Almon	Cooper, Wis.	Lanham	Sanders, Tex.
Andrews	Davis, Tenn.	Leatherwood	Schall
Aswell	Deal	London	Sears
Black	Drewry	McClintic	Sisson
Bland, Ind.	Driver	McDuffie	Smith, Idaho
Bland, Va.	Faust	McSwain	Smithwick
Blanton	Flood	Mansfield	Steagall
Bowling	Fulmer	Morgan	Stedman
Box	Garner	Murphy	Swank
Brand	Garrett, Tex.	Nelson, J. M.	Sweet
Briggs	Hammer	Oliver	Ten Eyck
Byrnes, S. C.	Hardy, Tex.	Padgett	Thomas
Byrnes, Tenn.	Hays	Park, Ga.	Tyson
Cannon	Huddleston	Parks, Ark.	Vinson
Carter	Jeffers, Ala.	Parrish	Ward, N. C.
Collier	Johnson, Miss.	Rainey, Ala.	Wood, Ind.
Collins	Jones, Tex.	Rankin	
Connally, Tex.	Kinchele	Ricketts	

## ANSWERED "PRESENT"—1.

## Bacharach

## NOT VOTING—177.

Ansorge	Denison	Johnson, S. Dak.	Oldfield
Anthony	Dickinson	Johnson, Wash.	Olpp
Atkeson	Dominick	Jones, Pa.	Osborne
Barkhead	Doughton	Kearns	Overstreet
Barbour	Drane	Kelley, Mich.	Paige
Barkley	Dunn	Kennedy	Parker, N. J.
Benham	Edmonds	Ketcham	Parker, N. Y.
Blakeney	Ellis	Kindred	Perlman
Boles	Elston	Kirkpatrick	Peters
Bond	Favrot	Kitchin	Porter
Brennan	Fess	Klecza	Pou
Brinson	Fields	Knight	Radcliffe
Britten	Fitzgerald	Knutson	Rainey, Ill.
Brooks, Ill.	Focht	Kreider	Reber
Brown, Tenn.	Fordney	Kunz	Reed, N. Y.
Buchanan	Frear	Lampert	Reed, W. Va.
Burdick	Freeman	Langley	Riddick
Burke	Fuller	Larsen, Ga.	Riordan
Burroughs	Funk	Lee, Ga.	Rodenberg
Campbell, Pa.	Gahn	Lee, N. Y.	Rossdale
Cantrill	Gallivan	Lehbach	Rouse
Carew	Garrett, Tenn.	Linthicum	Rucker
Chandler, Okla.	Gensman	Luce	Ryan
Christopherson	Gilbert	Lyon	Sabath
Clague	Glynn	McLaughlin, Mich.	Sanders, N. Y.
Clark, Fla.	Goldsborough	McLaughlin, Pa.	Scott, Mich.
Clarke, N. Y.	Gould	Maloney	Siegel
Classon	Graham, Pa.	Mead	Slemp
Cockran	Harrison	Merritt	Snell
Codd	Haugen	Michaelson	Snyder
Cole, Ohio	Hawes	Montague	Stafford
Cooper, Ohio	Hawley	Moore, Ill.	Steenerson
Copley	Hicks	Moore, Ind.	Stevenson
Cramton	Hogan	Morin	Stiness
Crisp	Hudspeth	Mudd	Stoll
Cullen	Humphreys	Nolan	Strong, Pa.
Dallinger	Husted	O'Brien	Sullivan
Davis, Minn.	James	O'Connor	Summers, Tex.
Dempsey	Jeffers, Nebr.	Ogden	Tague

Taylor, Ark.	Underhill	Wason	Woods, Va.
Taylor, Colo.	Upshaw	Weaver	Wright
Taylor, N. J.	Vaile	Wheeler	Zihlman
Taylor, Tenn.	Volstead	Williams	
Temple	Walters	Williamson	
Tinkham	Ward, N. Y.	Winslow	

So the motion was agreed to.

The Clerk announced the following additional pairs:

Until further notice:

Mr. ATKESON with Mr. OVERSTREET.

Mr. BLAKENEY with Mr. FAVROT.

Mr. DAVIS of Minnesota with Mr. O'CONNOR.

Mr. DUNN with Mr. GARRETT of Tennessee.

Mr. EDMONDS with Mr. BUCHANAN.

Mr. KENNEDY with Mr. CAMPBELL of Pennsylvania.

Mr. McLAUGHLIN of Michigan with Mr. CAREW.

Mr. RODENBERG with Mr. HARRISON.

Mr. WILLIAMS with Mr. HAWES.

Mr. MORIN with Mr. OLDFIELD.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1358, with Mr. DOWELL in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 1358, which the Clerk will report.

The Clerk read as follows:

An act (S. 1358) to provide for maintaining the Corps of Cadets at the United States Military Academy at its maximum authorized strength, and for other purposes.

Be it enacted, etc., That whenever, following any regular entrance examination, the number of candidates authorized under existing law to report for admission to the United States Military Academy from any State is not sufficient to fill the quota of cadets authorized from that State, a sufficient number of qualified alternates therefrom, not otherwise authorized to report for admission as such, selected in their order of merit established at such examination, to fill said quota shall be admitted and charged to that State as additional cadets: *Provided*, That the admission of alternates as authorized herein shall not interfere with or affect in any manner whatsoever any appointment otherwise authorized by law, and that if by the operation of this or any other provision of law the Corps of Cadets shall exceed its maximum authorized strength the admission of alternates as herein prescribed shall cease until such time as said corps may be reduced below its authorized strength.

Also the following committee amendment was read:

Strike out all after the enacting clause and insert:

"That whenever following any regular entrance examination the number of candidates authorized under existing law to report for admission to the United States Military Academy from any State is not sufficient to fill the quota of cadets authorized from that State, a sufficient number of qualified alternates therefrom not otherwise authorized to report for admission as such selected in their order of merit established at such examination to fill said quota, shall be admitted and charged to that State as additional cadets. If such admissions do not bring the Corps of Cadets to its maximum authorized strength, a sufficient number of the remaining qualified alternates not otherwise authorized to report for admission as such selected from the whole list in their order of merit established at such examination, sufficient to bring said corps to its maximum authorized strength, shall be admitted and charged to the United States at large as additional cadets: *Provided*, That the admission of alternates as authorized herein shall not interfere with or affect in any manner whatsoever any appointment otherwise authorized by law, and that if by the operation of this or any other provision of law the Corps of Cadets shall exceed its maximum authorized strength, the admission of alternates as herein prescribed shall cease until such time as said corps may be reduced below its authorized strength."

Mr. KAHN. Mr. Chairman, there is a good deal of feeling about this bill with regard to affecting the right of any Member to fill vacancies in his district as they come by reason of the graduation of a cadet who has been appointed by him. There are 1,338 cadets at the Military Academy. Each Member of the House has two appointments. That makes a total of 870. From each Territory there are also four cadets; Porto Rico has two. From the District of Columbia there are four. From the States at large—that is, appointed by the Senators—there are 192, each Senator having 2 appointments just as the Members of the House. From the United States at large there are 82, of which 2 are appointed by the Vice President and 80 by the President. It is only fair to say that the President's appointments are generally limited to the sons of Army or Navy officers. Those officers are moved about from place to place during their term of active service in the Government and have no fixed habitation. It is usually believed that any Member of the House appointing his cadets will appoint young men from his own district. In fact, his certificate of appointment announces that the men he names have been residents of his district for the two years next preceding the date of the appointment.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. KAHN. I will yield.

Mr. CHINDBLOM. Is not that a requirement of law?

Mr. KAHN. It is a regulation, I think. But I want to say frankly to the House that the War Department has never questioned the appointment of a cadet by a Member of the House—that is, if the Member of the House certifies that his appointee resides in the district which he represents, the War Department will take his statement to that effect.

Mr. BLANTON. Will the gentleman yield?

Mr. KAHN. Yes.

Mr. BLANTON. I have heard it rumored here that at the Army and Navy Club not long ago in discussing this bill certain Army officers stated that the main reason it was necessary to pass this bill was that the young men at West Point, from various districts in our States, were not of that high class of individuals that they wanted, and that they were hoping to have a kind of military succession of Army officers' sons. Is there anything in that statement?

Mr. KAHN. I do not believe there is anything in it, because a Member of the House will appoint from civilians in his district to this place, and therefore the only alternates that can be appointed under this proposed bill are civilians. The President alone appoints the sons of Army and Navy officers.

Mr. BLANTON. Yes; but the 82 appointments made by the President and the Vice President are made from Army officers' sons, and out of the three alternates to each of these appointments, aggregating 246 alternates, the Army could thus appoint 246 cadets extra from Army officers' sons.

Mr. KAHN. But the President can only appoint two alternates for each place.

Mr. BLANTON. But I want to ask the gentleman about another matter, which, I presume, is a reason for this bill. I understand that these young men when graduated are given commissions as second lieutenants?

Mr. KAHN. Yes.

Mr. BLANTON. We have 13,000 officers now with commissions and not a single second lieutenant in the bunch. They have been all automatically promoted to first lieutenants, and to mostly captains and majors. I presume this bill is to give us a few second lieutenants in the Army?

Mr. KAHN. This bill is to give the Army young men who have had a thorough course of training at West Point. The war developed the fact that what we need more than anything else is well-trained, seasoned officers in our Army. And I must say frankly that the criticism that was made of our forces during the war by the officers of the Allies was that the lives of our men were needlessly sacrificed because we did not have that character of officers in command.

Mr. BLAND of Indiana. As I understand it, the Army would have the right to select cadets in event there were no alternates?

Mr. KAHN. No.

Mr. BLAND of Indiana. Under this bill?

Mr. KAHN. No.

Mr. BLAND of Indiana. They would have the right to fill vacancies?

Mr. KAHN. From the alternates.

Mr. BLAND of Indiana. In the event there are no alternates that qualify—

Mr. KAHN. Then they can not be appointed. Let us be fair, gentlemen. A great many of the cadets now go to the academy with certificates granted by various universities throughout the country. These men do not have to go through any examinations, because that certificate takes them into the academy by reason of the standing of the educational institution.

Mr. DAVIS of Tennessee. Now, if the purpose is to procure men well trained in military tactics for these officer positions, as the gentleman from California says, why is it that the War Department is now carrying on an intensive campaign trying to induce civilians to stand the examinations in order that they may be appointed second lieutenants?

Mr. KAHN. Because the total number of cadets at West Point is only 1,338, and there are about 2,000 vacancies in the lowest grades of officers in the Army.

Mr. DAVIS of Tennessee. Why is it necessary to fill up a quota of officers for 280,000 of an Army?

Mr. KAHN. The gentleman knows that is an authorization, and that the Army will have only 150,000 men.

Mr. DAVIS of Tennessee. If we are to have only 150,000 of an Army, why are we to have officers for 200,000 men?

Mr. KAHN. You have not that, and you have not near that.

Mr. ANDREWS. I understand that this bill will increase the expenses for the next year a little over \$137,000. What necessity is there for that?

Mr. KAHN. The money for the academy has already been appropriated.

Now I yield to the gentleman from Indiana.

Mr. WOOD of Indiana. Will the gentleman tell us why it is that we have no second lieutenants in the Army to-day?

Mr. BLANTON. They are automatically promoted.

Mr. KAHN. I am satisfied that the War Department, in acting upon the Army reorganization bill, promoted those in the lower ranks to vacancies in the higher ranks.

Mr. WOOD of Indiana. I am told that every member of the class graduated in 1919 is now a captain. Is that so?

Mr. GREENE of Vermont. It is not so.

Mr. KAHN. I have heard a great many statements that are not borne out by the facts, and if the gentleman will investigate that matter I am quite sure he will find out what the situation is.

Mr. ANDREWS. Mr. Chairman, will the gentleman answer?

Mr. KAHN. I gave the gentleman an answer, but he was paying attention to somebody else.

Mr. ANDREWS. What was the answer?

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes; I yield to the gentleman from Vermont; I yield to my colleague on the committee.

Mr. ANDREWS. I want an answer to my question.

Mr. KAHN. I decline to yield further to the gentleman. I answered his question.

Mr. GREENE of Vermont. I thought the cover was shut down on that.

Mr. KAHN. I yield to my colleague on the committee. What is the gentleman's question? My time is running.

Mr. GREENE of Vermont. The gentleman made an answer to the inquiry as to promotion of members of the class of 1919 at West Point, the suggestion being that they had all been made captains, and the implication or inference being that the War Department had worked it out in some devious or subterranean way and probably had acted in a manner contrary to law. As a matter of fact, within the last few days at least, not all of the men who were proper to be ranked from August 15, 1917, and who were in line as senior first lieutenants have yet been made captains, because the law provides that they shall be promoted according to seniority of service in the files, as has been done, and there are still several hundreds, perhaps a thousand, before these 1919 men will be promoted.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. ROSE. I would like the gentleman to explain the actual workings of this bill as it becomes a law. On page 3 it is provided—

That the admission of alternates as authorized herein shall not interfere with or affect in any manner whatsoever any appointments otherwise authorized by law.

I would like to have this explained to me. I am asking this question for my own benefit as well as that of other gentlemen who have heard the gentleman talk. Allow me to ask this: Supposing I appoint a principal and an alternate and my principal fails and the alternate fails. What powers have I left?

Mr. KAHN. For the class going in this year you would have no appointment. You then would be absolutely unrepresented at the academy for a year.

Mr. ROSE. For a year?

Mr. KAHN. Yes.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. KAHN. No; I can not yield now.

Mr. ROSE. That involves the principal and the alternate?

Mr. KAHN. Yes. Now, under this bill the purpose is to prevent that condition from arising. They have overhead charges that are not increased by reason of the filling up of the classes. In a case such as the gentleman from Pennsylvania cites he would have another appointment next year; so that he would still continue to have two cadets at the academy from his district.

Mr. BLAND of Indiana. Is not the gentleman in error right there? That is the purpose of the bill—to permit the filling of the vacancies, so that you will have a man at the academy. Now, if you do fill it, how can you have a vacancy?

Mr. KAHN. They simply fill it for that class.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield now?

Mr. KAHN. Not now. Let me explain this. Under this bill they would first have to go to the successful alternates from your State to fill the vacancy in that case, and the cadet would not be charged to your district but to your State. If you get no cadet by reason of there not being sufficient to fill the vacan-



cies from the alternates from your State, then the War Department would be allowed to go to some other State and fill that vacancy, and the appointee would be considered as a cadet at large.

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. KAHN. No; I want to explain this.

Mr. OLIVER. I want to ask just a question.

Mr. KAHN. I am always glad to answer questions, but I think I have the right to make a statement.

Mr. ANDREWS. Will the gentleman answer my question?

Mr. KAHN. Yes; I did answer it, but the gentleman was not paying attention.

Mr. ANDREWS. The gentleman did not answer it.

Mr. KAHN. I did, and it is in the record. My answer is in the record all right. I try to answer questions, but when gentlemen do me the honor to ask a question I do not think it is courteous to me to talk to somebody else while I am answering.

Mr. ANDREWS. The gentleman is in error.

Mr. KAHN. I saw the gentleman talking to some one else.

Mr. VESTAL. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. VESTAL. I want to see if I understand the situation correctly. Suppose I have a vacancy now for West Point for this year.

Mr. KAHN. Yes.

Mr. VESTAL. If this bill were to pass and I have no alternate or no principal that took the examination and qualified, do I understand, then, that I have an appointment next year?

Mr. KAHN. You will, positively.

Mr. VESTAL. That is the point I want to get at. If this vacancy is filled, do I still have my appointment for next year?

Mr. KAHN. You have it next year; absolutely.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. KAHN. No. I want to tell the gentleman just how that is.

Mr. VESTAL. Very well. I shall be glad to hear and understand.

Mr. KAHN. Every year the classes that enter West Point lose about 25 per cent of their number before the beginning of January of the following year; men who can not live up to the requirements of the academy; men who can not keep up in the academic courses; men who get demerits for misconduct; and men who drop out by reason of sickness; so that the class that is going in this year, which numbers a little over 400 men, will in all probability lose probably 125 men on account of their being dropped before the beginning of next year, when you can name your man.

Mr. VESTAL. I think I understand. I have an appointment for next year now.

Mr. KAHN. Yes.

Mr. VESTAL. I make that appointment. I appoint a principal and an alternate.

Mr. KAHN. Yes.

Mr. VESTAL. Next year both the principal and the alternate fail.

Mr. KAHN. Yes.

Mr. VESTAL. Under this bill, then, that vacancy is filled?

Mr. KAHN. Yes.

Mr. VESTAL. Then the next year I do not have any appointment, do I?

Mr. KAHN. But you would have the vacancy—

Mr. VESTAL. That is what I want to get at.

Mr. KAHN. You would have the vacancy that you could have filled this year if your man had qualified. That is exactly the situation.

Mr. McKENZIE. Will the gentleman yield?

Mr. KINCHELOE. Will the gentleman yield?

Mr. KAHN. I yield to my colleague on the committee [Mr. McKENZIE].

Mr. KINCHELOE. I have been trying to get the gentleman's attention for some time.

Mr. KAHN. I know; but I will yield first to the members of my committee.

Mr. McKENZIE. I should like to ask the chairman of the committee if it is not true that so far as Members of Congress are concerned they may win under this bill by getting in one of their alternates, but they can not lose by it?

Mr. KAHN. That is exactly the situation.

Mr. McKENZIE. They can not lose an appointment?

Mr. KAHN. They can not lose a single cadet, but they may gain an additional cadet who has passed the examination successfully, who is classed as an alternate, and who could not possibly get into the academy without the passage of this bill.

Mr. KINCHELOE. Will the gentleman yield?

Mr. KAHN. I yield to the gentleman from Kentucky.

Mr. KINCHELOE. As the gentleman well knows, there is a maximum number of students at West Point, and there is a maximum quota to each State.

Mr. KAHN. Yes.

Mr. KINCHELOE. Now, suppose I have a vacancy at West Point and another congressional district in my State has a vacancy. I appoint a principal and two alternates and the Congressman from that other district in my State appoints a principal and two alternates. They go to examination, and my principal and two alternates fail while his principal and two alternates pass. Then under this bill they could take one of his alternates to fill that vacancy? Is not that correct?

Mr. KAHN. They could take one of the alternates to fill that vacancy.

Mr. KINCHELOE. The gentleman says I will have that vacancy to my credit next year.

Mr. KAHN. Yes.

Mr. KINCHELOE. How can I have it unless we figure on the probability of some of the cadets already in the institution failing?

Mr. KAHN. We know from experience that some of them will.

Mr. KINCHELOE. Where will the vacancy come from?

Mr. KAHN. If the gentleman will allow me, I will answer him as best I can. After 15 years' experience at the academy they know that 25 per cent of the cadets fall out every year for the reasons I have stated, failure to meet the requirements of the academy; and that furnishes sufficient vacancies every year to enable the Members of the House to make up their appointments.

Mr. KINCHELOE. If the gentleman will yield further, if less than 25 per cent should fail then there would be no vacancy next year, because there would be no place for the vacancy to come from.

Mr. KAHN. There are always enough vacancies to allow the appointments in cases like those we are considering at this time.

Mr. KINCHELOE. But that is contingent upon the failure of somebody else.

Mr. KAHN. That is contingent on failures.

Mr. OLIVER. Will the gentleman from California yield?

Mr. KAHN. I yield to the gentleman from Alabama.

Mr. OLIVER. Is the gentleman aware that the report from the Military Academy, like the report from the Naval Academy, shows that since they have adopted the policy of admitting on certificates, the percentage of failures has grown less?

Mr. KAHN. Yes.

Mr. OLIVER. And there may soon come a time when the percentages of failures will be few. If that happens, then the condition which the gentleman states will protect appointments by Members of Congress will not exist.

Mr. KAHN. I doubt that, but I am willing to give this plan a thorough trial. I would be willing to limit the time that this law should remain in effect, say to three years, so as to give it an opportunity to work out.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. KAHN. I yield to the gentleman from Vermont.

Mr. GREENE of Vermont. I wish to suggest to the gentleman from Alabama that the law is elastic enough so that there may be a temporary overplus, just a little one.

Mr. KAHN. Yes; in the proviso.

Mr. GREENE of Vermont. In the proviso, at the end of the bill.

Mr. KAHN. I would be willing to limit the effectiveness of this bill to three years, so as to give it a chance to work out.

Mr. BLAND of Indiana. The gentleman made the statement that the appropriation had already been made for the provisions of this bill.

Mr. KAHN. Yes.

Mr. BLAND of Indiana. How much additional money will this bill cost?

Mr. KAHN. Not a dollar. The money for the pay of the cadets has already been appropriated, and the money for the subsistence of the cadets has already been appropriated. The testimony before the Committee on Military Affairs was to the effect that there would be no increase in the overhead cost.

Mr. ANDREWS. Will the gentleman yield for a question?

Mr. KAHN. I yield to the gentleman from Nebraska.

Mr. ANDREWS. Would the money be paid out if the additional 121 were not sent there?

Mr. KAHN. Oh, well, the gentleman does not need an answer to a question like that, because he knows—

Mr. ANDREWS. I did not get an answer a while ago—  
Mr. KAHN. He did get an answer, but the gentleman was not paying attention.

Mr. ANDREWS. You did not answer it.

Mr. KAHN. I did answer. The gentleman was not listening.

Mr. LAYTON. In view of the reduction of the Army and the Navy, and in view of the contemplated conference that is to be held for the purpose of the world peace and disarmament, why did not the gentleman bring in a bill to cut down the expenses of the Military Academy 50 per cent? [Applause.]

Mr. KAHN. The gentleman from Delaware knows that the conference for disarmament has not yet met, and it would be criminal to put this country in a condition at any time where it could be successfully attacked by her enemies.

Mr. CHANDLER of New York. Will the gentleman yield?

Mr. KAHN. Yes.

Mr. CHANDLER of New York. The gentleman spoke of giving the plan of the bill a trial. I confess that the purpose of the bill is not quite clear in my mind. I want to know if it is the intention to remedy a defective system of appointment so as to enable the representation at West Point under the present law to be completely filled, or is it intended to increase the representation to a larger number?

Mr. KAHN. Neither proposition is correct.

Mr. CHANDLER of New York. I would be glad to have it explained.

Mr. KAHN. There are 1,338 cadets at West Point under the law, and there is no desire to increase the number. But it happens every year that when a new class comes in, by reason of the failure of boys to pass the examination, by reason of sickness, by reason of failure of Members of Congress to make appointments, there are fully 100 fewer cadets in the class than the total number allowed.

Mr. CHANDLER of New York. Then it is to remedy a defective system of appointment.

Mr. KAHN. Yes.

Mr. GREENE of Vermont. Not a defective system of appointment; the appointment is all right.

Mr. FAIRFIELD. Will the gentleman yield?

Mr. KAHN. Yes.

Mr. FAIRFIELD. In order to clarify the situation, will the gentleman tell us the rights of each district under the law?

Mr. KAHN. Each district has two cadets. When I first came to Congress each district had one appointment. Subsequently we amended the law to provide for two. In the apportionment of the new cadets it was tried to apportion them so that each Member of the House would have one appointment every two years. But by reason of the working out of the law and new conditions which we are trying to remedy to-day, by reason of the failure of cadets to enter with their proper classes, the various districts have changed with respect to appointments, so that in some districts you will find that both appointments are in one year, while in other districts one appointment is in one year and the other in the next year, so that it is very rare when the appointments in any district are two years apart.

Mr. FAIRFIELD. If I understand it, each district has the right to have two men in West Point all the time.

Mr. KAHN. Quite right.

Mr. FAIRFIELD. Now, if this bill passes with this proviso, that right will still obtain, will it not?

Mr. KAHN. It will obtain absolutely, but some districts, however, may have three because the alternate from that district may have been appointed to some other district.

Mr. FAIRFIELD. But each district will still have the right to have two men at West Point under the law.

Mr. KAHN. Quite right.

Mr. FAIRFIELD. Suppose, however, that the complement has been more than filled and there is no vacancy, then in that event the district will not only have lost when it should have been filled but will lose in the additional year.

Mr. KAHN. That assumes that every man in the following year will qualify, and that all the men who went in this year will continue to the very end of the year, a condition that has never yet existed in the West Point Academy.

Mr. FAIRFIELD. That is true. I think it is very improbable, and yet the condition may arise, although it is improbable and has not occurred in the past.

Mr. KAHN. It is only fair to say that such a condition may arise; but, of course, it is improbable, and, therefore, so far as I am concerned I am willing to have the bill amended so that it shall take effect for three years only in order to try out this system.

Mr. CHALMERS. Will the gentleman yield?

Mr. KAHN. I will.

Mr. CHALMERS. I want to ask the chairman if the same system is now in force at the academy which has been in force for many years?

Mr. KAHN. Yes.

Mr. CHALMERS. Just at this time, when the world seems to be in favor of disarmament, why does the committee think it necessary to change the system just now. [Applause.]

Mr. KAHN. I want to say frankly to the gentleman that the War Department has repeatedly in the past come to the committee and asked for this kind of legislation; because, after all, at the academy there are quarters for 1,338 men. Now, if we only have 900 men in there, and you have the same number of professors that you would have for a full complement, and you have the same overhead charges, would it not be better to fill up the number of classes, so that if we ever happen to get into trouble again we will have thoroughly trained officers?

Mr. CHALMERS. I want to say that the gentleman's recommendation and the recommendation of the committee means more to me than the recommendation of the General Staff or of Army officers. It seems to me, and I have had experience enough to know, that the boys are failing to enter now and are failing in a greater percentage than they were 5, 10, or 15 years ago.

Mr. KAHN. My opinion is that they invariably failed and have failed to the extent of 25 per cent, and that has been the ratio right along.

Mr. CHALMERS. Mr. Speaker, I understand that, but just now, why do we wish to appoint more men, when I understand that we have practically 14,000 officers who are ready and equipped to do this service?

Mr. KAHN. As I stated before, the World War showed that we were exceedingly deficient in our thoroughly trained officers. It is only at the Military Academy where the men can get the thorough training that is required for an officer in case we get into war.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. GREENE of Vermont. The normal graduating output of West Point each year is not ordinarily sufficient to fill the usual vacancies in the commissioned personnel of the Army. It is not a question of adding strength to the Army, it is not a question of exceeding the present total commissioned force. The Army even now is not up to its ordinary normal proper commissioned personnel in number, under the terms of the law, and the average deficiency in that total from year to year is about 10 per cent. Ordinarily in recent years the graduations from West Point do not supply the annual wastage, so to speak, in the commissioned personnel of the Army.

Mr. KAHN. And it might be well to explain to the House that only about one-fourth, or 25 per cent, of our officers to-day are West Point graduates. Three-fourths of the officers come from the civilian forces of the country.

Mr. JONES of Texas. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. JONES of Texas. In view of the great efforts that are being made toward disarmament, why make such desperate efforts to fill these vacancies now? Would it not be better to wait until after the disposition of the disarmament program, and then we can formulate a program to cover the real situation.

Mr. KAHN. As I told the gentleman, I am one of those who believe that it is a wise policy in this country to have the country ready for any possible emergency. We failed to do that in the past, and the consequence was that the 19 months of war cost us \$24,000,000,000.

Mr. JONES of Texas. Is that the gentleman's idea of showing our good faith in calling the conference—to immediately strengthen the military arm of the Government?

Mr. KAHN. Oh, no; that is not my idea at all. I want to say frankly to the House that there is a great deal of pacifism going on throughout the country—

Mr. JONES of Texas. Oh, some one is always making the cry of pacifism, but I want to get some facts.

Mr. KAHN. And I want to state some facts. There is a propaganda going on in this country to-day that 92 per cent of all the money collected from taxes in this country go for war—

Mr. JONES of Texas. That is the statement of the Bureau of Standards.



Mr. KAHN. Go for wars past or for preparation of war in the future. Undoubtedly over 50 per cent of that 92 per cent was due to the absolute unpreparedness of this country when we got into the war. [Applause.]

Mr. JONES of Texas. What about the preparedness of Germany? It did not happen in Germany in that way.

Mr. KAHN. Germany, after all, at the end of the war retired to her own borders and her cities were not destroyed, as were the cities of France and Belgium.

Mr. JONES of Texas. Then, the gentleman justifies Germany's course of procedure in all her war preparation, does he?

Mr. KAHN. The gentleman does not, but I have had letters recently from Germany, from Germans, who denounce Germany's policy.

Mr. JONES of Texas. That is what got her into trouble. It was her military policy, and the gentleman seems to want to adopt that now.

Mr. KAHN. Oh, the gentleman knows—

Mr. JONES of Texas. The gentleman brought in the German question.

Mr. KAHN. No; the gentleman from Texas lugged it in. The gentleman knows that the gentleman from California has never at any time stood for the German policy in military matters—far from it. [Applause.] I have always stood for an American policy, but I am a thoroughgoing American and I never want my country to be attacked when the country is unprepared to defend itself. [Applause.]

Mr. JONES of Texas. Does the gentleman think that waiting six months would make such a vast difference? We would only have to wait six months in order to determine the outcome of the conference, and the gentleman surely does not think that would keep us from preparedness.

Mr. KAHN. I do not know anything about it. I do know a good many things that I can not talk about on this floor, because as chairman of the Committee on Military Affairs I have deemed it always a part of my duty to read every intelligence report from the Army officers and the Navy officers of my country, so that I may be ready when the emergency comes to take action. I try to keep myself informed.

Mr. FROTHINGHAM. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. FROTHINGHAM. I should like to ask the gentleman if, under the Borah resolution, this conference was not called not to deal with West Point or with military affairs but with naval affairs?

Mr. KAHN. It was.

Mr. JONES of Texas. Does not the call cover matters beyond naval affairs?

Mr. FROTHINGHAM. It was called principally because of the Borah resolution. Further, I should like to say that while I was not a Member of the House at the time yet I followed the newspapers and followed what was done in this House when we entered the war, and it is my belief that if the House had not taken the advice of the gentleman from California then and if he had not been a leader of a great sentiment in this country we would not have won that war. [Applause.]

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. NEWTON of Minnesota. In the colloquy 15 or 20 minutes ago the statement was made that there were captains in the Army who were in the class of 1919 at West Point. The gentleman from Vermont [Mr. GREENE] took the floor and made the statement that that was not the case, because there were men in the class of 1917 who were not captains.

I got The Adjutant General's office over the telephone, and I know of one particular instance of an appointee from the fifth district of Minnesota who was in the class of 1919, and who graduated early on account of the war in 1918. His name is Alexander Murray Nielsen, Corps of Engineers, United States Army.

Mr. GREENE of Vermont. If the gentleman from California will permit, the gentleman contradicts his contradiction of my statement in his own statement. Instead of being turned out in the class of 1919 he was really graduated with the class of 1918.

Mr. NEWTON of Minnesota. But the gentleman used the term 1917.

Mr. GREENE of Vermont. I did not refer to the West Point class of 1917; I referred to those candidates of August 15, 1917, and said so in so many words.

Mr. KAHN. Mr. Chairman, I reserve the balance of my time. [Applause.]

Mr. GARRETT of Texas. Mr. Chairman—

The CHAIRMAN. The gentleman from Texas is recognized for one hour.

Mr. GARRETT of Texas. Mr. Chairman and gentlemen of the House, in my opinion we are not at this time justified in making this departure from the long-established custom concerning appointments of cadets to West Point. I will say for the Committee on Military Affairs that during the two Congresses before this that I had the honor to serve on this committee, and up until now in this Congress, that if there is a committee of this House that has been nonpartisan in its deliberations and nonpartisan in the consideration of bills which it has reported to the House, it is the Committee on Military Affairs. We have never known politics in that committee; we do not know it now; and in dealing with the Military Establishment of the country each Member of that committee, regardless of his political convictions, is guided solely and alone in his course by what he believes to be for the best interest of our common country. [Applause.] At this time the whole country—not only our country but I might say the world—is not looking any more toward military establishments and great armies, fleets, and navies, but they are looking rather to a time of peace, when people will no longer be taxed to death to maintain a great Army and an unusually great Navy. I might remind my Republican friends of this House that, when the President of this Nation the other day, at New York, made an address at the ceremonies over the dead bodies of our brave soldiers who had fallen in the Great War, if one part of his speech received more applause than the other, if the newspaper reports are true, it was that part of the speech when he feelingly said, referring to the World War, "That we must see to it that this thing never happens again." That sentiment met with a response that came from the hearts of the people who listened to those words and showed beyond question that they are tired of militarism, that they are tired of hearing talk of great wars and the stupendous cost to sustain wars. Now, at this time it does seem to me that we should adhere to our former course and not, in the face of the world's demand for consultations and conferences concerning disarmament and world peace—it does seem to me, I say, we could at least go along as we have been going for the last many, many years, and not, in the face of this sentiment of the country, set ourselves to the task of turning out more military officers next year than we have ever turned out from the Military Academy before. [Applause.] It is argued here that this bill will not interfere with the vacancies of Congressmen. It is really not the intention of the bill, I take it, that that should be the case, but there is one thing that is absolutely certain. It will either interfere with the vacancies of the Congressmen or it will put more than 1,338 men in the academy after next year unless in the succeeding year enough men shall graduate, or fail, to take care of all the vacancies that the Congressmen might have left over. But, gentlemen, what is the primary purpose of this bill? The real purpose of it is to fill up the academy. The real purpose of this bill is that next year the class in the military school at West Point shall have a class of 1,338 men, and if we do not pass this bill, they would have perhaps 120 or 130 less.

Mr. MOORE of Virginia. Will the gentleman yield for a question?

Mr. GARRETT of Texas. I will.

Mr. MOORE of Virginia. Can the gentleman tell us what was the maximum number of cadets at West Point prior to the war? I understand this bill if it is passed will increase very largely the yearly output from the academy as compared with prewar conditions, and I would like for the gentleman to tell us what the facts are.

Mr. GARRETT of Texas. As I understand the situation, it will increase the output of the school and that for many years the school has run anywhere from 10 to 15 per cent short of the required strength of the school. Some years it has been more and some years it has been less. The purpose of this bill is to fill up the school.

Mr. DAVIS of Tennessee. If the gentleman will permit, I wish to ask the gentleman from Texas if it is not a fact that prior to the World War the average total strength at the academy did not exceed 700, whereas they now annually exceed 1,100 without the passage of this bill?

Mr. GARRETT of Texas. Well, I am frank to say that I do not have those figures at hand, but I think the figures quoted by the gentleman from Tennessee are correct, as I recall them from memory.

Mr. KINCHELOE. Will the gentleman yield?

Mr. GARRETT of Texas. I will.

Mr. KINCHELOE. The gentleman from Virginia [Mr. MOORE] asked the gentleman how much the increase was com-

pared with the prewar period; the truth was that during the war we passed a law doubling the attendance at West Point, whereby each Member of Congress now has two cadets whereas before the war he had but one.

Mr. GREENE of Vermont. Not only has the West Point maximum of cadets been increased by law but the commissioned personnel of the Army was increased. There was a demand for more. Even at that, the normal graduation from West Point does not fill the normal vacancies in the Army.

Mr. CHALMERS. Can the gentleman tell the House the total number of commissioned officers now in the United States Army?

Mr. GARRETT of Texas. The number of officers now in the Army is 12,859. The authorized strength of Army officers is 16,799.

Mr. CHALMERS. A statement has been made that the officers are undermanned now. As I understand it, the strength of the enlisted men four months ago was approximately 234,000. And, as I understand, the number now is approximately 150,000. I do not understand why the Army is not properly officered, if that is the fact. Will the gentleman explain it?

Mr. GARRETT of Texas. I can not explain that except as the figures explain themselves.

Mr. GREENE of Vermont. Will the gentleman permit me to make a suggestion and explanation?

Mr. GARRETT of Texas. I will.

Mr. GREENE of Vermont. I dare say the gentleman [Mr. CHALMERS] may not have heard it, but it was shown at the time of the adoption of the Army reorganization act that the number of commissioned officers in the Army bears no ratio whatever, and by design, to the number of enlisted men. The number of commissioned personnel has no relation to the number of enlisted men, and designedly so, because it is the policy of the military law to maintain and train a larger body of commissioned personnel than might be necessary for the number of enlisted men kept on hand, but ready for any emergency and for any emergency army that would have to be raised, and, meanwhile, away from the troops, training men in the colleges, the civilian population, the National Guard—a general policy of military education.

Mr. MOORE of Virginia. Will the gentleman from Texas permit me to make one observation to my friend from Vermont [Mr. GREENE]?

Mr. GARRETT of Texas. If the gentleman will make it as brief as he can.

Mr. MOORE of Virginia. I want to oppose to the statement of my friend from Vermont the statement made by Senator BORAH a few days ago, when he was advocating the reduction of the Army to 150,000 men. He said this:

The 14,000 commissioned officers were provided upon the theory of maintaining an Army of from 280,000 to 300,000 men.

He argued from that premise that, inasmuch as we now have to reduce the Army to 150,000 men, with a prospective reduction to 100,000—which a great many of us would welcome—there ought to be a reduction of the number of officers.

Mr. GREENE of Vermont. I do not know what the rules of the House would provide for this hypothetical case, but if Senator BORAH were not in another Chamber I should say he was mistaken. It was well known and understood that the commissioned personnel did not have any relation to the number of enlisted men.

Mr. GARRETT of Texas. Now, Mr. Chairman, there is another thing I want to call to the attention of the House. You will remember that at the signing of the armistice there were in the United States Army 187,652 officers. There are to-day in the United States, except those that have fallen by the wayside, from second lieutenants to the highest rank, the difference between 187,652 men and 12,859 now actually in the service.

And it does occur to me that at this time, with more trained officers now out of the service than we have men in the authorized strength of our whole Army—the Army of the United States to-day is 150,000 men and we have, in round numbers, 180,000 trained officers in private life who served our country in the World War and who can now be relied upon in any emergency—and it does occur to me that the country would applaud the action of the House in refusing to pass this extraordinary legislation in order to fill up the academy to overflowing and to grind out new Army officers at the rate of 400, 600, or 700 a year, or whatever may be the number that will graduate, while we have this great reserve of officers in civilian life.

Now, the gentleman from California [Mr. KAHN]—and he is usually pretty accurate in his statements—says that there will not be any additional cost if this bill should pass. But this will happen, gentlemen: If you will read the committee hearings on this bill, you will find that if all the vacancies be filled

as provided in this bill the school will be crowded in the dormitories and some of the rooms will have four men in them and the men will be sitting back to back in the mess hall.

Mr. KAHN. Will the gentleman yield?

Mr. GARRETT of Texas. Yes.

Mr. KAHN. The testimony before the committee is that not all of the rooms have three cadets and that a great many of the rooms have only two, and by adding these additional it will give them three men in each room.

Mr. DAVIS of Tennessee. Will the gentleman from Texas yield?

Mr. GARRETT of Texas. I yield.

Mr. DAVIS of Tennessee. I want to say in reply to the gentleman from California that, as a matter of fact, during the past year there were four men in a large number of the rooms.

Mr. GARRETT of Texas. Mr. Chairman, I want to reserve the remainder of my time in order to yield to some gentlemen who wish to discuss this matter. But I think we should discuss this measure in a cool and deliberate way and not get excited about it. The only question to be settled in our mind to-day is whether or not in the face of the conditions that are now confronting our people, we, as Members of Congress, are willing to make this departure from long-established custom in order to fill the military school up, or whether or not we will permit the vacancies to lapse, as they have lapsed heretofore, and let the school go on with 700 or 800 men instead of 1,300 or 1,400.

The question of transferring this additional power to have cadets appointed from Members of Congress to the country at large I do not think is a good policy. I believe we should adhere to our present policy—that each Member of Congress and the Senators, the Army and National Guard, and the President should appoint the cadets to the Military Academy as heretofore. I believe we should stick to that policy. If we have vacancies, let them remain there. According to the argument of the gentleman from California, it will not cost any more; but really, gentlemen, it is bound to cost more. I do not see how the Government can take care of 1,338 men as cheaply as it can take care of 1,100.

I yield to the gentleman from Mississippi [Mr. COLLINS] five minutes. [Applause.]

Mr. COLLINS. Mr. Chairman, this bill is by no means innocent. Those who drew it, or caused it to be drawn, knew only too well its meaning. Its purpose is evident to all those capable of seeing things as they are. It was conceived, of course, by officers of the Army and these gentlemen desire to accomplish two things by it—first, to increase the number of cadets at the Military Academy, which, in the end, means an increase in the officers of the Army; second, to have themselves a hand in the final appointment of a large number of cadets, for this bill creates a new class or category of cadets and adds this new class to those already authorized by law, and the final power to select this added class is lodged in the officers of the Army.

From March 1, 1843, down to May 4, 1916, the law provided that each congressional district, each Territory, and the District of Columbia were each entitled to one cadet at the Military Academy at West Point. By a bill passed June 6, 1900, the States at large were allowed two each. The United States at large on March 1, 1843, was allowed 10, and this number was increased to 20 on March 2, 1899, and again increased on June 6, 1900, to 30, and on June 28, 1902, to 40. On May 4, 1916, the law was changed so as to provide 2 cadets for each congressional district, 2 from each Territory, 4 from each State at large, 4 from the District of Columbia, and 80 from the United States at large. The act of May 4, 1916, however, did not at once double the number of cadets upon its passage, but provided rather that the increase must be divided into four annual increments, which should be as nearly equal as practicable and should be equally distributed among the sources from which the appointments were authorized.

The only change since May 4, 1916, was made in July, 1918, when the Vice President was authorized to name two cadets. Considering the act passed in 1916, it will be seen that the number of cadets authorized by it is about double the number previously authorized. In other words, about 675 new cadets were added and since this number was to be equally divided into four annual increments, it means that an increase of about 165 cadets was authorized for 1917, a still further increase of about 165 was added for 1918, a still further increase of about the same number for 1919, and a still further increase of the same number for 1920. In other words, there has been a gradual increase during the past four years and since this year will show no increase, this bill takes care of this and provides that the number shall be still further increased, but the proponents of the bill, not being willing to make known their wishes in



plain words, knowing that the American people are opposed to militarism, by this indirect method endeavor to slip over this additional increase and have adopted the crafty provisions of this bill to carry out their purpose. Of course, if it is passed, it will be necessary for the Government to add a still larger number of buildings and increased facilities and at an added expense, and it will then only be a matter of a short time before another effort will be made to add another increase, and so on. This, in effect, is admitted in the 1920 report of The Adjutant General to the Secretary of War, for this significant statement is made by him: "The Military Academy with an authorized strength of only 1,334 can hope to supply but a small proportion of the officers required for the Regular Army as at present constituted. An increase in the authorized strength of the Corps of Cadets to at least 3,000 is recommended in order to aid, as far as possible, in supplying the Army with properly trained officers."

This statement by The Adjutant General shows conclusively the purposes actuating the Army officers. They know that every cadet graduated from the academy becomes an officer in the Army immediately, and an increase of the officers in the Army will necessarily mean an increase in the Army itself. This attitude, however, is characteristic of the saber-rattling and sword-buckling militarism the world over, for militarism in a republic is no different from the militarism of the Kaiser or the Czar. Is this Congress shortsighted enough to permit them to carry out their purposes? Personally I am opposed to a large military establishment in times of peace. The American people from the foundation of the Government down to date are opposed to one, and the American people are now very anxious for a decrease in the size of the Army and Navy. They hold militarism in abhorrence and demand disarmament as necessary if we are to save what is worth while in our civilization. They are tired of the stupendous economic loss which is entailed. The World War to end militarism was won. Mothers and fathers in all nations are organized to insure the fulfillment of this blessed victory. They are making known their wishes, too, and it will not be long before this Congress will be forced to further reduce the size of the Army to 50,000, so what is the sense now of grinding out an increased number of officers? We have at the present time an officer for every eight men, and I can see no necessity for making the proportion more ridiculous. The commissioned personnel of the Army is now 17,726, and this number should be materially decreased. Such a reduction would be a fine opportunity to begin to bring about actual economy in the running of the Government, for each one of these officers stands for an average expense of \$10,000 per annum. We all know that there are more majors than there are first lieutenants, and majors come high. There is not now in the Army a single second lieutenant. Many of the class of 1919 and 1920 at West Point are captains now.

The bill also adds another class or category of candidates, and this new class is selected by the Army officers themselves. Nothing is said about which of them will select the new class of candidates, but I presume this will be left up to the General Staff. I am sure they wish this power and I am satisfied they will exercise it, as the bill gives them the widest of latitude.

Now, these are not the only defects that I find in the bill. It vests in the officers of the Army the right to appoint ultimately every cadet at West Point. For instance, I appoint my principal and my alternates, but these officers can determine whether or not they can go into the institution. If they want to they can go to the other districts in my State, and they can say that none of them are qualified; that none of the principals and alternates from the State can qualify; and then they can go to the other States, or to the President's appointments, or anywhere they please, and qualify such alternates as they want to put into this institution.

Now, gentlemen, are you ready and willing to surrender to the officers of the Army this power? I for one am not. [Applause.]

Mr. GREENE of Vermont. They have that power now. Every one of the cadets is examined up there now. They can do it the first time as well as the second.

Mr. COLLINS. There is no reason now why they should try to make a candidate fail, but there will be a reason if this law is enacted, and you may reckon that they will exercise it.

Mr. GREENE of Vermont. Does the gentleman indict the officers of the Army, then, as men of that deceptive and dishonorable character?

Mr. COLLINS. I will tell you what the hearings before this committee show. The hearings before this committee show that

they appointed cadets at West Point during the war without any authority whatever of law, and if they will violate the law in one instance I do not know but what they will do it in another. [Applause.]

Mr. GREENE of Vermont. The gentleman goes into his interpretation of an obscure thing which he has not explained to us. I do not know what that particular element may be. I would be just as much justified in suspecting him, although I am free to say I do not. You could stand here by the same arraignment and indict the whole United States Army and say they are likely to swindle us out of our rights.

Mr. COLLINS. I do not know what they will do in the future. I know from the hearings what they did in the past. We have one officer now for every eight men in the Army, and this bill undertakes to make the difference still more ridiculous. We are groaning under a heavy expense now. We have an international conference called for November to reduce armaments, and I do not believe in saddling on the American people this additional expense. It costs about \$10,000 a year to educate one of these cadets.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. BLANTON. The 82 appointments coming from the President and Vice President are taken from the Army now, and their three alternates each with the principals would make 320 available men, who would, I think, come through these appointments.

Mr. COLLINS. I think they have that power.

If this has been done in the past, it is reasonable to assume that with the passage of this bill, with its vague and ambiguous provisions, this power could easily be claimed and exercised. Of course, the maximum number of cadets authorized under the law is not in attendance at West Point, and it was never intended that they all should be there, for this would crowd the school to overflowing. On May 26 of this year the testimony shows that the academy was not at its maximum capacity. It lacked 121 of being at its maximum. If this bill becomes a law, these 121 new cadets will be appointed by the General Staff or some other branch of the Army. This, in my judgment, will mean that a large share of the officers of the Army will be the sons or the kin of officers now in the Army, and will be the beginning of a military dynasty such as the American people do not want and will not tolerate. The present, as I have already said, is no time to pass any law enlarging any branch of the Army. We have more than 4,000,000 trained soldiers in the United States now, nearly 200,000 of whom are officers; and if there ever was a time when this country could safely do without additional officers it is now. There is no need of them, and there is no use in adding this further unnecessary expense to the cost of government. Taxes are already breeding discontent at home, and our naval program is causing uneasiness abroad. Taxes are destroying the people's confidence in the Government, and our naval program and our military preparation is destroying the confidence that other nations have in us. If we keep up the pace we are going it means bankruptcy and ruin for all the nations of the earth. In the year 1920, \$16,442,251.101 was expended by the United States, Great Britain, Japan, France, and Italy for naval and military purposes.

This amount is more than \$2,000,000,000 larger than the total amount expended for all military purposes from 1900 to 1914, and a halt is imperative. We are staggering under a load of debt and taxation and now is the right time for actual retrenchment and economy, and the only place where this retrenchment can be brought about is in our Military Establishment, for more than 90 cents out of every dollar spent by the Government is consumed by militarism. Realizing this awful cost not only to us but to the other nations of the world and that the world faces bankruptcy and anarchy if something is not done to relieve the peoples of this earth from the load, the President has called a conference of the different nations of the world to meet in Washington on November 11, 1921, with a view of reducing armaments. If we in the United States can not afford to maintain the immense Naval and Military Establishments it is obvious that other nations are far less able than ourselves to meet the cost of military competition. In view of the present conditions of debts, credits, and international commerce it is an obvious fact that while we are paying our own armament bills we are also indirectly paying a great part of the military bills of our competitors. We must also remember that we are spending more, and a very great deal more than any of the other nations, and that a large part of it is being spent unnecessarily and foolishly.

It already is freely admitted that our 1916 naval program is a mistake, and that the battleships now under construction will



be out of date before they are finished. But if they were not out of date, the airplane has rendered them helpless and made cemeteries out of them. The recent bombing experiments have shown this to the complete satisfaction of every unbiased observer. If this Congress, responsible for calling this international conference, by hook or crook increases the size of our Military Establishment, then we will be justly looked upon with suspicion by other nations. If we are really sincere in the desire to stop the waste of energy and money caused by the military system, we ought now to refuse to pass bills of this kind. All of the participants in the coming conference must give proof in word and deed of a genuine desire to disarm; otherwise the beneficent results most of us actually hope for will not follow. Certainly the sincerity of the Nation calling the conference should not be questioned. If the conference actually fails and this Nation has acted honorably and sincerely and has shown an actual desire to disarm, then we will not be looked upon with suspicion, and failure will not be laid at our door. The man who sits up every night, gun in hand, watching for burglars can not work and earn a living during the day, and so it is with nations. The nation that refuses to reduce its military expenditures is economically dead, and the nation that is economically dead is a military failure.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. The gentleman from Texas [Mr. GARRETT] is recognized.

Mr. GARRETT of Texas. Mr. Chairman, I yield to the gentleman from Nebraska [Mr. ANDREWS] five minutes.

The CHAIRMAN. The gentleman from Nebraska is recognized for five minutes.

Mr. ANDREWS. Mr. Chairman and gentlemen of the committee, it has been stated, I think, quite clearly and correctly in this debate that the primary purpose of this bill is to maintain the number of cadets at West Point at the legal maximum. That maximum is now short. Note, if you please, page 2 of the committee report, third paragraph. It states that the vacancies to be filled by examinations last spring were 436. Out of those examinations 315 applicants qualified, leaving 121 vacancies. Now, this bill would authorize the military authorities—whether of the War Department or of the academy we need not debate—to appoint 121 qualified alternates from the districts throughout the country wherever they find them. In other words, the military authorities would select one of these qualified alternates to fill a vacancy in your district or mine or any other. Now, I am told by two members of the Committee on Appropriations—I take the figures to be correct, and perhaps the chairman of the committee [Mr. KAHN] has had time in the last few minutes to find out something about expenses so that he can make a correction if these figures are not correct—I am told that the amount allowed to each cadet is \$1,138 per year. Now, 121 cadets at \$1,138 per year mean an added expense for next year of \$137,698, saying nothing about overhead expense, saying nothing about anything aside from the allowances made to the 121 men.

Mr. McKENZIE. Will the gentleman yield?

Mr. ANDREWS. Yes.

Mr. McKENZIE. I just want to call the gentleman's attention to the fact that there are only 45 alternates in the United States who are eligible.

Mr. ANDREWS. Then these fellows are to go out and appoint them whether they are qualified or not, are they? That is about what they would do. Now, my friends, there is another principle involved in this. By the way, the chairman of the committee, Mr. KAHN, a while ago thought he answered my question. He did not. I asked what the increase of expenses would be from the appointment of 121 additional cadets. He answered by saying the appropriation has already been made and therefore there will be no increase of expense. My goodness, gentlemen, is that wisdom on the question of the expenditure of public money? I did not ask whether the appropriations would have to be increased. I asked whether the expense would be increased or not. If you put 121 men there in addition to the number already qualified and pay each man \$1,138, you increase the expense by \$137,698. Now, where is the necessity for that? I will give the chairman of the committee a portion of my time to answer if he will. Where is the public necessity to increase the expenses for the next fiscal year to that extent? He does not care to answer. He knows there is no necessity for it.

Mr. KAHN. Mr. Chairman—

Mr. ANDREWS. He knows that there is no justification for this added expense now. He knows that in the light of the public expenditures to-day he can not justify the terms of this bill. [Applause.]

Mr. KAHN. Mr. Chairman, I shall answer the gentleman in my own time.

Mr. ANDREWS. Good. I shall be glad to hear from the gentleman, and then I will come again. I will then ask him what provision will be made in the course of a few years for the large increase of graduates from West Point. We have been told in this debate that the legal maximum is 1,338. If that maximum is maintained from year to year, in 10 years we would have 13,380 new officers and at the end of 20 years we would have 26,760 new officers, a number far exceeding the total number of officers in the Army to-day.

Would he then retire the officers that graduated last June and others we have at 40 or 50 years of age? Would he perpetuate that kind of a program, thereby levying tremendous expenses upon the people of the country to pay the salaries of retired Army officers alone? Will the chairman of the committee answer these questions to the burdened taxpayers of the country to-day? And when he answers these suggestions and questions in his own time I urge him to tell the people of the country why he would call upon them for this unnecessary expense. I am unalterably opposed to this bill and earnestly hope it will be defeated.

Mr. GARRETT of Texas. I yield five minutes to the gentleman from Ohio [Mr. CABLE].

Mr. CABLE. Mr. Chairman, if there ever was a time in the history of our country when we should start to save, not to spend money, it is now. If it costs \$137,000 to take care of these additional men, we either must raise that amount if they enter the Academy under this bill, or the War Department will use that sum from a present appropriation. I want to call your attention to the fact that we now in peace time are operating the United States Military and Naval Academies under war time legislation and laws. Both parties went out and promised the people that they would repeal such laws that had been placed on the statute books; that we would return to them an administration functioning upon laws that we had before we entered the war. Before the war, under the then existing law, there was allowed in the Naval Academy 1 cadet midshipman for every Member or Delegate in the House of Representatives; 1 for the District of Columbia; 1 for each Senator and 10 at large. As a war time provision this number was properly increased, so that now the law provides that there shall be allowed 5 midshipmen for each Senator, Representative, and Delegate in Congress, 1 for Porto Rico, 2 from the District of Columbia, 15 appointed each year at large, and 100 appointed annually from the enlisted men of the Navy. In addition, the President is allowed 15 appointments annually, the Secretary of the Navy 100 appointments annually.

Mr. McKENZIE. Will the gentleman tell us how many that makes at Annapolis?

Mr. CABLE. I can not yield. I have not the time. Before the war, under the peace-time regulation, the Corps of Cadets at the United States Military Academy at West Point consisted of 1 from each congressional district, 1 from each Territory, 1 from the District of Columbia, 2 from each State at large, and 30 from the United States. But, as a war-time measure to facilitate winning the war, the law in 1916 was amended so that the Corps of Cadets there now consists of 2 from each congressional district, 2 from each Territory, 4 from the District of Columbia, 2 from Porto Rico, 4 from each State at large, 82 from the United States at large; also the President may appoint not to exceed at any one time 180 from the Regular Army and the National Guard. In 1912 there were 768 men in the Naval Academy. In 1916 the number had increased to 1,231. For 1922 it has increased to 2,355. In 1916 Congress was compelled to raise \$498,650 for this purpose. For 1922, because of the added number in the Naval Academy, the expenses of that institution will be \$2,273,845.43. The same increase applies to West Point. In 1912 we had in the Military Academy 558 men. In 1916 the number had increased to 630, and the chairman of the committee has made the statement here to-day that there are now 1,338, or almost two and a half times as many in the Military Academy to-day as were needed before the war and in peace times. The expenses of the academy have increased from \$1,069,813.37 in 1916 to \$2,357,259.80. Instead of still further increasing the number in West Point by 121; instead of using at least \$137,000 to pay, feed, and educate these additional men, let us be reminded that ours is the duty of saving not spending money. Not more than a month ago in this very room, by a vote of 332 to 4, the Borah resolution was adopted. The Navy bill was cut ninety million. The number of men in the Army was reduced to 150,000. Certainly, after this reduction there remains a sufficient number of Army officers. On November 11 in this city there will be assembled a convention



called by the President for disarmament. Each Member of Congress has an interest in that meeting and its result. We now have an opportunity to show that we are sincere in our desire for disarmament and to save the people's money. [Applause.]

Mr. KAHN. I yield five minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman and gentlemen of the House, I hope the House will not let itself get into that temper which emanates from the dog days and from the doldrums, so that it will refuse to listen to meritorious legislation. This bill does not interfere with a single right of a single Member of the House. Furthermore it does not increase by a single commissioned officer the number of officers in our Army. Now, let us be reasonable and try to understand this bill. I submit that if you understand the bill you will have no objection to it, because we know that trained officers are necessary in our Army. I do not believe that there is a Member of this House that wants to do away entirely with the trained officers. I wish I had more time to take up that phase and answer the argument advanced by the gentleman from California, which I do not agree with; that is, that it is necessary to have a vast number of professional officers in the lower ranks to win a war. That is not the case, but we have got to have them in the higher ranks. This bill has nothing whatsoever to do with the size of the officer personnel in the Regular Establishment.

At the present time the output of West Point only supplies 30 per cent of the commissioned personnel, when prior to the war the West Point graduates supplied 50 per cent of the total number of commissioned officers. Let me try to explain, if I can, just how this works. You Members of Congress have the right to nominate a principal and three alternates. If your principal and three alternates do not qualify, the highest alternate in your State is chosen to fill that place and you are given next year another nomination. If one of your candidates should graduate that same year, you are then credited with two nominations. Under no circumstances can a Member of this House lose a candidate to West Point, no matter what has been said here in the House to the contrary notwithstanding.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. FISH. No; I have not the time. That is the situation, and we desire to increase the number at West Point to the maximum to supply trained officers at a minimum expense. By adding 140 more cadets to West Point you give these men training at the very minimum of expense, because in running the Military Academy at the present time with only 80 per cent of its quota the Government expends practically the same amount of money as if it was operating at the maximum capacity. Those are the salient points.

Since I have been in this House I have never seen any legislation that had so much mystery and so much suspicion cast upon it when, as a matter of fact, it is practical legislation advocated by a brilliant officer, Gen. Douglas MacArthur, who, as superintendent at West Point, has accomplished splendid results in liberalizing and humanizing the curriculum for the good of the service.

The enactment of this bill into law can in no way advance the interest of militarism. It is simply designed to furnish additional trained officers for the Army instead of taking them from civilian life. [Applause.]

The cry of economy has been raised against this bill, as it was against Senate amendment No. 56 of the Sweet bill, which increased the compensation from \$20 to \$50 for attendants or nurses for the blinded, legless, armless, and totally disabled former service men. There are two kinds of economy—the real and the false. Economy is like religion and has many crimes committed in its name. The most flagrant example of this particular brand of false economy was that of the adoption of the conference report on the Sweet bill, which suppressed the Senate amendment to which I have referred. Therefore, in order to illustrate exactly what I mean by false economy I avail myself of the privilege to revise and extend my remarks by including in the Record an article which appeared in the Washington Herald August 2, 1921, under my signature, so that he who runs may read and may decide for himself not only the merit and justice of this amendment but bear witness how insinuating and dangerous the plea of false economy may become.

The conference committee will report the Sweet bill, coordinating the former service men's agencies, back to the House Tuesday morning for final passage. It is obvious that the Senate is far more liberal in its attitude toward the disabled former service men than the Members of the House on the conference committee, because some of the most meritorious amendments passed by the Senate were stricken out by the conference committee.

I refer in particular to the amendment reported favorably by the Finance Committee of the Senate and passed by the Senate unani-

mously, increasing the compensation from \$20 to \$50 for attendants or nurses for the blinded, legless, and armless, and totally disabled former service men.

#### RAISE IS NECESSARY.

It is self-evident that no attendant or nurse can be hired at \$20 and that the increase is not only reasonable, but necessary, if these totally incapacitated men are to be properly taken care of. I venture to state that practically every Member of the House promised his constituents that he would do everything in his power to help the disabled service men, and it was particularly so of those candidates who did not favor adjusted compensation.

Before election nothing was too good for our disabled heroes, but after the vote had been counted these promises were quickly forgotten by certain Members of the House. It is beyond my comprehension how any Member of the House can deny this increased compensation to the blinded, legless, armless, and totally helpless men, to be given only in the discretion of the Director of War Risk Insurance.

The blinded men are entitled to live at home and to be furnished an attendant to care for them and act as their eyes which they lost in the service of the country. The same logic applies to the attendant for the man without legs or without arms.

#### SHOULD LIVE AT HOME.

All these men are entitled to live at home and enjoy not only the necessities of life but all the comforts that a grateful country can afford. If a blinded man wants to go to a musicale he should have an attendant to take him and if a legless man cares to go to a ball game, he, too, should have a paid attendant.

The American public is not in sympathy with any attempt to economize with the lifeblood of the very men who deserve most from their country, regardless of the penuriousness of certain Representatives.

It is the paramount duty of every Member of Congress to fulfill to the last degree the Nation's obligations to the blinded and totally incapacitated. It is a reflection on the membership of the House that its conference committee should defeat the Senate amendments to increase from \$20 to \$50 the pay for an attendant for these men for whom the war will never end.

#### MUST ENTER POLITICS.

The conference committee which threw out this amendment does not contain a single former service man and demonstrates the fact that if the disabled service men are to get fair play and justice they and their comrades will have to nominate candidates in all congressional districts where the incumbents have been markedly unfriendly. The sooner this policy is adopted the better for all former service men.

Mr. KAHN. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 15 minutes.

Mr. KAHN. Mr. Chairman, there is much demand on the floor of the House for additional time, and I ask unanimous consent that my time be extended an additional hour, 30 minutes of which I will yield to the gentleman from Texas.

The CHAIRMAN. The gentleman from California asks unanimous consent that his time be extended an additional hour. Is there objection?

Mr. BLAND of Indiana. I object.

Mr. GARRETT of Texas. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. BEGG].

Mr. BEGG. Mr. Chairman and gentlemen of the committee, I have listened to the gentleman who just preceded me on this proposition with a great deal of interest, as I have listened to a number of other speeches in favor of the increase in the number of cadets, and there have been some startling statements made. I understood—and if I misquote the gentleman from California I am perfectly willing to stand for the correction—I understood him to say that if this bill is passed it will not cost the Government of the United States any more money. I want the gentleman, or somebody on that side, not in my time but in their time, to tell me where the money for 700 or 800 more pupils is to come from if it is not to come from the taxpayers. I want you to tell the American people where they are going to get the food; I want you to tell the American people where they are going to get the textbooks and teachers, and after you have it all out of the pockets of the taxpayers tell the people what in the name of God you are going to do with the boys. [Applause.]

I can tell you what you are going to do. You will put them into the standing Army so you can retire young officers, permitting them to draw three-quarters pay. I tell you, gentlemen, I am getting tired of Army and Navy officers drawing down more salary than my father makes or ever did make, and he is helping to pay these officers to lie around. A good many of them have never smelled gunpowder on a battle field. I am getting tired of voting more money for the Army and the Navy, and I am tired of having our leaders come in and ask me to vote for it every day when the Secretary of the Treasury comes down before the Ways and Means Committee and says put a sales tax on every mouthful that the common people eat, put a tax on every automobile, raise the postage rates so that every boy and girl in the United States who sends a letter has got to pay an extra cent for it; raise the tax on your checks; raise the taxes so that we can spend it on the Army and Navy, so that we can have some more men retired at the age of 40 and draw down more money than I ever made in my life in one year.

Mr. GREENE of Vermont. The gentleman got all that he was worth, did he not?

Mr. BEGG. I got all I was worth but these men are getting more than they are worth. I want to say to the gentleman from Vermont that the American people are tired of this kind of bills, adding to the appropriations every year, and it is high time to cut down. [Applause.] I want to ask the gentleman from California and the whole Military Committee what your 36 major generals are doing? There are only three major general jobs all told—the Coast Guard, the Marine Corps, and the General Staff—and what are the rest of them doing? You have 117 colonels of Cavalry and there are only 14 Cavalry regiments for them to command. That shows what a top-heavy organization you have in the Army. Nearly nine colonels to a regiment when there should be one.

They are drawing down big salaries, doing nothing but playing polo, and incidentally that is one argument that has not been brought out in this bill. If we do not keep this academy up it is entirely possible that our polo team will not be full in 5 or 10 years, and I am strongly in favor of it for that reason. Nobody else has offered that argument.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. BEGG. I yield for a moment.

Mr. GREENE of Vermont. The gentleman has included the Coast Guard and the Marine Corps in his assignment to the Army. If the rest of his facts are founded on that kind of information it is no wonder that he argues against the bill.

Mr. BEGG. My facts are founded on the hearings held before the gentleman's committee.

Mr. GREENE of Vermont. The Coast Guard and the Marine Corps do not belong to the Army, son.

Mr. BEGG. I am not the gentleman's son, though I am sure that I am a son; but I would say to the gentleman that we have had too much wise guidance from military men who know everything about it, and now we need a little bit of advice from the people who are going to pay the bills. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. GREENE of Vermont. Mr. Chairman, I ask for recognition in my own right.

The CHAIRMAN. The gentleman from Vermont is recognized.

Mr. OLIVER. Does he not have to have time yielded to him?

Mr. GREENE of Vermont. There has been no allotment of time.

Mr. KINCHELOE. Has not the gentleman from Texas the floor?

The CHAIRMAN. As the Chair understood, the gentleman from Texas and the gentleman from California reserved the remainder of their time. The gentleman from Vermont is recognized as a member of the committee.

Mr. BLANTON. I presume if the Chair recognizes the gentleman from Vermont he will recognize some one who is opposed to the bill who asked for recognition, as, for instance, the gentleman from Indiana [Mr. BLAND].

Mr. GARRETT of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GARRETT of Texas. I understood that I have been recognized for one hour. Of that time I have yielded five minutes to the gentleman from Ohio [Mr. BEGG]. I have not yielded the floor. I make the inquiry now, if the gentleman from Vermont, in the face of the fact that I still have the floor, has the right to recognition for one hour in his own right?

The CHAIRMAN. The Chair is of opinion that if the gentleman from Texas demands the use of his time he is entitled to the hour. Is the gentleman now demanding his time?

Mr. GARRETT of Texas. I am.

The CHAIRMAN. Then the gentleman will be recognized in lieu of the gentleman from Vermont.

Mr. GREENE of Vermont. That is, he will be recognized before I am?

The CHAIRMAN. The gentleman from Texas demands the right to continue the use of his hour.

Mr. GREENE of Vermont. Oh, very well. I did not expect to consume the hour, but I expected to divide it among others present, as the other gentlemen are doing.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. GARRETT of Texas. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. PARRISH].

Mr. PARRISH. Mr. Chairman, I am not so much opposed to the details of this bill as I am opposed to the tendency that is manifest from its provisions. It is leading in the direction of a larger number of officers and consequently in the direction of a larger Army. When we realize the great burdens under which the people of the country are laboring because of

excessive taxation, and when we take into consideration the fact that the Secretary of the Treasury has told the Ways and Means Committee that we must raise \$4,550,000,000 to meet the current expenses of the Government next year, I think it is time for Congress to stop every single item of expense that it is possible for us to eliminate. Unless we do that, we are going to bring down upon ourselves the just wrath of the indignant taxpayers. This bill is inopportune at this time, because the President of the United States has recently called a conference of the leading nations of the world to meet in Washington for the purpose of discussing the question of universal disarmament. Why not withhold action upon this bill until we can see what will be done by that meeting of the world powers? Why not defer action on the bill until we can see what recommendations they make about world disarmament. Now is the time to withhold all further great expenditures of public funds. I am in accord with the Senator who has introduced a bill at the other end of the Capitol, that we could well reduce the Army to 100,000 men at this time and save the Government \$80,000,000 of expense. If we reduce the officers to a corresponding number, we can save additional expense. Men who are in the position to know tell us that 92.2 per cent of all the money that is paid by the taxpayers goes to keep up the expense of the Army and the Navy, past, present, and future. That leaves only 7.8 per cent to be devoted to the civil expenditures of the Government. When we stop seriously to consider this appalling situation, as representatives of the people we should ponder long before we add another dime of expense to that side of the budget.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. PARRISH. I can not at this time; I am very sorry. Let us reduce public expenses now, we must stop somewhere. Unless we do we will find ourselves running continually in that ever vicious circle that has no end. I believe we are not authorized in bringing up for consideration a single bill that adds additional expense unless it is absolutely necessary. Unless we follow that policy, more money will have to be appropriated and we will find ourselves face to face with the difficulty of raising the necessary revenue. Who is there among us now who can tell how we can meet the \$4,550,000,000 necessary for the next fiscal year and at the same time lower the taxes? Where is the man who can suggest a way? You can not do it because you do not know how. I hope and pray that our leaders may be able to devise some means of lowering taxes, because business is now stagnant and is awaiting relief from excessive tax burdens.

But you can not give relief as long as you must add to the enormous sum of money to be raised, and so this bill is only a step toward increasing the public expenditures. And, Mr. Chairman, I believe this bill ought to be defeated—that we ought to abide our time until the conference meets and then, when the war clouds have blown away, see what steps we ought to take for the common good of all. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. KAHN. Mr. Chairman, I renew the request I made a moment ago, that general debate be allowed to continue for one hour longer, one-half of that time to be controlled by the gentleman from Texas [Mr. GARRETT] and one-half to be controlled by myself.

The CHAIRMAN. And that general debate close at that time?

Mr. KAHN. Yes.

The CHAIRMAN. The gentleman from California makes the unanimous-consent request that general debate close at the end of one hour after the expiration of the hour of the gentleman from California and the gentleman from Texas, one-half of that time to be controlled by each. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, that takes in the understanding I had with the gentleman in regard to Mr. BLAND of Indiana and myself?

Mr. SANDERS of Indiana. Mr. Chairman, reserving the right to object, has there been any agreement as to the allotment of this time?

Mr. KAHN. The request for time has been very great.

Mr. SANDERS of Indiana. Has the gentleman's half hour been allotted—

Mr. RANKIN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. KAHN. Will the gentleman from Texas use some of his time?

Mr. GARRETT of Texas. Mr. Chairman—

Mr. BLAND of Indiana. Mr. Chairman—

The CHAIRMAN. The gentleman from Texas.



Mr. GARRETT of Texas. I yield three minutes to the gentleman from Delaware [Mr. LAYTON].

Mr. LAYTON. Mr. Chairman and gentlemen of the committee, I regret very much that I can not follow the committee in this matter. It seems to me that leaving out of consideration everything connected with the bill itself except one fact, that it ought to be defeated by the House. We are now living in an hour when the whole world is hoping and praying for disarmament, and yet we are asked to assume in this body the preposterous position of turning West Point into a state of higher efficiency than we have ever had in the history of the country. What effect do you believe, gentlemen of the House, this will have upon the people of England, of France, or Japan when we are professing and preaching peace, preaching disarmament, throwing out to the world an invitation to come to this country and consult about means of disarmament, and then blazoning it abroad throughout the whole world that we are raising up our Military Establishment at West Point to turn out more officers, to raise it to the maximum capacity, as the gentleman from New York said, for the first time in the history of our country? Now, my friends, I want to say that to my mind it is grossly inconsistent. It does not agree with our profession. It is bad international politics. If there were any bill to be introduced at this time in this House bearing upon this subject, the gentleman should have introduced a bill for the purpose temporarily of suspending the operations of West Point and of Annapolis, because we can get along without more officers either in the Army or the Navy. It is an hour when we ought to save every dollar we possibly can, in view of the fact that there is no demand for this measure on account of any threat of war—

Mr. DENISON. Will the gentleman yield? The papers just carried a report yesterday or the day before that England had made an appropriation for three more battleships—

The CHAIRMAN. The time of the gentleman has expired.

Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from Iowa [Mr. HULL].

Mr. GARRETT of Texas. Mr. Chairman, how does the time stand?

The CHAIRMAN. The gentleman from Texas has 12 minutes and the gentleman from California 15.

Mr. HULL. Mr. Chairman and gentlemen of the committee, an army consists of three things: First, trained officers; next, supplies; and, third, enlisted personnel; and if I gave you my judgment as to their importance the first would be 50 per cent, the second 45 per cent, and the last 5 per cent. The trouble with this country is that we pay all of our attention to the last, and the last cost us \$100 where the first only costs you \$1. If you had in your Reserve Officers' Corps 100,000 officers, you would not have one man too many. Then you can reduce your Regular Army to the very minimum. Now, this bill will not cure the trouble, but it is a small step in the right direction, and it does not cost you anything to enact this bill. The money is already appropriated for 1,338 cadets at West Point, and you have only about 900 up there.

Mr. OLIVER. If the gentleman will yield, what is the source of supply for your Army Reserve Corps, the officers which the gentleman thinks are so important?

Mr. HULL. I would like to talk to the gentleman for hours on this subject, but I can not go into that in five minutes, when I am trying to explain a bill that the House does not seem to understand. This has nothing to do with reserve officers.

Mr. OLIVER. The trouble about that is the gentleman states we could dispense with all, if we had 100,000 reserve officers. Now, where are those 100,000 reserve officers to come from? They would not come from the academy; retired officers may come from the academy, but not reserve officers.

Mr. HULL. I admit that. Your reserve officers come from either the National Guard schools or those trained by war. You could have in this country 100,000 to-day. You have only 60,000 in the Reserve Corps, and what I want to do is to appeal to the House to pass this bill. It will not cost this Government anything; it simply stabilizes the attendance at West Point, and it does not take away from a Member any right which he has.

You will have the same right that you have to-day to keep your men at West Point, and whenever you can send them there you will send them there. You should understand that. If you defeat this bill, you simply may take away the right of a boy in your district at the present time to go to West Point. I think the gentleman from Texas [Mr. GARRETT] admits that fact. If you have, as I say, the 100,000 men in the Reserve Corps of regular Reserve Corps officers, you will not have to have as large an Army as you would have otherwise, and you would save hundreds of thousands of dollars by passing a bill that will give you well-trained officers. That is all this bill does. [Applause.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back one minute.

Mr. GARRETT of Texas. Mr. Chairman, I yield to the gentleman from Mississippi [Mr. JOHNSON].

Mr. JOHNSON of Mississippi. Mr. Chairman and gentlemen of the House, I am opposed to the bill now before the House, because I believe that if this bill should be enacted into a law it will show bad faith on the part of the American Congress and the President of the United States who is now negotiating with four important nations of the world to bring about disarmament. I understand that Italy, England, France, and Japan have accepted the invitation of the President of the United States to come to Washington on November 11 and negotiate with this Government concerning disarmament.

Mr. BLANTON. Mr. Chairman, I think we ought to have a quorum here. The gentleman from Mississippi is making an interesting speech.

The CHAIRMAN. The gentleman from Texas makes the point of order that a quorum is not present. The Chair will count. [After counting.] A quorum is present.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. JOHNSON of Mississippi. Certainly; with pleasure.

Mr. CHINDBLOM. Did I understand the gentleman correctly when I understood him to say that it is a breach of faith on the part of this country now to fill up the quota at West Point in view of the proposed disarmament conference?

Mr. JOHNSON of Mississippi. I believe since we have passed the bill to reduce the Army from 232,000 to 150,000 and have passed the Borah resolution which asks the President to call the disarmament conference, that for us to enact a law here to-day which increases our armament is a breach of good faith.

I feel confident this bill is going to be defeated and in the time allotted me I want to discuss another matter of vital importance to my people and the people of the United States. I believe we all agree that the most important question before the American people to-day is transportation facilities furnished at reasonable rates.

Every mail that comes to my office brings letters from farmers, merchants, and manufacturers urging that something be done to relieve the transportation conditions, and, having this in mind, I have introduced House bill \$103, an act to repeal section 15A of the interstate commerce act as amended by section 422 of the transportation act of 1920, which, if enacted into a law, will put the rates at what they were before the increase by the Interstate Commerce Commission. It will then leave to the Interstate Commerce Commission the power to determine what is a reasonable rate.

Under the law as it is written to-day reasonableness or unreasonableness do not enter into consideration of rate making, but the question is to make the rates sufficient to enable the railroad companies to earn a dividend on their investment, regardless of waste, extravagance, or mismanagement on the part of the companies.

#### RAILROADS GIVEN AID.

When the railroads were returned to their owners the Government of the United States loaned them \$300,000,000 and guaranteed to them for six months a dividend of 6 per cent on their investment. The railroads have been paid by the Government on this guaranty \$631,000,000, and more than half this amount was paid without proper accounting by the railroad companies to the Interstate Commerce Commission. It was done by virtue of the so-called Winslow Act, which enabled the comptroller to pay the railroads without the necessary accounting.

It was argued then by the proponents of the bill that if the money was paid to the railroad companies it would enable them to purchase supplies, rebuild cars, repair tracks, and so forth, and would stimulate business in the country. It was hoped and expected by the proponents of the bill that the money paid them would so stimulate business and increase the revenues of the railroads that the companies would voluntarily reduce the rates, but not so. The railroad companies are to-day operating under the highest freight rates ever heard of in the history of this country.

#### HIGH RATES HINDER BUSINESS.

The exorbitant freight rates have brought about a stagnation of business in the country. There are to-day 600,000 idle freight cars. The country is short several million homes. In the cities the people are living in congested tenements. Many of them are anxious to build homes, but they can not afford to purchase the lumber on account of the unreasonable freight rates. The lumbermen suffer on account of the unreasonable freight rates because they can not sell their lumber.

Millions of bushels of wheat and corn can not be shipped because the prices of these products will hardly bring the cost of transportation. Under the old freight rate, pig iron could be shipped from Birmingham to the Pacific coast at \$12.32 per ton; to-day it costs \$22.40 per ton. Iron is being shipped from Belgium to the Pacific coast because it is cheaper than transporting it across continental United States. Coke is being shipped from Germany to the Pacific coast at a cheaper rate than it can be shipped across the United States. The old freight rate on iron from Birmingham to St. Louis was \$2.75 per ton; to-day it is \$5.25. The South has just about gone out of the pig-iron business because the freight rates are prohibitive.

The unreasonable and outrageous freight rates were made when corn was selling at \$2 a bushel, when cotton was worth 30 cents to 40 cents a pound, and when iron was bringing two and a half times what it is worth to-day. Since the establishment of these freight rates wages have been reduced, farm products have been reduced in price, and practically everything else has been reduced except freight rates, and they are the same. We can not expect the railroads to voluntarily reduce the rates. They are not going to do it.

The freight rates in the Mississippi Valley are the most unreasonable in the history of railroading. Unless something is done to correct this evil there will continue a stagnation in business.

#### TIME TO CALL A HALT.

The railroad companies complain that they are unable to pay expenses. This was always their cry. That will always be their cry so long as we listen to these false claims of the railroad companies and allow them to raid the Treasury of the United States.

It is time to call a halt. It is time for the representatives of the people in this country to put a stop to such robbery. Henry Ford bought the Toledo, Detroit & Ironton Railroad, and has already asked for permission to reduce rates 20 per cent on his railroad. He says:

I am not trying to burglarize my railroad. I am making it serve the public.

If the other railroads would emulate the example of Henry Ford, business would be stimulated, and it would do much toward establishing a normal condition of affairs.

But, Mr. Chairman, the railroads have no idea of reducing freight rates until they are compelled to do so. They have procured a bill to be introduced in this Congress which will take away from the Treasury of the United States another half billion dollars. From a statement issued by the President it seems to have the approval of the administration.

When will these raids upon the Treasury of the United States cease? Just at this time the people are coming to Washington by the hundreds protesting against unreasonable taxes. Thousands of letters are coming each day urging the reduction of taxes, and yet instead of reducing the taxes they are to be increased.

#### BUSINESS MEN AFRAID.

Business men are afraid to invest their money. They do not know what to depend upon. They do not know what their taxes will be. Each day shows an increase in the number of idle men in this country. The reason for it is the lack of markets and the high freight charges. If these rates are reduced it will encourage commerce between the States and open the avenues for business of all kinds.

Of course, I realize that my party is in the minority and we can not pass this bill without Republican help, but if some of you Republicans who have the welfare of the people at heart will assist the Democrats we will pass the bill, and without unnecessary delay.

Mr. Chairman, it has been thoroughly demonstrated throughout this Congress that the burden is not going to be lifted from the shoulders of the masses. Every effort on the part of this Congress tends toward increasing the burdens of the masses and relieving the rich of their just share of the taxes. The longer this Congress is in session the worse it will be for the people. Let us revise the tax laws equitably, reduce the freight rates, adjourn this Congress, and go home and stay there for a while. If we do this it will redound to the welfare of the people of the country.

Mr. GARRETT of Texas. Mr. Chairman, I yield the remainder of my time to the gentleman from Indiana [Mr. BLAND].

The CHAIRMAN. The gentleman from Indiana is recognized.

Mr. BLAND of Indiana. Mr. Chairman, I have not heard any argument to justify support of this bill. On the contrary, its advocates, or some of those who have been advocating the passage of the bill, are supporting it for the reason that it increases the number of Army officers. That is one reason why

I would be against it. You can not eat the apple and keep it. You are either going to fill vacancies to the places that Congressmen now have the right to fill or you are going to leave those vacancies unfilled and make other appointments which will increase the number of cadets. Under this bill you are going to have more men as cadets at the academy, and in that case it will cost more money; it is admitted that it will cost more money; and this is no time to spend more money. [Applause.]

Now, Mr. Chairman, if it is in order, I would like to move that the committee rise.

The CHAIRMAN. The Chair would ask the gentleman from Indiana if the gentleman from Texas [Mr. GARRETT] yielded the floor to him for the purpose of making that motion? Unless the gentleman secured the floor for that purpose, he has not that right.

Mr. BLAND of Indiana. I have the floor now, and I think I have the right to make the motion. If I have not, who has the right?

The CHAIRMAN. Did the gentleman from Texas yield the floor for that purpose?

Mr. GARRETT of Texas. I yielded my time to him.

Mr. BLAND of Indiana. The gentleman from Texas has not the right to control my purpose in making a motion.

The CHAIRMAN. The gentleman from Texas has the hour, and can control it.

Mr. GARRETT of Texas. I have no objection.

Mr. BLAND of Indiana. The gentleman from Texas says he has no objection to my making the motion, and the time has been yielded to me.

Mr. BLANTON. Regular order, Mr. Chairman.

Mr. KAHN. Under the rules of the House since I have been a Member of the House, when we are proceeding in general debate and a Member is recognized for a certain number of minutes, it is for the purpose of indulging in general debate.

The CHAIRMAN. That is true.

Mr. KAHN. And ever since I have been a Member of this House the chairman of the committee having the bill in charge has been recognized to make the motion to rise.

The CHAIRMAN. That is the rule. The Chair thinks there is no question about the rule, and unless the gentleman is recognized for the specific purpose of making this motion, it would not be in order at this time.

Mr. KAHN. I understood the gentleman from Texas [Mr. GARRETT] has recognized the gentleman from Indiana for two minutes to address the House.

Mr. BLAND of Indiana. The gentleman is mistaken in that. The gentleman from Texas said he yielded to me two minutes, and later he said he had no objection to my making the motion that the committee rise.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. BLAND of Indiana. I trust the Chair has not taken this out of my time. I understood that I had the floor.

Mr. GARRETT of Tennessee. I make the point of order that the motion to rise is a privileged motion.

The CHAIRMAN. It is a privileged motion.

Mr. GARRETT of Tennessee. And the gentleman has the right to make it at the conclusion of his time.

Mr. GREENE of Vermont. The gentleman did not have the floor for that purpose.

Mr. GARRETT of Tennessee. He had the right to take the floor for that purpose.

Mr. GREENE of Vermont. The gentleman from Texas [Mr. GARRETT] yielded two minutes of his time, but he did not yield for that purpose.

Mr. GARRETT of Tennessee. I should prefer that the gentleman from California should make the motion.

Mr. BLAND of Indiana. I will be glad to yield to the gentleman from California if he will move that the committee rise.

Mr. KAHN. I have only one more speech of five minutes, and then I intended to make the motion to rise.

The CHAIRMAN. The time of the gentleman from Indiana has expired. The gentleman from California is recognized.

Mr. KAHN. That is the usual custom of this House. I yield five minutes to the gentleman from Indiana [Mr. SANDERS].

The CHAIRMAN. The gentleman from Indiana [Mr. SANDERS] is recognized for five minutes.

Mr. SANDERS of Indiana. Mr. Chairman, I think this measure ought to be passed. I realize that the President has called a conference with reference to the limitation of armament. I have always contended that there is quite a difference, however, between national disarmament and international disarmament. I have always favored international disarmament



or limitation of armament, but have always been opposed to national disarmament. In other words, I believe in peace, but I believe that so long as there is no agreement amongst the nations for a limitation of armament the best means by which peace can be secured for our people is to see to it that they are able to defend this country of ours. [Applause.] I do not think there is anything in this call issued by the President that obviates the necessity for this Nation training the requisite number of officers for a skeleton army from which a combat army could be formed in time of war. If an international agreement is reached, we can then, of course, carry out such agreement.

Mr. BLAND of Indiana. Will the gentleman yield?

Mr. SANDERS of Indiana. I yield to my colleague.

Mr. BLAND of Indiana. Then the gentleman is for a big Navy and a big Army and to be prepared to defend. Is that the gentleman's position?

Mr. SANDERS of Indiana. That is the gentleman's position. I am in favor of a Navy that is sufficiently big to defend this country. I am not in favor of a big combat Army, because we have never followed that practice, but I am in favor of a sufficiently large Army to form a skeleton and to furnish the necessary officers to assemble a combat Army when it is necessary to call this country to arms to defend it. That is exactly what I stand for. [Applause.]

Of course, when you say you are for a "big" Army or a "big" Navy you are using a relative term. I am for a sufficiently big Navy to defend America. I am for a sufficiently big Army to be ready to form a necessary combat army to defend this country; and standing upon that ground I am highly in favor of a conference which will lead to an understanding amongst all the nations of the world to limit armament, so that the taxpayers of this country and of other countries may be relieved of the burden of armament. [Applause.]

Now, getting down to this specific bill, it is simply a bill to provide that there shall be a way to fill the vacancies at West Point that we contemplated when the act was passed in 1916. For some reason or other they have not been filled. I do not know whether it is because the boys of the country have lost interest, but for some reason or other the plan that we formulated has not filled the academy at West Point, and there are many vacancies. This will arrange to fill the vacancies, and, despite a misunderstanding to the contrary, this will not deprive any Member of Congress or any Member of the United States Senate of the right to fill vacancies as they have always been filled heretofore.

Mr. LAYTON. Will the gentleman yield?

Mr. SANDERS of Indiana. I yield to the gentleman from Delaware.

Mr. LAYTON. The bill, however, increases the burden upon the taxpayers by about \$140,000.

Mr. SANDERS of Indiana. The gentleman is entirely in error about that. Of course, it will cause an added expense, but the overhead and a great deal of the other expense will be the same if the quota is not filled as it will be if the quota is filled. However, there will be some additional expense.

Mr. LAYTON. How much?

Mr. SANDERS of Indiana. It will be impossible to say accurately how much, because we do not know just how many cadets there will be, but the expense will be increased some. The number of cadets will be increased and the amount of expense will be increased to correspond to the number of the increase in the cadets. But the increase will be so slight and the advantage in training the necessary officers so great that in the end it will mean economy. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has expired. The Clerk will read.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That whenever, following any regular entrance examination, the number of candidates authorized under existing law to report for admission to the United States Military Academy from any State is not sufficient to fill the quota of cadets authorized from that State, a sufficient number of qualified alternates therefrom, not otherwise authorized to report for admission as such, selected in their order of merit established at such examination, to fill said quota shall be admitted and charged to that State as additional cadets: *Provided,* That the admission of alternates as authorized herein shall not interfere with or affect in any manner whatsoever any appointment otherwise authorized by law, and that if by the operation of this or any other provision of law the Corps of Cadets shall exceed its maximum authorized strength the admission of alternates as herein prescribed shall cease until such time as said corps may be reduced below its authorized strength.

During the reading of the bill the following occurred:

Mr. BLAND of Indiana. Mr. Chairman, a parliamentary inquiry. Is the Clerk reading the bill for the purpose of amendment?

Mr. MAPES. Mr. Chairman, I raise the point of order that the gentleman has no right to interrupt the reading of the section by a parliamentary inquiry.

The CHAIRMAN. The gentleman is correct. The Clerk will continue the reading.

Mr. BLAND of Indiana. I desire to make a preferential motion.

The CHAIRMAN. The Clerk will complete the reading of the section.

The Clerk completed the reading of the bill.

The CHAIRMAN. The Clerk will read the committee amendment.

Mr. BLAND of Indiana. Mr. Chairman, I have a preferential motion.

The CHAIRMAN. The Clerk will read the committee amendment and then the gentleman will be recognized.

Mr. BLAND of Indiana. Mr. Chairman, is not a motion to strike out the enacting clause a preferential motion?

The CHAIRMAN. The committee amendment will be read and then the gentleman will be recognized. The committee amendment will not be acted upon but will simply be read.

The Clerk read as follows:

Strike out all after the enacting clause and insert the following:

"That whenever following any regular entrance examination the number of candidates authorized under existing law to report for admission to the United States Military Academy from any State is not sufficient to fill the quota of cadets authorized from that State, a sufficient number of qualified alternates therefrom not otherwise authorized to report for admission as such, selected in their order of merit established at such examination to fill said quota, shall be admitted and charged to that State as additional cadets. If such admissions do not bring the Corps of Cadets to its maximum authorized strength, a sufficient number of the remaining qualified alternates not otherwise authorized to report for admission as such, selected from the whole list in their order of merit established at such examination, sufficient to bring said corps to its maximum authorized strength, shall be admitted and charged to the United States at large as additional cadets: *Provided,* That the admission of alternates as authorized herein shall not interfere with or affect in any manner whatsoever any appointment otherwise authorized by law, and that if by the operation of this or any other provision of law the Corps of Cadets shall exceed its maximum authorized strength, the admission of alternates as herein prescribed shall cease until such time as said corps may be reduced below its authorized strength."

Mr. BLAND of Indiana. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The gentleman from Indiana moves to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. KAHN) there were—ayes 67, noes 36.

Mr. KAHN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. KAHN and Mr. BLAND of Indiana.

The committee again divided; and the tellers reported that there were 74 ayes and 37 noes.

Mr. BLAND of Indiana. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the recommendation that the enacting clause be stricken out.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DOWELL, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (S. 1358) to provide for maintaining the Corps of Cadets at the United States Military Academy at its maximum authorized strength, and for other purposes, and had directed him to report the same back with the recommendation that the enacting clause be stricken out.

Mr. BLAND of Indiana. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Will the House agree to the recommendation of the committee in striking out the enacting clause?

Mr. KAHN. On that, Mr. Speaker, I demand the yeas and nays, and I make the point that there is no quorum present.

The SPEAKER. The gentleman from California makes the point that no quorum is present, and the Chair will count.

Mr. BLANTON. I raise the point that that will not get the gentleman a roll call.

Mr. KAHN. Mr. Speaker, I withdraw the point of no quorum.

The SPEAKER. The gentleman from California demands a division.

The House divided; and there were 86 yeas and 41 noes.

Mr. KAHN. Mr. Speaker, it is shown that there is no quorum here, and I object to the vote and make the point that there is no quorum present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 139, nays 92, answered "present" 1, not voting 198, as follows:

## YEAS—139.

Ackerman	Dowell	Lazaro	Schall
Almon	Drewry	Leatherwood	Scott, Tenn.
Andrews	Driver	Logan	Sears
Aswell	Dunbar	London	Shelton
Bacharach	Echols	Lowrey	Shelton
Beck	Elliot	McClintic	Smith, Idaho
Bird	Evans	McDuffie	Smithwick
Black	Fairfield	Mansfield	Speaks
Bland, Ind.	Fenn	Martin	Sproul
Bland, Va.	Foster	Moore, Ohio	Steagall
Blanton	Fulmer	Moore, Va.	Steenerson
Bowling	Garner	Murphy	Stephens
Box	Garrett, Tenn.	Nelson, A. P.	Strong, Kans.
Brand	Garrett, Tex.	Nelson, J. M.	Summers, Wash.
Briggs	Gensman	O'Connor	Summers, Tex.
Bulwinkle	Gorman	Oliver	Swank
Burtess	Greene, Mass.	Padgett	Sweet
Byrnes, S. C.	Hammer	Park, Ga.	Ten Eyck
Byrns, Tenn.	Hardy, Tex.	Parks, Ark.	Thompson
Cable	Hoch	Parrish	Tillman
Campbell, Kans.	Huddleston	Patterson, Mo.	Tincher
Chalmers	Jacoway	Petersen	Tyson
Clague	Jeffers, Nebr.	Pringley	Vinson
Cole, Ohio	Jeffers, Ala.	Rainey, Ala.	Voigt
Collins	Johnson, Miss.	Raker	Voistead
Colton	Jones, Tex.	Rankin	Ward, N. C.
Connally, Tex.	Keller	Rayburn	Webster
Connell	Kelly, Pa.	Reavis	White, Kans.
Connolly, Pa.	Kendall	Ricketts	Williams
Cooper, Wis.	Kincheloe	Riddick	Wilson
Coughlin	Kopp	Roach	Wingo
Davis, Minn.	Lanham	Robison	Wood, Ind.
Davis, Tenn.	Lankford	Rose	Woodruff
Deal	Lawrence	Sanders, Tex.	Wyant
	Layton	Sandlin	

## NAYS—92.

Appleby	Gerner	Larson, Minn.	Quin
Beedy	Graham, Ill.	Lea, Calif.	Ramsayer
Benham	Green, Iowa	Lineberger	Ransley
Bixler	Griest	Little	Reece
Brooks, Pa.	Griffin	McCormick	Robertson
Browne, Wis.	Hardy, Colo.	McFadden	Rogers
Burton	Harrison	McLaughlin, Nebr.	Sanders, Ind.
Cannon	Hayden	McPherson	Shaw
Chandler, N. Y.	Hays	MacGregor	Shreve
Chindblom	Herrick	Madden	Sinnot
Cole, Iowa	Hersey	Magee	Smith, Mich.
Copley	Hickey	Mapes	Swing
Crowther	Hill	Michener	Tilson
Curry	Hogan	Miller	Towner
Dale	Houghton	Mills	Treadway
Darrow	Hull	Millsbaugh	Vestal
Denison	Hutchinson	Mott	Watson
Dupré	Ireland	Newton, Minn.	White, Me.
Fairchild	Kahn	Newton, Mo.	Wise
Fish	King	Norton	Wurzbach
Fisher	Kissel	Patterson, N. J.	Yates
French	Kline, Pa.	Perkins	Young
Frothingham	Kraus	Purnell	Zihlman

## ANSWERED "PRESENT"—1.

Greene, Vt.

## NOT VOTING—198.

Anderson	Dempsey	James	Mondell
Anson	Dickinson	Johnson, Ky.	Montague
Anthony	Dominick	Johnson, S. Dak.	Montoya
Arentz	Doughton	Johnson, Wash.	Moore, Ill.
Atkeson	Drane	Jones, Pa.	Moore, Ind.
Bankhead	Dunn	Kearns	Morgan
Barbour	Dyer	Kelley, Mich.	Morin
Barkley	Edmonds	Kennedy	Mudd
Begg	Ellis	Ketcham	Nolan
Bell	Elston	Kless	O'Brien
Blakeney	Faust	Kindred	Ogden
Boles	Favrot	Kinkaid	Oldfield
Bond	Fess	Kirkpatrick	Olpp
Bowers	Fields	Kitchin	Osborne
Brennan	Fitzgerald	Klecza	Overstreet
Brinson	Flood	Kline, N. Y.	Palge
Britten	Focht	Knight	Parker, N. J.
Brooks, Ill.	Fordney	Knutson	Parker, N. Y.
Brown, Tenn.	Frear	Kreider	Pertman
Buchanan	Free	Kunz	Peters
Burdick	Freeman	Lampert	Porter
Burke	Fuller	Langley	Pou
Burroughs	Funk	Larsen, Ga.	Radcliffe
Butler	Gahn	Lee, Ga.	Rainey, Ill.
Campbell, Pa.	Gallivan	Lee, N. Y.	Reber
Cantrill	Gilbert	Leibach	Reed, N. Y.
Carew	Glynn	Linthicum	Reed, W. Va.
Carter	Goldborough	Longworth	Rhodes
Chandler, Okla.	Goodykoontz	Luce	Riordan
Christopherson	Gould	Luhling	Rosenberg
Clark, Fla.	Graham, Pa.	Lyon	Rosenbloom
Clarke, N. Y.	Hadley	McArthur	Rossdale
Classon	Haugen	McKenzie	Rouse
Clouse	Hawes	McLaughlin, Mich.	Rucker
Cockran	Hawley	McLaughlin, Pa.	Ryan
Codd	Hicks	McSwain	Sabath
Cooper, Ohio	Himes	Maloney	Sanders, N. Y.
Cramton	Hudspeth	Mann	Scott, Mich.
Crisp	Hukriede	Mead	Siegel
Cullen	Humphreys	Merritt	Sisson
Dallinger	Husted	Michaelson	Slomp

Snell	Tague	Underhill	Weaver
Snyder	Taylor, Ark.	Upshaw	Wheeler
Stafford	Taylor, Colo.	Vaile	Williamson
Stedman	Taylor, N. J.	Vare	Winslow
Stevenson	Taylor, Tenn.	Volk	Woods, Va.
Stiness	Temple	Walsh	Woodyard
Stoll	Thomas	Walters	Wright
Strong, Pa.	Timberlake	Ward, N. Y.	
Sullivan	Tinkham	Wason	

So the enacting clause was stricken out.

The Clerk announced the following additional pairs:

On the vote:

Mr. RHODES (for) with Mr. VOLK (against).

Mr. Sisson (for) with Mr. GREENE of Vermont (against).

Mr. BEGG (for) with Mr. MORIN (against).

Mr. ARENTZ (for) with Mr. PARKER of New Jersey (against).

Until further notice:

Mr. BUTLER with Mr. STEDMAN.

Mr. FAUST with Mr. JOHNSON of Kentucky.

Mr. WALSH with Mr. BELL.

Mr. MORGAN with Mr. WEAVER.

Mr. HUKRIEDE with Mr. THOMAS.

Mr. LUHRING with Mr. FLOOD.

Mr. MONTOYA with Mr. MCSWAIN.

Mr. DYER with Mr. WOODS of Virginia.

Mr. GREENE of Vermont. Mr. Speaker, I voted "no." I find that I am paired with the gentleman from Mississippi, Mr. Sisson. I desire to withdraw my vote of "no" and be recorded "present."

The name of Mr. GREENE of Vermont was called and he answered "Present."

The result of the vote was announced as above recorded.

A quorum being present, the doors were opened.

On motion of Mr. BLAND of Indiana, a motion to reconsider the vote by which the enacting clause was stricken out was laid on the table.

## URGENT DEFICIENCY BILL.

Mr. MADDEN, chairman of the Committee on Appropriations, reported the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes, which was read a first and second time, and with the accompanying report referred to the Committee of the Whole House on the state of the Union and ordered to be printed.

Mr. BYRNS of Tennessee. Mr. Speaker, I reserve all points of order.

## LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. MCSWAIN, for 10 days, on account of important personal business.

## ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 1811. An act to amend the Federal farm loan act, as amended.

## CONTESTED-ELECTION CASE, PAUL V. HARRISON.

The SPEAKER announced that he had received a communication from the Clerk transmitting the original papers, testimony, and documents in the contested-election case of John Paul against Thomas W. Harrison, which were referred to the Committee on Elections No. 1.

## LEAVE TO EXTEND REMARKS.

Mr. JOHNSON of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the bill just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

Mr. KAHN. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the bill may be allowed five legislative days in which to extend their remarks in the Record on the bill.

The SPEAKER. The gentleman from California asks unanimous consent that all gentlemen who have spoken on the bill be allowed five legislative days in which to extend their remarks in the Record. Is there objection?

There was no objection.

## ADJOURNMENT.

Mr. KAHN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 4 o'clock and 47 minutes p. m.) the House adjourned until to-morrow, Wednesday, August 10, 1921, at 12 o'clock noon.



## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

202. A letter from the President of the United States, transmitting emergency estimate of appropriations in the sum of \$389,076.11 required by the Department of Justice for expenses of that department and the United States courts for the fiscal year 1921 and for prior fiscal years (H. Doc. No. 104); to the Committee on Appropriations and ordered to be printed.

203. A letter from the President of the United States, transmitting emergency estimates of appropriations in the sum of \$173,200 required by the Department of Justice for construction work and equipment at United States penitentiaries during the fiscal year 1922 (H. Doc. 105); to the Committee on Appropriations and ordered to be printed.

204. A letter from the Clerk of the House of Representatives, transmitting contested-election case of John Paul against Thomas W. Harrison, seventh congressional district of Virginia (H. Doc. No. 106); to the Committee on Elections No. 1 and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. LONGWORTH, from the Committee on Ways and Means, to which was referred the bill (H. R. 8107) to control importations of dyes and chemicals, reported the same with an amendment, accompanied by a report (No. 330), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. LANGLEY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 5700) authorizing the Secretary of the Treasury to sell the old subtreasury property at San Francisco, Calif., reported the same without amendment, accompanied by a report (No. 331), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. HILL, from the Committee on Military Affairs, to which was referred the joint resolution (H. J. Res. 184) authorizing the Secretary of War to loan tents, cots, and blankets for the use of Buddie Week Reunion of the Twenty-ninth and Seventy-ninth Divisions at the encampment to be held from August 31 to September 6, 1921, at Baltimore, Md., reported the same without amendment, accompanied by a report (No. 333), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

He also, from the same committee, to which was referred the bill (H. R. 7255) authorizing bestowal upon the unknown unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., the congressional medal of honor, and the distinguished service cross, reported the same without amendment, accompanied by a report (No. 334), which said bill and report were referred to the House Calendar.

Mr. SNYDER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 7108) authorizing a per capita payment to the Chippewa Indians of Minnesota from their tribal funds held in trust by the United States, reported the same without amendment, accompanied by a report (No. 335), which said bill and report were referred to the House Calendar.

Mr. MADDEN, from the Committee on Appropriations, to which was referred the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes, reported the same without amendment, accompanied by a report (No. 336), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. WURZBACH, from the Committee on Military Affairs, to which was referred the bill (H. R. 5125) for the relief of Oliver A. Campbell, reported the same with an amendment, accompanied by a report (No. 332), which said bill and report were referred to the Private Calendar.

## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on War Claims was discharged from the consideration of the bill (H. R. 8053) for the relief of John E. Russell, and the same was referred to the Committee on Claims.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MADDEN: A bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes; to the Committee on Appropriations.

By Mr. ARENTZ: A bill (H. R. 8118) to extend the time for payment of grazing fees for the use of national forests during the calendar year 1921; to the Committee on Agriculture.

By Mr. SINNOTT: A bill (H. R. 8119) for the relief of certain persons, their heirs or assigns, who heretofore relinquished lands inside national forests to the United States; to the Committee on the Public Lands.

By Mr. ARENTZ: A bill (H. R. 8120) to provide for additions and extensions to the United States post office at Reno, Nev.; to the Committee on Public Buildings and Grounds.

By Mr. McCLINTIC: A bill (H. R. 8121) to amend an act entitled "An act to amend section 101 of the Judicial Code"; to the Committee on the Judiciary.

By Mr. TAYLOR of Colorado: A bill (H. R. 8122) to extend time for payment of grazing fees for the use of the national forests during the calendar year 1921; to the Committee on Agriculture.

By Mr. KAHN: A bill (H. R. 8123) to further amend an act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916; to the Committee on Military Affairs.

By Mr. NEWTON of Minnesota: A bill (H. R. 8124) to amend an act entitled "An act to provide revenue, and for other purposes," approved February 24, 1919; to the Committee on Ways and Means.

By Mr. BUCHANAN: A bill (H. R. 8125) to provide foreign credits for the purchase of products of essential industries of the United States and to promote the foreign commerce thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. RHODES: A bill (H. R. 8126) to provide for investigational work on nonmetallic minerals and chemical products from mineral sources; to the Committee on Mines and Mining.

By Mr. MILLSAUGH: A bill (H. R. 8127) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia"; to the Committee on the District of Columbia.

Also, a bill (H. R. 8128) to amend an act entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or of his or her minor children in destitute or necessitous circumstances"; to the Committee on the District of Columbia.

Also, a bill (H. R. 8129) to amend an act entitled "An act to provide for the support and maintenance of bastards in the District of Columbia"; to the Committee on the District of Columbia.

By Mr. FAIRCHILD: A bill (H. R. 8130) to incorporate the Hudson River Pontoon Bridge Co., and to authorize the construction of a pontoon bridge and approaches at or near the city of Yonkers, Westchester County, N. Y., across the Hudson River to the State of New Jersey, to regulate commerce in and over such bridge between the States of New York and New Jersey, and to establish such bridge a military and post road; to the Committee on the Judiciary.

By Mr. HOCH: A bill (H. R. 8131) to amend the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

By Mr. ZIHLMAN: A bill (H. R. 8132) to reconstruct the Dunker Church, located on the Antietam Battle Field, and preserve it as a part of the Antietam National Cemetery; to the Committee on the Library.

By Mr. HILL: Joint resolution (H. J. Res. 184) authorizing the Secretary of War to loan tents, cots, and blankets for the use of Buddie Week Reunion of the Twenty-ninth and Seventy-ninth Divisions, etc.; to the Committee on Military Affairs.

By Mr. WOOD of Indiana: Joint resolution (H. J. Res. 185) authorizing the appointment of a commissioner to serve on the

Interstate Harbor Commission of Illinois and Indiana; to the Committee on Rivers and Harbors.

By Mr. MANSFIELD: Memorial of the Legislature of the State of Texas, expressing faith in the Government of Mexico, as administered by President Obregon, and urging the official recognition of said Government by the United States; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DENISON: A bill (H. R. 8133) granting a pension to Felix Hughes; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 8134) granting a pension to Christina B. Graeser; to the Committee on Invalid Pensions.

By Mr. ELLIOTT: A bill (H. R. 8135) granting a pension to Esther J. Hamilton; to the Committee on Pensions.

By Mr. FOSTER: A bill (H. R. 8136) granting a pension to Jephtha Massie, jr.; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8137) granting a pension to Martha Spain; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8138) granting a pension to Mary Peters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8139) for the relief of Franklin Luckadoo; to the Committee on Military Affairs.

By Mr. GOULD: A bill (H. R. 8140) granting a pension to Hattie Nolan; to the Committee on Invalid Pensions.

By Mr. GREEN of Iowa: A bill (H. R. 8141) granting an increase of pension to Mary A. Guthrie; to the Committee on Invalid Pensions.

By Mr. HICKS: A bill (H. R. 8142) for the relief of J. P. D. Shiebler; to the Committee on Military Affairs.

By Mr. HUTCHINSON: A bill (H. R. 8143) for the relief of Fitzcharles Dry Goods Co.; to the Committee on Claims.

By Mr. JACOWAY: A bill (H. R. 8144) granting a pension to Malinda C. Reynolds; to the Committee on Invalid Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 8145) for the relief of J. D. Saylor; to the Committee on Claims.

By Mr. KINKAID: A bill (H. R. 8146) granting a pension to Henry Fleming; to the Committee on Pensions.

Also, a bill (H. R. 8147) granting a pension to Margaret C. Fish; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8148) to amend the first proviso of the act entitled "An act to grant a certain parcel of land, part of the Fort Robinson Military Reservation, Nebr., to the village of Crawford, Nebr., for park purposes; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H. R. 8149) granting a pension to Mary E. Wannall; to the Committee on Pensions.

By Mr. KRAUS: A bill (H. R. 8150) granting a pension to John W. Graybill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8151) granting a pension to Emma F. Bartholomew; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 8152) granting a pension to Samuel Mount; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8153) granting an increase of pension to Samuel Wagoner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8154) granting an increase of pension to Mary E. Frederick; to the Committee on Pensions.

By Mr. OGDEN: A bill (H. R. 8155) granting a pension to Leona J. Johnson; to the Committee on Pensions.

Also, a bill (H. R. 8156) granting a pension to Eugene Hightower; to the Committee on Invalid Pensions.

By Mr. RAINEY of Alabama: A bill (H. R. 8157) granting an increase of pension to James H. E. Guest; to the Committee on Pensions.

By Mr. RICKETTS: A bill (H. R. 8158) granting a pension to William S. Dilger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8159) granting a pension to Thomas H. Dilger; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 8160) for the relief of George C. Hussey; to the Committee on Military Affairs.

By Mr. VINSON: A bill (H. R. 8161) for the relief of Bernice Hutcheson; to the Committee on Claims.

By Mr. WOODYARD: A bill (H. R. 8162) granting a pension to Sybil R. Sine; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2310. By Mr. ARENTZ: Resolution adopted by unanimous vote at the Second Annual Convention of the National Park-to-Park Highway Association, held in Salt Lake City, Utah, June 16 and 17, 1921; to the Committee on Roads.

2311. By Mr. CRAMTON: Petition of Mrs. Maud L. Krohn and other residents of Elkton, Mich., protesting against the passage of Senate bill 1948, the compulsory Sunday observance bill; to the Committee on the District of Columbia.

2312. Also, telegram from Walter J. Judd, of the Miller-Judd Co., Detroit, Mich., protesting against the proposed automobile tax; to the Committee on Ways and Means.

2313. Also, petition of Mr. W. J. Webber and other residents of Reese, Mich., protesting against the passage of House bill 4388, which aims to regulate Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2314. By Mr. CULLEN: Resolutions of the American Federation of Labor favoring an import duty on the importation of crude oil; to the Committee on Ways and Means.

2315. Also, resolutions adopted by the American Federation of Labor relative to the postal system; to the Committee on the Post Office and Post Roads.

2316. Also, resolution of the National Retail Dry Goods Association strongly urging Congress to make such additional provision for the care and rehabilitation of all disabled soldiers as may be necessary to complete this most commendable work; to the Committee on Interstate and Foreign Commerce.

2317. By Mr. DENISON: Petition of various citizens of Duquoin, Ill., protesting against the passage of compulsory Sunday observance bill (H. R. 4388) for the District of Columbia; to the Committee on the District of Columbia.

2318. By Mr. DOWELL: Resolution of the American Association for the Relief of the Irish Republic protesting against the passage of Senate bill 2135 authorizing the Secretary of the Treasury to refund indebtedness to foreign countries; to the Committee on Ways and Means.

2319. By Mr. DRIVER: Petition of Arkansas candy manufacturers for repeal of luxury tax on candy and confections; to the Committee on Ways and Means.

2320. Also, petition of C. C. Agee, of Helena, opposing tax on bank checks; to the Committee on Ways and Means.

2321. Also, petition of Albert Horner, of Earle, Ark., opposing tax on bank checks; to the Committee on Ways and Means.

2322. Also, petition of S. P. Lindsey, cashier of the First National Bank of Corning, Ark., protesting against proposed tax on bank checks; to the Committee on Ways and Means.

2323. Also, petition of D. R. Stanley, of St. Francis, protesting against proposed stamp tax on bank checks; to the Committee on Ways and Means.

2324. Also, petition of Louis Barton, president of the Crittenden County Bank & Trust Co., Marion, Ark., protesting against proposed stamp tax on bank checks; to the Committee on Ways and Means.

2325. Also, petition of the George E. Shelton Produce Co., of Little Rock, Ark., favoring the enactment of House bill 2894, to reduce railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2326. Also, petition of W. A. Isgrig, Little Rock, Ark., favoring the enactment of House bill 2894, to give traveling representatives a special passenger rate on railroads; to the Committee on Interstate and Foreign Commerce.

2327. Also, petition of West-Nelson Manufacturing Co., of Little Rock, Ark., favoring legislation to reduce railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2328. Also, petition of Parkin Printing & Stationery Co., of Little Rock, Ark., indorsing legislation for reduction of railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2329. Also, petition of Ellis-Gemmill-Love Co., of Helena, Ark., favoring legislation to reduce railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2330. Also, petition of Mitchell & Mitchell Manufacturing Co., of Fort Smith, Ark., favoring the enactment of Senate bill 848 for reduction of railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2331. Also, petition of McRae Wholesale Hardware Co., of Helena, Ark., favoring legislation to reduce railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2332. By Mr. KISSEL: Petition of James P. Conway, Charles Fay, and Andrew McQueen, all of Brooklyn, N. Y., urging larger appropriations to be used in the building of ships at the New York Navy Yard; to the Committee on Appropriations.

2333. By Mr. KLINE of New York: Memorial of the Eighteenth Annual Convention of the Department of Washington and Alaska, United Spanish War Veterans, held at Everett, Wash., July 21, 22, and 23, 1921, remonstrating against all further Japanese immigration, etc.; to the Committee on Immigration and Naturalization.



2334. By Mr. LINEBERGER: Memorial of the City Council of Long Beach, Calif., approving the plan of the city of Los Angeles to undertake the development of power on the Colorado River under conditions prescribed by the Government and condemning the efforts of the Southern California Edison Co. to gain control of electric power opportunities on said stream; to the Committee on Water Power.

2335. By Mr. LINTHICUM: Petition of Firestone Tire & Rubber Co., of Baltimore, Md., favoring increase in interest rate on loans by Federal farm banks; also, petition of Heine-man Bros., of Baltimore, Md., protesting against tax on tobacco; to the Committee on Ways and Means.

2336. Also, petition of Bernard Moses, of Baltimore, Md., favoring House bill 2894, the Kahn bill; to the Committee on Interstate and Foreign Commerce.

2337. Also, petition of a large faction of Baltimoreans, favoring the Towner and Sterling bills (H. R. 1252 and S. 7); to the Committee on Education.

2338. By Mr. RAKER: Telegram from the Automobile Club of Southern California, Los Angeles, Calif., strenuously protesting against a Federal tax on privately owned automobiles; also telegram from the California State Automobile Association, San Francisco, Calif., urging defeat of proposed Federal tax of \$10 on automobiles; also, telegram from Western Confectioners' Association, San Francisco, urging repeal of the excise tax on confectionery; to the Committee on Ways and Means.

2339. Also, resolution adopted by the second annual convention of the National Park-to-Park Highway Association, Salt Lake City, Utah, relative to public lands in the Western States and their relation to Federal-aid road funds; to the Committee on Roads.

2340. Also, petition of One Hundred Per Cent Club of Oakland, Oakland, Calif., relative to Senate bill 597, providing for the establishment of foreign industrial zones; to the Committee on Interstate and Foreign Commerce.

2341. By Mr. ROGERS: Petition of Harry M. Gumb and others, of Massachusetts, protesting against the passage of Senate bill 1948, the Sunday observance bill; to the Committee on the District of Columbia.

2342. By Mr. SCHALL: Memorandum of Polish atrocities and persecutions in East Galicia; to the Committee on Foreign Affairs.

2343. By Mr. TAYLOR of Colorado: Resolution passed by Department of Colorado and Wyoming, Grand Army of the Republic, at Golden, Colo., June 22, 1921, protesting against order of Postmaster General fixing age limit for applicants for appointment as postmasters at 65 years; to the Committee on the Post Office and Post Roads.

2344. Also, petition of the Department of Colorado and Wyoming, Grand Army of the Republic, urging monthly instead of quarterly payment of pensions; to the Committee on Invalid Pensions.

2345. Also, petition of the Department of Colorado and Wyoming, Grand Army of the Republic, in annual meeting held at Golden, Colo., June 22, 1921, urging elimination of June 27, 1905, as marriage limit of widows of soldiers of Civil War in widows' pension act; to the Committee on Invalid Pensions.

2346. By Mr. TILLMAN: Petition of W. H. Ogden and others, of Pettigrew, Ark., wool and sheep growers, protesting against lines 22 and 23 in paragraph 1102 of the Fordney tariff bill; to the Committee on Ways and Means.

2347. By Mr. WOOD of Indiana: Resolutions adopted by the members of the Methodist Episcopal Church of Monticello, Ind.; the First Baptist Church of La Fayette; and the men's Bible class of the First Baptist Church of La Fayette, Ind., all in favor of the proposed constitutional amendment to prohibit sectarian appropriations (H. J. Res. 159); to the Committee on the Judiciary.

## SENATE.

WEDNESDAY, August 10, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, Thou hast given to us the light of another day and the privileges of service for our fellow creatures and to Thy glory. We ask from Thee wisdom and that necessary guidance in all deliberations that we shall fulfill Thy good pleasure. Through Jesus Christ our Lord. Amen.

### NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., August 10, 1921.

### TO THE SENATE:

Being temporarily absent from the Senate, I appoint Hon. JAMES W. WADSWORTH, Jr., a Senator from the State of New York, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro Tempore.

Mr. WADSWORTH thereupon took the chair as Presiding Officer.

The reading clerk, John C. Crockett, proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. LODGE and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### PETITIONS AND MEMORIALS.

Mr. CURTIS presented the petition of Miss Lida I. Eckdall, of Emporia, Kans., praying for the enactment of tariff legislation to protect the American motion-picture industry, which was referred to the Committee on Finance.

He also presented a memorial of sundry members of Abilene Chapter, National Society Daughters of the American Revolution, of Abilene, Kans., remonstrating against the enactment of Senate bill 274 for the erection and maintenance of a dam across the Yellowstone River in the State of Montana, which was referred to the Committee on Irrigation and Reclamation.

Mr. JONES of Washington presented a memorial of sundry citizens of Nordland, Wash., remonstrating against the enactment of legislation making stringent regulations for the observance of Sunday in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented memorials of the city council of Seattle, Wash., and the Washington State Convention of the American Legion, held at Hoquiam, Wash., July 14-16, 1921, protesting against Japanese immigration, etc., which were referred to the Committee on Immigration.

Mr. LADD presented a resolution of Women's Nonpartisan Club, No. 372, of Williston, N. Dak., protesting against further increase in military and naval appropriations and favoring the calling of an international disarmament conference, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted at meetings of the Farmers' Unions of Orangeburg and Lexington Counties, S. C., favoring the enactment of Senate bill 2342, to establish an honest money system, where the medium of exchange will give equal benefits to every American citizen and wherein the credit of the Government shall be used for the benefit of all the people instead of banking corporations, to reduce the rate of interest on loans, encourage agriculture, the ownership of homes, and for other purposes, which were referred to the Committee on Banking and Currency.

Mr. WILLIS presented the memorial of Jim Armitage and sundry other citizens of Elyria, Ohio, remonstrating against the enactment of legislation to refund the war obligations of Great Britain and other foreign countries indebted to the United States, which was referred to the Committee on Finance.

Mr. WATSON of Georgia presented a concurrent resolution of the Legislature of Georgia, which was referred to the Committee on Interstate Commerce, as follows:

### A resolution.

Whereas in recent decisions of the Interstate Commerce Commission interpretations have been given the transportation act of 1920 such as gives to the Interstate Commerce Commission complete authority over the entire subject of transportation, and including the right to prescribe intrastate rates; and

Whereas it means, in effect, the abrogation of all authority of State regulation to make and prescribe rates for intrastate movement of freight; and

Whereas the freight rates are in some instances so burdensome and excessive at this time as to prohibit the movement of various commodities, and the passenger rates are so excessive as to deter travel, to the end that the railroads are receiving less in passenger revenues than they would receive if a lesser rate were in effect: Therefore be it

Resolved by the House of Representatives of the State of Georgia (the Senate of Georgia concurring), That we call upon the Congress of the United States to so amend the transportation act of 1920, and in such plain language that the authority of the States over intrastate traffic in their respective States will be fixed and certain in language plainly declaring the right of States to prescribe intrastate rates; be it further Resolved, That a copy of this resolution be sent to each United States Senator and Congressman from the State of Georgia.

### REPORTS OF COMMITTEES.

Mr. LODGE, from the Committee on Foreign Relations, to which was referred the joint resolution (S. J. Res. 85) to provide for the remission of further payments of the annual installments of the Chinese indemnity, reported it without amendment and submitted a report (No. 250) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2330) to extend the

time for payment of grazing fees for the use of national forests during the calendar year 1921, reported it without amendment.

Mr. EDGE, from the Committee on Commerce, to which was referred the bill (S. 2340) to authorize the construction of a toll bridge across the St. Marys River, at or near St. Marys, Ga., and Roses Bluff, Fla., reported it with amendments and submitted a report (No. 251) thereon.

Mr. SPENCER, from the Committee on Claims, to which was referred the bill (S. 2153) authorizing the owners of the steamship *Texas* to bring suit against the United States of America, reported it with an amendment and submitted a report (No. 252) thereon.

Mr. FERNALD, from the Committee on Public Buildings and Grounds, submitted a report (No. 253) to accompany the bill (H. R. 6514) granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex., heretofore reported by him.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEW:

A bill (S. 2382) to provide for the consolidation or a redistribution of the powers and duties of certain executive departments of the Government of the United States relating to the Territory of Alaska, and for other purposes; to the Committee on Territories and Insular Possessions.

By Mr. CURTIS:

A bill (S. 2383) granting an increase of pension to Henry S. Corp (with an accompanying paper); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 2384) for the relief of Capt. Charles M. Shailer; to the Committee on Claims.

A bill (S. 2385) to correct the military record of Jarvis M. Richards; to the Committee on Military Affairs.

By Mr. STANFIELD:

A bill (S. 2386) for the relief of Ethel W. Sels; to the Committee on Claims.

Mr. McCUMBER. Mr. President, morning business is closed, I understand?

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Morning business is not yet through.

Mr. HEFLIN. Mr. President, I ask unanimous consent to call up House bill 6407.

Mr. WADSWORTH. I ask for the regular order.

The PRESIDING OFFICER. If there are no further bills to be introduced, concurrent or other resolutions are in order.

#### AMENDMENT TO TARIFF BILL.

Mr. SPENCER submitted an amendment intended to be proposed by him to House bill 7456, the tariff bill, which was referred to the Committee on Finance and ordered to be printed.

#### COMPILATION OF TREATIES, CONVENTIONS, ETC.

Mr. LODGE submitted the following resolution (S. Res. 130), which was referred to the Committee on Foreign Relations:

*Resolved*, That there be prepared, under the direction of the Committee on Foreign Relations, a revised supplement to the compilation entitled "Treaties, Conventions, International Acts, and Protocols Between the United States and Other Powers, 1776-1909," to include treaties, conventions, important protocols, and international acts to which the United States may have been a party from January 1, 1910, to June 30, 1921, inclusive.

#### PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed bills and joint resolutions of the following titles:

On August 9, 1921:

S. 488. An act providing for an exchange of lands between the Swan Land & Cattle Co. and the United States;

S. 530. An act to quiet title to certain tracts of land in the city of Walters, State of Oklahoma;

S. 997. An act conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear and determine the claim of the owners of the Danish steamship *Flynderborg* against the United States, and for other purposes; and

S. J. Res. 72. Joint resolution for the relief of States in the cotton belt that have given aid to cotton farmers forced from the fields in established nonproduction zones through efforts to eradicate the pink bollworm.

On August 10, 1921:

S. J. Res. 5. Joint resolution authorizing the President to invite foreign nations to take part in an exposition at Portland, Oreg., in 1925.

PRESIDENT HARDING'S ADDRESS AT PLYMOUTH, MASS. (S. DOC. NO. 60):

Mr. LODGE. Mr. President, I have here a copy of the address of the President at Plymouth, Mass., on August 1. I ask that it may be printed in the Record and also as a Senate document.

There being no objection, the address was ordered to be printed as a document and to be printed in the Record, as follows:

#### ADDRESS.

"GOVERNOR COX AND FELLOW AMERICANS: Though they seem comparatively measureless to us, three centuries are little more than a moment in the chronicle of human history. Christianity is now rounding out its twentieth century, and there is no comprehensible measure to the human ferment which went before. Our actual national life is less than half the period of marvelous new world development, the tercentenary of which beginning we celebrate, but in that little while the achievement is the most significant of all the centuries. It is not too much to say that the three centuries which have passed since men of our race came here to found a new state have been the most momentous and the most pregnant in all the progress of humankind.

"They were more swiftly moving and seemingly more vital than the much longer periods of Egyptian, Greek, or Roman civilizations with which we are familiar, and it is not impossible that the commanding potency of progress and material possessions may turn the significant beginning at Plymouth into surpassing influence in the making of human history.

"To this and the Virginia shore were transplanted the seeds of representative democracy, the new ideals of nationality through association and representation, and there has developed seemingly the most dependable form of popular government ever witnessed in the world. Perhaps this larger achievement was not intended by the heroes of colonization. They were seeking freedom and found nationality essential to its preservation. Destiny pointed the way and the hand of divinity traced the course of God-intended human advancement. Here came the sturdy English middle class of yeomanry, burghers, and squires, who clung to their ideals of representative government. At home they might have been crushed under the burdens which reaction was seeking to impose. Here they could have free play and begin anew and fashion the temple of freedom in a new land, and they began what we call republican institutions. These institutions are the agencies of highest freedom, which embody at once the centralized authority strong enough to hold together a great community and those essentials of democracy which insure dominance to the intelligent will of a free people.

"Whether we reflect upon the restraints upon freedom which the fathers imposed or measure the broader liberty under the law of to-day, here began the reign of dependable public opinion, which unfailingly is the law of highest civilization. One may not say whether the Puritans at home would have been able to work out such a system if there had been no American colonies and the colonial influences to react upon the mother country. Doubtless the English revolution, which came soon after the settlement at Plymouth, would have come even had there been no settlement here, no Massachusetts Bay colony, no Virginia plantation. But it is easy to believe that in the long struggle after the restoration the fruits of the revolution, the strengthened parliamentary institutions, and the restrictions on royal prerogative were helped by the influences of colonial democracy.

"It is a difficult task to single out and measure the factors in political and social progress. The germ of progress is doubtless universal, but requires favorable conditions for its development. Conditions were favorable in the New World and the Plymouth colony was destined to begin the surpassing story of three centuries of ardent, eager pursuit of human justice.

"No one will ever dispute the large part New England played in the rearing of new standards of freedom. The early struggles here were contemporaneous with the making of modern British constitutionalism, and the New World beacon was an incentive and an inspiration across the sea, and to-day Old World and New join in rejoicing at the ends achieved. Here, with crude narrowness and unconscious selfishness hindering but with supreme intent impelling, there developed the accepted plan of emancipating humanity and the grant to man to shape his own destiny. The world chorus to-day, rejoicing in maintained democracy, attuned its chord to the notes first sounded here.

"This development of liberty, this great conception of freedom, took ever firmer hold, until it was held and voiced unceasingly by those who bore aloft its banners here. And there was significant reflex in the motherland. No Englishman will



do his country full justice or will quite understand its human story who does not seek out and study the effects of this sympathy and interaction between the seasoned, age-old liberalism of the English countryside and the new, eager, outreaching aspiration of those who were planting the seed here in a fresh soil and guarding its early development. No American can fully appraise his country's contribution to mankind's advance if he overlooks these things which were truly fundamental in creating two towers of national strength for freedom where there might have been but one. At a time when the restored house of Stuart was bent on breaking up the New England confederacy, esteeming it a league for ultimate independence, the enemies of Charles II were the firm friends of New England. The confederacy was at length destroyed, but it had served to teach the colonists unity and cooperation. Thus there was laid the foundation in public opinion and working experience of the confederation which afterwards brought together the Thirteen Colonies in the revolutionary struggle and later the Federal Union.

"At a time when the Commons at Westminster seemed impotent against the demand of the returned Stuarts, the King sent his demand that the Massachusetts charter be surrendered. The beginning of American revolution may fairly be traced the larger part of a century from the date we commonly fixed for it to the great town meeting in the South Church, to which was submitted the question whether the colony would assent to the charter reorganization that the King demanded. Those who voted to accept the royal terms were called on to raise their hand, and no hands were shown. The charter, indeed, was later revoked; but the unified and incensed colony was already in a state of semirevolt. The fundamental grants of other colonies were in turn withdrawn, and the King undertook to bring them all together under a single administration which should hold them in closer leash and keep the royal eye carefully on their activities. He foresaw already that the colonies were disposed to stiff-necked defiance of him, and that they were tending to come together and make common cause; and he saw, too, that that common cause was more and more appealing to the sympathy of liberals at home.

"If the idea of religious freedom had little to hope for from the effort of the stern old fathers to set up a theocracy in New England, the ideal of political freedom found here a particularly fertile soil in which to germinate. If we candidly will examine the period of the Stuart restoration, we will find more than one of England's political tyrants insisting on a wider measure of religious tolerance in these colonies. Ultimately, under the Crown's insistence, the franchise was widened by placing it on a property-holding basis rather than on that of church communion. It was a distinct liberalization, a significant broadening of the civic foundation. If a Stuart king took from these colonies the right to choose their own governors, he also undertook to forbid those excesses of religious zeal which led to persecutions for conscience sake.

"In short, there is some justification for the generalization that the political tyrants of the restoration forced a religious freedom on a colonial community whose dominating minority did not want it, while the colonies wrested political freedom from the Crown. The clash between a theocratic tyranny on this side and a political tyranny on the other resulted in the destruction of both, to the vast betterment of every human interest involved. It was a long, stubborn, determined struggle between forces, neither of which had much capacity for yielding or compromise. In one way or another, sometimes consciously and sometimes unconsciously, it was going on practically throughout the entire period from the beginning of the colony at Plymouth to the end of the Revolutionary War and the recognition of independence. Looking back upon it we may say that it was inevitable and that the end which came to it was an inevitable conclusion. But things which look inevitable in the retrospect, conclusions which seem inescapable when the long scroll of developing events can be unrolled before the mind's eye, are never so apparent during the process of their evolution. That manifest destiny whose directing hand we decry when we survey the long processes of history would doubtless have brought at last the happy state of both political and religious freedom. But without that cooperation of forces, that reaction of influences between the old England and the new, we may well doubt whether the light of the new day would have broken through to shine upon the better fortunes of an emancipated race without a struggle longer, by generations, perhaps by centuries, than that which history records.

"The men and women who came here to found in a wilderness, across a thousand leagues of ocean waste, a new State, came with high and conscious purpose of achieving a great human end. Out of their voluminous letters, memoirs, public

records, and historical writings we constantly get the impression of their deep conviction that they had been called as divine instruments to accomplish a work of supremest significance. Some have seen in this nothing more than the basis for an indictment on the ground of zealotry, bigotry, even fanaticism. But bigotry, extremism, fanaticism, never found their fruition in noble ends achieved, in freedom established, in mankind emancipated, in great States raised up as guardians of unshackled thought and unchained souls. We will find no philosophy based on such unworthy assumptions which will explain the miracle that was here performed. We will have to look higher, to see more clearly, to deal more fairly with human nature, to estimate more generously the purpose of those whom generations of men have honored. No merely human philosophy is capable of explaining such marvels as these. But when we lift our eyes we will recognize the supreme guidance, the divine inspiration, which alone could have wrought these ends.

"Hand of man alone did not build what was founded here; it was but the visible sign, the human symbol, of a purpose which we may not understand, but for whose beneficence all men must give tribute of praise and voice undying gratitude. We may speculate and conjecture, we may seek to frame laws of human relationship, by which to account for such results as here have been wrought, but at last we will have to recognize that they are not for us to explain.

"Even Cromwell, in his great leadership, failed to understand. He spoke contemptuously of those whom he accused of running away from the struggle at home. 'Pinched fanatics,' he proclaimed these fathers of freedom in half a world. It would be difficult to find more convincing proof that human judgments are not to be trusted in these affairs wherein a higher than human wisdom directs the destinies of men and nations. Cromwell lived to know he had erred in his estimate of men and motives, but it was not given to him to know how stupendous was his mistake. He did not live to realize that the schism he deplored was to be the means of winning liberty for both countries, and to bring them at last into that glorious union of free men's energies which in our day has saved a world from reaction and despotism.

"There has never lived a generation of men possessing such wealth of historic materials, such capacity for candid analysis, such broad experience to guide them in right determination, as the generation to which we belong. Likewise there has been none which confronted more complex and difficult problems. Therefore I like to commend study of the history which began here at Plymouth in its relations to the sweep of modern affairs. It teaches us that sometimes schism may lead to true solidarity; that division may mean multiplication.

"The English-speaking race had hardly established itself in its true character as the foremost exponent of liberal institutions when it began to distribute itself among the wildernesses of the earth. Even before liberty had been secured for the mother country its soldiers were adventuring into distant parts carrying their ambitions with them. Cromwell looked upon them as deserters, despised them as weaklings, was disgusted with himself for having once thought to unite with them. It was not an unnatural or a far-fetched judgment for one of the Cromwellian habit. But what would have been his amazement if he could have foreseen the destiny that awaited this feeble colonial enterprise, if he could have known that here was being founded the community that would at last inspire the forces of Old World liberalism, if he could have looked down the vista of three centuries and seen political division followed by spiritual reunion in the greater cause of liberty for all mankind?

"The community of free people of our race, whether in Europe or America, in Africa or Australia, under the northern or the southern skies—whether held together by political ties or by the yet more potent bonds of common traditions, institutions, language, and blood—this community, spread now to all quarters of the world, was begun when Jamestown and Plymouth were founded. It has carried its ideals wherever it has set its standard. It has won recognition of those ideals as the basis of social conduct, of community relations, throughout the world. Its work is not finished; but, pray God, it has come triumphantly through its determining ordeal. It comes forth from that test nerved and heartened for further tasks; confident, assured, reliant. None questions either its place or its right of leadership; few doubt its destiny to establish, under that divine guidance which it has ever recognized, the splendid structure of human brotherhood in peace and understanding.

"The perspectives of history are not safely to be judged save from the loftiest peaks of human experience. It is the dearly bought privilege of our generation to stand on one of those



heights of the long ages, to look back over the pathways by which we have come thus far, to see clearly what have been the main traveled roads and what the bypaths. If we will but let our minds record that which our eyes tell us, we will note that the wide-spreading landscape behind us is now vastly changed. It is not what it seemed when we were passing through it. A little time ago, from a lower altitude, we looked back on this same sweep, and missed much that is now clear-cut and plain. That was before the storm. Then the clouds obscured the heights. Dense fogs of ignorance bedimmed the view. There were poisoned vapors of prejudice and the miasmas of intolerance. Now in this wider, clearer vision we see that some of the routes which we supposed were the high roads of progress were the futile ways of wasted effort. Others, which in the journey's heat and toil we counted only as its marches of anguish, we recognize as the short cuts that carried us quickly to loftier levels and safer positions.

"We stand to-day before the unknown, but we look to the future with confidence unshaken. There is no retracing; we must forever go on. We welcome the theories wrought out in new hope, but we cling to the assurance founded on experience. All that is is not bad; all that is to be will not be ideal. We can not lift the veil to the future, but we can analyze and understand what has gone before. It is good to keep our feet firmly on the earth, though we gaze in high hope for human brotherhood and high attainments.

"Just as the Pilgrims had a practical mind for material things amid effective pursuit of their higher ideals, so must we with our inheritance. God never intended an achievement without great effort; there is no reward without great labor. Freedom is the field of endeavor, not the fancied abode of idleness.

"Just as these fathers drew together toward ample community authority to make the Nation and still preserve the freedom of those who compose it, so must we guard against the supreme centralization of power at home and the superstate for the world. More, we must combat the menace in the growing assumption that the State must support the people, for just government is merely the guaranty to the people of the right and opportunity of that people to support themselves. The one outstanding danger of to-day is the tendency to turn to Washington for the things which are the tasks or the duties of the forty-eight Commonwealths which constitute the Nation. Having wrought the Nation as the central power of preservation and defense, let us preserve it so.

"A new hope looms to-day. We are slowly but very surely recovering from the wastes and sorrows and utter disarrangements of a cataclysmal war. Peace is bringing its new assurances; and penitent realization and insistent conscience will preserve that peace. Our faith is firmer that war's causes may be minimized and overburdening armament may be largely diminished—and these, too, without surrender of the nationality which has inspired or the good conscience which has defended. The international prospect is more than promising, and the distress and depression at home are symptomatic of early recovery. Solvent financially, sound economically, unrivaled in genius, unexcelled in industry, resolute in determination, and unwavering in faith, these United States will carry on!

"In the story of 300 years there is every recompense for the agonies of yesterday, there is our staff for the burdens of to-day, there is our assurance for the trials of to-morrow. The civilization of to-day, the status of mankind, has been reached by many routes. We have approximated the common vision, the united purpose, the one supreme aim. We note the divisions of the past, the parting paths, the clashing ambitions, the misguided efforts, and we see all of them bringing men together and urging understanding, suggesting larger purpose. There is no fit temple for man amid eternal rivalries, enmities, hatreds, strife, and warfare. But in the concord of brotherhood and understanding we may approach the state which God must have meant for those created in His own image.

"Here was the early dedication to religious liberty and political freedom. It was a sublime gift to posterity. We can not better express our reverence to-day than by sweeping aside the errors, the failures, the disappointments, the betrayals of our day, and plant here for all America and all the world the standards of highest justice and real human brotherhood. This would add to the volume of rejoicing on earth and give echo to the heavens of the nobler aspiration of united mankind. It would dim no torch of liberty which was lighted here, but would set the world aglow with new hopes, new confidence, and new exaltation."

#### CONSOLIDATION OF OFFICES OF REGISTER AND RECEIVER.

The PRESIDING OFFICER. Morning business is closed. Mr. McCUMBER. Mr. President, I ask unanimous consent for the present consideration of the bill (S. 71) for the consoli-

dation of the offices of register and receiver in district land offices in certain cases, and for other purposes. It is a bill to allow the Secretary of the Interior to consolidate in one person the offices of register and receiver of the land offices in those States where the fees have become so low that they would practically only pay for one office.

Mr. HARRISON. Mr. President, may I inquire if there is a unanimous report from the committee?

Mr. McCUMBER. The bill has been favorably reported from the Committee on Public Lands and Surveys.

Mr. HARRISON. Is it a unanimous report?

Mr. McCUMBER. It is.

Mr. HARRISON. There is no opposition to it from any member of the committee?

Mr. McCUMBER. No opposition at all.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. JONES of Washington. I suggest that the bill be read.

The PRESIDING OFFICER. It will be read.

The bill was read, as follows:

*Be it enacted, etc.,* That the President is authorized to consolidate the offices of register and receiver in any district land office and to appoint, by and with the advice and consent of the Senate, a register for such land office and to abolish the office of receiver of such land office upon 10 days' notice of such abolition mailed to such receiver whenever the receipts of such land office fall materially below the maximum amount provided by law for compensation for both register and receiver and in his opinion the interests of the service warrant such abolition.

Within 10 days after the mailing of such notice the office of receiver of such land office shall cease to exist, and all the powers, duties, obligations, and penalties imposed by law upon both register and receiver of such office shall be exercised by and imposed upon the register, who shall be paid a salary of \$500 per annum, together with the fees and commissions otherwise allowable to both register and receiver: *Provided*, That the salary, fees, and commissions of such register shall not exceed \$3,000 per annum.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. ASHURST. Mr. President, there are so few Senators here this morning from the public-land States that I think the Senator from North Dakota should withhold his request until there is a quorum present.

Mr. McCUMBER. May I say to the Senator from Arizona that the bill was reported unanimously from the committee. We have two or three of these offices in my State which are so far apart that with the present condition it would be very expensive for those desiring to make proof to go, for instance, from the northwest to the southwest part of the State, and especially where they have lost their crops for two or three years. In those offices the amount of land business has become so small that it will not pay the register's and the receiver's compensation, but it would be an injustice to those who have to go to the land office to abolish it entirely. In order to prevent this inconvenience and expense the bill allows, whenever the fees and commission fall materially below the amount allowed by law, which is \$3,000, that instead of abolishing the office the Secretary of the Interior, if the interest of the administration justifies it, may abolish one of the offices so that the other officer may draw the compensation and may still hold that particular land office open. That is all there is to the bill.

Mr. ASHURST. As is usual with the Senator from North Dakota, he has made a very clear statement, and I, of course, join with him in any effort to retrench and save expenses at this particular time. If the Committee on Public Lands has, as the Senator said it has, given the bill full consideration and unanimously reported it, I shall not object, but I wish to observe that so far—

Mr. McCUMBER. The report is here, I will say to the Senator, and it is a unanimous report.

Mr. ASHURST. I take the Senator's word for it. I do not care to see the report. I simply wish to observe that so far as the State of Arizona is concerned there exists a necessity for additional offices, and there is a necessity for additional work. It may be because Arizona has 72,000,000 acres of public land, of which only a small percentage is surveyed or occupied, and it may be that my State occupies a different position in that regard from any other State. I have no objection to the bill.

Mr. McCUMBER. Let me say to the Senator that the bill will not prevent any additional offices but it will give relief to those persons who would otherwise have to travel from 400 to 600 miles to reach another land office.

Mr. ASHURST. The bill does not abolish any land office, but simply reduces the force from two to one in certain cases.

Mr. McCUMBER. That is true.

Mr. ASHURST. I do not object.

Mr. McNARY. Mr. President, I had not had my attention called to the matter prior to the reading of the bill this morning. In its general application it affects a great many land



offices in the West. I think there are seven or eight in the State of Oregon. It seems that under the bill, when there is a lessening of the fees of the register and receiver, the President upon notice may abolish the office of the register and leave the receiver in charge; that is, when the fees are substantially less than the maximum allowed, which, I think, is \$3,000 per annum.

I would not wish at this time to have the matter considered without further study upon the part of those located in the States in which these offices are established in the West. The Senator from North Dakota has asked unanimous consent for the present consideration of the bill, and I shall have to oppose it at this time.

Mr. McCUMBER. Of course, I could not get it up at this time until we reach the calendar if any Senator objects; but it is a matter of vital importance to us. We have held land offices open now where we have neither register nor receiver until we can get the bill passed. We either have to abolish the land offices, at an enormous inconvenience to the farmers who desire to make proof in the vicinity, or we have to make an arrangement to have only one officer in those particular land offices.

Mr. McNARY. I suggest to the Senator from North Dakota that his bill might be local in its effect, but in the State of Oregon there are instances where when the sale of public land is not considerable the receipts fall and when the sale of public lands is considerable they rise. I can not consent at this time to use the measure of income as a basis for determining whether there shall be abolished one or the other of these offices.

Mr. JONES of Washington. Mr. President, I wish to suggest to the Senator from Oregon that under the law as it is now the President can abolish an office if he does not consider the office necessary.

One of the purposes of the bill is to avoid that and accommodate people who may desire to enter lands within the neighborhood of an existing office.

The matter is illustrated very well by the situation in the State of Washington. The business in our land offices had run down very materially. We had three offices in western Washington. The one at Olympia was abolished, leaving the one at Seattle and the one at Vancouver. The Senator is familiar with the situation there. Last year the proposition came up in the department here proposing to abolish the office at Vancouver, leaving but one office in western Washington. They expected to locate that in Seattle. That would have been very inconvenient to the people who might desire to enter public land in the Vancouver district.

I think the order had been issued actually abolishing the office at Vancouver, but we prevailed upon the department to withhold putting the order into execution, and in the last Congress we incorporated a provision in the sundry civil appropriation bill authorizing this very thing with reference to the offices in western Washington, with the result that both offices are being continued with but one official at each office.

It seems to me the interest the Senator is looking after would be far better conserved and protected by the enactment of the bill than to allow matters to go as they are, because the first thing the Senator knows he will wake up some morning and find that the Interior Department has abolished some of the offices.

Mr. McNARY. The matter suggested by the Senator from North Dakota [Mr. McCUMBER] is of such deep concern to the public land States of the West that I shall have to insist upon the objection until I shall have further time to consider the different statutes in reference to the matter and the operation of this proposed legislation. I think the Senator from Washington [Mr. JONES] for his statement, but, to my mind, it really does not mollify the situation at this time.

Mr. McCUMBER. Mr. President, has morning business closed?

The PRESIDING OFFICER. Morning business is closed.

Mr. McCUMBER. I did not intend to yield the floor upon objection, if morning business was closed, but intended to move that the Senate proceed to the consideration of the bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes. I make that motion now.

The PRESIDING OFFICER. Senators have heard the motion of the Senator from North Dakota [Mr. McCUMBER]. The question is on that motion. [Putting the question.] The "ayes" seem to have it.

Mr. McNARY. I hardly think the making of the motion by the Senator from North Dakota was quite the prudent thing to do, and I desire to be heard in opposition to it.

The PRESIDING OFFICER. As the Chair understands, the motion is not debatable.

Mr. FLETCHER. Mr. President, allow me to suggest—

The PRESIDING OFFICER. The motion is not debatable.

Mr. McNARY. Mr. President, I ask for a division on the motion of the Senator from North Dakota.

The PRESIDING OFFICER. Senators have heard the motion made by the Senator from North Dakota. All those in favor of the motion will so indicate by rising.

Mr. SIMMONS. Mr. President, I desire to be informed as to what the motion of the Senator from North Dakota is.

Mr. McCUMBER. My motion is to take up Senate bill 71, being Order of Business No. 221 on the calendar. It is a bill to allow the Secretary of the Interior in any land office in a State where the fees fall materially below the salary of the register and the receiver to combine the two offices in one instead of entirely abolishing the office. This is proposed to be done for the convenience of those people in our Western States who are far from the land office, in order to enable them to make their proofs in land entries.

Mr. McNARY. A parliamentary inquiry, Mr. President. I desire to know whether or not the motion is debatable?

Mr. WADSWORTH. The motion is not debatable.

Mr. McCUMBER. I understand that.

Mr. McNARY. I think the Senator from North Dakota is proceeding in a way which will be prejudicial to the interests of those who are opposed to the proposed legislation.

The PRESIDING OFFICER. The Chair understands that the motion of the Senator from North Dakota is not debatable. The motion is that the Senate now proceed to the consideration of Senate bill 71, being Order of Business No. 221 on the calendar. [Putting the question.]

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. HARRISON (when his name was called). I have a pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Ohio [Mr. POMERENE] and vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. WILLIAMS (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. PENROSE]. I notice he is not present, and, therefore, I withhold my vote.

The roll call was concluded.

Mr. EDGE. I transfer my pair with the Senator from Oklahoma [Mr. OWEN] to the Senator from Delaware [Mr. DU PONT] and vote "yea."

Mr. HALE (after having voted in the negative). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Arizona [Mr. CAMERON] and allow my vote to stand.

Mr. BROUSSARD. I am paired with the senior Senator from New Hampshire [Mr. MOSES]. I transfer that pair to the Senator from Massachusetts [Mr. WALSH] and vote "nay."

Mr. CALDER. I am paired with the senior Senator from Georgia [Mr. HARRIS]. I transfer that pair to the junior Senator from Pennsylvania [Mr. KNOX] and vote "yea."

Mr. SUTHERLAND. I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Colorado [Mr. NICHOLSON] and will vote. I vote "nay."

Mr. CARAWAY. I have a general pair with the junior Senator from Illinois [Mr. MCKINLEY], who is absent, and therefore withhold my vote.

Mr. JONES of New Mexico. I have a general pair with the Senator from Maine [Mr. FERNALD]. Noticing that he is absent and not knowing how he would vote if present, I withhold my vote.

Mr. JONES of Washington (after having voted in the affirmative). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I agreed to take care of him. I find I can transfer my pair with him to the Senator from Maryland [Mr. FRANCE]. I do so and allow my vote to stand.

Mr. CURTIS. I have been requested to announce the absence of the senior Senator from Pennsylvania [Mr. PENROSE] on official business. I will ask that this announcement stand for the day.

I also wish to announce that the junior Senator from Arizona [Mr. CAMERON] is absent on official business.

I further desire to announce the following pairs:

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH];

The Senator from Michigan [Mr. NEWBERRY] with the Senator from Missouri [Mr. REED]; and

The Senator from Connecticut [Mr. McLEAN] with the Senator from Montana [Mr. MYERS].

The result was announced—yeas 31, nays 26, as follows:

#### YEAS—31.

Calder	Harrell	McCormick	Smoot
Culberson	Heflin	McCumber	Spencer
Curtis	Jones, Wash.	Nelson	Wadsworth
Dillingham	Kenyon	Norbeck	Warren
Edge	Keyes	Overman	Watson, Ga.
Ernst	Ladd	Poinexter	Watson, Ind.
Fletcher	Lenroot	Ransdell	Willis
Glass	Lodge	Sheppard	

#### NAYS—26.

Ashurst	Gerry	McNary	Stanfield
Ball	Gooding	New	Stanley
Borah	Hale	Oddie	Sterling
Brandeggee	Harrison	Phipps	Sutherland
Broussard	Hitchcock	Pittman	Trammell
Bursum	Johnson	Shortridge	
Capper	McKellar	Smith	

#### NOT VOTING—39.

Cameron	Harris	Myers	Shields
Caraway	Jones, N. Mex.	Newberry	Simmons
Colt	Kellogg	Nicholson	Swanson
Cummins	Kendrick	Norris	Townsend
Dial	King	Owen	Underwood
du Pont	Knox	Page	Walsh, Mass.
Elkins	La Follette	Penrose	Walsh, Mont.
Fernald	McKinley	Pomerene	Weller
France	McLean	Reed	Williams
Frelinghuysen	Moses	Robinson	

So the motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

The bill was read.

Mr. HEFLIN. Mr. President, I have here a very short bill upon which I desire to have action. I ask unanimous consent to consider this bill.

Mr. LODGE. Mr. President, we have just voted to take up a bill.

The PRESIDING OFFICER. The Chair will state that the Senate has just voted to proceed to the consideration of Senate bill 71.

Mr. HEFLIN. As soon as that bill is out of the way, I will ask to take up for consideration the bill to which I refer.

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk. It proposes to add four new sections to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to add at the end of the bill the following:

Sec. 2. That there be, and is hereby, granted to the State of Florida the United States Government lands in said State for the use and benefit of the public schools of Florida.

Sec. 3. That a list of the lands herein granted to the State of Florida shall be prepared by the Commissioner of the General Land Office and approved by the Secretary of the Interior and certified to said State. Upon such certification the title to such land shall be deemed to have vested in the State of Florida as of the date of the approval of this act.

Sec. 4. That the land herein granted shall be disposed of to citizens of the United States under such laws, rules, and regulations as may now or hereafter be prescribed by the legislature of the State of Florida not inconsistent herewith.

Sec. 5. That the proceeds arising from the use, disposal, or sale of said lands, or any part thereof, shall be for the use and benefit of the public schools of Florida.

Mr. KING. Mr. President, I move to amend the amendment by inserting the word "Utah," and pluralizing where the singular is used.

Mr. HARRISON. Mr. President, a parliamentary inquiry: Does the amendment that is offered by the Senator from Utah carry with it that all of the public lands in Utah are to be given to the State of Florida? [Laughter.]

Mr. KING. Oh, no; to the State of Utah. I am very generous, but I would not have them go to the State of Florida.

Mr. TRAMMELL. Mr. President, I have no objection to accepting the lands of Utah as a donation to the State of Florida, if that is proposed by the amendment of the Senator from Utah.

Mr. President, I have really offered this amendment seriously. The fact that this is a bill providing for consolidation of the two offices of land receiver and register of lands carries with it the suggestion that in certain States the Federal Government is not receiving any net returns for the lands that are being disposed of in those States, respectively. This is true, as I understand, in the State of Florida. The land sales within the State constitute a net return of very little if any over and above the expense of maintaining the land offices in that State.

It may not be considered this within itself would be sufficient justification upon which the Congress may grant to the State of Florida the remaining public lands within the State; but there is a further and a more meritorious and equitable ground upon which Congress may make an additional grant of school lands to my State.

I have not had the opportunity to get the statistics here, as this matter came up unexpectedly; but the records will disclose the fact that while the State of Florida received from the Federal Government for public-school purposes only one section out of every township of the public lands many of the States received two sections from each township for public-school purposes, and some of the States received an additional acreage over and above two sections in each township. We are claiming for my State the same consideration as that accorded to a large majority of the States in the Union in which public lands are located. The grant that has been heretofore made has not dealt equitably with the State of Florida. The Government has not given to my State an acreage of land that was equal in proportion to that which has been donated to other States for public-school purposes, and it is upon this situation, based upon the facts which disclose a condition whereby other States have been far more liberally dealt with than the State of Florida, that I have proposed this amendment.

This amendment follows in identical language a bill which I introduced some time ago that was referred to the Public Lands Committee, and upon which there has not been a report up to the present time. If the land offices are continued, the Federal Government will expend the returns from the public lands within the State of Florida for the purpose of maintaining the offices and paying the expenses of those offices. Why should not the Federal Government deal fairly with my State and donate the remaining acreage of land in that State to the public-school fund? If it is donated to the public-school fund, then it will be administered by the State school board, composed of members of the State cabinet, and there will be no necessity of an additional expense for overhead nor for clerkships.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Idaho?

Mr. TRAMMELL. I do.

Mr. BORAH. Has the Senator stated the amount of public land in his State?

Mr. TRAMMELL. If I recall correctly, it is only about 117,000 acres. Of course, I may be mistaken as to the amount, but I am reasonably sure that is the amount of public land that remains within the State; and this 117,000 acres would fall far short of an amount of public land proportionate to the amounts that have been donated to a great many of the other States.

The amendment is offered seriously, and I believe that justice demands that Congress make the donation to the State. I furthermore believe that it will be a measure in the interest of economy. That seems to be the object of the pending bill, because if this contribution is made the Federal Government will have no further expense in administering the sale and disposition of the public lands in the State of Florida, which, as I understand, at the present time is not being carried on with any profit to the Federal Government, because the receipts from sales are about consumed in the payment of salaries.

I hope the amendment will be adopted.

Mr. McCUMBER. Mr. President, I should like to have the attention of Senators for just a moment upon the merits of this bill, and then let them vote for as many killing amendments as they feel they ought to vote for.

The State of North Dakota is about 400 miles in length by about 240 miles in width. The main-line railways are all east and west. Montana, I believe, is about 600 miles in length by nearly 200 miles in width. Washington, I think, is about 400 miles in length by over 200 miles or 250 miles in width. In all of these States the main lines are east and west. To-day, if I wanted to go from any place in the middle or northern part of North Dakota into the central or southern part of South Dakota, my best way would be to go to St. Paul, clear across the State of Minnesota, and then change and go back an equal distance to the west. We have a land office in Williston, we will say, in the northwestern part of our State. We have another in the southwestern part of the State. If one wanted to make a proof at a land office in the southwestern part of the State that now he can make at Williston, if he considered the question of convenience at all he would have to go clear across the State to the east line, to Fargo, and then get around to the south again, and get to the southwest. He would make as quick time in that way, with possibly only a little more cost in railway fare.



We have not been so very prosperous in our State in the last few years, due to a great extent to the failure of crops in the western section of the State. Our lands, however, have been proven up to such an extent that there are not sufficient fees and salaries to pay both a register and a receiver. It will be understood that under the rule the register and receiver are each paid a salary of \$500 per year, and then they are allowed a commission on the work they do, not to exceed \$3,000. It would be almost impossible to get a man who is qualified for the position, who would do the work and be fitted for it, for less than \$3,000. Two or three of these land offices will only pay that amount in all of the fees and commissions.

We do not want to abolish the land offices. At the present time, under the present law, whenever the fees fall below the sum I have named the President may abolish the land office. I wish to avoid the abolition of these offices, and to combine the register and receiver in one office. Then the offices can be kept open for perhaps two or three years yet for the convenience of those who have contests and those who have to make proof. It does no harm to anyone; it does not interfere in any way with additional land offices in those States where you need an additional land office.

Mr. HARRISON. How much will this proposed consolidation save the Government?

Mr. McCUMBER. That depends. If the Government would abolish the land offices, it might save two or three thousand dollars in my State to the Government, and put the farmers who have made proofs to the expense of thirty or forty thousand dollars. The Government would save a little. If it would abolish them entirely, it would save the office of the register and receiver, whose incomes amount to \$6,000 in the several land offices, but the cost to the people who would make proofs would be very many times that sum.

Now, a word about this amendment. Mr. President, I have always been in close sympathy with those Western States which have been cursed with the action of the departments in taking lands, both timberlands and lands that were not timberlands, with the idea that they would reforest them at some time. I know the difficulties under which they are laboring, and have always voted with them to assist them in ridding themselves of that condition.

I want to say to the Senator from Florida [Mr. TRAMMELL] that I am in favor of the Government giving to the State of Florida every acre that it has in Florida, and I think I would do the same thing in every western State. But the Senator knows that we have thrashed this matter over again and again, and no such amendment and no such theory could pass both branches of Congress. Therefore we would gain nothing, and it would simply mean delay, and we have three offices now in my own State which have been waiting for an appointment for three or four months, until they could make a provision whereby the two offices could be consolidated into one.

So I hope that we will not put this amendment upon the bill. Whenever the Senator from Florida wants to present his amendment in a separate bill, he will always have my vote to turn over to the State of Florida every acre of Government land in that State.

#### NEGOTIATIONS WITH GERMANY.

Mr. HARRISON. Mr. President, really the Senator from North Dakota and his committee are to be congratulated upon showing some tendency toward economy, and I can understand how some gentlemen on the other side would oppose coordinating these offices, because they will lose that much patronage.

But I desire to talk about another subject, which may not be allied very closely with this but which is of interest at this time. I see the senior Senator from Massachusetts [Mr. LODGE] now in the Chamber, and I am wondering if he has read the articles which have appeared in the papers the last two or three days with reference to the progress which has been made in negotiating the treaty of peace between the United States and Germany.

Mr. McCUMBER. Let me interrupt the Senator a moment. I appreciate the fact that during the consideration of this bill any Senator who wishes may speak on any other subject—

Mr. HARRISON. This subject I am about to discuss is very interesting.

Mr. McCUMBER. But it is of vast importance that we get this bill through, and I ask the Senator if, under those circumstances, he will not let us have a vote on this bill, and then take up the other matter.

Mr. HARRISON. I am going to speak very briefly, and I intend to vote for this, the first step in economy by the Republican Party since I have been a Member of the Senate.

I read first from the Chicago Tribune service, and that certainly is very good Republican authority at this time. I

am sorry that I do not see the distinguished senior Senator from Illinois [Mr. McCORMICK] in his seat, because no doubt he indorses this statement. It is headed: "Senate, in dark on Berlin pact, gets impatient—Members becoming curious over treaty being negotiated."

Evidently this article is speaking by the card. It reads:

Curiosity, accompanied by some impatience, is being manifested by the Senate concerning the new treaty of peace with Germany, which, according to dispatches from Berlin, is now in the final processes of negotiation.

So far the Senate has been kept completely in the dark about the negotiations. Although members of the Foreign Relations Committee keep an ever-watchful eye on the administration's moves in international diplomacy, their ignorance concerning the treaty-making now in progress parallels only their inability to obtain information while the Versailles treaty was being framed.

I know this is quite interesting to the senior Senator from Idaho [Mr. BORAH]. I am sorry that I have not the attention of the senior Senator from Massachusetts, because he can probably, when I finish, throw some light on this proposition. I hope that before I have finished the senior Senator from California [Mr. JOHNSON] will come into the Chamber, because I want to read from the papers a colloquy which took place day before yesterday, or yesterday, between the senior Senator from California and the senior Senator from Massachusetts touching the secrecy which enshrouds the treaty negotiations now going on between Germany and the United States. Speaking of Republican Senators, the article says:

The only light they have been able to get has come through newspaper dispatches, and this has been dimmed by administration declarations that they are wide of the mark.

It is very strange that this administration is in another instance adopting certain tactics for which they condemned the last administration. I read further:

Inquiries at the State Department concerning relations with Germany elicit no information beyond the bare admission that Ellis Loring Dressel, American commissioner at Berlin, is engaged in deliberations with the authorities there.

I was reading from the Chicago Tribune service, a very high authority at this time.

From yesterday's Washington Evening Star, a very splendid newspaper, which gives very accurate information and never under any circumstances misrepresents the administration views, I read an article appearing on the first page. Probably Senators on the other side read this, too, and they know whether it is true or not, and I hope when I have finished that we may hear from them as to whether or not it portrays accurately the situation as it exists at present.

This article is headed: "Senators in dark on German peace inquire for facts—Negotiations of State Department are being veiled with secrecy—Even Foreign Relations Committee is ignorant—HIRAM JOHNSON asks LODGE for information as to status of present proceedings."

I see that both those Senators have entered the Chamber, so we will now get light on this question. This is an article which was written by David Lawrence, one of the ablest and most reputable correspondents in the city of Washington. He is at the head of an extensive news service with large clientele throughout the country. He said:

Senator HIRAM JOHNSON, of California, has been making inquiries of Senator LODGE, chairman of the Senate Foreign Relations Committee, to determine what is going on between the United States Government and the German Government with respect to the establishment of peace.

Why should he not inquire of the chairman of the Foreign Relations Committee? We see dispatches from Berlin most frequently saying that these negotiations are under way and that the treaty is practically completed. But, being kept in the dark and not being on as friendly relations with the President as is perhaps the senior Senator from Massachusetts [Mr. LODGE], and not occupying as high a position on the Foreign Relations Committee as the senior Senator from Massachusetts, he being the chairman, it was natural that the Senator from California [Mr. JOHNSON] should have inquired on yesterday of the Senator from Massachusetts as to these pertinent facts. The article goes further:

Mr. JOHNSON is a member of the Senate Foreign Relations Committee.

The Senator from Idaho [Mr. BORAH] is a member of that important committee and I suppose that he has no more information regarding these delicate negotiations, so important to the country, than has the senior Senator from California, and it appears from this article that neither of them has any more information than has the senior Senator from Massachusetts [Mr. LODGE].

I am not surprised at Senators on the other side being chagrined and discontented over this proposition, and nursing a growing feeling against the administration for not taking them into its confidence. I am a little surprised, however, that the

present administration is not keeping up with the policy which they laid down in the beginning, that there would be "sweet" cooperation, always of the happiest and friendliest kind, between the Senate and the administration, that you would be kept advised of each step in these delicate diplomatic negotiations, especially on a question of so much importance as that of the making of peace between this Government and Germany.

But the fact remains that the Senate has not been advised, and I do not know as to whether a proclamation has been issued by the President declaring that we are on peace terms with Germany.

Mr. WATSON of Georgia. Mr. President, I hope the Senator from Mississippi will not forget that both the President and the senior Senator from Massachusetts [Mr. LODGE] have been taking a vacation, and that they could not confer while they were on their vacations.

Mr. HARRISON. But the President returned yesterday. I hope he had a very splendid trip, for I know he needed the rest. He has had many large responsibilities crowding themselves upon him. There is hardly any President who has had greater problems confronting him, and he needed these week-end trips on the *Mayflower* and restful excursions up into the mountains of New Hampshire and Maine and Vermont. But he is back now and I hope that he can soon see the Attorney General, who has for months had this matter in charge, considering whether it is necessary, in order to have peace, since we passed the peace resolution, to issue a proclamation declaring peace. The last account I read of it stated that the Attorney General had his desk packed high with books and data and papers of all kinds, and was giving that question his constant and serious consideration.

But we are in the dark as to whether or not that proclamation is to be issued, and I do not know what the opinion of the senior Senator from Massachusetts is as to whether, in view of the failure of this proclamation to be issued up to this time, we are now in a state of war or in a state of peace, and I trust that, when I have concluded these brief remarks, the Senator from Massachusetts will inform us, and inform the country, whether or not we are now in a state of peace or in a state of war, and when, if he knows, this important proclamation, which has been considered so long by the Attorney General, and which up to this good hour he has not come to any definite conclusion about, will be issued; whether he intends to give his opinion to the President, and when the President expects to issue it to the country and to the world.

I read further from this article:

Mr. JOHNSON asked Mr. LODGE if it was true that a treaty was being negotiated with Germany. Mr. LODGE said he had not been advised by the executive branch of the Government.

I do not understand why they have not advised him. We understood before the 4th of March that they were going to keep him in constant touch with these delicate questions as they arose, and we have the assurance from the senior Senator from Massachusetts when he said to that great gathering of Republicans in Chicago in convention assembled that a new day would dawn upon the country and there would be close cooperation between the legislative branch and the executive branch in dealing with our international affairs.

The article goes further:

Senator JOHNSON wanted to know if the German Reichstag committee on foreign affairs had a copy of proposals to be embodied in a peace treaty, and again the Massachusetts Senator professed ignorance.

#### INFORMATION WITHHELD.

"What would we have said if all this had happened under the last administration?" exclaims Senator JOHNSON, as he points out that not a scintilla of information has been given the Senate Foreign Relations Committee about the status of our negotiations or conversations with the German Government about peace. This fact has not been generally known.

I can just see the Senator from California in his vigor and earnestness and sincerity point his finger at the Senator from Massachusetts [Mr. LODGE] when he asked that very pertinent question:

What would we have said if all this had happened under the last administration?

He asked the question.

This fact has not been generally known. It has been supposed right along that President Harding and Secretary Hughes have been consulting the Senate.

Senator LODGE has himself heretofore insisted that the Senate had a right to have its say in advance of an actual signing of a peace treaty.

Why, I have heard the Senator from Massachusetts grow eloquent in standing for the rights of the Senate from the beginning of treaty negotiations between this country and foreign Governments?

Mr. LODGE. That, Mr. President, was not the case.

Mr. HARRISON. It was not? Very well. I was misinformed and had a wrong impression about it.

Mr. LODGE. I have said, and said it with some energy, that we were entitled to have all the information about the negotiations after the treaty was presented.

Mr. HARRISON. Has the Senator changed his mind recently?

Mr. LODGE. No. After the treaty was presented we were entitled to it. We never have had it yet on the Versailles treaty.

Mr. HARRISON. The Senator has nothing on the German treaty at all? He professes absolute ignorance.

Mr. LODGE. That is not yet before us.

Mr. HARRISON. Can the Senator tell us when it will be before us?

Mr. LODGE. I am not engaged in negotiating the treaty.

Mr. HARRISON. Is anyone engaged in negotiating the treaty?

Mr. LODGE. That is a thing I think even the newspaper correspondent would know, because it has been printed in every newspaper in the country over and over again.

Mr. HARRISON. That is what I said, that the newspapers seem to get something the Senate does not get.

Mr. LODGE. That is the fault of the Senator from Mississippi. I can not help the Senator from Mississippi not knowing about it.

Mr. HARRISON. The Senator would not expect me to know it when he as chairman of a great committee did not know about it?

Mr. LODGE. I knew about it. I do know what appeared in the newspapers.

Mr. HARRISON. I am sorry the Senator is not on as friendly terms with the Secretary of State and the President as he had hoped he would be.

Mr. LODGE. Those terms I think the President and the Secretary of State and myself can discuss perfectly well.

Mr. HARRISON. So I read further:

Senator LODGE has himself heretofore insisted that the Senate had a right to have its say—

This correspondent was mistaken, too. The Senator will see the impression was all over the country to that effect.

Mr. LODGE. It is a most astonishing thing that a newspaper or a correspondent should ever be mistaken, but I think he is.

Mr. HARRISON. Yes; evidently so.

Senator LODGE has himself heretofore insisted—

Continues the article—

that the Senate had a right to have its say in advance of the actual signing of a peace treaty.

Of course, the Senator never did criticize or find fault with the representatives of this Government in negotiating the treaty of Versailles, because he felt that he was close to it all the time. That was the position I understood the Senator to take. Never at any time did he condemn the past administration for keeping the Senate advised as to each step as it went along toward the end. Of course, the Senator did not criticize, because now he says he has no right to know until the treaty is presented to the Senate.

Mr. LODGE. I said I was not conscious that I did criticize the failure to inform the Senate pending the negotiation. I have criticized, and I shall do it again no matter who is President, a failure to inform us after the negotiation is completed and the treaty placed before us. The article from which the Senator reads goes on to illustrate it by using the case of what was called the round robin.

Mr. HARRISON. I understand the Senator signed the round robin.

Mr. LODGE. The President of the United States had laid before the country and before the Senate a draft of his proposed League of Nations and invited criticism, and he got it.

Mr. HARRISON. It is my impression, if I have not forgotten the history of that time, that it was before the treaty of Versailles had been finally written, and certainly before it was presented to the Senate.

Mr. LODGE. The league was a tentative draft which he himself submitted.

Mr. HARRISON. Yes; to the Foreign Relations Committee.

Mr. LODGE. That of course was open to consideration. He has a right to consult us, if he chooses, pending a negotiation.

Mr. HARRISON. So as a matter of fact President Wilson was consulting the Senator and others about these delicate international matters, but President Harding is not consulting anybody at this time.



Mr. LODGE. The Senator of course is in the President's confidence?

Mr. HARRISON. Which President's confidence?

Mr. LODGE. This President's confidence. The Senator states what President Harding is doing, about which I venture to suggest he knows but little.

Mr. HARRISON. I am trying to find out, because I think the Senator from California [Mr. JOHNSON] was right when he went to the chairman of the Foreign Relations Committee, and I am sure he was disappointed when he was told that the Senator from Massachusetts was in absolute ignorance about what the administration was doing touching the German treaty.

Mr. LODGE. The Senator from California can speak for himself about that conversation. It was not what is described there.

Mr. HARRISON. Very well; I read further.

Mr. KING. Mr. President, will the Senator yield a moment?

Mr. HARRISON. Certainly.

Mr. KING. I would like to suggest to the Senator that President Wilson, when a draft had been formulated of the league, and it was only a tentative draft, immediately disclosed it and invited constructive criticism, and the Senate knows and the country knows that distinguished Republicans like Mr. Taft and Mr. Root and the now Secretary of State submitted suggestions to the President of the United States. In addition to that, President Wilson invited the distinguished Senator from Massachusetts, the present chairman of the Committee on Foreign Relations, and all the members of the Committee on Foreign Relations to the White House and discussed with them this tentative draft of the League of Nations and invited constructive criticism.

Mr. LODGE. Of course, he did that. That is public knowledge. He had a perfect right to do it, and President Harding has the right to do it if he chooses to.

Mr. HARRISON. But President Harding does not choose to do so.

Mr. LODGE. He can not be compelled to do it if he does not choose to do it.

Mr. KING. I am not disputing the question of right; I am merely calling attention to the fact that President Wilson did give publicity in advance of the final draft of the treaty and invited the Senator from Massachusetts and others to make constructive suggestions concerning it.

Mr. LODGE. The Senator from Utah did not do me the honor to listen to what I said. I said twice emphatically that Mr. Wilson had done that precise thing.

Mr. KING. But I understood the Senator from Massachusetts impliedly criticized President Wilson for failing to give information respecting the treaty negotiations.

Mr. LODGE. I did not criticize him at all for submitting his draft of the League of Nations. All I said was that he wanted criticism on it; he submitted it and he got criticism.

Mr. HARRISON. I understand now that the Senator from Massachusetts is really praising President Wilson for taking the Senate into his confidence and indirectly criticizing the present President for not taking us into his confidence.

Mr. LODGE. No. When I speak my views of the two Presidents I shall do it myself and not ask the Senator from Mississippi to interpret them for me.

Mr. HARRISON. I hope I do not wrongly interpret them.

Mr. LODGE. I said, and I say again, that President Wilson submitted a draft of the League of Nations and asked criticism, and received it. He had a perfect right to do it, and I think, in view of what subsequently happened, it was a very desirable thing to have done.

Mr. HARRISON. I recall one day when the Senator, before the question of the treaty had ever been submitted to the Senate, held up a copy of it here and said there were two that had reached the United States through some subterranean channel, I know not what. Am I mistaken about that?

Mr. LODGE. I think the Senator is now confusing me with the Senator from Idaho [Mr. BORAH].

Mr. HARRISON. Probably so; but I understood the Senator to say to the Senator from Idaho, "I have seen it; I have one myself."

Mr. LODGE. The Senator from Idaho said he had seen a copy, and I had seen another.

Mr. HARRISON. The round robin that was issued was a remarkable document—

Mr. LODGE. It was rather a good document.

Mr. HARRISON. Those Senators who signed it think so. I understand many of them have it framed and hanging in their homes with the photos attached and call it the "Second Declaration of Independence," and it was procured and gotten up, I think, before the Senate had received the treaty.

Mr. BORAH. Mr. President, as a matter of fact, it was a second declaration of independence, was it not, may I ask the Senator?

Mr. HARRISON. I am not surprised at the Senator from Idaho thinking so, because he took one view throughout and was against the treaty all the time, but I can not understand why the Senator from Massachusetts should think so, because he was defending the League of Nations, and finally came around to the views of the Senator from Idaho.

Mr. BORAH. I am only interested in this debate to see that those documents which really did establish our independence are not discredited.

Mr. HARRISON. I read further:

Senator LODGE has himself heretofore insisted that the Senate had a right to have its say in advance of the actual signing of a peace treaty, and he circulated a round robin, which was signed by practically all the Republican Senators, expressing the Senate's views about a treaty which was then under negotiation.

OTHERS IN DARK.

The Massachusetts Senator was asked whether the Senate would have a similar opportunity to express its views on the new treaty, while it was being negotiated, but this time he is reported to have said that he supposed it was not a matter of concern for the Senate until after the treaty was actually signed and submitted to the Senate for ratification.

Mr. LODGE. The conversation is all imaginary, Mr. President.

Mr. HARRISON. Very well, let us see further.

Mr. LODGE. Of course, I can not be responsible for imaginary conversations that are put in my mouth. It is no doubt very dexterously worded.

Mr. HARRISON. It is no doubt well that the Senator should correct it, because it has received wide publicity.

Mr. LODGE. I do not think it is in the least necessary to correct it.

Mr. HARRISON. Of course not, if the article is correct. I took it that it was. David Lawrence is a great writer and has the respect and confidence of the public. I read further:

Whether Mr. LODGE meant to convey the impression that he himself had reversed his previous views on the subject of Senate intervention in peace negotiations or whether he meant that the executive branch of the Government felt it was not a matter of concern for the Senate is the basis of a good deal of speculation at the Capital.

And, I might say, speculation throughout the country.

Senator JOHNSON incidentally is not the only member of the Senate Foreign Relations Committee who says he is in the dark about the foreign policy of the administration.

I hope the Senator from Massachusetts will hear this.

Others are saying the same thing.

I notice the Senator from Massachusetts is leaving the Chamber. Of course, I know not why. The Senator from California [Mr. JOHNSON], however, is still here and we will see whether this thing is run down right or not.

Senator LODGE, as Republican leader, naturally bears the brunt of this discontent. He asked for an engagement with President Harding just as soon as the latter returns from his 10-day trip.

The President got back yesterday.

Whether it was to get more information about the German treaty or to discuss a Senate recess was not indicated.

NO EXPLANATION.

Certainly the Department of State has not given any sign of letting anybody know what sort of treaty is being outlined to Germany, and it may be that Mr. LODGE, having not been given details of the parleys by Secretary Hughes, is asking the White House for information. The usual course is for the President or Secretary of State to advise the chairman of the Senate Foreign Relations Committee about important steps in foreign policy, even though the details are frequently withheld. In the case of a treaty which is likely to be a source of controversy, efforts are sometimes made to canvass sentiment in the Senate in advance to determine a course of action.

On this occasion there is no explanation of the Department of State's policy except one. It is being said that, for reasons of domestic politics, it might not be wise to precipitate a controversy before the treaty is actually signed. When once the pact is made there would be difficulty in amending it, because that would necessitate farther negotiations with Germany and more delay. The Hughes policy is evidently to confront the Senate with an accomplished fact, just as Mr. Wilson endeavored to do when he submitted the Versailles pact.

PRESS ONLY SOURCE OF NEWS.

Summed up, the Senate Foreign Relations Committee is officially in ignorance of the fact that Secretary Hughes is discussing a new treaty with the German Government. It knows only what the press dispatches from Berlin have reported, namely, that American Commissioner Dresel has laid before the German Government a memorandum outlining the kind of a treaty the State Department would like to see formulated. The German Government has been discussing the matter with its committees in the Reichstag to learn if approval would be given the pact. The answers thus far given in the informal exchanges are said to indicate eventual agreement, but just what is to be in the new treaty or what understandings are being secretly made with the German Government nobody in the Senate claims to know.

So I commiserate with Senators on the other side of the aisle who heretofore found fault with secret diplomacy and now find themselves in utter darkness touching the negotiations with Germany and the construction of the German treaty.

Mr. HARRISON subsequently said: I ask unanimous consent to insert in the Record following my remarks the resolution that was proposed by the Senator from Massachusetts [Mr. LODGE], which appears in the CONGRESSIONAL RECORD of March 4, 1919, and signed by 37 Senators—the "round-robin resolution."

The PRESIDING OFFICER. The Senate has heard the request of the Senator from Mississippi. Is there any objection? If not, it is so ordered.

The matter referred to is as follows:

Mr. LODGE. Mr. President, I desire to take only a moment of the time of the Senate. I wish to offer the resolution which I hold in my hand, a very brief one:

"Whereas under the Constitution it is a function of the Senate to advise and consent to or dissent from the ratification of any treaty of the United States, and no such treaty can become operative without the consent of the Senate expressed by the affirmative vote of two-thirds of the Senators present; and

"Whereas owing to the victory of the arms of the United States and of the nations with whom it is associated a peace conference was convened and is now in session at Paris for the purpose of settling the terms of peace; and

"Whereas a committee of the conference has proposed a constitution for a league of nations and the proposal is now before the peace conference for its consideration: Now, therefore, be it

*"Resolved by the Senate of the United States in the discharge of its constitutional duty of advice in regard to treaties, That it is the sense of the Senate that while it is their sincere desire that the nations of the world should unite to promote peace and general disarmament the constitution of the League of Nations in the form now proposed to the peace conference should not be accepted by the United States; and be it*

*"Resolved further, That it is the sense of the Senate that the negotiations on the part of the United States should immediately be directed to the utmost expedition of the urgent business of negotiating peace terms with Germany satisfactory to the United States and the nations with whom the United States is associated in the war against the German Government, and that the proposal for a league of nations to insure the permanent peace of the world should be then taken up for careful and serious consideration."*

I ask unanimous consent for the present consideration of this resolution.

Mr. SWANSON. I object to the introduction of the resolution.

Mr. LODGE. Objection being made, of course I recognize the objection. I merely wish to add by way of explanation the following:

The undersigned Senators of the United States, Members and Members elect of the Sixty-sixth Congress, hereby declare that if they had had the opportunity they would have voted for the foregoing resolution:

HENRY CABOT LODGE.	WILLIAM M. CALDER.
PHILANDER C. KNOX.	HENRY W. KEYES.
LAWRENCE Y. SHERMAN.	BOIES PENROSE.
HARRY S. NEW.	CARROLL S. PAGE.
GEORGE H. MOSES.	GEORGE P. MCLEAN.
J. W. WADSWORTH, Jr.	JOSEPH IRWIN FRANCE.
BERT M. FERNALD.	MEDILL MCCORMICK.
ALBERT B. CUMMINS.	CHARLES CURTIS.
F. E. WARREN.	LAWRENCE C. PHIPPS.
JAMES E. WATSON.	SELDEN P. SPENCER.
THOMAS STERLING.	HIRAM W. JOHNSON.
J. S. FRELINGHUYSEN.	CHARLES E. TOWNSEND.
W. G. HARDING.	WILLIAM P. DILLINGHAM.
FREDERICK HALE.	I. L. LENROOT.
WILLIAM E. BOBAH.	MILES POINDEXTER.
WALTER E. EDGE.	HOWARD SUTHERLAND.
REED SMOOT.	TRUMAN H. NEWBERRY.
ASLE J. GRONNA.	L. HEISLER BALL.
FRANK B. BRANDEGEE.	

I ought to say in justice to three or four Senators who are absent at great distances from the city that we were not able to reach them; but we expect to hear from them to-morrow, and if, as we expect, their answers are favorable, their names will be added to the list.

Mr. JOHNSON obtained the floor.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Tennessee?

Mr. JOHNSON. I yield.

Mr. McKELLAR. I wish to call the Senator's attention to a resolution introduced by the Senator from Massachusetts which I will read, which throws some light upon the question the Senator from Mississippi has been discussing.

Mr. JOHNSON. If it is an exceedingly lengthy resolution, I do not desire to yield at this time.

Mr. McKELLAR. It is comparatively short, if the Senator from California will yield to me.

Mr. JOHNSON. Our views as to the comparative brevity of the resolution might differ.

Mr. McKELLAR. Very well. I will read it in my own time when the Senator concludes, if he does not desire to yield at this time.

Mr. JOHNSON. The Senator can read it, if he will pardon me for proceeding just a few moments, at the conclusion of what I may say.

Mr. McKELLAR. Very well.

Mr. JOHNSON. Mr. President, first, I wish to express my very great appreciation to the Senator from Mississippi [Mr. HARRISON] for embalming me in the CONGRESSIONAL RECORD in the article written by David Lawrence last night. The article, so far as the quotation given in the original portion of

it—that is, before the second paragraph—is concerned, is substantially correct. It does, however, an injustice to the Senator from Massachusetts [Mr. LODGE], because it magnifies what I told Lawrence was a casual conversation upon a specific subject, concerning which the Senator from Massachusetts had not been consulted by me.

It is quite true, Mr. President—I avow it to the Senator from Mississippi, I avow it to the other Members of the Senate—that I am very much interested in our international relations, and I am of a very curious turn of mind. I should like to know, I grant you, about the treaty that is being negotiated, if one is being negotiated, between this country and Germany at the present time. I do not claim, of course, that I have the right to know, but I inquire wherever I can for such information as may be obtained respecting that treaty in order that I may be fully advised and may act subsequently as I desire.

I am not going to be put in a position of hostility to the administration, either by opinions that I hold contrary to the opinions of any individual in the administration or contrary to opinions that may be held by the whole administration. I assume that there is a duty that Senators have upon this floor, a duty, Mr. President, that Senators of the United States will fulfill, no matter what the consequences may be to them. I assume that when a man has attained the presumed prominence of a Senator of the United States he acts as his judgment or as that much-misused word, his conscience, shall direct. I assume that when a man who is a Senator acts upon a policy, governmental in character, or one that deals in any degree with his Nation, and acts as he believes he ought to act, no man has a right to say that because he thus acts that he is hostile to any individual or to any administration.

I am opposed, Mr. President, to the funding bill that has been favorably reported by the Finance Committee of the Senate; but I decline, because I am opposed to that bill, to be put in opposition to the President of the United States generally or at all or in opposition to the administration that is Republican in politics now. I contend that neither the President nor any member of his administration would wish me or any other Senator upon this floor to do otherwise than as his judgment shall direct him to do and as his oath as a United States Senator commands him to do. So long as I am here, Mr. President, whether anyone shall take an opposite view or not, I shall pursue that course in dealing with those subjects that come before us.

I am curious, I say to the Senator from Mississippi, about the treaty that is being negotiated, if one is being negotiated, with Germany to-day. I am curious about the troops of America that are abroad upon the Rhine to-day. I want them brought home. I do not want to pay a million dollars a month for maintaining our troops over there, whether England wishes it or France wishes it, whether the Entente desires it, or whether Germany now asks for it. I want to bring those troops home, pursuant to a policy that has been mine ever since we have been discussing international questions during the past three years. I am curious about those troops; I shall ask some questions about them in the future, but I deny that they will be asked either in criticism of or in hostility to any administration.

I am curious about the debt that is due to this country from foreign nations. I am curious, I admit, about some details of that debt. I read the other day that \$32,000,000 were paid to Great Britain for transporting troops of the United States to save the day in the Great War, at the same time that we had a claim against Great Britain aggregating twelve or fourteen billion dollars. I have been informed, Mr. President, since the publication of that article that we not only have paid \$32,000,000 to Great Britain for transporting our troops across the sea in British vessels but that we have also previously paid—I am now stating only the information that has been conveyed to me—\$68,000,000, a total of \$100,000,000 for the same item or for similar services; and not only that but that we have also paid \$6,000,000 interest upon this debt; that we paid it when we had an offset of twelve or fourteen billion dollars, on the one hand, and when we had an offset, on the other hand, of hundreds of millions of dollars interest due to us. I have listened to statements upon the floor of this body; I have read the statements of political economists; I have read, indeed, the oburgations of the international bankers to us not to collect the interest that is due us from foreign Governments. I have seen that all these gentlemen assert that if we collect that interest we not only shall destroy the stability of all the countries abroad but that we shall ruin ourselves at home. I decline to subscribe to any such political economy as that. I decline to concede that there would follow in the train of the collection of a portion of our interest either ruin abroad or ruin at home.



However, I want to know, if the Senator from Mississippi is interested in the questions which I am asking, how it is that we paid, either the one administration or the other—I am speaking of neither now and in criticism of neither—how it is that we paid interest to Great Britain upon an indebtedness that we owed Great Britain for transporting our troops to help Britain win the Great War when Britain owed us hundreds of millions of dollars interest, which the political economists upon this floor say we must not collect for fear its collection may bring ruin to our country? I can not understand it.

Those questions I shall ask, just as I asked the other day the chairman of the Committee on Foreign Relations concerning the proposed treaty with Germany. I simply asked him if he knew anything about the treaty that was being negotiated, if one were being negotiated. He responded that he did not. I have asked other members of the Foreign Relations Committee the like question. Mr. Lawrence asked me a similar question, to which I replied in like fashion; but the Senator from Massachusetts ought not to have been subjected to the distortion of his remarks, whatever might be said of mine. I avow most of what has been said respecting me in the article, but concerning the Senator from Massachusetts it is not accurate.

Mr. HARRISON. Mr. President—

Mr. JOHNSON. I yield to the Senator from Mississippi.

Mr. HARRISON. I agree thoroughly with what the Senator has said about paying to Great Britain interest when that Government owes us great sums of money; but that was done, I think, about three weeks ago, if I recall correctly the item printed in the newspapers.

Mr. JOHNSON. No; I think the Senator is somewhat in error, though he is correct in one part of it.

Mr. HARRISON. Let me get the matter straight. I read two weeks ago, I think, that there had been \$32,000,000 paid to Great Britain when Great Britain owed us several billion dollars. Was that what the Senator had in mind?

Mr. JOHNSON. Yes; so far as it goes, the Senator from Mississippi states the facts; but the facts are these: We owed money for transportation of troops, as I understand, to Britain; Britain owed us on another account. It was asserted that the account for the transportation of troops was under a contract essentially different from the contract that existed upon the indebtedness due to us, and that, therefore, our obligation was a moral one that had to be liquidated. That is not the point that I was making, however, beyond the fact, of course, that I think we ought to offset one indebtedness against the other. The proposition that I was adverting to was that all political economists, those who claim to be learned in all things pertaining to political economy, say if we collect the interest from the people abroad, then, of course, we are going to work ruin to our country; yet at the same time that they are indulging in such utterances we are paying interest upon an old obligation. It is a system that I do not and can not understand.

Mr. President, there is another matter about which I am curious and concerning which, perhaps, the Senator from Mississippi is equally curious. I believe in the reduction of armaments. I congratulate the Senator from Idaho [Mr. BORAH] upon winning in this Chamber the greatest personal victory that has been won by any United States Senator since I have been a Member of this body. I congratulate, too, the President of the United States and the Secretary of State in calling the disarmament conference which they have called.

I hope and I pray that it may be a success in every respect; but the first test in that disarmament conference will be whether it is held in the open or whether it is held in secrecy. And so, Mr. President, curious as I am, I express now the view that is mine, that when the disarmament conference meets in Washington in November we will see as an actuality the nations of the earth meeting in the open, so that the peoples of the earth may be constructively present, at least, and so that the public opinion of the various countries of the world will be able to affect that conference and direct its will in behalf of all the people.

#### CONSOLIDATION OF OFFICES OF REGISTER AND RECEIVER.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 71) for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

Mr. McNARY. Mr. President, in opposing the immediate consideration of Senate bill 71 this morning, as I did, it was not with reference to the purposes of the bill, but mainly because of a desire upon my part and upon the part of other representatives of the Western States that we might have an opportunity fully to understand and digest its provisions.

I offer an amendment, which I shall read, to come in on page 1, line 7, to strike out the word "ten" and insert the word "ninety," making 90 days' notice requisite.

Mr. FLETCHER. I rise to a point of order. I suggest that there is an amendment pending. My colleague, the Senator from Florida [Mr. TRAMMELL], offered an amendment, and to that amendment, I understand, an amendment has been offered.

The PRESIDING OFFICER. There is pending an amendment offered by the Senator from Utah [Mr. KING] to the proposed amendment offered by the Senator from Florida.

Mr. KING. Mr. President, I desire to perfect my amendment, if the Senator from Oregon will yield.

Mr. McNARY. Very well; I did not exactly understand the parliamentary status.

Mr. KING. I came into the Chamber after the Senator from Florida had offered an amendment and while it was being read. I suggest that the words "and to the State of Utah, respectively," be inserted in the appropriate place in the amendment, so it would read:

That there be, and is hereby, granted to the State of Florida and to the State of Utah, respectively, the United States Government lands in said States for the use and benefit of the public schools of said States.

I do not desire to oppose the motion of the Senator from Florida, and shall withdraw the amendment which I have just suggested. However, in order that the Senate may consider, at least for a few minutes, a broader measure, I shall offer as a substitute for the amendment offered by the Senator from Florida the following, which, when acted upon, will not prevent consideration of the Senator's amendment.

The PRESIDING OFFICER. The amendment proposed by the Senator from Utah, in the nature of a substitute for the amendment offered by the Senator from Florida, will be stated.

The ASSISTANT SECRETARY. In lieu of the amendment proposed by the Senator from Florida [Mr. TRAMMELL] the Senator from Utah [Mr. KING] proposes the following:

SEC. 2. That the public lands, property of the United States, within the several States, which have not been acquired or reserved for the public or special uses of the Government of the United States, and which have not been reserved from entry as authorized by law, together with all rights, jurisdiction, privileges, and sovereignty appertaining thereto, or heretofore exercised or enjoyed by the Government of the United States with respect thereto, are hereby ceded, granted, and confirmed severally to the particular States within the territorial boundaries of which such unreserved public lands may severally lie and be situated.

SEC. 3. That there is excepted from this grant all particular tracts of land which have been entered pursuant to law, and for which the rights of entrymen or claimants may have been initiated, vested, or accrued. Upon the relinquishment, however, of the right of the claimant or entryman to any such lands the same shall be subject to the operation of the grant made by this act.

SEC. 4. That the grant made by this act shall take effect as to the lands within any particular State when the legislature of such State shall by resolution accept the grant made by this act and shall deposit such resolution with the Secretary of the Interior. Resolutions of acceptance shall be made within four years after the date of the approval of this act.

Upon the receipt of a resolution of acceptance from a particular State the Secretary of the Interior shall deliver to such State such maps, records, books, and documents, or certified copies thereof, as may be necessary or convenient for the enjoyment, control, use, administration, or disposition of such lands.

SEC. 5. That the grant hereby made shall be subject to the right of holders of outstanding land scrip, heretofore issued by the United States, to locate such lands in satisfaction of such scrip; but such locations shall be made before the lands herein granted shall pass to private proprietors.

SEC. 6. That all laws relating to the entry of public lands within the several States are hereby repealed.

SEC. 7. That the provisions of this act shall not apply to Alaska or to the Hawaiian or Philippine Islands.

Mr. KING. During the Sixty-fifth Congress I introduced as a separate bill the substitute just read, and at the beginning of this session I again offered it. The bill is now pending before the Public Lands Committee. I realize that the subject involved in the substitute is of such importance that I can not hope for its consideration at this time and in connection with the bill which is before us. I fully appreciate that there is opposition to the cession of the public lands to the States and that there are strong arguments to support such opposition, but I feel sure that a full discussion of the entire matter will develop preponderating reasons justifying the transfer to the States by the General Government all the public lands found therein. I believe that it is the part of wisdom and the part of justice for the Federal Government to cede to the States the public lands which are within their borders.

We are spending tens of millions of dollars annually upon the public lands. They are a constant charge upon the Federal Government. We know that the administration of the public lands by the Federal Government, no matter how wise it may be, is ineffective, expensive, and exceedingly irksome to the

people within the States. There is no reason why the public lands found within the borders of the States should not be transferred to the States.

The original thirteen Colonies possessed and owned all the lands within their borders. They were not handled or controlled by the Federal Government. When the State of Texas came into the Union its ownership of the public domain within its borders was recognized, and it has made such disposition of such lands as it saw fit.

I believe that the States can handle the public lands far better than can the Federal Government. If time permitted, it could be shown that in handling the public domain the General Government has not only been inept, but it has blundered and committed mistakes that amount almost to crimes. It has been wasteful and extravagant. Its method and policies have been archaic and in the main impolitic and unwise. When it has recognized that the lands were held only in trust for the people and has pursued a liberal policy, under which private ownership has been promoted, then its course has been prolific of good. We are constantly admonished that the public-land States have hundreds of millions of acres of land within their borders upon which no improvements are being made by the Government. They are not subject to taxation, and these public-land States are compelled to maintain the burdens of their State and municipal governments, and they are not advantaged by reason of the public domain within their borders. We have an imperium in imperio; we have dual control, two Governments operating within given areas, one bearing practically all the burdens incident to the maintenance of modern States. This condition is attended with friction and annoyance and irritation, and indeed in many instances it results in controversies more or less acrimonious.

I think that no wiser step could be taken by the Federal Government than to part with the title to the public domain within the States. Let the Federal Government deed to the State of California the public lands within its borders. The people of that State could handle such lands far better than can Congress, 3,000 miles away. They know what the problems of the West are. They know the needs of the State and how best to promote its welfare. Their control of the forest lands and the mining lands, as well as the agricultural and all other public lands, would be far more economical, and certainly of far greater benefit to the State and the people generally. The same is true of the State of Idaho, the State of Washington, the State of Utah. The United States should convey to the States the lands within their borders, which are now costing the Federal Government tens of millions of dollars annually. The States will develop them. They will control them in the interest of the public and to the great advantage of the general public. The mistaken view has been entertained that the public domain is an inexhaustible source of wealth and will prove of immense financial advantage to the United States. The Government will never collect one-tenth of the amount which it has and will spend in administering the public domain.

The less land there is the greater the cost of handling it. The Interior Department now costs millions, when it called for hundreds of thousands when the Government owned lands greatly exceeding in area the present holdings. I regret that Congress has not taken what I regard as the correct policy. It is not too late, and we should now rectify the mistaken policy which has been so slavishly followed. I hope that sufficient sentiment can be commanded at an early date to enact either the measure which I am now offering or one perhaps better phrased and better conceived, which will consummate the policy for which I am contending.

Mr. McNARY. Mr. President, am I correct in understanding that the pending question is the amendment of the Senator from Utah [Mr. KING] to the amendment of the Senator from Florida [Mr. TRAMMELL]? I make the inquiry for the purpose of informing the Chair that if that is the case I desire to offer some amendments to the bill as soon as those amendments are disposed of.

The PRESIDING OFFICER. The amendment of the Senator from Utah is a substitute for the amendment of the Senator from Florida.

Mr. KING. May I suggest to the Senator from Oregon that the question will be upon the adoption of the substitute I have offered for the amendment offered by the Senator from Florida. I am willing to take a vote.

Mr. FLETCHER. Mr. President, I shall not delay a vote on the bill. I am very much afraid, however, that the substitute offered by the Senator from Utah involves a much larger question than can be properly considered in connection with this measure.

The Florida proposition is quite simple in itself. The amendment proposed by my colleague was to have the public lands of that State turned over to the State for school purposes. That is in accordance with the policy of the Government ever since 1856, I think, when the first act was passed covering swamp and overflowed lands. The situation there is that at present there are only 107,354 acres of vacant lands in the State, and they are scattered in various sections, and are to a large extent worthless. They will never be taken up. There are some vacant lands that the public has known about for years that nobody wants. They do not enter them at all. There are 840 acres of what are supposed to be unsurveyed lands in the State. In addition to that, there are entries and selections which involve quite a considerable acreage. The extent of that I can not give, because it is almost impossible to get accurate figures on that subject; but those questions are pending now before the register and receiver of the General Land Office at Gainesville. It is important that that office shall continue for the purpose of settling the questions involved in these unperfected entries and selections, and that is the main work of the office now. The office could not live on the fees received from disposing of these 107,000 acres of vacant land.

I have sympathy with the Senator's bill on that account. I think the offices there ought to be consolidated when these unperfected entries and selections are settled, which will not take a great while, so as to continue the work of disposing of the 107,000 acres and furnishing general information to the public. It is an important office, in that people can go to it and consult the maps and plats and ascertain what the situation is with reference to lands in various parts of the State. I would not want to see that office closed, and yet eventually, I think we are coming to the point, and probably we have reached it now, where the bill proposed by the Senator from North Dakota would solve the whole problem by consolidating into one these two offices of register and receiver, and allowing the office to be conducted by one person in the future.

Next to that proposal, and I do not know but that I should prefer it, I am inclined to favor the amendment offered by my colleague Mr. TRAMMELL, to have the Government turn over all of these lands to the State for school purposes. In that event, of course, the office would be abolished, both as to the register and as to the receiver.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from Wisconsin.

Mr. LENROOT. I should like to ask the Senator what he thinks the State of Florida would do with these lands if they are worthless?

Mr. FLETCHER. Of course, there would be no taxes on them; there would be no expense in connection with them, and they are scattered pieces. I did not say that all of them were worthless, but there are some scattered pieces. Eventually some of them would be reclaimed, perhaps, by drainage and otherwise, and as settlement continued and development progressed in the State they might come to be worth something in the future. Some of them undoubtedly would be now; but in considerable degree the statement can be made that many of these lands are worthless—not all of them, by any means—and a good deal of work can be continued in this land office at Gainesville for some years to come in the disposition of these vacant lands. Certainly in carrying on the determination as to these unperfected entries and selections that work would have to go on in any event. I think, however, that the Government in the long run would be advantaged if they deeded to the State these vacant lands and these unsurveyed lands of 840 acres, and closed up the office of register and receiver entirely.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield the floor.

Mr. LENROOT. Of course, the Senator is aware of the fact that we now have legislation under which, so far as isolated tracts are concerned, they may be sold at public auction. The Government can get out. It will not need to continue a land office at an expense to itself because we have only a few isolated tracts down there. Whenever we get ready, we can just close them out; and so far as these worthless lands of which the Senator speaks are concerned, they are not now costing the Government anything to maintain in any way.

Mr. FLETCHER. It was just a proposal to wind up entirely the business in connection with the public lands of the State.

Mr. LENROOT. We now have ample legislation upon the statute books that provides for that very thing in every State.

Mr. SMOOT. Mr. President, I hope the Senate will not agree to any of the amendments that have been offered. It is a great



question that ought to be settled, and settled rightly, not as an amendment to a little bill like the one that is pending before the Senate. I do not think there is a Senator here but that knows that the House never would agree to such an amendment as that. I do not think there is any Senator, after he has studied the provisions of the bill, but that will agree that the bill ought to be passed. It simply enables us to get an official and pay him a reasonable compensation for acting as register and receiver of a general land office.

To-day, under the law, there have to be two men; and the minimum salary being \$500, there are many, many land offices where the receiver gets not to exceed five, six, or seven hundred dollars, and the register the same, because all over the five hundred dollars that he receives comes from fees, and it is a simple proposition. These amendments that are offered to the bill ought to be voted down.

The Senator from Florida offered this amendment as a bill. As chairman of the Committee on Public Lands, I referred that bill to the Secretary of the Interior for a report. I have not yet received a report from him, but when that report is received, Mr. President, the Committee on Public Lands will consider it, and if the report justifies action, in the opinion of the committee, there will be a favorable report made upon the bill.

All that my colleague [Mr. KING] said in relation to the public lands of the Western States is true, and it is true also that the Western States received double the acreage of land that the people of Florida received when Florida became a State. But the lands which the Western States received when they entered the Union consisted mostly of mountainous lands. The only real use which can be made of them is for grazing, and all that land has all been put into forest reserves.

The people of the States are charged for every sheep which grazes upon a foot of the land within the State, and a man must pay so much per head for every cow which grazes on land belonging to the Government; and every bit of timber that is cut outside of what is used for family use up to \$50, I think, must be paid for. Of course the administration of those things is costly, and very little return is made to the Government or to the States.

But let us not load this bill with that great proposition. I have not any doubt, from the expressions I have heard in the Senate, that a majority of the Senate would vote to turn over the lands within the public-land States to the States, but I am quite sure that the House of Representatives would not do it. It is an old question, which has been thrashed out here time and time again, and it would be very much better for Senators to vote the bill down rather than to try to kill it in that way.

I therefore hope that the amendments which have been offered will not be agreed to.

Mr. OVERMAN. Mr. President, if we are going to be generous and turn these public lands back to the States, North Carolina has a claim which is just, and any man going into a court of equity and suing on the deed which North Carolina gave could recover. I have an amendment which I shall offer, which has just as much merit as any other amendment already offered.

When North Carolina ceded to the United States Government the State of Tennessee the deed, drawn by Thomas Jefferson and signed by two United States Senators, provided that all moneys arising from the sale by the General Government of public lands in that ceded territory should be returned to the State. That is on record here, and I can produce it at any time. So that if we are to adopt the policy suggested by this pending bill North Carolina would have a just claim for a refund of the money which was received from the sale of any of those lands.

Mr. OVERMAN subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD as a part of the brief remarks which I made a few moments ago the amendment to which I then referred. I did not formally offer the amendment to the bill, but I should like to have it included in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. OVERMAN's proposed amendment is as follows:

That the United States shall return to the State of North Carolina all of the sum received from the sale of public lands sold in the State of Tennessee as provided in the deed of cession made by the State of North Carolina ceding to the United States the land comprised in the State of Tennessee.

Mr. TRAMMELL. Mr. President, I think the Florida situation is quite different from some of the others which have been mentioned. I base my claim on behalf of the State of Florida for unentered land not upon a plea of charity but upon a plea of justice. The records disclose the fact that in the public-

land States quite generally it was the policy of the Federal Government in making these grants to donate to the States at least two sections of every township, and in some instances as much as four sections out of each township, while in the State of Florida there was only one section donated to the State for school purposes.

Mr. SMOOT. Mr. President, I am compelled to leave the Senate, as there will be a hearing at 2 o'clock before the Finance Committee which I must attend. Does the Senator intend to have this bill go over, or will he consent to a vote within five minutes?

Mr. TRAMMELL. Mr. President, I will not consent to a vote within five minutes. I do not occupy very much time on the floor of the Senate—

Mr. SMOOT. I am not complaining; I want the Senator to understand.

Mr. TRAMMELL. This is a matter of a great deal of importance to my State, and, whether the amendment I have offered is voted up or voted down, I want to make a few remarks on the subject.

Mr. SMOOT. I only interrupted the Senator because I wanted to know what I should do. I could get from the Senate Chamber to the committee room in five minutes, but I thought that if we were going to vote within five minutes I would remain; but if not, I shall go to the meeting of the committee.

Mr. TRAMMELL. I do not think I shall occupy more than 10 minutes, probably not as much as that.

But reverting to the question of the lands ceded to the States, respectively, I desire to give some data upon that subject. Under grants made by Congress to the States for school purposes Arizona has been granted the second, sixteenth, and thirty-second and thirty-sixth sections out of each township, giving four sections out of each township.

California was granted the sixteenth and thirty-sixth sections out of each township.

Colorado was granted the sixteenth and thirty-sixth sections. Idaho was granted the sixteenth and thirty-sixth sections.

Nevada was granted the sixteenth and thirty-sixth sections.

New Mexico was granted the second, the sixteenth, the thirty-second, and thirty-sixth sections.

North Dakota was granted the sixteenth and thirty-sixth sections.

Oklahoma was granted the sixteenth and thirty-sixth sections and certain of the thirteenth and thirty-third sections.

Kansas was granted the sixteenth and thirty-sixth.

Minnesota was granted the sixteenth and thirty-sixth.

Montana was granted the sixteenth and thirty-sixth.

Nebraska was granted the sixteenth and thirty-sixth.

Oregon was granted the sixteenth and thirty-sixth.

South Dakota was granted the sixteenth and thirty-sixth.

Utah was granted the second, the sixteenth, the thirty-second, and thirty-sixth sections.

Washington was granted the sixteenth and thirty-sixth sections.

Wyoming was granted the sixteenth and thirty-sixth sections.

It will thus be seen from the statistics that practically all of the public-land States have been granted two or more of the sections in each township for public-school purposes, and several of the States having been granted as many as four sections of each township, among those States being the States of Utah and Arizona and some two or three others. Congress has already established this liberal policy of dealing with the States for the purpose of assisting the school fund. My contention is that the State of Florida, being one of the public-land States, was discriminated against in the beginning in that only one section of land was granted to the State out of each township for school purposes.

Of course, if we were to grant one section out of each township of all of the public lands formerly belonging to the State, in addition to the one section originally granted, it would far exceed the amount of the public lands now remaining within the State, there remaining approximately 107,000 acres.

I use the argument in regard to economy on the part of the Federal Government in granting these lands because that seemed to have been the policy actuating the proponents of the pending bill.

But we contend that in justice Florida is entitled to at least one more section of the Federal lands out of each township for its school purposes. Of course, we have not that much land left in the State.

In addition to the sections granted to the States mentioned, the Federal Government also has made quite liberal allowances to a number of the States in addition to those donations. I have the statistics in support of that, but will not attempt to cite them.

Mr. President, I am very glad to see such a spirit of energy and such efforts on the part of our western friends to promote the interests of the Western States. I very much rejoice in the prosperity of the great western part of our country and its development. But, Mr. President, since I became a Member of this body I have sometimes been impressed with the fact that our friends from the West, in their zeal to do something for that great and enterprising section of the country, overlook dealing out justice to some other sections.

It is very nice, of course, for the States which have already received their two and their four sections of the public domain for school purposes to just set steady in the boat when another State knocks at the door, and gently say, "Oh, no; there is nothing doing."

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. Certainly.

Mr. KING. I hope the Senator, in the criticism he is now indulging in, does not take the position or construe the amendments which are offered as any objection to his measure. I am willing to give all of the land within the State of Florida to that State. But let me state to my friend from Florida that those large grants to the Western States of which he speaks in the main consisted of arid lands, so arid that the land was practically valueless. Much of it you could not sell for 5 cents an acre, and that which has been sold in the main has not brought more than 25 cents an acre, and much of it consists of mountainous lands, almost inaccessible, of no value. One of the beautiful valleys of Florida of a few hundred acres might be worth thousands of acres of those arid and rocky lands conveyed by the Government in the West for school purposes. The Senator must not indulge in the view that the Western States have received large bounties from the Federal Government. The gifts have been parsimonious, and, measured in dollars and cents, they would not be the equal of one of the fine plantations in the State of Florida.

Mr. TRAMMELL. Mr. President, I have not construed the substitute offered by the Senator from Utah, and his remarks, as in criticism of the position I have taken in regard to the matter. Of course, if we should go back and review the history of lands and of land values in the South we would find that at the time the Federal Government made these grants within my own State the lands represented very little money value. I am very happy to say, however, that, under the continuous era of prosperity and development which Florida has enjoyed for the past 20 or 25 years, those lands have come into much greater value, just as is true in the developing sections of the West. But as far as the public domain in the State, which I seek by this amendment to have donated to the school fund of my State, there is at present more or less of this land which I dare say is of no more value than the lands in the West, to which the Senator from Utah refers.

Mr. President, I was saying that I think the representation of the Western States and of the Southern States should harmonize a little more and work more in double harness. I do not mean that there should be any injustice to any other section of the country when I state that.

Mr. BURSUM. Mr. President, does not the Senator think it would promote greater harmony if we would extend these grants to all of the public-land States?

Mr. TRAMMELL. Mr. President, I would want to investigate the question of what the States should receive, and have them all treated alike. I am presenting the proposition on behalf of the State of Florida, to be dealt with with that same liberality and equity which the Western States received.

Now, if we should go into the details of the public-land situation and find that a measure of that character would deal with the same equity and justice to all the States, most assuredly I would favor a proposition of that kind.

Something was said in regard to arid lands. That brings to my mind the question of reclaiming the waste lands of the country and the policy of the Government upon that question and the attitude of Congress up to the present time in dealing with reclamation in the West and in the South. In the southern part of our country we have more or less of the swamp and overflowed lands, which when reclaimed are very fertile, productive, and valuable. These swamp and overflowed lands can be reclaimed at far less cost than can the arid lands of the West. The Federal Government up to the present time, however, has not in any respect contributed any aid or assistance to the reclamation projects of the South. Upon the other hand, it has been the policy of Congress for some years to foster the irrigation projects of the West, to finance those projects, and to bring those

lands, when reclaimed, upon the market that they may be settled and developed.

Soon after entering the Senate I proposed a measure providing that the arid-land projects of the West and the drainage projects of the South should be put upon a similar basis and should be dealt with alike by the Federal Government. To my astonishment, I found when I proposed that measure that among those who were most vigorous in their opposition were some of my friends from the West, coming from States which were enjoying the beneficence of the Government in the way of maintaining and supporting and carrying on their arid-land projects.

Mr. KING. Mr. President—

The PRESIDING OFFICER (Mr. WATSON of Georgia in the chair). Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. Certainly.

Mr. KING. May I inquire of the Senator whether the overflowed lands of which he speaks in Florida are owned by individuals or by the State or by the Federal Government?

Mr. TRAMMELL. They are owned by the State government and by individuals, and of course there are some of the lands of the Federal Government intermingled with those lands.

Mr. KING. Does the Senator know there is a great deal of difference between the Federal Government making appropriation for the reclamation of the lands of private persons and the lands of the State, and on the other hand making appropriations for the reclaiming of lands which belong to the Government? The Senator knows that under the Constitution the Government may have the right, although it is paternalism perhaps, paternalism which many condemn, to exploit and to improve and to reclaim its own lands for the purpose of making them salable.

If I am not trespassing upon the Senator and he will yield further, suppose the Government of the United States has 1,000,000 acres of land which is of no value, which no one will occupy, which it may not sell because there are no purchasers, but which, if the Government would expend \$30 per acre for impounding water in order to irrigate it, might sell for \$100 an acre and thereby put money into the Treasury of the United States? The Senator can see that financially it might be a proposition of merit and at the same time make available for homestead purposes a large area of land. That might not be condemned upon the ground of the unconstitutionality of the action of Congress, although it might be condemned by some as paternalistic.

I do not think the Senator from Florida has found any Senators or Representatives from the West objecting to the Federal Government reclaiming its own lands. There have been Senators and Representatives not alone from the West but from all parts of the United States who denied the power of the Federal Government to reclaim the lands of private individuals or the lands of States. I hope the Senator will bear that matter in mind in the discussion of this question.

Mr. TRAMMELL. The Senator from Utah gives a correct history of the policy of the Federal Government in entering upon the irrigation projects of the West, as far as the inception of that enterprise on the part of the Government was concerned, but after the Government had been engaged in the reclamation of its own lands for a time, then the Government extended and enlarged its operations to the point where private owners, owning land within the districts where the Government lands were located, could also enjoy the benefits of advances for the purpose of reclaiming their own lands. It was when the Government extended its operations so as to reach out and assist the private ownership that I felt that the drainage projects in the South should be accorded similar consideration.

There are two or three bills pending at the present time before the Senate Committee on Irrigation and Reclamation. My colleague introduced a bill providing for a system of reclamation which would reach the arid lands and also the overflowed lands, providing that we may have reclamation by irrigation and by drainage. I introduced a bill on the same subject some two years ago. I again introduced a similar bill within the last three or four months, providing for a general system applying to reclamation by irrigation and by drainage. The purpose and object of these measures is to give the same consideration to the drainage projects of the country that is extended to the irrigation projects of the West. Those bills were considered by the committee. What did the committee report out? The committee has reported out favorably a bill which provides for the arid-land projects and the irrigation projects of the West, and those alone.

Mr. McNARY. Mr. President—



Mr. TRAMMELL. They do not restrict it to public lands, but embrace private reclamation projects just the same as they do public-land projects. I yield to the Senator from Oregon.

Mr. McNARY. I assume the Senator from Florida has reference to a bill which I reported favorably a short time ago in behalf of the Committee on Irrigation and Reclamation, of which I happen to be chairman, providing for the reclaiming of public and private lands in the West. I wish to say to the Senator from Florida that he can appear before that committee and urge the inclusion of the reclamation of lands of the South through drainage. The meetings were open, witnesses appeared from all over the country, and the Reclamation Service was represented, but there was not a word offered in behalf of the projects to which the Senator has referred. That is the reason, one of the great reasons, the important and vital reason, why the proposition was not considered.

Mr. TRAMMELL. If the Senator wishes to refer to that, I am going to recite a little history in connection with the matter. It was hoped that the West and the South would work in harmony and it was so understood. A bill was prepared in cooperation with certain Representatives of the West. I understood an ex-governor, who was representing the people of the West, was in the conference and prepared the bill. He prepared a measure which covered both the irrigation and the drainage projects. The measure was introduced by my colleague. I supposed that it had the indorsement of the Representatives from the West as well as the South. This gentleman who had prepared the measure was from the West. The idea was that there would be cooperation in support of that measure. Imagine my disappointment when I learned that it had been decided by your committee to drop drainage from the measure and confine the bill only to irrigation.

Other Representatives from the South were misled as well as myself. Mr. President, I have no objection to the projects of the West having the advantage of the legislation proposed in the bill which has been favorably reported. I am not criticizing the fact that Congress has been liberal in dealing with the irrigation projects of the West, but I say now that the drainage projects of the South should be placed upon the same basis as the irrigation projects of the West. With respect, but with earnestness, I propose to oppose the measure for irrigation projects with all the energy that I possess unless our drainage projects of the South are included within the provisions of this measure.

The arid-land projects cost all the way from about \$60 to \$100 per acre to reclaim the lands and often more than that. They have then the expense of maintaining irrigation following that.

In contrast the drainage projects of the South as a rule cost only from \$6 or \$8 up to \$14 or \$15 per acre. Very few of them require a cost of more than \$14 or \$15 an acre as the outside limit.

The plan proposed by the bill that has been favorably reported is that the Federal Government shall assist in financing the project by issuing Government securities based upon the securities of the irrigation project. The Government could not possibly be any more secure upon an arid land project of the West in underwriting its securities than it could be upon the securities offered by the drainage district of my own State and of other Southern States.

Mr. McNARY. The Senator is entirely mistaken in the features of the bill. The Government is not to loan on securities to these districts. It is not to underwrite their bonds. The Secretary of the Interior, as an agency in the administration of the public lands, certifies to the value of those properties, and whensoever his certificate based upon his judgment is that the lands are worth double the outstanding indebtedness, then the district bonds are offered for sale to the public. In consequence the Government assumes no liability whatsoever. It is a simple expression of judgment through one of the agencies of the Government.

Mr. TRAMMELL. Is it a bunko game or does the Senator expect to get credit merely upon the certificate of the Secretary?

Mr. McNARY. That is a very unfortunate term to use in connection with a great scheme to develop the West to call it a bunko game. I can explain to the Senator, if he can understand the value of property and the nature of securities, that when the Secretary of the Interior certifies that in his judgment the land within an incorporated district is of a value twice the amount of the outstanding bonds, the bonds are then offered for sale. If that is a bunko game, I do not understand it as such.

Mr. TRAMMELL. I did not state the project was a bunko game, but the Senator said that the Federal Government was not going to become liable or assume any responsibility in the

matter. Then I asked what is the purpose of handling it through the Federal Government except for the purpose of getting the certificate of the Secretary of the Interior? The certificate of the Secretary of the Interior then becomes the only security that the purchaser of the bonds is to receive.

Mr. McNARY. Mr. President—

Mr. McCUMBER. Will the Senator yield to me for one moment?

The PRESIDING OFFICER. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield, first, to the Senator from Oregon.

Mr. McNARY. The certificate of the Secretary of the Interior has nothing whatsoever to do with the matter save to inform the public who desire to invest that, in his judgment, the property within a certain district is worth double the value of the outstanding bonds. If the Senator had read the bill, he would know that the Government is asked to advance to the reclamation fund a sum of money which is then used in the development of projects and the construction of works. In order to constitute it a revolving fund, naturally when a considerable sum is available it is provided by this simple plan of the sale of district bonds, so that, in the opinion of those who have given the matter study, an appropriation of \$250,000,000 in a period of 20 years would amount to over \$1,000,000,000. That indicates the revolving character of the fund. The Government assumes no liability whatsoever, and the protection to the investing public is the value of the land as compared with outstanding indebtedness of the district.

Mr. TRAMMELL. Then, Mr. President, I should think that the Senator from Oregon and the other members of the committee would certainly be willing to extend similar assistance to the drainage projects of the country. If it does not involve the Federal Government financially, why should the plan be withheld from the drainage projects?

Mr. McNARY. Mr. President, I can explain that.

Mr. TRAMMELL. Why should it be withheld from the reclamation projects of the South when the Government is not jeopardizing its own interest in the least?

Mr. McNARY. Personally I should have no objection to that; I do not know that there is any Senator from the West who has, but there are two different schemes involved. The Western States, through long experience with irrigation, have, by their legislatures, adopted certain district organizations. Those are not in existence in the South. This bill deals with those entities, those local organizations. The impounding of the water back in the ravines of the mountains presents quite a different engineering problem from digging ditches in the South, though it may be feasible to include them. We in the West have been desirous of helping the West and the South and are willing to join the southern Senators on some scheme which will secure a drainage system. I think there is no difference between the Senator from Florida and the Senator from Oregon on the general proposition of the development of the South and West.

Mr. TRAMMELL. Mr. President, I very much appreciate the good will which has been expressed by my friend from Oregon, and I hope that he will permit us to travel along together; that he will permit us to amend the bill so as to include the drainage projects of the whole country, including those of the South.

Mr. JONES of Washington and Mr. McCUMBER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Florida yield; and if so, to whom?

Mr. TRAMMELL. I yield to the Senator from Washington.

Mr. JONES of Washington. As one Senator who is very much interested in the reclamation of land in the West, and who has also always been interested in the subject in which the Senator from Florida is interested, I wish to suggest to the Senator that he prepare and introduce a bill providing for the reclamation of swamp lands and let it come before the committee. Should he do so, I want to assure him that the committee will give it very careful consideration, and that he will have all of the support that I can possibly give to a proposition which I think is fair and just and reasonable. However, I have all the time been opposed to coupling the two propositions together, for they are on an entirely different basis, and they ought to be considered in a different way. I am satisfied that the Senator from Florida will get somewhere if he will follow the course which I have just suggested; that he will find the Senator from Washington and the Senator from Oregon and other western Senators ready to cooperate with him in a plan that they think will be feasible.

The conditions, as the Senator from Oregon has said, with reference to arid lands are entirely different from what they are with reference to swamp lands. There are different problems connected with the enforcement of the law. It is very

easy to enforce the payment for the use of water on arid lands. All one has to do is to tell the user, "If you do not pay up, the water will be shut off"; but when the land is once drained it is drained, and that is all there is to it. We can not then enforce the payment by the very effective method which may be employed under irrigation projects.

So, in the utmost sympathy with what the Senator from Florida would like to do, I make this suggestion. I think that he will find a very friendly feeling in the committee on the proposition looking toward the reclamation of swamp lands without complicating the problem with arid lands. The arid land proposition was initiated a long time ago, and it is on a going basis. As I have said, if the Senator will bring on his proposition relative to swamp lands in a separate measure, I think he will sooner get it on a going basis in that way.

Mr. TRAMMELL. Mr. President, I am very glad to have these assurances from the Senator from Washington, who is a member of the committee. Though, of course, I have felt all along that this proposition should go in the same measure which covers the reclamation projects, I should be very much pleased if we can not accomplish that if we may accomplish it in a separate and distinct measure embracing only the swamp and overflowed lands.

So far as the policy of the law is concerned, my impression is that it should be written into the same statute. Of course, the question of the administration of the law, whether we are dealing with the particular engineering problem in an irrigation project or are dealing with another engineering problem in a drainage project, is still merely a matter of administration. Those same questions of difference in the matter of administration are going to apply regardless of whether we have one statute or have two governing the subject.

Take the pending bill. It would not require more than a dozen words written into the pending bill to make it applicable to the drainage projects of the South. There are only a few places in the bill where we should have to insert the word "drainage."

Mr. McCUMBER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from North Dakota?

Mr. TRAMMELL. I should like very much to conclude, but I do not wish to be discourteous. I do not wish, however, to yield for a speech.

Mr. McCUMBER. The Senator spoke of "the pending bill." I presume he means not the pending bill but the bill which is now being considered by the Senate.

Mr. TRAMMELL. I was referring to the bill in reference to the reclamation question.

Mr. McCUMBER. All I wish to do is to call the Senator's attention to the fact that the Senator from Delaware [Mr. BALL] had hoped to get up his rent bill this afternoon and to dispose of it; and, as other Senators are now discussing the reclamation scheme rather than the amendment of the Senator from Florida to this particular bill, I ask if we can not dispose of this bill and let the Senator from Delaware then bring up his measure?

Mr. TRAMMELL. Mr. President, of course I do not wish to interfere with the Senator from Delaware, but I have found from four years' experience in the United States Senate that if a Senator waits until a measure is pending for the opportunity to make a speech upon that specific measure he often fails to get the opportunity. I have to-day indulged to some extent in making a speech upon a measure that was not pending, but in doing so I have merely followed the example set by a great many of my distinguished colleagues upon other occasions, some of them having occupied one, two, three, four, or five hours. I repeat, however, that I do not wish to interfere with the measure which the Senator from Delaware desires to call up. I merely wanted to make these remarks upon the question of having the drainage projects of the South given fair consideration by the committee dealing with the subject, and to urge that when we pass further legislation with reference to the reclamation question the drainage of the overflowed lands of the South should also be included within its provisions.

Mr. KING. Mr. President, I desire to say just a word or two concerning the amendment which I was tempted to submit because of the amendment offered by the Senator from Florida. I appreciate the fact that the question which is before us is somewhat different from the subject presented in my substitute. This subject is one of tremendous importance; it involves a radical change in a governmental policy, and undoubtedly affects one of the important departments of the Government besides affecting millions of acres of land. The question is so big that it deserves the fullest consideration at the hands of the Senate. I can not hope within the limited time

that is permitted for the discussion of the bill this afternoon to have a full and fair presentation of the measure which I have offered. I desired, however, to bring it to the attention of the Senate, and I wish to give notice that at an early date I shall urge the passage of this very important bill. In the interest of expediting the pending bill I withdraw the amendment to the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment to the amendment is withdrawn. The question recurs upon the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. McNARY. Mr. President, I move to amend the bill on page 1, line 7, by striking out the word "ten" and inserting the word "sixty."

Mr. McCUMBER. I have no objection to that amendment.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 1, line 7, it is proposed to strike out the word "ten" and insert the word "sixty," so as to read "upon sixty days' notice."

The amendment was agreed to.

Mr. McNARY. On page 1, line 9, I move that the word "materially" be eliminated.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 1, line 9, after the word "fall," it is proposed to strike out the word "materially," so as to read:

Whenever the receipts of such land office fall below the maximum amount.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. McNARY. In lines 9 and 10, on the same page, after the word "the," I move to strike out the words "maximum amount provided by law" and insert "the sum of \$4,000 per annum."

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 1, lines 9 and 10, it is proposed to strike out the words "maximum amount provided by law" and insert the words "the sum of \$4,000 per annum," so that it will read:

Whenever the receipts of such land office fall below the sum of \$4,000 per annum for compensation for both register and receiver.

The PRESIDING OFFICER. Is there objection to the amendment?

Mr. KING. I should like to ask the Senator from Oregon the reason for the amendment. It seems to me that the bill as originally drawn is better than it would be if the amendment proposed were agreed to.

Mr. McNARY. I have this reason in mind I will say to the Senator from Utah: The bill now reads:

Whenever the receipts of such land office fall materially below the maximum amount provided by law for compensation for both register and receiver.

That would leave to the caprice or whim of some administrator to determine what was a material falling off in the receipts. I want a specific amount named, so that for the two offices, whenever the fees aggregate less than \$4,000, there shall be abolished by the President the receiver's office.

Mr. KING. If I had my way, I would place no limitation whatever upon the Executive. I think the President of the United States ought to have the power to abolish one of the offices and to consolidate regardless of the fees which may be received.

The PRESIDING OFFICER. Is there objection to the amendment?

Mr. KING. I object to it. I should like to have a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Oregon. [Putting the question.] The ayes seem to have it.

Mr. KING. I ask for a division.

The PRESIDING OFFICER. A division is called for.

Mr. McCUMBER. I will say to the Senator from Utah that I think it is immaterial; the matter can be adjusted between the two Houses later.

Mr. KING. Mr. President, I withdraw the call for a division.

The amendment was agreed to.

Mr. McNARY. On page 2 I offer an amendment striking out, in line 1, the word "ten" and inserting the word "sixty."

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 2, line 1, it is proposed to strike out the word "ten" and insert the word "sixty," so that, if amended, it will read "within sixty days."

The amendment was agreed to.



Mr. KING. Mr. President, I should like to ask the chairman of the committee or the Senator having the bill in charge, why he did not draft the bill upon the theory that the President would have unlimited authority to consolidate those two offices whenever he saw fit?

Mr. McCUMBER. I thought that after allowing the little sum of \$500 only as salary to each officer, as long as the business was such that they could draw from the commissions enough to make that amount \$2,500 greater for each of them, there was business enough for both a register and a receiver, and that they ought not to be consolidated unless the amount of commissions, and so forth, was so low that it would not more than pay for one receiver and possibly a clerk.

Mr. KING. I think it is a mistake to base the question of consolidation upon the fees. I think that if we are attempting economies we ought to go as far as we reasonably can. I regret very much that the committee did not make the bill broader and effectuate greater economies than this bill will permit.

Mr. McCUMBER. It would be hardly economy, because if we should reduce the force to simply the register instead of the register and receiver, and thereby save, we will say, \$3,000, it would have to be made up in clerks, maybe one or two clerks, who would be required to do the work; so, to say the least, there would be only a few hundred dollars difference.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### EXTENSION OF RENTS ACT.

Mr. BALL. I move that the Senate proceed to the consideration of S. 2131, Order of Business No. 182.

Mr. HEFLIN. Mr. President, will the Senator from Delaware yield to me?

Mr. BALL. In a moment.

Mr. HEFLIN. I wish to ask for concurrence in a House amendment to a bill that has already passed the Senate and to which there is no objection.

Mr. BALL. I will yield in just a moment.

The PRESIDING OFFICER. The Senator from Delaware declines to yield at this time.

Mr. BALL. I move that the Senate proceed to the consideration of S. 2131.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

Mr. BALL. I now yield to the Senator from Alabama.

MAJ. FRANCIS M. MADDOX, UNITED STATES ARMY.

Mr. HEFLIN. I ask that the Presiding Officer lay before the Senate H. R. 6407. It is a bill for the relief of Maj. Francis M. Maddox.

Mr. BALL. Mr. President, I should like to ask the Senator if this is merely to make a report or—

Mr. HEFLIN. It will not take a half minute. A like bill passed the Senate, and the House made some changes, reducing the amount \$114, so we will save that much money by the action of the House.

I ask the Presiding Officer to lay this bill before the Senate, and ask that the House bill be passed. It will not take more than a second. I ask that the other bill be temporarily laid aside.

Mr. BALL. Mr. President, if there is any discussion on this bill, I must object.

Mr. HEFLIN. There will be no discussion. This bill has been unanimously reported by the Committee on Claims and is indorsed by the Secretary of War.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. JONES of Washington. Mr. President, I do not understand that this is an amendment to the Senate bill.

Mr. HEFLIN. My bill passed the Senate, and the Member of the House from the district in which Maj. Maddox lived in Alabama had the House bill passed, as I understand, reducing the amount \$114, which I accept; and I ask that we agree to the House measure.

Mr. JONES of Washington. The Senator wants to have the House measure passed now without having it referred to a committee?

Mr. HEFLIN. Oh, no; it has been referred to the Committee on Claims, and unanimously reported back by the Senator from Missouri [Mr. SPENCER].

Mr. JONES of Washington. That is, the House bill has been reported back?

Mr. HEFLIN. The House bill.

The PRESIDING OFFICER. Will the Senator from Alabama state when that was done?

Mr. HEFLIN. It is the Order of Business, Senate Calendar, 253. It was done two or three days ago, and on yesterday afternoon I tried to get this measure up. The Senator from Utah [Mr. SMITH] asked me at that time to let it go over until to-day, and he was satisfied that there would be no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill mentioned by the Senator from Alabama. The Chair hears none.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 6407) for the relief of Maj. Francis M. Maddox, United States Army.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. LENROOT. Has the bill been read?

The PRESIDING OFFICER. The Secretary will read the bill.

The reading clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is hereby authorized and directed to credit the accounts of Maj. Louis C. Wilson, Quartermaster Corps, United States Army, the sum of \$1,875.14, to be paid Maj. Francis M. Maddox, Fourth Regiment Alabama National Guard, for pay, commutation of quarters, light, heat, and longevity pay, and for services rendered while detailed for duty as assistant to the Chief of the Militia Bureau, War Department, Washington, D. C., from June 4, 1920, to September 30, 1920, inclusive.

Mr. LENROOT. Mr. President—

Mr. HEFLIN. I want to say that the Secretary of War—

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. LENROOT. Has this passed beyond the stage of objection?

Mr. HEFLIN. Yes, sir; it is before the Senate.

Mr. LENROOT. I did not so understand.

Mr. HEFLIN. The Secretary of War says that—

Mr. LENROOT. I think I have the floor.

Mr. HEFLIN. Will the Senator yield?

Mr. LENROOT. No; I will not. Mr. President, I understand that it is desired to have an executive session early this afternoon. It is also very desirable to dispose of this bill. If there were to be no debate whatever, I would not object.

Mr. HEFLIN. There will not be any.

Mr. LENROOT. I gather that the Senator from Alabama wants to make a statement.

Mr. HEFLIN. Oh, no.

Mr. LENROOT. I do object, Mr. President.

Mr. HEFLIN. Mr. President, I submit that the Senator from Wisconsin can not now object. Unanimous consent has been granted, and the bill has been laid before the Senate—

Mr. BALL. Mr. President—

Mr. HEFLIN. And I do not propose that the Senator from Wisconsin shall deny an American soldier the pay to which he is entitled, and to which the Secretary of War says he is entitled. I wanted to explain the bill to him.

Mr. BALL. Mr. President—

The PRESIDING OFFICER. The Senator from Alabama will please recollect that the Chair recognized the Senator from Delaware, who yielded to the Senator from Alabama for a special purpose.

Mr. BALL. Mr. President, I yielded the floor for the bill, with the understanding that there would be no discussion.

Mr. HEFLIN. I ask for a vote on it, Mr. President. I ask that right and justice be done to this soldier. The Secretary of War says that it is proper, and I ask for a vote.

Mr. LENROOT. Mr. President, if it had not been for the unwarranted statement of the Senator from Alabama, in view of his last statement, I would have been tempted to withdraw my objection. I will not permit the Senator from Alabama to take advantage of a situation by the statement that he has just made. I do object.

Mr. HEFLIN. Mr. President, I submit again that the Senator from Wisconsin can not object. The matter has been submitted to this body, and I am asking for a vote on it, in spite of any objection the Senator from Wisconsin may make.

The PRESIDING OFFICER. The Senator from Alabama will allow the Chair to state that the Senator from Delaware had the floor.

Mr. BALL. The Senator from Alabama can not discuss this measure, because he promised that there would be no discussion upon it.

Mr. HEFLIN. I am asking for a vote now, Mr. President.

Mr. WILLIS. I demand the regular order.

The PRESIDING OFFICER. The regular order is called for.

Mr. ASHURST. Mr. President, I have no interest in this matter; but unanimous consent was asked for and granted to consider this bill. I have no interest in the matter, but I do think—and I ask that the record be read—that the Chair, as the Chair's duty was, plainly put the request, and there was no objection to the present consideration of this bill. I do not even know what it is and I do not care.

The PRESIDING OFFICER. The Chair understood that unanimous consent was granted upon the idea that there would be no delay and no debate.

Mr. ASHURST. That is true.

The PRESIDING OFFICER. If the Chair is in error about it, he will be very glad to be corrected; but the Chair's understanding was that the Senator from Delaware gave way upon the express condition that there would be no delay and no debate.

Mr. HEFLIN. That is a fact, Mr. President. Then some Senator asked me, after consent had been granted, what the bill was, and I explained briefly what it was, and we were about to vote on it. It had already been submitted, consent had been given, and then the Senator from Wisconsin objected.

I ask for a vote upon the bill.

Mr. BALL. Mr. President, I yielded the floor for the bill with the understanding and with the promise from the Senator from Alabama that there was to be no discussion. Now, I do not yield the floor for a discussion upon his bill.

Mr. HEFLIN. I am asking for a vote if we can have it.

The PRESIDING OFFICER. The Chair stated that, and the Senator from Ohio [Mr. WILLIS] called for the regular order. As far as the Chair understands the situation, that gives the floor to the Senator from Delaware.

Mr. HEFLIN. Mr. President, I ask for a vote upon the bill at this time.

Mr. LENROOT. Mr. President, I want to give notice to the Senator from Alabama that under the situation that has arisen there will be some debate upon the bill before it is voted upon.

Mr. HEFLIN. Mr. President, I serve notice, then, that we will not vote on the Ball bill this afternoon if I have to speak several hours.

Mr. BALL. Mr. President, it is well for us to know the reasons for the opposition to the Ball bill.

The PRESIDING OFFICER. The Chair is simply trying to act with perfect fairness in the matter.

Mr. HEFLIN. Mr. President, I submit that consent was given, and that the bill was laid before the Senate, and we were about to vote on it, and we had not consumed four minutes altogether when the Senator from Wisconsin interposed an objection. I do not know why he wanted to do so, unless he does not want the American soldier treated fairly and justly; but he did interpose an objection. The matter, however, was before the Senate. It is now before this body, and I now ask that this body vote on it and do justice by this American soldier.

The PRESIDING OFFICER. But the regular order has been demanded; and the regular order, under the recognition of the Chair, is the consideration of the bill of the Senator from Delaware.

Mr. BALL. Senate bill 2131.

Mr. HEFLIN. Does the Senator from Delaware insist on that?

Mr. BALL. I ask for a vote.

Mr. HEFLIN. Mr. President—

The PRESIDING OFFICER. The Senator from Delaware demands a vote on his bill.

Mr. HEFLIN. On his bill?

The PRESIDING OFFICER. That is, the rent bill.

Mr. HEFLIN. Oh, well, we shall have a lot of discussion on that bill. I have a speech I want to make on another subject. I suggest the absence of a quorum to start with. I assure the Senator from Wisconsin that there are some on this side of the Chamber who will insist upon their rights.

The PRESIDING OFFICER. The Senator from Alabama suggests the absence of a quorum. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Brandeggee	Capper	Fletcher
Ball	Broussard	Curtis	Glass
Borah	Bursum	Ernst	Hale

Harrison	Lenroot	Pittman	Swanson
Hefflin	Lodge	Poindexter	Townsend
Hitchcock	McCumber	Pomerene	Trammell
Johnson	McKellar	Ransdell	Wadsworth
Jones, N. Mex.	McNary	Sheppard	Warren
Jones, Wash.	Nelson	Shortridge	Watson, Ga.
Kellogg	New	Simmons	Weller
Kendrick	Nicholson	Smith	Williams
Keyes	Norbeck	Spencer	Willis
King	Oddie	Stanfield	
Knox	Overman	Sterling	
Ladd	Phipps	Sutherland	

Mr. CURTIS. I desire to announce the absence of the Senator from Pennsylvania [Mr. PENROSE], the Senator from Indiana [Mr. WATSON], the Senator from Utah [Mr. SMOOT], the Senator from Vermont [Mr. DILLINGHAM], and the Senator from Connecticut [Mr. McLEAN], who are in attendance on a meeting of the Committee on Finance.

The PRESIDING OFFICER. Fifty-seven Senators having answered to their names, a quorum is present.

Mr. BALL. Mr. President, I renew my motion that the Senate proceed to the consideration of Senate bill 2131.

The PRESIDING OFFICER. That motion has already been agreed to, and, as the Chair understood the Senator from Delaware, he yielded conditionally, for a short space of time—he said momentarily—to the Senator from Alabama [Mr. HEFLIN].

Mr. BALL. Provided there should be no discussion.

The PRESIDING OFFICER. As the Chair said, it was conditional, with the proviso that there was to be no debate, no consumption of time. That is as the Chair understood it.

Mr. SHEPPARD. Mr. President—

The PRESIDING OFFICER. The Senator from Texas.

Mr. SHEPPARD. Mr. President, President Harding, in his speech accepting the nomination for the Presidency, used these words:

I believe the Government should make its Liberty and Victory bonds worth all its patriotic citizens paid in purchasing them.

Mr. HEFLIN. If the Senator from Texas will yield to me, I understand the Presiding Officer was about to put my proposition to take a vote on the bill I called up.

The PRESIDING OFFICER. The Senator from Alabama is mistaken. The Chair recognized the Senator from Texas to discuss the bill which is before the Senate.

Mr. HEFLIN. Very well. I will take the floor in my own time when he has concluded.

Mr. HARRISON. Will the Senator from Texas yield for a question?

Mr. SHEPPARD. I yield.

Mr. HARRISON. There seems to be a controversy about this bill. I understand the Senator is to speak on the proposition. May I ask the Senator from Delaware, in the time of the Senator from Texas, if he would have any objection to the Senate passing the bill offered by the Senator from Alabama if there is no discussion of it, either by himself or anyone else? The Senator from Wisconsin made an objection a while ago, but I am sure he did not know just what the bill contained; he so stated.

Mr. BALL. As I told the Senator from Alabama, I would not object, but I can not permit a bill to be presented and to be discussed all afternoon, taking up the time which should be taken on this bill.

The PRESIDING OFFICER. That is practically the statement made by the Senator from Delaware before.

Mr. BALL. But I want the Senator from Alabama to understand that I do not yield for the presentation of a report which will require discussion.

Mr. HEFLIN. Mr. President, I never consume the time of this body objecting to Senators bringing up meritorious measures. I suppose I object fewer times than any other Senator in this body, and when I do bring up a measure in the interest of an American soldier I do not want to be treated discourteously or waved off by some Senator who will not permit me to read a line as to what the Secretary of War said as to the necessity of a bill that I am seeking to have passed by the Senate.

The PRESIDING OFFICER. The Senator from Delaware has yielded to the Senator from Alabama, and the Chair is ready now to put the question on the bill.

Mr. HEFLIN. I ask for a vote on it.

Mr. SHEPPARD. I yield for that purpose. I have the floor, and I yield for that purpose.

Mr. LENROOT. I want to state to the Senator from Alabama that I will have no objection to the Senate taking up his bill following the conclusion of the consideration of the bill that is pending in the Senate. But in view of the statement of the Senator from Alabama I wish to say that if it is taken up at this time there will be some debate upon it, and it



rests with the Senator from Alabama as to whether he will keep his agreement with the Senator from Delaware.

Mr. HEFLIN. Mr. President, in view of the statement of the Senator from Wisconsin I must occupy the floor for the balance of the day when the Senator from Texas is through, and I must have a quorum while I occupy the floor.

Mr. ASHURST. Mr. President, I want to pour a little oil on the troubled waters. Will not the Senator from Alabama withdraw the remark he made a while ago?

Mr. HEFLIN. I am willing to withdraw what passed between the Senator from Wisconsin and myself.

Mr. ASHURST. I hope the Senator will strike his remarks out of the RECORD and that we can pass the bill without objection.

Mr. HEFLIN. If we can vote on my bill, as far as I am concerned—

The PRESIDING OFFICER. The Chair will have to ask Senators to come to order.

Mr. WILLIS. Mr. President—

Mr. SHEPPARD. I yield to the Senator.

Mr. WILLIS. I respectfully call for the regular order.

The PRESIDING OFFICER. The Chair so understood the Senator from Ohio to request, and the regular order is the consideration of the bill in charge of the Senator from Delaware, and upon that bill the Senator from Texas has the floor and is proceeding to address the Senate.

#### ENLARGEMENT OF POSTAL SAVINGS BANK.

Mr. SHEPPARD. Mr. President, permit me to say that President Harding in his speech accepting the nomination for the Presidency used these words:

I believe the Government should make its Liberty and Victory bonds worth all its patriotic citizens paid in purchasing them.

A bill is now before a Senate committee which when enacted will, in my judgment, advance these bonds toward par, to par, or to a premium within six months by reason of the investment it authorizes for postal bank funds in such bonds. I refer to the bill S. 2033, which I introduced on June 10, 1921, for the purpose of increasing the utility of the postal savings bank, of encouraging savings among the people, and of securing the largest returns for such savings consistent with adequate security. The short title of the bill is "The industrial savings act." I have presented practically the same measure in the two Congresses immediately preceding this.

The advancement of Liberty bonds to par is not the chief object of this bill, however, but only an incidental result. I now desire briefly to outline the provisions of the bill.

The industrial savings act has for its main purpose the reformation and unshackling of the postal savings bank, which we have had since January 1, 1911.

Every other savings bank in the world makes at least the pretense of serving depositors honestly and of getting for them the largest returns consistent with safety and availability.

The postal savings bank has been shackled by the law limiting interest returns for depositors to 2 per cent. It is the statement of Mr. Hays, the present Postmaster General, that in practice this return is less than  $1\frac{1}{2}$  per cent. Furthermore, the present law permits the funds now in the postal savings bank to be loaned to banks at  $2\frac{1}{2}$  per cent, the banks loaning it to the Government and the people at anywhere from two to four and five times that rate, and yet at no time has the market price for money on the solidest security been less than  $3\frac{1}{2}$  to 4 per cent, and to-day, as everyone knows, is  $6\frac{1}{2}$  to 8 and 9 per cent.

Mr. SMITH. What does the Government pay on these postal savings? What is the limitation?

Mr. SHEPPARD. The limitation under the law is 2 per cent, but the actual return is less than  $1\frac{1}{2}$  per cent.

Mr. SMITH. That is, to the depositors?

Mr. SHEPPARD. To the depositors. The deposits are lent to the banks at  $2\frac{1}{2}$  per cent and the banks lend it back to the Government and also to the people at two, three, and even five times that rate.

Mr. SMITH. Does the law under which these banks are created and operated limit the disposition and use which the custodians of these deposits may make of them?

Mr. SHEPPARD. No, Senator; the banks may lend them at any rate they can get, and the Senator knows that their rates are very high in many instances.

One and a half per cent! This the Government's magnificent reward for labor and thrift! This the return at present to postal bank depositors!

The principal provisions of the industrial savings act are as follows:

First. The postal savings bank shall be open and accessible to all without limit as to amounts that may be deposited.

Second. These deposits shall be loaned at the market price for money on security that is good beyond question. This should make, in these times, the net income for deposits at least 6 per cent, gradually diminishing to 5 or less as world prosperity returns.

Third. Four per cent semiannual compound interest will go directly to depositors.

Fourth. The balance of the profit will be paid twice a year into the United States Treasury, thus making possible the reduction of taxes and thereby benefiting the whole citizenship, including, of course, the depositors.

Fifth. Every bank and banking institution in the United States in good standing may become agents for the postal savings bank, both to receive deposits and to make loans, receiving for such service a small commission on both deposits and loans.

The postal savings bank will thus become the greatest and strongest bank in the world, one vast national reservoir of the people's savings, available for loans to all who furnish proper security.

There is every reason to believe that with this bill in operation there will be scores of millions of depositors, instead of half a million as at present, with deposits exceeding thirty billions instead of one hundred and fifty-five millions, as is now the case.

The greatest need of the time is for new capital. A principal source of new capital is the savings of the people that remain outside the banks, unmobilized for business and trade and economic progress in general. The existing banking system, admirable as it is, has failed to attract some three billions of savings that lie idle or unorganized while prosperity lags and development waits. If the present postal savings bank, with its restrictions and limitations, has been able to attract \$155,000,000 and a half million depositors, it is hardly possible to measure its possibilities with these shackles removed.

At a hearing accorded me by a subcommittee of the Committee on Post Offices and Post Roads a few days ago, a subcommittee composed of Senators HARRELD, ODDIE, and WALSH of Massachusetts, I went into this measure at greater length, taking it up section by section. I ask to have my statement at that time included as a part of my remarks, together with a statement by Postmaster General Hays on the same subject.

There being no objection, the statements referred to were ordered to be printed in the RECORD, as follows:

#### STATEMENT OF SENATOR MORRIS SHEPPARD, OF TEXAS.

"Mr. SHEPPARD. Our Nation now has a financial system with excellent features and qualities—the gold standard, a varied and elastic paper currency, every dollar of which is maintained on a parity with gold. None of these features and qualities is it purposed to alter or endanger in the slightest degree by my bill (S. 2033) to increase the utility of the postal savings bank, and so forth.

"A part of this financial system, now quite negligible in importance because of small magnitude and because of practical non-use, is the postal savings bank.

"Every other savings bank in the world makes the pretense, at least, of securing for depositors the largest practicable return for their money consistent with absolute security and perfect availability. Our postal savings bank is shackled by the opposite rule—it attempts to get money from depositors for the least interest possible.

"Since its organization the postal savings bank has had several million depositors, almost entirely limited to poor but industrious and provident, unadvised, timid foreigners; so limited by the fact that very few well-informed people will make deposits under existing conditions. The amount now on deposit in the postal savings bank is about \$155,000,000, an unimportant sum when compared with the Nation's bank resources of over \$54,000,000,000.

"Why this petty showing?

"Because depositors have been allowed the ridiculous, not to say wicked, rate of 2 per cent interest. Even this pitiful, disgraceful rate has been coupled with such unreasonable restrictions that the aggregate average payment of interest, as has been shown by Mr. Hays and Mr. Hoover, has been less than  $1\frac{1}{2}$  per cent—this the Nation's reward for 'thrift and saving' when at no time has the average market price for money on the best possible security been under 4 per cent. Now the market price is  $6\frac{1}{2}$  to 8 per cent, paid, as one can see by almost any daily paper, for loans to the strongest, richest oil companies, the great meat companies, the multimillionaire farm-machinery manufacturers, to the great semimonopolists of the manufacturing and commercial world generally, who, of course, make good profits, even when borrowing at these rates, by selling their productions to the millions of smaller producers and consumers, including the postal-bank depositors, who are get-

ting less than 1½ per cent for their hard-earned savings while paying 10 to possibly 20 or 50 per cent in the cost of the commodities they eat, drink, and wear.

"And what is done with these savings in the postal bank, secured at so low a rate because of depositors' confidence in the United States Government, which backs the postal bank? Instead of giving the United States the benefit of the money, the benefit of this 1½ per cent money, 95 per cent of it is turned over to bankers for 2½ per cent interest—and the bankers loan it to the United States for 4½ to 6, or loan it, possibly, to farmers or others for productive purposes at a still higher rate, plus commissions to somebody.

"This very day the United States is paying as much as 5½ per cent interest to bankers and others—and most of the Nation's promises to pay are hawked in the market at a disgraceful discount—whereas our petty postal savings bank, if unshackled, as proposed in the bill now presented, will secure the Government practically unlimited credit at a cost of approximately 4 per cent within a few months' time.

"Is 1½ per cent reward for industry, thrift, and saving a 'square deal'? If technically 'honest,' is it honorable?

"Shall you and I 'stand by consenting,' like Saul at Stephen's stoning, while such wrong is done? And if a bank accepts the benefit of this '2½ per cent money,' does it not more than 'hold the clothes of them that stoned'? Does it not hold some of the contents of the clothes of them that are stoned?

"And what about the wrong and economic folly of excluding from any use of the postal savings bank the scores of millions of intelligent, thrifty, patriotic Americans by limiting interest to 2 per cent, and by limiting the right to deposit at all, instead of inviting deposits 'without limit,' as commercial banks always do? 'Limit 2 per cent' when the market price for money is from three to five times two!

"The bill before us amends the law relating to the postal savings bank in the interest of justice to depositors, also in the interest of farmers and other small industrial borrowers of money, and in the interest of the Nation at large.

"I have introduced a bill similar to this in the two preceding Congresses, and have reintroduced it in this Congress in slightly amended form. With your permission, I shall proceed to analyze it section by section. The first two sections are as follows:

"Be it enacted, etc., That the short title of this act shall be The Industrial Savings Act.

"SEC. 2. That all the members of the President's Cabinet shall, ex officio, constitute a board of trustees for the administration of this act, hereinafter to be referred to as the board.

"These officials broadly represent all the basic economic interests of the Nation. They are appointed by the President and confirmed by the Senate. They guide and shape the policy of the bank established by this bill within the very definite limits which it provides. They will not have time for the work in detail, but they will fashion general policies, choose and supervise competent heads and principal employees, who will do the work under the safe, businesslike rules of the Civil Service Commission.

"SEC. 3. That for the proper and efficient organization and conduct of the business of the board it shall appoint under the rules of the Civil Service Commission a first chief, a second chief, and a third chief, having such powers and duties as the board may designate; also such other assistants, attorneys, and other employees as the board may consider necessary. The compensation of the persons so appointed and other expenses of operation under this act shall be such as the board may authorize and shall be paid from the profits of the postal savings bank.

"This section provides that expense of operation shall be paid from the profits of the bank by depositors and borrowers instead of being taken from the pockets of taxpayers by appropriations from the Treasury. The wisdom and fairness of this would seem to be beyond question.

"SEC. 4. That the board shall, as soon as possible, take over the control of the existing postal savings bank, the details of its administration to continue in connection with the post offices throughout the country under the direct supervision of the Postmaster General acting for the board.

"SEC. 5. That as soon as arrangements can be made therefor every post office, postmaster, and all letter carriers and other post-office employees shall hereafter be made to serve the people through the postal savings bank as they now serve them for letters, money orders, registered letters, and parcel post, without limitation as to amount of deposits, as letters and parcels are without limitation, the manner of such service being as in this act provided, and all limitations on the amount of deposits in the postal savings bank are hereby removed.

"The Post Office Department is already one of the most enormous, best-organized, best-equipped, and best-conducted business plants in the world. In connection with the enlarged postal savings bank it is proposed almost to double, or more than double, its utility at an increase of expense remarkably small when

results are considered. This act will establish within the Post Office Department the largest, strongest, and most useful financial institution in the world.

"There is to be no limitation as to the amount anyone may deposit. Letter carriers, rural and city, may accept deposits for the postal savings bank and deliver receipts as they accept and deliver letters, money orders, and parcels. Also they may, if desired, take certificates of deposit and checks to the bank and return the proceeds to the owner. They are agents both of the bank and of the people. What a service this will be to the masses of the people, who need not leave their homes or places of business in order to deposit their savings or draw funds as they may need them. The Government thus maintains a perpetual open door to thrift and economy, the great permanent foundation of general prosperity. See also section 17.

"Every existing bank in the United States in good standing, as well as every post office and letter carrier, may receive deposits and make payments, and the banks may make loans, for the postal savings bank, as provided further on in this bill.

"According to available statistics, taking our population in 1920, and the deposits in the existing savings banks of the State of Connecticut (which are far from being 'unshackled' as here provided), as a basis of comparison, the Nation would have in the postal savings bank over 54,000,000 depositors (instead of a beggarly 500,000, as now) and over \$27,000,000,000 deposits instead of only about \$155,000,000, as now.

"These big figures are, in fact, probably less than half as large as should be the reality, for reasons which will appear further on.

"Note incidentally that here is legitimate 'Government guaranty of deposits,' simply because the United States is 'custodian,' as it is for money-order money. There are no runs on the postal savings bank 'for fear,' as is possible with all other banks.

"As the business of the post offices will be largely increased, increased ability, labor, and efficiency of postmasters and employees will naturally be required, and their compensation will naturally be largely increased. In county seats generally, and in larger cities especially, men of large caliber—even bankers—will be required or desirable.

"SEC. 6. That of the funds which are now or may hereafter be deposited in the postal savings bank any portion thereof may, in the discretion of the board, be invested in the bonds of the United States bought in the open market at the lowest obtainable price or bought at such price from the Treasurer of the United States. Any portion of said bonds may, in the discretion of the board, be sold in the open market at the highest obtainable price or sold to the United States Treasury at such price.

"This section affords financial preparedness for the Nation on a scale hitherto unparalleled. The investment in United States bonds is an opportunity, not a requirement. The postal savings bank will naturally tend to absorb all available United States bonds on the market, and thus tend to reduce the interest rate the United States will have to pay for loans. The right to sell any portion of the bank's United States bonds in case of need provides a liquid reserve power that is not equaled in the financial world, since the bonds of the United States have a world market well-nigh without limit.

"While the sale of United States bonds will be, as now, open to individual buyers, and such sale should be in amounts of billions of dollars, it is here contemplated that the great mass of small buyers will prefer that their own postal savings bank shall buy and hold the United States bonds for them, their personal individual holdings being certificates of deposit in the postal savings bank, which are always instantly available at par (as deposits in solvent banks always are available) and which pay depositors approximately the same rate of interest as the United States bonds.

"Indeed certificates of deposit in the postal savings bank might earn depositors even higher rates of interest than do the United States bonds, because much of the bank deposits, being loaned in the business world for any legitimate use on unquestionable security, will command higher rates of interest than the United States Government need or should pay.

"But, for the sake of expediency, to avoid possible injurious competition with existing savings and commercial banks, earnings of depositors are limited to 4 per cent, any profits of the postal bank above that being turned into the United States Treasury, thereby reducing taxation for these same depositors and for the rest of the American people.

"SEC. 7. That no other investment of the funds deposited shall be made, but, with the exception of a working reserve the amount of which shall be determined by the board, the balance of the funds shall be loaned at the highest obtainable rate of interest for such purpose and use only as rules and regulations of the board may determine, within the scope of this act, on what, in the discretion of the board, is con-



sidered adequate security, in manner as follows and as in this act further provided:

"(a) Preference shall be given—  
 "(1) To small loans over large loans.  
 "(2) To short-time loans over long-time loans.  
 "(3) Loans adequately secured by readily marketable collateral over loans on real estate or other less readily marketable security.

"(b) In accordance with the above, the board shall, from time to time, fix the rate of interest to be charged, according to the supply of and demand for loanable funds, the profit and security of the depositors being the basis of decision.

"(c) The borrower shall always be required to protect the market value of his collateral, as is customary with other banks making similar loans, either reducing the loan or providing additional security, in case of falling market.

"SEC. 8. That the board shall give clear and ample publicity to its rulings as to character of securities required for loans and the terms of such loans, under the following limitations:

"(a) Loans not to exceed 95 per cent of the market value of United States bonds or the bonds of States.

"(b) Not to exceed 90 per cent of the market value of such other securities as are now admissible investments under the existing laws of New York or Massachusetts for savings banks, or as are estimated by the Industrial Savings Board as of equivalent good standing.

"(c) Not to exceed 85 per cent of the market value of wheat, cotton, or other nonperishable products, so called, in safe, adequately insured public storage, under regulations as the board may prescribe.

"(d) Loans against marketable collateral shall be made at any county seat postal savings bank, or at postal banks in larger cities, as designated by the board and as provided for under section 15 of this act, in accordance with rules and regulations made by the board.

"Sections 7 and 8 contain conservative and practical provisions insuring the safe and proper conduct of the bank. The borrower must protect the market value of his collateral, and no collateral is accepted at its full market value. All borrowers are on an equal footing—the banker, the merchant, the farmer, the millionaire, the man of limited means. If any preference is shown at all, it is to the small loan over the large one. The farmer is enabled to borrow money on nonperishable products, properly stored, to the extent of 85 per cent of their value. The banker is allowed a small brokerage in return for useful service in negotiating and guaranteeing the loans he makes, as provided elsewhere.

"No other investments shall be made, etc. The bank is to take no risks on rise or fall of market prices or securities or commodities other than bonds of the United States and those of the States. It will loan only against good security, the borrower taking all market risks.

"The laws of New York and Massachusetts are referred to merely as examples of laws defining security. All the provisions of these laws may not be found applicable to the postal savings bank, especially those relating to local bonds. The savings bank laws of all the States and of foreign countries should be studied and their best features adopted and covered by rulings of the board.

"SEC. 9. That not to exceed 50 per cent of the deposits in the postal savings bank may be loaned for such length of time as the board may specify in its regulations, and with or without amortization payments, as the borrower may prefer, on unencumbered real estate to an amount not to exceed one-half the appraised value in States and Territories where laws for the protection of creditors are by the board deemed adequate and fair, in manner as follows:

"(a) Through any national bank, or other incorporated bank, or corporation whose business is dealing in or guaranteeing real estate mortgages and which is subject to the examination and control of the United States Treasury or of the banking department of any State which, in the estimation of the board, adequately protects depositors, loans may be made to an amount at one time outstanding not to exceed ten times the capital and surplus of bank or corporation, which shall be required to guarantee the prompt payment of the principal and interest of the loans made through said bank or corporation.

"(b) Said bank or corporation shall be entitled to a commission of 5 per cent of the interest paid on such loan by the borrower, or such less per cent as the board may prescribe, and said borrower shall not be subject to any other charge except the necessary expense of examination of title and drawing papers, which charge may be fixed by rules of the board, all terms and commissions to be uniform throughout the United States.

"Note that loans on real estate are to be made through banks and other financial institutions of established standing which guarantee principal and interest for a small commission on the interest paid. The borrower pays the expense of examining title, drawing papers, etc. Savings banks generally lend more than 50 per cent of their deposits on real estate, while building and loan associations invest in this way nearer 100 per cent of their funds. The banks and other institutions through which real estate loans may be made have established machinery and facilities for making loans. They have the necessary knowledge of local conditions and personalities. Self-interest will prevent them from making excessive or risky loans, and they can probably do this business at less expense than that with which the postal bank could itself organize and conduct a safe direct loan department. If they are compelled to foreclose, they will be entitled to such costs and fees as the courts allow.

"The commission in the great cities allowed agents for collecting rents is from 1 to 5 per cent of the rent—commonly 2 per cent for large buildings. The monthly collection of rents

is certainly more onerous and expensive than the collection of interest on mortgages once or twice a year. Interest is the rent of money. The commission to the bank guaranteeing the loan, runs during the life of the loan and is payable annually.

"Let us illustrate. A bank with \$100,000 of capital will first loan its own funds to such extent as it pleases, under legal limits; then it may loan for the postal bank to any amount not exceeding \$1,000,000 or an amount not exceeding ten times its capital and surplus. Interest on loans of \$1,000,000 at 5 per cent is \$50,000 a year; 5 per cent commission on such interest is \$2,500 a year. Thus its loans for the postal bank produce a perpetual income of \$2,500 a year, with trifling, if any, additional rent or clerk hire. How many times, under present conditions, are the banks compelled to quit lending because of lack of loanable funds? Here there will rarely, if ever, be such lack.

"Note further that this commission of 5 per cent is double that allowed for dealings on the New York Stock Exchange, and still further that it is annually renewed during the life of the loan instead of being paid but once, as on the New York Stock Exchange.

"SEC. 10. That personal loans without requirement of collateral security by the postal savings bank may be made in manner as follows:

"(a) The borrower to make written statement showing his assets and liabilities; the amount of loan not to exceed \$1,000; the length of time, which shall not exceed one year; the purpose for which the loan is to be used, which shall be in accordance with the stated purpose of this act, which statement shall be attached to the borrower's negotiable note.

"(b) The principal and interest of the loan to be guaranteed prompt payment by a bank or corporation, as in section 9 of this act, which shall be entitled to a commission of 5 per cent of the interest paid thereon, or less, as the board may direct, the borrower being subject to no other charge, and the total of such loans at one time outstanding not to exceed five times the capital and surplus of the guarantor.

"(c) The limit of the loans specified in (a) of this section, if after two years' trial is deemed too small for the best results, may be extended by the board from time to time to larger specified sums, the terms to be uniform throughout the United States.

"These personal loans are to be made without collateral through the banks or other financial institutions, which guarantee principal and interest, for an annual commission of 5 per cent of the interest. The bank through which the loan is made may exact what security it pleases.

"These personal loans should amply meet the wants of small farmers, mechanics, and even merchants, for short-time loans to provide for planting and marketing crops, or other temporary needs.

"Here is the possibility of \$1,250 additional income a year for the bank with \$100,000 capital. Remember that the bank has the opportunity, first, to utilize its own capital on the pick of the loans. So there is an annual profit for the bank in question of \$3,750 for handling the funds of the postal bank. Now, observe further, that this profit may be greatly increased by the commission received by the bank on the deposits it receives and maintains for the postal bank under section 20.

"As agents for the loan of postal bank funds, there will be legitimate profit for commercial banks of scores of millions of dollars a year in return for honorable, highly useful economic service.

"If the postal bank can earn its depositors 4 per cent, commercial banks, with greater initiative, and warrant to take risks, which the postal will not take, can earn their depositors or stockholders even more, and they can always serve in the worlds of commerce and manufacture as the postal bank can never do. Thus the postal savings bank is not in reality a competitor of commercial banks but is rather a gigantic ally on whose practically unlimited resources the commercial bank may draw, on adequate security, for its own profit.

"SEC. 11. That to induce the largest possible savings and serve the greatest possible convenience, security, and economy of use to depositors and to the postal savings bank, the board shall cause to be prepared and issued certificates of deposit of the size and form, but different in color and appearance, of customary bank currency, the said certificates being of the following tenor and in manner indicated:

"(a) [Face of certificate.]

"Issued (date and identifying marks).

"THE UNITED STATES POSTAL SAVINGS BANK  
 "HAS RECEIVED FROM

"

"(Here the depositor will write his signature, or not, as he pleases, thus identifying his signature on the back when he indorses and passes it.)  
 "----- dollars.

"And will pay the same, together with interest at 4 per cent per annum, compounded semiannually, on surrender hereof, properly indorsed.

"If no signature is written on face indorsement is needless and payment will be to bearer. (For other details, see the other side.)

"[Back of certificate.]

"If signature is written on face hereof for payment or transfer, indorsement should be made below:

"



"Value: \$100 with interest, compounded semiannually at 4 per cent, will be worth (other sums in proportion):

\$100 in 6 months equals	\$102.00
\$100 in 12 months equals	104.04
\$100 in 18 months equals	106.12
\$100 in 24 months equals	108.24
\$100 in 30 months equals	110.40
\$100 in 36 months equals	112.61
\$100 in 42 months equals	114.85
\$100 in 48 months equals	117.15
\$100 in 54 months equals	119.49
\$100 in 60 months equals	121.88

"Interest hereon shall cease at the end of five years from date of issue, but any certificate may at any time be surrendered in exchange for a new certificate of current date bearing the rate of interest then current.

"Issued and payable at Washington, D. C., but procurable or cashable through any post office. Signed by authorized representative of the postal savings bank and guaranteed by the United States of America.

"(b) Certificates in the above form shall be issued in denominations of \$1, \$2, \$5, \$10, \$50, \$100, \$1,000, and larger, as the board may order.

"(c) Certificates similar, but bearing no interest, shall be issued in denominations of \$1, \$2, \$5, and \$10.

"(d) To encourage the beginning of deposits, and also serve the convenience of those who desire them in preference to coin money, certificates payable to bearer, both with and without interest, shall also be issued in denominations of 5 cents, 10 cents, 25 cents, and 50 cents, of size and form similar to United States fractional currency issued in 1862 and later.

"(e) An additional form of certificate of deposit of similar purport to (a) shall be a registered certificate, issued in sums of \$100 and larger, the principal payable at any time on surrender, properly indorsed, the interest to be remitted semiannually, all details, including manner of registration, being in accordance with the regulations of the board.

"(f) The different kinds of certificates, issued as described, shall be distinguished by different colors of either paper or printing."

"The United States of America guarantees payment of all certificates and interest due thereon, and any profits of the postal savings bank in excess of interest due depositors and of expense of the conduct of the postal bank shall be paid semiannually into the United States Treasury.

"Redeemed certificates may be reissued in accordance with regulations of the board.

"To facilitate their use and simplify accounting all certificates issued in any year shall bear date as of the first day of that year, and purchasers thereof from the postal savings bank shall pay par and accrued interest.

"(g) These certificates shall not be legal tender, but may pass from hand to hand by mutual agreement, as is done in the case of 'certified' or other bank checks. All certificates shall be receivable by the United States Government in payment of any obligations due the United States and not specifically made payable in gold.

"(h) Checking accounts may also be permitted by depositors who carry an average balance over \$500 at cities designated and in accordance with regulations made by the board, interest on daily balances to be paid on such accounts semiannually."

"I do not insist on this last subdivision. It is not vital to the bill and is submitted merely for consideration.

"You give the postal bank \$10 in gold, or in what will get the gold and get a certificate, which you prefer to gold, because the certificate earns compound interest for you or for the United States, whereas gold-in hand earns no interest. Printed tables will tell you certificate values at 4 per cent or other interest for any number of days, months, or years.

"The bank loans your gold 'on call' on security of specified bonds at 4 per cent; or on wheat or cotton for a month or a year at 5 per cent; or on a farm mortgage, for five years, at 5 per cent, always at the highest market price for money; or it buys Liberty bonds, now at a discount, thus boosting them toward or to par. Whoever gets the gold, of course, deposits it again in the postal bank and takes a certificate like yours, and the bank, of course, loans the gold again, and so on, perhaps 10 times over, so that \$10 gold is earning possibly 50 per cent per annum, and the postal bank still has gold to loan to the next man. This shows how banks have gotten rich in the past; how depositors will hereafter get, not rich, but each what his money fairly earns in interest or in reduction of taxes. Nobody wants to keep that gold any more than you want the man's yardstick when you buy 10 yards of muslin. If you get certificates of deposit drawing no interest on their face the bank loans the gold just the same, and so earns a profit for the bank, which twice a year goes into the United States Treasury, reducing taxation.

"These certificates, 'automatic money mobilizers,' do away with all necessity for the clumsy, antiquated 'individual accounts' bookkeeping methods and will reduce bank expenses in that respect to one-fourth or one-tenth of usual cost and be far more convenient for depositors and just as safe as the customary clumsy method.

"Instead of clipping coupons twice a year, as in United States bonds, the depositor simply pays out part of his holdings, those he retains growing in compound-interest value.

"These certificates of deposit, each virtually a 'certified check'—certified by the United States—will be good anywhere in the United States, just as gold certificates are good anywhere, though the gold is in the United States Treasury vaults. Thus

they will serve 'for exchange' and tend to do away with the present cumbersome and vastly expensive 'exchange' system.

"Postal banks will almost never pay out real 'money' at all, but pay out instead, because preferred, only its own certificates of deposit, which serve every possible purpose of real money, and every dollar of which earns interest or tax reduction for depositors every day they are outstanding.

"These certificates will make the money in your pocket, cash drawer, or safe draw interest for you while you hold them, for the next man, when you pay them over, will buy anything which gold will buy—will buy gold itself. Only the banker wants gold, which in possession earns no interest, because he may use it as a basis for larger credits or for foreign exchange. The average citizen will prefer certificates, because they earn compound interest while in possession.

"It is a remarkable fact that of all the so-called money in existence, nearly one-half of it is not at one time in any bank. Some of it is foolishly hoarded by those afraid of banks, but most of it is just idle money in your pocket and mine, earning nothing, of no good at all till we pay it out for something we want. Ever since banks were invented bankers have been trying to 'corral' this elusive outside money going to waste just as much as water running over the dam instead of through the turbine is wasted. This simple device of a negotiable postal bank certificate of deposit will naturally and certainly as the law of gravitation draw this money out of your pocket and mine, even out of knot holes, stockings, tin cans, and other hiding places. Then it will be loaned, redeposited, and loaned again, till over \$3,000,000,000, according to the 1920 report of the Comptroller of the Currency, of now idle money are multiplied to thirty or more billions of available useful credits perfectly good, not so much because always 'payable in gold,' but because based on solid property assets, earning or growing into money or what brings money. This will practically nearly 'double the money crop,' and as doubling the crop of wheat or cotton tends to 'cut the price,' so should this tend to reduce interest—the 'price' of money—to the United States when it wants to borrow money to fight with, or for other purposes, or to you and me if we want to borrow money to build a silo, buy a farm tractor, or build a home. Note that this tendency to the 'reduction of interest' is not inimical to bankers, whose profit is not so much in loaning their own money as in a 'brokerage' in loaning the money of others, nor inimical to the 'capitalist,' the bulk of whose profit is in the 'turnover' of business, because cheap interest enormously stimulates business. The saying, 'a nimble sixpence is better than a slow shilling' is a true one.

"Obviously a feature of infinite value in this measure is its incitement to thrift and saving—universal, far-reaching.

"The present gold basis of all money will in no way be altered. Of course, actual gold will be called for only as limited commercial exigencies compel its use, because gold in possession earns no interest, while certificates of deposit in the postal bank in possession earn compound interest. If some one really wants gold from the postal bank they can get it, all right. Somebody will undoubtedly deposit gold with the postal, because it will thus earn them 4 per cent instead of nothing as when it lies in a vault; but if the postal should be short of gold it will have some billions of dollars of Liberty bonds bought at a discount, by that time boosted to par or to a premium, which bonds it can sell and buy the needed gold.

"Take emphatic note that nothing is here suggested in the line of fiat money nor even of inflation of credits. Certifying a bank check does not inflate, and every certificate of deposit in the postal bank is nothing but a certified check representing 'savings' deposited.

"The essence of 'inflation' is so-called money not based on reality, or credit not based on solid security but on 'speculative' values, rather than on the earning, creating power in the investment made.

"When the Federal reserve bank buys \$6,000,000 gold and against that gold, as authorized by law, issues \$10,000,000 of its notes for circulation as money, that is real inflation to the extent of \$4,000,000. There is nothing whatever of that nature in this whole industrial savings act.

"The three different kinds of certificates issued are of different color, or appearance, plainly distinguishing them from each other. The holder is constantly reminded that one color earns him no interest, while the other two colors do earn him interest—work for him while he sleeps. So he is tempted and stimulated to save those two colors.

"As to the rate of interest promised, 4 per cent, justice to depositors and economic expediency for us all—it is to our advantage that others save, even when we do not—demand that depositors get all the interest their deposits can legitimately



be made to earn. As we have already pointed out, the market price for money is now around 6½ to 8 per cent. But we are compelled to take into account many financial and economic conditions, including the fact that there are now in existence throughout the Nation several thousand savings banks with deposits of about \$6,000,000,000, and injury to these should be avoided; 4 per cent is the most these banks generally pay, and if the postal banks were to pay more there would be a tendency to promote 'runs' upon them; therefore, the rate of interest payable by the postal is limited to 4 per cent and any excess profit is to be paid into the United States Treasury. Furthermore, all savings and other banks in good standing are, by provision elsewhere in this bill, made agents for the postal bank, and will receive a commission on all registered certificates they sell, so that their patrons will not be influenced to leave them for the postal bank, but will get postal bank certificates through them.

"Sec. 12. That the Secretary of the Treasury is authorized hereafter to deposit any money in the Treasury in the postal savings bank (without requiring security therefor) as he does in other banks of deposit, and shall, so far as practicable to do so, make disbursements from the Treasury in the form of certificates of deposit in the postal savings bank, provided this method is acceptable to payee."

"No security is required for deposits of Treasury funds, because in the postal bank they are in the custody of the Government, the same as when in the Treasury itself.

"Thus the United States Treasurer need not—but may do so—any more offer bonds for sale, but may simply issue them, when authorized by law, to the postal bank in exchange for certificates of deposit, which he will pay out. The workman will prefer them to money for wages, the farmer for grain or stock, the mine owner for coal, and so on.

"The United States Treasury may continue to deal with commercial banks the same as now, but with the postal bank also.

"Sec. 13. That all banks in the United States may hereafter deposit their funds in the postal savings bank, and certificates of deposit issued therefor may be counted as part of their legal reserve.

"Of course, banks may continue, so far as they desire, to carry gold and other 'reserves,' and those having foreign relations, especially, may naturally do so to an extent, but these certificates of deposit represent such assets in the postal bank, and therefore serve the same end, and they earn interest for the depositing bank, while the gold they carry in reserve earns nothing. The approximately \$2,000,000,000 of gold in the vaults of the Federal reserve bank earn it no profit—the notes it issues based upon them may do so—but if deposited in the postal savings bank it would earn the reserve bank \$80,000,000 a year profit, and would be just as accessible in case of need for foreign exchange as if in its own vaults.

"Thus the postal savings bank becomes a gigantic 'ally' rather than competitor of existing savings and commercial banks—becomes one vast 'reservoir'; not many thousand separate, competing banks—into which everybody, other banks included, pour deposits and draw them out again, with interest, as wanted.

"Sec. 14. That at the county seat of every county in the United States, or similar civil divisions otherwise called, and in such other cities as the board may elect, post offices shall be designated by the board as postal savings banks of deposit and loan.

"(a) Such banks of deposit and loan shall issue and record as required by the board certificates of deposit as described in section 12 hereof in exchange for bankable funds as per regulations made by said board, and may redeem the same, whether issued by itself or by other similar bank of deposit and loan, either in money or in new certificates of deposit, as the applicant may desire.

"(b) Each depositor in said banks shall record his signature and address in duplicate with the bank on a record provided, as is customary in commercial banks, so that indorsement of signatures on backs of certificates may be verified when desired.

"(c) These banks of deposit and loan shall supply minor post offices in their region, and letter carriers, with facilities for serving all who desire to do business with the postal savings bank, requiring such security as may be determined by the board from those handling the funds of the bank or of its patrons.

"Sec. 15. That the board shall designate 12 or more districts covering the United States in a central city of each of which it shall cause to be organized a district bank, which shall act as clearing and reserve banks for all the banks of deposit and loan within the district, in accordance with rules and regulations of the board.

"Sec. 16. That the board shall further cause to be organized in the city of Washington, D. C., a national central postal savings bank, which shall deal with the 12 district banks, and may have direct dealings with and oversight of all the county banks of deposit and loan as the board shall order.

"Sec. 17. That every smaller post office and every letter carrier may, in accordance with regulations made by the board (adequate bonds for safety being required), keep in hand limited amounts of certificates of deposit, secured from the local county banks of deposit and loan, to be given to known applicants in exchange for bankable funds to be forwarded to the county bank of deposit and loan, and may also redeem small certificates of deposit as they can conveniently. Such post offices and letter carriers shall also give proper receipts to any applicant for bankable funds, or for certificates of deposit, to be sent to the county bank of deposit and loan to be exchanged for money or other certificates of deposit, and deliver the same to said applicant in exchange for their own receipt originally given to the applicant.

"Sec. 18. That each county bank of deposit and loan and each district bank shall keep in hand such working balance as the board shall direct, the county banks forwarding any surplus to its district bank, and the district bank any surplus to the national central bank, and each of said banks shall make loans as authorized by the board, the county bank drawing for funds when deemed necessary on its district bank and the district bank drawing on the national central bank as the board may direct.

"Sec. 19. That existing savings and other banks in the United States which desire and will submit to satisfactory examination and supervision of the appointees of the board and are found of standing satisfactory to the board may be made agents of the postal savings bank, to receive deposits and pay certificates in accordance with regulations made by the board, and shall be allowed as compensation for such service a commission to be authorized by the board and not to exceed 5 per cent of the net earnings of the deposits, for which registered certificates only are issued, which said existing bank secures through its agency, such commissions to be uniform throughout the United States.

"The provisions of this and other sections permitting any bank in the United States in good standing to become a deposit and loan agent of the postal bank would tend to strengthen rather than to injure by competition any and every such bank. Their depositors would not leave them for the postal, because they can supply the postal certificates when preferred to their own. As private enterprise and initiative have certain advantages over public institutions, due to more accurate knowledge of local conditions and opportunities and better means of keeping in touch with them, the agents by offering slight additional interest inducement may secure enlarged deposits for themselves. To applicants for loans the agent may always loan his own funds instead of loaning the postal funds, if he desires.

"Note the profit to existing banks in this connection illustrated in note under section 11. Commissions for deposits are allowed only on those for which registered certificates of deposit are issued, as it would be too complicated and difficult to keep accounts in connection with other deposit certificates. It is believed depositors generally will prefer the registered certificates for all larger and long-standing balances, and agent banks will, of course, work particularly to secure such deposits.

"Sec. 20. That in lieu of the principal amortization (which may be applied when the borrower desires) loans secured by real estate or other collateral may be made, as follows:

"The mortgage or other paper shall be drawn to secure any sum due from the borrower not exceeding the amount named therein for any time not longer than the longest time therein specified, the borrower thus being permitted to adjust the amount of his loan from time to time according to his needs and his opportunities.

"Under this plan, while the borrower would naturally make application for the largest loan which the pledged security would be sufficient to cover, his certificate being passed he would actually borrow not the most but the least sum that would serve him and borrow only as it was actually needed, and would repay it as fast as he could, so as to stop interest, knowing that he could at any time borrow again if he should have need or find profitable use for the money. This elasticity of loans would be of almost incalculable value to the borrowers, to the bank, and to the community, stimulating enterprise, thrift, economy, providence, and would certainly be more desirable than iron-clad, unalterable amortization loans.

"Sec. 21. That commercial and savings banks may make deposits in and draw upon county banks of deposit and loan to such extent as said county banks may be able conveniently to serve them, but may without limitation deal direct with the district banks and national central bank as per regulations of the board.

"If any bank should prefer to keep gold or other form of so-called money as a reserve, it can do so; if such other form of reserve than certificates of the postal bank makes it any stronger, then it will have what advantage there may be in the increased strength.

"Certificates of deposit in the postal bank are not legal tender but each is a certified check, certified by the United States Government, and is good anywhere. Certified checks of banks are not legal tender, but do they not serve amply every commercial want except in rare technical legal quibbles? If what is offered is good—as gold is recognized as good even when not coined—it does not need to be legal tender. Of course, the law of inviolability of contract will continue, and the debtor must always make good according to his contract, where it is formal or by implication. Postal bank deposits will always be good while the United States Government is good. These certificates legitimately meet the popular demand for guaranteed bank deposits, because the United States is custodian of the deposits, as it is for money-order funds which it guarantees through the Post Office Department.

"Sec. 22. That the board shall cause to be prepared and printed for the general public simple tables showing the value of \$10 or other sums at compound interest for days, months, and years at various rates of interest, such as will be useful to depositors.

"This will be a matter so simple that any intelligent person can know the value of the certificates he owns. Of course, it



will be the smaller certificates, \$10 and less, which do not on their face bear interest and are always worth par, that will mainly pass from hand to hand. Larger interest-bearing certificates will pass principally in the same manner as the ownership of United States bonds passes, the market value of which is known every day. Certificates of deposit issued in any year bear date as of the first day of that year, in this following the precedent of the war-savings certificates. The year of issue and the year of expiration (when they will be either paid or renewed by issue of new certificates possibly bearing other rate of interest) will naturally be made prominent and clear for convenience in sorting and computing value.

"Sec. 23. That needless and expensive records and statistics shall be avoided, but the board shall provide for such as may materially serve the interests of depositors and enable the board annually to report to Congress such information and recommendations as may be of service to Congress.

"Sec. 24. That to the extent that the mails shall be used in facilitating the business of the postal savings bank, either by the bank itself or by its patrons, the board shall provide special stamps for free use of the mails, keeping records so that approximately the actual cost of such postal service shall be paid by the postal savings banks to the Post Office Department as the board may order and provide.

"These provisions are matters of simple sense and justice, and encourage the most liberal use of the postal bank. Such use will be principally local, or within the county, and the actual cost of postal service for each transaction nearly infinitesimal, but whatever the cost is it will be paid by the bank at the expense of the beneficiaries, the depositors, and borrowers, and not of the taxpayers in general. This principle is maintained throughout the industrial savings act.

"Sec. 25. That the sum of \$1,000,000 is hereby appropriated for any necessary expense, in the discretion of the board, in the rapid development of the postal savings bank, the sum used to be considered as an advance and to be repaid to the Treasury, with interest thereon at 5 per cent per annum from the profits of the postal savings bank, which is to be made self-sustaining without subsidy or other charge against taxpayers.

"Sec. 26. That all provisions of an act to establish postal savings, etc., approved June 25, 1910, and of amendments thereto not inconsistent with this present act, shall continue in force, and all other provisions are hereby modified or repealed, as are all other acts of Congress inconsistent herewith.

"In case it is found that certificates of deposit in postal savings banks crowd out of use forms of paper money now in use, causing the depreciation of the market price of bonds of the United States used to secure their circulation, below par, the Treasurer of the United States should be authorized to purchase or redeem such bonds at par, issuing, so far as may be necessary to do so, other bonds of the United States bearing higher rate of interest and marketable at or above par. It is doubtful whether this will ever occur, but if it does, this provision would be a matter of simple justice to bankers who have invested in such bonds because of the currency advantages they gave. The United States received par for the bonds, and the consideration for the use having in part terminated, the Government should pay par for them.

"Never have justice, patriotism, necessity, and business sense united more emphatically than in this industrial savings act. It establishes a new and immense reservoir of capital on which all people and all institutions possessing requisite security may draw on terms of exact equality—a reservoir from which fresh streams of credit will issue to expand and multiply the channels of production, manufacture, and distribution.

"It provides the greatest incitement to thrift and savings the world has ever seen.

"It does immaculate justice to depositors and to borrowers alike; it involves no favoritism for any 'interest' or any 'class.' Both long-time and short-time loans will be possible for farmers, manufacturers, merchants, home builders, abundant in supply, practically without limit, except the limit of good security and legitimate profitable use. Every borrower is compelled to declare the object of his loan, and it will be made only for purposes in harmony with the public good. Speculative 'cornering' of markets is to be ruled out.

"As I have said heretofore, let us mobilize the dollar as well as the man. Let the people's funds serve the people.

"I now present a statement by Postmaster General Hays at Sullivan, Ind., July 3, 1921, favoring the reconstruction and reform of the Postal Savings System:

STATEMENT BY POSTMASTER GENERAL HAYS AT SULLIVAN, IND., JULY 3, 1921.

"It is very certain that the Postal Savings System must be reformed. With a treatment of depositors that has amounted almost to fraud, with the number of offices receiving deposits reduced from 12,823 in 1912 to 6,314 in 1920, and with no real efforts to secure deposits, the postal savings nevertheless has practically twice as many depositors as any other savings bank

in the country and pays less than half as much interest on deposits. Over 70 per cent of postal savings depositors are foreign born or of foreign extraction, many trusting no one but the Government of the United States. In all foreign countries the number of depositors in savings and other banks is in direct proportion to the attention given postal savings and the number of postal savings depositors.

"With \$161,000,000 on deposit last year from 508,000 depositors, and with the law providing that 2 per cent interest be paid, the Government because of the system paid less than 1½ per cent interest to these depositors, and by redepositing at 2½ per cent made a net profit over all interest payment and expenses of \$1,720,000.

"This was sheer profiteering. This money belonged to the depositors. The certificates issued unequivocally pledge 2 per cent interest and fail to say anything whatever about no interest being paid if the deposits are not left a year. The Government is not in the banking business for profit. The Government is in the banking business to facilitate and increase the national savings and to promote economy and thrift. The postal savings has not scratched the surface, notwithstanding the magnificent conception of public duty that inspired its founding.

"Postal savings shall not compete with savings banks. We do not want depositors from savings banks. But there is a tremendous hoarded wealth in the country estimated by many well informed at \$1,000,000,000. The savings banks can not bring it out. The postal savings has not yet brought it out. Nothing can bring it out but the faith in the security of the Government of the United States and a larger interest return on the deposits and the acquainting of the holders with our purpose and their opportunity. This we hope to do. This money is needed in circulation now. If \$1,000,000,000 can be brought out of stockings and closets and saved from waste and 'wild cats,' it will do incalculable good. It will make general bank depositors and ultimate Government bond owners out of the timorous; it will give small capital a chance for an honest return the same as large capital; it will furnish the tonic to conclude the business convalescence in the country and will help make economy and thrift a national trait much needed.

"We believe this can be done. First the Government must stop profiteering and the interest rate should be increased from 2 to 3 per cent, with a compensatory rate charged the banks where the funds are redeposited. The method of computing the interest should be reformed so that the depositors shall receive interest on funds held less than one year. Joint and trust funds should be allowed and the youth limit should be removed. Savings should be received at 50,000 instead of 6,300 post offices, and fourth-class postmasters should be fairly compensated for handling the business. The funds should be redeposited in the local banks where collected and a more liberal arrangement perfected for depository banks to qualify. And the system should be reorganized at the top, with an enlarged board of directors, into which the Federal reserve bank may be brought.

"There is a lot of business in this country that is really sick, still staggering with the shell shock of war and the debauch of extravagance, but there is a good deal more that is merely malingering. What we need more than anything else is the common sense of courage and confidence. There is, of course, the greatest era of expansion and prosperity ahead that the world has ever seen. Everyone knows this, and the only question discussed is when it will start. Well, it's time to go out and meet it. This we propose to help do."

#### CALL OF THE ROLL.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum. I desire a full house to speak to, because I have an important matter to present.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	McKellar	Shortridge
Ball	Hefflin	McNary	Simmons
Borah	Hitchcock	Nelson	Smith
Brandeggee	Johnson	New	Spencer
Broussard	Jones, Wash.	Nicholson	Stanfield
Capper	Kellogg	Norbeck	Sterling
Curtis	Keyes	Oddie	Swanson
Ernst	King	Overman	Townsend
Fernald	Knox	Phipps	Trammell
Fletcher	Lenroot	Pittman	Wadsworth
Glass	Lodge	Polindexter	Warren
Gooding	McCormick	Pomerene	Watson, Ga.
Hale	McCumber	Sheppard	Willis

The PRESIDING OFFICER. Fifty-two Senators have answered to their names; a quorum is present.



## EXECUTIVE SESSION.

Mr. BALL. I move that the Senate proceed to the consideration of executive business.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRISON. Is it in order at this time to ask for an open executive session?

Mr. LODGE. This is a privileged motion. The Senator will have an opportunity to present his request when we go into executive session.

Mr. HARRISON. I understood that that was the procedure, but I desired to be sure of it. If that is the ruling of the Chair, I then can make the motion in closed executive session, but I wished to be sure of it.

The PRESIDING OFFICER. The Chair so rules. The question is on the motion of the Senator from Delaware to proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 2 hours and 55 minutes spent in executive session the doors were reopened.

## NOMINATION OF FRANK A. LINNEY.

While the doors were closed Mr. HARRISON obtained unanimous consent that the rule be suspended and he moved that the nomination of Frank A. Linney to be United States district attorney for the western district of North Carolina be considered in open executive session.

On this motion the yeas and nays were demanded by Mr. LODGE, and being ordered the roll was called with the following result: Yeas, 9, nays 45, as follows:

## YEAS—9.

Borah  
Fletcher  
Harrison

Heflin  
Johnson  
McKellar

Sheppard  
Trammell  
Watson, Ga.

## NAYS—45.

Ball  
Brandegee  
Bursum  
Capper  
Curtis  
Ernst  
Fernald  
Gerry  
Glass  
Gooding  
Hale  
Harrell

Jones, Wash.  
Keyes  
King  
Knox  
Ladd  
Lenroot  
Lodge  
McCormick  
McCumber  
McNary  
Nelson  
New

Nicholson  
Oddie  
Overman  
Phipps  
Pittman  
Poindexter  
Pomerene  
Shorridge  
Simmons  
Smith  
Spencer  
Stanfield

Sterling  
Sutherland  
Townsend  
Wadsworth  
Warren  
Watson, Ind.  
Weller  
Williams  
Willis

## NOT VOTING—42.

Ashurst  
Broussard  
Calder  
Cameron  
Caraway  
Colt  
Culberson  
Cummins  
Dial  
Dillingham  
du Pont

Edge  
Elkins  
France  
Frelinghuysen  
Harris  
Hitchcock  
Jones, N. Mex.  
Kellogg  
Kendrick  
Kenyon  
La Follette

McKinley  
McLean  
Moses  
Myers  
Newberry  
Norbeck  
Norris  
Owen  
Page  
Penrose  
Ransdell

Reed  
Robinson  
Shields  
Smoot  
Stanley  
Swanson  
Underwood  
Walsh, Mass.  
Walsh, Mont.

So Mr. HARRISON's motion was rejected.

## ADJOURNMENT.

After the doors were reopened,

Mr. LODGE. I move that the Senate adjourn until to-morrow at 11 o'clock a. m.

The motion was agreed to; and (at 6 o'clock and 5 minutes p. m.) the Senate adjourned until to-morrow, Thursday, August 11, 1921, at 11 o'clock a. m.

## NOMINATIONS.

*Executive nominations received by the Senate August 10, 1921.*

## TREASURY DEPARTMENT.

## COLLECTOR OF INTERNAL REVENUE.

Robert W. McCuen, of Vergennes, Vt., to be collector of internal revenue for the district of Vermont in place of James E. Kennedy.

## APPRAISER OF MERCHANDISE.

Frank W. Morse, of Tampa, Fla., to be appraiser of merchandise in customs collection district No. 18, with headquarters at Tampa, Fla., in place of James A. Herring, jr.

## ASSAYER IN CHARGE.

Charles L. Longley, of Twin Falls, Idaho, to be assayer in charge of the United States assay office at Boise, Idaho, in place of Curtis F. Pike.

## PROMOTIONS IN THE REGULAR ARMY.

## MEDICAL CORPS.

*To be captains.*

First Lieut. Lewis Bradley Bibb, Medical Corps, from August 2, 1921.

First Lieut. Charles William Henderson, Medical Corps, from August 2, 1921.

First Lieut. Oscar Thweatt Kirksey, Medical Corps, from August 3, 1921.

First Lieut. Henry William Meisch, Medical Corps, from July 24, 1921.

First Lieut. George Palmer McNeill, jr., Medical Corps, from July 27, 1921.

First Lieut. Benjamin William Lewis, Medical Corps, from July 28, 1921.

First Lieut. Merrill Clary Sosman, Medical Corps, from July 28, 1921.

## DENTAL CORPS.

*To be captains.*

First Lieut. Willis Burleigh Parsons, Dental Corps, from May 20, 1921.

First Lieut. Joseph Hayden Jones, Dental Corps, from July 8, 1921.

First Lieut. Glenn Dale Lacey, Dental Corps, from July 29, 1921.

First Lieut. George Mason Babbitt, Dental Corps, from July 13, 1921.

## VETERINARY CORPS.

*To be major.*

Capt. Aquila Mitchell, Veterinary Corps, from July 25, 1921.

## CHAPLAIN.

*Chaplain, with the rank of lieutenant colonel.*

Chaplain Thomas Jefferson Dickson, from July 27, 1921.

TO BE FIRST LIEUTENANTS WITH RANK FROM JUNE 13, 1921.

Second Lieut. Morris Haslett Marcus, Cavalry.

Second Lieut. Frank Zea Pirkey, Corps of Engineers.

Second Lieut. Karl William Hisgen, Field Artillery.

Second Lieut. Joseph Patterson Wardlaw, Field Artillery.

Second Lieut. James Harry Marsh, Infantry.

Second Lieut. Francis Warren Cray, Field Artillery.

Second Lieut. John Baylis Cooley, Cavalry.

Second Lieut. John Elmer Freeman, Infantry.

Second Lieut. Selby Francis Little, Field Artillery.

Second Lieut. Milo Glen Cary, Coast Artillery Corps.

Second Lieut. Harold Joseph Conway, Coast Artillery Corps.

Second Lieut. Gustin MacAllister Nelson, Infantry.

Second Lieut. Frank Joseph Spettel, Infantry.

Second Lieut. Carroll Frederick Sullivan, Infantry.

Second Lieut. Rupert Harris Johnson, Infantry.

Second Lieut. Francis Joseph Magee, Infantry.

Second Lieut. Burwell Baylor Wilkes, jr., Infantry.

## APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

## JUDGE ADVOCATE GENERAL'S DEPARTMENT.

Maj. Joseph Irving McMullen, Cavalry, with rank from July 1, 1920.

## ORDNANCE DEPARTMENT.

Maj. Walter Lucas Clark, Coast Artillery Corps, with rank from July 1, 1920.

## CHEMICAL WARFARE SERVICE.

Maj. William Nichols Porter, Coast Artillery Corps, with rank from July 1, 1920.

## PROMOTIONS IN THE NAVY.

The following-named captains to be rear admirals in the Navy from the 3d day of June, 1921:

Archibald H. Scales.

Nathan C. Twining.

Commander David E. Theleen to be a captain in the Navy from the 1st day of January, 1921.

Commander William H. Reynolds to be a captain in the Navy from the 27th day of May, 1921.

Commander Orin G. Murfin to be a captain in the Navy from the 29th day of May, 1921.

The following-named commanders to be captains in the Navy from the 3d day of June, 1921:

Andrew T. Graham.

Arthur St. Clair Smith.

William C. Asserson.

Clark H. Woodward.

Lieut. John F. McClain to be a lieutenant commander in the Navy from the 1st day of July, 1920.

Lieut. Charles L. Best to be a lieutenant commander in the Navy from the 19th day of August, 1920.

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of January, 1921:

Fred T. Berry. John H. Everson.  
John C. Jennings. Robert E. Rogers.

Lieut. Hugo W. Koehler to be a lieutenant commander in the Navy from the 3d day of June, 1921.

Lieut. (Junior Grade) Hamilton V. Bryan to be a lieutenant in the Navy from the 7th day of June, 1919.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of July, 1920:

Robert H. Maury. Gerald F. Bogan.  
Harry V. Baugh. Colin Campbell.  
Harold G. Eberhart. Allan P. Flag.

The following-named ensigns to be lieutenants (junior grade) in the Navy, from the 1st day of July, 1920:

Hugh W. Olds. Robert P. Briscoe.  
Charles J. Palmer. Walter R. Read.  
Ross A. Dierdorff. John C. Williams.

Asst. Surg. Charles L. Oliphant to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 6th day of June, 1920.

Asst. Surg. Daniel C. Reyner to be a passed assistant surgeon in the Navy, with the rank of lieutenant, from the 1st day of July, 1920.

Passed Asst. Surg. Alfred L. Gaither, for temporary service, to be a passed assistant surgeon in the Navy, with the rank of lieutenant, to rank from August 3, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920.

Asst. Paymaster Richard C. Reed to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 30th day of July, 1919.

The following-named assistant paymasters to be passed assistant paymasters in the Navy, with the rank of lieutenant, from the 1st day of July, 1920:

Frederick C. Beck. William T. Hopkins.  
Raymond V. Adams. Ralph H. Howard.

Chaplain Hugh M. T. Pearce to be a chaplain in the Navy, with the rank of captain, from the 1st day of July, 1920.

Chaplain James D. MacNair to be a chaplain in the Navy, with the rank of captain, from the 14th day of July, 1920.

Chaplain Edmund A. Brodmann to be a chaplain in the Navy, with the rank of commander, from the 15th day of July, 1920.

Chaplain Le Roy N. Taylor to be a chaplain in the Navy, with the rank of commander, from the 7th day of November, 1920.

Assistant Civil Engineer Gaylord Church to be a civil engineer in the Navy, with the rank of lieutenant, from the 11th day of May, 1921.

Assistant Civil Engineer Ralph D. Spalding to be a civil engineer in the Navy, with the rank of lieutenant, from the 12th day of June, 1921.

Lieut. Simson C. Stengel to be an assistant civil engineer in the Navy, with the rank of lieutenant (junior grade), from the 15th day of July, 1921.

Ensign James D. Wilson to be an assistant civil engineer in the Navy, with the rank of lieutenant (junior grade), from the 15th day of July, 1921.

Carpenter Daniel Campbell to be a chief carpenter in the Navy, to rank with but after ensign, from the 26th day of October, 1920.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 29th day of June, 1920:

Harold G. Eberhart.  
Allan P. Flag.

#### POSTMASTERS.

##### ARIZONA.

Harry H. Hiener to be postmaster at Superior, Ariz., in place of R. T. Jones. Incumbent's commission expired March 16, 1921.

##### CALIFORNIA.

John C. Neblett to be postmaster at Elsinore, Calif., in place of Charles Collins, resigned.

Bertha V. Eaton to be postmaster at Florin, Calif., in place of B. V. Eaton. Office became third class April 1, 1921.

Leonard W. McBride to be postmaster at Palms, Calif., in place of L. W. McBride. Office became third class April 1, 1921.

Ashley L. Smith to be postmaster at Ryde, Calif., in place of A. L. Smith. Office became third class January 1, 1921.

Ora W. Bercaw to be postmaster at Saugus, Calif., in place of O. W. Bercaw. Office became third class January 1, 1921.

James C. Summers to be postmaster at Seeley, Calif., in place of J. C. Summers. Office became third class January 1, 1921.

##### CONNECTICUT.

Albert W. Tyler to be postmaster at Broad Brook, Conn., in place of A. W. Tyler. Office became third class July 1, 1920.

Elbert W. Scobie to be postmaster at Orange, Conn., in place of E. W. Scobie. Office became third class April 1, 1921.

Benjamin D. Parkhurst to be postmaster at Sterling, Conn., in place of B. D. Parkhurst. Office became third class January 1, 1921.

Lewis B. Brand to be postmaster at Versailles, Conn., in place of L. B. Brand. Office became third class April 1, 1921.

William T. McKenzie to be postmaster at Yalesville, Conn., in place of W. T. McKenzie. Office became third class January 1, 1921.

William E. Manning to be postmaster at Yantic, Conn., in place of W. E. Manning. Office became third class October 1, 1920.

##### FLORIDA.

Marse Anderson to be postmaster at Brewster, Fla., in place of J. E. Fortner, resigned. Office became third class January 1, 1921.

##### IDAHO.

Caroline H. McDavitt to be postmaster at Heyburn, Idaho, in place of C. H. McDavitt. Office became third class April 1, 1921.

Fred J. Rogers to be postmaster at Midvale, Idaho, in place of F. J. Rogers, resigned.

George S. Mitchell to be postmaster at New Meadows, Idaho, in place of G. S. Mitchell. Office became third class July 1, 1921.

Kathryn M. Boss to be postmaster at Rogerson, Idaho, in place of K. M. Boss. Office became third class January 1, 1921.

Esmeralda C. Taylor to be postmaster at Rockland, Idaho, in place of E. C. Taylor. Office became third class April 1, 1920.

Leigh V. LeGore to be postmaster at Roselake, Idaho, in place of L. V. LeGore. Office became third class July 1, 1920.

Russ H. Merriman to be postmaster at Saint Joe, Idaho, in place of R. H. Merriman. Office became third class April 1, 1921.

##### ILLINOIS.

George E. Simmons to be postmaster at Avon, Ill., in place of E. P. Hectorne, resigned.

Fred Elfring to be postmaster at Bensenville, Ill., in place of Fred Elfring. Office became third class July 1, 1920.

Tice D. Mason to be postmaster at Browns, Ill., in place of T. D. Mason. Office became third class April 1, 1921.

Mae E. Laughery to be postmaster at Cuba, Ill., in place of E. H. Murphey, removed.

Nellie T. Lindstrom to be postmaster at Fairview, Ill., in place of N. T. Lindstrom. Office became third class October 1, 1920.

William W. Harbert to be postmaster at Findlay, Ill., in place of R. D. Miner, deceased.

Allen L. Grace to be postmaster at Goreville, Ill., in place of A. L. Grace. Office became third class July 1, 1920.

Lewis M. Crow to be postmaster at Grand Tower, Ill., in place of L. M. Crow. Office became third class January 1, 1921.

Anna E. Paramore to be postmaster at Loraine, Ill., in place of A. E. Paramore. Office became third class January 1, 1921.

Ellis H. Jones to be postmaster at Minooka, Ill., in place of Thomas Comerford, resigned.

George F. Allain to be postmaster at St. Anne, Ill., in place of R. J. Marlaire, resigned.

William Faster to be postmaster at Strasburg, Ill., in place of William Faster. Office became third class January 1, 1921.

Fred S. Edwards to be postmaster at Troy, Ill., in place of F. L. Mosimann, resigned.

##### INDIANA.

Pius A. Kanney to be postmaster at Collegeville, Ind., in place of P. A. Kanney. Office became third class October 1, 1920.

Robert E. Maggert to be postmaster at Cromwell, Ind., in place of R. E. Maggert. Office became third class July 1, 1920.

Sterling Cooper to be postmaster at Pine Village, Ind., in place of Sterling Cooper. Office became third class April 1, 1921.

Alfonso L. Riggs to be postmaster at Rushville, Ind., in place of G. P. Hunt. Incumbent's commission expired July 21, 1921.

##### IOWA.

John Daly to be postmaster at Alta Vista, Iowa, in place of John Daly. Office became third class January 1, 1921.

John C. Dow to be postmaster at College Springs, Iowa, in place of J. C. Dow. Office became third class April 1, 1921.

William M. Young to be postmaster at Defiance, Iowa, in place of W. M. Young. Office became third class January 1, 1921.



Ernest T. Greenfield to be postmaster at Douds, Iowa, in place of M. R. Doud, resigned. Office became third class January 1, 1921.

Charles S. Parker to be postmaster at Fayette, Iowa, in place of Samuel Manuel, resigned.

Nettie B. Mullan to be postmaster at Hopkinton, Iowa, in place of E. F. Main. Incumbent's commission expired June 1, 1920.

William N. Horn to be postmaster at South English, Iowa, in place of W. N. Horn. Office became third class January 1, 1921.

Arthur T. Briggs to be postmaster at Sutherland, Iowa, in place of I. A. Squier. Incumbent's commission expired January 17, 1920.

## KANSAS.

Peter H. Adrian to be postmaster at Buhler, Kans., in place of P. H. Adrian. Office became third class January 1, 1921.

Fred L. McDowell to be postmaster at Garfield, Kans., in place of F. L. McDowell. Office became third class July 1, 1920.

William H. Dennis to be postmaster at Hardtner, Kans., in place of W. H. Dennis. Office became third class January 1, 1921.

## LOUISIANA.

Joseph E. Delahoussaye to be postmaster at Arnaudville, La., in place of J. E. Delahoussaye. Office became third class January 1, 1921.

Marie A. Bourgeois to be postmaster at Erath, La., in place of M. A. Bourgeois. Office became third class January 1, 1921.

## MAINE.

George P. Pulsifer to be postmaster at Poland, Me., in place of G. P. Pulsifer. Office became third class January 1, 1921.

## MASSACHUSETTS.

Horace L. Upham to be postmaster at Fiskdale, Mass., in place of W. H. Hinman. Office became third class January 1, 1921.

## MICHIGAN.

Joseph M. Lescelle to be postmaster at Crystal, Mich., in place of J. M. Lescelle. Office became third class January 1, 1921.

Fred E. Hazle to be postmaster at De Witt, Mich., in place of F. E. Hazle. Office became third class January 1, 1921.

Elery H. Wright to be postmaster at Empire, Mich., in place of E. H. Wright. Office became third class April 1, 1921.

Eva A. Wurzburg to be postmaster at Northport, Mich., in place of E. A. Wurzburg. Incumbent's commission expired December 20, 1920.

George B. Moat to be postmaster at Twining, Mich., in place of G. B. Moat. Office became third class January 1, 1921.

## MINNESOTA.

John N. Peterson to be postmaster at Beltrami, Minn., in place of J. N. Peterson. Office became third class January 1, 1921.

Blanche L. Burgess to be postmaster at Dent, Minn., in place of B. L. Burgess. Office became third class January 1, 1921.

Louis A. Dietz to be postmaster at Easton, Minn., in place of L. A. Dietz. Office became third class April 1, 1921.

Christian Widenhoefer to be postmaster at Fisher, Minn., in place of Christian Widenhoefer. Office became third class April 1, 1921.

Ole Kleppe to be postmaster at Newfolden, Minn., in place of Ole Kleppe. Office became third class January 1, 1921.

Peter Moen to be postmaster at Shelly, Minn., in place of Peter Moen. Office became third class January 1, 1921.

Mathias J. Olson to be postmaster at Wolverton, Minn., in place of M. J. Olson. Office became third class July 1, 1920.

## MISSOURI.

Lola L. Shumate to be postmaster at Gilliam, Mo., in place of L. L. Shumate. Office became third class January 1, 1921.

William H. Howe to be postmaster at Harden, Mo., in place of H. F. Hoover, resigned.

Enoch W. Brewer to be postmaster at McFall, Mo., in place of H. J. Patten. Incumbent's commission expired February 25, 1918.

Lena M. Bertsch to be postmaster at Mayview, Mo., in place of L. M. Bertsch. Office became third class January 1, 1921.

Floyd Rowland to be postmaster at Stover, Mo., in place of Floyd Rowland. Office became third class October 1, 1920.

## NEBRASKA.

Laurence B. Clark to be postmaster at Firth, Nebr., in place of Henry Kallemeyn. Office became third class April 1, 1921.

## NEW HAMPSHIRE.

Edna A. Cummings to be postmaster at Tamworth, N. H., in place of E. A. Cummings. Office became third class January 1, 1921.

Chester B. Averill to be postmaster at Warren, N. H., in place of C. B. Averill. Office became third class January 1, 1921.

## NEW JERSEY.

Lurelda Sooy to be postmaster at Somers Point, N. J., in place of Lurelda Sooy. Office became third class October 1, 1920.

## NEW YORK.

Fenner J. Rich to be postmaster at Altmar, N. Y., in place of F. J. Rich. Office became third class January 1, 1921.

Clarence F. Dilcher to be postmaster at Elba, N. Y., in place of C. F. Dilcher. Office became third class January 1, 1921.

George M. Diven to be postmaster at Elmira, N. Y., in place of Daniel Sheehan. Incumbent's commission expired March 16, 1921.

William R. Churchill to be postmaster at Hancock, N. Y., in place of S. N. Wheeler, resigned.

Edward J. McSweeney to be postmaster at Long Lake, N. Y., in place of J. M. Sullivan. Incumbent's commission expired January 18, 1921.

Warren H. Curtis to be postmaster at Marion, N. Y., in place of C. M. Hodges, deceased.

Sarah E. Harris to be postmaster at New Hamburg, N. Y., in place of S. E. Harris. Office became third class January 1, 1921.

Ray A. Fisher to be postmaster at Ontario, N. Y., in place of F. B. Huxley, resigned.

May A. Cupernall to be postmaster at Thousand Island Park, N. Y., in place of M. A. Cupernall. Office became third class January 1, 1921.

## NORTH CAROLINA.

Raymond B. Wheatly to be postmaster at Beaufort, N. C., in place of B. B. Arrington, resigned.

John M. Pully to be postmaster at La Grange, N. C., in place of R. M. Harper, resigned.

Hester L. Dorsett to be postmaster at Spencer, N. C., in place of W. D. Pethel, removed.

Asa C. Parsons to be postmaster at Star, N. C., in place of G. N. Scarboro, resigned. Office became third class April 1, 1921.

## NORTH DAKOTA.

Elizabeth I. Connelly to be postmaster at Hurdsville, N. Dak., in place of E. I. Connelly. Office became third class October 1, 1920.

Wanzo M. Shaw to be postmaster at Sheldon, N. Dak., in place of T. J. McCully, deceased.

## OHIO.

James O. Miller to be postmaster at Dexter City, Ohio, in place of J. O. Miller. Office became third class April 1, 1921.

Olive B. Reed to be postmaster at Jacksonsville, Ohio, in place of O. B. Reed. Office became third class April 1, 1921.

Howard H. Collins to be postmaster at South Zanesville, Ohio, in place of H. H. Collins. Office became third class January 1, 1921.

## OKLAHOMA.

Earl W. Drake to be postmaster at Binger, Okla., in place of D. V. Seaver, resigned. Office became third class October 1, 1920.

Sara A. Loveland to be postmaster at Castle, Okla., in place of S. A. Loveland. Office became third class July 1, 1920.

Henry O. Whala to be postmaster at Haworth, Okla., in place of E. B. Atterbury, resigned. Office became third class October 1, 1919.

James E. McNair to be postmaster at Macomb, Okla., in place of J. E. McNair. Office became third class April 1, 1921.

Homer M. Canan to be postmaster at Pocasset, Okla., in place of R. P. Wynne, resigned. Office became third class January 1, 1921.

Harrison H. McMahan to be postmaster at Tecumseh, Okla., in place of M. M. Henderson, resigned.

Edmond J. Gardner to be postmaster at Valliant, Okla., in place of G. H. Montgomery, resigned.

## PENNSYLVANIA.

John H. Baldwin to be postmaster at Atglen, Pa., in place of J. H. Baldwin. Office became third class October 1, 1920.

Jeremiah S. Troxell to be postmaster at Cementon, Pa., in place of J. S. Troxell. Office became third class January 1, 1921.

Glenn W. Irvin to be postmaster at Conneaut Lake Park, Pa., in place of G. W. Irvin. Office became third class October 1, 1920.

Katherine M. Dom to be postmaster at Dawson, Pa., in place of J. R. Henry, resigned.

Anna M. Hess to be postmaster at Duncansville, Pa., in place of A. M. Hess. Office became third class January 1, 1921.

Wilberforce H. Stiles to be postmaster at Endeavor, Pa., in place of W. H. Stiles. Office became third class January 1, 1921.

Alice M. Boner to be postmaster at Gilberton, Pa., in place of A. M. Boner. Office became third class October 1, 1920.

James Matchette to be postmaster at Hokendauqua, Pa., in place of James Matchette. Office became third class January 1, 1921.

Caroline E. Boyer to be postmaster at Kersey, Pa., in place of C. E. Boyer. Office became third class July 1, 1921.

Joseph A. Conrad to be postmaster at Latrobe, Pa., in place of V. E. Gill, removed.

Albert W. Zimmerman to be postmaster at Ralphton, Pa., in place of A. W. Zimmerman. Office became third class July 1, 1921.

Joseph M. Hathaway to be postmaster at Rices Landing, Pa., in place of J. M. Hathaway. Office became third class January 1, 1921.

Howard O. Boyer to be postmaster at Rural Valley, Pa., in place of H. O. Boyer. Office became third class January 1, 1921.

John A. Van Orsdale to be postmaster at Russell, Pa., in place of J. A. Van Orsdale. Office became third class January 1, 1921.

John A. Bissell to be postmaster at St. Petersburg, Pa., in place of J. A. Bissell. Office became third class April 1, 1921.

Millard F. McCullough to be postmaster at Seward, Pa., in place of M. F. McCullough. Office became third class April 1, 1921.

James S. Hook to be postmaster at Somerfield, Pa., in place of J. S. Hook. Office became third class April 1, 1921.

Elsie M. Fleming to be postmaster at West Winfield, Pa., in place of J. A. George, resigned. Office became third class January 1, 1920.

## RHODE ISLAND.

Reuben A. Gibbs to be postmaster at West Barrington, R. I., in place of R. A. Gibbs. Office became third class October 1, 1920.

## SOUTH CAROLINA.

Lida E. Setsler to be postmaster at Cowpens, S. C., in place of L. E. Setsler. Office became third class January 1, 1921.

Paul M. Davis to be postmaster at Donalds, S. C., in place of P. M. Davis. Office became third class April 1, 1921.

Susie J. Miller to be postmaster at Jefferson, S. C., in place of S. J. Miller. Office became third class April 1, 1921.

Harrison H. Watkins to be postmaster at McBee, S. C., in place of H. H. Watkins. Office became third class January 1, 1921.

John W. Quick to be postmaster at Pageland, S. C., in place of J. W. Quick. Office became third class July 1, 1921.

## SOUTH DAKOTA.

Oscar I. Bierman to be postmaster at Groton, S. Dak., in place of W. R. Velth, resigned.

Florence F. Cheatham to be postmaster at Mellette, S. Dak., in place of J. B. Lundy, resigned.

## TENNESSEE.

Roscoe T. Carroll to be postmaster at Estill Springs, Tenn., in place of R. T. Carroll. Office became third class April 1, 1921.

Frank H. Smothers to be postmaster at Helladay, Tenn., in place of F. H. Smothers. Office became third class July 1, 1921.

Lex C. Bashaw to be postmaster at Mount Joliet, Tenn., in place of J. D. Sperry, resigned.

William S. Stanley to be postmaster at Oneida, Tenn., in place of W. W. Price, resigned.

Herbert G. Roberts to be postmaster at Parsons, Tenn., in place of H. G. Roberts. Office became third class July 1, 1920.

Ben Sloan to be postmaster at Vonore, Tenn., in place of Ben Sloan. Office became third class July 1, 1921.

## TEXAS.

Willie A. Fricke to be postmaster at Kingsbury, Tex., in place of W. A. Fricke. Office became third class January 1, 1921.

Alide Schneider to be postmaster at Marion, Tex., in place of Alide Schneider. Office became third class July 1, 1921.

## UTAH.

Anthony W. Thomson to be postmaster at Ephraim, Utah, in place of L. M. Olson, deceased.

Almon L. Downing to be postmaster at Scofield, Utah, in place of A. L. Downing. Office became third class April 1, 1921.

## VERMONT.

Glennie C. McIntyre to be postmaster at Danby, Vt., in place of G. C. McIntyre. Office became third class April 1, 1921.

Lewis H. Higgins to be postmaster at Newfane, Vt., in place of O. R. Wright, resigned. Office became third class April 1, 1921.

Blanche A. Belanger to be postmaster at Orwell, Vt., in place of B. A. Belanger. Office became third class April 1, 1921.

## VIRGINIA.

Rosa S. Newman to be postmaster at Sterling, Va., in place of R. S. Newman. Office became third class April 1, 1921.

## WASHINGTON.

William A. Carlisle to be postmaster at Onalaska, Wash., in place of L. R. Warford, resigned. Office became third class July 1, 1920.

Serena D. Vinson to be postmaster at Skamokawa, Wash., in place of S. D. Vinson. Office became third class January 1, 1921.

Elton J. O'Larey to be postmaster at White Bluffs, Wash., in place of E. J. O'Larey. Office became third class October 1, 1920.

Leonard G. Masters to be postmaster at Wilkeson, Wash., in place of L. G. Masters. Office became third class January 1, 1921.

Dow R. Hughes to be postmaster at Yelm, Wash., in place of D. R. Hughes. Office became third class January 1, 1921.

## WEST VIRGINIA.

Oma E. Kimes to be postmaster at Belleville, W. Va., in place of O. E. Kimes. Office became third class July 1, 1921.

Robert K. Pearrell to be postmaster at Hedgesville, W. Va., in place of R. K. Pearrell. Office became third class April 1, 1921.

William P. Jett to be postmaster at Lost Creek, W. Va., in place of I. J. Garrison, deceased.

Winters B. Crookshanks to be postmaster at Ward, W. Va., in place of W. B. Crookshanks. Office became third class July 1, 1920.

## WISCONSIN.

Andrew C. Redeman to be postmaster at Amberg, Wis., in place of A. C. Redeman. Office became third class April 1, 1921.

Paul J. Zeidler to be postmaster at Lomira, Wis., in place of P. J. Zeidler. Office became third class October 1, 1920.

John Theune to be postmaster at Oostburg, Wis., in place of John Theune. Office became third class January 1, 1921.

Otto G. Berge to be postmaster at Valders, Wis., in place of O. G. Berge. Office became third class July 1, 1920.

William H. Petersen to be postmaster at Waldo, Wis., in place of W. H. Petersen. Office became third class January 1, 1921.

## WYOMING.

James J. McDermott to be postmaster at Arvada, Wyo., in place of J. J. McDermott. Office became third class January 1, 1921.

Andrew E. Case to be postmaster at Clearmont, Wyo., in place of A. E. Case. Office became third class January 1, 1921.

Minnie C. Corum to be postmaster at Encampment, Wyo., in place of M. C. Corum. Office became third class October 1, 1920.

James E. Patterson to be postmaster at Gebo, Wyo., in place of J. E. Patterson. Office became third class January 1, 1921.

George J. Holt to be postmaster at Kaycee, Wyo., in place of G. J. Holt. Office became third class April 1, 1921.

Myrtle A. Jourdan to be postmaster at Medicine Bow, Wyo., in place of E. G. Kingsbery, resigned. Office became third class October 1, 1920.

Lizzie R. Moore to be postmaster at South Superior, Wyo., in place of L. R. Moore. Office became third class January 1, 1921.

Catherine McCabe to be postmaster at Van Tassel, Wyo., in place of Catherine McCabe. Office became third class January 1, 1921.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 10, 1921.*

## DEPARTMENT OF JUSTICE.

## UNITED STATES ATTORNEY.

Frank A. Linney to be United States attorney, western district of North Carolina.



## INTERNAL-REVENUE SERVICE.

## COLLECTOR OF INTERNAL REVENUE.

Alonzo H. Wilkinson to be collector of internal revenue, district of Wisconsin.

## POSTMASTERS.

## WEST VIRGINIA.

Martin L. Campbell, Salem, W. Va.

## TENNESSEE.

Wiley O. Mangum, Savannah, Tenn.

## IDAHO.

Henry R. Owens, Fairfield, Idaho.

Ralph M. Castater, Parma, Idaho.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, August 10, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy, holy, holy, Lord God Almighty, vouchsafe to listen unto us as we speak and meditate our petitions of confession and thanksgiving. Blessed be Thy excellent name for all the testimonials of personal triumph over sin and sorrow. Give unto us, O Lord, the inspiration of the ascending power of the soul that we may rise above tempest and storm and be lifted into the upper air of spiritual outlook and vision where there are palaces not made with hands and crowns of glory that never fade away. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## CALENDAR WEDNESDAY.

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the committees.

When the Committee on Military Affairs was called:

Mr. KAHN. Mr. Speaker, I desire to call up the bill H. R. 7204, relative to the Fort Monroe water system. The bill is on the Union Calendar.

The SPEAKER. The gentleman from California calls up the bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 7204) to provide a government-owned water service system for the Fort Monroe Military Reservation.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself—

Mr. KAHN. Mr. Speaker, I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole House on the state of the Union. Mr. Speaker, I withdraw the request.

The SPEAKER. The House automatically resolves itself into the Committee of the Whole House on the state of the Union for the consideration of the bill.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7204, with Mr. WALSH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7204, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized to sell and transfer upon such terms as he may deem expedient such part or parts of the Government's installations, improvements, interests, and lands established, constructed, or acquired in connection with the development, improvement, and extension of a water-supply system or systems at and near Newport News and Fort Monroe, Va.; and the Secretary of War is hereby further authorized, if deemed by him to be in the public interests, to accept as in part or full payment for such Government property so sold such pipe lines and their accessories, reservoirs, reservoir sites, water-pumping plants, and lands, rights, and interests of or in existing water-service systems at or near Newport News and Fort Monroe, Va., clear of adverse interests and liens, as may be necessary to provide a Government-owned water-service system for the Fort Monroe Military Reservation: *Provided*, That the acceptance of such property or any part thereof in exchange or as payment in part for said Government property is authorized only in the event the United States is released from all obligations to all individuals, companies, corporations, associations, and municipalities arising out of, resulting from, or created by the contract of December 2, 1918, executed on behalf of the United States with the Old Dominion Land Co. and Newport News Light & Water Co., Virginia corporations, or either of them, concerning the installation, development, or improvement of a water system or systems at or near Newport News or Fort Monroe, Va.

## MESSAGE FROM THE SENATE.

The committee informally rose, and the Speaker having resumed the chair:

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had concurred in the amendments of the House of Representatives to the bill (S. 1934) granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway toll bridge across the Ohio River, between the city of Huntington, W. Va., and a point opposite in the State of Ohio.

The message also announced that the Senate had passed with amendment the bill (H. R. 1475) providing for a grant of land to the State of Washington for a biological station and general research purposes in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed with amendments the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade and for other purposes, had requested a conference with the House on the bill and amendments and had appointed Mr. CAPPER, Mr. KENYON, and Mr. SMITH as the conferees on the part of the Senate.

## GOVERNMENT-OWNED WATER-SERVICE SYSTEM, FORT MONROE.

The committee resumed its session.

Mr. KAHN. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. FROTHINGHAM].

Mr. FROTHINGHAM. Mr. Chairman, this is a bill which not only asks for no appropriation of money but which asks for authority to bring into the Treasury of the United States \$158,000 [applause], to be paid for 80 per cent in Liberty bonds and the rest in cash. During the war the facilities which were needed for the various camps—Camp Hill, Camp Stuart, Langley Field, Fort Monroe, port of embarkation, Army supply base, and so forth—on account of the number of troops gathered there, together with naval activities, made it necessary that an increased water supply should be obtained. Now, the private corporation—and there is only one that operated there, the Newport News Light & Water Co.—could not supply the needs of this great body of troops concentrated in these different camps with sufficient water, consequently on December 2, 1918, a contract was made between that company and the War Department whereby the United States Government should spend sufficient money in making developments and improvements in the water system so that the requisite amount of water needed for this great body of troops could be supplied. There were four basins in which this water was collected and from which it ran through pipes to these Army camps and was supplied to the troops. The provision in the contract of December 2 was that three years after the termination of the war with Germany an appraisal of the value of these developments should be made by a board consisting of one man appointed by the Government, one by the water company, and in case they could not agree, a third to be agreed upon by those two. This is the usual provision in contracts where arbitration is provided. Under a tentative agreement which has been made by the Government and which the present Secretary of War does not wish to sign until he is authorized by Congress—and it is to ratify that agreement that this measure is now before the House—the improvements made by the Government on those three basins it is now desired to get rid of, and leave with this private water company, I will not say when peace has been brought about, but now that there is no need for that great body of troops there. The Government spent over \$530,000 on those three basins which belonged to the private company and the Government does not wish to take over. These improvements put in by the Government in extensions, dams, pipes, and all the other necessary equipment to make those basins available, have been appraised for \$435,000. Under the tentative contract, which it is now sought for this House to ratify, the water company will pay the Government this \$435,000, plus the rental for use of those improvements while they had them during the war in the sum of \$4,127.07, making the credit due the Government \$439,127.07. Now, there is another proposition consisting of the fourth basin, which I mentioned, called the Big Bethel Basin, that was not covered by this contract at all, but an option was made whereby the Government should have the privilege of purchasing that Big Bethel Basin. It was with that option in existence that the Government went ahead and made improvements on that basin which they meant to keep, because they needed the basin and need it now to supply water to the military population at

Fort Monroe and at Langley Field, and it is shown that if the Government acquires this Big Bethel Basin, as provided for by this option, they can save \$48,000 a year, because it now costs the Government in payment to this private water company for water to supply Langley Field and Fort Monroe \$4,000 a month. They have to pay for the million gallons a day that are used on the basis of 19½ cents a thousand gallons, which is the price fixed by the Public Utilities Commission of the State of Virginia. The Government says they can operate the plant so that the water will cost them only between 9 and 10 cents a thousand gallons.

The Government will retain all the money that they expended—\$700,000—on the improvements on this particular basin, and they wish to acquire the basin too. That basin is capable of supplying 2,000,000 gallons of water a day, more than enough for the Government needs. Now, on the debit side, to be subtracted from what this private water concern is to pay the Government, you will find on page 4 a figure which the Government is obligated, or will be obligated for, unless Congress passes this measure, of \$125,000. If this act does not go through they will have to pay that, and possibly more, to purchase a strip of land that they were obligated to purchase under the contract of December 2 made by this water company. They will have to replace certain roads and bridges at an amount which will equal \$100,000 more. Added to that, they desire to purchase the land comprising this Big Bethel Basin, which is now owned by this private water company. Though at first, under the option of which I have spoken, it was agreed to pay this private company \$45,000, the Government now gets it for \$30,000, plus the interest, for the use thereof and the taxes due on it, which amount, as you will see, to a little over \$3,000, and which, added to the price of the land, will be thirty-three thousand and odd dollars more. Now, that land originally, when this private company bought it, cost them \$35,000.

Mr. CONNELL. Did I understand the gentleman to say that the price of the land, \$30,000, plus interest and taxes, amounts to \$30,000 more?

Mr. FROTHINGHAM. Oh, no; \$3,000 more; \$33,000 in all.

Mr. CONNELL. I had not seen the report.

Mr. FROTHINGHAM. The water pipes which are necessary to connect this big Bethel Basin, which the Government wants to own under this option made in 1917, will cost the Government \$12,000 more, making in all \$280,931.54, which, taken from what you will find in figures at the bottom of page 3, namely, \$439,127.07, will bring into the Treasury of the United States, if this bill passes—and the Secretary of War is given authority to put through this tentative agreement which has been made—\$158,195.33. If the bill is not passed and this is not done not only will the Government lose this money which can be made available at the present time but they also will lose these valuable water rights with which to supply the military population at Fort Monroe and Langley Field. They will lose all the money that was expended in development on this one Big Bethel Basin, amounting to \$700,000, because there was no provision made in that option that any payment back should be made by the company for those improvements, for the reason that the Government under its option wanted to take that one basin for its water supply for Langley Field and Fort Monroe.

This is a plain business proposition, gentlemen, and it is good business for this House to pass this measure and give authority to put this transaction through and have this money go into the Treasury of the Government. [Applause.]

I reserve the balance of my time.

The CHAIRMAN. The gentleman has used 15 minutes.

Mr. KAHN. Mr. Chairman, as I recall, when this bill was before the Committee on Military Affairs the officers of the Government made their explanation and the committee seemed to be unanimous in favor of the legislation. I do not know whether anybody on the other side is opposed to it or anybody on this side is opposed to it, but I would suggest, Mr. Chairman, that we begin the reading of the bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The bill was read for amendment.

Mr. KAHN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7204) to provide a Government-owned water-service system for the Fort Monroe Military Reservation and had directed him to report the same to the House with the recommendation that the bill do pass.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. KAHN, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills and joint resolution of the following titles, when the Speaker signed the same:

H. R. 6320. An act to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes;

H. R. 7328. An act to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho;

H. R. 6877. An act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes;

H. R. 7208. An act to extend the time for the construction of a bridge across the Roanoke River in Halifax County, N. C.; and

H. J. Res. 112. Joint resolution authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to the employees of the United States Department of Agriculture who died in the war with Germany.

#### RAILROAD RIGHTS OF WAY, CAMP HENRY KNOX, KY.

The SPEAKER. Has the gentleman from California [Mr. KAHN] any further business?

Mr. KAHN. We have several bills.

Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering the bill H. R. 7251.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 7251) to authorize the Secretary of War to make and receive conveyances effecting an exchange of title to the railroad rights of way at Camp Henry Knox, Ky., and for other purposes.

The SPEAKER. This bill is on the Union Calendar.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7251, with Mr. SANDERS of Indiana in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7251, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7251) to authorize the Secretary of War to make and receive conveyances effecting an exchange of title to the railroad rights of way at Camp Henry Knox, Ky., and for other purposes.

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized to execute and deliver a conveyance of title to the Chicago, St. Louis & New Orleans Railroad Co. to that certain strip of land in the military reservation at Camp Knox, Ky., upon which the line of said railroad was relocated and the new depots and transportation structures were erected at Camp Knox, described as follows: Beginning at the point of intersection of the present westerly right of way line of the Chicago, St. Louis & New Orleans Railroad Co. with the southerly line of a highway which crosses said railroad under Bridge J-29-8, said point being 780 feet northerly from mile post 30 from Louisville, Ky., and running thence westerly along said southerly line 17 feet more or less to a point 50 feet distant westerly from the center line of the main track of said railroad measured at a right angle thereto; thence southerly parallel to the center line of the relocated main track of said railroad and 50 feet westerly therefrom a distance of 780 feet to a point opposite mile post 30 from Louisville, thence westerly perpendicular to said relocated main track 90 feet; thence southerly parallel to said main track 1,701 feet more or less to the northerly line of the highway which crosses said railroad under Bridge J-30-3; thence easterly along the line of said highway 50 feet more or less to a point which is 90 feet distant westerly from the center line of the aforesaid relocated main track measured perpendicularly thereto; thence southerly in a direct line 964 feet to a point which is 50 feet distant westerly from the center line of said relocated track; thence southerly parallel to the center line of said relocated track and 50 feet distant therefrom 4,457 feet more or less to a point in the westerly line of the present right of way of said railroad about 1,800 feet southerly from mile post 31 from Louisville, Ky.; thence northerly along the westerly line of the present right of way of said railroad 610 feet more or less to a point 50 feet distant easterly from the center line of said relocated main track measured perpendicularly thereto; thence northerly parallel to said center line 3,700 feet; thence easterly at a right angle to said line 50 feet; thence northerly parallel to said center line and 100 feet distant therefrom 1,125 feet; thence westerly perpendicularly to said center line 25 feet; thence northerly parallel to said center line 1,861 feet more or less to a point in the westerly line of the present right of way of said railroad; thence northerly along said right-of-way line 655 feet more or less to the point of beginning.

SEC. 2. That the Secretary of War is hereby authorized to receive, on behalf of the United States, deed or deeds of conveyance, and release from the mortgage obligations of said railroad companies to the old right of way of said companies, described as follows: All that part of the original right of way of the Chicago, St. Louis & New Orleans



Railroad Co. which lies south of a line drawn parallel to the center line of the relocated main track of said railroad and 50 feet distant easterly from said center line, measured perpendicularly thereto, near mile post 30 from Louisville, Ky., and north of a line drawn parallel to said relocated main track and 50 feet distant easterly from the center line thereof, near a point about 1,600 feet southerly from mile post 31 from Louisville, Ky., said original right of way herein conveyed consisting of a strip of land 66 feet wide and approximately 7,200 feet long, and also a tract of land 575 feet long, 77 feet wide at the southerly end, 23 feet at the northerly end, lying on the easterly side of the aforesaid 66-foot strip, and containing .85 of an acre, more or less, and being the tract of land acquired by the railroad company from P. A. Jones and wife, recorded in book 20, page 59, in the deed records of Hardin County, Ky.

SEC. 3. That the description of the metes and bounds of said property above stated shall be inserted in said conveyances and in addition thereto proper specifications and reference to the next immediate source from which the grantors therein derived title thereto as required by the statute of Kentucky on the subject of recording conveyances of real estate in that State, as set forth in Carroll Statutes, 1915, volume 1, section 495.

SEC. 4. That all laws in conflict herewith be, and they are hereby, repealed.

Mr. KAHN. Mr. Chairman, I yield such time as he may desire to explain the bill to the gentleman from Iowa [Mr. HULL].

Mr. HULL. Mr. Chairman and gentlemen of the committee, this is a bill to complete a transaction that took place during the war. It occurred at Camp Knox, in Kentucky, where during the war the War Department took over some 37,000 acres of land. They bought it of the owners around a little station on the Illinois Central Railroad. Now, in order to make it practicable for the War Department to use it as they wish to, they found they would have to move the Illinois Central Railroad tracks over on a ridge. They wanted to put in subways under the track, and by moving the track over and straightening it out they could put those underways in. So they did it. They transferred the Illinois Central Railroad track over to the hill on the ridge, and the Illinois Central abandoned their old track, running some 7,000 feet from this point [indicating], which is a northerly point, to this point, which is the southerly point.

The same thing is shown here in a map which runs north and south. This large map could not be hung very conveniently that way, so we hung it this way. This is north and that is south. [Indicating.]

Now, after the war there were a good many things to settle up down there, and they sent a board of officers in connection with some of the Illinois Central Railroad officials, and they went down there, and this was the first agreement that was to be carried out, the transfer of this property. As a matter of fact, to-day the Illinois Central is running over Government property, and we are using Illinois Central property. This bill is simply to carry out the transfer of that property as it is being used to-day.

Mr. SINNOTT. Mr. Chairman, will the gentleman yield?

Mr. HULL. Certainly.

Mr. SINNOTT. I understand that the Government proposes to deed the red line to the railroad company?

Mr. HULL. Yes. The red line there, from here to here. [Indicating.]

Mr. SINNOTT. I see that the Government in this bill makes no reservation for overhead, surface, or subway crossings. Are there no overhead crossings?

Mr. HULL. There are subway crossings, but no overhead; that is, so we are informed.

Mr. SINNOTT. You do not reserve them. Why does not the bill reserve the subway crossings?

Mr. HULL. They are there. You do not need to reserve them in a right of way that is used by the public for a subway.

Mr. SINNOTT. In every right-of-way deed I ever prepared there was a reservation of the crossings. There should be a reservation of the crossings. Otherwise, by virtue of this bill, the Government makes an absolute transfer of title to the lands described.

Mr. HULL. The public has a right to use a subway under a railroad right of way for public-road purposes.

Mr. SINNOTT. They would have no right by virtue of this bill to even reserve them. An amendment could very easily be prepared.

Mr. HULL. I would not have any objection to such an amendment. If the gentleman wants to prepare an amendment to reserve that right, very well. I do not think it is necessary; but if the gentleman wants to prepare it I have no objection to it, and I do not think any member of the committee would have.

Mr. SINNOTT. Does the gentleman know whether the Government needs to cross the railroad track at the surface?

Mr. HULL. No. That was the reason for having underways under the track. They are in there to-day as subways.

Mr. SINNOTT. But under the terms of this bill you deed to them an absolute fee simple title to the land described. You could reserve here the necessary subway crossings.

Mr. HULL. You can put in an amendment anything that would not interfere with their rights.

Mr. BOWLING. Mr. Chairman, will the gentleman yield?

Mr. HULL. Yes.

Mr. BOWLING. Are those public roads that run under that railway there?

Mr. HULL. Yes. They are used as public ways to-day.

Mr. BOWLING. Would it not be in the nature of public easements there, and should we not control the right to use them, protected by the laws of State of Kentucky?

Mr. HULL. Yes. I might say that at this same camp they took the Dixie Highway and transferred it for 40 miles, and built a new road for the State of Kentucky at a very enormous cost. But that has nothing to do with this bill.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. HULL. Certainly.

Mr. BLANTON. I think the suggestion made by the gentleman from Oregon [Mr. SINNOTT] is a wise one, and that the gentleman should offer such an amendment as he suggested, reserving these subway crossings. Otherwise you might have trouble in the future, because you are granting this fee simple title after this use, and it has not been used for such a length of time as that the law would create an easement there that you could enforce in court.

One other question: The Government paid for straightening this road did it not?

Mr. HULL. It is hard to say. I want to be frank about it. The board of officers that adjusted this matter allowed the Illinois Central something over three hundred thousand and odd dollars in the proposition to settle it all up. There were a lot of buildings concerned in it. Some of the buildings were moved, and the Illinois Central did all the work and built the buildings. There were a good many elements taken into consideration in settling up this problem.

Mr. BLANTON. The primary object when a railroad constructs its roadbed is to make its track as straight as possible, and railroads will go to an enormous expense sometimes in order to straighten the track. I do not know whether the Government ought to require reimbursement for having performed this service or not. But I want to ask the gentleman this question: I notice in the bill that part of the track that is to be conveyed to the railroad company, designated by the red line, is set out by metes and bounds in such a specific manner that an engineer or surveyor could go there with a compass and lay off the property on the ground. But when it comes to providing for the conveyance of the part that comes to the Government from the railroad company that specific description is not had. It is just left to a question of deeds to be drawn later.

Mr. HULL. The details are left to the War Department.

Mr. BLANTON. Why was not the bill just as specific with regard to laying out the property by metes and bounds that comes to the Government?

Mr. HULL. You could not convey property to the Government in any other way than by metes and bounds.

Mr. BLANTON. And you can not transfer to the railroad company from the Government except by metes and bounds, yet in the one case you were specific and in the other not.

Mr. HULL. You can confer the right by specific description, that exists in the right of way there, to the War Department to receive same. That is the way they do it.

I will say to the gentleman that it is true that sometimes railroads want to straighten their track. It is also true that they do not want grades. In this case they straightened the track, but made a grade there.

Mr. BLANTON. Over 1 per cent?

Mr. HULL. I do not know how much. I only know it was done during the war. It was done by the administration at that time, and it was necessary to straighten it out.

Mr. KAHN. Mr. Chairman, will the gentleman yield?

Mr. HULL. Certainly.

Mr. KAHN. As I understand it, the original track was on a ridge.

Mr. JOHNSON of Mississippi. No. It was just the opposite.

Mr. HULL. The original track ran right there [indicating].

Mr. KAHN. It was desirable to straighten it out, and the old track was in the way of the use of the camp for artillery purposes, and it was very desirable to make use of the land by straightening the line as proposed by this bill.

Mr. HULL. The reason the Dixie Highway was changed was largely because of the artillery range. I was there and can speak from personal knowledge of that. This railroad right of way was changed not so much because of the artillery range as for the convenience of the soldiers, who used the buildings and everything else, and they wanted underways,

and so they put this track a little higher on the ridge and then built the subway under between the tracks.

Mr. RANKIN. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. RANKIN. A great many of the railroad rights of way granted by the original owners of the land over which they passed were not deeded in fee simple, but the transfer contained a reservation to the effect that if the railroad ever abandoned the right of way or any part of it and ceased to use it as a railroad right of way, it should revert to the original owners. I will ask the gentleman if he has investigated the transfers from the original owners of this land to the railroad company to see whether or not such reservations are contained in those deeds of transfer.

Mr. HULL. I have not gone to the records myself, but we inquired with regard to this, and this original right of way is owned in fee simple by the railroad, and at the present time it is mortgaged.

Mr. RANKIN. If the gentleman has not gone to the records, he does not know that it is owned in fee simple by the railroad.

Mr. HULL. We have only the statement of the officers of this Government who did investigate it. That is all we can have without going down there and spending our time and money to investigate it.

Mr. RANKIN. Did they not produce certified copies of the deeds or abstracts?

Mr. HULL. I do not think it is necessary, because we have the statement of the officers that it is owned in fee simple by the Illinois Central Railroad Co.

Mr. BLANTON. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. BLANTON. I think that is a very serious question, because in practically all right-of-way deeds, and especially where the right of way was acquired by condemnation proceedings, the title reverts to the original owner whenever the property ceases to be used for railroad purposes. Now, if there is such a clause in these deeds, the very minute that they cease to use that property for railroad purposes there will be a reversion to the original property owners.

Mr. HULL. I think the gentleman is building up something that does not exist.

Mr. BLANTON. That is a sound legal proposition.

Mr. HULL. There are only very few railroad rights of way that are owned in that way. They are owned in fee simple.

Mr. ARENTZ. All the railroads in the West were built under that reversion clause. In other words, the railroad company only acquired the use of the right of way for railroad purposes, and the deed so specifically states. I am a railroad builder myself, and I know that.

Mr. RANKIN. Is this the old, original Illinois Central right of way?

Mr. HULL. Yes; I think so; but owned in the name of another company now owned by the Illinois Central.

Mr. RANKIN. Built back about 1851 or 1852?

Mr. HULL. Yes.

Mr. RANKIN. At about the same time the Mobile & Ohio Railroad was built right down through my section of the country, and practically every foot of the right of way, I am told, was obtained in that way; and I am told also that the Illinois Central down through Mississippi obtained its right of way in that way; and I am of the opinion that it is more than likely that if we pass this bill in this form we shall be giving the railroad company a new right of way without getting anything in return, and I think we ought at least to have an abstract or have this title investigated by some one who is willing to look into it and find out whether the railroad company has any title to transfer.

Mr. EVANS. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. EVANS. Does the gentleman know whether the Illinois Central has in fact a title to the land in fee simple, or simply an easement of the right of way?

Mr. HULL. I only know what the officers told us. I will say that this is not the original name of the railroad. The name of the original company was the Chicago, St. Louis & New Orleans Railroad Co.

Mr. RAKER. Will the gentleman yield for a question?

Mr. HULL. Certainly.

Mr. RAKER. How was the original right of way acquired by the railroad—by deed of grant from the original owners or by condemnation proceedings?

Mr. HULL. As I understand it was obtained by purchase, but I am not certain about that, and that was the testimony before our committee.

Mr. RAKER. Undoubtedly if it was acquired by condemnation they only acquired the right of way, and when the railroad ceases to use it as a right of way it will revert to the original owners, will it not?

Mr. HULL. I do not think it was obtained in that way. As I was informed, they purchased it and own it in fee simple.

Mr. WALSH. Will the gentleman yield?

Mr. HULL. Certainly.

Mr. WALSH. Is it not important that somebody know about that, if the United States is to give the railroad company land in exchange for this railroad right of way?

Mr. HULL. The officers and lawyers of the Government told us that the railroad company owned the land in fee simple.

Mr. WALSH. What officers?

Mr. HULL. The Army officers and the counsel for the Railroad Administration.

Mr. WALSH. Oh, well, the officers of the Army probably never thought to inquire about it.

Mr. HULL. They should have inquired. Now, is there any other question in regard to it? If there are no other questions, I will simply say that, as far as I can see, there is no objection to the passage of this bill. You are simply taking property from the Illinois Central and giving them property in exchange. As a matter of fact, you are using the property in that way today and have been for some three or four years.

Mr. ARENTZ. I would say that until the committee finds out whether this land is held in fee simple by the railroad or not, or whether it is held according to the regular standard way of receiving rights of way, the bill ought to go over.

Mr. KAHN. Mr. Chairman, as nearly as I recall, the original right of way was held in fee simple by the railroad company. If I recall the testimony correctly, there was a mortgage on the land.

Mr. HULL. Let me read from the testimony. This question was asked by Mr. PARKER: "Do they own the title to the land, or do they own a title to the right of way?" The answer was: "They own a fee simple title to the land." That is the statement before the committee, made by Mr. Smith, special counsel of the Railroad Administration.

Mr. RANKIN. Mr. Chairman, that is no more binding on the railroad than for me to get up and say that I own it. The chances are three to one that they do not own a fee-simple title to the land.

Mr. KAHN. Will the gentleman yield?

Mr. HULL. Yes.

Mr. KAHN. Was that the testimony given by Mr. Smith, of the Railroad Administration?

Mr. HULL. Yes; Mr. Smith, of the Railroad Administration.

Mr. RANKIN. Did Mr. Smith say that he had gone to the records and investigated it?

Mr. WINGO. Will the gentleman yield?

Mr. HULL. Yes.

Mr. WINGO. I notice section 2 provides:

That the Secretary of War is hereby authorized to receive, on behalf of the United States, deed or deeds of conveyance, and release from the mortgage obligations of said railroad companies, to the old right of way of said companies, described as follows:

As I understand, the railroad has given the mortgage and issued some bonds. As a matter of fact, there are two bond issues, are there not?

Mr. HULL. I think so.

Mr. WINGO. How are they going to procure a release under the mortgage from the bondholders?

Mr. HULL. This bill is designed to give the right to the War Department to transfer the property—

Mr. WINGO. How can the Secretary of War compel the bondholders to give a release of their mortgage rights?

Mr. HULL. They will be compelled to do it before they get the transfer. If they do not want to take title to their own land—

Mr. WINGO. The railroad can not give the release.

Mr. HULL. The bondholders can give the release.

Mr. WINGO. Does the gentleman think it is a practical proposition to get the bondholders scattered throughout the United States to give them a release?

Mr. HULL. I imagine so.

Mr. WINGO. I wish the gentleman would give me the plan for doing it, for I know several that would like to have it.

Mr. HULL. I have no plan myself, but the bill gives the right to the War Department to carry it out, and I have no doubt that it will do it.

Mr. WINGO. The War Department has the authority to accept a release of any claim against the Government land in an Army reservation. The Secretary of War has authority to



accept a release because all on earth he does is to receive the paper, the release, and put it on file. You do not give him any more authority.

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. HULL. Yes.

Mr. PARKER of New Jersey. I have known many railroads and railroad mortgages, and there is always a provision in the mortgage for the release or acceptance, and it is done as an ordinary thing. In this case we had before us the attorney of the Government, who is a lawyer in Kentucky. He knew all about it, and he said that it had all been arranged.

Mr. WINGO. Did he say that he had authority from anybody representing the scattered bondholders?

Mr. PARKER of New Jersey. The bondholders are not scattered; they have given authority to the trustees under the mortgage.

Mr. WINGO. Is the gentleman sure that in the old form of railroad mortgage in the State of Kentucky the trustees have authority to release?

Mr. PARKER of New Jersey. I do not speak for the State of Kentucky, but I do speak for the whole United States.

Mr. WINGO. If the gentleman has studied railroad law, he knows that there is a peculiar situation in railroad law in Kentucky.

Mr. PARKER of New Jersey. I know that the trustees under a mortgage when they want to improve the road, or anything like that, have the authority to release for the benefit of the road.

Mr. HULL. I urged the passage of the bill and yield back the balance of my time.

Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. WALSH].

Mr. WALSH. Mr. Chairman, the language of section 2 in this bill is to authorize the Secretary of War to—  
receive, on behalf of the United States, deed or deeds of conveyance, and release from the mortgage obligations of said railroad companies, to the old right of way of said companies, described as follows:

And the concluding part of the section reads—

containing eighty-five one-hundredths of an acre, more or less, and being the tract of land acquired by the railroad company from P. A. Jones and wife, recorded in book 20, page 59, in the deed records of Hardin County, Ky.

It is true that the special counsel of the Railroad Administration has said that the railroads acquired the fee-simple title to the land, but what I would like the gentleman from Iowa to state is whether or not the fee-simple title to the land was acquired by this deed, which is referred to in section 2.

Mr. RANKIN. The gentleman from Iowa does not know.

Mr. KAHN. Mr. Chairman, will the gentleman yield to a question?

Mr. WALSH. I yield to the chairman of the committee.

Mr. KAHN. The counsel for the Railroad Administration informed the committee at the hearings that under a Kentucky law the name of every person who has deeded property to an owner must appear in the deed, to make the chain of title, and he assured the committee that on account of that rule in Kentucky it was very easy to trace the title. I imagine that if this is the only name that appears on the deed it shows that they gave the fee-simple title to the railroad and to nobody else.

Mr. WALSH. But the language of the section would make it appear doubtful, because in line 8 it refers to "said original right of way herein conveyed," and it would appear that all that was conveyed was the right of way, and they might have had what they call the fee simple title to the right of way, if there is such a thing, and still not have the title to the land. In view of the fact that this transaction is of some importance to the Government, and that apparently the War Department has not set forth to the committee with any definiteness the facts with reference to this conveyance, it would seem that the House ought not to act until we find out whether in fact the railroad company has a right to convey this land, or if all they are going to convey is just the right of way back to the Government.

Mr. KAHN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the statement that the committee has come to no resolution thereon. In that event, we will then be able to get the information which gentlemen require.

Mr. PARKER of New Jersey. I think we can dispose of this if we will insert the words "full fee simple title."

Mr. BLANTON. We could fix that by an amendment.

The CHAIRMAN. Does the gentleman from California make the motion that the committee do now rise?

Mr. KAHN. I do.

The CHAIRMAN. The question is on the motion of the gentleman from California that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SANDERS of Indiana, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7251 and had come to no resolution thereon.

Mr. KAHN. Mr. Speaker, I desire now to call up Senate bill 1574.

Mr. BLANTON. Mr. Speaker, before that is done I make the point of order that where a bill has been called up by a committee and the House resolves itself into the Committee of the Whole House on the state of the Union for its consideration there must be some disposition made of that bill before another bill can be called up. The previous bill should be referred back to the committee, or some action should be taken.

The SPEAKER. It strikes the Chair at first blush that the gentleman from California has a right to call up any bill he desires. He calls it up and the committee acts and reports, and then he can either call the bill up again or call up another bill.

Mr. KAHN. It is unfinished business.

Mr. WINGO. Mr. Speaker, I suggest that this is the situation: The chairman of the committee has called up one bill. We went into the Committee of the Whole for its consideration. The Committee of the Whole decided that it would not consider it further at this particular time, and it has reported the bill back to the House. The bill is now before the House and I think it would be the better practice if the gentleman from California would ask unanimous consent to defer further consideration of the bill. The House certainly has the bill before it and it has to do something with it. I do not recall any precedent and I am not interested one way or the other except that it occurs to me that if we do that we put it into the power of one man to defer the consideration of the bill indefinitely, which the House can only do by a majority vote on a question of consideration. After the bill is once brought up it is in the possession of the House, and while the chairman has certain rights in the way of motions he can not arbitrarily say that he will withdraw it from further consideration. If he will ask unanimous consent to defer the further consideration of it until after the consideration of some other bill, well and good.

Mr. WALSH. But the gentleman can withdraw the bill under these circumstances if he so desires. It does not require unanimous consent. The gentleman has called it up and he can withdraw it.

Mr. WINGO. The gentleman thinks the chairman of the committee can stop proceedings altogether?

Mr. BLANTON. But he has not withdrawn it.

Mr. WALSH. It goes over as unfinished Calendar Wednesday business of the committee, and if this is the last day of the committee's call on Calendar Wednesday, and this committee does not complete its program, then under the Calendar Wednesday business the committee has to wait until the next call of committees when it is reached.

Mr. BLANTON. Mr. Speaker, the point of order I make, and I do not do it captiously, for it is in the interest of orderly procedure, is this: The gentleman has the right to withdraw this bill from consideration, but the gentleman has not done that. It is still before the House.

The SPEAKER. The Chair thinks the gentleman ought to withdraw the bill if he so wishes.

Mr. WINGO. The parliamentary clerk I presume has not been able as yet to find any precedent, and in order to save the situation I suggest that the gentleman from California ask unanimous consent to withdraw the bill.

Mr. BLANTON. He does not have to do that.

Mr. KAHN. I shall do that in order to straighten out the situation. Mr. Speaker, I ask unanimous consent to withdraw the further consideration of this bill at this time.

The SPEAKER. The gentleman from California asks unanimous consent to withdraw from the consideration of the House at this time the bill just reported from the Committee of the Whole House on the state of the Union. Is there objection?

Mr. WALSH. Well, Mr. Speaker, it does not require unanimous consent. I do not desire to establish a precedent, and I object.

The SPEAKER. The gentleman from Massachusetts objects. The Chair thinks the gentleman has a right to withdraw it.

Mr. KAHN. Mr. Speaker, I withdraw the bill from consideration by the House.

The SPEAKER. The Chair thinks in the House the gentleman has the right to withdraw any motion or amendment he makes. The Chair will look the question up.

Mr. WINGO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WINGO. What becomes of the bill? Does it go back on this calendar or does it go back to the committee?

The SPEAKER. It goes back to the calendar, the Chair thinks.

Mr. WINGO. It is a new proposition to me, although it may have been settled, but my mind is a blank in regard to it.

The SPEAKER. The Chair will look it up.

Mr. GARRETT of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARRETT of Texas. The bill having been called up in order, does it not then become the property of the House?

The SPEAKER. Any motion that a gentleman makes becomes the property of the House, but a gentleman can always withdraw any motion at any time in the House, not in committee.

#### EXCHANGE OF SAMPLES OF ARMS.

The SPEAKER. The gentleman from California calls up the bill which the Clerk will report.

The Clerk read as follows:

An act (S. 1574) authorizing the Secretary of War to exchange with foreign nations desiring the same, samples of arms and equipment in use by the Army of the United States.

The SPEAKER. This bill is on the Union Calendar, and automatically the House resolves itself into the Committee of the Whole House on the state of the Union for its consideration.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1574, with Mr. SANDERS of Indiana in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 1574, which the Clerk will report.

The Clerk read as follows:

*Be it enacted, etc.,* That the Secretary of War be, and he hereby is, authorized in his discretion to furnish to a foreign nation by loan, sale, or exchange, for exhibition or study, such articles of arms, matériel, equipment, or clothing as have been issued from time to time to the United States Army or which have been or may hereafter be produced for the United States Army: *Provided*, That this authority shall not be construed to require such loan, sale, or exchange of any article in the production of which there has been embodied any method or idea which public interest requires to be kept secret or confidential: *Provided further*, That this privilege shall not be extended to a nation which does not reciprocate.

The committee amendments were read, as follows:

Page 1, line 5, after the word "of," insert the word "small."

Page 1, line 7, after the word "which," strike out the words "have been or may hereafter be produced for" and insert "may hereafter be issued to."

Mr. KAHN. Mr. Chairman, I yield such time as he may desire to explain this bill to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman, a year or more ago the United States requested of a friendly nation—I have the name here, but I am sorry to say I have forgotten it for the moment—a full sample of their regimental equipment, which included uniforms, arms, pack, and all sorts of things, perfectly public things, issued to the soldier, in order to have them here for inspection, and this friendly nation furnished and delivered them at its own expense. It has now requested of us a sample of our rifles and ammunition which are in the hands of every soldier. The Secretary of War thought, under the statutes, he had no right to extend this courtesy to that friendly nation, but had to sell under certain provisions all arms that he did not issue in the Army. The officer who reported this action to the committee stated that he thought the Secretary was perhaps a little too careful about the law, and that in a trifle of that sort he could have supplied them. But the bill comes before us. It was drawn by the War Department a little loosely, as we thought, because it includes the words "everything that has been produced or may be produced," and some of those things produced might be secret; therefore we limited it to the articles actually issued to the soldier. All arms are not issued to the soldier; that is, cannon are not, and are in the hands of the captain; but small arms are, and we amended the bill so as to apply only to small arms, and as it is worded now we think it thoroughly guards the interests of the United States. It is to the interest of the United States that we should be able to inspect all arms which are issued to soldiers elsewhere. It is to the interest of the United States that we should in proper cases afford a like courtesy to other nations.

Mr. RAKER. Will the gentleman permit a question?

Mr. PARKER of New Jersey. I will.

Mr. RAKER. I find in lines 4 and 5 of the bill this language: "That the Secretary of War be, and hereby is, authorized in

his discretion to furnish to a foreign nation by loan, sale, or exchange" certain articles. What is the Secretary of War going to do? Is he going to exchange or loan or sell such articles?

Mr. PARKER of New Jersey. It depends upon the case. In the particular case to which I referred we received as a favor a full regimental equipment of a soldier. In this case it would amount to an exchange when we loan them or give them to the other nation.

Mr. RAKER. Who is going to determine where there should be an exchange or a sale or a loan?

Mr. PARKER of New Jersey. The Secretary of War, according to the courtesy of each case, and it is a mere courtesy, they being nothing but samples.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. PARKER of New Jersey. I will.

Mr. GREENE of Vermont. I think gentlemen who may be interested in this broad general subject will find in the Smithsonian Institution or in the National Museum down here a very excellent collection of the very things which are comprehended by this whole bill.

Mr. RAKER. What I was getting at was that the word "sale" seems to cover the whole business. If it is a loan or an exchange, the Secretary of War has something on which to go.

Mr. GREENE of Vermont. This collection in the National Museum is very extensive and is being added to from time to time and is intended to represent the standard military dress and accoutrements of the armies that took part in the World War. It is an educational matter.

Mr. RAKER. The purpose of this bill is to be able—

Mr. GREENE of Vermont. To do the same thing that other people do, and make a reciprocal exchange. The word "sale" is a safeguard there in case there should be a peculiar thing about some odd part of the collection that has heretofore been made because the law of some nation may be unyielding about making a gift of it, or the collection may be in the hands of a private person.

Mr. RAKER. Is it not a curtailment on the Secretary of War to use the word "sale"?

Mr. GREENE of Vermont. I think the word "sale" was put in with these other words denoting courtesy and exchange simply as a precaution, so that if there is a special thing that the law of a country does not permit to be offered free it would provide for purchasing it.

Mr. PARKER of New Jersey. I would say in addition to that that sometimes it is to a museum, and museums buy.

Mr. GREENE of Vermont. As I said before, there is a possibility that some of these things to complete a collection may of chance be in private hands. That is all. There is no other use for it at all when it is obvious that no particular military secrets shall be given to other nations.

Mr. RAKER. In other words, other nations want our accoutrements for exhibition purposes?

Mr. GREENE of Vermont. It is the same thing that they see on the soldier that they want for these collections.

Mr. HARDY of Texas. I am desirous of knowing, having just seen this bill for the first time, what good can come of it. I would like to have the gentleman explain. It seems to me the only good it can accomplish would be to gratify the vanity on the part of somebody that wants something.

Mr. PARKER of New Jersey. I think not, sir. It is for the purposes of instruction.

Mr. NORTON. I would like to ask the gentleman what we maintain a military establishment for?

Mr. PARKER of New Jersey. To use.

Mr. NORTON. Use it by telling other people what we have got?

Mr. PARKER of New Jersey. Well, we can make better arms by knowing what they have got.

Mr. NORTON. Then why give the information to them?

Mr. PARKER of New Jersey. I was going to explain to the gentleman—

Mr. HARDY of Texas. Would it not also have a tendency to give other nations the benefit of our improvements and knowledge in arms and weapons of the kinds specified, and will it not have the further tendency, probably, of being an advertisement for the sale of munitions by our manufacturers?

Mr. PARKER of New Jersey. No, sir. I will state what the advantage of it is. During the last war the Allies put everything at our disposal. The 75-millimeter gun used by the French had some parts of it that were absolutely a secret. They put those parts at our disposal. Their small arms we always had. Any soldier that happens to desert or go away can give his small arms to somebody else. But we did not



have the guns. We obtained their secrets as to fuses. We used their artillery on the field. We have been all these years finding out that the nations who want peace ought to be at the service of all nations that desire peace. We have studied such small matters. We have seen better packs, and better shoes, and other things, that have been issued regularly to the soldiers, and we want to try the foreign make alongside our own to see whether our own is better than any other. They are doing so with our equipment. Is it not better that it should be done by courtesy than that it should be done by secretly obtaining these articles? I am thoroughly convinced that courtesies of that sort tend not only to the peace of the world but to the military preparation of the nations that afford such courtesies and receive them. Now, it ought to be limited, and it is carefully limited by this bill, to small arms and equipments. It does not apply to other matters. It is carefully limited in this bill by saying that nothing shall be given out which is secret, the proviso being:

That this authority shall not be construed to require such loan, sale, or exchange of any article in the production of which there has been embodied any method or idea which public interest requires to be kept secret or confidential.

And there is the further proviso:

That this privilege shall not be extended to a nation which does not reciprocate.

It is carefully guarded, and is for the benefit of the Army of the United States.

Mr. WALSH. I would like to ask the gentleman how we have secured all this information in the past?

Mr. PARKER of New Jersey. By the courtesy of foreign nations. In the old times we used to reciprocate. We did not have such careful statutes that prevented getting rid of any material except by sale.

Mr. WALSH. Have the foreign nations been doing this, and has our Nation reciprocated in the past?

Mr. PARKER of New Jersey. They did in this last case.

Mr. WALSH. I mean before the last war.

Mr. PARKER of New Jersey. I think before that time we did it. I am not sure. We did not go into that.

Mr. WALSH. This is placed upon the basis of the United States securing some benefit. I would like to know how we got the benefit in years gone by.

Mr. PARKER of New Jersey. We got the benefit by the courtesy of the nations or, if not, by getting old uniforms that had been discarded. I want to add one thing more, which is a matter of quite some interest.

Mr. RAKER. Will the gentleman yield for a question?

Mr. PARKER of New Jersey. Yes, sir.

Mr. RAKER. What is there in the way of equipment or arms or clothing that anyone can get, except the rifles that we used during the war?

Mr. PARKER of New Jersey. They can not get the uniforms, because they are junk.

Mr. RAKER. Everything that was used in the Army, except that which is secret, has been sold as junk to dealers, and they are selling those things now.

Mr. PARKER of New Jersey. No man can wear the uniform unless he is in the Army.

Mr. RAKER. I mean selling them.

Mr. PARKER of New Jersey. I think they are only sold as junk, but I am not sure.

Many years ago, during the Franco-Prussian War, I went to Berlin. It was just after the triumphal entry of the German troops into Berlin, and things were in confusion, and as a visiting American I got what I found was a curious permit, by which I was permitted to go into the private house of Emperor William I of Germany, on Unter den Linden. In that house there were many things that interested me. At his desk and alongside of it was a plan of the Battle of Sadowa—Koenig Gratz—in relief, and on the mantelpiece and all over the walls were little manikins showing the equipment and uniforms of the Bavarians, Saxons, Hanoverians, Prussians, and Austrians, showing that that great military man found that in such particulars of uniforms and equipment were to be afforded subjects of sufficient importance for his consideration.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from New Jersey yields back the remainder of his time.

Mr. KAHN. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 20 minutes, and the gentleman from California [Mr. RAKER] has 40 minutes remaining.

Mr. KAHN. I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

The CHAIRMAN. The gentleman from Texas is recognized for 15 minutes.

Mr. BLANTON. Mr. Chairman, long before I came to Congress, from reading the CONGRESSIONAL RECORD and noting the debates that then occurred here from time to time, I formed the conclusion that the biggest Republican in the House of Representatives was from the State of Illinois, and that his name was JAMES R. MANN. I have been here over five years, and I have been intimately associated in work here with him on the floor day after day, and I have not changed that opinion. I still believe that he is the biggest man you Republicans have in the House, and I will tell you one reason why. He is a man of great discernment. On the 25th day of July a colloquy occurred here between the said gentleman from Illinois and the leader of the majority, the gentleman from Wyoming [Mr. MONDELL]. The gentleman from Illinois then told your leader what he and his party ought to do. He told the gentleman from Wyoming that there were a few conference reports that ought to come in here and be passed, so as to enact such bills into law, and he advised him that as soon as that was done your leader ought to take a recess during the present dog days, because, he told him, that if he held the House of Representatives in session there would be nothing but chicken-feed measures considered here from then on.

His prediction has come true. What have we witnessed here during the last week? The great Committee on Military Affairs has been bringing in what it calls "legislation" here for a Congress to remain in session during the dog days to pass. And what is the "legislation"? Last Wednesday it called up a good bill to distribute captured cannon, not one like the present to give and sell munitions of war to other nations, but to distribute the cannon that the brave soldiers of this country valiantly won in battle in the trenches in France; to give their own captured German cannon to them as their spoils of war. All of our ex-service men wanted that bill passed. That bill was brought up here, and because of a little fight against it, a little floor maneuver against it, the gentleman from California [Mr. KAHN] took stage fright, and stampeded in broken disarray from the encounter, after his bill had been recommitted to the committee, and since he carried it back to the committee room we have never heard of it. And both he and his committee seem to be too timid to bring it back. That concerned the soldiers of this country who had brought back from France those treasured trophies of an incomparable world victory. That bill had merit, yet he let it die.

What was the next bill? Then he brought in the little chicken-feed bill here to establish military succession in selection of the personnel of our Army. The House killed that for him.

Mr. MCKENZIE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. MCKENZIE. The gentleman wants to be fair, I know, to the chairman of the Committee on Military Affairs.

Mr. BLANTON. Yes.

Mr. MCKENZIE. He took the cannon bill back to the Committee on Military Affairs by the order of this House.

Mr. BLANTON. Yes; and he never has brought it back, but let it die.

Mr. MCKENZIE. I know, and I hope he will not soon. If he had seen fit to—

Mr. KAHN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I was with the gentleman on that bill. I am trying to protect him on it. While it was not a great constructive measure, it had merit, because our ex-service men were entitled to have their captured German cannon distributed in their States.

Mr. KAHN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. KAHN. The committee had one meeting since. It had no quorum present; but even then I tried to bring the bill back, but there was a majority against it.

Mr. BLANTON. And that shows just what I said, that the gentleman from Illinois [Mr. MANN] is the biggest man you Republicans have in this House. He knows more than all of you. He told your leader that if he kept you here you would be passing nothing but chicken-feed measures. He told you that you ought to recess. He told you that the country would be safer and better off with all of us at home instead of passing foolish measures here. Ever since he told you that you have not even passed chicken feed; you have been trying to pass it and have failed. Every bill that comes up is either killed or sent back to committee or has its enacting clause stricken out. A surgical operation is performed on every one of those bills.

Take the bill you had up on yesterday, to increase the cadetships at West Point by putting in Army officers' sons in the place of the boys from our own districts. I honor the gentleman from

Indiana [Mr. BLAND] for making the motion to strike out the enacting clause of that bill. I have fought it ever since it was first proposed. Take also the little old bill that was called up here some few hours ago, to transfer property of the United States to a railroad for its old abandoned right of way, right in face of the fact that every lawyer here knows that likely by abandoning same the title to such old right of way reverted to the original owner. There are just four ways by which a railroad right of way is acquired. First, it can be bought outright; second, it can be bought for a specific use, providing that when the use ceases or it is abandoned it reverts back automatically to the original property owner. Third, it can be acquired through a donation, and in almost every such instance of donation you will find a reversionary clause. Then, fourth, it can be acquired by condemnation proceedings, and under the law of condemnation the very minute the right of way is abandoned the property reverts to the original property owner.

And yet the great Military Affairs Committee brought in here a bill to give Government property to a railroad company in exchange for property to which the railroad company probably does not hold any title to-day, because the title has probably reverted back to the original property owners, having been abandoned. And when it was convinced of this defect the chairman withdrew this bill from consideration after it had been debated for some time.

Then the Committee on Military Affairs called up this bill to exchange war munitions with other nations. Now, if I came from the State of Connecticut, like our good friend Mr. TILSON, probably I would be in favor of this bill, because it is the biggest advertisement abroad for the arms and munition makers of Connecticut that you can think of.

Mr. LAYTON. Would it not be all right for business?

Mr. BLANTON. We are not in the military business. We are in a better business than that. Germany was in that business, and now her Kaiser is ostracized from his own country. He is an exile in a foreign land. And yet he is going unwhipped of justice. He does not deserve even as good as he is getting. He deserves the most severe punishment the ingenuity of man can devise. We are not in the military business. What good could come from a bill of this kind? The gentleman from Illinois [Mr. MANN] knew what he was talking about when he told you that you ought not to be taking up the time of the House with this kind of a measure. It just shows you how ridiculous the great Military Affairs Committee is making itself, despite the fact that it has some splendid men in its personnel, just how it will deteriorate when it is forced to work during dog days; it can do nothing else than bring in a lot of little chicken-feed measures that would make a State legislature look ridiculous before the people. Are you in favor of this kind of a bill? Do you want to exchange and sell our guns and other war munitions to foreign Governments? Do you want to see Congress advertise the kind of rifles that are made by our good friends in Connecticut? Are you in that kind of business? Are you wasting the people's time and money in passing such advertising legislation? I am not. I am against this bill. You ought to do to this bill just what was done to the military succession cadet bill yesterday and strike out its enacting clause.

Mr. KAHN. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, it is highly probable that my objection to this bill could be cured by amendment, but I certainly can not give my consent to vote for it as it is now written.

The great movement that has been set on foot by this Congress to bring about an agreement for disarmament in the world certainly has my hearty approval. It ought to have the approval of every man who has any conscience and who is intelligent enough to look back across the last decade and see the destruction that has been wrought by the militarism so insidiously practiced and taught by the autocrats of the world. I want to say now that in my opinion this bill contains great danger for the people of the world who have not reached that degree of civilization perhaps attained by the people of this Republic, if not for the American people also. I am opposed to it for this reason. We are told that there is to-day a great awakening of the nations less civilized than ourselves. For instance, look at the Orient. Napoleon said on one occasion that you would awake the Orient some day and that she would give the world trouble. What do you propose to do by this bill? You do not propose to give them discarded guns that were used in the World War, but you propose to furnish them not only with everything perfected in that way but furnish them with and keep them informed of everything that is developed and issued to the Army of the United States.

I do not doubt that within your lifetime and mine, if we should happen to attain the age of three score years and ten, we will see the Orient, or a part of it—China, for instance—aroused to a point of military development that she has never before attained in the history of the world. Are you going to lend the force of American genius to that movement? If you furnish them with everything that is developed in a military way, they will secure instructors from other sections of the world, and you will plant among those nations that very germ of militarism that has just exhausted the manhood and resources of the western world to check or subdue. Take, for instance, the little nation of Liberia; take the nations of the West Indies which are all clamoring in that direction. If you are going to furnish them with every invention that America perfects in the way of small arms—and that is all they can use—at the same time you will directly or indirectly furnish them with instructors who will teach them how to use them, and in the years to come when they break forth in their destructive cyclones of war as a result of their military training and instruction at least a part of the responsibility will be laid at our door. I would not mind furnishing them, for their museums, for their parks and public places, samples of those things that were used in the World War, with which all the world is now familiar, but I am certainly opposed to going further and keeping them informed of every step that is taken by the inventive genius of America in the art of destruction of human life. I may be alone in my contention—I may be wrong or I may be misled—but I for one shall most assuredly vote against this bill unless that defect is cured by amendment.

Mr. McKENZIE. Will the gentleman yield?

Mr. RANKIN. Yes; I yield to the gentleman from Illinois.

Mr. McKENZIE. I want to get the gentleman's opinion on one matter. He spoke of China. Does not the gentleman believe that China would have been infinitely better off if she had had a little militarism and had not been compelled to submit to the outrage, so called, of the Shantung proposition?

Mr. RANKIN. My friend, if you will excuse me, that question absolutely carries the germ of the Kaiser's arguments. That is exactly what the Kaiser talked to Germany for 40 years, and look where he is. China would possibly have more influence and perhaps Japan would have none, but the argument that you better a nation by teaching it militarism is a farce, and civilization is paying the penalty of it to-day. No; you will not do them any good. If they were as well instructed to-day in military tactics as the Germans or the Japanese, the entire Chinese Republic would probably be weltering in a sea of blood.

Mr. McKENZIE. Does it not naturally follow that if you were to pursue the course that has been pursued by China you eventually become a nation of slaves to some other nation?

Mr. RANKIN. I am not advocating the course pursued by China; nobody else is advocating such a course; but I am trying to avoid the course pursued by Germany. [Applause.]

Mr. LAYTON. Will the gentleman yield?

Mr. RANKIN. I will.

Mr. LAYTON. As a matter of fact, we have a certain bill under discussion, and I do not think it involves China. The essence of the bill, if I understand it, is simply to bring about a matter of reciprocal courtesy. There is no purpose in the bill to let any nation, big or little, on the face of the earth have any of our inventions that they can not get now.

Mr. RANKIN. Oh, yes; the bill says that any that "may hereafter be issued to the United States Army." No matter what you invent, it is included. I want to know what in the name of God you would get in a reciprocal way from Liberia in the way of modern invention of small arms or matériel? This is a one-sided proposition and carries the germ of teaching the semicivilized nations of the world the practice of militarism. That is what there is in it, and I am opposed to it. I see no argument in favor of it. You simply drive right down that old beaten path of militarism that has led to destruction every nation that has followed it from the Roman Empire down to the present day. It is right in the face of the doctrine you are preaching, the doctrine that the President is preaching, when he calls the nations to meet for disarmament. [Applause.]

Mr. LAYTON. It is a mere matter of courtesy and exchange of small arms known to the whole world and of which any individual can get a specimen. Does the gentleman think that is going to destroy the idealism of the world?

Mr. RANKIN. Oh, I can kill my friend from Pennsylvania here [Mr. WYANT] with a pistol borrowed through the courtesy of the gentleman from Delaware [Mr. LAYTON] just as easily as I can with one stolen or purchased with my own money. There is no difference in the proposition. I am opposed to it, and I sincerely hope the bill will be defeated. [Applause.]



Mr. KAHN. Mr. Chairman, I move that the committee do now rise and report the bill to the House.

Mr. RAKER. Oh, Mr. Chairman, I demand recognition for an hour.

Mr. BLANTON. The committee amendment has not been agreed to yet.

The CHAIRMAN. Is the gentleman from California opposed to the bill?

Mr. RAKER. I am opposed to the bill.

Mr. KAHN. Nobody indicated, Mr. Chairman, that he wanted time in opposition.

Mr. RAKER. I was waiting until the gentleman got through.

Mr. KAHN. The gentleman allowed me to use all my time, and then rises to oppose the bill.

Mr. RAKER. The gentleman was firing so fast that I had no chance to get in. [Laughter.]

The CHAIRMAN. The Chair will suggest to the gentleman from California that the committee amendment has not been agreed to yet.

Mr. RAKER. Mr. Chairman, I am going to use a little time and then reserve the balance of it, yielding it to those opposed to the bill. There could be a great deal said in opposition to this bill and the principle of it and the purpose of it. There is nothing in the report to show the necessity for it. There is nothing to show upon what the committee acted. There is nothing in the report to indicate what is to be gained by the exchange of these articles. What nation can not get the articles that it wants to exchange the report does not show. I doubt if there is anything in the hearings to show it. If I am advised correctly, people can go to the secondhand junk stores and secure any of these old rifles and equipment, although no one knows how they came by them. But that is not the purpose of this bill. This is unlimited. Any nation can get any quantity it desires under this bill to supply every schoolroom and every public place and educate people as to the kind and character of munitions used by the United States. The wonderful record made by this country in the late war on account of its men and its munitions will make every other nation desirous of getting the small arms and equipment of the United States. Now, any nation that wants to can procure every kind and character of machinery, guns, clothing, and material that was used, and place them in its schools and libraries. For what purpose? First, to get its nationals in the attitude of warlike disposition. Second, to be like the Americans, because we were good fighters, and this material was used in the fighting; therefore the people who arm themselves with them will always be ready to fight. Having used the same kind of material that the United States uses, whenever they want to they will be willing to fight, and think that they can whip any other nation in the world because they use the same material that the United States uses.

Mr. RANKIN. Will the gentleman yield?

Mr. RAKER. I will.

Mr. RANKIN. Does not the gentleman think that this bill will tend more to result in a world-wide distribution of American munition manufacturers than any other one thing?

Mr. RAKER. I was using the other argument first, but when one lets his imagination run a little further he will see that after it has been demonstrated that this kind of material was used by the American Army so effectively, it will increase the demand on the manufacturers, and they will be selling this material to the United States to be scattered all over the globe; and, being war material, they will be ready to fight and prepared to fight. Nothing gets a man into a fight so easily as to carry a six-shooter in his pocket and a dirk under his vest on the left-hand side so that he can get it easily.

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. KINCHELOE. The gentleman said that the report does not show the purpose of the bill. Does the gentleman not think the effect of the bill in extending this harmless military courtesy to the other nations will be to give these other nations a knowledge of our military strategy and of the mechanism of arms so that if we ever go to war with them they will know all of our military secrets?

Mr. RAKER. Not only that, but these small nations and places scattered all over the world will immediately apply for a full equipment for many locations in their countries to the end that their people may get the same kind of an idea and use the same material that the Americans used, because it was effective. They will want all of their men prepared with American munitions, in order to go forward at the drop of the hat.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. RAKER. Yes.

Mr. LAYTON. Does the gentleman assume that under this bill we will be furnishing any nation, big or little, with a speci-

men of weapons of war which the gentleman himself or any other citizen of the United States can not get, or which any foreigner can not get now, by merely going and purchasing them? If the gentleman assumes that and can show me that, then I shall vote against the bill.

Mr. RAKER. Yes; this is the purpose of it. When the Government is behind anything, the people will more readily buy, and they will more readily adopt it, and this particular locality or community will say that they obtained this full equipment from the United States, through the War Department, and that it is authentic, and that they can see the brand of a man who made it upon the material and the firm that has it for sale. They will then be told that the American soldiers and the American people used this equipment in winning the war, and that they should be prepared by sending and getting a supply of this kind of equipment, so that they may be ready for the scrap when the time comes. They will all be looking for it. Instead of trying to encourage people by advancing them in education, instead of trying to improve agriculture and good roads, instead of developing the mind, we are working upon the old system of a hundred years ago for militarism. Anyone traveling through France or Italy is met at every turn with what occurred 200 years or 100 years or 50 years ago, and it is all militaristic. Instead of having erected the statues of men who accomplished something in the ordinary walks of life to better humanity, we find the reverse. We do not want to be advertising our articles of death and destruction.

We do not want to send to the little children and women of other countries the word that we used this kind of gas mask and this kind of gas whereby we could destroy human beings. It is bad enough to have it locked up and kept inclosed and within the knowledge and confines of the War Department, so that if we do need it it is ready; but let us not advertise our barbarism; let us keep it under cover and use it only when it becomes necessary.

Mr. LAYTON. What was the gentleman's attitude and vote on Mare Island, for instance, and these other military and naval establishments.

Mr. RAKER. O, my dear Doctor, let me tell you this: I am for Mare Island and I am for any other place that ought to be located as that should be. We ought to have repositories of sufficient munitions of war and matériel to protect our country.

Mr. LAYTON. Then the gentleman is not a pacifist; he is for preparedness?

Mr. RAKER. Very few people put me down as a pacifist, and if any do they misjudge me.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. RAKER. In a moment. That is a very different thing. We are here looking to our own home and preparing for ourselves, and can not the gentleman see any distinction between our having these necessary equipments within the knowledge of the War Department, properly cared for, properly preserved, and advertising them and sending them broadcast over the world as samples of the means whereby we may disembowel a man or by which we may destroy a hundred who may be worshipping in a church?

Mr. LAYTON. I told the gentleman he might have my vote, and I shall give him my vote if he will show me that by this bill we will furnish any military secret of any kind whatever to any nation, big or little.

Mr. RAKER. You can not help it. This is up to the Secretary—

*Provided, That this authority shall not be construed to require such loan, sale, or exchange of any article in the production of which there has been embodied any method or idea which public interest requires to be kept secret or confidential.*

So that, so far as the present wording of the bill is concerned, the Secretary of War could give our future military secrets to any foreign nation. Do we want that? Certainly not. I yield to the gentleman from Texas.

Mr. BLANTON. As the only excuse for passing this measure, the proponents of it say that everything that we issue to our soldiers other countries can get anyway; hence, as a matter of courtesy, we ought to thus provide for the gift and sale of munitions to each nation. Now, what I want to know of the gentleman is this: Is any good going to be derived from our sending some of our munitions of war over to a country and saying to it, "We are courteous to you in peace, but here is what we are going to kill you with if we have any trouble with you; here is the bayonet with which we will stab you, and here is the deadly rifle ball which we will drive through you, and here is the new-model machine gun with which we will tear you to pieces." Is any good going to be derived from that?

Mr. RAKER. No. I believe in having a sufficient amount of these matériels on hand and men capable of using them, and not telling the other fellow when and how you are going to use them, and, if necessary, to use them very effectively and to final results; but I do not think we should advertise to the world that we have these things and send them abroad for everybody to study. The bill should be defeated. I reserve the remainder of my time and yield five minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES of Texas. Mr. Chairman, I think there are two good and sufficient reasons why this bill should not be passed. In the first place, I do not think the bill is timely, even if it had any merit, and I do not think it has any merit, even if it were timely. In the first place, I can not understand why it should be considered important just at this period of our country's history to bring in one military bill after another. For a long period of time, in fact practically ever since the war ended, and as a matter of fact during the war, the cry went up continuously that we were fighting a war to end wars. As soon as the war was over the cry went up that we wanted to establish a policy and to provide a system which would tend to bring peace on the earth. A disarmament conference of the nations of the world has been called for November 11.

Neither this Nation nor any other nation is going to crash in the meantime. Every thinking American, every citizen of all the world who believes in peace, in prosperity, and in progress, is hoping that something will come from that conference that will give the world a surcease from destructive conflicts that have cursed the world heretofore. Why should we adopt any military measures in the meantime in so far as changing the system or strengthening the system is concerned. Within the last few days, just when there has been the most talk of this conference, the chairman of the Committee on Military Affairs has been here with a pocket full of bills, and when the House throttles him on one bill he reaches out seemingly in the air and draws down another measure. I do not know where he finds them, but as fast as the House votes him down on one, like the magician, he pulls another out of the hat and presents it to the House for its consideration. I would like to see the attitude of this Congress and of the American Nation be such that we would say to the world that we are going to rest right here, plant our pickets thick, and cease any further step in the form of militarism until final action is had by the disarmament conference.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. COOPER of Wisconsin. I notice that this bill would permit, if enacted into law, the Secretary of War to sell arms to any foreign nation and without any restrictions as to quantity?

Mr. JONES of Texas. Yes.

Mr. COOPER of Wisconsin. And it says for exhibition or study, but after we have sold the arms to the foreign nations we can not prevent them from using them as they please, can we?

Mr. JONES of Texas. Not at all; of course not.

Mr. COOPER of Wisconsin. Now, then, is not this attempting to enact a bill into law which in effect we defeated some weeks ago?

Mr. JONES of Texas. It seems to me that it would accomplish that purpose, and I thank the gentleman for the suggestion.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAKER. I yield the gentleman five additional minutes.

Mr. BLANTON. Mr. Chairman, the gentleman is making such a good speech I think we ought to have a quorum, and I make the point of order there is no quorum in the committee.

The CHAIRMAN. The gentleman from Texas makes the point of order that there is no quorum. The Chair will count. [After counting.] One hundred Members are present, a quorum.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. JONES of Texas. For a question.

Mr. DAVIS of Tennessee. In view of the fact that the American people are not burdened with taxes at the present time, and the public exchequer is full to overflowing, does not the gentleman from Texas think that the Government can afford to buy these different arms from the manufacturers and send them out to other nations as samples and pay transportation charges, with a view of obtaining sales for these different implements for these different manufacturers?

Mr. JONES of Texas. Yes; Brutus is an honorable man. I think the manner in which my friend asks the question indicates the answer, and that no further answer need be made. Now, my friends, when my father and mother were small I

have heard them say that in those days no man's education was considered complete until he had seen the Mammoth Cave. In this day and time no one ever speaks of going to the Mammoth Cave. The reason of that is this: The advertising man is dead. Nobody ever advertises the Mammoth Cave any more. The way the world has been kept in a warlike attitude, the manner in which people have been aroused to interest in the various forms of destruction has been by the method of advertising. I have never heard of a better system of getting advertising of arms and ammunition of warfare, of death and destruction, than is supplied by this bill. [Applause.] It not only authorizes the United States Government to swap arms so that such methods of destruction may be advertised abroad, but it says, let us get them up here where we can show to the children of the coming generation the various means and methods which the genius of man has conceived and contrived to bring destruction to one another and to the progress and prosperity of each other. It also authorizes a sale in unlimited quantities. I do not think the Secretary of War would use it for that purpose, but that is no excuse for loose legislation. This bill puts the United States, or rather the Secretary of War, if he wants to do so, in the attitude of going into the business of selling arms to the various nations of the world with which they can turn around and smite us if they see fit to do so—at least, such action is made possible by the bill. The trouble with the world to-day has been that in the histories that are taught the school children the war hero, and the war hero only, has been idealized. Much has been accomplished in war, and much has also been accomplished in peace, and both should have a place in history. I thought when I was a boy that Napoleon, Hannibal, Alexander, and the various military heroes of the Old World were the greatest men who ever lived on the face of the earth. We constantly advertise that as a fact; we constantly talk it and drill it into the minds of children. We have taught them to worship the purple robes of authority and the shining lance of power. That is what is the matter to-day, and that is the effective method that those who are carrying on that kind of propaganda in this and other countries are using to contravene the very purpose that those have in mind who are trying to bring about disarmament and a surcease from the burdens and sorrows that are incident to warfares between the nations of the earth.

I do not believe a more unwise bill could be passed at any time by this Congress. If we have any military secrets, if we have any powerful weapons of destruction we might want to use sometime, what good will it do us to give them to the other nations of the world, and if we are not going to give them our secrets what is the use of swapping our nonsecrets when they will only swap us their nonsecrets. If this Nation or any nation wants arms or outworn war implements for use in museums, it will be easy for such nation or nations to secure them, without cluttering up the calendar and taking up the time of the House with special legislation on the subject.

Mr. RAKER. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman, hundreds of bills are offered either to compensate in some way for past wars or to prepare for future wars. Ninety-three dollars of every \$100 spent by this Government are for these purposes. Think of it, \$93 for past and future wars to every \$7 for all other purposes. What an argument for a sensible disarmament program.

Oh, that all wars would forever cease and there be a reign of perpetual peace. The United States spends \$93 for past and future wars for every dollar spent for the education of children. Ninety-three times as much is spent to pay for killing folks as is spent in preparing the boys and girls of our country to live. Something is radically wrong somewhere. Our last appropriation bills carried in round numbers seventy-seven times as much for other purposes as was carried in the Agricultural appropriation bill, and yet out of the one seventy-seventh that the Agricultural appropriation bill carried, probably 90 per cent is for officers, overhead expenses, and so on, with only 10 per cent actually going to the farmers. So as a matter of fact out of every \$700 appropriated by the Congress less than \$1 really gets back to the farmers. Congress appropriates nearly as much of the people's money for the city of Washington as is appropriated for the entire agricultural interests of the whole Nation.

Mr. Chairman, I protest. It makes me sick at heart to think of it. How can this lamentable situation be remedied? The farmer is the greatest factor in the Nation's existence. Nothing of importance can be done in the Nation's life without him. He is our savior in war and in peace. If you would prepare for war, help the farmer. If you would prepare for peace, help the farmer. If you would solve railroad problems, labor unrest,



financial difficulties, and make this Government steadfast and secure, help the farmer. Make his burdens lighter and his pathway easier, so that, happy and contented, he may properly feed and clothe all humanity, giving a new life to all industry and making his fellow creatures everywhere happy, thus proving the fruits of his toil to be an ever-new refreshing benediction and receiving therefor his full and just reward. [Applause.]

The farmer supports all. He made and saved the Nation, and yet the Congress does practically nothing for him. Without the food of the farm the last war would have been lost. Without the boys from the farm it would have been lost. Without the farmer all would have been lost. In fact, without the farmer all that is worth while in this Nation would have never been. [Applause.]

Mr. Chairman, if the farmer, the laboring man, and the common folks are prosperous, the prosperity they enjoy flows to all mankind. But when the rich become richer and the mighty mightier, the poor become poorer. Very few are the crumbs to fall from the rich man's table for suffering humanity. If we could only see that by helping the farmer to produce to the limit, by helping him finance his enterprise, by helping him to market his products, and by helping him in every proper way, we would help the railroads by giving them more freight to haul, so the railroads could reduce freight rates and yet make more than the roads make now.

Thus the farmer would be enabled to help solve labor problems by giving the laboring man more and better food and clothing for less money. There would be a greater production, a better system of marketing, and a fairer distribution, and much of the present unrest would be eliminated. The financial situation would be helped. The farmer would pay those he owes. The money would flow from one individual to another. The deposits of small banks would increase. The larger banks would be prosperous and all the country would be benefited.

Then, why can not things be thus? I admit I do not know. It seems to me everyone here would agree that legislation for the farmer is of first importance, and yet I am shocked almost beyond expression at the fight made here against every move for the farmer. In spite of the efforts of those of us who fight for the farmer, the Congress not only does nothing of much consequence for the farmer but the burdens of the farmer are made heavier and yet heavier. The last tariff bill to pass the House is an example of this kind of legislation. A tariff was placed on practically everything the farmer buys, and yet there was practically no tariff left on anything the farmer sells. Even potash, an ingredient used in fertilizers, used in seven Southern States, is taxed \$50 per ton, increasing the cost of fertilizers about \$10 per ton. Every friend of fair play and of the country should join in the fight some of us are waging to get the Senate to take this tariff off before the bill finally passes.

Mr. Chairman, it is time for us to legislate for the farmer and quit talking about it. We have to fight here not only for the farmer but we have to put forth our best efforts to keep the enemies of the farmers here from passing legislation which would mean the ruin of the farmer and the Nation. The newspapers carry glaring headlines about legislation to be passed for the farmer, and yet a casual examination of the proposed legislation shows little or nothing helpful directly for the farmer. During the last few days much has been said about legislation now pending authorizing the War Finance Corporation to loan money to the farmers. I have studied closely the bill which passed the Senate, and I confess I see very little direct benefit for the farmer in it. The bill takes care of exporters of cotton, who now hold much of the cotton produced last year. I find that it provides for the buying of securities and notes from the individual or corporation who is engaged in shipping farm products across the Atlantic Ocean. I realize when you do that, when you help the export business you help indirectly the farmer who sells to the exporter; but after all you are helping directly not the man that farms but the man who makes money out of the farmer.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. LANKFORD. I will.

Mr. STRONG of Kansas. If you do not export the surplus of farm products you can not have prosperity for the man who raises the products, can you?

Mr. LANKFORD. I agree with you absolutely. But I want to help the man who produces, directly and not by indirection, and that is the purpose of a bill recently introduced by me. Let us amend the Senate bill so as to do this. Of course, if we help in the exportation of cotton, we help indirectly the producer of cotton. I am not shortsighted enough not to see this, and I favor this. But I want the bill to go further and help the man who produces cotton, as well as the cotton factor who

ships the cotton across the seas. I want to help the man who made the cotton last year and got practically nothing for it, or who is still hanging on to it, much more than I want to help the man who has bought that cotton for a song and is now to get help from the Government to ship it at a splendid profit. I want to help the man and his wife and children who are now struggling to make more cotton, much more than I want to help the corporation which will later buy that cotton. I want to help the farmer who lost on his cotton and other products last year, and who will probably lose this year. I want to help the farmer who, on account of present conditions, can not pay his debts, however much he wants to pay them, and who lies awake at night and tumbles in his bed because his taxes are falling due and the interest on the loan on his farm is rapidly coming due, and he does not see how on earth he is to meet either of them.

I want us to help the farmer himself, and not devote all our energies to helping the man who makes his living not by farming but out of the farmer. I know there is a provision in the Senate bill authorizing the purchase of \$100,000,000 worth of farm loan bonds; this will help the farm loan business, but in a time like this we need funds for the farmers and for the banks which handle farmers' papers, without the delay of negotiating a long-term loan. The War Finance Corporation was created to meet emergencies which have followed in the wake of the war. An emergency exists among the farmers. Let us meet it like men. I want the War Finance Corporation to buy notes of farmers now held by local banks and which may hereafter be acquired by such banks.

The CHAIRMAN. The time of the gentleman has expired. Mr. RAKER. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. LANKFORD. The banks could thus renew paper of their farmer customers and get it carried. The banks could also make additional advances to farmers and get it carried. The banks could loan on safe paper either secured by first or second liens or by chattel mortgages or by indorsement. This would get money to farmers speedily and later the farmer would have time to get his long-term loan increased or to secure a new long-term loan. This kind of a scheme will help the whole country and that without the loss of a single penny, for the money would be paid back. Just think what we have done. This Government has loaned to foreign nations more money than it cost this Government to run from the days of George Washington to the beginning of the second term of Woodrow Wilson. The interest on this stupendous sum is a million dollars a day and yet our leading men are advising an additional loan to Russia. It is also proposed now to loan \$500,000,000 to the railroads. My God, has it come to this? Millions for everything and for every demand whether on safe security or not and not one cent for the farmers of the Nation on the best of security. [Applause.]

I fear that the much heralded Senate bill will be so amended before it reaches final passage as to make it impossible for the banks of the country to borrow a single dollar on ordinary well secured notes of the farmers. I think it is in that condition now, as it passed the Senate.

There is no doubt about the bill providing for help for the exporters of cotton and for the men who never produced a pound of cotton or other farm product, but who have profited and still profit at the expense of the farmer.

Mr. KING. This is a bill that is now before the Banking and Currency Committee, of which I am a member.

Mr. LANKFORD. Yes.

Mr. KING. And nothing but the title is left of it.

Mr. LANKFORD. I certainly hope the bill will be so amended in the committee or on this floor when it comes up next Friday as to leave no doubt that relief will be given directly to the farmer.

Why should there be any doubt as to whether the bill will give relief directly to the farmer? It is called the "farmers' relief bill" for political purposes. Why should it not do what its name indicates? There are only two provisions indicating a purpose to handle notes and securities of farmers, and these two are carefully hedged about so as to make them impotent and of no force. One of these provisions starts with this significant sentence, to wit:

SEC. 24. Whenever in the opinion of the board of directors of the corporation the public interest may require it the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock.

That sounds good. But what does it mean? It means that the War Finance Corporation is to make no advances under this section until its directors determine that "the public in-

terest may require it," and then they are not required to make advances on farmers' papers, but then they may make advances if they feel like doing so. Why leave the directors of the War Finance Corporation to determine whether or not the public interest requires that relief be given the farmers? Can not the Members of Congress determine that question? If we can not, we ought to resign and go home. Do not 435 Representatives and 2 Senators from each State know more about the condition of the country than any 4 or 5 directors of the War Finance Corporation? The people elected us to legislate and not to pass our power onto some one else to act for us. Besides, when would we ever be able to convince the directors that the public interest demand that any one farmer should be helped or that any 10,000 farmers should be helped? They would say, "That is a matter of local or private interest and not public." They would say, "The public is not interested in whether or not one poor fellow is sold out of home, neither is the public interested in whether or not thousands of families lose their homes for lack of money and help."

It would be urged that if many lose their homes that some one else would get the land and cultivate it just the same, and that the public would not suffer. What a faulty argument this would be, but it is just what you and I will meet if we pass this bill in its present form and then try to get some relief for our people. It is hard to convince a fellow with a good job, a good salary, and plenty of money that the public interest requires help for a poor struggling fellow down below him. He rides in his fine car and says "the public interest" does not require me to worry about the poor fellow walking in the dust. [Applause.]

He lives in luxury and says "the public interest" does not require help for the fellow in old clothes and without even the necessities of life. He stands on the mountain top of plenty and says "the public interest" is not affected by the suffering of the poor fellow down below in the valley of misfortune who is suffering and struggling to save his home as a place to live and support his wife and children. They will say, the Capitol will remain at Washington, the Mississippi River will still flow, the tide will still rise and fall, the sun continue to shine, we will still draw our salary, the big rich will still prosper, and money will still be plentiful in Wall Street, and the country will still exist, even if a few thousand people are left homeless as a result of present depression.

Mr. Chairman, I know the public interest requires help, and that now for the farmer, and I want us to pass a bill similar to one I introduced the other day providing help for the farmer in no uncertain terms.

If we ever convinced the directors of the War Finance Corporation that the public interest demanded help for the farmer, then they would not be required to help him but could do as they pleased about the matter. The other provisions which smacks of help for the farmer directly ends with the proviso that no help under this provision be given except to help in the importation of farm products. So the bill provides nothing for the farmer directly. It will be as hard for a farmer to get help directly under this bill as it is for the proverbial camel to go through the eye of a needle. [Applause.] There is now a provision authorizing, not requiring, the purchase of \$100,000,000 worth of farm loan bonds. This will do great good, but we want more immediate help in this pressing emergency. But I would not be at all surprised to see the authorization of purchase of farm loan bonds later voted out. I fear the bill will be only a sorry shell with a good name when it is finally passed. I beg of the friends of the farmer help us amend the bill so there will be no doubt about its helpfulness to the farmer and the banks handling farmers' papers.

Help us make it a farmers' relief bill not only in name but in truth. [Applause.]

Mr. RAKER. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman and gentleman, it has been long recognized that one of the controlling elements in human nature is curiosity. If we see two dogs, we wonder which can bark the louder; if we see two horses, we wonder which can run the faster. And as I have noticed standing sponsor for this proposed legislation those gentlemen who hail from sections of the country where munitions are manufactured, it has occurred to me that, perhaps, this same psychological principle might be found to underlie the efforts to pass this bill, because it is perfectly natural that when you display two guns the popular curiosity arises as to which gun can shoot the farther and which can shoot the stronger. When

munitions of similar classes and kinds are exhibited, that same psychological principle prompts an inquiry as to which is the better for the various purposes for which they are adapted. And so, methinks that in this proposed legislation there is an insidious desire on the part of the munition manufacturers to cater to that inborn militaristic spirit, fostered by curiosity, and so to order our thinking that instead of learning no more of war we may have war constantly taught us by these ocular demonstrations of the machines of warfare.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield for a question?

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from Vermont.

Mr. LANHAM. Yes.

Mr. GREENE of Vermont. I dislike to disturb the philosophy or assumption of the gentleman's statement, but as a matter of fact he must know that this bill does not emanate from the munition makers at all. I do not think any of them know anything about it yet.

Mr. LANHAM. That may be true. My reference was to those standing sponsor for them here, and evidently those who represent the standpoint of the munition makers can see that the psychology of the proposition is such that popular curiosity as to the relative superiority of different brands of arms will arise from an ocular demonstration to all the people of the world of the arms used in warfare.

Mr. GREENE of Vermont. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. GREENE of Vermont. It would be an impertinence to suggest that the gentleman did not appreciate the real cultural and educational value of a visit to a museum and of looking at a stand of armor and its reminding us of the armament with which our ancestors fought in past times.

Mr. LANHAM. I understand that particular brand of "kultur," which was one of the cardinal and dominant principles of the recent conflict, I appreciate the effort which was made to subject the people of the earth to a certain kind of "kultur"; and if we are to have any more demonstrations that will lead to that kind of culture among the people of the world, God grant that the day may be far distant. [Applause.]

Mr. GREENE of Vermont. I like to hear the gentleman make a speech, myself, but I can not applaud and ask questions at the same time. I would like him to get back to the text. Who is trying to start up a school of militarism? Nobody has consciously been representing the munition makers. They are out of business now, so far as making munitions of war is concerned. This was supposed to relate to an innocent collection of military relics placed behind a glass case down here in the Museum.

Mr. LANHAM. Yes; to educate people in the arts of war—a thing the world is trying to forget.

Mr. GREENE of Vermont. Will the gentleman from Texas then see to it that the collection is taken out of the Smithsonian down here, and will he introduce legislation here to that purpose?

Mr. LANHAM. That, I presume, is in the province of the Committee on Military Affairs. Everything of that kind seems to be, if we can judge from the way they have recently had their day here in court time after time. Besides that, the exhibitions to which the gentleman refers are of obsolete material, whereas this bill provides that material now in use or that which may hereafter be used and issued shall be placed for demonstration purposes all over the world and shall also be offered for sale.

Mr. GREENE of Vermont. I say it was distinctly understood that those parts issued to the Army that involved any military secret, or secrets of means of combat, and things of that character, are not included.

Mr. LANHAM. That may be very true, but fighting is not a secret thing. People have been taught it from the time the human race started. We are hoping that wars will cease, and recently we have been trying to bring about disarmament.

Mr. GREENE of Vermont. They will never cease by reproducing the same kind of documents as those that were scrapped in the last war.

Would the gentleman from Texas go up to New York and abolish the Metropolitan Museum of Art and abolish everything else that reminds us of the story of the human family learned from the past?

Mr. LANHAM. Oh, no.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Kansas.



Mr. TINCHER. I wondered if it would not be a good idea, in the gentleman's judgment, to refer this bill to the disarmament conference? [Laughter.]

Mr. LANHAM. I thank the gentleman. The suggestion is so pertinent that in commending it I will close. [Applause.]

Mr. KAHN. Mr. Chairman, I yield to the gentleman from Illinois [Mr. McKENZIE] five minutes.

The CHAIRMAN. The gentleman from Illinois is recognized for five minutes.

Mr. McKENZIE. Mr. Chairman and gentlemen of the committee, the little bill under discussion does not amount to much. [Applause.] I am not greatly interested in it. It is simply to permit an exchange of courtesies between our Government and the Governments of other countries of the world.

But I did not rise to discuss the bill. I simply rose to call attention to the fact that I can not understand the position taken by some gentlemen in this House. When I reflect that 4,000 bills were introduced for the distribution of cannon into the districts of the respective Congressmen who are Members of this House and recall the terrific fight that was made on the floor of this House for the distribution of the same, I can not understand why they contend that it is militarism to put a sample of the equipment of the soldier down here in the Smithsonian Institution. If I believed with the gentleman from Texas, not the last one who spoke [Mr. LANHAM], but the one who spoke ahead of him [Mr. BLANTON], and other friends in this House, I would certainly oppose the bill that is going to follow this one, and that is a proposition to put a medal of honor on the grave of the unknown dead over in Arlington Cemetery. If I believed as these men believe, I would take the old battle flags in the museums of this country—battle flags that were captured by heroic men in obtaining and maintaining our liberties—and burn them up. I would take the gray uniforms of the men who heroically fought under Lee and Jackson and Longstreet and burn them, and I would take every relic that is dear to the hearts of the men in blue who followed Grant and Logan and Sherman and Sheridan and Burnside and others who fought on the side of the Union and burn them up. I would penalize McCutcheon for drawing that famous cartoon of Memorial Day, where he pictures the old veteran with the badge of honor on his breast and the little boys around him discussing the war.

Those are the things, my friend, that put the military spirit into the hearts of men, and have we come to that pass in this great land of ours when we can not have one of the heroic sons of our country, that fought and perhaps suffered for us, wear the uniform and badges of honor without being criticized as being in favor of German militarism? My God, men, what are you thinking about? The dearest things that we have to think about in this country, the most glorious memories and traditions that we live upon, are the devotion and heroism of our sons. I hope the day will never come when I shall object to these men wearing on their breasts a medal of honor—breasts that were exposed to shot and shell for you and for me and for those who come after us.

Gentlemen, I am opposed to militarism. You know that I have stood in this House and fought against it when it was a fight. I have not frittered away my time on little bills like this, or on such bills as the cannon bill, and objected to putting a few more young men into West Point Military Academy, where they can get a good education. I disdain to waste my time on things like that.

But I opposed militarism. I said that I did not want it in my country and hoped it never would come; but if we have got to bury every tradition we love, if we must tear down our monuments to Washington and to Grant and Logan and a lot of other heroes, if we have got to go into the capitol of Illinois and take therefrom the battle flags that were captured by the heroic sons of Illinois and destroy them in order not to have militarism, I will take militarism. [Applause.] Do the men from Texas want to forget the heroic record of those who fell at the Alamo and San Jacinto? Do they want the people of this country to forget all that? If they do, then let them go out into Statuary Hall and take down the figure of Sam Houston and throw it over the battlements and destroy it, and forget everything that has tended to make this the most grand and glorious country on the face of the earth, where we have a citizen army that is ever ready to defend our rights. [Applause.]

Mr. RAKER. I yield five minutes to the gentleman from Florida [Mr. SEARS].

Mr. SEARS. Mr. Chairman, I am in hearty accord with the sentiments just expressed by my distinguished colleague [Mr. McKENZIE], for whom I have the highest esteem, but I have never yet heard of anyone being killed by a flag captured on the field of battle. No one more than I regrets the loss of life

during the late war, but the speech of the distinguished gentleman [Mr. McKENZIE] fails absolutely to touch upon this bill. The gentleman from Vermont [Mr. GREENE] stated that this was just to get rid of a few little relics in glass cases down at the War Department; but, if I can read the English language and understand it, the bill specifically says that the Secretary of War can loan or can sell to other nations all the arms that this Government now has or that may hereafter be issued.

Mr. GREENE of Vermont. I think the gentleman mistook what I said.

Mr. SEARS. In other words, on page 1, line 8, of the bill I find the words—

may hereafter be issued by the United States Army.

These are not trophies, and have nothing connecting them with the last war.

Mr. GREENE of Vermont. I think the gentleman misunderstood what I said, innocently enough, of course. I did not say it was confined to show cases. I said they were going into exhibits in museums.

Mr. SEARS. Mr. Chairman, we have spent millions of dollars in perfecting our military system. The people of the United States are now groaning under the heaviest debt any nation has ever known, and certainly to me it does not seem the policy of wisdom to give these arms to other nations in order that they may learn to fight and some day perhaps shoot down more American boys with guns manufactured in America. But the committee says, Mr. Chairman, that this is carefully provided for. The bill says that the Secretary of War shall not be required to give away confidential features or anything that may be detrimental to this country, but that is a mere waste of words. It does not prohibit the Secretary of War from doing it. I am satisfied he would not do it, but should this bill pass without an amendment, the time may come when it will be very dangerous.

Now, Mr. Chairman, I want to read to you a quotation from the West Palm Beach Post, which perhaps says what I would like to say better than I could say it:

"If I may tell you my own ideal for this Republic, I'd like ours to be an America of mutual consideration; an America of good will; an America of perfect understanding; an America of abiding justice; nay, more, I'd like ours to be a God-fearing people committed to the task of reforming the world and teaching mankind that it is not good to make warfare. I believe that it is going to be the mission of America, and if I can be your representative in promoting that ideal I shall not have served in vain."

Thus spoke Warren G. Harding on Friday, August 5, 1921.

And this paper says, if the President meant what he said, then he will remember it for future guidance, and it will not be a mere platitude used for the purpose of fooling the people. I want to call the President's attention to this bill, in which we are undertaking to teach the people of other countries how to make war, and I trust, should it pass, he will give it careful thought and study before he signs the same.

Mr. JONES of Texas. Will the gentleman yield?

Mr. SEARS. I yield to the gentleman from Texas.

Mr. JONES of Texas. Under this bill could we not send arms to old Mexico which they might want to use against us while they could not send us anything that we want?

Mr. SEARS. Not only send them to Mexico but sell them to Mexico, to the detriment of the American people.

Mr. LAYTON. If the gentleman will yield, I will ask him a question for information. Is there any law in this country to-day that would forbid any country with whom we are at peace buying from the Remington Co. or any other small-arms company all the guns they might want?

Mr. SEARS. No, my friend; but perhaps if there had been some law on the statute books regulating the sale of guns to nations 82,000 or more of our boys would not have lost their lives in France.

Mr. LAYTON. Is there any such law?

Mr. SEARS. There is none that I know of; but, no matter what an individual may do, God grant the time may never come when a nation will engage in the business of selling armaments for warfare and causing further loss of life.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAKER. I yield 10 minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman, I want to join the opponents of this bill in the useful process of killing time. A good many nonsensical propositions have been before the House, but this is about the most useless and insignificant little bill that has ever taken up our time. Four million men are out of employment. The farmers of the country are in distress. The price of food is rising. Grave international problems disturb the peace of the world. What is Congress occupying its time with?

Little things that do not make the slightest difference to anybody. We are wasting time. The discussion here of the last hour and a half has been a high-school debate of a very low order. So many heroes have risen here, so many men of courage, who say, "We are opposed to war in times of peace. We are opposed to militarism." The very men who voted for the distribution of trophies, the very men who wanted cannon distributed to the different parts of the country, are all at once inspired with the desire to oppose everything that would remind one of the use of arms. Every one of them now is for peace. But let some President come and tell them that it is necessary to conduct a war, and I would like to see their civic courage then. I would like to know how many men will be ready to face political defeat and vote against war. How many of them will dare face the newspapers that will be advocating war? How many of them will have the courage to oppose the munition interests and oppose war when the question of war or peace will not be a high-school debating problem but a problem of life and death to millions? This debate is silly. It is a discussion which is the more useful article, the walking stick or the umbrella. [Laughter.]

Mr. JONES of Texas. Will the gentleman yield?

Mr. LONDON. Yes.

Mr. JONES of Texas. Does the gentleman from New York think that the exchange of these articles of warfare will lessen the chances of this country getting into another war?

Mr. LONDON. I assume that the committee is honest about it. It means the exchange of courtesies between Governments. I take it that some Government has presented the United States with a model rifle or a uniform, and that we are to reciprocate that great international favor. That is all the bill means. I will vote against it as a protest against wasting the time of the House with nonsensical bills. The bill itself does not amount to anything.

Mr. BLANTON. Will the gentleman yield?

Mr. LONDON. Yes.

Mr. BLANTON. The gentleman says the bill does not amount to anything. Does not the bill authorize the War Department to sell surplus munitions of war to other nations?

Mr. LONDON. That is not this bill.

Mr. BLANTON. Oh, yes; there is no limit; the War Department can sell its surplus munitions.

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. LONDON. Yes.

Mr. PARKER of New Jersey. Would not the criticism be answered by inserting the word "sample" before the word "articles," as there already is in the title?

Mr. LONDON. I understand that the intention is to permit the sale of models and not permit the sale in large quantities. Of course it may be perverted.

Mr. BLANTON. The gentleman from New York will remember that about a month ago this same War Department came in here with a similar bill to permit them to sell war surplus, and we turned them down.

Mr. LONDON. I am in entire sympathy with the disposition of the Members on the Democratic side of the House to defeat every frivolous bill that comes here from the Committee on Military Affairs. [Laughter.] I am supporting you in that noble task. [Laughter.] What I am trying to do is to get you to oppose the bigger things that come from the Committee on Military Affairs. I wish we could disband the committee. I wish the whole Congress would adjourn, for the longer we are in session the less safe are the liberties of the people. [Applause.] Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back three minutes. Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. NORTON].

Mr. NORTON. Mr. Chairman, I do not look at the bill exactly as the gentleman who has just spoken. I look upon it as a very serious bill. Let me call your attention to two or three words. It says, "Provided, That this authority shall not be construed to require such loans, sales, or exchange." It is almost a requirement that we should let the other countries have samples of the various kinds of arms and ammunition that we may be manufacturing at any time. While it says it shall not be construed to require such loans, if another country should ask us for a certain sample and we should refuse it, what would we say to them? We would have to say to them that we feared they were going to use it for an improper purpose.

There was a time a number of years ago when we almost went to the verge on this very line. We permitted the Japanese students to come to Annapolis. When the Russian

war was on the men who were in the first rank in the navy, in command of battleships, were two graduates from Annapolis. That is what we did for them.

Now, we do not know what this will lead to. We should never pass a law that requires us, or almost requires us, to exhibit our arms, munitions, and inventions to other countries. We manufacture arms for another purpose. We manufacture them to protect America and not to make war on others or to be exhibited to others. The secrets we have should never be exhibited to other nations. Now, who is to determine this question? Some person must determine this thing.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. NORTON. I will.

Mr. GREENE of Vermont. I think it was contemplated by the committee, and so represented by the people that testified before the committee, that what is covered by the bill is what would be seen on a man in the United States Army walking down the street any day.

Mr. NORTON. That is all right; but this is the opening wedge, the same as Annapolis was at that time. We stopped that, and we ought to stop this to-day before it is too late. No good can come from this bill and harm may come from it.

There is no reason why we should enact into law something that can do the country no good. I am not one of those pacifists. I believe America should be protected, and I believe in legislation to that effect. I do not believe in giving one iota or one inch in a bill that is liable to open us up to the criticisms of other countries when it is unnecessary. Therefore I am opposed to the bill. [Applause.]

Mr. RAKER. I yield five minutes to the gentleman from Texas [Mr. PARRISH].

Mr. PARRISH. Mr. Chairman and gentlemen of the committee, it is not my disposition to take matters before this House at this serious and critical time lightly or in a humorous vein. I believe that while the country is suffering as it is from the financial depression which now prevails, with agriculture, with labor, with every avenue of human production staggering beneath the burdens of taxation and the conditions everywhere unsettled, it is more becoming of this House to devote its attention to the solution of these great problems and stop wasting time on matters of this trifling character. Furthermore, this bill, like the one we had yesterday, is going in the wrong direction. It is leading in the direction of militarism and inculcating in the American people and in the people of the world a military spirit. It provides specifically for the exchange with foreign nations of samples of arms and equipment. What does that mean? If it means anything at all, it means that the manufacturers of munitions in this country can invent a great gun, a gun which they think is the best gun in the world, and under provisions of this bill the Secretary of War can, if he desires to do so, purchase the gun and send it to France, Germany, England, Italy, or to any other country in the world in order that they may study it and may be induced or inspired to purchase large quantities of it or invent a bigger and more destructive implement of war. That is what this bill means, if it means anything at all. It is time in the history of this country that we get away from that sort of thing. We ought to give our attention to the needs of the people of the country who are now struggling beneath the burden laid on them by the recent World War, and see to it that Congress legislates concerning those things only that will relieve the distress of our people and stop passing legislation that will open the way for further tax burdens.

Let us wait until the world disarmament conference is over; let us wait until the serious-minded representatives of the different nations of the earth come here and consider seriously, as they will, the question of stopping the military preparations of the world. Let us wait until they have concluded their deliberations, and then we can lay out a plan in line with the course that our combined judgment suggests after that conference has adjourned. If we continue to legislate on such matters as these and direct the thoughts of our people to the aggrandizement of military programs, we may help defeat the program of peace now so dear to the heart of the world. It will be remembered that the allied council only recently denied the munition manufacturers of Danzig the right to manufacture arms and send them into Mexico. The gentleman from Illinois [Mr. McKENZIE] is logical and sympathetic in his appeal, but his argument does not touch this case. I come from the State that had its Alamo and Goliad; I love the State and all of its glorious traditions, and I love every tradition of this great Republic. I love the flag that hangs behind the Speaker's desk, and I am glad that flag hangs there in order that our people may know that we revere the traditions of the past, but there is a marked



difference between revering the traditions of the past and encouraging the manufacture of guns that will kill our children and our children's children. We want to stop somewhere. I think we have come to a stopping place now, and that is the reason I am opposed to this bill. That is the reason I am opposed to any legislation that will lead in that direction at all. At least, that is my position until after the world conference has met and spoken. Then we can mold our policy in line with the course that will suggest itself after that conference has adjourned, and I fervently pray that we may then build for a permanent and enduring world peace. [Applause.]

Mr. KAHN. Mr. Chairman, I yield five minutes to the gentleman from Vermont [Mr. GREENE].

Mr. GREENE of Vermont. Mr. Chairman, I am perfectly willing to admit in the privacy of this room, or under these circumstances, that this bill is not a very important bill. There is no question about that. It is brought out here incidentally in the course of the grist that the Committee on Military Affairs is cleaning up. No one had any anticipation that it would provoke anything like the amount of apprehension and alarm that seems to be all at once manifested by so many patriots here. I wonder really, as a matter of fact, whether we soothsayers can actually look each other in the face this afternoon without laughing. I wonder whether we are not really engaged on a little bit of skylarking business that masks itself under the more cumbersome, pompous, and ponderous terms of parliamentary law and usage, but which is really a little bit of school-boy fun.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GREENE of Vermont. In a moment.

I can not think that men whose heads are high enough to be seen above the multitude in a district so that they have been elected to come to this supreme council of the Nation have any particular uneasiness or alarm about some historical relics of a war being tucked away in a museum case somewhere on the face of this earth, and I do not believe they do. That is exactly the purpose of this bill, the avowed and distinct purpose of the bill, and nobody with any kind of a microscope can read any other purpose into its language. It is intended exactly as the gentleman from New York [Mr. LONDON] has suggested, to permit the Secretary of War to join with representatives of other nations in similar capacity in the exchange of historical relics of this last World War and of the existing military establishments of the several countries, so that the museums of the various countries can be supplied while yet there is time in order that their cases may contain for all the generations to come evidences of some of the curious things used in the "long ago." The school children and the adults will go there and look at the exhibits just exactly as you and I go down to the National Museum now and gaze with a good deal of curiosity and sometimes with wonder on some of the relics left from the Revolutionary War. The matter is a perfectly simple one.

If a few folks see all kinds of mysterious things in it, if a few smell all kinds of Negroes in all kinds of woodpiles, why, go ahead. There are a lot of men who spend four weeks before a fight "shadow boxing," and then get licked in the fight. If you want to indulge in shadow boxing, go to it. There is nothing to hit, though you might throw your arm out. But, as I say, I admit the bill does not amount to much and probably it might have been just as well not to have brought it out just now, but it does not matter.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. GREENE of Vermont. I will.

Mr. CONNALLY of Texas. Does not the gentleman think the Military Affairs Committee kind of disregarded the open season for that committee?

Mr. GREENE of Vermont. I rather think it did. I am not proud of it. Only I know this: This Congress is a national institution and, in spite of the modesty which we politicians inherently possess, we know we are being looked at by the people, and when they see that such a trivial thing as this, which is only one of the conventionalities of extending courtesies among nations, is invested with such a nightmare of apprehension, they will wonder whether we have common sense or not.

The CHAIRMAN. The time of the gentleman has expired. Mr. RAKER and Mr. DAVIS of Tennessee rose.

Mr. GREENE of Vermont. Might I have one moment more to yield to a question from the gentleman from Tennessee?

Mr. DAVIS of Tennessee. The gentleman has passed the point to which I desired to address my question.

Mr. GREENE of Vermont. Very well.

Mr. RAKER. Mr. Chairman, I want to say this. It was stated the other day that these were the dog days and the

bills being considered were chicken feed. Now, it was suggested to me a few moments ago by one of the great men of this House, and if I should give his name you would all recognize the authority, that these bills are not even chicken feed during dog days, but merely chaff.

Mr. KAHN. Will the gentleman use the balance of his time?

Mr. RAKER. I think I will submit without further argument.

The CHAIRMAN. The gentleman from California [Mr. RAKER] yields back the remaining time, and the gentleman from California [Mr. KAHN] has five minutes remaining.

Mr. KAHN. Mr. Chairman, this bill comes with a very strong recommendation from the officers of this Government. The testimony shows that during the war our Government made a request of neutral Governments for samples of their war supplies and they very kindly acceded to that request. They turned over to us guns and wearing apparel used by their soldiers as well as war material of various kinds. The people of this country appreciate the courtesies that have been extended. About a year after the Government of the Netherlands had sent quite a full collection to our War Department and our Government, they came back to our Government and asked that we in turn present them with a set of our supplies. The War Department officials and the Government officials generally believed they had the right to do it, but when they looked into the law they found that there was no paragraph or section of the law that would permit them to return that courtesy by giving supplies used by our Government.

Mr. DOWELL. Will the gentleman yield?

Mr. KAHN. I will yield.

Mr. DOWELL. What did the War Department present to this committee that they intended to do by this bill? What specific thing did they intend to do upon the passage of this bill?

Mr. KAHN. They intended to give the Governments that have given our Government samples of their war supplies, war supplies of a similar character of the United States, purely intended as an act of comity.

Mr. DOWELL. And had no specific purpose so far as the department itself was concerned?

Mr. KAHN. No, indeed; there was nothing of that kind behind the legislation at all. Some gentlemen seem to think that there is a good deal of danger if we write this kind of a law upon our statute books. Now, I know no fear of that kind. Personally, I think that it is simply an act of comity between nations which we can well afford to perform toward a friendly nation. But I was going to say that I have seen on the floor an evident disposition on the part of Members to refuse to perform such an act of comity. Now, I do not desire to force or attempt to force any action on a bill of this kind. If it is to be forced the friendly nation that gets the material has no right to feel grateful for what is given them. Therefore, in order to avoid an appearance of that kind, I move that the committee rise and that the Chairman report the bill back to the House with the recommendation that the committee has considered the bill and has come to no resolution thereon.

Mr. O'CONNOR. Will the gentleman yield just for a question before he leaves the floor? What will it cost to carry out the purpose of this bill inasmuch as cost seems to be uppermost in the public mind.

Mr. KAHN. But comparatively little. I want to say to the gentleman that any foreign country that wants really to get these materials can get them without getting them from this country. They can undoubtedly buy them upon the open market.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. KAHN. I will yield.

The CHAIRMAN. Does the gentleman withhold his motion?

Mr. KAHN. I withhold the motion.

Mr. GARRETT of Tennessee. Upon last Wednesday the Committee on Military Affairs presented a bill which was considered for quite awhile and was recommitted. Upon yesterday the committee presented a bill under a special rule, which rule was adopted unanimously—

Mr. KAHN. Yes.

Mr. GARRETT of Tennessee. And the enacting clause of that bill was stricken out.

Mr. KAHN. Yes.

Mr. GARRETT of Tennessee. To-day the gentleman has presented two bills—

Mr. KAHN. I think three or four.

Mr. BLANTON. Three.

Mr. GARRETT of Tennessee. One or two of which were at least withdrawn.

Mr. KAHN. One was withdrawn.

Mr. GARRETT of Tennessee. Now the gentleman proposes that the committee rise and let it be reported that no resolu-

tion has been reached upon this bill. Has the gentleman any other bills that he intends to call up?

Mr. KAHN. Yes. This is "chicken feed," as has been stated. I have called up these bills. They are on the calendar of the House, and it seems to be the program on this side of the House to take up some business during these dog days, and, as the committee has the right to try to dispose of these bills, the committee has attempted to do so.

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman moves that the committee do now rise and report the bill back to the House with the report that the committee has had the bill under consideration and has come to no resolution thereon.

Mr. LONDON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LONDON. Would it be in order to move to amend to refer it to the League of Nations?

The CHAIRMAN. The question is on the motion of the gentleman from California [Mr. KAHN].

The motion was agreed to.

Thereupon the committee rose; and the Speaker having resumed the chair, Mr. SANDERS of Indiana, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill S. 1574, had come to no resolution thereon.

Mr. BLANTON. Mr. Speaker, I make the point that we have no quorum present.

Mr. KAHN. Will the gentleman withhold it? I have an important bill that I would like to bring up.

Mr. BLANTON. I withdraw it. The gentleman states that he has an important bill that he desires to bring up.

Mr. KAHN. Mr. Speaker, I desire to withdraw the bill we have just been considering and let it go back to its place on the calendar.

The SPEAKER. Has the Committee on Military Affairs any further business?

Mr. KAHN. Yes. I have a bill—

The SPEAKER. The gentleman has the right to call it up.

Mr. GARRETT of Tennessee. Mr. Speaker, a parliamentary inquiry. May I inquire just what will be the situation of this bill? The gentleman from California, I understood, stated that he desired to withdraw the bill and let it be restored to its place upon the calendar. That is the way I caught it.

The SPEAKER. The Chair did not hear the last part of it, but the Chair presumes that the gentleman is correct.

Mr. GARRETT of Tennessee. Does that mean, Mr. Speaker, when it is again called up, if it be called up on Calendar Wednesday, there will be an hour's debate on either side?

The SPEAKER. As to whether it would or not occurs to the Chair as a novel question.

Mr. GARRETT of Tennessee. Mr. Speaker, if I may be permitted, I do not think it lies within the power of the gentleman to withdraw the bill. It is now in possession of the House. The debate upon it has been practically concluded. Of course, I know that a person moving an amendment at certain times can withdraw the amendment without unanimous consent, but I do not understand under what rule the chairman of the committee, even acting on behalf of the committee, can withdraw a bill.

The SPEAKER. The Chair is uncertain how he should rule if that case should come up. The Chair has examined and finds no precedent. Whether it would be taken up as unfinished business, the way the committee left it, or whether the gentleman withdrawing it would have the right, by withdrawing it, to have annulled everything that has transpired, the Chair is not certain. The Chair's offhand impression would be in favor of the former alternative—that it would go on as unfinished business—but would not wish to so rule.

Mr. GARRETT of Tennessee. If it is not too late, I will make the point of order, and let it be pending when the matter comes up again.

The SPEAKER. Will the gentleman withdraw it for a moment?

Mr. GARRETT of Tennessee. I am not sure I will make the point of order, but I make the point of order the gentleman has no right to withdraw the bill, and I am perfectly willing that that may be pending.

Mr. KAHN. Mr. Speaker, of course this case is identical with a case that occurred earlier in the day, and one of the leaders on that side insisted that it was necessary for the chairman of the committee to withdraw the bill from the House. The Speaker, as I recall, rather agreed with me, and in order

to avoid any further friction the chairman of the committee withdrew the bill, just as he did a moment ago, and that seemed to be satisfactory to everybody.

#### DECORATIONS FOR VALOR FOR UNIDENTIFIED AMERICAN.

The SPEAKER. Does the gentleman desire to call up further business from the Committee on Military Affairs?

Mr. KAHN. Yes.

Mr. Speaker, I desire to call up the bill H. R. 7255, which is on the House Calendar.

The SPEAKER. The gentleman from California calls up a bill which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7255) authorizing bestowal upon the unknown, unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., the congressional medal of honor and the distinguished service cross.

Be it enacted, etc., That the President of the United States be, and he hereby is, authorized to bestow with appropriate ceremonies, military and civil, the congressional medal of honor and the distinguished service cross upon the unknown, unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., on November 11, 1921.

Mr. KAHN. Mr. Speaker—

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. KAHN. I yield 10 minutes to the gentleman from Maryland [Mr. HILL], who reported the bill.

Mr. HILL. Mr. Speaker and Members of the House, I shall not take more than two or three minutes to explain this bill.

The United States recently fought a great war. The whole people of the United States fought that war, and the soldiers and sailors and other combatant troops were only the agents of the whole American people. In order to honor itself and honor particularly one of those agents, and in honoring one of the unknown dead to honor all of the unknown dead, it has been decided by this country that on armistice day next, November 11, there be buried in Arlington Cemetery an unknown American, selected from the "unknown" burial grounds of the battle fields of France, on which this Nation's representatives participated. It is not known whether that unknown American was a soldier, or a sailor, or a marine, or a Red Cross man, or a Knight of Columbus, or a Jewish welfare worker, or a Young Men's Christian Association man, or whether he was merely a civilian who happened to die at that time for his country. He is to be buried as an unknown American, a representative of this country.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. HILL. Yes.

Mr. GARRETT of Tennessee. I have always understood that the congressional medal had a very peculiar significance. It is given only for service of a very particular character, and that gives it its distinctive significance. Now, how can it be that that medal, given because of the significance of the service, can be conferred upon a man or upon the body of a man of whose service nothing is known?

Mr. HILL. I am glad to answer that question. The congressional medal was created by Congress as the highest decoration it could give to any man for military service to the country, and Congress can confer that decoration on any man they desire, because Congress made that decoration and can give it as it pleases. This is given, if you pass this measure, as recognition of the valor of the American people through their representative who is buried here, a valor above and beyond the mere discharge of duty.

I might say in addition that it is my understanding that Congress authorized the conferring of that same congressional medal on an unknown dead soldier of England and an unknown dead soldier of France. I think that is correct.

Mr. GARRETT of Tennessee. Does the gentleman mean to say that this Congress did that?

Mr. HILL. I understand that the Congress of the United States did that.

Mr. GREENE of Vermont. Mr. Speaker, will the gentleman yield?

Mr. HILL. Yes.

Mr. GREENE of Vermont. I raised that question in committee. I think the gentleman raises a very important point, the very same point that was raised in the committee, because, as has been suggested, the congressional medal of honor was instituted to be conferred upon a soldier whose conspicuous gallantry, recognized and identified in the act, of course, was above and beyond the call of duty, and it had to be, as the gentleman from Tennessee so aptly indicated, a specific instance and identified. That point was raised; but, as the gentleman from Maryland has suggested, Mr. FISKE, of New York, the



author of this bill and its proponent, said he shared somewhat in this same opinion, that it might be unwise to employ this medal in this general way, which would tend to cheapen its significance. He said the precedent for it was some legislation that had been passed by a preceding Congress bestowing a similar medal on the unknown dead of England and on the unknown dead of France, and therefore we could not afford to do less for our own unknown dead than we had done for the unknown dead of our allies.

Mr. GARRETT of Tennessee. I do not want the gentleman from Vermont to understand that I meant cheapening this medal.

Mr. GREENE of Vermont. I used the word in the sense of misapplying it and thus causing it to lose its significance.

Mr. GARRETT of Tennessee. It is an unknown soldier; his family is unknown. Is the medal to be buried in the coffin with him?

Mr. HILL. In answer to the gentleman's question I will say that the bill is very brief, and the report of the committee, which I was directed to make, simply recommends the passage of the bill. I may say to the gentleman from Tennessee that as to the point he raises regarding the authority of Congress to grant this honor, the question was taken up, and we felt that Congress had the right to grant this decoration under these peculiar circumstances.

I think there is nothing more to be said unless there are some questions that gentlemen wish to propound.

Mr. KAHN. Mr. Speaker, will the gentleman yield?

Mr. HILL. Yes.

Mr. KAHN. I want to say frankly to the gentleman from Tennessee [Mr. GARRETT] that practically the entire Committee on Military Affairs doubted the advisability of conferring the congressional medal in this case, but it was called to our attention that on the 3d of March, 1921, just before the adjournment of the preceding Congress, some Members of the House had succeeded in getting through a bill which conferred the two medals mentioned in this bill upon the unknown dead of England and the unknown dead of France. The committee therefore felt that this Government having presented those medals to those foreign unknown dead, it would be eminently proper to decorate an unknown American soldier's grave with a similar medal.

Mr. HILL. I would like to add to that statement of the gentleman that when it came up in the committee it was not urged by the War Department; it was urged by the American Legion; personally I was very glad to vote for this decoration of the one impersonation of the American unknown dead in this war.

Mr. SEARS. Mr. Speaker, will the gentleman yield?

Mr. HILL. Yes.

Mr. SEARS. I think the gentleman is somewhat in error in his statement, although I am somewhat in accord with the sentiment of the bill. As the gentleman said, we would not know whether this was an American soldier, sailor, or marine, or Red Cross representative, or Jewish Welfare laborer, or Mason, or Y. M. C. A., or Red Cross worker, or what not. In that case how will we know that Congress is not conferring a medal on a German soldier instead of on an American soldier? He might not have been an American citizen.

Mr. HILL. I think the act of Congress will confer the right of citizenship on him when he is taken out of an American cemetery.

Mr. SEARS. That would be so in case a mistake were made. After we bury him no doubt we make an American soldier out of him.

Mr. HILL. After we bury him I do not think there will be a Member here who will rise and say he is not an American.

Mr. PARRISH. Mr. Speaker, will the gentleman yield?

Mr. HILL. Yes.

Mr. PARRISH. Is it not in the mind of the gentleman in reporting this bill that this is not an attempt to reward an individual, but a recognition of the patriotism and unselfish service rendered by the American people in this war? It is not an attempt to reward an American individual, but the great body of the people?

Mr. HILL. Yes.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield in connection with the statement made by the gentleman from Texas?

Mr. HILL. Yes.

Mr. GARRETT of Tennessee. That, it seems to me, is the difficulty about it. The congressional medal is awarded for individual service.

Mr. GREENE of Vermont. Yes; and if the gentleman will permit me to add, it is the unusual definition of its application, in that it is for a service that is not a mere duty, but above

and beyond the call of duty; some individual thing, not a mass movement or anything of that kind which may be called an act done within the line of duty.

Mr. GARRETT of Tennessee. Exactly. There are precedents for building monuments to organizations, to whole bodies of men; but the congressional medal is given for distinct individual service.

That is the whole purpose of the congressional medal. What are the terms of the bill that the gentleman from California [Mr. KAHN] referred to that passed here in March, conferring the congressional medal on the unknown dead soldier buried in Westminster and the one buried in France?

Mr. HILL. I will say to the gentleman that I am not familiar with that bill.

Mr. GARRETT of Tennessee. I understand that has been made the precedent for this bill.

Mr. HILL. I myself do not think we need a precedent. This bill was introduced by the gentleman from New York [Mr. FISH] at the request of the American Legion, and Congress has the power to give this decoration if it so desires.

Mr. GARRETT of Tennessee. Oh, indeed it has.

Mr. HILL. Absolutely.

Mr. GARRETT of Tennessee. Indeed it has; but I think I could conceive of a better way to go about giving a typical honor of the whole Government than by conferring a medal that by its very terms is conferred only for distinctive service. It is individual, it is personal in character. That is the whole purpose of the congressional medal.

Mr. LAYTON. Will the gentleman yield?

Mr. HILL. I yield to the gentleman from Delaware.

Mr. LAYTON. I rise to ask if the number of the unknown dead are enumerated.

Mr. HILL. They are not. The number of the unknown dead will undoubtedly be enumerated at the ceremonies of the burial on the 11th of November, which will not be affected by this bill.

Mr. LAYTON. There are more than one?

Mr. HILL. There are thousands of unknown dead.

Mr. LAYTON. That is the point.

Mr. HILL. And in this bill Congress is asked to recognize the heroism of the thousands of unknown dead.

Mr. LAYTON. I should like to say to the gentleman from Tennessee [Mr. GARRETT] that it seems to me that in this Great War, where thousands of men gave up their lives, and among those thousands there were many marked instances of heroism, it would be very significant for this Congress to give to one of them the congressional medal.

Mr. CHALMERS. Will the gentleman yield?

Mr. HILL. I yield to the gentleman from Ohio.

Mr. CHALMERS. I simply want to say to the gentleman that as I understand it this is a personification of an idealism, and there are plenty of individual instances of bravery that will illustrate it.

Mr. HILL. The gentleman is entirely correct. This is asking from Congress an official recognition of the personification of the fame of the thousands of unknown Americans who died for this country.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. HILL. I yield to the gentleman from Washington.

Mr. SUMMERS of Washington. I am in favor of conferring this honor on the unknown dead; but in line 7, after the word "American," does not the gentleman think this bill would be improved if it read "soldier, sailor, or marine"?

Mr. HILL. The gentleman raises a question which I took up with the gentleman from New York [Mr. FISH], the author of the bill. It was my impression that it should so state, but he said that the American Legion thought this might be a Red Cross man or a Knight of Columbus or some other man who was killed at the front, and there were all kinds of men killed who were with the American troops who were not strictly within the category of soldiers, sailors, or marines. We are not picking out to-day the unknown American to be buried. That has been decided on already. All we are doing is asking that he be given the highest decoration within the power of Congress to bestow in order to personify the deeds of all those for whom he symbolically stands.

Mr. KAHN. I yield 10 minutes to the gentleman from Missouri [Mr. HAYS].

Mr. HAYS. Mr. Speaker, on the 10th of August, 1821, just 100 years ago to-day, Missouri was admitted into the Union as a State by a presidential proclamation based upon an earlier vote by Congress. I shall devote my remarks to that historic circumstance, and shall speak somewhat of the antecedent history of our great Commonwealth. Missouri was carved out of the region long known as the Louisiana territory, which embraced that vast area lying west of the Missis-

Mississippi River. By her rights of discovery and exploration and conquest France had claimed title to all that vast domain down to the year 1762. That year marked the close of a war between England and France, in which England was the victor. By reason of a tentative alliance between England and Spain the spoils of war were divided between them; France was compelled to cede Canada to England and to cede the Louisiana territory to Spain. Thereafter Spanish authority prevailed west of the Mississippi River until the year 1800, when Napoleon had become dictator of France and the master of continental Europe. By the treaty of San Ildefonso, which Napoleon compelled the Spanish King to execute in that year, all of Louisiana was retroceded back to France. The formal transfer, however, did not actually take place until some years later. In the meantime negotiations were opened between President Thomas Jefferson and the great Napoleon which culminated in 1803 in the purchase of the Louisiana territory by the United States for \$15,000,000.

All governmental business relating to her possessions in America were transacted by France through her Government office in New Orleans. The Spanish Government for similar purposes maintained a Government building at St. Louis and a garrison of troops were quartered in her old fort. New Orleans and Washington were both more than a thousand miles from St. Louis, and the means of travel and communication were not as convenient as we know them to-day.

The result was that the formal transfer from Spain to France pursuant to the San Ildefonso treaty and the conveyance from France to America under the Louisiana Purchase were both brought to final conclusion on the same day in St. Louis in the early part of 1804. The representatives of the three nations concerned had been assembling; the transfer papers that meant so much in future world history had been in the course of preparation; and on the morning of the 9th day of March, 1804, the scene had been laid in St. Louis for this double transfer of sovereignty; a proceeding unique in history and freighted with tremendous influence on generations then unborn. On that day three successive flags floated in the breezes of the Mississippi Valley, and three successive sovereigns ruled over a western empire. At the early dawn the Spanish flag rose for the last time in old Louisiana; the representative of the Spanish King read an address from the Spanish governor, Don Manuel de Salcedo, to the commander of the Spanish garrison; with impressive dignity the keys of the old wooden Government house were handed to the representative of the French Government; and then, as the national music of Spain was heard at the fort, the Spanish troops marched out of the garrison and the flag of Spain was lowered forever. The French flag was then unfurled and for a little while the French Government exercised the sovereignty it had lost in 1762; Charles de Hault de Lassus delivered the documents and the address of the French Government, along with the keys of the Government house, to Capt. Amos Stoddard, who represented the American Government; then, as the national melody of France was heard, Napoleon's flag came down, and French authority had ceased to exist. The Government of the United States had at last come into possession of the great domain of the West; the Stars and Stripes fluttered in the breezes of the new America as the symbol of a western civilization destined to lead humanity through the centuries to come.

By an act of Congress late in 1804 that portion of the newly acquired territory lying north of the thirty-third parallel of latitude was designated as the District of Louisiana, and so continued until 1805; in 1805 this region was designated as the Territory of Louisiana, and so continued until 1812. In that year the Territorial government was reorganized and the boundaries were restricted, and our present Commonwealth assumed the name of the Territory of Missouri. The Territorial Legislature of Missouri in 1819 presented to Congress a petition for admission to the Union as a State. Then followed three years of the stormiest political intrigue and dramatic debate that Congress had ever known. The slavery question had become a dominant issue in American politics, and the question of Missouri's admission hinged on the problem of slavery. On the 3d day of March, 1820, the last day of the outgoing Congress, after months of bitter controversy in the House and Senate, and after the famous Missouri compromise was effected through the ingenuity of Speaker Henry Clay, a bill known as the Missouri enabling act received legislative sanction. By the terms of the enabling act it was made necessary that a constitutional convention of 41 duly chosen members should be held in Missouri for the purpose of drafting a constitution, and it was specifically provided that the people of Missouri through their constitution should determine the issues of the slavery question. Delegates were elected in the various counties, and the

convention assembled in the Mansion House Hotel, in St. Louis, in June, 1820. On July 19, 1820, a constitution was adopted sanctioning slavery. It is the belief of historians that popular sentiment in Missouri at that day was against slavery, but the trend of opinion in the Congress at Washington, as evidenced by months of acrimonious debate, was pronouncedly in favor of admitting Missouri as a slave State. The bill of admission was yet in the future, and the result of Missouri's appeal for statehood depended on presenting a constitution that would meet with congressional approval, so it was that the framers of the Missouri constitution, by coercion from Washington rather than from a willing choice, enacted a pro-slavery constitution.

When John Scott, the Missouri Delegate to Congress, presented the manuscript of the new constitution for approval on the 13th day of November, 1820, a new controversy arose in Congress upon that portion of the constitution dealing with the slavery problem. The whole country was again thrown into commotion upon the question of admitting Missouri. On the motion of Henry Clay, the matter was referred to a special committee and a new bill was reported out and passed as the act of admission. This act required that the Missouri Legislature should enact specific legislation defining certain property rights in slaves before the admission should become effective. Thereupon a special session of the Missouri Legislature was convened in June, 1821, at the town of St. Charles, and the required legislation was passed. A certified copy of the required enactment by the Missouri Legislature was delivered to President Monroe on the morning of August 10, 1821, and he thereupon issued a proclamation declaring the State of Missouri admitted to the Federal Union. She was the eleventh State to be admitted after the original thirteen, and hers was the twenty-fourth star in our national banner.

When Missouri became a State she had a population of 70,647, of whom 59,393 were free persons and 11,254 were slaves. In the hundred years that has passed her population has been multiplied fifty times, and the last census showed that she had more than three and one-half millions of people.

There has ever been among Missourians a restless spirit of adventure. The history of our State has not been commonplace or prosaic. From the beginning it has been tinged with the thrill of romance. Her first settlements, at Ste. Genevieve, St. Louis, Cape Girardeau, New Madrid, and St. Charles, were on the banks of the majestic Mississippi and their immediate neighbors on every side were bands of roving Indians. From these points the population early began to spread to the West. Daniel Boone, who found his earthly paradise within her borders in 1797, remained in Missouri until his death in 1820.

Kit Carson, the Missourian, led exploring parties into the wilds of the unknown West. It was from Missouri that Lewis and Clark began their famous expedition of exploration in the immeasurable forests of the Great Northwest. It was the adventurous spirit of William Becknell, a Missouri pioneer, who conceived and executed the plan of establishing the old Santa Fe Trail. It was Missouri blood that furnished the parent population for 20 other States in the farther West. It was Moses Austin, a Missourian, who helped establish the Republic of Texas and who gave his name to the capital of the Lone Star State.

The oxcart, the flatboat, the coon-skin cap, the deerskin clothes, the tobacco currency, the tallow dip, the flintlock rifle, the log cabin, the rocky trails, the rivalries in frontier sports, the courage of the pioneers, the self-denial of their women, the chivalrous solicitude of their men, their hospitality to the occasional stranger, their anxious concern about the outside world, the abundance of wild game, their thrilling encounters with red men and wild beasts, their remoteness from the centers of population, their struggles with adversity, their romantic environment, their quaint social customs, and their pious faith in Providence have all contrived to give something worth while to their posterity. But the oxcart on the rocky trail has made way for the automobile gliding over the concrete highway; the flatboats lazily floating on her rivers have been supplanted by palatial steamboats and steel freight barges; in place of the log schoolhouses with split benches the hills are dotted with modern school and college buildings; the rustic meeting house has given way to the elegant church; the weary messenger is no longer needed, because every home has its telephone and every village its telegraph station, and every locality has railroad communication. The infrequent and uncertain horseback mail has been replaced by daily delivery in the city and the country.

The ancestors of the present-day Missourian came from the Atlantic seaboard States and the great Ohio Valley, with some admixture of the best blood from continental Europe. He owes



much to his inheritance of legend and tradition from the early West. Missouri is on the borderland between the North and the South and midway between the East and the West. The character of her people is a composite of the qualities of every section. With the undaunted courage of the rugged West they have blended the refinement of the cultured East; with the commercial spirit of the aggressive North they have mingled the romantic chivalry of the old South.

The landscape and scenery of a country affect in some measure, I am sure, the sentiment and the ideals of her people. The broad, rolling prairies in north Missouri, covered by fields of grain and grass and dotted with attractive homes; her endless stretches of level land in the southeast, with alternating plantations of snowy cotton and golden sunflowers and luscious melons; her Ozark region, known throughout the world as the land of the big, red apple; her hillsides and her valleys; her bubbling springs and her clear, cool streams; her flowers and meadows and woodland, are a constant challenge to those who delight in the beauties of nature. Along the banks of the mighty Mississippi from the Grand Tower Rock to St. Louis the cliffs and crags and limestone bluffs are not surpassed in scenic grandeur by the Palisades of the Hudson. The Ozark Mountain region of Missouri, with its alluring charm of peak and chasm, is coming to its own as the playground and pleasure spot for the millions of people in the great central valley of the Nation. Lake Taneycomo and White River, the Eleven Points and the James River and Current River, and the Bald Knobs, made famous in that Missouri romance, *The Shepherd of the Hills*, are the rivals in scenic magnificence of any other region in America. From the rocky summit of the Jess-Bald Mountain, in Ozark County, there stretches away on every side a magnificent and inspiring panorama of rugged mountains and deep gorges.

The noted Greer Spring in Oregon County is the largest spring in the world. A river of water rushes forth from a mountain cavern and tumbles and rushes in roaring volume to the valley below. The wonderful beauty of the scene beggars description. This spring and the mountain peak and the lakes and the rivers I have mentioned are but a few of the many kindred instances of nature's lavish display of grandeur in that enchanted region.

If I should undertake to catalogue the natural resources that will spell our future commercial prosperity in Missouri, I would begin with the undeveloped water power of the Ozark Mountains. Then I would tell of the splendid diversity of her agricultural production; her wheat and corn and alfalfa, her cotton and rice and sunflowers, her melons and berries and fruit, her live stock and dairy farms and poultry yards. Without attempting to enumerate all that her wonderful soil produces, I bear her message of challenge to all the world to show another equal area that responds to the farmer's magic touch in such variety of yield or with such prodigal abundance.

The mines of Missouri yield coal and lead and iron and zinc in rich profusion; and a number of other metals are found in sufficient quantities to make their mining profitable. The forest products of Missouri in the last third of a century have been converted into millions of money, while the land that produced the trees is bringing the farmers better returns to-day than the value of the timber it grew. Missouri's railroad transportation system reaches every section of the State; and she has more inland waterways than any other State in the Union. Our people are not only the producers of raw material from field and forest and mine, but the factories that are found in all of our towns and cities have ranked Missouri among the leading commercial States of the Nation.

In telling of the enterprise of Missouri no story would be complete without some mention of the Little River drainage reclamation project, whereby more than a million acres of land that was one day a swamp has been converted into a garden richer than the Valley of the Nile. Before this project was undertaken the flowage from a thousand square miles of Ozark foothills came down to the flatlands of southeast Missouri and spread out in an overflow that rendered the land of little value. Through the bold initiative of the landowners of that region an artificial river was constructed for a distance of more than 30 miles just at the break of the foothills, and all of the flowage from the North was gathered into this one mighty channel and diverted eastward into the Mississippi River. Be it said to the honor of the people who promoted this wonderful enterprise, at an expense mounting into fabulous figures, that not one dollar was received or asked in its prosecution from the Nation or the State or any municipality. It was the manifestation of that characteristic spirit that always makes a Missourian willing to take a chance.

I have said somewhat of the material things of Missouri, but I would not close without saying a word about her people.

Our State has had large influence in shaping the destiny of the Nation. Here in Washington she has been ably represented throughout the hundred years of her statehood. Between the days of Thomas H. Benton, who came to the Senate in 1821, and Champ Clark, who died in Congress in 1921, there was a long line of distinguished Missouri statesmen whose names will be heard when the future historian calls the roll of the illustrious sons of our Republic.

The literary world, too, has been brightened by the efforts of the much-loved Mark Twain, Eugene Field, Winston Churchill, and Harold Bell Wright.

This day must be reminiscent to every Missourian of the valor and patriotism of our people. When the military history of Missouri is written it will have a glorious chapter about that army of Missourians, raised in 1846, which was headed by Col. Alexander H. Doniphan, in the longest military march known to the annals of warfare, through 3,000 miles of wilderness and desert, unpeopled except for savage foes, to a glorious conquest in Mexico. Another chapter would deal with the awful tragedy of the Civil War, which divided her families and her communities, when Missouri, alone among the States, furnished 109,000 men in blue and 40,000 men in gray, gallant soldiers every one of them, who was willing to die for the cause he loved. In that chapter will be told the story of Lyon and Blair and Marmaduke and Price and a score of other leaders whose valor is a treasured memory. There will be a chapter recounting the heroism of the veterans who fought for humanity in the Spanish-American War. It will tell of Col. J. L. Torrey, who, with Roosevelt, organized the Rough Riders for a campaign of daring courage; and it will tell of Arthur Lee Willard, who planted the first American flag on Cuban soil.

Then will come the final chapter, dealing with the great World War. Gen. John J. Pershing, who led the greatest Army the world has ever seen, and Gen. Enoch H. Crowder, whose matchless administration of the selective service act was so essential to success, will lend glory to the State which gave them birth; but not less wonderful in that war was the record of 138,310 Missouri boys who enlisted under our flag—3,400 of them were in the marines, 6,910 were in the Navy, and 128,000 were in the Army. To them I can pay no higher tribute than to quote the words of Gen. Harvey C. Clark, who said:

The record made by Missourians on the battle fields of Europe has never been surpassed in the annals of warfare. To them we must pay the supreme tribute of a grateful people. No words can measure their heroic gallantry or the greatness of their sacrifice.

The SPEAKER pro tempore (Mr. DOWELL). The gentleman from Missouri asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. KAHN. Mr. Speaker, I yield three minutes to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. Mr. Speaker, I have tried to be somewhat careful in my votes upon the conferring of medals in so far as that question has arisen and in the matter of the selection of materials to be distributed over the country for memorial purposes. I intend to content myself in the present instance simply with voting against this bill, but I want to give my reasons for it. It seems to me that this is an incongruous thing. I can not believe that the officials of the American Legion who ask for the passage of this bill, so I am informed, gave that careful thought to its consideration which is characteristic of them. The congressional medal is of course the highest honor that can be conferred as a reward for military service, but it is distinctive, it is individual, it is not symbolic. It is conferred upon an individual for a distinctive service in going beyond the ordinary line of duty. It does seem to me that to undertake to confer that medal, which has a significance that is individual in character, upon an unknown soldier—who may have been the bravest of the brave or he may have been one who was cowardly—mean absolutely nothing. I am willing to go to any reasonable expense in voting a mausoleum to be erected above the unknown soldier who will be buried at Arlington to the end that that may typify the spirit of the Nation and the Nation's gratitude. That would mean something; that would be symbolic. That unknown soldier is to represent, and the very reason that his body is brought back here is to represent, not an individual spirit but the typical spirit of the Nation for which he fought and of his fellows with whom he died. It seems to me that to confer this medal, with its distinctly individual characteristics, upon an unknown is a very strange and incongruous proceeding. Therefore I shall vote against the bill.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KAHN, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### LOAN OF TENTS, ETC.

Mr. BLANTON. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. HILL. Mr. Speaker, will the gentleman reserve that for a moment?

Mr. BLANTON. I withhold the point.

Mr. HILL. Mr. Speaker, I call up House joint resolution 184, authorizing the Secretary of War to loan tents, cots, and blankets for the use of "buddie week" reunion of the Twenty-ninth and Seventy-ninth Divisions, at the encampment to be held from August 31 to September 6, 1921, at Baltimore, Md., which I send to the desk and ask to have read.

The Clerk read as follows:

House joint resolution (H. J. Res. 184) authorizing the Secretary of War to loan tents, cots, and blankets for the use of "buddie week" reunion of the Twenty-ninth and Seventy-ninth Divisions at the encampment to be held from August 31 to September 6, 1921, at Baltimore, Md.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of War be, and he is hereby, authorized to loan to the executive committee of the "buddie week" reunion of the Twenty-ninth and Seventy-ninth Divisions in charge of the arrangements for such reunion, to be held in Baltimore, State of Maryland, from August 31 to September 6, 1921, 500 tents, 5,000 cots, and 10,000 blankets, or as much thereof as may be available.

Sec. 2. That no expense shall be caused the United States Government by the delivery and return of such property, the same to be delivered to said executive committee at Baltimore, Md., at such time prior to the date of such meeting as may be agreed upon by the Secretary of War and the chairman of said executive committee.

Sec. 3. That the Secretary of War shall, before delivering such property, take from the said chairman of said executive committee a good and sufficient bond for the safe return of said property in good order and condition, the whole transaction to be without expense to the Government of the United States of America.

Mr. HILL. Mr. Speaker, I ask unanimous consent that the resolution be considered in the House as in Committee of the Whole House on the state of the Union.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to extend and revise my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HILL. Mr. Speaker, I move the previous question on the joint resolution to final passage.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. HILL, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

#### BIOLOGICAL STATION IN STATE OF WASHINGTON.

Mr. KAHN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1475) providing for a grant of land to the State of Washington for a biological station and general research purposes, with a Senate amendment thereto, and agree to the Senate amendment.

The SPEAKER pro tempore. The gentleman from California asks unanimous consent to take from the Speaker's table the bill H. R. 1475, with a Senate amendment thereto, which the Clerk will report by title.

The Clerk reported the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. GARRETT of Tennessee. Mr. Speaker, this is Calendar Wednesday, and I think Members of the House ought not to be subjected to the necessity of objecting to a request of this kind on this day.

Mr. KAHN. Mr. Speaker, I withdraw the request, and I shall try to take it up in the morning.

#### DUTY ON CERTAIN REIMPORTED ARTICLES.

Mr. HAWLEY, from the Committee on Ways and Means, reported House joint resolution 183, imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person, when reimported into the United States, which was read a first and second time, referred to the Committee of the Whole House on the state of the Union, and, with the accompanying report, ordered to be printed.

Mr. GARRETT of Tennessee. Mr. Speaker, I reserve all points of order on that bill.

The SPEAKER. The gentleman from Tennessee reserves all points of order.

#### ADJOURNMENT.

Mr. KAHN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 3 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Thursday, August 11, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV,

205. A letter from the President of the United States, transmitting a letter from the Secretary of State relating to the grant of a loan to the Republic of Liberia was taken from the Speaker's table and referred to the Committee on Foreign Affairs.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. SMITH of Idaho, from the Committee on the Public Lands, to which was referred the bill (H. R. 2914) to add certain lands to Minidoka National Forest, reported the same with an amendment, accompanied by a report (No. 337), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. HAWLEY, from the Committee on Ways and Means, to which was referred the joint resolution (H. J. Res. 183) imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person, when reimported into the United States, reported the same with amendments, accompanied by a report (No. 338), which said joint resolution and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. COLTON (by request): A bill (H. R. 8163) to establish a standard decimal system of weights and measures for the United States; to the Committee on Coinage, Weights, and Measures.

Also (by request), a bill (H. R. 8164) to fix the standard of work and duty for common carriers of freight and to establish uniform car rates and class rates for the transportation of freight by common carriers in commerce between the States; to the Committee on Interstate and Foreign Commerce.

Also (by request), a bill (H. R. 8165) to amend sections 3513 and 3515 of the Revised Statutes prescribing the weights of the silver and minor coins of the United States; to the Committee on Coinage, Weights, and Measures.

By Mr. GENSMAN: A bill (H. R. 8166) making an appropriation for the construction and maintenance of roads and trails within the Wichita National Forest in the State of Oklahoma; to the Committee on Appropriations.

By Mr. FENN: A bill (H. R. 8167) providing for the erection of a public building for post-office purposes in South Manchester, in the town of Manchester, Conn.; to the Committee on Public Buildings and Grounds.

By Mr. GENSMAN: A bill (H. R. 8168) for the construction and maintenance of roads and trails within the Wichita National Forest in the State of Oklahoma; to the Committee on Agriculture.

By Mr. YOUNG: A bill (H. R. 8169) to extend the provisions of the emergency tariff act for two months; to the Committee on Ways and Means.

By Mr. LANKFORD: A bill (H. R. 8170) to authorize the construction of a toll bridge across the St. Marys River between Camden County, Ga., and Nassau County, Fla.; to the Committee on Interstate and Foreign Commerce.

By Mr. BRAND: Memorial of the Legislature of the State of Georgia, requesting that no Federal legislation be enacted interfering with the States' control over intrastate railroad rates; to the Committee on Interstate and Foreign Commerce.



## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS: A bill (H. R. 8171) granting a pension to Amanda Jane Moon; to the Committee on Invalid Pensions.

By Mr. BECK: A bill (H. R. 8172) granting an increase of pension to Frances W. Mallow; to the Committee on Pensions.

By Mr. BLANTON: A bill (H. R. 8173) for the relief of Mrs. E. H. Jackson; to the Committee on Claims.

By Mr. DEMPSEY: A bill (H. R. 8174) granting an increase of pension to Tena Allard; to the Committee on Pensions.

By Mr. JOHNSON of South Dakota: A bill (H. R. 8175) granting a pension to John D. Gill; to the Committee on Pensions.

By Mr. LANGLEY: A bill (H. R. 8176) granting a pension to Frank Miller; to the Committee on Pensions.

By Mr. LITTLE: A bill (H. R. 8177) granting a pension to Bertha A. Beckman; to the Committee on Pensions.

By Mr. ROACH: A bill (H. R. 8178) granting an increase of pension to Martha J. Cooper; to the Committee on Invalid Pensions.

By Mr. ROGERS: A bill (H. R. 8179) granting an increase of pension to Alice V. Carleton; to the Committee on Invalid Pensions.

By Mr. SMITH of Michigan: A bill (H. R. 8180) granting a pension to Ella Snow; to the Committee on Invalid Pensions.

By Mr. SNYDER: A bill (H. R. 8181) authorizing the President of the United States to restore to the active list of the Navy Thomas Smith, formerly chief gunner, United States Navy; to the Committee on Naval Affairs.

By Mr. VAILE: A bill (H. R. 8182) for the relief of Mark A. Skinner; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2348. By Mr. BIXLER: Petition of Sharon (Pa.) retailers and manufacturers of carbonated beverages, favoring the elimination of the 10 per cent sales tax now imposed under section 628a of the revenue act of 1918; to the Committee on Ways and Means.

2349. By Mr. BRIGGS: House concurrent resolution 13 of the Texas Legislature, urging immediate official recognition by the United States of the Government of Mexico as administered by President Obregon; to the Committee on Foreign Affairs.

2350. By Mr. FENN: Petition of town officials and 644 other citizens of Manchester, Conn., in favor of an appropriation for a building for post-office purposes; to the Committee on Public Buildings and Grounds.

2351. By Mr. GALLIVAN: Memorandum from Ukrainians of Boston, Mass., protesting against persecutions committed upon Ukrainians by the Polish forces of occupation; to the Committee on Foreign Affairs.

2352. By Mr. KIESS: Resolution from W. Earle Champaign, American Legion Post No. 84, Wellsboro, Pa., relative to Senate bill 506; to the Committee on Ways and Means.

2353. By Mr. KISSEL: Petition of E. P. Wharton, president of the Southern Tariff Association, Greensboro, N. C.; to the Committee on Ways and Means.

2354. Also, petition of Chamber of Commerce of the United States of America, Washington, D. C., relative to taxation; to the Committee on Ways and Means.

2355. By Mr. LINTHICUM: Petition of T. H. Symington Co., of Baltimore, Md., favoring House bill 7994; to the Committee on Interstate and Foreign Commerce.

2356. Also, petition of Robert M. Rother, William G. Weller, Emanuel B. Jacobs, and others, of Baltimore, Md., favoring Towner-Sterling bill; to the Committee on Education.

2357. Also, petition of Autocar Sales & Service Co., of Baltimore, Md., and Mack-International Motor Truck Corporation, of Baltimore, Md., protesting against increased taxation on automobiles; also petition of the Gosman Ginger Ale Co., protesting against tax on bottled beverages; to the Committee on Ways and Means.

2358. By Mr. TAYLOR of Colorado: Petition of the North Park Stock Growers' Association, of Walden, Colo., relative to present deplorable condition of the live-stock industry; to the Committee on Agriculture.

2359. By Mr. TOWNER: Resolutions passed at the recent convention of the Supreme Forest, Woodmen Circle, indorsing the passage of the Sheppard-Towner maternity bill; to the Committee on Interstate and Foreign Commerce.

## SENATE.

THURSDAY, August 11, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father and our God, Thou hast been our refuge and strength and a very present help in trouble. We ask Thee to continue to us those high and hallowed privileges of realizing the same that our fathers did in the consciousness of Thy presence and the overruling of Thy providence. So help us always to recognize the path of duty and to walk therein in Thy fear and for Thy glory. We ask in Jesus Christ's name. Amen.

## NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., August 11, 1921.

To the SENATE:

Being temporarily absent from the Senate, I appoint Hon. CHARLES CURTIS, a Senator from the State of Kansas, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro Tempore.

Mr. CURTIS thereupon took the chair as Presiding Officer.

The reading clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. PITTMAN and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

## CALL OF THE ROLL.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Hale	McNary	Sterling
Ball	Harrell	Nelson	Sutherland
Brandeggee	Harrison	Norbeck	Trammell
Cameron	Heflin	Oddie	Wadsworth
Capper	Johnson	Overman	Warren
Caraway	Jones, Wash.	Phipps	Watson, Ga.
Culberson	Keyes	Pittman	Weller
Curtis	King	Poindexter	Willis
Ernst	Lenroot	Sheppard	
Fletcher	Lodge	Shortridge	
Gooding	McKellar	Smith	

Mr. JONES of Washington. I wish to announce that the Senator from Pennsylvania [Mr. PENROSE], the Senator from North Dakota [Mr. McCUMBER], the Senator from Utah [Mr. SMOOT], the Senator from Vermont [Mr. DILLINGHAM], the Senator from New York [Mr. CALDER], and the Senator from Connecticut [Mr. McLEAN] are detained by a meeting of the Committee on Finance.

The PRESIDING OFFICER. Forty-one Senators having answered to their names, a quorum is not present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. GLASS and Mr. KNOX answered to their names when called.

Mr. SIMMONS, Mr. LADD, Mr. LA FOLLETTE, Mr. NEW, Mr. NICHOLSON, Mr. STANLEY, Mr. KELLOGG, Mr. WATSON of Indiana, Mr. BROUSSARD, Mr. SWANSON, Mr. TOWNSEND, and Mr. GERRY entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-five Senators having answered to their names, a quorum is present.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6320) to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes.

The message also announced that the House had passed bills and a joint resolution of the following titles, in which it requested the concurrence of the Senate:

H. R. 7204. An act to provide a Government-owned water-service system for the Fort Monroe Military Reservation;

H. R. 7255. An act authorizing bestowal upon the unknown, unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., the congressional medal of honor and the distinguished service cross;

H. R. 7848. An act authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes;

H. J. Res. 184. Joint resolution authorizing the Secretary of War to loan tents, cots, and blankets for the use of Buddie Week reunion of the Twenty-ninth and Seventy-ninth Divisions at the encampment to be held from August 31 to September 6, 1921, at Baltimore, Md.

#### ENROLLED BILLS AND JOINT RESOLUTION SIGNED.

The message further announced that the Speaker of the House had signed the following enrolled bills and joint resolution, and they were thereupon signed by the Presiding Officer [Mr. CURTIS] as Acting President pro tempore:

S. 1811. An act to amend the Federal farm loan act, as amended;

H. R. 6320. An act to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes;

H. R. 6877. An act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes;

H. R. 7208. An act to extend the time for the construction of a bridge across the Roanoke River in Halifax County, N. C.;

H. R. 7328. An act to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho; and

H. J. Res. 112. Joint resolution authorizing the erection on public grounds in the city of Washington, D. C., a memorial to the employees of the United States Department of Agriculture who died in the war with Germany.

#### UNITED STATES PROPERTY AT BRIDGEPORT, CONN.

The PRESIDING OFFICER laid before the Senate a communication from the Secretary of Labor responding to Senate resolution 125, dated August 5, 1921, advising the Senate as to the reason for nonpayment of taxes by the United States Housing Corporation upon property of the United States at Bridgeport, Conn., which was referred to the Committee on Public Buildings and Grounds.

#### PETITIONS AND MEMORIALS.

Mr. PITTMAN. Mr. President, I present a resolution of the American Association for the Recognition of the Irish Republic passed July 31, 1921. I request that it be referred to the Committee on Finance and printed in the CONGRESSIONAL RECORD.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Whereas the Penrose bill, known as S. 2135, giving absolute power to the Secretary of the Treasury to refund approximately \$11,000,000,000 of Great Britain's and other countries' indebtedness to the United States; and

Whereas J. P. Morgan & Co. are considered the fiscal agent of Great Britain; and

Whereas it is a matter of common knowledge that the present Secretary of the Treasury is closely related to J. P. Morgan & Co. in business relations; and

Whereas it is estimated there are between six and seven million people in the United States out of employment: Now, therefore, be it

*Resolved*, That we most emphatically protest against the enactment of the Penrose bill; and be it further

*Resolved*, That we insist that all debts owing the United States by foreign countries be collected without delay.

Mr. WATSON of Georgia presented a resolution of the Legislature of Georgia, which was referred to the Committee on Agriculture and Forestry, as follows:

#### A resolution.

Whereas the ravages and destruction by the boll weevil in the cotton-producing States of the United States has gone beyond accurate computation in dollars and cents and to-day is practically unchecked; and

Whereas it would be in the interest of science, economy, and humanity that abundant inducement be offered to bring about some form of discovery on a scientific basis which would rid our country of this pestilence and check its inroad upon one of the greatest necessities of the human family; and

Whereas all research in that direction has thus far been left largely to the individual agricultural departments of the States and the Nation, without any special inducement to the scientific brain of the world to devote itself to an effective discovery: Therefore be it

*Resolved by the General Assembly of Georgia (both branches concurring)*, That the Congress of the United States be, and is, memorialized to set aside a gratuity in the sum of not more than \$5,000,000 to be awarded as a prize to the scientist or person who will discover to the satisfaction of such examination as the Congress of the United States may deem necessary to provide an effective method of eliminating the boll weevil; the award of the prize or gratuity to be made in

such manner that the right to the discovery shall become the property of the United States Government for the use of the people of the United States; be it further

*Resolved*, That a copy of this resolution be forwarded to each Member of the National House of Representatives and the United States Senate, properly signed by the officials of this general assembly, and the clerk of the House of Representatives of Georgia is hereby instructed to carry out this provision of this resolution.

#### REPORTS OF COMMITTEES.

Mr. BRANDEGEE, from the Committee on the Judiciary, to which was referred the bill (S. 2235) to confer jurisdiction upon the Court of Claims to adjudicate the claims of American citizens, reported it without amendment.

Mr. TRAMMELL, from the Committee on Claims, to which was referred the bill (H. R. 1942) for the relief of the owners of the dredge *Maryland*, reported it with amendments and submitted a report (No. 255) thereon.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHORTRIDGE:

A bill (S. 2388) for the relief of Augusta Reiter; to the Committee on Claims.

By Mr. STERLING:

A bill (S. 2389) authorizing Federal land banks to make loans on lands within irrigation projects and giving priority of lien for loans so made; to the Committee on Irrigation and Reclamation.

By Mr. PITTMAN:

A bill (S. 2390) to redistribute the number of officers in the several grades of the Supply Corps of the Navy; to the Committee on Naval Affairs.

By Mr. JONES of Washington:

A bill (S. 2391) to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; to the Committee on Commerce.

By Mr. KNOX:

A bill (S. 2392) for the promotion of Col. Lloyd M. Brett, United States Army, retired; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 2393) for the relief of Wynona A. Dixon; to the Committee on Claims.

#### APPOINTMENT OF ARMY OFFICERS TO CIVIL OFFICE.

Mr. WADSWORTH. I introduce a bill which I send to the desk, and, it being very brief, I ask that it may be read, so that it may be printed in the RECORD.

The bill (S. 2387) making Army officers on active duty eligible for appointment to civil office in the government of Territorial possessions of the United States was read the first time by its title, the second time at length, and referred to the Committee on Military Affairs, as follows:

*Be it enacted, etc.*, That hereafter officers of the Army on the active list shall be eligible for appointment to any civil office of the government of any Territorial possession of the United States the chief executive of which is required by law or by order of the President to render reports to the War Department, and sections 1222 and 1860, Revised Statutes, shall not apply to the acceptance or the exercise of the functions of any such office: *Provided*, That this act shall apply only to offices filled by appointment by the President by and with the advice and consent of the Senate.

#### AMENDMENTS TO TARIFF BILL.

Mr. SHEPPARD submitted an amendment intended to be proposed by him to House bill 7456, the tariff bill, which was referred to the Committee on Finance and ordered to be printed.

Mr. GOODING submitted six amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

Mr. LADD submitted three amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

Mr. McNARY submitted five amendments intended to be proposed by him to House bill 7456, the tariff bill, which were referred to the Committee on Finance and ordered to be printed.

#### BOGUS PROHIBITION AGENTS.

Mr. STANLEY. I ask unanimous consent to incorporate in the RECORD a short article from the New York Times of to-day, illustrating the perils and dangers to the community generally from the unauthorized searches and seizures of persons posing as Federal officers.

The PRESIDING OFFICER. Is there objection to the request? If not, it is granted.



The matter referred to is as follows:

BOGUS DRY AGENTS ROB SAFE OF \$4,000—SEARCH RESTAURANT MAN'S PLACE, THEN HOLD HIM UP AND GET AWAY WITH LOOT—ONE CAUGHT AFTER CHASE—EXCITED WOMAN RUNS BETWEEN OFFICER AND FUGITIVE AND BOTH HOLD FIRE TO SAVE HER.

"Three men walked into the restaurant of Gennaro Damicalo, at 2 East One hundred and twenty-sixth Street, at 5 o'clock yesterday afternoon and told the proprietor they were revenue agents. They suggested a search of the restaurant and upstairs rooming house for liquors, and Damicalo agreed to accompany them.

"The men searched the restaurant with painstaking care. They found nothing save spaghetti, Parma cheese, and ginger ale. Then they said that they would like to go over the entire house. Damicalo escorted them upstairs. In a room on the second floor the 'agents' found the proprietor's small safe. Apparently they knew it beforehand, for as soon as they entered the room and before they even glanced at the strong box they slammed the door and leveled pistols at Damicalo.

"The restaurant man is beyond 60 years of age. He followed orders to open the safe, and the three men took \$4,000 worth of jewelry and \$162 in cash. One took charge of the loot; the others warned Damicalo that a move to follow them would bring him death. They darted down the stairs, but Damicalo followed.

"On the ground floor the restaurant keeper's cries enlisted three waiters and four customers in a chase that led to Madison Avenue. One of the robbers ran south, the second made east, the third turned around, eluded the pursuers and ran to Fifth Avenue.

"Policeman Michael Mahoney, of the East One hundred and twenty-sixth Street station, joined the chase. He was but a few steps behind one fugitive when the man ran up the steps of 2 East One hundred and nineteenth Street. At the top the man halted, wheeled, and pointed his pistol at the policeman. Before he could fire a woman on the sidewalk inadvertently got between the man and his target. Both the fugitive and Mahoney were afraid of hitting the woman. In her excitement she stood still. During the second of her indecision Detectives Grantner and Shields grappled with the man.

"He fought furiously. Twice the two detectives, reinforced by Mahoney, thought they had him down. But he shook them off and finally struggled free. He dashed into the hallway of the apartment house and into the ground-floor apartment of Salvatore Mallah, whose door happened to be open.

"The police were right behind him. As he tossed his pistol back of a washstand they made him prisoner. At the East One hundred and twenty-sixth Street station, where he was charged with assault and robbery—the police said that he had struck Damicalo—the man said that he was Laberto Burgeure, 23 years old, a dressmaker, living at 39 Carmine Street. The police said that he admitted his share in the robbery. The two other men eluded pursuit and got away with the loot."

#### HOUSE BILLS AND JOINT RESOLUTION REFERRED.

The following bills and joint resolution were severally read twice by title and referred as indicated below:

H. R. 7204. An act to provide a Government-owned water-service system for the Fort Monroe Military Reservation; and

H. R. 7255. An act authorizing bestowal upon the unknown, unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., the congressional medal of honor and the distinguished service cross; to the Committee on Military Affairs.

H. R. 7848. An act authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes; to the Committee on Indian Affairs.

H. J. Res. 184. Joint resolution authorizing the Secretary of War to loan tents, cots, and blankets for the use of Buddie Week reunion of the Twenty-ninth and Seventy-ninth Divisions at the encampment to be held from August 31 to September 6, 1921, at Baltimore, Md.; to the Committee on Military Affairs.

#### EXTENSION OF RENTS ACT.

The PRESIDING OFFICER. Morning business is closed.

Mr. BALL. I ask unanimous consent that the Senate proceed to the consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

Mr. KING. Will the Senator from Delaware yield to me for about two minutes?

The PRESIDING OFFICER. The Chair will first ask is there objection to the request of the Senator from Delaware?

Mr. KING. I have no objection.

The PRESIDING OFFICER. Is there objection?

Mr. POINDEXTER. What is the request?

The PRESIDING OFFICER. To proceed to the consideration of the District of Columbia rents bill.

Mr. WADSWORTH. I object.

The PRESIDING OFFICER. Objection is made.

Mr. BALL. I move that the Senate proceed to the consideration of the bill notwithstanding the objection.

The PRESIDING OFFICER. The question is on the motion of the Senator from Delaware.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Delaware yield to the Senator from Utah?

Mr. BALL. I shall not yield for any lengthy discussion, unless it be on the pending bill.

The PRESIDING OFFICER. The Chair will say that any Senator may address the Chair, and if he secures recognition he may speak upon any subject which he desires.

Mr. KING. I do not desire to take the Senator from Delaware from the floor, if he claims it.

Mr. BALL. I thought I still had the floor.

The PRESIDING OFFICER. The Senator from Delaware has the floor, if he desires to speak on the pending bill or anything else.

Mr. KING. Mr. President, I hope the Senator from Delaware will not become impatient if I occupy two or three minutes in the consideration of another subject.

Mr. BALL. I yield to the Senator from Utah.

#### RELATIONS WITH RUSSIA.

Mr. KING. Mr. President, I shall occupy but a short time as I know the Senator from Delaware is anxious to have the measure which has been before the Senate for some time disposed of.

As Senators know, I have opposed recognizing the bolshevik régime. Lenin and Trotsky, with a few hundred thousand communists, have superimposed upon Russia a tyranny so brutal, oppressive, and degrading as to bring Russia to the verge of ruin. History does not furnish a parallel to the soviet debacle. At a time when the world was on fire and when the fate of Russia as a nation was threatened by the Central Empires, the destructive hand of bolshevism was laid upon the nation and upon the people.

The Russian armies had been fighting bravely and had suffered unparalleled losses in their heroic efforts to resist the German and Austrian armies as they relentlessly pressed toward Petrograd and Moscow. The Kerensky government was overthrown and Lenin and Trotsky, with their communist followers, seized the reins of authority. They betrayed the Russian people and placed Russia for the moment under the control of Germany. The Russian armies were disintegrated, and confusion and chaos existed in every part of the Russian dominions. The constituent assembly was dissolved, and a bloody and tyrannous authority was forced upon the passive and unresisting people. Bewildered at the condition surrounding them, uneducated, with no anchor and no moral leaders, the people helplessly were driven before a brutal military minority who did not represent the views, ideals, or aspirations of the Russian people, or reflect their sentiments upon the economic, political, or other questions which were vital to their welfare.

Religion was banned, the churches were closed, the lips of the priests sealed, and the influences and forces which had guided the people were submerged or destroyed, and they were left leaderless, helpless, and indeed hopeless upon a tumultuous sea, the waters of which ran high before the tempest of bolshevism.

More than a million of the best minds of Russia were driven from their homes and their nation. Hundreds of thousands of loyal Russians, who desired the welfare and salvation of their nation, were imprisoned or murdered, and everywhere the bloody, brutal hand of bolshevism was raised to repress any movement which sought the redemption of the Russian people. As a result there has been moral and material degeneracy, and Russia has been plunged into an abyss so tragic and so horrible as to excite the sympathies of the civilized world.

The hateful form of bolshevism rises above the ruins, and its cruel and heartless laugh seeks to drown the cries and the

agonies of helpless millions. The Russian peasant, passive, docile, unresisting, has submitted and still submits to this cruel oppression, and seems incapable of throwing off the grip of the monster which has destroyed the freedom of Russia and her people.

Production has ceased. Transportation not only is disorganized but as a system is practically nonexistent; and the people, scourged by famine and disease, are perishing by the thousands upon the arid plains and sun-baked lands and sterile wastes of Russia. Not alone in the villages but in the cities, hunger, disease, and death lay their blighting hand upon the people.

Undoubtedly some of the reports carried by the press are exaggerated, but the truth as to the awful conditions is so appalling as to bring pity to the hearts of the most insensate. The situation is so tragic as to awaken the civilized world. Russia must be helped. Russia's people must not be destroyed. Steps must be taken to stem the tide of typhus and cholera and disease and death which is sweeping Russia and the waves of which may inundate other lands.

The granting of aid to Russia does not involve the recognition of the soviet régime. We can not recognize, either *de facto* or *de jure*, a brutal, murderous force which announces its purpose to destroy this and all other governments. We must disassociate, at least for the moment, the Russian people from bolshevism and think of the great silent, sorrowing, dying people who do not want bolshevism, who hate and abhor it, and whose sufferings have been so great as to produce lethargy and indeed a state of coma from which they are unable to be aroused.

Bolshevism is not Russia, but unfortunately Russia, suffering from the death potion which has been administered, in agony submits to the oppressors' rule. There are millions of Russian people who have abandoned their hovels and their homes and are wandering over almost uncharted wastes suffering and dying from hunger and disease. Cholera, typhus, and other scourges are devastating the land. Thousands of little children are abandoned in the wild flights of the people—flights resulting from misery and madness. In this wretched and unhappy land tens of thousands of people, struggling through the darkness of the night and under the fierce heat of the summer sun, push their way, some to the east, some to the south, and some to the west, intent only upon satisfying the pangs of hunger and finding some relief from the horrors which envelop them. Millions are dying from disease and hunger. The hand of death is laid upon Russia. Cries of the people must arouse this and other lands. Relief must be afforded.

The American people have always been the first to respond to the cries of distress no matter what part of the world they came from, whether the people were black, brown, or white, whether Anglo-Saxon or Slav. America's heart has always responded to the cries for succor and relief.

The Red Cross and other organizations should, in my opinion, obtain funds from all parts of the land. I feel sure that the generous hearts of the American people will be touched by this tragic situation and that they will make contributions to save the children and as many as possible of the dying adults of this unhappy land.

Undoubtedly insurmountable obstacles will arise so that aid can not reach many of the sections where starvation and death are now desolating the land. North of the Caspian Sea and in the region of the Volga it seems impossible, because of the destruction of the transportation system, to reach districts where aid is imperatively required. It is quite likely that it is beyond human power to remedy the distressing conditions, to alleviate the sorrows and sufferings of all whose appeals are heard round the world. However, every effort possible should be made to grant relief and to lay the tender hand of mercy upon as many of these stricken people as it is humanly possible to do.

The premiers of Great Britain and France, the dispatches of this morning announce, are taking steps, in behalf of their respective Governments, to carry aid to Russia. And other European nations will join with them and with this Nation in a broad and comprehensive relief plan.

Mr. Hoover's organization, which accomplished such great results in Europe during and following the war, still exists, though perhaps in skeleton form only, and it is now functioning for Russia's relief. This organization should be strengthened, funds should be supplied, and every possible effort made in order that its operations may be successful. I am willing that the Government of the United States should make contribution to the Russian people, and I have accordingly prepared a joint resolution, which I shall offer for appropriate reference, carrying an appropriation of \$5,000,000 to be expended by the President of the United States for this purpose. This appropriation is no recognition of the soviet government nor is it a loan to the

Russian people. This measure is not inconsistent with the position which I have heretofore taken and to which I still adhere, that there shall be no recognition by the United States of the despotism of Lenin and Trotski.

The distinguished Senator from Maryland [Mr. FRANCE] has recently spent a few days in Russia. The press announces that he will advocate that the United States Government loan to the soviet government from two to four billions of dollars.

Mr. President, such a course is inconceivable. It is a fatuous and, in my judgment, a preposterous policy. The soviets have repudiated the loans which Russia obtained from other nations. France, as well as other nations, loaned to Russia at various times, and particularly during the war, amounts aggregating billions of dollars. These obligations have been repudiated, and the soviet régime declares its purpose to be to destroy France and Great Britain and the United States and all other nations in order that bolshevism may reign throughout the world. Nations are to be destroyed and international bolshevism is to dominate, oppress, and destroy humanity.

Permit me to say in passing that we are not now in a position to extend further credits, of any magnitude at least, to other nations. We have loaned approximately \$20,000,000,000 to Europe. Capital which we need at home we have loaned to impoverished, if not bankrupt, nations. Further credits of any magnitude might impair our own financial stability. We desire, of course, the rehabilitation of Europe. Her prosperity will be reflected by increased prosperity in our own land. It is important that there be an industrial revival in Europe and that the impoverished people increase their production. Our obligations can only be paid when Europe treads the pathway of progress and prosperity. Europe requires our surplus products. As much as we desire that she acquire them, we can not extend credit sufficiently great to enable Europe to purchase all the raw materials and finished products of which she stands in need. Europe must produce and then find markets for her products. When we shall receive her products in sufficient quantities, she can meet her obligations and purchase still more of our surplus products.

Of course, in the absence of the Senator from Maryland, I will not discuss the statements attributed to him further than to say that it would be a most unwise, if not dangerous, policy for the United States to loan to the soviet régime two or four billions of dollars or any sum or amount whatever.

It is the duty of the American people to make contributions to save the starving and dying people of Russia, and I appeal to the generous people of this great land to open their hearts and their treasure to a cause so worthy and so appealing.

The joint resolution (S. J. Res. 98) appropriating \$5,000,000 for the relief of famine sufferers in Russia was read twice by its title and referred to the Committee on Appropriations.

#### INTERSTATE HIGHWAY SYSTEM.

Mr. PITTMAN. Mr. President, the morning papers carry the announcement that the President and the Republican leaders in both Houses of Congress have agreed upon a recess on the 20th day of this month, conditioned, I believe, upon the passage of the revenue bill in the House.

I do not intend at this time to discuss the advisability, in my opinion, of taking a recess. I feel it my duty to say, however, that unless certain bills, and one bill in particular, are acted upon by this body prior to the 20th day of this month, I shall make every opposition within my power to recessing; and while that effort would not have very much effect here, unless supported, I am confident that the Senators from the public-land States will join in that opposition. In the event of such opposition, I think that any attempt at a recess will prove futile.

I have particularly in mind the legislation intended to amend the good roads act so as to adjust equitably the expenditures on behalf of the Government and the public-land States in the building of roads. This matter has been before Congress for over seven months. The emergency existing has been described not only to the Senate but admitted by the chairman of the Committee on Post Offices and Post Roads. I do not understand why that committee does not act. It will have to act immediately if there is to be any road legislation prior to the proposed recess.

The public-land States of the West are in the position to-day that they can not make allocations of funds for road purposes because of the indefiniteness of the arrangement that must exist between the Government and the States. Under the present law, as is well known, the Government may put up only 50 per cent of the cost of these roads. Under the proposed legislation it is intended that the States shall put up only such proportion of the 50 per cent as the privately owned land bears to the total area of the State. In other words, the public-land



States own only from 10 to 80 per cent of the land within the States. The rest of it is owned by the Federal Government. The injustice of the State paying for building roads on Government land has been recognized. It is only a question of action.

The Sells bill passed the House of Representatives on January 29, 1921, carrying a provision to correct this injustice. That bill came to the Senate and was referred to the Committee on Post Offices and Post Roads. What was the result of that reference? Was any action ever taken on the Sells bill? Not at all. It carried everything that all of us are trying to accomplish. Instead of taking action upon the Sells bill the Senate reported out a bill introduced by the Senator from Colorado [Mr. PHIPPS] having the same purport. That bill came to the Senate and went to the calendar. At the time that the Phipps bill was reported out of the committee in February and the Sells bill was pending in the committee there came before Congress the Post Office appropriation bill. At that time I called the attention of the Senate to the emergency that existed for this legislation. I reminded the Senate that the fiscal year of all of these public-land States commences on the 1st day of July, and that these States were unable to allocate their funds for the building of roads unless they had information as to what proportion of the total fund they would have to put up. I offered an amendment to the Post Office appropriation bill to accomplish the purpose of an equitable distribution of the expenditures by the Government and the States along the same line as provided in the Phipps bill and along the same line as prescribed in the Sells bill, as they all have the same general idea; but it required a two-thirds vote to attach that amendment to the appropriation bill, and it was defeated, and defeated because the chairman of the committee, the Senator from Michigan [Mr. TOWNSEND], opposed placing this amendment as a rider on the appropriation bill.

I am not criticizing the chairman for that attitude, because the chairmen of appropriations committees very frequently oppose having riders placed upon appropriation bills; but at the time that the chairman of that committee on February 18 opposed setting aside the rule for the purpose of considering my amendment to the Post Office bill he pledged the Senate of the United States that immediately upon the convening of the Congress in April, after the recess, he would take charge of this legislation and see that it was acted on.

What happened? As soon as we met in April I introduced a bill which was practically identical with the Phipps bill, and it was referred to the Post Office Committee. The Senator from Colorado [Mr. PHIPPS] introduced an amendment similar to the bill he had formerly introduced. Both bills went to the Committee on Post Offices and Post Roads. What happened? The Phipps bill was reported out. It passed this body under a unanimous-consent agreement that it be acted upon. It got almost the entire vote of this body under the view that it was emergency legislation. The Senator from Utah started to oppose action upon that bill, but he did not make his objection to the consideration of it, because he was convinced that if the act should pass at all it should pass prior to July 1, 1921. While he was not entirely in favor of the bill, he did not make his objection.

The bill passed this body and went to the House. In the House the committee struck out all after the enacting clause of the Phipps bill and substituted what was known as the Dowell bill. The Dowell bill and the Phipps bill are practically identical. There may be some little difference in wording, but the pride of authorship probably caused the substitution of the Dowell bill for the Phipps bill, and the House passed it, and it came over to this body in that form about the 10th day of June. It was then, instead of being acted on by this body or a conference committee, referred to the Post Office Committee. Why that bill was not acted upon by the Senate, I do not know. It was in issue between the two Houses. The Senate bill had been stricken out and the House bill substituted. It was ready for conference upon the disagreeing votes of the two Houses. A conference committee should have been appointed, and one of those bills should have been agreed to, or a compromise between the two, and this legislation could have been enacted into law prior to the 1st day of July, but it was not. Now, what happened?

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER (Mr. SHORTRIDGE in the chair). Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. PITTMAN. I do.

Mr. McKELLAR. I agree with the Senator entirely about the matter of an early determination of this legislation. I will say to him that the Post Office Committee—I do not see the chairman of the committee here, or I know that he would make

the same explanation—has been rather constantly engaged in trying to work out a measure that may be effective. We are to meet to-day at 2 o'clock to go over that matter. Whether we can agree upon it or not, I can not say.

Mr. PHIPPS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Colorado?

Mr. PITTMAN. Yes, sir; I yield.

Mr. PHIPPS. For the information of the Senator I should like to say that there are some differences as between the so-called Phipps bill and the Dowell bill, in that the Dowell bill goes further and lays down certain rules and lines of procedure for the expenditure of appropriations heretofore made. The disposition of the House and the Committee on Roads of the House evidently was that they did not care to enact any appropriation during the present session of Congress.

The feeling on the part of the Post Office and Post Roads Committee of the Senate, I believe, is that there should be a continuation of Federal aid in the construction of good roads. It was feared by myself and by others that many of the States, particularly the Western States, would be unable to file road projects which would receive the approval of the Department of Agriculture and thereby save the full allotments to the various States. But on the date in June to which the Senator has referred, when the Phipps-Dowell bill was referred to the Committee on Post Offices and Post Roads, we had the assurance of the Director of Roads that every State would be able to insure its allotment by filing road projects which would be approved. That, we understand, has been done.

As the Senator from Tennessee [Mr. McKELLAR] has said, the Committee on Post Offices and Post Roads has been giving attention and study to good roads legislation, endeavoring to combine with the measure which the House has seen fit, in its wisdom, to adopt, the propositions of the Townsend bill, which was reported favorably to the Senate, but upon which action by the Senate has not yet been had.

I feel that the State which the Senator represents and my own State are not in danger of being seriously inconvenienced during the short time which may elapse before both Houses of the Congress may get together in an agreement on a program for good roads for the present year and the ensuing year.

Mr. PITTMAN. Mr. President, I am glad the Senator does not feel the same uneasiness now he did at the time he asked unanimous consent for the passage of his bill in May.

Mr. PHIPPS. I certainly did have that uneasy feeling at that time, Mr. President.

Mr. PITTMAN. In May the Senator felt that it was an emergency matter. To-day, when he is a member of a committee which either will not act or does not act, he has gotten into that natural habit of preferring to apologize for his committee rather than to insist upon action for his State. I have no objection to the Senator waiving his State interests in favor of his committee, but I beg him not to waive the interest of my State in favor of the committee, nor attempt to tell the Senate what the desires of the State of Nevada are, because I am relying upon the reports of Col. J. G. Scrugham, our State engineer, of our road committees out there, and the governor of the State, who have informed me that there is an emergency existing and that they are tied up to a great extent in the building of roads by reason of the delay in action upon this legislation.

Mr. PHIPPS. Mr. President, I was, of course, a member of the committee during both sessions of Congress, and I was a member when I introduced my bill. I believe the Committee on Post Offices and Post Roads has at heart the enactment of legislation at the earliest possible moment which would be suitable, and I can not feel that there has been undue delay on the part of the committee, or the chairman of that committee, in trying to get that legislation into shape. If within a very short time we can bring in a measure which will meet with the approval of the Senate we can go right into conference with the House, and I believe that we will have a piece of legislation which will receive the approval of the House.

Mr. PITTMAN. I have not any doubt that the committee are in favor of legislation of this character—sincerely in favor of it. I am trying to impress upon members of the committee what I consider an emergency. I may be in error in regard to the emergency. I base my feeling about it largely, as I said before, upon reports from my own State. If those reports are incorrect, then I am not correctly informed. But I do say that the committee should make an end to their consideration some time. This subject is not as complicated as some other subjects which have been before the Congress, and which we act upon much more quickly. The great tariff legislation was conceived and considered and passed by the House while



one of these bills alone, which ought to have gone to conference, was taken out of conference and referred to this committee, and while it was lying there waiting for the consideration of that committee.

As I said before, this legislation started seven months ago, practically, by the passage of a bill known as the Sells bill, to accomplish the purpose we are all seeking now, and that bill went to the Committee on Post Offices and Post Roads of the Senate, and it is still there, I suppose. The Phipps bill was reported, of course, right away. It was practically identical in purpose and accomplishment with the Sells bill, and it passed this body on May 16.

Mr. PHIPPS. Mr. President, the outstanding difference between the two measures, as I recall it, is the fact that the Sells bill carried an appropriation of \$100,000,000, whereas the bill introduced by myself carried no appropriation whatever.

Mr. PITTMAN. That is true; there was a difference in the appropriation; but as to the accomplishment and the purpose of the bills they were the same, and that was to do justice to the public-land States, where the Government owned a large percentage of the land.

The Phipps bill went to the House, and they amended it by substituting the Dowell bill, and it came back here with a request that the Senate agree to the amendments of the House. What should have been the action of the Senate in that case? What is the general parliamentary action in that kind of a case? The Senate either agrees to the amendment of the House or it refuses to agree to the amendment of the House and insists on its own provision and asks for a conference on the disagreeing votes between the two Houses. You could have had a conference, and the conferees would have decided whether they would have left the \$100,000,000 appropriation in or not, and upon that you would have gotten action of the two Houses, and you would have had some kind of a law by this time.

Mr. TOWNSEND. Mr. President, the Senator from Nevada evidently does not understand the parliamentary situation, nor does he understand the bills. In the first place, the Phipps bill, which came back to the Senate as amended by the House, striking out all after the enacting clause, carried no appropriation. The Phipps bill was passed early in this session, as it was at the last Congress, for the purpose of enabling the public-land States to take advantage of appropriations already made.

It went to the House. The House, after refusing to consider it for weeks, finally amended the whole road law, struck out all after the enacting clause of the Phipps bill, and inserted the Dowell bill, which did not carry one dollar of appropriation for the next year, as I have stated.

That bill so amended came to the Senate. If it had passed, as the Senator now thinks it ought to have passed, or if it had been sent to conference, as he thinks it ought to have been, the conferees could not have considered the matter of appropriations, as it was included in neither bill. None of the special provisions the Senate committee had been working upon for months could have been inserted in the House bill in conference. I asked that the bill go to committee for the purpose of providing a law which would carry some benefits in the matter of road construction for the coming year. The Dowell bill would not have done that, and it is now conceded, I think, that it would not have been possible to have secured an appropriation for that purpose after the bill had been passed. It may not be possible to pass the bill which our committee will report, but it is the only hope for an appropriation for Federal aid.

The Committee on Post Offices and Post Roads of the Senate have given weeks to consideration of this matter, and as soon as practicable after the Senate sent the Dowell bill to the committee we took it up, and we have now practically agreed upon a compromise which will carry an appropriation which will result in some benefit to those States which are now asking for it.

The committee is quite as much impressed with the importance of this as is the Senator from Nevada. Some of the members of that committee are Senators from the Western States, the public-land States, and have been insistent, in season and out of season, to secure the legislation which we have agreed is proper and wise. The Senator's colleague, Senator ODDIE, is prominent among that number.

We have had many meetings of the committee, and we meet this afternoon at 2 o'clock for the purpose of reporting, if we can agree, as I think we can, a bill to the Senate which we shall urge for consideration and passage at the earliest possible day. Whether we succeed will depend upon the will of the Senate.

I have repeatedly stated to Senators not members of the committee that they were invited to be present at our meetings. The Senator from Nevada himself is invited now, if he desires, to attend any meeting of the committee. We have been work-

ing on this proposed legislation, and if it had not been for delay, or the refusal on the part of the House to act, the measure known as the Phipps bill would have been passed months ago. We did our duty in this body. We had no chance to act upon any House provision until a few weeks ago, when the Dowell bill came over here as a substitute for the Phipps bill; and that, I repeat, carried not a dollar of appropriation, and there was no prospect of getting an appropriation unless we carried it in the Senate bill, and that, I repeat, could not have been considered if the Senate had proceeded as the Senator now says it ought to have proceeded.

Mr. PITTMAN. Mr. President—

Mr. PHIPPS. Will the Senator yield to me for just a moment?

Mr. PITTMAN. I prefer to speak on what the chairman has talked about first, and then I will yield to the Senator from Colorado.

The chairman is entirely right; there was not any difference between the Phipps bill and the Dowell bill with regard to the \$100,000,000 appropriation. The Senator from Colorado got that in his mind by thinking about the so-called Townsend bill, I presume, which carries a hundred million dollars for the purpose of providing a system of Federal roads, and I think the dispute in the committee is not over the difference between the Dowell bill and the Phipps bill, but it is the effort on the part of the chairman to substitute the Townsend bill for both of them as far as possible. Is not that true?

Mr. TOWNSEND. Again may I say that that is not true. I am perfectly willing to leave it to any member of the committee whether the chairman of the committee has been insisting that his bill should be considered to the exclusion of any other measure. The chairman has been willing to consider the bills which have been presented to the committee, and the committee has given consideration to those bills, and I have heard no complaint on the part of any member of the committee that there has been any undue or unfair means or any delay for the purpose of substituting the chairman's bill. I have insisted that its provisions should be known to Senators before final action was taken, and the committee has been practically unanimous in this regard.

Mr. SWANSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Virginia?

Mr. PITTMAN. I yield.

Mr. SWANSON. The chairman of the committee will recall that at the last session of Congress, the short session, it was urged on his consideration by members of his committee that the regular session in December would be upon us before any appropriation would be made for road improvement if we did not do something at that short session.

I offered an amendment to the appropriation bill providing for an extension of the existing law, with the amendments desired by gentlemen from States where there were public lands. My amendment was defeated, lacking a two-thirds vote by a large majority. I understood the Senator from Michigan, the chairman of the committee, to state that he thought he would be able to report a bill and get it through before the 1st of July, at this extra session of Congress, and that there would not be this interregnum of a year in Federal aid for road improvement, which would mean the disorganization of the road forces and the complete stoppage of road construction if Federal aid is not afforded quickly. I now ask the Senator when he expects to consider this legislation, and when he expects it to be enacted, and what steps are being taken to prevent this interregnum in road construction?

Mr. TOWNSEND. Mr. President, I stated a moment ago to the Senator from Nevada that the Senate committee had proceeded with as much expedition as possible, and I have called a meeting of the committee for 2 o'clock this afternoon to do what I think will result in reporting to the Senate the bill, as amended, which came over from the House, the Dowell bill.

I want to say to both the Senators, further, that I do not think there is a single Senator who has given consideration to the Dowell bill who wants that bill passed as it came from the House. We had never considered it when it was submitted here.

The Senator from Virginia refers to the amendment which he offered to the Post Office appropriation bill in the last session of Congress. I did oppose that, because it called for the appropriation of \$100,000,000 under the old law. Even the Dowell bill recognizes the inefficiency of that law and proposes several amendments to it.

Mr. SWANSON. No; if the Senator will permit me, the amendment was the Sells bill. What is the difference between the Sells bill and the Dowell bill?

Mr. TOWNSEND. They are altogether different.



Mr. SWANSON. They are not very materially different. There might be some amendment, but the plan was to continue for one year the appropriation already made, so there would not be a lapse of appropriation. I am sure the Senator defeated the bill that required a two-thirds vote for passage by an assurance which I think he meant in good faith, but which I urged that he could not carry out. I realized he could not do it. I realized he would not get the committee to examine it. I realized, with the tariff bill and other legislation pending at the extra session—and I urged it upon the Senate at that time—that unless the appropriation was continued one year, as provided in the Sells bill, there would be an interregnum of one year in road construction and the road forces that were then constructing roads would be demoralized and would cease to exist.

The Senator, as I understood, felt assured that he would be able to get it through by the 1st of July. Does the Senator expect the Senate to take a recess for a month and not pass this bill at this time?

Mr. TOWNSEND. The Senator from Michigan does not understand anything of the kind. The Senator from Michigan did proceed with the committee to consider road legislation almost immediately when this session of the Senate began. We passed the Phipps bill. We reported another bill and put it upon the calendar for the consideration of the Senate. The House a few weeks ago passed an altogether different bill and that was sent to the Senate and referred to our committee. We have been considering that bill at every moment of available time and have agreed upon a bill to report. That bill, if we do agree, will be reported this afternoon or to-morrow morning if the Senate is in session.

Mr. McKELLAR. We have tentatively agreed, of course the Senator means. We have not actually agreed. There has been a tentative agreement.

Mr. TOWNSEND. Certainly; that of course is what I mean.

Mr. SWANSON. Does the Senator contemplate in that bill making provision for the time between the 1st of last July and the 1st of next July?

Mr. TOWNSEND. I do. It makes provision for \$50,000,000, if the tentative agreement goes through, immediately available, and \$50,000,000 available in six months.

Furthermore, let me say to the Senator that after talking with the director of roads I am satisfied that no great embarrassment is coming to the road interests of the country even by the present delay. All of the available money, or the money that had been appropriated up until the 1st of July, was apportioned to the States before that date, so all of the unexpended money is now in the hands of the States to which it belongs. Not a dollar has been lost to the States. Now, if this money is appropriated and we can get the appropriation the work will go on without material interruption.

Of course, the Senator from Michigan can not speak the sentiment of the Senate. I do not know what the Senate wants to do, but it will have an opportunity to consider the bill at the very earliest opportunity.

Mr. SWANSON. I hope the Senator will urge it for consideration at the earliest opportunity. My information is that this money will be needed, or else there will be a demoralization of the road forces now engaged in construction.

Mr. President, I have a letter from the commissioner of State highways in Virginia in regard to the war materials, about which there has been some complaint and some declarations made and an investigation had, which I desire to have read, if the Senator from Nevada will permit me.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia?

Mr. PITTMAN. I object.

Mr. SWANSON. Then, I ask permission to have the letter inserted in the Record without reading.

Mr. PITTMAN. I object to that.

The PRESIDING OFFICER. The Senator from Nevada objects.

Mr. PITTMAN. I simply object to having it in the Record and I proceed in my own time.

There ought to be a clear understanding about this matter. There are two sets of bills before Congress. One set of bills are the Phipps-Dowell-Sells bills.

Mr. TOWNSEND. They are not the same bills.

Mr. PITTMAN. There is so little difference that I shall show the Senator before I get through that they are practically the same. I shall read from them to show there is no practical difference. The other bill or legislation is the so-called Townsend bill.

The Phipps bill does not deal with any new appropriation. It does not deal with any new road system or new road plan. It has only one purpose, and that is to relieve certain public-land States from putting up 50 per cent of the cost of the roads. That is all it is and it is a very simple proposition. It was so simple that the chairman of the committee voted to report it out of his committee, and at the same time voted to report his own bill, the Townsend bill, out of the committee, and have them both here at the same time. Now, then, they were two separate bills, of course. They were not two bills dealing with the same subject, otherwise it would have been an absurdity to have both bills reported out by the committee.

The Phipps bill was simply a remedial measure amending one clause of the good roads act, that clause providing that the Government should put up only 50 per cent of the cost of the project and the State had to put up the balance. But in States, for instance, like the State of Nevada, where the Government owns 90 per cent of all the land in the State, they recognized that it was unjust to make the State put up half, and so it was provided that the State should put up its proportion. That was the object of the Phipps bill.

Mr. PHIPPS. Mr. President—

Mr. PITTMAN. Now, wait a moment. The chairman of the committee, on February 18, when he was opposing my amendment to the Post Office appropriation bill, at page 3370 of the Record of February 18, said this:

Mr. TOWNSEND. Mr. President, the subject of the amendment offered by the Senator from Nevada [Mr. PITTMAN] has had my consideration for some time. Indeed, a bill which I drew more than a year and a half ago, and before any of the Senators from the public-land States had even called my attention to it, contained a provision which I hoped to incorporate in any measure which might be enacted upon the subject. I am in hearty sympathy with the proper recognition of the public-land States along the lines suggested by the Senator from Nevada.

That was along the line suggested by the Senator from Colorado, and that was along the line suggested by Mr. Sells in the House.

Mr. PHIPPS. Mr. President—

Mr. PITTMAN. Just wait a moment. It is along the line suggested by the Dowell bill. Let me go a little further. The chairman of the committee further said this:

I wish to say to the Senator from Nevada, in furtherance of the statement as to my attitude on the question and my interest in it as demonstrated by amendments or bills before the Senate, that when the Committee on Post Offices and Post Roads of the Senate take up the question at the very beginning of the next session this proposition will be included, because I have found but very little objection to it.

Now, what happened? That was in February. There was a bill that the chairman approved in the committee—the Phipps bill. It was not in conflict with the Townsend bill.

Mr. TOWNSEND. Not a bit.

Mr. PITTMAN. Not at all.

Mr. PHIPPS. Mr. President, I merely wish to interpose and call attention of the Senator from Nevada to the fact that the Phipps bill had another object in addition to the one which he mentioned, and that was relief to the States by affording to them one additional year in which their allotments might be expended.

Mr. PITTMAN. That is all right.

Mr. PHIPPS. When the Phipps bill came back to the Senate, after having been rewritten in the House into the Dowell bill, the question of its reference was discussed at length on the floor, and on motion the Senate voted that the bill be referred to the committee for consideration. That has given the committee an opportunity to consider the entire matter of road legislation which it otherwise would not have had.

Mr. PITTMAN. Here was the bill which the chairman of the committee heartily approved and promised immediate action on when we convened in April. What action has been taken on it since April? It went to the Senate on May 16 with a favorable report from the committee, passed that day, went over to the House and was amended as bills generally are amended in the House, and it was then in admirable condition for conference, was it not? If we could not get a conference report satisfactory to the Senate, the legislation would not have been in any worse fix than it is now, and if we could have had a conference report satisfactory to the Senate, we would have had the legislation enacted into law by the adoption of the conference report. Such is the usual practice of Congress.

Mr. PHIPPS. The Senator's attention has been called to the fact that it carried no appropriation whatever, and there was a sound feeling in the Senate Committee on Post Offices and Post Roads, I think, on the part of a majority of the members, if not every one of them, that some appropriation for the continuation of Federal aid should be made this year. It was the only opportunity the committee could see to bring that

forward and get consideration on the part of the House, because the House in reporting out the Dowell bill cut out the appropriation which that bill originally carried, showing a disposition on the part of the House committee to postpone consideration of further appropriation of Federal aid for roads.

Mr. PITTMAN. The Phipps bill carried no appropriation, because it had but one purpose, and that was to relieve those public-land States of the injustice I have mentioned. The Dowell bill carried no appropriation, but it carried the same provision as the Phipps bill with regard to relieving the Western States of such injustice. Here is a bill passed by two bodies, and after it has passed both bodies it is embalmed in the Senate Committee on Post Offices and Post Roads. Why? Because it does not carry any appropriation. Why do we not have the appropriation in a separate bill instead of killing the bill that we fought for seven or eight months to have passed? Was there anything to prevent that?

Mr. WATSON of Georgia. Mr. President, will the Senator from Nevada allow me?

Mr. PITTMAN. Certainly.

Mr. WATSON of Georgia. Many weeks ago the chairman of the Committee on Post Offices and Post Roads gave notice in the Senate that at the earliest possible moment he would call up what was called the Townsend bill. In a short while afterwards—I do not, of course, remember how long—he did call it up and the bill was before the Senate with a majority report and a minority report. It was squarely before the Senate.

I should be glad if the Senator from Nevada would explain why the Townsend bill was not then in possession of the Senate and could not then have been disposed of. I think it was at least four weeks ago.

Mr. PITTMAN. Well, I do not know, of course. I can not answer that question.

Mr. WATSON of Georgia. The RECORD will show it. The bill was here.

Mr. PITTMAN. Let me go a little further in this matter. Here is what the Phipps bill said with regard to helping out the public-land States:

The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on account of such projects, which shall not exceed 50 per cent of the total estimated cost thereof.

Now comes the Phipps amendment:

Except that in the case of any State containing unappropriated public lands exceeding 5 per cent of the total area of all lands in the State, the share of the United States payable under this act on account of such projects shall not exceed such 50 per cent of the total estimated cost thereof, plus a percentage of such total estimated cost equal to one-half of the percentage which the area of unappropriated public land in such State bears to the total area of such State.

That is the Phipps bill. Let us see what the Dowell bill has to say on that subject. The Dowell bill provides:

The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on account of such projects, which shall not exceed 50 per cent of the total estimated cost thereof.

Here comes the Dowell amendment:

Except that in the case of any State containing unappropriated public lands and reservations under Federal control exceeding 5 per cent of the total area of all lands in the State, as shown by certificate of the Secretary of the Interior, which he is directed to make and furnish annually to the Secretary of Agriculture, the share of the United States payable under this act on account of such project shall not exceed such 50 per cent of the total estimated cost thereof, plus a percentage of such total estimated cost equal to one-half of the percentage which the area of the unappropriated public land plus the area embraced in reservations under Federal control in such State bears to the total area of such State.

That is the Dowell amendment. It is now in the RECORD, and the assertion that the bills are entirely different may now be passed upon.

Remember there is no blame attached to the House of Representatives, in my opinion, with regard to this proposed legislation. The Sells bill, embracing this remedial legislation for the benefit of the public-land States, was passed in February last and came over here. What has the Senate done? Absolutely nothing, except to give great and deep consideration to the proposed legislation. The people of the country admire this deep consideration of legislation by committees; they are proud of the ability, the energy, and the patience with which the committees consider these great questions; but there are some of them who like action occasionally.

There is not any doubt that a conference committee on the Phipps-Dowell bill, which came here in June, could have composed any differences and the bill could have become a law by this time. What is the excuse for it not having become a law? That it did not carry an appropriation of \$100,000,000. There is not a dime's worth of appropriation necessary to remedy the wrong that is being done the Western States at the present time. Those States are not asking for more money; they are

asking to be relieved from the injustice of putting up more State money than they should put up and that every Senator here has admitted they should not put up. That is the remedy which is desired.

I should not be surprised, of course, that Senators who are not familiar with the western situation, who are not familiar with the wrong and what the remedy is, should be delaying the remedy eternally, in the hope of getting a big appropriation that will help other States; but, as the chairman of the committee has said, the Government money is already allotted to those Western States.

The State of Nevada has three or four million dollars of Federal money which is now available for the building of roads. The question is, Shall the State put up \$3,000,000 against the Government's \$3,000,000? That is the question. At the present time, without the passage of this bill, it has got to put up million for million with the Federal Government.

It is stated that those States are not being done any harm; but the fact is that with every dollar that they spend on the basis of fifty against fifty with the United States Government they are losing money. Whenever they put up \$100,000 against \$100,000 which is put up by the Federal Government, when under this bill they would only put up \$10,000, they are losing \$90,000. It is a continuing loss; it has been a continuing loss for years. Every dollar that goes into every road in those States is a continuing loss. Do Senators tell me that there is no emergency in this matter with the situation as it is?

The House of Representatives has done its duty in the matter. It recognized the emergency and passed a bill remedying this particular wrong away back in February last. When the Phipps bill went over there in May, what happened? That bill was reported out of the committee there in less than three weeks and was acted on by the House of Representatives and sent back here. The Phipps bill, by unanimous consent, was considered on May 16; it passed this body and was reported out of the committee of the House of Representatives on May 20. It was passed right away in the House of Representatives, and it got back here in June. It came back here, having been acted on by the other House in just a little over a month.

Mr. PHIPPS. Will the Senator from Nevada yield?

Mr. PITTMAN. I yield to the Senator.

Mr. PHIPPS. I think the Senator from Nevada is misinformed as to the action of the other House. I know that after the Senate passed the measure on May 16 I exerted every effort to secure its consideration by the House committee. As a matter of fact, according to my recollection, the bill itself was not referred to the committee in the House for over two weeks after it was sent to the House by the Senate; that the Committee on Roads, to which it was finally referred in the other House, held no meetings whatever until at least another two weeks, being the first meeting they had held during the present session; that they conducted hearings extending over a period of three days, during one of which, I think, I had the privilege of occupying the entire morning in order to explain the measure which I had introduced. Then the committee reported back to the House the combination bill, and the House passed it.

I do not believe there has been undue delay in the consideration of the bill after it came back to the Senate from the House of Representatives. I do not think the Senator from Nevada wishes unjustly to accuse the committee of the Senate of dilatoriness. As a member of that committee I feel that I can speak for the committee when I say that it has been the earnest endeavor of the members of that committee to give proper and early consideration to the business which comes before it.

Mr. FLETCHER. Mr. President, may I ask the Senator what became of the bill which the House committee reported and which the House passed? I understood the Senator to say that the House adopted the report of the committee on the combination bill.

Mr. PITTMAN. I will answer the Senator's question. The actual history of these bills is more accurate than the memory of the Senator from Colorado, which is not at all surprising. I have before me a copy of Senate bill 1072, from which it appears it was referred to the Committee on Roads in the House of Representatives on May 20, 1921, and reported by the Committee on Roads to the House of Representatives on June 10, 1921. After the Phipps bill had been passed by the House it came over, as such bills generally do, to the Senate with all after the enacting clause stricken out and the House bill substituted in lieu of the Senate bill. I have read provisions of the two bills which are identical. The conditions were ideal for a general open conference, because there were two bills dealing with the same subject. Now, what happened? This body



got action on its own bill in three weeks by the House of Representatives, the bill having been passed, as I have shown, shortly after June 10. To-day is August 11. One would have supposed that there would have been a conference committee appointed immediately, but why was not that done? Let me tell Senators why it was not done. The Townsend bill had been reported to this body, and the chairman of the committee found out that the Townsend bill was having hard sledding.

Mr. TOWNSEND. Where?

Mr. PITTMAN. Everywhere. I am not criticizing the Townsend bill now, nor do I know that I ever will criticize the bill; it may be a splendid adjunct to good-roads legislation, but it is not identical with the measure I am discussing. The Townsend bill is a piece of Federal-control legislation; the Townsend bill does not embody a cooperative scheme between the Federal Government and the various States and municipalities to the extent of the existing law, but it proposes control by the Federal Government of roads across, through, and in States for national purposes. That feature of the measure has aroused tremendous opposition in some States and in some localities and upon the part of certain Senators and Representatives who are opposed to the growth of that character of legislation.

Mr. ODDIE. Mr. President—

Mr. PITTMAN. I will ask the Senator to wait for just a moment. It did not look as though the Senator from Michigan could secure the passage of the Townsend bill very easily. Here, however, was a measure, the combination Phipps-Dowell bill, that had passed both Houses; here was a measure that had the support of nearly everybody; therefore instead of allowing it to go to conference it was referred—

Mr. TOWNSEND. Why did not the Senator vote—

Mr. PITTMAN. I will ask the Senator to wait for a moment until I finish the sentence—it was referred to the committee in order that the committee might engraft on the combination measure the Townsend bill and report back the proposed legislation to the Senate in that way, and thus compel western Senators, who are representing States which have suffered for years under the injustice of the present law, to carry the load of the Townsend bill.

Mr. TOWNSEND. Mr. President, why did not the Senator vote against sending that bill back to the committee? Why did he not vote to send it to conference? The motion to send it back to the Committee on Post Offices and Post Roads passed the Senate unanimously.

Mr. PITTMAN. There are a great many things which pass this body quietly early in the morning and late in the evening.

Mr. TOWNSEND. The occasion when the bill was sent back to the committee was not one such as the Senator suggests.

Mr. PITTMAN. I do not know that there was any debate on the motion.

Mr. TOWNSEND. It was debated for a long time.

Mr. PITTMAN. But there was great opposition, was there not, to referring it to the Senator's committee? Many Senators wanted it to go to conference, did they not?

Mr. TOWNSEND. There was a motion made, in the first place, to send the bill back to the committee, and then a preferred motion was made to send it to conference; but after discussion the maker of the motion withdrew it and consented that the bill go back to the committee, and it was sent there unanimously.

Mr. PITTMAN. I have no doubt that the Senator who withdrew his objection had an idea that it was the intention of the committee to act; that the committee were going to take it right up and rush it through. I do not think my Senator who is interested in this legislation would have ever consented that it go to the Committee on Post Offices and Post Roads, no matter what the purpose was, if he thought it was going to be embalmed there as it has been embalmed for months. The Senator has said that he is going to have a meeting to-day for the purpose of considering this measure; that he thinks there is a tentative agreement; and that if an agreement is reached it can be reported out. The bill has been in the Senator's committee ever since June; it has been there for two months; and now the committee is going to meet again and consider it. The committee met on July 26 to consider it. To consider what? The leak out of the mind of the Senator from Colorado as to the proposed hundred million dollar appropriation shows the thought of the chairman. The purpose is to have this bill, which has been agreed on by both Houses and concurred in by nearly everybody, because it is a piece of remedial legislation which everyone agrees should be passed, to act as a pontoon over which the ponderous piece of proposed Federal legislation in which the Senator from Michigan is interested may cross.

Mr. McKELLAR and Mr. ODDIE addressed the Chair.

Mr. PITTMAN. I yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, for the sake of having the RECORD correct I wish to call the attention of the Senator from Nevada and the attention of the Senate to the fact that when the Dowell bill was reported to the Senate from the House I made the motion to concur in the House amendment, but afterwards withdrew the motion for the reason that the Dowell bill contained general legislation, but it did not contain a provision for an appropriation, and it seemed to me absolutely necessary in the interest of good roads that an appropriation should go along with the passage of that bill. It was for that reason in the main, with the assurance upon the part of the chairman, that the bill would be considered speedily in the committee, as the chairman will recall, that I withdrew my motion to concur. Of course the chairman had a right to present a preferential motion to send it to the committee, and it was sent to the committee, and would have been sent to the committee anyway, because they had the votes over on the other side of the Senate; but I wanted to explain the reason why it was withdrawn. It was for the purpose of securing an appropriation for the general legislation.

In so far as the Phipps bill is concerned, it applied purely to the Western States. It did not concern the rest of the country. I never saw any reason why it should be mixed up with the general legislation. I voted for it last winter, and it should have passed then, as it seems to me. I think the Senator from Nevada has some right of complaint against the delay so far as the Phipps bill is concerned; but so far as the general legislation is concerned there is very great difference of opinion about the matter, and we are trying to work it out.

Mr. PITTMAN. That is all right. There is not any doubt but that further appropriations for good roads are advisable when they can be made. That is a question of an appropriation bill. I offered an amendment to an appropriation bill last February, and it was defeated because I could not carry it as a rider. The Phipps bill and the Dowell bill do not deal with appropriations at all. They remedy a specific wrong. As the Senator from Tennessee says, they have nothing to do with general road legislation. They are to correct an error that everyone admits should be corrected. What I object to—and I think it is fatal to the Phipps bill for a long time to come—is tacking on to it appropriations, and tacking onto it another plan of operations. If you bring that bill back in here, amended by additions of appropriations and new policies, you will have debate for months.

Now, why is that necessary? Why do you not let us pass legislation that everybody agrees on, and fight every other piece of legislation that we do not agree on? That is what I am asking; and I want to say now that if that committee reports that bill back here encumbered with plans and policies of building roads that are disputable questions, you will hang up this western legislation just as long as you will hang up the change of policy. Any western Senator should oppose anything of the kind, and I will oppose it; and not only that but as I rose to my feet for the purpose of saying that there is no use of talking about a recess on the 20th of this month unless you are going to attempt sincerely to pass legislation that you have been promising to pass for several months, and legislation that is vital to the welfare of the public-land States.

I do not know of anything that is of any more immediate benefit to the public-land States right now than the building of roads. We need the roads. We need them for agricultural purposes. We need them for tourist purposes. We need them for every purpose.

Mr. TOWNSEND. And for political purposes.

Mr. PITTMAN. Yes; we need them for the purpose of allowing the great chariots of the Republican Party to pass over those roads and drop the gold as they go, if that is the object of the Senator's remark; and not only that but we need them to put to work a few hundred thousand idle men in our States who have become idle under the magnificent administration that is now in progress.

Mr. ODDIE. Mr. President, I should like to call the attention of my colleague to a provision in the Dowell bill which practically nullifies the provision providing for a more equitable arrangement as between the Government and the public-land States for paying for these roads. This provision is section 2, to amend section 3, the second proviso:

*Provided*, That any State desiring to avail itself of the benefits of this act shall, not later than three years after the adjournment of the first regular session of the State legislature from and after the passage and approval of this act, provide State funds each year at least equal to the amount apportioned for such year by the Federal Government to said State for the construction of highways.

I want to make another remark, Mr. President, and that is that the governor of our State and the chairman of our highway commission came on here some weeks ago and approved the



Townsend bill; and I want to state further that when the Dowell bill came before the Senate Committee on Post Offices and Post Roads the chairman of the committee stated that he had no pride of authorship and that he would surrender anything of that kind in the interest of a good, workable highway bill which would apply to and help all the States.

Mr. McKELLAR obtained the floor.

Mr. PITTMAN. Mr. President—

Mr. McKELLAR. I yield to the Senator for the purpose of a reply.

Mr. PITTMAN. Mr. President, my colleague from Nevada [Mr. ODDIE] is probably right in stating that the governor of the State and the road commission favor the Townsend bill; but I do not think he is right in stating that they favor the Townsend bill to the exclusion of the Phipps bill, nor do I think that my colleague is right in assuming that he should support amendments to the Phipps bill embracing the Townsend bill in the belief that that is going to be pleasing to the governor or to the road commission of the State of Nevada. What they want out there is the Phipps bill, and Mr. Cottrell, the chairman of the commission, stated that they were equally pleased with the Dowell bill, if you are relying on what they have to say; but that is not the object of my argument.

The object of my argument is to take the Phipps-Dowell bill and put it in conference, where it belongs, because it deals with one subject and the Townsend bill deals with another subject. Put it in conference and let a bill be evolved from it. If there is anything in the Dowell bill that the Senate do not like, they will not agree to it; that is all. It is evident that the section read by my colleague from the Dowell bill is in conflict with the general remedial portions of the bill and were inadvertently left unchanged. Of course, the conference committee would correct this. It is the only place it can be corrected. No committee of the Senate can change bills passed by either or both Houses. The conference committee alone can harmonize the legislation. That is the way you get legislation between these two bodies. When you amend this bill by adding the Townsend bill after it has passed both Houses you have not any legislation; and I warn the Senator, as a member of the committee, that if he votes for anything in the nature of an amendment to the Phipps bill (S. 1072) that results in delaying the action of Congress in providing the remedies that are guaranteed in the Phipps bill, he will find out that he is in error in regard to the opinion of our State.

Mr. TOWNSEND. Mr. President, does the Senator from Tennessee wish to talk on this subject?

Mr. McKELLAR. No; on another subject. Does the Senator desire me to yield to him?

Mr. TOWNSEND. I should like just a minute or two.

Mr. McKELLAR. I yield to the Senator from Michigan.

Mr. TOWNSEND. I thank the Senator from Tennessee.

Of course, everybody familiar with legislation on good roads can not help being surprised at the statement of the Senator from Nevada [Mr. PITTMAN]. I do not charge him with a desire to play politics for personal advantage, regardless of the conflict of his statements with the Record, but he has constantly referred to the passage of the Phipps bill in February. That was in the last Congress. That was just before we adjourned on the 4th of March.

Mr. PITTMAN. Pardon me; I never referred to the passage of the Phipps bill in February. I spoke of the passage of the Sells bill in the House.

Mr. TOWNSEND. The Record will show that the Senator said the Phipps bill, but, of course, what he meant should be understood.

Mr. PITTMAN. Then I want to correct it, of course.

Mr. TOWNSEND. The Sells bill, or whatever it may be, passed the Senate the last part of February. The Senate had proceeded in good faith to pass the Phipps bill in the last Congress. It passed it early, in order to avoid complicating it with general road legislation. We got no action in the House on that matter, and the Congress adjourned. Early in this session of Congress we again passed the Phipps bill and sent it to the House. The House gave it no consideration until it got ready to amend the general road law.

The Phipps bill was a simple matter, but the House amended the general road law by striking out all after the enacting clause of the Phipps bill, which thus became the tail to the kite, of little consequence to those who were considering it, evidently of less consequence than we in the Senate had attributed to that measure. The Senator says now we ought to have agreed to it; we ought to have agreed to a conference with the whole road legislation involved, and thus deny to the Senate every opportunity to consider the larger matters involved.

The Senator is so impressed with the needs of the public-land States, 11 of them, that he would sacrifice the interests of the

other 37 States. Both Houses had passed the Phipps bill, but the House passed it complicated with general road legislation. Every road bill that I have introduced, every one considered by our committee, has carried this provision for the public-land States, because we have been impressed with the fact that it was right. We have been considering for a long time the so-called Townsend bill. We considered that bill and reported it to the Senate, as the Senator from Georgia [Mr. WARSON] says, after due consideration and before the Dowell bill was passed in the House. The Dowell bill came over here a few days afterwards amending the Phipps bill. The Senator from Nevada says we ought to have sent that to conference right off, because we could have agreed upon the Phipps bill provision, but that we should not have considered anything else. I submit that the Senator will find few who will agree with him on that proposition.

Mr. PITTMAN. Mr. President, may I ask the Senator a question?

Mr. TOWNSEND. Yes.

Mr. PITTMAN. Would it not have been perfectly possible for the House to recede from all that portion of the Dowell bill dealing with general legislation?

Mr. TOWNSEND. Oh, it was possible, but most improbable; and the majority of the Senate and the House were more interested in the general highway law than they were in the special interest of the Senator from Nevada. Congress, I take it, wants general road legislation, and it is willing to include the Phipps provisions.

Mr. PITTMAN. As I understand the chairman, then, it is that interest of the other States that is delaying legislation for these 11 States?

Mr. TOWNSEND. It can not now be accomplished separately. If it could have been, the House would have enacted it separately. It has twice had the opportunity and twice it has failed to do it.

Mr. PITTMAN. That is exactly what I thought.

Mr. TOWNSEND. But they did not do it, and they can not consider it with hope of success except in connection with the general subject. Now, we take that as we find it, and our committee have proceeded just as rapidly as we could proceed. I am perfectly willing to abide by the judgment of the members of the committee, those who are favorable to our bill and otherwise. The chairman of the committee has been frequently met by members of the committee with the statement that they could not be here at the meetings. I have solicited the membership. I have been pressed with other duties, as has every other member. Finally I have been instructed by the whole committee to prepare the bill as we had tentatively agreed to it, and I have worked assiduously at that job. Yesterday I called a meeting of the committee for 2 o'clock this afternoon to consider the results of what I have done in response to their orders. I dislike very much to interrupt the Senator from Tennessee—

Mr. McKELLAR. That is all right.

Mr. TOWNSEND. But one thing that has impressed me from the beginning of this road legislation is that we should divert it as much as possible from politics. I leave it to the committee to say whether my actions as chairman have ever belied that profession, and whether I have at any time even suggested that the bill which bears my name should be considered to the exclusion of any other.

I have had an interest in good roads for purely unselfish reasons. I am in favor of appropriations for good roads by the Federal Government, but I have felt that those appropriations should be made for a purpose which would serve the national good. I have insisted that that principle should be considered in road legislation, and I have asked for that alone. I have never asked that my bill be passed without consideration. I wanted all of the propositions brought before the committee, and the committee have now had them before it, and we have acted with as much intelligence as we possess, and with due expedition. I thank the Senator.

Mr. WILLIS. Mr. President, I desire to propound an inquiry to the Senator from Michigan.

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield to him for the purpose of asking a question. I hope it will not take any length of time, however.

Mr. WILLIS. I think the country would be interested, Mr. President, because it has absolute confidence in the ability and the industry of the chairman of the Committee on Post Offices and Post Roads, in a statement from him at this time, if he cares to make such a statement, as to what will probably be the policy of his committee touching legislation on this subject at the present session. There is much talk about a possible



recess. In our State those interested in good roads are very anxious to know, if they can find out, what the attitude of Congress is likely to be on this question. The attitude of the Senate, I think, will be, in the long run, what the attitude of the Senator and his committee is. Will the Senator make a statement on that subject?

Mr. TOWNSEND. I will be very glad to make a statement, with as much authority as I feel I have to represent the committee. If the Committee on Post Offices and Post Roads agrees to report the bill this afternoon, I shall present it to the Senate, and I shall ask next week that that bill be given consideration. It is up to the Senate to determine whether that shall be done or not. I believe it ought to be passed, and passed promptly. I shall ask for action next week, if we are in session; at the very earliest day next week when we can get our report out I shall ask for the consideration of the bill, and I hope that it will receive the approval of the Senate.

#### FEDERAL PATRONAGE IN TENNESSEE.

Mr. McKELLAR. Mr. President, I send to the desk a resolution which I ask leave to introduce, out of order, and I ask that the Secretary may read it.

The PRESIDING OFFICER. If there be no objection, the Secretary will read the resolution.

The Assistant Secretary read as follows:

*Resolved*, That the Post Office Committee of the Senate be, and is hereby, authorized and instructed to investigate the alleged violations of the civil service act and the alleged selling of Federal offices in Tennessee by John W. Overall, Republican national committeeman and alleged referee in patronage matters in that State.

Mr. McKELLAR. Mr. President, I now desire to address myself for a few moments to this resolution for the purpose of explaining to the Senate just why it is introduced.

Mr. BRANDEGEE. A parliamentary inquiry, Mr. President. The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. BRANDEGEE. Is the Ball Rent Act before the Senate? The PRESIDING OFFICER. It is.

Mr. BRANDEGEE. The rule provides that another bill or resolution—

Mr. McKELLAR. I merely had that resolution read for the information of the Senate. I first asked unanimous consent that it might be introduced, and it has been introduced.

Mr. BRANDEGEE. The Senator can not introduce it; he can have it read.

Mr. McKELLAR. I have had it read, for the information of the Senate, and will introduce it later, though I believe it has already been introduced by unanimous consent. I now desire to address myself to that subject for a few moments, while we are considering the Ball Rent Act; and I want to say here that I am very heartily in favor of the Ball Rent Act. I regret it has been delayed, and I hope it will be passed at a very early moment.

Mr. President, I want to call attention to a statement in the morning paper, as follows:

The President was much gratified at the report brought to him regarding the reorganization of the Republican Party in the South.

That statement, Mr. President, is a part of a general description in the Washington Post of a luncheon at the White House yesterday, in which some of these matters were discussed, and, among other things, the reorganization of the Republican Party in the South. I want to say that I think if the President is satisfied with the present organization of the Republican Party in the South, he must have been misinformed, just as he was misinformed about their being a state of semi-famine in the South a short time ago. I am sure if he knew of the facts which I am now going to relate, he would not be satisfied with the condition of his party in Tennessee at least.

I want to call the Senate's attention to one of the most remarkable and disgraceful traffickings in Federal patronage that has come under my notice since I have been in public life. I read from an article in the Commercial Appeal, one of the largest papers in the southern country, or in the entire country, for that matter, and the article was published, I believe, in all of the morning papers of my State a few days ago. The headlines are as follows:

O. K. for job assured or money returned. Republicans lead pie hunters to a merry chase. Overall in the saddle. Patronage scandal seems to be brewing over practice of gathering money for expense of Overall as referee in chief.

Mr. Overall is the present Republican national committeeman from Tennessee. He is also referee of Republican patronage in that State.

Mr. CARAWAY. Is that his name, or is that his job.

Mr. McKELLAR. Some of his enemies down there say it is both his name and his job. I read from the article, and I shall

in a moment read not only the letters making the charge but the letter of Mr. Overall admitting the charge.

Rumblings of a Republican pie scandal in Tennessee are about to come to a head in the rumor that the Post Office Department has been asked, or will be asked in a few days, to go to the bottom of the activities of John W. Overall, former Republican nominee for governor, now national committeeman and referee in chief of the pie brigade in the five congressional districts in Tennessee not represented by Republican Congressmen.

Overall is admitted to be the ringleader around whom the fire is burning. There are satellites in plenty throughout the State who may be brought in.

The trouble is all over what many well-meaning Republicans who are on the inside insist is a peddling of post-office indorsements. Just how far the investigation will show the system to be organized does not appear, but it looks as those favored by John W. Overall feel better if they dig up a contribution for expenses of the Federal pie cutter. There is more than one case on record where the offer was made to return the contribution if the indorsement was not secured, and in a Memphis case a contribution in a certain case really was returned, though for what reason deponent sayeth not.

John Overall has been spending a good deal of time in Washington since the Republicans, lean and hungry after eight years in the sage grass, took over the Government. He has been recognized as the official dispenser of post offices in the fifth, sixth, seventh, ninth, and tenth districts. There are two big post offices in these districts, Nashville and Memphis, but the story goes that Overall has been looking more closely after the little offices. There are plenty of these. Stories are abroad that he has dabbled in some of the major appointments, such as district attorneys, collectors, and so on, but the great field has been in small post offices.

Anyway, first thing anybody knew some of the boys in different parts of the State began spreading the news that Overall was up at Washington and needed some expense money. "He is looking after our interests," they said, "and we ought to make up funds for him." So far, so good. But about the same time the aspiring Republicans were informed that if they did contribute and Overall failed to indorse the money would be returned. That was the case of Dudley Shivers.

#### DUDLEY SHIVERS'S CASE.

Shivers lives at Ashland City, a little place on the Cumberland River below Nashville, in Cheatham County. Shivers wanted to be postmaster at Ashland City. Tom May is a Nashville Republican, close to Overall. The rumor ran that Overall had indorsed May, or will indorse him when Charley McCabe's term expires, for postmaster at Nashville. Be that as it may, on May 22 May wrote the following letter to Shivers:

I now come to the letter, which seems to me to be conclusive proof of the trafficking in Federal offices in my State:

NASHVILLE, TENN., May 22, 1921.

DEAR DUDLEY: I have been on the road for past four weeks and I am in for to-day. Was out to see Mr. Overall last night and suggested to him it would be nice for his friends for him to be in Washington looking after us fellows he had indorsed and was going to indorse, and I suggest we should chip in and pay his expenses, and I, for one, would be glad to do so. I am writing to several I know he is going to indorse and asking them if they feel like it to write Mr. Overall, stating to him I had suggested this and inclose check for small amount if they felt like it.

From the results it looks as if it was good money spent.

I assure you it will be good money spent, and if you feel able to kick in, say, \$10, do so.

These were little offices they were dispensing. The larger ones seem to have brought a better price.

If not, it is all right. If he fails to indorse you, I will pay your amount. I know positively he is going to put you over when time comes, if he can, and it is a 20 to 1 bet he can.

However, do as you think best. I never mentioned to him who I was going to write to. With best wishes,

Your friend,

TOM P. MAY.

I want to call attention to the last statement:

I never mentioned to him who I was going to write to.

Indicating that he talked about all the rest of it but did not give the names of those he was going to levy tribute from. That he had been to see Mr. Overall and discussed the details of this levy of tribute with him is apparent from his letter.

Mr. CARAWAY. Would that not indicate that whoever finally put up the money would get the indorsement, and they did not know who was going to pay?

Mr. McKELLAR. I think it not only indicates it, but it says it.

Mr. CARAWAY. Therefore he did not name any particular man he was going to write to.

Mr. McKELLAR. Not at all. Now, let us see what Shivers did.

This hint was enough for Shivers. He wanted the office, and \$10 appeared to be reasonable enough. Thereupon a month or so later he wrote the following letter to Mr. Overall. This brings Mr. Overall in directly:

ASHLAND CITY, TENN., July 5, 1921.

HON. JOHN W. OVERALL,

Nashville, Tenn.

MY DEAR SIR: I am in receipt of a letter from Tom P. May, suggesting that we make a contribution to you in order to take care of your expenses while you are in Washington looking after our interests, and I think the suggestion well taken. I am herewith forwarding you a check for \$10, which I trust you will accept. I realize that it is quite an expense on you to make these trips and takes up much of your time, and feel that we should show our appreciation in this manner.

Please inform me if you have had any reference to the matter of appointment of a rural letter carrier for the Cheap Hill (Tenn.) post office. Examination was held for this vacancy on May 4, and I understood that the applicants have just recently received their grades. Please let me hear from you as soon as possible after receiving reference to this matter.

With kindest personal regards, very respectfully,  
DUDLEY J. SHIVERS,  
*Chairman Republican Executive Committee, Cheatham County,  
and Member Sixth Congressional Committee.*

Mr. Overall took the money.

#### OVERALL TAKES THE MONEY.

In this letter Shivers put the check up to Overall about as bluntly as possible. Two days later he got the following reply:

NASHVILLE, TENN., July 7, 1921.

MR. DUDLEY J. SHIVERS,  
*Ashland City, Tenn.*

MY DEAR SHIVERS: I am in receipt of your letter of the 5th instant, with inclosure, for which please accept my thanks.

Thanking him for the money.

The matter of appointing a rural carrier at Cheap Hill, Tenn., has not been referred to me yet. Perhaps, as you know, the department has been referring to me the three having the highest grades, and I am allowed to select one from the three for appointment.

Whenever this appointment is referred to me I will consult you about the matter and appoint any one of the eligibles that you may desire.

Paying him for the \$10.

Yours, very truly,

JOHN W. OVERALL,  
*Republican National Committeeman.*

I wish to call attention especially to this proposition. Mind you, we have a civil service law. The civil-service rules have been recently changed by the President of the United States—say that the rules of the last administration were not fair enough, and needed reforming—and here is what the department is now doing under the new rules:

Perhaps as you know—

Said the letter—

the department has been referring to me the three having the highest grades, and I am allowed to select one from the three for appointment.

If that is not civil-service reform I have never heard of it! The President of the United States said the civil service laws had not been carried out by the last Democratic administration in the way they should, and that he was going to reform them. This is the way he is reforming them! The department is turning over the question to the Republican committeeman in the county in which the office is situated, and the chairman of the Republican committee selects the one of the eligibles that he wants. Why? Does he select under the law? Does he represent the Civil Service Commission? Not at all, because he is not amenable to the law. He selects them for political reasons only. He knows no other reason. It is a dishonest subterfuge when you talk about applying a civil service law under conditions of that sort.

Then the chairman does more than that. He tells the man from whom he receives the money, from whom he acknowledges the receipt of the money, that he is going to let that man select. I read further:

Shivers made out his check to John W. Overall or his order, payable at the Ashland City Bank & Trust Co. It was dated July 5. On July 7 the check was presented to the Ashland City Bank and paid. It was indorsed: "John W. Overall, N. C." and cashed through the Broadway National Bank of Nashville.

Thus endeth the first case against Overall.

Leading Republicans hereabouts who are demanding a square deal in patronage disposal insist that dozens of similar cases are to be found. Mr. May in his letter said he was writing to several. What luck he had does not appear so far.

However, there is a report that an applicant for the post office at Raleigh—

That is in Shelby County, in which county I live—

in our own good county of Shelby, was advised by a local Republican politician that a contribution to Overall's expenses in the amount of \$25 would be acceptable, and the story goes further that said applicant kicked in.

It seems, therefore, that for the smaller offices only \$10 is being charged by Mr. Overall; that for offices like rural-route carriers, like small fourth-class post offices, Mr. Overall charges only \$10 for his indorsement, but when it comes to the larger offices he raises the price and makes it \$25. No doubt for the higher offices he charges more. These amounts seem small, but when it is remembered that there are literally thousands of those offices in Tennessee to be distributed by this referee it will be easily seen that the amount Mr. Overall will get in this way will be a very large one.

Mr. President, shall the civil service laws be thus nullified and misused for these corrupt purposes? I ask you Republican Senators are you going to permit members of your party to sell Federal offices to those who have the price and who will pay?

Mr. CARAWAY. Mr. President, it certainly can be stated for him at least that he is taking into consideration the hard times.

Mr. MCKELLAR. Yes; I think he does.

Mr. CARAWAY. He made the price within the reach of all.

Mr. MCKELLAR. Yes. I think any applicant for rural carrier in a State would be able to pay Mr. Overall \$10 for his indorsement, and I have no doubt he has to pay it, otherwise he can not get the indorsement, because I will read a little further to show what happens when one can not get his indorsement:

There seems to me to be no doubt that Charles B. Quinn, one of the applicants for the Memphis post office—

I stop right there to say that I do not believe that even my Republican colleagues will insist upon the confirmation of any man who is an applicant for that office at Memphis who has the indorsement of a corrupt man like this referee is shown to be by the admitted letters in this case. I say now in advance that no applicant having the indorsement of Mr. Overall will receive my support for that or any other office in my State.

Mr. HARRISON. Mr. President, may I ask the Senator a question?

Mr. MCKELLAR. I yield.

Mr. HARRISON. Does the Senator think there is any significance in the speech made by the Postmaster General last night in which he said, "Let us have less of 'Thou shalt not' and more of 'Come on, let's go'?"

Mr. MCKELLAR. I have not read the Postmaster General's speech. So I can not pass judgment upon it. I will let the statement of the Postmaster General pass for what it shows on its face. I am sure, however, that the Postmaster General will not stand for any referee selling his indorsement for post offices. I do not believe he will accept Overall's indorsement for any applicant for postmaster, after these disclosures.

I read further:

There seems to be no doubt that Charles B. Quinn, one of the applicants for the Memphis postoffice, has the indorsement of Overall. At any rate, Mr. Quinn stands pretty close to Overall. So does Harry True.

Well, it seems that Bond Harmon, an express messenger here, wanted to be prohibition enforcement officer. Bond went to see some of the leaders. They told him to shoot. He confided to a few of them that when on the police force he got a little liquor one night and was laid off, but Mr. Quinn was a city commissioner at the time, and Harmon says Mr. Quinn told him he remembered it and it would not make any difference, and to go on and try for the prohibition job.

A little later the Republican national committee sent out a call for funds to take up a deficit in the last election. Several Memphians, Mr. Quinn among them, gave as much as \$100 each. Others gave less. Probably \$600 was raised here; that is, according to the books of Fred Upham, the national treasurer in Chicago. Harmon was advised to make a contribution. He gave \$10.

On June 29 he received the following letter:

"DEAR BOND. I am returning the \$10 you gave me for the deficit I collected for the national committee and which you so kindly gave me. I can not support you, for reasons best known to us both."

"For reasons best known to us both," he could not support him.

"I appreciate what you have done for me and will reciprocate when I can. Am sorry that matters have so shaped:

Yours, truly,

C. B. QUINN."

"I am returning the \$10!"

In other words, when they can not deliver the offices they return the money and to that extent they deserve credit, but when they do deliver the offices they retain \$10 for the little offices. I read further:

And now the news comes that through some influence or other Overall has indorsed, or is about to indorse, Ernest Miller, formerly deputy sheriff and more recently city claim agent, for prohibition enforcement officer at Memphis. What worries Harmon is what a perfectly good contribution to a deficit of several hundred thousands dollars in the national campaign had to do with Mr. Quinn's indorsement or failure to indorse. The turning down of contributions by political bodies has been very rare, especially amongst the Republicans. Woodrow Wilson refused Thomas I. Ryan's contribution, but no other shining case is on record.

It may be that this is the way the Republican pie-hunters and politicians play the game, but rumblings from all parts of the State are being heard. It is understood that Carroll Reece, in the first; Joe Brown, in the third; Wynne Clouse, in the fourth, and Lon Scott, in the eighth, are getting riled about it. They have no particular objection to "Overall over us" in the Democratic districts, but they do not want the thing to get over into their districts.

If the Post Office Department will not make an investigation, the Department of Justice may. A congressional investigation is even hinted at.

So, Mr. President, I again ask unanimous consent out of order to be allowed to introduce, if it has not, as I believe, already been introduced, the resolution asking for an investigation by the Committee on Post Offices and Post Roads. I have read these letters. They are not denied.

In a Nashville letter Mr. May, Mr. Overall's friend and apparently his agent, admitted the genuineness of the letter and under-



took to defend on the ground that it cost a great deal of money for men to come to Washington, and we all know that is true, and that they had to pay the money for that purpose. I say you Republicans ought not to have a referee in Tennessee who traffics for money in the Federal offices of our Government, and I do not believe you would stand for it since it is known. I do not think the Senate will stand for it.

Mr. HARRISON. May I inquire the date of the letters?

Mr. McKELLAR. July 5 and July 7.

Mr. HARRISON. Has there been any denial that the letters were written on July 5 and July 7? Has there been any denial by the Postmaster General of knowledge of the proposition?

Mr. McKELLAR. None whatever. I do not know that it has ever been called to his attention.

Mr. HARRISON. Has there been any denial by anyone connected high in the Republican councils?

Mr. McKELLAR. The first knowledge of it that has come out at all from anybody has come through the morning papers published in Tennessee on last Monday, which was August 9. It is true Mr. May undertook to make an explanation, and I shall be very glad to read his explanation. Apparently they have been unable to find Mr. Overall to get an explanation of it from him, but Mr. May, who is his friend, makes this statement, which appeared in the Nashville Tennessean of last Monday:

In reference to the above matters I want to say that I thought, in view of the fact that there was very considerable expense attached to making several trips to Washington upon patronage affairs, it was only fair and just that the friends of Mr. Overall should bear at least a part of this expense.

Yes; they bear it when they get the offices, and when they do not get the offices, if for any reason Mr. Overall could not recommend them, the money was returned, as shown in the previous letters which I have read.

Mr. May continued:

Mr. Overall had absolutely nothing to do with these letters I wrote; he knew nothing of them until after they had been sent, and after he had been told of them he expressed his disapproval of them.

Yes; he knew they were going to be sent; they were sent; the letters on their face show that they were sent in his interest by his friend and perhaps his agent, Mr. May, and he answered one of them and agreed to it and accepted the money and put it to his credit in the bank, as shown by the record.

He has told me that he received a few checks.

He did not approve of it, and yet told him that he had received a few checks, not the one that we have evidence of here but a few checks; how many we do not know.

Mr. CARAWAY. I wonder if it was the amount he did not approve.

Mr. McKELLAR. Nothing was said. He is a very prudent man, and I imagine that had something to do with it. I do not know whether \$10 is enough for a rural carrier's job, but they all have to be submitted to him under the rule that he himself states—all rural carrier applicants, all letter carrier applicants, all star route men, all fourth-class postmasters; and there are several thousand of these classes of employees in my State. According to his statement they all have to be submitted to him, and \$10, while it looks cheap for one, will amount to a good big sum of money when all are added together. It will be remembered that the rule is that unless the seeker gets the office, the money is to be sent back to him. The applicant for the appointment as postmaster takes no chances. He sends the referee the money and, of course, it is returned to him unless he gets the office. He either gets the office or the money back.

Mr. CARAWAY. He evidently thought they were selling a prohibition office too cheap in Shelby County, because the money was returned. Somebody overbid him, I judge.

Mr. McKELLAR. I do not know how that may be. The Senator asks me about something as to which I am not informed.

Mr. FLETCHER. Mr. President—

Mr. McKELLAR. I yield to the Senator from Florida.

Mr. FLETCHER. Under the Executive order which existed in the previous administration where examinations were held the applicant receiving the highest grade had to be appointed.

Mr. McKELLAR. Yes; but the present administration changed that. The present administration has "reformed" the civil service laws so that these practices may take place.

Mr. FLETCHER. So I understand.

Mr. McKELLAR. Now the referee in my State—and I suppose it is the same in the State of Florida and in every other State except where there are Republican Senators—has to pass upon the rival claimants, and this is the method that is pursued by this particular referee down there. This practice makes the civil service laws a mockery. It makes the civil administration of the Federal Government in my State under

Republican rule a matter of barter and sale—a matter of shame and disgrace.

Mr. FLETCHER. I am merely making the point that the regulation has been changed by Executive order so that the three applicants making the highest grades are certified as eligibles and the selection is to be made from the three. That gives Mr. Overall his opportunity. If the old Executive order existed, the applicant having the highest grade in the examination would get the appointment, either with or without Mr. Overall's indorsement, but now, where there are three to be chosen from, under this new order, which is evidently made for that purpose, Mr. Overall has the right to name the one of the three whom he prefers. That is the operation of the civil service law under the present order.

Mr. McKELLAR. Mr. President, all that the Senator says is true. I wish to say, however, that so far as the civil service law is concerned, there is absolutely no hope in its administration, for the reason that my information is that there is not a Democrat connected, either nearly or remotely, with the Civil Service Commission. All are Republicans. Of the three present Civil Service Commissioners two are avowed Republicans and the other one declines to say what her politics is, but admits that she has voted the Republican ticket, and I have never heard of her voting the Democratic ticket. There was one Democratic member of the commission, but President Harding asked for and received his resignation and appointed a Republican in his place. The law requires that the appointments to the Civil Service Commission shall be divided between the two parties; but the fact is that there are now three Republicans in charge of that commission, and that all of the officials, including examiners and all others connected with it, are Republicans. However, the commission does not seem to have a great deal to do with the post offices and the rural-route carriers and matters of that kind, because the Republican referee in the States from which there are no Republican Senators are allowed to pick the appointees after the applicants are certified.

The Civil Service Commission merely select three of the applicants as eligibles and the one who receives the appointment is chosen by the referee. The Republican Party, not the Civil Service Commission, selects the officer.

Mr. SWANSON. Mr. President—

Mr. McKELLAR. I yield to the Senator from Virginia.

Mr. SWANSON. I notice that the check which was read by the Senator from Tennessee was signed "N. C." which I presume stands for "national committeeman."

Mr. McKELLAR. Yes; I suppose so, though I do not know.

Mr. SWANSON. The check went back and was indorsed by Mr. Overall, who appended the letters "N. C.," which mean national committeeman. Does the Senator know whether the money went to his private account or went to his account as national committeeman in connection with the collection of funds for the national committee of the Republican Party?

Mr. McKELLAR. There is no evidence as to that, but it is claimed that Mr. Overall will make a statement about it at some time after he consults with his friends.

Mr. SWANSON. I should like to know whether the money for the disposition of these offices went to his individual credit or otherwise, inasmuch as he signed the check as "N. C.," meaning national committeeman of the Republican Party. The Senator, I understand, states that he has no information on that subject at all?

Mr. McKELLAR. No; except that the check was made payable to John W. Overall as an individual.

Mr. SWANSON. And then he indorsed it as national committeeman?

Mr. McKELLAR. Yes; he put the letters "N. C." after his signature. Whatever that indicates I do not know, and I do not think it is up to me to explain it. Inasmuch as he is national committeeman, it would look as if that is what "N. C." means.

I think, however, that the resolution which I have introduced should unanimously be agreed to, and I ask the Senator from Delaware [Mr. BALL], if he is present, if he will not permit me now to ask unanimous consent for the immediate consideration of the resolution?

Mr. BRANDEGEE. The Senator from Delaware does not appear to be present, and in his absence I object to the request of the Senator from Tennessee. I think the resolution ought to go to the Committee on Post Offices and Post Roads in any event, and if that committee desires an investigation they can report in favor of it. The Senator's request is certainly not in order at the present time.

Mr. McKELLAR. Does the Senator object to my request for unanimous consent to submit the resolution out of order?

Mr. BRANDEGEE. Yes.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Objection is made.

Mr. McKELLAR. Of course, the Senator from Connecticut may pursue such course as he pleases, but it does seem to me, when a letter from a referee, who is one of the members of the national committee of the Republican Party, is produced here showing that he received money for recommending an applicant for office in any State, that there ought not to be objection upon the part of any Senator to an investigation of such a matter.

Mr. BRANDEGEE. I have nothing to do with the national committeeman from Tennessee. I do not know what he has done. I simply heard the Senator from Tennessee read some newspaper articles. I have no objection whatever to an investigation. I should favor an investigation on the statement of the Senator.

Mr. McKELLAR. I am glad to know that.

Mr. BRANDEGEE. I simply object to a matter being obtruded at this time against the rules of the Senate. I want the Ball rental act to remain before the Senate, and not to be displaced.

Mr. McKELLAR. I am glad the Senator from Connecticut is not going to object to the investigation and that he favors it, and at a subsequent hour I shall ask unanimous consent for the immediate consideration of the resolution.

Mr. BRANDEGEE. I shall not object to that if the Committee on Post Offices and Post Roads does not object. If I were on that committee, however, I should want the resolution to go to the committee.

Mr. McKELLAR. The Post Office Committee is to meet at 2 o'clock, and if the Senator will withdraw his objection to the presentation of the resolution I should be glad to take it up with the Committee on Post Offices and Post Roads instantly, as I think should be done.

Mr. BRANDEGEE. Two o'clock is only 40 minutes away, and I hope the chairman of the committee will be here before that time.

Mr. McKELLAR. Of course, if the Senator objects that is the end of it for the present. I shall renew my request for consideration of this resolution at the earliest possible moment.

Mr. SWANSON. Mr. President, I have a letter here from the State Highway Commissioner of the State of Virginia in connection with the road material which has been given to the State under recent acts of Congress. The letter is very short, and I ask unanimous consent to have it read.

The PRESIDING OFFICER. The Senator from Virginia asks unanimous consent for the reading of the letter which he presents. Is there objection?

There being no objection, the letter was read as follows:

COMMONWEALTH OF VIRGINIA,  
STATE HIGHWAY COMMISSIONER,  
Richmond, August 8, 1921.

Hon. CLAUDE A. SWANSON,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: My attention has recently been called to an article in the Washington Star, July 31, headed "United States lost millions in 'national steel' of war materials," etc.

This department has a large amount of material which was allotted to us by the Government at different times. We can account for all material which has been received. The greater portion of it is in the service of this department or in the service of the various counties of the State on road maintenance and construction. A small percentage of it when received was in unsuitable condition and was junked. If it should be your desire, we can furnish you with a list of all materials and the location of same at the present time.

This war material has been of tremendous value to the State and the counties in their highway work, and we would welcome a visit from an investigating committee, for we believe that we could give them a demonstration of the practical use of the materials which in many instances would have gone to waste.

With kindest regards, I am, sincerely yours,  
G. P. COLEMAN, Commissioner.

ADJOURNMENT TO MONDAY.

Mr. LODGE. I move that when the Senate adjourns to-day it adjourn to meet on Monday next at 12 o'clock.

The PRESIDING OFFICER. The Senator from Massachusetts asks unanimous consent that when the Senate adjourns to-day it adjourn to meet on Monday next. Is there objection? The Chair hears none, and it is so ordered.

PRINTING OF TARIFF BILL.

Mr. LENROOT obtained the floor.

Mr. SMOOT. Mr. President, I am compelled to leave the Senate to attend a meeting of the Finance Committee, and I ask the Senator from Wisconsin to yield to me that I may submit a concurrent resolution for the printing of the tariff bill.

Mr. LENROOT. I yield to the Senator from Utah for that purpose.

Mr. SMOOT. It has developed that we are completely out of copies of the tariff bill, both in the Senate and the House. There is a demand for copies from all over the United States. I submit a concurrent resolution for the printing, with an index, of 15,000 extra copies, a part for the use of the Senate and a part for the use of the House, and I ask for its immediate consideration.

The concurrent resolution (S. Con. Res. 7) was read, considered by unanimous consent, and agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring), That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes, as it passed the House, be printed as a Senate document, with an index, and that 15,000 additional copies be printed, of which 4,000 shall be printed for the use of the Senate, 9,000 for the House, to be distributed through the folding room, 1,000 for the Committee on Finance of the Senate, and 1,000 for the Committee on Ways and Means of the House.*

#### EXTENSION OF RENTS ACT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

Mr. LENROOT. Mr. President, I know how anxious the Senator from Delaware is for the passage of the pending bill, and I thoroughly sympathize with him in that desire. I would not speak at all, except for the fact that throughout the debate upon the bill it has been assumed by many that the bill, if constitutional at all, must rest upon the exercise of the war power of Congress. The distinguished Senator from Connecticut [Mr. BRANDEGEE] has made that assumption; the Senator from Florida [Mr. FLETCHER] has made that assumption; the Senator from California [Mr. SHORTRIDGE] undertook at some length to demonstrate that the bill was not constitutional, because it was not a proper exercise of the war power; and the Senator from Idaho [Mr. BORAH] assumed that the court held in deciding the present rents act constitutional that such legislation could only be enacted while the country was in a state of war.

Mr. President, I do not think that any of the friends of this measure have at any time rested its validity upon any exercise of the war power at all, and there is nothing in the decision of the Supreme Court that even tends in the direction of resting its constitutionality upon the war power of Congress. If this proposed legislation is constitutional, it is so entirely irrespective of a state of war or whether or not the state of war has ceased. If this proposed legislation is constitutional, it is not under the war power but under the provisions of the Constitution that delegate to the Congress of the United States the right and the duty to legislate for the District of Columbia. It is an exercise of the police power, and the only question that can arise is whether it is a proper exercise of the police power which the Congress has with reference to the District of Columbia, exactly as every State has with reference to the concerns and affairs within its own borders.

That being true, looking to our authority under the provision of the Constitution to legislate for the District of Columbia, only one question can arise with reference to this proposed legislation, and that is whether it is in violation of other specific provisions of the Constitution, notably the two—that private property shall not be taken without due process of law and that private property shall not be taken for a public use without just compensation. The answer to that question depends entirely upon whether this is a proper exercise of the police power, because under the police power of Congress in so far as it relates to the District of Columbia we may impinge upon property rights, as ordinarily termed, in the public interest, to promote the public health and the public welfare. We have done that continually in legislating for the District. For instance, we have enacted legislation to regulate the height of buildings that may be erected in the District. That is depriving an owner of an ordinary property right. Ordinarily an owner has a right to erect a building as high as he pleases, but Congress, under the power to legislate for the District of Columbia, has limited that right. So with reference to usury laws which Congress has passed for the District of Columbia.

With reference to the pending measure, granting that an exigency exists, there is just one limit that determines the power of Congress with reference to this proposed legislation; that is, that we can not enact legislation with reference to rentals in the District that would deprive the owner of the property of a reasonable return upon the value of the property.

What did the Supreme Court decide with reference to the war condition? The Supreme Court decided whenever an exigency existed, creating a condition that is a menace to the



public health or to public welfare, when that condition arose the letting of buildings, in this case in the District of Columbia, was clothed with such a public interest that it came within the jurisdiction of Congress to regulate such letting of buildings; and the only significance that the existence of the war had was in the declaration in the original act that it is based upon the emergency growing out of the war with the Imperial German Government, resulting in rental conditions in the District of Columbia dangerous to public health and burdensome to public officers and employees whose duties require them to reside within the District and other persons whose activities are essential to the maintenance and comfort of such officers and employees, thereby embarrassing the Federal Government in the transaction of the public business. That is the declaration upon which this act is based; but if the same conditions existed from any cause other than the war with Germany, the jurisdiction of Congress is exactly the same, and if the state of facts with reference to the rental property in the District of Columbia to-day is as it was when this legislation was passed, this legislation is constitutional, irrespective of whether a resolution of peace has been passed and irrespective of whether the war with Germany has ceased.

The only significance of the war with Germany, in so far as the decision of the Supreme Court was concerned, is that the court took judicial notice of the existence of war with Germany and assumed that these conditions related by Congress naturally followed the existence of that state of war; and so the Supreme Court did not inquire into the fact of the existence of these conditions, but accepted the declaration of Congress as final.

If it had not been for that, if we should enact to-day an entirely new piece of legislation and declare that the exigencies are such that the menace to public health and public welfare and convenience of public officers is such to-day as to call for this legislation, what would be the result when such legislation came before the court? There would be only one difference. In the one case the court might not accept as final and conclusive the legislative declaration with reference to the exigency. The court might inquire into the facts, and unless facts could be shown demonstrating the actual existence of the exigency, the power of Congress to enact the legislation would fall. But given the state of facts, given the circumstances that exist, it is absolutely immaterial whether they grow out of the war or out of other conditions. It is the existence of the state of facts that determines the power of Congress in the premises.

So with reference to this legislation, it is not a question of war power. It is not a question of the existence or continued existence of a state of war with Germany. It is solely and only a question of whether a condition now exists in the District of Columbia so that the letting of buildings covered by this bill can be said to be clothed with a public interest and justify the exercise of the police power. If that be true, this legislation is constitutional and within the powers of Congress. If that be not true, of course, Congress has not any power in the premises; but that is no reason for defeating this bill upon any constitutional question such as has been raised in this debate, because those questions that have been raised, as I have tried to show, have absolutely nothing to do with the case.

Just reading a paragraph from the opinion of the court in this case, the court says:

The fact that tangible property is also visible tends to give a rigidity to our conception of our rights in it that we do not attach to others less concretely clothed. But the notion that the former are exempt from the legislative modification required from time to time in civilized life is contradicted not only by the doctrine of eminent domain, under which what is taken is paid for, but by that of the police power in its proper sense, under which property rights may be cut down, and to that extent taken, without pay. Under the police power the right to erect buildings in a certain quarter of a city may be limited to from 80 to 100 feet—

Citing a number of cases.

The only question, therefore, with reference to this measure is, Do the facts and circumstances now exist that justify the enactment of this legislation? Unless the circumstances and facts have materially changed, this legislation will be sustained exactly upon the same ground that the original act was sustained.

With reference to limitations upon the police power, of course there is a limit upon the police power; and that was considered in this decision, and the court held that the provisions of the original Ball Act did not transcend the proper limitations of the exercise of the police power. Of course the attempted exercise of police power can go so far as to be obnoxious to constitutional provisions and safeguards. That was illustrated in a case going up from the District of Columbia, *Martin v. District of Columbia* (205 U. S.), where the court said:

Under the police power, in its strict sense, a certain limit might be set to the height of buildings without compensation; but to make that limit 5 feet would require compensation and a taking by eminent domain.

So that we might go to such extremes, even under the police power, as to violate the Constitution; but the Supreme Court has held in the case that it has decided that the provisions of this original rent act did not transcend the limits of the proper exercise of the police power. So it is not a question of the exercise of the war powers at all. It is a question of exercising powers specifically granted by the Constitution to legislate for the District of Columbia; and the question then only remains, Are the conditions in the District of Columbia such as justify the exercise of the police power with reference to the rental of public buildings? That is a question of fact.

I am frank to say that if it had not been for some things that have very recently occurred it might have been possible, if this bill becomes a law and its constitutionality is attacked, for those who are opposed to it to show that the exigency had gone, that it no longer existed; but some landlords in the District of Columbia have, I am told, given notice that rents will be increased this fall anywhere from 20 to 40 per cent. That can be shown whenever this law is attacked, if it becomes a law; and I have no doubt, Mr. President, in the face of these general notices that have been given by landlords of a rise in rents just as soon as this act shall fall by its own limitations, that it will be said by any court that the exigency that existed when this law was sustained by the Supreme Court exists to-day.

Mr. President, I have said this only because if this debate should ever be resorted to for construction as to what was the intent of Congress, I did not believe that the debate should rest upon any assumption that the power of Congress to enact this legislation rested upon the war powers of Congress at all. It rests upon the power delegated to Congress to legislate for the District of Columbia, and upon the existence of a state of facts here in the District of Columbia that justifies Congress in the exercise of this police power in this bill.

Mr. FLETCHER. Mr. President, I am not finding fault or taking issue with the position of the Senator from Wisconsin. I did not mean to contend the other day—and I said as much as to indicate that it was the impression I did not mean to convey—that this power of Congress rested upon the war powers of Congress under the Constitution; but what I did mean to say, and that I believe the Senator concurs in, was that it rested upon the fact of the existence of an emergency. The Senator calls it an exigency. We will not disagree about terms. I am willing to accept his designation as "exigency" instead of "emergency." The fact that the war was on created the emergency, brought about the war conditions, and brought about those conditions which formed the justification and foundation for this legislation.

That was recognized fully by the Supreme Court in its decision in the test case where the validity of the act was assailed. In that case the Court of Appeals of the District of Columbia held that the act was unconstitutional. By a decision of 5 to 4 the Supreme Court held it to be valid, solely and entirely upon the ground—and this is the language of the court—that there was an emergency growing out of the war, resulting in rental conditions in the District dangerous to the public health and burdensome to public officers, employees, and accessories, thereby embarrassing the Federal Government in the transaction of the public business.

That was the situation which the court found to exist. Not only had Congress found that condition to exist when it passed the legislation but the court, in addition to what Congress had to say on the subject, also found that condition to exist because it was commonly known, it was known throughout the world, that this war was on, and that it created war conditions, and these conditions created the emergency. The Senator is in error, however, when he says that he gathers from the opinion of the court that the court held that the conclusion of Congress upon that subject was final, or that the finding of Congress as to an emergency was conclusive upon the court. Just the contrary is the case. They say in that very opinion, and I quote from it:

No doubt it is true that a legislative declaration of facts that are material only as the ground for enacting a rule of law, for instance, that a certain use is a public one, may not be held conclusive by the courts. But a declaration by a legislature concerning public conditions that, by necessity and duty, it must know, is entitled at least to great respect.

And that is as far as the court goes—it is entitled to great respect.

Mr. LENROOT. Mr. President—



The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I do.

Mr. LENROOT. The Senator and I do not disagree at all upon that. I stated specifically that the only relation the war had was that the court took judicial notice of the existence of the war, and assumed the conditions following, and therefore did not call for proof of the state of facts.

Mr. FLETCHER. Precisely; but I understood the Senator to hold that if Congress reached the conclusion that this emergency existed, that would be conclusive upon the courts.

Mr. LENROOT. No.

Mr. FLETCHER. They say just the contrary. The question finally is, then, do the conditions exist to-day in the District of Columbia substantially as they existed when that law was enacted nearly two years ago?

That is the question. The very able chairman of the Committee on the District of Columbia recognized that at the outset. He very frankly stated this at the opening of the hearings, and I quote from his statement:

The CHAIRMAN. The committee will be in order. To-day was fixed at our last meeting for a hearing on the rent act. It having been declared constitutional by the Supreme Court, and, as the life of the act will expire in October next, the question for the committee to consider is whether it should be extended. From the decision of the Supreme Court it is very evident that it was declared constitutional on the ground of an emergency existing at that time. The question for the committee to consider is whether that emergency still exists. If there is no emergency existing now, the decision of the Supreme Court probably would not cover the validity of the act, and the first thing necessary for the committee to find out, as far as we can, is whether or not there is still such an emergency existing.

That was a clear, candid, frank, comprehensive statement of the question to be decided by that committee, made by its able chairman at the very opening of the hearings; and that question, I contend, according to all the evidence produced before that committee, must be decided in the negative, because, according to all that evidence, no such conditions exist in the District of Columbia now as existed when that law was enacted two years ago.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I yield.

Mr. POINDEXTER. I would like to get the opinion of the distinguished Senator from Florida on the question whether or not this act, under present conditions, is doing any good, even for the purposes for which it was intended, leaving out of consideration the evil effects of the violation of the constitutional principles on which this Government is founded. What I mean by that is that this act has now been in force for about two years; and if we take the testimony of its chief advocates conditions now are just as bad as they were when it was passed. I would like to have the views of the Senator from Florida—an experienced business man as well as an able lawyer—as to whether or not the act is not defeating its own purpose.

Everyone sympathizes with those people who, by reason of circumstances often entirely beyond their control, are placed in conditions in life in which they are not able to pay the rents which are demanded for apartments or houses. But the Government proposes to relieve that situation by commandeering rental properties. It is not a question simply of regulating rents, it is the question of a tenant keeping possession, after it has once been obtained, beyond the period of the lease, which is the same as taking possession in the original instance, and it tends to discourage the building of property for rental purposes.

The distinguished chairman of the committee, the Senator who has charge of the pending bill, says that at the present time there is a great deal of building going on in the city of Washington, and that is true. He says that relatively it compares favorably with the amount of building in other years. But is it not a fact that those houses are being built for sale, and that the existence of this confiscatory law prevents people from investing their money in rental properties, which would tend to bring down rents and, if the heavy hand of the Government were withdrawn from interfering with such building, would relieve the distress?

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Delaware?

Mr. FLETCHER. I yield.

Mr. BALL. According to the Evening Star of last Saturday, there was more building in Washington in the last eight months than in any eight months in the previous history of Washington. There has been a reasonable number of apartment houses included in that building.

Mr. POINDEXTER. There was a reasonable number?

Mr. BALL. There was.

Mr. POINDEXTER. Then what is the occasion for this proposed legislation? There has been a decrease in the number of applicants for apartment houses, there has been an exodus from the city, just a reverse of the emergency which existed during the war, when there was an army of Federal employees suddenly brought to the city of Washington. The process of evacuation is constantly going on, and if this great increase in the building of apartment houses has taken place, why enact this measure extending the law?

Mr. BALL. Will the Senator from Florida permit me to answer the Senator from Washington?

Mr. FLETCHER. I yield for that purpose.

Mr. BALL. Mr. President, if the conditions had continued as serious as they were two years ago, when the law was framed, it would have been extended for two years. The committee admit that the conditions are not as serious as they were at that time; but there is still a serious condition confronting the people employed in the various departments of the Government here in Washington. There is still a shortage of proper housing facilities for employees drawing reasonable salaries. You can find fifteen, twenty, and twenty-five room houses vacant, but very few houses of the kind that can be rented by the employees of the Government. There is a decided shortage of that kind of houses. In seven months we hope that the conditions will so clear up that there will be no reason for a further extension of the law.

Further than that, Mr. President, the conditions are always worse in the fall and winter than they are in the spring and summer. The committee only asks to have the law extended for seven months, to tide over the winter months. Then, from April until October, when there is no great demand, because there are not as many people living in Washington, we feel that the rentals and the prices will adjust themselves and no further legislative action will be needed.

Further than that, we have eliminated all business houses from the effect of the law and made it strictly a housing proposition, to take care of the people for only those seven fall and winter months.

Mr. FLETCHER. Mr. President, in reply to the inquiry of the Senator from Washington, there have been, I have no doubt, a good many building operations conducted in the District of Columbia within the last year or such a matter. I am willing to grant that that has been as extensive as the friends of this measure may claim. But I am going by the evidence presented to the committee, not by any outside hearsay or what is rumored or talked about here and there; we ought to pay some attention to the testimony of witnesses who are supposed to know what they are talking about, and upon which the committee must base its findings and reach its final conclusion. According to the testimony before the Committee on the District of Columbia, these buildings are erected for the purpose of sale, not for the purpose of being rented. You will find, if you examine this testimony, that according to these witnesses buildings which have been put up have been put up by people already engaged in selling, and have been built with the purpose of selling them, not with the purpose of renting them.

Some apartment houses have been put up, I grant you; but those apartments will not be completed until this law shall have terminated, and the people who built them knew it at the time. They are not building in contemplation of this law remaining permanently upon the statute books to control their property forever. They are building with the understanding that before their buildings are completed and ready to be rented this law will be dead. They have a right to assume that. That accounts for the building that has been going on.

But unquestionably the Senator is correct in his belief, according to the testimony before the committee, that the legislation has had a serious deterring effect upon the building operations in the District and in that way has defeated its own object. In other words, in order to solve the rent question in the District, you must have more houses. You will not have more houses to rent as long as this sort of a law stays upon the statute books. Therefore you have a situation of more people wanting accommodations than there are accommodations for them, and therefore high prices result; but, on the other hand, if you allow this matter to proceed in its normal way, and without such restrictive legislation as this confronting property owners, they would build houses, and you would have a condition where you would have more accommodations than there were people wanting to be accommodated, and that would mean lower rents and advantage to the very people you want to benefit by this legislation.



Mr. BALL. Mr. President, according to the statement I quoted from the Star, there has been more building since April than was ever known in Washington in a similar period. The law has been declared constitutional, and it was known that it would continue until next October; and that disproves the statement of the Senator from Florida. Further than that, Mr. President, these investors know that they are going to get a reasonable rate for their money, but they will not be permitted to profiteer.

There has been a new apartment house erected, which will be opened up about the 1st of October. I got a schedule of their prices. It is an eight-story building, and I understand cost about \$400,000. The rental for that property for one year, according to their schedule, is \$98,900. In other words, in four years the building will rent for enough to pay for its cost, even under the increased costs at this time.

Mr. FLETCHER. Mr. President, it is not that I find any fault with the reasonableness and the fairness and justice of the present commission. I have no occasion to complain. I have had no business before them, either to resist any action on their part or to seek any action on their part, and I assume they are fair and just people. But we do not know what the next commission might be, and I am objecting to this legislation upon the ground that it is wrong in principle and it is a dangerous thing to enact a law that we feel is either unconstitutional, or, if we do not quite feel that way, even if we think it is wrong in principle, is setting up a very vicious precedent.

I object to it on that ground. Conceding that the present commission may be absolutely fair and just, I say if this sort of legislation is put upon the statute books the time may come when some other commission will sit there, some other commission representing the landlords, and then what would the Senator say?

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I yield.

Mr. POINDEXTER. If the Senator will bear with me, I should like to ask a question of the Senator from Delaware, who spoke a moment ago of this bill being a remedy to curb profiteers. I suppose he is referring to real estate profiteers. If this is a proper remedy to curb profiteers who own real estate, even admitting that this is the purpose of it, and even admitting that that was the only effect of it, which, of course, is not the case, because it applies to the poor man who owns a humble cottage as well as a millionaire who owns a great hotel; if this were the proper way to deal with that sort of thing, why does not the Senator propose to curb the profiteers in food products, the profiteers in steel products, or in cotton or in wool, or in all the great essentials of life? If the remedy for these abuses should be that the Government should seize the property and withhold it from their possession and fix the price of it, why does not the Senator do that?

Nobody has ever gone to that extent. Nobody has ever conceived the idea that the Government of the United States would go so far beyond the purposes contemplated in the great charter upon which it is based that it should enter the field of dealing in commodities and fixing prices; that there should be established here, instead of the system of individualism which is the chief characteristic of our form of government, a system of communism as a remedy for the economic ills that arise from time to time. Yet the Senator proposes to apply that to the ownership of land which in the law and in the customs of our race of people has been regarded with more care by the law and by the constitutions of governments than any other species of property. He proposes that the power on the part of the Government to confiscate property, which it amounts to, not for public use but for private benefit, shall be applied to real estate. Why does he not offer a bill to remedy profiteering in personal property?

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Delaware?

Mr. FLETCHER. I yield.

Mr. BALL. I only wish to make reply briefly. In the first place, we legislate here only for the District of Columbia. The District of Columbia is neither a farming district, a manufacturing district, nor any other district, so far as business is concerned, except the real estate business.

Mr. POINDEXTER. The Senator certainly does not mean to say that we legislate here only for the District of Columbia in so far as profiteering is concerned?

Mr. BALL. I mean that so far as the District Committee is concerned, we have only the affairs of the District of

Columbia to deal with. The Senator is asking a question as to reporting a bill from the District Committee, and I am answering the Senator's question.

Mr. FLETCHER. What about the prices of food?

Mr. POINDEXTER. I was asking the Senator his views as a Senator and not as chairman of the committee. It occurred to me that before going to the extent of undertaking to take possession of houses we should try out the theory at least on something of a less important character, some species of property that is more readily compensated for and as to which the injury to its owner would not be so irreparable as the seizure of the house in which he lives.

Mr. FLETCHER. That comes very close to where we live. The testimony before the committee investigating agricultural conditions shows that the retail merchant is taking from 100 to 300 per cent profit on everything we have to buy from him. Our fruit, our vegetables, our meat, and everything we buy gives him from 100 to 300 per cent profit, and that is true of the retail merchants of this city. If the Senator wishes to correct things, why not look after them a little, as the Senator from Washington suggests?

If we have the power to legislate with reference to the fixing of the price that an owner of property shall charge for his property, why can we not fix the price the retail merchant shall charge, and say to him, "You shall not charge and shall not be allowed to make more than 50 per cent profit"? It would be a very great help to the people of the District to do that by law.

Mr. BALL. Mr. President, I can answer that question in one word. The committee held long hearings upon that very proposition, but found we could not definitely ascertain the costs of those materials to the people in the District who did the retailing. Those products are not manufactured here. There were so many different costs coming in that it made it impossible for the Congress to legislate on the matter.

The pending bill does not confiscate property. The bill does not control the rents of any real estate people in Washington who are charging reasonable rents. I should like to add that not one in ten of the apartments are appealing to the rent commission. It is only those who attempted to charge unreasonable rents.

The Congress has just as much right to control these rents, in my judgment, as it has the right to control property in other ways. We say you shall not build an apartment house more than so many stories high. We say you shall not put certain kinds of houses on certain land in the city. We control your property in many ways. Anything that is necessary for the public health and the public good we have the same right to control as New York City would have to control those things in New York City. New York City has a similar law passed by its city council. It is functioning and it has been declared constitutional, and is more drastic even than this bill, decidedly so. They propose that it shall continue to function.

Mr. POINDEXTER. That was passed as a war measure.

Mr. BALL. But it is continuing to function.

Mr. POINDEXTER. It was passed as a war measure.

Mr. BALL. But it was passed for an unlimited time.

Mr. POINDEXTER. But it was passed as a war measure.

Mr. BALL. And this was not passed as a war measure.

Mr. POINDEXTER. Oh, yes; it was.

Mr. BALL. This was passed because a condition existed here in Washington, a condition that was the result of war, but we might have that condition resulting from any causes.

Mr. POINDEXTER. The Supreme Court said the justification of it was the war.

Mr. BALL. No; the Supreme Court said the justification of it was a condition, the result of war.

Mr. POINDEXTER. Oh, yes; I have the opinion here.

Mr. BALL. It was an emergency growing out of the war.

Mr. FLETCHER. Mr. President, I must decline to yield further. I wish to finish. I do not wish to be placed in the attitude of occupying the floor here all afternoon on this matter when some one else is doing the talking. I desire to finish, and then the Senators can proceed with their discussion.

The PRESIDING OFFICER. The Senator from Florida declines to yield further.

Mr. FLETCHER. I should like to conclude very quickly. I do not wish to take up further time with the discussion.

With reference to the idea of the Senator from Delaware that the law only applies in cases where landlords are charging unreasonable rents and that it is confined to exacting landlords who are oppressing tenants and that sort of thing, the Senator takes a view of it that is not justified. The law is very sweeping and very broad. It gives the commission absolute power



to fix the rents to be charged and paid for all real estate in the District with the exceptions mentioned in the bill.

It applies in the case of an owner. I have in my possession a letter from a lady in this city—I do not know her personally—which recites that she owns a certain building. Nearly a year ago she gave notice to the tenant that she wanted that building for her own personal use, to live in as her own house, but the tenant would not move out. She brought suit in the District court and got a verdict in the lower court. The tenant appealed to the upper court, and finally the law was held unconstitutional by the court of appeals in the District. At last, nearly a year having elapsed, she went to the Rent Commission, and the Rent Commission found that the notice which she gave nearly a year ago was not a legal notice under the act, and therefore dismissed the case. There is the case of an owner of property out of possession for nearly a year, which she desires to occupy.

That is one effect of the law. In addition to that, cases exist in the city where property is being badly misused; where there is misconduct and misbehavior in an apartment that is injuring and damaging the whole property. There is no method of dispossessing the tenants. They can not be gotten out. The Rent Commission under the law have no power to put them out.

Mr. CARAWAY. Mr. President, will the Senator yield to me?

Mr. FLETCHER. I yield.

Mr. CARAWAY. Is there any reason why, if we have a law of that kind, it should not apply to business property also, because the cost that the merchant must charge for his goods is enhanced by the amount of rent he must pay, and the cost of living is enhanced as the result of that process?

Mr. FLETCHER. Undoubtedly that is true. The overhead is figured in. That is the way in which the retail merchant justifies his excessive charges. He says, "My rent is so high." Under the provisions of the bill we eliminate not only the business houses, but we eliminate hotels as well. In my judgment, if there is anything that needs looking after it is the hotels in the District—not only here, but perhaps elsewhere. I was under the necessity not long ago of spending a night in New York. I put up at a hotel and went to my room. I paid \$7.50 to spend the night in a little old room with one window, no ventilation, stuffy, stale tobacco smoke that stifled me so I could scarcely sleep, and yet I paid \$7.50 for that privilege.

I had two friends who had a room close by, and they paid \$9.50 for a similar room. Here in Washington a friend not long ago got two rooms for himself and wife and paid \$19 a day for the rooms. Think of it—\$19 a day for the rooms alone. The idea of paying \$16.50 for a place to sleep one night! Three dollars or five dollars would have been a reasonable charge for the accommodation; but \$16.50 is the charge that was made.

We eliminate the hotels, and they can not be reached under the provisions of the bill. They are the very people who ought to be reached, and they are the people serving the public generally. There is a public use of those properties.

Mr. POINDEXTER. Mr. President—

Mr. FLETCHER. I yield to the Senator from Washington.

Mr. POINDEXTER. I wish to call the attention of the Senator to the fact that these great properties, which are built for the accommodation of those who rent rooms, the traveling public, and to some extent the residential public, are not subject to the restrictions of the law at all.

Mr. FLETCHER. Precisely.

Mr. POINDEXTER. But the innumerable small holders of property are subjected to its penalties and to its confiscation. I wondered why that was. What influence is it that is able to secure the enactment of this legislation for one class of people and relieve another class of people from its terms?

I had a case brought to my attention where a man owned a cottage and he was drafted and went to France and fought for his country. Meantime he rented his little home. When he came back and wanted to get his family together and begin to keep house in the home which he had earned by his thrift and savings the Ball rent act confronted him and he was unable to get possession of it, although the terms of the lease had long since expired.

Mr. FLETCHER. Precisely. Unquestionably there have been a great many hardships which have been occasioned by this legislation. We do not hear much of those, however. There are a good many people in the District of Columbia who would like to get accommodations of this kind which would be within what they call their means, but generally their remedy is to secure larger incomes or to get accommodations which are a little cheaper. There is not now, according to the testimony which is before us, a shortage of housing facili-

ties in the District of Columbia. According to the testimony which was offered before the committee there were to rent in Washington at the time of the hearings—and I presume that the number has increased rather than diminished—354 apartments and 280 dwellings. The remedy is to provide more apartments and more dwellings than there are applications for. Then the landlords will have to come down on their rents.

If there are any landlords who are oppressing the people of the District, they ought to be punished; I do not know of any method of punishment that would be too severe, in my judgment, for a grasping Gradgrind; but, on the other hand, the remedy for that condition is not by this character of legislation. Such legislation as this discourages the building of more apartments and houses for rent. It therefore lessens the supply, whereas the demand remains practically the same under normal conditions. Of course, a perpetuation of that condition increases the price of rent.

Mr. LENROOT. Will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. FLETCHER. I yield.

Mr. LENROOT. The Senator from Washington [Mr. POINDEXTER] just made a statement which I do not think he would have made if he had been advised of the provisions of the Ball Rent Act. He cited a case which could not possibly happen under the Ball Rent Act, because under the provisions of that act the owner is given the right of possession if he desires to use the premises for his own occupancy.

Mr. FLETCHER. The act so provides.

Mr. POINDEXTER. I think the Senator from Wisconsin is probably correct in his suggestion in that I said that the man wanted the property to live in. In that detail, perhaps, I was mistaken, but it is correct to say that if he wanted to get possession of his house for any other purpose the Ball Rent Act would prevent him from doing so; for instance, if he wanted to get possession of it in order to sell it he could not do so.

Mr. LENROOT. He may have wanted to rent it at three times its rental value.

Mr. POINDEXTER. But he may also have wanted to sell it.

Mr. FLETCHER. Mr. President, there are cases where the owner of a house has wanted to get possession of it in order to occupy it himself, but there have been delays aggregating months and sometimes nearly a year, as in the instance I mentioned, all resulting from this legislation.

Mr. POINDEXTER. I say that in the case which went to the Supreme Court the complainant in that case pled that he wanted to get his property for his own use, but was unable to get it.

Mr. FLETCHER. Mr. President, I had no idea of taking up so much time as I have; but I think this proposed legislation is bad in principle. Unquestionably conditions do not now exist which justify it or warrant it or which afford foundation for its validity under the Constitution. We are in precisely the same condition now with reference to extending the original act by the pending legislation as we should be if we were now starting at this point to enact the original Ball Rent Act. We are precisely in that situation when we undertake to extend its provisions, just the same as if there were now introduced for the first time the original Ball Rent Act and it were provided that it should expire seven months from now. I say that the act never would be passed; nobody would dream that the original Ball Rent Act would be justified or that it would be constitutional, in my judgment, if it were introduced to-day. That is just about the position which we are in with reference to the pending proposed amendment to the act.

Mr. BORAH. Mr. President, I have received a letter from an attorney in the District of Columbia in reference to this matter in the nature of a petition which he asks me to present. I ask that the Secretary may be permitted to read the letter.

The PRESIDING OFFICER. The Senator from Idaho asks unanimous consent that the paper which he now presents may be read. Is there objection? The Chair hears none, and the Secretary will read as requested.

The reading clerk read as follows:

WASHINGTON, D. C., August 11, 1921.

HON. WILLIAM E. BORAH,  
United States Senate, Washington, D. C.

DEAR SENATOR: As a citizen of the District of Columbia, I feel it is my duty to call your attention to the following facts in regard to the proposed extension of the Ball law: First, I can not see why hotels should be exempt, for certainly if anyone is overcharging it is the hotel proprietors.

I noticed in yesterday's paper that Senator BALL remarked while the bill was under consideration in the Senate that "at the time the Ball bill was first enacted they had to have from 8 to 10 girls in a room, and now they are reduced to 2." This shows, among other things, that the emergency for the law does not exist, for this amounts to a



reduction of 800 per cent, and I do not believe anyone feels that every girl in town ought to have a separate room. Moreover, it seems to me that there must be some unmistakable oversight in supposing that the Ball law ever helped or assisted the girls who had to live in such numbers in rooms. It is well known in Washington, or should be at least, that such tenants pay or rent by the week, and I do not know of any case of the kind ever reaching the Rent Commission. In fact, the bill seems to be predicated wholly upon cases where there is a lease or sublease, which would imply something more than a weekly hiring. Moreover, such tenants have little means or time for such proceedings, and the amount involved is usually so small that this class of tenants whom the law should protect, if it should protect anyone, never attempt to make use of its provisions for the reasons aforesaid.

The worst feature or condition that now exists, and will continue to exist if the law is renewed, and I say this after careful investigation, is that it has practically stopped building in the District of Columbia intended to rent for residential purposes. The proof of this can readily be ascertained from the building inspector's office, for nothing but houses for sale are now being erected, excepting, of course, the several large hotels and office buildings that have been begun since it was supposed that such kind of property would be exempt from the amendment. I know of no apartment houses of any consequence that are now being erected or contemplated, and it is almost impossible to secure a loan for any such property. I do know of at least six prospects of the kind having been abandoned since the new agitation for the extension of this law.

This law has brought about a condition that is wrong in every principle. It permits people who own old houses, and those who erect new ones, to demand very high prices for the purchase of same. This is especially so in the houses that have been erected in the last year or so. It is common knowledge that the new-house speculator used to be satisfied with from \$500 to a \$1,000 profit on a medium-sized house, and I now am credibly informed that they do not consider anything less than three or four times that profit.

I would be willing to stake my reputation on the assertion that if the Ball law were wiped off the statute books there would be 1,000 houses put on the market the next day for rent that could not be had for rent while it existed. This situation is not because the people so much fear the Rent Commission but that the ordinary property owner, or any human being with sufficient intelligence to own property, naturally abhors anything that would likely bring them into litigation or contention with the tenant. Therefore rather than take any chances of the kind, they hold their property for sale, notwithstanding very tempting offers are made to induce them to rent. I am certain also that if this law was allowed to expire that the prices of houses would be reduced materially, because it would reduce the number of prospective purchasers at least 50 per cent.

Finally, I think if the law must be renewed, the commission could readily be reduced to one, for certainly a 1-man commission would eliminate consultation, and could accomplish more than three, and his decisions, in my opinion, would be as equally satisfactory, and besides be a saving of at least \$10,000 per year.

Very truly, yours,

LEO SIMMONS.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. BRANDEGEE. Mr. President, I can not believe that this measure is a constitutional exercise of the power of Congress, nor do I believe, if it were constitutional, that it is founded on wise public policy. I do not think it is a constitutional measure, because whatever may have been the character of the decision as to the original so-called Ball Rent Act, the decision was made during the time and in view of the circumstances which surrounded the war. There was not only in Washington but all over the country a great shortage in housing facilities, so much so that a committee of Congress, headed, I believe, by the distinguished junior Senator from New York [Mr. CALDER]—at least, he was a member of the committee—investigated that question and traveled in various portions of the country. They submitted a report, in which they stated that several billions of dollars were needed to be invested in property to afford adequate housing accommodations for the people of the country, and there was a proposal that Government funds be appropriated for that purpose.

Mr. President, the proposition now is to extend for seven months the provisions of the original Ball Act and to make certain amendments to it. I agree with the Senator from Wisconsin [Mr. LENROOT] that the holder of real property, as well as the holder of personal property, has not such an absolute right of unrestricted management and control of it under modern civilization as he used to have. Under the police power of a State and under the police power of Congress, so far as it confines itself to legislating for the District of Columbia, in the interest of the public safety, public health, or public morals, or the general welfare of the community Congress may do things that limit the use of the property of the private citizen. It may pass laws, without providing compensation for the citizen, to prevent his erecting a building of more than a certain height. If a man were permitted to erect a building 16 stories high, he might make nearly twice as much on his investment as he could by erecting an eight-story building. Nevertheless, he is prohibited from doing so in the interest of public safety.

Building lines may be established beyond which the owners of property may not occupy the property with a building. Many of the States have held that the establishment of a building line which deprives the owner of the use of his land compels the municipality so establishing it to compensate the man for

the loss of his property, for it was a practical taking. We limit the interest which a person may exact upon a loan without its being usury; we regulate the business of pawnbrokers, auctioneers, and similar people in the communities.

I do not think it would be so unwise if some limitation were placed upon the amount of rents. I am not clear as to our authority to do it, but in this bill we are extending the provisions of an act under which, when two citizens have made a contract mutually satisfactory to themselves, and one of the parties, the lessor, desires to terminate the contract, the commission steps in and says: "No; the contract, although it is unsatisfactory to you, shall exist for seven months more. You shall be compelled to devote your premises to the use of the lessee upon the old terms, although the property may be much more valuable, and, although you may be offered a much higher price for it by a bona fide applicant."

An owner of property may have plans for its future improvement. He leases it for a year to a tenant. The tenant agrees to get out at the end of the year. This law steps in and says: "No; you may stay seven months more," and says to the owner, "You shall not eject a tenant, although he agreed to get out at the end of a year," although the owner may have made another contract with a third party that at the termination of the year he will sell the third party the property, or lease it to him for 10 years, or pull the building down. Congress is passing a law which says: "No; we will place those powers in the hands of a commission."

I do not believe that that is either constitutional or wise. Other cities have not been compelled to resort to any such doubtful measures. I do not think there is any present demand for it in the city of Washington. If there is a shortage of housing facilities in Washington so that rents are unduly high—and I have no doubt they are in many cases—the remedy for that is to let the high rents prevail for a short time, and capital will flow in to supply the demand and take advantage of the high rates.

Mr. President, you can not successfully stay or annihilate the law of supply and demand. Of course, during the war there was a great shortage. The shortage was in large part produced by the Government itself, for the Government commandeered all the materials and nobody could get lumber or iron or steel or other minerals or products, even brick or sand, for building purposes. The Government needed them all for war purposes in the construction of our great camps and cantonments; but it seems to me that now, nearly three years after the war, in the language of our President, we should return to normalcy. If the population of the District of Columbia has already been reduced 200,000 from its war population, it seems to me that the thing to do is for the Government to take its hands off of the housing question in Washington and let people build all the new houses they want to build. Of course, capital is not going to build new houses if the Government is going to manage them for it, or is going to fix the rents, or the duration of the occupancy of the tenants. So that I think this bill is not only, if not unconstitutional, a stretching of the constitutional guaranties to the limit, but is of very doubtful, if not vicious, public policy.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. POINDEXTER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Fletcher	Lenroot	Shortridge
Ball	Glass	Lodge	Simmons
Borah	Gooding	McCormick	Smith
Brandegee	Hale	McKellar	Sterling
Broussard	Harrell	McNary	Sutherland
Bursum	Harrison	Nelson	Trammell
Calder	Heflin	New	Wadsworth
Cameron	Johnson	Nicholson	Warren
Capper	Jones, Wash.	Oddie	Watson, Ga.
Caraway	Keyes	Overman	Williams
Curtis	King	Phipps	Willis
Dillingham	Ladd	Poinexter	
Ernst	La Follette	Sheppard	

The PRESIDING OFFICER. On this roll call 50 Senators have answered to their names. A quorum is present. The question is, Shall the bill pass?

Mr. POINDEXTER. Mr. President, a moment ago the Senator from Wisconsin [Mr. LENROOT] disagreed with the statement that I made that the Ball Rent Act, as originally passed, was sustained by the Supreme Court of the United States because of the emergency of the war. To verify the statement which I made at that time, I want to quote briefly from the opinion of the court in the case of Block v. Hirsh, Forty-first

Supreme Court Reporter, reading from page 459. There the court, Mr. Justice Holmes writing the opinion, states:

The statute embodies a scheme or code which it is needless to set forth, but it should be stated that it ends with the declaration in section 122 that the provisions of Title II are made necessary by emergencies growing out of the war, resulting in rental conditions in the District dangerous to the public health and burdensome to public officers, employees, and accessories, and thereby embarrassing the Federal Government in the transaction of the public business. As emergency legislation the title is to end in two years unless sooner repealed.

But that is not all to indicate that the basis of the decision of the court was the existence of a state of war, for the court proceeds as follows:

No doubt it is true that a legislative declaration of facts that are material only as the ground for exacting a rule of law—for instance, that a certain use is a public one—may not be held conclusive by the courts.

Citing a number of cases.

But a declaration by a legislature concerning public conditions that by necessity and duty it must know is entitled at least to great respect. In this instance Congress stated a publicly notorious and almost world-wide fact. That the emergency declared by the statute did exist must be assumed, and the question is whether Congress was incompetent to meet it in the way in which it has been met by most of the civilized countries of the world.

Of course, there was no such emergency existing, "publicly notorious and almost world-wide fact," and which had "been met by most of the civilized countries of the world," except the war with Germany, in which the United States and its allies were at that time engaged.

Mr. LENROOT. Mr. President, the Senator will admit, will he not, that if the condition existed from any other cause the decision would have been the same?

Mr. POINDEXTER. No; I do not admit that at all.

Mr. LENROOT. It was the condition, was it not?

Mr. POINDEXTER. I am stating the fact that the decision was based upon the existence of a state of war. What the decision may have been in the case of some other emergency no man can say.

Mr. LENROOT. It was the existence of a state of war that they held caused the condition?

Mr. POINDEXTER. Undoubtedly.

Mr. LENROOT. It was the condition which was the prior fact?

Mr. POINDEXTER. Undoubtedly; a condition caused by a state of war.

Mr. LENROOT. But does the Senator contend that if there had been any other cause than the war the decision would not have been as it was?

Mr. POINDEXTER. I do contend that there may have been a very material difference. I do not undertake to say what the decision of the court may have been, but when a nation is engaged in war which involves, perhaps, its independence or its existence the conditions which arise from that war, which affect its convenience, occupy a very different status from similar conditions which might exist in a time of peace, and all we can say in regard to the matter is that, in so far as the record goes, the court acted in the case involving the Ball Rent Act upon a set of conditions that were met by the Congress of the United States in a war measure.

Mr. LENROOT. I ask the Senator to point out one single line in that decision which rests the action of the court upon the war powers of Congress.

Mr. POINDEXTER. I have already pointed out that part of the opinion upon which I base my statement that the emergency which justified the enactment of the legislation was a state of war. It is true they do not refer to the war powers of Congress.

Mr. LENROOT. It was an emergency caused by the war, was it not?

Mr. POINDEXTER. That is true; undoubtedly it was an emergency caused by the war.

Now, Mr. President, I think pretty nearly all that is essential to be said to disclose the true nature of this legislation has already been said. I have no such interest in this case as makes it incumbent upon me to remain here day after day, in this period of the year, in order to oppose, by all possible means, the enactment of this bill into law, if that should be the pleasure of Congress. I have no personal interest in it whatever. There is no possible combination of circumstances that may concern me in any way, as the effect of this question, whether or not this law should be enacted, but if there were, rather than stand here and use whatever power or influence I might have as a Member of the Senate to enact a law by which one man's property should be taken out of his possession by the strong arm of the Government and delivered over to me for my enjoyment and my convenience, I would live in a tent,

if that should be necessary, winter and summer, and put up with whatever inconveniences that might involve.

It is said, Mr. President, that a public emergency continues to exist, and that the same reasons for the enactment of this legislation exist to-day which existed when it was originally enacted in 1919. But what are the facts? That condition was the absence of living quarters for the employees of the Government who were brought here to do war work.

To-day a very different reason is urged in behalf of this act. There is no attempt to show that any such condition as that exists. It is stated, even by the proponents of the bill, that the reason why this bill should pass is that the rents which are being charged to people in certain instances are too high. That is not a public emergency. That is a matter which involves the private affairs of individual citizens, and there has not been presented a single word, either in the hearings or in the arguments upon this bill, to show that that condition in any way whatever affects the public business or involves the Government of the United States.

The Senator from Delaware says that when a condition of this kind exists the Government ought to come to the relief of its citizens. The trouble about this act is that in it the Government is not coming to their relief. It is not proposed by this bill that the Government or the public shall be taxed a single dollar, or shall put itself to the slightest inconvenience in order to reduce rents or to provide cheaper living quarters for anybody in the District of Columbia. On the contrary, it provides that the property of private citizens shall be commandeered to that use. It is a very different matter from the Government coming to the assistance of tenants in the District of Columbia. If the Government really proposes to relieve the situation as a public matter, and at public expense, it should appropriate money for that purpose, and provide living quarters at a reasonable rental for its employees. Then the theory and the policy which are advocated as a justification for this legislation would be supported by the facts in the case; not justified, perhaps, but the claim that is made of public relief would be verified by the provisions of the bill.

Mr. President, if it is proper for the Congress of the United States to enact legislation of this kind for the relief of Government employees in the District of Columbia, it is proper for it to enact legislation of this kind for the relief of Government employees throughout the United States. It may be said that Congress has no right to enact such legislation to take effect outside of the District of Columbia, but I doubt exceedingly whether the same principle and the same policy which would bring it to the assistance of its employees in the District would not enable it to come to the assistance of its employees throughout the country. The employees of the Government in the various States of the Union get the same rates of pay for the same kind of work in the same positions that they get in the District of Columbia. They have the same difficulties in providing homes in which to live that their colleagues have in the District of Columbia. So why differentiate? Why favor the employees who reside here and deny the same attention to those who by chance, doing the same kind of work, just as important in the functions of the Government, live in the various States of the Union?

Mr. BALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Delaware?

Mr. POINDEXTER. I yield.

Mr. BALL. I just wanted to ask the Senator if the District of Columbia was not acquired as the seat of government on account of the conflict of authority between the States in which the seat of government was located previous to that time and the Government authority?

Mr. POINDEXTER. Undoubtedly that entered into the decision to acquire a district in which the Federal authority should be supreme. That was one of the reasons. There were many other reasons.

Mr. BALL. That was the fundamental reason.

Mr. POINDEXTER. That was one of the chief reasons. That does not conflict in any way with the proposition which I state—that the Government has the same right to care for its employees outside of the District that it has to care for those here. I only mention that because of the argument of the advocates of this measure—that the employees of the Government can not obtain quarters to dwell in at reasonable rentals.

Mr. LENROOT. I would like to ask the Senator whether he recognizes the right of Congress to exercise a police power within the District?

Mr. POINDEXTER. I do.



Mr. LENROOT. Very well. Then, does the Senator think the Congress has any police power in the States?

Mr. POINDEXTER. No.

Mr. LENROOT. Is not that the distinction?

Mr. POINDEXTER. No; that is not the distinction at all, because I have limited the authority of the Congress to act in this matter outside of the District to the cases of Government employees. Congress has power to legislate with reference to its business and the conditions of its employees, and to provide quarters for its employees anywhere in the Union, and to take whatever steps may be necessary to that end. That is rather a casual view. I have not investigated the matter. But I am inclined to think it could be sustained in a court.

Mr. LENROOT. I would like to ask whether any regulation of property rights is not an exercise of police power?

Mr. POINDEXTER. Oh, no. The case I have cited would not be an exercise of the police power at all. It would be the administration of Government business.

Mr. LENROOT. Does the Senator say that the regulation of the use of buildings in a State would not be an exercise of the police power?

Mr. POINDEXTER. It would undoubtedly be if it were a general measure, applicable to all the people in the State; but if it was based upon the proposition of providing quarters for the Government employees, it would not be.

Mr. LENROOT. What would it be?

Mr. POINDEXTER. It would be the administration of Government business.

Mr. LENROOT. Under what authority in the Constitution?

Mr. POINDEXTER. Under the authority, both express and implied, for the Government to do the business of the Government as provided in the Constitution.

Mr. LENROOT. It seems to me the Senator goes very much further in his ideas of the breadth of the power conferred by the Constitution than I do, or than I have ever heard any other Senator suggest.

Mr. POINDEXTER. I do not suppose the question has ever been suggested before. I do not know that I have ever heard it suggested before, myself. But I am inclined to think my proposition is sound.

Mr. GOODING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Idaho?

Mr. POINDEXTER. I yield.

Mr. GOODING. I would like to ask the Senator from Washington what he suggests to remedy the conditions which exist here in the District of Columbia? Being a member of the Committee on the District of Columbia, and listening to the different witnesses before that committee, it was shown that the living costs in the District, as far as food was concerned, have been decreased something like 32 per cent, but the rentals have been increased, and are still being increased, as I understand, in the face of the fact that on every street, every few houses, you see a sign in the window "for rent" or "for sale." I do not know what it may suggest to the Senator from Washington, but it suggests to me a combination to control the rents here in the District of Columbia. It has to be met in some way or other, and I do not know of any other remedy than this. Congress is the guardian of the people who live here in the District, and it is the business of Congress, under the Constitution, as I understand, to protect the people of this District. I do not know how we are to continue to exist—how we can meet conditions—unless we can bring the country back to a normal condition, and conditions are not normal in the District of Columbia.

Mr. POINDEXTER. This is not normal legislation.

Mr. GOODING. I think it is. I think it is essential.

Mr. POINDEXTER. I know the Senator does.

Mr. GOODING. I think we have to extend it, possibly, because if we can not reach the selfishness that exists in the District of Columbia right here under our very eyes we will not reach it anywhere. I think this is the place to commence. I do not know how we can hope to get freight rates reduced or do anything in this country unless the different lines of industry in the country are willing to come back and be fair and just to the American people and to the Government itself.

I do not know how we shall reach such conditions here except through Congress. Those conditions exist. The owners of tenement houses here admit that there is going to be a still further increase, with the tendency upward and upward. I do not think there is any blacklist among those owning tenement houses, but there is a red list on which the people who have been renting tenement houses are placed who are not satisfactory to landlords and they may have some trouble when the law is repealed or when it goes out of existence. We have a condi-

tion that we have got to meet in some way or other, and I do not know of any other way to meet it than through the Ball Act.

I am sure the commissioners have been very fair. They have raised quite a number of rentals here in the city, and very properly, too—when they were low they increased them. We need something to meet the unreasonable citizen who exists in every community, in the District of Columbia as well as everywhere else, who is not ready to play fair with the country and the Government.

Mr. POINDEXTER. I think the Senator has made quite a contribution to the discussion, and I agree entirely with him that wherever it is within the constitutional power of Congress economic abuses should be suppressed. However, this is not the beginning of the attempt to suppress combinations or oppressive restraints of trade, as they may be called, or extortionate prices. On the contrary, for more than three decades Congress has been legislating for the purpose of removing the abuses of which the Senator from Idaho speaks, not only in the District of Columbia but in every State and Territory of the Union.

In 1887 we passed a law to regulate interstate commerce; then we passed the Sherman antitrust law, the Clayton antitrust law; we established the Federal Trade Commission; and we have passed innumerable laws for the purpose of meeting and removing the very abuses referred to by the Senator from Idaho; but in the whole course of this legislation, from the beginning of its consideration down to the present time until the Ball Rent Act was introduced, no one has ever had the hardihood to suggest that, as a means of removing them, the Government should seize the property of individual citizens and turn it over to other individual citizens.

Mr. GOODING. I do not understand that that is the purpose of the bill at all.

Mr. POINDEXTER. The Senator understands this, does he not—

Mr. GOODING. I understand that it is necessary to regulate these abuses, and that the Government has been a failure in that respect. I understand that very well. The very abuses that have destroyed many civilized countries of the world, as is well known, will destroy this one unless they are controlled.

Mr. POINDEXTER. That is exactly where the Senator has the proposition reversed. The thing that has destroyed many countries and that has led to anarchy and chaos and destruction in Russia, for instance, has been the invasion of the rights of the individual citizen. The Senator is misled.

Mr. GOODING. Oh, Mr. President—

Mr. POINDEXTER. Just let me answer the question which the Senator asks. The Senator has said that this is the sort of legislation for the purpose of remedying the abuses which have led to the destruction of civilization. It is very often overlooked that the great world revolutions which have resulted, step by step, in establishing the priceless liberties of the Anglo-Saxon people have been revolutions out of which were written the charters of liberty guaranteeing and preserving the rights of private property. The great Magna Charta of England—

Mr. GOODING. Mr. President, I should like to say—

Mr. POINDEXTER. Just one moment, and then I will yield to the Senator. The charter of liberties of 1689, the immortal Bill of Rights, written by George Mason and Patrick Henry of Virginia, followed by the constitution of that State, and later on by the Constitution of the Federal Union, all the results of revolutionary movements, embodied in their principal provisions the protection and guaranty of the rights of property of the individual citizen. But here is a measure proposed to relieve the abuses to which the Senator has referred, which reverses that policy. Instead of guarding the rights of the individual, the Senator proposes, in order to remedy temporary economic ills, to violate the fundamental principles of the great charters of liberty to which I have referred.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Wisconsin?

Mr. POINDEXTER. I promised first to yield to the Senator from Idaho.

Mr. GOODING. I hope the Senator will not place me in the class of citizens who want to take away anybody's liberty or anybody's rights at any time or at any place. I merely wish to correct a condition that is existent in the country and that can not continue. There is a selfishness in it that can not be tolerated. I am not talking about personal liberties or personal rights.

Mr. POINDEXTER. Well, Mr. President, I am.

Mr. GOODING. I know that we have a commission down here that has considered a great number of these matters and that the landlords have been given fair consideration in all the claims that have been passed on.

Mr. POINDEXTER. But the commission has not jurisdiction to give them fair consideration, because the law requires the commission to allow the tenant to remain in the property after the term of his lease has expired. A man may desire to recover his property and possess it and enjoy it in that pursuit of happiness of which the right to accumulate and own and enjoy private property is the chief element. That is destroyed by this legislation and taken away from the consideration of the commission which is established to carry out its purpose.

We can not deal with these difficulties merely by pointing out the evils and saying that the Government must have the power to remove them and consequently that any kind of legislation, however it may violate the constitutional provisions, must be enacted.

Mr. GOODING. Will the Senator tell us how we can regulate them and cure them to meet the situation as it exists?

Mr. POINDEXTER. I shall point out to the Senator the remedy that has been undertaken already in the various pieces of legislation to which I have referred—the interstate commerce act, the Sherman antitrust law, the Clayton antitrust law, the Federal Trade Commission act, and others dealing with economic abuses which in their fundamental character are similar to this alleged combination or conspiracy for extortion by real-estate profiteers which the Senator refers to here in the District. The Senator may feel that some such condition exists. It never was thought in the consideration of any of the acts to which I have referred that it was necessary even for the Government to fix prices, except for public service, much less that the Government could take the property of one and give it to another who had no claims upon it whatever. All these laws contain provisions dealing with these abuses which the Senator might study and in which he may find some plan to apply here if such abuses actually exist as the Senator indicates.

I now yield to the Senator from Wisconsin.

Mr. LENROOT. I should like to ask the Senator whether, in the case of railroad property—and he has mentioned that—the Government does not regulate the price that the owner of the railroad property may receive for the use of it.

Mr. POINDEXTER. No; there is no such law in regard to railroad property as this act in relation to real estate in the District. The law does not undertake to say what rental one company shall pay for the use of the road of another.

Mr. LENROOT. I am taking the Senator's own statement. He drew a parallel between the railroad property and the rights of citizens.

Mr. POINDEXTER. Oh, no; I did not.

Mr. LENROOT. The Senator said we have not dealt with them in the same way. I am now asking the Senator whether the Government does not fix the price which the owners of railroad property may receive for the use of their property?

Mr. POINDEXTER. Of course, there are a great many things to be said about that. In the first place, I wish to put the Senator right as to what I said. I did not make any comparison between railroad property and strictly private property of citizens at all. I did call attention to the interstate commerce act as a means of remedying abuses similar in their fundamental character to those which the Senator from Idaho was referring.

There is a great difference between a railroad and the private home of the citizen. There is an attempt made by this legislation to put them on the same basis, otherwise the legislation could not be defended by any court. You have, in the first place, to attach a public character to the dwelling house before the authority to legislate in regard to that can be sustained. That is the point to which I object. I draw the line as to the power of the Government to intrude its public functions and to impose its public administration at the door of the home of the private citizen. As to the railroad, the Senator from Wisconsin as well as anybody else knows that it is a public service corporation and subject to regulation as such.

Mr. LENROOT. The right of the Government to regulate the railroads is because the railroad is clothed with a public interest, is it not, by reason of the services it performs?

Mr. POINDEXTER. Yes.

Mr. LENROOT. Has not the Supreme Court held in this very case that the condition is such that the renting out of buildings is clothed with a public interest and it rests upon exactly the same ground as the regulation of the railroads?

Mr. BALL. Mr. President, the Senator draws the line—

Mr. SHORTRIDGE. Mr. President—

Mr. POINDEXTER. Just one moment, and then I shall be glad to yield to both Senators.

Before I pass from it, I wish to answer, first, the question of the Senator from Wisconsin, who in his usual clever and penetrating manner is reaching into some of the very essential principles involved in this whole question.

In the first place, our whole contention in opposition to the bill is that the state of facts which the Senator from Wisconsin assumes to exist does not exist. Our whole contention is based upon the proposition of fact that there is no such condition existing in the city of Washington to-day, and the Supreme Court has never held that it exists to-day, nor is there any condition which attaches a public character to private dwelling houses in the District of Columbia.

Mr. LENROOT. On the other hand, we grant that if that state of fact does not exist, we have not this power and this legislation would not stand. So there is no difference between us on that proposition; but granting the state of fact does exist, the Senator must then admit that it occupies the same relationship as the railroad occupies with reference to the power of regulation.

Mr. POINDEXTER. I admit that the result would be the same, but based on different grounds. In the first place, there is an express provision in the Constitution of the United States giving Congress exclusive control over commerce. There is no such provision in the Constitution giving it control over the rents of private houses.

Mr. LENROOT. But there is a particular provision giving Congress exclusive power of legislation over the District of Columbia.

Mr. POINDEXTER. Yes; but that does not mean that we can violate constitutional provisions, that does not mean that we can do anything we please.

I may say that I think there are but few communities in the United States where it would have been possible for a legislative body, controlled by the people upon whom the burdens of the legislation were to fall, to go to the extent that Congress has gone in this legislation in dealing with a people who are politically submerged, a people who have so long been denied any participation in the Government which deals with their property and their lives that they have lost their initiative, that Congress works its will upon them practically without consulting their wishes.

Mr. LENROOT. The New York Legislature enacted the same kind of legislation for the State of New York and that was sustained at the very time this decision was handed down. Other States have enacted similar legislation.

Mr. POINDEXTER. There are very few. As I have said, there are very few instances where it was tolerated; and New York comes within the exception I mentioned, as the act was imposed upon the city of New York by the State legislature without the city's consent.

Mr. GOODING. What is the Senator's remedy to meet it? There is a condition that must be met, and there is no doubt about that.

Mr. POINDEXTER. I think conditions are entirely normal. There are no doubt rental abuses here from time to time, as there are in many other places.

Mr. GOODING. But here is the way we can aid. Prices of building materials have decreased very greatly, and yet the rents are going up all the time, and still there are plenty of vacant houses.

Mr. POINDEXTER. That is an astonishing result.

Mr. GOODING. It is.

Mr. POINDEXTER. As long as this law is on the statute books, I am surprised at such a result.

Mr. GOODING. They have been working at these abuses, but they have not yet reached them.

Mr. POINDEXTER. Ever since 1919 this law has been on the statute books, and yet conditions, the Senator says, are getting worse and worse.

Mr. GOODING. We are not meeting them.

Mr. POINDEXTER. What is the use of continuing the act, then?

Mr. GOODING. Still there is a commission to which people may appeal and perhaps obtain justice.

Mr. POINDEXTER. Yes; there is a commission at work at \$5,000 a year apiece, and the bill now before us proposes to establish an attorney at \$5,000 a year, and there is a secretary at \$3,000 a year. I think that is one of the chief motives back of this bill.

Mr. GOODING. Regardless of what it costs, the people in the District of Columbia have a right to be protected.



Mr. POINDEXTER. Does the Senator from Idaho mean to say that in order to protect the people in the District of Columbia he desires indiscriminately to invade private rights and private property?

Mr. GOODING. Not at all. However, I own property in my State which very properly is being regulated there by the State through the public utility commission and property elsewhere is being regulated. I can not see any difference at all between the two cases. So here when abuses exist the Government should step in and give the people relief.

Mr. POINDEXTER. Would the Senator from Idaho agree to a law being enacted by Congress as to selling sheep—I heard the Senator say the other day that he was practically out of the sheep business now, but he was once a large sheep raiser and woolgrower—providing that if he were a member of a combination that had put up the prices of mutton and wool too high, and because of that fact the people could not get cheap meat and cheap wool, therefore the Congress would take away from him his ranch—

Mr. GOODING. I may say—

Mr. POINDEXTER. Let me finish asking the question—on which he raised the sheep and turn it over to one of his neighbors there on such terms as a commission might fix?

Mr. GOODING. I do not understand that this proposed law, if enacted, will do that at all.

Mr. POINDEXTER. Yes, it will; that is exactly what it proposes to do as to dwelling houses and apartments.

Mr. GOODING. If I engage in a conspiracy to raise the price of any kind of property in this country through a combination and organization to that end, I think I should be regulated, I do not care whether it is as to the growing of sheep or doing anything else. So far as the matter is concerned relative to the condition which now exists in the District of Columbia, there are empty dwellings and vacant apartments, and yet rents are not being reduced except where the commission reduces them.

Mr. POINDEXTER. Would the Senator favor the extension of the same principle in order to regulate sheep ranches?

Mr. GOODING. If there is a monopoly in the sheep business, I am in favor of regulating it; I am in favor of regulating monopoly wherever it is found.

Mr. POINDEXTER. I do not think the Senator from Idaho would advocate a law such as that to which I have referred; I think he would oppose it. I think if a combination in restraint of trade should result injuriously to the public interests that the Senator from Idaho and all others would support some measure for removing and breaking up any such combination as that, and probably for penalizing the people who participate in it; but this proposed law has no relation at all to that question. There is not anything said in it about a combination; there is nothing said in it about conspiracy to raise rentals. It applies to everybody in the District of Columbia, regardless of who he may be or the extent of his property or the character of the dwelling house; how small it may be; how helpless the individual may be; regardless of whether he belongs to a combination or is acting alone.

It is very well to talk about combinations and conspiracies, but that is not what we are proposing to legislate for in this bill. This proposed law is not confined to that. If it were, it would be upon a different basis, although even then it would be going further than any legislation that has ever been enacted to restrain combinations or extortions, for there has never been a statute enacted that proposed to take property employed by a combination from one individual and give it to another.

Mr. BALL. Mr. President—

Mr. POINDEXTER. I yield to the Senator from Delaware.

Mr. BALL. I hope the Senator from Washington is aware of the fact that this proposed law does not take the home from an individual or from any of his family, nor does it in any way control any house that is used as a home. The owner of a house may secure possession for his own use. This proposed legislation is intended to control only property that is used as rental property; in other words, property that is used for investment purposes.

Mr. POINDEXTER. I know that is what the language says, but it does not work that way in all cases, because Hirsh, who made the complaint which was decided by the Supreme Court, alleged that he wanted the house in which to dwell, for his own personal use, but he was not able to get it. There is a great deal of discretion vested in the commission.

Mr. BALL. When an owner wants the property for dwelling purposes, the commission will always grant it; but I should like to call the attention of the Senator to the fact that the case to which he refers did not relate to a dwelling house, but to a business property.

Mr. POINDEXTER. Getting away from imaginary cases, which do not at all fit the statute in accordance with the existing conditions, the objection to this proposed act is that it is simply a piece of communistic legislation. It is in line with that tendency which has manifested itself in recent years throughout the world, that the remedy for economic ills is the reversal of the principles upon which this Government was founded, merging the individual in the common mass, and seizing his property and converting it to the purposes of the Government, which in this case is to turn it over to some other individual.

Mr. NELSON. Mr. President—

Mr. POINDEXTER. I yield to the Senator from Minnesota.

Mr. NELSON. Mr. President, I think the difficulty under which the able Senator from Washington labors is in overlooking the principle which was determined by our Supreme Court years ago in what are known as the Elevator and Warehouse cases. The elevators and warehouses in Chicago insisted years ago that they were immune from public control; that their business was of a private character, and that they ought to be left to do as they had a mind to; but those cases went to the Supreme Court and Chief Justice Waite in his opinion—and he deduced that opinion from the early principles of the common law—stated that wherever an individual devoted his property to a public interest and a public use he was subject to public control.

As the Senator from Delaware [Mr. BALL] has just stated, the pending measure does not apply to a man's residence or the place where he lives.

Mr. POINDEXTER. Yes.

Mr. NELSON. No; but where a man in a big city proceeds to erect a group of tenement or apartment houses in order to rent them to the public, and he devotes the property which he builds to the public use, why should not that public use be regulated as in the Elevator and Warehouse cases to which I have referred?

There is another law which is in force in the District of Columbia to which I desire to call the Senator's attention. It was a surprise to me, but it is a law and it has been held valid in this District. Ordinarily, in every other part of the country, if A and B own adjoining lots and B wishes to build, he can not build a party wall without the consent of the adjoining owner. In this District there is an old law by which if A wishes to build on his lot he has a right to build a party wall and to take one-half the land for that wall from B's lot which adjoins his. That is the law of the District of Columbia to-day. I never knew that until some years ago, but that law has been sustained by the courts.

There is one exception: For instance, if a man, simply for the purpose of erecting a bay window or something similar, desires to build only a portion or a segment of a party wall over the line, in that case he is not entitled to take the adjoining owner's land without his consent for half of the party wall, but he may build a party wall along the whole line without the consent of the adjoining owner. I know of no similar law that exists anywhere else in this country, and yet that law has been held valid here in the District of Columbia.

I cite that as an illustration of the length the courts have gone in upholding the power of Congress with respect to legislation in the District of Columbia. When men erect rows of buildings here for the purpose of renting them to the public, they devote them to a public use, and such structures ought to be subject to public control. That is my view. I think the Senator has not looked at this question from that angle. If he should, I think he would probably change his mind.

Mr. POINDEXTER. Mr. President, I have looked at it from that angle; but the trouble with the proposition of the Senator from Minnesota is that the rent law is not confined to buildings in a row; it applies to buildings in angles and buildings in all kinds of situations. I do not think that the Senator from Minnesota has paid particular attention to the debate, or he may have misinterpreted the statement of the Senator from Delaware that the bill does not apply to dwelling houses. It is true that there is a provision in the bill to the effect that if an owner wants to recover his house from a tenant for the purpose of occupying it himself he may do so, but it is not true that the bill does not apply to dwelling houses.

The fact of the case is that the owner of a dwelling house which stands by itself entirely separate and apart from others, irrespective of houses in rows, or general contractors, or people who are in the business of building houses for renting, irrespective of party walls and everything of that kind, the owner of an ordinary frame cottage, if for any purpose at all he has allowed it to go out of his hands into the possession of a lessee can not get it back under the Ball Act until that lessee gets



ready to give it back to him. I am told in many instances there are egregious abuses, such as damage to property, disorderly conduct, criminal conduct carried on in houses by lessees, and, notwithstanding the protests of the owners, they are unable to recover them or to put a stop to the abuses. That is the case here.

It is not such an important matter nationally, so far as the material situation is concerned. As a matter of fact, the Nation pays very little attention to the population of the District of Columbia anyhow. Congress pays attention to it, because it is compelled to do so; it pays entirely too much attention to it; I mean that it is required to pay too much attention to it; that too much of the time of Congress, which should be occupied in legislating for a great empire such as the United States, is taken up in acting as a city council. There ought to be some other arrangement by which such questions as whether an awning extends too far over a street or whether a sidewalk shall be 12 feet wide or 14 feet wide should be decided somewhere else instead of in the Congress of the United States. But in the enactment of the pending bill, while it is not important in a national sense, so far as the immediate economic situation involved is concerned, it is of the most profound importance in the principle which it involves, for it undermines the Constitution of the United States, which throws the guaranty of sacredness around the private property of a citizen, by assuming an imaginary public use or a public interest which, as a matter of fact, does not exist. It invades his home, destroys his rights, takes his property away from him, not for a public use but for the benefit of some other private citizen. That is why the proposal to enact the pending bill is important.

Mr. President, if it is necessary again to state the law, the essential feature of it is that, after the expiration of his lease, it allows a tenant who has leased property to continue indefinitely in its possession and to withhold it from its owner. That is not a question of regulation of rent or of the breaking up of a combination formed to charge extortionate rentals; that is a seizure of private property, and it has not the virtue of being seized for a public use, but it is the seizure of private property for a private use. With all due respect to the majority of the Supreme Court, which rendered the decision in the *Hirsh* case, making all due allowance for the fact that the decision was rendered upon a measure which was enacted during the Great War and is not applicable to a time of peace, the property is seized not for a public use, however much it may be called a public use, but is seized purely for the convenience and for the benefit of private citizens.

Mr. President, in all of the agitation and propaganda of recent years to meet the abuses to which several Senators, and especially the Senator from Idaho, have referred, the tendency seems to have developed toward the view that the path of progress lies along the line of an attack upon property. The arguments of a great many propagandists for these new measures for the seizure of private property by the Government, for the limitation of the rights of the citizen, for the invasion of his liberties, and for the destruction of his property, are based upon the proposition that they tend toward a greater freedom. Chief Justice White very well remarked, in his dissenting opinion in this case, that the great problem is what we are going to do with this "new freedom."

Why, Mr. President, so far from an attack upon private property as a means of remedying economic abuses being the path of progress, the establishment of private property was the corner stone upon which the liberties of this Nation were founded. I want to read, for the benefit of some Senators who advocate the seizure of private property to remedy a temporary economic abuse, the first paragraph of the bill of rights of Virginia, framed in that great renaissance which followed the severance of her relations with Great Britain and the assumption of the powers of a free and independent colony. After Patrick Henry had announced the principle that no government had an inherent power to enact laws for the oppression and injury of its citizens, that its powers were limited to laws which should be for their benefit, and when he and George Mason collaborated in that remarkable convention of Virginia, this is the first thing which they wrote in the great charter of the liberties which they had acquired in that immortal movement for the freeing of a people:

That all men are by nature equally free and independent and have certain inherent rights, of which, when they enter into a state of society, they can not by any compact deprive or divest their posterity, namely, the enjoyment of life and liberty, with the means of acquiring and possessing property and pursuing and obtaining happiness and safety.

So that the right of private property is placed first among all the elements of liberty. Of what use would life be if a man

who was engaged in the struggle of existence was not protected in the fruits of his labor? It is not a question of wealth. It is not a question of curbing the great combinations which abuse and oppress the public. It is a question of the elemental principle that the man who has acquired under the law a certain amount of property, it may be only a day's wages, has back of him the entire power of a great Nation guaranteeing his enjoyment of it. This bill invades that sacred right, and I do not think it can be denied.

I want to read some extracts upon that point from the remarks of Chief Justice White with reference to this case.

Mr. CALDER. Mr. President—

Mr. POINDEXTER. I yield to the Senator from New York. Mr. CALDER. I hesitate to interrupt the Senator just at this point, but the Finance Committee, of which I am a member, meets in 10 minutes, and if the Senator will permit me just to make a statement in connection with this legislation I shall appreciate it very much.

I am in accord with the Senator's views in the matter. In the State of New York we have passed very drastic rent laws affecting the city of New York. Those laws were perhaps necessary because of the oppression of tenants by some landlords, but they have defeated the very object sought to be attained. The purpose was to keep down rents, to prevent excessive rents being charged. They have prevented the building of houses for the occupancy for tenants who were oppressed. The result has been that instead of helping relieve the situation they have put it off further in the future.

To-day in New York City, of course, as in other cities of the country, the situation regarding tenantry has been somewhat relieved, but not because of the building of houses. It has been relieved because of the general business depression. Families that had their own separate homes have doubled up. Where formerly one family lived, now three families live. But these rent laws, drastic as they were, passed for the benefit of the tenants of New York City, have prevented very materially the building of homes; and I am strongly of the opinion that if we pass this law it will do more than anything else we can do to deter people here in the District from building apartments and building dwellings and solving this problem finally through orderly processes.

Mr. WADSWORTH. Mr. President, will the Senator from Washington permit me to ask a question of my colleague?

Mr. POINDEXTER. I yield to the Senator from New York.

Mr. WADSWORTH. Is it not a fact that in New York the situation in which no new apartments and tenements were being put up became such that in a desperate effort to encourage the building of apartment houses and tenement houses and other facilities, while this restriction was placed upon the enterprise of men who would otherwise build them, a law was passed relieving from taxation for 10 years new buildings constructed after the passage of the act which I am just going to mention—a confession of desperation, and an exact example of what I might call class legislation in an effort to undo the injury which the first law had inflicted?

Mr. CALDER. My colleague is correct. First, the Legislature of New York State passed a bill, as he indicates, restricting the increase of rents and giving the district courts in the several cities of the first class in the State the right to pass upon the sufficiency of the act; and then, because of the condition that brought about, we passed another bill at Albany giving to the man who will build houses a tax exemption for 10 years on the new buildings constructed. The man who will build a 1-family house has this exemption, and the man who builds a 50-family house. That exemption extends until April 1, 1922; and it has brought about a temporary revival of building.

Mr. POINDEXTER. I suppose they build them hoping that this rent law will be repealed, and they will still get the benefit of the tax exemption.

Mr. CALDER. As I understand, the rent law runs for two years more—

Mr. POINDEXTER. Until 1922?

Mr. CALDER. Until 1922, while the tax exemption extends for 10 years on all houses begun before April 1, 1922.

I thank the Senator.

Mr. POINDEXTER. Mr. President, the same identical situation has resulted from the enactment of this law in the District of Columbia. We are confronted here with the curious spectacle that the advocates of this legislation, after it has been in force ever since 1919, come in and say that there is a deplorable condition existing in the city of Washington with reference to rentals, that they are too high, that people can not obtain houses, and tell harrowing tales about the suffering of



families because of the inability to obtain places in which to live; and it never seems to have occurred to them that the reason why that condition exists so long after the war and after so many people have left the city, when we ought to have returned to normal conditions, is the existence of this very law.

Mr. GOODING. Mr. President—

The PRESIDING OFFICER (Mr. CARAWAY in the chair). Does the Senator from Washington yield to the Senator from Idaho?

Mr. POINDEXTER. I yield to the Senator from Idaho.

Mr. GOODING. Does not the Senator understand that in this country there is not much competition in any line anywhere; that there are combinations in all lines of business, everywhere, in every State of the Union? Out in my own State I know that the drug stores are in a combination, and the same condition exists all over the country. We are not living in the days of 1776, by any means.

Mr. POINDEXTER. No.

Mr. GOODING. We are living in an age when everything is organized. Organization exists everywhere, in restraint of trade and everything else, so far as that is concerned. Those are the conditions that you have to meet, and you have to meet them in the District of Columbia. There is no difference here—a little more of it here, in my opinion, if anything, so far as combinations are concerned.

Mr. POINDEXTER. I am not in favor of meeting them by the Ball Rent Act.

Mr. GOODING. I think that is the only way you can meet them.

Mr. POINDEXTER. I heard the Senator say that, and I agree with him as to the existence of abuses everywhere, of one kind or another; but the mere pointing out of economic ills and economic abuses is no argument in favor of this law. I am talking about this law. I do not dispute with the Senator the existence of abuses. They always have existed. You can not pick up a page of history in any period of the world without finding there an account of the miseries of mankind. They always have existed and they always will. This idea that you can make everybody happy and everybody prosperous by passing laws interfering with private property has long ago been exploded and disproved by the experience of mankind.

That is what the Russians thought. They tried the principle of looting private property, merging it all in what they called the public interest, and the consequence is that Russia has been destroyed. It will not be restored in 150 years, if it ever will be, to the position it occupied before the reign of the communists.

Mr. GOODING. It was the selfishness of the ruling classes in Russia that destroyed Russia. It produced anarchy. Selfishness and greed always breed anarchy, and together they destroy civilizations, and that is what is the matter with Russia today. It was the selfishness of the ruling classes there. They did not interfere very much with property rights. They interfered with the interests of the common people.

Mr. POINDEXTER. They did not? They not only interfered with property rights, but they interfered with family rights.

Mr. GOODING. They have since the bolshevists came into control.

Mr. POINDEXTER. They have taken wives from their husbands, and they have taken children from their parents; and I noticed the other day that one result of this beautiful principle of communism is that some officer of the soviet government—I think his name was Tchitcherin—in great glee was getting a good deal of comfort and satisfaction out of the starvation of 20,000,000 of his fellow citizens in consideration of the fact that they could not support their children, and would have to turn them over to the soviet government. That has been one of the results of the kind of alleged remedy by the destruction of private rights toward which this bill leads. The last condition is far worse than the first.

I know all about meeting this kind of argument in the discussion of a question of this kind. I have heard it on all hands, when in some great measure of government people propose to tear down the essential principles upon which the Government is founded, because they point out that wheat is selling low and flour high. That is not the question. The question is whether the remedy is not worse than the disease.

Mr. GOODING. Not at all.

Mr. POINDEXTER. I think it is. The Senator was just saying a while ago that the conditions here in the District of Columbia in the way of rentals are very bad.

Mr. GOODING. I think they have been serious, and are still serious, and I do not think they can be remedied otherwise than by control.

Mr. POINDEXTER. You can not remedy them by the nationalization of private property any more than you can make a prosperous and happy state by the nationalization of children.

Mr. GOODING. I do not hold that the Ball Act tends to do things of that kind. It merely prevents these people who would take exorbitant rents from doing so, and compels them to be fair and reasonable in their rentals; that is all.

Mr. POINDEXTER. I do not want to be rude to the Senator—something I occasionally suffer myself—but I must say that the Senator has decidedly a different conception of the Ball Act from that which I have, and it would be based upon a much sounder ground if it did not go any further than that which the Senator from Idaho claims. It would be bad and vicious, in my opinion, then, in the absence of a great public emergency, if it only had the effect of regulating rents.

But that is not the chief objection to this bill. The chief objection to it goes further than that, and is based on the ground that it takes away from a man a house which he does not want to rent at all for any purpose, and gives it to another man. That is not a regulation of rents; that is a seizure of private property. That is allowing one man to occupy a house when its owner wants to use it himself for some other purpose.

Mr. LENROOT. Mr. President, a railroad company owned by the stockholders of the railroad can withhold a railroad car because it does not want to rent it to a person who desires to rent it.

Mr. POINDEXTER. The Senator says it can?

Mr. LENROOT. Yes; and the Senator must admit that if the property referred to here is clothed with a public interest his argument falls to the ground.

Mr. POINDEXTER. The Senator and I went over that a while ago, and I thought we had settled that. He assumes it is clothed with a public interest, and my whole argument is that it is an invasion of private property.

Mr. LENROOT. If it is not clothed with a public interest, no one disagrees with the argument the Senator makes.

Mr. POINDEXTER. That is fortunate; I am glad to hear that.

Mr. LENROOT. I have not heard anyone in this debate disagree with the Senator, if it is not clothed with a public interest.

Mr. SHORTTRIDGE. Does the Senator from Wisconsin contend, as a matter of law, that the use and control or dominion over a private residence can be impressed with a public use, and that, being thus impressed, Congress can control the matter? Is that the contention?

Mr. LENROOT. No; not at all. My contention has been and is that if there is a letting of property within the District of Columbia, under the circumstances which have existed, that letting of property is clothed with a public interest, and is therefore subject to regulation.

Mr. SHORTTRIDGE. That would apply to a private residence?

Mr. LENROOT. If it is offered for rent, certainly.

Mr. SHORTTRIDGE. Owned by one man, who owns one cottage of three rooms?

Mr. LENROOT. The Supreme Court has so held in this decision.

Mr. SHORTTRIDGE. We disagree, of course.

Mr. POINDEXTER. I disagree with the Senator from Wisconsin, too.

Mr. LENROOT. We can not disagree upon that proposition.

Mr. POINDEXTER. Oh, yes; I disagree with the Senator.

Mr. LENROOT. Because the Ball Act was held constitutional upon that express ground.

Mr. POINDEXTER. I disagree with the fundamental proposition that under the conditions existing here in the District of Columbia to-day, Congress, by a mere ipse dixit, can attach a public character to a private dwelling house.

Mr. LENROOT. I do not contend that for a moment.

Mr. POINDEXTER. I contend that is what this bill does.

Mr. LENROOT. In answer to the Senator from California, I state that if the facts upon which the constitutionality of this act is based were to-day as they were at the time of the decision of the Supreme Court, then the letting of these buildings was clothed with a public use.

Mr. SHORTTRIDGE. I do not agree with that conclusion, with great respect for the learning of the Senator. I take the position—and if I wished to elaborate, I think I could maintain it—

Mr. POINDEXTER. I wish the Senator would elaborate on it.

Mr. SHORTTRIDGE (continuing). That that very act, namely, the Ball Act, was upheld by the Supreme Court upon

the theory, whether expressed or not, that the legislation was the exercise of a war power.

Mr. LENROOT. Oh, no; I beg the Senator's pardon.

Mr. SHORTRIDGE. I am stating what I conceive to be the philosophy of that decision.

Mr. POINDEXTER. I agree with the Senator.

Mr. LENROOT. I would like to have the Senator from California point out one single line in the decision of the Supreme Court which sustains the contention he now makes.

Mr. SHORTRIDGE. In reply to the Senator, and I repeat myself, whether it is so stated in the opinion or not, the power of Congress to pass that law sprang out of its war power under the Constitution. It was in aid of the successful carrying on of the war, even as those acts giving to the Secretary of War the power to do away with the selling of liquor within a certain district around Army posts, or the doing away with houses of ill fame within a certain district, were upheld upon that theory; and that is the philosophy of the decision of the case involving the Ball Rent Act.

Mr. LENROOT. I am sure, if the Senator has carefully read the decision he can not come to that conclusion. Let me read the paragraph which is the heart of that decision:

The general proposition to be maintained is that circumstances have clothed the letting of buildings in the District of Columbia with a public interest so great as to justify regulation by law.

That is the heart of this decision. It has nothing to do with the war power. It does not rest upon the war power. All in the world the war had to do with this decision was that the Supreme Court took judicial notice of the existence of the war, which was declared in the Ball Act to be the cause of the emergency, and therefore it did not inquire further, and assumed that these conditions did follow the war; but it was the condition here in the District of Columbia which clothed this matter with a public interest, and the war with Germany had nothing to do with it so far as any exercise of any war power was concerned. Such power as we had was exercised under the authority given us in the Constitution over the District of Columbia, under the police power. At the same time that decision was handed down, as the Senator knows, a like decision was handed down sustaining like legislation in the State of New York.

Mr. POINDEXTER. Mr. President, the Senator from Wisconsin, as an experienced lawyer, knows that every decision of a court is to be interpreted under the circumstances under which it was rendered, and he can not deny that the circumstances existing at the time of the original enactment of the Ball Act were created by the war and that the Supreme Court so found; and consequently that the decision must be interpreted in that light and rests upon that ground. What the court would do under other circumstances or conditions, we do not know. We have to take it for what it is worth; in other words, to take the case which was before the court and not some other case.

Mr. LENROOT. I want to ask the Senator, in order to get his view clearly in mind, to assume that exactly the same conditions were created by some other cause than the War with Germany; and assume that was admitted—

Mr. POINDEXTER. It could not be.

Mr. LENROOT. Does the Senator think the decision would have been any different?

Mr. POINDEXTER. Yes; I do. I am satisfied it would have been different, even if such a condition were possible. But it would be impossible to have such a condition which existed at that time, except in time of war. We could not possibly have it, because existence of the war and the concentration of the powers and resources of the Government upon winning it were the central facts in that case, and if you remove them you remove the essential circumstance upon which, in my opinion—and even under those circumstances by a majority of only one—that court sustained the exercise of congressional power. Without that vital element, I am satisfied there would not have been a majority of one in the court sustaining such an action as that in time of peace, whatever the conditions might have been.

Mr. LENROOT. Let me ask the Senator to assume that one individual owned all the houses and apartments in Washington and proposed to increase rentals 500 per cent. Does the Senator think that legislation of this character would be sustained if that were admitted?

Mr. POINDEXTER. If there were a combination?

Mr. LENROOT. If one man owned it all.

Mr. POINDEXTER. That is a mighty far-fetched hypothetical case.

Mr. LENROOT. No; it goes to the question of power.

Mr. POINDEXTER. Undoubtedly Congress would have no power to take property from one and give it all to another private citizen. But, to come back to the same principle to which I referred in discussing the matter with the Senator from Idaho [Mr. Gooding], we have undertaken to deal with monopolies, extortions, and combinations in restraint of trade by other means entirely.

Mr. LENROOT. Yes; but we have not succeeded, and our power is not limited, in fact. The Senator knows that in this very decision one of the grounds upon which this act was sustained was the tendency to monopolize "in comparatively few hands," using the language of the Supreme Court, this matter of the rental of buildings.

Mr. POINDEXTER. And that tendency to monopolize in comparatively few hands, assuming that it existed, was important, and justified the action of Congress, in the opinion of the majority of the court, because we were engaged in war. Conditions in time of peace would have been very different and would have been dealt with in a very different way.

Mr. LENROOT. Does the Senator think, if the same monopoly existed, we would be powerless in time of peace to enact such legislation?

Mr. POINDEXTER. No; I never said that at all. If we cared to go to the extent of taking the property of the monopoly and giving it to others, possibly Congress would have the power to do so. But this act is not confined to alleged monopolists. The hypothesis which the Senator makes is so far from the actual situation in the District of Columbia that it is scarcely worth while to deal with it. What I am contending now is that a mere ipse dixit of Congress that such a condition existed would have no effect at all.

Mr. LENROOT. I agree with the Senator.

Mr. POINDEXTER. And that the enactment of this law without a condition which would justify it would be invalid.

Mr. LENROOT. I again agree with the Senator.

Mr. POINDEXTER. Notwithstanding the fact that Congress may assume that the condition exists.

Mr. LENROOT. I agree with the Senator on both statements.

Mr. POINDEXTER. That is all that is necessary for the purpose of the discussion of this case. I still insist upon the further proposition that there never should be any power—and I agree with Chief Justice White and his associates in the dissenting opinion—that as a remedy for that condition private property can not be seized and bestowed upon another person, and I do not believe that element of the case was considered by the Supreme Court. I do not find any reference to it in the decision. I doubt very much whether it was called to their attention. Of course, it is immaterial whether it was or not, but in discussing the principles of it that is very interesting. They dealt with the legislation as an act for the regulation of rentals. If you pass a law saying that no man shall rent a house or an apartment for more than a certain amount, to be fixed by a commission, that would be a very different law from this act.

Mr. LENROOT. Does not the Senator think it is safer in the enactment of legislation to follow the decision of the majority of the Supreme Court rather than to follow dissenting opinions?

Mr. POINDEXTER. Yes, I certainly do; and that is why I am calling attention to the fact that the majority of the Supreme Court have never held—

Mr. LENROOT. Were wrong?

Mr. POINDEXTER. No; I was not going to say that. I have been assuming all through this argument that the majority opinion was right. But the reasons advanced by the minority may be regarded by Congress in the establishment of a policy. That is all there is about that.

So far as following the majority of the court is concerned, there is not anything in the decision of the majority of the court in conflict with the position I am taking here. On the contrary, throughout I have insisted, and did a moment ago in argument with the Senator from Wisconsin, that the majority of the court acted upon a case arising out of war, and the objection which I have to this bill and to legislation of this kind is that it is an improper invasion of private rights in time of peace, a very different thing from the exercise of the war power.

For the purpose of determining whether or not it is good policy for Congress to enact this legislation, I might call attention to the argument of the Chief Justice in that case, not at all, as the Senator said, preferring the minority opinion to the majority opinion, but because it is cogent and pertinent for the



consideration of Congress, as the opinion of any authority would be, in determining how it should exercise its discretion, assuming that the condition exists which is asserted by the proponents of this bill, and which I deny, but which we will assume for the purpose only of this argument. He said:

The statute in the present case is denominated "the rent law," and its purpose is to permit a lessee to continue in possession of leased premises after the expiration of his term against the demand of his landlord and in direct opposition to the covenants of the lease so long as he pays the rent and performs the conditions as fixed by the lease or as modified by a commission created by the statute.

That is where the Chief Justice showed the keenness of his discernment of the facts in the case at once. In his very first expression he goes to the very heart of the objections to this bill and perceives that it was not a law merely for the regulation of rentals, but it was a law which authorized the lessee to retain the possession of property after his contract had expired, although he had no right by contract or by law, except for this law, to continue in its possession.

Continuing the Chief Justice said:

This is contrary to every conception of leases that the world has ever entertained and of the reciprocal rights and obligations of lessor and lessee.

As already declared, the provisions of the Constitution seem so direct and definite as to need no reinforcing words and to leave no other inquiry than does the statute under review come within their prohibition. It is asserted that the statute has been made necessary by the conditions resulting from the "Imperial German war." The thought instantly comes that the country has had other wars with resulting embarrassments, yet they did not induce the relaxation of constitutional requirements nor the exercise of arbitrary power. Constitutional restraints were increased, not diminished. However, it may be admitted that the conditions presented a problem and induced an appeal for Government remedy. But we must bear in mind that the Constitution is, as we have shown, a restraint upon government, purposely provided and declared upon consideration of all the consequences of what it prohibits and permits, making the restraints upon government the rights of the governed.

Then, omitting a portion of the opinion, I continue the reading. After calling attention to the fact that the Chief Justice points out that it was the existence of the war upon which the decision of the majority was based, he said:

The facts of this litigation point the warning. Recurring to them, we may ask—Of what concern is it to the public health or the operations of the Federal Government as to who shall occupy a cellar and a room above it for business purposes in the city of Washington?—(the question in this case); and why is it the solicitude of the police power of the State of New York to keep from competition an apartment in the city of New York?—(the question in the other case). The answer is to supply homes to the homeless. It does not satisfy. If the statute keeps a tenant in, it keeps a tenant out; indeed, this is its assumption. Its only basis is that tenants are more numerous than landlords and that in some way this disproportion, it is assumed, makes a tyranny in the landlord, and an oppression to the tenant, notwithstanding the tenant is only required to perform a contract entered into, not under the statute, but before the statute, and that the condition is remedied by rent fixing—value adjustment—by the power of the Government. And this, it is the view of the opinion, has justification because "space in Washington is limited" and "housing is a necessary of life." A causative and remedial relation in the circumstances we are unable to see. We do see that the effect and evil of the statute is that it withdraws the dominion of property from its owner, superseding the contracts that he confidently made under the law then existing and subjecting them to the fiat of a subsequent law.

If such exercise of Government be legal, what exercise of Government is illegal? Houses are a necessary of life, but other things are as necessary. May they, too, be taken from the direction of their owners and disposed of by the Government? Who supplies them, and upon what inducement? And when supplied may those who get them under promise of return, and who had no hand or expense in their supply, dictate the terms of retention or use, and be bound by no agreement concerning them?

Then proceeding in a different part of the opinion he said:

What were the rights and obligations in the present case and what was the right of Hirsh to control his property? Hirsh is the purchaser of a lot in the city of Washington; Block is the lessee of the lot, and he agreed that at the end of his tenancy he would surrender the premises, and this and "each and every one of the covenants, conditions, and agreements" he promised to "keep and perform." Hirsh at the end of the term demanded possession. It was refused, and against this suit to recover possession there was pleaded the statute. The defense prevailed in the trial court: the statute was declared unconstitutional in the court of appeals. It is sustained by the decision just announced.

It is manifest, therefore, that by the statute the Government interposes with its power to annul the covenants of a contract between two of its citizens and to transfer the uses of the property of one and vest them in the other.

That is a very accurate statement of the operation of this statute.

The interposition of a commission is but a detail in the power exerted—not extenuating it in any legal sense. Indeed, intensifies its illegality; takes away the right to a jury trial from any dispute of fact.

If such power exist, what is its limit and what its consequences? And by consequences we do not mean who shall have a cellar in the city of Washington or who shall have an apartment in a million-dollar apartment house in the city of New York, but the broader consequences of unrestrained power and its exertion against property, having example in the present case, and likely to be applied in other cases. This is of grave concern. The security of property, next to personal security against the exertions of Government, is of the essence of liberty. They

are joined in protection, as we have shown, and both the National Government (fifth amendment) and the States (fourteenth amendment) are forbidden to deprive any person "of life, liberty, or property without due process of law," and the emphasis of the fifth amendment is that private property can not be "taken for public use without just compensation."

He might have added that it could not be taken for private use with or without compensation.

And in recognition of the purpose to protect property and the rights of its owner from governmental aggression, the third amendment provides, "No soldier shall in time of peace be quartered in any house without the consent of the owner, nor in time of war but in a manner to be prescribed by law."

There can be no conception of property aside from its control and use, and upon its use depends its value.

Reading further from the views of Chief Justice White:

There is not a contention made in this case that this court has not pronounced untenable. An emergency is asserted as a justification of the statute and the impairment of the contract of the lease. A like contention was rejected in *Ex parte Milligan* (4 Wall., 2). It is there declared (p. 120) "that the principles of constitutional liberty would be in peril, unless established by unrepeatable law." And it was said that "the Constitution of the United States is a law for rulers and people equally in war and in peace and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government."

I wish to call that to the attention of the Senator from Idaho [Mr. BORAH] who has so ably advocated that view of the Constitution.

Turning a moment from the remarks of the Chief Justice, commenting, as he does, upon the invasion of private property, I wish to call attention to the rather curious circumstance that despotism and socialism go hand in hand—curious because great multitudes of people seek further freedom or new freedom, as they call it, proposing communistic or socialistic legislation, the invasion of private property, the overthrow of constitutional guaranty, as a means of progress. It is quite enlightening to call attention to the fact that in the greatest military despotism that has ever been developed, carefully built up through a period of 40 years, in the Imperial German Government before the war, there went hand in hand military autocracy and widespread State socialism.

This is not the way toward that happiness of the people which was followed by our fathers, or to remedy economic ills in order to bring about a desirable condition in the District of Columbia or in any State. Strike down the Constitution, and greater ills inevitably result than any of those we are trying to remove.

Then during the war when one of our allies made a treacherous peace, betraying the people of the United States, selling out to the German Government and making a false treaty at Brest Litovsk, and during the period when that sort of thing and the doctrines of bolshevism were being encouraged in this country, eulogies were delivered upon those men who had betrayed their allies and left us in the midst of the war, and made this peace with our enemies. They established their government upon the basis of communism in the name of prosperity and the comfort of the people. What was the result? The bloodiest despotism that the world has ever seen. There is no compatibility between socialism and liberty. They can not exist together.

Mr. GOODING. Mr. President, does the Senator compare with the Ball Act those acts of tyranny that existed in Russia for hundreds of years? Is that the construction he places upon it?

Mr. POINDEXTER. Exactly. It was one of the worst tyrannies—

Mr. GOODING. I can not discuss the question with the Senator at all if that is the way he looks at it. I think it is trying to protect the rights of the people here, one of the great acts of a great Government that does not work any hardship on the landlords.

Mr. POINDEXTER. I have not any particular desire to get into a controversy with the Senator from Idaho. I respect his opinions, and if he desires to debate the question, I am very glad to debate it with him in a friendly way.

He referred to the act of a great Government. Did they not have a great government during all these periods of Russian autocracy to which he has referred, one of the greatest governments—so far as power over its people was concerned—the world has ever seen, and yet one of the causes of its downfall was its absolute disregard of the rights of its citizens.

Mr. GOODING. Surely the Senator does not compare the tyranny of Russia with this great Government of ours, with all its freedom and its liberty. I wish to say to the Senator that the people who are paying half or more than half of their earnings for rent will not have much respect for the Constitution if

the selfishness of this country is going to hide behind it all the time.

Mr. POINDEXTER. Does not the Senator pay any attention to the rights that he has to his house?

Mr. GOODING. Absolutely.

Mr. POINDEXTER. Does not the Senator think the people who live in the District of Columbia have just as much right to their houses as he has to his?

Mr. GOODING. They have a right to be protected in their rights, of course, and we are trying to protect them in their rights.

Mr. POINDEXTER. The Senator believes we have the right and the liberty to take a house away from one man and give it to another. Can the Senator point out anything under the rule of the czars worse than that?

Mr. GOODING. The Senator can not find a single act on the part of the commission which bordered on tyranny. A spirit of fairness has been exhibited all the way through, as the Senator will find if he will read the hearings and see what the commission accomplished.

Mr. POINDEXTER. The commissioners are very patriotic public servants, I know; I can readily understand their anxiety to continue in office seven months longer at \$5,000 a year and get an attorney at \$5,000, and have a secretary at \$3,000 a year; but I am not condemning the commission. I have no doubt that they are very highly respectable and patriotic citizens and conscientious public officials. The commission, however, has no authority to set aside the provisions of the law, and it provides that if a tenant is occupying a piece of property he can continue to occupy it after his lease has expired if he pays the rental which is fixed by the commission.

Mr. BALL. And complies with the other conditions of the lease.

Mr. POINDEXTER. Yes; and if he complies with the other conditions of the lease after the lease shall have expired.

Mr. BALL. Mr. President, will the Senator yield to me to prefer a request for unanimous consent?

Mr. POINDEXTER. I yield to the Senator from Delaware.

Mr. BALL. I send to the desk and ask to have read a request for unanimous consent.

The PRESIDING OFFICER. The Secretary will read the request.

The ASSISTANT SECRETARY. The Senator from Delaware [Mr. BALL] proposes the following unanimous-consent agreement:

It is agreed by unanimous consent that after the hour of 2 o'clock p. m. on Monday, August 15, 1921, no Senator shall speak more than once or longer than 10 minutes upon the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

Mr. POINDEXTER. If the Senator will substitute Tuesday for Monday in his request I shall not object to it.

Mr. LENROOT. I suggest to the Senator that he change it to 3 o'clock on Monday.

Mr. BALL. I am willing to change it to 4 o'clock on Monday.

Mr. POINDEXTER. I repeat that I shall consent to the request for unanimous consent if the Senator will substitute Tuesday for Monday.

Mr. BALL. I accept the modification of the proposed unanimous-consent agreement suggested by the Senator from Washington [Mr. POINDEXTER], and will change the time so that the limitation of debate shall begin on Tuesday at 2 o'clock.

The ASSISTANT SECRETARY. It is proposed to modify the unanimous-consent agreement so as to read:

After the hour of 2 o'clock p. m. on Tuesday, August 16, 1921—

And so forth.

Mr. HEFLIN. Mr. President, yesterday afternoon the Senate considered but did not pass a short bill for the relief of Maj. Francis M. Maddox, United States Army. We reached an agreement, I think, that the pending bill should be passed and that the bill in which I am interested should follow. I do not think there is any opposition to my bill. I should like to have the proposed unanimous-consent agreement laid aside for a moment until we may pass the bill in which I am interested. It will only take a minute to do so.

Mr. POINDEXTER. What is the request the Senator from Alabama makes?

Mr. HEFLIN. About five weeks ago the Senate passed a bill proposing to give certain relief to Maj. Maddox. The measure has the indorsement of the Secretary of War. The other House passed a similar bill, cutting the amount down by \$4. I desire that the House bill, which has been favorably reported by the Committee on Claims of the Senate, may be passed.

Mr. LENROOT. Mr. President, I stated on the floor that I would not object to the consideration of the bill of the Senator

from Alabama after the pending bill should have been disposed of. That statement stands.

Mr. POINDEXTER. Mr. President—

Mr. HEFLIN. Very well, Mr. President. I shall not object to the unanimous-consent agreement proposed by the Senator from Delaware [Mr. BALL], with the understanding with the Senator from Wisconsin [Mr. LENROOT] that my bill shall be considered after the pending bill shall have passed.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Delaware [Mr. BALL]?

Mr. HEFLIN. I do not object.

Mr. BORAH. I desire to ask a question. If the proposed unanimous-consent agreement is made, would it prevent a Senator moving to take up another bill at any time when the pending bill is not actually under discussion?

Mr. HEFLIN. No.

Mr. BORAH. Then I have no objection.

Mr. JONES of Washington. Mr. President, as I understand, there is nothing in this proposed unanimous-consent agreement that prevents a vote on the pending bill before 2 o'clock on Tuesday if we should reach the point where we could vote, is there?

Mr. WADSWORTH. No.

Mr. POINDEXTER. My understanding is that the intention was to proceed at the time the Senator from Delaware indicates in the agreement under a limitation of debate.

Mr. BALL. If the Senate agrees to the request for unanimous consent, so that after 2 o'clock on Tuesday speeches shall be limited to 10 minutes and not more than one speech shall be made by each Senator, I see no reason why the bill could not be laid aside in order to take up any other business on Monday.

Mr. POINDEXTER. I should like to have the proposed agreement again read.

Mr. JONES of Washington. I should like to suggest that we can not have two measures pending as the unfinished business before the Senate at the same time.

The PRESIDING OFFICER. The Secretary will again read the request for unanimous consent.

The ASSISTANT SECRETARY. The Senator from Delaware [Mr. BALL] asks unanimous consent—

That after the hour of 2 o'clock p. m., Tuesday, August 16, 1921, no Senator shall speak more than once or longer than 10 minutes upon the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

Mr. JONES of Washington. Is it the understanding of the Senators who present the request for unanimous consent that the pending bill is not to be voted on until after 2 o'clock on Tuesday?

Mr. LENROOT. Not necessarily.

Mr. POINDEXTER. That is the understanding that I had in discussing the matter with the Senator from Delaware.

Mr. JONES of Washington. If the debate runs out, then the bill remains the unfinished business and one objection would prevent the Senate doing any business whatever until 2 o'clock on Tuesday. I am not in favor of any agreement like that. If any Senator should get out of humor with reference to the matter, then the business of the Senate would absolutely stop.

Mr. BALL. If we should fix a definite time to vote on Tuesday, then the bill could certainly be laid aside for other business.

Mr. LENROOT. But we could not do that without calling the roll to ascertain the presence of a quorum.

Mr. JONES of Washington. Why not put in the proposed agreement the words "unless otherwise disposed of?"

Mr. LENROOT. It will stand that way as it is.

Mr. WADSWORTH. That is implied.

Mr. JONES of Washington. No; that is not implied, as I understand. My impression is that the understanding is that the bill will not be voted on before 2 o'clock on Tuesday.

Mr. McNARY. I ask that the request for unanimous consent be stated.

The PRESIDING OFFICER. The Secretary will again state the request for unanimous consent.

The ASSISTANT SECRETARY. The Senator from Delaware asks unanimous consent that after 2 o'clock p. m. on Tuesday August 16, 1921, no Senator shall speak more than once or longer than 10 minutes upon the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

Mr. JONES of Washington. While the proposal does not in express terms say that we can not vote before Tuesday, it is stated by those who propose it that it is the understanding that we will not vote until after 2 o'clock on Tuesday.



Mr. POINDEXTER. I have no particular interest in it, but why not make it read at 2 o'clock on Tuesday we will proceed to the consideration of this bill and that in the meantime it shall be temporarily laid aside?

Mr. BALL. Why could not it be agreed to fix the time for limiting debate on Monday, so that the Senate might thereafter go on with other business?

Mr. POINDEXTER. I have certain reasons for not desiring a vote on Monday.

Mr. BORAH. If such an agreement is made as the Senator from Washington suggests, that would not prevent us from doing other business.

Mr. HARRISON. The suggestion of the Senator from Washington was that after 2 o'clock on Tuesday speeches should be limited to 10 minutes?

Mr. POINDEXTER. Yes.

Mr. HARRISON. And that the bill should be laid aside until 2 o'clock on Tuesday?

Mr. POINDEXTER. Yes.

Mr. HARRISON. That would be a satisfactory arrangement.

Mr. WADSWORTH. Is it necessary to embody that in the agreement itself. Can not the Senator from Delaware, of his own volition, if he chooses so to do, simply ask unanimous consent that the bill be laid aside now, and give notice that he will bring it up again at 2 o'clock on Tuesday? That will give us all day Monday for the consideration of other business.

Mr. LENROOT. No; because if that were done, even though the bill were temporarily laid aside, as I understand the rules, if there were any unfinished business at the time of adjournment it would displace the pending bill; in other words, this bill would not remain the unfinished business.

Mr. WADSWORTH. Would that be true if the pending bill were temporarily laid aside?

Mr. LENROOT. Yes. If temporarily laid aside it must be still the unfinished business at the time of adjournment or it will lose its place.

Mr. POINDEXTER. I think it can be agreed by the Senator from Delaware that he will give way in the meantime to any other business that may be presented and not insist upon the consideration of the pending bill until the hour named.

Mr. BALL. Mr. President, as I understand the situation, if I should follow the suggestion of the Senator from Washington, and other business should be before the Senate on Monday at the hour of adjournment, then that other business would become the unfinished business at 2 o'clock on Tuesday.

Mr. NELSON. I will suggest, Mr. President, if I may be allowed, that we agree that the present unfinished business be displaced only temporarily by unanimous consent; that it shall remain the unfinished business from now until disposed of, subject to be laid aside temporarily by unanimous consent.

Mr. JONES of Washington. Let me suggest that we agree now by unanimous consent that the pending bill shall be laid aside to be taken up at 2 o'clock on Tuesday, and that after that hour speeches shall be limited to 10 minutes until the bill is disposed of.

Mr. LENROOT. In my opinion, that will cover it.

Mr. KELLOGG. I think that will answer the purpose.

Mr. JONES of Washington. I submit that suggestion.

Mr. BALL. I ask the Senator to repeat his statement.

Mr. JONES of Washington. I suggest that unanimous consent be given now to lay aside the pending bill; that it be taken up at 2 o'clock on Tuesday; that after the hour of 2 o'clock on Tuesday speeches be limited to 10 minutes; and that no Senator shall make more than one speech on the bill until it is disposed of.

Mr. BALL. Under the rules of the Senate, it would not be displaced as the unfinished business at 2 o'clock by some other measure which might be made the unfinished business in the meantime.

Mr. JONES of Washington. If we enter into such an agreement by unanimous consent, I take it that it really takes the bill out of the category of unfinished business and makes it a special order, to be taken up at 2 o'clock on Tuesday, and then to be disposed of.

Mr. BALL. With the understanding that the debate shall be limited to 10 minutes?

Mr. JONES of Washington. Yes.

Mr. LODGE. And that it must be disposed of on that day.

Mr. BALL. I agree to that.

The PRESIDING OFFICER. Will the Senator from Delaware, please, state his request?

Mr. BALL. The request is for unanimous consent to lay aside temporarily Senate bill 2131; that it shall be taken up at 2 o'clock on Tuesday; and that thereafter the debate shall be limited to 10 minutes.

Mr. WADSWORTH. As provided in the original proposal. The PRESIDING OFFICER. The request for unanimous consent will be stated.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that the further consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes, shall be postponed until Tuesday, August 16, at 2 o'clock p. m., and after the said hour of 2 o'clock p. m. on said day no Senator shall speak more than once or longer than 10 minutes upon the bill, and that before adjournment on said day a vote shall be had upon the final passage of the bill.

Mr. JONES of Washington. Would not the last clause require a call for a quorum? I suggest that the last clause be stricken out, because I think that with the 10-minute limitation on debate the bill will be disposed of on that calendar day.

The PRESIDING OFFICER. With the modification suggested by the Senator from Washington, is there objection to the request for unanimous consent? The Chair hears none, and the unanimous-consent agreement is entered into.

#### FREE TRANSIT THROUGH PANAMA CANAL.

Mr. BORAH. Mr. President, I move the Senate proceed to the consideration of Senate bill 665, being order of business 121.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

Mr. HARRISON. Mr. President, the motion of the Senator from Idaho to take up the Panama Canal tolls bill—and I may say that I am in thorough sympathy with that measure—was disposed of very quickly. As I heard the vote it was practically unanimous, for I did not hear any Senator vote against the motion. However, I desire to call the attention of the Senators who happen to be present to a statement that I read in the newspapers, because I fear Senators may have made a mistake in their vote.

The statement is as follows:

President Harding has informed Senate Republican leaders, according to information to-day, of his opposition to early action on the Borah bill to restore the free tolls privilege to American coastwise vessels using the Panama Canal. Mr. Harding was said to take the position that to avoid a possible dispute with Great Britain and other nations the free tolls question should be deferred altogether until after the approaching disarmament conference, as discussion of the question at this time might create obstacles to success of the conference.

The President also was represented as preferring settlement of the free tolls question by diplomatic negotiations rather than by legislation, aside from the disarmament conference complication.

Senator BORAH was said, however, to be disposed to press his free toll bills within the next few weeks.

I am, I repeat, in thorough sympathy with the motion of the Senator, but I fear that some of the Senators on the other side voted under a misapprehension when they voted for it; that they were not apprised of the President's stand.

Mr. BORAH. I ask unanimous consent that the unfinished business may be laid aside temporarily.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

#### ADDITIONAL JUDGE, NORTHERN DISTRICT OF CALIFORNIA.

Mr. SHORTRIDGE. Mr. President, I ask unanimous consent for the immediate consideration of the bill (S. 1960) providing for an additional judge for the northern district of California. If the bill shall be taken up, I imagine there will be no objection to its passage.

The PRESIDING OFFICER. The Senator from California asks unanimous consent that the Senate proceed to the consideration of Senate bill 1960. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 1960) providing for an additional judge for the northern district of California, which was read, as follows:

*Be it enacted, etc.,* That the President of the United States shall appoint, by and with the advice and consent of the Senate, an additional judge for the northern district of California, who shall reside in said district and shall possess the same qualifications and have the same powers and jurisdiction and receive the same salary now prescribed by law in respect of the present district judge therein.

SEC. 2. That the clerk of the district court for the northern district of California and the marshal and district attorney for said district shall perform the duties pertaining to their offices, respectively, for said court.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT TO NATIONAL DEFENSE ACT.

Mr. WADSWORTH. I ask unanimous consent that the Senate proceed to the consideration of S. 2307, a bill reported from the Committee on Military Affairs, which I can explain in about two minutes.



The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. BORAH. May I ask the Senator what the bill is?

Mr. WADSWORTH. I will explain it now, pending the request for unanimous consent.

The bill carries seven amendments to the so-called national defense act. Each of them is minor in character and is in the nature of a correcting amendment to the Army reorganization act of last year. They all relate to the National Guard in its relations with the War Department and the Regular Army.

The amendments have been agreed to by a conference of adjutants general of the States, by the National Guard officers interested, by the Chief of the Bureau of Militia Affairs, by the joint committee of Guard and Regular officers on the General Staff, by the Secretary of War, and unanimously by the Military Affairs Committee.

Mr. BORAH. Mr. President, is the Senator sure he can dispose of the bill before adjournment? I simply ask about it so that it will not remain undisposed of at that time.

Mr. WADSWORTH. I am quite certain that it can be disposed of before adjournment.

Mr. BORAH. I would not want it to be pending when the adjournment took place, because it might interfere with S. 665.

Mr. WADSWORTH. If I can not have it disposed of before that time, I will withdraw it.

Mr. BORAH. Very well.

The PRESIDING OFFICER. Is there objection to the immediate consideration of Senate bill 2307?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2307) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920, which had been reported from the Committee on Military Affairs with an amendment.

Mr. KING. Mr. President, I hope the Senator will make an explanation of this bill.

Mr. WADSWORTH. I shall. It is very simple.

Mr. KING. So many measures have been enacted on the ground of the national defense that have been oppressive and iniquitous that I hope this is a good one.

Mr. WADSWORTH. The Senator again is oversuspicious of the Committee on Military Affairs. It does not report that kind of bills.

If the Senator would like to know about some of these amendments, they are very simple. They have all been agreed upon by everybody that can possibly be concerned, and they do not lead to appropriations. They improve, generally speaking, in minor respects, the status of the National Guard and its officers.

For example, to-day a National Guard officer can not be put upon the eligibility list for General Staff duty unless he shall have already displayed General Staff qualification during the last war. That manifestly is unjust, because there is another provision of the statute which authorizes the Secretary of War to appoint National Guard officers to serve here with the General Staff on temporary detail. Many of them have served here. Many are still serving, doing excellent work, doing more than any other element in merging the Guard and the Regulars into a better understanding. This bill, among other amendments, provides that when a National Guard officer, having served a detail here with the General Staff, displays eminent qualifications for General Staff duty his name may be placed upon the eligibility list for General Staff work. That is one of the amendments.

Another is this, for example: The commissions of National Guard officers come directly from the Government, but in the Army reorganization act we also authorize National Guard officers to accept Reserve commissions, which come directly from the President. Hundreds and hundreds of them have done it. Their acceptance of Reserve commissions makes them eligible for duty with their consent with Regular troops and to enjoy all the status of a Regular officer. Now, this little inconsistency has come up: A National Guard officer will accept a commission as a captain in the Reserve. He is a captain in the Guard when he does that. Subsequently he is promoted to be a major in the Guard. He is still a captain in the Reserve, and there is no provision of law which will permit him to be promoted to be a major in the Reserve, so that his grade in the two categories shall be the same. The bill takes care of that.

The bill also simplifies the method of the disbursement of National Guard funds in the several States. At present the Quartermaster General has to pay the National Guard troops

in the States. This bill permits the disbursing officer in the State to pay them, thereby saving a lot of paper work and time and red tape.

Little things of that sort are covered by the amendments. There are seven altogether. If the Senator insists, I can go on and explain them.

Mr. KING. No. I will ask one general question: The Army is being reduced in numbers to conform to the act recently passed?

Mr. WADSWORTH. Yes.

Mr. KING. It has seemed to me that the number of officers in the Army is entirely disproportionate to the number of privates. I am told that promotions are being made now in great numbers, regardless of the number in the Army, and that pretty soon we will have more generals and major generals and other high officers than would be called for in an army of three or four hundred thousand men. Is there anything in this bill that increases the number of officers or that makes for their promotion or that exaggerates the evil—because I think it is an evil—to which I have just referred?

Mr. WADSWORTH. Not at all. As I said in the beginning, this bill relates only to the National Guard.

The bill is quite long, because in drafting it we had to reprint and recite completely the sections of the national defense act in order to include the new language. I ask unanimous consent that the reading of the bill be dispensed with.

Mr. HARRISON. Mr. President, is the bill unanimously reported?

Mr. WADSWORTH. It is unanimously reported from the committee and unanimously favored by the associations, the National Guard, and everybody.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from New York? The Chair hears none. The amendment reported by the committee will be stated.

The amendment of the Committee on Military Affairs was, on page 1, line 6, after the word "amended," to insert "to read," so as to make the bill read:

*Be it enacted, etc.,* That the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended, be, and is hereby, further amended to read as follows:

That the second paragraph of section 5 of said act, as contained in section 5 of an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920, hereinafter referred to as the Army reorganization act, be, and is hereby, amended to read as follows:

"After the completion of the initial General Staff Corps eligible list, the name of no officer shall be added thereto unless upon graduation from the General Staff School he is specifically recommended as qualified for General Staff duty, and hereafter no officer of the General Staff Corps except the Chief of Staff shall be assigned as a member of the War Department General Staff unless he is a graduate of the General Staff College or his name is borne on the initial eligible list: *Provided*, That the name of any National Guard or reserve officer who has demonstrated by actual service with the War Department General Staff during a period of not less than six months, as hereinafter provided for, that he is qualified for General Staff duty, may, upon the recommendation of a board consisting of the general officers of the War Department General Staff, assistants to the Chief of Staff, be added to said eligible list at any time. The Secretary of War shall publish annually the list of officers eligible for General Staff duty, and such eligibility shall be noted in the annual Army Register. If at any time the number of officers available and eligible for detail to the General Staff is not sufficient to fill all vacancies therein, majors or captains may be detailed as acting General Staff officers under such regulations as the President may prescribe: *Provided*, That in order to insure intelligent cooperation between the General Staff and the several non-combatant branches of such branches may be detailed as additional members of the General Staff Corps under such special regulations as to eligibility and detail as may be prescribed by the President; but not more than two officers from each such branch shall be detailed as members of the War Department General Staff.

Sec. 2. That section 37 of said act, as contained in section 32 of the Army reorganization act, is hereby amended to read as follows:

"Sec. 37. Officers' Reserve Corps: For the purpose of providing a reserve of officers available for military service when needed there shall be organized an Officers' Reserve Corps consisting of general officers of sections corresponding to the various branches of the Regular Army and of such additional sections as the President may direct. The grades in each section and the number in each grade shall be as the President may prescribe. Reserve officers shall be appointed and commissioned by the President alone, except general officers, who shall be appointed by and with the advice and consent of the Senate. Appointment in every case shall be for a period of five years, but an appointment in force at the outbreak of war or made in time of war shall continue in force until six months after its termination. Any reserve officer may be discharged at any time in the discretion of the President. A reserve officer appointed during the existence of a state of war shall be entitled to discharge within six months after its termination if he makes application therefor. In time of peace a reserve officer must at the time of his appointment be a citizen of the United States or of the Philippine Islands, between the ages of 21 and 60 years. Any person who has been an officer of the Army at any time between April 6, 1917, and June 30, 1919, or an officer of the Regular Army at any time, may be appointed as a reserve officer in the highest grade which he held in the Army or any lower grade; any person commissioned in the National Guard and recognized as a National Guard officer by the Secretary of War may upon his own application be appointed as a reserve officer



in the grade held by him in the National Guard. No other person shall in time of peace be originally appointed as a reserve officer of Infantry, Cavalry, Field Artillery, Coast Artillery, or Air Service in a grade above that of second lieutenant. In time of peace appointments in the Infantry, Cavalry, Field Artillery, Coast Artillery, and Air Service shall be limited to former officers of the Army, officers of the National Guard recognized as such by the Secretary of War, graduates of the Reserve Officers' Training Corps, as provided in section 47b hereof, warrant officers and enlisted men of the Regular Army, National Guard, and Enlisted Reserve Corps, and persons who served in the Army at some time between April 6, 1917, and November 11, 1918. Promotions and transfers shall be made under such rules as may be prescribed by the President and shall be based so far as practicable upon recommendations made in the established chain of command. So far as practicable, reserve officers shall be assigned to units in the locality of their places of residence. Nothing in this act shall operate to deprive a reserve officer of the reserve commission he now holds. Any reserve officer may hold a commission in the National Guard without hereby vacating his reserve commission."

SEC. 3. That the second paragraph of section 67 of said act be, and is hereby, amended to read as follows:

"The appropriation provided for in this section shall be apportioned among the several States and Territories under just and equitable procedure to be prescribed by the Secretary of War and in direct ratio to the number of enlisted men in active service in the National Guard existing in such States and Territories at the date of apportionment of said appropriation, and to the District of Columbia, under such regulations as the President may prescribe: *Provided*, That the sum so apportioned among the several States, Territories, and the District of Columbia shall be available under such rules as may be prescribed by the Secretary of War for the actual and necessary expenses incurred by officers and enlisted men of the Regular Army when traveling on duty in connection with the National Guard; for the transportation of supplies furnished to the National Guard for the permanent equipment thereof; for office rent and necessary office expenses of officers of the Regular Army on duty with the National Guard; for the expenses of the Militia Bureau, including clerical services, now authorized for the Division of Militia Affairs; for expenses of enlisted men of the Regular Army on duty with the National Guard, including quarters, fuel, light, medicines, and medical attendance; and such expenses shall constitute a charge against the whole sum annually appropriated for the support of the National Guard, and shall be paid therefrom, and not from the allotment duly apportioned to any particular State, Territory, or the District of Columbia; for the hire of clerks in the offices of United States property and disbursing officers, as approved by the Secretary of War; for the promotion of rifle practice, including the acquisition, construction, maintenance, and equipment of shooting galleries and suitable target ranges; for the hiring of horses and draft animals for the use of mounted troops, batteries, and wagons; for forage for the same; and for such other incidental expenses in connection with lawfully authorized encampments, maneuvers, and field instruction as the Secretary of War may deem necessary, and for such other expenses pertaining to the National Guard as are now or may hereafter be authorized by law."

SEC. 4. That section 81 of said act, as contained in section 44 of the Army reorganization act, be, and is hereby, amended to read as follows:

"SEC. 81. Militia Bureau of the War Department: The Militia Division of the War Department shall hereafter be known as the Militia Bureau of the War Department. After January 1, 1921, the Chief of the Militia Bureau shall be appointed by the President, by and with the advice and consent of the Senate, by selection from lists of present and former National Guard officers, recommended by the governors of the several States and Territories as suitable for such appointment, who hold commissions in the Officers' Reserve Corps, who have had 10 or more years' commissioned service in the National Guard, at least five of which have been in the line, and who have attained at least the grade of major. He shall hold office for four years, unless sooner removed for cause, and shall have the rank, pay, and allowances of a major general of the Regular Army during his tenure of office, but shall not be entitled to retirement or retired pay. While serving as chief, his reserve commission shall continue in force, and shall not be terminated except for cause assigned. Until the chief is appointed, as provided in this section, the President may assign an officer of the Regular Army, not below the rank of colonel, to perform the duties of chief. For duty in the Militia Bureau and for the instruction of the National Guard the President shall assign such number of officers and enlisted men of the Regular Army as he may deem necessary. He may also assign for duty in the Militia Bureau three officers who hold or have held commissions in the National Guard and who at the time of appointment are reserve officers, and any such National Guard officers while so assigned shall receive out of the whole fund appropriated for the support of the National Guard the pay and allowances of a Regular Army officer having the same rank and length of service as said National Guard officer, whose prior service in the Organized Militia shall be counted in ascertaining his rights to longevity pay. The President may also assign, with their consent, and within the limits of the appropriation previously made for this specific purpose, not exceeding 500 officers of the National Guard, who hold reserve commissions, to duty with the Regular Army, in addition to those attending service schools; and while so assigned they shall receive the same pay and allowances as Regular Army officers of like grades, to be paid out of the whole fund appropriated for the support of the militia."

SEC. 5. That section 99 of said act be, and is hereby, amended to read as follows:

"SEC. 99. National Guard officers and men at service schools, etc. Under such regulations as the President may prescribe, the Secretary of War may, upon the recommendation of the governor of any State or Territory or the commanding general of the National Guard of the District of Columbia, authorize a limited number of selected officers or enlisted men of the National Guard to attend and pursue a regular course of study at any military service school of the United States, except the United States Military Academy; or to be attached to an organization of the same arm, corps, or department to which such officer or enlisted man shall belong, for routine practical instruction at or near any Army post during a period of field training or other outdoor exercises; and such officer or enlisted man shall receive, out of any National Guard allotment of funds available for the purpose, the same travel allowances and quarters, or commutation of quarters, and the same pay, allowances, and subsistence to which an officer or enlisted man of the Regular Army would be entitled for attending such school, college, or practical course of instruction under orders from proper military authority, while in actual attendance at

such school, college, or practical course of instruction, and for the necessary period of travel from and to his home station."

SEC. 6. That section 109 of said act, as contained in section 47 of the Army reorganization act, be, and is hereby, amended to read as follows:

"SEC. 109. Pay for the National Guard officers: Captains and lieutenants belonging to organizations of the National Guard shall receive compensation at the rate of one-thirtieth of the monthly base pay of their grades as prescribed for the Regular Army for each regular drill or other period of instruction authorized by the Secretary of War, not exceeding five in any one calendar month, at which they shall have been officially present for the entire required period, and at which at least 50 per cent of the commissioned strength and 60 per cent of the enlisted strength attend and participate for not less than one and one-half hours. Commanding officers of companies and corresponding units shall receive \$240 a year in addition to the drill pay herein prescribed. Officers above the grade of captain shall receive not more than \$500 a year, and officers below the grade of major not belonging to organizations, shall receive not more than four-thirtieths of the monthly base pay of their grades for satisfactory performance of their appropriate duties under such regulations as the Secretary of War may prescribe. Pay under the provisions of this section shall not accrue to any officer during a period when he shall be lawfully entitled to the same pay as an officer of corresponding grade in the Regular Army: *Provided*, That section 9 of an act amending the act entitled 'An act to authorize the President to increase temporarily the military establishment of the United States, approved May 18, 1917,' approved August 31, 1918, shall also apply to the purchase of uniforms, accouterments, and equipment for cash by officers of the National Guard and National Guard Reserve, whether in State or Federal service, on proper identification and under such rules and regulations as the Secretary of War may prescribe."

SEC. 7. That the first and second paragraphs of section 110 of said act be, and are hereby, amended to read as follows:

"SEC. 110. Pay for National Guard warrant officers and enlisted men: Each warrant officer and enlisted man belonging to an organization of the National Guard shall receive compensation at the rate of one-thirtieth of the initial monthly pay of his grade or specialist ratings as of like grades and ratings in the Regular Army for each drill ordered for his organization where he is officially present and in which he participates for not less than 1½ hours, not exceeding 8 in any one calendar month and not exceeding 60 drills in one year: *Provided*, That no enlisted man shall receive any pay under the provisions of this section for any month in which he shall have attended less than 60 per cent of the drills or other exercises prescribed for his organization: *Provided further*, That the proviso contained in section 92 of this act shall not operate to prevent the payment of enlisted men actually present at any duly ordered drill or other exercise: *And provided further*, That periods of any actual military duty equivalent to the drill herein prescribed (except those periods of service for which members of the National Guard may become lawfully entitled to the same pay as officers and enlisted men of the corresponding grades in the Regular Army) may be accepted as service in lieu of such drills when so provided by the Secretary of War."

"The duty of disbursing and accounting for the amounts appropriated for the purpose of this and the last preceding section may, under such regulations as may be prescribed by the Secretary of War, be performed by the disbursing officer of the United States appointed pursuant to section 67: *Provided*, That stoppages may be made against the compensation payable to any officer or enlisted man hereunder to cover the cost of public property lost or destroyed by and chargeable to such officer or enlisted men."

The amendment was agreed to.

MR. WADSWORTH. Mr. President, I offer one amendment which is corrective of the text and to bring the matter up to date. On page 6, line 10, I move to strike out the words "now authorized for the division of militia affairs." That is old language, coming over from the years prior to 1916, in which the national defense act was originally written.

THE PRESIDING OFFICER. The amendment will be stated.

THE ASSISTANT SECRETARY. On page 6, line 10, after the word "services," it is proposed to strike out the comma and the words "now authorized for the division of militia affairs."

MR. WADSWORTH. I ask that those words be stricken out, because there is no such thing as a division of militia affairs any more.

THE PRESIDING OFFICER. The question is on the amendment proposed by the Senator from New York.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, and was read the third time.

THE PRESIDING OFFICER. The question is, Shall the bill pass?

MR. KING. Mr. President, we have heard a great deal recently about open sessions and the light of publicity in relation to all public matters. Secret sessions have been condemned and demands have been made for a full and frank consideration of public questions and public matters. I saw in the morning paper the statement that the Committee on Finance of the Senate had adopted a policy, at least a temporary one—I hope the report is untrue, because in my judgment the policy is wrong—of hearing behind closed doors testimony respecting the tariff bill now before the committee. It has been stated that witnesses appeared before the committee and gave testimony in secret—testimony which doubtless will influence the preparation of the schedules which will appear in the next tariff law. The people are interested in laws



which tax and burden them, and they are entitled to know what causes produce or effect legislation.

In view of the well-known fact that representatives of all sorts of business and industries are here seeking to obtain legislation favorable to their interests or to prevent the enactment of laws conceived to be detrimental to them, it seems to me that the Finance Committee ought not to hear any witness or take any testimony relating to the tariff bill except in the open and before the eyes of the public. I can not believe that the Finance Committee has adopted a policy of secrecy. I certainly hope that if they have done so, they will abandon it; that they will give to the Senate and the country all testimony taken by them.

I am also advised that the majority members of the Finance Committee are considering in secret and executive session two important matters—the question of American valuation and the question of an embargo in aid of the dye monopoly. Those two matters, it had been announced, would be considered by the entire membership of the Finance Committee, and would not be regarded as partisan questions. I am now advised that such is not to be the case. I hope that the information I have received may prove to be incorrect, and that the Finance Committee, following the policy advocated by the Republican Party during the past four years, of open diplomacy and open hearings and opposition to secrecy in public matters, will do everything in the open, so that the American people may know just what is being done with respect to these matters that affect so vitally the welfare of the American people.

We are interested in a tariff act that will deal justly with the American people. We do not want a tariff act to be written by the dye monopoly and by other monopolies and trusts that are seeking to profit by legislation and to prostitute legislation in their own interest.

The PRESIDING OFFICER. The bill having been read three times the question is, Shall it pass?

The bill was passed.

#### REMISSION OF CHINESE INDEMNITY.

Mr. LODGE. I ask unanimous consent for the present consideration of Senate joint resolution 85, to provide for the remission of further payments of the annual installments of the Chinese indemnity.

The PRESIDING OFFICER (Mr. McNARY in the chair). Is there any objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 85) to provide for the remission of further payments of the annual installments of the Chinese indemnity, which was read, as follows:

*Resolved, etc., That the President is hereby authorized, in his discretion, to remit to China as an act of friendship any or all further payments of the annual installments of the Chinese indemnity due under the bond for \$24,440,778.81 received from China pursuant to the protocol of September 7, 1901, as modified by Executive order on the 28th day of December, 1908, pursuant to the authority of the joint resolution of Congress approved May 25, 1908, for indemnity against losses and expenses incurred by reason of the so-called Boxer disturbances in China during the year 1900, such remission to begin as from October 1, 1917, and to be at such times and in such manner as the President shall deem just.*

Mr. LODGE. Mr. President, I can imagine it possible that everybody has not understood the joint resolution from its reading; but it is a very simple measure, and one to which I know the Senate will agree.

After the Boxer rebellion there was a protocol drawn and signed by all the nations imposing punitive damages, to which we objected and with which we had no sympathy. But the protocol was agreed to, and we were apportioned 7 per cent of the total amount imposed on the Chinese nation. Our share amounted to \$24,000,000 gold.

On May 25, 1908, we remitted ten million of that amount to China. The balance was to be paid in 10 annual installments. Four million were set aside for the payment of private claims, which have all been settled, and the Government claim was for military expenses, amounting to \$9,655,000. China has paid on that in annual installments \$8,418,000, leaving still outstanding a claim of \$1,236,858, which was being paid in annual installments.

When the World War came on, and China entered the war with us, we stopped the collection of those payments, and it is proposed now that we shall simply collect no more money under that Boxer indemnity. It is an act of friendship and kindness to China. They have not asked for it, but it is carrying out the policy we followed before of not exacting from them an annual payment for something which has already been all paid and settled, and cost this Government nothing.

Mr. KING. May I inquire of the Senator whether this payment, if it were paid, would liquidate the entire indebtedness or claim?

Mr. LODGE. This \$1,236,000 would liquidate everything that remains. It is a small balance from our claim for military expenses at the time of the Boxer rebellion. It was punitive damages. I hope the Senate will agree to pass the joint resolution and remit the rest of the payments.

Mr. KING. Mr. President, it seems to me that if we did not do it, it would be a departure from the policy which we have followed in the past, and to which we really had pledged adherence.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### CONSIDERATION OF THE TARIFF BILL.

Mr. SIMMONS. Mr. President, the Senator from Utah [Mr. KING] made some observations a few moments ago with reference to certain things going on in the Finance Committee. Up to this afternoon I have not felt very much aggrieved by what was being done. It has been the custom of both parties in the past, in the consideration of tariff bills, to admit the minority to be present during the hearings, and then exclude them when the bill was being written. I expected that precedent to be followed in the framing of this bill.

But it was announced that the committee would first take up the question of American valuation and the question of a dye embargo, believing those to be fundamental questions which ought to be settled before the rates were decided upon. Very graciously the minority was asked to participate in those hearings, we being given the assurance that we would also be permitted to participate in the final decision of those two questions. That statement was given to the press, and we have been proceeding upon that theory, and we supposed we would be acceptable company to-day when it was proposed that the committee should go into executive session for the purpose of determining only those two questions.

I was very much surprised, therefore, this morning when I arrived at the committee meeting to find that my services and those of my associates in the minority were no longer desired with reference to those questions. However, I did not take any offense at that; it was a mere party action in connection with the settlement of those two questions, as well as in writing rates.

Mr. LODGE. They are both tariff questions, are they not?

Mr. SIMMONS. Yes; probably it might be said that they are both tariff questions, and I am not disposed to criticize the decision of the committee, although they had extended us an invitation originally to sit with them to the end of the consideration of those questions.

But since then, Mr. President, I have heard, as coming from an entirely reliable source, what disturbs me somewhat. I myself had asked that certain Government experts be subpoenaed. Especially had I insisted during the hearings that certain appraisers in New York, who had testified before the committee in the hearings on the emergency tariff bill, should be subpoenaed, because they had then given testimony which indicated that there was not any real reason why there should be a resort to the American valuation scheme in order to protect any industry in this country.

During the hearings I frequently referred to their testimony as indicating that foreign prices, especially German prices, which seemed to be so much feared, have been invoiced since the war higher than they were before the war, and the invoiced prices were very little below the American selling prices, and therefore if our Republican friends wanted to provide against German competition they could do it by the imposition of a small tariff, without any resort to this extraordinary remedy of American valuation. I was anxious to hear them.

Somehow or other, those gentlemen had not arrived; they had not been put on the stand, up to this morning; so that I had no opportunity to cross-examine them. I did not suppose they were going to be brought here at all. But I now learn that those very men I have been trying to get here, and who I thought were so important and essential to the proper presentation of this matter in the hearings, are here and are being examined to-day by the committee in executive session, and that their testimony is not being taken down stenographically.

That seems to me to be quite a serious matter, and I think, as the ranking member of the minority on that committee, I have a right, in behalf of the minority, to complain of that procedure. I hope I have been misinformed about it. I hope that these witnesses have not been called, the importance of whose



presence I have stressed so much, not only in my requests of the committee that they be subpoenaed, but in my cross-examination of witnesses, referring to their testimony and using their testimony for the purpose of eliciting answers to certain inquiries I put to the witnesses. Having permitted us to participate in the hearings and cross-examine witnesses, I hope these important witnesses have not been withheld until the committee went into executive session and the minority was excluded, and now their testimony is being taken, testimony of experts of the Government about the very things we have been for two weeks inquiring into. I have insisted all the time that the expert testimony was worth more than the testimony of all the other witnesses put together, and I hope that these witnesses are not there before them to-day, and being cross-examined, and their testimony not taken down, so that the Senate and the country may have the benefit of it.

Mr. KING. Mr. President, I wish to say one word apropos of the statement made by the Senator from North Carolina. The morning newspapers carried the report that testimony was being taken by the Finance Committee in executive session, and the statement of the Senator gives support to the publications. I do not wish to criticize a committee of the Senate or the personnel of a committee of the Senate, but I respectfully submit that it is highly improper for that committee, at least with reference to the tariff bill committed to its charge by the Senate, to take testimony in secret respecting that measure, a measure of such vital importance to the American people. Not only the Senate but the people are entitled to know who testify before that committee and what representations are made which may affect the interests of all parts of our country, and it would seem highly improper if testimony is taken not to have it reported and printed and made available for Senators to aid them in forming their judgment as to the merits of the various schedules that will be reported in the bill.

I sincerely hope that the Finance Committee has not pursued the course indicated, but that it has received no testimony or heard no witnesses in secret, and that it will have printed for immediate use by the Senate all testimony given before it. If a different course has been followed, then I hope that the Senator from North Carolina will protest against it on the floor of the Senate and submit a resolution requiring the Finance Committee to have open sessions when it considers testimony and that all testimony taken shall be printed.

#### SOUTHERN IRON & METAL CO., JACKSONVILLE, FLA.

Mr. FLETCHER. In order to get rid of a bill on the calendar, which has passed the House, and a similar bill having passed the Senate twice, I ask unanimous consent for the consideration of the bill (H. R. 1940) for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$1,189.35, for the relief of the Southern Iron & Metal Co., Jacksonville, Fla., for salvage material consisting of submarine cable sold and delivered at Key West, Fla., to the Southern Iron & Metal Co., at the instance of the director of purchase and storage of the War Department, which salvage material was in good faith paid for but was not of the kind and quality represented.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### J. G. SEUPELT.

Mr. JONES of Washington. Mr. President, Senate bill 2041, for the relief of J. G. Seupelt, is a local bill. A similar bill has passed the Senate two or three times already, and I ask unanimous consent for its immediate consideration. It is a short bill and will take but a minute.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized to permit one J. G. Seupelt to enter under the homestead laws, at the appraised price, a certain unsurveyed island in the Colville Indian Reservation, Washington, known as "Hog Island," containing about 152 acres, located in the Columbia River, and within sections 26 and 35, township 30 north, range 36 east, of the Willamette meridian, in the State of Washington: *Provided,* That proceeds arising hereunder shall be subject to the provisions of section 6 of the act of March 22, 1906 (vol. 34, U. S. Stats. L., p. 81): *Provided further,* That the right of entry by the said Seupelt shall be exercised within 90 days after the execution and acceptance of the survey of the island: *And provided further,* That the land hereby disposed of shall be subject to all the laws of the United States prohibiting the introduction of intoxicants into the Indian country, until otherwise provided by Congress.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### SURVEY OF CALAVERAS RIVER IN CALIFORNIA.

Mr. SHORTRIDGE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 1269, to make a preliminary survey of the Calaveras River in California with a view to the control of its floods. The bill was reported by the Committee on Commerce favorably by the Senator from Washington [Mr. JONES]. It is a local bill, of peculiar interest to California, and I ask that it be taken up.

Mr. LENROOT. Does it carry any appropriation?

Mr. SHORTRIDGE. No.

Mr. LENROOT. Let it be read, Mr. President.

The bill was read, as follows:

*Be it enacted, etc.,* That the Secretary of War be, and he is hereby, authorized and directed to cause a preliminary survey to be made of the Calaveras River in California with a view to the control of its floods, in accordance with provisions of an act entitled "An act to provide for the control of the floods of the Mississippi River and the Sacramento River, Calif., and for other purposes," approved March 1, 1917.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### KANSAS CITY & MEMPHIS RAILROAD & BRIDGE CO.

Mr. CARAWAY. Mr. President, I report back favorably without amendment from the Committee on Commerce the bill (S. 1794) to authorize the Secretary of War to release the Kansas City & Memphis Railroad & Bridge Co. from reconstructing its highway and approaches across its bridge at Memphis, Tenn., and I submit a report (No. 254) thereon. I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. The Senator from Arkansas asks unanimous consent for the present consideration of the bill S. 1794. Is there objection?

Mr. LENROOT. Mr. President, I do not think any of us know what the bill is. Can we not have it go to the calendar so that we may see what it is?

Mr. CARAWAY. Will the Senator permit me just one minute to say that a similar bill passed the Senate once before? There was a bridge at Memphis constructed by the Kansas City & Memphis Railway & Bridge Co. that had a wagon way and was a toll bridge. The approach to it fell down and since that time a new bridge has been built that has a wagon way and is a free bridge. The old bridge is not used. The county of Crittenden, Ark., was bearing the expense of building the approach to the new bridge and an agreement was reached between that county and officials of the Kansas City & Memphis Railway & Bridge Co. whereby the bridge company was to pay \$12,500 to help construct the approach to the new bridge.

If the bill shall pass, it will permit the Secretary of War to relieve the old bridge company of the necessity of reconstructing an approach to the old bridge that would never be used because it is an approach to a toll bridge when a free bridge parallels it only a short distance away.

Mr. LENROOT. What is the emergency that the bill should not take the usual course and go to the calendar?

Mr. CARAWAY. The emergency is simply that the county is trying to construct the approach now and needs the money. A similar bill passed the Senate at one time without objection.

Mr. LENROOT. I shall not object, but I think it is a very bad practice to act upon bills immediately upon being reported from a committee unless there is some real emergency.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That the Secretary of War is hereby authorized and empowered to release the Kansas City & Memphis Railway & Bridge Co., a corporation, from the duty now imposed upon it by the act entitled "An act to authorize the construction of a bridge across the Mississippi River at Memphis, Tenn.," approved April 24, 1888, and all acts amendatory thereof, to maintain approaches to its bridge at Memphis, Tenn., and a way over and across said bridge for wagons and other vehicles, animals, and foot passengers, upon its payment to the road fund of Crittenden County, Ark., the sum of \$12,500.

Sec. 2. That upon the compliance by the said Kansas City & Memphis Railway & Bridge Co., a corporation aforesaid, with the provisions of section 1 of this act the provision hereof shall take effect, and for that purpose an act entitled "An act to authorize the construction of a bridge across the Mississippi River at Memphis, Tenn.," approved April 24, 1888, and all acts amendatory thereof, are hereby so amended as to relieve said company of the necessity of maintaining said approaches to and said passageway across said bridge for wagons and other vehicles, animals, and foot passengers.

Sec. 3. That all laws and parts of laws in conflict herewith are hereby repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

## ST. MARYS RIVER BRIDGE.

Mr. WATSON of Georgia. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the bill (S. 2340) to authorize the construction of a toll bridge across the St. Marys River at or near St. Marys, Ga., and Roses Bluff, Fla.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments.

The amendments were, on page 1, line 6, before the word "bridge," to strike out "toll"; in line 7, after the word "point," to insert "suitable to the interests of navigation and at or"; on page 2, line 1, after the name "Florida," to strike out "said bridge to be constructed at or near said points most suitable to the interests of navigation and"; in line 3, after the word "act," to strike out "of Congress approved March 23, 1906," and at the end of line 5, after the word "waters," to insert "approved March 23, 1906," so as to make the bill read:

*Be it enacted, etc.,* That the St. Marys Bridge Co., a corporation organized under the laws of the State of Georgia, its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the St. Marys River, at a point suitable to the interests of navigation and at or near St. Marys, Camden County, Ga., known as the "Borrell tract," and to the shore opposite thereto, known as "Roses Bluff," in Nassau County, Fla., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the construction of a bridge across the St. Marys River, at or near St. Marys, Ga., and Roses Bluff, Fla."

## ADJOURNMENT.

Mr. LODGE. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 10 minutes p. m.) the Senate adjourned until Monday, August 15, 1921, at 12 o'clock meridian.

## NOMINATIONS.

*Executive nominations received by the Senate August 11, 1921.*

## TREASURY DEPARTMENT.

## COLLECTOR OF CUSTOMS.

Thomas L. Walker, of Lexington, Ky., to be collector of customs for customs collection district No. 42, with headquarters at Louisville, Ky., in place of Presley Stockton Ray.

## POSTMASTERS.

## INDIANA.

Lowell D. Smith to be postmaster at Sellersburg, Ind., in place of Lawson McMaster, resigned.

## KANSAS.

Marie C. Walker to be postmaster at Brownell, Kans., in place of M. C. Walker. Office became third class July 1, 1921.

William W. Barney to be postmaster at Fort Dodge, Kans., in place of W. W. Barney. Office became third class January 1, 1921.

Fred Carlson to be postmaster at Lost Springs, Kans., in place of O. L. Mowrer. Office became third class April 1, 1921.

David H. Pugh to be postmaster at Tampa, Kans., in place of D. H. Pugh. Office became third class April 1, 1921.

Walter C. Ray to be postmaster at Wilmore, Kans., in place of W. C. Ray. Office became third class October 1, 1920.

## MASSACHUSETTS.

Alexander F. Gray to be postmaster at Charles River, Mass., in place of A. F. Gray. Office became third class January 1, 1921.

Leo D. Glynn to be postmaster at East Long Meadow, Mass., in place of L. D. Glynn. Office became third class January 1, 1921.

## MICHIGAN.

Roy P. Eymer to be postmaster at Turner, Mich., in place of R. P. Eymer. Office became third class January 1, 1921.

## MINNESOTA.

Olga P. Hatling to be postmaster at Dalton, Minn., in place of O. P. Hatling. Office became third class January 1, 1921.

Lizzie A. Schmidt to be postmaster at Dundee, Minn., in place of L. A. Schmidt. Office became third class April 1, 1921.

Matilda Blodgett to be postmaster at Ghent, Minn., in place of Matilda Blodgett. Office became third class April 1, 1921.

## MISSOURI.

J. Herbert Hunter to be postmaster at Russellville, Mo., in place of J. J. Vaughan, resigned. Office became third class January 1, 1921.

## NEBRASKA.

Cora E. Saal to be postmaster at Brock, Nebr., in place of C. E. Saal. Office became third class April 1, 1921.

Birge L. Neumann to be postmaster at Oakland, Nebr., in place of O. E. Swanson, resigned.

Minnie M. Mason to be postmaster at Salem, Nebr., in place of M. M. Mason. Office became third class April 1, 1921.

Inez M. Griffith to be postmaster at Verdon, Nebr., in place of I. M. Griffith. Office became third class April 1, 1921.

## NEW HAMPSHIRE.

Charles F. Southard to be postmaster at North Haverhill, N. H., in place of C. F. Southard. Office became third class April 1, 1921.

## NEW YORK.

Stanly A. North to be postmaster at Chazy, N. Y., in place of F. E. Doane, resigned.

William Holmes to be postmaster at Clifton Springs, N. Y., in place of G. E. Barry. Incumbent's commission expired January 6, 1920.

William J. Herbage to be postmaster at Slingerlands, N. Y., in place of M. J. Coughtry. Office became third class October 1, 1920.

## NORTH DAKOTA.

Niels E. Sorteberg to be postmaster at Bowdon, N. Dak., in place of Zora Svendsgaard, resigned.

George H. Rieland to be postmaster at Streeter, N. Dak., in place of F. S. Putman, removed.

## OHIO.

Lowell E. Blakeley to be postmaster at Botkins, Ohio, in place of L. E. Blakeley. Office became third class January 1, 1921.

## OKLAHOMA.

Charles H. Hoffman to be postmaster at Dilworth, Okla., in place of H. S. Chambers, resigned.

## PENNSYLVANIA.

William Boyd, sr., to be postmaster at New Salem, Pa., in place of A. M. Seaton, resigned.

Charles A. McDannell to be postmaster at Wattsburg, Pa., in place of C. A. McDannell. Office became third class April 1, 1921.

Jeane C. Lewis to be postmaster at Weedville, Pa., in place of J. C. Lewis. Office became third class April 1, 1921.

## SOUTH CAROLINA.

Adam C. Dayson to be postmaster at Johns Island, S.-C., in place of A. C. Dayson. Office became third class July 1, 1921.

## TEXAS.

John F. Dreinhofer to be postmaster at Ranger, Tex., in place of J. F. Connell, removed.

## WEST VIRGINIA.

Walter B. Crickmer to be postmaster at McAlpin, W. Va., in place of W. D. Crickmer. Office became third class April 1, 1921.

## WISCONSIN.

William H. Froelich to be postmaster at Jackson, Wis., in place of W. H. Froelich. Office became third class April 1, 1921.

Louise Halberg to be postmaster at Mishicot, Wis., in place of Louise Halberg. Office became third class April 1, 1921.



# CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 11, 1921.*

## DEPARTMENT OF JUSTICE.

### UNITED STATES MARSHAL.

Dennis H. Cronin to be United States marshal, district of Nebraska.

### POSTMASTERS.

#### INDIANA.

Harold D. Johnson, Milroy.

#### MICHIGAN.

Hardie L. Reynolds, Fennville.

Maude G. Cook, Grand Blanc.

Rollo G. Mosher, Wayland.

#### MINNESOTA.

Margaret A. McGinn, Minneota.

#### OHIO.

John M. Washington, Sabina.

#### SOUTH CAROLINA.

William C. Stepp, Taylors.

#### OKLAHOMA.

Ira B. Johnson, Vian.

# WITHDRAWAL.

*Executive nomination withdrawn from the Senate August 11, 1921.*

### POSTMASTER.

#### OKLAHOMA.

William H. McKenzie to be postmaster at Cement.

# HOUSE OF REPRESENTATIVES.

THURSDAY, August 11, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our heavenly Father, we thank Thee for that love that springs not from our merits but from Thy divine compassion. Strengthen us in all patience and make us fruitful in all good works. Grant that we may always have the deepest sympathy for those patriotic citizens who labor for the common good of our splendid country. Go with them whose doubts and fears outnumber their joys and are in the way of perplexity and uncertainty. From day to day may we make gains in knowledge, in wisdom, in forbearance, in self-control, and in unselfishness, and after a little while bring us to the Father's house. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

### ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. The gentleman from Wyoming asks unanimous consent to address the House for one minute. Is there objection?

Mr. GARNER. Mr. Speaker, I wish the gentleman would ask for two minutes, so I may be able to ask him a question or two in one of those minutes.

Mr. MONDELL. Well, Mr. Speaker, two minutes.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Speaker, I make that request in order that I may submit a unanimous-consent request that it may be in order to take up for consideration under the rules of the House the bill (S. 1915) to amend the War Finance Corporation act in order to relieve certain growers and shippers of agricultural products, after the disposition of the bill from the Committee on Appropriations making appropriations for the Shipping Board.

Mr. GARNER. Now, Mr. Speaker, reserving the right to object, I want to ask the gentleman from Wyoming something about the program for the next week until the 20th. I see in the newspapers this morning he has arranged to adjourn or take a recess by concurrent resolution on the 20th instant. I wish the gentleman would give, for the benefit of this side of the House

especially, who are not informed, all the information available as to what he expects to do from now until the day he takes a recess, and what time he expects to take a recess?

Mr. MONDELL. Well, we expect to consider to-day two bills from the Committee on Ways and Means, as the gentleman from Texas understands. They may take the entire day, although I hope not. Following that, to-morrow we hope to consider the bill from the Committee on Appropriations making appropriations for the Shipping Board, to which I just referred. Following that, we hope to take up for consideration the bill S. 1915, relative to which I am submitting a unanimous-consent request. We do not know now when the Committee on Ways and Means may be ready to report their tax bill, but I am assuming that the bill will be ready, so that it can be presented to a Republican conference on Monday.

Mr. GARNER. What does the gentleman mean by Monday now, Monday afternoon, so that the bill can be introduced Monday afternoon and considered Tuesday, or does the gentleman mean that it will be introduced on Tuesday and considered Wednesday and only have four days for its consideration during next week?

Mr. MONDELL. I have been under the impression that we probably would not be able to reach the bill for consideration sooner than Wednesday.

Mr. GARNER. Does the gentleman propose to consider the bill under the 5-minute rule or does he expect to pass it under a special rule?

Mr. MONDELL. That is a matter for the conference to determine.

Mr. GARNER. Well, this is a very important matter just now, let me say to the gentleman. If we are to take up this bill under the 5-minute rule and undertake to pass it with two or three days' consideration, the gentleman is going to find it will be impossible, I think, to do so, and he will finally, if he expects to pass it on Saturday, the 20th, have to come in and get him a rule, because I imagine the House, if it is going to consider it under the rules of the House, will at least give it some consideration, and if it does it will certainly take them more than two or three days to pass it under the 5-minute rule.

Mr. MANN. I judge from the gentleman's remarks he wants us to pass it under a rule.

Mr. GARNER. I did not say that at all; I am merely asking the gentleman for information. I desire to be able to advise the Democratic membership who are absent about what the program will be next week, and they would like to be here to vote on a special rule if it is to be considered under a special rule, and if it is to be considered under a 5-minute rule, some may want to remain away until the vote on the final passage.

Mr. MONDELL. The gentleman from Texas is of the opinion it will take a considerable length of time to pass the bill unless it is passed under a special rule?

Mr. GARNER. If the House gives it intelligent consideration, certainly it will, because it is one of the most important measures that has been brought before the House.

Mr. MONDELL. Well, I do not want to embarrass the gentleman from Texas—

Mr. GARNER. No; and the gentleman can not embarrass the gentleman from Texas.

Mr. MONDELL. If the gentleman were in our place and were to have charge of this legislation, I assume that he would consider it under a rule?

Mr. GARNER. Let me say to the gentleman from Wyoming if I had made up this bill as his party has made it up and insisted upon it being a partisan matter, if I had been idiotic enough to do that, then I would have said, "This is my baby, you can not put your hand on it." But in the first place I would not have done that.

I would have invited the entire committee in, and I would have made up this bill as it ought to have been made up, by the entire membership of the Ways and Means Committee, and have given the House of Representatives an opportunity to consider it under the rules of the House for the purpose of making it the greatest legislation in the history of the country. But you have not done that. Having proceeded as far as you have, you have said to the country that this was a Republican measure, a measure you do not propose to have the Democrats given any credit for, or charged with any responsibility for, and therefore we can not offer any amendment to it.

Mr. MONDELL. Mr. Speaker, it is all very easy for the gentleman from Texas [Mr. GARNER] to make the speech he just has made and declare if he had his way about it he would do something that never has been done in the history of the Congress. His party never did what he suggests, and no other party ever did what he suggests.

Mr. GARNER. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. GARNER. I wish the gentleman would refer to the acts of 1916, 1917, and 1918, and he will find we passed those bills under the rules of the House without cutting off right of amendments, and that every Republican Member had every opportunity to offer amendments when they were considered.

Mr. MONDELL. And with an ironclad understanding binding every gentleman on the Democratic side, except a very few who could not be so induced, to vote against every amendment we offered.

Mr. GARRETT of Tennessee. Will the gentleman yield?

The SPEAKER. The time of the gentleman from Wyoming has expired.

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent to ask the gentleman from Texas [Mr. GARNER] a question.

Mr. GARNER. Let the gentleman from Tennessee [Mr. GARRETT] ask the gentleman from Wyoming a question.

The SPEAKER. The time of the gentleman from Wyoming has expired.

Mr. GARNER. Mr. Speaker, I ask unanimous consent that the time of the gentleman from Wyoming be extended three minutes.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. GARNER. Let me say to the gentleman from Wyoming, if he will refresh his memory he will recall that in the consideration of the internal-revenue acts of 1916, 1917, and 1918 it was almost the unanimous vote in this House, both of Republicans and Democrats. It was not necessary to have an understanding on the Democratic side, because these measures were of such a nature, and were made up by both the Republicans and Democrats on the committee, that we had no occasion to have a conference or understanding.

Mr. MONDELL. I hope, Mr. Speaker, the Democrats will be as patriotic in peace as the Republicans were in war. [Applause on the Republican side.] They have this incentive to vote for our bill which we did not have to vote for theirs, namely, that it will be a wise and proper piece of legislation and in the interest of all the people. [Applause on the Republican side.]

Mr. GARRETT of Tennessee. May I suggest that, of course, this revenue bill, as it has been framed and as it is going to pass, will be nothing more than an enacting clause anyway, will it? The Senate eventually will make the bill.

Mr. MONDELL. The Senate, as a coordinate branch of the Government, will pass upon the measure, but, judging by our experience so far in this session of Congress, we anticipate that the bill will be practically as the House passes it.

Mr. GARRETT of Tennessee. Well, Mr. Speaker—

Mr. LONGWORTH. Will the gentleman from Texas [Mr. GARNER] yield to me for a moment?

Mr. GARNER. When the gentleman from Tennessee finishes.

Mr. GARRETT of Tennessee. We have passed one enacting clause on a tariff bill that is now in the Senate. I myself do not see why it should take so very great an amount of time to pass another.

Mr. MONDELL. The gentleman from Tennessee then agrees with the gentleman from Texas that the proper thing to do is to pass the tax bill under a rule?

Mr. GARRETT of Tennessee. No; I do not.

Mr. GARNER. The "gentleman from Texas" has not suggested that it pass under a rule.

Mr. GARRETT of Tennessee. I do not; because the reason the tariff bill is merely an enacting clause is because that it was passed under a rule.

Mr. LONGWORTH. I want to say this to the gentleman from Texas: I was a member of the committee with him in 1916, 1917, and 1918. And there was no politics in the committee in those days, because the Republican Party never has any politics during a war period. I had hoped it would be possible to have the very valuable assistance of the gentleman from Texas and his colleagues in drafting the new revenue law, but there is no man who has been so responsible as the gentleman from Texas [Mr. GARNER] has been in making that absolutely impossible. Throughout the hearings, which we were trying to conduct in an entirely nonpolitical way, the gentleman from Texas and his colleagues sought to make politics from the beginning, and it made it utterly impossible, unless we wanted to delay this bill for months, to have the valuable assistance which the gentleman from Texas could have given if he had abandoned his partisanship and had considered this bill in an effective way.

Mr. GARNER. Does the gentleman say that the mere method of examining witnesses by the Republicans was not sufficient to say to the Democrats, "We do not want you to sit with us"? The gentleman from Ohio and his committee never invited the Democrats to sit with them in the consideration of this bill, even in the hearings. The only information we got was from the Secretary of the Treasury. We can not have those hearings. They were submerged, in the Printing Office or somewhere else, so that you Republican gentlemen can not have the information. They do not intend to let you have the information. I made inquiry this morning, and we can not find the hearings. They afford the only information given to the committee, and the Democrats were sure, after the Secretary of the Treasury had appeared before the committee, that their services would be dispensed with and they were no longer needed in the committee. So it means that you are going to make up a partisan bill.

Mr. MONDELL. Now, Mr. Speaker, I resubmit my unanimous-consent request.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that after the consideration of the appropriation bill it shall be in order to consider the bill (S. 1915) to amend the War Finance Corporation act.

Mr. GARRETT of Tennessee. I do not think it should say "after the consideration of the appropriation bill." We do not know about the time of that now.

Mr. MONDELL. I assume that, as a member of the rules committee, the gentleman from Tennessee would have no objection to voting for a rule for the consideration of the bill. But gentlemen on both sides desire to know as far as possible in advance what the House is to consider, and it is only for the purpose of giving notice in advance of the measures that are to be taken up that I make the request.

Mr. GARRETT of Tennessee. Now, it will be perfectly satisfactory if we can understand that to-day is to be devoted to the bills from the Ways and Means Committee; that to-morrow the appropriation bill, which is privileged, is to be considered, and the next day, if it is necessary to consider it for that long; and that then, immediately following that, this bill shall come, and the program is not to be cluttered up by any of these matters that are already made in order by special rule.

Mr. MONDELL. I will say to the gentleman that our present intention is to adhere to that, and to consider nothing but the bills from the Committee on Ways and Means which are to be considered to-day, and the appropriation bill, and to send the so-called beer bill to conference, and then pass the bill in regard to which I have asked unanimous consent.

Mr. GARRETT of Tennessee. The gentleman used the expression, "That is our program, if we adhere to it."

Mr. GARNER. No; he said the intention was to adhere to it.

Mr. MONDELL. Yes.

Mr. WINGO. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. WINGO. When will this bill come up?

Mr. MONDELL. On Saturday. But we might reach it Friday afternoon.

Mr. WINGO. To-morrow is Friday. You intend to take up the day with what?

Mr. MONDELL. With the two bills from the Committee on Ways and Means.

Mr. WINGO. You expect to conclude consideration of them to-day?

Mr. MONDELL. We hope to, and we may reach general debate on the appropriation bill.

Mr. WINGO. And then the appropriation bill comes up to-morrow?

Mr. MONDELL. Yes; and it might be possible to conclude that in the afternoon, so that we may have some general debate on the other bill on Friday. But we will probably reach it Saturday.

Mr. WINGO. I am not complaining, but there are two gentlemen who want to know when it will be brought up.

Mr. MONDELL. Friday afternoon, or more probably Saturday.

Mr. WINGO. Will the gentleman indicate what length of time he intends to give to the House for the consideration of that bill?

Mr. MONDELL. My impression was that we could dispose of it in a day. But there is no disposition to rush the consideration of the measure.

Mr. WINGO. Gentlemen have asked me for time. I wanted to have some idea about it. I have no disposition to rush or to delay, but I wanted to know as to the time.



The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

Mr. BLANTON. Reserving the right to object, can the Members of Congress depend upon what the newspapers say about a recess being taken on the 20th of the month? Others besides the members of the steering committee would like to make plans accordingly.

Mr. MONDELL. It is possible that the recess might not occur until two, or possibly three, legislative days later than that, but it is expected to take a recess for perhaps a month soon after the passage of the revenue bill.

Mr. MANN. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. Yes.

Mr. MANN. What is the bill that the gentleman asks to make in order?

Mr. MONDELL. It is the bill to amend the War Finance Corporation act in order to provide credits for the exportation of farm products.

Mr. MANN. Has it been reported to the House?

Mr. MONDELL. Yes; I understand so; or is ordered reported.

Mr. MANN. I have not seen it.

Mr. MONDELL. It has either been reported or will be reported this morning. The committee has ordered a report.

Mr. MANN. I do not think we should make a thing a special order before it is reported.

Mr. MONDELL. The committee on yesterday ordered the report to be made.

Mr. WINGO. If the gentleman from Wyoming will permit me, I would suggest that there are really not many very material changes made in the bill as it came from the Senate, so that Members who see the bill can to-day get a general idea about it. There is one very material change from the House committee bill.

Mr. MANN. I hope the gentleman will make the request later. I do not think we should set down a bill for consideration on a certain day when it has not yet been reported to the House.

Mr. MONDELL. The committee has ordered a report.

Mr. MANN. We can not act upon hearsay. There is no such bill on the calendar.

The SPEAKER. Is there objection?

Mr. WINGO. I understood it was already reported to-day.

Mr. MONDELL. It was ordered reported last evening. I understood it was reported.

Mr. MANN. It was not reported last evening.

Mr. BRAND. It will be reported this morning.

Mr. MANN. When it is reported it is time enough to make the request.

Mr. BRAND. I am not questioning the fact; I am just stating that it will be reported this morning.

Mr. MANN. Sometimes it is said bills would be reported, but they have not been reported.

Mr. WINGO. It was the understanding of the committee that the report would be in to-day, so that the House could consider it Friday. That is the information we have been given by those who are in charge. I can assure the gentleman that I have no disposition to delay the report, and absolutely no effort will be made to delay the report. I am surprised that it is not already in this morning.

Mr. MANN. I know nothing about that, but I am not willing to have the House set a bill down for consideration that has not yet been reported. When it has been reported I shall have no objection to the request.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

Mr. MANN. I object.

The SPEAKER. Objection is made.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 71. An act for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes.

#### SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 71. An act for the consolidation of the offices of register and receiver in district land offices in certain cases, and for other purposes; to the Committee on the Public Lands.

#### CONTRACTS FOR FUTURE DELIVERY OF GRAIN.

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, disagree to the Senate amendment, and agree to the conference asked.

The SPEAKER. The gentleman from Iowa asks unanimous consent to take from the Speaker's table, disagree to the Senate amendment, and agree to the conference asked on the bill which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5676) taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade, and for other purposes.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman whether or not this bill, since it came back from the Senate, would stop any kind of gambling besides what are known as "puts and calls"? Does it stop the ordinary gambling in grain on exchanges in the daytime during the regular hours of business? The Senate has changed the House bill and put some teeth in the House bill. It did not have any teeth before, except at nighttime.

The SPEAKER. Is there objection?

There was no objection; and the Speaker announced as the conferees on the part of the House, Mr. HAUGEN, Mr. McLAUGHLIN of Michigan, Mr. TINCER, Mr. RAINEY of Illinois, and Mr. ASWELL.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. VOLSTEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7294) supplementing and defining the national prohibition act, disagree to Senate amendments, and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to take from the Speaker's table, disagree to the Senate amendments, and agree to the conference asked by the Senate on the bill which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 7294) supplementing and defining the national prohibition act.

The SPEAKER. Is there objection to the request?

Mr. GRIFFIN. Mr. Speaker, I make the point of order that there is no quorum present. This is an important matter, and I think there ought to be a quorum here to ascertain the sense of the House as to whether this action should be taken.

The SPEAKER. The gentleman from New York makes the point of order that there is no quorum present. Evidently there is no quorum present.

Mr. VOLSTEAD. I move a call of the House.

The SPEAKER. The gentleman from Minnesota moves a call of the House.

The motion was agreed to.

The Clerk called the roll, when the following Members failed to answer to their names:

Anderson	Fairchild	Kunz	Riordan
Anthony	Favrot	Langley	Rodenberg
Atkeson	Fess	Larsen, Ga.	Rosendale
Bankhead	Fields	Larson, Minn.	Rucker
Barbour	Fitzgerald	Lee, N. Y.	Ryan
Barkley	Flood	Lehlbach	Sabath
Beedy	Focht	Linthicum	Sanders, N. Y.
Bird	Freeman	Luce	Scott, Mich.
Boles	Fuller	Luhning	Siegel
Bond	Funk	McCormick	Sisson
Brennan	Gahn	McSwain	Slomp
Brinson	Gallivan	Maloney	Snell
Britten	Gilbert	Mead	Snyder
Brooks, Ill.	Glynn	Merritt	Stafford
Brooks, Pa.	Goldsborough	Montague	Stevenson
Browne, Wis.	Gould	Montoya	Stiness
Burdick	Graham, Pa.	Moore, Ind.	Stoll
Burke	Greene, Vt.	Morgan	Sullivan
Cantrill	Hawes	Morin	Summers, Tex.
Christopherson	Hayden	Mott	Taylor, Ark.
Clark, Fla.	Hicks	Mudd	Taylor, Colo.
Clarke, N. Y.	Hogan	Nolan	Taylor, N. J.
Classon	Hudspeth	O'Brien	Taylor, Tenn.
Cockran	Humphreys	O'Connor	Ten Eyck
Codd	Husted	Ogden	Tincher
Cole, Ohio	Hutchinson	Oliver	Tinkham
Collins	James	Osborne	Tyson
Cooper, Ohio	Johnson, S. Dak.	Palge	Underhill
Cramton	Kahn	Parker, N. Y.	Upshaw
Crowther	Kearns	Perlman	Vaile
Dallinger	Kendall	Peters	Vare
Dempsey	Kennedy	Porter	Volk
Dickinson	Ketcham	Pou	Ward, N. Y.
Domnick	Kless	Rainey, Ala.	Wason
Doughton	Kindred	Rainey, Ill.	Weaver
Drane	Kirkpatrick	Reber	Wheeler
Dunn	Kitchin	Reed, N. Y.	Williams
Echols	Klecza	Reed, W. Va.	Williamson
Ellis	Knight	Rhodes	Woods, Va.
Elston	Knutson	Riddick	Wright

The SPEAKER. On this vote 270 Members have answered to their names. A quorum is present.

Mr. VOLSTEAD. I move to dispense with further proceedings under the call.

The motion was agreed to.

#### CORRECTION OF A VOTE.

Mr. GEINERD. Mr. Speaker, on June 11, 1921, I was recorded as not being present. I was present and voted "yea" on House resolution 110. I have just discovered the error.

The SPEAKER. Without objection, the correction will be made.

#### NATIONAL PROHIBITION.

The SPEAKER. The gentleman from Minnesota [Mr. VOLSTEAD] asks unanimous consent to take from the Speaker's table, disagree to the Senate amendments, and agree to the conference asked by the Senate, the bill which the Clerk will report.

The Clerk read the title of the bill (H. R. 7294) supplemental to the national prohibition act.

The SPEAKER. Is there objection?

Mr. WALSH. I object.

Mr. MANN. Will the gentleman reserve his objection?

Mr. WALSH. I will reserve the objection.

Mr. MANN. If the request be granted in the form in which it is put, of course the House will have no opportunity to vote upon any of the Senate amendments. Does the gentleman from Minnesota desire to deprive the House at this time of an opportunity to vote on any of the Senate amendments?

Mr. VOLSTEAD. I think that is a matter for the gentleman to determine under the rules, whether he desires to have a vote. I suppose he can have a vote.

Mr. MANN. There is no way of getting a vote after the House has disagreed to the Senate amendments. The gentleman's request was to take the bill from the Speaker's table and disagree to all the Senate amendments and agree to the conference. If that request is granted, there is no chance for a vote either now or hereafter on any of the Senate amendments, and I asked the gentleman whether he desired to put the House in an attitude where it would have no opportunity to vote on any of the Senate amendments to the bill.

Mr. VOLSTEAD. I am just making the usual motion in cases of this kind.

Mr. MANN. Mr. Speaker, the gentleman says this is the usual request. I have seen hundreds of cases in the House where bills on the Speaker's table have been taken from the Speaker's table and an opportunity given in the House to vote on Senate amendments. I think the House ought to have an opportunity, if it desires, to vote on any of these Senate amendments.

Mr. WALSH. I object to the request of the gentleman from Minnesota, Mr. Speaker.

The SPEAKER. Objection is made.

Mr. VOLSTEAD. I move to take the bill (H. R. 7294) from the Speaker's table, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. The gentleman moves to take the bill from the Speaker's table, disagree to the Senate amendments, and agree to the conference asked by the Senate.

Mr. MANN. That motion is not in order, Mr. Speaker, and I make the point of order that it is not. The gentleman can not make such a motion as that. He may move to take the bill from the Speaker's table. He can not go beyond that at this stage of the proceedings, because the right to move to concur takes precedence of the motion to disagree to the Senate amendments.

The SPEAKER. The Chair sustains the point of order.

Mr. VOLSTEAD. Then, Mr. Speaker, I move to take from the Speaker's table H. R. 7294.

The SPEAKER. The gentleman moves to take from the Speaker's table the bill which has just been reported.

Mr. WALSH. Mr. Speaker, I make the point of order that that motion is not privileged.

The SPEAKER. The gentleman will state his point of order.

Mr. WALSH. This is a measure involving the consideration of a Senate amendment which requires consideration in the Committee of the Whole. I direct the attention of the Speaker to Senate amendments 17, 18, 19, and 20, which not only make this act applicable to certain Territories and possessions of the United States, but make the national prohibition act applicable to certain Territories and jurisdictions of the United States which that act itself did not make applicable to them. On its face I submit that is an amendment requiring and authorizing the expenditure of money for the enforcement of the national

prohibition law, for the appointment of officers and for printing, furnishing of blanks, and other incidental expenses of enforcement, and that it requires the expenditure of money and makes a charge on the Treasury. Now, if we should bring in a bill for the enforcement of the constitutional amendment in the Virgin Islands and in Hawaii, even though we brought in the identical national prohibition law, it would require consideration in Committee of the Whole. Now, they seek by a Senate amendment to say that an act which by its terms was not put in force in certain jurisdictions of the United States shall thereafter be applicable to those jurisdictions. And it is not certain sections of the act, but it is the entire act. The enforcement provision, the provisions for the appointment of officers, the provisions for the printing, and every line of the national prohibition act are now to be put in force in places where they were not originally to be in force under the terms of the act as it passed Congress.

Now, I know there are precedents to the effect that where Senate amendments might require the expenditure of money, or might even decrease an appropriation, they are considered as ordinary amendments and can be acted upon in the House; but, Mr. Speaker, I submit that this case is upon a different footing than the precedents which undoubtedly the Speaker has had called to his attention, or which will be brought out, because this takes an entire act, from its title to the signature of the Chief Executive, and transports it into a jurisdiction in which it was not theretofore to be enforced, and which under its terms requires enforcement. It requires the appointment of agents, requires the expenditure of money, and requires the performance of a vast number of different duties which but for this amendment could not be performed in those jurisdictions.

The SPEAKER. It would seem to the Chair that the question is, whether this amendment is not naturally a modification of the bill as it passed the House. It does not seem to the Chair at first blush that it is.

Mr. VOLSTEAD. Mr. Speaker, the national prohibition act is in force in the Virgin Islands and Hawaii, and the only object of this is to confer jurisdiction on the Territorial courts of those Territories.

The SPEAKER. Does the Chair understand that was in the original House bill?

Mr. VOLSTEAD. It was in the original House bill, so the words "national prohibition act" do not add anything.

The SPEAKER. The Chair would be glad to have the gentleman cite the Chair to that portion of the prohibition bill.

Mr. VOLSTEAD. Originally I suppose that it would be applicable to the United States and all the Territories subject to its jurisdiction.

The SPEAKER. If that is so, the Chair does not think it adds anything to it.

Mr. VOLSTEAD. The reason it was left out is that I had the assurance of the Attorney General's office that it would apply to the Territories, so in the draft I did not repeat it.

The SPEAKER. Will the gentleman cite the Chair to the clause of the original act.

Mr. MANN. After all, the Speaker is not called upon to construe these fine points of existing law. What is pending before the Speaker is the Senate amendment which on its face provides for an expenditure of money. The Speaker is not required to make a Supreme Court decision that this amendment means nothing. The gentleman from Minnesota says that the amendment means nothing, that it accomplishes nothing. That is a fine-haired construction. The fact is the amendment is here. The Senate added that amendment and it is pending before the House, and it is no answer to the parliamentary proposition to say that it means nothing, that what it accomplishes has all been accomplished.

The SPEAKER. The Chair thinks that if the gentleman from Minnesota can show that the main purpose is in the original act, then it would seem to the Chair that this would not be any charge upon the Treasury.

Mr. MANN. The Senate amendment on its face puts a charge on the Treasury. Now, the gentleman seeks to get around that by saying that it is already provided by law and that the Senate did not know what they were doing when they added the Senate amendment. It may be that that is true; I don't know. But the Senate amendment is here and the Chair must presume that the Senate amendment is there to accomplish a purpose. The only purpose it can accomplish is to put the additional burden on the Treasury.

The SPEAKER. The Chair would like to have the gentleman from Minnesota cite to the Chair the original act which extends the jurisdiction over the Hawaiian and Virgin Islands.



Mr. CAMPBELL of Kansas. Mr. Speaker, the local courts in Hawaii and in the Virgin Islands are given jurisdiction by this act over the enforcement of the prohibition law.

Mr. WALSH. That is not what the amendment says.

Mr. CAMPBELL of Kansas. That is what it means.

Mr. MANN. That is in the original bill?

Mr. CAMPBELL of Kansas. Yes; and the mention of these islands and Hawaii is only for the purpose of making clear what has been in force in Hawaii and in the Virgin Islands.

The officers there are enforcing the national prohibition act under the original Volstead Act. The question has been raised whether the local courts have jurisdiction, and the Senate amendment is to make that clear. The Senate amendment is simply to make clear the language in the original act. It now applies to all Territories of the United States. The question as to whether or not the Territory and islands mean the same thing.

The SPEAKER. That is what the Chair would like to have the gentleman from Minnesota cite to the Chair in the original act.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent that the House stand in recess five minutes.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that the House stand in recess five minutes. Is there objection?

Mr. WALSH. I object.

Mr. GARRETT of Tennessee. Mr. Speaker, if it is impossible for two-thirds of the House to determine what it is going to do with the proposition, I think we ought to stand in recess for five minutes.

Mr. MANN. It is a good thing once in a while for the House to consider a proposition. The trouble used to be that the Democrats would pass on anything without knowledge or consideration, and we do not do that way. No wonder the gentleman from Tennessee is surprised.

Mr. GARRETT of Tennessee. That, of course, was characteristic of the Republican Party during the days of its power, but it seems to me it is going back to the old method. I ask unanimous consent that the House stand in recess five minutes.

The SPEAKER. The gentleman from Tennessee asks that the House stand in recess five minutes. Is there objection?

Mr. MANN. I object.

The SPEAKER. The gentleman from Massachusetts makes the point of order that the words "and the national prohibition act" being Senate amendment No. 17 in section 3 of the bill under consideration, makes the bill subject to consideration in the Committee of the Whole House on the state of the Union because those words involve an expenditure and a charge upon the Treasury. The gentleman from Minnesota [Mr. VOLSTEAD], as the Chair understands him, rebuts that claim by saying that those words mean nothing because they are already in the law. The Chair has asked the gentleman to submit the phrase in the original law substantiating his position, and the Chair thinks the gentleman should have a reasonable time in which to examine the law to find those words.

Mr. GARRETT of Tennessee. Mr. Speaker, that is what I thought.

Mr. WALSH. But, Mr. Speaker, I make the contention that the words are not in the original law, and the gentleman from Minnesota has now had nearly eight minutes to find them.

Mr. BLANTON. Mr. Speaker, will the Speaker permit a suggestion from me?

The SPEAKER. Certainly.

Mr. BLANTON. Clearly both the Constitution and the Volstead Prohibition Act applied not only to the United States, but to all territory subject to its jurisdiction. I call the attention of the Speaker to the language of the eighteenth amendment to the Constitution, which provides:

SECTION 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

It was not necessary that the Volstead Act specify that it applied to each State, and each Territory, and the District of Columbia, and to the Territory of Hawaii, and to the Virgin Islands, because all of this territory is within the jurisdiction of the United States. The Constitution is the fundamental law of the land, and it prohibits the sale of intoxicating liquor in the United States and all territory subject to the jurisdiction thereof. The Volstead Act undoubtedly covers it.

The SPEAKER. But if it be in the original act there must be somewhere an express provision to that effect.

Mr. BLANTON. There should be an express provision in the act, and if the Chair will just hold the matter in abeyance it may be found.

The SPEAKER. The Chair is trying to give the gentleman reasonable time.

Mr. MANN. Mr. Speaker, while the gentleman from Minnesota is busy examining the law, I call the attention of the Chair to the fact that the language of this bill under consideration is not to make the national prohibition act applicable to the Territories, but to all territory subject to the jurisdiction of the United States. Whether that applies to the Philippine Islands—

Mr. VOLSTEAD. Oh, it does not apply to the Philippine Islands for the reason that there is an express provision in the statute with reference to the Philippine Islands that it shall not apply unless expressly so specified.

Mr. MANN. But here is this statute which says that the national prohibition act shall apply to all territory subject to the jurisdiction of the United States. Clearly that embraces the Philippine Islands, the Isthmus of Panama, the islands of Guam and Tutuila, and all other territory subject to the jurisdiction of the United States. I do not think the original act applies to all those.

Mr. VOLSTEAD. The original act does not apply to the Philippines for the reason that there is an express provision in that statute to the effect that no law shall apply to the Philippine Islands unless it is expressly so provided.

Mr. MANN. A statute passed a year ago stating that no law shall apply does not affect the right of Congress to enact a new law which does apply, and that is what this new proposed act does.

Mr. VOLSTEAD. It must specifically apply to it.

Mr. MANN. It does not have to specifically apply at all. The other act is not an organic act, it is not the Constitution, but is merely an act of Congress, and is on the same footing with this proposed act of Congress. When you say that it applies to all Territories subject to the jurisdiction of the United States, and that is what it does say, you do not have to examine some other act to find out what it means. This is the last act of Congress. Of course, the man who drew the original bill did not know enough to know that.

Mr. VOLSTEAD. Perhaps the gentleman—

Mr. MANN. Oh, I am not referring to the gentleman from Minnesota.

Mr. VOLSTEAD. Well, I approved it myself. The Attorney General has held that it does not apply in the Philippines because of that particular language in the organic act governing the Philippines.

The SPEAKER. Is the gentleman from Minnesota ready to cite the law?

Mr. VOLSTEAD. Mr. Speaker, I have been unable to find the provision in question, but there is no doubt in my mind that it has been so understood in regard to the Hawaiian and the Virgin Islands, and that it has been so held by the Attorney General's department. The constitutional amendment expressly provides that it shall apply to all territory subject to the jurisdiction of the United States. I am not able to find in the act the provision that I felt sure was there, but there is no doubt in my mind that the language in question adds nothing so far as the Philippines and the Virgin Islands are concerned.

The SPEAKER. The Chair is ready to rule. The gentleman from Massachusetts claims that the clause "and the national prohibition act shall apply not only to the United States but to all territory subject to its jurisdiction," being a Senate amendment, extends the operation of the present prohibition law and, therefore, that the bill must be first considered in Committee of the Whole House on the state of the Union and consequently can not be brought up here now. It seems clear to the Chair that extending the operation of the act to all territory subject to the jurisdiction of the United States, if the provision is new, does involve a charge upon the Government, and, therefore, obviously the bill must be first considered in Committee of the Whole House on the state of the Union and, therefore, can not be considered in the House at this time. The gentleman from Minnesota responds that the original prohibition law contains this same provision. The Chair has asked him to cite to the Chair that provision and the gentleman says now that he can not find the provision which he thought was in the original law. Until it is shown that this provision is in the original act, and no evidence of that is now offered, the Chair must sustain the point of order.

Mr. BLANTON. Right there, Mr. Speaker—

The SPEAKER. The Chair has ruled.

#### IMPORTATION OF DYES AND CHEMICALS.

Mr. LONGWORTH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8107, and,



pending that, Mr. Speaker, I am very certain that the gentleman from Texas would agree to a request to limit general debate to one hour, one-half to be controlled by myself and one-half by the gentleman from Texas or the gentleman from Mississippi [Mr. COLLIER].

Mr. COLLIER. How much time does the gentleman wish to give?

Mr. LONGWORTH. One-half hour to each side.

Mr. GARNER. I have not had any request for time on this side of the House to discuss the matter, but I do not know what might develop in the course of the consideration of the bill. What time does the gentleman suggest?

Mr. LONGWORTH. So far as I am concerned I have only one request to discuss the bill.

Mr. GARNER. I will say to the gentleman that the gentleman from Wisconsin did say he would like to have a little time to discuss the bill in case the emergency arose, and I told him that I would try to give it to him.

Mr. LONGWORTH. Then I would ask that the general debate proceed for not to exceed one hour, or a shorter time if necessary, one-half to be controlled by the gentleman from Texas [Mr. GARNER] and one-half by myself.

The SPEAKER. The gentleman from Ohio asks unanimous consent that general debate be for one hour, one-half to be controlled by himself and one-half by the gentleman from Texas. Is there objection? [After a pause.] The Chair hears none. The question is on the motion to go into the Committee of the Whole House on the state of the Union.

The motion was agreed to; accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8107, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8107, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 8107) to control importations of dyes and chemicals. *Be it enacted, etc.,* That subdivision (a) of section 501 of the dye and chemical control act, approved May 27, 1921, is amended by striking out the words "three months" and inserting in lieu thereof the words "ten months."

SEC. 2. That all furniture, file cases, typewriters, and other office appliances in use by the War Trade Section of the Department of State on May 28, 1921, shall be transferred to and become the property of the Treasury Department.

SEC. 3. That the appropriation "Collecting the revenue from customs, 1922," is hereby made available for the payment of salaries and all other expenditures incident to the operation of the Dye and Chemical Section, Division of Customs, Treasury Department, for the fiscal year ending June 30, 1922.

Mr. WALSH. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. WALSH. I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WALSH. That section 3 of this bill constitutes an appropriation.

Mr. LONGWORTH. Mr. Chairman—

The CHAIRMAN. The Chair will hear the gentleman from Ohio.

Mr. LONGWORTH. Mr. Chairman, it is my contention that this does not constitute an appropriation. There is now in existence an appropriation heretofore made for the payment of expenses for collecting revenues from customs. This merely makes a portion of that existing appropriation available for paying such officers as may be employed in the enforcement of this particular provision. It does not constitute the taking of any money from the Treasury. It merely changes or adds to the purposes for which the appropriation has been made. It is legislation simply and not an appropriation. I might call the attention of the Chair to a ruling made by the present occupant of the Chair. On May 23, 1921—this is on page 1656 of the CONGRESSIONAL RECORD—an amendment was offered providing as follows:

Coast Guard: Not to exceed \$20,000 of the amount appropriated for the fiscal year 1921 under the subhead "Rations" is transferred and made available for expenditure during the fiscal year under the subhead "Contingent expenses."

The present occupant of the chair ruled that that was legislation and not an appropriation. The Chair's decision is on page 1656, in which he says:

The Chair thinks the item of \$20,000 could be carried in this bill as a deficiency for the purpose for which \$20,000 is carried in this item. The difference is that it is carried from one purpose to another in this deficiency bill, and the Chair is inclined to think the Committee on Appropriations, having control over these funds, has authority in this deficiency bill to carry the amount from one item to another as proposed by this item.

This is merely a divergence of funds from one particular service to another. It in no way affects the amount of the appropriation and in no way actually appropriates money from the Treasury.

Mr. WALSH. Mr. Chairman, the instance which the gentleman from Ohio has cited is one in which the present occupant of the chair participated by ruling when a deficiency bill was before the House, but it is a different matter when you transfer one appropriation in an appropriation bill when it is under consideration and when you have a bill of this sort; but the Chair will recall the two recent instances which were passed upon by the House, the pink bollworm resolution, where a point of order was made to an appropriation making a portion of the appropriation for the eradication of the pink bollworm available for reimbursing the States, that the point of order was sustained, and previously a point of order was held against a measure—I think some Indian legislative bill—making appropriations heretofore made available for some other purpose for which the funds were not available. It is upon all fours with those cases. If we are going to have that clause of Rule XXI, I submit it ought to be strictly adhered to. It is the best way to get this rule corrected and put in proper shape.

Mr. GARNER. Mr. Chairman, this case is undoubtedly on all fours with the pink bollworm proposition. In that instance there was an appropriation of \$545,000 appropriated for the eradication of the pink bollworm. The Committee on Agriculture reported a provision authorizing a divergence of \$200,000 of that amount for a purpose not originally enumerated in the law, to wit, to pay for the use of land in the eradication of the pink bollworm. Now, the appropriation is already made, but this bill proposes to divert it for another purpose and I do not think there is any doubt but under the logic of the Chair at the time, who held that the divergence of an appropriation already made was tantamount to making a new appropriation, that the point of order in this case is good because this does divert for another purpose than the appropriation already made.

Let us illustrate it, if the Chair please. Suppose you make an appropriation of \$10,000 for a purpose which would take only \$5,000. Then \$5,000 will be reverted to the Treasury. Now, it is contended that another committee other than the Appropriation Committee has authority to come in and divert the other \$5,000 for some other particular purpose. I think the logic of the Chair at the time he held the pink bollworm diversion was not authorized under the rules of the House was good, and if it was, undoubtedly this is on all fours with it.

Mr. LONGWORTH. Let me say simply this, that I doubt whether the case already cited by the gentleman from Texas [Mr. GARNER] and the gentleman from Massachusetts [Mr. WALSH] is exactly on all fours. The Fordney Emergency Tariff Act transferred to the Treasury Department the employees of the State Department, which had hitherto carried the general functions of regulating these importations. They are now in the Treasury Department and they are employed in collecting under the division of customs in that department. There is an appropriation heretofore made for paying the salaries of employees under the customs division of the Treasury Department. These particular officials are in that division, and therefore it is not a new appropriation, but merely a diversion of service within the particular departments specified. It is not, as in the case of the bollworm, a transfer for an entirely different object.

Mr. SEARS. Mr. Chairman, I make the further point of order on section 2 that the Ways and Means Committee does not have authority to transfer typewriters, furniture, file cases, and other office appliances from the State Department to the Treasury Department. That properly comes from the Committee on Interstate and Foreign Commerce.

Mr. LONGWORTH. Mr. Chairman, I make the point of order that the other point of order should first be determined. The gentleman from Florida was making a point of order as to section 2. I think the Chair should first determine the question as to section 1.

The CHAIRMAN. The Chair will rule.

Section 3 of the bill reported by the Ways and Means Committee provides that the appropriation for collecting the revenue from customs for 1922 "is hereby made available for the payment of salaries and all other expenditures incident to the operation of the dye and chemical section, division of customs, Treasury Department, for the fiscal year ending June 30, 1922." To that section the gentleman from Massachusetts [Mr. WALSH] makes the point of order that it carries an appropriation reported by the Committee on Ways and Means, and that under the rules of the House that committee has no jurisdiction over appropriations. Clause 5 of Rule XXII prohibits any



other than the Committee on Appropriations from bringing in or making appropriations.

The Speaker a few days ago sustained a point of order in the bollworm case in which it was sought to make an appropriation already made, already available in the Department of Agriculture, available for a new purpose by the Secretary of Agriculture. The point of order was made that that could not be done in a bill reported by the Committee on Agriculture, and the Speaker sustained the point of order. The gentleman from Ohio [Mr. LONGWORTH] cites a decision made by the present occupant of the chair on the 23d of May of this year. That was an entirely different proposition. In that case an appropriation available for rations was transferred in a deficiency appropriation bill and reported by the appropriating committee to another purpose, and the Chair held that that transfer could be made. The committee reporting the deficiency appropriation bill, having full jurisdiction, could have reported an original appropriation for the purpose for which the transfer was made. And in that case the Chair overruled the point of order. In this case it seems clear to the Chair that section 3 is an infringement on the jurisdiction of the Committee on Appropriations, and therefore sustains the point of order.

Mr. FREAR. Mr. Chairman, a few words of comment may be proper as to the resolution before us. I am not opposing any effort to give just protection to American dye interests or woolen, cotton, or any other industries that require protection to compete in business, and for that reason the pending resolution continuing the control of the War Trade Board is extended only until the Fordney tariff bill, now before Congress, becomes law. That bill carries protection of 35 per cent based on American valuation and a 7-cent specific duty per pound, or nearly three times 1916 rates then agreed upon by the dye people. Any higher rates may be oppressive, and I doubt if justification can be found on some items covered by these dye duties contained in the tariff bill now before the Senate. A proposal to add to these duties if an embargo is defeated may result in an indirect embargo as objectionable in character as the one specifically defeated in the House. That should be avoided, but it is proper to protect the dye interests the same as every other interest covered by the emergency tariff law, and this resolution does that.

Let me briefly repeat that an American dye business of small importance before the war has grown through a war embargo that kept out all competition to become a great industry interrelated with other businesses, with practically unlimited capital and with an unending supply of coal-tar products for raw material. Two companies, with total assets of over \$560,000,000, are engaged in manufacturing dyes and other chemicals. A hundred other companies have large investments in dyes, so the assets are practically without limit. Many companies are members of the Chemical Foundation Co., a general dye monopoly agency that secured possession of 4,500 alien patents during the war for a song. All talk of this company being a philanthropic institution is moonshine, because it is simply a holding company for its members, who make unlimited profits and then attempt, sanctimoniously, to distract attention from their big grab by saying the foundation company is educational and its profits limited. The extortionate profits are made by the agency's principal, standing in the background. A threatened suit against the Government for several hundred thousand dollars is evidence of its motives.

A MONOPOLY THAT EXPORTED 40 PER CENT OF ITS TOTAL PRODUCTS IN 1920.

Leaving out of consideration the bad record of the Chemical Foundation Co. and of the Dyes Industries, that look after dye lobbying and other incidentals, it appears that last year in 1920 the American dye monopoly produced \$95,000,000 of dyestuffs, about 40 per cent of which, or about \$35,000,000, was exported. Prices charged to the American consumer by these companies that enjoy an undisturbed monopoly of American trade were from four to ten times the cost, on the average, of many dye prices prior to the war.

Profiteering without limit was the rule, and every large company has refused to make any statement of its actual costs, while some of these dye companies, I am informed by letter, pay their dye company presidents \$75,000 a year, or ten times the salary of a Member of Congress. In England such salaries, I am informed, are limited to \$5,000, or less than 7 per cent of the American salary standard. These American companies now demand a continued embargo with unlimited profits from Congress.

While \$95,000,000 worth of dyes were manufactured here in 1920 and \$35,000,000 of American dyes were then exported, all the dyes imported from Germany in 1920 reached \$335,000 in value, or less than 1 per cent of the dyes exported to other

countries by an American dye monopoly that grips the home market and squeezes American consumers while reaching out for world markets. If there is any greater hypocrisy or public fraud in existence than this American dye monopoly, it should be pointed out to a long-suffering public.

A MONOPOLY THAT COMPETES IN THE WORLD'S MARKETS.

Even President du Pont, of one of the dye companies, said 18 months ago in Senate hearings that in dye manufacturing he could meet the world in six months. Over a year ago he verified his prediction, and with a \$280,000,000 company he is now at the head of one of the greatest dye industries of the world.

In October, 1920, the Department of Commerce declared:

Germany will never again regain its lost supremacy in the world trade in dyestuffs. \* \* \* Germany, it is now conceded, will not be the strenuous competitor she was formerly in the world trade.

That statement, based on official data, has never been challenged. In the face of that official declaration that Germany can not compete here and can not even be a strenuous competitor with American dye producers in the world trade; in the face of a declaration by America's greatest dye manufacturer a year and a half ago and since the war that within six months American producers would meet Germany on more than even terms, and we are faced by a refusal of all dye companies to show their books; in the face of a disclosure that America exported over one hundred times as much as we received from Germany last year, or \$35,000,000, in dyestuffs; in the face of official statements put in the Senate hearings that America need never depend on private dye companies for chemical aid in case of war, with the \$100,000 lobby record when securing passage of the 1919 bill; in the face of all this and of the scandalous, ill-smelling record of the Chemical Foundation Co. and the Dye Industries Co., two irresponsible corporate agencies of the dye monopoly, what shall be said of letters sent by two Cabinet officers last week to the Senate Finance Committee simultaneously demanding that the dye embargo be extended without limit in the name of public defense?

Official reports issued from the War Department officials are to the contrary and to the effect that this Government will be ready to meet all its needs for chemical warfare now or in the future without depending on private aid. But where and when is war to be waged by the United States that we should coddle these great creatures of monopoly? How can this Nation save its face with the world by pleading for world disarmament on one hand and demanding an embargo on dyes with which to smother undeveloped enemies on the other—extending the grasp of international friendship while the left hand grips a weapon that is diabolical in its effect and proclaims to the world our complete surrender to uncivilized warfare? That is the appeal made to the American Congress by two distinguished Cabinet officers.

I do not care to review evidence submitted on which the House emphatically defeated any dye embargo, nor do I care to comment on the tremendous power of a dye lobby that even now swarms through the Capitol corridors and not long ago carried to the doors of the Foreign Affairs Committee its demand for validation of the fraudulent Chemical Foundation Co. contract, a contract that violated all principles of law, Federal or international. These are matters of official record, but I do contend that the shifting, flag-waving, dye monopoly, which has robbed the American people of many millions of dollars annually, shall no longer hold its tight grip on the country.

WE UNDERTAKE TO RESTORE CONSTITUTIONAL GOVERNMENT (PARTY PLATFORM).

The dye embargo measure is being fought before the Senate committee now, and every influence has been brought to bear by the dye interests that can be persuaded to enlist in their last stand. Even distinguished members of the Cabinet, as stated, have advised the Senate committee just what to do in the matter. The legislative methods of the dye lobby have been questioned, and efforts to enlist administrative support in trying to influence legislation after positive House action are an unwarranted intrusion into the legislative field that logically seeks to destroy the independence of judgment assured Congress under the Constitution.

I have listened to many of my Republican colleagues who unsparingly denounced Executive and administrative interference in legislative matters by the past administration. I have voiced my own protest in the past in this same place against usurpation of power by a former Executive. I believed then I was right, and since last election I have believed the overwhelming verdict of the country was largely based on opposition to such interference with legislation and with legislators who could not easily withstand official pressure.

May I diverge from the dye subject for a moment to offer a reminder of the not far-distant past? During the war usurpa-



tion of legislative control by President Wilson was declared by those on this side of the aisle to be insistent and growing. He assumed to administer the Executive rawhide to recalcitrant statesmen and denounced opponents of his legislative program in another body as the "willful twelve who represented nobody's opinions but their own." The lash was sharply applied to these twelve apostles of a constitutional right to express their judgment on matters of statecraft. It smarted when a thoughtless, sensational press, like chuckling schoolboys looking for favor from the teacher, joined in excoriating men who had been selected by twelve great Commonwealths of the country to speak for such States in the highest legislative body in the world.

#### INDEPENDENCE OF THE SENATE.

Within two years after that day the Senate selected as its own presiding officer one of the willful twelve to preside over its own deliberations, while to-day a waiting public learns from the tombs how a brilliant intellectual, with the premiership of the United States in his grasp and with world leadership before him, struck from his visiting list his closest friends, and through unbridled ambition lost all for the bubble reputation. Passed on the street to-day, with all his honors and ability, he commands only sympathy. The present Executive is not exclusive. On the contrary, he is intensely human, and will not make the mistake of isolation charged to his predecessor. Whatever mistakes of any character—and mistakes may be made—they are more likely to come from poor advice from trusted friends. President Harding has himself denounced Executive interference and may be depended upon not to countenance interference in legislation by subordinate members of his official family.

Efforts to distort meaning of my letter of protest against official pressure by two Cabinet members do not require any apology or explanation. I do not, and have not, questioned the motives or purpose of any such opposition coming from these distinguished men any more than I would question that of my colleagues who yielded to what they believed to be convincing arguments in favor of an embargo. I have protested against the implied direction of these officials on grounds stated.

In like manner statement of failure by the Department of Justice for over three weeks to acknowledge my letter asking that proceedings be begun to set aside the Chemical Foundation Co. contract is a statement that can not fairly be misconstrued. Failure to answer a proper courteous letter speaks for itself, but whatever action may be taken I assume will be based on its judgment of the merits of the case. No improper influence was suggested from refusal to act, but efforts by its organizers to prove the Chemical Foundation Co. is a philanthropic organization and that criticism of its purposes are unfounded are constantly urged on the public. Its influence is large and its attempt to prevent surrendering many million dollars of alien property seized will not fail at any step of the proceedings. I do not discount that influence and am content to place the matter before the Congress and the country, leaving responsibility for action with the duly authorized officials.

#### A BRIEF STATEMENT OF THE CHEMICAL FOUNDATION CASE.

I have presented a case wherein Government officials in positions of authority, months after the armistice, seized 4,500 alien patents, estimated at values upward of \$10,000,000, and thereafter at private sale without competition confiscated or took title to themselves in the name of the Chemical Foundation Co., turning over to the Government \$250,000 as an equivalent for the patents. I have set forth their own admissions to that effect taken from official hearings. In efforts to validate their fraudulent contract, I have alleged and offer to prove that the said company sought to secure from the Foreign Affairs Committee of the House a validation of Alien Property Custodian sales, some of which smell to heaven, and that this effort was attempted by parties who were then advertised as Chemical Foundation Co. officials. I have alleged what I believe is a fact, that this Chemical Foundation Co. has threatened suit against the Government to recover license fees paid on the patents before the pretended sale, and that the sum sought to be recovered from the Government is for more than the original amount turned in on the pretended sale.

Matters of international law involved by the seizure and confiscation for private purposes long after the armistice also enter into the proceedings, but the charge that the sale was fraudulent and knowingly entered into by ex-Government officials having control of the properties seized and sold is again reiterated. The record has been presented to the House and to the proper Government prosecuting officer.

I believe that the exceptional care and duty placed upon a trustee in charge of property has been flagrantly violated by men who were placed in governmental positions of exceptional

responsibility in the Alien Property Custodian's office, and that apart from the legal aspect of the case justice demands that full restitution be made to the Government with such further proceedings as may be warranted.

This in part is only one angle of the dye monopoly embargo, but to my mind it is a matter that calls for action. It is the cause of extraordinary dye lobby activities and of the exercise of official influence past and present which surrounds dye legislative methods that spent \$100,000 in passing a recent dye bill through the House, and is a public disgrace that can only be wiped out by vigorous legal prosecutions.

#### THE DYE EMBARGO IN THE HOUSE.

Mr. Chairman, a word in conclusion may not be amiss. The defeat of a dye embargo in the House is of more significance than may appear on the surface, although it paved the way for defeat of a bad measure in both branches of Congress.

Standing by itself the dye embargo was of little importance compared with other large legislative questions, excepting that it involved a matter of principle through cringing submission by the American Congress to a notoriously selfish monopoly. That monopoly demanded a continued war-time strangle hold on the textile industries of the country and of far more consequence a fastened grip on the throats of the American people. It was open surrender to a powerful mushroom dye syndicate that paved the way to similar vicious legislation when demanded by other interests.

The House vote of 402 cast on July 21 was nearly a record vote and reaches about 95 per cent of the actual total membership. The recorded vote was 209 to 193, or 16 majority against an embargo. I have been informed that a majority of 25 or more was assured if needed on that same vote. Of the majority votes cast, 113 were Democrats and 96 were Republicans, who voted without direction and were nearly evenly divided. Practically all the Republican Party "leaders" passed through the tellers in favor of a dye embargo, or were so recorded later. They led a strong minority to defeat. Leadership may be a fair explanation for two-thirds of the vote cast for the dye embargo. Remembering the unprecedented action of Cabinet officers who have urged passage of an embargo and of House leaders we may well marvel at the situation and ask what influence directed that vote and why? Leadership that does not lead right may well be challenged, and when that leadership somersaulted within 18 months on its official record in the House on a dye embargo and then asked Republicans of the House to follow like a flock of sheep, the climax was reached.

#### WHAT IS PUBLIC SENTIMENT ON THE DYE MONOPOLY?

We are elected as officials to reflect the sentiment of the people we represent. What is that sentiment? Is it for the dye monopoly? Is it to continue the strangle hold of un-American embargo? Is it for a bunch of men who, under the hypocritical cloak of a foundation sold to themselves at a comparative song millions of dollars worth of property while parading as patriotic Government officials; men who are now threatening suit against that same Government to-day in an effort to recover more loot and who have striven to reach the inner sanctum of a great committee on the peace resolution in order to give standing to their fraudulent contract?

What is the sentiment of the country, of the people we represent, on that subject to-day? I quote from probably the greatest commercial authority in the country, the New York Journal of Commerce, in order to give the viewpoint of business men on the embargo proposition. Next, I will quote from presumably the greatest regular Democratic journal of the country, the New York World, on the same embargo scheme. Next, I will quote from the greatest independent Democratic journals of the country that editorially exert a powerful influence on public sentiment because of their eminently strong writers and that publish papers reaching over 2,000,000 people daily, while last but not least in influence I will quote from the Economist, the voice of the American Protective Tariff League, that for nearly two years has fought this iniquitous embargo, for the reason that it violates every principle of protection and would surrender the people to the hard grip of a recognized monopoly.

No better expression of the sentiment of the country need be asked than from these journals, all of recognized great influence in their respective fields of service. Many others could be quoted to the same effect, while only one or two Pecksniffian monopoly mouthpieces of mud-slinging tendencies will be found to the contrary. Of little influence in their old home town, and of less influence in Congress, they have none at all, and do not speak or know the sentiment of the country. Their position is always evidence of what not to do, whereas the journals I have named, second to none in the country, and from which I



briefly quote, are known to carry a circulation of many millions every week and to express fairly accurately the trend of public sentiment:

[Editorial from Journal of Commerce, New York City, Aug. 9, 1921.]  
PUSH THE DYE PROBE.

The charges brought by Representative FREAR, of the Ways and Means Committee, against the Chemical Foundation Co. should be probed to the bottom without delay for the justification of those accused and to satisfy a skeptical public opinion.

The country needs a well-established chemical industry for national defense; it is willing that reasonable consideration should be given its builders in view of their vast outlays during the war; it is also willing that a moderate protective tariff should be allowed to American dye makers to meet foreign competition, if necessary. But there are many dyes which can not be made in this country, and American buyers should be free to secure these wherever they can. Any attempt to form a dye monopoly, backed by tariff or embargo, would be an imposition upon the public and should be defeated. If legislative favors of monopolistic nature are to be given to the dye industry, other supplicants can ask for like favors. Nothing would do more to revive the tariff scandals of previous administrations than to grant unnecessary favors to any giant industries which ought to be able to stand on their own feet. Anticapitalists and radicals of all sorts could find no better argument for reviving their old attacks than a reactionary step in the direction of tariff monopoly. Surely the lessons of the past have not been forgotten. Parties and policies have been ruined more than once by unwise tariff legislation.

[Editorial from the New York World, New York City, Aug. 9, 1921.]  
CLOAK-ROOM GOVERNMENT.

If it is true, as Representative FREAR charges, that there is a dye monopoly in the United States and that this monopoly has gone so far in its efforts to influence legislation that it has approached three Cabinet officers with favorable results, the country would like to see an inquiry into the industry with especial reference to its activities in the lobbies. The dye interests, having bought the seized German patents from the Alien Property Custodian at a price which seems ridiculously out of proportion to their value, now ask of Congress, with the written approval of Secretaries Denby and Weeks, not of merely a high tariff on imported dyes but an absolute embargo.

"No invisible government has ever shown more brazen effrontery," says Mr. FREAR, "than this dye monopoly." Judging by the results so far obtained, the statement is probably correct. Because of the immense importance of chemical products in time of war, the corporations in possession of the German patents should be allowed to develop without the slightest risk of competition from abroad, according to the Secretaries of War and the Navy. But there are few products which are not essential in time of war. If Congress is to regard industry as a preparation for war, there might as well be an embargo on steel, copper, rubber, cotton, and everything else. The argument is laughable.

What has happened to the report, accepted some few weeks ago by the Judiciary Committee of the Senate, authorizing a subcommittee of that body to look into charges that the dye manufacturers had organized as a monopoly and that they had "employed agents, attorneys, and lobbyists to influence Congress in behalf of special legislation in the interest of such monopoly"? Where is this subcommittee and what has it done?

[Editorial page of the New York, Chicago, Boston, Washington, and San Francisco Hearst papers.]

THE TRUTH ABOUT THE DYE TRUST—IT DIDN'T GET THE EMBARGO IT DEMANDED.

(Copyright, 1921, Star Co.)

The Dye Trust got its tariff, and that is all right. But the Dye Trust didn't get the embargo it wanted. And that is all right, too. The Dye Trust will be right back in Washington, lobbying for reconsideration, and it must be watched every minute.

The basis of the Dye Trust is the Chemical Foundation. The Chemical Foundation is one of those organizations which used the camouflage of excessive patriotism to shield its operations for profit. To begin with, the assets of the Chemical Foundation were 4,500 patents and several hundred trade-marks seized by the Alien Property Custodian. The Alien Property Custodian handed the valuable German property over to a corporation, which consisted of his assistant and subsequent successor, Francis A. Garvan, as president, and five members of the sales committee of the custodian's department—George L. Ingraham, Otto T. Bannard, Cleveland H. Dodge, B. Howell Criswold, Jr., and Ralph Stone.

As the advisory sales committee, these gentlemen led the Alien Property Custodian to sell the chemical patents to themselves and to Mr. Garvan, then assistant custodian. Acting upon this unselfish and patriotic advice, the Alien Property Custodian patriotically sold the patents and trade-marks to his advisers for \$250,000, though they were worth many times that.

Having thus patriotically obtained the goods, the patriotic organizers, who had incorporated under a Delaware charter—Delaware permitting incorporators to do anything to stock issues short of murder—proceeded to put out \$400,000 of preferred stock, patriotically keeping the voting power in the common stock and imposing this in a voting trust, consisting of the five patriotic sales advisers who had recommended the sale of the patents to themselves and Mr. Francis A. Garvan.

The Chemical Foundation now has the impudence to ask Congress to put an embargo on all dyes and make the Dye Trust an absolute monopoly—on the ground of patriotic duty!

The Dye Trust's arguments are as suspicious as its patriotism. In one breath it claims that the whole business of dyes is less than \$25,000,000 annually, so a monopoly couldn't hurt much, and in the next breath claims that the dye business is the master key to \$2,000,000,000 worth of business, so that if Germans are permitted to sell dyes in our markets they can either compel the payment of enormous profits or else choke our industries to death. To this they add that unless the Dye Trust is given an absolute monopoly of the dye business its members will lose \$450,000,000 investment.

The Dye Trust should send its mathematicians to the cobbler shop. Their arithmetic is full of holes and needs half-soling, at least.

We congratulate Representative FREAR and the other Members who knocked the dye embargo out of the House tariff schedules. The time has come to put an end to these schemes of exploitation, cloaked in the garb of and disgracing the name of 100 per cent Americanism.

[Editorial from the American Economist, July 29.]

THE DEFEAT OF THE DYE EMBARGO.

The American Economist is much pleased at the defeat in the House of Representatives of the embargo on dyes and other chemicals derived from coal tar, as proposed by Representative LONGWORTH. There is no good reason why this one industry should be singled out to be the recipient of especial advantages not accorded to other and more important industries. It is entitled to adequate tariff protection, as are all domestic competitive industries, but it is not entitled to a monopoly, nor is any other industry. An embargo would lead to price-fixing and to profiteering. That this is true is shown by the fact that such has been the result of the war embargo on chemicals and dyes.

One of our great grounds for objection to embargo has been the fact that it would destroy the protective tariff system to the great detriment of our chemical and industrial supremacy. Instead of placing domestic industry on a fairly competitive basis with foreign industry, it would destroy all foreign competition and lead to a riot of profiteering. Adequate protection does not lead to profiteering; embargo inevitably does.

To Representative JAMES A. FREAR, of Wisconsin, we extend our hearty congratulations for the masterly way in which he led the opposition to the embargo system to decisive victory. We also congratulate the Republicans and Democrats who so manfully stood against such odds and voted in the interests of their constituents, rather than in the interest of a profiteering trust. Like the Good Shepherd in the parable, we weep over the lost sheep among the Republicans who have wandered afar on the "mountains wild and bare," and we shall earnestly seek to have them returned in safety to the protectionist fold, so that they may not be destroyed by that ravening wolf, Monopoly, parading in sheep's clothing, Embargo, further disguised as patriotism.

The following letter was sent with accompanying testimony to the Department of Justice, with request that prosecution be had against the Chemical Foundation Co. to set aside its \$250,000 sale by Government officials to themselves:

WASHINGTON, D. C., July 18, 1921.

HON. HARRY M. DAUGHERTY,  
Attorney General, Department of Justice,

Washington, D. C.

MY DEAR GENERAL: Herewith please find House Resolution No. 148, also extract from testimony taken from hearings on H. R. 2706, Ways and Means Committee, June 18 to July 18, 1919, and on H. R. 8078, Senate Finance Committee, December 8, 1919, to January 12, 1920.

The resolution sets forth specifically that Francis P. Garvan, Joseph Choate, Jr. (and Ramsey Hogue), were employed by the United States Government as officials in the Bureau of Investigation, office of the Alien Property Custodian, in charge of alien patents. That several months after signing of the armistice and about February or March, 1919, they negotiated a sale by the Government and prepared necessary documents for a conveyance to themselves and their associates at private sale and at a nominal purchase price of 4,500 alien chemical patents. The pretended sale was made to the Chemical Foundation Co., a private company, of which they were organizers and principal officers, and was made without notice to the public, without any competition, and for a consideration of \$250,000, although reputable men declare two of the 4,500 patents were worth \$10,000,000, and the others, though of less value, would add to that total.

Reference is made to original public documents for additional evidence regarding the chemical company, of which company Mr. Garvan was president while serving as Alien Property Custodian. After the sale and as such public officer by public acts he confirmed the sale previously made to him and his associates when they were in charge of the Bureau of Investigation and while he and they were substantially in control of such property. Extracts of testimony herewith disclose the public position of the parties and activities when negotiating the sale on the part of the Government to themselves. Absence of substantial consideration will be furnished by reputable witnesses. A refusal of Alien Property Custodian Garvan to file any report of his administration as such officer while at the same time he was and now is president of the private Chemical Foundation Co. will give an understanding of methods pursued.

Attempted justification of the sale is offered by saying that the alien patents are held by this private company for the benefit of stockholders in dye companies who are privileged to use such patents on payment of royalties or licenses at prices fixed by the chemical company. Though no part of the resolution, I am informed that this private chemical company has threatened suit against the Government for royalties claimed to have been paid the Government before such pretended sale of patents was made, thereby indicating its general purposes and character. I have charged in the resolution that the pretended sale was fraudulent and simply amounted to a seizure of such alien patents by such public officers and holding of the property to their own private use. That conclusion is inevitable from the testimony.

A violation of a well-known principle of international law occurred when these alien patents belonging to private parties were seized long after the armistice was signed, not as a war measure nor for protection or aid of the Government, but seized for use of a private company by public officers who secured the transfer and possession to themselves for private purposes as stated. The legal responsibility of the Government to the real owners of the patents presumably extends to a return of the patents, or, in any event, their equivalent value. Apart from the violation of principles of international law here involved occurs responsibility by the Government for alien property taken over by these public officials to themselves in a private capacity at a private sale practically without consideration.

The Chemical Co., I am informed, in order to foreclose the Government's right of recovery, recently sought through its officers to have inserted in the peace resolution a provision validating all sales by the Alien Property Custodian, which effort failed through the watchfulness of committee members. It is represented that the Chemical Foundation, through its stockholders, represents a majority of the chemical interests of the country, and by its absolute control of patents and royalties the public is without protection from its exactions. Its power rests with the patents fraudulently acquired, and if the sale is set aside the other question largely will be settled by action. Probability of securing an early expression from the House on the resolution seems doubtful because of proposed recess, and it was offered only to secure added support for your action in the matter.

Your public announcement that your department would vigorously prosecute fraudulent sales made during or since the war has been hailed by the country as a vindication of its judgment last November. As a



member of the House investigating committee, I aided in securing evidence which I believe warrants prosecutions and recoveries by the Government in different cases disclosed, but in all the thousands of pages of testimony taken by the House committee I know of no case that presents such a flagrant violation of official duties by men who served on both sides of a contract. From their own undisputed testimony these men violated not alone ethics of public trust and confidence but acted in defiance of well-established principles of law, and also of international law, that directly affects the good name of our Government with all other nations of the world.

The great power and influence of the chemical monopoly will be thrown against any effort to compel restitution to the Government of many millions of dollars in property, for which the stockholders paid only 2 per cent value, and this same power which sought to force validation by Congress of this sale, and spent over \$100,000 for lobbying in order to secure dye legislation, will attempt to reach administrative as well as legislative action.

The public complains over punishment of "little fellows," and those skeptical of motives often question prosecutions that may serve political ends, but the case presented by the resolution is bipartisan in character; it challenges the confidence of the people in the integrity of public officials; and it affects prominent ex-officials who set an example of public irresponsibility before their subordinates and before the country.

Any information I may have is at your command, and I trust you will do all in your power to vindicate the law and to right the wrong that in its attempts to validate and "cover up" has reached even to the doors of legislative halls. Such efforts to foreclose the Government's right to inquire and to prosecute are as vicious and "indefensible" in character as was the original fraudulent sale.

Very sincerely, yours,

JAMES A. FREAR.

This letter written July 18 and received the next day by the Department of Justice has not been acknowledged nor has any further information been asked by that department from the one offering to furnish any needed data.

The following letter carries its own tale of protest against administrative interference with a plain legislative proposal now pending in Congress:

WASHINGTON, D. C., August 6, 1921.

Senator BOIES PENROSE,

Chairman Committee on Finance,

United States Senate, Washington, D. C.

MY DEAR SENATOR: To-day's press states that dye interests now seeking to secure a three-year dye embargo from your committee have persuaded Secretary of War Weeks and Secretary of Navy Denby to write your committee urging continuance of the war dye embargo for an indefinite period, in order that this country may be provided with chemicals in case of war. If correctly reported, this preposterous claim is only another evidence of the enormous power of the dye monopoly headed by the Chemical Foundation Co., which has already sought to exercise its influence on three Cabinet members, including Attorney General Daugherty, who thus far has failed to acknowledge or act on my letter to him of July 18, copy of which is hereto attached. No invisible government has ever shown more brazen effrontery than this dye monopoly, which was driven to cover in the House on July 21 by a vote of 209 to 193, including in the majority vote 96 Republicans and 113 Democrats. I am sure a much larger majority would have been recorded had the vote been needed, and I do not believe any dye embargo proposal can pass the House, whatever action may be taken elsewhere.

We may well be concerned over the power of these dye interests that reach to three Cabinet officers in their effort to perpetuate their present exclusive power in this country. Not one line of evidence in all the hearings, I am informed, suggests that this Government depended upon or received aid from any dye establishment in the country during the recent war, and the argument that we should preserve this half billion domestic dye monopoly, with its excessive prices and enormous power because of approaching war and through need of private protection, is both preposterous and ridiculous. Secretaries Weeks and Denby are reported by the press to have written your committee simultaneously that the dye embargo should be continued for that reason. If so, they certainly had little information on which to base such statements, and caution is thrown to the winds when dye interests bring these two letters to your committee on the same day to influence committee action. I have no fears of their influence, either on your committee or on the body you represent, but I do express concern over any power that can secure such letters from such high sources, and more important that apparently has endeavored to smother efforts made to have the Government bring legal proceedings in order to set aside the Chemical Foundation Co. sale. Failure for practically three weeks to receive any reply from the Attorney General is an unusual oversight by the department that represents the Congress as well as the administration, and it is impossible to believe failure to acknowledge receipt of an official courteous letter was due to an oversight.

In my letter to Attorney General Daugherty, as you will note from the attached copy, I have stated that Francis P. Garvan and Joseph Choate, Jr., while employed by the Government in the Alien Property Custodian's office in positions of control, conceived the idea of seizing alien patents then on file in the Patent Office and taking them over to themselves and their associates in a private capacity under the name of the Chemical Foundation Co., a Delaware corporation. They did this several months after the armistice was signed and seized some 4,500 patents, worth \$10,000,000 or more, taken over at "private sale" for \$250,000 or about 2 per cent of the actual value of such patents.

A copy of the testimony taken at congressional hearings attached hereto contains undisputed admissions of this fact by the parties who negotiated the sale to themselves. Thereafter I am informed and evidence will be produced, if need be, that they sought to validate this fraudulent sale by having a general provision in the Versailles treaty and after rejection of the treaty by the Senate, these same interests, acting through a prominent official of the present administration, who was advertised as vice president of the Chemical Foundation Co., again sought to secure validation of such contracts by insertion in the peace resolution recently passed by Congress. This effort was defeated by members of the Foreign Affairs Committee, as set forth in letter to Mr. Daugherty hereto attached.

I do not speak of the international aspect of seizing such patents long after the war was closed, because that is a matter which carries

its own argument, but the astounding proposition of covering up this alleged sale made by these public officials to themselves while apparently representing the Government is now further emphasized by threats from the Chemical Foundation Co. to sue the Government for a large amount of money, reputed to reach a half million dollars or more, in an effort to secure license payments made to the Government before the alleged sale.

The character of this dye embargo effort that put through the House last session a bill drawn by Mr. Choate, according to information in my possession, and paid \$100,000 in lobby fees suggests what power lies behind these interests which obtains indorsements from high administrative officers, and apparently prevents action upon the facts stated. The dye embargo can not be put through Congress, in my judgment, but these interests should be called to account and the fraudulent contract set aside in order to protect the Government's interests, and I ask your cooperation in trying to secure prosecution on such charges as are contained in my letter to Mr. Daugherty.

I am sending copies of this letter to the President and to others who would seem to speak with authority on matters herein set forth.

Very sincerely,

JAMES A. FREAR.

Mr. Chairman, as a concluding word of commendation of opposition by 209 Members of Congress to a dye embargo during times of peace, I offer one of the letters received this day typical of hundreds that have come expressing opposition to the same dye embargo.

THE AMERICAN PROTECTIVE TARIFF LEAGUE,

New York City, N. Y., August 14, 1921.

HON. JAMES A. FREAR, M. C.,

Washington, D. C.

DEAR MR. FREAR: Again we want to congratulate you regarding the defeat of dye monopoly embargo in the House of Representatives on July 21, 1921.

All will concede that your exposure of the methods of the Dye Trust and your admirable handling of the question in the House Republican caucus and on the floor of the House of Representatives were responsible for its defeat.

Your continuing opposition in seeking prosecution of the Chemical Foundation through the Attorney General and your follow up of the Dye Trust's campaign in the United States Senate are also to be commended in the highest terms.

We have opposed this un-American policy of embargo for over two years, and it is only within the past few weeks and during your campaign that the country has been aroused to the enormity of the demands of the dye circle.

Leading newspapers are now demanding investigation which is promised in the United States Senate and some of them recommend prosecutions.

We are astounded that members of the Cabinet should leave their "executive" position and attempt to interfere with the "legislative," as they have by their recent letters to the Finance Committee of the United States Senate in favor of embargo. The honorable Secretaries must be obsessed by the misinformation of the galaxy of paid lobby lawyers or paid "experts" representing the dye interests.

We do not believe that the members of the Cabinet who have thus attempted to interfere with legislative action realize the general sentiment of the people against the well developed dye monopoly established under military embargo and now continued in the emergency tariff, which expires on August 27.

Fortunately Representatives in Congress and the United States Senators respond to the sentiment of the country more quickly than appointive officers, and I sincerely hope and pray that the Congress will definitely decide to eliminate embargo from all legislation.

We are very glad to tell you in reply to our letter of July 18 to all Representatives in Congress asking them to vote against embargo only one Representative criticized our position. We conclude from this that even those who voted for embargo were influenced to do so against their better judgment.

Very truly, yours,

WILBUR F. WAKEMAN,  
Treasurer and General Secretary.

The following letters speak for themselves:

JUNE 29, 1921.

HON. THOMAS W. MILLER,

Alien Property Custodian,

Sixteenth and P Streets NW., Washington, D. C.

DEAR MR. MILLER: Will you please send me a copy of the report of Mr. Francis P. Garvan while Alien Custodian? I understand such report was prepared, and would like to have a copy if so.

Thanking you very much for your kindness, I am,

Very sincerely,

JAMES A. FREAR.

ALIEN PROPERTY CUSTODIAN,

Washington, D. C., July 6, 1921.

HON. JAMES A. FREAR,

House Office Building, Washington, D. C.

DEAR CONGRESSMAN: In reply to your request of June 29, 1921, you are advised that Mr. Francis P. Garvan made no formal report while Alien Property Custodian.

Very truly, yours,

GEORGE E. WILLIAMS,  
Managing Director.

Telegram read to the Republican conference July 6:

NEW YORK, July 6, 1921.

HON. JAMES A. FREAR,

Member of Congress, Washington, D. C.:

To your colleagues to-night please say that it is the firm conviction of the executive committee of the American Protective Tariff League, after careful survey and consultation with conservative party business men, that approval of dyestuff embargo will lose every doubtful congressional district next year. That embargo has no place in American fiscal system, and especially in any tariff act.

WILBUR F. WAKEMAN,  
Treasurer and General Secretary.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.



Mr. GARNER. Mr. Chairman, I yield 15 minutes to the gentleman from South Carolina [Mr. BYRNES].

The CHAIRMAN. The gentleman from South Carolina is recognized for 15 minutes.

Mr. BYRNES of South Carolina. Mr. Chairman, I am not going to discuss the dye schedule. I desire to make some remarks for the benefit of the Committee on Ways and Means, reporting this bill, as to the economy claims that are now being presented to the public daily. The claims that are now being made by the executive departments and the Congress claiming reductions in expenditures heretofore authorized for this year are nothing but political bunk. This administration led the people to believe that with the establishment of the Budget Bureau we were through with deficiencies, and the Congress believed it. And yet in the first 20 days of this fiscal year an estimate has been submitted by the Director of the Budget Bureau, with the approval of the President, asking for \$125,000,000 for the Shipping Board. Since then I am informed other deficiency estimates have been submitted. As to the estimate submitted by the Director of the Budget Bureau for the Shipping Board, the Committee on Appropriations has reported a bill recommending an appropriation of only \$48,500,000 instead of the \$125,000,000 which the Director of the Budget said was necessary. If the Congress follows the Director of the Budget Bureau it will take \$76,500,000 more from the Treasury of the United States than the Committee on Appropriations says should be taken, and if it does not follow the Director of the Budget in the very first estimate submitted by him, then why should we continue a bureau that seeks to have the Congress make such an extravagant appropriation? Why not abolish it and save the money?

One establishment under the executive department where economy was to be practiced is the Shipping Board. Why, the press tells us that when my good friend from Iowa [Mr. GREEN] and other gentlemen went to see the President the other afternoon they told the President that in the \$350,000,000 to be saved out of this year's funds \$25,000,000 would be saved out of the Shipping Board's funds. I am told that the figures were given out by the Republican leader, the gentleman from Wyoming [Mr. MONDELL], and in the face of the fact that the Committee on Appropriations has reported a bill to provide for a deficiency of \$48,000,000 for the Shipping Board, they would have the Congress and the country believe that out of the board's current funds they are going to save \$25,000,000. If they have so much that they can save \$25,000,000 this year, then you should never pass that deficiency bill.

Mr. SEARS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of South Carolina. No; I can not yield.

The chairman of the Shipping Board said he was going to economize, but he informed the House in his testimony that he has created three new jobs, two vice presidents to receive \$35,000 each per year, another one to receive \$25,000 a year, and a special assistant, another new office, at the rate of \$20,000 a year. Well, if he had not been pledged to economy, the good Lord only knows what he would have paid; and the general counsel told the Congress or its committee that he had started negotiations with the highest priced lawyers in the country to represent the board, making absolutely no contracts as to the fees to be paid them, and your committee feels called upon to bring in a special provision restricting him from entering into any such contract without first receiving the approval of the Attorney General, and I hope the Congress will adopt it. But that is economy from one bureau which is counted on to save \$25,000,000 while asking for a deficiency of \$125,000,000, and you are giving them \$48,000,000.

The Director of the Bureau of the Budget, Gen. Dawes, is all right. He can save more money in the newspapers in a single week than the Government could spend in a year. Of all appointments made by the President I certainly approved of none more than his, and while I am losing some of my optimism I still have some little hope. I am for him because he makes me feel good in the morning when I read of the saving that he has effected the day before. Why, he wrote the President a letter on July 19 and he showed the Chief Executive of the Nation that in 19 days he had saved \$112,000,000. Handing that statement to the press, he said that was doing pretty well for 19 days. I agree. That is at the rate of \$6,000,000 a day, and if continued he would save \$2,000,000,000 this year, and make almost criminal the action of the Ways and Means Committee in reporting the tax bill they are now framing. But if you look at the items of this proposed saving of \$112,000,000, the very largest item in it was the Treasury Department, \$30,343,149, that he was going to save this year from the funds available for the Treasury. So he wrote the President. But on that same day, July 19, 1921, the budget officer of the Treasury

Department wrote a letter to the head of every bureau in the Treasury Department complaining that in their responses to budget circular No. 1 they had not saved enough money, that an analysis showed that the total amount to be saved from all bureaus in the Treasury Department amounted to but \$2,000,000, and to offset this he said, "You have submitted to us estimates for deficiencies amounting to \$40,000,000." Well, if he was right, why should the Director of the Budget write the President that the Treasury Department was going to save \$30,000,000 out of the funds appropriated for this year?

If it is correct that they are going to save \$30,000,000, then why should the budget officer of the Treasury on that very same day, July 19, write to the heads of the various bureaus in the Treasury Department that their total savings amounted to only \$2,000,000? That statement caused me to make inquiry. When I heard that, I lost confidence in the statements which had previously been made, which had given me so much pleasure each morning as I thought of the savings of the previous day.

Director Dawes told us that he was going to save \$10,000,000 in the Navy Department. Of course, he is not going to do that, and my friend from Pennsylvania [Mr. BUTLER] knows it.

Mr. BUTLER. He knows how we are going to save some.

Mr. BYRNES of South Carolina. We passed the naval appropriation bill, and while we did our best to reduce it, it still appropriated \$410,000,000, and I am satisfied that the \$10,000,000 they told him they would save is money that has been available and simply will not be spent this year but will not be turned back into the Treasury; and when they submitted to him the estimated savings of \$10,000,000 I wonder how much they estimated their deficiencies at, because I know that he must have received such estimates, and I am going to introduce a resolution to-day asking him to give the Congress all the information he has as to the items making up this \$112,000,000 savings, and also the estimated deficiencies, because we ought to have that information now and not at the end of the fiscal year.

Now, let us take another item. The Department of Agriculture is estimated to save \$1,687,000. A good part of that is a paper saving. For instance, the fund for eradicating the foot-and-mouth disease. It has been available since 1916. If there is no epidemic, it is not used. If there is one, every dollar may be used.

He claimed the War Risk Bureau would save \$16,000,000. Yet, on the same day that he issued this statement to the President, the budget officer of the Treasury Department, in his letter to the heads of the various bureaus of the Treasury Department, stated that the War Risk Bureau had estimated for a deficiency in response to budget circular No. 1. Then why should the Director of the Budget write the President that there would be a saving? Have they been "putting one over" Director Dawes?

But while I have lost confidence in that saving, I must say that when I read this week of the visit of the Ways and Means Committee to the President, that the Republican leader announced to the President that he was going to save not the miserable \$112,000,000 claimed by Gen. Dawes but \$350,000,000, I know they convinced the President that Gen. Dawes was a mere piker in the game of economy, because, while he proposed to save only \$112,000,000, the gentleman from Wyoming [Mr. MONDELL] could save \$350,000,000. Mr. MONDELL enumerated his savings. Instead of saving the pitiful \$15,000,000 claimed by the Director General for the War Department, he is going to save \$50,000,000 in that department. I will say that my information is that they are going to make a legitimate saving of \$15,000,000 in that department. In the Navy Department, Mr. MONDELL said we were going to save \$100,000,000 instead of the trifling sum of \$10,000,000 claimed by Director Dawes.

And the Republican leader had the nerve to estimate that he is going to save \$25,000,000 out of current expenses of the Shipping Board, when the Appropriations Committee has already reported a bill to provide for a deficiency of \$48,500,000. He said he was going to save \$25,000,000 in the Department of Agriculture. Bless your heart, the entire appropriation is only \$33,000,000, and if he saved that much he would destroy the entire organization of that department. But it is rumored that he now says he was going to get this \$25,000,000 out of the appropriation of Federal aid for roads, when everybody knows that we made no appropriation for roads for this fiscal year, and the only money available at all for roads is money made available for the last fiscal year. Under the law, it was allotted within 60 days after the beginning of the fiscal year—before September 1, 1920. It was allotted to the States, and it can not be taken back. We could not take it back if we wanted to, because some of the States have used their allotments. Others have not; but if you should take it back from some



States it would be unfair; it would violate the spirit of the law that the funds should be equitably distributed as between the various States. I believe it would violate the language as well as the spirit of the law.

It must be clear that these claims are absurd. When all deficiencies are in, the expenditures for this year will reach the sum estimated by the Secretary of the Treasury, who seems to be lacking in political cupidity and tells the truth as he sees it.

Time will prove that all these claims of reduced expenditures are nothing but bunk. It is a smoke screen behind which the Republican Party intends to put over this scheme. They promised to reduce taxes and they have to do it. They should not cut the taxes without reducing the expenditures. They have not cut expenditures, so now they must pretend that they are making the cut. If they can put that over, they can justify a cut in taxation of \$500,000,000. Then toward the end of the fiscal year there will be a deficit, and the Treasury will have to borrow money. That will depreciate the value of the Liberty bonds and raise interest rates generally; but the administration and leaders of Congress believe that the people can be fooled and that they will never know it; at least, they hope to get by with this scheme until after next election, and in the meantime they will in time of peace borrow money with which to pay the current expenses of the Government. [Applause on the Democratic side.]

Mr. LONDON. Will the gentleman yield?

Mr. BYRNES of South Carolina. I will.

Mr. LONDON. Does not the gentleman believe that most of the people can be fooled most of the time? [Laughter.]

Mr. BYRNES of South Carolina. The Republican Party proceeds on that theory. I advise my friend, Director Dawes, to get out of the game, for he has not studied the right political arithmetic. He should leave it to MONDELL. The gentleman from Wyoming has fooled them once and he may do it again. [Laughter and applause on the Democratic side.]

Mr. LONGWORTH. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. FORDNEY].

Mr. FORDNEY. Mr. Chairman and gentlemen of the House, I believe this extension of time provided for in this bill is important, and I hope the House will grant it. When the emergency tariff bill was passed, six months' limitation was provided for, but the operation of the bill relating to the dyestuff industry was limited to three months. It was thought at that time that the War Trade Board had the power to control this, but for safety three months was provided for in the bill. Now, it is found that the general tariff bill can not pass within three months' time from the date of the emergency tariff bill, and therefore this extension of time is highly important and I hope the resolution will pass. I was much interested in the statement of my good friend from South Carolina [Mr. BYRNES]. He is always interesting and a good fellow, and he is talking about fooling the people. Well, the Democrats tried it for eight years, but at last the people found them out, and on the second of November last registered their objection to being fooled along that line any longer. He says that we are going to try it again. Let me tell you how we are going to try it—that is by cutting out \$600,000,000 of taxes in our internal revenue law. There was brought over from the last administration a debt of \$545,000,000 put upon the people of this country as the result of Democrats tampering with the railroads of this country for political reasons only. The full cost of that tampering was over \$4,000,000,000, but \$545,000,000 of that sum was unpaid. Now this administration is clothed with the responsibility of taking care of that debt in some way or other. It is a war baby, and the question is, Is it a proper thing to impose on the people right now taxes to meet that obligation created by the past administration in this matter? I say no.

Let me tell you, gentlemen, when the Democratic Party came into power in 1913 there was required \$1,000,000,000 a year to pay the running expenses of this Government. When they went out of power it required more than \$6,000,000,000 per year. When they came into power the debt of the country was \$1,000,000,000, and when they went out of power it was \$25,000,000,000.

Of course we had a great war which was largely responsible for that, but a very large portion of that money spent was criminally wasted. When they came into power there were 400,000 Government clerks, and when they went out of power there were 1,000,000. Pretty expensive for the American people! When the Democrats came into power the railroads were carrying freight for seventy-two one-hundredths of a cent per ton per mile, and when they went out of power the railroads were charging 1½ cents per ton per mile. Eighty-four per cent in-

crease in freight rates created by Democratic folly of taking over the railroads for no other purpose except to get votes.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. HARDY of Texas. What are they charging now?

Mr. FORDNEY. The same rate.

Mr. HARDY of Texas. Have they not been raised since they took back the roads?

Mr. FORDNEY. Not since the 4th of March. They could not have the gall to do it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. Mr. Chairman, I yield to the gentleman two minutes more.

Mr. HARDY of Texas. Does the gentleman say that private control of the railroads has not raised freight rates?

Mr. FORDNEY. Not since the 4th of March, and the gentleman knows it, if he knows anything about it, and he could find out by consulting the Interstate Commerce Commission as I have. Now, we find that during the Democratic administration they authorized the issuance of Government bonds, Treasury notes, and certificates of indebtedness, and what do we find? Deducting from the total public debt \$10,000,000,000 which the Allies owe us we owe \$14,000,000,000. What do you find? Seven billion eight hundred millions of that in short-time certificates due within 21 months. Do you think that is good business judgment? If you do, I do not.

You have unloaded upon the Republican Party this responsibility of paying 60 per cent of the total Government debts today, less what the foreign Governments owe us, all of it falling due in the next 21 months, and you expect us to pass a bill and tax the people of this country to do that and say well and good. Oh, no; it is a war baby, my dear friends, and you know it; and the indebtedness should be spread over a term of years instead of being paid this next year, and that is exactly what we are going to do. We are cutting the taxes by \$600,000,000, and that means \$6 for every man, woman, and child in this country, and they will hail that with delight when they learn it. [Applause on the Republican side.]

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield now?

Mr. FORDNEY. Yes.

Mr. JOHNSON of Mississippi. The gentleman has just spoken of what he claims was the waste and extravagance committed under the Democratic administration. Does not the gentleman know that under the Smith-Cummins law \$631,000,000 were taken out of the Treasury and paid to the railroads?

Mr. FORDNEY. Oh, yes; I know that.

Mr. JOHNSON of Mississippi. When nothing—

Mr. FORDNEY. I decline to yield any further.

Mr. JOHNSON of Mississippi. And did not the gentleman vote for it?

Mr. FORDNEY. And the gentleman knows that Congress did that because the gentleman's party had shouldered upon the people of this country that debt, and that must be paid.

Mr. JOHNSON of Mississippi. Now—

Mr. FORDNEY. I decline to yield. The railroads were in fairly good condition when the gentleman's party took them over from private ownership, and when it turned them back to private ownership they were bankrupt, and the gentleman knows it.

The gentleman talks about no extravagance. Over in London, England, there were found in the office of the Shipping Board 400 clerks, with not work enough for 20, and a few days before the old Shipping Board went out of business here the secretary of the board put into office 80 Democrats at salaries ranging from \$2,500 to \$3,600 each a year, with not a blamed thing for any of them to do but to draw their pay. [Applause on the Republican side.]

Mr. LONGWORTH. Mr. Chairman, how much time remains?

The CHAIRMAN. The gentleman from Texas has seven minutes and the gentleman from Ohio six.

Mr. LONGWORTH. Is the gentleman from Texas going to use any more time?

Mr. GARNER. How much time have I?

The CHAIRMAN. Seven minutes.

Mr. GARNER. I do not know that I will—

Mr. HARDY of Texas. Will the gentleman yield me two or three minutes?

Mr. GARNER. I will yield the gentleman three minutes.

Mr. HARDY of Texas. Mr. Chairman, it is not in reference to this bill but in reference to the statement of the gentleman from Michigan I think, maybe, a statement clear cut ought to be made. He says, and the other gentleman who interrupted him said, and perhaps correctly, that the Government administration of rail-



road affairs under Mr. McAdoo and his successor cost this Government a million dollars a day by way of a deficit. I am willing to grant that. Then I want to say that during that time the railroads did function and carry freight. I want to say further that under the Republican bill, known as the Esch-Cummins bill, those railroads were turned back to the private owners and operated by the private owners in March, and that since that time the rates have been increased, as stated by my colleague [Mr. GARNER] or the gentleman from Virginia [Mr. MOORE], from 20 to 40 per cent, and to-day the people of the United States are paying not \$100,000,000 a day, but, as I said, they are paying more than \$700,000,000 a year in increased freight rates, and no man can escape the fact that the railroads since Government control have cost the people of America far more in freight rates alone than they cost us in freight rates and deficits during Government control.

Mr. ANDREWS. Will the gentleman yield?

Mr. HARDY of Texas. I will yield.

Mr. ANDREWS. Did not President Wilson issue the proclamation returning the railroads to their owners?

Mr. HARDY of Texas. Undoubtedly. President Wilson called on the Republican Congress to pass a proper law by which the railroads could be turned back to their owners. The Republican Congress dillydallied and delayed until finally he had to write a separate message and tell them that if they did not pass a law under which they could be returned he was going to return them anyhow on the 1st of March. [Applause on the Democratic side.] And under the stimulus of that second message a Republican Congress did pass the Esch-Cummins bill, and on the 1st of March they were turned over to the owners under that law. But what was the Esch bill? The bill first guaranteed the peak of high prices in profits to the railroads for six months, after the owners got them, and under that guaranty you first paid two or three hundred millions to the railroads, and then you passed another law calling for some more payments at once, and before you get through with it the Government will pay the roads on that six months' guaranty probably over a billion dollars.

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. HARDY of Texas. I will.

Mr. JOHNSON of Mississippi. I want to say, as a member of the Committee on Interstate and Foreign Commerce, that the Government had paid the railroads \$631,000,000 under that guaranty, and in addition to that they have loaned them \$300,000,000 and none of that has been returned. The railroads owe the Government—

The CHAIRMAN. The time of the gentleman has expired. Mr. GARNER. Mr. Chairman, I yield to the gentleman from Texas two minutes more.

Mr. JOHNSON of Mississippi. The railroads owe the Government \$721,000,000. And in addition to that, we have to-day a bill before our committee, on which we are holding hearings, and which the Republican Party is proposing to put through in this Congress, authorizing the Treasury Department to let the railroads have \$500,000,000, and all this in addition to the outrageous increase of freight rates and passenger fares, which has cost the American people millions.

Mr. HARDY of Texas. Then, I want to say that if the railroads cost the people in deficits in operation a million dollars a day, or \$365,000,000 a year, this Esch bill in guaranteeing the private owners the profits provided in that bill has cost the people twice that sum and more. This Republican bill has paid them the \$600,000,000, and the other sums stated by my colleague from Mississippi; and in addition the people have been compelled to pay in raised rates and fares \$700,000,000 or \$800,000,000 a year more than they paid to the Government when the Government was operating them.

Mr. ANDREWS. Did not all this come out of the Federal control act as a logical result?

Mr. HARDY of Texas. The Federal control act, as every Republican in this House admitted by his vote, was necessary when it passed. The Esch-Cummins law was a concoction of Republican statesmanship after the war was over. That is the difference between the two. We had to take them over; you voted with us to do it. We administered them with such economy that they cost the people even by your say so only \$1,000,000 a day, and you took them back and gave them to the railroads on such terms that they cost the people more than they did under Government control by \$2,000,000 or \$3,000,000 a day.

Mr. MADDEN. It was such an economy that it cost the people \$4,600,000,000 more than it would have cost if the Government had not taken them over.

Mr. HARDY of Texas. The gentleman voted for the Government to take them over, and the statement he makes now is

out of his head, and that is all. He is simply talking through his hat.

It ought to be clearly understood that the Esch-Cummins bill guaranteed to the railroad owners a profit for six months after they took them back equal to the average profits earned by them during the three years prior to their taking over by the Government, and these three years covered the highest earnings of these roads. It was under this monstrous guaranty that the roads have already collected of the Government the \$631,000,000, as stated by the gentleman from Mississippi, and the returns are not yet all in. They are still claiming more.

This bill further required the Interstate Commerce Commission to permit the roads to fix such rates as would enable them to earn 5½ per cent net on their capital invested. Under this requirement the roads were given a free hand to raise their rates as high as they wanted to, and they have raised them so high that the traffic has been almost killed. People will not use the roads if they can help it. High freight rates have become one of the biggest factors in causing the stagnation of industry. The effrontery of the railroads in raising rates and making demands on the Government has no limits. They even sought to make the Government pay them for alleged inefficiency of the labor employed by them after the roads were turned back to them.

Mr. GARNER. Mr. Chairman, I yield two minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman, it is hardly fair to ask time of the Democratic leader, because I intend to criticize both parties. This quarrel between the Republicans and the Democrats as to who is responsible for the heavy burden of taxation is amusing.

Billions of dollars have been wasted during the war, as has been stated by the gentleman from Michigan. The administration was Democratic. I said some time ago that the Democratic stealing was of the petty larceny variety, while the grand larceny thieves were Republicans—the one-dollar a year men. I hope the Democrats will forgive me this reflection upon their ability.

Napoleon once wrote to the Directory:

Fellow citizens: I assume that you took it for granted that our commissaries would steal some money, but you also assumed that they would furnish some supplies to the army. They did the former but they did not do the latter.

The experience in the last war was that the supplies were abundant, but that the stealing was unlimited. One of the worst forms of robbing the Government was the furnishing of superfluous supplies. You are paying now for your vote for the war and you will be paying for many years to come. There is no use to evade your responsibility. When you voted for the war you voted to take the lives of the American boys, and also voted to waste the earnings of the American people. The responsibility is upon all of you who voted for the war.

Mr. ANDREWS. How much would you have saved for the National Treasury if you had managed the war?

Mr. LONDON. I voted against the war, and I would have saved every dollar.

Mr. ANDREWS. And where would America have been then? Mr. LONDON. Right here, and it would have been greater than it is to-day.

Mr. LONGWORTH. Mr. Chairman, though very little has been said by the representatives of the three parties here as to the merits of this bill, I shall occupy only a moment, because I think the House very thoroughly understands what is contemplated here to be done.

Every provision of the so-called Fordney emergency tariff act, except one, expires on the 27th day of November of this year. The provision relating to the importation of these coal-tar chemicals expires on the 27th of August. Now, suppose this bill is not passed; what will be the situation? No control by the Government is possible over unlimited importations, except the rates which would be in existence under the present tariff law. Those rates are confessedly inadequate. In fact, some of the most important coal-tar chemicals, dyes, medicinals, and others are actually on the free list. And it is easy to contemplate what might happen during the hiatus that will lapse between the 27th of August and the date at which the permanent tariff law will become effective. I do not agree with my friend from Texas [Mr. GARNER] that the snow will have begun to fly by that time. In fact, I believe that we will have enacted and the President will have signed a permanent tariff law by the 27th of November. And all this does is to make all of the provisions of that bill expire at the same time.

I wrote a day or two ago to the President of the United States, knowing his interest in this matter, both from its industrial standpoint and from its standpoint of necessary prepared-

ness for the country, not only while he was a Member of the Senate but since he has become President, and I received to-day the following:

THE WHITE HOUSE,  
Washington, August 10, 1921.

Hon. NICHOLAS LONGWORTH,  
House of Representatives, Washington, D. C.

My DEAR CONGRESSMAN LONGWORTH: I have your note calling my attention to the fact that the bill extending the provisions of the emergency tariff act relating to the protection of the American dye and chemical industry is to be before the House on the morrow. I am aware that the Secretary of the Treasury has already called the attention of your committee to the extreme desirability of extending this protective provision.

Surely we would be both unmindful and unjust if we failed in a suitable protection of this industry until the new and complete tariff revision act is made effective.

Very sincerely,

WARREN G. HARDING.

Now, if no gentleman desires to ask me any question, I ask that the bill be read under the 5-minute rule.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That subdivision (a) of section 501 of the dye and chemical control act, approved May 27, 1921, is amended by striking out the words "three months," and inserting in lieu thereof the words "ten months."

With a committee amendment, as follows:

On page 1, line 6, strike out "ten months" and insert in lieu thereof "six months."

Mr. HARDY of Texas. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. MANN. Mr. Chairman, I heard the statement just made by the gentleman from Ohio [Mr. LONGWORTH], that he thought the tariff bill would be signed and become a law before the 27th of November. Of course, if it is, this amendment, stating 6 months, instead of 10 months, would be all right. I do not want to interfere with the report of the Committee on Ways and Means. If this was a compromise in the committee—and I do not know whether it was or not—

Mr. LONGWORTH. I will say to the gentleman that I would be very glad if the bill as originally drawn had been favorably reported, but the members of the committee thought it might be wise to limit the period to the period of the Fordney emergency law.

Mr. MANN. Personally, I do not myself believe that there ought to be any opportunity given for large importations of dyestuffs under the existing tariff law. Of course, I am not going to oppose the recommendation of the committee. If the new tariff law becomes effective before the 27th of November, this extension is sufficient, and whenever the tariff law becomes effective it supersedes this law anyhow.

It would have seemed to me much wiser to have fixed the date beyond the 27th of November. The gentleman from Texas [Mr. GARNER] says the snow will fly and fall before the tariff law is signed. He knows much more about that than I do, because the delay will necessarily come from the minority in the Senate. He may speak knowingly. There is no cloture rule in that body, and it is very easy to delay the final vote upon a bill in the Senate.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. MANN. And it is not improbable that delay may be had.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. MANN. I yield for information. [Laughter.]

Mr. GARNER. I wanted to ask the gentleman a question.

Mr. MANN. Very well; I will yield for a question.

Mr. GARNER. Of course, if he will yield I can give the gentleman information. [Laughter.] Has the gentleman noticed in this morning's newspaper the fact that there was a bloc formed of Republican agricultural Senators from the West for the purpose of trying to get fair consideration for the products of the West? And does he not imagine those gentlemen will do something in the way of delay until they can get what they want?

Mr. MANN. No. The West has had fair consideration in the House, and the West will have fair consideration in the Senate. That will not cause a delay. The delay, if there is any, will come from the obstruction of the minority.

Mr. GARNER. Mr. Chairman, will the gentleman yield again?

Mr. MANN. I do not yield for a long debate.

Mr. GARNER. According to these gentlemen's statements this morning, they did not get fair play for the West in the House, so that they differ from the gentleman from Illinois.

Mr. MANN. Well, in the first place, I do not believe everything I see in the newspapers. The gentleman from Texas seems to accept as gospel everything that he sees in a newspaper.

Mr. GARNER. When you find it in the Washington Post I presume it is true.

Mr. MANN. Well, I assume that everything that I see in a newspaper is not absolutely correct. However, that does not affect this matter. I think 10 months would have been a wiser period than 6 months, because the period ends in any event when the new tariff bill becomes a law. I do not believe that it is wise to leave a lapse of time, but if this is a compromise in the committee of course I have no objection.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk resumed and completed the reading of the bill.

Mr. LONGWORTH. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the committee amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 8107) to control importations of dyes and chemicals, had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. LONGWORTH. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. GARNER. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The gentleman from Texas demands the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and there were—yeas 186, nays 91, not voting 153, as follows:

#### YEAS—186.

Ackerman	Elliott	Kissel	Olpp
Andrews	Evans	Kline, N. Y.	Parker, N. J.
Ansorge	Fairfield	Kline, Pa.	Patterson, Mo.
Appleby	Faust	Kopp	Patterson, N. J.
Arentz	Fenn	Kraus	Perkins
Atkeson	Fish	Kreider	Petersen
Bacharach	Focht	Larson, Minn.	Pringley
Beedy	Fordney	Lawrence	Purnell
Begg	Frear	Layton	Radcliffe
Benham	French	Lazaro	Ramseyer
Bird	Frothingham	Leatherwood	Ransley
Bixler	Gensman	Lineberger	Reavis
Blakeney	Gerner	Little	Reece
Bland, Ind.	Goodykoontz	Longworth	Rhodes
Bowers	Gorman	Lubring	Ricketts
Brooks, Pa.	Graham, Ill.	McArthur	Roach
Brown, Tenn.	Green, Iowa	McKenzie	Robertson
Burtness	Greene, Mass.	McLaughlin, Nebr.	Robison
Burton	Greene, Vt.	McLaughlin, Pa.	Rogers
Butler	Griest	McPherson	Rose
Cable	Hadley	MacGregor	Rosenbloom
Campbell, Kans.	Hardy, Colo.	Madden	Ryan
Campbell, Pa.	Haugen	Magee	Sanders, Ind.
Cannon	Hawley	Mann	Schall
Chalmers	Hays	Mapes	Shaw
Chandler, N. Y.	Herrick	Martin	Shelton
Chindblom	Hersey	Merritt	Shreve
Clouse	Hickey	Michener	Sinclair
Cole, Iowa	Hill	Miller	Sinnott
Colton	Himes	Mills	Smith, Idaho
Connell	Hoch	Millsbaugh	Smith, Mich.
Connolly, Pa.	Hogan	Mondell	Speaks
Coughlin	Houghton	Moore, Ill.	Sprout
Curry	Hukriede	Moore, Ohio	Strong, Pa.
Dale	Hull	Morgan	Summers, Wash.
Darrow	Ireland	Mott	Sweet
Denison	Jeffers, Nebr.	Mudd	Swing
Dowell	Jones, Pa.	Murphy	Temple
Dunbar	Kahn	Nelson, A. P.	Tilson
Dupré	Kelley, Mich.	Newton, Minn.	Timberlake
Dyer	Kelly, Pa.	Newton, Mo.	Towner
Echols	King	Nolan	Treadway
Edmonds	Kinkaid	Norton	Vestal



Walsh  
Walters  
Watson  
Webster

White, Kans.  
White, Me.  
Winslow  
Wood, Ind.

Woodruff  
Woodyard  
Wurzbach  
Wyant

Young  
Zihlman

# NAYS—91.

Almon  
Aswell  
Beck  
Bell  
Black  
Bland, Va.  
Blanton  
Bowling  
Box  
Brand  
Briggs  
Buchanan  
Bulwinkle  
Byrnes, S. C.  
Byrnes, Tenn.  
Carew  
Carter  
Collier  
Connally, Tex.  
Cooper, Wis.  
Crisp  
Davis, Minn.  
Davis, Tenn.

Deal  
Drewry  
Driver  
Fisher  
Flood  
Fulmer  
Garner  
Garrett, Tenn.  
Garrett, Tex.  
Griffin  
Hammer  
Hardy, Tex.  
Harrison  
Hayden  
Huddleston  
Jacoway  
Jeffers, Ala.  
Johnson, Ky.  
Johnson, Miss.  
Jones, Tex.  
Keller  
Kincheloe  
Lampert

Lanham  
Lankford  
Lea, Calif.  
Lee, Ga.  
Logan  
London  
Lowrey  
Lyon  
McClintic  
McDuffie  
Mansfield  
Moore, Va.  
Nelson, J. M.  
O'Brien  
O'Connor  
Oldfield  
Oliver  
Overstreet  
Padgett  
Park, Ga.  
Parks, Ark.  
Parrish  
Quinn

Raker  
Rankin  
Rayburn  
Rouse  
Sanders, Tex.  
Sandlin  
Sears  
Sisson  
Smithwick  
Steagall  
Stedman  
Summers, Tex.  
Swank  
Tague  
Thomas  
Tillman  
Vinson  
Ward, N. C.  
Wilson  
Wingo  
Wise  
Wright

# NOT VOTING—153.

Anderson  
Anthony  
Bankhead  
Barbour  
Barkley  
Boies  
Bond  
Brennan  
Brinson  
Britten  
Brooks, Ill.  
Brooks, Wis.  
Burdick  
Burke  
Burroughs  
Cantrill  
Chandler, Okla.  
Christopherson  
Clague  
Clark, Fla.  
Clarke, N. Y.  
Classon  
Cockran  
Codd  
Cole, Ohio  
Collins  
Cooper, Ohio  
Copley  
Cramton  
Crowther  
Cullen  
Dallinger  
Dempsey  
Dickinson  
Dominick  
Doughton  
Drane  
Dunn  
Ellis

Elston  
Fairchild  
Favrot  
Fess  
Fields  
Fitzgerald  
Foster  
Free  
Freeman  
Fuller  
Funk  
Gahn  
Gallivan  
Gilbert  
Glynn  
Goldsborough  
Gould  
Graham, Pa.  
Hawes  
Hicks  
Hudspeth  
Humphreys  
Husted  
Hutchinson  
James  
Johnson, S. Dak.  
Johnson, Wash.  
Kearns  
Kendall  
Kennedy  
Ketcham  
Kiess  
Kindred  
Kirkpatrick  
Kitchin  
Klecza  
Knight  
Knutson  
Kunz

Langley  
Larsen, Ga.  
Lee, N. Y.  
Lehlbach  
Linthicum  
Luce  
McCormick  
McFadden  
McLaughlin, Mich.  
McSwain  
Maloney  
Mead  
Michaelson  
Montague  
Montoya  
Moore, Ind.  
Morin  
Ogden  
Osborne  
Paige  
Parker, N. Y.  
Perlman  
Peters  
Porter  
Pon  
Rainey, Ala.  
Rainey, Ill.  
Reber  
Reed, N. Y.  
Reed, W. Va.  
Riddick  
Riordan  
Rodenberg  
Rossdale  
Rucker  
Sabath  
Sanders, N. Y.  
Scott, Mich.  
Scott, Tenn.

Siegel  
Slomp  
Snell  
Snyder  
Stafford  
Steenerson  
Stephens  
Stevenson  
Stiness  
Stoll  
Strong, Kans.  
Sullivan  
Taylor, Ark.  
Taylor, Colo.  
Taylor, N. J.  
Taylor, Tenn.  
Ten Eyck  
Thompson  
Tinch  
Tinkham  
Tyson  
Underhill  
Upshaw  
Valle  
Vare  
Voigt  
Volk  
Volstead  
Ward, N. Y.  
Wason  
Weaver  
Wheeler  
Williams  
Williamson  
Woods, Va.  
Yates

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).

Mr. REBER (for) with Mr. GALLIVAN (against).

Mr. HICKS (for) with Mr. DOUGHTON (against).

Mr. PORTER (for) with Mr. COCKRAN (against).

Mr. PAIGE (for) with Mr. TAYLOR of Arkansas (against).

Mr. BROOKS of Illinois (for) with Mr. MONTAGUE (against).

Mr. FULLER (for) with Mr. KUNZ (against).

Until further notice:

Mr. ANTHONY with Mr. RIORDAN.

Mr. FREE with Mr. BARKLEY.

Mr. LUCE with Mr. DOMINICK.

Mr. OSBORNE with Mr. TEN EYCK.

Mr. WILLIAMS with Mr. GOLDSBOROUGH.

Mr. VOLK with Mr. MCSWAIN.

Mr. STINESS with Mr. WOODS of Virginia.

Mr. SIEGEL with Mr. FAVROT.

Mr. HUTCHINSON with Mr. SULLIVAN.

Mr. LANGLEY with Mr. CLARK of Florida.

Mr. KIESS with Mr. STEVENSON.

Mr. PERLMAN with Mr. CULLEN.

Mr. DUNN with Mr. HUMPHREYS.

Mr. BROWNE of Wisconsin with Mr. MEAD.

Mr. TAYLOR of New Jersey with Mr. LARSEN of Georgia.

Mr. MORIN with Mr. UPSHAW.

Mr. TINCER with Mr. TYSON.

Mr. WHEELER with Mr. GILBERT.

Mr. KNUTSON with Mr. KINDRED.

Mr. ANDERSON with Mr. WEAVER.

Mr. MONTOYA with Mr. BRINSON.

Mr. KNIGHT with Mr. DRANE.

Mr. WASON with Mr. FIELDS.

Mr. CHRISTOPHERSON with Mr. STOLL.

Mr. GRAHAM of Pennsylvania with Mr. RUCKER.

Mr. BURROUGHS with Mr. POU.

Mr. ELSTON with Mr. RAINY of Illinois.

Mr. WILLIAMSON with Mr. CANTRILL.

Mr. FREEMAN with Mr. HAWES.

Mr. GLENN with Mr. LINTHICUM.

Mr. KENNEDY with Mr. HUDSPETH.

Mr. KIRKPATRICK with Mr. TAYLOR of Colorado.

Mr. JOHNSON of Washington with Mr. SABATH.

Mr. GOULD with Mr. COLLINS.

Mr. THOMPSON with Mr. BANKHEAD.

Mr. RODENBERG with Mr. RAINY of Alabama.

The result of the vote was announced as above recorded.

On motion of Mr. LONGWORTH a motion to reconsider the vote by which the bill was passed was laid on the table.

# REIMPORTATION OF ARMY SUPPLIES.

Mr. HAWLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House joint resolution 183.

The SPEAKER. The gentleman from Oregon moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of a joint resolution which will be reported by the Clerk.

The Clerk read the title of House joint resolution 183, imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person, when reimported into the United States.

Mr. HAWLEY. Mr. Speaker, pending the motion I should like to inquire of the gentleman from Texas [Mr. GARNER] if we can come to an agreement as to the length of time for general debate?

Mr. GARNER. I will say to the gentleman from Oregon that I have requests for 40 minutes, in addition to what time I may want to use myself. I may want to make a statement concerning the merits of this bill, and I have requests from other gentlemen which will occupy 40 minutes.

Mr. HAWLEY. Will the gentleman agree to 40 minutes on a side if I can accommodate him with five minutes of my time?

Mr. GARNER. That would give me only five minutes for myself.

Mr. GARRETT of Tennessee. Let us have an hour on a side.

Mr. GARNER. If the gentleman will agree to not exceeding an hour on a side, I am sure we can accommodate ourselves, and if the time is not used we can go on with the 5-minute debate.

Mr. HAWLEY. Will the gentleman agree to 45 minutes on a side if I agree to accommodate him with five minutes?

Mr. GARRETT of Tennessee. No; let us have an hour.

Mr. COLLIER. Mr. Speaker, when did this bill pass the committee? I never received any notification of the meeting.

Mr. HAWLEY. I do not know about the notice that was sent to the gentleman, but there was a meeting called day before yesterday and the bill was reported then. Some of the Democratic Members were present. The meeting was formally called.

Mr. COLLIER. I will say to the gentleman that I was absent from my office at that time and did not receive notice of that meeting.

Mr. GARNER. Let me suggest to the gentleman from Oregon that we have an hour and forty minutes of debate, and that the gentleman take 40 minutes and give me an hour.

Mr. HAWLEY. I think the gentleman ought to accept the proposition which I have made.

Mr. GARNER. I do not know what the situation may develop.

Mr. HAWLEY. I will give the gentleman 50 minutes and my side 40 minutes.

Mr. GARNER. Fifty minutes for this side and 40 minutes for your side?

Mr. HAWLEY. Yes.

Mr. GARRETT of Tennessee. Reserving the right to object, it is now 10 minutes after 3. There is no reason why there should not be an hour on a side.

Mr. HAWLEY. Probably some gentleman on that side will demand a roll call on the bill, and that will keep us here until 6 o'clock.

Mr. GARRETT of Tennessee. Let us have an hour on a side.

Mr. GARNER. The gentleman from Tennessee is correct. I shall have to insist that the gentleman give me an hour on a side.

Mr. HAWLEY. Will the gentleman agree to 50 minutes on a side, and I will yield to him 5 minutes out of my time?

Mr. GARNER. The gentleman does not look like a member of a certain race which is noted for driving close bargains, but he is showing considerable ability in that line. I think we ought to have an hour, because I may want 20 minutes of that time to discuss the bill, and I have requests from other gentlemen to discuss other matters which will take 40 minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent that the debate be limited to two hours, one-half to be controlled by the gentleman from Oregon [Mr. HAWLEY] and one-half by the gentleman from Texas [Mr. GARNER].

The SPEAKER. The gentleman from Oregon is entitled to make the first proposition.

Mr. HAWLEY. Then, Mr. Speaker, I suggest that the time be limited to two hours—one hour to be controlled by the gentleman from Texas [Mr. GARNER] and one hour to be controlled by myself.

The SPEAKER. The gentleman from Oregon asks unanimous consent that the time for general debate on this bill be limited to two hours, one hour to be controlled by the gentleman from Texas [Mr. GARNER] and one hour by himself. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion that the House resolve itself into the Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. J. Res. 183, imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign government or person when reimported into the United States, with Mr. McARTHUR in the chair.

The CHAIRMAN. The Clerk will report the bill.

The bill was read.

The committee amendments were read.

The CHAIRMAN. The gentleman from Oregon [Mr. HAWLEY] is recognized for one hour.

Mr. HAWLEY. Mr. Chairman, I shall very briefly state the purpose of the resolution. Upon the cessation of hostilities in Europe, which came rather unexpectedly, the United States had in various European countries very large quantities of supplies which it had shipped to different ports and interior points for the support of our Armies and the armies of our allies. At the conclusion of the war the question arose as to what disposition should be made of this property. There was about \$1,700,000,000 worth of it in France. There were very considerable quantities in other countries in Europe. Three considerations were involved in the question of its disposition. If we brought it back to the United States, it would require very considerable expenditures in freight and the employment of a very large number of persons, and would possibly interfere with the return of our troops from foreign shores. The second consideration was that the French Government advised us that if we sold the goods or brought the goods back to this country, there having been made no provision or arrangement with them for their being landed in France free of duty, France would impose duties upon them of about \$150,000,000.

The third consideration is that out of sympathy for our allies and their destitute condition and the very great losses which they have been put to, we sold the goods to them at a very low price so that they could use them for rehabilitation of their devastated areas, feed the people, and for other purposes for the common good of the people of our allies. We received from the several billions of dollars worth of goods we had over there something over \$800,000,000. On the \$1,700,000,000 worth that was in France we received something over \$400,000,000; that is, they were sold for a little less than 25 cents on the dollar. The intention was that these goods should remain in France, that they should be used there for the benefit of their people. The French Government bought them on very advantageous terms, and they in turn were to dispose of them to their war-stricken people. It has eventuated, however, that the French Government has sold them to speculators and individuals and corporations who are prepared now to bring them back to the United States, and a considerable quantity of them have already been returned.

Under existing law practically no duties are imposed on them and no duties which would protect the American manufacturers of these articles and their laborers. They are being bought in Europe at a sacrifice price and sold here at prices disturbing the markets and the conditions of labor in con-

nection with every industry which manufactures similar articles in this country.

Mr. COLLIER. Will the gentleman yield?

Mr. HAWLEY. I will.

Mr. COLLIER. I notice that you have put a rate of 90 per cent duty on these goods. Was that done arbitrarily in order to prohibit their being brought back, or did the committee attempt to equalize any difference?

Mr. HAWLEY. In a rough way they will a little more than equalize the difference. The intention is that no body of speculators should be permitted to take advantage of the generosity and kindness of our Government toward the stricken foreign people by buying supplies that were intended for their use and bringing them here to our detriment. They were to remain in Europe and that is what should be done with them. [Applause.]

Mr. COLLIER. The gentleman says that these goods were sold for 25 cents on the dollar.

Mr. HAWLEY. The goods sold in France were sold at 25 cents on the dollar.

Mr. COLLIER. The reason I am asking these questions is that I was not present in the committee at the hearings. The gentleman says that the Government bought the greater part of these supplies and sold them to individuals.

Mr. HAWLEY. The arrangement was made that the Government of France should pay for these goods with 10-year bonds at 5 per cent interest. We sold them to France with the understanding that they in turn should dispose of them to her people so that her people should get the benefit of the extremely low prices, that she might scatter them among her people and her people have time to pay for them. We do not believe that they ought now to be brought back to the United States.

Mr. COLLIER. The French Government, the gentleman says, has sold them to speculators.

Mr. HAWLEY. She has sold them and is selling them. There have been a great quantity brought into this country, and there is a great quantity still on the way.

Mr. ANDREWS. Is there any record showing that France exacted \$150,000,000 in duties on these goods that are brought back?

Mr. GRAHAM of Illinois. Will the gentleman from Oregon permit me to answer?

Mr. HAWLEY. Certainly.

Mr. GRAHAM of Illinois. There is a record, and I expect to tell the committee about it.

Mr. CHALMERS. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. CHALMERS. If our Government took 10-year 5 per cent bonds, then you sold them at less than 25 cents on the dollar.

Mr. HAWLEY. We made very advantageous terms for the benefit of our allies.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. HAWLEY. I will.

Mr. GARRETT of Tennessee. Of what do these goods consist?

Mr. HAWLEY. If the gentleman will turn to page 2 of the report he will find a table that contains the tabulations of the goods.

Mr. ACKERMAN. Will the gentleman yield?

Mr. HAWLEY. I will.

Mr. ACKERMAN. Has the gentleman a copy of the contract between our commission that negotiated the sale of these supplies and the French Government?

Mr. HAWLEY. The gentleman from Illinois [Mr. GRAHAM], who will follow me, will present all of that material. Mr. Chairman, I now yield 15 minutes to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, I have no hesitation in saying to the members of the committee what I honestly believe, that this duty ought to be so high as to be prohibitive. I am not attempting in any way to conceal my view about the matter, and that is the way I feel about it. I think this stuff was sold to the other countries under conditions and at times and under circumstances such as to make it proper and right that they should keep it in their own country and off of our markets.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes; I will yield.

Mr. COOPER of Wisconsin. I remember to have read testimony taken before one of the committees of this House that 27,000 new automobiles and trucks were sent over to France, some of them five or six months after the armistice, and that these were turned in at these low figures.



Mr. GRAHAM of Illinois. There were more than that. There were over 33,000, and the figures are given in the report. The sworn testimony before one of the investigating committees was that after the signing of the armistice over 33,000 new automobiles and trucks and vehicles were landed in France.

Mr. GARNER. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. GARNER. Has the gentleman a copy of the statement sent to the committee at the time they were considering this bill that he could let me have?

Mr. GRAHAM of Illinois. No; I have not.

Mr. GARNER. I want to say to the gentleman that if a copy of that had been included in the report I would not ask about it. I did ask for a copy of it, and it was promised, but I could not obtain it. It contains an honest statement, which this report does not give. It was the intention of the committee to keep the information from the House, and I said so at the time.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. COOPER of Wisconsin. If 33,000 new automobiles, presumably made under war contracts, so manufactured, were sent over to France, some of them five and six and eight and nine months after the armistice was signed, how does the gentleman reconcile that fact with his statement that this is a meritorious proposition.

Mr. GRAHAM of Illinois. I do not understand what the gentleman means.

Mr. COOPER of Wisconsin. As I understand the gentleman, he said he thought it was a wise thing to send those over there.

Mr. GRAHAM of Illinois. No; I did not say so at all. I have condemned it time and time again.

Mr. COOPER of Wisconsin. The gentleman must have made that condemnation in the last Congress, for I do not remember to have heard him.

Mr. GRAHAM of Illinois. If the gentleman had been here in the last Congress he would undoubtedly have heard me.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. I prefer not to at this time. After the signing of the armistice there were large stocks of goods all over the European countries, not only in France but in Great Britain, in Italy, and other European countries.

As shown by the American inventory which I have here, but which I shall not take the time to refer to further, unless some Member wants to see it, there were in France \$1,739,189,302.65 worth of stuff. The Liquidation Commission started to dispose of that. Several plans were proposed. One was to bring the material back to this country, another was to sell it to the French and other peoples as individuals, and another to sell it to the French Government. Hundreds of millions of dollars were expended over there in the construction of buildings on French ground. There was not title to a foot of it in the American Government, because the French Government insisted upon the provisions of French law, which provide that no foreign Government can own any French soil except for diplomatic purposes, and only then with the consent of the French Government. The French Government insisted upon that, even though it was war time, and as soon as the war was over they said to our Government and our Liquidation Commission, "We will not sell you any of this land; we will not give you any permanent right to hold it; you must either sell this stuff or get it off the land and restore the land to its original condition."

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Not just at this time. So that our Government found itself in the position of having all these costly buildings and other structures which had been constructed to help win the war, on French soil, which they had to either wreck and junk at large expense or sell to the French Government. Then it came to the movable property, and as soon as our Government talked of removing that property, to this country the French immediately invoked their old law, which had been in force for a number of years, and although they had said nothing about it when we took those goods into their country, when the proposition was made to sell them or take them out they immediately said that before we could do that we must pay their import duties on this stuff, which figured up \$150,000,000. I want to read a part of the report of the Liquidation Commission showing exactly about what was done. This report is found in the reports of the Committee on War Expenditures in the Department of Foreign Affairs, serial 4, parts 75 to 78.

Mr. YOUNG. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes; and then I shall yield to the gentleman from Texas [Mr. GARNER].

Mr. YOUNG. Does the gentleman say the import duties were to be levied if we took the property out of France or left it in France?

Mr. GRAHAM of Illinois. The French Government said we must pay it whether we took it out or sold it over there.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. GARNER. In his investigation of that matter does the gentleman think the Government made a good or a bad contract when they sold this property in France?

Mr. GRAHAM of Illinois. The committee of which I was chairman never made a report about its views as to that contract. I could readily see how the United States Liquidation Commission was up against a very hard proposition, and, so far as the reports of our committee are concerned, the Liquidation Commission was never criticized in respect to this sale. I personally do not feel now that I can make any particular criticism about it, because the commission was laboring under the worst kind of difficulty. There was congestion in shipping on the ocean, and the French were insisting upon the provisions of their law by which they said we must pay \$150,000,000 duty, and the charitable consideration in the minds of the Liquidation Commission toward the suffering people of Europe was such as to induce in the minds of the commissioners the idea that we ought to help those people out.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. GARRETT of Tennessee. Does the gentleman recall who was the head of the Liquidation Commission?

Mr. GRAHAM of Illinois. Yes; Edwin B. Parker. I read now a part of the report of the Liquidation Commission:

Under this contract the considerations moving from France are: (1) Four hundred million dollars in 10-year 5 per cent bonds, with semi-annual interest from August 1, 1920; (2) the assumption by France of all rents for installations accruing after August 1, 1919, and the agreement of France to hold America harmless against all claims of every nature whatever arising out of American occupation and use of such installations and lands; (3) the waiver by France of all claims whatsoever for taxes or customs duties on properties imported into France and sold since August 6, 1917.

Our people took that stuff into France, England, and Italy without any arrangement about import duties, in the hurry and haste of war, not thinking that the French or any other Government would ever impose any such duties. They took it in and suddenly found when the war was over that these duties were to be imposed. Let me read further from the report of the commission:

Most of the property which the commission sold in France was brought in without the payment of import duties. Until this contract was signed the French Government had never relinquished its right to claim payment of such duties, though the point was vigorously pressed, both by the commission and by the representatives of the British Government in France, that the salvaging of surplus war stocks was an incident of the war and as such they could not be held subject to import duties. The French position on this point was, however, a strong one. It was supported by a precedent set by the United States Government in dealing with the surplus stocks left in the Philippine Islands at the close of the Spanish-American War, the usual customs duties having been paid on such stocks. The commission had the inventories studied in connection with the French tariff schedules and it was found that \$150,000,000 was a conservative estimate of the aggregate customs duties, payable under the normal rules for all of our stocks in France. This claim was given weight in fixing the final purchase price of \$400,000,000.

This and the provision relative to the ownership of the soil upon which our buildings were constructed, together with the charitable considerations, induced our commission to sell this material to France. I want to read now two extracts from report of the liquidation commission; and, by the way, in answer to the gentleman from New Jersey who asked about it, I would say that I have here a copy of the contract with the French Government and he will find it set out at large in my extension of remarks.

Let me say, however, that not the slightest safeguard will be found in this contract as to what shall be done with the goods. Neither was there ever the slightest care taken by any of our authorities to see that when our expeditionary forces entered European countries they should not be subjected to vexatious impositions and taxes, an agreement as to which matters might have been readily made then for the mere asking.

Now, let me read what our commission says were some of the reasons why they did this.

Mr. ACKERMAN. Will the gentleman yield for a question?

Mr. GRAHAM of Illinois. I will.

Mr. ACKERMAN. Was there an agreement between the Government of France and the United States regarding the amount of money that was to be paid?

Mr. GRAHAM of Illinois. Yes. Here is the substance of what the agreement says:

Under this contract the considerations moving from France are: (1) \$400,000,000 in 10-year 5 per cent bonds, with semiannual interest from August 1, 1920; (2) the assumption by France of all rents for installations accruing after August 1, 1919, and the agreement of France to hold America harmless against all claims of every nature whatever arising out of American occupation and the use of such installations and land; (3) the waiver by France of all claims whatsoever for taxes or customs duties on properties imported into France and sold since April 6, 1917.

Mr. CARTER. Will the gentleman yield for a short question?

Mr. GRAHAM of Illinois. Yes.

Mr. CARTER. The gentleman spoke of following a precedent that was established in reference to the Philippines. To whom did that property belong and what was the tariff levied on?

Mr. GRAHAM of Illinois. I have not looked it up, but I imagine it perhaps belonged to Spain, but I am not sure about that. I know that France invoked that old precedent which they hunted up, and by means of that made the argument with reference to these duties. Now, the liquidation commission urged this as one of the good reasons why they did this:

A very large percentage of these stocks, manufactured and assembled under pressure, handled and rehandled under tremendous handicaps, were in a condition and of a character which clearly would not have justified the cost of returning them to America. As our troops were evacuating France we had to look forward to the time when we would be left without facilities for keeping possession of, guarding, handling, delivering, or shipping home these goods. It was clear that the hungry, cold, and industrially demoralized people of Europe stood in crying need of a large percentage of these supplies—supplies which under existing conditions could not, as a whole, be advantageously returned to America at any time, and such part of them as might justify the cost of handling and transportation could hardly be held in France until conditions should become nearly enough normal to make possible their shipment.

Again, in a letter by the chairman of the commission to M. Morel, French negotiator, this was said:

After the sacrifices, which can not be measured in terms of dollars, which have been made by both of our peoples, it would be criminal stupidity on the parts of the representatives of both our Governments to fail to agree on the disposition to be made of the surplus war supplies remaining on French soil. This commission sincerely hopes that it will not be forced to sell for shipment out of France anything that the French people really need or can utilize to advantage, and we are therefore not only willing but anxious to make to the Government of France a price for this property which will be attractive to it and to extend credit for the entire purchase price.

May I not, in conclusion, remind you that, as the treaty of peace with Germany has been signed and measures have been taken by your Government and ours, together with their associates, to insure a lasting peace, and as the American Expeditionary Forces are being very rapidly withdrawn and returned to their homes, it is imperative that the surplus war supplies belonging to our Government in France should be speedily disposed of, if not to the French Government then to others who urgently need and are seeking to acquire them, to the end that they may be promptly and fully utilized to bring back a measure of prosperity to the suffering peoples of the world.

Our commissioners, taking into account the various matters which I have referred to, and animated by the most high and charitable motives for the assistance of our late allies and companions in the struggle with Germany and Austria, negotiated a sale of all of our material overseas not needed for our own immediate uses to various countries, all of which I will show by a table attached to these remarks, and especially negotiated a sale to the Government of France of all our remaining property there for \$400,000,000; this is to be paid, as I have said, in 10 years with interest at 5 per cent.

It was found that England had a similar law to France as regards import duties, but the English Government waived any claims under it and permitted us to dispose of our property there as we thought best. The French attitude, however, was, as I have said, entirely different. Our liquidation commission sold our property abroad for but a few cents on the dollar, and one of their principal ideas, as shown by their report, was to aid the suffering peoples of Europe and help them get on their feet again.

What was done with it? Vast quantities, hundreds of millions of dollars' worth of it, have been sold to speculators, and it is now being shipped back into this country duty free and sold to our people and destroying our own markets. Is there anybody in the House who thinks that is what we had in mind; is there anybody in this House who can defend that proposition? And yet I tell you not only is it coming here in large quantities but it has already come here in large quantities. The customs officer of the Treasury Department informs me that in the month of June approximately \$2,500,000 worth of reimported American goods, from England and France, came into this country, much or most of which is doubtless this material.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAWLEY. I yield the gentleman three additional minutes.

Mr. GRAHAM of Illinois. I have in my hands here a copy of the Association of Commerce News Bulletin, published in the city of New Orleans, and the statement is made that on the 17th of July the steamship *Georgia* landed at New Orleans and discharged a cargo of this kind of material worth hundreds of thousands of dollars which consisted of everything from horse-shoe nails to books and clothing. Now, in view of the immense amount of stuff left on the other side I want to ask you gentlemen of this House, what effect do you think the dumping upon the market of this material will have upon our American industries?

Mr. LONDON. Will the gentleman yield?

Mr. GRAHAM of Illinois. I have not the time. I want the laboring men of this country to go to work. That is our most pressing need. I do not believe it is the right thing for us to do to permit this stuff to come into our markets and close the doors of our factories and be sold to our people, especially at a time when it pays not one cent duty but comes in free. So I have introduced this bill with the idea of putting on a duty that will be prohibitive when it comes in, or if it does come it will not come in sufficient quantities to affect the legitimate market. In doing so I am invoking the best sort of protective policy I can imagine.

Mr. GARNER. Will the gentleman yield?

Mr. GRAHAM of Illinois. In just a moment. There have been organized many companies in the United States for the purpose of dealing in this kind of stuff. I have in my files here a considerable number of letters from that sort of concerns, all protesting against such a law as this resolution intends.

One of these corporations is Stevens, Webb Co. (Inc.), of New York.

Here is a paragraph from their letter:

We have for the past six months been organizing a company for the disposal of these goods, which your bill forbids. I have talked to several persons who are Members of the House, and they have advised me to come straight to you in an attempt to prevent the passage, or at least delay it until our company can free itself from obligations which it has incurred.

He came into my office, as have many others who have organized these companies, and they tell me that they have bought millions and millions of dollars' worth of these goods and that they are on the way over here. The Association of Commerce of the City of New Orleans—and I have the information here through the kindness of Mr. DUPRE—advises that there will be landed in the city of New Orleans during the month of August at least five ship cargoes of this stuff.

It would be hard to estimate how extensive this traffic in surplus war goods will become. Many companies, as I have said, have been formed for this business. I have before me an advertisement which I will insert with these remarks. This company, as I understand it, is dealing entirely in reimported war trucks.

I am advised that one firm in New York is offering, at prices way below the cost of manufacture, over 3,000 tons of saddlery imported from England. To illustrate the boldness of these dealers, a company has been formed, with headquarters at New York and branch offices in Paris and Bilbao, called Ford of France, which company, as I am advised, deals in nothing else except Ford machines bought from the French stock sold by our Government to the French Government. In response to a telegram inquiring about this company which I forwarded to Henry Ford at Detroit, Mich., and in which I stated, "Party here claiming to represent you interested in New York concern called Ford of France. Are you in any way connected or interested in this company? Please wire answer," I have the following telegram:

DETROIT, MICH., July 11, 1921.

W. J. GRAHAM, M. C.,  
Washington, D. C.:

No person is authorized to represent Mr. Ford in the capacity your telegram indicates.

E. G. LEBOLD,  
General Secretary to Henry Ford.

In an article evidently well supported by facts appearing in the Association of Commerce News Bulletin, of New Orleans, on August 2, 1921, the statement is made that the Government of France has disposed of these goods to the Société Commerciale et Maritime Française, whose United States connection is reported to be Grallon & Co. (Inc.).

Whether the French Government is directly involved in these transactions or not I do not know. I do know, however, that the property was sold to the French Republic in large part and that if it is coming back to this country it is either coming directly from the Government or from speculators to whom the Government has sold, and in either case it ought not to come.

Mr. GARNER. Will the gentleman yield?



Mr. GRAHAM of Illinois. I will.

Mr. GARNER. I want to ask the gentleman whether this 90 per cent he has in his bill here is in addition to the present rate of duty in the law?

Mr. GRAHAM of Illinois. I will quote, if the gentleman please, section 4, paragraph (p), of the Underwood Tariff Act. Mr. HAWLEY. Will the gentleman yield? Section 404 of the Underwood Tariff Act also relates to this.

Mr. GARNER. All of these items?

Mr. HAWLEY. Absolutely.

Mr. GARNER. The gentleman is considerably mistaken.

Mr. GRAHAM of Illinois. Listen. Here is what paragraph (p) says:

That upon the reimportation of articles once exported, of the growth, product, or manufacture of the United States, upon which no internal tax has been assessed or paid, or upon which such tax has been paid

and refunded by allowance or drawback, there shall be levied, collected, and paid a duty equal to the tax imposed by the internal revenue laws upon such articles, except articles manufactured in bonded warehouses and exported pursuant to law, which shall be subject to the same rate of duty as if originally imported, but proof of the identity of such articles shall be made under general regulations to be prescribed by the Secretary of the Treasury.

In other words, unless these articles that are named pay the internal-revenue taxes they will come in duty free.

Mr. GARNER. A large proportion of them are automobiles and trucks.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. GRAHAM] has expired.

Mr. GRAHAM of Illinois. Under the leave given me, I here insert, first, a statement of the inventoried value of goods in France; second, the contract with the French Government; and, third, the truck advertisement hereinbefore referred to.

#### APPENDIX VII.

Categorical summary of inventories of American Expeditionary Forces property in France, showing cost and present value, as estimated by United States Liquidation Commission—War Department, July 8, 1919.

A	B	C	D	E	F <sup>1</sup>	G	H <sup>1</sup>
Category.	Inventory cost.	Percentage of total.	Description.	Ratio of estimated present value to cost.	Estimated present value.	Percentage of total.	Estimated value of A. E. F. property available for sale to France.
				<i>Per cent.</i>			
1	\$323,721,869.50	18.6	Clothing and textiles.....	75.3	\$243,775,246.27	23.14	\$137,579,876.85
2	259,168,998.86	14.9	Subsistence supplies.....	84.0	217,498,098.85	22.43	135,459,595.37
3	14,861,948.74	.9	Kitchen utensils and household furniture.....	33.0	4,958,692.75	.51	5,267,952.52
4	92,837,183.32	5.3	Machinery, metals, tools, and hardware.....	57.5	53,499,781.35	5.53	47,510,597.34
5	14,128,873.77	.8	Building materials.....	45.0	6,378,131.27	.66	6,419,181.27
6	8,078,978.01	.5	Lumber and other forest products.....	53.0	4,273,446.00	.44	4,243,190.00
7	186,270,430.36	10.7	Railway and dock equipment.....	64.0	119,473,982.93	12.32	113,632,503.93
8	352,300,196.89	20.3	Transport equipment.....	42.0	147,680,933.92	15.23	134,678,660.92
9	46,564,220.08	2.7	Hospital and toilet supplies and chemicals.....	67.5	31,319,474.09	3.23	24,666,377.43
10	4,318,450.32	.2	Photographic, measuring, and musical instruments.....	48.5	2,092,546.76	.22	2,027,374.76
11	9,404,032.91	.5	Electrical equipment and supplies.....	58.0	5,454,256.06	.66	4,809,018.39
12	14,479,538.08	.8	Oils, gasoline, and paints.....	87.4	12,639,897.55	1.3	13,305,029.30
13	76,134,542.86	4.4	Ordnance and gas equipment and supplies.....	5.1	3,075,951.75	.4	3,785,978.97
14	600,107.02	.04	Blasting apparatus and supplies.....	11.5	68,850.23	.007	68,850.23
15	99,546.17	.005	Printing plant and supplies.....	35.0	35,234.02	.003	31,364.02
16	15,240,040.27	.9	Office fixtures, stationery, and supplies.....	58.5	8,923,684.33	.92	8,895,257.43
17	4,746,658.79	.3	Hides and leather.....	99.0	4,700,803.30	.49	5,078,269.30
18	6,207,829.55	.4	Air Service apparatus and equipment.....	38.0	2,355,865.39	.24	2,335,865.39
	11,659,477.95	.6	Other materials, not otherwise specified.....	55.0	8,595,369.28	.69	5,921,119.28
	180,980,637.00	10.4	Permanent installations to May 1, 1919.....	21.8	39,256,500.00	4.05	39,256,500.00
	4,882,036.51	.3	Recent installations, advance section.....	19.8	967,500.00	.1	967,500.00
	120,361.00	.007	German signal corps dumps.....	100.0	120,500.00	.01	120,500.00
	13,091,473.77	.8	German and American dumps, advance section.....	17.2	2,250,000.00	.23	2,250,000.00
	4,105,726.00	.2	Light railways.....	61.0	2,500,000.00	.25	2,500,000.00
	6,249,826.90	.4	Signal Corps installations.....	72.0	4,500,000.00	.46	4,500,000.00
	145,000.00	.008	Laboratory apparatus.....	65.5	95,000.00	.01	95,000.00
	590,968.00	.04	Aytre car erecting plant.....	50.0	295,484.00	.03	295,484.00
	88,000,000.00	5.0	Estimated value of materials and supplies in installations not embraced in categorical inventories.....	50.0	44,000,000.00	4.53	44,000,000.00
	1,739,189,302.65	100.0	Total.....	55.7	969,585,230.10	100.00	749,641,066.70
			Deduct 25 per cent to cover cost of merchandising, labor, storage, insurance, interest, and overhead expense.....				187,410,266.68
							562,230,800.02

<sup>1</sup> The difference between column F and column H is represented by a series of differences in quantities. These reductions are shown, by services, on chart B, Appendix VIII. They were calculated also by categories. They represent sales and other dispositions since the inventories were taken.

#### APPENDIX X.

##### (1) CONTRACT OF SALE, UNITED STATES TO FRANCE, AUGUST 1, 1919—THE BULK SALE TO FRANCE.

This contract entered into this 1st day of August A. D. 1919 by and between the United States of America (hereinafter called America), acting through the United States Liquidation Commission—War Department—of the one part, and the Republic of France (hereinafter called France), acting through Le Sous-Secrétaire d'Etat aux Finances, of the other part, witnesseth:

That whereas America is the owner of certain property now located in France which was imported into, acquired, or constructed in France since April 6, 1917, by the War Department of the United States of America (hereinafter called War Department); and

Whereas it is deemed advantageous to both Governments that America sell and France purchase said property:

Now, therefore, in consideration of the premises and for the other considerations herein stated, it is mutually agreed, as follows:

##### ARTICLE I.

Description of property.—America agrees to and does hereby sell to France without warranty of quantity, quality, or condition, and subject to the reservations, exceptions, and conditions hereinafter set forth, and France agrees to and does hereby purchase from America all of the property now located in France and now owned by the War Department, described as follows:

(a) All of the buildings, structures, docks, warehouses, telephone and telegraph lines, railroads, and other installations of every kind and character constructed or acquired in France since April 6, 1917, together with the leases, appurtenances, and equipment appertaining thereto; and

(b) All of the movable property, consisting of material, equipment, and supplies imported into or acquired in France since April 6, 1917.

##### ARTICLE 2.

Exceptions and reservations.—America reserves from the property described in article 1 hereof (which is sold subject to the following exceptions and conditions) property as follows:

(a) All animals.

(b) Undelivered material, equipment, and supplies which America has already sold or contracted to sell (1) to other nations, (2) to relief associations or organizations, (3) to Spanish company for export to and distribution in Spain, and (4) motor transport of English manufacture only, for return to and distribution in England, all aggregating in selling value approximately seventy-seven million two hundred and sixty-five thousand five hundred and ninety-seven dollars and eighty-three cents (\$77,265,597.83).

(c) Equipment, material, and supplies forming a part of the equipment of the individual soldier or of the military units which have been or may be hereafter withdrawn from France for return to the United States;

(d) Material, equipment, and supplies now in France needed by America and already ordered returned to America for the use of the War Department, of the estimated cost value of fifteen million dollars (\$15,000,000);

(e) Subsistence and supplies necessary to meet the requirements of the American Expeditionary Forces and other War Department organizations so long as they are in France, which subsistence and supplies are now located both in depots and points other than depots, such stocks now in depots being of the estimated cost value of four million dollars (\$4,000,000); and

(f) Medical, surgical, and hospital supplies and supplementary and dietary foodstuffs needed in the treatment of the sick and injured, reserved for the use of the American Red Cross in connection with its activities in Europe, of the estimated cost value of ten million dollars (\$10,000,000). Should the Secretary of War of the United States of America, or his authorized representative, hereafter request that France resell to America additional property of similar nature for the use of the American Red Cross, then, in such event, France agrees to resell same to America so long as it is held by France unsold, delivering it to the American Red Cross at the same price at which France has valued such property in making this purchase, so that the resale shall be at cost to France without profit. America agrees to give France credit on the bonds hereinafter mentioned for any property so resold.

ARTICLE 2.  
Consideration.

(a) Bonds.—In addition to the other considerations herein enumerated, France agrees to pay for the above-described property the sum of \$400,000,000, to be evidenced by bonds of the Republic of France, dated August 1, 1919, bearing interest from August 1, 1920, at the rate of 5 per cent per annum, interest payable in equal semiannual installments on February 1 and August 1 in each year, said bonds maturing 10 years after date, both principal and interest payable in dollars to the United States of America or its assigns at Washington, D. C., in gold coin, or, at the election of America, payable in francs of the Republic of France at the cable-buying rate as fixed by the Federal reserve bank of New York on the New York market at noon of the due date thereof. Said bonds shall be in such form and of such denominations as may be prescribed by agreement between the Treasury Departments of America and of France and shall be delivered within 90 days from August 1, 1919.

(b) Claims and rentals.—France assumes the payment of all rentals which shall accrue subsequent to August 1, 1919, on account of the occupancy of the installations of every character purchased by it from America. All requisition, damage, and restoration claims of every nature whatsoever connected with or growing out of the use and occupation of said installations have already been taken into account by France in estimating the utilization value of said installations, and deduction has been made accordingly from the purchase price mentioned in subdivision "a" of this article 3 hereof, and France assumes the payment of and agrees to hold America harmless against all such claims.

(c) Waiver of claims: France waives all claims of every nature which it has or may have against America for national taxes on account of the importation of or transactions in relation to property heretofore imported or acquired by America in France since April 6, 1917.

ARTICLE 4.

Title and possession: (a) Title to the property hereinbefore mentioned, sold by America to France, shall pass to France upon the signing of this contract. Delivery of possession shall begin immediately and shall be completed within 30 days from August 1, 1919. So long as said property is in the possession of America it shall be held at the joint risk of America and France; provided, however, that the risk to America shall terminate absolutely with August 31, 1919, whether delivery has at that time been taken by France or not. At the time of delivery of possession a receipt in substantially the following form shall be signed by representatives of the respective Governments:

"Be it known that on this \_\_\_\_\_ day of \_\_\_\_\_, 1919, the United States of America War Department has delivered to the accredited representative of the Republic of France, on authority of the United States Liquidation Commission, War Department, all the property, both fixed and movable, belonging to the United States of America War Department embraced or located in installation, depot, or park known as \_\_\_\_\_ Department \_\_\_\_\_ Project No. \_\_\_\_\_, as shown on the Jadwin Report of Installation, page \_\_\_\_\_. Executed in \_\_\_\_\_ parts, each having the full force and effect of an original."

(b) France hereby grants to America, rent free, the temporary use of such installations and movables purchased by France in accordance with the terms of this contract as may be required by the American Expeditionary Forces and other War Department organizations so long as they are in France or as may be necessary to complete the liquidation of the affairs of the War Department; provided, however, that so long as such installations and movables are retained by America for its use under the terms of this subdivision "b" of article 4 hereof, they shall be held at the risk of America.

In witness whereof, on the day and year first above written, this contract has been executed in four parts, each having the full force and effect of an original, by the United States of America, acting through the United States Liquidation Commission—War Department, Edwin B. Parker, chairman; and by the Republic of France, acting through le Sous-Secrétaire d'Etat aux Finances, Paul Morel.

UNITED STATES OF AMERICA,  
By E. B. PARKER,  
Chairman United States Liquidation  
Commission, War Department.  
REPUBLIC OF FRANCE,  
By P. MOREL,  
Le Sous-Secrétaire d'Etat aux Finances.

The following is the truck advertisement above referred to:

Big trucks at one-half price—5½-ton Macks, 3½-ton Packards, 5-ton Pierce-Arrows, 3-ton Whites, 4-ton Riker-Locomobiles—It will pay you to investigate—Regular 90-day guaranty against defective parts—Trucks sold on partial-payment plan if desired—Dealers: Get a Truck Co. of America franchise for your territory. Write at once—Fleet owners: We can supply you at a great saving—Truck Co. of America, world's largest truck dealers, 1681-1685 Broadway, at Fifty-third Street, New York. Telephones—Circle 0287-0288-0289.

Mr. GARNER. Mr. Chairman, I yield 25 minutes to the gentleman from Texas [Mr. PARRISH].

Mr. PARRISH. Mr. Chairman and gentlemen of the committee, the overshadowing national question for the next 50 years at least will be that of economy in Government expenditures and the raising of the necessary revenue to meet such outlay. The time has come in the history of our Nation when economy must be the watchword of its public officials and Government expenses must be reduced. The Nation simply can not continue to spend money at the shocking rate it has been spending it in the past. Congress must realize definitely and finally that the American people can not and will not submit to the unbearable burdens of ever-increasing appropriations and added taxation. America's finances are sound and her credit to-day is the best in all the world and is approached only by two other countries, that of Japan and Switzerland; but we must find a way to stop reckless or wasteful expenditures or expenditures of doubtful value to the Government or the people. Public money should be expended with the same keen business judgment and foresight as is exercised by the best regulated

business concerns. Just now the business interests of the Nation which touch vitally the life and prosperity of our people is partially stagnated at least by reason of excessive tax burdens and other burdens in the way of licenses or restrictions that have been placed upon them by the Government during the war and continued in force for a period of almost three years, during which there was neither peace nor war, and such conditions prevail to-day. It is now time that men from every section of the country devote their best thought and talent to a careful study of the Nation's economic needs, to the end that there may be speedily evolved means and methods by which the people's burdens may be lifted and business once more placed on a safe and sane basis.

There seems to be at least one way by which we can with safety reduce public expenditures if we will do our part, and that is by bringing about an agreement among the other nations of the earth to reduce the amount of money that will be spent for purposes of national defense. The people of the various nations of the world are staggering beneath the burdens of military preparations, and in this respect their burdens are being added to from day to day rather than lightened. Experts in a position to know say that more than 92 per cent of all the money appropriated by Congress is used to pay past, present, and future obligations of a naval and military character, and that less than 8 per cent is used for the constructive civil expenses of the Government. Similar ratios will be found in the expense accounts of the other leading nations of the earth, and so appalling are these figures and so destructive and wasteful are the results that it would seem that the civilized nations would not only be willing but eager to come together in some mutual and binding agreement by which the military and naval burdens could be effectually lifted from their people to the end that peace and prosperity would become the watchword not only of our own country but of all other nations as well. This is indeed the most absorbing question of the hour and if the President of the United States fails America in this crisis or if America should fail the world posterity will be unforgiving and the curses of civilization will rest mightily on the party failing to respond wholeheartedly to this the greatest call ever made of men or nations since the dawn of civilization.

Approximately \$5,500,000,000 were appropriated for the fiscal year ending June 30, 1920, for the fiscal year ending June 30, 1921, \$4,780,000,000 were appropriated, and for the fiscal year ending June 30, 1922, taking into consideration the deficiencies, the annual appropriation will amount at least to \$5,000,000,000, and there seems to be a wide dispute as to the amount that will be necessary to meet the current expenses for the fiscal year ending June 30, 1923; but Mr. Mellon, Secretary of the Treasury, says that at least \$4,550,000,000 will have to be provided for that purpose. Within the next two years there will mature in round numbers about \$7,500,000,000 worth of short-time Government obligations, and while these obligations must of necessity be met by some kind of refunding plan, yet the interest on the public debt, together with the annual expenditures, will in all probability call for an outlay totaling about what will be required for the current fiscal year. How to raise this tremendous sum presents a question which challenges the best thought of our financiers and statesmen. The reduction of the Army to 100,000 men or less, together with the corresponding reduction in officers, according to reliable estimates, will save a little more than \$80,000,000, and this is a saving that ought to be made. If an effective agreement is reached for universal disarmament, then the expenses of both the Army and Navy ought to be very greatly reduced.

During the recent political campaign the Republicans who now have full charge of both branches of the Government, disregarding of the facts, boldly stated to the American people that if they were intrusted with the management of public affairs, taxes would be very greatly reduced, and the speakers of that political faith were loud in their efforts to convince the people that if they were intrusted with this responsibility that they would at once put more business into Government and less Government into business, and would simplify the revenue laws and reduce the burdens of taxation. To these promises the American people ought to hold them to the strictest accounting and they ought to be called before the bar of public opinion and forced to make good their promises or be ostracized for making promises in the face of the facts which they knew could not be carried out. However, be that as it may, the demand for relief from the burdens of taxation was so pressing that the people believed the Republican campaign promises and swept them into office by a majority seldom seen in political campaigns.

Now, you are meeting yourselves coming back. Your Secretary of the Treasury, a man of business ability, has appeared before the Ways and Means Committee of the House and stated



very frankly to that committee, that the burdens of taxation can not be reduced materially if necessary public expenses are paid. In other words, this conservative business man at the head of the Treasury Department frankly tells the Republicans in effect, that their campaign promises were false, and that they can not continue to spend money in the future as they have in the past and reduce the burdens of taxation very materially. There seems to be a wide difference of opinion among the Republican leaders as to whether Mr. Mellon is right. Mr. MONDELL, the majority leader, comes forward as the financial Moses to lead them out of the wilderness and boldly proclaims that Mellon is wrong, that he knows a way by which \$2,000,000,000 can be saved. An analysis of his proposition simply shows that he would cut this amount off in the first half of the year and would be forced to add it on in the last half of the year. A suggestion that is far from sound economically, it is a subterfuge pure and simple and merely postponing the day of reckoning.

The Republicans have been in full charge of both of the legislative branches of the Government for almost three years and in charge of the executive branch since March 4, 1921, and notwithstanding the fact that President Wilson, through message and otherwise, repeatedly requested the Republicans, since they came into power, to revise and correct the inequalities of the present tax laws, yet the Republicans have not up until this good hour passed one single law which would simplify the present revenue laws or remove one single inequity therefrom. This failure on their part is unpardonable, and has worked untold loss and hardship on our people. The revenue laws, under which we have been doing business for the past several years were passed during the conduct of a great war, and were in the main of necessity war measures. They were hurriedly passed during unsettled conditions and were never intended to remain on the statute books indefinitely during times of peace. A law passed under such conditions naturally would have many uncertainties, if not confusing and conflicting provisions, in it, and since its passage, there have developed many practical difficulties in its interpretation and enforcement.

In December, 1919, President Wilson, in a message to Congress very earnestly urged the immediate simplification of the income and profit tax laws, in order to save the taxpayers inconvenience and expense, and in order that the liability of the individual taxpayer to his Government might be made definite and certain and along with his message he transmitted recommendations from the Commissioner of Internal Revenue showing more than 100 irregularities, defects, and inequities in the existing law. On at least two other occasions he called the attention of Congress to the same matter, each time urging and requesting Congress to grant relief. It is needless to say that his appeal was strongly echoed by the great body of the taxpayers throughout the entire country, but what has been done during the nearly three years since you took charge? What is your answer? There is no answer. It is now well up in August. The law by which you propose to raise the revenue in the future has not yet been submitted to Congress. It is admitted that whatever revenue law is passed by this Congress will have to be made retroactive in many of its provisions and in these particulars it will date back and cover all business transacted from the first day of January of this year.

In other words, notwithstanding the great demand for immediate revision of the tax laws and notwithstanding the fact that you have had at your command every agency and power of the Government, you have forced American business men and American business interests to conduct their business in the dark for at least eight months of the current year without their even knowing what part of their profits would be given over to the Government in the way of taxes, and without, indeed, giving them any guide as to how they might best transact the business in which they were engaged. Legitimate business has been staggering in the dark simply because those in authority were unwilling to light the lamp that would give light to the path that they were to travel. The business men of this country are not complaining so much of the taxes they must pay, though they are demanding relief from the present burdens, but they are complaining, and justly so, at the multitudinous and brain-racking technicalities and uncertainties through which they must go in order to determine what tax they must pay their Government. There is nothing so fatal to successful business as to compel it to function in confusion and doubt. To-day business is up in the air. It is at its wits end. Five million laborers are out of employment. We can not adjust prices. We can not do anything with certainty until we have fixed rules and standards to guide us. We do not know where we stand with the Government, and unless relief is speedily given the result is going to be that the great body of business men in this

country will lose confidence in the business ability of those in charge of the affairs of the Government to administer its affairs in a conservative and businesslike way. In the face of these undeniable facts, what have you accomplished? You have "fiddled while Rome burned," you have procrastinated, debated, and talked about reduction until conservative men are weary and sick at heart, and now demand and insist that some action be taken speedily. Had it not been for this cry which came from every section of the country I dare say that the present Congress would have recessed and left tax revision go over until December. There was much general talk of such procedure until the people made themselves heard.

More than four months were given over to the Fordney tariff bill, which in practical results is worse than wasted. The bill is one of the most dangerous pieces of legislation that has been passed by any Congress since the creation of our Government, and the result of such legislation will be to cause further stagnation of business, cut off our exports, and choke up the channels of trade. It may relieve the favored few, but it will oppress the masses.

The incorporation into the bill of the American valuation feature is especially inopportune just at this time. It will add to the uncertainty in national exchange values the question of American valuation, and here again uncertainty and confusion will find its way into the business of our foreign trade, and depression will inevitably follow.

Few people really understand the practical results that will actually follow the adoption of this plan. We seem to have delegated unto ourselves an all-sufficient air, and apparently have become intoxicated with the idea that we hold the world's balance of trade and that any plan we propose will have to be accepted by the other nations. It is true that we are the creditor Nation of the earth. We own more than one-half of the world's supply of gold, and the nations of Europe owe us better than \$15,000,000,000 in public and private obligations. It is also true that we hold the balance of power, and our money is master in the exchange markets of the world, and almost always sells at a premium. But this exchange valuation has a back-fire to it. The high premium on the American dollar has a strong tendency to keep our surplus products out of the foreign markets, and in this way militates directly against us. Just at this time Switzerland furnishes a striking example of the disadvantages that may come to a country by reason of a high premium on its exchange. Her money sells at a premium everywhere in Europe, and yet her business is slowly but surely dying as a result of the high value of the Swiss franc. Swiss chocolates were once the favorite in all the world, but now few people in Europe can afford to buy them, and domestic chocolates have taken their place in the local markets of practically every European country. Her hotels and pleasure resorts heretofore overflowing at this season of the year are practically empty, because travelers can get so much more for their money in other countries. To some extent at least we seem to be suffering the same fate, for during the first four months of this year our exports as compared with the same months in 1920 have fallen off \$1,000,000,000, or about 35 per cent, and the same is true of our imports. If to this condition of affairs you add a law which requires the value of imports to be fixed at American ports of entry and our foreign customers are required to wait until their goods reach our own customhouses before they know what duty they will have to pay us you are throwing many stumbling blocks in the way of foreign commerce and embarking upon a policy that may destroy a large part of our world's trade, and if you add insult to injury by levying as you propose the highest tariff rate ever known, you will literally choke up the channels of trade. The European nations will buy only such things as they are forced to buy from us, and our surplus goods and raw materials will remain on our hands. Through the agency of the League of Nations, England, France, and other nations of Europe are lending support to those buying their products. They are doing this by means of governmental guaranties, but America has not seen fit up to this date to take this precaution in regard to her foreign trade. However, if we are going to get our part of the world's commerce, we must hereafter make a fight for it and make conditions so inviting that Europe will be induced to come here and trade with us, and unless some such arrangements are made which will include a change in our tariff policy there is little prospect that the 5,000,000 laborers now idle will find employment any time soon.

I warn you now; America may well look with deep concern upon anything that would tend to isolate her from the commerce of the world, for therein lies the hope of prosperity and happiness for our people. Therefore, instead of doing America a service in the passage of the tariff bill, you have undoubtedly paved the way to do real harm and have complicated rather



than simplified the economic problems that must be solved before we can ever get back to normal conditions.

I call these things to your attention because they affect vitally our people, and have a direct bearing upon the ability of our people to pay the necessary revenue to meet the demands of the Government.

In the light of these facts future laws affecting the economic conditions of our country, including our revenue laws, present a most interesting study indeed, but it likewise presents many perplexing problems and difficulties. How can the burdens of taxation be reduced and yet the necessary revenue be raised? What the Republican majority will do about it no one seems to know, but judging from the expressions heard up to date it is very evident that the leaders on the Republican side are yielding to the demands of the big interests, and are seeking to devise some scheme by which the burdens of taxation, if not reduced, may be shifted from those of large incomes to those of small incomes and to the public generally, and whatever so-called reduction that will be made I fear after careful analysis will not be a reduction at all, but will simply be a shifting of the burdens from those more able to pay to those less able to pay.

Seldom, if ever, have the big interests had such a hold on the Government in Washington as it has at this time. This fact is not only evident to the Democrats but to some of the Republicans as well. Representative FREAR, a Republican from Wisconsin, has made the charge direct in connection with the dye schedule, and has fearlessly charged that the Chemical Foundation has attempted to influence three members of President Harding's Cabinet, and in the Evening Star of Monday, August 8, 1921, he is quoted as saying:

No invisible government has shown more brazen effrontery than this dye monopoly. We may well be concerned over the power of these dye interests that reach three Cabinet officers in their efforts to perpetuate their present exclusive powers in this country.

In the same paper, Representative KELLER, a Republican from Minnesota, makes the direct charge that the influence of Wall Street is in the saddle in Washington. For the benefit of the country at large I quote the article in full just as it appeared:

CHARGES WALL STREET CONTROLS GOVERNMENT—REPRESENTATIVE KELLER ATTACKS ADMINISTRATION AND WAYS AND MEANS COMMITTEE.

Charging that the machinery of government has been commandeered by a little clique, ignorant of the A B C's of economics, whose blind obedience to Wall Street is responsible for the stupid, selfish, short-sighted policy that is retarding our prosperity and creating profound distrust and discontent among the people, Representative KELLER, of Minnesota, independent Republican, delivered an attack upon the administration generally and on the House Ways and Means Committee particularly for its handling of tax and tariff problems in a statement issued last night.

Declaring that most Members of the House want to carry out the people's wishes with regard to taxation and other economic questions, Mr. KELLER says a "little dominant minority has tied down the safety valve of free discussion until an explosion impends which will scatter the Republican Party from Maine to California."

"The President has assumed more power than any of his predecessors," Mr. KELLER continues, "and tells Congress what bills to pass and what not to pass. Bills concocted at secret conferences are introduced without being referred to responsible committees."

If the charges made by these distinguished Republicans are true, if, as Representative FREAR says, the invisible Government is showing such brazen effrontery, then the big powers will have their way in the writing of the revenue laws, and if they do, it does not take a prophet to foretell the result. The plain American who needs our help most will not have a chance in the hands of the Republicans, who have an overwhelming majority.

The harmful effect of unjust tax burdens is seen in many different ways. It kills the initiative of our people, discourages investments, retards the sale of lands, and makes it more difficult for our people to get homes and causes the withdrawal of capital from business by driving it into so-called frozen assets, such as tax-exempt securities. Already men of large means are investing their money in such securities. In the past few years we have seen the personal wealth of the country so rapidly segregated into tax-free securities that whereas the taxable income of the individual taxpayers in 1916 was \$992,972,985, in 1917 it was reduced to \$731,372,053 and in 1918 it was further reduced to \$392,248,329, and it is now estimated that at least \$15,000,000,000 of tax-exempt securities are now outstanding, and it would seem from this that we should give careful study to the question of restricting the further issuance by the Government of tax-exempt securities.

In conclusion, let me say that the American people want a reduction in taxes and not a shifting of its burdens, and they will take no deception. Results and not promises is what they demand. They will accept no subterfuge. [Applause.]

Mr. HAWLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. NEWTON].

Mr. NEWTON of Missouri. Mr. Chairman, on account of the limited time, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. NEWTON of Missouri. Mr. Chairman, the greatest obstruction in the way of industrial development of this country is the lack of adequate transportation at a reasonable cost. The farmer finds that, after he pays the freight necessary to carry his products to the market, there is little left to reward him for his labor. The manufacturer finds that, after he has deducted the freight, which he must pay to get his raw material to the factory, and after he has paid the freight necessary to carry his manufactured products to the consumer, he is compelled to fix his price so high that the consumer can not afford to buy. As a result, production is being curtailed, prices are being kept up, and the industries and labor of the country are suffering. If this condition continues, many of our industries must cease to operate. For illustration, southeast Missouri produces barytes; her mines have long been successfully operated. To-day barytes mined in Europe is being delivered in New York cheaper than the freight which must be paid to carry Missouri barytes to that point. As a result, the Missouri mines are closed. And yet relief from the railroads seems hopeless. High as their rates are to-day, they are not high enough to enable them to earn a profit. If relief from this condition is to be had, it must come from a cheaper form of transportation.

As a result of the World War and the industrial conditions which have followed it, we are confronted with foreign competition so keen that if our industries are to survive every possible economy of production must be practiced, and the chief cost of production in this country is the price which has to be paid for the transportation of raw materials and of manufactured products. Our competitors abroad are using cheaper forms of transportation. If we are to compete with them and live, we must do likewise. And now, at a time when our commerce demands and must have cheaper transportation, we find our railroads in such a condition that they can only respond by increasing their rates.

We have in this country 26,000 miles of navigable rivers. Much has been done to improve them, and yet they are rolling uselessly through our valleys contributing nothing toward our production, and this is so because our railroads in the past have been able to carry our commerce at a rate which our industries could afford to pay. But conditions have changed. Our commerce can no longer afford to pay rates which our railroads can afford to make. Our railroads must be paid a rate which is reasonably compensatory in territory where a cheaper form of transportation is not available, and if our commerce is to continue to grow it must be aided where waterways are available by a rate of transportation which our waterways alone can afford to give.

There are those among us who are not yet convinced of the practicability of river navigation, but before this year is passed a demonstration will have been made by the Government in its barge-line operations which will convince the most skeptical that the solution of our transportation problem can be found in the use of our waterways. We have now ready for use upon the Mississippi 40 new steel barges, each of 2,000 tons capacity. We are to have for use upon the Mississippi 6 new tunnel-type, twin-screw towboats of 1,800 horsepower each. One of them, the *Natchez*, was completed and delivered in December, and since that time has been in use upon the Mississippi. Three others were delivered about the 1st of June, and the remaining two will be delivered early in the fall.

The *Natchez* has demonstrated the success of this type of boat. She has carried 6,000 tons of freight from New Orleans upstream to St. Louis in 12 days, and she has carried 12,000 tons of freight from St. Louis to New Orleans in six days. In other words, she has carried enough merchandise upon one trip from St. Louis to New Orleans to load 480 freight cars, allowing 25 tons to each car. When all six of these new towboats are in operation they will be able to carry from St. Louis to New Orleans in six days 2,880 carloads of freight, or enough to load 57 freight trains with 50 loaded freight cars to the train. When these six new towboats are in operation they alone will be able to carry annually between New Orleans and St. Louis 1,500,000 tons of freight. Two hundred such towboats could carry annually between St. Louis and New Orleans 50,000,000 tons of freight at a rate which is little



more than 50 per cent of the average rail rate which the business of the country is now being compelled to pay. Think of the stimulus to the industries of the valley which such transportation facilities would afford. This demonstrates beyond cavil the potentiality and economy of our rivers as bearers of freight.

But there are those who contend that river navigation is not a financial success. Let us now consider that question. The barge line is allowed 80 per cent of the rate charged by the rail lines which parallel the river. The rail rates upon these lines are infinitely less than the average rail rates of the country. Prior to January of this year the rate upon 100 pounds of sugar for a haul of 700 miles upon a rail line from New Orleans to St. Louis was 44 cents, while the rate on 100 pounds of sugar from New Orleans to Camden, Ark., 360 miles, but inland, and where no water competition existed, was 50 cents. The rate on 100 pounds of hardware from St. Louis to New Orleans, 700 miles upon a rail line paralleling the river, was 44 cents, while the rate on 100 pounds of hardware from St. Louis to Wiggins, Miss., a point 100 miles this side of New Orleans, but 50 miles inland, was 87 cents.

In January of this year the Interstate Commerce Commission readjusted the rates. Under the new rates the railroad paralleling the river hauls 100 pounds of sugar from New Orleans to St. Louis for 59 cents, while it charges 67 cents for hauling 100 pounds of sugar from New Orleans to Camden, Ark., only half the distance. Under the new rate the railroad paralleling the river hauls 100 pounds of hardware from St. Louis to New Orleans for \$1.73, while it charges \$2.08 for hauling 100 pounds of hardware from St. Louis to Wiggins, Miss. And the barge line under the new rate is permitted to charge only 80 per cent of the rail rate which parallels the river, and that rail rate is infinitely less than the average rail rate of the country. As a matter of fact, the railroads paralleling the Mississippi have carried freight for years at less than the cost of transportation. It was by this method that commerce was driven off the river.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. NEWTON of Missouri. Yes.

Mr. HARDY of Texas. I think I could supplement the illustration the gentleman is giving by giving other illustrations by the hour if necessary. The truth of the business is the same thing prevails in Texas. They charge us 55 cents per hundred pounds from my home town, 160 miles, to Galveston, but they will haul similar freight from Memphis to New Orleans for 17 cents a hundred pounds. The fact that the law has permitted cutthroat methods on the part of the railroad has prevented us from having river navigation.

Mr. NEWTON of Missouri. The railroads haul, under the orders of the Interstate Commerce Commission, 100 pounds of apples from San Francisco to Boston for 75 cents, but if they drop that 100 pounds of apples off at Kansas City or anywhere in the interior they will charge you \$1.62.

As bearing upon the practicability of river navigation, it is interesting to note the results of the Mississippi River Barge Line operation between St. Louis and New Orleans during the past six months at the low rates I have just described.

Mr. ROACH. Mr. Chairman, will the gentleman yield?

Mr. NEWTON of Missouri. Yes.

Mr. ROACH. The gentleman has stated that the barge line which is operating upon the Mississippi is carrying freight at a rate which is far less than the average rail rate of the country. Can he inform the House as to whether or not this barge line is operating at a loss or a profit?

Mr. NEWTON of Missouri. I am glad my colleague has asked that question, and in this connection I will state that the following figures show the financial result of the Mississippi Barge Line operations for the six months' period ending July 31 last:

FEBRUARY.	
Gross receipts.....	\$86,480.78
Operating expenses.....	77,677.71
Profit.....	8,803.07
MARCH.	
Gross receipts.....	92,792.43
Operating expenses.....	95,783.61
Deficit.....	2,991.19
APRIL.	
Gross receipts.....	166,366.10
Operating expenses.....	122,541.24
Profit.....	43,824.86
MAY.	
Gross receipts.....	158,263.23
Operating expenses.....	129,555.98
Profit.....	28,707.25

JUNE.	
Gross receipts.....	\$175,867.65
Operating expenses.....	133,743.28
Profit.....	37,124.47
JULY.	
Gross receipts.....	190,438.48
Operating expenses.....	133,278.67
Profit.....	57,159.81

You will note that the amount of business done has increased steadily each month since February, and that each month's operation, except March, shows a profit even at the low rates which they were permitted to charge. Can the railroads of the country boast of a showing like this? As a matter of fact, more than three-fourths of the railroad systems contend that they have been and still are losing money, and we learned to our sorrow by our experience during the war the cost of operating railroads. The Government took the railroads over and operated them for three years, charging rates which were infinitely higher than it permits the barge line to charge, and it operated during a time when freight was abundant, and yet do you know the result of that experiment? I called upon the Secretary of the Treasury recently requesting him to give me a statement showing the amount of money which the Federal operation of railroads has cost the Government up to date, including moneys expended under the guaranty clause of the Esch-Cummings bill. I was astounded when I learned that our actual loss to date on this account amounted to \$1,452,605,245, while we have loaned the railroads an additional sum of \$655,913,487. And yet we hesitate to appropriate a few million dollars to provide for river transportation, which can give us an infinitely cheaper rate and still operate at a profit.

After all we have gone through, this Congress and the country should begin to realize the importance of cheap inland water transportation and the impetus it will give to the industries and to the commerce of the country, and yet there are Members of this House who raise their hands in holy horror at the suggestion of spending a few million dollars for the improvement of our inland rivers. Our Government expended during the fiscal year ending June 30 last year, through the War Department, \$1,610,587,338. We expended upon our Navy \$736,021,456. We expended through the United States Shipping Board \$539,565,649. We expended through the War Finance Corporation \$228,472,186. We expended through the Grain Corporation \$350,328,494. We expended for the purchase of securities of foreign Governments \$421,337,028, and yet we appropriated for the improvement of all the rivers and all the harbors of this broad land of ours only \$15,000,000. The demand of the hour is "More business in Government."

We expended during the last fiscal year in the payment of interest upon our public debt \$1,020,251,622, and that great burden will continue to recur as the years roll by until the enormous debt upon which it accrues has been paid from moneys collected from the people. The people can not pay until the industries of this country are developed. Our industries can not develop until the cost of transportation is reduced; and what method have we for reducing the cost of transportation except by developing and using the limitless waterways with which this country abounds?

We are proud to boast of our natural resources. Our capacity for industrial development is unlimited, but before we can proceed successfully we must have adequate means of economic transportation available to every section of the country. To do this we must develop a system consisting of railways, waterways, and highways. To our railroads we have been abundantly liberal, to our highways we are contributing without stint, but to our waterways, the most potential and economic of them all, we have been niggardly. This attitude of our Government must be changed, and that change will be accomplished when the shippers of this country, including the farmers, the merchants, and manufacturers, whether they live on rivers or inland, come to realize the universal benefit which will flow from cheaper and more abundant facilities for transportation.

One of the most distressing spectacles of the whole war was presented by the railroad administration. With one arm of the Government that administration spent millions of dollars building barges and towboats, trying to establish commerce upon the Mississippi, while with another arm of the Government it wasted millions of dollars carrying commerce at half of the cost on the rail lines paralleling the river trying to keep commerce off the Mississippi. And yet people wonder why it was that during the war the railroads lost money and the barge line was not a financial success.

That water transportation is cheaper than rail is conclusively proven by the fact that the Interstate Commerce Com-



mission permits rail lines paralleling our rivers to make potential water rates which are far less than compensatory to the railroads. And this point is demonstrated by the further fact that the rate upon hardware from St. Louis to Reno, Nev., is more than the rate upon hardware from St. Louis to the Hawaiian Islands. It is interesting to note from the tariffs established by the Interstate Commerce Commission that the rate on 100 pounds of apples from San Francisco to Boston by rail is 75 cents, while the rate upon the same quantity of apples from San Francisco to Kansas City, a little over half the distance, but where no water competition exists, is \$1.66; that the rate on 100 pounds of fresh fruits from San Francisco to Boston is \$1.25, while the rate on the same fruit from San Francisco to Kansas City is \$2.08; that the rate on canned fish and fruits from Seattle to Boston is 65 cents per 100 pounds, while the rate on the same canned goods from Seattle to Kansas City is \$1.20; that the rate upon agricultural implements from Boston to Seattle is \$1.70 per 100 pounds, while the rate on the same implements from Kansas City to Seattle is \$2.38 per 100 pounds; that the rate on 100 pounds of paint from Boston to Seattle is \$1, while the rate on the same amount of paint from Kansas City to Seattle is \$1.42; that the rate on 100 pounds of machinery from Boston to Seattle is \$2, while the rate on the same quantity of machinery from Boston to Cincinnati is \$3.03.

Thus it will be observed that the rate between inland points is at least twice as great as between water points. If the railroads can afford to carry 100 pounds of machinery from Boston to Seattle for \$2, then they ought not to be permitted to charge \$3.03 to haul the same amount of machinery from Boston to Cincinnati, only one-fourth the distance. As a matter of fact they can not afford to make such a rate, and it is only another bit of conclusive proof that they can not successfully meet water competition. If the railroads believed that they could compete with water transportation, why have they carried commerce for almost half a century upon the lines which parallel the rivers and between water points at a rate which was little more than half the cost of operation?

Mr. LAZARO. Mr. Chairman, will the gentleman yield right there?

Mr. NEWTON of Missouri. Yes.

Mr. LAZARO. Recently we made a shipment of rice from Lake Charles, in Louisiana, in my district, to Lawrence, Tex. The water-rate charge was 10 cents per hundred pounds, and by rail it is 25 cents.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman permit another interruption?

Mr. NEWTON of Missouri. Certainly.

Mr. HARDY of Texas. We will never get beyond this condition that the gentleman discusses until we amend the transportation act and prevent any railroad from charging more for a short haul than for a long haul.

Mr. NEWTON of Missouri. I have a conviction that the gentleman from Texas is correct.

I must confess that it is difficult for me to comprehend the consistency of our national policy in dealing with facilities for transportation. For years we have permitted a coast to coast rail rate which was less than the cost of transportation to the railroads. We did this in order to induce freight to go by rail instead of by water between water points, and we then permitted the railroads between points where water transportation was not available to charge a rate which was compensatory to the railroads and then to add thereto enough to make up the loss sustained by the railroads in destroying water transportation between water points. This would clearly indicate that it is our national policy to abandon our rivers and the high seas as well and to compel our commerce to go by rail, regardless of the cost. And the Interstate Commerce Commission, by the methods which it pursued in the rates which it has fixed, has clearly indicated that it regarded this as our national policy.

And while the Interstate Commerce Commission, one arm of our National Government, has permitted the railroads to waste hundreds of millions of dollars carrying commerce between water points at a confiscatory rate, at the expense of our inland shippers, in an effort to destroy water transportation in this country, another arm of this great Government, the Congress of the United States, has expended more than \$375,000,000 building the Panama Canal, and it has expended an additional sum of \$3,800,000,000 through the Shipping Board, and it has expended millions more improving our harbors and inland rivers and building barges and towboats, trying to establish water transportation and to insure a merchant fleet for this country.

If the Interstate Commerce Commission is correct in concluding that it is the policy of this Government to establish and maintain only rail transportation regardless of the cost,

then the conduct of Congress in authorizing the expenditure of more than \$5,000,000,000 in an effort to establish water transportation and to build a merchant marine is indefensible. If, on the other hand, Congress had represented the will of the people in its effort to build a merchant fleet and establish water transportation, then the Interstate Commerce Commission ought to be compelled to desist from the destructive rate-making policy which it has long pursued.

Not only will river navigation benefit the shippers of the country but it will be helpful to the railroads as well. In the past railroads have squandered millions in cutthroat rates upon lines along the rivers to destroy water competition. And this enormous drain upon the railroad systems of the country had to be made up by excessive charges upon inland shipments. When our rivers are put into use and our railroads cease their foolish policy of trying to destroy a form of competition they never have been and never will be able to meet they will then be able to give to the inland shipper a reasonable rate and still operate at a profit. But the thing which makes me wonder is how long will our inland shippers endure this unjust burden? How long will they be willing to contribute hundreds of millions of dollars to reimburse the railroads for losses sustained in their efforts to prevent the country from developing a merchant fleet and still be patient to pay their share in taxes toward the billions of dollars expended by Congress in an effort to establish a merchant fleet?

Even the railroad lines which parallel the rivers will be benefited by river improvements. In the past they have been operated at a heavy loss, but when river navigation is developed a stream of commerce will begin to flow along our waterways. The bulky, heavy commodities, such as wheat, corn, cotton, sisal, molasses, lumber, cement, stone, and building materials, which pay a low rate of freight and to which speed of transportation is of little consequence, will go upon the waterways, while perishable products and high-priced merchandise, which will increase in volume as commerce grows, which pay a high rate of freight and to which speed of transportation is essential, will go upon the rail lines. Experience in Europe has shown that when waterways are developed the tracks of the rail lines which parallel the rivers are multiplied, and the operation of such lines, because of the high class of freight carried, becomes tremendously profitable.

Those who will profit most and who appreciate least the importance of river navigation are the inland shippers. To-day they are reimbursing the railroads by the payment of excessive rates to and from inland points for the losses sustained by the roads in giving potential water rates upon their lines which parallel the rivers. For illustration, the farmer of Kansas or Nebraska, who to-day attempts to avail himself of a cheap water rate by routing his wheat over a joint rail-and-water haul to New Orleans, is charged enough extra from his farm to the river point to make up the railroad's loss on its potential water rate.

When facilities for water transportation from St. Louis to New Orleans are available and the inland rates are adjusted, the farmer of Kansas or Nebraska will enjoy a reasonable rail rate for his wheat to the nearest river point, and he will then enjoy the full benefit of a cheap river rate to the seaboard. Hence when the rivers are in use and rates are adjusted the inland shipper will receive as much benefit from water navigation as the shipper who lives upon the river's bank, while to-day he is penalized for living inland by being compelled, by the payment of excessive rates, to make good to the railroads the losses sustained by them in destroying water competition. It is the inland shipper who should be aroused and who should understand that he above all others is interested in the development and use of our waterways.

That money appropriated for river improvements is an investment and not an expense is demonstrated by the fact that a section of the Monongahela River in the vicinity of Pittsburgh was improved some years ago at a cost of \$12,000,000. Over 24,000,000 tons of freight was carried upon that river last year; 21,000,000 of that consisted of coal, which was carried at 15 cents per ton, while the rail rate was \$1.25 per ton, thus making a saving of more than \$21,000,000 on coal alone in one year. Over 50,000,000 tons of coal were carried over that river during the past three years. Think of the economy of transportation and the stimulus to industry if this system of transportation could be extended over all the navigable rivers of this country.

One of the problems of vital concern to this Government is the problem of the conservation of steel and coal. During the war the Government determined by investigation and by experiment that 29,000 tons of steel, costing \$9,500,000, was sufficient to construct enough barges and towboats to carry annu-



ally a million tons of freight between New Orleans and St. Louis. The Government in the same investigation determined that to construct railroad equipment sufficient to carry an equal amount of freight would require 95,000 tons of steel, costing over \$30,000,000. In other words, the amount and cost of steel sufficient to carry a given amount of freight by rail is three times as great as the amount necessary to carry an equal amount of freight by water. We find now that the 6 new tow-boats and 40 steel barges, which we will have upon the Mississippi, costing, all told, \$5,950,000, will be adequate to carry 1,500,000 tons of freight annually between New Orleans and St. Louis. Furthermore, it has been demonstrated that to carry a given amount of freight by rail consumes practically twice the amount of coal which it is necessary to consume in carrying the same amount of freight by water. As a national policy, in the interest of conservation, how can this country afford to longer delay the improvement and use of our waterways?

The greatest barrier in the past which stood in the way of river improvement has been the lack of cooperation between Congress and the people who live along the waterways. Congress has been saying to the municipalities, "You build the terminals, and we will improve the rivers." The municipalities equally gallant have responded, "You improve the rivers and we will build the terminals." And year after year this Alfonso and Gaston performance has gone merrily on, while the banks continue to crumble and the sandbars continue to form. But a new era is dawning. Many cities along our rivers have built and are building modern up-to-date terminals and others have provided funds therefor, while Congress, in the Esch-Cummings bill, declared it to be the policy of Congress to promote, encourage, and develop water transportation, service, and facilities, in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation.

Furthermore, the Republican convention at Chicago and the Democratic convention at Frisco, in their platforms adopted, and upon which they each appealed to the American people for confidence and support, declared for the improvement and use of our inland rivers, and upon these platforms and bound by this pledge the membership of this House was elected.

I trust that this pledge will be kept, and that this Congress, when it convenes again in December, will in good faith proceed to draft and to enact a rivers and harbors bill which will promote, encourage, and develop water transportation, service, and facilities in this country, and that it will appropriate sufficient funds to insure a system of transportation consisting of railroads, waterways, and highways harmoniously coordinated and fully developed and sufficient to supply at all times cheap and adequate transportation for the products of the farms, the factories, and the mills of this country, and thereby insure our industrial and commercial development. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired. The gentleman from Oregon [Mr. HAWLEY] is recognized.

Mr. GARNER. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. CONNALLY].

The CHAIRMAN. The gentleman from Texas is recognized for 15 minutes.

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, I am glad that this audience makes up in enthusiasm what it lacks in number.

Mr. CHAMBERS. We are enthusiastic before you start. [Laughter.]

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen, I shall not consume much time in discussing this particular measure, because the gentleman from Texas [Mr. GARNER] will do that amply and capably. Contrary to the expectation of the gentleman from Iowa [Mr. GREEN], who reveals by the twinkle in his eye what is in his mind, I am not going to make a partisan speech. [Applause.] I value the applause on the Republican side in answer to that statement.

I desire to discuss American foreign relations, in so far as they affect the Republic of Mexico.

The country is familiar with the fact that from the outbreak of the Madero revolution in 1910, which resulted in the abdication of Porfirio Diaz in 1911, until 1920 Mexico has been disturbed and harassed by a series of revolutions, which brought with them not only the destruction of Mexican property and Mexican life but also the destruction of American lives and American property. During that period De la Barra, Madero, Huerta, Carbojal, Gutierrez, Gorza, Carranza, and De la Huerta, each for a season occupied the Presidency. Governments rose and governments fell, but lawlessness, banditry, turmoil, and disorder continued with them all. During these troublous times the safety of American lives and property in Mexico has

properly been of deep concern to the Government of the United States.

Protracted and agitated discussion took place throughout the United States as to the course which this Government should pursue with reference to Mexico. There was always heard a very noisy if not large element of our citizenship who demanded that we intervene with an Army and take charge of the Government and affairs of Mexico—always, of course, upon the basis of benevolent purposes in behalf of the Mexican people themselves. But the mass of our people, I believe, have always contended that the United States should give to Mexico the fullest and freest opportunity possible to work out her own destiny and to solve her own national problems.

Military intervention would have involved years of occupation with an Army or immediate withdrawal. In the former case every element of Mexico—bandit and revolutionist, as well as the patriotic and order-loving citizen—either openly or secretly, would have been drawn into one compact force hostile to American occupation. The suppression of guerilla bands among the mountain fastnesses would probably have cost many thousands of American lives and required years of fruitless but bloody warfare. On the other hand, immediate withdrawal after intervention would have made more insecure the lives and property of American residents in Mexico. The resentment aroused by forcible intervention would have spent its wrath upon the only visible objects of its anger. Fortunately, the United States did not heed the advice of those who clamored for military occupation. The best assurance of safety for Americans and American interests in Mexico has always been in the expectation that finally the Mexican people would establish a Government capable of preserving order and imbued with a respect for its obligations to foreigners. It has been believed by the business interests of Mexico, whose best development depends upon security of life and property, that all patriotic classes of Mexican citizens, if not molested by foreign meddling, would suppress anarchy and establish a firm Government.

In 1920 Gen. Alvaro Obregon was, under the terms of the constitution of Mexico of 1917, elected President, and was inaugurated on December 1 of last year. Up to the present time our Government has not officially recognized the Obregon government, and it is to that aspect of the question that I desire to particularly address my remarks.

The reason why the Government of the United States has not recognized the Obregon government seems to be disclosed in a statement issued by the Department of State on June 7, 1921, in which the department indicates that unless the Republic of Mexico enters into a treaty with the United States which particularly stipulates that article 27 of the Mexican constitution of 1917 shall be construed in a certain and particular way, the recognition of this Government shall be withheld.

I quote from the statement:

If these provisions are to be put into effect retroactively, the properties of American citizens will be confiscated on a great scale. This would constitute an international wrong of the gravest character and this Government would not submit to its accomplishment. If it be said that this wrong is not intended, and that the constitution of Mexico, of 1917, will not be construed to permit, or enforced so as to effect, confiscation, then it is important that this should be made clear by guarantees in proper form. The provisions of the Constitution and the Executive decrees which have been formulated with confiscatory purposes, make it obviously necessary that the purposes of Mexico should be definitely set forth.

Accordingly this Government has proposed a treaty of amity and commerce with Mexico, in which Mexico will agree to safeguard the rights of property which attached before the constitution of 1917 was promulgated.

I want to call the attention of the Congress and of the country, however, to the fact that since Obregon became president of Mexico conditions there have vastly improved. He is the first President of Mexico, or the first executive, who has been in control of Mexican affairs since Diaz abdicated, who has been able to establish law and order in the Republic of Mexico. He has already put down with a determined and firm hand every revolutionist of any consequence, and every conspicuous leader of the bandit bands throughout the Republic, and that country which has been so unhappy and so unfortunate in the past is now enjoying the blessings of order and of government.

American travelers in Mexico have informed me that such conditions now obtain. We find that Obregon has also evinced a broad and liberal spirit in his dealings with foreign Governments. He has officially and publicly expressed a desire for American capital to be expended in Mexico, and he has officially, through his diplomatic representatives, given assurance that American property and American lives shall be respected.

We must remember, gentlemen of the House, that the Fall committee which investigated Mexican affairs reported that

American damage claims pending against Mexico amount to something like \$50,000,000. On the 26th of last October Señor Pasqueira, the confidential representative in the United States of President Obregon, addressed an official communication to the Department of State in which he specifically pledged this country that Obregon is ready and willing to set up an international arbitration commission for the purpose of settling and determining the claims of foreigners for loss and damage suffered during the revolutions in Mexico.

Let me read excerpts from that communication:

Mexico to-day is not merely planning a future of happiness and justice for all within her borders. Out of our new strength we are willing and eager to play our proper part in the creation of a new and better order that will lift ancient burdens from the back of humanity.

A first task, of course, is firm and enduring friendship between Mexico and the United States. Not only are we neighbors, but every other consideration points to the wisdom of an understanding that goes beyond mere treaties and sinks its roots into the heart of each nation. We have the same political institutions, the same aspirations, the same ideals, the same goals.

The Mexican Government is prepared to establish a joint arbitration commission to pass upon and adjudicate the claims presented by foreigners on account of damages occasioned during the revolution. Any claim that can not be adjusted by means of direct negotiations between the claimant and the Mexican Government will be submitted to the consideration of this commission, whose decisions will be deemed final and binding.

Mexico has likewise upheld that, in order to place international relations on a solid foundation, the existence of a permanent machinery or arbitration is essential for the purpose of deciding any difference. As regards the United States specifically, Mexico has already expressed her intentions in article 21 of the treaty of Guadalupe Hidalgo, and is prepared to enlarge and strengthen this machinery.

Our plan is to establish a national program based on order and justice. It is our firm belief that the people of North America are just as faithful to their own high ideals. Hence, nothing could better shield the dignity of both Republics, as nothing could be more efficacious for the continuance of peaceful relations, than the operation of a commission of this nature, organized in accordance with recognized international practices.

If in days past we have been so anxious for a settlement of American claims for damage in Mexico and for indemnification for loss of American lives in Mexico that we were willing—some of us at least—to send the Army and the Navy to Mexico, it seems to me that now, when we have an opportunity of securing the settlement of American claims by peaceable and legal and constitutional methods, this Government should certainly recognize the Government of President Obregon and accept his offer to establish a tribunal to determine the issues that are now at stake.

But it is contended that article 27 of the constitution of 1917 may possibly be construed by the Mexican Government as retroactive, and that thereby the title of American citizens to oil lands in Mexico may be jeopardized.

In the same communication to which I have just referred the diplomatic representative of President Obregon makes the following statement:

President de la Huerta—

Who was the provisional president who held office just before Obregon was inaugurated—

as well as President-elect Obregon have on repeated occasions publicly declared that Mexico will respect all rightful claims duly proved as such, submitting herself to the recognized principles of international law.

And he proceeds as follows:

Another cause of deep national resentment for the Mexican Government is the oft-repeated assertion that our laws are of a retroactive and confiscatory nature, and that our national program is based on a policy of confiscation. This is entirely groundless. Not one square yard of land has been confiscated in Mexico, not a single legitimate right of property has been annulled. Nor do we intend to deviate from this fundamental policy. President de la Huerta and President-elect Obregon have also made repeated public declarations to the effect that article 27 of the Mexican federal constitution is not and must not be interpreted as retroactive or violative of valid property rights.

We are proud people, and the source of our pride is as high a conception of national honor as was ever erected by any nation. Therefore, sir, when the Mexican Government declares that it is willing and ready to assume full responsibility for all of its international obligations it is a solemn pledge that will be kept to the letter.

Gentlemen of the House, during the years of turmoil and tumult in Mexico we have longed for the time when order might be restored. We have been anxious for the time to come in that unhappy Republic when security for life and property might be guaranteed. Under the existing Government of Mexico those things are now being actually realized, and I believe that if the United States wants to do its just and proper share not only for its own citizens resident in Mexico but for the Republic of Mexico it should recognize officially the government of President Obregon and give him a chance to make stable his rule in Mexico.

The Mexican people are a proud people, a people of Latin blood; and whenever the Government of the United States requires President Obregon by treaty to agree to modify or amend

the constitution of Mexico, or agree to any particular construction, as a condition precedent to the recognition of that country by the United States, the United States imposes an obligation that is politically impossible of performance. Whenever President Obregon agrees with a foreign nation in order to secure recognition that he will bind himself to procure an amendment or modification of the constitution of Mexico, he may secure recognition abroad, but may lose it at home. The Mexican nature is such that if a Mexican president should adopt such a course he would lose much support at home. Some military leader, some adventurer would soon rally around him an army, and the rule of Obregon would be endangered. President Obregon realizes that condition, and he fears to pledge his country to the modification or amendment or particular construction of the constitution of Mexico lest he injure his own prestige at home.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. CONNALLY of Texas. I will.

Mr. GREEN of Iowa. The gentleman referred to the fact that he expected to talk on a different subject and that I might not agree with him. I want to say that I agree most cordially with what he has been saying. I think myself that we put President Obregon in an impossible condition, one that he can not afford to listen to, and yet I think we will get justice from him in another way.

Mr. CONNALLY of Texas. I am gratified to have the approval of the gentleman from Iowa and have him agree with my views. If we withhold recognition from Mexico, does that course give any added security to American citizens and property in the Republic? Are those interests better guaranteed without recognition of the Mexican Government? On the other hand, if the Obregon Government is recognized, does not that course promote a spirit of cooperation, and does it not give to the Mexican Government incentive to see that American property and American citizens are protected?

Attention should be directed to the fact that practically all of the countries of South and Central America have recognized the Obregon government. We can foster and build up a better feeling throughout South and Central America by recognizing the Obregon government rather than by withholding recognition. An impression of American coercion to secure recognition should be avoided.

Great Britain has not recognized the government of President Obregon because Great Britain delays and waits for action by the Government of the United States. The close connection of the two countries during the Great War as well as British custom would suggest that course.

Mr. ACKERMAN. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. ACKERMAN. The gentleman anticipated me in saying Great Britain has not recognized the Mexican Government, but I would like to ask the gentleman if any other European countries have recognized it?

Mr. CONNALLY of Texas. Spain, Switzerland, Italy, Germany, and Japan have all recognized the Obregon government. Mexico claims that France has also, although our State Department says that that is not true.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. GARRETT of Tennessee. When did the German Government recognize the Mexican Government?

Mr. CONNALLY of Texas. I do not know the date, but I have it from the State Department that it has. It was some time since December, of course, because Obregon only took office the 1st of December.

Mr. LINEBERGER. Will the gentleman yield?

Mr. CONNALLY of Texas. I will.

Mr. LINEBERGER. Does not the gentleman anticipate that practically immediately after the recognition by the United States of the Government of Mexico that the European nations which have not recognized Mexico will follow suit? I will say that I am much interested in the gentleman's remarks for I resided in Mexico 10 years. I recognize that the gentleman has made a correct estimate of the Mexican character and the political conditions that exist in that country.

Mr. CONNALLY of Texas. Great Britain has not recognized the Obregon government for the reason that the United States has not yet recognized it. Now, I want to say to the gentlemen of this House that if we intend to adhere to the Monroe doctrine—and I know that we do, for I should never be willing to abrogate adherence to that doctrine—but if we, in pursuance of that doctrine, expect to exert an influence on this hemisphere to the exclusion of European nations we must not do those things which will alienate the affections and respect of the Latin Americans on these two continents. We ought to



recognize that in pursuance of the policy we proclaim when we avow our adherence to the Monroe doctrine we assume certain responsibilities, and those responsibilities require that we give our aid and assistance to the republics to the south of us in order that they may on their responsibility work out their own destiny.

The Monroe doctrine may be best maintained by giving assurance to nations of the Western Hemisphere that the interest of the United States in their welfare does not spring from selfishness or an ambition to exploit their peoples or their resources. Under that doctrine we forbid the establishment in South or Central America of any European system. By the assumption of such a guardianship over the political life of Latin America we must also embrace the accompanying responsibility to aid and assist them in their aspirations for republican and constitutional government. Our high ambitions in this regard can best be realized by cultivating the broadest spirit of international friendship and mutual respect and consideration. It is difficult to exercise a guardianship over a ward that feels resentful and rebellious, even though there may be no foundation for such an attitude. We can not continue to adhere to our traditional policy enunciated by President Monroe if Europe, Japan, and the South American Republics themselves, the objects of our solicitude, should be hostile to that policy.

May I be allowed to here point out a number of reasons why the present Mexican Government should be recognized by the United States?

It is the only Mexican Government since that of Diaz which has been able to maintain order and put down insurrection and rebellion.

It has announced a broad and friendly attitude toward American capital and American citizens, and President Obregon is reputed to be extremely friendly to the United States and its citizens.

He has given assurances that article 27 of the Mexican constitution of 1917 shall not be construed retroactively.

The present Mexican Government avows its willingness and readiness to establish a joint arbitration commission to pass upon and settle claims by foreigners for damages sustained during the revolution.

American rights and American citizens can better be protected by a government which has been recognized by the United States than by one from which recognition is withheld.

Argentina, Costa Rica, Chile, Colombia, Guatemala, Uruguay, Spain, Switzerland, China, and Austria have recognized the Obregon Government, and Mexico claims that Ecuador, Honduras, Paraguay, Peru, Salvador, Nicaragua, Bolivia, Brazil, Holland, Japan, and Germany have also recognized her Government.

Recognition by the United States will promote friendship for the United States among all nations of Central and South America, as well as Mexico, because if Obregon promises the United States to amend the Mexican constitution he may gain recognition abroad but may lose recognition at home.

When to the south of us we find a government constitutionally selected, a government maintaining order, a government putting down insurrection, a government protecting life and property, a government willing to respect its international obligations, a government willing to establish a tribunal to arbitrate and settle the claims of not only Americans but of all other nationals for the loss of life or the loss of property, this great Nation should not withhold its recognition simply on a quibble, on a technicality, especially when President Obregon solemnly, through his own representative, in writing, pledges the United States that he will respect American lives and American property, and that he will see that constitutional guaranties are respected throughout the Republic. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HAWLEY. Mr. Chairman, I yield to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. HAWLEY. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I presume that it is unnecessary for me to speak on the resolution before the House, but I was asked to do so by the chairman of the investigating committee, of which I was a member, that went into the property that was sold to France. I do not think there is much opposition,

if any, to the passage of this resolution, but I may be mistaken as to that.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. GARNER. If I understood the position of the gentleman, it is that he is opposed to an embargo with reference to the shipping of any goods from any country into this country or from this country to any other country.

Mr. FREAR. Yes.

Mr. GARNER. In view of the statement of the gentleman from Illinois [Mr. GRAHAM], which I considered very frank, that this is equal to an embargo, the same as an embargo, what position does the gentleman occupy with reference to this bill?

Mr. FREAR. I thank the gentleman for giving me an opportunity to explain just that very fact. I agree on the subject of an embargo, particularly a three-year embargo. I voted to-day for a three-month embargo simply because under my view of the protective-tariff duty that has been placed under the old Hill bill it was impossible to protect the industries and they might have been wiped out. I do not question the right of any gentleman on the Democratic side who does not believe in the protective theory to vote against that, as he did, and I should probably have done the same if I were in a similar position. In regard to this question, we have practically an embargo upon all war goods that were in this country. The Secretary of War, or whoever stood behind him, refused to sell goods which ought to have been sold, and that was one thing which it seemed to me we might justly have criticized back in the days following the war, when all this surplus property was on hand. To-day we have millions of dollars' worth of surplus property in the city of Chicago, and to my mind it ought to be sold. It ought to be declared surplus and sold; but this property of which he speaks here was sent over to France.

Of course, we know that it would be difficult to get it back here, and \$150,000,000 has been suggested as the cost of sending it back. The property was then turned over, as we were informed in the committee, by the Government of France to speculators, who are profiteers, and now they have this property up and they propose to bring it back here and to do what Mr. Baker objected to having done with the property here.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FREAR. The Secretary of War, Mr. Baker, refused to sell property here, because, as he frequently gave out his statement, and as we remember, he feared that it would interfere with business; he thought it would be unfortunate for business to have that property sold at that time. Here is the same proposition, except that now this property is in the hands of profiteers, who bought it for a song. They wish to bring it over here and dump it on the American market. I do not care whether the rate is fixed at 90 per cent or 75 per cent or some other per cent. It seems to me that it is improper to allow that material to come back into this country in competition with other goods here unless a reasonable protective duty is placed upon it. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. Does the gentleman consider 90 per cent a reasonable protective tariff?

Mr. FREAR. I would be willing to have the gentleman from Tennessee put it lower than 90 per cent. I do not believe that we would get any of it here under the 90 per cent duty; but I do feel this, that we are adopting by this bill practically the same rule laid down by the Secretary of War, Mr. Baker, and it did not seem to me a fair proposition. I wanted to see the goods sold.

Mr. GARRETT of Tennessee. Let us be perfectly frank about this.

Mr. FREAR. Certainly.

Mr. GARRETT of Tennessee. Gen. Dawes—

Mr. FREAR. Oh, I am referring to goods over here.

Mr. GARRETT of Tennessee. Gen. Dawes sold this property.

Mr. FREAR. That is conceded, but the gentleman does not get my point. What I refer to are goods here at that time, that were held here, which were surplus material, which we had prepared for the war. Those goods were not sold. They even refused to sell canned meats and things of that kind, which ought to have been sold in this country.

Mr. GARRETT of Tennessee. Oh, that is in this country.

Mr. FREAR. That is what I say. That is the principle laid down by the administration at that time. I did not think it was right at that time and I do not think it is right now. I think these goods should be sold, but I want to have a sufficient protection put upon them so as to meet the difference in the cost.

Mr. GARRETT of Tennessee. The property against which this bill is leveled, so far as I can ascertain, is the property which Gen. Dawes sold in a lump.

Mr. FREAR. That is right, unquestionably.

Mr. GARRETT of Tennessee. I wonder if the gentleman from Illinois [Mr. GRAHAM] agrees with the gentleman in that respect?

Mr. GRAHAM of Illinois. Oh, Gen. Dawes was a member of the American Liquidation Commission, if that is what the gentleman means. He was a member of the commission that made the sale.

Mr. GARRETT of Tennessee. And he sold it, did he not?

Mr. GRAHAM of Illinois. He did not sell it; the commission sold it.

Mr. GARRETT of Tennessee. But he absolutely dominated the commission at that time.

Mr. GRAHAM of Illinois. No; the big man on the commission was Mr. Parker.

Mr. LAZARO. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes.

Mr. LAZARO. Will the gentleman please tell us how this property was sold, whether at auction or in a private way?

Mr. FREAR. I could not say that, but I can say that it was represented to our committee, of which the gentleman from Illinois [Mr. GRAHAM] is the chairman, by testimony taken in Europe, that some of the property was practically sacrificed. It would have been thrown away, as he states here. For instance, take the property to which the Government could not get title, upon which buildings had been erected.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. FREAR. Will the gentleman give me two minutes more?

Mr. HAWLEY. I will yield the gentleman two minutes.

Mr. FREAR. We have got to lose all that, \$150,000,000 insisted on as duty by the French Government; we will have to lose that or have to sell this property as we are obliged to at a great sacrifice. Now, the question is of bringing that property back here, but the principle is the same as that adopted by the Secretary of War when he refused, in reference to the property that was in this country where there was surplus property, to sell it and prevent it from coming in competition with goods here. I think it ought to have been brought in competition to the extent of helping relieve the high prices in this country.

Mr. LAZARO. I understand it was sold, but what I wanted to find out was how this property got into the hands of the profiteers?

Mr. FREAR. It was sold by the French Government to those people for practically a song, and that is the explanation.

Mr. GARNER. Will the gentleman yield?

Mr. FREAR. I will.

Mr. GARNER. I wish the gentleman would state for the benefit of the House, and especially for his Republican colleagues, the extent of the hearings before the Committee on Ways and Means on this bill and the information that is given to the committee, if any.

Mr. FREAR. Well, the distinguished gentleman from Texas was present with me at one hearing, I think.

Mr. GARNER. There was no hearing; I was not present at any hearing. There was no such thing as one minute of hearings before the Committee on Ways and Means or a single scintilla of evidence submitted.

Mr. FREAR. I presume the gentleman was present when Mr. Graham appeared?

Mr. GARNER. I was not, and it was not a regular meeting of the committee. The Republicans might have been, but no Democrats.

Mr. FREAR. I hate to be held responsible for the action of the Ways and Means Committee.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FREAR. I will leave Brother FORDNEY to answer that.

Mr. GARNER. Mr. Chairman, I yield two minutes to the gentleman from Tennessee [Mr. GARRETT].

Mr. GARRETT of Tennessee. Mr. Chairman, a terrific row was raised about the leather contract that was entered into by Byron, Getts & Benkhe. The opposition to that came from the leather producers of this country—the tanners and leather manufacturers. Now, it seems in some way the President, I believe, ordered a cancellation of that contract—

Mr. GRAHAM of Illinois. Yes; it was canceled by Executive order of the President.

Mr. GARRETT of Tennessee. By Executive order? So the leather producers and tanners have had that done away with? Now, if this bill passes preventing the reimportation of all leather goods, I suppose the tanners and leather manufacturers

will have their way also. Is that right, I will ask the gentleman?

Mr. GRAHAM of Illinois. Does the gentleman ask me the question?

Mr. GARRETT of Tennessee. Yes.

Mr. GRAHAM of Illinois. Well, when the contract was canceled the harness that belonged to the War Department remained in the custody of the War Department, and is there now for sale and will be sold and disposed of. It did not pass to anyone else. It is owned by the Government. The Government concluded it was sold at too cheap a price and under fraudulent circumstances.

Mr. GARRETT of Tennessee. That means, of course, the leather manufacturers now have no competition but that which we have in our own country.

Mr. GRAHAM of Illinois. It does not mean that at all. The Government is going to sell and thinks it can sell it for more than the United States Harness Co. was going to pay.

Mr. GARRETT of Tennessee. It does not mean they will have no competition along that line?

Mr. GRAHAM of Illinois. Not at all. It will have that competition.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GARRETT of Tennessee. Will the gentleman allow me three minutes additional?

Mr. GARNER. I yield the gentleman three additional minutes.

Mr. GRAHAM of Illinois. It will have this competition: The large stock of surplus leather goods and harness which was sold to the United States Harness Co., and which the President has held to be a fraudulent sale, is now in the hands of the War Department, and plans are now being made to sell that harness in another way to the public, as a result of which plan the Government thinks it can get more money than it did from the United States Harness Co. That is the situation.

Mr. GARRETT of Tennessee. So that the competition is withdrawn from the leather manufacturers, tanners, and so forth, for the time being?

Mr. GRAHAM of Illinois. Not at all.

Mr. GARRETT of Tennessee. But they are kept off the market.

Mr. GRAHAM of Illinois. Not necessarily. The competitor as to harness, I will say, is now the United States Government, where originally it was the United States Harness Co. That is the only difference.

Mr. GARRETT of Tennessee. But the product is withdrawn from the market under the President's order?

Mr. GRAHAM of Illinois. It is not withdrawn from the market. It is going to be sold by the Government.

Mr. GARRETT of Tennessee. It is withdrawn temporarily.

Mr. GRAHAM of Illinois. I understand it is being sold now, part of it.

Mr. GARRETT of Tennessee. This bill will withdraw all that which was shipped abroad.

Mr. GRAHAM of Illinois. This bill will prevent speculators from buying stuff that we practically gave to France, that they are sending back here and reselling.

Mr. GARRETT of Tennessee. Oh, well, Mr. Chairman, the contract in regard to the leather goods was a contract that was subject to question, not by reason of any particular doubt of the honor and honesty of men, because I think they were all thoroughly honest, but that which the gentleman from Illinois has succeeded in doing now, after his activities as chairman of the committee on investigation, causing the cancellation of the contract of the President of the United States, or the attempt to cancel it, that withdrew a large amount of leather goods, such as harness, from the market, is to increase the price of leather goods if the gentlemen want to take advantage of it. Now he wishes to go a step further and prevent reimportation of any of those goods that were sent abroad. The gentleman from Illinois has succeeded wonderfully in protecting the consumers of harness goods.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. GARNER. Mr. Chairman, I yield three minutes to the gentleman from Texas [Mr. BLANTON].

Mr. HAWLEY. And I also yield three minutes to him.

The CHAIRMAN. The gentleman from Texas is recognized for six minutes.

Mr. BLANTON. Mr. Chairman, much has been said about the railroad question within the last few days, and much more is still to be said about it. I do not blame my colleagues for trying to render to the country some kind of an excuse for the railroad situation—some kind of an excuse for taking over the railroads in the first instance. When we entered the war there



were just two things to do. We were up against a situation with respect to the railroads where we had to take one horn of the dilemma. There were just two roads, and we had to take one of them. We had to have the service from the railroads, and the million employees stated emphatically that unless they received three-quarters of a billion dollars annual raise in salary not a railroad would run. They would tie up every engine from San Francisco to the Atlantic Ocean. The railroads could not and would not have paid their demands. How could we have met the situation? Why, if we had just passed a little one-page bill here preventing strikes on railroads during the war, as was proposed by a Senator over yonder and as was proposed here in the House by myself, the railroad situation would have been solved and we would not have had to take them over. But we could not pass the one-page bill preventing strikes on railroads because Congressmen were afraid of the unions. We provided that during the war we could take men away from their homes and firesides and from their businesses and their families and send them to the trenches of France to fight for \$33 a month, but you were afraid to provide that the railroad men should not strike during the war and tie up our commerce and war munitions. It would have been easy to pass that kind of a law had you not been afraid of the unions, and that would have been just the thing to have done, as many of these railroad engineers and conductors were then getting over \$300 per month already, but you could not stand the pressure. You did not have the courage. You got weak-kneed. You were afraid of the organizations, and we had to do the other thing. We had to take the railroads over, and when we took them over, Brother FORDNEY, you and every Republican Member on this floor knew that those railroad employees were going to get from the Government everything that they had demanded from the railroads—not from a Democratic Government; they could not have gotten it from us if you Republicans had not been willing. But what did the railroad employees do? Just as soon as we took the railroads over and they became Government employees they went to McAdoo and said, "If you do not turn us over \$754,000,000 at once and date back six months on our salaries we will tie you up." We will not let a train run from the Atlantic to the Pacific. And McAdoo did it. He turned over to them \$754,000,000 in cash out of the Treasury, and he did it because you Republican Members were willing and let him do it.

Mr. FORDNEY. I did not put him in office.

Mr. BLANTON. No; but you let him be held up by the employees. He knew you were not going to pass the little one-page antistrike bill. The country needed railroad service to win the war. So he paid it. And then McAdoo resigned, and he ought to have resigned. Hines took his place. Hines had not got his seat warm before these hungry highwaymen came back and said, "You have got to turn us over \$67,000,000 more and date it back." And Director Hines did as they required of him. And he did it with your consent, because you are weak-kneed. And you know it. And before these employees quit demanding they received over \$1,000,000,000 in annual raises of wages. If you live 10,000 years, you never will get excused by the people for taking over the railroads, when you could have avoided it by defying the unions. We would have escaped all these terrible burdens and responsibility if we had prevented strikes from occurring on railroads during the war. That was our duty.

The newspapers, why, they are hog tied and hamstrung worse than are you Members of Congress. Do you know why they have not let the country know the truth about why the railroads were taken over? It is because their typographical oath prevents it. Thank God, we now have an acknowledged authentic copy of their oath. On Monday, May 23, 1921, upon request, Mr. Edgar Wallace, representative of the American Federation of Labor, produced at a hearing before the District Committee on the antipicketing bill a copy of the constitution of the International Typographical Union, same being the personal copy belonging to Mr. Frank Morrison, Secretary of the American Federation of Labor, with his name printed on the back, and which, on page 15 thereof, under the heading "Obligation for members," appeared the oath taken by all members of said Typographical Union, to wit:

Every person admitted as a member of this union shall subscribe to the following obligation, which shall apply only to matters pertaining to the printing industry:

"I (give name) hereby solemnly and sincerely swear (or affirm) that I will not reveal any business or proceedings of any meeting of this or any subordinate union to which I may hereafter be attached, unless by order of the union, except to those whom I know to be members in good standing thereof; that I will, without equivocation or evasion and to the best of my ability, abide by the constitution, by-laws, and the adopted scale of prices of any union to which I may belong; that I will at all times support the laws, regulations, and decisions of the International Typographical Union, and will carefully avoid giving aid or succor to its

enemies, and use all honorable means within my power to procure employment for members of the International Typographical Union in preference to others; that my fidelity to the union and my duty to the members thereof shall in no sense be interfered with by any allegiance that I may now or hereafter owe to any other organization, social, political, or religious, secret or otherwise; that I will belong to no society or combination composed wholly or partly of printers, with the intent or purpose to interfere with the trade regulations or influence or control the legislation of this union; that I will not wrong a member, or see him or her wronged, if in my power to prevent. To all of which I pledge my most sacred honor."

You will note in said oath that each member swears:

That my fidelity to the union and my duty to the members thereof shall in no sense be interfered with by any allegiance that I may now or hereafter owe to any other organization, social, political, or religious, secret or otherwise.

There is not a big daily newspaper that will ever mention this question. Why? They are tied up so tight by their employees, every man connected with it under that Typographical Union oath, that everybody knows put the interests of the union before the interest of this Government, they can do nothing. This authentic oath was printed in said hearings. It puts the union above our country and above God Almighty and fraternity and everything else. That is the reason why the newspapers will not help us out. They are hamstrung. Our boys up there in the press gallery could write 14 pages of stuff on this railroad question and tell the real reason why we took them over, but there are only 14 newspapers in the United States that would dare to publish one line of such truth about the question. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HAWLEY. Mr. Chairman, I think I have only one more speech. How much time have I remaining?

The CHAIRMAN. The gentleman has 13 minutes.

Mr. HAWLEY. Mr. Chairman, I yield the balance of my time to the gentleman from Michigan [Mr. FORDNEY].

Mr. FORDNEY. Mr. Chairman and gentlemen of the House, the trouble with my friend from Texas [Mr. GARNER] is that he never reads anything in the report, but gets up here and talks at random. If he had read the report he would not have made the statement he has just made. The automobile list is here. On the first page there is listed 38,000 automobiles and trucks. Let me tell the gentleman what is over there in Europe, some of which is being shipped back to the United States. First let me say to the gentleman from Texas and Members of the House that of the goods sold and listed here \$1,722,000,000 were sold over there for \$400,000,000, and were sold by the Democrats.

Mr. GARRETT of Tennessee. Gen. Dawes sold them.

Mr. FORDNEY. It was under a Democratic administration. Whether it was Dawes or whoever it was, Woodrow Wilson ordered it to be done.

Mr. GARRETT of Tennessee. I make the statement now that Gen. Dawes sold those goods.

Mr. FORDNEY. I do not yield. There is some harness over there for sale now coming back. We had 148,000 horses at the close of the war, and there was in the possession of the War Department 975,000 saddles, most of them in France, with an order in for 500,000 more. That is what your party did with the taxpayers' money. We had 148,000 horses, and 46,000 of those were in Europe, and we had 1,500,000 halters on hand, with an order in for 500,000 more; this is my information. I want to compliment the gentlemen in charge of the matter of branding horses upon their humanity. Heretofore horses have been branded upon the shoulder or the hip with a branding iron—a red-hot branding iron, which burned in the letters "U. S." upon the horses' shoulders or hips. They thought that very inhuman, and they ordered branding irons to brand horses on their hoofs made of a combination of copper and steel; and they had on hand when the armistice was signed 195,000 branding irons, for which they paid \$14 each, or a total of \$2,730,000—but they had not branded a blamed horse. [Laughter and applause.] Oh, what intelligence from the Democratic Party in handling the people's money.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Just for a question.

Mr. GARRETT of Tennessee. Moss & Co. made those irons, and every member connected with that concern is a Republican.

Mr. FORDNEY. I do not know whether the gentleman knows that or not. I do not, and I do not care the snap of my finger what their politics were. It was a cost-plus contract, undoubtedly ordered by Woodrow Wilson or his lieutenants.

Mr. GARRETT of Tennessee. The gentleman from Illinois [Mr. GRAHAM] will tell the gentleman that every member connected with that concern is a Republican.



Mr. FORDNEY. All right, if he tells it, I believe him. The gentleman says we had no hearings. Why, we had before us the greatest expert on earth with reference to this matter, and that is the gentleman from Illinois [Mr. GRAHAM].

Mr. GARNER. Who heard him?

Mr. FORDNEY. I heard him. That was enough to satisfy me. The Republican members, the majority of the Ways and Means Committee, the business end of the Ways and Means Committee, heard everything he said.

Mr. GARNER. Why did not the gentleman give that information to the remainder of the Ways and Means Committee?

Mr. FORDNEY. Oh, there is a full moon in the sky, and the gentleman has not yet seen it.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. GARRETT of Tennessee. It has been extremely difficult to get away from the crooks that made contracts and took advantage of the Government. I mean those who were Republicans, who were crooks—

Mr. FORDNEY. Who were the crooks? The gentleman's party was in full control, with control in the White House down here on Pennsylvania Avenue, with Secretary Baker and the Secretary of the Navy under instructions issuing those cost-plus contracts—criminally wrong.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. I can not yield now.

Mr. GARRETT of Tennessee. I can tell him one claim that he might look into, and that is the claim of the Standard Steel Car Co., owned by Mr. Mellon, now Secretary of the Treasury.

Mr. FORDNEY. I decline to yield. On July 17 last the steamer *Georgia*, from St. Nazaire, France, brought back a cargo of goods. If the gentleman wants to know what is being sold over there, I can tell him a few of the items. Sixty-six thousand one hundred and thirty cases of horseshoes. They had many million horseshoes on hand when the armistice was signed to be used for 148,000 horses. Fourteen thousand five hundred and forty-three cases of horseshoe nails. Oh, there is a long list of stuff here in the report; the gentleman knows what is in the report.

Let me point out what you did in the tariff act of October 3, 1913. You provided in that law that articles, the growth, produce, or manufacture of the United States, when returned after having been exported should come in free. We do not propose to have them come back free if we can help it.

Forty thousand automobile trucks and automobiles by the Democratic Party sent to France after the armistice was signed, after the war was over! Oh, what good business, what good business judgment it was. Now that stuff is coming back, after having been sold over there at 25 cents on the dollar, disrupting business here with American citizens out of employment, and gentlemen on that side, why, the only excuse they offer for not voting for this bill is that the Republican members of the Ways and Means Committee did not publish everything in their report that the gentleman from Illinois [Mr. GRAHAM] gave in his statement. We reported all the principal facts that were necessary. Now our Democratic friends find that as an excuse to vote against this bill, just as reasonable as any other tariff argument ever offered by the Democrats, and this after Grandmother Woodrow, with the aid of his southern children, did everything in their power to help bankrupt the American taxpayers. They went out through the country and said to the people and to Members in the House, "If you vote against war measures asked for by this administration you will be considered pro-German."

We said, as Republicans loyal and because we wanted to win this war, "We are going to vote for everything the administration asks for to carry on this war, but if you mismanage affairs the Republicans are not responsible for it, but the Democratic Party is, and we will hold your party responsible." That is what we did; we were loyal to this Government, not alone to the Democratic Party, but we trusted that party to manage the affairs of this Government. The people had voted them into power. God knows I would have put them out if I could, and I never voted to put them in. But did you manage the affairs of this Government well? No; you took over the railroads for no other purpose than to get political votes—1,900,000 men employed—and the Democratic Party—the President—came here to the House and said it was necessary to take over the railroads, the telephones, and telegraph lines and steamship companies in order to win this war. There was a little plug-line telephone company up in my State, and they took that over. I want to know what in the name of God that telephone

company had to do with the war in Europe. I found out what it was taken over for. That and other telephone and cable lines, so that when Woodrow Wilson was in Paris, France, cutting a great dash, with 1,385 people taken over with him, paying \$600,000 to one hotel while he was there, he did not want any information to come back to this country that he did not control, and therefore he took over all the telegraph and telephone lines to accomplish his political purpose.

The CHAIRMAN. The time of the gentleman has expired; all time has expired and the Clerk will read.

Mr. HAWLEY. Mr. Chairman, I move that the committee do now rise and report the resolution to the House with a favorable recommendation—

The CHAIRMAN. The Clerk will first report the resolution.

Mr. HAWLEY. I ask that the resolution be read.

The Clerk read as follows:

*Resolved, etc.,* That all goods, wares, merchandise, military and naval supplies, of any kind whatsoever, originally exported from the United States of America for the use of the American Expeditionary Forces or the Governments associated with the Government of the United States of America in the war with Germany and Austria and which shall have been sold or delivered to any foreign Government, person, or persons by the United States Liquidation Commission or by any other agent or official of the United States of America, when re-imported into the United States of America, shall pay a duty of 90 per cent ad valorem, the value of such articles to be fixed on a basis equivalent to the original value of such articles in the United States, under rules and regulations to be prescribed by the Secretary of the Treasury.

The committee amendments were read, as follows:

Page 1, line 3, after the word "merchandise," strike out the word "military" and insert "and military."

On page 1, line 9, after the word "Government," strike out "person or persons" and insert "individual, partnership, corporation, or association."

The CHAIRMAN. All time has expired. The question is on the committee amendments.

The question was taken, and the amendments were agreed to.

Mr. HAWLEY. Mr. Chairman, I move that the committee do now rise and report the resolution to the House with the recommendation that the amendments be agreed to and that the resolution as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. McARTHUR, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House joint resolution 183, and had directed him to report the same to the House with sundry amendments, with the recommendation that the amendments be agreed to and the resolution as amended do pass.

Mr. HAWLEY. Mr. Speaker, I move the previous question on the resolution and amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on the amendments? If not, the Chair will put them en grosse.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the resolution.

Mr. BLANTON. Will the Chair permit a parliamentary inquiry?

The SPEAKER. Certainly.

Mr. BLANTON. If a demand be now made for the reading of the engrossed copy, would it not give the Members a chance to read the debate before they voted on the bill? If they did, it might change the votes of some of them.

The SPEAKER. The Chair does not think that is a parliamentary inquiry. The question is on the engrossment and third reading of the resolution.

The resolution was ordered to be engrossed and read a third time.

Mr. BLANTON. Mr. Speaker, I demand the reading of the engrossed copy for the purpose stated.

Mr. HAWLEY. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. Will the gentleman withhold that motion for a moment?

Mr. HAWLEY. Certainly.

#### ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill and joint resolution of the following titles:

S. 1934. An act granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway bridge across the Ohio River between the city of Huntington, W. Va., and a point opposite in the State of Ohio; and

S. J. Res. 36. Joint resolution authorizing the appointment of a commission to confer with the Dominion Government or the



provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States.

#### RESIGNATIONS FROM COMMITTEES.

The SPEAKER. The Chair lays before the House the following communications, which the Clerk will report.

The Clerk read as follows:

AUGUST 11, 1921.

Hon. F. H. GILLET, *Speaker, House of Representatives.*

DEAR SIR: I hereby tender my resignation as a member of the Committee on the Public Lands and Committee on Coinage, Weights, and Measures.

Very respectfully,

P. H. DREWRY.

AUGUST 11, 1921.

Hon. F. H. GILLET, *Speaker, House of Representatives.*

I hereby resign my membership upon the following committees of the House: Insular Affairs, Elections No. 1, Patents.

Very respectfully,

W. B. BOWLING.

#### ELECTION OF MEMBERS TO COMMITTEES.

Mr. GARNER. Mr. Speaker, I offer the following resolution and ask unanimous consent for its present consideration.

The SPEAKER. The gentleman from Texas asks unanimous consent for the present consideration of the resolution which the Clerk will report.

The Clerk read as follows:

Mr. GARNER moves the election of Mr. BOWLING, of Alabama, to membership on the Committee on the Post Office and Post Roads.

The SPEAKER. Without objection, the motion will be agreed to.

There was no objection.

Mr. GARNER. Mr. Speaker, I also ask unanimous consent for the present consideration of the following resolution.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

Mr. GARNER moves the election of Mr. DREWRY, of Virginia, to membership on the Committee on Insular Affairs.

The SPEAKER. Without objection, the motion will be agreed to.

There was no objection.

Mr. GARNER. Mr. Chairman, I ask unanimous consent for the consideration of the following resolution.

The SPEAKER. The Clerk will report the resolution offered by the gentleman from Texas.

The Clerk read as follows:

Resolved, That Mr. LAMAR JEFFERS, of Alabama, be, and he is hereby, elected to the Committee on the Public Lands.

The SPEAKER. Without objection, the resolution will be agreed to.

There was no objection.

#### EXTENSION OF REMARKS.

Mr. GRAHAM of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks on House joint resolution 183.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks on House joint resolution 183. Is there objection?

There was no objection.

Mr. CONNALLY of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks by printing a tribute to Maj. STEDMAN, of North Carolina, which appeared in a current magazine.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks by printing an article relative to Maj. STEDMAN. Is there objection?

There was no objection.

#### ADJOURNMENT.

Mr. HAWLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Friday, August 12, 1921, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. HOCH, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 2301) granting the consent of Congress to the Old Trails Bridge Co. to construct a bridge across the Missouri River, reported the same without

amendment, accompanied by a report (No. 339), which said bill and report were referred to the House Calendar.

Mr. McFADDEN, from the Committee on Banking and Currency, to which was referred the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, reported the same with amendments, accompanied by a report (No. 340), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 8076) granting an increase of pension to Snowden Jones, and the same was referred to the Committee on Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ARENTZ: A bill (H. R. 8183) making appropriation for the United States mint at Carson City, Nev.; to the Committee on Appropriations.

By Mr. BUTLER: A bill (H. R. 8184) to punish persons who sell military or naval decorations; to the Committee on the Judiciary.

By Mr. OVERSTREET: A bill (H. R. 8207) authorizing the Secretary of War to transfer to the Georgia Hussars all right and title now vested in the United States to the western dummy fort in the park extension in the city of Savannah, Ga.; to the Committee on Military Affairs.

By Mr. JOHNSON of Mississippi: Joint resolution (H. J. Res. 186) to reduce the Army to 75,000 enlisted men, exclusive of the Philippine Scouts; to the Committee on Military Affairs.

By Mr. BYRNES of South Carolina: Resolution (H. Res. 171) directing the Director of the Bureau of the Budget to furnish to the House of Representatives certain information; to the Committee on Appropriations.

By Mr. LANKFORD: Memorial of the Legislature of the State of Georgia, urging Congress to appropriate money for the elimination of the boll weevil; to the Committee on Appropriations.

By Mr. WRIGHT: Memorial of the Legislature of the State of Georgia, memorializing Congress to set aside money for elimination of the boll weevil; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Georgia, urging Congress to amend the transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOWELL: A bill (H. R. 8185) granting a pension to Mary J. Wylie; to the Committee on Invalid Pensions.

By Mr. EVANS: A bill (H. R. 8186) for the relief of the First National Bank of Walthill, Nebr.; to the Committee on Claims.

By Mr. FOCHT: A bill (H. R. 8187) granting an increase of pension to Clarence R. Solomon; to the Committee on Pensions.

By Mr. GILLET: A bill (H. R. 8188) for the relief of William Wiest; to the Committee on Claims.

By Mr. HUTCHINSON: A bill (H. R. 8189) for the relief of Bertha Newton Rich; to the Committee on Claims.

By Mr. JOHNSON of Washington: A bill (H. R. 8190) granting a pension to Anna B. Brackett; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 8191) granting a pension to Amanda Johnson; to the Committee on Invalid Pensions.

By Mr. GRIFFIN: A bill (H. R. 8192) granting a pension to Catherine Kennedy; to the Committee on Pensions.

By Mr. KINKAID: A bill (H. R. 8193) to amend the first proviso in the act entitled "An act to grant a certain parcel of land, part of the Fort Robinson Military Reservation, Nebr., to the village of Crawford, Nebr., for park purposes," approved June 25, 1906; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H. R. 8194) granting an increase of pension to Gustav Buelow; to the Committee on Pensions.

By Mr. LOWREY: A bill (H. R. 8195) to carry into effect the findings of the Court of Claims in favor of Dora Alexander Miller and Emma Alexander in her own right and as administratrix of estates of Jennie Alexander, deceased, and of Charlie T. Alexander, deceased; to the Committee on War Claims.

Also, a bill (H. R. 8196) for the relief of the heirs or legal representative of Nat W. Fant, deceased; to the Committee on Claims.

Also, a bill (H. R. 8197) granting an increase of pension to Malcom C. Rogers; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 8198) granting a pension to John H. Dority; to the Committee on Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 8199) granting an increase of pension to Mary J. Mackey; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 8200) granting a pension to Rosetta Moon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8201) authorizing the Secretary of War to donate to the town of Hazleton, Iowa, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. VAILE: A bill (H. R. 8202) granting an increase of pension to William McDermott; to the Committee on Pensions.

By Mr. WINGO: A bill (H. R. 8203) for the relief of the legal representatives of the estate of Henry H. Sibley, deceased; to the Committee on Claims.

By Mr. WURZBACH: A bill (H. R. 8204) granting a pension to Fred J. Souther; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8205) granting a pension to John S. Souther; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8206) for the relief of Lena Owens; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2360. By the SPEAKER (by request): Cablegram from the Association De Hacendados y Colonos, of Cuba, urging larger concessions to Cuban sugar and tobacco in the reciprocity treaty; to the Committee on Ways and Means.

2361. Also (by request), resolution of the St. Paul Council of the American Association for the Relief of the Irish Republic, opposing the Penrose bill (S. 2135); to the Committee on Ways and Means.

2362. By Mr. BURTON: Petition from divers citizens of Cleveland, Ohio, praying for recognition of the Irish republic; to the Committee on Foreign Affairs.

2363. By Mr. CRAMTON: Letter of W. D. Block, president of the W. D. Block Motor Co., of Detroit, Mich., protesting against the proposed tax on automobiles; to the Committee on Ways and Means.

2364. Also, petition of Mrs. Fred Wilber and other residents, of Tuscola County, Mich., protesting against the passage of House bill 4388, aiming to regulate Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2365. Also, petition of Mr. Evert C. Stringer and other residents, of Tuscola County, Mich., protesting against the passage of House bill 4388, which aims to regulate Sunday observance by civil force under penalty in the District of Columbia; to the Committee on the District of Columbia.

2366. By Mr. DRIVER: Petition of C. J. Perry, vice president of the Farmers' Bank, of Bay, Ark., protesting against the proposed stamp tax on bank checks; to the Committee on Ways and Means.

2367. By Mr. FENN: Petition of the American Association for the Recognition of the Irish Republic, by John P. Barry, secretary, of New Haven, Conn.; to the Committee on Foreign Affairs.

2368. Also, petition of James Flaherty and 29 others, citizens of Hartford, Conn., seeking the recognition of the Irish republic; to the Committee on Foreign Affairs.

2369. By Mr. JOHNSON of Washington: Petition of citizens of Orting, Wash., opposing House bill 4388; to the Committee on the District of Columbia.

2370. By Mr. KISSEL: Petition of A. L. Salt, vice president of the Western Electric Co., of New York City; to the Committee on Interstate and Foreign Commerce.

2371. Also, petition of Goulden, Cook & Gudeon, managers of the Connecticut Life Insurance Co., 91 William Street, New York City; to the Committee on Ways and Means.

2372. Also, petition of the American Refractories Co., of Pittsburgh, Pa.; to the Committee on Ways and Means.

2373. By Mr. MacGREGOR: Resolution of the directors of the East Side Serial Savings and Loan Association, favoring the income tax exemption to the extent of \$500 in any year for persons deriving revenue not exceeding such sum from investments in domestic building and loan associations; to the Committee on Ways and Means.

2374. By Mr. MAPES: Petition of Mr. Lester Davison and other residents of Grand Haven, Mich., protesting against the passage of House bill 4388, which aims to regulate Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2375. By Mr. A. P. NELSON: Petition of residents of Burnett County, Wis., protesting against the passage of House bill 4388, introduced by Mr. ZIHLMAN; to the Committee on the District of Columbia.

2376. Also, petition of residents of Clearwater Lake, Wis., protesting against the passage of House bill 4388, introduced by Mr. ZIHLMAN; to the Committee on the District of Columbia.

2377. By Mr. YATES: Petition of Vermillion County (Ill.) Auto Club, of Danville, Ill., opposing the proposed Federal registration fee of \$10 on automobiles; to the Committee on Ways and Means.

2378. By Mr. YOUNG: Memorial of sundry citizens of Lake Williams, N. Dak., remonstrating against the passage of House bill 4388, providing for compulsory Sunday observance for the District of Columbia; to the Committee on the District of Columbia.

2379. Also, resolution of the farmers of Adams County, N. Dak., at a meeting at Hettinger, N. Dak., favoring the enactment of legislation to reduce the freight rates in this country; to the Committee on Interstate and Foreign Commerce.

#### HOUSE OF REPRESENTATIVES.

FRIDAY, August 12, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord our God, this is the moment of soul silence, and we beseech Thee to hear us. We thank Thee for the mercy of a new day. Bless each one of us with the mercy of a grateful heart. There are many perils of which we are ignorant and many which we perceive. We can not understand Thy providences, yet we repose our faith in Thee, for Thy abundance overflows and transcends all our needs. Grant that all things base, cruel, inhuman, vain, and ignorant shall lose their power and die away; and may all things pure, upright, ennobling, and enriching grow and gather strength until righteousness and knowledge shall prevail throughout our fair land and the glory of the Lord shall fill the whole earth. Through Jesus Christ, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### ORDER OF BUSINESS.

Mr. HAWLEY. Mr. Speaker, when the House adjourned last night H. J. Res. 183 was pending under the previous question.

The SPEAKER. There is some other business that the Chair would like to lay before the House before that is taken up.

Mr. MONDELL. Mr. Speaker, I renew the request that I made yesterday for unanimous consent that it may be in order to take up for consideration the bill (S. 1915) to amend the War Finance Corporation act, immediately after the disposition of the deficiency appropriation bill.

The SPEAKER. The gentleman asks unanimous consent that it may be in order to take up S. 1915 immediately after the consideration of the deficiency appropriation bill. Is there objection?

Mr. GARNER. Mr. Speaker, reserving the right to object, may I ask the gentleman if it is his purpose to take up the bill immediately after the passage of the appropriation bill and consider it to its passage?

Mr. MONDELL. It is.

The SPEAKER. Is there objection?

Mr. SEARS. Reserving the right to object, how much general debate will be given to that bill?

Mr. MONDELL. I have not talked to the chairman of the committee. I am sure that an arrangement satisfactory to the House will be made in regard to the general debate.

Mr. SEARS. Mr. Speaker, it is barely possible that I should like to have about 30 minutes at some time to speak on freight rates.

Mr. MONDELL. I am sure there will be a reasonable amount of general debate.

Mr. SEARS. I appreciate that fact, Mr. Speaker; but generally when I want time, the time is limited by the House.

Mr. MONDELL. The gentleman realizes that I could scarcely modify my request in order to provide for some one gentleman who wanted to speak, but I am sure if the gentleman has a real message that he will be given an opportunity to deliver it.

Mr. SEARS. I want to say in reply to the majority leader that we have been greatly interested in the messages which he has been giving out, statements as to the cutting down of ex-



penses, and the amount he has saved, and that I will endeavor to give a message to the House. I have not occupied much of the time of the House in the six years I have been here.

Mr. WINGO. I should like to say, in view of the statement which has just been made, that I have got about 25 gentlemen here who inform me that they have real messages which they wish to deliver to the House, and each of them wants all the way from 25 minutes to an hour.

Mr. STAFFORD. Mr. Speaker, under the reservation of the right to object, I should like to ask whether this bill has been unanimously reported from the Committee on Banking and Currency.

Mr. MONDELL. There is no minority report.

Mr. STAFFORD. I wish to say that I am informed that one member of the committee violently opposes the bill, and I think wishes to present minority views. I do not know whether he made that reservation or not.

Mr. McFADDEN. I will say to the gentleman that no arrangement was made about that.

Mr. DALE. Will the gentleman yield, to give me an opportunity to reply to the gentleman from Wisconsin?

Mr. MONDELL. Yes.

Mr. DALE. I want to say that I suppose the gentleman from Wisconsin refers to me when he speaks of opposition to this measure in the Committee on Banking and Currency. I do not know that I want to file a minority report, but I will say to the gentleman from Wisconsin that I am most strenuously opposed to this measure. Reserving the right to object—

Mr. BLANTON. Mr. Speaker, I ask for the regular order.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

Mr. DALE. Reserving the right to object—

The SPEAKER. The gentleman can not reserve the right to object after the regular order is demanded.

Mr. BLANTON. I will withdraw it.

Mr. MONDELL. I will say to the gentleman that there will be an abundance of time for general debate.

Mr. DALE. I want to ask the gentleman from Wyoming if he expects to bring up this bill to-day?

Mr. MONDELL. No. The bill will probably be brought up to-morrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming [Mr. MONDELL]?

There was no objection.

BIOLOGICAL AND GENERAL RESEARCH STATION IN WASHINGTON.

Mr. KAHN. Mr. Speaker, I desire to take from the Speaker's table H. R. 1475 with a Senate amendment.

The SPEAKER. The gentleman calls up from the Speaker's table a bill which the clerk will report.

The Clerk read the title of the bill (H. R. 1475) providing for a grant of land to the State of Washington for a biological station and general research purposes.

The SPEAKER. The Clerk will report the Senate amendment.

The Senate amendment was read.

Mr. KAHN. Mr. Speaker, I move to concur in the Senate amendment.

The motion was agreed to.

#### MESSAGE FROM THE SENATE.

A message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had passed bills and Senate joint and concurrent resolutions of the following titles, in which the concurrence of the House of Representatives was requested:

S. 1960. An act providing for an additional judge for the northern district of California;

S. 2307. An act to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920;

S. J. Res. 85. Joint resolution to provide for the remission of further payments of the annual installments of the Chinese indemnity;

S. 2041. An act for the relief of J. G. Seupelt;

S. 1794. An act to authorize the Secretary of War to release the Kansas City & Memphis Railroad & Bridge Co. from reconstructing its highway and approaches across its bridge at Memphis, Tenn.;

S. 2340. An act to authorize the construction of a toll bridge across the St. Marys River at or near St. Marys, Ga., and Roses Bluff, Fla.

#### Senate concurrent resolution 7.

*Resolved by the Senate (the House of Representatives concurring), That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes, as it passed the House, be printed as a Senate*

document, with an index, and that 15,000 additional copies be printed, of which 4,000 shall be printed for the use of the Senate, 9,000 for the House, to be distributed through the folding room, 1,000 for the Committee on Finance of the Senate, and 1,000 for the Committee on Ways and Means of the House.

The message also announced that the Senate had passed without amendment bills of the following title:

H. R. 1940. An act for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.; and

H. R. 1269. An act to make a preliminary survey of the Calaveras River in California with a view to the control of its floods.

#### SENATE BILLS REFERRED.

Under clause 2, Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committee as indicated below:

S. 1960. An act providing for an additional judge for the northern district of California; to the Committee on the Judiciary.

S. 2340. An act to authorize the construction of a toll bridge across the St. Marys River at or near St. Marys, Ga., and Roses Bluff, Fla.; to the Committee on Interstate and Foreign Commerce.

S. 2307. An act to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920; to the Committee on Military Affairs.

#### Senate concurrent resolution 7.

*Resolved by the Senate (the House of Representatives concurring), That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, and for other purposes, as it passed the House, be printed as a Senate document, with an index, and that 15,000 additional copies be printed, of which 4,000 shall be printed for the use of the Senate, 9,000 for the House, to be distributed through the folding room, 1,000 for the Committee on Finance of the Senate, and 1,000 for the Committee on Ways and Means of the House—*

to the Committee on Printing.

S. 2041. An act for the relief of J. G. Seupelt; to the Committee on Indian Affairs.

S. J. Res. 85. Joint resolution to provide for the remission of further payments of the annual installments of the Chinese indemnity; to the Committee on Foreign Affairs.

#### PORT OF NEW YORK DISTRICT.

Mr. CHANDLER of New York. Mr. Speaker, I have been authorized and directed by the Judiciary Committee to call up S. J. Res. 88, a similar House joint resolution, House joint resolution 172, by Mr. ANSORGE, of New York, being on the House Calendar.

The SPEAKER. The gentleman from New York calls up from the Speaker's table S. J. Res. 88, a similar House joint resolution having been reported and on the House Calendar before the Senate joint resolution was received.

The Clerk read S. J. Res. 88 granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York, as follows:

Whereas commissioners duly appointed on the part of the State of New York and commissioners duly appointed on the part of the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York, pursuant to chapter 154, Laws of New York, 1921, and chapter 151, Laws of New Jersey, 1921, have executed certain articles, which are contained in the following, namely:

Whereas in the year 1834 the States of New York and New Jersey did enter into an agreement fixing and determining the rights and obligations of the two States in and about the waters between the two States, especially in and about the bay of New York and the Hudson River; and

Whereas since that time the commerce of the port of New York has greatly developed and increased and the territory in and around the port has become commercially one center or district; and

Whereas it is confidently believed that a better coordination of the terminal, transportation, and other facilities of commerce in, about, and through the port of New York will result in great economies, benefiting the Nation as well as the States of New York and New Jersey; and

Whereas the future development of such terminal, transportation, and other facilities of commerce will require the expenditure of large sums of money and the cordial cooperation of the States of New York and New Jersey in the encouragement of the investment of capital and in the formulation and execution of the necessary physical plans; and

Whereas such result can best be accomplished through the cooperation of the two States by and through a joint or common agency: Now, therefore,

The said States of New Jersey and New York do supplement and amend the existing agreement of 1834 in the following respects:

ARTICLE 1. They agree to and pledge, each to the other, faithful cooperation in the future planning and development of the port of New York, holding in high trust for the benefit of the Nation the special blessings and natural advantages thereof.



ART. 2. To that end the two States do agree that there shall be created and they do hereby create a district to be known as the "port of New York district" (for brevity hereinafter referred to as "the district"), which shall embrace the territory bounded and described as follows:

The district is included within the boundary lines located by connecting points of known latitude and longitude. The approximate courses and distances of the lines inclosing the district are recited in the description, but the district is determined by drawing lines through the points of known latitude and longitude. Beginning at a point A of latitude  $41^{\circ} 3' N.$  and longitude  $73^{\circ} 56' W.$ , said point being about sixty-five hundredths of a mile west of the westerly bank of the Hudson River and about  $2\frac{1}{2}$  miles northwest of the pier at Piermont, in the county of Rockland, State of New York; thence due south 1.15 miles more or less to a point B of latitude  $41^{\circ} 3' N.$  and longitude  $73^{\circ} 56' W.$ , said point being about  $1\frac{1}{2}$  miles northwest of the pier at Piermont, in the county of Rockland, State of New York; thence south  $56^{\circ} 34' W.$  6.26 miles more or less to a point C of latitude  $41^{\circ}$  and no minutes N. and longitude  $74^{\circ} 2' W.$ , said point being about seven-tenths of a mile north of the railroad station at Westwood, in the county of Bergen, State of New Jersey; thence south  $68^{\circ} 24' W.$  9.37 miles more or less to a point D of latitude  $40^{\circ} 57' N.$  and longitude  $74^{\circ} 12' W.$ , said point being about 3 miles northwest of the business center of the city of Paterson, in the county of Passaic, State of New Jersey; thence south  $47^{\circ} 17' W.$  11.87 miles more or less to a point E of latitude  $40^{\circ} 50' N.$  and longitude  $74^{\circ} 22' W.$ , said point being about  $4\frac{1}{2}$  miles west of the borough of Caldwell, in the county of Morris, State of New Jersey; thence due south 9.20 miles more or less to a point F of latitude  $40^{\circ} 42' N.$  and longitude  $74^{\circ} 22' W.$ , said point being about  $1\frac{1}{2}$  miles southwest of the passenger station of the Delaware, Lackawanna & Western R. R. in the city of Summit, in the county of Union, State of New Jersey; thence south  $42^{\circ} 24' W.$  7.78 miles more or less to a point G of latitude  $40^{\circ} 37' N.$  and longitude  $74^{\circ} 28' W.$ , said point being about  $2\frac{1}{2}$  miles west of the business center of the city of Plainfield, in the county of Somerset, State of New Jersey; thence due south 12.65 miles more or less on a line passing about 1 mile west of the business center of the city of New Brunswick to a point H of latitude  $40^{\circ} 28' N.$  and longitude  $74^{\circ} 28' W.$ , said point being about  $4\frac{1}{2}$  miles southwest of the city of New Brunswick, in the county of Middlesex, State of New Jersey; thence south  $77^{\circ} 42' E.$  10.79 miles more or less to a point I of latitude  $40^{\circ} 24' N.$  and longitude  $74^{\circ} 16' W.$ , said point being about 2 miles southwest of the borough of Matawan, in the county of Middlesex, State of New Jersey; thence due east 25.48 miles more or less, crossing the county of Monmouth, State of New Jersey, and passing about  $1\frac{1}{2}$  miles south of the pier of the Central Railroad of New Jersey at Atlantic Highlands to a point J of latitude  $40^{\circ} 24' N.$  and longitude  $73^{\circ} 47' W.$ , said point being in the Atlantic Ocean; thence north  $11^{\circ} 58' E.$  21.16 miles more or less to a point K, said point being about 5 miles east of the passenger station of the Long Island Railroad at Jamaica and about  $1\frac{1}{2}$  miles east of the boundary line of the city of New York, in the county of Nassau, State of New York; thence in a northeasterly direction passing about one-half mile west of New Hyde Park and about  $1\frac{1}{2}$  miles east of the shore of Manhasset Bay at Port Washington, crossing Long Island Sound to a point L, said point being the point of intersection of the boundary line between the States of New York and Connecticut and the meridian of  $73^{\circ} 39' 30'' W.$  longitude, said point being also about a mile northeast of the village of Port Chester; thence northwesterly along the boundary line between the States of New York and Connecticut to a point M, said point being the point of intersection between said boundary line between the States of New York and Connecticut and the parallel of  $41^{\circ} 4' N.$  latitude, said point also being about  $4\frac{1}{2}$  miles northeast of the business center of the city of White Plains; thence due west along said parallel of  $41^{\circ} 4' N.$  latitude, the line passing about  $2\frac{1}{2}$  miles north of the business center of the city of White Plains and crossing the Hudson River to the point A, the place of beginning.

The boundaries of said district may be changed from time to time by the action of the legislature of either State concurred in by the legislature of the other.

ART. 3. There is hereby created "The port of New York authority" (for brevity hereinafter referred to as the "port authority"), which shall be a body corporate and politic, having the powers and jurisdiction hereinafter enumerated, and such other and additional powers as shall be conferred upon it by the legislature of either State concurred in by the legislature of the other, or by act or acts of Congress, as hereinafter provided.

ART. 4. The port authority shall consist of six commissioners—three resident voters from the State of New York, two of whom shall be resident voters of the city of New York, and three resident voters from the State of New Jersey, two of whom shall be resident voters within the New Jersey portion of the district, the New York members to be chosen by the State of New York and the New Jersey members by the State of New Jersey in the manner and for the terms fixed and determined from time to time by the legislature of each State, respectively, except as herein provided.

Each commissioner may be removed or suspended from office as provided by the law of the State for which he shall be appointed.

ART. 5. The commissioners shall, for the purpose of doing business, constitute a board and may adopt suitable by-laws for its management.

ART. 6. The port authority shall constitute a body, both corporate and politic, with full power and authority to purchase, construct, lease, and/or operate any terminal or transportation facility within said district; and to make charges for the use thereof; and for any of such purposes to own, hold, lease, and/or operate real or personal property, to borrow money and secure the same by bonds or by mortgages upon any property held or to be held by it. No property now or hereafter vested in or held by either State, or by any county, city, borough, village, township, or other municipality, shall be taken by the port authority, without the authority or consent of such State, county, city, borough, village, township, or other municipality, nor shall anything herein impair or invalidate in any way any bonded indebtedness of such State, county, city, borough, village, township, or other municipality, nor impair the provisions of law regulating the payment into sinking funds of revenues derived from municipal property, or dedicating the revenues derived from any municipal property to a specific purpose.

The powers granted in this article shall not be exercised by the port authority until the legislatures of both States shall have approved of a comprehensive plan for the development of the port as hereinafter provided.

ART. 7. The port authority shall have such additional powers and duties as may hereafter be delegated to or imposed upon it from time to time by the action of the legislature of either State concurred in by the legislature of the other. Unless and until otherwise provided, it shall make an annual report to the legislature of both States, setting forth in detail the operations and transactions conducted by it pursuant to this agreement and any legislation thereunder. The port authority shall not pledge the credit of either State except by and with the authority of the legislature thereof.

ART. 8. Unless and until otherwise provided, all laws now or hereafter vesting jurisdiction or control in the public service commission, or the public utilities commission, or like body, within each State, respectively, shall apply to railroads and to any transportation, terminal, or other facility owned, operated, leased, or constructed by the port authority, with the same force and effect as if such railroad, or transportation, terminal, or other facility were owned, leased, operated, or constructed by a private corporation.

ART. 9. Nothing contained in this agreement shall impair the powers of any municipality to develop or improve port and terminal facilities.

ART. 10. The legislatures of the two States, prior to the signing of this agreement, or thereafter as soon as may be practicable, will adopt a plan or plans for the comprehensive development of the port of New York.

ART. 11. The port authority shall from time to time make plans for the development of said district, supplementary to or amendatory of any plan theretofore adopted, and when such plans are duly approved by the legislatures of the two States, they shall be binding upon both States with the same force and effect as if incorporated in this agreement.

ART. 12. The port authority may from time to time make recommendations to the legislatures of the two States or to the Congress of the United States, based upon study and analysis, for the better conduct of the commerce passing in and through the port of New York, the increase and improvement of transportation and terminal facilities therein, and the more economical and expeditious handling of such commerce.

ART. 13. The port authority may petition any interstate commerce commission (or like body), public service commission, public utilities commission (or like body), or any other Federal, municipal, State, or local authority, administrative, judicial, or legislative, having jurisdiction in the premises, after the adoption of the comprehensive plan as provided for in article 10 for the adoption and execution of any physical improvement, change in method, rate of transportation, system of handling freight, warehousing, docking, lightering, or transfer of freight, which, in the opinion of the port authority, may be designed to improve or better the handling of commerce in and through said district, or improve terminal and transportation facilities therein. It may intervene in any proceeding affecting the commerce of the port.

ART. 14. The port authority shall elect from its number a chairman, vice chairman, and may appoint such officers and employees as it may require for the performance of its duties, and shall fix and determine their qualifications and duties.

ART. 15. Unless and until the revenues from operations conducted by the port authority are adequate to meet all expenditures, the legislatures of the two States shall appropriate, in equal amounts, annually, for the salaries, office and other administrative expenses, such sum or sums as shall be recommended by the port authority and approved by the governors of the two States, but each State obligates itself hereunder only to the extent of \$100,000 in any one year.

ART. 16. Unless and until otherwise determined by the action of the legislatures of the two States, no action of the port authority shall be binding unless taken at a meeting at which at least two members from each State are present and unless four votes are cast therefor, two from each State. Each State reserves the right hereafter to provide by law for the exercise of a veto power by the governor thereof over any action of any commissioner appointed therefrom.

ART. 17. Unless and until otherwise determined by the action of the legislatures of the two States, the port authority shall not incur any obligations for salaries, office or other administrative expenses, within the provisions of article 15, prior to the making of appropriations adequate to meet the same.

ART. 18. The port authority is hereby authorized to make suitable rules and regulations not inconsistent with the Constitution of the United States or of either State, and subject to the exercise of the power of Congress, for the improvement of the conduct of navigation and commerce, which, when concurred in or authorized by the legislatures of both States, shall be binding and effective upon all persons and corporations affected thereby.

ART. 19. The two States shall provide penalties for violations of any order, rule, or regulation of the port authority, and for the manner of enforcing the same.

ART. 20. The territorial or boundary lines established by the agreement of 1834, or the jurisdiction of the two States established thereby, shall not be changed except as herein specifically modified.

ART. 21. Either State may, by its legislature, withdraw from this agreement in the event that a plan for the comprehensive development of the port shall not have been adopted by both States on or prior to July 1, 1923; and when such withdrawal shall have been communicated to the governor of the other State by the State so withdrawing, this agreement shall be thereby abrogated.

ART. 22. DEFINITIONS.—The following words as herein used shall have the following meaning: "Transportation facility" shall include railroads, steam or electric, motor truck or other street or highway vehicles, tunnels, bridges, boats, ferries, car floats, lighters, tugs, floating elevators, barges, scows, or harbor craft of any kind, aircraft suitable for harbor service, and every kind of transportation facility now in use or hereafter designed for use for the transportation or carriage of persons or property. "Terminal facility" shall include wharves, piers, slips, ferries, docks, dry docks, bulkheads, dock walls, basins, car floats, float bridges, grain or other storage elevators, warehouses, cold storage, tracks, yards, sheds, switches, connections, overhead appliances, and every kind of terminal or storage facility now in use or hereafter designed for use for the handling, storage, loading, or unloading of freight at steamship, railroad, or freight terminals. "Railroads" shall include railways, extensions thereof, tunnels, subways, bridges, elevated structures, tracks, poles, wires, conduits, power houses, substations, lines for the transmission of power, car barns, shops, yards, sidings, turnouts, switches, stations and approaches thereto, cars, and motive equipment. "Facility" shall include all works, buildings, structures, appliances, and appurtenances



necessary and convenient for the proper construction, equipment, maintenance, and operation of such facility or facilities, or any one or more of them. "Real property" shall include land under water, as well as uplands, and all property either now commonly or legally defined as real property or which may hereafter be so defined. "Personal property" shall include choses in action and all other property now commonly or legally defined as personal property or which may hereafter be so defined. "To lease" shall include to rent or to hire. "Rule or regulation," until and unless otherwise determined by the legislatures of both States, shall mean any rule or regulation not inconsistent with the Constitution of the United States or of either State, and, subject to the exercise of the power of Congress, for the improvement of the conduct of navigation and commerce within the district, and shall include charges, rates, rentals, or tolls fixed or established by the port authority; and, until otherwise determined as aforesaid, shall not include matters relating to harbor or river pollution. Wherever action by the legislature of either State is herein referred to, it shall mean an act of the legislature duly adopted in accordance with the provisions of the constitution of the State.

Plural or singular: The singular wherever used herein shall include the plural.

Consent, approval, or recommendation of municipality: how given: Wherever herein the consent, approval, or recommendation of a "municipality" is required, the word "municipality" shall be taken to include any city or incorporated village within the port district, and in addition in the State of New Jersey any borough, town, township, or any municipality governed by an improvement commission within the district. Such consent, approval, or recommendation whenever required in the case of the city of New York shall be deemed to have been given or made whenever the board of estimate and apportionment of said city, or any body hereafter succeeding to its duties, shall, by majority vote, pass a resolution expressing such consent, approval, or recommendation; and in the case of any municipality now or hereafter governed by a commission, whenever the commission thereof shall, by a majority vote, pass such a resolution; and in all other cases whenever the body authorized to grant consent to the use of the streets or highways of such municipality shall, by a majority vote, pass such a resolution.

In witness whereof we have hereunto set our hands and seals under chapter 154 of the Laws of 1921 of the State of New York, and chapter 151 of the Laws of 1921 of the State of New Jersey, this 30th day of April, 1921.

WILLIAM R. WILLCOX.	[SEAL]
EUGENIUS H. OUTERBRIDGE.	[SEAL]
CHARLES D. NEWTON.	[SEAL]
J. SPENCER SMITH.	[SEAL]
DEWITT VAN BUSKIRK.	[SEAL]
FRANK R. FORD.	[SEAL]
THOMAS F. MCCRAN.	[SEAL]

In the presence of Nathan L. Miller, Walter E. Edge, Alfred E. Smith, Charles S. Whitman, William M. Calder, Lewis H. Pounds, Clarence E. Case, D. P. Kingsley, Irving T. Bush, Arthur N. Pierson, Julius Henry Cohen; in whose presence Messrs. Willcox, Outerbridge, Smith, Van Buskirk, Ford, and McCran signed in the great hall of the chamber of commerce in the city of New York on the 30th day of April, 1921. Attorney General Newton, being at that time absent from the city, signed on the 6th day of May, 1921, at the chamber, in the presence of William Leary, Charles T. Gwynne; and

Whereas the said agreement has been signed and sealed by the commissioners of each State, and has thereby become binding on the two States as provided in the aforesaid acts: Therefore be it

*Resolved, etc.*, That the consent of Congress is hereby given to the said agreement, and to each and every part and article thereof: *Provided*, That nothing therein contained shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of said agreement.

SEC. 2. That the right to alter, amend, or repeal this resolution is hereby expressly reserved.

Mr. MANN. Mr. Speaker, what is this which is before the House?

Mr. ANSORGE. A motion for concurrence in a Senate joint resolution introduced July 25, 1921, in the Senate, and which is in all respects similar to a House joint resolution introduced by me July 8, 1921, and which has been favorably reported by the House Judiciary Committee. It is called up under the rules, being a Senate resolution the same as a House resolution already favorably reported by a committee of the House. I move the concurrence of the House.

Mr. GARRETT of Tennessee. Is this a Union Calendar bill?

The SPEAKER. It is a Senate joint resolution, a similar House joint resolution having been already reported by the Judiciary Committee before the Senate bill came over.

Mr. GARRETT of Tennessee. Mr. Speaker, was the bill reported from the Judiciary Committee a Union Calendar bill?

The SPEAKER. No; it is a House Calendar bill.

Mr. MANN. As I understand, the gentleman's request is to take the bill from the Speaker's table, a similar bill being on the House Calendar.

Mr. ANSORGE. Yes.

The SPEAKER. The question is on agreeing to the preamble. The preamble was agreed to.

Mr. ANSORGE. Mr. Speaker, on July 8, 1921, on behalf of the State of New York and the State of New Jersey, I introduced in this House the joint resolution known as House joint resolution 172, asking the consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York.

The treaty or compact between the two States was signed in the chamber of commerce in the city of New York, with appropriate ceremonies, on the 30th day of April, 1921.

The signing of that treaty was one of the most important events in the history of the two States and in the annals of real constructive progress in this country. [Applause.]

The State platforms of both of the major political parties in New York and New Jersey had advocated joint control and joint development of the port of New York.

At the unofficial convention of the Republican Party of the State of New York, held at Saratoga Springs on July 28, 1920, as part of its declaration of principles appears the following:

A progressive plan of future improvement of harbor facilities must be adopted in cooperation with the State of New Jersey.

We therefore favor a compact or agreement with our sister State which will provide for the creation of a port district and a port authority with adequate powers to develop this port comprehensively.

At the unofficial convention of the Democratic Party of the State of New York, held at Saratoga Springs on August 4, 1920, as part of its declaration of principles is the following:

#### PORT DEVELOPMENT.

We owe it to the Nation to organize and develop the port of New York. To that end, we favor a compact or agreement with our sister State, New Jersey, which shall provide for the creation of a port district and a port authority with adequate powers to develop the port comprehensively, and with proper protection for New York City over the public ownership and development of its water front and commercial facilities.

The two parties in New Jersey adopted similar platform resolutions.

It will be interesting to the Members on the Democratic side of the House to know that ex-Gov. Alfred E. Smith has accepted an appointment as one of the members of the port authority to represent the State of New York.

It can not be said, therefore, that there is anything political in the earnest desire of the good citizens of the two States to cooperate together for the intelligent and comprehensive development of the port of New York.

The lack of cooperation between the two States of New York and New Jersey in the development of the port of New York has, in my opinion, been chiefly responsible for the terrible conditions of congestion which now characterize the distribution of foodstuffs in the city of New York and the adjoining territory; that the terminal facilities at the port are woefully inadequate and antiquated can not be denied.

Representative GOODYKOONTZ, of West Virginia, from the Committee on the Judiciary of this House, who, on behalf of the committee, prepared the report recommending the passage of this bill, correctly states that the port of New York is an asset of the entire Nation. I maintain that, as the trustees of that asset, the people of New York and New Jersey owe it to themselves and to the country to properly develop it. [Applause.]

For a number of years the States of New York and New Jersey have been endeavoring to reach an agreement whereby they could cooperate in the development of the port. More than three years ago the States of New York and New Jersey, by legislative enactment, created a joint commission to investigate and agree upon a report recommending a policy to be pursued by the two States and the Government of the United States, by treaty or otherwise, to the end that the port of New York should be efficiently and constructively organized and furnished with modern methods of pier, rail, water, and freight facilities, and adequately protected in time of war.

The commission made a thorough investigation and study of the situation, and on December 16, 1920, completed a most comprehensive and exhaustive report of plans and recommendations, printed in a bound volume of 495 pages, which I hold in my hands.

I shall not take the time of the House to review in detail the tentative plans of the commission. Briefly stated, they are as follows:

1. Adoption of a compact between the States of New York and New Jersey, providing for—
    - (a) Creation of a single port district.
    - (b) Administration by a single port authority.
  2. Construction of the automatic-electric system with many joint terminal stations in Manhattan for the distribution and collection of general merchandise, freight, and food products.
  3. Development of a standard belt-line railroad system for all parts of the port except Manhattan, embracing—
    - (a) Inner or water-front belt lines in New York and New Jersey.
    - (b) Middle belt lines in New York and New Jersey.
    - (c) An outer belt line in New Jersey.
  4. Consolidation of railroad marine operations not eliminated by the automatic-electric and extended-rail service, with separate joint railroad terminals for—
    - (a) Car-float service.
    - (b) Lighterage.
- Recommendations Nos. 2, 3, and 4 make up the comprehensive physical plan, the improved railroad terminal system which will be the backbone of a rational port development, and the formal adoption of which, in conjunction with the compact, the commission urges upon



the legislatures. The economic sequence of construction should be determined by the port authority.

In furtherance of that rational development, though not as a part of the official plan, the commission recommends the following:

5. Construction of food-receiving stations and inauguration of a system of inspection and certification at the railroad joint yards, which would make possible the creation of terminal markets around stations of the automatic electric system in Manhattan and The Bronx.

6. Reorganization with wider piers and slips and more warehouse facilities of the Manhattan and other congested water fronts.

7. Dredging of channels to every part of the port's water front, in keeping with the volume and character of the water-borne commerce seeking to use them, and removal or modification of bridges obstructing the channels.

8. Provision of suitable highway access to every part of the port's water front.

9. Construction of additional terminals for the New York Barge Canal.

10. Wider installation of judiciously selected freight-handling machinery.

11. Creation of bunkering facilities and fuel reserves for steamships.

12. Erection of grain elevators for joint use of New Jersey railroads and New York Barge Canal at a southern terminus of the outer belt line and at Piermont, and early completion of the barge-canal elevator authorized at Gowanus Bay.

13. Provision of better facilities for handling building materials.

14. Zoning of steamship terminals by trade routes as far as practicable.

15. Establishment of free ports in the port district.

16. Obtaining of immediate partial relief from present oppressive terminal conditions through—

(a) Consolidation of marine equipment and service.  
(b) Inauguration of voluntary store-door delivery by an organized motor-truck medium.

The creation of a single port authority is the greatest step ever taken toward the intelligent development of the port of New York. [Applause.] Commercially and geographically New York and the industrial districts in the northern part of New Jersey constitute a single unit, a great metropolitan district of more than 8,000,000 people.

In the fiscal year ending August 1, 1914, the last normal year before the war, 76,000,000 tons of freight moved through the port by rail and 45,000,000 tons by water. A substantial percentage of this consisted of perishable foodstuffs, which had to be delivered in a comparatively short space of time.

Over one-half of the foreign commerce of the United States passes through the port of New York. Notwithstanding these facts, we have never had any intelligent, comprehensive plan for receiving and distributing this tremendous tonnage. Of the 76,000,000 tons of freight which moved through the port by rail in 1914, 53,359,000 tons were for local use. Taking the average tonnage of a freight car, this tonnage for local consumption used 3,000,000 freight cars, or 25,000 miles of freight cars, enough to encircle the earth.

It is estimated that 45,000,000 tons of freight, enough to fill a line of freight cars reaching halfway around the world, entered or left the port of New York by water in 1914, exclusive of Hudson River and Sound vessels. Eight thousand four hundred vessels, with a capacity of 24,000,000 net tons—a ton being a unit of 100 cubic feet—cleared from the port of New York in 1914.

Although New York handles over 50 per cent of the foreign commerce of the United States, less than 3 per cent of all Federal appropriations for rivers and harbors have been expended in New York river and harbor development.

The port of New York, with its three entrances, 800 miles of water front, 12 railroads, exclusive of local transit lines, entering the port, a terminus for nearly all of the more important transatlantic lines, not only concerns the people of the two States, but constitutes an asset of the entire Nation. The necessity of creating the port district and authorizing the creation of the port authority is manifest from the fact that over forty municipalities are involved, some of them controlled by men of divergent views and many of them working at cross-purposes and in the dark.

The port of New York is one of the main arteries and principal gateways between the United States and the markets of the world. Any improvement to the port of New York will work a benefit to the entire Nation. [Applause.] The terminal facilities at the port are grossly inadequate. A unified authority and control will bring order out of chaos and afford a blessing not only to the contiguous municipalities but also to the country at large.

The War Department in a letter signed by Secretary Weeks, in recommending the passage of this resolution, said:

The adequate improvement and development of port facilities of New York is a deserving enterprise, and if the work is accomplished on the comprehensive plan of cooperation contemplated by the two States, it will doubtless result in benefit to the transportation interests of the entire Nation.

The legality of the treaty or compact has already been upheld by the courts. Mr. Justice Delehanty in the Supreme Court of New York said that the legislation is "designed to remove artificial barriers existing at the port, and to confer special benefit upon the people of the States of New York and New

Jersey, as well as the country at large." It is well established that subject to the approval of Congress any two States may enter into a treaty or agreement to promote the common welfare of their citizens. Judge Delehanty said that under this treaty or compact the two States—

agree to cooperate, each within its own sovereignty remaining supreme. It is obvious—

Continued Judge Delehanty—

that the State of New York has parted with none of its sovereign rights, nor relinquished the control over any property belonging to the people of New York.

The agreement expressly provides that no property held by any city or municipality shall be taken by the port authority without the consent of such city or municipality. It is therefore clear that no property of the city of New York or of any other city or municipality can be taken or interfered with without the consent of the city or municipality. On this point Judge Delehanty said:

No power to tax is granted, no governmental authority is bestowed, and, as pointed out above, the powers of existing municipalities over their properties and their sinking funds and their power to develop port and harbor facilities are expressly preserved. The sole power granted to the joint board of managers, which power is not to be exercised until the States have agreed upon a comprehensive plan, is to do only what any private corporation may do, namely, to own and operate terminal and transportation facilities and to operate them not for private gain but for the welfare and progress of the community.

The treaty or compact, by article 18 thereof, expressly provides that rules or regulations of the port authority shall not be inconsistent with the Constitution of the United States or of either State. Furthermore, the joint resolution before the House fully protects the Federal Government by the provision contained on page 14 thereof, that nothing therein contained shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of the agreement.

It will be seen, therefore, that the cities, States, and Nation are fully protected.

In the interest of the 8,000,000 people in and around the city of New York, in the interest of the people of the entire Nation, I move that the House concur in the Senate resolution. [Applause.]

The resolution was ordered to be read a third time, was read the third time, and passed.

Mr. ANSORGE. I make the usual formal motion to reconsider the vote whereby the resolution was passed, and that the motion be laid on the table.

The motion of Mr. ANSORGE to reconsider the vote whereby the resolution was passed was laid on the table.

Mr. ANSORGE. Mr. Speaker, I now move that House joint resolution 172, of the same tenor, be laid on the table.

The SPEAKER. Without objection, that will be done.

There was no objection.

By unanimous consent, leave to extend remarks in the RECORD on the resolution just passed was granted to Mr. ANSORGE, Mr. CHANDLER of New York, Mr. PARKER of New Jersey, Mr. APPEBY, and Mr. LEHLBACH.

#### HOUSE BILL WITH SENATE AMENDMENTS REFERRED.

Under clause 2 of Rule XXIV, House bill with Senate amendments of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

H. R. 7294. An act supplemental to the national prohibition act; to the Committee on the Judiciary.

#### REIMPORTATION OF ARMY SUPPLIES.

The SPEAKER. The unfinished business is the House joint resolution 183, of which the Clerk will read the title.

The Clerk read as follows:

House joint resolution 183, imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces which have been sold to any foreign Government or persons when reimported into the United States.

The SPEAKER. The question is on the passage of the House joint resolution.

The question was taken; and on a division (demanded by Mr. GARNER) there were—ayes 87, noes 43.

Mr. GARNER. Mr. Speaker, for the purpose of getting a roll call, I make the point of order that no quorum is present.

Mr. BLANTON. And I object to the vote.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 187, nays 83, answered "present" 2, not voting 158, as follows:

YEAS—187.

Ackerman  
Andrews  
Appley  
Arentz

Atkeson  
Bacharach  
Barbour  
Beck

Begg  
Benham  
Bird  
Bixler

Blakeney  
Bland, Ind.  
Bowers  
Brooks, Pa.



Brown, Tenn.	Gorman	McKenzie	Ryan
Burton	Graham, Ill.	McLaughlin, Mich.	Sanders, Ind.
Butler	Green, Iowa	McLaughlin, Pa.	Scott, Tenn.
Cable	Greene, Mass.	McPherson	Shaw
Campbell, Kans.	Greene, Vt.	MacGregor	Shelton
Campbell, Pa.	Griest	Madden	Shreve
Cannon	Hadley	Magee	Sinclair
Chalmers	Hardy, Colo.	Mann	Sinnot
Chandler, N. Y.	Hawley	Mapes	Smith, Idaho
Chandler, Okla.	Hays	Martin	Smith, Mich.
Chindblom	Herrick	Merritt	Speaks
Clouse	Hersey	Michener	Sproul
Cole, Iowa	Hickey	Miller	Stafford
Cole, Ohio	Hill	Mills	Steenerson
Colton	Himes	Millsbaugh	Strong, Kans.
Connell	Hoch	Mondell	Strong, Pa.
Connolly, Pa.	Houghton	Moore, Ill.	Sweet
Cooper, Wis.	Hukriede	Moore, Ohio	Swing
Coughlin	Hull	Morgan	Temple
Curry	Ireland	Mott	Thompson
Dale	Johnson, Wash.	Nelson, A. P.	Tilson
Darrow	Jones, Pa.	Nelson, J. M.	Timberlake
Davis, Minn.	Kahn	Newton, Minn.	Tincher
Denison	Kelley, Mich.	Nolan	Towner
Dowell	King	Norton	Treadway
Dunbar	Kinkaid	Parker, N. J.	Vestal
Dupré	Kissel	Patterson, Mo.	Voigt
Echois	Kline, N. Y.	Pringley	Volstead
Edmonds	Kline, Pa.	Purnell	Walsh
Elliot	Kopp	Radcliffe	Walters
Evans	Kraus	Ramseyer	Watson
Fairfield	Kreider	Reavis	Webster
Faust	Lampert	Rece	White, Kans.
Fenn	Larson, Minn.	Reed, W. Va.	White, Me.
Focht	Lawrence	Rhodes	Williams
Fordney	Lazaro	Ricketts	Winslow
Foster	Leatherwood	Riddick	Wood, Ind.
Free	Lineberger	Roach	Woodruff
French	Little	Robertson	Woodyard
Frothingham	Longworth	Robison	Wurzbach
Gensman	Luhling	Rogers	Wyant
Gerner	McArthur	Rose	Yates
Goodykoontz	McFadden	Rosenbloom	

## NAYS—83.

Almon	Davis, Tenn.	Lea, Calif.	Rayburn
Aswell	Deal	Lee, Ga.	Rouse
Bell	Drewry	Logan	Sanders, Tex.
Black	Driver	London	Sandlin
Bland, Va.	Fisher	Lyon	Sears
Blanton	Fulmer	McClintic	Sisson
Bowling	Garner	McDuffie	Smithwick
Box	Garrett, Tenn.	Moore, Va.	Steagall
Brand	Garrett, Tex.	O'Brien	Stedman
Briggs	Griffin	O'Connor	Summers, Tex.
Buchanan	Hammer	Oldfield	Swank
Bulwinkle	Hardy, Tex.	Oliver	Ten Eyck
Byrnes, S. C.	Harrison	Overstreet	Thomas
Byrns, Tenn.	Huddleston	Padgett	Tillman
Carew	Jacoway	Park, Ga.	Tyson
Carter	Johnson, Ky.	Parks, Ark.	Vinson
Collier	Johnson, Miss.	Parrish	Ward, N. C.
Collins	Jones, Tex.	Quin	Wilson
Connally, Tex.	Kincheoloe	Rainey, Ala.	Wingo
Crisp	Lanham	Raker	Wright
Cullen	Lankford	Rankin	

## ANSWERED "PRESENT"—2.

Ansoorge Fuller

## NOT VOTING—158.

Anderson	Fess	Knutson	Riordan
Anthony	Fields	Kunz	Rodenberg
Bankhead	Fish	Langley	Rosendale
Barkley	Fitzgerald	Larsen, Ga.	Rucker
Beedy	Flood	Layton	Sabath
Boies	Frear	Lee, N. Y.	Sanders, N. Y.
Bond	Freeman	Lehlbach	Schall
Brennan	Funk	Linthicum	Scott, Mich.
Brinson	Gahn	Lowrey	Siegel
Britten	Gallivan	Luce	Slemp
Brooks, Ill.	Gilbert	McCormick	Snell
Brown, Wis.	Glynn	McLaughlin, Nebr.	Snyder
Burdick	Goldsbrough	McSwain	Stephens
Burke	Gould	Maloney	Stevenson
Burroughs	Graham, Pa.	Mansfield	Stiness
Burness	Haugen	Mead	Stoll
Cantrill	Hawes	Michaelson	Sullivan
Christopherson	Hayden	Montague	Summers, Wash.
Clague	Hicks	Montoya	Tague
Clark, Fla.	Hogan	Moore, Ind.	Taylor, Ark.
Clarke, N. Y.	Hudspeth	Morin	Taylor, Colo.
Classon	Humphreys	Mudd	Taylor, N. J.
Cockran	Husted	Murphy	Taylor, Tenn.
Codd	Hutchinson	Newton, Mo.	Tinkham
Cooper, Ohio	James	Ogden	Underhill
Copley	Jeffers, Nebr.	Olpp	Upshaw
Crampton	Jeffers, Ala.	Osborne	Vale
Crowther	Johnson, S. Dak.	Paige	Vare
Dallinger	Kearns	Parker, N. Y.	Volk
Dempsey	Keller	Patterson, N. J.	Ward, N. Y.
Dickinson	Kelly, Pa.	Perkins	Wason
Dominick	Kendall	Perlman	Weaver
Doughton	Kennedy	Peters	Wheeler
Drane	Ketcham	Petersen	Williamson
Dunn	Kless	Porter	Wise
Dyer	Kindred	Pou	Woods, Va.
Ellis	Kirkpatrick	Rainey, Ill.	Young
Elston	Kitchin	Ransley	Zihlman
Fairchild	Klecza	Reber	
Favrot	Knight	Reed, N. Y.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).

Mr. PORTER (for) with Mr. MANSFIELD (against).

Mr. BROOKS of Illinois (for) with Mr. MONTAGUE (against).

Mr. HUTCHINSON (for) with Mr. SULLIVAN (against).

Mr. TAYLOR of New Jersey (for) with Mr. RIORDAN (against).

Mr. NEWTON of Missouri (for) with Mr. KELLER (against).

Mr. JEFFERIS of Nebraska (for) with Mr. TAGUE (against).

Mr. OLPP (for) with Mr. COCKRAN (against).

Mr. PAIGE (for) with Mr. KINDRED (against).

Mr. HICKS (for) with Mr. TAYLOR of Arkansas (against).

Mr. DUNN (for) with Mr. STEVENSON (against).

Mr. STEPHENS (for) with Mr. SABATH (against).

Mr. LEHLBACH (for) with Mr. RAINEY of Illinois (against).

Mr. KIESS (for) with Mr. MEAD (against).

Mr. PATTERSON of New Jersey (for) with Mr. DRANE (against).

Mr. WHEELER (for) with Mr. FLOOD (against).

Mr. GOULD (for) with Mr. GALLIVAN (against).

Mr. GRAHAM of Pennsylvania (for) with Mr. POE (against).

Mr. RANSLEY (for) with Mr. UPSHAW (against).

Mr. BURROUGHS (for) with Mr. HUMPHREYS (against).

Mr. DYER (for) with Mr. LINTHICUM (against).

Mr. STINESS (for) with Mr. WOODS of Virginia (against).

Mr. MORIN (for) with Mr. HAWES (against).

Mr. OSBORNE (for) with Mr. RUCKER (against).

Mr. HOGAN (for) with Mr. GOLDSBOROUGH (against).

Mr. LANGLEY (for) with Mr. CLARK of Florida (against).

Mr. PERKINS (for) with Mr. BANKHEAD (against).

Mr. ANTHONY (for) with Mr. BARKLEY (against).

Mr. WASON (for) with Mr. FIELDS (against).

Mr. BOIES (for) with Mr. CANTRELL (against).

Mr. REBER (for) with Mr. STOLL (against).

Until further notice:

Mr. KNUTSON with Mr. WISE.

Mr. VOLK with Mr. HAYDEN.

Mr. LAYTON with Mr. BRINSON.

Mr. SIEGEL with Mr. DOUGHTON.

Mr. ELSTON with Mr. HUDSPETH.

Mr. BROWNE of Wisconsin with Mr. LOWREY.

Mr. LUCE with Mr. WEAVER.

Mr. PERLMAN with Mr. TAYLOR of Colorado.

Mr. MONTOYA with Mr. MCSWAIN.

Mr. CHRISTOPHERSON with Mr. GILBERT.

Mr. GLYNN with Mr. FAVROT.

Mr. WILLIAMSON with Mr. JEFFERS of Alabama.

Mr. FULLER with Mr. KUNZ.

Mr. FREEMAN with Mr. LARSEN of Georgia.

The result of the vote was announced as above recorded.

A quorum being present, the doors were opened.

On motion of Mr. HAWLEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

## URGENT DEFICIENCY APPROPRIATION BILL.

Mr. MADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes. Pending that I would like to come to some agreement with the gentleman from Tennessee [Mr. BYRNS] on the time to be allowed for general debate.

Mr. BYRNS of Tennessee. Mr. Speaker, I have had several requests for time in general debate.

Mr. MADDEN. I desire to limit the time to not exceeding four hours, if I can. We want to finish the bill to-day.

Mr. BYRNS of Tennessee. I appreciate that, but I had hoped that the gentleman would be able to make it two and one-half hours on a side. It may be that some of those who have asked for time will not use it.

Mr. MADDEN. The disposition of the leaders of the House is to expedite the work of the House so that we can get a recess. They are anxious that we should not take more than one day with this bill. I am afraid that if we take more than four hours we will not get through with the bill to-day.

Mr. BYRNS of Tennessee. The bill is a short bill; and, of course, the time will be consumed in general debate.

Mr. MADDEN. That is true, but under any circumstances we will not be able to get through until after 5 o'clock.

Mr. BYRNS of Tennessee. I do not know how I am going to take care of some of the gentlemen who have asked me for time if we have only four hours.

Mr. MADDEN. I am in the same fix. Mr. Speaker, I ask unanimous consent that general debate be limited to four hours, the time to be equally divided between the gentleman from Tennessee and myself.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the general debate be limited to four hours, one-half to be controlled by himself and one-half to be controlled by the gentleman from Tennessee [Mr. BYRNS]. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Illinois that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of this bill.

The motion was agreed to; accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8117, the urgent deficiency appropriation bill, with Mr. GRAHAM of Illinois in the chair.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

The Clerk reported the title of the bill.

The CHAIRMAN. The Chair will recognize the gentleman from Illinois [Mr. MADDEN]. [Applause.]

Mr. MADDEN. Mr. Chairman and gentlemen of the House, I want first to thank the House for the confidence reposed in me by making me chairman of the Committee on Appropriations and to say to the House that I pledge the very best there is in me to justify that confidence. [Applause.]

I regret very much to be called upon to report as my first bill one which is not very popular. I hope the committee will be patient with me while I deal with this complicated subject, and I ask the committee not to interrupt me for a short time until I can make a connected statement of the condition of the Shipping Board and its affairs as I understand them.

The total appropriations made for the Shipping Board since its inception amount to about \$3,300,000,000. The number of ships requisitioned and built before the armistice was 420. They have now a total of 1,700 ships. Approximately 300 of those are wooden ships. The cost of the wooden ships was approximately \$300,000,000. The cost per dead-weight ton of the remainder of the ships is approximately \$300. That includes all costs, of course—operation, overhead, everything—for all must, as a matter of fact, be charged to ships. The Shipping Board is a creature of the war. Its activities in connection with the construction and operation of ships were caused by the war, although the Shipping Board existed some time before the war began. It was, however, organized for a totally different purpose than that in which it has been engaged since the war began.

During the period of the war the Shipping Board engaged in the construction of dry docks, in the construction of docks and yards, cities, towns, railroads. They spent fabulous sums of money in connection with all of these activities.

The war found America without ships and it was evident to everyone that ships must be a part of the equipment of the country if we were successfully to transport men and supplies and munitions abroad. Everything was done that human ingenuity could do to establish facilities. They were established at an enormous cost. It seemed to be the aim of all to find facilities regardless of cost. Everyone knew that a great army could not be maintained in the field 3,000 miles away with any uncertainty as to transportation facilities. Many mistakes were made by the Shipping Board. Extravagant waste existed. Nobody denies that; it was one of the results of the war. There was no system of accounting whatever. The urgent need seemed to be material for ship construction. Every effort was bent in that direction. The accounting of expenditures was a lost art. No one knew what became of anything or where it went, how it got there or how much it cost.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. If the gentleman will pardon me, I must ask not to be interrupted until I can make a connected statement. The comptroller of the Shipping Board stated to your committee that under the stress of war the accounting department was not able to find out where ships went and when they came away from the place to which they went. No record of the voyages was given to the Shipping Board, for military reasons, so the Shipping Board representative stated. The result was that the comptroller was unable to get either the

cost or the revenue to have them entered upon the books. Over 9,000 voyages were made by the ships under the control of the Shipping Board, and 6,000 of those voyages have not yet been audited. That does not mean that any money is coming from the unaudited voyages.

The ships are operated under what is called an M. O. 4 and an M. O. 3 contract. That means a managing operator's contract. The contract provides that the Government of the United States shall expend all the money to operate a ship, to keep it in repair, to pay its port charges, to pay any damages, to pay the men, and that the operating manager shall receive 5 per cent of the gross receipts. It does not make much difference whether these accounts are ever audited or not, because there can be no possibility of profit to the Government of the United States on that kind of a contract. There has been great loss in the operation of the ships. It is estimated that that loss amounts for last year to \$200,000,000. No one has the exact figures. No one can find from the records of the Shipping Board what the loss is or what the cost of anything is. The accounting officers of the Shipping Board have said to your committee that the reason why the accounts of these various voyages have not been audited, in addition to the reason that I have already given, is that on November 1, 1920, the Shipping Board which then existed passed a resolution fixing the conditions under which ships were to be operated, changed the form of the contract to some extent, at least by changing its number from four to three, and they made that retroactive to March 1, 1920, so that all the effort to account for what has been done prior to that time by the accounting department was useless, and they had to begin all over again.

The record is replete with evidences of bad management. There was no chance at any time for the Government to win in the operation of ships under the plan that was in existence and still is in existence. Now, what is proposed? The new board came into existence eight weeks ago. They pretend to no particular knowledge of the condition of the Shipping Board or its finances or its property. Neither do we; and we ask you to believe when we say we have done the best we could to find out the facts, but if there is anybody who has any facts anywhere in connection with the Shipping Board's activities I would like to get his picture. I have not seen him. I think it will be said by every member of our committee that we did everything in our power to come to you with a case that we could justify on the facts. We do not do that. We come to you with a case which we believe can be treated on the basis of the preservation of Government property. We have invested \$3,300,000,000 in this property. There is no chance of selling it to-day; you could not give a ship away. There is no chance immediately to modify the contract in the way we would like to have it modified. We would like to see the ships sold. That is the first proposal that the new Shipping Board makes. We realize, as everybody must, that they can not be sold now. Now, then, the question is, Are they to be preserved; are we to preserve the property in which the people of America have invested \$3,300,000,000 or are we to destroy it? The next proposal is to make a bare boat charter, which means that the ship would be leased to some responsible person who would pay all the expenses of its operation, maintenance, and the repair, and pay to the Government of the United States through the Shipping Board a fixed compensation per annum per ton of ship, and it must be manifest to everybody that with the present depressed condition of shipping throughout the world, with everybody in the shipping business losing money, that no person of responsibility would enter into a bare boat charter at this time. Then there is another proposal. They are attempting to put them into effect in the order in which I am naming them.

The third proposal is to endeavor to enlist the cooperation of those who are engaged in shipping to take the Shipping Board's ships under a contract, which would require them to furnish half the money and the Shipping Board the other half, and each—the Shipping Board and the operator—to share the profits or losses. Then there is still another proposal. If nothing can be done with either of those proposals, then it must be manifest that you can not continue to operate the ships. The chairman of the Shipping Board is not a shipping man and neither are any of the members of the Shipping Board, but I do not think it is necessary for a man on the Shipping Board to be a shipping man. What I think is that it is necessary for men on the Shipping Board to have a comprehensive knowledge of business and organization. Mr. Lasker has been a successful business man. He is a young man, full of vigor. He is a human dynamo. He has an income of his own that makes him above suspicion in the place that he occupies. He is an organizer; he is a



dominating personality. He will be the Shipping Board as far as the head of the Shipping Board can be the Shipping Board. I would prefer to see one man manage this great institution than five, six, or seven, because it takes three or four hours every day for the head of the board to get the approval of the other members of the board to the routine things he has to do when he ought to be doing something more important. Well, he stated that he would not be able to give any facts for six months. He stated that they have drawn a red line on the old books of the old Shipping Board and they have started a new set of books.

Mr. HARDY of Texas. Will the gentleman yield for a question?

Mr. MADDEN. Not just yet. I asked not to be interrupted until I make this connected statement. I will be glad to yield in a short time, but I think it will be better for me to make a connected statement at this time. He proposes to liquidate all that the old books show, and whatever may be received through the liquidation to turn it into the Treasury of the United States. He proposes to become responsible for everything that is shown on the new books and he promises your committee that he will at the end of six months have facts to justify his existence. He has started an inventory of all the property, and it will be finished within 60 days or less. He will show on that inventory every piece of property the Shipping Board owns, the cost, the present reasonable market value, and the possible forced-sale price. He will furnish the Committee on Appropriations with all the information which he obtains in this way as fast as he obtains it, and we will be glad to give it to the Members of the House. We realize the complications surrounding this great proposal and we were anxious that every Member of the House should understand in advance just what we were doing. We sent every Member of the House a copy of the hearings. They are replete with lack of information. It was not our fault. It can not be charged to the new Shipping Board, because they have only been there eight weeks—only seven weeks when these hearings were had. We were astonished to find out the number of things they knew by name there in the period in which they have occupied the place. We brought in the chief accounting officer, and he gave the reason I have given you for not having information of the books, and it may be that it was correct; I do not doubt it was. I believe that the Shipping Board—we have had three different Shipping Boards at different times, or three and a half, or something like that [laughter]—were more concerned in getting facilities to win the war—let us put it in the most charitable way we can—than they were in rendering accounts of their stewardships.

At any rate we have no accounting. The Shipping Board asked us for \$125,000,000. They said it would take that much to run them for the next six months. That included \$25,000,000 which had already been appropriated for ship construction, and by the way I might just as well say here now that ship construction is under way yet.

They are building 19 ships. This is the end of the program. It will be complete on the 1st of April next. These ships are fine passenger ships. Twenty-five million dollars was appropriated to complete that program in the last deficiency act. They say it will cost \$29,175,000 to complete the work. The committee thinks with the lowering cost of labor and material \$25,000,000 at the disposal of the Shipping Board will do as much work as the \$29,000,000 was intended to do when the estimate was made. We found upon investigation that these ships were being built on the cost-plus plan. Cost-plus in these cases, I may say in justice to the Shipping Board of the past, does not mean what the cost-plus plan meant in construction during the war. They have an upset price at which the ship must be built and an upset commission not exceeding \$50,000 to the contractor on a 10,000-ton ship. With the lowering of wages and the lowering of material costs I thought, and your subcommittee thought, that the Government ought to save money in the construction cost of these ships, and we inquired as to whether or not the Government was to get the credit for any reduced cost of material or any reduction in wages. And the reply came that the Government divided that saving with the contractor, so that he, in addition to his commission on the cost-plus plan, shared equally with the Government the saving made by lowering prices and lowering wages, a very unfortunate sort of a contract, because it certainly ought all to come to the Government. But it does not, and we are not to blame. We believe that it is not good business, but that it is bad business. It can not be remedied during this construction period when these contracts exist. They will be finished by the 1st of April.

Now, as to the operation of the ships. We have been operating these ships under this so-called operator's contract, under which the Government paid all the expenses and the contractor took

5 per cent of the gross receipts. We ascertained that the income for last year, as far as it was ascertainable, on all of the year's operation was about \$297,000,000, and the operation costs about \$346,000,000, as I recall. Of course, there are many other things to be added to that, but that is for the mere operation. We divided the number of tons of ships in existence and operating by the number of dollars expended, and we found that it cost the Shipping Board \$70 per ton per annum for every dead-weight ton of shipping it operated. Then we made some inquiry as to what the proper cost should be, and we found that the average successful managing ship operator would be able to operate his ships at about \$48 a dead-weight ton per annum, and that \$60 per dead-weight ton cost would be the dead line; that if he could operate for \$48 under present freight rates he could make \$12 a ton per annum, or a good dividend on the cost of the equipment. This cost of \$48 includes all overhead, all depreciation, all port charges, all repairs, and possible damage.

The present Shipping Board came into possession of the work with which they are charged with a deficit of \$16,700,000 facing them. They have no income from any source now, remember, since the 1st of July, 1921. The Jones Act requires all revenue from every source except operation, which, of course, you could not put into the Treasury, because it is to be paid in and out as the ships move, to go into the Treasury of the United States. The sundry civil act passed in the last session of Congress provides that the Shipping Board may use \$55,000,000 from the sale of ships and from the sale of material in the payment of their obligations. But the Shipping Board has assured your committee that there is no chance on earth to collect a dollar from that source. They are not selling any ships or any supplies, and they say it would be inadvisable to do it until they have the inventory which I have suggested, so that they will know just what the obligations of the Government may be and how intelligently to treat the subject. So the question before us of appropriating \$48,500,000 is one of great importance, not only to the Shipping Board but to the Nation.

You ask how we reached the conclusion that \$48,500,000 was the correct sum to appropriate. We reply that we have not any peculiar mind-reading qualifications, but we did the best we could to analyze the figures they presented, and here is the way they came. They asked for \$125,000,000. Twenty-five million dollars of that was for ship construction. That had already been provided for, and so we cut it out. They asked for \$24,000,000 to pay claims. We did not think they ought to have the right to pay any claims, and so we cut that out. [Applause.] We did not think that any board ought to be charged with the responsibility or given the authority to adjust indefinite claims without limit. And as far as I am concerned, my attitude is this: I do not think any board ought to come and ask for money to pay claims that have not been adjusted and certified. [Applause.] I do not think any claims after they are adjusted ought to be paid until after we have examined them, and I do not know whether they ought to be paid then until they have been litigated and go to final judgment. I think if you litigate these claims and let them go to final judgment, in most cases you will stop graft. However, we refused to allow any appropriation for the payment of claims.

So we have already got to a place where we find ourselves in this situation, with an estimate made up as follows: Claims, \$24,000,000; operating loss, \$67,000,000—that is for the whole period; administration of the Shipping Board, \$9,000,000. That brings us to \$100,000,000. There was a deficit of \$16,700,000 on the 15th of July, so that would make \$116,700,000, if we took both these questions into consideration, but we eliminated \$16,700,000, with the hope that out of the \$55,000,000 authorized to be used from the sale of material and ships, or from some other source, the Shipping Board might be able to collect enough to pay the deficit.

Then we took all the figures they had and we made a very careful calculation, in the course of which we determined definitely that \$13,700,000 could be saved in repairs, and in repairs and wages of crews and subsistence of crews and administration and fuel we figured that \$44,300,000 of the proposed losses could be eliminated with the proper management by saving in these items, because the prices have gone down, and we estimated the prices from the present market standard, and they may go down still further. And then we thought that some modification of the ship operation contract would enable a further saving to be made of \$5,000,000. That made \$54,300,000, and we cut that in two, because we are providing for only six months here, and we have a saving of \$27,150,000.

Then the estimate for administration and operation of the ships' loss amounts to \$76,000,000, according to our figures, from



which we deduct the \$27,150,000, and we have a total left which we think ought to be appropriated of \$48,850,000.

Now, the question is whether you want to appropriate it or not. The question is, Is there any medium by which they can run this institution unless you do? Do you want the Shipping Board to sacrifice the assets of the Government in order to raise the money to pay the expenses? You have got the equipment. It does not matter whether you run this equipment or whether you tie it up; it costs money. It costs as much money to tie up the equipment as it does to run it. It even costs more, because there is more deterioration in equipment of this sort when it is tied up than when it is active.

They have \$500,000,000 of assets, which they call "live assets"; I would not call them very live. They consist of items like this: Past due notes, past due accounts; rents of tenants that occupy whole towns that were created by the Shipping Board during the war, uncollected. They have taken mortgages, some past due, taken on ships that were sold. They have claims for advances for assistance to those who took the contracts to operate ships.

We suggested that it might be possible to raise \$200,000,000 of this money within 60 days. One of the expert accountants suggested at one time something that I thought really would lead to that, but when we got him tied in a corner he said he did not mean that. He said that if we forced the liquidation of this \$500,000,000 of so-called live assets, we would bankrupt a great many people in the United States and we would dissipate at least \$300,000,000 of the \$500,000,000 of accounts.

Then the question with us was whether we would conserve the \$500,000,000 by appropriating enough money to carry the Shipping Board along and let them work this valuable asset out, rather than force them to liquidate. My own judgment is that the decent thing to do is for us to conserve every dollar of money coming to the United States and to take the time necessary to collect it without destroying its value.

Now, there are a lot of claims against the Government, 3,500 of them. They amount to \$350,000,000, as nearly as can be estimated. No one knows what their actual value will be when they are settled. We have 3,500 lawsuits pending against the Government. Nine hundred of these are in State and district courts all over the United States. No preparation has been made for their trial. The legal department of the Shipping Board has laid the foundation of an organization to protect the Government against loss through these suits by defending them. That made it necessary for them to organize a rather expensive institution, but we will get to that later. They have 1,700 admiralty cases pending, with no evidence of record to enable the Government to defend the cases.

Some of these admiralty cases involve as much as \$15,000,000, running down to a lower sum. They have all got to be defended. It does not make any difference, gentlemen, whether we want to do these things or not. We are up against it. We are inheriting a problem that must be solved. We have got to have the courage to solve it. We have no desire to charge anybody with bad faith in the past, or with waste. We meet the situation as we find it, and we must have the courage to face it and settle it. That is all there is to it. I am willing to take my share of the responsibility in the settlement of these problems. It takes courage, but what is more, it takes integrity, and I will tell you that if you will sustain the Committee on Appropriations in the recommendation it makes we will do the best we can to preserve the integrity of the situation. [Applause.]

And we are going to demand an accounting of those fellows that are not there. Mr. Lasker promised us that in six months he will give us all the facts that experts can obtain. He promised us that in a year he will give us an organization that will function. He can not do it sooner, so that you have got to have patience. The American people love those who have courage enough to do the thing that must be done. They are not going to run away from an obligation when it confronts them. And, speaking for the American people, it is our duty to-day, gentlemen, to conserve this property. I am not in favor of paying all these fancy salaries that have been indicated by the Shipping Board or the law department of the Shipping Board, and to show you how we have tried to prevent that so far as we could, under the rules of the House, we put a limitation in this bill that compels the Shipping Board to submit every appointment for an attorneyship, whether regular or special, to the Attorney General of the United States, who must pass upon the contract of employment and fix the compensation. Now, we did do that. These men came to us and said they had employed high-priced lawyers; that they had turned over cases that were important to distinguished law firms without fixing the limit of cost for the trial of the cases.

Your committee thought that that was very unwise and uncertain. We wanted to know the cost. We called up the Attorney General and asked what was to be the policy of the Attorney General's office in the matter of the employment of special counsel. He said his office had a regulation under which no man or firm could be employed whose compensation in a given case, no matter how important it is, could exceed the salary of the Attorney General in a given year. [Applause.] And he said, too, that if there was any month in the year when these people were not actively employed on the work, one-twelfth of the annual compensation would be deducted. So we put a proviso in this bill that the Attorney General shall pass upon all employment of attorneys and special counsel for the Shipping Board, and so we are assured that they will not get any more than the compensation fixed by the Attorney General's own office, no matter what the records of the hearings may show.

Mr. NEWTON of Minnesota. Does that apply not only to special counsel but to regular counsel, too?

Mr. MADDEN. To regular counsel, too, as the gentleman will discover if he will read.

Now, they say there have been 402 ships sold, amounting to 1,900,000 tons. The sale price of those ships was \$260,000,000 and the cost of the ships was \$320,000,000, so that we got a fairly good price for the ships.

Mr. SPEAKS. Did they get it?

Mr. MADDEN. They got \$130,000,000 of it, and they used that \$130,000,000 in building new ships. The mistake that has been made in the whole business, gentlemen, is that we have carried on a wonderful shipbuilding program three years after the armistice was signed.

Now, the Jones Act provides that the Shipping Board must be in the shipping business. It provides that they must establish trade routes. It provides that they must establish trade routes where private individuals or private corporations can not afford to do it. What does that mean? Everybody in the United States seems to think that we want to trade with the Orient, that we want to trade with the East Indies, that we want to trade with the Far East, and that we want to trade with South America. These are the places, they state, where we ought to trade. Well, the Shipping Board take the mandate of the law and construe it to mean that they must establish these routes. They have established them into South America at different places. I see the first ship arrived at Brazil yesterday.

Mr. EDMONDS. Will the gentleman yield?

Mr. MADDEN. I can not yield for a moment. Let me explain this. I want to tell you that you can not run these routes except at a loss. The estimated loss on one ship on the East Indian route will be \$300,000 a year. The only way you can stop that is to stop the activity. Everybody who is in business in the country believes that if we get these routes well established, even at the loss that will be sustained, we will have established a business for our people that will aid the industries of America and furnish employment and establish between us and these countries an amity which never existed before, and that in a few years we will be able to sell the routes, including the ships, to private enterprise, and that they will be able to operate them at a profit. Now, the question is, Does the Government desire to pioneer this thing? No private individual can. No corporation could. Are we ready to meet the situation? Are we ready to sustain the Government in its desire to preserve its property, or are we willing to wreck it? It does not matter to me. I am only one Member. I am the servant of the House. I will serve the House to the best of my ability according to the best judgment I have, and when the House decides, it will be my verdict as well as yours. I shall be happy, whatever you do; but my best judgment tells me that the wisdom of the situation demands the appropriation. They promise facts at the end of six months. Are we willing to try the case in the hope that the future will merit the confidence of the country? Are we willing to try the case, so that when the business of the world is restored to normal we will not find ourselves compelled to go to England or to Norway or to any other country to find bottoms in which to ship American products?

Mr. CARTER. Did the gentleman find out in his investigation what was to be the policy of the Shipping Board in the future?

Mr. MADDEN. I have stated all that.

Mr. CARTER. I did not hear it.

Mr. MADDEN. The gentleman was not here, and I would not want to repeat it.

Mr. CARTER. The thing I wanted to know specifically was whether they expected to keep on running the vessels?

Mr. MADDEN. I have stated all that. I went into that, but I will state it again. What they said was that the first propo-



sition was to try to sell. The next proposition was to try to lease the ships on a bare boat charter. The next one was to lease them on the joint cost of operation between the Government and the operators, and the last one was to tie them up.

Mr. HARDY of Texas. I wish to say that I like the spirit in which the gentleman has presented this report to the committee. I expect to vote for this bill; but it seems to me that the testimony, as far as I have read it, is full of indirect reflections, at least, on the competency of the former chairman of the Shipping Board, from the testimony of the present chairman. Did the committee call before them for any explanation or information either Mr. John Barton Payne or Admiral Benson?

Mr. MADDEN. No; and we had no intention to reflect on their integrity. I do not think anybody else has. I know John Barton Payne as well as I know anybody in the world. He is my personal friend.

Mr. HARDY of Texas. The gentleman will admit that the testimony was very reflective on the capacity of the whole organization?

Mr. MADDEN. I think there is no question but what that is so, and there is no question but that the outcome justifies it.

Mr. HARDY of Texas. Just one other question: Does not the gentleman think these two men particularly might have been able to give much information which Mr. Lasker said he could not give because he did not know the facts?

Mr. MADDEN. Of course, the gentleman knows that it is impossible for a committee, in hearing a case, to think of everything, and we probably forgot that.

Mr. HARDY of Texas. One other question. I see that there are three employees—Mr. Love, Mr. Smull, and Mr. Frye—that Mr. Lasker speaks of; were those employees of the old Shipping Board?

Mr. MADDEN. I do not know whether they were in the old Shipping Board or not. They are new ones now.

Mr. HARDY of Texas. It seems that they come over from the old Shipping Board.

Mr. MADDEN. They probably did.

Mr. HARDY of Texas. Have they any functions now that they can perform better than they did under the old Shipping Board?

Mr. MADDEN. Now, the gentleman does not want to lead me into the question of the management. The gentleman does not expect me to build a ship, operate it, and manage it, and then direct it.

Mr. HARDY of Texas. It seems to me that in the reemployment of three men, the highest salaried officers, that is rather commending the old Shipping Board and the employees, and at the same time the testimony seems to reflect on it.

Mr. SWEET. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. SWEET. The gentleman has stated that there was a deficit of \$16,700,000 when the new board came in.

Mr. MADDEN. I said as of the 15th of July.

Mr. SWEET. I want to call the gentleman's attention to the fact that Mr. Tweedale, the present comptroller, testified that on the 9th of May, 1921, from the beginning of the operation of this fleet May 1, 1919, they paid all expenses of the fleet for the operation of the fleet, and in addition to that cleared a profit of \$48,325,000. He allowed \$33,000,000 for depreciation, making \$81,325,000. From that point, May 1, 1919, down to March 1, 1921, the fleet was operated at a profit of \$17,000,000. Now, how does the gentleman explain those statements?

Mr. MADDEN. I am only giving you what was in the record. I simply repeated what the record shows. Of course, when they stated they operated at a profit they did not mean that they were making a profit; they meant that they had more cash in their treasury than they had outgo, and that they used the cash received from selling the ships and supplies amounting to \$130,000,000 as a part of the revenue.

Mr. SWEET. This is the comptroller testifying, and he states that it is a profit.

Mr. MADDEN. We do not agree with him.

Mr. SWEET. Mr. Tweedale has kept the books in the past and is still keeping them. It is stated that they have no confidence in the figures.

Mr. MADDEN. They had as much confidence as we had.

Mr. SWEET. As far as the hearings are concerned, the figures that were presented amount to nothing.

Mr. MADDEN. I do not know whether they amount to anything or not. As far as our judgment goes, we were not able to analyze them from the standpoint of facts.

Mr. SWEET. One fact on which the bill is predicated is that there is no money in the treasury of the board at the present time to continue operations.

Mr. MADDEN. There is no money in the treasury of the board and no way to get it in because the law now makes it obligatory on the board to turn all money into the Treasury of the United States that may come into its hands.

Mr. SWEET. Has there been any auditing of the Shipping Board's accounts?

Mr. MADDEN. They are doing that now, and it will be completed in 60 days.

Mr. SWEET. Does the gentleman think it possible to complete it in that time?

Mr. MADDEN. Yes; it is being done by a firm of which Mr. Montgomery is the head, and he seems to be a smart fellow and says he will have it.

Mr. SWEET. How does Mr. Tweedale look?

Mr. MADDEN. He is a nice-looking man and a nice fellow.

Mr. McDUFFIE. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. McDUFFIE. Does the gentleman know, or have any idea, what the cost of the auditing will be?

Mr. MADDEN. No; the auditing contract provides for payment at the public rates. There is a standard rate provided for the payment of men engaged in that class of work. The Shipping Board has 200 of its own men at work.

Mr. McDUFFIE. I understand these specialists get \$50 a day.

Mr. MADDEN. I do not know what it is, but whatever is the standard amount we will have to pay.

Mr. McDUFFIE. One other question. It seems that \$1,000,000, or over \$600,000, was paid to a concern to audit the books of the Bethlehem Co., and they never completed it.

Mr. MADDEN. That was done by the last board, and not by this board. They never did complete the audit.

Mr. McDUFFIE. Why did not they complete it?

Mr. MADDEN. I could not find out, and the other board is not now in existence.

Mr. McDUFFIE. Some of the members of the present board were members of the last board.

Mr. MADDEN. Well, we could not find out the reason.

Mr. WALSH. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. WALSH. Does the gentleman from Illinois think that we can get a complete audit account in 60 days by this firm headed by Mr. Montgomery?

Mr. MADDEN. No; but the Shipping Board has 200 of its own men at work making the audit.

Mr. WALSH. The gentleman did not say anything about that.

Mr. MADDEN. Oh, yes. They have been at work for some time, and in addition to these 200 men the audit company has 40 men directing the work, and they assure us absolutely that in less than 60 days from the date when these hearings were held they will have the audit complete.

Mr. WALSH. What audit?

Mr. MADDEN. The audit of the physical equipment, of the property and assets of every kind, name, and nature.

Mr. MANN. Does the gentleman mean an audit or an inventory?

Mr. WALSH. The gentleman is talking about an inventory.

Mr. MADDEN. It is an audit of the outstanding accounts, of the character of the accounts and all that; and, of course, the other part is an inventory.

Mr. WALSH. If the gentleman will permit me to make the statement, I venture to state here now that they will not have begun in 60 days. It took 8,000 men to audit the voyage accounts, and they did not get them within four months of current, less than a year ago.

Mr. MADDEN. I hope the gentleman from Massachusetts is wrong in his prophecy.

Mr. KELLEY of Michigan. Mr. Chairman, will the gentleman yield to me?

Mr. MADDEN. Yes.

Mr. KELLEY of Michigan. In respect to the remark of the gentleman from Massachusetts [Mr. WALSH] about the 6,000 voyages not checked over by the Shipping Board, of course the record of those voyages is obtainable in the offices of the operators of these ships.

Mr. MADDEN. Yes.

Mr. KELLEY of Michigan. And this force of auditors has gone to work upon the books of these various operators and will bring down to date the record of those 6,000 missing voyages. That will bring the operating expenditures down to approximately the 1st of July.

Mr. WALSH. Mr. Chairman, will the gentleman from Illinois yield further?

Mr. MADDEN. Yes.

Mr. WALSH. The gentleman from Michigan well recalls the famous audit they had of the voyage accounts, and this audit is simply a continuation of that to bring down some missing accounts. It does not involve the audit of the books of the Fleet Corporation with reference to its transactions arising out of construction and repair.

Mr. KELLEY of Michigan. The chairman of the committee has reference wholly in this discussion to operation, and there never will be a complete audit of the other.

Mr. BUTLER. Not from the red line down?

Mr. KELLEY of Michigan. Not from any source under heaven.

Mr. MANN. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Certainly.

Mr. MANN. I understood my colleague to say that there will be an inventory within 60 days and also an audit within 60 days. If that be the case, why, then, should it take six months for Mr. Lasker to present figures?

Mr. MADDEN. There will be many things for Mr. Lasker to learn and for the records to show before he can make figures. While he might have this audit and inventory complete physically, it might not be made a matter of record so that it could be analyzed and presented. Oh, it will take time, I am sure of that.

Mr. MANN. It would seem to an ignorant man that if he had the figures in hand within 60 days he might be able to submit them in less than six months.

Mr. KOPP. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. KOPP. On page 15 of the hearings I find the following statement made by Mr. Lasker:

For 12 days I worked with Mr. Smull to come here and for 12 days in New York he said it was unthinkable, and every night of those 12 days, in his presence, I would return my railroad accommodations and say, "I will see you to-morrow, because only with you can the American marine be saved."

Mr. MADDEN. That is what he said.

Mr. KOPP. Assuming that Mr. Lasker is correct, does not the gentleman think it is a hazardous proposition to make an appropriation of over \$48,000,000 for a business that can be saved by only one man? Suppose he should die?

Mr. MADDEN. Oh, when a man is making a speech before a committee, he sometimes uses language which he regrets afterwards.

Mr. KOPP. I am assuming that he told the truth, because he paid this man \$35,000 a year.

Mr. MADDEN. Yes.

Mr. KOPP. I understood the gentleman to say that he was making no criticism of the Shipping Board.

Mr. MADDEN. Oh, I did not say that. I think my language speaks for itself. I thought I was rather critical of it.

Mr. KOPP. I thought the gentleman said he was not going to accuse them of waste.

Mr. MADDEN. Oh, no. I said to start with that there was a lot of extravagant waste. I said that I did not accuse anyone of any ulterior motives.

Mr. KOPP. Does the gentleman think this Shipping Board has the ability to run the concern?

Mr. MADDEN. I could not tell that. I do not guarantee anything. I think it is going to be a difficult job at best.

I think Mr. Lasker has organizing ability. I think that he has a determination to make this successful if it can be made successful. I think that in the interest of the Public Treasury in the long run we ought not to hesitate to appropriate this money and give the institution a chance to show whether the property should be destroyed or preserved.

Mr. KOPP. May I ask another question?

Mr. MADDEN. Certainly.

Mr. KOPP. Did not Mr. Lasker testify before the committee that he did not know whether this would be successful or not?

Mr. MADDEN. Of course he did.

Mr. KOPP. Then this whole thing is a guess as to whether we are throwing our money away or are going to get something for it?

Mr. MADDEN. Yes. I will say this, that the gentleman's judgment is as good as anyone. We have \$3,000,000,000 of money invested.

Mr. KOPP. We do not have that much now, do we?

Mr. MADDEN. It is invested. It may not be worth that much.

Mr. KELLEY of Michigan. And one-fifth of the tonnage of the world.

Mr. MADDEN. Yes; and do we want it to rot? Do we want to take the responsibility?

Mr. KOPP. Is there any assurance that it will be better next year than this year?

Mr. MADDEN. No one can tell. I would like to ask the gentleman this question: If the gentleman had the responsibility placed upon him this minute to decide the question, would he be willing to assume the responsibility of destroying the property?

Mr. KOPP. I expect to vote against it and take that responsibility; yes.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. I think my time has expired.

Mr. LITTLE. If we do not do this, it is a cinch it will be a whole lot worse next year.

Mr. MADDEN. Surely. We have to appropriate the money anyway, whether we stop the ships or operate them. I am very much obliged to the committee. [Applause.]

Mr. BYRNS of Tennessee. Mr. Chairman, the gentleman from Illinois [Mr. MADDEN], chairman of the Committee on Appropriations, has made an exceedingly fair, impartial, clear, and comprehensive statement of the details of the Shipping Board, so far as they are known, and the reasons which influenced the committee in making the recommendations are now before you. There is nothing that I could add to what he said, and I do not propose in what I shall say to go into details with reference to this bill. This is the first bill which the gentleman from Illinois has presented to the House in the capacity of chairman of the Committee on Appropriations, to which position he was recently selected, and I wish to congratulate him upon the very able and splendid manner in which he conducted the hearings in the preparation of this bill and the exhaustive way in which he went into the facts. These hearings were conducted with his usual and splendid ability, and every fact that it was possible to obtain has been obtained for the enlightenment of the Congress. It is true, as he states, that it has been impossible for the committee to gather many facts which we would like to have gathered and which the Congress would like to have in the consideration of this bill. The chairman of the Shipping Board, Mr. Lasker, refused or declined to pin himself down to any particular figures or any particular facts, for the reason, as stated by him, that he had been chairman of the board only seven or eight weeks, and he was not willing to accept and stand for or vouch for the figures appearing upon the books of the old board. Before I proceed to discuss this bill in some particulars I want to take a few moments for the purpose of referring to the estimates which have been submitted, and upon which this bill is based, and I do so not for the purpose of offering any captious criticism but rather with a view of preserving the integrity of the budget law which was enacted several months ago.

If you will take these estimates as submitted, you will be driven to the conclusion that the Director of the Budget, a gentleman of splendid ability, has either not carefully read the budget law, which created that bureau and the position which he holds, or that he has purposely disregarded its provisions. You will recall that the fundamental idea of a budget law as proposed in the Congress was that there should be some one in the executive departments who was made officially and personally responsible, if you please, for the estimates submitted. And it was the idea of all those, I am sure, who voted for the law that these estimates before they were sent to the House should be carefully pruned and reduced to such an amount as the official responsible for the estimates thought they could be reduced. The idea then was, as I have said, that they should be sent here by some official who was responsible to the Congress and to the country for those estimates. The House thought proper to make the President of the United States responsible for the estimates. The Senate of the United States thought that the Secretary of the Treasury should continue to send the estimates to the Congress. When that bill was finally passed the opinion of the House prevailed, and there is this provision in the budget law:

SEC. 203. The President from time to time may transmit to Congress supplemental or deficiency estimates for such appropriations or expenditures as in his judgment (1) are necessary on account of laws enacted after the transmission of the budget, or (2) are otherwise in the public interest. He shall accompany such estimates with a statement of the reasons therefor, including the reasons for their omission from the budget.

Now, what are the estimates upon which this bill is based, the first estimates that have been submitted under this new budget system? These estimates are not signed by the President of the United States, as the law contemplated, but they are signed and sent to the Congress, addressed to the Speaker of the House, by Charles G. Dawes, Director of the Bureau of the Budget.



True, he says that he transmits it with the approval of the President, but I submit that that is exactly contrary to the express provisions of the law. It was never intended that the Director of the Bureau of the Budget, who is not a general officer of this Government, so to speak, but was appointed as a personal representative to furnish the President with the information necessary to enable him to transmit the estimates to the Congress, and I hope that when the estimates are submitted in December for the regular supply bills that this budget law will be strictly complied with, because unless it is, then I submit that those of us who supported it might as well have left the old law in force, for I am sure all of Congress would prefer to have the estimates submitted by the Secretary of the Treasury, the fiscal officer of the Government, rather than by the Director of the Budget, who, as I have said, is nothing more than the personal representative of the President, and who Congress never intended should arrogate to himself this authority.

Mr. MANN. Will the gentleman yield?

Mr. BYRNS of Tennessee. I will yield.

Mr. MANN. Does the gentleman cite section 206 of the budget law?

Mr. BYRNS of Tennessee. I had it before me.

Mr. MANN. He cited section 203, paragraph a.

Mr. BYRNS of Tennessee. Well, I do not think, I submit to the gentleman, that that contradicts what I have said.

Mr. MANN. I did not say that it did, but I thought it well if the gentleman should put it in his remarks or read it to the committee.

Mr. BYRNS of Tennessee. I am very glad the gentleman has called it to my attention, and I will read it:

SEC. 206. No estimate or request for an appropriation and no request for an increase in an item of any such revenue or request, and no recommendation as to how the revenue needs of the Government should be met, shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment unless at the request of either House of Congress.

And I am very much obliged to my distinguished friend for calling that to my attention.

Mr. MANN. It is much more to the point than the other was.

Mr. BYRNS of Tennessee. I agree with the gentleman. Congress never requested the Director of the Budget, who is not the head of a department, but only of a bureau, to submit this estimate, and I hope he will not only read the law creating his position but will observe it in the future. Now, what more was required? The section to which I first referred provides that there shall be submitted along with these estimates a statement of the reasons therefor, including the reasons for their omission from the budget. Now, I take it that that means the reasons which have influenced the sending of those estimates to the Congress and the request for an appropriation. It can mean nothing else, and, mark you, they must be transmitted by the President, the responsible head of the Government, not by the head of a bureau. That was not complied with, because there is no statement of reasons accompanying these estimates, not even one signed by the Director of the Budget. The only statement presented with these estimates is the statement which is signed or issued, rather, by Mr. A. B. Lasker, chairman of the Shipping Board, not even signed by him, but it is headed, "A statement of Chairman Lasker, of the Shipping Board, to press representatives."

I take it that you gentlemen read that statement when it was published in the press. And yet that statement issued to the press is sent to Congress by the Director of the Budget as a compliance with the section to which I have referred.

Mr. DENISON. Will the gentleman yield?

Mr. BYRNS of Tennessee. I will.

Mr. DENISON. What remedy does the gentleman think Congress has when that is not complied with?

Mr. BYRNS of Tennessee. I must confess to the gentleman I do not know. Of course, Congress can decline to receive them. I have raised the question, I will say frankly to the gentleman in reference to these estimates, which are the first submitted under the budget law, only—

Mr. DENISON. Does not the gentleman think that the committee itself, to which the matter was referred, should get a remedy by asking that the matter be sent back and a proper estimate sent?

Mr. BYRNS of Tennessee. Undoubtedly that could be done, and I hope that is what will be done if the practice is pursued.

Mr. MADDEN. Will the gentleman yield?

Mr. BYRNS of Tennessee. I will.

Mr. MADDEN. I wish to say for the information of my colleague that no other estimate will be sent up that is not properly signed.

Mr. BYRNS of Tennessee. I am quite sure the gentleman from Illinois, the chairman of the committee, will see to it that

this law is complied with in the future. I have only called attention to these facts, not so much for the purpose of offering criticism of anyone, as to call public attention to the necessity of compliance with this law. This statement sent here as a reason for asking for this appropriation shows not one reason why any money carried in this bill is needed. It is nothing more nor less than a stump speech which was made by the chairman of the Shipping Board in talking with press correspondents, and which was sent out over the country several weeks ago under impressive headlines.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BYRNS of Tennessee. I yield.

Mr. CHINDBLOM. I have many times admired the gentleman's fairness. Does not the gentleman think in fairness at this time it should be said that the Director of the Budget is working out a system for the handling of the business entrusted to him, and that at this particular time it may be possible that that system had not been completed and put into operation?

Mr. BYRNS of Tennessee. I can not see how any particular system would have to be worked out in order to comply with the plain provisions of the section to which I have referred. One only has to read those sections to understand that the President must sign and send them forward.

Mr. CHINDBLOM. I did not understand that the gentleman's criticism was based entirely on the matter of the signing by the President.

Mr. BYRNS of Tennessee. On that, and the statement furnished here, because there has been no reason given for the estimates submitted to Congress, nothing more than a press statement issued by Mr. Lasker some time after he was made chairman of the Shipping Board, in which he compliments himself, and incidentally the President who appointed him, very highly, and I may say a statement in which he repeatedly reiterates the great difficulty of the position which he holds and the great job which he has undertaken, and so forth. Well, I am not here to defend the past administration of the Shipping Board. There was waste. But I do not think that all the alleged delinquencies of the past boards can be laid wholly at their door. But, as I say, I am not here as their champion or defender. I hope that the statements which have been made in the press and the statements which have been made in the hearings are not influenced by the idea of making the wreck seem all the greater so that the greater will be the glory in saving it or the more sure the alibi in the event it is not saved.

Another thing, I have been much disappointed as a member of the Select Committee on the Budget, which prepared the budget bill and submitted it to Congress, that the Budget Bureau has not functioned as I hoped it would function in this its first activity. We have seen a great deal in the press as to what the Director of the Budget is saving; something like \$112,000,000 going to be saved in this department and that department this year, all of which is largely in anticipation, in my opinion, of what the departments would do anyway, because there was never any fiscal year when some of the departments and some of the bureaus of the Government did not cover back money into the Treasury at the end of the fiscal year. But here is the first demonstration to Congress and to the country of the functioning of this bureau. And what happened? These estimates were \$125,000,000, but it was stated by the chairman of the Shipping Board that only \$100,000,000 was desired, because he already had \$25,000,000 for construction. But after a hearing of two days the committee has recommended a reduction to \$48,500,000, or less than one-half of the amount which was formally approved by the Director of the Budget, who has been loudly telling the public how he is practicing economy and reducing expenditures, and who, I assume, has been making an investigation into the various departments and various independent establishments of the Government. These estimates were approved by the Director of the Budget and it is a poor tribute to his protests of economy when Congress reduces them more than one-half. The departments made a better showing when they did not have the assistance of the Budget Bureau. I hope that a different record will be made when estimates are submitted for the regular appropriation bills.

Mr. LONDON. Will the gentleman yield?

Mr. BYRNS of Tennessee. I will.

Mr. LONDON. Now, the criticism of the chairman of the Budget Committee would be sound if the Appropriation Committee had based its recommendation on the evidence. But I gathered from your report that \$48,000,000 is a mere guess.

Mr. BYRNS of Tennessee. I will say to the gentleman from New York that it may be in a measure a guess, but I think myself it is a very good guess, if the gentleman chooses to so designate it.



Mr. LONDON. One man guessed \$125,000,000 and you guessed \$50,000,000.

Mr. BYRNS of Tennessee. I will say to the gentleman that this recommendation of the committee is not wholly a guess. I think the gentleman from Illinois [Mr. MADDEN] very clearly showed the reasons which impelled the committee to make this particular recommendation, and also showed in what manner the committee had reduced the estimates submitted.

Mr. LONDON. If the gentleman will permit, the gentleman from Illinois showed clearly why he recommended that not more than \$48,000,000 be granted, but did not convince us why the \$48,000,000 was granted.

Mr. BYRNS of Tennessee. I do not know that I can succeed any better than the gentleman from Illinois, but I shall try to give the gentleman some information along that line later.

The Shipping Board and its many perplexing problems is an inheritance of the war. Our present merchant fleet had its inception in the act which was passed September 6, 1916, when \$50,000,000 were appropriated for the Emergency Fleet Corporation, to build ships and initiate an American merchant marine.

In years that are long past American boats were a familiar sight on the high seas and in the harbors of the world, but for several decades the fleet had very nearly vanished and foreign bottoms were being relied on to carry the products of our farms and factories to foreign markets.

It has been stated that 81 per cent of the imports and exports to and from the United States were carried in American bottoms in 1846, 66 per cent in 1860, 26 per cent in 1875, 11 per cent in 1895, only 8 per cent in 1901, 9.7 per cent in 1914, while as a result of the American merchant marine, commenced during the war, more than 50 per cent of exports and imports to and from the United States are now being carried in American ships, a greater amount than at any time since the Civil War.

Mr. SEARS. Mr. Chairman, will the gentleman yield right there?

Mr. BYRNS of Tennessee. Yes; I yield.

Mr. SEARS. Do I understand my colleague to say that the estimates were reduced? Did not the committee give exactly what was requested?

Mr. BYRNS of Tennessee. I stated that the estimates were reduced 50 per cent.

Mr. SEARS. How could that happen when it was under a Democratic administration, and the only savings that have been had have been when the estimates were reduced? How could that be?

Mr. BYRNS of Tennessee. The estimates were reduced because the committee thought they were too large when submitted. My criticism was directed to the Budget Bureau for its failure to economize, and its failure to cut these estimates as they led the country to believe they would cut them before they submitted them to Congress.

But to proceed. The ill effects of a condition of affairs which made the transportation of our commerce secondary to that of other nations was apparent, and there have been those who have constantly urged the importance of a merchant fleet which would be under American registry and owe its first allegiance to our laws and country. Both political parties had repeatedly held out such a promise to the American people, but it was not until the passage of the act to which I refer that there was any real hope of an American merchant marine. In less than a year from the passage of the act of September, 1916, our country was drawn into the war which had been waging for nearly three years in Europe. Our allies were dependent upon our country for the greater part of supplies in both food and certain munitions for their large armies. It was also apparent that if the war continued for any length of time our country would have to send millions of men to the European front with an uninterrupted flow of the immense supplies necessary to maintain them. The German submarines had commenced their threatened raids on shipping, and the merchant fleet of Great Britain was being rapidly diminished and the transportation of supplies to our allies and their troops were seriously threatened.

It was important, therefore, to build a vast number of ships, and build them more quickly than anyone had ever dreamed of; and may I say that after the war began it seemed providential that a Democratic administration had laid the foundation for a merchant marine in peace times, when no one anticipated that we would eventually be involved in war. In June, 1917, an additional appropriation of \$405,000,000 was made for this purpose, and this appropriation was followed by others for larger amounts, to complete the ships undertaken, making a total to July 1, 1921, which includes an appropriation of over \$36,000,000

in May, of \$3,240,053,000. To this should be added appropriations for the Shipping Board for administrative and other purposes and allotments by the President, making a grand total of appropriations of \$3,322,248,179.31. In addition, the Shipping Board from its inception to February 28, 1921, received from other sources, such as operations, sales of vessels and ships, housing projects, and sundry other sources, \$1,477,011,542.41, or total gross receipts from appropriations and other sources of \$4,762,405,089.39 up to February 28, 1921. From this should, of course, be deducted the expenditures for operations, sales, cancellation of contracts for vessels after the war, and so forth. This makes the net proceeds of the Shipping Board by way of appropriations, allotments, and other sources \$3,084,060,247.88 up to February 28, 1921.

These figures are taken from the report of Admiral Benson, which was made in response to a Senate resolution on June 1, 1921. They were taken from the books of the board and were confirmed in the recent hearings had before the committee.

It is pertinent to inquire as to the assets which represent this enormous sum. I shall not refer to the value of the plants, dry docks, land, material, notes and accounts receivable, and supplies, which the report values at over \$800,000,000, although it should be said that there are claims of over \$300,000,000, face value, pending against the board. Mr. Lasker, chairman of the Shipping Board, stated that he had employed a large force of outside accountants who are to make a survey of these properties. He would not estimate or approximate what this survey would cost, although it is safe to say that it will cost at least several hundred thousand dollars.

The Government now owns 1,441 steel ships, 291 wooden ships, 15 composite ships, and 6 concrete ships, or a grand total of 1,753, with a dead net-weight tonnage of 11,028,966. Nineteen ships are now in process of construction, all of which will be completed by April, 1922.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. O'CONNOR. When was the construction of those 19 vessels begun? I wanted to ask that question of the gentleman from Illinois [Mr. MADDEN].

Mr. BYRNS of Tennessee. I can not give the gentleman the date when they were begun, but I can say to the gentleman that when it was decided to build no more ships the work on those particular ships had progressed to such an extent that it was deemed very uneconomical to abandon their construction, because the cost of abandonment of the construction would amount to more than the amount necessary to complete the ships by reason of damages which would have been claimed by contractors.

Mr. O'CONNOR. It was after the armistice was signed?

Mr. BYRNS of Tennessee. Yes.

It is true that some of these ships, and particularly the wooden ships, are not adapted to peace carrying trade. They were built under the stress and necessity of war conditions, when materials were not only high, but scarce.

The Shipping Board now has 632 ships in operation, nearly all of which are running at a loss. The remainder of the boats are tied up. This is true also of ships of private shipping interests, and is due, of course, to depressed business conditions and high rates of exchange. Admiral Benson, the special agent for the President and in sole charge of the Shipping Board, stated in May that the operating losses were averaging from \$4,000,000 to \$5,000,000 per month, but Mr. Lasker, the new chairman of the Shipping Board, in recent hearings, estimates the total losses for the year at \$136,000,000 if present depressed business conditions continue.

But while operating losses are heavy, I believe it to be not altogether just to charge all of these losses to operating expenses. It would seem to me that the cost of boats tied up at the docks and losses incurred through channels not connected with the physical operation of boats actually in use should not be figured as operating expenses of the fleet, although, of course, a charge on the Treasury. If the fleet now has too many ships for existing trade conditions and which were built at excessive costs; if many of these ships are unsuited for present trade; if there are hundreds of claims growing out of cancellation of contracts for the building of vessels and other causes; if there is surplus material which can not now be disposed of and which must inevitably be sacrificed at a loss, these are conditions growing out of war, or, as Mr. Lasker stated, they are conditions which were born in the womb of the war, and they could not have been avoided on account of the imperative necessity for boats at that time. They are conditions with which, of course, no private shipping interests have had to contend.

There has been heretofore some sharp criticism of the past administration of the Shipping Board for its failure to dispose of some of these ships; but in all fairness, gentlemen, it



should be said that there has been no time since the present depressed business conditions have existed when there was a market for any of these ships at anything like a reasonable price. Mr. Lasker in the hearings a few days ago emphasized this fact, and stated that no one at the present time would buy the ships at any price if compelled to operate them. There was a time, of course, when the ships could have been sold, but at that time everyone who owned a ship was realizing huge profits, and the board was unwilling to accept the low prices offered because they were far below the cost of construction and not justified by existing conditions; and if the board had sacrificed the ships at that time, I think the critics would have been even louder in their criticism, because no one then anticipated the present depressed conditions.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. McDUFFIE. I thoroughly agree with the gentleman, and I enjoyed his remarks as to the policy of the board, and the fairness with which he dealt with it.

Does not the gentleman think it is a bad policy on the part of the chairman of the Shipping Board to announce to the world that these vessels are absolutely worthless, and that they ought to be sunk or given away, if he has any hope of selling them? I am talking about the wooden vessels.

Mr. BYRNS of Tennessee. It would seem so to me. That was called to the attention of the chairman of the Shipping Board, and if I remember exactly his position was that while awaiting sale, if there was any desire on the part of anybody to buy these ships they should be informed that something was going to be done with them, and that that would serve to attract more bidders than if they were left under the impression that the ships were simply going to be tied up for an indefinite length of time; in other words, that those who wanted to acquire those boats, if there are any such persons, would prefer to wait for a while, expecting to get them at less cost next year than they could be gotten for this year. I state that as the reason which was advanced by the chairman of the Shipping Board, and in fairness to him.

Mr. HARDY of Texas. The gentleman said there was a time when these ships could have been sold. I should like to inject into that part of the gentleman's speech a statement that came before the Committee on the Merchant Marine and Fisheries at the time when shipping was in its most prosperous condition, shortly after the armistice. Chairman Payne of the Shipping Board came before us with reference to a policy as to the sale of these ships. In his testimony he stated that there was even then no opportunity, and that there were no offers to buy that would exceed 5 or 6 per cent, as I recollect; certainly not over 10 per cent of our vessels. The truth was that even then prospective shipowners were not seeking to buy, but were holding off with a view of getting lower terms, and there never has been an opportunity to sell these ships for any reasonable prices.

Mr. BYRNS of Tennessee. I thank the gentleman for that statement. I think he has very clearly expressed the situation which confronted the Shipping Board of the past with reference to the sale of ships.

Mr. DAVIS of Tennessee. Will the gentleman yield for a question?

Mr. BYRNS of Tennessee. Yes.

Mr. DAVIS of Tennessee. Right in connection with this I want to state, as the gentleman from Tennessee will remember, that Mr. Lasker in his recent testimony stated that even if these ships had been sold, back in the early stages, it is more than probable that they would have been turned back on the Government because the purchasers would have been unable to pay for them.

Mr. BYRNS of Tennessee. That is correct. The criticism which has been made of the old board was unfair and unwarranted. Efforts were made to dispose of the ships when a sale was possible, and as a result quite a number were sold. Up to June 30, 1921, 402 ships costing \$319,951,986.96 had been sold for \$259,547,579.50.

Mr. LONDON. Were they all steel ships?

Mr. BYRNS of Tennessee. No; that included all kinds of ships. One hundred and twelve of these ships were wooden vessels which were sold for \$10,701,576.35, of which sum \$7,028,783.05 has been paid by the purchasers. After these ships were sold and before they were entirely paid for there was a slump in shipping and only \$130,693,191.32 of the sales value has been collected, this sum having been turned into physical operation and construction. The board holds accounts receivable and mortgages for the balance.

Nor is it true that ships have always been run at a loss. There was a time immediately following the war when ships

were in demand and big profits were made, but these profits were used to complete the construction program. Private shipping interests are now drawing on the profits of that period to pay the losses of to-day, while obviously the Shipping Board must come to Congress for appropriations to take care of its losses. The report to which I have referred shows that up to February 28, 1921, the receipts from the operation of the vessels were \$1,051,893,910.04, whereas for the same time the operation of the vessels, including voyage expenses, maintenance, charter hire, and so forth, amounted to \$777,250,380.11. These profits were applied toward the construction of vessels under way and other expenses of the board, and are now represented by capital assets of more or less value. I am not here either to defend or excuse the management of the Shipping Board under the past administration, but it is only fair to say that Congress must accept its share of responsibility for the present condition, on account of the limitations which it has imposed for the past two years. I insisted two years ago that Congress should require all the receipts of the Shipping Board, except those derived from actual operation, to be covered into the Treasury, and then make direct appropriations for whatever amounts might be needed.

Congress, however, pursued a different course. As you will remember, Congress, instead of making a direct appropriation, made available receipts from certain sources up to a limited amount, not only provoking great waste in the public funds, but it has proven by actual developments to have been a serious handicap for reasons which it is not now necessary to state. Mr. Dawes, the Director of the Budget, has recently condemned the policy which has been pursued by Congress for the past two years with reference to its appropriations for the Shipping Board. He has taken the perfectly proper position that the only businesslike method of making appropriations is to make direct appropriations for the various departments and independent establishments and to require all receipts to be covered into the miscellaneous receipts of the Treasury.

In that way only can you keep books and know exactly what the independent establishments are costing from year to year. That fact was emphasized over and over again by Mr. Lasker, chairman of the Shipping Board, in the recent hearings. He said it was a vicious practice, a practice which provoked waste and extravagance and was a temptation to governmental establishments, if they needed money, to sacrifice some assets in order to get the money to operate. He urged the committee and Congress to repeal the provision carried in the sundry civil bill for the present fiscal year, which permits the Shipping Board to use not exceeding \$55,000,000 from the receipts received from the sale of ships, plants, and surplus materials. Its repeal has not been recommended in this bill, and I am sorry that it has not been.

It will be recalled that the last Congress with a Republican majority delayed the passage of the shipping act, and it did not finally become a law until June 5, 1920. President Wilson promptly nominated members of the board created under that act, but a Republican majority in the Senate declined to confirm them, and they therefore went out of office on March 4. President Harding named Admiral Benson, who, by the way, was the former chairman of the Shipping Board, appointed by President Wilson, as his special and official agent to take charge of and control this huge business until he could make up his mind as to whom he would nominate to be members of the board, and it was more than three months before he appointed the board.

Mr. EDMONDS. Will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. EDMONDS. The gentleman knows that the Jones Act required what Mr. Lasker advocated.

Mr. BYRNS of Tennessee. Exactly; and I commend that provision of the law. The objection or criticism I was making is that this House and Congress ran counter to certain provisions of that law. The gentleman will remember in order to put that proposition through so as to permit the Shipping Board to trench on the receipts rather than to make a direct appropriation, they brought in a rule in this House—

Mr. EDMONDS. It was through the gentleman's committee and not ours.

Mr. BYRNS of Tennessee. Oh, not the rule. The committee reported it out, but I want to say to the gentleman that while I happened to be a member of the deficiency committee and a member of the general committee, it was put through not with my assent or my vote. I not only opposed it but I opposed the rule.

Mr. Lasker has stated a truism when he said that no business of any kind could be expected to prosper without leadership and some one to define permanent policies. I submit that,



due to the delay to which I have referred, for more than a year there was no real leadership in the business, no board which felt itself authorized to define policies. Until the past seven or eight weeks, when the new Shipping Board was appointed and confirmed by the Senate, the business just drifted, held together as best he could by Admiral Benson as the special agent of the President, but without any real authority. That this fault lies at the door of Congress and of the administration no one can deny. The present chairman states that the books are in such a condition that it is impossible to give information as to the financial condition of this business, but he was fair enough to say that this was due to the system which grew up under the extraordinary and compelling conditions of war times, and he has especially absolved the comptroller, Mr. Tweedale, who was in charge of the books and auditing and has been for the past two years, and now retains him in that position.

As a further evidence that criticism of past boards has been unwarranted, President Harding not only put the former chairman of the board in sole charge during more than three months but has reappointed him a member of the new board. I submit that the hearings show that the books present a fairly reliable and accurate statement of the accounts, although it is true that under the system adopted there has been, and is now, a very great deal of information concerning operations which has not been put on the books here in Washington, although entered, it is stated, on the books of the Shipping Board in the offices of the various operators. That is explained by the fact that when this system was put in operation a certain amount of secrecy was insisted upon by the War Department. The War Department did not want the world at large to know just what was being done nor did it want the world to know where the ships were going during the war, and hence it was that much of the information as to operation at that time was kept from the Shipping Board, and therefore it does not appear on the books; but every effort is being made to get this information and it is promised that it will be collected just as rapidly as it is possible to do it.

Now, as a further evidence of some of the handicaps under which the past boards have labored, let me call attention to one incident, that of the ship *Leviathan*.

She is one of the biggest and the finest of the ships, and was taken from Germany during the war, as everyone will recall. She was converted at the time into a transport ship in order to carry our troops across the ocean. After the war it was necessary if she was to be operated to recondition her and transform her from a transport into a passenger ship. It was stated it would take ten or twelve million dollars to do that. While Congress did not expressly prohibit it, yet speeches were made on this floor criticizing what Members believed at the time to be the intention of the Shipping Board, to recondition those German ships, and money was not made available to enable the Shipping Board to recondition them. What is the result? The *Leviathan* is tied up now at the dock and is costing the Government \$45,000 per month to maintain her. That is not all of the story, because the space she occupies at the dock costs \$17,000 per month, or a total of \$62,000 per month. Is the Shipping Board or any past administration responsible for that?

Mr. Lasker says it will take ten or twelve million dollars to recondition that ship, but the attitude of Congress I submit has been one of opposition to it, at least in the past. I state that not so much by way of defense of the Shipping Board, because, as I say, there has been waste. Contracts were made which I do not defend; contracts for operation as well as for construction of vessels which may now, looking at it at this time, be called improvident. There were reasons at that time which possibly influenced the officials in making those contracts, but I do think in all justice that these facts should be made clear, because, I repeat, the Shipping Board is not altogether responsible for some of the gross and huge mistakes with which it has been charged in the past.

Mr. McKENZIE. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. McKENZIE. I assume that all of these contracts were prepared by a legal force employed by the Shipping Board, were they not?

Mr. BYRNS of Tennessee. I presume so. They had a legal force for that purpose.

Mr. McKENZIE. The gentleman has gone into this matter pretty fully. Can he cite one single contract which has been prepared that was in the interest of the Government, a contract presumed to be prepared by Government agents?

Mr. BYRNS of Tennessee. I am frank to say that I can not cite any such contract. I assume when the contracts were

made that the members of the board thought that they were in the interest of the Government.

Mr. McKENZIE. Is it proposed to continue those same attorneys on this pay roll?

Mr. BYRNS of Tennessee. Oh, no; I do not think the new board has any intention of doing that, at least so far as I know; and I want to say to the gentleman with reference to the contracts that were made, by way of repetition of some of the things that I have already said, that those contracts were made at a period of time when conditions were totally different from what they are to-day, and looking back at it from to-day we can readily understand and appreciate the fact that they were very improvident, but the gentleman must remember these contracts were made under conditions growing out of the war or, as Mr. Lasker picturesquely expressed it, they were born in the womb of war, and of course the contracts were made hurriedly and with a view of getting the ships started, for the purpose of carrying commerce, and so forth.

Mr. McKENZIE. As I understand it, many of these contracts were made long after the war was over, and in that connection this bill provides an appropriation of \$48,500,000 for operations and to take care of the administrative end of this great force. For one, I fear that those attorneys should have been paid by the operators and not by the Government, because they certainly drew every contract in favor of the operators and against the Government, and if that is going to be the practice hereafter I feel that we ought not to give them one dollar.

Mr. BYRNS of Tennessee. Of course, the gentleman is referring to ancient history when he talks about what the attorneys did in the past with reference to these particular contracts.

Mr. MOORE of Virginia. Does the gentleman think it quite fair to lay the responsibility for policies that were adopted upon the attorneys who drew the contracts which expressed those policies?

Mr. BYRNS of Tennessee. Oh, clearly not. The policy was established by the Shipping Board, and I presume the gentleman from Illinois had that in mind.

Mr. McKENZIE. It is immaterial to me who is responsible. The Government got the worst of it in every instance.

Mr. BYRNS of Tennessee. I think so, I am frank to say to the gentleman. Take the managing-operator contract. I do not think there is any question but that the Government gets the worst of it, because there is a contract which provides that the operator shall have 5 per cent gross of the freight rates, and that the Government shall pay all of the expenses of operation. Of course, if the ship loses, the operators do not lose. There is no incentive on the part of the operators to save money, because they know that under such a contract Uncle Sam will take care of whatever expenses are incurred. The new chairman of the Shipping Board said that he is going to abrogate those contracts just as soon as he can. They are subject to cancellation at any time.

Mr. Lasker stated that there are three plans, one of which would be followed, as the gentleman from Illinois [Mr. MADDEN] has stated. One is the bare-boat charter, which he says is absolutely impossible at this time on account of trade conditions. The other is a joint or partnership contract of some kind, which he is contemplating making with these operators, whereby the operators will be called upon to share at least a part of the expense. He further says that if this contract can not be made he is going to tie the boats up, or at least that was the announced policy of the board when he was testifying before the committee, and that in the face of his plain statement that to tie them up would cost more than it would to operate them, because, he said, that naturally as long as we are operating them they will bring in some money to help pay for the loss, but when you tie them up and maintain a great force to keep them in repair and in proper condition nothing is coming in to pay those losses. Basing my statement upon what Mr. Lasker has just said, it seems to me it would be a far better policy if no contract of the kind referred to be made for the Government to operate the ships and establish the various trade routes provided for in the Jones Act.

And in saying that I am not speaking for Government operation of these ships because I am opposed to it as a permanent policy. I do not believe the Government can operate these boats successfully in the years to come, but it is a fact, as Mr. Lasker says, that to establish a trade route does require a certain period during which profits can not be made. You have to develop the trade. Now, it seems to me that if he can not make a partnership contract or a bare-boat charter, rather than tie these boats up to the dock, because it will cost more money than to operate them, it would be far better for



the time being for the Government to operate them, establish these trade routes and develop trade which will enable it in the future satisfactorily and perhaps profitably to dispose of these ships to ship operators.

Mr. STAFFORD. Will the gentleman yield?

Mr. BYRNS of Tennessee. I will.

Mr. STAFFORD. In the determination of a practical shipping policy, no member of the board being a practical shipping man, who is the employed person who determines the practical policy that should be followed?

Mr. BYRNS of Tennessee. I will say to the gentleman from Wisconsin I think that it is very unfortunate, and that seems to be true not only of this board but of past boards, that no man was selected as a member of the board to help determine the policy of the Shipping Board and of our fleet who had practical knowledge of shipping and the operation of ships. Now, Mr. Lasker states that he proposes—

Mr. HARDY of Texas. Will the gentleman yield for a question on that point—

Mr. BYRNS of Tennessee (continuing). That he proposes to operate these ships through three vice presidents. He designates them as vice presidents. They are employees of the Shipping Board. The gentleman will recall the United States Government owns all the stock of the Emergency Fleet Corporation and the members of the board are the directors. He names these three men as vice presidents of the Emergency Fleet Corporation, and they are expected to operate the ships. Now they are employed, two of them at \$35,000 a year each, and one at \$25,000 a year, or a total of \$95,000 per annum. For my part I agree with the gentleman from Illinois in his statement in reference to the Shipping Board. I think it would be manifestly better to have had one man at the head of this whole shipping fleet. And I think it would have been manifestly more advantageous, and certainly more economical, if only one man had been selected by the Shipping Board to operate this fleet. Undoubtedly it would have saved a great deal of money, because such a man could have been secured at much less than \$95,000.

Mr. STAFFORD. These three vice presidents who have been selected are practical shipping men, who have actual knowledge of the maritime business of this and other countries?

Mr. BYRNS of Tennessee. It is so stated. They have been connected with various shipping corporations or interests. They are men who have been connected with that business in the past.

Mr. HARDY of Texas. If the gentleman will allow me, is it not a fact that Mr. J. H. Rossiter was the director of operations, and Mr. Rossiter was one of the best shipping men and one of the ablest shipping men this country ever had for a long time?

Mr. BYRNS of Tennessee. I recall that he was director of operations. I do not—

Mr. HARDY of Texas. He was an expert in that line.

Mr. BYRNS of Tennessee. Well, I may say—

Mr. WALSH rose.

Mr. BYRNS of Tennessee. For a brief question, then I desire to conclude.

Mr. WALSH. Does the gentleman state that private shipping companies are losing money to-day?

Mr. BYRNS of Tennessee. That was the statement made to the committee; not in all cases, but that is the general condition of the shipping trade, so the committee was informed.

Mr. WALSH. Who stated that?

Mr. BYRNS of Tennessee. My recollection is it was stated by Mr. Lasker, and if I mistake not by Mr. Smull.

Mr. WALSH. If so, he knows as much about it as of the affairs of the Shipping Board.

Mr. BYRNS of Tennessee. I think Mr. Smull, who is a \$35,000 man employed to operate the fleet, made the statement.

Mr. LAZARO. If the gentleman will permit, of the three men selected, Mr. Smull; Mr. Fetterof, of the International Mercantile Marine; and Welding Ring, of the United States & Australian Steamship Co., composed the charter committee of the Shipping Board during the war. Mr. Love was formerly an official of the International Mercantile Marine, and later he was in charge of the American business of the Furness, Withy Co., the largest operating steamship company in the world, which is headed by Sir Frederick Lewis, who was the active head of the British Ministry of Shipping during and after the war, and the other one, Mr. Frey, was for 16 years connected with the Pacific Mail Steamship Co., and for the last year its active manager.

Mr. BYRNS of Tennessee. I thank the gentleman. And Mr. Smull, who, as the gentleman states, was on the old charter committee, which made these contracts, now so severely criti-

cized, has been employed by the present board at a salary of \$35,000 to have charge of the operations of the fleet.

The CHAIRMAN. The gentleman has consumed one hour.

Mr. BYRNS of Tennessee. I will take a few minutes more and then I expect to conclude. In regard to the salaries of the men I have referred to, the new Shipping Board has started upon a policy of large salaries which has never been followed heretofore in the history of the Government, certainly not in the administration of the last Shipping Board. The salaries of two of those employees is nearly half what the President of the United States receives, and nearly five times as much as a Senator or a Member of the House receives.

It is three times, or nearly so, as much as a member of the Cabinet, the Vice President, or the Speaker of the House draws. It is over two and one-half times as much as a member of the United States Supreme Court draws. I submit that after a reasonable period of time, if the Shipping Board is going to pay these immense salaries, it will be held to a very strict account as to the results shown.

In addition to the three officers to whom I have referred, Mr. Lasker stated at the time of this hearing that he had employed a technical assistant to the chairman of the Shipping Board at a salary of \$20,000 a year, and he also stated that a great many more high-priced salaried men would be employed. But the most amazing statement that was made, showing this great extravagance in salaries, was with reference to the attorney personnel of the board. And I want to call your attention very briefly to some of the salaries that have been fixed by the general counsel of the Shipping Board in the payment of the attorneys now employed by this new board. There are three of them who draw \$25,000 a year each, nearly twice as much as a member of the United States Supreme Court. There is one of them who draws \$20,000 a year; there are four of them who draw \$15,000 a year each; there is one who draws \$12,000 a year; there is another who draws \$9,500 a year; there are four who draw \$10,000 a year each; and there are six who draw \$7,500 a year each, a total of 20 attorneys at an annual expense of \$260,000 a year. And the general counsel stated that he had not half started, because he stated that that was not half the force that he would require in order to complete his attorney personnel. And one of them stated—I think it was the chairman of the Shipping Board—that the attorney expense of this board would amount to between \$500,000 and \$1,000,000 every year.

But that is not all. These men are employed on regular salaries. They are here. They look after claims under \$75,000, I think it is, but when it comes to the other claims—and there are many of them and other cases involving more than that amount—special counsel are to be employed. The general counsel stated that it had been and would be his policy to employ some big firm up here in New York or elsewhere to represent the Shipping Board in particular cases. When asked whether or not he was going to fix the fee and what they would charge, he replied that the big attorneys did not follow that sort of practice; that he would rely on their patriotism, and he was quite sure that their fee would be reasonable. When I tell you that some of these cases involve four or five millions of dollars, and others as much as \$8,000,000, and many of them over \$500,000—and I am speaking to gentlemen a majority of whom are lawyers—I think some of you can have some idea just what these fees will be at the conclusion of these cases. Now, the committee has sought to remedy that. The committee has put in a provision, as the gentleman from Illinois [Mr. MADDEN] has stated, which requires the compensation to be approved by the Attorney General of the United States. His policy and the policy of all of the administrations of the Department of Justice in the past has been not to allow any fee during any one year to any one special counsel which will exceed the annual salary of the Attorney General, which is \$12,000 a year.

I say, gentlemen, there is no excuse for these big salaries. I say that it is starting upon a policy and setting a precedent which this Government can not stand, because if this precedent is followed by other independent establishments and other departments there will be no limit to what the Government will be paying in salaries. It never has been the custom for the Government to pay salaries to men in the higher positions equal to those paid by private interests.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BYRNS of Tennessee. I will.

Mr. McDUFFIE. I notice one attorney, Mr. Gaines, is employed at a salary of \$9,500. Will the gentleman inform the House what his duties will be?

Mr. BYRNS of Tennessee. I will. In order to be absolutely accurate and correct, I will read to the gentleman just what it

was stated his duties are to be. And I will say that I know Mr. Gaines. He is a very clever gentleman. He was serving in Congress when I first came here. He is from Charleston, W. Va., and has been out of Congress for a number of years, practicing law, I presume, at Charleston. He has been employed at \$9,500 a year. Listen to the statement as to his duties. This is the general counsel's statement:

Then I have Joseph H. Gaines, whom I am paying \$9,500 a year. You probably do not realize it, but we have meetings of the Merchant Marine Committees of the House and Senate probably two or three or four times a week. New legislation is coming up every day, and we are called upon to be present at those meetings and to express what we think the legislation ought to be, to draft new bills, to modify bills, and I have gotten Mr. Gaines in charge of that work.

It is the first time, gentleman, I have ever heard of a department or independent establishment paying out of the people's Treasury any sum for an attorney to appear before the committees of Congress in its behalf. And yet that is the statement made to us as to what Mr. Gaines is expected to do.

Mr. WALSH. The man whom Mr. Gaines succeeds they paid \$10,000 a year. They have saved \$500.

Mr. BYRNS of Tennessee. Yes. I will say to the gentleman that when that statement was made Mr. Lasker was very quick to say this. I asked the question:

Mr. Gaines, of West Virginia?

He was quick to catch the point. He said what the gentleman from Massachusetts has said:

He takes the place of a man who resigned and who, I think, was getting the same salary.

But he never did say, I submit to the gentleman, that the man whom he succeeded was doing that particular kind of work. He was doing strictly legal work.

Mr. OLIVER. Will the gentleman yield in that connection?

Mr. BYRNS of Tennessee. I will.

Mr. OLIVER. It is quoted on thoroughly reliable authority that Mr. Lloyd, employed by the Department of Justice at one time at a salary of \$2,500 a year, has recently been employed by the Shipping Board at a salary of \$10,000. I think that is a matter that should be called to the attention of the president of the Shipping Board.

Mr. BYRNS of Tennessee. And furthermore, while I am on this attorney question, and then I am going to close, I wish to state another instance that occurs to me. A former distinguished United States Senator, who until two years ago was sitting at the other end of the Capitol, is now practicing law in Washington, and he is getting \$5,000.

To settle any of these various claims? No. But the general counsel says, "I have employed this distinguished former United States Senator at \$5,000 a year as advisory counsel to me." In other words, he has this former United States Senator employed at \$5,000 to advise the general counsel of the Shipping Board as to his legal duties. [Laughter.]

Mr. SWEET. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes; I yield.

Mr. SWEET. What salary does the general comptroller, Alonzo Tweedale, receive?

Mr. BYRNS of Tennessee. Fifteen thousand dollars, and he is being retained now at that salary.

Mr. SWEET. And he has been in the employ of the board for two years, has he not, or more?

Mr. BYRNS of Tennessee. I think two years this month.

Mr. SWEET. And what are his important duties—to furnish misinformation to Congress? [Laughter.]

Mr. BYRNS of Tennessee. His duties are expressed in the title of comptroller. He has charge of all the books of this \$3,000,000,000 corporation. He is at the head of the bookkeeping and accounting department, and Mr. Lasker was particular to absolve him from any personal or official responsibility for the condition of the books as they now exist.

Mr. SWEET. And Mr. Lasker also states in his testimony that he had no confidence in his figures?

Mr. BYRNS of Tennessee. Oh, no; he did not say he had no confidence in Mr. Tweedale's figures. He said he had no confidence in the books as they have been kept under the system which was adopted in war times. He stated that was under the old system, when it was impossible to get any information. He stated the books did not show all the facts and figures that he had hoped to obtain through this large and expensive auditing force.

Mr. SWEET. He said he was entitled to the salary of \$15,000?

Mr. BYRNS of Tennessee. Yes.

Mr. SWEET. And before he went to the Shipping Board I think he was receiving a salary as auditor under the District government here of \$2,500?

Mr. BYRNS of Tennessee. No. He was receiving a salary of from \$4,000 to \$4,500; and I will say to the gentleman from Iowa that I took occasion at that time to criticize the action of the board in giving him so large a salary of \$15,000 when he was previously drawing so much less. But in comparison with the salaries established by this new board, both as to positions of administration and the attorney personnel, I think the last board was exceedingly modest in fixing the salary of Mr. Tweedale at \$15,000.

Mr. KELLEY of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. KELLEY of Michigan. I should like to inquire of the distinguished gentleman from Tennessee whether or not he does not think that Congress ought to pass some general legislation to prohibit the building up of legal departments in these various executive branches? Is it not time the Attorney General's office handles all the litigation of all these boards and departments?

Mr. BYRNS of Tennessee. I think the gentleman is clearly correct, and I hope that the proper legislative committees which have jurisdiction of that subject, either the Committee on the Judiciary or the Committee on the Merchant Marine and Fisheries, will take up that matter, because I do not know of anything that is more badly needed than the enactment of some legislation along the lines suggested by the gentleman.

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Certainly.

Mr. MOORE of Virginia. I will say to the gentleman that he may be assured and my friend from Michigan [Mr. KELLEY] may be certain that such a proposal will be made to the Committee on the Reorganization of the Executive Departments and it will no doubt carefully consider it.

Mr. BYRNS of South Carolina. I am told that the Shipping Board has a publicity man at a salary of \$7,900. Has the gentleman any information on that?

Mr. BYRNS of Tennessee. I do not know as to that, but I am fully prepared to believe it. [Laughter.]

Mr. FOSTER. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. FOSTER. Before the gentleman sits down, does he know in regard to the basis of the salary of Mr. Cotton, of the Shipping Board, who went into partnership with Mr. McAdoo, the Secretary of the Treasury?

Mr. BYRNS of Tennessee. No; I do not.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. BRIGGS. Has the gentleman any idea of the comparative salaries of the attorneys employed in the Department of Justice, in the office of the Attorney General of the United States, and those employed by the Shipping Board?

Mr. BYRNS of Tennessee. As I have already stated, it is the policy of the Department of Justice and it has always been its policy, so I have been informed, that in no case will they ever employ special counsel at a salary or on a fee basis which will amount in one year to more than the salary received by the Attorney General, which is \$12,000 a year. The highest compensation ever paid is at the rate of \$1,000 a month, which is the salary received by the Attorney General.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. HARDY of Texas. I think the publicity agent of the old Shipping Board was in my office this morning, and my recollection is that he was getting \$4,500 a year. Mr. Lasker talked to him and told him that that was not enough, but he proceeded to install a new man. [Laughter.]

Mr. BYRNS of Tennessee. I confess I do not know what a publicity agent has to do. I imagine that his duties are about as much out of place as I think are the duties of this counsel who is employed to appear before the committee of which the gentleman is a member.

Mr. Chairman, in conclusion let me say that there should be no politics in the management of this great merchant marine. It has resulted in an outlay of more than \$3,000,000,000, and anyone who would attempt to play politics in its past or future management is deserving of the most severe criticism. It is an American enterprise, one which should be administered solely from an American viewpoint and only with the best interest of our country at heart. We all realize that the new board has not had the time to demonstrate just what it will do to perpetuate a great American merchant marine, which everyone so earnestly desires and which is of such supreme importance to the future



prosperity of our country. It is quite certain that every honest effort that the new board may make to bring about this happy result will receive the support and commendation of the Congress and the American people, without regard to party affiliations. [Applause.]

Mr. CHAIRMAN, I reserve the balance of my time.

Mr. MADDEN. Mr. Chairman, I yielded 15 minutes to the gentleman from Indiana [Mr. Wood].

The CHAIRMAN. The gentleman from Indiana is recognized for 15 minutes.

Mr. WOOD of Indiana. Mr. Chairman and gentlemen of the committee, never since this Government of ours began was there presented such a conglomeration of incompetency, graft, waste, and corruption as has been presented by the facts giving the history of this Shipping Board and the Emergency Fleet Corporation. There is nothing in all history that I know of comparable with it, unless it be that situation incident to the attempt made by the French to build the Panama Canal.

A couple of years ago, when I was down there, there was pointed out to me a whole lot of junk that had been shipped over from France and sent to the corporation having that work in hand. Among that junk there were articles discovered which experts in the building of canals and in civil engineering and all the accessories of such an enterprise were absolutely unable to find any application for, and it was developed in the investigation had after that great fiasco of the French at Panama that whenever anybody had anything in France or out of France that they wanted to get rid of at an exorbitant price they sold it to that corporation.

And it seems that this Shipping Board from first to last has been the victim or the agent of plunder and colossal waste from its very inception down to this hour. It is not my purpose, and it would serve no good purpose, to enter into any details as to the specific incidents of that waste. It is well, however, in order that the country may know the situation as it is presented now, that there be a line of demarcation drawn, so that the blame may be cast where it belongs for the past and that correct judgment may be made of the future. The past management of the Shipping Board is to be very severely censured, and will show directly where I think the present board will be censurable if they do not stop the channels of waste that are perfectly apparent. Take the example referred to by the gentleman from Tennessee [Mr. BYRNS] with reference to that boat, the *Leviathan*, that has been tied at the dock in New York City almost continuously since the armistice was signed, costing this Government \$47,000 a month, if I understand correctly, for the maintenance alone. In addition to this, it is occupying dockage space that is costing the Government \$17,000 per month. Now, a far-sighted manager would take that boat out into the bay and anchor it. He could thus get rid of that \$17,000 a month dockage; and those who are expert in the management of these affairs tell me that if the boat was anchored out in the bay the expense for attendants would not be one-half what it is when it is up alongside of the dock under the requirements of dockage.

Mr. McDUFFIE. The gentleman has lost sight of the fact that the Shipping Board tried to sell the *Leviathan* and that they were enjoined from doing so.

Mr. WOOD of Indiana. It could be sold just as well anchored out in the bay as it could be tied up alongside of the dock. It is true that the Shipping Board attempted to sell it for \$4,000,000 and it ought to have been sold, but they were enjoined by Mr. Hearst from selling it, as I am informed. There are some other things that are perfectly patent.

Mr. OLIVER. Will the gentleman yield?

Mr. WOOD of Indiana. I yield to the gentleman from Alabama.

Mr. OLIVER. There was also a Senate resolution following the injunction which indorsed the policy of that action and recommended that the boats be retained and also that they be conditioned and put in service. That resolution was passed by a very large vote in the Senate.

Mr. WOOD of Indiana. The Shipping Board built towns all over this country, all along the coast wherever they could find a place to build a town. There is one of them outside of Philadelphia, or just at the outskirts of Camden. I went through it the other day. I do not know how many thousands of people it will house.

Many of the buildings are of a permanent character and all of them are occupied by somebody, but nobody is paying any rent or has been paying any rent since activities ceased. They paid \$22,000,000 for building this town at Bristol, Pa. There is absolutely nothing being done there. Yet all of these houses have been and are occupied without a cent being paid in rental.

In addition we are spending millions of dollars a year in paying for the upkeep of these institutions. Another concrete example: We have 274 of these wooden vessels down here in the mouth of the James River, tied up in units of seven each, with 40 men to the unit, each of them receiving \$100 a month and his keep, costing the Government \$50,000 a month, or \$600,000 a year, for a lot of boats that are not worth sinking. The Government paid \$200,000 to tow them in there, and it would be cheaper to pay \$200,000 to tow them out and sink them rather than continue this expense for another six months.

Mr. BURTON. Will the gentleman from Indiana yield for a question right there?

Mr. WOOD of Indiana. I yield to the gentleman from Ohio.

Mr. BURTON. Are the boilers and engines and machinery in those wooden vessels—are they equipped to go to sea?

Mr. WOOD of Indiana. Yes; they are equipped as well as they can be equipped. Some people say they are not seaworthy, and they will go only about six or seven knots an hour. They are untrustworthy, and a gentleman testified before the committee that you could not get the cost of salvaging those boats, taking into consideration the machinery in them.

Mr. DAVIS of Tennessee. Will the gentleman yield?

Mr. WOOD of Indiana. I yield to the gentleman from Tennessee.

Mr. DAVIS of Tennessee. I will ask the gentleman, is it not a fact that there were originally 571 of these wooden boats, and that all of them have been disposed of at sale prices except 285, and that the Shipping Board on the recent bids received a bid of \$2,100 or \$2,200 apiece for the bulk of these boats, which is at least something better than sinking them, and that in the light of the fact that everybody agrees, as the chairman of the committee stated in his speech, that there is absolutely no sale now for ships.

Mr. WOOD of Indiana. That is correct, so far as selling them is concerned. There is no sale for ships, but I do not know anything about any offer having been made for them. I do know what it is costing the Government to keep them, and that the cost of their keep is already far more than we can ever hope to get out of them and we would save money if they were sunk.

Mr. BLANTON. Will the gentleman yield?

Mr. WOOD of Indiana. I can not yield any further. I am just as much opposed to this waste on the part of the Republicans and the present administration and those who are in charge of the Shipping Board now as I was opposed to the waste of the Shipping Board that had charge before the present administration. I sometimes think we are too prone to defend those of our political faith when they are accused of waste and that we go to their assistance too readily, thus encouraging them to go on in their waste. That happened repeatedly during the war and since the war when Members on this side offered constructive objection and criticism for the benefit, as they thought, of the best interests of the Government, only to meet with rebuke and combined opposition from the other side, upon the assumption that it was an unjustifiable attack upon the administration.

Gentlemen who have charge of the administration of this Government ought to welcome constructive criticism; it certainly would be helpful to them. I am criticizing, and will continue to criticize, this board for the exorbitant fees they are proposing to pay—unjustifiable in my opinion. I maintain that instead of paying these men \$25,000 and \$35,000 a year as expert lawyers they could have gone into the State of Virginia, the State of Indiana, the State of Illinois, or almost any State, into any town of 5,000 inhabitants, and could have gotten men who have never received \$10,000 a year in their lives who are as good, if not better, lawyers than any of the high-priced gentlemen who have been selected. They are paying these men simply because they happened to belong to some high-priced firm with an established reputation.

Now, I want to call attention of the committee to an imposition upon those in charge of the legal department of the Shipping Board. I called the attention of Congress two years ago to the same character of graft then being practiced on the Government. At that time, directly after the armistice was signed, there was appointed what was called a War Claims Board, and the Assistant Secretary of War was at the head of the board.

There was a man by the name of Fairbanks, who came from some little town up in Vermont, St. Johnsbury, I think, who testified that he was receiving \$1,000 a month for the service he was rendering; that prior to coming here he never earned more than \$2,500 a year in the practice of law. He was a lieutenant in the Judge Advocate's office and resigned to take



this position paying \$1,000 a month. There were 75 of these men getting all the way from \$7,500 a year up to \$12,000, \$15,000, and \$17,000 a year. We were given to understand that they would be continued but a short time. I now find that this man Fairbanks was continued in that job until about four months ago, when he was disconnected on the incoming of the present administration. Then he attempted to set up a business in this town for himself, but by some hocus-pocus we find him again as one of the attorneys for the Shipping Board, drawing not \$12,000 a year but \$15,000 a year. [Laughter.]

If this bill becomes a law, as I hope it will, and I think everybody should vote for it, it has a provision in it that the Attorney General of the United States shall pass upon these contracts for these lawyers, whether special or regular, and if he does this man will never get \$15,000 a year or anything like it.

There is another instance that I expect is typical. There is a man who was in the War Risk Bureau that never earned more than \$2,000 a year in the practice of law, in my opinion, who got \$7,500 a year, and he was not worth 75 cents. He was disconnected from that service, but we find him on the pay roll of the Shipping Board as a lawyer at \$7,500 a year. [Laughter.]

These are things that ought to be brought to the light, whether they are of our make or not, and if we are not responsible for it we should bring it to the attention of those who are responsible for it, in order that they may rid themselves of this kind of encumbrances.

Mr. KINCHELOE. Will the gentleman yield?

Mr. WOOD of Indiana. I will.

Mr. KINCHELOE. As far as I am concerned, this is a revelation, and it seems to me, as far as the attorneys under the employ of the Shipping Board are concerned, it is stench which stinks to heaven. I want to know if there is any contemplated legislation by Congress.

Mr. WOOD of Indiana. We have it in this bill, if the gentleman will read the bill. That is the trouble with the whole thing; it is a stench to heaven. I can comprehend how gentlemen are a little loath to take hold of this stinking thing, I can comprehend that they do not want to get their hands covered with slime, but I want to say that there is such a thing as patriotism in a time of peace as well as in a time of war. [Applause.] It would be an act of real patriotism on the part of some men to come here rendering loyal service to their Government and their country for a fair competency and give their best efforts in the discharge of duties now incumbent on everybody alike. It is not only the business of Congress, it is not only the business of those charged with the administration, but it is the business of each individual citizen to help clean up this dirty mess.

Mr. KINCHELOE. Will the gentleman yield?

Mr. WOOD of Indiana. I have only 15 minutes.

Mr. KINCHELOE. I think the gentleman made a statement a while ago that was incorrect. He said if I would read the bill I would find a provision that would cure this defect that we were speaking of. This provision does not do it. It does not take any of these men off the pay roll, and they are going to get the money somewhere.

Mr. WOOD of Indiana. They will not be put off the pay roll by this bill, but their salaries will be fixed by the limitation in it. That is as far as we could go; more added would have made it subject to a point of order. But I hope there will be affirmative legislation coming from the proper committee whereby it will be made absolutely impossible in all future time for men to grab the Government by the neck in a time of its distress.

I heard some gentleman say a while ago that he was going to vote against the bill. He may do it, but I think gentlemen should be careful and see that they are not making a greater mistake by voting against the bill than they would by voting for it. We have invested in this thing more than \$3,000,000,000. It ought not to be all thrown away and wasted. We ought to save what it is possible to save. If this building should collapse to-day and look like a total ruin, no one would suggest that we should abandon it entirely.

Some one would suggest that we meet in some place where we could get together and make an appropriation sufficient to salvage that which was worth while out of this old hulk. So it is with this masterpiece of profligacy, of waste, or incompetency and corruption. There are millions and millions of dollars in property that is worth while, that must be saved, and, aside from that, it has been the dream of every man here I know, and is now, that some time and in some way we may have a merchant marine of which this country will justly be proud. We have this possibility in embryo in this wreck some-

where. Let us dig it out and save it; let us profit by the example of the past and go on in our march toward that goal where the American flag may be seen in every port in the future, as it was once in the past, respected the world around. [Applause.]

Mr. BYRNS of Tennessee. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER. Mr. Chairman, it matters not what individual opinions Members of Congress may hold as to the old Shipping Board and its achievements in the past, we must not forget that we are now considering one of the great assets of the Nation—one absolutely vital to our commercial life, to our industries, to our agriculture, and almost as important to the protection of our country as the Navy itself.

The time is ripe, as the gentleman from Illinois [Mr. MADDEN] has well said in his very admirable statement of the facts underlying this appropriation, when we should dismiss all politics from the consideration of this great business question, in the hope that we can make known to the American people some salient facts on which they can base a reasonable hope that there will be developed, operated, and maintained a real American merchant marine in the future. [Applause.]

I have no patience with that wild talk of the new chairman of the Shipping Board, as reported in the press, and I think he will soon find occasion to regret it. Let us hope, to borrow his own expression, that he will draw a "red line" from this time on through statements of this character, many of which are erroneous and without the slightest foundation, and apparently made in an effort to seek notoriety through newspaper headlines. The chairman should remember that he is the trustee of a great and valuable property, and that the American people expect this property to be managed in a thoroughly businesslike way. To be continuously discrediting all that has been done, with no announcement as to a constructive program for the future, tends to destroy the value of the property in his hands and to endanger its great possibilities.

The Appropriations Committee has endeavored, in the bill now under consideration, to check some extravagant tendencies of the new chairman, as developed in the hearings recently held. Attention has been directed to the careless manner of employing attorneys at large salaries, and in some instances employing attorneys to represent the Government in litigation involving many millions without even a tentative agreement as to fees. This bill restricts such practice by providing that the salary, compensation, or fees paid to attorneys employed by the Shipping Board must be first approved by the Attorney General of the United States. The Attorney General's office has for some time adhered to the practice of allowing no fee or compensation in excess of the annual salary paid the Attorney General. This House should go further and provide that no fees or compensation for any one year can be paid to any official or employee of the Shipping Board or the Emergency Fleet Corporation in excess of the amount fixed as the annual salary of the commissioners of the Shipping Board. [Applause.] This will correct an extravagant tendency in this direction at its very incipiency. [Applause.]

No explanation can be given for paying Mr. Love, Mr. Smull, and Mr. Frye, recently appointed vice presidents of the Emergency Fleet Corporation, salaries aggregating \$95,000. They were formerly employed by the Shipping Board to do the very things they are now reemployed to do by the new board, and their former employment was on a reasonable salary basis—probably one-fourth the amount now fixed. If these gentlemen are unwilling to serve at salaries fixed by Congress for the commissioners of the board, then the chairman of the board should and can find others to perform this work equally as well.

If there be foundation for the criticism which Mr. Lasker is reputed to have so recklessly indulged in, that criticism resolves itself into an indictment of the three gentlemen recently elected as vice presidents. They were the men in charge of the chartering and operation of our ships during the war, and while I do not question their ability, yet they are responsible for the conditions complained of by the new chairman, if those conditions obtained. The reemployment of Smull, Frye, Love, Tweedale, and others by Mr. Lasker is an answer to the extravagant charges he makes.

Mr. McDUFFIE. Does the gentleman know whether or not Mr. Smull is still operating boats of his own?

Mr. OLIVER. I am informed that Mr. Smull is interested in an operating company, to wit, the J. H. Winchester Co., and that this company still controls Shipping Board tonnage, operated under the MO-4 contract, condemned by Mr. Lasker as vicious.



Whatever may be said of the Shipping Board, it can not be charged that its control and operation in the past has in any way been partisan. Mr. Piez, a distinguished Republican, was the head of the Emergency Fleet Corporation. Mr. Franklin, another Republican, was the head of operations, and his successor, Mr. Rossefer, was also a Republican. Among other distinguished Republicans holding important positions with the Shipping Board may be mentioned Charles M. Schwab, H. H. Raymond, Maj. John Cushing, Capt. Paul Foley, Messrs. Smull, Love, and Frye. These are the men who controlled ship operations during the war and for some time thereafter fixed the board's policies and approved the contracts under which ships were leased, allotted, or operated.

The new chairman must understand that Congress is not interested in disparaging statements about individuals, but what we desire to know is, "What have you to propose that promises for the development and maintenance of this great national asset now in your hands to direct, supervise, and operate?" I know that Congress is anxious to cooperate with the Shipping Board in carrying out any constructive program that looks to the safeguarding and ultimate development of a great American merchant marine. [Applause.]

Let me give you a brief inventory of some things we have and see if it does not furnish the basis for substantial hope.

Mr. SMITH of Michigan. Mr. Chairman, will the gentleman yield?

Mr. OLIVER. Yes.

Mr. SMITH of Michigan. How can the gentleman claim that this is a great American asset when it has been a liability from the start until the present time and still keeps the Government in business?

Mr. OLIVER. I am very glad the gentleman has asked this question, and I disagree with him wholly in his assumption.

Mr. SMITH of Michigan. I asked the question for information.

Mr. OLIVER. The gentleman is in error in stating that the Shipping Board has proved a losing proposition from the very first. I question whether any act of Congress met with such unanimous approval as the granting of liberal appropriations during 1917 and 1918 for the building of an American merchant fleet. Public sentiment was behind Congress in the matter and fully recognized, since we had become the great creditor Nation of the world, with a surplus of products from mine, forest, and mills, rapidly accumulating, that we must provide the means for transporting that surplus to the markets of the world in our own bottoms. In the absence of an American-owned ocean delivery we would be at the mercy of those foreign countries who have a merchant marine. Let me say to the gentleman that, as a business man, it would be difficult for him to estimate what our country saved by reason of the Shipping Board's ability to stabilize ocean rates immediately after the armistice. It is true we were not then in possession of many completed ships constructed in our own yards, but we had purchased and taken over under authority from Congress many ships at that time, and this made it possible for the Shipping Board not only to establish reasonable ocean rates to our old-time foreign markets but to establish trade routes to new markets.

But for this action by the Shipping Board ocean rates would have risen to exorbitant figures, and our manufacturers and our farmers, though they had found a foreign market for their products, would have had their profits absorbed in high transportation rates, just as they now find to be the case in reference to rail rates. Let me further say to the gentleman that the Shipping Board, from its surplus earnings, appropriated for ship construction more than \$165,000,000 prior to 1921. Can you, then, say that it was a losing proposition from the first? In addition to that we now have a large number of passenger and cargo ships, with many valuable wharves and warehouses. In 1917 there were not exceeding 61 shipyards with 234 ways, where ships of 3,500 tonnage or more could be constructed. This number has been increased to 223 yards and 1,099 ways, capable of caring for the construction of 3,500 tonnage ships and larger. We had then no strong marine insurance companies, and in addition to paying millions of dollars each year to foreign countries for transportation of our products, we were paying many hundred millions to foreign marine insurance companies. Soon we will be able to transport in American bottoms more than 50 per cent of our exports and fully cover both our outgoing and incoming cargoes with American insurance.

Men best versed in shipping business feel that the act of Congress passed in 1920 is a broad, comprehensive shipping law, and if enforced as written will readily enhance the value of the large fleet we now own.

I wish to quote for the information of the House a statement made by Hon. SHERMAN E. BURROUGHS, Representative of New Hampshire, in June, 1920, when discussing the activities of the old Shipping Board:

I have said, and I repeat it, it furnishes a record of which Americans may well be proud—a record, too, that is without parallel in the shipping history of the world. When we consider the manifold difficulties and embarrassments under which this work of tremendous magnitude has been done, too much can not be said in commendation of all those who have been in any way responsible for its accomplishments.

The important question to-day with reference to these ships—the question in which we are all interested—is this: "What are we going to do with them?" They were built to meet an emergency. We had to have that "bridge to France" in order to get our Army and its supplies to the firing line. The cry was for ships and more ships, anything that can sail the sea and get the much-needed men and food supplies to Europe. Of course, the cost has been enormous—many times what it would have been if the same ships had been constructed in prewar times. The 2,286 ships now owned by the Government have cost the taxpayers of this country approximately \$3,000,000,000, but the fact that we were able to build them in this record-breaking time was a factor, and I believe a most important factor, in bringing Germany to see the futility of her scheme of world empire and forcing a conclusion of hostilities a year ago. Even if the ships never did another thing or earn another dollar they would, in my view of it, be well worth to America and to the world the full amount they have cost.

To the same effect are statements made in speeches by Senator JONES of Washington, chairman of the Senate committee, and by Senator CALDER, of New York. I have advisedly quoted these three distinguished Republicans in order that the country may know what their testimony has been as to the value of what was accomplished with appropriations made for the building of a merchant marine, and as to what we may hope will be its future value.

Appropos to this same inquiry, I wish to refer the gentleman to the concluding brief of the report from the Select Committee on United States Shipping Board Operations, filed on March 2, 1921. The following composed the membership of the select committee: JAMES WALSH, chairman, PATRICK H. KELLEY, L. H. HADLEY, I. N. FOSTER, H. J. STEELE, TOM CONNALLY.

To stimulate interest in this report, I quote therefrom this excerpt from the concluding page:

Considering the program as a whole, the accomplishments and the number of ships constructed, the tonnage secured and the time within which the ships were completed and delivered, constitute the most remarkable achievement in shipbuilding that the world has ever seen.

I respectfully invite the new chairman of the Shipping Board to read this report, as well as the speeches to which I have heretofore referred, and his press utterance that "it is the greatest commercial wreck in the history of mankind" will need serious revision if he desires to be honest with the American people.

Lest this Congress forget let me call to your mind some glaring omissions in the enforcement of the recent shipping act and urge your cooperation to the end that these important directions and requirements may be carried out at the earliest possible time. Neither the outgoing nor the incoming administration has taken any steps to make effective two of the most important provisions of the shipping act of last year. We have been told by those who have given study to the subject that sections 28 and 34 of the Jones Act must be enforced before we can give any stable value to our merchant marine and insure its future operation on a profitable basis. Mr. Wilson was criticized, both from within and without his circle of political friends, for not having carried out the direction of section 34 of the Jones Act.

If I mistake not, Mr. Harding was one of those who criticized him for not having served notice as provided in section 34 for the annulment or amending of those treaties, containing provisions forbidding the imposition of discriminatory duties on exports and imports when not carried in American bottoms. More than five months have now elapsed since Mr. Harding became President, and we find that he also has neglected to enforce this act of Congress. What more? I speak of this because I feel that we earnestly desire to discuss all questions relating to the development of our merchant marine in a frank, business way. When the recent tariff bill passed the House there was a fatal omission in that bill, not called to our attention when the bill was being considered by the House. Was it an oversight or intentional that there was omitted from the tariff bill the provision carried in the 1913 Underwood bill as to discriminatory duties, and which the Sixty-sixth Congress endeavored to make effective by section 34 of the Jones Act of last year? Members of the Shipping Board, recognizing the importance of this provision, immediately on discovering its omission from the tariff bill unanimously passed a resolution strongly urging the Senate to include this provision in the pending tariff bill. In the resolution they say in effect that if this provision is enforced it will give an immediate value to the large tonnage the Government owns, and stimulate private demand for these ships at a fair price by parties willing to operate the



same pursuant to the provisions of the Jones Act. They seem confident that our ships, with this provision enforced, can be sold to advantage and operated at a profit.

Mr. MILLS. Will the gentleman yield?

Mr. OLIVER. I will be glad to do so.

Mr. MILLS. Does not that cut both ways, and if the foreign countries impose like discriminatory duties, will not the success or failure of that policy depend entirely upon whether our exports exceed our imports or vice versa?

Mr. OLIVER. If we are to shape our policies so as to avoid all fears and apprehensions, such as the gentleman gives expression to, we will never accomplish anything. The chairman of the Appropriations Committee was right when he declared that we must be courageous in the passage of a law like this, and he who takes refuge behind fears and apprehensions, such as the gentleman suggests, forgets the history of his country, and can never write a law that will enable our merchant marine to compete on equal terms with those of foreign countries.

This is no new American doctrine, and suffice it to say it was only when we enforced these discriminatory duties in favor of American bottoms that we were ever able to maintain, build up, and successfully operate a real American merchant marine. You will recall that under Mr. Roosevelt's administration, in 1904, a congressional commission was appointed, who gave about six years' study to this question, and it was their conclusion that the Government must in some way, either by discriminatory duties or by subsidies or subventions, lend aid to our merchant marine before it could ever be successfully operated. A long fight ensued over the choice of these methods, and finally Congress declared in favor of granting preferential rates and duties for cargoes carried in American bottoms rather than subsidies.

Mr. HARDY of Texas. Will the gentleman yield right there?

Mr. OLIVER. Yes; certainly.

Mr. HARDY of Texas. Is the gentleman aware that from 1815 to 1828 the big fight this country had with England was a fight to secure the abolishment of all discriminatory duties?

Mr. OLIVER. Yes.

Mr. HARDY of Texas. This country was united against discriminatory duties, and it has been practically from the beginning of our Government.

Mr. OLIVER. I am sorry to be in disagreement with the gentleman as to that statement. We had this same legislation and enforced this same policy during the time of Washington, and it was not until we abandoned it that our merchant marine began to go down. This Congress has too recently lent its indorsement to this policy for me to take up the time of the House in now discussing it. The gentleman will remember the last Congress just before adjournment, by an overwhelming vote, passed the Jones bill, and provided for preferential rates by sections 28 and 34 for cargoes carried in American bottoms. Section 28 has been temporarily suspended, at the urgent insistence of shippers on the western coast, who represented to the Shipping Board that they had not at that time sufficient American bottoms on the Pacific to carry our imports and exports, and until a sufficient number of American bottoms were available for our western seaports the preferential railroad rates provided for in section 28 should not be put in force.

Mr. HARDY of Texas. Will the gentleman yield for one more question?

Mr. OLIVER. I will.

Mr. HARDY of Texas. If the policy has been to get away from discriminatory duties, now why should you want to adopt them?

Mr. OLIVER. Did the gentleman vote for the Underwood bill?

Mr. HARDY of Texas. I did, under protest.

Mr. OLIVER. Never mind; did the gentleman vote for the bill?

Mr. HARDY of Texas. I did.

Mr. OLIVER. Did the gentleman vote for the Jones Act of last year?

Mr. HARDY of Texas. Yes.

Mr. OLIVER. Then the gentleman can not expect me to help him out of the situation he finds himself in, especially since I think he voted right.

Mr. HARDY of Texas. The gentleman certainly does not blame me for voting for a bill that has one error in it if the rest is what I favor? The gentleman has voted for a bill which had clauses in it he did not approve, I suppose?

Mr. OLIVER. We are unable to correct the errors which the gentleman at this late day undertakes to state are in laws which he voted for. However, all will admit that the discriminatory provision referred to had most excellent indorsement. It was enforced during the administration of President Washington and had the unquestioned approval of Jefferson.

I refer the gentleman from Texas to the history of our country, in order that he may understand that we proposed nothing new and untried in 1913, but simply followed an old, well-understood policy, which alone gave to us a great American merchant marine, capable of competing with foreign ships. [Applause.]

Mr. HARDY of Texas. Will the gentleman yield to one further proposition?

Mr. OLIVER. I will.

Mr. HARDY of Texas. Mr. Jefferson and others said they adopted discriminating duties by way of retaliation.

Mr. OLIVER. Even so, and we can truly say the same thing now; but the gentleman from Texas seems unwilling to admit what the undisputed facts disclose. He would let others discriminate against us, while we sit silently by and let this wonderful fleet we now own go to waste rather than be used to deliver our products to foreign markets, pursuant to a sound, sane, and just American policy. What defense can the gentleman from Texas offer to the people of the country, who have indorsed an expenditure of \$3,000,000,000 in the construction of this great fleet, if we now omit to do anything to maintain and operate it on a profitable basis? [Applause.]

Mr. EDMONDS. I wish to say that the section in the Jones bill was placed in there as a retaliatory measure on our part for what had been done there to drive us off the sea.

Mr. OLIVER. Unquestionably so.

Mr. GREENE of Massachusetts. Can the gentleman tell why section 34 was not made effective in the shipping act?

Mr. OLIVER. I referred to it a few minutes ago and stated that both Mr. Wilson and Mr. Harding, for reasons unknown to me, had failed to make it effective.

Mr. GREENE of Massachusetts. The bill passed with the approval of the former President of the United States, Mr. Wilson.

Mr. OLIVER. Yes.

Mr. GREENE of Massachusetts. And according to my recollection, that made it a law on the 5th of June, 1920. But he had the authorization from Congress to notify the various Governments, and he failed to do it.

Mr. OLIVER. I did not yield to the gentleman for a speech.

Mr. GREENE of Massachusetts. And I do not know whether he failed under the direction of the Secretary of State or not—

Mr. OLIVER. I am unable to state why Mr. Wilson omitted to carry out the directions contained in the Jones bill, and I am frank to say that I feel he made a mistake in failing to do so. Will the gentleman be equally as frank and answer why Mr. Harding has now refused or failed, for more than five months, to do the very thing which he blames Mr. Wilson for not doing?

Mr. GREENE of Massachusetts. I can not.

Mr. OLIVER. Then he should not criticize one Executive without criticizing the other.

Mr. GREENE of Massachusetts. I am willing for it to be done.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER. Can the gentleman from Tennessee yield me a few minutes?

Mr. BYRNS of Tennessee. I am sorry that all of my time has been disposed of, but I will yield five additional minutes to the gentleman.

Mr. OLIVER. Now, in conclusion, Mr. Chairman, permit me to say that I have no desire to excuse the past mistakes and shortcomings of the Shipping Board, but I am unwilling that criticism of matters, which neither the new Shipping Board nor Congress is now able to change or correct, shall be used to disparage, yea, to destroy, the valuable property the Government now owns.

Some criticize from a desire to have America abandon all hope and plans for a merchant marine; some from a selfish desire to buy our valuable ships and other holdings for a mere song; some to so discredit the value of notes, mortgages, claims, and accounts held by the Shipping Board, amounting in the aggregate to approximately half a billion dollars, that they, the debtors, may settle on a 25 or 30 per cent basis; some for unworthy political reasons; many from ignorance. It behooves Congress to watch with jealous care the management and disposition of this great national asset and to see that it is not dissipated and diverted from those purposes which Congress intended it to serve.

Our wooden ships must not be sunk; they must not be given away to build pontoon bridges or sold for a mere trifle. If the statements from those in charge that these boats are seaworthy and in fair condition are true, they can be sold for far more than the new chairman of the board in his hearings before the



committee indicated, and I will add that the chairman has been supplied with reliable information to this effect.

We must not surrender our established trade routes, many of them to new markets; we must not abandon the policy established by the old board, that in the allocation and sale of cargo and passenger ships thought must be had and conditions imposed insuring good service alike on the Atlantic, the Pacific, and the Gulf.

Unless the new board undertakes its work with enthusiasm, hope, and a determined purpose to carefully conserve the valuable property now in their hands and to see that there is evolved therefrom a really great American merchant marine, so distributed, controlled, and operated that it will serve well every coastal section of our country, carrying our products over the new as well as the old trade routes to the world's markets, they will not have met, in even a measurable degree, the opportunities and possibilities now absolutely available to them. [Applause.]

Let the new board remember that while the demands of war may have led their predecessors into extravagance and waste in many ways, yet the old board canceled, after the armistice, contracts for more than 1,000 ships, saving to the Treasury thereby, it is estimated, more than half a billion dollars; they used from surplus earnings from operations, while ocean traffic was good, more than one hundred and sixty-five millions for construction purposes; they established new trade routes to foreign markets, as directed by Congress; built up a marine insurance capable of caring for our immense import and export trade; they acquired valuable docks, yards, warehouses, and so forth; trained thousands of our people for efficient sea service; settled on a fairly satisfactory basis many more claims than are now outstanding, and through their claims department estimated that all outstanding claims, including those in litigation, can and should be settled for less than twenty-five millions; have delivered to the new board obligations due the Government, amounting to several hundred millions; have demonstrated, by confessed mistakes, some policies and methods that are costly and unwise, and which the new board is fortunate in being charged with notice to avoid; have succeeded in having enacted a well-considered, comprehensive, and helpful law, on which, if it is properly enforced, can be built, maintained, and successfully operated a real American merchant marine. [Applause.]

Now and in what way, may I ask the new Shipping Board, will you contribute to the realization of America's hopes for a permanent merchant marine, carrying her products at reasonable rates to every corner of the civilized globe? You must remember that you are the only Shipping Board that the Nation has had since they began building its merchant marine in 1917, which the Senate confirmed and which was given authority to operate under what is claimed to be an efficient and comprehensive shipping law.

Is it asking too much that you now draw a red line through all destructive criticism and direct your energies to formulating some constructive program, to be economically administered, and demanding of the Executive the carrying out of the provision of the Jones law of June, 1920?

You have the property, you have the opportunity to establish, maintain, and provide for the operation of a great American merchant marine. Show the right spirit and I believe you will have the support and cooperation of Congress. [Applause.]

Mr. Chairman, under special leave granted by the House, I extend my remarks by inserting an excellent paper, written in January, 1921, for the *Annalist*, by Admiral Benson, who for a time was the acting head of the Shipping Board under appointment by Mr. Wilson, and later continued for a time as the acting head of the board at the urgent request and insistence of Mr. Harding. I commend this paper to the careful reading of the Members of the House:

The shipping act of 1916 was passed for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries, to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes.

Although it is little more than four years since the passage of this law, there seems to be considerable confusion as to just why there is a Shipping Board. If you will turn to the shipping act you will find that the bill was signed by the President September 7, 1916, and that shipping act created the Shipping Board. Just four years ago, on December 21, 1916, the President nominated the first Shipping Board. On January 19, 1917, four of the commissioners were confirmed and four days later the other commissioner, John A. Donald, who is still on the Shipping Board, was also confirmed.

I want to emphasize this, because in the fall of 1916 the strongest kind of peace overtures were being made. All sorts of peace feelers were put out to reach America. And the heart of humanity seemed to dictate that America must play the role of world peacemaker. Yet, no matter where we turned, we found how helpless a maritime country

is to play any part in world affairs without ship independence. The World War, while being fought mainly on land, caused heavy loss on the high seas, with this difference, however, that the losses on land were losses the belligerents suffered themselves, while the losses on the high seas also involved the loss of innocent babes, women, and men, and millions of dollars of American property, never to be recovered.

#### NOW SHIP INDEPENDENT.

I want to repeat what I have often said in Washington, that if through some world menace the governments of this earth should again be thrown into another gigantic struggle, we of America could proclaim to the world that we are now ship independent. And our ships properly manned, as they are, can solve any transportation problem overseas that would result from such a world menace. In the light of the international conditions which faced us in 1914, if there is no other justification for the existence of a Shipping Board, that feeling of elation we may show as the result of ship independence is a sufficient reason, in my judgment, for the Shipping Board. And the best answer to any criticism that may be leveled at those who tried to do their work while serving that board is that no criticism can destroy the fleet we now possess. It may create distrust as to the utility of it for commercial purposes. It may handicap us in the profitable employ of this fleet. It may give ammunition to our trade foes, but destructive criticism can do only this; it can not take from us the ship independence which America certainly should feel happy it now possesses.

Unfortunately, in the years devoted to the development of our railroads and other overland means of communication we lost our ship-mindedness and learned to lean heavily upon ships other than our own in the overseas carrying trade. This, perhaps, may explain why up to a few years ago our merchant marine had dwindled to a point which permitted the carrying of less than 10 per cent of our products in American bottoms. Happily to-day this condition has been so materially changed that we are now in a position to carry approximately 60 per cent of our products and are fast reaching that point in the movement of our exports in American ships.

Congress has shown a splendid evidence of ship-mindedness within the last six months. With the passage of the merchant marine act of 1920 this country began a new era in marine affairs. Up to that time we had the nucleus of a splendid merchant marine, made up of tonnage constructed during the war, plus what little we had at the outbreak of the World War. This rehabilitated merchant marine, the outcome of war preparedness, did not have a real definite policy outlined for it, so far as the Government-owned fleet was concerned, until Congress by its recent legislation determined that the fleet should be privately owned and directed that the ships be sold as soon as possible compatible with good business judgment.

Here and now I desire to go on record as unalterably opposed to Government operation of this fleet. It was, therefore, most encouraging to me that Congress laid down the law of the land that the fleet should be privately owned and controlled. Government ownership and operation at best is under great handicap when commercially opposed by private operation. A Government-owned fleet dies, due to the keen competition it is forced to meet, unless constantly aided by large appropriations from public funds. Fortunately our fleet has been operated, in the main, by able operators, who, in addition to operating their own ships, undertook to act as agents for us. Thus in the allocation of our Government-owned tonnage we were enabled to operate in a semiprivate manner, but always handicapped by the heavy overhead brought about by fiscal regulations considered so essential in the transaction of Government business. My predecessors endeavored to cut off duplication of effort whenever it existed. Mr. Donald and myself, constituting the old board for about five months, made it our business to continue this policy and to eliminate all lost motion. But, of course, in an organization which reaches to all parts of the globe, the task is one that entails months of hard study and business resourcefulness. At the present time we are giving close study to the first reports which have reached us from the committee, which has devoted much time to the study of efficiency of our ship operators. How many of these operators may fall by the wayside due to inefficiency is hard to say, but the new board is determined that the time has arrived when the men acting as our agents must measure up to the task. We have been patient, knowing that many were acting as pioneers in a new calling. The lull in the freight market has afforded an opportunity to speed up the work of this efficiency committee, which has been investigating for several months.

I like to think of the whole-souled support the merchant marine has received from our newspapers and other publications, especially so in the light of recent events in which efforts to effect remedies of existing weakness in our marine development gave opportunity to some honest-intentioned persons to exploit others whose intentions are evident from their records. But this can not be avoided in a public inquiry of such far-reaching character. The sunshine of truth will cure whatever evils are exposed and particularly so if the evidence gathered is sufficient to send the wrongdoers to jail.

#### GROWTH REALLY AMAZING.

About seven months ago, shortly after I assumed the chairmanship of the Shipping Board, I pointed out that when this country determined to build ships on a scale never before undertaken in the history of the world we found there were only about 61 shipyards, with 234 ways, in which vessels of 3,500 dead-weight tons and upward could be constructed. In November, 1918, when the armistice was signed, we had developed ship construction in this country to a point which increased the shipyards from 61 to 223, and 234 ways were increased to 1,099, each way having a capacity for ships of 3,500 dead-weight tons upward.

In 1910 our total merchant marine amounted to 11,262,123 dead-weight tons, of which 1,173,776 tons were engaged in foreign trade; in 1917 our total tonnage was 13,306,556 tons, of which 3,661,164 tons were engaged in foreign trade. The fiscal year ending 1920 showed our total merchant marine to be 25,027,342 dead-weight tons; of this more than three-fifths engaged in foreign trade, or a total of 15,692,631 tons. In other words, in 10 years' time this country developed a merchant marine engaged in foreign trade from little more than 1,000,000 dead-weight tons to 15,692,631 tons. When you study the development of seagoing tonnage in our merchant marine, the amazing story of the last three years is shown.

At the point of the greatest development of our seagoing tonnage engaged in foreign trade this country had 3,569,094 dead-weight tons of shipping. That was in 1860. From 1860 to 1910 our merchant marine had gradually dropped until it was a mere shell. It may be interesting at this time to refer to a survey of cargo vessels of the United States Shipping Board engaged in foreign trade that entered



and cleared in United States customs districts covering the first six months of the year. The volume of carrying trade for the period mentioned, both exports and imports, is shown in the following schedule:

	Ves- sels.	Dead- weight tons.	Cargo tons.
American ships.....	9,550	51,534,620	22,724,217
Other ships.....	6,008	35,397,080	15,273,967
Total.....	15,558	86,931,700	37,998,184

The participation of American bottoms in the total carrying trade as shown in the following analysis indicates a well-balanced use of our ships compared with the utility of foreign vessels in service to this country, with a slight advantage to our ships in the cargo per dead-weight ton:

	American ships.	Foreign ships.
	Per cent.	Per cent.
Number of ships engaged.....	61.4	38.6
Dead-weight tonnage.....	59.3	40.7
Cargo tonnage carried.....	60.8	39.2
Ratio of cargo tonnage to dead-weight tonnage.....	44.1	41.5

An examination of the carrying trade in exports and imports separately shows wide variations from the averages for the total trade. This analysis indicates that while many of the American vessels are carrying return cargoes to United States ports, the foreign vessels during that period were to a large extent entering in ballast and clearing with more cargo in proportion to the number and tonnage of vessels employed. We immediately set out to increase the use of our tonnage, but within the last 90 days, as a result of world conditions, there has been a decreasing employment of seagoing tonnage.

By the end of the fiscal year all but 367,600 dead-weight tons of the ships under construction by the board will have been completed, according to the present program. This tonnage, after June, 1921, will represent principally ships that need fitting out and the installation of interior finish. The war construction program included the building of 3,268 ships of 18,381,276 dead-weight tons, which was cut down to about 2,300 ships. After the armistice all construction was canceled whenever a saving could be effected by doing so. This decreased tonnage about 4,700,000 dead-weight tons, a 25½ per cent reduction and at a saving of ultimate expenditures of at least \$650,000,000. At the present time the total number of ships in our merchant marine controlled by the Shipping Board is 1,686 of 10,821,890 dead-weight tons, made up as follows: One thousand three hundred and twenty-eight steel vessels of recent construction, 32 seized German and Austrian vessels, 282 wood and composite, 8 concrete, and 28 purchased steel vessels. Of these 94 are tankers, 20 cargo and passenger ships, 15 refrigerators, and 1,537 cargo vessels.

The total tonnage in the United States merchant marine on June 30, 1920, was 25,027,342 dead-weight tons, of which the Shipping Board had constructed 2,070 of 11,622,361 dead-weight tons. Of these we had sold up to June 30 about 380 ships.

#### ERRONEOUS IMPRESSIONS SPREAD.

This is a record Americans can take pride in; it is an evidence of what the American shipbuilder contributed in a material way for the \$3,000,000,000 which we spent in the construction of ships. There has been so much loose talk, relative to large sums of money spent, that many well-meaning persons have been led to believe that this amount of money appropriated by the United States Government for the building of ships was spent without thought of return and without an effort to control. I do not believe that in the face of the vast accomplishment, for which all Americans can properly take credit, anyone desirous of knowing the facts will deny that we have the physical possessions of the largest single fleet of merchantmen in the history of the world, the direct result of this expenditure of \$3,000,000,000. This fleet has been profitably employed in the development of our foreign trade, but primarily with the thought of continuing the humanitarian rôle that has made America stand out as a country willing at all times to give the other fellow a chance. While engaged in vast relief work and in the task of carrying overseas large consignments of supplies destined for war-ridden countries, we piled up a huge amount of charges, for earnings which are still owing and which it will take a long time fully to collect.

Those who are inclined to pick isolated instances of vessels that failed in reaching the high standards we have set for them overlook the splendid rating of vessels obtained both from the British and American Lloyds. They frequently, in a desire to present some controversial phase of the period when this country was in the throes of war, enlarge upon circumstances with which they may be fully acquainted, but which only affect a small part of the big task. These controversial matters, when aired in the public press, are oftentimes, unfortunately, the means of spreading erroneous impressions.

I do not want anyone to misunderstand me. I am not shirking my responsibility. I do not desire to explain away wrongdoing. If I had my way, and I am using every effort in that direction, I would have all wrongdoers who did anything criminal or who took unfair advantage in a commercial way sent to prison, after due conviction. But there is the rub, so often forgotten by those who are earnestly bent on righting wrongs by means of exploitation.

Placed in a position like I am, it is necessary to take responsibility after due judgment. If, in my judgment, it is most essential to build the ship, and in doing so expeditiously increase the cost by meeting labor demands, the methods of contractors for increased compensation, it is after all a matter of judgment. Later developments may show that in the rush for ships men in the Shipping Board depended upon to act as checks upon those who were spending Government funds failed to do their duty. It may develop that men to whom they reported failed to investigate conditions. There is no denying the fact that in an enterprise involving the placing of contracts averaging about \$100,000,000 a week during a six months' period men seeking easy

money found their opportunity. These men, if they were found out and duly convicted at the time, would have set an example to others likely to fall. Our department of investigation reported 2,500 cases that they investigated from the time we began our ship construction up to the end of this fiscal year. We sent a number of these to the Department of Justice.

I wonder if it ever struck those who have been led to throw up their hands in horror at sensational headlines if the Shipping Board had failed to build ships what would have happened to our exporters shortly after trade was resumed with foreign countries. The fact that we had a fleet of splendid seagoing vessels stabilized ocean freight rates at a time when they were soaring to heights almost unbelievable. For the first time in about 60 years America had a delivery system overseas sailing under the American flag and permitting fast dispatch of our productions to other lands.

This fleet, controlled by the Shipping Board, earned in gross revenue since it began operations more than \$1,000,000,000, and while we can not show a profit as large as probably would have been the case if the fleet had been privately owned, the fact remains that this one billion actually stayed in this country, and had we not possessed a fleet of ships built by the Government this one billion would have had to be spent for the use of foreign bottoms plus the added cost that always comes from a monopoly.

We must not forget that had there been no nation able to take up the position Germany occupied when her maritime power was literally wiped out ocean-carrying tonnage would have been monopolized by Great Britain, whose crying trade needs naturally would have come first. Now, as we keep in mind that we possess this fleet of vessels which we built during the war, and that it is profitably employed in spreading out the products of America to all parts of the world, a great deal of dissatisfaction arising from recent developments will disappear, I am sure.

#### AMERICAN INSURANCE KEPT PACE.

On June 30, 1920, the net return to the Shipping Board, after running expenses had been paid, but not taking into consideration certain bookkeeping items, was \$400,000,000. This amount embraced large sums owed us by the Army for transportation charges, cash that had been returned to the Treasury, \$96,000,000 in cash funds on hand, about \$293,000,000 in accounts receivable. We had total current liabilities of \$99,281,000 at that time, with total current assets to meet those liabilities amounting to \$638,200,000, which amount did not take into consideration the value of our fleet, the total cost of which as of June 30 was approximately \$3,000,000,000, which amount embraced purchases, reconstructive and reconditioning expenditures; owned vessels of about \$2,700,000,000. For the first time in more than 60 years, not only is America ship independent, but it can honestly say it is able to carry its own insurance in American insurance concerns.

With the organization of the American marine insurance syndicates completed, the board is directing its attention to legislative disabilities obstructing a healthy development of the marine insurance business. A model insurance for the District of Columbia will probably be the result of legislation under way. It is hoped that, if this legislation passes at the present session, it will serve as a model enactment in part or in whole by our leading marine States. Marine insurance is most important in the development of our commercial independence. An adequate marine insurance free from foreign control or domination is an absolute requirement for the maintenance of a merchant marine and the successful conduct of our foreign trade. Enough instances in recent years come to mind of the use of marine insurance as a commercial weapon against us to warn us and make plain how essential it is for us to have marine insurance independence as well as ship independence.

Excessive taxation, coupled with all the other legislative obstructions, hampers our American companies in the foreign competition they must meet. Existing obstructions greatly increase the adverse cost differential. Marine insurance is more vitally influenced by legislative restrictions than is fire insurance, where rates are mostly non-competitive in character and where excessive taxation and other burdens can thus be easily absorbed. Marine insurance rates are subject to foreign undercutting. The business is essentially international in character and always subject to foreign attack, and legislative burdens therefor can not be shifted to property owners if they are free, as in this case, to seek the cheapest foreign market. The recent marine insurance investigation demonstrated how merchants and vessel owners emphasize the importance of being allowed to use the foreign market, if that is the cheapest. A small difference in the rate will direct the flow of marine insurance.

Excessive obstructions must be removed or modified if American marine insurance companies are to be placed on an approximate basis with foreign competitors in the intense international rivalry for trade. The national welfare requires there be unity of action on the part of all our law-making bodies, with a view of remedying errors of the past and to promoting greater harmony of action in the national interest. The Shipping Board proposes to carry on its reconstructive program in this respect, fully convinced that the immediate situation requires that the legislative policy of the several States should not run counter to the needs of the Nation as a whole.

#### NO TIME FOR FALTERING.

The World War brought us into prominence as a maritime power. That power we now exercise causes the eyes of the world to be focused upon us, as we daily strive to increase the efficiency of our fleet—the largest one of merchant ships under single control in the world's history. It is encouraging to know that while this huge fleet of vessels made necessary the training of an army of men to man our ships within the last three years, these men have done so well under most discouraging conditions. When the World War broke out America had lost the sense of shipmindedness, so essential if a country means to be a maritime power. We had to go into interior towns and recruit men who knew little of the romance of the sea. But the youth of this country had never failed to respond in time of need, and happily the body of men we were able to get measured up to the mark. I do not hesitate to say that, man for man, no finer body exists than that made up of those we have recruited for our merchant marine. These are times, however, when conservative business men take careful stock of their own resources. We Government officials, in charge of the work of procuring a permanent merchant marine, would be unbusinesslike, to say the least, if we did not, like good business men, frankly face conditions as we find them in the commercial world to-day.

Our operators have suffered. We should not hesitate because of this. We should not falter because foreign competition has become so keen.



We should not lose faith because with deadly persistency our trade foes take advantage of every opportunity to create an impression that American ships are not seaworthy and that an American merchant marine is a mere dream.

The courage and vision of those who assumed the burden of canceling war contracts will never be fully comprehended. It will be when it is made clear that not only was more than \$600,000,000 saved the American people by this action, but ships in course of construction were changed materially as a result of our turning from a war-emergency program to a conservative basis in shipbuilding. After all is said and done everything has a relative value. And people who are now prone to look upon ships as burdensome possessions which we unhappily do not know how to use to the fullest measure of profit would change the tune of their song if this country again faced an international situation such as the world saw in the fall of 1914. Those who are inclined to judge matters, taking all sides of the question into consideration, agree that if through some world catastrophe another mad dog of war was set loose America certainly would be in a much more fortunate position, far more secure and better able to handle the problems that would affect her commerce than she found herself in the fall of 1915 and the early spring of 1916, when the air was filled with declarations and demands for ships from many who are now criticizing us because we answered their cry of ships, more ships, and more ships, and, respondent to our appeals, the American shipbuilder exerted himself to the utmost because men like Hurley had the courage to spend large sums of money, the only thought in mind being ships, more ships, and more ships.

The splash made by the 95 ships launched on the Fourth of July, 1918, will never lose its effect. It was the most fitting demonstration of the industrial strength of America when all joined hands in common effort for the common defense.

Mr. MADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. BURTON].

Mr. BURTON. Mr. Chairman, "It is a condition which confronts us, not a theory," said Grover Cleveland in his annual message in December, 1887. To-day a condition of immensely greater magnitude and far more difficult of solution confronts us. It arises from the organization and the transactions of the United States Shipping Board and its subsidiary, the Emergency Fleet Corporation. Yet that is not all, for the whole future of shipping in the United States is involved.

It is well to state certain prominent facts. Under the authority of the original act creating the Shipping Board of September 7, 1916, and numerous other acts supplementary thereto, approximately \$3,500,000,000 has been expended, or is represented by liabilities incurred; ships to the number of 2,066, with an aggregate gross tonnage already of almost 9,000,000, have been acquired for the Government by purchase, requisition, or original construction, about four-fifths in number and tonnage having been obtained by construction.

The Shipping Board now has under its control 1,798 ships, with an aggregate gross tonnage of 8,000,000—7,993,000. Notwithstanding this enormous expenditure, the operations of the Shipping Board have been and now are conducted at a loss, and a recent request was made to the Committee on Appropriations for an allotment of \$125,000,000 to pay its debts and to provide for operating expenses; the pending bill carrying a much smaller amount is in response to this request.

The transactions of this board are matters of the past, and it is not profitable in this brief discussion to give more than a passing reference to its activities. It must, however, be said that all the blunders, waste, and extravagance which have brought bankruptcy to men and nations—the wide ramifications of the speculative spirit with the mismanagement which has wrecked so many public and private enterprises—all these rolled into one could not surpass the losses which the Shipping Board and its subsidiaries have brought upon the United States Treasury.

The members of the Shipping Board did not lack ability or patriotism, but a serious situation was created by the appointment of some who were unfamiliar with maritime affairs and by the brief tenure of others to whom control was intrusted. Congress must share the responsibility. Almost unlimited appropriations were made. In the wild enthusiasm "for ships, more ships, yet more ships" the expenses of the Shipping Board were swollen to colossal figures, and the end is not yet. Every principle of sound business management and proper organization was neglected.

One of the worst mistakes was the continuance of a program of ship construction long after the reason for it had ceased.

The total tonnage constructed under the Shipping Board December 1, 1918, 20 days after the armistice and the close of the war was only 706,000 tons, while by July 1, 1921, the construction had reached the enormous total of 6,408,000 tons.

On September 1, 1919—nearly 10 months after the close of the war—there were 194 vessels under contract but not commenced, of dead-weight tonnage amounting to 1,448,000, or approximately 1,000,000 gross tons. There remained to be delivered to complete the program 6,443,000 dead-weight tons.

It thus appears that the larger share of the expenditures for carrying out the plans of the Shipping Board were for ships

not commenced, or only partially constructed, at the close of the war, or even later.

Since the creation of the Shipping Board it has built some 289 wooden ships with a tonnage of about 750,000, although this material for ships in ocean-going trade has been universally condemned for many years. Incredible as it may seem, these ships have been constructed at a greater cost per ton than the *Lusitania* or the *Mauretania*, which at the time of their construction were planned to be the finest ships the world had ever seen. It is now almost impossible to give them away.

Mr. KINCHELOE. Mr. Chairman, would it interrupt the gentleman to yield right there for information?

Mr. BURTON. I yield to the gentleman.

Mr. KINCHELOE. How many of these ships had been constructed up to December, 1918?

Mr. BURTON. I am not aware of the exact number. It is given in a bulletin recently issued by Mr. Chamberlain, Commissioner of Navigation, on July 1 last. On referring to the bulletin I find the number of wooden ships constructed by December 1, 1918, was 90 and the gross tonnage was 245,000—just a little less, both in number and tonnage, than one-third of the total completed to date.

If the problem of construction had been solved in accordance with a recognition of the inevitably diminished demand for tonnage at the close of the war, the major part of the expenditure of the Shipping Board would have been saved, even though necessary to compensate those having contracts for loss of profits and for work already done. There was certainly a loud and sufficient warning that there would be a surplus of ships in the very considerable decrease of commercial traffic.

Mr. LONDON. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from New York.

Mr. LONDON. To what extent has the destruction by submarines been replaced?

Mr. BURTON. It has been more than replaced. I will come to that.

It is important to compare the existing amount of shipping with that prior to the war. I have not the very latest figures, but the total gross tonnage of all nations on June 30, 1914, was 50,231,000 tons, and on June 30, 1920, it was 56,024,000 tons, an increase of almost 6,000,000 tons, or nearly 12 per cent. Let us compare this with the trade between countries as measured by weight of exports and imports. In 1913 the statistics of 19 leading countries, as given by the National Economic Council, showed 74,000,000 tons of imports and 72,000,000 tons of exports; the total freight traffic for 1919, as indicated by the first quarter, had dropped to 34,800,000 tons of imports and 32,500,000 tons of exports, 46 per cent of that of 1919, or less than half. In the first quarter of 1920 the percentage as compared with 1913 had increased to 64½ per cent; thus, while ship tonnage had increased 12 per cent, the freight had decreased 35½ per cent. Undoubtedly 1921 will show a substantial decrease from 1920.

It is not necessary to go further than these figures to explain the depression in the shipping business. Rates on wheat, coal, and some other heavy freights of late have occasionally been fixed by charters at figures below those in 1913 and 1914.

A comparison of world conditions only partly expresses the condition in the United States. The total gross tonnage of British ships diminished about 462,000 tons from 1914 to 1920, amounting to 20,582,000 in the latter year. On the other hand, the gross tonnage of the United States increased in the years mentioned from 6,464,000 tons to 14,707,000 tons. In other words, while the aggregate tonnage in other countries showed a decrease, the United States absorbed more than all of the increase of 6,000,000 tons. This comparison is made much more impressive when it is taken into account that these figures of tonnage in the United States include coastwise as well as overseas or foreign tonnage, and by far the larger part of the increase was in the latter.

Now, what shall be done? Shall we scrap this great fleet of 1,798 boats, or thereabouts? I say no. [Applause.] They are a valuable asset to the people of the United States. There has been a radical change in the situation. Before the war we had far less than the number of ships required for conducting our foreign trade; now we have many more than enough.

The problem of the present is to save as much as possible from the wreck and to inaugurate a policy which shall give to the United States that object of supreme desire—a merchant marine. It is essential that changes should immediately be made in the policy of the Shipping Board. Nothing but drastic measures will answer. The first necessary step is the imme-



diate abandonment of the policy of granting charters under which those to whom Government ships are leased receive a compensation of 5 per cent of the gross receipts from freight, passenger traffic, and so forth, under which it is possible for the managing operators of the ships to obtain unheard-of profits, although the boats may be operated at a loss to the Government. Of this form of contract Mr. Lasker, the recently appointed head of the Shipping Board, said in the hearing before the Committee on Appropriations a few days since:

The contract is the most shameful piece of chicanery, inefficiency, and of looting the Public Treasury that the human mind can devise.

Mr. OLIVER. It will be interesting to the gentleman to know that Mr. Smull, who draws a salary now of \$35,000, and is supposed to be the gentleman in charge of the operation of them in the future, is interested in a company that has a contract of the kind that the gentleman has referred to and operates ships under that contract.

Mr. BURTON. Well, reform it altogether. Cut it out.

Contracts of this nature were made with a moving-picture concern, with a mule driver in one instance. The inevitable result of such a system would be to intrust the ships of the Government to persons entirely lacking in financial responsibility and ability to manage the business. Those who took contracts ran no risks and thus the most reckless plungers were invited to undertake the task of developing the country's shipping. If the boats can not be chartered in an ordinary way so that those who manage them take the risks as in the usual transactions between owner and lessee, it is even better for them to lie idle, expensive though that may be.

Mr. FAIRFIELD. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Indiana.

Mr. FAIRFIELD. Can the gentleman inform the committee whether the personnel of the Shipping Board employees does not consist of the same men who have been so unwise in the direction of this enterprise?

Mr. BURTON. Among the subordinates I understand that that is true, though I have no reliable information.

In this connection it should be stated that the accounts of some 6,000 voyages since April 1, 1920, under such charters have not been audited. These should be adjusted at the earliest possible date. The board has seemed to take the statement of those who manage the boats without question, thereby leaving an unprecedented opportunity for dishonesty and fraud.

Second, the policy enunciated in the act of June 5, 1920, for transfer to private ownership should be vigorously carried out. We have had enough of Government ownership and management. The object lesson may have been a frightfully expensive one, but its teaching has sunk deep into the popular thought. Possibly for a brief time some boats, in view of the exceptional conditions, might be operated directly by the Shipping Board or some governmental agency, but this is of doubtful expediency.

Third, there should be a careful inventory of the material on hand and steps be taken for its disposition. We should also insist that the Shipping Board with its unnecessary army of expensive employees should reduce its force to a number commensurate with proper and economical administration. An appropriation will be necessary, no doubt, for meeting the emergency of the present situation, but undoubtedly the House will be disposed to scrutinize the estimates of the Shipping Board and reduce the amount to the lowest possible figure.

The question now arises, What is the future policy which should be adopted for the maintenance of a mercantile marine? It is to be noted that in a recent report of July 26 the members of the present Shipping Board, which must not be held responsible for the work of their predecessors, have recommended the policy of discriminating duties. Also, the act of June 5, 1920, in section 34 stated that the judgment of Congress was that treaties or conventions which restrict the right of the United States to impose discriminating duties on goods entering the United States in foreign vessels should be terminated, and the President was authorized and directed within 90 days after the act became a law to give notice to the several Governments for the termination of such treaties. No such notice was given by President Wilson, and as was stated at the time of discussion in the Senate, this provision should be regarded as merely paving a way for such a policy without definite commitment to its adoption.

In the Underwood tariff act of October 3, 1913, there was a provision for a discount of 5 per cent in the duties to be collected on goods imported in vessels of the United States, provided this did not conflict with the provisions of any treaties between the United States and foreign nations. It will be noticed that this is much more limited in its scope than section 34 of the act of June 5, 1920. The allowance of this dis-

count was opposed by the Treasury officials, and their action was sustained by the Supreme Court of the United States in March, 1917, in a case known as the "Five per cent discount case." (243 U. S., p. 97.)

The question is then an open one for future consideration whether the attempt shall be made to promote the development of merchant shipping by discriminating duties.

I wish to express vigorous opposition to this method. It is true that under the original act levying tariff, of July 4, 1789, the preamble of which was "for the support of the Government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures," a discount of 10 per cent was allowed to ships of the United States on all duties imposed by the act. There were also discriminations much more substantial on teas imported from China or India. At that time tea was regarded as the most important article of import into the United States.

A later act of August 10, 1790, "An act making further provision for the payment of the debts of the United States," in the second section, levied an additional duty of 10 per cent on all goods which after December 31, 1790, might be imported in ships or vessels not of the United States.

This general policy of discriminating duties was maintained contemporaneously with growth in our merchant marine until 1815. It was supported by men of such prominence as Madison when a Member of the House of Representatives and Jefferson when Secretary of State under Washington.

Beginning, however, with the treaty of London with Great Britain in the year 1815, there was a gradual change in policy in case equal access was given to our ships in the ports of other nations and equal privileges as regards tariff. Discriminating duties were gradually removed.

The President was authorized to see that no discrimination existed and to relieve goods brought in foreign ships from additional duties provided the same privilege was afforded to our ships by foreign nations. The statutes having the most to do with this change were passed in 1824 and 1828. The President still has the authority to impose additional duties in retaliation against countries not giving equal treatment to our ships. Proclamations suspending the extra duties or imposing them were issued in recent years by Presidents Grant, Arthur, and Cleveland. These proclamations made reference to France, Spain, Portugal, and Japan.

It should be noted that this policy was adopted not altogether or primarily as a desirable rule of action, but in a time when there was discrimination against our ships by other countries. It was also a time when our imports exceeded our exports and by reason of an abundance of timber and our skill in shipbuilding the United States occupied a leading position in the building of wooden ships. When discriminations were abolished it was not thought best for us to continue the same policy.

The arguments against the adoption of discriminating duties at this time are based in the first instance upon the desirability of friendly relations with all commercial nations. In his last speech at Buffalo President McKinley said: "Commercial wars are unprofitable." Again, it is a fact that discrimination on our part would inevitably lead to similar retaliatory measures by the countries with which we trade. It should be borne in mind that our exports are far greater than our imports both in bulk and in value, and thus a return to methods of discrimination by all nations would be far more injurious to us than to the others. It should further be stated that a very large share of our imports are on the free list. At no time during the last 30 years have less than 41 per cent of our imports been on the free list, and during the operation of the Payne-Aldrich Act the proportion was more than 50 per cent. Under the Underwood law the proportion has been substantially larger. These free articles include tea, coffee, rubber, and many other commodities brought to the United States from countries with which there are the strongest reasons for developing trade. Under the tariff act of 1789 and for years thereafter practically all imports were subject to duty. In that statute there was a basket clause imposing a 5 per cent duty on all imports not otherwise specified as subject to duties excepting only certain materials such as copper, cotton, wool, and hides.

In a report filed by Senator Gallinger and a majority of his colleagues on a merchant marine commission in 1905, he opposed discriminating duties, and it was stated that 98 per cent of our imports from Brazil and 94 per cent of those from Central America were absolutely free from duty; from China 50 per cent, and from Japan 64 per cent.



In an earlier report by Senator George F. Edmunds, made to the Senate January 12, 1899, Document 59, page 7, he referred to treaties on this subject and advocated elimination of this method as a means for building up our merchant marine.

It is, I think, the predominant opinion of men interested in the business of shipping that such a policy would be unwise at this time and might lead to troublesome reprisals, also that capital would not embark in an industry which had to start out with such threat confronting it; it would require the cancellation of reciprocal equality in the movement of ships now contained in more than 30 treaties with the principal nations of the world.

The next method proposed is to foster shipping by subvention or subsidy. Propositions for a general subsidy on freight and passenger ships have always met with strenuous opposition in Congress, and that policy has never been adopted, though often advocated and in a variety of forms. There is a wide difference in the policies adopted by different countries. The basis of governmental aid is a recognition of the fact that shipping property is ordinarily less profitable than other investments, and that at the same time ships confer an exceptional benefit upon the countries to which they belong.

What are the forms of direct aid in vogue? They may be included under the heads of subsidy and subvention. A subsidy is granted to shipping as such merely for the promotion of navigation or trade without the exaction of any compensation or equivalent by the country involved. A subvention more properly relates to laws granting certain amounts to shipping companies but requiring as an equivalent some service or benefit, such as the carrying mails, the availability of the ships for use in the time of war, to which is frequently added the requirement that the subsidized ships shall be of a type useful to the Government as auxiliaries to its Navy.

England and Germany have adopted this latter policy of subvention on a very considerable scale, but have at no time granted subsidies to cargo ships. The plan was first initiated in Great Britain in the year 1838, when contracts were made with the Peninsular Co., afterwards known as the Peninsular & Oriental, for the carrying of mails to Spain and Portugal, and with the Cunard Steamship Co. for the carrying of mails to the United States. This policy has been continued and compensation is paid to mail steamships plying to outlying British possessions and to the leading countries of the world. This same policy has been adopted by the English Dominions, including Australia, New Zealand, South Africa, and Canada, with a strict provision in the case of Canada that preference shall be given to Canadian goods and Canadian shippers. Germany granted a subvention to the North German Lloyd Co. for service to the Levant and the Far East, also to the German East Africa Line, but it is to be noted that the principal German company—the Hamburg American Steamship Co.—did not care to give the equivalent demanded and thus declined the subvention.

Besides England, beginning in 1838 and Germany in 1886, Norway, Sweden, Italy, the Netherlands, and Brazil have resorted to the policy of mail subventions.

The granting of subsidies to cargo ships has been the policy of France, Italy, Austria, Hungary, Japan, and Spain. In none of these countries—although in several of them there is a bounty for shipbuilding as well as for the operation of ships—have the results been shown in marked increase of the mercantile marine except in Japan, and the increase in ships in that country has been contemporaneous with an unusual industrial growth. All of the countries last named give compensation for the carrying of mail as well as subsidies for tonnage.

It should be noted that other assistance to shipping has been granted by various countries, such as the repayment of tolls paid by ships going through the Suez Canal, preferential railroad rates as in Germany on goods to be shipped overseas, loans to shipowners at low rates of interest. The British Government in 1903 advanced approximately \$13,000,000 for the building of the *Lusitania* and *Mauretania* at a rate of interest of 2½ per cent. The same policy of making loans has been tried by Sweden, Russia, and Belgium. Exemption from taxation has been granted by some countries and in the United States by some of the States, as in Massachusetts and California. The laws of the State of New York exempt from taxation American-owned ships engaged in foreign trade. There was a similar law in Alabama passed in 1911, and in the State of Washington. There have also been regulations under which the State itself has owned and operated steamships, as in the case of the line owned by Belgium operating between Ostend and Dover; also in Italy on steamships operating between the mainland and Sardinia and Sicily. The countries in which there has been an ownership of ships are Belgium, Russia, Italy, Rumania, Brazil,

West Australia, Japan, and France. The United States also has owned since the purchase from the French Panama Canal Co. the ships of the Panama Railroad Co.—three in number. Under the regulations of certain Governments the administration has the right to name directors in steamship companies.

The question is still further complicated by regulations in regard to the right to purchase ships built in shipyards other than those of the country in which they are registered. Most countries have allowed purchase anywhere, but this has not been the usual policy of the United States. The Panama Canal act of 1912 allowed the purchase of ships for use in foreign trade if not more than five years old, and the ship registration act of August 8, 1914, removed the restriction as to age.

In the United States and some other countries the coastwise trade is reserved to ships operating under the flag of that country, though in England and Germany and most of the countries of Europe the traffic is open to boats of all nations. Japan has the same rules as the United States.

#### THE POLICY OF THE UNITED STATES.

The only direct financial aid paid by the United States has been the payment of mail subventions from 1847 to 1857, from 1864 to 1877, and from 1891 to date. Under a contract in pursuance of the law of 1847 the Collins Co., carrying mail between the United States and Great Britain, assumed a front rank among the steamboat lines of the world, though unfortunate in losing two of its ships, one in 1854 and the other in 1856. In 1857 payments were discontinued and the line was afterwards abandoned. A prominent feature in the abandonment of the mail compensation provided for in 1864 was the activity of a corrupt lobby in 1872 in seeking to obtain additional payments for the Pacific Mail Steamship Co.

The act of March 3, 1891, provides that the Postmaster General may make contracts for terms of from 5 to 10 years with American citizens for the carrying of mail on steamships to foreign countries. There are four kinds of contracts, varying with the speed of the vessels and other requirements; those of the first class must have a speed of 20 knots; second class, 16 knots; third class, 14 knots; and the fourth class, 12 knots. Under this law mail contracts have been entered into for boats running from New York to Southampton, Vera Cruz, Habana, and Venezuela; also from San Francisco to Australia. The total cost of contract service in 1915 was \$1,096,000.

In some remarks made here May 24 I pointed out some of the disadvantages to which American shipping engaged in foreign trade is subjected; among them is the tendency of capital and effort to engage in enterprises on land which are more attractive and offer greater promise, the earlier adoption on a large scale of iron and steel ships in Great Britain beginning in the early fifties, and the widespread destruction of ships by privateers during the Civil War; also the existence of a seafaring class in other nations in much larger numbers than here.

What shall be the future policy of the United States? How can we utilize this enormous fleet of 1,800 ships built at so great an expense? Unquestionably wooden ships are useless, and many of the steel ships built in the rush under the Shipping Board are not suited for our commerce. There is, however, a widespread desire, almost universal, that the United States should take a leading place among shipping nations. I would suggest, first, as already stated, the earliest possible transfer of the Government-owned ships to private individuals or corporations and the abandonment of Government competition or any participation whatever in the business. Private capital will not engage in shipping where those who embark their funds in shipping enterprises have to meet with competition from the Government while its ships are controlled by those unmindful of profit and loss. There will naturally be some delay in disposing of these ships. We can now realize that a great mistake was made when they were not sold long since; an offer of \$4,000,000 was made for the *Leviathan*, but an injunction was obtained against the sale. This injunction has cost the people of the United States millions of dollars, because the boat has been a great source of expense ever since. It is of exceptional size and a peculiar type and probably could not now be sold for any amount.

Second, contracts similar to those authorized by the act of March 3, 1891, for regulating mail and passenger lines to the leading ports in the outlying portions of the world. This statute will have to be liberalized; the requirements as to speed may have to be diminished. What is most to be desired is regular communication by steamers of the United States with Japan, China, Australia, New Zealand, South Africa, and other parts of the world with which commerce can and should be developed. There should be lines on both coasts of the United States to the ports of South America. Even if the present



expense is much increased, it will result in a most substantial benefit to the people of this country.

Great Britain is spending many times as much as we are for similar service and in one year during the administration of President Taft the profits on foreign postage were \$3,000,000.

We next come to the question of a subsidy to cargo steamers. Our cargo ships have been in past years at a disadvantage in comparison with other countries both in original or capital cost and in operating cost. They have been denied equality of opportunity. It has been estimated that a ship which could be constructed in a foreign country for \$800,000 would cost in the United States at least \$1,200,000. This has been due in part to the standardizing of models in other countries.

It is to be noted the expenses of shipping depend upon two main factors—capital cost and operating cost. In previous years ship companies in the United States have been at a disadvantage in both respects.

The situation presents an opportunity to do away with the disadvantages arising from capital costs; the Shipping Board has ships galore which could be sold at prices below those in foreign countries; this does not mean that they should be sold at a ruinous sacrifice, but the Government is better off without than with them. It is necessary that the larger part of the expenditures for these ships and of the operations of the Shipping Board should be charged to the expenses of the war. In the operating expenses of ships there is a material difference in this country because of the requirements for seamen and officers, as well as higher wages and better quarters, but we must remember that the country is not in favor of doing away with this restriction, though some features in our existing laws should be modified.

Just what should be done with reference to cargo steamers only the future can tell. It may be that diminished capital cost will compensate for the handicap of larger operating cost. It may be necessary to make payments to shipowning companies of the difference in the expenses of operation. If the Government desires to maintain, as it should maintain, a higher standard of wages, living and equipment on board these ships which must compete on the open seas with the whole world, those who operate them have a strong claim for Government aid. If we are to maintain a condition of preparedness a naval reserve is essential, and seamen as well as officers paid by the Government could be located on merchant ships as a source of supply in time of possible war or partial pay could be made to those available for the Navy.

Maybe after all the waste and confusion there will come a restoration of conditions in the early years of the Republic when the American flag was on every sea. But we hope, at least, that our merchant marine will resume its proud place on the ocean for the promotion of American commerce and the greater prestige to our people. [Applause.]

Mr. BYRNS of Tennessee. Mr. Chairman, I yield to the gentleman from Texas [Mr. CONNALLY].

Mr. CONNALLY of Texas had leave to extend his remarks.

Mr. BYRNS of Tennessee. Mr. Chairman, I yield the remainder of my time to my colleague, the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen of the committee, I wish to commend the subcommittee of the Committee on Appropriations for the investigation they have made of Shipping Board matters. I have listened to the speeches they have made with a great deal of interest, largely because of the fact, perhaps, that being a member of the Committee on the Merchant Marine and Fisheries I have had occasion to devote some time and attention to the same matter. The chairman of the Committee on Appropriations made a very fair and impartial speech, and I indorse his position and the position of the ranking Democratic member, my colleague from Tennessee [Mr. BYRNS], on the question of the settlement of claims and the employment of attorneys and commend them for the provisions in the bill which they had reported dealing with those matters. While these gentlemen have made very fair and impartial speeches, yet a great deal has been said by others for many months and even years, with regard to the past Shipping Board operations, and Mr. Lasker, the present chairman of the Shipping Board, has had a great deal to say not only in the hearings but in the press about the "very sick patient" that he found and the "shocking conditions" which he inherited. We will all concede—I do not suppose anyone will deny it—that many mistakes have been made by the Shipping Board and those under its employ. I do not rise now for the purpose of presenting any special brief for them except in the interest of fairness to call attention to certain facts and to say that I think the conditions in the past may to a large extent be justified, as they have been by Chairman Lasker

himself, who, after detailing in very graphic terms the "shocking conditions," was asked by the chairman of the committee who was to blame for that, when Chairman Lasker replied as follows:

I should say that the blame lay in the womb of the war, in the hurry with which it was started, and in the manner in which it was conducted from the very beginning. Whether it was in the men or the system, or both, I do not know. Of course, you can refuse this appropriation if you want to, but the thing has never had what I would call a Chinaman's chance.

I also call attention to the report of the Select Committee on Shipping Board Operations appointed by this Congress, of which the distinguished gentleman from Massachusetts [Mr. WALSH] was the chairman and upon which committee were other distinguished and conscientious Members of this House, the committee being composed of four Republicans and two Democrats. After making a very thorough investigation that committee made a unanimous report last March, which I deem well considered, intelligent, and fair. Among other things, this report, in its conclusions, states:

It must be remembered that the Shipping Board in dealing with the war emergency was confronted with many difficulties. The program of construction as well as operation was gigantic. It involved an expenditure of more than three and a half billion dollars, a sum greater than any expended by any corporation in a similar period of time. Many of the officials and board members were without experience in either shipbuilding or operation. No adequate organization existed at the beginning. A complete organization to carry out its large program had to be created. There was a shortage of shipbuilding skill as well as shipbuilding facilities. The need for ships was imperative, and constantly increased during the combat period.

Of necessity, under these conditions and when the time was of the very essence of the problem, waste and extravagance resulted. However, the committee has found no evidence to prove that dishonest or fraudulent motives actuated any members of the Shipping Board or any member of the board of trustees of the Emergency Fleet Corporation.

There has been waste and inefficiency and lack of coordination in the tremendous operations of this Government agency. The reason or justification given for this is the stress under the war emergency. No one will deny that there was a great emergency; that time was the most vital factor.

It is apparent, however, from the testimony taken by this committee that in the desire to speed up and accomplish results without counting costs, mistakes of judgment, lack of supervision, and a failure to give careful consideration resulted not in a saving of time but in delays. Considering the program as a whole, the accomplishments in the number of ships constructed, the tonnage secured, and the time within which the ships were completed and delivered constitute the most remarkable achievement in shipbuilding that the world has ever seen.

The said Select Committee on Shipping Board Operations made two definite recommendations—one a change of the contracts under which the Shipping Board vessels are being operated, as to which I shall later have something to say if I have the time, and their other recommendation was as follows:

It is the judgment of the committee that the shipping requirements of the Nation can not be best administered through a board of seven members, and while there may be some parallel along regulatory lines between the Shipping Board and the Interstate Commerce Commission, it is the view of the committee that what is needed is more centralization of administrative authority than can be had by a large board. Until this tremendous fleet is disposed of a competent person of experience should be placed in charge of the operations and a salary commensurate with the responsibility of this position should be paid.

The merchant marine act of 1920, enacted in June, 1920, increased the members of the Shipping Board from five to seven, and no efforts have since been made to reduce that number, in accordance with the recommendation of said committee. Furthermore, instead of selecting one competent person of experience and placing him in charge of the operations, as recommended by the said committee, Chairman Lasker has selected three men at aggregate salaries of \$95,000 per annum whom he has designated vice presidents.

It is a conceded fact that the chief losses in the operations of the Shipping Board vessels have occurred during the fiscal year ending June 30, 1921. While it is undoubtedly true that business depression, world-wide in nature, naturally played a large part in this result, yet Mr. Smull, one of the experts selected by Chairman Lasker, testified before the Committee on Appropriations that even now the large private ship operators are making money. That which undoubtedly played a large part in the losses referred to was the fact that during the last year our immense Government shipping interests were practically leaderless and rudderless, the business being largely directed by subordinate officials, due to the following situation, to wit: The merchant marine act of 1920 increased the Shipping Board to seven members and directed the appointment of an entirely new board. Congress adjourned the day following the passage of that law. Not even was an appropriation made to pay the salaries of the new board. President Wilson made recess appointments of the new board. When Congress reconvened, the Senate refused to confirm his appointments. President Harding did not appoint the members of the Shipping Board until June 8,



1921, they being sworn in a few days later, so that the largest business in the world's history was permitted to drift from June 5, 1920, to March 4, 1921, without a Shipping Board which had been confirmed by the Senate, and from March 4, 1921, until after June 8, 1921, a period of more than three months, without any Shipping Board whatever. Under those conditions what else could be expected except the result which followed? Of course, Mr. Lasker naturally found the business in a sick and demoralized condition. However, the former Democratic administration can certainly not be held justly responsible for that situation.

Much partisan criticism has been directed at President Wilson and the former Shipping Board because they did not sell the Government-owned ships prior to the slump in prices, when it is claimed they could have been sold at advantageous prices. Our merchant fleet was primarily constructed as a war auxiliary, and the return of our overseas troops, equipment, and supplies was not completed until the late fall of 1919. It is true that some of our ships could have been sold during 1919 and the early part of 1920 at much better prices than they could now be sold for. However, Mr. John Barton Payne, chairman of the Shipping Board during a portion of that period, stated before the Committee on the Merchant Marine and Fisheries that the Shipping Board would welcome legislation by Congress definitely defining the policy Congress desired the Shipping Board to pursue; that there was considerable controversy on the Shipping Board as to what should be done and as to the prices at which the ships should be sold.

It will also be recalled that there was very considerable controversy among Members of Congress and in the press upon the same subject, and the Shipping Board was enjoined from selling a number of German ships, at prices which Chairman Payne at the time considered to be advantageous, and subsequent developments have proven that he was correct. Chairman Payne further stated that while they could have sold some of the vessels on liberal terms, yet that they had not had an opportunity to sell any large number of the vessels.

During the recent hearings before the subcommittee of the House Committee on Appropriations there was a discussion as to whether the ships could have been sold prior to the present slump, and Chairman Lasker made the following significant statement:

It is only fair to say that if you had sold them, I think you would have most of them back now.

Chairman Benson has made the same statement in substance. In other words, what ships might have been sold would necessarily have been sold on time, and when the slump came and they were unable to make money or meet the payments, at least most of the purchasers would have turned their ships back to the Shipping Board.

The slump in prices, due to depressed business conditions, commenced perhaps in the spring of 1920, more than a year after the Republicans had come into power in both branches of Congress. If they had not been satisfied with the way things were being conducted, they could at any time have passed a law to carry into effect their views. However, although President Wilson and the Shipping Board had requested Congress to enact legislation defining the policy to be pursued with respect to our merchant marine, yet the Republican Congress enacted no such legislation until June 5, 1920, after which the conditions existed which I have heretofore described.

Instead of directing a change of policy, or the sinking and junking of our immense merchant fleet, section 1 of the merchant marine act, passed June 5, 1920, provides:

*Be it enacted, etc.,* That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws keep always in view this purpose and object as the primary end to be attained.

Instead of directing an immediate sale of the ships at whatever price they would bring, as some Members vehemently insist should have been done, section 5 of the said act provides as follows:

That in order to accomplish the declared purposes of this act, and to carry out the policy declared in section 1 hereof, the board is authorized and directed to sell, as soon as practicable, consistent with good business methods and the objects and purposes to be attained by this act, at public or private competitive sale after appraisalment and

due advertisement, to persons who are citizens of the United States except as provided in section 6 of this act, all of the vessels referred to in section 4 of this act or otherwise acquired by the board. Such sale shall be made at such prices and on such terms and conditions as the board may prescribe, but the completion of the payment of the purchase price and interest shall not be deferred more than 15 years after the making of the contract of sale. The board in fixing or accepting the sale price of such vessels shall take into consideration the prevailing domestic and foreign market price of, the available supply of, and the demand for vessels, existing freight rates and prospects of their maintenance, the cost of constructing vessels of similar types under prevailing conditions, as well as the cost of the construction or purchase price of the vessels to be sold, and any other facts or conditions that would influence a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell. All sales made under the authority of this act shall be subject to the limitations and restrictions of section 9 of the "shipping act, 1916," as amended.

Section 6 of said act authorizes the sale of certain ships to aliens upon certain restricted terms and conditions.

Instead of directing the board to stop the construction of ships then being constructed, or any portion of them, section 2 (4) provides as follows:

The board shall have full power and authority to complete or conclude any construction work begun in accordance with the provisions of such acts or parts of acts if in the opinion of the board the completion or conclusion thereof is for the best interests of the United States.

And section 11 of the act provides for entirely new construction as follows:

That during a period of five years from the enactment of this act the board may annually set aside out of the revenues from sales and operations a sum not exceeding \$25,000,000, to be known as its construction loan fund, to be used in aid of the construction of vessels of the best and most efficient type for the establishment and maintenance of service on steamship lines deemed desirable and necessary by the board, and such vessels shall be equipped with the most modern, the most efficient, and the most economical machinery and commercial appliances. The board shall use such fund to the extent required upon such terms as the board may prescribe to aid persons, citizens of the United States, in the construction by them in private shipyards in the United States of the foregoing class of vessels.

Attention is called to the remarkable requirement that such construction shall be "in private shipyards."

Instead of directing an abrogation of the contracts under which the ships were being operated, or directing a change in such contracts, or directing that the ships should be tied up, the said act contains provisions directly to the contrary, as follows:

SEC. 2. (1) All contracts or agreements lawfully entered into before the passage of this act under any such act or part of act shall be assumed and carried out by the United States Shipping Board, hereinafter called the board.

SEC. 7. The board is authorized to sell, and if a satisfactory sale can not be made, to charter such of the vessels referred to in section 4 of this act or otherwise acquired by the board, as will meet these requirements to responsible persons who are citizens of the United States who agree to establish and maintain such lines upon such terms of payment and other conditions as the board may deem just and necessary to secure and maintain the service desired; and if any such steamship line is deemed desirable and necessary, and if no such citizen can be secured to supply such service by the purchase or charter of vessels on terms satisfactory to the board, the board shall operate vessels on such line until the business is developed so that such vessels may be sold on satisfactory terms and the service maintained, or unless it shall appear within a reasonable time that such line can not be made self-sustaining.

SEC. 12. That all vessels may be reconditioned and kept in suitable repair and until sold shall be managed and operated by the board or chartered or leased by it on such terms and conditions as the board shall deem wise for the promotion and maintenance of an efficient merchant marine, pursuant to the policy and purposes declared in sections 1 and 5 of this act; and the United States Shipping Board Emergency Fleet Corporation shall continue in existence and have authority to operate vessels, unless otherwise directed by law, until all vessels are sold in accordance with the provisions of this act, the provision in section 11 of the "shipping act, 1916," to the contrary notwithstanding.

As to the character of the ships constructed, we have heard a great deal of comment. A question was propounded this afternoon by the gentleman from Michigan [Mr. SMITH] which, I think, indicates the average view on the part of the people generally, and that is that after we have expended this immense sum of money we really have nothing left. The fact of the business is, according to the testimony of all of the unbiased experts, that we have a very large number of very splendid ships. Mr. James A. Farrell, who could certainly have no selfish motive in praising these ships, which will come into competition with ships constructed in the future by the United States Steel Corporation, of which he is the president, in a recent speech in Cleveland, Ohio, among other things, made this statement with regard to the character of vessels which we have:

Aside from their cost, the steel ships were well constructed, and with a few exceptions compare favorably with the work of the best builders in any country. While we may only surmise what will ultimately become of the wooden ships which were built as a result of the dictates of military necessity, and in response to the appeal from our associates for ships and more ships, the fact remains that our steel ships are fine examples of the skill of American mechanics, and with a broad and enlightened maritime policy should prove useful in shaping the future of American shipping.

Later in the same address Mr. Farrell says:

The claim is made, and justly, that the cost of American ships must reasonably approximate the cost of their competitors, and that capital charges must be substantially equalized with those of our competitors. The fact remains that while a considerable number of ships built abroad have been sold under the stress of necessity at less than half the cost of production, as in the case of ex-enemy ships sold by Great Britain, the great bulk of the world's tonnage built during the war fairly approximates the average cost of our own fleet.

While somewhat aside from the particular phase of the subject I have been discussing, yet, in view of its very great significance, and particularly the source from which it comes, I wish to call attention to the fact that in discussing the future of our merchant marine Mr. Farrell makes the further statement that—

of necessity we must have return as well as outward cargoes.

Mr. Farrell is corroborated by Commander Gatewood and numerous other authorities upon the character and quality of our ships.

Notwithstanding the facts recited, Mr. Lasker, the present chairman of the Shipping Board, has devoted most of his time to condemning, disparaging, and advertising to the world what he has pleased to term a very sick and unsuccessful business and a lot of sick ships. He was called to the head of the Shipping Board to build up and dispose of our vast Government shipping interests, but he seems to be determined to destroy the investment. He talks much more about sinking the ships than he does about selling them. He seems infinitely more concerned about "saving his own mutton" than he does in the welfare of the "sick patient" which he says he has inherited. It is understood that he made his reputation and success in the advertising business, but I am sure that he did not make that success by advertising and magnifying the defects and the worthlessness of the goods that he sold or advertised for sale, prior to the time he entered the service of the Government.

In his Cleveland address last May, James A. Farrell made this statement:

While the valuation that must ultimately be placed on the ships will bear no relation to their original cost, it is questionable whether under present conditions any considerable tonnage could be sold except at a sacrifice which is not warranted, pending a revival of business in foreign markets, and considering the nominal cost of maintenance tied up, and further considering that the world is oversupplied with tonnage and that there will be no demand, except for certain special types, until the present supply is absorbed.

Mr. Smull, one of the experts employed by Chairman Lasker, in the recent committee hearings stated: "There is no possibility of selling boats to-day at any price." Chairman Lasker made the same statement in substance. The chairman of the Appropriations Committee [Mr. MADDEN] in his speech to-day stated: "There is no chance to sell the ships now. You could not give a ship away." In spite of this situation, Chairman Lasker proceeded to advertise for sale the remainder of the wooden ships, 285 in number. Not satisfied with the fact that on account of existing conditions there was no sale for the ships, and in order to destroy any possibility of a chance to sell them, Chairman Lasker immediately began to berate the wooden ships in the most violent manner. He stated that, "These boats are absolutely useless," and "should be sunk." He was asked the following question and gave the following reply:

Mr. KELLEY. Of course, this is not the right time to sell any kind of ships. You would have considerable difficulty in selling a steel ship would you not?

Mr. LASKER. I make the prediction that you will never reach the time when you will sell these wooden ships. You can not give a ship away to-day. I mean that literally, if a man must pay the cost of operation.

Later in his testimony Chairman Lasker stated:

I am going to sink the boats if we can not sell them or give them away.

At which point Mr. KELLEY, of the Committee on Appropriations, stated:

Of course, with your declaration to that effect you would not expect to get much of a price for them hereafter.

All of this occurred after the wooden ships had been advertised for sale and before the date on which the bids were to be opened, and Chairman Lasker's testimony was widely quoted in the press.

In spite of the conditions described, when the bids on the wooden ships were opened a few days ago, according to press reports, they received for what Chairman Lasker termed "absolutely worthless ships" a bid of \$2,100 each for the bulk of them, and higher prices for ships in smaller numbers, and this at a time when the authorities stated there was not even any sale for steel ships. Even selling them at this figure at this time would be better than sinking them at an estimated cost of \$200,000 as advocated by Chairman Lasker. He has much to

say about the cost of maintaining these ships. However, it occurs to me that if no attention was paid to them and no expense incurred in connection with them pending the return of more prosperous times, they would not deteriorate much more than they would at the bottom of the sea.

We have heard a good deal said to-day in proper and righteous denunciation of the MO-4 contracts made by the Shipping Board with the operators of the ships. It was an outrageous contract from the standpoint of the Government, and I indorse the criticism that has been made of it. I think that it would have been infinitely better to have tied up the ships than to have entered into that kind of a contract. Chairman Lasker denounced these contracts and among other things stated: "The contract is the most shameful piece of chicanery, inefficiency, and of looting the Public Treasury that the human mind can devise. I am speaking in superlatives when I know that superlatives usually defeat a man's motives. Yet we have to let that contract run on for a time." In reply to a question by a member of the committee, Mr. Lasker admitted that such contracts were subject to cancellation at any time. The chairman and other members of the committee tried to get Chairman Lasker to say that these contracts would be canceled. The most favorable assurance that could be elicited from him was that the contracts would be abrogated "ultimately," when "world conditions change." He stated: "Having inherited this condition, it is not always economical nor efficient to act on it too quickly until you have something better to substitute." This in spite of the fact that he had been at the helm for seven weeks and has the assistance of his three high salaried experts.

It was shown at the hearings that the Shipping Board has about \$500,000,000 of liquid assets consisting chiefly of obligations due the Shipping Board from ship operators, from cities and municipalities, and for money advances, and so forth; the accounts and notes receivable are stated to be about \$285,000,000. Upon being asked by the chairman of the committee as to whether he could put in the Record a list of the names of the people who owe this money, Chairman Lasker replied: "It should not be done until thoroughly organized because the information might financially injure a lot of people." Upon being further questioned as to the possibility of collecting on some of those assets instead of calling upon Congress for additional appropriations, Chairman Lasker manifested his very great solicitude for these creditors, as shown in the following colloquy:

The CHAIRMAN. Tell us why it should not be done.

Mr. LASKER. It should not be done until it is carefully studied, because we might get a great deal more or less than they are worth, and that might upset a great many people. Then we can not realize on most of them until Congress gives us the resolution which we have asked for.

The CHAIRMAN. Why not?

Mr. LASKER. Because a great deal of it would throw the concerns into bankruptcy and then they would go through the bankruptcy courts, and goodness knows what you would get or when you would get it.

The CHAIRMAN. In the meantime they are drawing on the taxpayers of the United States.

Mr. LASKER. These are taxpayers, too.

Contrasted with his solicitude for these creditors of the Government and his disinclination to disclose their names and obligations for fear it might embarrass or injure them, we have Chairman Lasker's lack of solicitude for the Government interests in vociferously disparaging Government property offered for sale, and in widely advertising what he terms "the greatest commercial wreck in history," which is certainly not calculated to insure either purchasers or operators. Mr. Lasker stated at the hearings:

I am not an expert in shipping, but I take a little pride in being an expert in publicity.

However, his desire to gratify his pride in expert publicity runs in peculiar channels; his pride asserts itself only in spots—when the Government interests are adversely affected.

The CHAIRMAN. The gentleman from Tennessee has only five minutes remaining.

Mr. DAVIS of Tennessee. One of the chief troubles of the Shipping Board business in the past has been that it has been largely managed and operated by its competitors. None of us would be foolish enough to expect a private business enterprise to succeed if managed by its competitors, and yet that is what has been taking place with respect to Shipping Board operations all the time. In saying this I do not intend any reflection upon the integrity of any member of the Shipping Board, past or present. They were not practical shipping men and were compelled to employ many subordinate officials who were acquainted with the shipping business. However, I think that they have made many mistakes of judgment in such appointments.



Alfred W. McCann, writing in the New York Globe and Advertiser, said in part:

It must be remembered that in "the greatest wreck in American history" the officials who have been in charge of the Shipping Board from the beginning have been the picked representatives of the biggest private steamship corporations in America and England.

The truth is that with the exception of the highly successful Panama Steamship Co., which is entirely owned and operated by the Government, though the people are rarely permitted to hear anything about it, the United States has not now and never has had a Government operation of Government-owned ships.

The Shipping Board never lacked shipping brains or business brains at any time since its creation. The very brains which it exhibited while it was being wrecked are the brains that have made tremendous successes of privately owned shipping companies. The Shipping Board never operated a rowboat, though it lost \$4,000,000,000 of the people's money by turning its 2,000 ships over to the mercies of the very individuals who sought to prevent the passage of the act that created them.

There is no mystery in the wreck. The men under whose direction it has been accomplished are alive, successful, and rich, though the Shipping Board which they directed is a failure and a bankrupt.

Powerful private interests would be greatly benefited by our Government merchant marine interests being wrecked and the ships sunk. It would materially lessen the competition for private shipping interests and would materially increase the future demand for ship construction. With over 1,700 Government ships afloat, there is not much prospect for a revival of the ship-construction industry any time soon.

I am sorry to say that instead of eliminating the situation to which I have just referred, we are apparently getting "deeper in the mire."

The conference report on the merchant marine act of 1920, containing 36 closely-printed pages, pertaining to a 59-page bill and 149 Senate amendments, was jammed through the House on the last night of the second session of the Sixty-sixth Congress. While the bill contained many excellent provisions, yet in my opinion it contained many vicious and indefensible provisions. Speaking in opposition to the adoption of the conference report, I said in part:

This bill as reported contains provisions adopted at the instance of and for the benefit of certain private shipping and railroad interests, and was written by their representatives. In fact, the tenor, general purport, and apparent purpose of the bill is to take care of the private shipowners and other interests instead of to protect the stupendous interests of the American people.

After dramatically declaring that he had drawn a red line from July 1, 1921, against the past mistakes and record of "the greatest commercial wreck in history," Chairman Lasker has appointed as vice presidents, having supervision over the divisions of operations, and so forth, three men who were important officials in the old Shipping Board organization. According to undenied newspaper reports, these three men were selected for Chairman Lasker by the American Steamship Owners' Association and the United States Ship Operators' Association; in fact, Chairman Lasker is said to have publicly announced that he will be guided by the advice of the officials of the above-named associations. It is stated upon reliable authority that all of the Shipping Board's operators are members of one or the other of those associations.

The names of these three men are J. Barstow Smull, W. J. Love, and E. J. Frey.

According to the testimony of Chairman Lasker at the committee hearing, Mr. Smull is a member and half owner of the firm of Winchester & Co., one of the largest, if not the largest, American shipping brokerage firm, which firm has made as high as \$500,000 profit in a year.

Mr. Love was formerly an official of the International Mercantile Marine and was later in charge of the British shipping concern of Furness, Wythe & Co., one of the two largest operators of tramp boats in the world, and said to be the largest British shipping concern in the world, whose head, Sir Frederick Lewis, was the active head of the British ministry of shipping during and after the war. Messrs. Smull and Love, together with P. A. S. Franklin, president of the International Mercantile Marine, composed the charter committee under the Shipping Board, having full charge of the allocation of all ships used for merchant-marine purposes under the American flag during the war. Messrs. Smull and Love are each to be paid a salary of \$35,000 per year by the Shipping Board. There has been no announcement that they have severed their connection with their companies, although competitors of the Shipping Board.

Mr. Frey was formerly vice president of a company operating boats out of Los Angeles, having previously been employed for many years by the Pacific Mail Steamship Co. He served as an official of the Shipping Board, in charge of ship construction in the southern Pacific division, at salaries ranging from \$7,500 to \$10,000. Leaving the Shipping Board he became chief assistant to the president of the Pacific Mail Steamship Co., closely affiliated with the International Mercantile Marine. Chairman Lasker has called Mr. Frey back into the service of the Shipping

Board at a salary of \$25,000 per year. I presume that Chairman Lasker considers that there is efficacy in letting a man go and then reemploying him at a largely advanced salary. In fact, Mr. Lasker seems to measure the qualifications of men by the salaries they are paid.

While I must say that I am not favorably impressed with the beginning he has made, yet I sincerely trust that Chairman Lasker may find his bearings, acquire the right attitude, and make good in the important position to which he has been assigned.

The solution of our important merchant marine problem should not be treated as a partisan one. It is neither a Democratic nor a Republican proposition. The persistent efforts to hold President Wilson and the Democratic Party responsible for the past mistakes have been misdirected. Democrats and Republicans alike created the Shipping Board and the Emergency Fleet Corporation and voted the appropriations for the purchase and construction of our merchant marine fleet in accordance with the platform declarations of both parties. If there were, in fact, graft and looting, in addition to waste and extravagance, made possible by the confusion and chaos of war conditions, it must be admitted that the chief looters and beneficiaries were among the high priests of "big business," large contributors to the campaign chest of the Republican Party. A large percentage of those who participated in the Shipping Board and Emergency Fleet Corporation affairs have been Republican; in fact, President Wilson made no discrimination in this respect. At different times he called to the helm such prominent Republicans as Gen. George W. Goethals, Charles M. Schwab, and Charles Piez, and such Democrats as Edward N. Hurley and John Barton Payne, all with such reputations for ability and integrity as to give assurance that they would measure up to the important duties to which they were called.

The disposition of our tremendous merchant marine investment is of sufficient importance to deserve and have the considerate attention and patriotic assistance of all citizens regardless of party affiliations. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. WALSH].

Mr. WALSH. Mr. Chairman, it is an easy matter sometimes to view from a distance a condition and a situation and to be able to tell how it should be remedied and corrected down to the finest detail, but as the gentleman from Ohio [Mr. BURTON] has well said, the Shipping Board situation presents a condition and not a theory. It does not benefit much in this particular piece of legislation to dwell upon the mistakes and the waste and extravagances of the past, because those matters can be left until we are called upon perhaps to appropriate to pay for some of these claims that will be filed arising out of those conditions. We are here to determine whether we are going to give the present board \$48,500,000. And all we have to guide ourselves upon this particular request, all that is specific, is the printed pamphlet of hearings.

Now, I am one of those who is not quite satisfied with the reasons given by the chairman of the Shipping Board. I am not satisfied that the manner in which he has thus far undertaken to carry out the policy is one that will lead to either economy or efficiency or good results. We have seven men and are paying them \$12,000 a year each. They were appointed to run the Shipping Board. There is not one of them a competent, experienced shipping man, and yet the first thing is to employ three men at fabulous salaries. I submit that one is sufficient. The next thing, they are employing a number of highly compensated attorneys. Well, if they are to continue that and to discharge the lower priced employees that they have to-day, the result will be in the end that they will not save very much money.

The chairman of the board is pretty strong on promises, but he is pretty weak on facts, according to these hearings which have been held by the Appropriation Committee. And yet the distinguished chairman and other members of that committee are to be complimented upon reducing this estimate in the manner in which they have, although there are not very many facts to substantiate the amount which they have reported. I believe the amount is too high. They have \$53,000,000 available, if they will endeavor to get rid of some of the surplus material which they have on hand. The chairman is very solicitous about some of these incompetent operators that they fear might be put into bankruptcy, but I say if this Shipping Board program continues as in the past, even since the armistice, it will present a situation where I fear the National Treasury will go into bankruptcy or some of these operators will do so. I doubt if there is more than half a dozen of them that have met their



obligations under this MO-3 agreement, or under contracts under which they are operating these ships. They should be brought to terms. If it means the tying up of these ships, they should be tied up and the Government relieved of the financial responsibility and losses arising out of incompetency in operation.

Mr. OLIVER. Will the gentleman yield?

Mr. WALSH. I have only five minutes. I regret I can not yield to the gentleman.

Now, Mr. Chairman, I believe that within seven weeks after the new board has taken charge it is rather astounding that they should walk up and ask for \$125,000,000 and include \$25,000,000 that they already have available, and present facts and figures to the Appropriations Committee and then say, as the chairman said, "Here are the facts; here are the figures, but I have no confidence in them," and say further, "I do not desire to present any alibi." But that is what he is doing, because he followed it up in every instance with the statement, "I want to be in a position when I come up here next December where you will not be able to confront me with what I have said here as showing any confidence in the facts and figures I have presented."

I believe, sir, it is unnecessary at this time to grant them \$48,000,000, and I believe that they could get along with a very much less sum. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

#### UNITED STATES SHIPPING BOARD.

For expenses of the United States Shipping Board Emergency Fleet Corporation for losses due to the maintenance and operation of ships and for administrative purposes, \$48,500,000: *Provided*, That no part of this sum shall be used for the payment of claims other than those resulting from the current maintenance and operation of vessels: *Provided further*, That no part of this sum shall be used to pay the compensation of any attorney, regular or special, for the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation unless the contract of employment has been approved by the Attorney General of the United States.

Mr. BYRNS of Tennessee. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BYRNS of Tennessee: On page 2, line 2, after the word "sum," insert "or of any other funds in the United States Shipping Board or Emergency Fleet Corporation."

Mr. MADDEN. Mr. Chairman, I make a point of order on that.

Mr. SANDERS of Indiana. I make a point of order against that, Mr. Chairman.

Mr. MADDEN. That is a change of law. It is not germane to the subject matter.

The CHAIRMAN. The Chair will hear the gentleman from Illinois.

Mr. WOOD of Indiana. Mr. Chairman, I make the further point of order that the amendment proposes a limitation upon an appropriation other than the appropriation carried in this bill, which is not permissible.

The CHAIRMAN. Does the gentleman from Illinois [Mr. MADDEN] care to be heard?

Mr. MADDEN. I simply wish to repeat what I said. It is a change of law. It does not deal with the subject matter of the bill. It deals with appropriations already passed, and therefore is not in order on the bill.

Mr. BYRNS of Tennessee rose.

The CHAIRMAN. The Chair will hear the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS of Tennessee. Mr. Chairman, I think that if this whole paragraph itself were not subject to a point of order the point of order made by the gentleman from Illinois [Mr. MADDEN] would be well taken, because it is true that this amendment does apply to appropriations heretofore made or to funds that may come into the possession of the Shipping Board through its operations. I have simply offered this amendment to carry out the idea suggested by my friend from Illinois [Mr. MADDEN] when he said that he was opposed to giving the Shipping Board or the Emergency Fleet Corporation any authority to settle any claim in advance, and that he favored, after these awards are made, an opportunity on the part of Congress to investigate them and make an appropriation at that time if Congress approved them. The effect of this particular provision in the bill limits such settlements to \$48,500,000, but the Shipping Board has authority to use \$55,000,000 if it can collect it from certain sales, and so forth, and it expects to be able to collect some considerable amount on deferred payments in the past, so that there will be a fund not carried in this bill

that it can use to settle claims. In addition it has operating receipts that it can use unless a provision of this kind is adopted.

Mr. MADDEN. Mr. Chairman, I will say to the gentleman that I am in favor of maintaining the rules of the House with respect to legislation on appropriation bills. I am in favor of limiting the right of the Shipping Board to use any funds for the payment of claims, but I think it should be done by legislation in the proper way, and I shall be glad to cooperate with the proper committee to pass the legislation indicated by the gentleman from Tennessee.

Mr. BYRNS of Tennessee. I am sure the gentleman agrees with me in principle. But I submit that this amendment is in order, Mr. Chairman, for this reason: This paragraph itself is subject to a point of order.

Mr. MADDEN. I do not concede that.

Mr. BYRNS of Tennessee. But no one has made the point of order. I think I can point it out to the gentleman and he will see it. No point of order has been made, and it is too late now to make it.

This paragraph changes the existing law, increasing the jurisdiction of the Attorney General of the United States. There is no law now that requires the Attorney General of the United States to pass upon the compensation of attorneys or upon contracts made for legal opinions and counsel in other governmental activities. This bill places that duty upon him, and therefore it is clearly subject to a point of order.

The Chair, of course, is familiar with the rule, that where a provision is subject to a point of order, an amendment to that provision which otherwise would be subject to a point of order is in order, if germane, and certainly no question can be made as to the germaneness of this particular amendment.

Mr. SANDERS of Indiana. Mr. Chairman, I think the proposed amendment is very clearly subject to a point of order.

It is subject to the point of order notwithstanding the statement made by the gentleman from Tennessee that the paragraph itself might have been subject to the point of order. I am not conceding that; but whether it would have been subject to a point of order or not has nothing to do with this proposition, because although the paragraph itself were subject to a point of order, yet if an amendment is offered which proposes a new illegality, it is still subject to a point of order. This is a specific appropriation which under the rules of the House would permit of no amendment involving new legislation, except that under the construction of the rules of the House there is permitted a limitation upon that appropriation. Now, it is proposed by the gentleman's amendment, not that there shall be a limitation upon that appropriation—and he does not propose an additional limitation to that appropriation—but he proposes a limitation upon appropriations covered by former legislation. Under the general rule of germaneness it is not at all germane to this legislation.

The CHAIRMAN. The Chair is ready to rule. The general rule, as the Chair understands it, may be found in Hinds' Precedents, section 3927:

A limitation may be attached only to the money of the appropriation under consideration and may not be made applicable to money to be appropriated in other acts.

The Chair thinks that citation is supported by many precedents. This appropriation bill appropriates the sum of \$48,500,000 for the use of the Shipping Board Emergency Fleet Corporation. The amendment seeks to place a limitation in the following words:

Or of any other funds of the United States Shipping Board Emergency Fleet Corporation.

If this were proper it would place a limitation upon any fund that was in the control of the Shipping Board Emergency Fleet Corporation, it matters not from what source it came or from whence it was derived. The Chair does not think the amendment is in order, and therefore sustains the point of order.

Mr. OLIVER. Mr. Chairman, I offer an amendment, which I ask the Clerk to read.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. OLIVER: Amend by adding, after the word "States," page 2, line 10, the following: "Provided further, That no officer or employee of the Shipping Board shall be paid an annual salary or compensation in excess of \$12,500."

Mr. SANDERS of Indiana. I make a point of order against that amendment. That is not a limitation.

The CHAIRMAN. The Chair will hear the gentleman on that.

Mr. SANDERS of Indiana. That is not a limitation on this appropriation. It does not say that this fund shall not be used for that purpose. It is a positive legislative enactment.

Mr. OLIVER. It is a limitation.



Mr. SANDERS of Indiana. It is not offered as a limitation. It does not purport to be a limitation.

Mr. OLIVER. I think it is a limitation.

Mr. SANDERS of Indiana. It does not say—

*Provided*, That these funds shall not be used for this purpose—

but it is a specific legislative enactment prohibiting certain things.

Mr. WALSH. It is a limitation that is only good for a year.

The CHAIRMAN. Does the gentleman from Alabama care to be heard on his point of order?

Mr. OLIVER. It is only good for a year.

Mr. STAFFORD. If the Chair will hear me, I have some doubt whether the amendment is not in order under the Holman rule, and I direct the attention of the Chairman to that provision of paragraph 2, Rule XXI, which makes in order amendments when they are for the reduction of the compensation of any person paid out of the Treasury of the United States. This amendment, I take it, is for the reduction of a salary paid out of the Treasury of the United States. As the Chairman will note, there are three specific instances in which legislation may be in order under the Holman rule, which relates particularly to provisions carried on appropriation bills:

Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States, by the reduction of the compensation of any person paid out of the Treasury of the United States, or by the reduction of amounts of money carried by the bill.

The second provision seemingly would justify this amendment as being within the scope of the Holman rule.

Mr. SANDERS of Indiana. That might be true, if it dealt with this appropriation alone.

Mr. MADDEN. The amendment of the gentleman from Alabama is clearly general legislation seeking to fix the compensation of men employed in a given activity of the Government.

The amounts to be paid the employees of the Shipping Board are not fixed by law; they are fixed by Executive authority. The gentleman from Alabama seeks to legislate and fix compensation. Surely it can not be said that any language proposing to fix compensation of employees is in order on an appropriation bill under the rules of the House.

Mr. DOWELL. I did not hear the reading of the amendment clearly, but is not this a limitation not to exceed a certain amount? Is it not in order under the form of a limitation?

Mr. MADDEN. No; this is legislation.

Mr. DOWELL. I did not quite catch the reading of it.

Mr. MADDEN. I will say to the gentleman from Iowa that the limitation placed on this appropriation in the bill fixed by the committee was placed there with the knowledge of what the Attorney General's policy is. We consulted with the Attorney General about the limitation placed in the bill, and he advised us that the policy of his office is to see that no attorney, no matter how important he may be, no matter how important the case may be, his compensation shall not exceed under any circumstances the salary of the Attorney General.

Mr. GARNER. But he does not control the other employees.

Mr. MADDEN. No; but this is dealing with attorneys. This provision of the bill is dealing with attorneys, and the gentleman from Alabama is seeking to amend that limitation by inserting legislation dealing with another subject.

Mr. OLIVER. Mr. Chairman, the gentleman from Illinois insists that the proviso conferring authority on the Attorney General to pass on the compensation and wages of those rendering legal service to the Shipping Board is in order. If that be in order, it follows that it is in order to limit the amount paid other employees. If his argument is sound that while it is a matter purely of administration to determine the pay of Shipping Board employees, yet it is in order to withdraw this authority from the Shipping Board and confer it on the Attorney General, then this amendment limiting the pay of all employees is by the force of that reasoning clearly in order.

Mr. MADDEN. Nobody raised the point of order.

Mr. OLIVER. I understood the gentleman to say that it was not subject to a point of order, and my argument is predicated on that admission. I am frank to say that the amendment I offer was drawn with no idea of limiting it to the appropriation carried in this bill, and for the evident reason that I felt Congress was interested in the passage of laws designed to save the Treasury of the United States, and not simply to write a meaningless and ineffective pretense at economy. The House knows that there is available, under an appropriation or authority carried in the sundry civil bill, about \$55,000,000 for the overhead and operating expenses of the Shipping Board, and a mere limitation on the appropriation carried in this bill

would not deny authority to pay these excessive salaries out of other appropriations now available. Unless you limit the amount to be paid as salaries, and not simply restrict the use of the pending appropriation, the board will claim the right to pay more than \$12,500 as salaries out of another appropriation heretofore made. That is why I drew the amendment in its present form. I think it clearly in order for the reasons given by the gentleman from Wisconsin, namely, that it comes within the Holman rule, and is a limitation on expenditures out of the Treasury.

The CHAIRMAN. This question is not without its difficulties to the Chair. The amendment which is offered is:

*Provided further*, That no officer or employee of the Shipping Board shall be paid an annual salary or compensation in excess of \$12,500.

This plainly is legislation and unless excepted by some rule would not be in order on an appropriation bill. The Chair has not been able in the limited time allowed him to find any precedent, if there be any, on this particular question. However, the so-called Holman rule, section 2 of Rule XXI, seems to give the Chair all the light that is necessary for the Chair to have here. It provides:

No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law, unless in continuation of appropriations for such public works and objects as are already in progress. Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number and salary of the officers of the United States, by the reduction of the compensation of any person paid out of the Treasury of the United States, or by the reduction of amounts of money covered by the bill.

In the judgment of the Chair this has the effect to reduce the compensation of certain persons paid out of the Treasury of the United States. All the light the Chair has on the subject is gathered from the debate during the discussion on this bill, but it is evident to anyone that there are salaries paid largely in excess of \$12,000. The Chair is of the opinion that under the rule cited the amendment is in order, and therefore overrules the point of order.

Mr. KELLEY of Michigan. Mr. Chairman, I rise to oppose the amendment. While I sympathize entirely with the general principles underlying the amendment, I have grave doubts whether it would be wise just at this particular juncture to limit the salary that could be paid to any officer or employee of the Shipping Board to \$12,500 a year, especially in the operating department of the Shipping Board. We have now something over 9,000,000 tons of shipping. It requires a very intimate knowledge of trade routes and an intimate knowledge of world commerce to handle such a tremendous volume of shipping as that. I know very well that if I were a member of the Shipping Board I would not ask any better excuse if I failed in the end to make good than to say that Congress so limited the board in its effort to create an efficient organization that experienced men could not be had to handle this enormous shipping enterprise. Three men have been appointed as operating managers at a salary in excess of the amount named in the amendment. It may be that the salaries paid are excessive. They amount in the aggregate to \$95,000 for the three. But we must not forget that last year we lost \$200,000,000 in operations; and if these three men—experienced shipping men—can reduce that loss, or, better still, wipe it out entirely, their employment would be a very fine investment. At least, I do not want to take the responsibility of having the Shipping Board say that Congress made it impossible for them to put men in these important positions with experience sufficient to handle the business, and that therefore they failed. I think we had better go a little slow. Let us give this new board six months to see what they can do, and if by paying these salaries for these three operating men the deficit can be decreased by millions the investment will be worth while. I do not pretend to say that I have a great confidence that this much desired result will be realized, but I am willing to make the experiment for that length of time. I believe we had better let this new board have a little latitude for six months. They have talked pretty generously as to what they hope to be able to accomplish. Let us give them a chance. At least, let us not spike the very center of their organization for operations almost before they start.

Practical experienced shipping men to handle the fleet are absolutely necessary if we hope for any measure of success. Such men possibly can not be had for \$12,500 per year.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. KELLEY of Michigan. Yes.

Mr. MILLER. Were these \$30,000 men in the employ of the Shipping Board during the time that we sustained this \$200,000,000 deficit?

Mr. KELLEY of Michigan. No; but during the war they were. I think there has been a misapprehension about that. If my memory serves me correctly, during the war these men did serve with the Shipping Board. But not in recent months.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. KELLEY of Michigan. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KELLEY of Michigan. During the war Mr. Frey—I do not remember about the others—was employed in the Shipping Board at a salary of \$7,500 or \$8,000 a year, not as an operating man, but as manager of construction in San Francisco, and he made a splendid record. Whether during any other period he could have been obtained for such a salary is not likely, because at the time he was appointed to his present position, so the chairman of the board says, he was drawing a salary of \$25,000 a year for operating ships on the Pacific. I know nothing about that personally. The other two gentlemen are successful shipping operators on the Atlantic coast. They have not been employed, as I understand it, recently with the Shipping Board at all, but during the war they were, but at just what salary I do not know. No doubt it was much less than they could be secured for now. The operation of our ships is in a horrible tangle. We must have experienced successful men at the head of operations.

If we do not we will have to stand heavy losses next year, just as we had last year. We can not wait to train men up for the business. Some one must take hold immediately who knows the business. Let us place no obstacles in the path of the board in the matter of employing successful ship operators to handle the fleet.

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. KELLEY of Michigan. Yes.

Mr. JOHNSON of Mississippi. How many men are employed at \$35,000 a year?

Mr. KELLEY of Michigan. There are two operating managers at \$35,000 a year and one at \$25,000 a year, making three men who operate this fleet of nine or ten million tons. If these men make good and wipe out or heavily reduce this tremendous deficit of \$200,000,000 sustained last year the investment will be a good one. Personally I do not want Mr. Lasker or anybody else, in the event of failure, to say that the reason he did not succeed was because Congress did not permit him to hire experienced, successful men to handle this great fleet of ships. [Applause.] We must not forget that it is one-fifth of the total tonnage of the world.

Mr. HARDY of Texas. There is also an assistant chairman at \$20,000 a year, is there not?

Mr. KELLEY of Michigan. I dare say, and perhaps others. I am not pretending to justify the salaries. In fact, I do not approve of them, but we are in a desperate situation. Last year we sustained a loss of \$200,000,000 in operations, largely because of inexperience and incompetence, and if there is incompetence next year I want to know where to put the blame, and I do not want any part of it shouldered onto Congress. [Applause.]

Mr. MADDEN. Mr. Chairman, we may as well have a clear understanding of the situation. There is no use in trying to fool ourselves. This is not the only board that paid high salaries. There is only one difference between what is being done now and what was done in the past. This board is open; it tells you what it is going to do. The high salaries that were paid by former boards were paid to men whose names were not on the pay roll.

They paid them by special voucher on the Treasury of the United States and their names have not been put where people can find them, and in response to a request from me the chairman of the Shipping Board wrote me a letter a day or two ago to this effect—that if he were to be required to furnish me with the names of those who were drawing more than \$10,000 a year under the old Shipping Board he would be compelled to hire a force of 20 clerks for six months to go through the vouchers in the Treasury—

Mr. McDUFFIE. That does not make it right.

Mr. HARDY of Texas. Will the gentleman yield right there?

Mr. MADDEN. Let me make this statement—

Mr. HARDY of Texas. I just want to ask one question.

Mr. MADDEN. Yes.

Mr. HARDY of Texas. Does not that very statement the gentleman has just made make it the more apparent that this limitation is necessary?

Mr. MADDEN. Well, whatever is being done now is being done openly and above board. Now, let me simply make this

further statement: We need experts to manage these ships. A great deal of the shipping owned by the United States is now idle; it is idle because in many cases they have been unable to make rates. When the ship broker came to American shipping to get a rate under the old board he had to communicate with Washington. The board was called together. It took a week to make a rate, and before the rate was made some British ship was halfway across the Atlantic with the cargo and our ship was tied up at the docks. Now, a plan has been inaugurated. These experts have inaugurated a plan. They are able to make a rate to-day competing for cargoes anywhere in the world. [Applause.]

They do not have to come to the Shipping Board and an American ship can get a cargo in competition with other ships belonging to any nation in the world. We have been told by those who have charge of the active work of making rates and managing ships for the Shipping Board that great shippers, who heretofore have refused to ship their goods on American ships because of uncertainty of conditions, are now willing to give their business to the American ships. Seventy-nine per cent of their business went to other nations' ships and they are giving it to the American ships to-day and will as long as we continue to give them service and are able to act, but you can not act intelligently unless you have men who are qualified.

Mr. ROSENBLOOM. Is it not a fact that the independent shipping concerns are paying men as high as \$75,000 a year?

Mr. MADDEN. I do not know what they are paying.

Mr. ROSENBLOOM. As a member of the Committee on Merchant Marine and Fisheries I know that was testified to—

Mr. MADDEN. I want to confirm what my colleague the gentleman from Michigan [Mr. KELLEY] says. I do not want the Shipping Board to come back here six months from now and say that we have hog tied them and because of that they failed. I want to place the responsibility on them. I am not for the payment of any big salaries any more than you are, but I want the Shipping Board to prove whether it is qualified or not. By this amendment, what do you say? You say to the Shipping Board, "You must get mediocre men." You can not expect to get men who are able to get these big salaries somewhere else unless you pay them.

Mr. DOWELL. Will the gentleman yield for a question?

Mr. MADDEN. I will.

Mr. DOWELL. Then why does the gentleman place on this bill the proviso at all if you want to leave it entirely in the hands of the board?

Mr. MADDEN. This only applied to three men; the other might apply to 300.

Mr. DOWELL. Then one further question. Has not the gentleman just announced that the Attorney General has an understanding with the chairman of the committee as to the salary fixed for these employees?

Mr. MADDEN. No; just as to the attorneys in the proviso.

Mr. DOWELL. Just as to the attorneys.

Mr. MADDEN. Now, I want to ask the committee to take this under serious consideration and decide for themselves whether they are in favor of giving this new board a chance or whether they want at the outset to say that they do not want this merchant fleet to succeed. You can not make any better argument for the English ship or the English company than say to the American Shipping Board that we do not want you to have men who can function. All you have got to do is to say you do not want an American fleet. [Applause.]

Mr. OLIVER. Mr. Chairman, I am as much interested in the success of the Shipping Board in its efforts to build up our merchant marine as the gentleman from Illinois [Mr. MADDEN]. There has been unanimity of purpose and action on the part of the members of the Appropriation Committee in carrying out what was thought for the best interests of the Shipping Board at this time.

Now, we are met with this strange statement of the gentleman from Illinois [Mr. MADDEN] and the gentleman from Michigan [Mr. KELLEY] that they are apprehensive that the head of the Shipping Board will later say, "You made my efforts a failure because you failed to give all I demanded and required." In other words, we are to understand that unless we authorize the head of the Shipping Board to employ helpers at salaries in excess of that fixed for the members of the commission, then the whole work of the Shipping Board may be a failure. I wonder if my two friends from Illinois and Michigan had this in mind when they wrote the proviso in this bill which forbids the head of the Shipping Board, or the board itself, from fixing the compensation of lawyers employed to represent the interests of the Government in matters growing out of ship contracts or relating to the business of the Shipping Board.

Mr. KELLEY of Michigan. Will the gentleman yield?



Mr. OLIVER. I will be glad to hear the gentleman's explanation.

Mr. KELLEY of Michigan. I had this difference as to those two classes of employees: The matter of claims is a matter that can be taken care of. There is no question about that. But here is a question of operating three billion or four billion dollars' worth of property, the largest undertaking in the world, way and beyond, and I wondered, if possible, we might not make a mistake if we limited the Shipping Board to the employment of men for only \$10,000 or \$12,000 a year to handle the greatest financial and economic institution in the world, and that at a time when it was absolute chaos, and when we were losing \$200,000,000 a year on account of incompetency.

Mr. OLIVER. I gladly yielded sufficient time to the gentleman from Michigan to make a statement, and it may be necessary for me to ask the House for additional time.

I have great respect for the good judgment of the gentleman from Michigan [Mr. KELLEY], but I think he must realize that the premises on which he based his statement are unsound. In the first place, he is in error in stating that we now have ships worth \$3,000,000,000. We may have paid approximately this sum for the construction of ships, but certainly no one will now contend that they are worth anywhere near that amount. There seems to be a general agreement that the fleet is not worth exceeding \$1,000,000,000. They were built under war conditions and values have greatly dropped since then. We have, however, claims pending against the Government amounting to approximately \$300,000,000, and the Shipping Board has been employing counsel to defend these suits, yet the gentleman from Michigan [Mr. KELLEY] was entirely willing to say to the chairman of the Shipping Board that "we will not continue your authority to employ counsel to defend suits or to advise your board, and allow you to fix their pay and compensation, but the authority to fix the pay of any attorneys heretofore or hereafter employed by the Shipping Board must hereafter be exercised by the Attorney General, who has indicated that he will fix no compensation in excess of \$12,000. It is interesting to note in this connection that the assistant to the Attorney General, and who, by the proviso carried in the pending bill will probably be designated by the Attorney General to pass on the fees and compensation of the counsel employed by the Shipping Board, is none other than Col. Goff, the former general counsel of the Shipping Board up to a comparatively recent date. This proviso is the direction that the high fees fixed by the Shipping Board or by its present general counsel in the employment of attorneys to defend suits involving millions of dollars will not exceed the limit of \$12,000.

The CHAIRMAN. The time of the gentleman has expired.

Mr. OLIVER. I ask unanimous consent, Mr. Chairman, for five minutes more.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for five additional minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. Mr. Chairman, I shall have to give notice that after this no extension of time will be granted on this amendment.

Mr. OLIVER. Now, there was some hesitancy at first on the part of the Appropriations Committee to take away from the Shipping Board the power to fix compensation of attorneys employed by the board or under its authority. When, however, the committee came to consider the high schedule of pay which the board was adopting in this matter and the further fact that they were employing counsel in many important cases without any agreement whatever as to fees, I think the committee reached a unanimous conclusion that it was willing to put this check on the authority of the Shipping Board to spend the Government's money.

The House has fixed the salaries of the Shipping Board commissioners at \$12,500, and surely men serving as their aides should not be paid an amount in excess thereof. The House, as well as the country, were surprised to learn that the Shipping Board had agreed to pay three men an aggregate salary of \$95,000, and especially since it is recalled that these same three men had heretofore served in similar capacities with the Shipping Board at greatly reduced salaries; in fact, one of them, and probably all, did not receive a salary in excess of \$7,500. These three men are largely charged with the same duties by the new Shipping Board as they were required to perform under their contract with the old board.

Certainly, it will not be insisted that they can and will now render more efficient service simply because they are reemployed at a higher salary. Yet that is what the Shipping Board or its chairman is seeking to do. We should all be interested in upholding the Shipping Board in its efforts to develop, maintain, and operate an efficient merchant marine, but Congress must

not shirk its plain duty of requiring the board to practice sane economy.

The chairman of the committee in his first statement was fair and frank and his statement compelled attention and led you to inevitably conclude that as business men he and the other members of the Appropriations Committee were seeking to provide for and deal with the Shipping Board in a proper, just, and liberal way. The chairman told you in that statement that the Shipping Board had asked for \$125,000,000, but that the committee proposed to give them only \$48,000,000. The statement as to this economy was applauded by the House. He further told the House that the chairman of the Shipping Board asked for an appropriation to pay claims not yet adjusted and he said the answer of the Appropriations Committee was "No; let the Shipping Board first adjust claims, and make a full detailed report of their recommendations, before any appropriation is made." There was applause to this statement. In other words, the chairman very properly said that Congress proposed to hold a check on the actions of the Shipping Board in these important matters, and to reserve to itself the final authority of approving or allowing amounts recommended by the Shipping Board. Now, since you have restrained them in reference to the employment of attorneys, and have refused them further appropriation to pay claims, when adjusted, and have reduced their demands for money to operate the ships, what sound reason can be fixed for further wisely restraining them, when we learn from the chairman of the board that he favors the payment of excessively large salaries to former employees for directing the operation of ships?

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. OLIVER. Yes.

Mr. SANDERS of Indiana. The gentleman is really not serious when he advocates that there should be a limit of \$12,500 in these salaries?

Mr. OLIVER. Certainly I am.

Mr. SANDERS of Indiana. The gentleman knows that when the director general operated the railroads—and probably with good judgment—he paid 50 to 100 men from forty to fifty thousand dollars a year to act.

Mr. OLIVER. I am glad to say that high salaries paid by private employers or unwisely paid by representatives of the Government have never yet induced the House to adopt a higher schedule of salaries for Government employees, even for Cabinet and judicial officers, of more than \$12,500. Take the Interstate Commerce Commission, rendering a most important service, no one in their employ receives a salary, I am informed, of exceeding \$10,500. This House would not to-day, by direct vote, authorize the payment of \$95,000 to the three men whom we are informed are to receive this amount under an agreement made by the chairman of the Shipping Board. The fact that we would refuse to do it by direct vote should be sufficient reason for our refusing authority to any official of the Government to impose these excessive charges against the Government. We can not afford to pass this responsibility to others and then seek to shield ourselves by saying "they did it." [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. MADDEN. Mr. Chairman, I move that all debate on this amendment and all amendments thereto be closed in three minutes.

The CHAIRMAN. The gentleman from Illinois moves that all debate on this amendment and all amendments thereto close in three minutes. The question is on agreeing to that motion.

The motion was agreed to.

Mr. BYRNS of Tennessee. Mr. Chairman, I am in entire sympathy with the spirit and intent of the amendment offered by my friend from Alabama [Mr. OLIVER]; but frankly, gentlemen, I think it would be very unwise to adopt an amendment of that kind to this bill, and my reasons are these: I am as much opposed to high salaries, and especially to these enormous salaries that have been fixed by the Shipping Board, as any other man in this House. I think some of these salaries which are set forth in these hearings are absolutely indefensible and ought never to have been fixed and ought not to be paid, in the interest of economy.

But here is the situation: We have a Shipping Board; there is not a single member of that board who knows anything whatsoever about the operation of a merchant fleet. That is true of this board and it has been true of past boards. Now, you undertake to say to the board that in the operation and control and maintenance of a fleet of 1,441 steel vessels, the greatest merchant fleet in the world, "We are going to fix a limit on you and say you can not pay a managing operator more than \$12,000."

Frankly, gentlemen, I do not know whether they could get an efficient managing operator for \$12,000 or not. But for my part, not knowing that they can, I am unwilling to jeopardize the interests of this Government in the management of that great fleet by fixing a maximum salary of \$12,000. [Applause.]

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. BYRNS of Tennessee. Yes.

Mr. OLIVER. Do you think you are jeopardizing the interests of the Government in limiting the pay of attorneys to \$12,000?

Mr. BYRNS of Tennessee. No; I do not. I think it is enough. If the gentleman had offered an amendment which permitted the Shipping Board to pay one or two in excess of \$12,000, I think his amendment possibly might not have met with any objection on the part of the House. But what the gentleman's amendment does is to say to the Shipping Board, which has no knowledge itself of operations of a fleet, "You can not pay more than \$12,000 for a managing operator." I think, gentlemen, it will be very unwise, and as much as I am opposed to paying high salaries I can not support the amendment. Let us not furnish Mr. Lasker or anyone else with an excuse or an alibi in the event this fleet is not properly managed. [Applause and cries of "vote!"]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

The question is on the amendment of the gentleman from Alabama [Mr. OLIVER].

Mr. JOHNSON of Mississippi. Mr. Chairman, I would like to have the amendment reported.

The CHAIRMAN. Without objection, the amendment will be again reported.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. OLIVER: Amend by adding after the word "States," page 2, line 10, the following: "Provided further, That no officer or employee of the Shipping Board shall be paid an annual salary or compensation in excess of \$12,500."

Mr. HARDY of Texas. Mr. Chairman, a parliamentary inquiry. Is it permissible to offer an amendment to the amendment?

The CHAIRMAN. It is.

Mr. HARDY of Texas. I offer to amend the amendment by making it read "not more than one officer."

Mr. OLIVER. I accept that amendment.

Mr. HARDY of Texas. That will give them a manager.

The CHAIRMAN. The question is on the amendment to the amendment.

Mr. STAFFORD. May we have it reported so that it will be clear?

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. HARDY of Texas moves to amend the amendment by striking out the word "no" and inserting in lieu thereof the words "not more than one," so that it will read: "Provided further, That not more than one officer or employee of the Shipping Board shall be paid an annual salary or compensation in excess of \$12,500."

The CHAIRMAN. The question is on the amendment of the gentleman from Texas [Mr. HARDY] to the amendment of the gentleman from Alabama [Mr. OLIVER].

The question being taken, on a division (demanded by Mr. HARDY of Texas) there were—ayes 44, noes 64.

Accordingly the amendment to the amendment was rejected.

Mr. HARDY of Texas. Mr. Chairman, I offer another amendment—instead of "one" make it "not more than two officers," and I want to read the recommendation of the Walsh committee.

Mr. STAFFORD. I ask for the regular order, that the amendment may be reported.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY of Texas to the amendment of Mr. OLIVER: Strike out the word "no" and insert in lieu thereof the words "not more than two."

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Texas [Mr. HARDY].

Mr. HARDY of Texas. Does the Chair hold that no debate can be had on this amendment?

The CHAIRMAN. The motion of the gentleman from Illinois [Mr. MADDEN], which was agreed to, was that all debate on this amendment and all amendments thereto be closed.

Mr. HARDY of Texas. I did not know that it included all amendments thereto.

The CHAIRMAN. The question is on the amendment to the amendment.

The question being taken; on a division (demanded by Mr. HARDY of Texas) there were—ayes 54, noes 64.

Accordingly the amendment to the amendment was rejected.

Mr. MADDEN. Mr. Chairman, I move to amend the amendment by inserting "not more than three" instead of "no."

The CHAIRMAN. The gentleman from Illinois offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MADDEN to the amendment of Mr. OLIVER: Strike out the word "no" and insert in lieu thereof the words "not more than three," and strike out the word "officer" and insert in lieu thereof the word "officers."

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment as amended.

The amendment as amended was agreed to.

Mr. SWEET. Mr. Chairman, I wish to offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SWEET: Page 2, line 2, strike out the figures "\$48,500,000" and insert "\$25,000,000."

Mr. SWEET. Mr. Chairman, I am opposed to appropriating \$48,500,000 at this time for the Shipping Board and I will tell you why:

Because the showing made by the Shipping Board before the Appropriations Committee does not warrant Members of Congress as I view it in voting for \$125,000,000, \$48,000,000, or any other sum. I offer this amendment as a compromise; \$25,000,000 is a substantial sum.

Because Chairman Lasker does not place any dependence upon the reports and figures furnished by the present personnel and officers of the Shipping Board.

Because the present comptroller, Mr. Alonzo Tweedale, stated on May 9, 1921, before the Committee on Appropriations, "That from the beginning of the operation of this fleet to May 1, 1919, we paid all expenses of the fleet, the operations of the fleet, and in addition to that declared a profit of \$48,325,000 and also laid up \$33,000,000 for depreciation, making a total of \$81,325,000. From that point, May 1, 1919, down to March 1, 1921, the fleet was operated at a profit of \$17,000,000."

When the new board took over the management on July 15, 1921, there was a deficit of \$16,700,000. Tweedale's figures are unreliable, and so admitted by the chairman of the committee and Mr. Lasker.

Because Mr. Lasker, the present chairman, recently made a statement that the Shipping Board should have an appropriation of \$300,000,000 based upon statements made by Mr. Tweedale and others in position of trust and confidence under him.

Because Congress will not be warranted in appropriating more money to be handled by practically the same persons—with the exception of the chairman and the members of the present board—who wasted millions and wrecked the Shipping Board.

Because an accurate statement of the property owned by the Shipping Board has not been made, neither has an accurate audit of the books been completed.

Because the treasurer of the Shipping Board, Mr. R. W. Bolling, did not make a statement to the committee as to the financial condition of the Shipping Board.

Because there is no statement made to the committee as to the property now owned by the Shipping Board, no statement is made as to where the property is located, of what it consists, neither do we know its probable value. No statement is made as to bonds, mortgages, contracts, or other obligations. Neither do we know where they can be found.

Because of the unconscionable contracts that they have made.

Because there should be a thorough house cleaning before any money is appropriated. We must get rid of the leeches and parasites which appear to infest almost every branch of the present organization.

Because I am in favor of a great merchant marine, but I do not believe in pouring Government money into a rat hole. That, to my mind, is not economy or horse sense.

Let them worry along for a while. Other people are worrying during this period of reconstruction. They have millions of property under their control and at their disposal. If they get this appropriation too easily I predict that within six months they will be back asking for another \$125,000,000.

Because I am quite sure that the ex-soldiers, sailors, and marines of this country will demand when the facts are known, that those who have wasted money, looted and grafted while they were fighting the Nation's battles must be driven from places of honor, power, influence, and responsibility in govern-



mental affairs. In other words, they must be scourged from the temple. [Applause.] The rascals must not go unwhipped of justice.

Because the Shipping Board can not be successfully conducted and operated by men whose ways are devious and whose intrigues are almost past finding out.

Economy is the watchword of this administration. The Shipping Board is a good place to commence operations. Let us begin now, notwithstanding the statements of the Director of the Budget, that prince of inflammatory rhetoric.

Mr. MADDEN. I am glad to know that the gentleman from Iowa is favoring the merchant marine, and he gives evidence of that by saying that he thinks there ought not to be any money appropriated to maintain the fleet that we now have. I hope the House will not adopt the amendment offered by the gentleman from Iowa, and I move that all debate on the paragraph and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Illinois moves that all debate on the paragraph and all amendments thereto be now closed.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. SWEET].

The question was taken; and on a division (demanded by Mr. SWEET) there were—ayes 60, noes 72.

Mr. SWEET. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. MADDEN and Mr. SWEET as tellers.

The committee again divided; and the tellers reported that there were 52 ayes and 69 noes.

So the amendment was rejected.

Mr. BUCHANAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 10, after the word "States," insert the following: "And provided further, That no part of this sum shall be used to pay the compensation of any attorney employed to prepare bills before the committees of Congress on behalf of said United States Shipping Board and United States Shipping Board Fleet Corporation."

Mr. MADDEN. Mr. Chairman, I make a point of order against the amendment.

Mr. SEARS. Mr. Chairman—

The CHAIRMAN. Does the gentleman from Texas desire to be heard?

Mr. BUCHANAN. Yes.

Mr. MADDEN. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BUCHANAN and Mr. BLANTON) there were—ayes 40, noes 71.

So the amendment was rejected.

Mr. OLIVER. Mr. Chairman, in the amendment adopted a few moments ago, as perfected by the amendment offered by the gentleman from Illinois, we omitted to properly designate the United States Shipping Board, and I ask unanimous consent that it be amended by striking out the words "Shipping Board" and inserting "United States Shipping Board or United States Shipping Board Emergency Fleet Corporation."

The CHAIRMAN. The gentleman asks unanimous consent to modify the amendment heretofore adopted by the House in the manner indicated. Is there objection?

There was no objection.

The Clerk completed the reading of the bill.

Mr. MADDEN. Mr. Chairman, I move that the committee do now rise, report the bill to the House with an amendment, with the recommendation that the amendment be agreed to, and that the bill as amended do pass.

Mr. SEARS. Mr. Chairman—

The CHAIRMAN. The gentleman from Illinois moves that the committee do now rise—

Mr. BLANTON. Mr. Chairman, a point of order. There has been absolutely no debate on the last three paragraphs of this bill. The gentleman from Florida is seeking recognition, and the Chair ought to entertain a motion to strike out the last word.

Mr. MONDELL. The gentleman from Illinois has been recognized.

Mr. MADDEN. Mr. Chairman, I withdraw the motion, and will let the gentleman from Florida be recognized. I have no disposition to prevent the gentleman from being heard.

Mr. SEARS. Mr. Chairman, I ask unanimous consent to proceed for five minutes out of order.

Mr. CANNON. Oh, Mr. Chairman, I object. It is nearly 6 o'clock and we are all hungry and thirsty. [Laughter.]

Mr. MADDEN. Mr. Chairman, I renew my motion that the committee do now rise and report the bill to the House with an

amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word.

Mr. CANNON. I hope the gentleman will confine himself to his amendment.

Mr. BLANTON. Oh, I am going to confine myself to the bill.

Mr. CANNON. Not to the bill, but to the striking out of the last word.

Mr. BLANTON. Mr. Chairman, it is the last word on this bill, this \$48,000,000 affair. It has not been over a year since your distinguished ex-chairman of this committee, than whom there has been no more able Member of this House, the distinguished gentleman from Iowa, Mr. Good, appeared on this floor and denounced this Shipping Board in every term that he could think of in the English language. He said that as long as he was chairman of the great Committee on Appropriations he never would grant them another nickel. That is what he said.

Mr. MAPES. Mr. Chairman, I make the point of order that the gentleman is not in order. His motion was to strike out the last word of the last paragraph of the bill, and the last paragraph of the bill relates to the payment to the gentleman from Missouri [Mr. HAWES] of \$2,000 for expenses incurred in a contested-election case.

The CHAIRMAN. The point of order is sustained, and the gentleman from Texas will proceed in order.

Mr. BLANTON. I shall confine myself to the payment of \$2,000 on an election contest, a matter that comes up here frequently in this Congress. Every time a man wants a little money he will contest the election of some elected Member of the House, and he will come here and have an office assigned to him, and a secretary assigned to him, and a clerk assigned to him, and he will occupy rooms in the House Office Building for two years and spend the money of the people. [Applause.]

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. MAPES. I suggest to the gentleman that in this particular case the money is being paid to a man who has proven successfully his right to the seat.

Mr. BLANTON. Well, I am talking about the general principle of spending money foolishly on such matters. [Applause.] Oh, the speech that I am making is worthy of every bit of applause that I am getting, because I am seeking to save the people's money in the Treasury. [Applause.] You fellows are taking it out here in \$48,000,000 gobs [applause], and you are violating your pledge which you made to the people of the United States, and you know it, and you ought to be ashamed of it, and Uncle JOE CANNON should set you a better example than this.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MADDEN. Mr. Chairman, I move that the committee do now rise and report the bill with the amendment with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GRAHAM of Illinois, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8117, an urgent deficiency appropriation bill, and had directed him to report the same back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. MADDEN. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. SEARS. Mr. Speaker, I demand the reading of the engrossed bill.

ADJOURNMENT.

Mr. MADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 6 o'clock and 14 minutes p. m.) the House adjourned until to-morrow, Saturday, August 13, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

206. Under clause 2 of Rule XXIV, a letter from the Director of the Bureau of the Budget, transmitting a tentative draft of a bill entitled "A bill to amend section 1 of the act approved

August 25, 1916 (29 Stat., 535), entitled "An act to establish a National Park Service, and for other purposes," was taken from the Speaker's table and referred to the Committee on the Public Lands.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. MILLER, from the Committee on Military Affairs, to which was referred the bill (H. R. 2192) authorizing the award of the distinguished service cross or distinguished service medal provided for in the act of July 9, 1918, to Army officers brevetted for gallantry during the War with Spain, Philippine insurrection, or China relief expedition, reported the same without amendment, accompanied by a report (No. 341), which said bill and report were referred to the House Calendar.

Mr. EDMONDS, from the Committee on Claims, to which was referred the bill (H. R. 7912) to provide a method for the settlement of claims arising against the Government of the United States in sums not exceeding \$1,000 in any one case, reported the same without amendment, accompanied by a report (No. 342), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HERRICK: A bill (H. R. 8208) prescribing rules and regulations under which newspapers and advertising agencies may hold prize contests, and for other purposes; to the Committee on the Judiciary.

By Mr. BYRNS of Tennessee: A bill (H. R. 8209) to extend the time for the construction of a bridge across the Cumberland River in Montgomery County, Tenn.; to the Committee on Interstate and Foreign Commerce.

By Mr. SINCLAIR: A bill (H. R. 8210) to establish the Roosevelt National Park in Billings County, N. Dak.; to the Committee on the Public Lands.

By Mr. KAHN: A bill (H. R. 8211) amending section 1222 of the Revised Statutes; to the Committee on Military Affairs.

By Mr. BURTNESS: A bill (H. R. 8212) conferring jurisdiction on the Court of Claims to permit the Yanktonai and Cuthead Bands of Sioux Indians to intervene in the action of the Sisseton and Wahpeton Bands of Sioux Indians against the United States (Docket No. 33731), and to hear, determine, and render judgment in said action in claims of Yanktonai and Cuthead Bands of Sioux Indians against the United States; to the Committee on Indian Affairs.

By Mr. BUTLER: Resolution (H. Res. 172) directing the Secretary of the Navy to transmit to the House of Representatives the names of all persons who have been retired on account of physical disability incurred in line of duty while serving as temporary officers in the Navy or as officers of the Naval Reserve Force; to the Committee on Naval Affairs.

By Mr. KAHN: Joint resolution (H. J. Res. 187) authorizing the Secretary of War to obligate funds appropriated for the support of the Army for the fiscal year ending June 30, 1921, to the amount of \$236,095, from unexpended balances now in the Treasury; to the Committee on Appropriations.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND of Indiana: A bill (H. R. 8213) granting an increase of pension to John Welton; to the Committee on Pensions.

By Mr. CAREW: A bill (H. R. 8214) to compensate the owners of the American steamship *Vindal* for damages and expenses in repairing the said steamship, and to make an appropriation therefor; to the Committee on War Claims.

By Mr. DUNBAR: A bill (H. R. 8215) granting a pension to Mary Rhodes; to the Committee on Invalid Pensions.

By Mr. EDMONDS: A bill (H. R. 8216) for the relief of the widow of Chang Tsu Tsao, of Hankow, China; to the Committee on Claims.

Also, a bill (H. R. 8217) to authorize the payment of \$872.96 to the Government of Italy for the relief of the heirs and assigns of N. Ferro; to the Committee on Claims.

Also, a bill (H. R. 8218) for the relief of Cyril Burton; to the Committee on Claims.

Also, a bill (H. R. 8219) to adjust accounts of Capt. J. S. Carpenter, Supply Corps, United States Navy; to the Committee on Claims.

Also, a bill (H. R. 8220) for the relief of Chinese naval officers quartered at the naval proving grounds at Indianhead, Md., for loss of personal property by fire; to the Committee on Claims.

Also, a bill (H. R. 8221) for the relief of the Chinese Government; to the Committee on Claims.

By Mr. FOSTER: A bill (H. R. 8222) granting a pension to Kate R. Wolf; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 8223) granting a pension to John C. Butler; to the Committee on Pensions.

By Mr. KINCHELOE: A bill (H. R. 8224) granting a pension to Kate L. Littlepage; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 8225) granting a pension to F. A. Naille; to the Committee on Invalid Pensions.

By Mr. MERRITT: A bill (H. R. 8226) granting a pension to Martin Lee, jr.; to the Committee on Pensions.

By Mr. PARRISH: A bill (H. R. 8227) granting a pension to Napolian W. Alexander; to the Committee on Pensions.

By Mr. REAVIS: A bill (H. R. 8228) granting a pension to Louis Wise; to the Committee on Invalid Pensions.

By Mr. ROSE: A bill (H. R. 8229) granting an increase of pension to S. Ida C. Lewis; to the Committee on Invalid Pensions.

By Mr. SMITH of Michigan: A bill (H. R. 8230) granting a pension to Ellen Williams; to the Committee on Invalid Pensions.

By Mr. SUTHERLAND: A bill (H. R. 8231) granting a pension to George B. Allard; to the Committee on Invalid Pensions.

By Mr. VARE: A bill (H. R. 8232) for the relief of Mary C. Meaney; to the Committee on Claims.

By Mr. VOIGT: A bill (H. R. 8233) granting an increase of pension to Charles Nichols; to the Committee on Pensions.

By Mr. WOODYARD: A bill (H. R. 8234) granting a pension to Christopher C. Pratt; to the Committee on Invalid Pensions.

By Mr. WURZBACH: A bill (H. R. 8235) for the relief of R. H. Keene; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2380. By the SPEAKER (by request): Petition of the municipal government of Oras, Province of Samar, P. I., containing excerpts from the minutes of the special session, held at Oras, by the municipal council on the 22d day of June, 1921, urging the granting of the independence of the Philippine Islands by the Government of the United States; to the Committee on Insular Affairs.

2381. By Mr. CAREW: Petition of the Friends of Irish Freedom, national headquarters, New York City, demanding immediate payment of foreign debts to the United States; to the Committee on Ways and Means.

2382. By Mr. CONNOLLY of Pennsylvania: Petition of the Fraternal Circle Building & Loan Association, of Philadelphia, favoring an exemption from taxation of income received from building and loan association shares in the amount of \$500; to the Committee on Ways and Means.

2383. By Mr. DRIVER: Petition of the Interstate Grocer Co., of Helena, Ark., for reduction of passenger rates of railroads; to the Committee on Interstate and Foreign Commerce.

2384. By Mr. KISSEL: Petition of the Butterworth-Judson Corporation, 61 Broadway, New York City; to the Committee on Ways and Means.

2385. Also, petition of Charles E. Butler, chairman of board of trade, American Booksellers' Association, 225 Fifth Avenue, New York City; to the Committee on Ways and Means.

2386. Also, petition of J. H. Schermerhorn, vice president of American Graphite Co., Ticonderoga, N. Y.; to the Committee on Interstate and Foreign Commerce.

2387. By Mr. LINTHICUM: Petition of John L. Dadds, John J. Miller, Oscar Samuels, Cal. J. Zamoiski, the Kenneweg Co., and others, all of Baltimore, Md., favoring Towner-Sterling bill; to the Committee on Education.

2388. Also, petition of Eliason Motor Co., Franklin Motor Car Co., and Noleak O Piston Ring Co., all of Baltimore, in opposition to auto tax. Also, petition of Geo. Blome & Son Co., Baltimore, for lifting of tax on candy. Also petition of Coggins & Owens, Car-Lowry Glass Co., Maass & Kemper, Henry A. Kries & Sons, Autocar Sales & Service Co., North Bros. & Co., the Electro-mechanical Co., Baltimore; Geo. Updegraff & Son, Hagerstown,



Md.; C. Read & Co., Baltimore, all for immediate tax revision; to the Committee on Ways and Means.

2389. Also, petition of the Religious Liberty Association of Washington, signed by several hundred protesters of Baltimore, Md., against compulsory Sunday observance law; to the Committee on the District of Columbia.

2390. Also, petition of I. & M. Ottenheimer and Hanline Bros., Baltimore, favoring Kahn and Watson bills for reduced passenger rates via mileage books; to the Committee on Interstate and Foreign Commerce.

2391. By Mr. SMITH of Michigan: Petition of 134 citizens of Hillsdale County, Mich., protesting against passage of House bill 4388, providing for the regulation of Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2392. Also, petition of 89 citizens of Battle Creek, Mich., protesting against passage of House bill 4388, providing for the regulation of Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2393. By Mr. TOWNER: Petition of Mr. C. W. Neal and numerous other citizens of Osceola, Iowa, protesting against the passage of House bill 4388, compulsory Sunday observance bill; to the Committee on the District of Columbia.

2394. By Mr. VARE: Papers accompanying the bill H. R. 8232, for the relief of Mary C. Meaney; to the Committee on Claims.

## HOUSE OF REPRESENTATIVES.

SATURDAY, August 13, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed be Thy holy name, O Lord most high, for Thou dost not look down upon us as one who dwells in the supremacy of might, but as a Father who is pleased to abide with His children in redeeming love. We thank Thee for this disclosure of the divine nature. When we are faint, Thy healing balm is near; when we are weary, Thy staff gives support; when we stumble, Thy right hand is high to lift us up. Give wisdom and counsel to the deliberations of this day. May all of our homes be under the wings of divine love. If any have great burdens or sharp cares, if any feel the pressure of a thorn or the weight of a cross, O, minister unto them, by which they shall have great comfort and sweet peace. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

### EXTENSION OF REMARKS.

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the revision of the tax laws.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none.

Mr. DAVIS of Tennessee. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made yesterday afternoon on the deficiency appropriation bill.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. ACKERMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill passed yesterday relative to the creation of the port of New York district through the agreement entered into between the State of New York and the State of New Jersey.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to extend his remarks on the bill passed yesterday in reference to the agreement between New York and New Jersey. Is there objection? [After a pause.] The Chair hears none.

### KANSAS CITY & MEMPHIS RAILROAD & BRIDGE CO.

Mr. DRIVER. Mr. Speaker, I desire to call from the Speaker's table the bill S. 1794 and, if permitted, to make this short statement.

The SPEAKER. The gentleman will have that opportunity later probably.

### EXTENSION OF REMARKS.

Mr. BLANTON. Mr. Speaker, may I prefer a unanimous-consent request? I ask unanimous consent, Mr. Speaker, that I may be permitted to extend my remarks on the Republican "chicken-feed" legislation.

The SPEAKER. The gentleman from Texas asks unanimous consent—

Mr. MONDELL. Mr. Speaker, I object.

The SPEAKER. Objection is made.

### KANSAS CITY & MEMPHIS RAILROAD & BRIDGE CO.

The SPEAKER. The gentleman from Arkansas calls up the bill S. 1794, a House bill of similar tenor having already been reported and on the calendar. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 1794) to authorize the Secretary of War to release the Kansas City & Memphis Railroad & Bridge Co. from reconstructing its highway and approaches across its bridge at Memphis, Tenn.

Be it enacted, etc., That the Secretary of War is hereby authorized and empowered to release the Kansas City & Memphis Railway & Bridge Co., a corporation, from the duty now imposed upon it by the act entitled "An act to authorize the construction of a bridge across the Mississippi River at Memphis, Tenn.," approved April 24, 1888, and all acts amendatory thereof, to maintain approaches to its bridge at Memphis, Tenn., and a way over and across said bridge for wagons and other vehicles, animals, and foot passengers, upon its payment to the road fund of Crittenden County, Ark., the sum of \$12,500.

SEC. 2. That upon the compliance by the said Kansas City & Memphis Railway & Bridge Co., a corporation aforesaid, with the provisions of section 1 of this act the provision hereof shall take effect, and for that purpose an act entitled "An act to authorize the construction of a bridge across the Mississippi River at Memphis, Tenn.," approved April 24, 1888, and all acts amendatory thereof are hereby so amended as to relieve said company of the necessity of maintaining said approaches to and said passageway across said bridge for wagons and other vehicles, animals, and foot passengers.

SEC. 3. That all laws and parts of laws in conflict herewith are hereby repealed.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object, as I desire to have an explanation from the gentleman.

Mr. DRIVER. Mr. Speaker, I shall be very glad to do that. The bill just read is identical with the bill H. R. 1317, introduced by myself at the beginning of this session, which bill was referred to the Committee on Interstate and Foreign Commerce. That bill was reported back by said committee the 9th day of June favorably, with a report from the Secretary of War, which was also favorable. I desire to state to the House that under the act of Congress of 1887 the Kansas City & Memphis Railroad & Bridge Co. constructed a bridge across the Mississippi River connecting Tennessee and Arkansas at Memphis, in Tennessee. Under the provisions of the act the bridge company was required to construct and maintain a wooden way for pedestrians and vehicles. This was a toll bridge. The extremely high water in the Mississippi River in the year 1913 destroyed this approach, but at that time the Chicago, Rock Island & Pacific Railway Co. was completing a magnificent bridge just 500 feet north of the location of the bridge mentioned in this bill. Under the provisions of the law the new bridge company was required to construct and maintain approaches on both sides of this new bridge, built into the bridge, and sufficient to accommodate not only all present traffic but, so far as we are able to determine, the future requirements will demand. This is a free bridge, therefore the approach built by the citizens of Crittenden County to the old bridge was abandoned and a new approach has been built to the new bridge. Now the citizens of that county are placing hard surface on the roadway leading to the new bridge. The old bridge company makes the proposition to the citizens of Crittenden County that if they be relieved of the obligation of maintaining this toll bridge, which would require its reconstruction, they will pay into the road fund of that county the sum of \$12,500 to enable them to hard surface the approach to the new bridge. That is the proposition in this bill. Just at this time the money is worth more to those people than it will be in six weeks from now, when the rains begin to fall and the dirt-road approach to this bridge becomes wet and remains wet through the fall and winter season.

Mr. STAFFORD. Mr. Speaker, I withdraw the reservation of the point of order.

Mr. DRIVER. Mr. Speaker, I trust that the bill may be passed.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read the third time; was read the third time and passed.

A similar House bill was ordered to be laid on the table.

### HENRY MARCOTTE AND JOHN H. PARKER.

Mr. SEARS. Mr. Speaker, I desire to prefer a unanimous-consent request. I ask unanimous consent to have printed in the RECORD a statement relative to services rendered by Capt. Henry Marcotte and Lieut. Parker, of Missouri, during the Spanish-American War. I do this because I have just received a letter from Capt. Marcotte, who is now 82 years of age, who states the official records have left out some very important

facts which should be preserved in the interest of perfecting history. This also quotes an extract from the late President Roosevelt, who was then Col. Theodore Roosevelt. I trust there may be no objection to my request for extension, as it is very short.

The SPEAKER. The gentleman from Florida asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

The matter referred to is as follows:

First Lieut. Henry Marcotte, brevetted captain in the Regular Army by President Grant for "gallant and meritorious services in the Battle of Chancellorsville, Va., May 3, 1863," while a second lieutenant of volunteers, and in which battle he received the gunshot wound causing his subsequent retirement from active service, feeling it to be his duty to render service in return for his retired pay, he applied to the War Department for permission to go to Cuba. This being denied, Capt. Marcotte requested Col. W. C. Church, editor of the Army and Navy Journal, to extend his zone as correspondent to include Cuba, which resulted in the honorable Secretary of War granting Marcotte permission to join Gen. Shafter's forces during the Cuban campaign. Thus was opened to him the only way to further serve his country, and at his own expense and the forfeiting of his life insurance if killed.

His object in seeking the privilege of joining the Gatling Gun Battery was that he realized that neither the young second lieutenant, whose indomitable perseverance secured to him the command of the machine guns for the first time in the history of our Army, nor any one of the enlisted men of his command had ever heard the death dealing song of hostile shell and rifle ball, and it was this courageous Gatling detachment that proved the great value of machine guns in bloody contest against the entrenched machine guns and trained crews from the Spanish warships in Santiago Harbor.

In proof of the machine guns' efficiency, Gen. Shafter in his official report says:

"In this action on this part of the field most efficient service was rendered by Lieut. John H. Parker, Thirteenth Infantry, and the Gatling gun detachment under his command. The fighting continued at intervals until nightfall, but our men held resolutely to the position gained at the cost of so much blood and toil."

The following extracts from Col. Theodore Roosevelt's letter is further proof of the great service rendered by the Gatling Battery in the battle of Santiago, Cuba:

"On the morning of July 1 the dismounted Cavalry, including my regiment, stormed Kettle Hill, driving the Spaniards from their trenches. After taking the crest I made the men under me turn and begin volley firing at the San Juan blockhouse and intrenchments against which Hawkins's and Kent's Infantry were advancing. While thus firing there suddenly smote on our ears a peculiar drumming sound. One or two of the men cried out, 'The Spanish machine guns!' but after listening a moment I leaped to my feet and called, 'It's the Gatlings, men! It's our Gatlings!' Immediately the men began to cheer lustily, for the sound was most inspiring. Whenever the drumming stopped it was only to open again a little nearer the front, but it was perfectly evident that the Gatlings were troubled by no such consideration, for they were advancing all the while."

"Soon the Infantry took San Juan Hill, and, after one false start, we in turn rushed the next line of blockhouses and intrenchments and then swung to the left and took the chain of hills immediately fronting Santiago. Here I found myself on the extreme front in command of the fragments of all six regiments of the Cavalry division. I received orders to halt where I was, but to hold the hill at all hazards. The Spaniards were heavily reinforced and they opened a tremendous fire upon us from their batteries and trenches. We laid down just behind the gentle crest of the hill, firing as we got the chance, but for the most part taking the fire without responding. As the afternoon wore on, however, the Spaniards became bolder and made an attack upon the position. They did not push it home, but they did advance, their firing being redoubled. We at once ran forward to the crest and opened on them, and as we did so the unmistakable drumming of the Gatlings opened abreast of us, to our right, and the men cheered again. As soon as the attack was definitely repulsed, I stroled over to find out about the Gatlings, and there I found Lieut. Parker with two of his guns right on our left, abreast of our men, who at that time were closer to the Spaniards than any others."

Beyond question this disabled officer—the only officer of the retired list—voluntarily risked his life when the War Department was without authority to order retired officers to active service, greatly distinguished himself during the battle before Santiago Harbor. Lieut. John H. Parker, commanding the Gatling guns, in his official report says:

"I was joined on June 25 by Capt. Henry Marcotte, Seventeenth Infantry, retired, regularly authorized correspondent of the Army and Navy Journal, who has been with me ever since, enduring all the vicissitudes of the season with Spartan fortitude, although equally destitute of cover as myself, and 60 years of age. I desire to express here officially and fully my sincere gratitude for the kindness which permitted him to accompany my command, and the great appreciation of the valuable advice and assistance which he has given continually. His large experience of war, his clear head, and good judgment have always been at hand to aid, and his cool example to myself and men under fire did much to steady us and keep us up to our work when we were first called on to face that ordeal."

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that August 11 they had presented to the President of the United States, for his approval, the following bills and joint resolution:

H. R. 6877. An act to permit a compact or agreement between the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming, respecting the disposition and apportionment of the waters of the Colorado River, and for other purposes;

H. R. 7328. An act to authorize the construction of a bridge across the Pend d'Oreille River, Bonner County, Idaho, at the Newport-Priest River Road crossing, Idaho;

H. R. 7208. An act to extend the time for the construction of a bridge across the Roanoke River in Halifax County, N. C.;

H. R. 6320. An act to regulate interstate and foreign commerce in live stock, live-stock products, dairy products, poultry, poultry products, and eggs, and for other purposes; and

H. J. Res. 112. Joint resolution authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to the employees of the United States Department of Agriculture who died in the war with Germany.

#### URGENT DEFICIENCY APPROPRIATION BILL.

The SPEAKER. When the House adjourned last night the previous question had been ordered on the bill H. R. 8117, the deficiency appropriation bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes.

The bill was ordered to be read the third time; was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the Speaker announced the ayes seemed to have it.

Mr. BLANTON. Division, Mr. Speaker.

The House divided, and there were—ayes 74, noes 29.

Mr. BLANTON. Mr. Speaker, I object to the vote because there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point of order there is no quorum present. It is clear no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees. Those in favor of the passage of the bill will, as their names are called, answer "yea," those opposed with answer "nay," and the Clerk will call the roll.

The question was taken, and there were—yeas 159, nays 89, answered "present" 1, not voting 181, as follows:

#### YEAS—159.

Andrews	Evans	Kraus	Reed, W. Va.
Ansorge	Faust	Lazaro	Rhodes
Arentz	Favrot	Lea, Calif.	Robertson
Aswell	Fenn	Leatherwood	Robison
Atkeson	Focht	Lineberger	Rose
Barbour	Frear	Little	Rosenbloom
Benham	French	Logan	Sanders, Ind.
Bixler	Frothingham	Longworth	Scott, Tenn.
Blakeney	Fulmer	Lubling	Shaw
Bland, Ind.	Gensman	McArthur	Shelton
Bland, Va.	Gerner	McFadden	Sinnott
Bowers	Goodykoontz	McLaughlin, Mich.	Smith, Idaho
Briggs	Gorman	McLaughlin, Nebr.	Smith, Mich.
Brown, Tenn.	Graham, Ill.	McPherson	Smithwick
Buchanan	Green, Iowa	Madden	Sproul
Burton	Greene, Mass.	Magge	Stafford
Butler	Greene, Vt.	Mann	Steenerson
Byrnes, S. C.	Griest	Mapes	Strong, Pa.
Byrns, Tenn.	Griffin	Merritt	Swing
Campbell, Kans.	Hadley	Michener	Tague
Campbell, Pa.	Hardy, Colo.	Miller	Thompson
Cannon	Hardy, Tex.	Mills	Tilson
Carew	Harrison	Mondell	Timberlake
Carter	Hawley	Moore, Ohio	Townner
Chindblom	Hayden	Morgan	Treadway
Cole, Iowa	Hays	Mott	Vestal
Cooper, Wis.	Herrick	Nelson, A. P.	Voigt
Copley	Hersey	Newton, Minn.	Volstead
Coughlin	Hickey	Norton	Walters
Crowther	Hill	O'Connor	Webster
Cullen	Houghton	Oliver	White, Kans.
Curry	Hukriede	Padgett	White, Me.
Dale	Hull	Parker, N. J.	Wilson
Darrow	Ireland	Parker, N. Y.	Winslow
Davis, Minn.	Keller	Pringley	Wood, Ind.
Denison	Kelley, Mich.	Purnell	Woodruff
Dunbar	King	Raker	Wurzbach
Dupré	Kinkaid	Ramseyer	Wyant
Echols	Kissel	Reavis	Young
Elliott	Kline, Pa.	Reece	

#### NAYS—89.

Ackerman	Collier	Hammer	Lowrey
Almon	Collins	Hoch	Lyon
Appleby	Connally, Tex.	Huddleston	McClintic
Beck	Connell	Jacaway	McDuffie
Begg	Crisp	Jeffers, Nebr.	MacGregor
Bell	Davis, Tenn.	Johnson, Ky.	Millsbaugh
Bird	Deal	Johnson, Miss.	Moore, Va.
Black	Dowell	Jones, Pa.	Nelson, J. M.
Blanton	Drewry	Jones, Tex.	Oldfield
Bowling	Driver	Kincheloe	Overstreet
Box	Fairfield	Kopp	Park, Ga.
Brand	Fisher	Lanham	Parks, Ark.
Bulwinkle	Foster	Lankford	Parrish
Cable	Garner	Lawrence	Patterson, Mo.
Clague	Garrett, Tenn.	Lee, Ga.	Quin
Clouse	Garrett, Tex.	London	Rankin



Rayburn	Sandlin	Summers, T.	Ward, N. C.
Ricketts	Sears	Swank	Wingo
Riddick	Speaks	Sweet	Wise
Roach	Stegall	Thomas	Wright
Rogers	Stedman	Tillman	
Rouse	Strong, Kans.	Vinson	
Sanders, Tex.	Summers, Wash.	Walsh	

## ANSWERED "PRESENT"—1.

Fuller

## NOT VOTING—181.

Anderson	Fields	Larsen, Ga.	Rucker
Anthony	Fish	Larson, Minn.	Ryan
Bacharach	Fitzgerald	Layton	Sabath
Bankhead	Flood	Lee, N. Y.	Sanders, N. Y.
Barkley	Fordney	Leibach	Schall
Beedy	Free	Linthicum	Scott, Mich.
Boies	Freeman	Luce	Shreve
Bond	Funk	McCormick	Siegel
Brennan	Gahn	McKenzie	Sinclair
Brinson	Gallivan	McLaughlin, Pa.	Sisson
Britten	Gilbert	McSwain	Slomp
Brooks, Ill.	Glynn	Maloney	Snell
Brooks, Pa.	Goldsborough	Mansfield	Snyder
Browne, Wis.	Gould	Martin	Stephens
Burdick	Graham, Pa.	Mead	Stevenson
Burke	Haugen	Michaelson	Stiness
Burroughs	Hawes	Montague	Stoll
Burtess	Hicks	Montoya	Sullivan
Cantrill	Himes	Moore, Ill.	Taylor, Ark.
Chalmers	Hogan	Moore, Ind.	Taylor, Colo.
Chandler, N. Y.	Hudspeth	Morin	Taylor, N. J.
Chandler, Okla.	Humphreys	Mudd	Taylor, Tenn.
Christopherson	Husted	Murphy	Temple
Clark, Fla.	Hutchinson	Newton, Mo.	Ten Eyck
Clarke, N. Y.	James	Nolan	Tincher
Classon	Jeffers, Ala.	O'Brien	Tinkham
Cockran	Johnson, S. Dak.	Ogden	Tyson
Codd	Johnson, Wash.	Olpp	Underhill
Cole, Ohio	Kahn	Osborne	Upshaw
Colton	Kearns	Paige	Valle
Connolly, Pa.	Kelly, Pa.	Patterson, N. J.	Vare
Cooper, Ohio	Kendall	Perkins	Volk
Cramton	Kennedy	Perlman	Ward, N. Y.
Dallinger	Ketcham	Peters	Wason
Dempsey	Kless	Petersen	Watson
Dickinson	Kindred	Porter	Weaver
Dominick	Kirkpatrick	Pou	Wheeler
Doughton	Kitchin	Radcliffe	Williams
Drane	Klecza	Rainey, Ala.	Williamson
Dunn	Kline, N. Y.	Rainey, Ill.	Woods, Va.
Dyer	Knight	Ransley	Woodyard
Edmonds	Knutson	Reber	Yates
Ellis	Kreider	Reed, N. Y.	Zihlman
Elston	Kunz	Riordan	
Vairchild	Lampert	Rodenberg	
Fess	Langley	Rossdale	

So the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. OSBORNE with Mr. MARTIN.  
 Mr. JOHNSON of South Dakota with Mr. KITCHIN.  
 Mr. SHREVE with Mr. DOMINICK.  
 Mr. FISH with Mr. DOUGHTON.  
 Mr. BROOKS of Pennsylvania with Mr. DRANE.  
 Mr. EDMONDS with Mr. COCKRAN.  
 Mr. FREE with Mr. RIORDAN.  
 Mr. STEPHENS with Mr. BANKHEAD.  
 Mr. LANGLEY with Mr. CLARK of Florida.  
 Mr. OLPP with Mr. RAINEY of Illinois.  
 Mr. PERLMAN with Mr. WOODS of Virginia.  
 Mr. NEWTON of Missouri with Mr. HAWES.  
 Mr. BROWNE of Wisconsin with Mr. SULLIVAN.  
 Mr. BROOKS of Illinois with Mr. MONTAGUE.  
 Mr. BACHARACH with Mr. COLLINS.  
 Mr. DUNN with Mr. JONES of Texas.  
 Mr. KAHN with Mr. TYSON.  
 Mr. LUCE with Mr. SISSON.  
 Mr. HICKS with Mr. CANTRILL.  
 Mr. FULLER with Mr. KUNZ.  
 Mr. COLTON with Mr. MCSWAIN.  
 Mr. RANSLEY with Mr. WEAVER.  
 Mr. PATTERSON of New Jersey with Mr. UPSHAW.  
 Mr. WILLIAMS with Mr. STEVENSON.  
 Mr. TINCHER with Mr. FLOOD.  
 Mr. MORIN with Mr. POU.  
 Mr. ELSTON with Mr. SABATH.  
 Mr. PORTER with Mr. MEAD.  
 Mr. REBER with Mr. O'BRIEN.  
 Mr. VOLK with Mr. BARKLEY.  
 Mr. KNUTSON with Mr. FIELDS.  
 Mr. JOHNSON of Washington with Mr. STOLL.  
 Mr. WHEELER with Mr. TAYLOR of Arkansas.  
 Mr. SIEGEL with Mr. HUMPHREYS.  
 Mr. TAYLOR of New Jersey with Mr. BRINSON.  
 Mr. WASON with Mr. JEFFERS of Alabama.  
 Mr. RADCLIFFE with Mr. GALLIVAN.  
 Mr. LAYTON with Mr. MANSFIELD.

Mr. HOGAN with Mr. KINDRED.  
 Mr. BURROUGHS with Mr. LINTHICUM.  
 Mr. GRAHAM of Pennsylvania with Mr. TAYLOR of Colorado.  
 Mr. BOIES with Mr. GILBERT.  
 Mr. CONNOLLY of Pennsylvania with Mr. RAINEY of Alabama.  
 Mr. MONTOKA with Mr. GOLDSBOROUGH.  
 Mr. STINESS with Mr. RUCKER.  
 Mr. HUTCHINSON with Mr. LARSEN of Georgia.  
 Mr. PERKINS with Mr. HUDSPETH.

The result of the vote was announced as above recorded.

The SPEAKER. A quorum is present. The Doorkeeper will open the doors.

On motion of Mr. MADDEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

## AMENDMENT OF WAR FINANCE CORPORATION ACT.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes; and, pending that, I would like to ascertain from the gentleman from Arkansas [Mr. WINGO] if we can make an agreement as to time.

Mr. WINGO. I will state to the gentleman that I have requests for considerable more than I think we shall be able to meet. What is the suggestion of the gentleman? Five hours?

Mr. McFADDEN. Three hours, if we can get through in that time. I will say frankly to the gentleman that I have demands here for considerably more than that time. I would suggest, if it is agreeable to the gentleman, to make it four hours, and confine the debate to the bill.

Mr. WINGO. That would make the general debate close at about 5 o'clock?

Mr. McFADDEN. I would say at about that time.

Mr. WINGO. The gentleman would not feel like giving five hours?

Mr. McFADDEN. No. That is a pretty long time. It seems to me we ought to conclude the general debate to-day.

Mr. GARNER. Mr. Speaker, may I suggest to the gentleman, why not enter into an agreement to have general debate throughout the day and then adjourn at whatever hour the committee might see proper?

Mr. BLANTON. Mr. Speaker, if the gentleman will permit me, if you are to make the kind of an agreement that is suggested by my colleague, after the New York and Boston and Pittsburgh and Philadelphia delegations get off this afternoon, you would not have a quorum about 2 or 3 o'clock.

Mr. STAFFORD. The gentleman is mistaken. We can easily command a quorum.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that the debate be limited to the bill for four hours, two hours to be controlled by the gentleman from Arkansas [Mr. WINGO] and two hours by myself.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the debate, confined to the bill, be limited to four hours, two hours to be controlled by the gentleman from Arkansas [Mr. WINGO] and two hours by himself. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Pennsylvania that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill S. 1915.

The motion was agreed to.

The SPEAKER. The gentleman from Wisconsin [Mr. STAFFORD] will please take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill S. 1915, with Mr. STAFFORD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 1915, which the Clerk will read by title.

The Clerk read as follows:

A bill (S. 1915) to amend the War Finance Corporation act, approved April 5, 1918, as amended, to provide relief for producers of and dealers in agricultural products, and for other purposes.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

Mr. RANKIN. Yes; I object.

The CHAIRMAN. The gentleman from Mississippi objects. The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,* That when used in this act the term "person" includes partnerships, corporations, and associations, as well as individuals.

SEC. 2. That section 1 of the War Finance Corporation act, approved April 5, 1918, as amended, is amended to read as follows:

"That the Secretary of the Treasury, the Secretary of Agriculture, and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the War Finance Corporation (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That except as otherwise provided by this amendatory act the corporation shall not exercise any of the powers conferred by this act except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States."

SEC. 3. The War Finance Corporation act, approved April 5, 1918, as amended, is amended by adding after section 21 thereof the following new sections:

"SEC. 22. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine;

"(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding 1½ per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made;

"(b) To any person without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time.

"(c) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person as is described in paragraph (a) of this section for the purpose therein set forth or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a). The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described. Such advances shall bear interest at the rates fixed by the corporation.

"SEC. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

"All advances made under section 21 or under section 22 of this act shall be made against the promissory note or notes, or other instrument or instruments in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The corporation shall retain the power to require additional security at any time.

"SEC. 24. Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made. The aggregate of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described.

"The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond two years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal reserve act: *Provided*, That no purchase of debentures,

promissory notes, or other obligations of the said banking corporations shall be made nor any loan or advance be made to said banking corporations except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

"Advances or purchases may be made under this section at any time prior to July 1, 1922.

"SEC. 25. (a) The corporation shall have power and is authorized and empowered upon request therefor by the Federal Farm Loan Board created by the Federal farm loan act approved July 17, 1916, as amended, to make advances to Federal land banks, at a rate of interest not exceeding the rate of interest charged by Federal land banks for loans under the provisions of such Federal farm loan act, as amended, and to accept as security therefor farm loan bonds issued by such Federal land banks maturing within five years of the date of issue, or to purchase such bonds from the capital, earnings, reserve fund, or other assets of such corporation to the amount of \$100,000,000 during the calendar year ending December 31, 1921, and \$100,000,000 during the calendar year ending December 31, 1922.

"(b) Every Federal land bank shall have power, subject to the provisions, limitations, and requirements of the Federal farm loan act approved July 17, 1916, as amended, and of this section, to receive and pay interest upon such advances, to issue farm loan bonds as security therefor, to issue and sell farm loan bonds, to buy the same for its own account at any time, and to retire any or all of such bonds at or before maturity.

"SEC. 26. The aggregate amount of all advances made under sections 21, 22, and 24, and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

"SEC. 27. The corporation is empowered and authorized to investigate upon its own initiative or in cooperation with other governmental agencies foreign market conditions and to advise where disposition may be advantageously made of such agricultural products.

"SEC. 28. Whenever in this act the words 'bank, banker, or trust company' are used, they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

"SEC. 29. In order to enable the corporation to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized to furnish to the corporation for its confidential use such reports, records, or other information as he may have available relating to financial condition of national banks to which the corporation has made or contemplates making advances, and to make through his examiners for the confidential use of the corporation examinations of banks, bankers, or trust companies other than national banks to which the corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company.

"SEC. 30. No person, bank, banker, or trust company receiving money under the provisions of this act shall loan such money at a rate of interest greater than 2 per cent per annum in excess of the rate of interest charged or received by the corporation upon such money.

SEC. 4. Section 21 of the War Finance Corporation act is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

SEC. 5. The first paragraph of section 12 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"SEC. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than four times its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge on all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association, at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine.

"The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1927, but no notes or bonds shall mature later than July 1, 1927."

SEC. 6. Paragraph 1 of section 13 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper or corresponding maturities."

With committee amendments, as follows:

On page 1, line 6, after the figure "1," insert "of Title I."  
On page 2, line 9, after the word "after," strike out down to and including the word "States" and insert "July 1, 1922."  
On page 2, line 15, after the figures "21," insert "of Title I."  
On page 2, line 21, strike out "and" and insert "or lack of a market for the sale of same or."  
On page 3, commencing with line 16, strike out paragraph (b) down to and including line 24 of same page.  
On page 4, line 1, strike out "(c)" and insert "(b)."  
On page 4, line 18, after the figures "21," insert "and section 22."  
On page 4, line 19, strike out "five" and insert "three."  
On page 4, line 20, after the word "made," strike out down to and including the word "made" in line 23 of same page.  
On page 5, line 16, strike out "the."  
On page 6, line 2, strike out "two" and insert "three."  
On page 6, line 20, strike out "two" and insert "three."  
On page 7, line 10, strike out "five" and insert "three."  
On page 7, commencing with line 14, strike out all of section 25 down to and including line 10 on page 8.



On page 8, line 11, strike out "26" and insert "25."  
On page 8, commencing with line 16, strike out section 27 down to and including line 20 of same page.

On page 8, line 21, strike out "28" and insert "26."  
On page 8, line 24, after the word "institution," insert "incorporated under the laws of any State or of the United States."

On page 9, line 3, strike out "29" and insert "27."  
On page 9, commencing with line 16, strike out section 30, down to and including line 10 of same page and insert the following:

"SEC. 28. No bank, banker, or trust company, or other firm, corporation, or association receiving an advance under the provisions of this act shall loan such money at a rate of interest greater than 2 per centum per annum in excess of the rate of interest charged or received by the corporation upon such advance, nor shall any such bank, banker, or trust company charge any commission in connection with any such loan except as reasonable compensation for any special services or risks undertaken by such bank, banker, or trust company, or other firm, corporation, or association. The limitation contained in this section shall not apply where the loan is made by the bank, banker, or trust company, or other firm, corporation, or association, without recourse against any domestic borrower."

On page 10, line 10, after the figures "21," insert "of Title I."  
On page 10, line 14, after the figure "5," strike out "The first paragraph of."

On page 10, line 14, after the figures "12," insert "of Title I."  
On page 10, line 19, strike out "four" and insert "three."  
On page 11, line 9, after the word "prices," insert "at not less than par."

On page 11, line 15, after the figures "13," insert "of Title I."  
On page 12, line 1, after the word "paper," strike out the word "or" and insert the word "of" in lieu thereof.

On page 12, at the end of the bill, add a new section to read as follows:

"SEC. 7. That section 15 of Title I of the War Finance Corporation act be amended and reenacted to read as follows:

"SEC. 15. That all moneys of the corporation not otherwise employed may be kept on deposit, subject to check, with the Treasurer of the United States, or in any of the Federal reserve banks, or may, upon the direction of the board of directors of the corporation, with the approval of the Secretary of the Treasury, be invested in bonds or other obligations of the United States, issued or converted after September 24, 1917, or upon like direction and approval, may be used from time to time in the purchase or redemption of any bonds issued by the corporation."

"The Federal reserve banks are hereby authorized to act as depositories for and as fiscal agents of the corporation in the general performance of the powers conferred by this title."

"Beginning July 1, 1922, the directors of the corporation shall proceed to liquidate its assets and wind up its affairs, except as specifically provided in this title; but the directors of the corporation, in their discretion, may from time to time, prior to such liquidation, sell and dispose of any securities or other property acquired by the corporation."

"After July 1, 1922, the corporation may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States, as a special deposit, out of money belonging to the corporation, or from time to time received by it in the course of liquidation or otherwise, an amount equal to the aggregate amount of all outstanding bonds or notes of the corporation, including principal and interest to maturity. Moneys so deposited shall constitute a special fund for the payment of principal and interest of such bonds or notes, or for the purchase or redemption of such bonds or notes at not more than par and accrued interest, and may be drawn upon or paid out for no other purpose."

"Whenever there shall have been deposited in such special fund an amount equal to the aggregate amount of all bonds or notes of the corporation then outstanding, including principal and interest to maturity, the corporation may, with the approval of the Secretary of the Treasury, pay into the Treasury of the United States, as miscellaneous receipts, any moneys belonging to the corporation, or received from time to time in the course of liquidation or otherwise, in excess of a reasonable reserve to meet all liabilities and expenses during liquidation. Whenever any such payment is made, an amount of capital stock of the corporation equal in par value to the amount so paid in shall be canceled and retired."

"All net earnings of the corporation not required for its operations shall be accumulated as a reserve fund until such time as the corporation liquidates under the terms of this title."

"Any balance remaining after the payment of all the corporation's debts, and after the retirement of all its capital stock as herein provided, shall be paid into the Treasury of the United States as miscellaneous receipts, and thereupon the corporation shall stand dissolved."

The CHAIRMAN. The gentleman from Pennsylvania is recognized for two hours.

Mr. McFADDEN. Mr. Chairman, may I ask the Chair to notify me after I have consumed 15 minutes?

The CHAIRMAN. Yes.

Mr. McFADDEN. Mr. Chairman, this is an important bill, which comes to us from the Senate—Senate bill 1915—a bill to amend the War Finance Corporation act. This bill should properly be called a bill for the relief of the agricultural interests, the railroads, and the bankers of the United States.

I want to go back and review, for the benefit of members of the committee, this legislation. The history of this legislation is that it was conceived under the stress of war conditions in 1918.

The bill was prepared at a time when great financial stress prevailed everywhere, when this country was straining every nerve and using every bit of its industry to win the war, and the financial institutions of the country were being urged to finance the tremendous financial obligations of the Government. So, as I say, this law was conceived under great stress. Owing to plans which had been put into operation for the financing of the war, principally through inflation, the financial

institutions of the country were wondering how and where they were going to get the necessary relief under these demands and also to buy from the Treasury of the United States the tremendous amounts of loans which the Government was offering and forcing the banks to buy from time to time. This corporation was created with a capital of \$500,000,000, which was subscribed for and paid by the United States. It originally had expansive powers to the extent of \$4,000,000,000 through the authority vested in the act to permit it to issue its notes or debentures to that amount. The greatest good and help that came as a result of this legislation was probably psychological, because it gave to the financial and business interests of this country confidence that should they have to go to this institution for relief the institution was there and could function properly. There was grave doubt in the minds of a great many people as to the wisdom of passing such legislation as this, and I, for one, strenuously opposed it when it was first proposed, because I saw in it an institution that would promote inflation and increase costs throughout the country, and if it was used to its fullest extent, with the rediscount privileges which were given to the instruments which it issued, could clog the Federal reserve system and possibly stop its effective work in relief to the member financial institutions which the Federal reserve act provided.

But, as I say, the great help that came from the enactment of this legislation was psychological. The demands upon the institution were comparatively light. It only advanced, as I remember, something like \$46,000,000 for the relief of industry during the first year of its operation. It was conceived largely by the people who were interested in public utilities. They felt the great need of financial assistance, and they got together and prepared the first plan which was finally worked out in the War Finance Corporation act. The great financial interests of the country finally, however, really took the organization away from the public utility interests of the country and made it an instrument which would relieve the banking institutions of the United States which had the responsibility of financing war industry and of financing the Government under its trying conditions, so that when the war ended, as I say, this corporation had done very little except in a psychological way. But on March 3, 1919, the Congress amended this law and provided that its resources should be used for the purpose of expediting and aiding in the financing of international trade, and section 21 was then added to the bill. Under this authority the corporation has gone along, and from time to time has rendered some assistance, with the limitations that were provided in the law, in the financing of banks that have financed traders and dealers in goods for export. They were limited, however, by the law in the scope of their aid, and they did not advance large amounts of money for this purpose. They did, however, render aid to a considerable extent to the cattle interests of the Southwest and the West. They made advances to some of the large business concerns of the country like the Baldwin Locomotive Works and the Bethlehem Steel Co., but they felt all along that they could not go into that class of business or render the aid that they should without amendments to the law. So during May of 1920 the Secretary of the Treasury felt that the War Finance Corporation should cease operations, and accordingly under authority given him by the act, which was confirmed by an opinion received by him from the Attorney General, the board of directors passed resolutions declaring the business of the War Finance Corporation at an end.

You will all remember, I think, what directly ensued from that order. About that time also the Federal reserve system came under considerable criticism because we were in the midst of declining prices in this country, and there was a great demand from the agricultural interests of the South and West for relief from the Government. Many of these people through their organizations were coming to Washington and demanding a revival of the War Finance Corporation and its activities, seeing that they could not get the relief which was necessary from the Federal reserve system and that the conditions were such that they demanded relief. Accordingly, on January 4, 1921, the War Finance Corporation was revived, and since that time it has been able to function to a considerable extent. At the present time the War Finance Corporation has made loans as follows—this information was furnished me by the War Finance Corporation: They have approved loans to the cotton interests of the country for \$16,560,000; to the tobacco interests for \$1,848,000; condensed milk, \$8,500,000; canned fruits and vegetables, \$250,000; meat products, \$2,000,000; railroad equipment, \$2,925,000; copper, \$145,000; sheet steel, \$180,000; sugar mill machinery, \$287,500; making a total of approved loans of \$32,696,700.

Mr. RAMSEYER. Is that for the purpose of aiding exports?

Mr. McFADDEN. That is in the aid of exports. They have under negotiations loans to the cotton interests amounting to \$15,225,000; to the wheat interests, \$17,500,000; to the tobacco interests, \$6,500,000; to canned fruits and vegetable interests, \$550,000; and to railroad equipment interests, \$1,000,000; or a total of \$40,775,000 of loans under negotiations and subject to approval, making a grand total of \$73,471,700.

Mr. FOCHT. By tobacco and cotton interests does the gentleman mean the growers and producers?

Mr. McFADDEN. No; these loans are made particularly under section 21 of the law to those engaged in the export trade.

Mr. FOCHT. Surely not to the Tobacco Trust or any institution of that kind?

Mr. McFADDEN. I could not say to whom the loans were made, but they were made for the purpose of exporting tobacco, and my recollection is that it was tobacco from the producing sections of Kentucky.

Mr. SMITH of Michigan. Were the negotiations carried on directly with the firms, or through the Federal reserve bank, or the local bank, or how were they carried on?

Mr. McFADDEN. Directly through the War Finance Corporation.

Mr. SMITH of Michigan. That has its headquarters here?

Mr. McFADDEN. That has its headquarters in Washington. They have in some instances worked through the Federal reserve banks in the consummation of the negotiations looking toward payment, and so forth.

Mr. ROSE. Will the gentleman yield for a question?

Mr. McFADDEN. I yield to the gentleman from Pennsylvania.

Mr. ROSE. What kind of collateral is taken to secure a loan?

Mr. McFADDEN. The kind of collateral is pretty well set forth in section 21 of the War Finance Corporation act. It must be gilt edge.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. CHINDBLOM. How much of the present working capital of the War Finance Corporation is Government funds?

Mr. McFADDEN. All but the surplus.

Mr. CHINDBLOM. Have they not sold bonds?

Mr. McFADDEN. Two hundred million dollars' worth of bonds running less than a year have all been redeemed.

Mr. LONGWORTH. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LONGWORTH. The War Finance Corporation has a credit of \$400,000,000 in the Treasury and a working cash capital of \$100,000,000 and the power to issue bonds?

Mr. McFADDEN. The gentleman is correct.

The War Finance Corporation has on hand a cash credit with the Treasurer of the United States of \$403,827,771.29.

It has outstanding loans amounting to \$99,903,839.39, of which \$65,856,479.59 represent loans made under its war powers.

Its outstanding loans made under its export finance authority total \$34,047,359.80.

Total loans heretofore made under its war and post-war powers aggregate \$359,586,049.58.

The repayments aggregate \$259,682,210.19.

Repayments of loans made under its export financing authority total \$18,820,034.01.

Repayments of loans granted under the war power total \$240,862,176.18.

Now, the War Finance Corporation, of course, has the right at the present time to call upon the Treasury of the United States for this total of \$403,000,000. The Treasury of the United States would have to pay that if the War Finance Corporation should demand it at a moment's notice. Of course, the corporation will not make the demand until they find it absolutely necessary in order to function and meet its demands in an orderly manner.

Mr. EVANS. Will the gentleman yield?

Mr. McFADDEN. Certainly.

Mr. EVANS. What is the source from which the credit of \$403,000,000 comes?

Mr. McFADDEN. The act of Congress of 1918 giving them \$500,000,000 capital. The corporation is only using now \$93,000,000 of the Government's money, and the balance of \$403,000,000 is a credit subject to call.

Mr. EVANS. The present bill increases that, if necessary, to over a billion.

Mr. McFADDEN. In cash requirement?

Mr. EVANS. How does the cash come by which they can secure \$1,000,000,000 credit?

Mr. McFADDEN. The War Finance Corporation has the power to issue its notes and securities and sell them in the open market to the amount of \$3,000,000,000, but this bill reduces that authority to one billion and a half. The gentleman has in his mind that provision of the bill which allows them to advance to agricultural interests to the amount of \$1,000,000,000; that can be provided out of the capital and sale of its own debentures and securities.

Mr. EVANS. Will the gentleman yield further?

Mr. McFADDEN. Certainly.

Mr. EVANS. In the Treasury statement there is \$403,000,000 to the credit of the War Finance Corporation.

Mr. McFADDEN. It is a book credit to the War Finance Corporation.

Mr. EVANS. Is it subtracted from the currency in the Treasury?

Mr. McFADDEN. No; nor does it require any appropriation from Congress.

Mr. EVANS. It is carried on the books as a credit?

Mr. McFADDEN. Yes. During the functioning of the corporation it did use the greater portion of the \$500,000,000 capital, but during 1920 Secretary of the Treasury Houston caused the corporation to discontinue its operations, and there was a return to the Public Treasury of \$380,000,000 of that capital which was used by the Treasury of the United States under authority given it for the reduction of the public debt, but it stands as a credit to the War Finance Corporation.

Mr. MILLER. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. MILLER. What proportion of the \$500,000,000 securities was sold in the public market?

Mr. McFADDEN. Two hundred million dollars.

Mr. MILLER. What was the rate?

Mr. McFADDEN. Five per cent, and they sold at 99½, I think.

Mr. MILLER. It drew 5 per cent interest?

Mr. McFADDEN. Yes.

Mr. MILLER. What proportion is outstanding now?

Mr. McFADDEN. None of it; it has been entirely retired. So the assets of the corporation, in addition to its capital, are the earnings amounting to about \$40,000,000. Now, very briefly, I want to refer to the bill and what it proposes to do.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. O'CONNOR. Did the gentleman say that some railroad company was an applicant for a loan of a million dollars?

Mr. McFADDEN. No; I made no such statement.

Mr. SANDERS of Indiana. The War Finance Corporation has no power at the present time to make any loan to a railroad.

Mr. McFADDEN. No; although they did loan to some roads during the war period.

Mr. SANDERS of Indiana. It has been specifically held that they have no such authority now.

Mr. McFADDEN. Yes; and I understand there is pending before the gentleman's committee legislation which will enlarge the power and permit it to purchase from the Treasury and the Director General of Railroads certain railroad securities. In that connection I want to point out, because this other legislation is coming right along, the fact that this bill provides authority to the War Finance Corporation to issue \$500,000,000 of securities, if necessary, to take care of the railroad finances in addition to the billion dollars which is required for advancing the agricultural interests provided for in this bill.

Mr. DENISON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. DENISON. Under the present law the War Finance Corporation can issue bonds to six times the capital stock, or \$3,000,000,000?

Mr. McFADDEN. Yes.

Mr. DENISON. And you are repealing that law and by this act authorizing them to issue these bonds or debentures to the extent of three times the capital stock?

Mr. McFADDEN. Yes.

Mr. DENISON. So that if this becomes a law, as reported by the House, they can issue \$1,500,000,000 of bonds.

Mr. MADDEN. In addition to their capital stock of \$500,000,000.

Mr. DENISON. They are authorized by this act to issue credits to the agricultural or exporting interests to the amount of \$1,000,000,000.

Mr. McFADDEN. That is correct.

Mr. DENISON. That will leave them a possible working capital of an additional billion dollars.

Mr. McFADDEN. Yes.



Mr. DENISON. The indications are that at one time or another, as far as we can tell now, there will probably be \$700,000,000 needed in connection with the pending railroad legislation.

Mr. McFADDEN. Director General Davis, of the Railroad Administration, says it will be under \$500,000,000 in the statement which was sent up here in the memorandum in connection with the President's message on July 26.

Mr. DENISON. I believe there is a limitation in the bill.

Mr. McFADDEN. Yes; \$500,000,000.

Mr. DENISON. I had in mind the amount of the securities which the Railroad Administration has on hand.

Mr. McFADDEN. Yes, Mr. Chairman, the Treasury now holds some \$700,000,000 of bonds representing advances by the Government under various acts of Congress. This legislation is the result largely of the message of the President delivered to Congress on July 25, 1921, and from that message I quote as follows:

Pending proposals for relief and their discussion have already brought to the attention of Congress the very promising possibilities of broadening the powers of the War Finance Corporation for the further relief of agriculture and live-stock production. This corporation has proven itself so helpful in the relief thus far undertaken that I can not help but believe that its broadened powers as have been proposed to meet agricultural needs will enable it wholly to meet the nation-wide emergency. This is an impelling moral obligation to American farming in all its larger aspects, and it will be most gratifying to have your early sanction.

In the case of the railroads there is a moral and contractual obligation, and your favorable action is no less urgent and will no less appeal to public approval. Railway solvency and efficiency are essential to our healthful industrial, commercial, and agricultural life. Everything hinges on transportation.

Mr. DENISON. Mr. Chairman, will the gentleman yield there with reference to section 1?

Mr. McFADDEN. Yes.

Mr. DENISON. Will the gentleman state to us if he can what powers the War Finance Corporation will have after the enactment of this legislation after July 1, 1922.

Mr. McFADDEN. It will have powers to renew loans for a period of three years, and it must be liquidated entirely within a period of 10 years. In that connection we have added a section to this bill which makes very clear the process of liquidation. The old act was not very clear in that particular. Had it been as clear as we have made it in this last section of this bill, when the Secretary of the Treasury in May, 1920, ordered the War Finance Corporation to cease operations, the money that he put into the public Treasury would have been used in cancellation of the stock which the Treasury held of the corporation. Therefore the capital stock at that time might have been reduced. Our amendment provides specifically that when the money is paid into the Treasury after July 1, 1922, a like amount of stock shall be canceled. That to my mind is one of the strong things about this bill. It provides definitely a date for the termination of this emergency legislation.

Mr. DENISON. I think that is a very wise provision, but I do not think the language used in the first section is very accurate in carrying out that intention.

Mr. McFADDEN. Has the gentleman a copy of the amended bill?

Mr. DENISON. Yes.

Mr. McFADDEN. Page 2, section 1, provides a definite date after which the corporation shall not exercise any of the powers conferred by the act, except such as are incidental to the liquidation of its assets and the winding up of its affairs, which shall be July 1, 1922.

Mr. DENISON. But it says "except as otherwise provided by this amendatory act," and that is the phrase that I could not understand. I was wondering if that would not authorize the performances of the privileges granted by this act after July 1, 1922.

Mr. McFADDEN. That applies only to renewals of advances.

Mr. WINGO. If the gentleman will permit, he suggested they might do business for 10 years, and while the gentleman is technically correct, I fear it would not convey to the gentleman from Illinois [Mr. DENISON] a correct impression. If he will look at the bill he will find that they can not do any new business after July 1, 1922, either under the present existing section 21, or under the sections of this law.

Mr. DENISON. Where is that?

Mr. WINGO. That is in the second section of the bill, and it runs all the way through. The gentleman will find they can not issue notes after five years, and all their notes and bonds have to be matured not later than July 1, 1927.

Mr. McFADDEN. I find that I am using more time than I intended, and I will ask the indulgence of members of the committee not to interrupt me further. I think it is important for members of the committee to get, so far as possible, an under-

standing of this measure, and very briefly I want to refer minutely to the different sections of the bill.

Section 2 of the bill provides for the adding of the Secretary of Agriculture to the board of directors of the War Finance Corporation. My own personal opinion of that is that it is entirely unnecessary. It is a yielding to the popular clamor of having members of the Cabinet serve on practically all of these Government boards. There has been an insistent demand that the Secretary of Agriculture and the Secretary of Commerce serve on the Federal Reserve Board. That agitation has been going on for some little time. Here it is represented in the demand for the Secretary of Agriculture to serve on the War Finance Board. The managing director of the War Finance Corporation told the committee that frequently in the discharge of their duties it is necessary for them to have four and five meetings of the board a day; that as fast as the demands come in they try to act promptly, appreciating the great need of the people who are engaged in the various lines of industry. They have available for the uses of the corporation all of the data which the Secretary of Agriculture has, and the Director of the War Finance Corporation believes it is unnecessary, and I believe it is unnecessary, and I think many members of the committee feel the same way. The members of the Cabinet are all busy men, and without doubt it would require his substituting some subordinate to sit in the meeting of the War Finance Corporation and keep him advised.

Section 22 adds a new section to the War Finance Corporation act. The present authority given under section 1 probably gives the War Finance Corporation broader powers than they are given under this bill.

And it seems to me this does provide a manner in which relief can be furnished to certain agricultural interests which are not now being relieved; and as we progress with the bill I am going to suggest two or three additional amendments which have not been approved by the committee because it has not been together since the reporting of the bill, but which, I believe, will answer many of the criticisms which are being brought forward as regards the extension of credits to the producers of agricultural products in the United States. I will say to the gentlemen here that I have an amendment here which, I believe, will give that additional relief which the agricultural interests and cattle interests of the country feel they are entitled to, not fully covered in the Senate bill.

Mr. REED of West Virginia. Will the gentleman yield for a short question right there?

Mr. McFADDEN. I will.

Mr. REED of West Virginia. Will it be necessary for another committee further to amend this in order to reach the railroad situation?

Mr. McFADDEN. I will say to the gentleman that the Committee on Interstate and Foreign Commerce are now working on the bill introduced by the gentleman from Massachusetts [Mr. WINSLOW], which provides necessary relief for the financing of the railroads.

Mr. REED of West Virginia. It is a part of this eventually?

Mr. McFADDEN. It is an amendment to the war finance law creating section 22 (a), while this bill creates section 22 (b).

Mr. REED of West Virginia. When does the gentleman—

Mr. McFADDEN. In a moment. I would like, if I had time, to read a letter which I have here from the Secretary of the Treasury, which covers that phase of the legislation, but, owing to the limited amount of time I have, I am compelled to insert this in the RECORD, and I would like to have it go in at this point.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend his remarks by inserting the matter indicated at this point. Is there objection? [After a pause.] The Chair hears none.

The letter is as follows:

THE SECRETARY OF THE TREASURY,  
Washington, August 9, 1921.

MY DEAR MR. CHAIRMAN: I received your letter of July 29, 1921, with the inclosed copy of H. R. 7994, being the bill introduced by Mr. WINSLOW to amend the transportation act, 1920, and the War Finance Corporation act in order to provide for the financing of settlements between the Government and the railroads on account of Federal control. As you know, the bill is intended to carry out the recommendations made by the President in his message of July 26, 1921, a copy of which, together with the accompanying statement from the Director General of Railroads, is inclosed herewith for your convenient reference. The director general's statement explains the existing state of the accounts between the Government and the railroads as to matters growing out of Federal control, and my understanding is that the total amount of obligations on account of additions and betterments which it is proposed to fund if the pending legislation is adopted will not exceed \$500,000,000. The bill does not involve any new advances to the railroads, but it does propose a financial plan under which it would be possible for the Government to fund already existing indebtedness owing by the railroads to the Government on account of additions and betterments during Federal control, which in ordinary circumstances



would have been treated by the railroads as capital expenditure and financed by the sale of securities rather than out of current revenues.

The War Finance Corporation has no available funds at the present time except a credit balance of about \$400,000,000 with the Treasurer of the United States. Withdrawals by the War Finance Corporation would therefore involve cash expenditures by the Treasury, but it is the understanding between the War Finance Corporation and the Treasury that the corporation will finance its proposed purchases from the Director General of Railroads by the sale of railroad securities to the public, or, if necessary, by the sale of the corporation's own bonds to the public. Under this plan withdrawals by the War Finance Corporation would result temporarily in a corresponding draft on the Treasury, but the balance would be replenished by the deposit of proceeds of sale of railroad securities or the corporation's own bonds. I understand that the railroad securities which it is proposed that the War Finance Corporation purchase from the Director General of Railroads and subsequently sell to the public would consist not only of securities resulting from the funding of additions and betterments but also railroad securities already acquired by the Director General of Railroads under authority of the Federal control act, the act approved November 19, 1919, which provides for the reimbursement of the United States for equipment, and section 207 of the transportation act as amended. For your information in this connection I inclose a copy of the public debt statement for May 31, 1921, on the back of which will be found a statement of railroad securities owned by the United States Government. The bill itself limits the amount of securities which the corporation may purchase to an aggregate purchase price not exceeding \$500,000,000.

I believe that in the circumstances the bill offers a helpful and practicable plan for financing the settlement of matters growing out of Federal control, and I hope that it may have the early and favorable consideration of Congress.

Very truly, yours,

A. W. MELLON,  
Secretary.

Hon. LOUIS T. McFADDEN,  
Chairman Committee on Banking and Currency,  
House of Representatives, Washington, D. C.

Mr. SMITH of Michigan. Will the gentleman care to take the time to read the amendments he proposes to introduce, so that the committee may have the benefit of it?

Mr. McFADDEN. I shall be very glad to do it.

Mr. REED of West Virginia. Will the gentleman complete my inquiry? You have reduced the gross business by 50 per cent that this corporation may be doing?

Mr. McFADDEN. Yes.

Mr. REED of West Virginia. Will that cover the railroad activities contemplated?

Mr. McFADDEN. Contemplated by the railroad bill authorization is \$500,000,000. This bill carries an authorization of a billion and a half dollars. When the bill came over from the Senate it had \$500,000,000 additional, or \$2,000,000,000, and we struck that out, feeling that it was not necessary to appropriate more money for the uses of these activities than they had the right to expend. Now, the amendments which I am going to suggest later on are these, and if those of you who have the bill will turn to page 2, line 6, I will mention these amendments so you will have them before you. On page 2, line 6, strike out the word "amendatory." That is simply a technical amendment. Page 5, line 13, section 24, after the word "States," insert a comma and the words "or to any corporation, association, or producers in the United States." That is the relief to which I have just referred, and a corresponding amendment will be made to conform to that in other parts of the bill where that is referred to, and I believe there will be one or two other amendments made which will be acceptable to the committee which will limit some advances made to other corporations. Now, under that section the War Finance Corporation is authorized to make advances to dealers engaged in the export business, and to banks and financial institutions, and under section 24 we provide this other amendment which will permit advances to be made to those engaged in production, such as in the producing sections of the country of cotton and the cattle-growing interests.

These loans can be made in exceptional cases to those associations formed for the purpose of financing those operations or through the banks. And I will say we struck out of the Senate bill that provision which permitted loans to be made to people outside of the United States. Our reason for doing that was prompted largely by the fact that the whole situation in regard to international trade has been changed. For instance, years ago the people from the mills in Manchester, England, and continental Europe practically all came to the United States once or twice a year to make purchases of supplies of cotton to run them the whole year, and they would make their financial arrangements through their banks in their own countries. That situation has changed now and the market for our cotton goes on by these purchasers coming here and buying from time to time, from hand to mouth, and settling for their purchases. This requires us to furnish financial arrangements for holding the cotton and other materials which we propose to export to the other side. They can not afford to make arrangements on the other side now because of the fluctuations of the price and the uncertainty which exists in regard to banking facilities, and in addition they can not afford to take the chance of a

sudden change in the rate of exchange, so we felt it was a good deal better for us to permit our credit to be used in this country for the purpose of assisting our own people who are engaged in production and the export trade than to deliver it to the foreigners, who would then use our credit facilities to set the price which they will pay us for our product. But we believed if we financed American interests they will get nearer what they ought to get for their products than to give the advantage to the foreigner.

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. JOHNSON of Mississippi. While the gentleman is on this section I would like to have him explain to us who are not members of the committee why the Senate amendment was stricken from the bill; that is, that part which authorized the War Finance Corporation to purchase \$200,000,000 worth of bonds from the bond loans.

Mr. McFADDEN. I would be glad to explain that to the gentleman.

Mr. JOHNSON of Mississippi. That is section 25.

Mr. McFADDEN. The committee did strike out section 25 from the bill because they felt it was unnecessary in this class of legislation to have that kind of authority. Congress has just recently given authority to the Federal Farm Loan Board to call upon the Treasury of the United States to furnish working capital up to \$50,000,000, which is the amount of money which the Federal farm loan system has told Congress they should have in order to function properly, to take mortgages to sell to the investing public. I have in that connection here a letter from the Farm Loan Board which I would like to have read.

The CHAIRMAN. The Chair will advise the gentleman that he has used an additional 10 minutes.

Mr. McFADDEN. Very well. I would like to have this letter read in my time.

The CHAIRMAN. Without objection, the letter will be read.

There was no objection.

The letter is as follows:

TREASURY DEPARTMENT,  
FEDERAL FARM LOAN BUREAU,  
Washington, August 12, 1921.

DEAR CHAIRMAN McFADDEN: In response to telephone conversation this morning, asking for an expression from the Farm Loan Board as to the provision in S. 1915 authorizing the extension of certain credits to the Federal land banks by the War Finance Corporation and the purchase by that corporation under conditions therein stated of Federal farm loan bonds, permit me to state: The Farm Loan Board is on record in a hearing before your committee and elsewhere as believing that the enlargement of the depository privilege given by the Curtis-Nelson bill is the maximum of Government support to which the Federal land banks having already free Government capital and absolute tax exemption are reasonably entitled. To that position we adhere.

That position is based upon the theory that the farm loan system is intended to be a self-sustaining and self-operating branch of our financial organization, and the board has no doubt that with the depository privilege the system will meet this anticipation. Of course it can not, as was stated to your committee, expect to take over all of the farm mortgage business of the country in a single year, as that, if it were desirable, would be a physical impossibility; but it is capable as now equipped of steady and continuous operation.

During the month of July it placed \$9,000,000 in farm mortgages, during the present month it will place in excess of \$12,000,000, and this will be continued and probably increased during September and October, with funds now available—and the board sees no reason why this rate of activity shall not permanently continue. This rate of progress, gratifying as it is, is not at all commensurate with the extraordinary demand on the system at this time. This demand we believe to be extraordinary and arising from three distinct causes:

First. The 14 months of suspension by the banks owing to litigation.

Second. The general stringency in the money market and a lack of funds available for long-time mortgage credit.

Third. The fact that the Federal land banks are loaning money on more favorable terms and at a rate of interest averaging 2 per cent per annum less than that charged by other farm mortgage organizations.

This much for the provision upon the premises stated, and upon the theory that it is contemplated that the War Finance Corporation would use its capital provided by the Federal Treasury for the purchase of such farm loan bonds as it might acquire. If it is to be anticipated that the Finance Corporation shall acquire funds for the purposes stated by the sale of its own bonds, then the board ventures the suggestion that it sees no reason for imposing this task upon the Finance Corporation which must sell its bonds on the open market precisely as the Federal land banks do.

If it be the policy of Congress to place the Government in the farm loan business and provide funds for that enterprise from the Public Treasury, that is entirely a question for Congress, but if such be the congressional desire, it should be clearly expressed and the farm loan system should be remodeled accordingly that those entrusted with its administration may proceed in harmony with such desire.

Aside from the proposition as stated, the board is forced to the conclusion that even if the assistance contemplated should be the policy of Congress, the proposed measure does not afford it in a manner of which the Federal land banks could with prudence avail themselves. The first provision is that of a direct loan to the banks at a rate of interest not exceeding their loaning rate. Certainly no prudent business man would expect a Federal land bank to borrow money on a short-time note bearing a rate of interest equal to its loaning rate and use that money to make 20 and 30 year farm mortgage loans.



The second provision is for the purchase of farm loan bonds without mention of rate, such bonds to mature within five years. The same objection suggested above would apply to the issue of a 5-year bond. Manifestly such a bond could not be paid from the proceeds of a 20 or 30 year loan, and the banks would find themselves under the necessity of refunding at the end of that period, and the fact that these banks had out \$200,000,000 of paper which they must pay in five years, without a corresponding accrual, would, in the judgment of the board, detract from their credit in the general market and interfere with their stable and orderly operation much beyond the value of any immediate impetus.

For the reasons stated the board is unable to conclude that the proposed measure would helpfully facilitate the operations of the farm loan system or be of any permanent benefit to the agricultural interests of the country.

In conclusion permit me to urgently suggest that in this time of stress patience, sound judgment, and courage are essential on the part of all of the friends of the farm loan system lest in our anxiety for greater accomplishments we "kill the goose that lays the golden egg."

Respectfully, yours,

CHAS. G. LOBDELL,  
Farm Loan Commissioner.

Hon. L. T. McFADDEN,  
Chairman Banking and Currency Committee,  
House of Representatives.

Mr. RANKIN. What was the object in reducing the money available under this law 50 per cent?

Mr. McFADDEN. The reason the bill was cut down from some \$3,000,000,000, as the gentleman suggests, is that there is provided in this bill that there is no need of giving authorization for more than appropriated, namely, \$1,000,000,000 to the agricultural interests, and not to exceed \$500,000,000 to the railroad companies.

Mr. SANDERS of Indiana. The gentleman said "appropriation." It is an authorization for the issuance of bonds rather than an appropriation?

Mr. McFADDEN. Yes; and if the corporation sells the bonds that are now in the Treasury of the United States they may never issue any war finance bonds for the use of the railroads at all.

Mr. JOHNSON of Mississippi. Why do you limit it to associations rather than making it to the producer himself?

Mr. McFADDEN. We felt it was practically an impossible proposition for the War Finance Corporation to make advances direct to the producers as individuals.

Mr. JOHNSON of Mississippi. You do it to dealers.

Mr. McFADDEN. To dealers in exports.

Mr. JOHNSON of Mississippi. No; not dealers in exports, but dealers in all of these products.

Mr. McFADDEN. They are supposed to be much larger aggregations of business than the average dealer. I will say that in the bill originally we did not attempt to extend it that far, but we have tried to go just as far as we can go for the relief of the individual producer.

Mr. CARTER. Will the gentleman yield?

Mr. McFADDEN. I will yield to the gentleman.

Mr. CARTER. Is not one of the reasons the gentleman did that on account of the additional security that might come about by an association rather than an individual?

Mr. McFADDEN. Yes. It will be impossible for the War Finance Corporation to set up machinery and meet demands now for the agricultural interests if they make loans to the individual producers.

Mr. CARTER. I notice that in the previous section, No. 22 of this bill, it provides to take care of conditions that have grown out of the war or out of the disruption of foreign trade created by the war, and that ordinary banking facilities could not handle. As a matter of fact, if the Reserve Bank Board would reduce the rate of interest and stop the restriction of credits, which, it seems to me, has run riot, would not that take care of a large part of this rather than to pass this special bill for it?

Mr. McFADDEN. I will say to the gentleman in that connection that the Federal reserve system has increased its loans to the agricultural interests of the country. Recent statistics prove that. There is something to what the gentleman says. There might be considerable relief through more favorable loaning facilities, but they, the Federal reserve banks, can not make these loans direct to the individuals. They must make them through the member banks, and if the banks avail themselves of the privilege of rediscounting, the Federal reserve banks are helpless.

Mr. CARTER. The gentleman remembers that last fall the Federal board started on a program of deflation, which was perhaps correct at that time, but that program seems to still be going on, and so far as my part of the country is concerned, there has been no reduction whatever in the rediscount rate.

Mr. McFADDEN. I will say to the gentleman in that connection, that I believe the business interests of the country now

should have the benefit of the lowest possible rates. I do feel, however, that the Federal reserve system should restrict the credit extended so far as they can do it, or the Federal reserve banks should, to absolutely necessary operations and not to speculators.

In section 26 the committee saw fit to limit these advances to reputable institutions, and we provided a clause:

Incorporated under the laws of any State or of the United States.

We felt that was a necessary safeguard.

Now, as regards section 28, there has been a great deal of discussion in regard to that, and I am going to say to the committee here that at the proper time I am going to suggest an amendment to the committee amendment, modifying that amendment somewhat, by striking out, on page 10, after the word "advance," in line 1, all of that line, and all of the other lines down to and including line 5. That, I believe, will answer the objection of those who feel that we were putting an instrument in the hands of the banks where they could fleece operators. Of course, there was no intention on the part of the committee to do anything like that. There are certain contingencies where a bank should have additional compensation, because there are great risks involved frequently, and they should be paid an additional amount. They should also have the right occasionally to make an exchange charge, especially on this export business where great risks are entailed.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. COOPER of Wisconsin. I understood the gentleman to say that he proposed to strike out all after the word "advance," in line 1, and down to and including line 5, on page 10?

Mr. McFADDEN. Yes.

Mr. COOPER of Wisconsin. Why does the gentleman propose to leave in lines 6, 7, 8, and 9? What is the object of putting that particular language in the bill if the other is stricken out?

Mr. McFADDEN. That has to do with international trade. There is a great risk involved in that, and at times it is only right that the bank making advances should have the right to make reasonable arrangements and receive a reasonable compensation.

I want to call attention to the last section of this bill.

Mr. COOPER of Wisconsin. Would not that allow the bank to charge anything that it pleased, make an unlimited charge?

Mr. McFADDEN. The committee did not so construe it.

Mr. COOPER of Wisconsin. Well, but there is no limit as to what the commission may be.

Mr. McFADDEN. It says that no rate in excess of 2 per cent per annum.

Mr. COOPER of Wisconsin. Yes; but if you leave in the words in lines 6, 7, 8, and 9, on page 10, it expressly provides that that limitation shall not hold in certain cases. That means the bank shall determine what the extra charge shall be.

Mr. McFADDEN. To a certain extent I think it desirable that the War Finance Corporation law should leave some latitude in that respect.

Section 15 provides for the liquidation of this corporation, beginning on July 1, 1922. The committee felt we should have some definite limit fixed, and that when the concern begins to liquidate it should go along in an orderly manner. That is the section which provides when the money is returned to the Treasury a like amount of stock shall be canceled. I believe it assures us beyond all question that when this corporation does cease functioning in 1922 and begins to liquidate we will be at the end of this kind of legislation. [Applause.]

The CHAIRMAN. The gentleman from Pennsylvania has consumed 48 minutes. The gentleman from Arkansas [Mr. Wingo] is recognized for two hours.

Mr. WINGO. Mr. Chairman, I suggest that the gentlemen who are opposed to the bill are entitled to recognition. Will the gentleman from Pennsylvania yield some time to those who are opposed to the bill?

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Vermont [Mr. DALE].

The CHAIRMAN. The gentleman from Vermont is recognized for 20 minutes.

Mr. DALE. Mr. Chairman and gentlemen, you recall very well in the spring of 1918 the conditions that existed in this country. The German Army had broken through the western front, and we were under the greatest stress—I should say, the strain of doubt and perplexity to the limit—at that time of any during the war; and under these unprecedented conditions Congress passed an act which required legislators to abandon common lines of reasoning and to think only of using every re-



source—even the Treasury of the United States—to spur producers in this country to put out their products. What for? For national defense, for national security, to prosecute the war.

That is all we did it for. Congress put together what was intended to be merely the machinery to make loans to concerns whose products contributed to the prosecution of the war. It was a corporation furnished from the Treasury of the United States, if it were necessary, with \$500,000,000 in capital stock, with the authority to issue its bonds, as the chairman of the committee has told you, to the limit of \$4,000,000,000—tax-exempt bonds. In fact, it was a temporary framework with which to do what could not be performed by a substantial structure—a corporation to meet in time of war what the banks would not meet—and it was composed, as you know, of the Secretary of the Treasury and four others. It was empowered and authorized to advance on notes of banks, bankers, and trust companies which would loan to any firm, corporation, or person whose operations were necessary or contributory to the prosecution of the war, and even under these circumstances the value of the collateral to these loans was restricted to 75 per cent of its face value, and we specifically restricted the time when this extraordinary corporation should stop operations and begin to liquidate to six months after the President proclaimed the end of the war.

Now, when the distinguished leader of the Democratic side [Mr. KIRCHIN] at that time presented this kind of legislation, even for that purpose in time of war, he said it was so radical, so unprecedented, so economically revolutionary that the mind of even the most radical would hesitate to indorse it. Nobody took issue with him on his statement. It was given general reiteration at the time.

There were two predictions made respecting that bill, three and a half years ago, to which I want to call your attention to-day. The gentleman from Ohio [Mr. FESS] said "It will not end with the conclusion of the war. It will come up a year after the conclusion of the war. It is dangerous," and so forth, and so on. The gentleman from Michigan [Mr. FORDNEY] said that in his candid opinion the real purpose of the bill was ultimately to furnish money to railroads. That is what he said about it three and one-half years ago.

Well, this War Finance Corporation fulfilled its mission, and if it had stopped when it was intended that it should stop, though extraordinary, it would have proved valuable as a war auxiliary. But when that time came Congress had become somewhat accustomed to this economically revolutionary method of raising money, and we extended the time, and we empowered and authorized the corporation to make advances to any firm or corporation engaged in the business in the United States of exporting domestic products who were unable to obtain funds upon reasonable terms through banking channels, or to any bank, banker, or trust company who loaned funds to those concerns.

What was the excuse? Not the excuse that was submitted for creating this abnormal institution in the first place, namely, the prosecution of the war. No. We had long since passed that necessity by reason of our Army, victoriously. It was in order to promote commerce with foreign nations through the extension of credits. See how we had gotten away from our original purpose. And mark me, gentlemen, there lies the danger to-day. Not half so much is it by the inflation of currency as by the inflation of credit that this Nation is imperiled at the present time.

Mr. JOHNSON of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. DALE. Yes; I yield.

Mr. JOHNSON of Mississippi. I agree with the gentleman in his statement. I wish to call his attention to this fact—

Mr. DALE. I hope the gentleman will be brief.

Mr. JOHNSON of Mississippi. That there is pending another bill for the War Finance Corporation—

Mr. DALE. Yes, I know; I am coming to that. I can not yield. When, with our magnificent Federal reserve banking system—

Mr. JOHNSON of Mississippi. Will not the gentleman yield?

Mr. DALE. No; I can not yield.

The CHAIRMAN. The gentleman declines to yield.

Mr. DALE. When, with our new and powerful Federal land bank system, when with all other kinds of financial institutions, you have to empower a corporation to advance funds furnished by the National Treasury to bankers, firms, corporations, and associations who can not obtain them through any banking channels, in order to do what? To inflate credit. There, I say, lies the danger. It may be avoided. It may be one or two or

three years before we come to it, but the risk is beyond the taking by a safe pilot.

The gentleman from Ohio [Mr. FESS] said this bill would come up a year after the war to trouble us. A year after the war? Two years and more after the war, after any demand for the prosecution of the war, by joint resolution this Congress revives, rehabilitates the bill.

Notice the language. The purposes of the bill had all been fulfilled—the original purposes. They were all completed. This resolution directs the Secretary of the Treasury and the members of the corporation to revive its activities that it may at once be rehabilitated, instead of expiring six months after the war; to revive and rehabilitate it two years and more after the war, and for what purpose? For one never contemplated, far more radical and revolutionary than the prosecution of the war.

Now, almost three years after the war, we come here to revive and rehabilitate this old procedure again. What is the purpose of this new and extended power that is being asked for? Whenever, in the opinion of the directors, conditions arising out of the war—and all financial conditions now where there is perplexity have arisen out of the war, of course—when such conditions have resulted or when they may result, when it is even imagined that they are coming, and that an abnormal surplus has accumulated of any staple agricultural product in the United States, or there is a lack of a market for the same even, what then? And the ordinary facilities are inadequate—that is, the banking facilities, of course—to enable producers or dealers in such products to carry them until they can be exported or sold in an orderly manner; then this corporation is thereupon empowered to make advances to any firm, corporation, and so on. Gentlemen, look at it. That is the limit of loose grammatical construction and unbiased authority. When dealers can not sell in an ordinary orderly manner—what does that mean? When they can not sell with gentility? When they can not sell without a riot? Is that what it means? No; that is the only language that they could devise to cover up the purpose of it. When they can not get their price! That is the reason for it; and when by any banking methods they can not do that and can not hold their products until they can do it, then the money to enable them to do it shall be furnished by the Treasury of the United States out of taxes paid by men in other lines of business until they can get their price.

What security is given for this? Bonds? No. Notes, full, adequate, they say; notes indorsed, guaranteed by pledge or otherwise, any old way. Backed by collateral taken at 75 per cent as in the original act? No; face value. Again, under this bill the finance corporation may purchase notes, drafts, bills of exchange, or other instruments of indebtedness, secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying title to agricultural products, including live stock. The doors are wide open. The Treasury of the United States is financing a concern to go into the business of taking chattel mortgages on hogs.

Mr. WINGO. Will the gentleman yield?

Mr. DALE. No; I will have to finish this.

Mr. WINGO. Where in the bill do the words "face value" appear? They are not there.

The CHAIRMAN. The gentleman declines to yield.

Mr. DALE. Ah, but there is a limit here. They say that under this bill you can use for this purpose only \$1,000,000,000. It is limited to \$1,000,000,000 for the preceding purposes; and this is what we have come to since the days when men who were accustomed to debate in this House said they had to forget all normal reasoning in order to vote for this bill in its original form when its sole purpose was to prosecute the war, a purpose now wholly submerged in these other purposes. But you are going to pass this bill. I know by the temper of this House that you are going to pass it. And then what are you going to do? Why, in a few days, having so completely met the prediction of the gentleman from Ohio, you are going to meet the prediction of the gentleman from Michigan when the bill comes in from the Committee on Interstate and Foreign Commerce with this provision: The War Finance Corporation act is further amended, and so forth and so forth, so that the corporation will be empowered to purchase railroad bonds or notes or other securities at an aggregate purchase price not to exceed \$500,000,000. In that way you are going to carry out the second prediction.

Mr. JOHNSON of Mississippi. That was what I wished to call attention to.

Mr. DALE. I knew that was what the gentleman referred to. Now, gentlemen, I realize that we are going through that period of business depression which always follows war, and



that you hope by this extraordinary procedure to extend credit from the National Treasury to pass more securely this critical time, but the method adopted is so out of harmony with my ideas of government and finance that I can not bring myself to its indorsement.

Mr. JOHNSON of Mississippi. Just one word there. The Government now has \$700,000,000 worth of securities in these railroads that it can not realize upon at all.

Mr. DALE. I understand that.

Mr. ARENTZ. Will the gentleman from Mississippi be perfectly willing to give the railroads \$500,000,000 in cash?

Mr. JOHNSON of Mississippi. No, sir.

Mr. ARENTZ. Or have a deficit and increased taxes?

Mr. JOHNSON of Mississippi. No; I would not give them a penny.

Mr. DALE. This fact is apparent, gentlemen. We must continue to furnish credit in this way to the railroads, to manufacturers, to producers, to firms, to individuals, as a part of our Government policy, or before long we must put a complete check on this procedure which we have now been following and extending for more than three years. I can not yet think it probable that we shall adopt such a policy as this as a permanent part of our financial system, but we have gone so far in that direction that it will take years, and almost impossible endeavor to get back to sound principles of finance. Some time conditions will have to become adjusted by natural, regular, permanent principles. In the adjustment after a great crisis a banking system may be strained to its limit. Concerns and individuals may meet loss and perhaps some of them fail, but there is one institution back of them all that you must maintain, and that is the Treasury of the United States. That should be kept distinct and inviolate from individual business. To break the Treasury down too far in this way invites discontent, revolution, disaster. If you are going toward a panic now you can not check it by dragging the Federal Treasury into the mess. Perhaps the financial and transportation problems are greater than they have ever been before in this country.

If so, they can not be met by any artificial system resting on the Public Treasury to inflate credits. You can not meet them that way. They can be successfully met only by laying aside all paternalistic notions and all partisan influences and going straight at them in the old sound American fashion. That is the only way you can meet that condition if it exists. [Applause.]

Moreover, as suggested by the gentleman from Oklahoma [Mr. CARTER] a little while ago, if we spent more time seeing what we could do with the Federal reserve system it could meet the conditions to-day, the finest system in all the world as a banking system. If the loans to be made by the War Finance Corporation are not absolutely good, it is most iniquitous to use it for the proposed purpose, and if they are absolutely good there are banking methods by which they can be taken care of.

There is plenty of money available for speculation. If we would put a little less thought on how we can make certain interests think we are attempting to aid them by artificial methods and a little more energy into improving our Federal reserve system to meet present conditions, it would be more reasonable and more in line with common duty.

Now, because I consider the proposed legislation so vital in its nature, because I am so deeply convinced that it is not based on sound judgment and may lead to deplorable results, I venture to dissent from the general opinion of the eminent financiers, my associates on the banking and Currency Committee, and express my opposition to the granting of longer life and broader powers to this abnormal corporation that was created solely for the purpose of meeting the stress of war. [Applause.]

Mr. WINGO. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, other gentlemen who have preceded me in this debate have explained the important details of the bill, and so I will not go over these same matters again, but will address my remarks more particularly to the general purposes which the bill is intended to accomplish and the reasons why its enactment appears necessary at this time. In considering how to deal with a situation such as the country is wrestling with at the present time it is important to inquire (1) what is it? (2) why is it? (3) what can be done about it?

Now, what is this situation we are trying to remedy? The disturbed economic conditions following the war have dislocated the ordinary customs and practices heretofore prevailing in our export trade, and instead of these exports flowing freely during the usual marketing season, they now drag through the entire period of 12 months. The reason for it is that our foreign

customers are only able to buy as they can arrange credits for their purchases, and a large amount of this arranging for cash or credit has to be done in the United States. Such was not the case prior to the war. This new situation which we face makes it necessary that either the producer must hold back a large part of his crop and not place it on the market during the usual marketing season, or the middleman, who purchases it from him, must hold it back, and in either event the holder of these products must be financed to enable him to do it. The failure to provide adequate financial assistance in either case results disastrously to the market. If the producer is unable to get adequate help he must dump his crop on the market regardless of price, or if the middleman is also the holder and is unable to arrange for adequate finance, he suffers like consequence. If, however, both the producer and the middleman have assurance that adequate finances will be furnished upon fair and satisfactory terms as to security and time of payment, then fear and panic is banished from the market and orderly marketing can proceed with the law of supply and demand governing the price.

The producers of our great staple agricultural crops, including live stock, are in no condition to stand any further disastrous declines in their prices, and certainly such further declines are a menacing prospect if no method is provided for taking care of surplus until it is needed in the ordinary channels of consumption. These staple crops, including live stock, have already been flattened out by deflation about all they can stand. Take cotton—and I speak of cotton not because I am asking any special favors for it but because I know more about that crop than possibly any other agricultural product. I read from the August, 1921, bulletin issued by the National City Bank of New York City. It says:

Only a year ago, July 22, 1920, spot cotton sold in New York at 43.75 cents per pound. In June of this year the price had dropped to the low market of 10.85, or to less than 25 per cent of last summer's level.

Think of it, a great basic industry suffering a deflation of 75 per cent in its price during a period of 12 months. The wonder to me is not that there is financial distress in the South but that anybody at all is left solvent. This precipitate decline would have been bad enough even if all other goods and commodities and services had declined in equal proportion with it, for even then the cotton farmer and the local merchant would have had to pay debts contracted when cotton was 40 cents per pound, but, as a matter of fact, many other things have not declined in proportion, and so the cotton farmer not only has to take his bale of cotton which was deflated 75 per cent in value in so short a time and pay debts with it contracted when cotton was selling at 40 cents per pound, but he must also take it and purchase what few things he is able to buy at a much higher general level than he is receiving for his own product. What other industry could have withstood such a radical deflation as has overtaken farming within so short a time? None that I know of. Take the railroad industry. Deflate its rates 75 per cent in 12 months, and there probably would not be a railroad in the United States left out of the hands of a receiver.

Deflate steel prices 75 per cent in 12 months, and the sheriff will tack up an insolvent notice in front of the door of every steel mill in the United States. Deflate the pay roll of railroad labor 75 per cent in 12 months, and I would not like to think what would happen. We are having trouble enough as it is to deflate the small 12 per cent reduction in wages which the Railroad Labor Board ordered in July, 1921. Referendums have been taken as to whether the employees would strike, and all that kind of business.

Then how does it happen that the farmers have been able to stand such a heavy and rapid deflation without all having to go into bankruptcy? The only explanation that I can see is that the farmers of the United States, taken as a whole, run their business on capital 85 per cent of which they furnish themselves, and only about 15 per cent of which they borrow. Therefore in this time of stress they are simply having to draw on their capital either in the form of cash or putting it up for credit to make up the deficit resulting from loss in the cost of production. This condition presents a dangerous situation, and it is the duty of the Government to do everything that it reasonably can to solve the difficulty.

Now, I have briefly discussed "what" the situation is. As to the "why" of it, there is a wide difference of opinion. Some attribute it to the so-called deflation policies of the Federal Reserve Board set in motion in 1920. Others attribute it to chaotic financial conditions in Europe attended by violent disturbances in exchange rates. Still others attribute a large part of the depression to the buyers' strike here in the United States, while yet others attribute it to all of these causes com-



bined, but I do not consider it very important at this time that we debate the causes. The important thing is: What can be done about it? This bill represents one step in an effort to solve the problem. Now, let us thoroughly understand at the outset that the object of this bill is not to encourage holding for speculative purposes. The holding of a commodity for orderly marketing is not speculation, and whoever denominates it so shows his ignorance.

I realize perfectly well that crops produced in one year should be sold for consumption during that year, unless there is more than the ordinary amount of surplus, in which case arrangements should be made to finance it, either in the hands of the producer or the dealer. It is dangerous by any artificial process to hold back products that should be consumed in any one year and carry them over into another year, for, like water piling up behind a dam, when they are released great damage may result. This bill recognizes that truth and provides that these loans and advances which are authorized to firms dealing in or marketing agricultural products or to associations of producers of such crops or to banks and bankers who have made advances for such productive purposes shall not be made for a longer period than 12 months. In other words, the important purpose of the bill is to help out a moving movement. It is not a holding movement that the farmer wants. He is fed up on that. When he produces commodities he wants to sell them during the course of the marketing season, and, for the most part, he will sell them if he can get the cost of production and a fair margin of profit. We should never lose sight of the fact that it is the movement of commodities and the exchange of goods which starts the wheels of commerce to moving, and is not the piling of them up in warehouses like piling up water behind a dam? Of course, the bill does recognize that all these staple agricultural products, including live stock, can not be marketed in one month or two months, and so it very wisely provides for financial assistance in orderly marketing, but let no one get the impression that the object of this bill is to merely start a holding movement. It has no such purpose, and I have no idea that the managers of the War Finance Corporation will allow it to be so used. The purpose of the bill is to help get these products in the channels of commerce and to countries where they are most needed and where the fairest and best price can be obtained.

Some gentlemen may hesitate to support this bill upon the ground that it is paternalistic, and it must be admitted that it is paternalistic in the sense that the capital stock of the War Finance Corporation is owned by the United States Government. But if the Government can aid these industries and agriculture and live stock to get back upon their feet again by resort to a method no more paternalistic than this, we had far better do it than to risk the danger of the kind of paternalistic and socialistic legislation which might follow as a consequence of letting the situation drift and go from bad to worse. [Applause.]

Now, it is quite clear to me that there is one of three things which must happen before we can possibly have any return to normal prosperity in this country, and these things are: (1) Either farm products must advance to the present level of other goods, commodities, and services; or (2) these other goods, commodities, and services must be deflated to the low level of farm products; or (3) they both must approach each other, so as to reach a more intermediate level, farm products advancing from their present low levels and manufactured goods and wages and services declining wherever they are now too high.

Now, the first of these things which I have mentioned will not likely take place. Farm products will not likely again in this generation advance to the high peak which they reached during the war. Conditions which brought about such a world demand, when 20,000,000 or 30,000,000 men were under arms and taken out of the channels of production, are not likely to occur again within the lifetime of the present generation. But it is within the range of possibilities that the second thing which I mentioned might happen, but it would be very unfortunate for the country if it did happen. If those in financial and Government authority make no effort to relieve the present situation along sane and proper lines, then it is very probable that there will be little or no advance in price of farm products. In fact, with a stagnated market, they might go very much lower. If such a thing does happen, then it is very certain that manufactured goods and services and wages will go right on down to the low level of farm products, in which case it would seem we would be in for a long period of business depression. The reason that I say we would be in for a long period of business depression under such circumstances is because of the fact that the country is heavily in debt. These debts were contracted when cotton was 40 cents per pound and wheat \$2.50 per bushel

and hogs 16 and 18 cents per pound, and other prices in proportion, and during this same time when the people were contracting their private debts the Government, under the stress of war expenses, contracted debts aggregating \$25,000,000,000. The annual interest on said indebtedness amounts to more than \$1,000,000,000. We must arrange to pay that amount every year, and also create a sinking fund of about \$500,000,000 per year in order that the debt may be retired within a reasonable term of years. Now, if all of these debts, both governmental and private, have got to be paid in an appreciated dollar, which must be raised by the sale of depreciated farm products and manufactured goods, then the country is in for a period of hard times, and there is no telling how long the depression will last. I received a letter from a country banker of mine, Mr. Gibbons Poteet, cashier of the First National Bank at Roxton, Tex., in which he very clearly stated the situation to which I have just referred. In his letter, among other things, Mr. Poteet said:

We can not change the value of the dollar from the 40-cent dollar to a 100-cent dollar or a 150-cent dollar within a space of 12 or 18 months without tearing the business machine all to pieces. If it were only a matter of a few speculators that took big chances and got caught, it would not make so much difference; or if it were only a matter of a few thousand foolish people who strained their credit too far for foolishness and got caught, it would not matter. But the fact is that we, the people, issued all the billions of bonds and flooded the country with money and credit and we caused inflation. We did it, and the people had to do business on that basis. They couldn't help it. Naturally their bills and debts of every kind were very high. Those debts are still unpaid. The grand total is enormous and every single debt carried over has been doubled—yes; more than doubled. I will pause here long enough to remark that this statement is undoubtedly correct as to the man who produces and sells the commodities which have suffered such a heavy decline in price. Of course, it would not work out that way to the man who has a fixed income either from salary, wages, or investment.

Many billions of these bonds were paid for with 40-cent dollars. Now we are letting things run so that we are asked to pay them back in great big dollars. It does not make any difference how much the people "produce" if you call a bale of cotton \$40 to \$50 and a cow \$25 to \$30 and corn 30 to 40 cents a bushel and wool 15 to 20 cents a pound; the sum total of all these products will not add up enough to pay all these doubled debts. If it would work, it would be all right; but the trouble is, I am much afraid it will not work. Why, good gosh, man, the total value of all the farms in the United States, according to the census of 1920, the land and improvements and farm property, was estimated on the January, 1920, basis of prices at \$77,000,000,000. If a census were taken now and the land were estimated at what would be considered a fair present-day valuation, you would cut the total about one-half, and you would have the total value of all farms, including improvements and farm property, not very far from the aggregate of the national debt. Then add to the national debt all the State and municipal and corporate debts, and then the individual debts, then you will have some debt that the people of this Nation owe, and the biggest part of all these debts were contracted on the 40 or 50 cent dollar. Is it right, then, that we deflate and contract till we try to force these debts paid back in dollars worth two to three times what the dollars that went into the debt were worth?

Mr. Poteet calls attention to a very grave and important phase of the situation, and it is one to which Congress and our administration leaders should give heed. If we did not owe all of these debts, public and private, the harm which would result from a general deflation of all prices, wages, salaries, and commodities to the present low level of farm products would probably not be so serious, provided, of course, the deflation is carried clear on down the line and is made to apply equally to all.

But in view of the heavy indebtedness which the people owe, both privately and through their Government, it is the part of wisdom, if it is possible to do so, to bring all these prices to a more intermediate level. That would mean that the prices of farm products would have to be lifted out of the slough of despond in which they are now mired down and get them on a level where they will pay the cost of production and yield a fair profit to the producer. On the other hand, where goods and services and wages are still on the inflated war basis, they must come down to a more intermediate level, which will bring them more into harmony with prices of farm products. Of course, I realize that a perfect equilibrium and balanced condition of industry is only an ideal and is never reached, because various factors and influences play their part, and hence there is necessarily some fluctuation up and down, but the present lopsided adjustment between agriculture and many of the other industries is unnatural and exceedingly harmful, and the sooner it is ended the better it will be.

The purpose of this bill is to lend a helping hand to correct the situation, and I think if it is properly administered it should go a long way toward accomplishing that purpose. By the enactment of this bill Congress will give the War Finance Corporation broad and adequate powers to extend credit relief and furnish the machinery by which the money needed to do it may be obtained. Of course, Congress can not administer the law. Its effectiveness to fulfill the purposes for which it is enacted will depend upon the method of its administration by the directors of the War Finance Corporation. I am convinced that these directors intend to approach their task with a view



of administering the act in accordance with the spirit which prompts Congress to pass it.

If they do, then I think we may well look for hopeful and beneficial results to follow. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MacGREGOR].

Mr. MacGREGOR. Mr. Chairman and gentlemen, I want to take a minute or two to express my opposition to this legislation. My friend, the gentleman from Mississippi [Mr. Sisson], a few days ago said to our socialistic friend, the gentleman from New York [Mr. London], "Meyer, I suppose that the legislation that is being enacted over here is as socialistic and sending the country toward socialism as rapidly as you could desire." Mr. London said "Yes."

This is one of the most forward steps toward socialism that has come under my observation. Our Government was formed not for the purpose of conducting a commercial business, but simply to regulate the relations of our citizens one to another. Here we undertake to help people, our citizens, who are in financial distress; that is supposed to be the basis of the proposition. We, of course, all sympathize with and are sorry for those in financial distress, but it is not the part or the province of the Government of this country to go into the business of relieving its citizens from financial distress. This bill proposes that the Government shall aid those who have or may have goods that are held in storage to the end that they may be held until a price shall be reached that will make it profitable for the holder to sell.

Mr. CABLE. Will the gentleman yield?

Mr. MacGREGOR. No; I can not. I have only 10 minutes. Do we propose that those who have corners on grain, corners on meat and live stock, or agricultural products shall use the Government of the United States for the purpose of getting a high price for their products? The people of the country have been clamoring about the high cost of living. Here the Government of the United States proposes to go in and help maintain the high cost of living by using its bonds and credit. We intend to go further, and under this bill we propose to take the bankers out of a hole and take their paper that they can not realize on; take it out of their hands, so that they can lend more money and get more frozen credits. We intend also to go into the business of buying chattel mortgages, notes based upon agricultural products, and live stock.

Pretty soon we will have the "royal keeper of the sheep," and the "cow tender," the "cowboys" on the official pay roll, who take care of the cows, and the sheep, and the hogs, and possibly some of the Angora goats from Texas [laughter] that will be owned by the United States of America, because it has been compelled to foreclose the chattel mortgages which it holds. [Laughter.]

My God, gentlemen, Members of Congress, see where you are going. Wake up before it is too late and stop this trend toward socialism and paternalism that is sought to be placed upon the statute books of our country. [Applause.]

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman and gentlemen of the House, I have secured this time in order to make some suggestions that I think good ones not only for the Committee on Banking and Currency but for the membership of this House, and to suggest some amendments to this bill which I think are necessary to make it effective and efficient. I want these amendments to appear in the RECORD, so that the Members who read the RECORD may see them and study them to-morrow. If I did not think that some good results might flow from a careful study of the idea suggested by these amendments, I would not appear on the floor of this House, because I do not believe in talking to constituents 2,000 miles away from the floor of the House.

The first amendment I shall offer will be to add to the directors of this corporation the Secretary of State and the Secretary of Commerce, as follows:

Amendment to be offered by Mr. BUCHANAN: Page 1, line 9, strike out all of line 9 and the word "agriculture" on line 10 and insert the following: "That the Secretary of State, the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce."

The second amendment I shall offer will be to extend credit to any foreign Government or foreign corporation or person who has actually purchased our surplus exportable products. If the last amendment be adopted, the first one is very essential, because it will provide that the Secretary of Commerce and the Secretary of State, who are engaged as a primary duty in the promotion of foreign commerce, can use their foreign employees to investigate the financial credit and the conditions that would favor markets for our surplus exportable products. They have over 3,100 employees now in foreign countries already on the

Government pay roll, well organized and ready for action, and supposed to be good men.

The next amendment I shall offer will be practically the Senate amendment, which the House has excluded, and which is subsection (b), as follows:

Amendment to be offered by Mr. BUCHANAN: On page 3, line 16, insert the following:

"(b) To any foreign Government or person without the United States purchasing the products of any essential industry of the United States, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time."

Amendment to be offered by Mr. BUCHANAN: On page 8, line 16, insert the following:

"SEC. 27. The corporation is empowered and authorized to investigate upon its own initiative or in conjunction with other Government agencies the financial condition of any foreign purchasers and foreign market conditions and of securities offered as a basis for credit, and the several secretaries above designated shall have the power to direct any of their appointees in foreign countries to obtain such information for the use of the corporation as will better enable it to perform the duties herein imposed on it."

Mark those words—essential industry of the United States. It is not confined to agriculture, but applies to every product of every essential industry. It includes, within broad scope, all products produced from where the wild Atlantic hurls its foam-crested waves against the rockbound coast of New England to where the mild Pacific washes the Golden Gate, from where the mighty Lakes spread out their vast expanse to where the gentle breezes fan the regions of eternal spring.

That, gentlemen, should be the position of Congressmen here. We are elected not to represent the confines of one little district or a State but to come here as representatives of the national interest and the Nation. I assert that your Banking and Currency Committee has not properly diagnosed the condition that confronts us at all to-day. As far as the bill goes, it may be a good one, and I shall vote for it, but it does not go far enough. But what does it do? It enables those who have surplus exportable products to hold them. To hold them until when? To hold the cotton crop of last year until the cotton crop of this year comes upon the market, to hold the corn crop of last year until the corn crop of this year comes upon the market, and then the corn crop of last year will rot in the bins and the cotton will be damaged by the weather. What we want is to provide a method by which the surplus products can be started moving. The manufacturing industries are more favorably situated, because when they see they are going to have an overproduction of manufactured articles they cut the labor off, they run on half time, they curtail their production. What is the result? We now have within the United States 5,000,000 people, according to the Department of Labor, who are out of employment. Pass some measure that will encourage exports, that will start them moving now, and the wheels of industry throughout the United States will start to moving and prosperity will come to the American people. [Applause.] What is the condition in Europe, in the old countries? Many of them are half starved, half naked, unemployment is increasing by leaps and bounds, and governments are now considering problems to get employment for labor. Yet they have not the raw materials to start the wheels of industry. We have the raw material, we have the foodstuffs to feed the starving, we have the cotton, and we have the clothes, yet Congress is here impotent, so much so that it must confess its inability to pass a law that would give a little line of foreign credit upon good security, that our surplus products may be sold and shipped over there to their benefit and to ours.

I state to the Republicans of this House that I am not making this speech from a partisan standpoint. I am here to represent as far as I can the interests of the American people, regardless of party politics. In my humble judgment, the Republicans of this House have an opportunity to pass a great constructive measure that would do something, that would not only benefit us in this crisis but would be a lasting monument to their party service. Will you rise to and meet the demands of the hour? What is that something? To start the machinery whereby we can give a line of foreign credit for our exportable manufactured and agricultural products without discrimination in favor of one class or against another, and, in my humble judgment, these amendments to the Senate bill will possibly accomplish that.

Let me show you thinking men the great philosophy of the Banking and Currency Committee. I quote from their report on this bill:

Credit is a weapon of great value to the person who is able to command it.

That is true.

A seller who has credit at his command can carry his products until the market warrants their sale; a seller without credit must buy whether the market is good or bad.

That may be true.

A buyer with credit can buy whenever the market is at its lowest and carry the products until he is ready to use them; a buyer without credit must buy when he needs the goods whether the market is high or low.

That is not true. A buyer without credit is a buyer without money. A buyer without money and a buyer without credit can not buy a molehill. Why did not the committee go on and say that the ideal condition for any people in any country is to have sellers with the ability to hold and buyers with the ability to buy, and then have the price regulated in the competitive markets of the world, all being and all having the ability to buy and the ability to hold.

That is the condition I want to see brought about. What is England doing—long-headed England? She is guaranteeing 85 per cent of the price of all essential products exported from her country to certain foreign countries, and what are we doing? Absolutely nothing except providing a means for us to hold our surplus products and let them accumulate, and when we do get a chance to sell we will have two years' or three years' production on the market at one time.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. BLACK. The gentleman is speaking of England guaranteeing the credits. Of course, they do that upon certain securities being put up. In this bill I think the gentleman has overlooked the fact that we are proposing to finance exporters so as to enable them to grant credits to foreigners.

Mr. BUCHANAN. Sure.

Mr. BLACK. Well, I take it—

Mr. BUCHANAN. I want to finance the foreigners who purchase our commodities.

Mr. BLACK. That is what it is intended to do.

Mr. BUCHANAN. But the House struck out that provision of the Senate bill.

Mr. BLACK. Oh, no; we struck out the provision to make loans to foreign importers, but we still make loans to the American exporter in order that he may make loans to his customers.

Mr. BUCHANAN. You do that and you put the whole export business of the United States in the hands of a few men who can combine and dictate the price, and to make the vice worse the Government will be financing this monopoly which may extract the lifeblood from our producer of wealth, the farmer.

Mr. BLACK. I will say to the gentleman I was opposed to striking that out, and a number of us on the committee intend to make an effort to keep it in the bill, and we hope we will have the gentleman's help.

Mr. BUCHANAN. You certainly will. It strikes me from what I have said you know you will have my help. [Laughter and applause.] Mr. Chairman and gentlemen of the committee, I want to impress this one fact upon your minds which runs through all history. No nation ever was or ever has been or ever will be great that does not maintain or does not have a foreign commerce. No nation ever has been or ever will be great that does not maintain an efficient merchant marine to carry that commerce. Take the United States of America, one of the greatest producing nations, the greatest in the world. It is bound to export American products or else our laboring element will starve and our agricultural interest will suffer irreparable injury. Suppose you provide these means resulting in starting this commerce. What will result? The agriculture interest of the country will prosper. Take cotton—we now have 6,500,000 surplus bales on hand, while the ordinary carry over is about 2,000,000, with another crop coming on of 8,500,000, according to the estimate, making 15,000,000 bales of cotton on hand to be dumped on the market next fall. The producers of that cotton will not get one-half the actual cost of production. There are 250,000,000 bushels of corn in Iowa alone and another crop coming on—and I take it the surplus of other corn States will be along the same proportion—the new crop will come along and the old crop will rot in its bins. Oh, what a short-sighted policy, instead of enlarging and strengthening that which may do something constructive and serviceable to our country. Provide for export credit, provide credit for the foreigner who actually buys our cotton or corn or machinery or our manufactured goods, and I made my amendment broad enough to include all essential exportable products; provide that and start the stream of commerce moving across the sea, and immediately our factories will start on full time; immediately your farmers, having sold their products, will get the cash with which to purchase goods and patronize your manufacturers, and it will reach through the whole

system. The five million of men who are not now employed will be given employment and it will redound to the everlasting benefit of the whole country. A short-sighted policy I say, although I regret to say it.

Mr. DENISON. Will the gentleman yield for a question?

Mr. BUCHANAN. Yes.

Mr. DENISON. I would like to get the gentleman's views upon this proposition. Does not the gentleman from Texas think that credit to the foreigner ought to be extended by the American exporter and let the American Government extend its credit to the American exporter?

Mr. BUCHANAN. My dear sir, there are some things that are too big for individual enterprise. Again, the American exporter is not armed with those equipments that the Government is to investigate and pass upon those credits. I have just stated now that the State Department and Commerce Department have more than 3,000 employees in foreign countries, and paid by the Government, who are supposed to be trained along business lines. There are some things that are too big for any one firm of exporters.

Mr. DENISON. Is not the information that is in the possession of those departments accessible to the American exporter?

Mr. BUCHANAN. The information is not in the department.

Mr. DENISON. Where is the information?

Mr. BUCHANAN. The information has not been obtained and will not be obtained unless we enact this bill and amendments and give it the power to obtain it by the use of its employees.

Mr. DENISON. Then the gentleman thinks it is better, as a matter of policy, for the Government to get the information and furnish it to our own exporters rather than the Government should go in the business itself?

Mr. BUCHANAN. There is no distinction, or if there is a distinction it is a distinction without a difference, loaning the money to our exporters who purchase from our producers and loaning the money to the foreigner who with it purchases our products from our producers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BUCHANAN. I thank you, gentlemen. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman and gentlemen of the committee, I sometimes wonder whether everybody now agrees with the old song that I remember as a boy, "For Uncle Sam is rich enough to give us all a farm." This bill provides for the use of United States money. I had expected that something would be said about the War Finance Corporation as being a separate corporation. It is technically a separate corporation, but its stock is owned to the amount of \$500,000,000 by the United States Government, who have paid in about \$100,000,000 which have been loaned out by the War Finance Corporation and who are still debtors on the books of the company for \$403,000,000 on that stock, so that every dollar which the War Finance Corporation loans on the faith of that credit has to be paid to them by the Government from the Treasury of the United States and raised by taxes. Four hundred millions of dollars! If the United States had a surplus I should feel differently. They owe \$8,000,000,000 of short-term bonds and credit notes, which must be paid or refunded in about two years. They are borrowing money on short-term notes at 5½ or 5¾ per cent, a thing heretofore unknown since the days of the Civil War. The amount raised by taxation is failing from day to day. As was said by my colleague from New Jersey, if we depend on the income tax—and income means profits, and there are no profits—you will get no tax. And we need money, \$475,000,000 a year, simply for pensions to the War Risk Bureau.

Mr. GERNERD. That does not cover it.

Mr. PARKER of New Jersey. It may not cover it. And we need other large sums. One billion nine hundred million dollars goes to interest every year. I need not add all this up. The United States is troubled to get money to pay its debts, and now it is asked to pay money to maintain the price of agricultural products. Is it safe business?

I remember that in 1880 hops had gone down a great deal, and the farmers in the central part of New York were holding their hops and borrowing money on them, and everyone who did that failed. Cotton has gone down in a year from 40 cents to 12 or 13 cents, and they say that at one time it went down to 10—last June. It is better now. But there are 10,000,000 bales of surplus now, and seven or eight millions of bales are expected this year; and what is going to be the price of cotton whether you carry it or not? Wheat is in much the same condition. Can the Government afford to guarantee present prices?



And, then, another thing has come in. In ordinary times you can borrow on cotton or wheat, because the price is supposed to be stable, but people will not lend upon cotton or wheat now, because the price may fall, and yet people say the United States should furnish money to give credit to a man abroad with which to buy cotton. A curious fact has developed in this last year—that the people abroad are buying a great deal of cotton, but they are buying it from hand to mouth, because they dare not buy large quantities for a year's supply and agree to pay a price that may not hold. There is foreign capital, but it will not buy futures in these times.

I hate to speak of this matter with the seriousness that it deserves. I hate to think that prices may go lower. Our mills are generally stopped and our laborers are out of work. Travel on the railroads has fallen off so that the railroads do not pay. Agricultural products are unsalable except from hand to mouth, in small quantities, and at prices which are low. During the Civil War cotton went up to over a dollar a pound. In 1873 it maintained a fair price of 20 to 30 cents a pound. It stuck between 1880 and 1890 at a price of 5 to 10 cents a pound—and some of the older men here will remember it—not as a mere single fall, but as a continuous thing, and which about ruined the cotton people. Wheat had been at \$3.25 in New York in 1867.

In the year 1880 it had gotten down to about \$1 a bushel, and it stayed at or under \$1 a bushel for about 10 years. I will put the exact figures, with the leave of the House, in the RECORD. I am speaking from memory, and I have not the book with me that I expected to have.

The CHAIRMAN. The gentleman from New Jersey asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. PARKER of New Jersey. Mr. Chairman, is the United States of America to put its Treasury at the service of a speculation in maintaining and holding and carrying stocks, whether they are stocks of railroads or stocks of corn or stocks of wheat? Are we to authorize any corporation to use the moneys of the United States in loans of that sort and to tie the United States up to speculation in the wheat pit or cotton exchange?

I will not vote for this bill because I believe as an American—while I will do everything as a man and while capitalists must do all that they can to support the trade of the country—that the capital of the country is not in the Treasury of the United States; it is in the hands of the merchants and bankers of the United States. It is their duty, and upon their heads the duty must fall. The Treasury of the United States shall not be used by me or by you, for we are not financial experts, nor by any person who is a mere appointee in a semi-political office. The credit of the United States, so far as I am concerned, shall not be used to carry on the business of the people, but it shall go back to its people. [Applause.]

#### APPENDIX.

From the Senate Report, 1894, second session of the Fifty-second Congress, it appears—

That cotton sold under 9 cents in January, 1858;  
At 11 cents in April, 1860;  
One dollar and fifty-four cents in July, 1864;  
Fifty-one cents in January, 1866;  
Twenty cents in April, 1873;  
Seventeen cents in the following April;  
Less than 10 cents in January, 1879; and  
Less than 9 cents in October, 1891, which is the last date given.  
Wheat in Chicago in April, 1864, was \$2.24 a bushel;  
By January, 1870, it had fallen to 77 cents a bushel;  
In 1873 it was \$1.20, but in 1874, 90 cents, and between 1883 to 1888 it was never above 96½ cents and was sometimes under 70 cents.  
By Burton's "Century of Prices" it appears that between the years 1885 and 1895 cotton was almost continuously below 10 cents and sometimes as low as 5 cents.  
Wheat in Chicago in 1883 to 1887 and from 1890 to 1896 and from 1900 to 1904 was continuously below \$1, generally as low as 80 cents, and once as low as 50 cents.

Mr. WINGO. Mr. Chairman, I yield to the gentleman from Georgia [Mr. BRAND], a member of the committee.

Mr. BRAND. Mr. Chairman and gentlemen of the committee, I am going to vote for this bill, though I do not approve and shall oppose some of its provisions. While the members of the Banking and Currency Committee have conscientiously and honestly considered every section of it and have done the best they could under the circumstances to take care of and relieve the acute and perilous condition which confronts the agricultural interests, it does not wholly do so.

I am opposed to some of the amendments which our committee adopted and am in favor of some of the amendments which the committee rejected, and I propose during the consideration of the bill under the five-minute rule to offer amendments which I think will materially improve it.

One of my objections to the bill is that it does not sufficiently and adequately take care of the cotton grower.

Another objection which I have to the bill is, under the interpretation which may be put upon it by the Treasury officials,

including the manager of the War Finance Corporation, the railroads will get \$500,000,000 from the Government when at the present time they owe the Government \$700,000,000.

Referring to the first objection, I remind the committee that this bill as introduced in the Senate is a substitute to the Norris bill. The administration did not approve of the Norris bill, which was purely in the interest of the agricultural classes, while this bill has in view also the granting of privileges to the railroads, which I do not approve. I voted against the Esch-Cummins bill, which turned over the Treasury to the railroads for a period of time, and shall likewise vote against the section in this bill which further protects the railroads. All of us remember the severe indictment which Senator NORRIS brought against the administration when this bill, a product of the administration, was substituted for his bill. The bill now under consideration is purely an administration bill prepared, according to press reports, by Mr. Hoover, Mr. Meyer, manager of the War Finance Corporation, and with advice and consent of the Secretary of the Treasury, with the exception of section 25, which is an amendment proposed by Senator HARRISON, making available, if necessary, \$200,000,000 for the Federal Farm Loan Board.

It can not be disputed that the farmers of the West, all of whom voted the Republican ticket last year, have been taken care of, and to their entire satisfaction, and, so far as I am concerned, I am glad this is so. What I protest against is making ample provision for the farmers of the West when little has been done or proposed to be done for the farmers of the South. I protest against the failure of those in authority to exercise the same patriotism and the same generosity toward the cotton grower which has been shown the western farmer.

The administration has provided for the western farmer—

First. By enacting the emergency tariff bill.

Second. By the House passing the permanent tariff bill.

Third. By the Senate passing what is known as the Capper-Tincher bill, the purpose of which is to protect the wheat grower against illegal operations of the exchanges.

Fourth. By the passage of an amendment to the Federal Farm Loan Board whereby its capital stock was increased in which the western farmer will get his full share.

Fifth. By the procurement of \$50,000,000 under an arrangement made with bankers through the operations and influence of the Secretary of the Treasury and manager of the War Finance Corporation.

It will thus be seen that everything humanly possible in the way of legislation has been done by this Republican Congress for and in behalf of the farmers of the West, to which I am making no complaint, as they have suffered like the farmers of the South have suffered, provided the southern farmer is dealt with with the same liberality.

I hope I am mistaken, but I do not believe the provisions of this bill are adequate to relieve the condition which prevails among the cotton-growing farmers. In my section of Georgia, and particularly in my district, there are three classes of people who need speedy and substantial relief.

First. The farmer who owns land and wants to borrow money.

Second. The farmer who does not own land and wants to borrow money.

Third. An extension of loans to the farmer, who has borrowed money from the banks, until he can sell his cotton at the cost of production plus a reasonable profit.

All this involves a market for the farmer's cotton.

The first class of farmers need money to pay their last year's obligation to the banks and merchants and to take care of the great loss they have sustained by the unprecedented slump in the price of cotton. The second and third classes of farmers want to borrow money in order to be able to hold their cotton until they can get a market for the same.

The provisions of this bill as amended do not sufficiently and satisfactorily take care of either one of these classes of farmers.

It is made clear under this bill that the railroads are going to get what they want. It is also clear to any unbiased mind that the western farmers are getting all that they want, and what I insist upon in common justice and fairness to a great section of our common country is that the cotton grower be taken care of and be given what he needs. This bill does not do it. I concede it will help some, but it will not bring that substantial and permanent relief which the cotton grower is entitled to, and which I insist that he should have.

Under the operations of this bill not a dollar will be loaned to any single individual. Not a dollar will be loaned to any single farmer or farm producer. For this reason I decided to offer the amendments referred to in sections 1 and 24 of the pending bill, the former defining the word "person" to in-



clude among other things organizations of farm producers not less than 10, and the latter making it obligatory upon the directors of the War Finance Corporation to advance money not only to any bank, banker, or trust company in the United States but also to any organization of farm producers not less than 10.

In addition to this, I contend that striking out paragraph (b) of section 22, on page 3, curtails a market for our cotton. It absolutely places an embargo against the purchase of our cotton directly by any European nation.

It unconditionally provides that no person outside of the United States can purchase any of our agricultural products, even though the purchase money thereof is expended within the United States. This closes the door to all the countries of Europe who have heretofore been large buyers of American cotton. This is the first attempt on the part of the Congress in time of peace to prevent European nations through their own agents and representatives in this country negotiating for and purchasing our cotton. The reasons given by the distinguished chairman of our committee and the argument made against this stricken provision of the bill by the manager of the War Finance Corporation do not appeal to me. With this provision stricken out, not a soul in any portion of the world outside of the United States can buy a bale of our cotton except through the exporters of this country and the bankers of the country who are backing the exporters. This is due to the inability to buy on the part of Europe, except on long-time credit.

The next and last amendment which I propose at this time to notice is striking from the bill the Senate amendment which authorizes the War Finance Corporation upon request therefor by the Federal Farm Loan Board to make available \$100,000,000 to loan to farmers during the calendar year ending December 31, 1921, and \$100,000,000 ending December 31, 1922. It is said that the Federal Farm Loan Board is opposed to this amendment because the farmers do not need the money.

With all due respect to each and every member of this board, I know this conviction is not true so far as my district is concerned. There are 12 or 14 farm-loan associations in the 13 counties of my district, and up to date they have not received over \$100,000, according to my information, whereas applications have been made for seven hundred and fifty or eight hundred thousand dollars. On its face Judge Lobdell's letter would appear to be a sufficient answer to striking this amendment out, because it would be unwise for the farm-loan banks to make loans for 30 years when they would have to pay the money back inside of five years. This objection could be easily taken care of, if the real opponents of this amendment were willing to do so, by amending the Federal farm loan act so that the loans made by money received from the War Finance Corporation should not be for a period longer than five years.

It is a very strange and inexplicable thing to me that this Government is not willing to provide for the necessities of the farmers of the country and let them have money on gilt-edge securities which they offer when they are virtually loaning millions of dollars every day to the European nations. Everybody knows that this country loaned our allies in the war with Germany \$10,000,000,000, not a dollar of which has been paid back. They not only owe us the principal, but there is a billion dollars of interest accrued on these loans, not a dollar of which has been paid back. Some one has said that every dollar of interest which these countries default has to be made up in taxes by the people of this country. It simply amounts to a new loan to these countries from the pockets of the American taxpayers.

A short while ago Senator BORAH, of the United States Senate, took the same view of this matter by saying that we are virtually loaning foreign countries \$1,000,000 per day through failure to collect our debts.

If this is a correct view of these loans, why in the name of common sense can this Republican Congress and administration refuse to loan the agricultural people a sufficiency of money to save them from bankruptcy and ruin when they offer good security for loans and will repay, while the European countries to whom this money was loaned gave no security and will not pay, and can only be made to pay at the mouth of a cannon.

If you Republicans expect to break the solid South and the Democratic State of Georgia you must do something more than let Link Johnson control the patronage of Georgia by displacing Democratic postmasters and replacing them by Republicans. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. KING].

Mr. KING. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to extend his remarks in the Record. Is there objection? [After a pause.] The Chair hears none.

Mr. KING. And on account of the limit of time I ask not to be interrupted.

The CHAIRMAN. The gentleman from Illinois asks, in view of the limitation of time, that he be not interrupted.

Mr. KING. Mr. Chairman, let it be understood that no individual farmer can get a single dollar under this bill if it becomes a law.

The title of the bill, which is mere surplusage in the way of propaganda, tells us that it has two objects—"the relief of the producer" and "for other purposes"—a fifty-fifty proposition, no doubt. But on an examination of the bill itself one is reminded of the old story of that famous Milwaukee maker of rabbit sausage, who upon being twitted on the question as to whether or not he did not put a little horse meat in with the rabbit admitted that he did. On being pressed for the proportion of one to the other, replied the combination was fifty-fifty, and upon further question as to what he meant by that he replied that it was his practice to use one horse to one rabbit, and so this bill provides one rabbit for the producer and one horse for other purposes. [Laughter.]

#### THE MAN WITH THE HOE.

This bill, of which nothing new remains but the number, when first reported to the Senate by Mr. NORRIS contained within it real relief for the producer. The man with the hoe—the tiller of the soil who nourishes all—then seemed about to come into his own. He was personified in the bill. He, figuratively, walked the floor of the Senate in his demand for recognition. For days his rugged form and honest countenance commanded the admiration and evoked the praises of the place. Yes, yes, something had to be done for the farmer—at least in the name of the farmer. This bill was passed.

And one day a man with a hoe entered the Banking and Currency Committee room of the House demanding a hearing upon the bill. There seemed to be no doubt of his identity, for the habiliments which he wore were certainly those of one who had so excited the high opinion of the north end of the Capitol. Some member of the committee whose suspicions were aroused dropped the remark that the voice of the person sounded like Jacob's all right, but when he shook hands with him he thought he detected the hairy hand of Esau. [Laughter.] Well, to use a slang phrase, "nothing can be put over" on this committee, and remembering how Charles XII, the lion of the north, captured so many Russian prisoners in his Riga campaign that he could not care for them in that winter climate, hit upon the device of turning them all loose after cutting their clothes vertically in two parts, so that they were unable to do anything with their hands except to hold their clothing together to protect them from the bitter cold as they fled into the interior. [Laughter.] The committee with a long pair of shears in the same manner cut the stranger's clothes fore and aft, from neck to crotch. They fell from him to the floor. [Laughter.] Disclosing what—the producer? Not at all. But, still holding the hoe aloft, with all investitures removed, the anatomy of the international banker. [Laughter.]

This bill in its present unamended form constitutes nothing more or less than a contract of copartnership between the Government and organized money.

A few years ago John D. Rockefeller, jr., put out a book called "The Brotherhood of Government and Business." Big business is the business he meant, of course. His idea was that in a brotherhood of this kind big business would naturally control the Government. Indeed, if it can not do so under any given arrangement or legislation it immediately sets up a cry about Government interference in business. If time permitted, many instances could be named where the Government in good faith endeavored to regulate powerful organizations, but in the end fell a victim to superior intrigue and strength. Witness the Railroad Administration and the Shipping Board. Certain recent legislation, in good faith instituted and passed for some sort of control of certain interests, will soon, and as quickly as Carpentier fell in the unequal struggle with Dempsey, succumb to the strangle hold of those compact and powerful agencies which were sought to be held in check. Man is mortal. Legislation is mortal. Money is immortal. Government control by big business is called a brotherhood, but the converse of this is called governmental interference.

Organized money seems to put an interpretation on the action of the voters at the last presidential election as to an indorsement of its past course and interprets the election registers as letters of marque for its further uncurtailed encroachments on the simple privileges of the middle classes, while, as a matter



of fact, the people attempted to register their condemnation of its control of affairs in the preceding four years. It is therefore with deep regret that some prominent leaders have given voice to the brotherhood idea. They have given the public press interviews which support headlines that in Congress "Big business now to get fairer deal," "Lessons taught by the World War have been taken to heart by Nation's lawmakers," "Concentration and control is the new slogan for business legislation," and "Encouragement of cumulative capital, under hard-headed business management, toward monopolistic development of essential industries and new public service agencies. More careful control legislation which, instead of hobbling or hamstringing big business with interference by incompetent Federal agents, will place the safeguarding of the people's interests in the hands of experts in those special commodities or utilities, thus allowing private capital en masse to upbuild industry and commerce so that it can carry on comparably with the growing size of the Nation."

All of which means that new men, trained by organized money and with the monopolistic viewpoint, shall be injected into high governmental positions where they may exercise a tender and benign sway over their benefactors.

Said one leader: "It is inevitable that single organizations in a variety of lines should control a large amount of capital, employ a great number of people, and transact an enormous volume of business," which in its interpretation means that small business men must soon expect to become mere distributors and the door to individual ambition closed.

Another leader, more bold, says: "Modern progress demands greater concentration of effort both in greater efficiency and less lost motion of enterprise," whatever that means. It is clear that his plan means the ruin of small enterprises, which would be swept aside in order to make room for the great combinations. He stands for the survival of the strongest, not the fittest. Men in both parties are giving vent to such loose talk as though there was no hereafter.

The Members of the House, I think, are entirely devoted to the interests of the people; and no leader or leaders on either side, I am sure, or a combination of leaders on both sides, can long advocate the putting on foot of plans designed to inculcate or foster the recognition of the principle of carrying on a people's Government by a brotherhood of Government and organized money. The people will overthrow such leaders. The House will overthrow them. Should such arise there are at least 150 men on both Republican and Democratic sides—and they can be called by name—who would arise as one man and join hands, irrespective of all past differences, to overthrow such ideas.

Although there may be some little temporary good in this bill to banks carrying congested credits and indirectly permit them to loan a little more to the farmers, yet I am sure that unamended as it now is there is so much evil that even the farmer himself, when he comes to get a chance to see its operations upon his own business and upon others, will not be a champion of it. There are a number of paragraphs which should be eliminated. Different members of the committee have amendments which will be offered. The objectionable part to me is that part of section 24, pages 6 and 7, beginning on line 15, which enables Edge banks to sell their debentures to the Government, reading as follows, to wit:

The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal reserve act: *Provided*, That no purchase of debentures, promissory notes, or other obligations of the said banking corporations shall be made, nor any loan or advance be made, to said banking corporations except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than five years.

This provides for the resurrection of the Edge banks or corporations of the debenture-issuing type by the uses of Uncle Sam's pulmotor—the Treasury. Money coming from the War Finance Corporation is money coming from the people's Treasury. The peculiar method of organizing corporations within the Government in order to pass to international bankers, railroads, and other favored interests the people's money without their detecting it ought to be condemned. No other class of our citizens are so favored. We have done everything the promoters of the Edge corporations have asked us to do, and yet they have failed to function, simply because the people failed to invest in the scheme. The people refused to buy Edge stocks or invest in Edge debentures. The promoters would not back the plan with their own money, but now, through the instrumentality of this bill, if it is not amended, a chance is given

them to sell their debentures to the Government. This is what they have long yearned for, to get Uncle Sam to underwrite and guarantee their debentures; and this bill, if it becomes a law as it now is, would permit Uncle Sam to purchase the same. As this bill was conceived by those who "think internationally," it will be administered by those who act internationally, not by the bolsheviks in "rags and shags," but by the bolsheviks in "velvet gowns." [Laughter.]

As one of the main effects of this bill as it stands now is to "sting" Uncle Sam for these debentures—the farmer getting a penny and the international banker a pound—let us see the plan under which the Edge bank will work, as described by our distinguished chairman of the Banking and Currency Committee, Mr. McEADEN, in addressing the House at the time of the passage of the Edge law. He said:

"The Edge law is nothing more than a hopper into which will pour long-time credits, which may be in the form of notes, which may be in the form of bonds of municipalities, or bonds or stocks issued by companies in France, England, or other parts of the world, which may be guaranteed or secured by the Governments or municipalities. Into this hopper they will flow and out of this hopper will flow obligations of this company in a suitable form, a desirable form for our people to invest their savings in."

The debentures are unguaranteed by the Edge banks themselves. They are repudiable by foreign nations on change of control and subject to sovietization and taxation to elimination. Who doubts that the very first foreign national obligations to go into this hopper will be the old Russian bonds, the principal of which, without figuring interest, is about \$122,000,000? They will form, perhaps alone, or scrambled with other bonds and stocks of foreign factories and enterprises, the basis of an issue of Edge debentures.

The process of the United States, in the name of one of its bureaus, the War Finance Corporation, in purchasing a debenture from the hopper of an Edge bank is not a buying proposition at all, but one of lending money to some person somewhere in Europe and taking his plain note of hand in so far as his obligation being secured by any property in America against which the process of any American court might issue. Evidently in case of inability or refusal to pay collection of our money could only be made by using our Army and Navy as a collection agency, and even now the collection of money due our Government can only be made by force of arms, according to Col. House, who in his new book says relative to the amounts owed us by European nations:

As it is we are owed a nominal sum of \$10,000,000,000, the value of which is exceedingly doubtful, and upon it no interest has as yet been paid. Sooner or later some adjustment must be brought about. \* \* \* Even now they (our people) should understand that these debts can not be collected except by process of war, unless, indeed, the debtors chose otherwise.

Before loaning money to an individual in our own community we usually make some investigation as to his financial standing. We want to know his age, his moral standing, his ability to earn, the extent of his personal indebtedness, and before loaning money abroad it becomes necessary to take into consideration certain national credit factors, such as the general standing of a country among the nations of the world, its military position, stability of the Government, risk of revolution, history and character of the people, assets, protection by other nations, liabilities, risk of war, boundary and territorial disputes, treaties with other nations, financial record of the Government, natural resources, and economic position.

Yet it is proposed that the Treasury purchase debentures based upon such securities. In turn, the War Finance Corporation, having a hopper of its own, will on these Edge debentures grind out some debentures over the signature of Uncle Sam, who is made up of the people, who will be expected after a campaign of advertising and bulldozing to purchase these war finance debentures, the proceeds of which will be used to loan to foreigners so that they may pay the international bankers of Europe and their American cousins the bad debts created by their participation in the European war long before America entered into it.

The American people may have to submit to the plan of the international bankers in order to get a few dimes for the American farmer who is suffering from a diabolical deflation of his credits by a governmental agency, and to assist the manufacturing interests which have suffered through that damnable process known as "graduated and progressive discounts."

It is indeed a terrible price to pay for the acts of "willful men." When the bill is reached under the 5-minute rule I shall offer an amendment to the Edge debenture part of this bill, now favored by the Banking and Currency Com-



mittee, which, if adopted, will permit us to vote for it without tying the Nation hand and foot in the hands of the international banking group.

All these things must be considered in relation not only to the securities offered us by nations but by the enterprises and industries located in those countries. Into this hopper of Edge banks will be thrown such a scramble of securities that no living lawyer will be able to examine with intelligence the multitudinous foreign laws affecting them, and as they are sold to the masses unguaranteed by anyone, they will have to buy blindfolded as the debentures based upon the securities are ground out of the hopper. The ingredients of this hopper will be made up to suit the taste of the international banker, and may include financial paper, governmental and private, from Jugoslavia, Czechoslovakia, Austria, Hungary, France, Great Britain, Greece, Italy, Rumania, Russia, Serbia, Armenia, Esthonia, Finland, Poland, the Serbs, the Croats, and Slovenes, cities of Paris, Bordeaux, Marseille, Vienna, Berlin, Warsaw, Prague, Constantinople, and Moscow.

No such conglomerate and cosmopolitan dish as is represented by this bill is known to have been prepared since Shakespeare's witches in Macbeth sang:

Round about the cauldron go;  
In the poison'd entrails throw.  
Toad, that under cold stone  
Days and nights has thirty-one  
Swelter'd venom sleeping got,  
Boil thou first! 'the charmed pot.  
  
Fillet of a fenny snake,  
In the cauldron boil and bake;  
Eye of newt and toe of frog,  
Wool of bat and tongue of dog,  
Adder's fork and blind-worm's sting,  
Lizard's leg and howlet's wing,  
For a charm of pow'rful trouble,  
Like a hell-broth boil and bubble.

[Laughter.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. KING. Mr. Chairman, I ask for one-half minute.

Mr. WINGO. I give the gentleman one minute more to end the story. [Laughter.]

Mr. KING. For the benefit of the Members I will finish it:

Scale of dragon, tooth of wolf,  
Witch's mummy, maw and gulf  
Of the ravin'd salt-sea shark,  
Root of hemlock digg'd i' the dark,  
Liver of blaspheming Jew,  
Gall of goat, and slips of yew  
Silver'd in the moon's eclipse,  
Nose of Turk and Tartar's lips,  
Finger of birth-strangled babe  
Ditch-deliver'd by a drab,  
Make the gruel thick and slab:  
Add thereto a tiger's chaudron,  
For the ingredients of our cauldron.

Double, double toil and trouble;  
Fire burn and cauldron bubble.  
Cool it with a baboon's blood,  
Then the charm is firm and good.

[Applause and laughter.]

The CHAIRMAN. The gentleman's time has expired.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. STEAGALL].

The CHAIRMAN. The gentleman from Alabama is recognized for 10 minutes.

Mr. STEAGALL. Mr. Chairman, it is a late time in life to raise the question involved in the fundamental principles of this bill. It has been a long time since that bridge was crossed, and we should have a long journey and a tiresome one should we undertake to go back to it. Every principle involved in this bill is embodied in the existing War Finance Corporation legislation enacted by Congress. There is not even a dollar of appropriation carried in this bill. The appropriation providing for the subscription by the Government to the capital stock of the War Finance Corporation to the extent of \$500,000,000 is carried in the law as it already exists. So we are not dealing now with the question of whether or not the Government shall embark on that sort of undertaking. Not only is this true, but we passed an amendment to the War Finance Corporation act the specific object of which was to accomplish, in large part, the identical things sought to be brought about by the enactment of the bill now before us.

It is idle talk to debate seriously at this time the principles involved in this legislation. As I remember, the original legislation encountered practically no opposition on the part of the gentlemen who protest against directing the activities of the corporation in the channels mapped out in the bill now under consideration.

Members who have no hesitancy in voting for tariff laws and regulations interfering with the natural flow of commerce, gentlemen who voted for the railroad bill involving the Government in continued liability to the railroads and tying up the Government indefinitely with the business of the railroads and giving guaranties and favors to them, are shocked at this bill because it proposes something in the way of what they term favoritism to the great agricultural interests of this country which lie at the basis of all prosperity. This bill gives some promise; it furnishes some hope of accomplishing the things that have been more talked about during the present extra session than anything else, and that is relief to the farming interests of the country. [Applause.]

We have passed several measures that I think have been helpful, but none of them has accomplished what we should like to see. I do not hope that this bill will accomplish all that is predicted for it, but if it helps a little, if it saves a few farmers from bankruptcy, if it saves a few banks in the agricultural sections of the country whose business in the main is done with farmers, our efforts will have been amply justified.

There has been considerable misapprehension about the provisions of this bill. It does not enlarge the scope of the original War Finance Corporation act, as some Members seem to apprehend, but in many respects limits it. It has been said that this bill authorizes an issue of \$500,000,000 bonds to take care of loans to the railroads under legislation now in process of appropriation, but such is not the fact. The bill has no connection whatever with that legislation and carries no authorization for the use of the capital stock of the corporation or the use of its securities in financing the railroads. The fact is this act limits the issuance of bonds by the War Finance Corporation to one and one-half billions, whereas the War Finance Corporation is authorized to issue \$3,000,000,000.

Mr. DALE. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I regret I have not time to yield. I have only a few minutes left.

Mr. DALE. I want to ask the gentleman just one question.

The CHAIRMAN. The gentleman declines to yield.

Mr. STEAGALL. I will say to the gentleman that we will deal with the railroad question when we get to the bill which deals with that question. When that legislation is reached I have no doubt we shall find many gentlemen who are horrified over the principles involved in the provisions of this bill not hesitating to vote to extend the operations of the War Finance Corporation to the further aid of the railroads of this country. [Applause.]

I wish to say also in this connection that one of the chief difficulties confronting the farmers in this country, as well as every other legitimate interest, is the exorbitant charges being imposed upon industry and commerce by the railroads, and we are going to be forced to deal with the question of transportation. Something will have to be done to save the railroads from the folly of their own management, if nothing else, because they are destroying their own interest by the methods and policies now being pursued.

The farmers of the country sell a large portion of their crops for export, and ordinarily export prices practically determine the domestic price for farm products. The foreign market has been upset by conditions growing out of the war and the disturbances to industry and consumption throughout the world.

Ordinarily purchasers abroad, especially manufacturers who purchase raw materials in this country, make their financial arrangements to purchase their supplies in large quantities and at stated times, keeping on hand stores far in advance of their use. The conditions now are such that not only is the demand necessarily vastly reduced but those who continue to buy are not in position to make purchases as formerly and in large stores at one time, but they are able to finance their purchases only as needed and in small quantities.

The farmers of this country have suffered on account of this situation, and they will suffer more and more unless financial relief is extended to enable them to carry their products long enough to market them by gradual processes instead of throwing them on the market as soon as prepared at stated seasons of the year. The interest of the farmers of the country and an intelligent regard for the welfare of all classes and all interests demand that farmers be provided with credit sufficient to cope with the situation which faces them. They have suffered bil-



lions and billions already because of the slump in prices during the past year, and their loss has affected all classes of our population.

The bill before us undertakes to take care of the situation temporarily and to enable farmers, as well as exporters, to finance their transactions and carry on their business with an intelligent regard for conditions throughout the world. It is not thought practicable to extend relief by direct transactions with the vast number of individuals involved. The bill under consideration attempts to supply indirect aid by enlarging credit facilities which are available to the producers of the country. Many banks are overdone and can not afford to borrow further through ordinary channels to meet the demands upon them. Practically half of the national banks are not availing themselves of the opportunities offered by the Federal reserve banks.

Conservative bankers naturally seek to avoid the risks and embarrassments in which they see that others find themselves. The bill undertakes to meet this situation by granting extraordinary accommodations by making loans to bankers who desire to assist in affording relief. The purpose is to make farm products available as security in order that they may be marketed in a normal way and along independent and intelligent lines. The legislation, if properly administered, as I do not question it will be, is bound to have a wholesome and helpful effect in the agricultural section of the country and a result beneficial among all sections and classes.

The directors of the War Finance Corporation are prudent, sagacious, safe men. They have managed the affairs of the corporation with conservatism and rare judgment. Not a loss of any consequence has been sustained, but already they have rendered splendid service in dealing with the difficult situation in which the commerce of the country has been involved since the termination of the war. I want to say to the gentleman who has just preceded me, Mr. KING, of Illinois, that his dire predictions no longer frighten us. The gentleman indulged in the same line of predictions with reference to the Edge corporations at the time the bill authorizing their organization was before the House. The gentleman thought they were going to gobble up about all the honestly earned money in the country and operate as blood-sucking institutions to overrun and outrage honest men. The fact is, that only two such corporations have been organized, and they have found it so difficult to do business that one of the purposes of the bill before us is to authorize the War Finance Corporation to extend credit to them. The bill makes the securities of the War Finance Corporation eligible for discount with the Federal reserve banks, but it does not extend these privileges to the securities of the Edge corporations.

But I wanted especially to discuss the provision of the bill which authorizes the War Finance Corporation to make loans on the bonds of the Federal land banks or to purchase such bonds. I see, however, I am not going to have time now to go into that question. I hope to do so later on in the discussion. But this much I will say, we shall be most unwise if we fail to use the Federal land banks as agencies through which to extend the relief contemplated by this bill. The Federal land banks are permanent institutions and the Government is going to stand back of them. They are in touch with the farmers of the country, and have their 12 branches scattered throughout the land. Their bonds are the best securities to be found, and we should put them to doing business and furnish sufficient capital to enable them to meet the demands upon them. This is the quickest way to relieve the Government of responsibility in connection with the Federal land banks, because as the loans of the banks are enlarged their capital stock is automatically increased, and in this way the system can soon be made to stand on its feet with its capital stock owned by the borrowers. It is the practicable thing to do, both from the standpoint of the Government as well as in accomplishing the purposes of this bill.

I wish to urge every friend of the farm loan system to insist that the amendment striking out the provision authorizing the War Finance Corporation to buy farm loan bonds or make loans on them for two years to the extent of \$100,000,000 a year be voted down and the provision retained as a part of this legislation. I regard it as the most practicable as well as the safest and most helpful provision of the bill. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. MILLSPAUGH].

Mr. MILLSPAUGH. Mr. Chairman, for more than 20 years I have been a country banker, and for several years preceding that time was engaged in the business of buying and shipping of grain and other agricultural products.

The farmers have been my daily associates. I have spent many hours in my banking office counseling with and advising them, and not only have they confided to me their business

cares but I have also been accorded the rare privilege of counseling and advising with them in regard to their personal and family affairs.

I therefore feel it is peculiarly appropriate that the first time my voice is raised in the halls of Congress it should be in behalf of these, my lifelong friends and intimate associates.

Mr. Chairman, if the gentlemen of this body could for one moment realize the financial condition of the American farmer and stockman and could realize how indissolubly our welfare and prosperity are interwoven with theirs, all measures for the relief of the agricultural interests of our country which are meritorious would have our first care and attention.

I personally know farmers who are worth from twenty-five to fifty thousand dollars who are unable to borrow \$500 with which to raise a crop or to purchase feed for their cattle; not because their banker does not desire to make the loan but because their banker has not the funds to loan to them and because his bills payable account is now top-heavy.

Until 1917, when we entered the great World War, there were comparatively few in the agricultural districts of our country who knew what a bond really was; they had heard of them in an indefinite sort of way when it was necessary to build a schoolhouse or a courthouse, but had no intimate knowledge of them.

When we took our place in the conflict, when our country was in peril, the country banker, who is the personification of patriotism, took up the suicidal task of educating his customers as to the safety and attractiveness of Liberty bonds.

Until this time there was usually sufficient local capital in each agricultural community to finance that particular community, except in cases of unusual demand, and the local capitalist was content to either leave his funds on time deposit with his local banker or to invest them in local securities, of which real estate mortgages and chattel mortgages formed the chief part.

After, however, learning of the attractiveness of Liberty bonds and incidentally the lure of the all too many other tax-exempt securities, the local capitalist in these agricultural communities has eschewed his erstwhile favorites and has put his trust in strange gods.

The result is that the safe-deposit boxes of the country banks as well as the city banks are choked with these frozen credits and the farmers of the Nation stare ruin in the face.

Mr. Chairman, I do not think this is the wisest measure for the relief of the farmer that could have been reported out of the committee, for I do not think that any measure that relies upon the sale of bonds in an already gorged market is the best policy, but inasmuch as I believe it will furnish at least a modicum of relief and will pave the way for more meritorious measures, I shall support it, and I trust it may have the undivided support of all of the friends of the American farmer.

This whole matter has been so close to my heart and I have thought it to be of such vital importance to the recovery of our financial equilibrium that I have spent many hours on its consideration since my entry into this great body and have introduced a rural credits bill which I believe will go very far toward alleviating the financial distress which now pervades our agricultural districts.

This bill provides for the use of Liberty bonds, which now constitute our frozen credits, as an agency to overcome the unfortunate and distressing conditions which they caused.

I trust it may at a not distant date receive the serious consideration of this House and, if found acceptable, that it may be enacted into law. [Applause.]

Mr. Chairman, I append as a part of my remarks the following bill introduced by me:

A bill (H. R. 6503) to amend the Federal reserve act and to provide rural credits by the issuing of Federal reserve notes against deposits of Liberty and Victory bonds.

Be it enacted, etc., That the Federal reserve act is hereby amended as follows:

First. Whenever the word "bank" is used in this amendment the word shall be held to include only national bank, State bank, bank association, and trust company under Federal or State supervision, except where such construction would be unreasonable.

Second. Wherever the words "owner of bonds" are used in this amendment the said words shall be held to include any person, corporation, or firm owning or controlling Liberty or Victory bonds, except where such construction would be unreasonable.

Third. Wherever the word "applicant" is used in this amendment the word shall be held to include any person, corporation, or firm applying for a loan under the provisions of this amendment, except where such construction would be unreasonable.

Fourth. Wherever the word "bonds" is used in this amendment the word shall be held to include only bonds issued by the United States of America commonly known as Liberty and Victory bonds, except where such construction would be unreasonable.

Fifth. Words importing the singular number shall be held to include the plural, and vice versa, except where such construction would be unreasonable.



SEC. 2. That any owner of bonds may deposit said bonds for rural credit purposes under the terms of this amendment with the Federal reserve bank in the Federal reserve district in which said owner of bonds may reside or have his place of residence and receive therefor the receipt for said bonds of said Federal reserve bank with the guaranty on said receipt of said Federal reserve bank that the identical said bonds shall be returned to the legal holder of said receipt if demanded by said legal holder of said receipt at the end of a period of either 6 or 12 months after date of said receipt.

SEC. 3. That for the purpose of making effective the provisions of this amendment, any bank may act as the credit agent of the Federal reserve bank in which Federal reserve district said bank may be situated, to receive the bonds heretofore mentioned, and shall forward same to said Federal reserve bank for the said owner of bonds and deliver to said owner of bonds the receipt of said Federal reserve bank therefor. The Federal reserve bank receiving the deposit of bonds as heretofore described shall, for the purpose of this amendment, enter upon its books the par value of such bonds so deposited to the credit account of the bank through which said Federal reserve bank received said bonds, for the purposes authorized and described in this amendment, and none other.

SEC. 4. That any bank which has deposited bonds in a Federal reserve bank as aforesaid may receive applications for loans for strictly agricultural purposes, to be made through said Federal reserve bank in the following manner, to wit:

SEC. 5. That the applicant for a loan under the provisions of this amendment shall file with the bank through which said loan is desired an affidavit that the proceeds of said loan are to be used for strictly agricultural purposes.

SEC. 6. That an applicant for a loan under the provisions of this amendment shall file with any bank described in paragraph 1 of section 1 a written application for said desired loan together with the sworn statement of said applicant of the net worth of said applicant, the form of said sworn property statement to be determined by the Federal reserve bank through which said loan is to be applied for, and for the purposes of this amendment the said sworn statement shall show the net value of said applicant's real and personal property after deducting all indebtedness of said applicant of any nature whatsoever, to be at least double the amount of the loan so applied for, and after effecting a loan of this kind the applicant shall not be granted any further loans under the provisions of this amendment until all previous loans effected by him under this amendment shall have been fully paid.

SEC. 7. That the applicant, in lieu of the above-described property statement, may pledge to said bank collateral security which shall be acceptable to said Federal reserve bank, the true value of which collateral security shall be at least 50 per cent in excess of the amount of the loan so applied for.

SEC. 8. That the bank receiving applications for loans under the provisions of this amendment shall forward said applications, together with the property statement or a full description of the collateral security offered, as the case may be, heretofore described, with the aforementioned affidavit, to said Federal reserve bank.

SEC. 9. That upon receiving such applications and other documents incident thereto the Federal reserve bank shall, after same are found to be satisfactory and offered through a bank in good standing, notify such bank of the acceptance of said loans and shall forward to said bank the necessary documents for perfecting such loans, and said bank on the receipt of said documents shall promptly cause them to be properly executed and returned to said Federal reserve bank, indorsed by the said bank through which the applications were forwarded to said Federal reserve bank.

SEC. 10. That upon the return of said notes and other accompanying documents the said Federal reserve bank shall issue Federal reserve notes to said bank: *Provided*, That at no time shall any Federal reserve bank issue to any bank Federal reserve notes in an amount exceeding 80 per cent of the par value of bonds deposited under the terms of this amendment.

SEC. 11. That the loan limit to which any bank may effect loans for an applicant under the terms of this amendment shall be the loan limit fixed for said bank by the Federal or State laws under which said bank is incorporated.

SEC. 12. That if at any time it shall become apparent to any bank or to any Federal reserve bank through or by which any such loans as heretofore described have been effected that the financial condition of the applicant has become impaired or that the collateral security deposited for any loan has depreciated to the extent that the safety of the loan is impaired, the said Federal reserve bank or bank shall notify the maker of said loan to deposit security or additional security with said Federal reserve bank satisfactory to said Federal reserve bank within 10 days from the date of issuing said notice. And in the event said security or additional security is not so deposited then in that event said loan shall become immediately due and payable and the necessary steps shall be taken to collect said loan.

SEC. 13. That the rate of interest charged by any Federal reserve bank on loans effected under this amendment shall not exceed 6½ per cent per annum: *Provided*, That a lower rate of interest may be fixed by any Federal reserve bank when in the judgment of the directors of any said Federal reserve bank it may seem advisable.

SEC. 14. That there shall be created in each Federal reserve bank a fund known as the rural credits guaranty fund for the purpose of meeting any default which may be made on any loans effected by said Federal reserve bank under the terms of this amendment.

SEC. 15. That when in the judgment of the directors of any Federal reserve bank the sum set aside as a rural-credits guaranty fund shall accumulate to an amount which exceeds the necessities for which said fund was created the said directors shall then cause to be transferred any excess in said rural-credits guaranty fund to the general earnings of said Federal reserve bank.

SEC. 16. That the interest collected on loans effected under this amendment shall be applied pro rata, as follows, to wit:

First. To the Federal reserve bank through which said loan is made 3 per cent per annum of the principal sum of each loan.

Second. To the rural-credits guaranty fund one-half of 1 per cent per annum of the principal sum of each loan.

Third. To the bank through which said loans were effected 3 per cent per annum of the principal sum of each loan.

SEC. 17. That in case the rate of interest shall be decreased by any Federal reserve bank, as provided for in section 13 of this amendment, the amounts specified in paragraphs 1, 2, and 3 of section 16 shall be decreased in proportion.

SEC. 18. That any bank which shall avail itself of the provisions of this amendment shall pay to the owner of bonds deposited through

said bank under the terms of this amendment the sum of one-fourth of 1 per cent per annum of the principal sum of bonds so deposited by said owner of bonds in full payment for the use of said bonds during the actual period such bonds are deposited through said bank under the provisions of this amendment.

SEC. 19. That any owner of bonds deposited under the provisions of this amendment may allow the interest coupons to remain attached to said bonds or may at his option have said interest coupons clipped from said bonds when due by the Federal reserve bank in which said bonds are deposited and placed to the credit of the bank through which said bonds were deposited for the use of the said owner of bonds.

SEC. 20. That when for any reason any bank which has received and forwarded bonds under the terms of this amendment may determine that it is to its best interests to retire all or any part of the loans effected by it under this amendment it may retire said loans or part of said loans, thereby giving the owner of the bond 10 days' notice thereof and cease to allow to any such owner of bonds the one-fourth of 1 per cent per annum provided for in section 18 of this amendment; the said owner of bonds may then withdraw said bonds or allow them to remain on deposit with the Federal reserve bank where deposited at his option without any compensation unless said bank shall decide to again avail itself of the use of said bonds.

SEC. 21. That whenever any bank shall retire any loans as described in section 20 by payment to said Federal reserve bank the said Federal reserve bank shall withdraw from circulation and cancel as provided by law an equal amount of Federal reserve notes.

SEC. 22. That any owner of bonds deposited under the provisions of this amendment may withdraw said bonds from deposit by giving six months' notice thereof in writing, one copy of said notice to be delivered to the bank through which said deposit was made and one copy to be forwarded to the Federal reserve bank which issued said certificate of deposit, both notices to bear the number of the certificate of deposit and the amount of bonds to be withdrawn: *Provided*, That with the consent of the bank through which said deposit of bonds was made the said owner of bonds may withdraw said bonds on 10 days' notice as above described.

SEC. 23. That when a withdrawal of bonds deposited under the provisions of this amendment may be desired by the owner of bonds as provided for in section 22, the bank which has effected loans under this amendment shall deposit a like amount of bonds in substitution for the bonds so withdrawn or shall retire the equivalent amount of loans outstanding against said bonds.

SEC. 24. That in the event any of the bonds deposited under the terms of this amendment are registered bonds the owner of bonds shall assign said bonds to the Federal reserve bank in which they are to be deposited.

SEC. 25. That this amendment shall be in force and effect immediately after its passage and approval.

Mr. WINGO. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman and gentlemen of the committee, I am sure this bill will be helpful to the farmers of the Nation. Yet I fear it will not do as much as we hope to have it do. I wish at the proper time to offer some amendments which I think will be helpful to the bill. I realize that I can not get those amendments through unless the Committee on Banking and Currency favor them. I want to use the time which I have in merely mentioning to the committee the amendments which I wish to offer and in urging the committee to agree to their adoption.

In section 24, on page 5, you will find that the section provides, in lines 13 and 14, for advances to be made "for agricultural purposes." Now, I should like to insert before these words the words "to farmers or," so that the clause will read "advances to farmers or for agricultural purposes." In other words, the phrase "for agricultural purposes" is a very limited phrase. Suppose a farmer owes a lot of money because of the fact that he got a very small price for his cotton last year. Would an advance made to him to take care of that deficiency be for agricultural purposes? I fear it would not. Suppose he owes money as interest on a long-term loan, could he borrow money to care for this interest under the phrase "for agricultural purposes"? I fear he could not under a strict construction of that phrase. The phrase "for agricultural purposes" by a strict construction could be construed to mean only such advances as are made to pay for labor on the farm, for fertilizers, and for supplies necessary in the operation of a farm in the future. I can think of many obligations which a farmer is called upon to meet which it might be held not strictly included in the phrase "for agricultural purposes." I do not want there to be any doubt about this bill giving relief to the farmers of my district and the Nation. I want the bill to help the banks and others that are helping the farmers and thus benefit all.

The time to make a contract is before it is signed and the time to make the terms of a law clear is when it is up for consideration here and not after some lawyer or official construes it against what we really intended.

Mr. McFADDEN. Will the gentleman yield?

Mr. LANKFORD. Yes; I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. I will say to the gentleman that it is my purpose to offer to amend, page 5, line 13, after the word "States," by adding the words "or to any cooperative association of producers in the United States." That will permit of loans directly to organizations of farmers, which I think will



cover to a very great extent what the gentleman wishes to reach.

Mr. LANKFORD. That would help; but this bill authorizes loans only to those banks which have made advances for agricultural purposes. I want the loans to be made to those banks which have made advances to farmers, regardless of whether those advances were made strictly for agricultural purposes or to pay debts caused by loss on cotton last year or by reason of sickness in a farmer's family, and so I want to add before the words "for agricultural purposes" the words "to farmers or." I hope the committee will have no objection to that amendment.

Let me say just here that I am very glad that the chairman of the Committee on Banking and Currency intends to offer an amendment authorizing loans directly to any cooperative association of producers. I believe much good is to come from activities of cooperative associations of producers. I think that our marketing problems will eventually to a large extent be solved by cooperative marketing, and I am very glad to see this bill so amended as to take care of the cooperative associations of producers.

But, Mr. Chairman, there are many farmers in this country who do not belong to any cooperative association of producers, and I am especially anxious for every farmer to be taken care of by this Congress. It is my purpose to get this bill so amended, if possible, as to help the farmers who are now very much in need of financial assistance, and I want the bill so amended as to leave no doubt about their rights under the bill when it reaches final passage.

There is another amendment which I shall offer at the proper time, and that is this: The bill provides for help to those banks which have made advances for agricultural purposes. Well, there are a great many people engaged in selling supplies to farmers, selling mules to farmers, selling fertilizer to farmers, and carrying the farmer through the year. These men have made advances "for agricultural purposes," if we give that phrase a liberal construction, and yet under this bill if an advance is made by the bank to one of these men it might be construed as an advance for business purposes and not for agricultural purposes. Yet if you help the man who helps the farmer you help the farmer, and I hope the amendment will be agreeable to the committee. It will take care of the man who is carrying the farmer, and better enables that man to carry the farmer regardless of whether that man is a banker or some supply man, and this helps the farmer.

This is what we must do in this time of financial stress. We must help every man, firm, or corporation who is carrying the farmers' obligations and thus help the farmer.

Last week I introduced a bill having for its purpose the purchase of \$500,000,000 worth of farmers' papers from the banks of the country by the War Finance Corporation. That bill is now before the Committee on Banking and Currency of the House and I hope that it is reported favorably and passed. If, however, this bill can be so amended as to give the farmer the relief which I am seeking to give by my bill, then there will be no necessity for further insistence upon the passage of that measure. I certainly hope this bill can be so amended as to do what my bill seeks to do and give the farmers relief, and that speedily.

There is one phrase in the paragraph which I wish to move to strike out. That is this—

Whenever in the opinion of the board of directors of the corporation the public interest may require it.

I think we should strike out those words and let this Congress determine as a Congress that the public interest requires that these advances be made in behalf of the farmer. We leave too much to be done by other people. Now, if there was some legislation coming up which provided for the board of directors doing a certain thing whenever an emergency arises in future, then it would be well for us to pass a law giving them the right to determine when that emergency arises, but that is not the case here. We have here an emergency which we know exists. We know that the public interest requires that this Congress legislate for the farmers and help the farmers of our country. Then why say "whenever the public interest may require it" help may be extended? Have you ever tried to convince a man what is required by the public interest? I saw a proposition come up a few days ago where a railroad, over 200 miles long, in my State, was about to be torn up. The question arose as to whether or not that railroad was to the public interest, and I heard it argued that you might tear up that railroad, with its little towns along the line, with their brick stores, and the people in those towns left out in the country without railroad transportation, and that the public interest would not suffer at all.

It might equally be urged that it is not to the "public interest" to protect any farmer who is in financial distress or to help any number of farmers who are about to lose their homes. It may be urged that these are purely local matters and that the public generally is not concerned with them.

It will be observed that the bill provides that—

whenever, in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances.

And so forth. I want the bill so amended as to not only authorize and empower the advances to be made but so as to direct that they shall be made.

Mr. Chairman, I shall offer amendments at the proper time along all these lines, and I want to call the attention of the committee to these proposed amendments so that they may be duly considered by the Members of Congress before they are offered.

I shall offer one other amendment calling for a liberal construction of this act instead of a strict construction, so as to aid the farmer wherever necessary.

Of course, Mr. Chairman, if the friends of the farmer were allowed to construe this act there would be no necessity for the bill to be so carefully drawn in an effort to help him, for it would be construed in his favor. The bill will be construed, though, by the enemies of the farmer as well as by his friends. I can not select those who are to construe this act, and therefore I want to do the only thing which I and the other friends of the farmers here can do, and that is make the bill so definite in its terms as to leave no doubt about what it means. The bill has been called "the farmers' relief bill." Let us amend it so that it will be all its name claims for it. [Applause.]

Mr. WINGO. I yield five minutes to the gentleman from Louisiana [Mr. WILSON].

Mr. WILSON. Mr. Chairman, in view of what has been said during this discussion about the provisions of this bill, and especially by the gentleman from Illinois [Mr. KING] respecting the changes from the original Norris bill made in the Senate and by the House Committee on Banking and Currency, I wish to make a statement as to what it does provide in its present form and to give my reasons for urging its passage.

The War Finance Corporation as reorganized by this act consists of the Secretary of the Treasury, the Secretary of Agriculture, and four other persons named by the President, and is a Government agency. Its active operations are extended until July 1, 1922, and for 10 years for the purpose of liquidation with the power of extension and renewal. Its capital stock is \$500,000,000 with authority to issue and have outstanding obligations amounting to three times this sum or \$1,500,000,000. Therefore, its resources for all purposes will be \$2,000,000,000.

With the increased powers, facilities, and resources given the corporation by this act it can make loans, advances, or purchase securities for substantially the following purposes:

(a) To assist by loans and advances in financing exports of surplus staple agricultural products and in holding and carrying such products until they can be exported or sold for export in an orderly manner. Those to whom such loans and advances may be made for these purposes are enumerated as follows: Individuals, partnerships, corporations, and associations engaged within the United States in dealing in or marketing such products, and to associations of persons engaged in producing such products.

(b) To any bank, banker, or trust company in the United States that makes or has made an advance or advances to individuals, partnerships, corporations, or associations dealing in or marketing such products, and to associations composed of persons engaged in producing the same: *Provided*, That such advance or advances shall not exceed the unpaid balance against the product.

(c) To any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock: *Provided*, That such advances shall not exceed the unpaid balance against such products or live stock.

(d) To purchase from any bank, banker, or trust company in the United States instruments of indebtedness and securities carrying marketable title to staple agricultural products, including live stock.

(e) To purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations issued by banking corporations organized under what is known as the Edge Act: *Provided*, That the assistance thus given shall be only for use in financing the export of agricultural and manufactured products.

(f) To discount or rediscount its paper or securities with the Federal reserve banks, subject to the limitations of the Federal

reserve act and regulations prescribed by the Federal Reserve Board.

Mr. Chairman, the prosperity of America depends largely upon her ability to export and sell profitably her surplus products. Generally speaking, our surplus production is about 35 per cent of the whole. In some industries and in respect to some commodities the surplus is much greater; for instance, with cotton it is more than 60 per cent.

This bill makes it possible for the War Finance Corporation to come to the relief of the producer, the banker, the merchant, and the manufacturer in handling and disposing of the surplus products of this country in an orderly manner. Its passage should insure ample credit resources for all legitimate purposes of the country, provided the Federal Reserve Board will make the proper use of its available resources and function in the manner contemplated by Congress when the Federal Reserve Act was passed.

The War Finance Corporation will have potential resources for a credit extension of \$2,000,000,000. The Federal reserve system now has an excess free gold reserve of \$1,076,000,000, which makes possible the issuance, on a perfectly safe basis, of additional currency to the amount of \$2,300,000,000. By a recent act of Congress the Federal Farm Loan Board will have available for the extension of agricultural credit more than \$200,000,000 a year. All of this makes possible total additional credit facilities of \$4,500,000,000. With such available resources and facilities and with a banking system admittedly sound there is no valid reason why business of every kind should not go ahead unafraid.

The present business depression throughout the country affects every interest and every occupation, every calling, and every industry, and it is not due to any one cause. In my judgment the principal causes may be stated as the war waste; the economic disruption of Europe; our inability to export and sell advantageously an abnormally large surplus of home products; a system of frozen credits resulting from the contraction and deflation policy inaugurated by the Secretary of the Treasury and the Federal Reserve Board in the fall of 1920; but just at this time to more than any other cause, the frozen nerves of American financiers and captains of industry.

Since we have passed the crisis and our financial system is recognized as fundamentally sound, with ample resources for business extension, no man can give a patriotic reason for being in possession of an idle dollar.

If the hoarded capital in this country, driven to cover either for hope of greater gain or the fear of taxes, was turned loose for investment and business enterprise the 5,000,000 unemployed could go to work at good wages and they and their families would become customers for the products of the farms and factories, and the home market we hear so much about would be extended and broadened and home consumption would materially reduce the next year's surplus. Also the million American homes so greatly needed in order to provide the ordinary comforts of life and proper living conditions for millions of our people could be constructed.

This would serve to bring about a much better and more substantial business revival than will ever be produced by glowing headlines in Sunday newspapers, published interviews by financiers, and speeches outlining the wonderful achievements of the present Congress. Just at this time we need something more substantial than psychological prosperity.

No one is more anxious than myself to see the Government get out of private business and to keep private business out of the Government, but under present conditions I believe the pending legislation is necessary and important.

In my judgment it is fortunate that this work of aiding in the exportation of our surplus products is to continue in the hands of the War Finance Corporation, which is an existing organization with all the necessary machinery in working order and actively functioning at the present time. It has already rendered conspicuous service and its present directing officers are in full sympathy with the object and purposes of this legislation. The advances for aiding exports under consideration and already made by the corporation amount in round numbers to \$64,000,000, 93 per cent of which covers agricultural products. Of this \$32,000,000 is for the purpose of assisting in the exportation and selling abroad of approximately 1,000,000 bales of our chief export commodity—cotton.

According to the best data obtainable the surplus cotton now held in the United States for export is 6,125,000 bales. This is about 4,000,000 bales above the normal surplus at this season. The orderly exportation and sale of this abnormal surplus is vital to the economic recovery and prosperity of the Southern States. The passage of this act will materially aid in effecting that result and in a great measure remove one of the chief causes of business depression in that section.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. Strong].

Mr. STRONG of Kansas. Mr. Chairman and gentlemen of the committee, before the entry of this Nation into the World War we were a debtor nation. The exportation of our surplus crops and manufactured products, the financing of many of our railroads, public utilities, and industries was made possible by the money of European nations. The World War forced us to depend upon our own resources. The War Finance Corporation was created to assist in the financing of our activities necessary to carry on the war. We emerged from the war the world's greatest creditor. European nations owed us \$10,000,000,000, which they could not pay. They immediately started to try to refinance their own industries and to rebuild their world's trade. It was necessary for this Nation to finance its own exportations if we were to successfully dispose of our surplus agricultural and industrial products. We discovered that we had but few international banking institutions capable of financing such foreign trade, so early in the Sixty-sixth Congress we passed what is known as the Edge Act, the purpose of which was to permit the organization of corporations to assist in financing the exportations of our surplus products. But two corporations resulted from that act, one in New Orleans and one in New York. They have not produced the results that were expected and needed.

European nations wanted our products but could only offer securities—they did not have the cash to buy with. We had the money in this country, but we did not have the institutions to collect and convert it into credits to the end that our surplus products could be exported and sold to the nations wanting them. Consequently, it was necessary in such emergency for this Government to have some organization through which it could assist the exporting of the surplus agricultural and industrial products which this Nation has and must dispose of. So the revival of the War Finance Corporation was proposed, and in the last Congress we reported out of the Banking and Currency Committee a bill for that purpose after considerable objection and over the protest of most of the ranking and eastern members of the committee, which caused to be assigned the duty to myself of reporting the bill to the House and to have charge of it both when it passed the House and when it was passed over President Wilson's veto. It has much good. It has assisted the bank in New Orleans, formed under the Edge Act, to export great quantities of cotton and has assisted in the exportation of large quantities of wheat.

It was therefore with considerable satisfaction to me when President Harding, after consultation with the financial agencies of the Government, recommended that the War Finance Corporation be made the organization through which the marketing, transportation, and the exportation of the surplus products of the Nation are to be financed.

This bill, following the President's suggestion and having the indorsement of our committee, in a sense limits the War Finance Corporation to assistance in the marketing and exportation of agricultural products and the rendering of financial assistance to both those organizations and institutions which are or may be created to engage in the marketing and exportation of our surplus products.

The first section of the bill adds the Secretary of Agriculture to the board of directors and limits the time when the corporation will cease new operations to the 1st of July, 1922.

The second section provides that—

Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States or lack of a market for the sale of same, or that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine:

(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner;

(b) To any bank, banker, or trust company in the United States which makes or has made an advance or advances to any such person as is described in paragraph (a) of this section for the purpose therein set forth or which makes or has made an advance or advances to any producer for the purpose set forth in paragraph (a).

The next section provides for the extension of these one-year loans up to three years.

Section 24 provides that "wherever in the opinion of the board of directors of the corporation the public interests may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company



in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock." And provides how they shall be made. The clear purpose is to assist in the marketing and exportation of agricultural products.

Mr. CABLE. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. CABLE. Does the gentleman think that the farmer producer will get a better price for his product, and will the gentleman explain how he will?

Mr. STRONG of Kansas. The farmers produced a surplus last year, a great crop has just been harvested, and there will be a still greater surplus in this country, and that will flood our markets and bring reduced prices unless that surplus can be exported.

Mr. CABLE. The bill provides for holding the products until they are exported, and he can hold them up for an entire year.

Mr. STRONG of Kansas. Only until they can be "marketed in an orderly manner."

Mr. CABLE. Will the gentleman define what an "orderly manner" is?

Mr. STRONG of Kansas. That will be defined by the directors of the War Finance Corporation—such a manner as they believe to be for the protection of the market.

Mr. CABLE. Protection of the exporter or the producer?

Mr. STRONG of Kansas. Both. If they protect the market, that will protect the producer and the exporter.

Mr. CABLE. Under the bill the time can be extended as much as four years. Is not that true?

Mr. STRONG of Kansas. Its funds will be loaned for one year and may be extended for three years.

Mr. CABLE. But it can make a loan for a year after the 1st of July next year, and then it can be extended for three years more.

Mr. STRONG of Kansas. Yes. If the loan was made at the end of June, 1922.

Mr. CABLE. So naturally this business could be carried on for four more years from the present time?

Mr. STRONG of Kansas. But at the end of July 21, 1922, no more new loans or new business could be taken. After that time they may extend for three years until the winding up of the business operations of the corporation.

The purpose of the bill is to help in the orderly marketing and exportations of our surplus products. The purpose also is to help build up in this country organizations and corporations that will be able to export our surplus after the War Finance Corporation shall have gone out of business.

If that is not done, when this corporation goes out of business on July 1 next we will be in the same position we are in now, and we will have no organizations ready to extend credit to exporters to export our surplus products. America must now take care of the exportation of her own surplus. We will no longer have assistance from the European countries. They owe us, and not only the ten-billion-dollar debt but a billion dollars in interest that they can not pay. We have the money, and we must build up corporations and associations to extend credit, in order to export our surplus products. [Applause.]

This bill will both assist in the orderly marketing of our agricultural surplus and will assist to build associations and corporations to continue to market them. It will give to agriculture the help it now needs and the help it is entitled to. It will help bring prosperity to our Nation by providing for the exportation and sale to other nations of that which we need to sell and they long to possess. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. A. P. NELSON].

Mr. A. P. NELSON. Mr. Chairman and gentlemen of the committee, this bill, Senate bill 1915, a bill to amend the War Finance Corporation act, approved April 5, 1918, as amended, in order to provide relief for producers and dealers in agricultural products, is a bill that is very far-reaching in its operations, and should have our very careful and conscientious consideration.

I am free to confess that when I first read this bill I was somewhat in doubt as to whether we ought to adopt a bill of this character, but the more I study the bill and the more I consider the dire need of the farmers which exists in our country to-day, the more I am convinced that this bill is justified, because it will help to relieve the very severe financial depression which exists to-day among the farmers in the production, distribution, and orderly marketing of agricultural products.

It is an emergency measure, as its provisions extend only to July 1, 1922, or less than a year, although provisions are made

for extending loans already made by renewing from time to time, but in no case beyond the period of three years from the date on which such advances were originally made.

As was stated by my distinguished friend, the gentleman from Vermont [Mr. DALE], in his most excellent and eloquent address before the committee to-day, the original War Finance Corporation act was drafted as an emergency war measure to meet the extraordinary situation created by the war. He indicated in his speech that it should not be revived or continued under peace-time conditions. I wish to say in reply to the gentleman and to those of the committee who may be opposed to this measure for the same reasons that we are to-day in even a more serious condition economically than we were during the war. As a result of the Great War, in its awful destruction of life, money, and property, we have a broken-down and chaotic social and economic condition in Europe and the world generally. We have a very serious economic condition confronting us in the United States, a condition that is even more serious than during the war; and it is this extraordinary depressed economic situation in our country that we wish to relieve by this legislation.

This bill has been urged by the administration as an aid to agricultural production and marketing and as a relief to the farmers of our country. Section 2 of this bill makes provision for adding the Secretary of Agriculture on the board of directors of the War Finance Corporation. This is done with the idea that the Secretary of Agriculture, having a broad and fundamental knowledge of the peculiar needs of the farmers, will be in position to contribute much in the administration of the law for the aid of agriculture and the farmer, as provided for in this bill. Section 2 also fixes July 1, 1922, as the date when liquidation of the assets and the winding up of the affairs of the corporation shall begin.

Section 22 makes provision that where conditions arising as a result of the war or out of disruption of foreign trade created by the war abnormal surplus accumulation of staple agricultural products in the United States has resulted, or lack of market for the sale of same, or where the ordinary banking facilities are inadequate to enable the producers or the dealers to carry such products until they can be exported or sold for export in an orderly manner, the corporation shall be empowered to finance such producers and dealers. This is, in my opinion, a very wise provision, because we can not hope to have a revival of business and prosperity until we have a proper production, distribution, and marketing of our products. The producer of agricultural products to-day is practically unable, because of inadequate financial aid, to produce and properly market his products.

This bill is framed to relieve the awful stagnation and depression which to-day threaten the very social and economic life of our country, and the administration and your committee believe that by the provisions of this bill we can put in force and operation the combined wisdom and strength of the machinery of our Government and our financial institutions in order to make it possible for the farmer, the laborer, the manufacturer, and the mill owner to unite in bringing about prosperity and contentment again in our land. [Applause.]

It is clear that the financial, economic, and social conditions of Europe have stopped to a large degree the free exchange of goods. Both imports and exports have been reduced. During the fiscal year 1921 as compared with the fiscal year 1920, the slump in foreign trade has been dropped from \$13,347,000,000 to \$10,171,000,000 in 1921, or a decrease of 23.8 per cent. Imports dropped from \$5,238,000,000 to \$3,654,000,000, or a decrease of 32.2 per cent, and exports dropped from \$8,109,000,000 to \$6,516,000,000, or 19.6 per cent loss. Much of this slump is, no doubt, due to the lower prices and not altogether to reduced quantities.

This bill is an attempt to help restore normal trade and industrial relations. In the United States about 55 per cent of the people are engaged in producing agricultural products and raw materials, and a certain percentage of these products must be sold in world markets to relieve home congestion and encourage continued production. In my judgment it is idle, however, to hope that this bill or any bill will do more than to aid restoration of agricultural, commercial, and industrial activities. Through too rapid inflation and unwarranted speculation in many quarters during the war period, which should have been stopped at the close of 1918 and the beginning of 1919 by a gradual deflation rather than by the sudden and too rapid deflation applied in 1920, we find ourselves to-day in a situation that demands the best thought for constructive relief and readjustment.

I have proposed an amendment to section 24 so as to include the general provisions of this bill to not only banks, bankers,



and trust companies but to cooperative associations of producers as well. As I understand it, there are several thousand of these cooperative associations of farmers in the United States, including cotton producers, wheat growers, potato growers, dairy associations, cattle raisers, and so forth. By this amendment it will be possible for the War Finance Corporation to not only deal with the organized local banks and trust companies but with the officers of these cooperative associations of producers and farmers as well, and I am very much pleased that this amendment will be accepted by the chairman of the committee and offered as a committee amendment, which should be promptly adopted.

I deem this amendment very vital to the bill in order that the cooperative association of farmers shall be able to deal directly with the War Finance Corporation through their official channels, and not be compelled to rely entirely for their aid through the War Finance Corporation on the banks, bankers, or trust companies of their respective communities.

I have a great deal of sympathy with those who urge that the War Finance Corporation should deal directly with the individual farmers throughout the country, but when you consider that this bill is purely an emergency measure and only for one year, it becomes evident that it would be unwise, if not impossible, to arrange the machinery for thousands of clerks and officers in the corporation itself and throughout the various parts of the country to deal directly with over 5,000,000 individual farmers. The administration and the committee believe that we must utilize the organized machinery already provided, such as the local banks, trust companies, and cooperative farmers' associations.

Even this provision will mean a large clerical force on the part of the War Finance Corporation, if it is to come in contact with the thousands of country banks and farmers' cooperative associations. From the interpretation placed by the Director of the War Finance Corporation and its counsel, it is understood by your committee that the same advances will be made to the farmers and agricultural producers for our domestic trade and needs under section 24 as is provided for the export trade under section 22.

I believe that my amendment is absolutely correct, because if money is to be loaned to banks or trust companies and by them to the producers, it should also be loaned to cooperative organizations of farm producers direct. My amendment recognizes that if it is fundamentally right to permit the War Finance Corporation to encourage the orderly marketing of agricultural products for foreign export trade, it is equally fundamentally correct and important to assist them in their domestic conditions, which to-day are so dire, distressing, and acute as to almost completely disarm the farmer in some sections of our country.

It is also my opinion that both banks and cooperative associations are needed to make this law properly function, because in many localities the banks are too small and already too overloaned to extend further credits or to guarantee or secure further advances, as is necessary under the provisions of this act. In such cases the farmers' cooperative associations, where they put up the proper collateral and securities, may secure funds direct from the War Finance Corporation.

In this connection, permit me to call your attention to the thought that was expressed by Gov. Harding, of the Federal Reserve Board, in the hearings before the committee, that the local banks, already extended in their loans to farmers and farm organizations, may turn over their paper to the War Finance Corporation, as provided for under the bill, and then extend further credit locally to the farmers by taking short-time paper, which can be rediscounted at the Federal reserve banks in their respective districts. He stated to the committee that the guaranty of proper paper to the War Finance Corporation by the local banks would not in any way mitigate against the banks receiving continued rediscount privileges at the Federal reserve banks upon adequately secured short-time paper eligible for rediscount.

For example, if a bank had \$100,000 of agricultural paper in its portfolio, it could turn this over to the War Finance Corporation, with its guaranty and proper collateral security, which the War Finance Corporation would in turn sell to the investing public and turn over in cash to the local bank \$100,000. Such a transaction would make it possible for the bank to be relieved of its frozen credits and obtain free capital to loan to the farmers of the community by taking short-time paper, which would be eligible for rediscount at the Federal reserve banks. Multiply such a transaction by thousands of instances throughout the entire Nation and you will begin to realize what the War Finance Corporation will be in position to do to relieve our distressed conditions which exist to-day. You would imme-

diately set in motion liquid capital which will make possible the orderly functioning of our agricultural, manufacturing, and industrial interests and change the present stagnant and depressed situation into one of progress, prosperity, and contentment.

I also have an amendment to offer to the committee amendment, section 28, striking out after the word "advance," on page 10, line 1, all of lines 1, 2, 3, 4, and 5, thus making it impossible for any local bank or trust company to charge any commission or other compensation for services in connection with these loans except the straight 2 per cent per annum provided for by the original draft in the Senate. I think that this provision is absolutely essential in order to protect the farmers from any charges of any kind by bankers or trust companies in excess of the 2 per cent provided for by the section. The bank or trust company, when it takes the farmer's paper and guarantees it over to the War Finance Corporation, putting up the bonds and securities therefore, would naturally be entitled to a fair remuneration for such guaranty and service, but it should be limited to a fair percentage and not be left wide open for profiteering. The farmer should be protected in this case, and my amendment has been accepted by the chairman of the committee and will be offered as a committee amendment, which, I think, makes this section acceptable to everyone and vouchsafes the best interest of the farmer and makes it impossible for any advantage being taken of him in his extreme financial distress.

The committee amended the bill by striking out section 25a, which makes provision for the purchase of farm loan bonds by the War Finance Corporation under certain conditions. As a friend of the farm loan system, I would naturally desire to extend every possible facility and aid to the farmers through the Federal Farm Loan Bureau, but this section was eliminated after consultation with the Federal Farm Loan Board, which, I understand, was a unit in believing that the provisions of this section would not be of any real assistance to them. Commissioner Lobdell, in a letter to the chairman of the committee, makes the following statement:

Aside from the proposition as stated, the board is forced to the conclusion that even if the assistance contemplated should be the policy of Congress, the proposed measure does not afford it in a manner of which the Federal land banks could with prudence avail themselves. The first provision is that of a direct loan to the banks at a rate of interest not exceeding their loaning rate. Certainly no prudent business man would expect a Federal land bank to borrow money on a short-time note bearing a rate of interest equal to its loaning rate and use that money to make 20 and 30 year farm mortgage loans. The second provision is for the purchase of farm loan bonds without mention of rate, such bonds to mature within five years. The same objection suggested above would apply to the issue of a five-year bond. Manifestly, such a bond could not be paid from the proceeds of a 20 or 30 year loan, and the banks would find themselves under the necessity of refunding at the end of that period, and the fact that these banks had out \$200,000,000 of paper which they must pay in five years, without a corresponding accrual, would, in the judgment of the board, detract from their credit in the general market and interfere with their stable and orderly operation much beyond the value of any immediate impetus.

For the reasons stated, the board is unable to conclude that the proposed measure would helpfully facilitate the operations of the farm loan system or be of any permanent benefit to the agricultural interests of the country.

In addition to the statements made by the commissioner as quoted, it might be added that the War Finance Corporation would have to sell these bonds in the market, or it would be a direct loan from the Treasury to the Federal land banks through the War Finance Corporation. The Treasury has already advanced \$183,000,000 to the Federal land banks.

It is clear that it would not be good business to set up two selling agencies by the Government for these Federal land bank bonds, and it is probably true that the Federal Farm Loan Board is able to sell these bonds in the market at as good an advantage as the War Finance Corporation. To place two competing Government agencies in the field in selling the same bonds would hardly seem to be the prudent or businesslike thing to do.

It seems evident, therefore, that no advantage to the Federal land banks would be gained by retaining this section. Through the depository privilege of the Curtis-Nelson bill, the Federal land banks now have the means by which they can function and provide the necessary loans to the farmers of the country.

As amended by the House committee, the War Finance Corporation will have the authority to issue and have outstanding at any one time its notes and bonds in an amount aggregating not more than three times its paid-up capital. This would place a limitation on the corporation in its total financial operations to \$2,000,000,000, one-half of which, or \$1,000,000,000, can be advanced to agricultural interests.

In closing I wish to say that the great need of our Nation to-day is economy and cooperation. This bill, properly administered, together with a spirit of economy, business efficiency, and



cooperation by all the people, will help to give new life to our present stagnant and depressed conditions and assure us of future growth and development. We must unite in going forward, carrying optimistic brows and determined hearts, in a program of national revival of agriculture, commerce, and industry. By so doing we shall soon reach again a place of prosperity, contentment, and happiness. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Wisconsin asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. WINGO. Mr. Chairman, I do not recall a single bill that has been before the Congress during my term of service about which there seems to be so much misapprehension. Those who have favored this bill, I fear, are carried by a false hope as to certain measures of relief that will come to the American farmer under it, and which hope will not be justified, I fear, by the workings of the act. On the other hand, those who have opposed this bill have magnified what we did, but, as a matter of fact, they have only examined the bill hurriedly, as indicated by their statements, and overlooked the fact that there is really just one new proposition in the bill, and that is section 24; the rest of it is the present existing law, except that it repeats; it cuts down the time and makes definite and certain the time of the operation, liquidation, and so forth. So if the committee now will be patient with me, at least that fraction of the committee which is not elsewhere, I want to take up the bill and undertake to analyze it and show what this bill does.

Mr. BLANTON. Mr. Chairman, if the gentleman will yield, does the gentleman think it is proper to proceed with but 25 or 30 Members on the floor, all the balance being somewhere else, and nobody to find out anything about this bill? I make the point of order, Mr. Chairman, that we have not got a quorum, as we ought to have somebody here to hear this discussion.

Mr. ARENTZ. The gentleman from Texas just arrived himself, he has been absent all day.

Mr. BLANTON. That is not the fact. The gentleman from Texas was absent only long enough to eat a lunch. I have been in the cloak room and Speaker's lobby working hard on some legislation, and on the job constantly, with that exception.

The CHAIRMAN. The gentleman from Texas is in his right when he comes on the floor, no matter how long he may have been absent, to make the point of no quorum. The Chair will count.

Mr. BLANTON. I am not going to let the gentleman get in a facetious remark of that kind.

The CHAIRMAN. [After counting.] Fifty-six gentlemen are present, not a quorum.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Dallinger	Hill	McCormick
Anthony	Davis, Minn.	Himes	McKenzie
Appleby	Dempsey	Houghton	McLaughlin, Nebr.
Bacharach	Dickinson	Hudspeth	McLaughlin, Pa.
Bankhead	Dominick	Humphreys	McSwain
Barbour	Doughton	Husted	Madden
Barkley	Drane	Hutchinson	Magee
Beedy	Dunbar	James	Maloney
Blakeney	Dunn	Jeffers, Ala.	Mann
Bland, Ind.	Dyer	Johnson, S. Dak.	Mansfield
Boies	Echols	Johnson, Wash.	Martin
Bond	Edmonds	Jones, Pa.	Mead
Brennan	Elliott	Jones, Tex.	Merritt
Brinson	Ellis	Kahn	Michaelson
Britten	Elston	Kearns	Mills
Brooks, Ill.	Fairchild	Kelley, Mich.	Montague
Brooks, Penn.	Fairfield	Kelly, Pa.	Montoya
Brown, Tenn.	Faust	Kendall	Moore, Ill.
Browne, Wis.	Fess	Kennedy	Moore, Ohio
Burdick	Fields	Ketcham	Moore, Ind.
Burke	Fish	Kless	Morin
Burroughs	Fitzgerald	Kincheloe	Mudd
Butler	Flood	Kindred	Murphy
Byrnes, S. C.	Frear	Kirkpatrick	Nelson, J. M.
Campbell, Kans.	Free	Kitchin	Newton, Minn.
Cannon	Freeman	Klecza	Newton, Mo.
Cantrill	Frothingham	Kline, N. Y.	Nolan
Carter	Funk	Knight	O'Brien
Chalmers	Gahn, Ohio	Knutson	Ogden
Chandler, N. Y.	Gallivan	Kopp	Olp
Chandler, Okla.	Garrett, Tex.	Kreider	Osborne
Christopherson	Gilbert	Kunz	Padgett
Clague	Glynn	Langley	Palge
Clark, Fla.	Goldsbrough	Lanham	Parker, N. Y.
Clarke, N. Y.	Goodykoontz	Larsen, Ga.	Patterson, N. J.
Classon	Gould	Larson, Minn.	Perkins
Clouse	Graham, Ill.	Layton	Perlman
Cockran	Graham, Pa.	Lee, Ga.	Peters
Codd	Griest	Lee, N. Y.	Petersen
Cole, Iowa	Griffin	Leibach	Porter
Cole, Ohio	Haugen	Linthicum	Pou
Colton	Hawes	Longworth	Pringey
Connolly, Pa.	Hays	Luce	Purnell
Cooper, Ohio	Herrick	Luhning	Radcliffe
Cooper, Wis.	Hersey	Lyon	Rainey, Ala.
Cramton	Hickey	McArthur	Rainey, Ill.
Crowther	Hicks	McClintic	Ramseyer

Ransley	Scott, Tenn.	Taylor, N. J.	Ward, N. Y.
Reavis	Sears	Taylor, Tenn.	Wason
Reber	Shreve	Temple	Watson
Reed, N. Y.	Siegel	Ten Eyck	Weaver
Riordan	Sisson	Thomas	Webster
Rodenberg	Slemp	Tincher	Wheeler
Rogers	Snell	Tinkham	Williams
Rose	Snyder	Trudway	Williamson
Rosenbloom	Stephens	Tyson	Winslow
Rossdale	Stevenson	Underhill	Wood, Ind.
Rucker	Stiness	Upshaw	Woods, Va.
Ryan	Stoll	Vale	Wright
Sabath	Sullivan	Vare	Wurzbach
Sanders, Ind.	Tague	Volk	Yates
Sanders, N. Y.	Taylor, Ark.	Volstead	Zihlman
Scott, Mich.	Taylor, Colo.	Walsh	

Thereupon the committee rose; and the Speaker having resumed the chair, Mr. STAFFORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (S. 1915) to provide for the purchase of farm products in the United States, to sell the same in foreign countries, and for other purposes, finding itself without a quorum, he had caused the roll to be called and that 179 Members had answered to their names—a quorum.

The SPEAKER. The committee will resume its session.

The committee resumed its session, with Mr. STAFFORD in the chair.

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Ohio [Mr. NORTON].

Mr. NORTON. Mr. Chairman, in this short time I will confine myself to two or three sections of the bill.

This bill purports to provide relief for the producers of and dealers in agricultural products, and for other purposes. In fact in my judgment it is one of the worst financial schemes ever suggested. It provides for loans to the amount of \$1,000,000,000 by the Government by its agent on chattel mortgages upon agricultural products, including live stock, and those loans are in part for the purposes of enabling the producers or dealers in carrying the products or live stock until they can be exported or sold for export in an orderly manner. In other words, it is for the purpose of enabling certain dealers and bankers to bull the market, raising the cost of the articles to the consumer, and advancing the cost of living. It asks the Government to assist in what is condemned by the cold-storage plants—the holding of the necessities of life from the market to advance the cost—to assist in the boycott by the speculators and bankers of the consumer, and this you ask the Government to do through a tax that the consumer has to pay.

Have I misstated the facts? What do sections 22 and 24 say? Section 22 says:

Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States or lack of a market for the sale of same, or that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances for periods not exceeding one year from the respective dates of such advances upon such terms, not inconsistent with this act, as it may determine.

(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner.

And section 24 says:

Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms, not inconsistent with this act, as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock, etc.

The chairman of the committee in speaking of the original War Finance Corporation act stated—

The bill was prepared at a time when great financial stress prevailed everywhere, when this country was straining every nerve and using every bit of its industry to win the war, and the financial institutions of the country were being urged to finance the tremendous financial obligations of the Government. So, as I say, this law was conceived under great stress \* \* \*

He further said:

There was grave doubt in the minds of a great many people as to the wisdom of passing such legislation as this, and I, for one, strenuously opposed it when it was first proposed, because I saw in it an institution that would promote inflation and increase costs throughout the country, etc.

The war has been over for more than two years, and now it is proposed to reenact it in a far worse form than anyone proposed even under the stress of war. This bill authorizes the directors of the War Finance Corporation to loan \$1,000,000,000 whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the



war have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States or lack of a market for the sale of same, or that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine, and so forth.

In other words, it enables the Government to assist in holding up the necessities of life from the market; instead of individuals furnishing the money for cold storage, the Government is to furnish it; and instead of labor or contractors boycotting or striking, the Government is to assist in the great boycott. Government in business! No. But Government is in business as it is to furnish all the money and take all the risk of the returns. Why do I say so? Because the bill further provides that the loan should be made on securities that no sensible banker would accept, except as a gamble with an exorbitant interest—a chattel mortgage on herds of cattle, or flocks of sheep, or droves or hogs, or crops of cotton possibly ruined by the boll weevil—not only that but on collateral already taken and practically worthless.

You say this is a bold statement. Let us see what section 24 says:

The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock.

The corporation is thus to relieve the bankers from the chattel mortgages they hold on growing or matured crops and live stock. Would any legitimate banker take such mortgage on such collateral without pay for the great risk assumed? How many such banks do you suppose will fail during the next three years and more for which the loan is made and renewed? And yet the Republican platform provided for the divorcing of business from government.

This bill seeks to distribute Government funds among the banks to be safely kept by them as Jackson distributed money among the banks of the various States, and all these moneys will be paid back to the United States Government at the same time. Not since the days when the Greenback Party flourished in some of the Western States has anyone proposed such a wild scheme of finance. At that time the war had been fought and had ended. The country was in an unsettled state. Gold and silver were at a premium. Cyclones, droughts, and grasshoppers had ruined the crops. In fact, starvation and great suffering were felt in many parts of the country, but especially in Kansas and Nebraska. The farms being heavily mortgaged, many thought relief would be had in the issuing of paper money. The Republican Party was in power and such men as John Sherman in charge of finance, and they agreed that such a course would only make a bad matter worse. Sherman said we will resume specie payments, as a sound financial system is essential; and he did resume, and now all agree that it was the wise course to pursue. Lands rose in value until now those States are the "garden of the world."

Mr. McFADDEN. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has 11 minutes.

Mr. McFADDEN. Mr. Chairman, I will say to the gentlemen of the House that after I consume the 11 minutes it is my purpose to move that the committee rise. Has the gentleman from Arkansas used all of his time?

The CHAIRMAN. The gentleman from Arkansas has used all of his time.

Mr. STRONG of Kansas. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent to extend his remarks in the Record. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, in reference to what the gentleman from Arkansas said as to the authorization for the Federal land banks for \$200,000,000, it seems to me that we should not do that. I think it is better to permit the Federal land bank system to function in an orderly manner. If, as the gentleman has said, orders have been issued not to permit the Federal land banks to function, those orders should be withdrawn. I do not believe that any such orders have ever been issued. I believe that the Federal land bank system will be able to function to its capacity. It is a physical impossibility

to have the machinery to loan \$200,000,000 within the period that is proposed under this authorization.

They have a limited organization. There is a lot of detail in connection with the making of these loans. The property must be investigated and all details gone through. The loans must be approved, and it takes time to do those things. There is a limit to the capacity of the Federal farm loan system in that respect. In view of what the gentleman has also said in regard to loaning money to foreigners to advance their operations in this country, I think it is well for me to repeat here what I said in the report of the committee, because I do not believe that all of the members of the committee have read this report.

It is simply a question as to whether or not Americans are to control the price of their products or we are to loan our money to foreigners and let them set the price on our own products. That is the question pure and simple. I quote from the report:

Credit is a weapon of great value to the person who is able to command it. A seller who has credit at his command can carry his products until the market warrants their sale; a seller without credit must sell whether the market is good or bad. A buyer with credit can buy whenever the market is at its lowest and carry the products until he is ready to use them; a buyer without credit must buy when he needs the goods, whether the market is high or low. As between buyer and seller, the man that commands credit will dictate the price.

Before the war the sources of credit for our agricultural export movement were largely controlled from abroad. Foreign bankers advanced funds to foreign buyers so that they could take advantage of the necessities of the American farmer and buy the greater part of the year's crop in the months immediately following the harvest. American farmers had no adequate credit facilities, so that they were forced to sell whenever the foreign purchaser was willing to buy.

To-day the foreign financier of our export crops has broken down. Owing to risk of exchange fluctuations, the foreign purchaser and the foreign buyer do not dare to pay dollars to the American farmer in August for farm products which they may have to sell in December in depreciated francs or marks or lire. They are compelled to wait until they need the products for immediate resale or manufacture, although they well know that by waiting they may be compelled later to pay a higher price to the American farmer.

As already stated, the committee has eliminated from the Senate bill the provision authorizing loans to foreigners, because it believes it to be unwise to place any part of the large financial resources of our Government at the disposal of foreigners, thus again giving the control of credit to the foreign buyer instead of to the American seller. On the contrary, the situation presents a great opportunity to the United States to reverse the usual process, place adequate credit machinery in the hands of the American seller, and enable him to carry his products until they can be marketed in an orderly manner. That, in brief, is the purpose of the present bill. Recognizing that the situation has come upon us abruptly and acutely, it authorizes the War Finance Corporation to give temporary assistance, so far as possible through existing banking channels, in the hope that after a short time permanent credit machinery will have been established adequate to meet the situation without governmental assistance.

This legislation furnishes money to the American producer and the American trader, and permits him to finance his own crop and thereby control the price on that product. I submit to you that that is a pretty practical proposition, and much better when you take into consideration the present international trade situation. The United States Government and its people have loaned practically \$20,000,000,000 to the countries of the world to-day, and it is a serious problem now as to whether or not we are going to be able to do very much business with the foreigners on account of that. Only just the other day, before a committee of this House, the governor of the Federal Reserve Bank of New York in his testimony recommended the cancellation of this debt upon the ground that it was a trade impediment, that it was better for the American people to have a market for their goods than it was to collect this money. Are we going to extend still further credits over there and have them put in the same class as the twenty billion, or are we going to loan money to our own people to finance our own products? I think that question answers itself in the mind of any conservative American.

Mr. Meyer, the managing director of the War Finance Corporation, recently said with respect to both agricultural and railroad finance that it was to help the agricultural situation further that the very purpose of this legislation is to extend the powers of the War Finance Corporation with respect to both agricultural and railroad finance. To help the agricultural situation further, it is clear that the legislation must meet a different condition from that contemplated by the original amendment to the War Finance Corporation act by which, in March, 1919, it was given power in connection with the financing of foreign trade. Foreign credit is not the critical factor at the present time. I want to emphasize that.

It is of the utmost importance now to recognize a new condition in our foreign trade. This condition has less to do with credits to foreigners and more with credits to Americans. We must now realize the necessity to sell our agricultural products more gradually than we did in former years, and therefore a corresponding necessity to carry our commodities here in America in larger quantities for a longer period of marketing.



This is strikingly illustrated in the export of our cotton. In the cotton year 1910-11, 81 per cent of the exports for the entire year were concentrated in the six months from September to February, inclusive. In 1919-20 only 51 per cent of the exports for the entire cotton year were forwarded during the same months.

This means that we must carry forward into the second six months of the crop year one and one-half to two million bales that formerly were exported in the first six months.

The same conditions govern our other commodities, and for this reason financing must be provided to carry our products in this country.

The reason I say that foreign credits are not in great demand is because we have investigated the possibilities through representative bankers and business men in Europe, and they report that the demand for credit is not there. Europe prefers to take our commodities gradually instead of in a short period, but it does not want to buy largely for future shipment, even if credit is offered; the exchange risks are too large. The fluctuations in exchange during the past year were greater than the present fluctuations in cotton. If the foreigner has to take a chance on one or the other, he prefers to take the chance on the cotton or other commodity fluctuations rather than on the much wider fluctuations of exchange.

Not recognizing the situation last fall, this country undertook to force upon our European customers a year's supply in a few months. This not only broke down the prices of our commodities but also broke down the foreign exchanges, and this interfered not only with the exports of our agricultural products but also with all our other business. The price of sterling in July, 1920, before the crop movement began was 3.96; the price in November, 1920, was 3.34. The continental exchanges declined even more.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. GARRETT of Tennessee. Do I understand the gentleman to say that by what he calls the attempt to force on foreign countries our productions the rate of exchange was affected?

Mr. McFADDEN. Yes; it affected the price of exchange. Our attempts to force exports abroad last year affected the rate of exchange.

Mr. GARRETT of Tennessee. I understood the gentleman to say that it was responsible for it entirely.

Mr. McFADDEN. I did not mean to infer that. I say that it had a large part to do with it.

If we provide financing to hold our commodities for more gradual marketing over a longer period, we will be doing only what any sensible merchant should do to handle his business. It is not a question of holding for speculative purposes; conditions compel us to hold for gradual marketing if we do not want to cause disaster to ourselves and to those that buy from us. Merchants and manufacturers want a reasonably stabilized market, and we, as producers, must control our goods in a way to meet the financial conditions of the buying market. They can no longer buy, as they did before the war, almost a whole year's supply in the six months following the maturing of our crops. American producers and dealers must carry our commodities for more gradual marketing through their banks.

If we are able to market our commodities more gradually, we shall accomplish more toward the stabilization of the international exchanges than can be brought about by any of the many artificial schemes now being proposed.

This legislation with regard to advances to agricultural interests, and so forth, and to the railroads, authorizes the purchase by the War Finance Corporation of bonds which the Director General of Railroads may have occasion to take from the railroads, in connection with capital expenditures for improvements and betterments made during the period of Federal control.

The importance of the agricultural interest is paramount in our national economic structure. It is evident that the merchants and bankers can not pull themselves out of the hole without pulling the farmer out of the hole. It is equally true that the market for the farmers' commodities depends to a great extent upon a fully employed and prosperous commerce and industry. Commerce in this country not only depends upon the railroads for the vital element of efficient transportation, but normal operation of the railroads involves the consumption of lumber, coal, iron and steel, and other great basic commodities. When the railroads are out of the consuming market, as they are at present, industry is inevitably stagnant and unemployment prevails. If they are in possession of funds and functioning in a normal way, they are directly among our greatest consumers, and indirectly through the large numbers of industrial labor affected.

An additional reason why this legislation should pass is that it is a means of financing the cotton crop, which is one of the big export crops. We must provide the necessary financial machinery to carry those crops until they can be marketed in an orderly manner. That is evident to those people who are producing cotton, because I have heard them argue continually before our committee that the present banking facilities of the country will not permit the financing of this crop and the holding of it until we can have an orderly marketing. I submit that if these advances are made it is a great deal better to make them on products which we control here in our own country rather than to have them stored in Europe and take the uncertain European credits which are available to-day.

The CHAIRMAN. The gentleman's time has expired. All time has expired, and the Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,* That when used in this act the term "person" includes partnerships, corporations, and associations, as well as individuals.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. STAFFORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill S. 1915, had come to no resolution thereon.

#### ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 1940. An act for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.;

H. R. 1269. An act to make a preliminary survey of the Calaveras River, in California, with a view to the control of its floods; and

H. R. 1475. An act providing for a grant of land to the State of Washington for a biological station and general research purposes.

#### ADJOURNMENT.

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 37 minutes p. m.) the House adjourned until Monday, August 15, 1921, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. VESTAL, from the Committee on Coinage, Weights, and Measures, to which was referred the bill (H. R. 6119) for the coinage of a Grant souvenir gold dollar in commemoration of the centenary of the birth of Gen. Ulysses S. Grant, late President of the United States, reported the same with amendments, accompanied by a report (No. 343), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. VOLSTEAD, from the Committee on the Judiciary, to which was referred the bill (H. R. 7294) supplemental to the national prohibition act, with Senate amendments thereto, reported the same with amendments, accompanied by a report (No. 344), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CABLE: A bill (H. R. 8236) to reduce the quota of the United States Naval Academy to a prewar basis; to the Committee on Naval Affairs.

Also, a bill (H. R. 8237) to reduce the quota of the United States Military Academy at West Point, in the State of New York, to a prewar basis; to the Committee on Military Affairs.

By Mr. WARD of North Carolina: A bill (H. R. 8238) to authorize the erection of a public building at Farmville, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 8239) to authorize a survey of Yeopim River, Chowan County, N. C.; to the Committee on Rivers and Harbors.

By Mr. FULMER: Concurrent resolution (H. Con. Res. 27) urging the Federal Reserve Board to lower promptly the redis-

count interest rate on Liberty bonds to 4 per cent and on agricultural and commercial paper to 5 per cent and to increase the credits and circulation of the system; to the Committee on Banking and Currency.

By Mr. VOLSTEAD: Resolution (H. Res. 173) for the immediate consideration of House bill 7294; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LEA of California: A bill (H. R. 8240) granting a pension to Frances A. Brown; to the Committee on Pensions.

By Mr. SPEAKS: A bill (H. R. 8241) granting a pension to Ada C. Figley; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 8242) granting a pension to Sarah J. Duncan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8243) granting a pension to Phoebe Webb; to the Committee on Invalid Pensions.

By Mr. TIMBERLAKE: A bill (H. R. 8244) permitting Frances Mack Mann to purchase certain public lands; to the Committee on the Public Lands.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2395. By the SPEAKER (by request): Petition of M. G. Sperry and E. L. Seal, relating to the American Legion; to the Committee on the Judiciary.

2396. By Mr. CANNON: Petition of citizens of Danville, Ill., protesting against legislation restricting the freedom of worship (H. R. 4388); to the Committee on the District of Columbia.

2397. By Mr. CULLEN: Resolution by Friends of Irish Freedom, relative to taxation; to the Committee on Ways and Means.

2398. By Mr. FULLER: Petition of Zion Lutheran Church, of Millbrook, Ill., for disarmament; to the Committee on Foreign Affairs.

2399. Also, petition of the Durison Co., of Chicago, Ill., for extension of the dye control act; to the Committee on Ways and Means.

2400. Also, petition of Greenlee Bros. & Co., of Rockford, Ill., favoring early enactment of the Winslow-Townsend bill for relief of the railways; to the Committee on Interstate and Foreign Commerce.

2401. By Mr. KISSEL: Petition of the Noll Chemical & Color Works (Inc.), 152 West One hundred and eighth Street, New York City; to the Committee on Ways and Means.

2402. Also, petition of J. B. Pitcher, president of the Nitro Products Corporation, 120 Broadway, New York City; to the Committee on Ways and Means.

2403. Also, petition of Jacob Meurer, president of the Meurer Steel Barrel Co. (Inc.), 23-31 West Forty-third Street, New York City; to the Committee on Ways and Means.

2404. By Mr. LINEBERGER: Petition of C. A. Buffum, Whittier Chamber of Commerce, Retail Dry Goods Merchants' Association of Los Angeles, Merchants and Manufacturers' Association of Los Angeles, Associated Jobbers of Los Angeles, and the Produce Exchange of Los Angeles, protesting against the failure of the Ways and Means Committee to withdraw the war tax on express charges as well as on freight and passenger charges; to the Committee on Ways and Means.

2405. Also, telegram from Frank Nazaro, president of the Produce Exchange of Los Angeles, Calif., urging the cancellation of the tax on express; to the Committee on Ways and Means.

2406. By Mr. NEWTON of Missouri: Petition of 25 citizens of St. Louis, Mo., urging an immediate tax revision; to the Committee on Ways and Means.

2407. By Mr. PATTERSON of Missouri: Petition of Jobbers and Manufacturers' Association, of Springfield, Mo., for the elimination of the proposed tax on express business; to the Committee on Ways and Means.

2408. By Mr. SMITH of Michigan: Petition of 61 citizens of Battle Creek, Mich., protesting against passage of House bill 4388, providing for regulation of Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2409. By Mr. SPEAKS: Telegrams from the Musical Industries Association, the Goldsmith Music Store Co., and the

Wilkin Redman Co., of Columbus, Ohio, protesting against the excise tax on musical instruments; to the Committee on Ways and Means.

2410. By Mr. SWING: Petition of citizens of Santa Ana, Calif., protesting against the passage of House bill 4388; to the Committee on the District of Columbia.

2411. Also, petition of citizens of San Bernardino, Calif., protesting against the passage of House bill 4388; to the Committee on the District of Columbia.

2412. Also, petition of citizens of San Diego, Calif., protesting against the passage of Senate bill 1948; to the Committee on the District of Columbia.

2413. By Mr. YATES: Petition of Fay Lewis & Bros. Co., of Rockford, Ill., protesting against increase in internal-revenue taxes on tobacco products; to the Committee on Ways and Means.

2414. Also, petition of Mr. A. J. Clark, 812 Steger Building, Chicago, Ill., protesting against the so-called Sunday blue law; to the Committee on the District of Columbia.

2415. Also, petition of Judge Henry Neil, of Hinsdale, Ill., urging that only mothers be employed to instruct mothers in the care of their own children, and urging that a provision to this effect be inserted in the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

#### SENATE.

MONDAY, August 15, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we recognize Thy hand in the blessings of life continued unto us. As each day witnesseth that Thy mercies never fail, as the recipient of those mercies we want to turn our thoughts to the duties which command attention, and ask the guidance of Thy wisdom in all the plans and all the exercises of this day. Through Jesus Christ our Lord. Amen.

#### NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., August 15, 1921.

To the SENATE:

Being temporarily absent from the Senate, I appoint Hon. REED SMOOT, a Senator from the State of Utah, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President pro Tempore.

Mr. SMOOT thereupon took the chair as Presiding Officer.

The reading clerk proceeded to read the Journal of the proceedings of Thursday last, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### LIMITATION OF ARMAMENTS (S. DOC. NO. 65).

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed:

THE WHITE HOUSE,  
Washington, August 15, 1921.

The PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress an estimate of appropriation in the sum of \$200,000, required by the State Department to defray the expenses of the Conference on the Limitation of Armament, which is to assemble in Washington on November 11, 1921.

There is enclosed herewith for the information of Congress copy of a letter from the Undersecretary of State of the 15th instant, explaining the necessity for this appropriation. In the statement of reasons set forth by the Undersecretary of State, I concur, and recommend the appropriation as being in the public interest.

There is also enclosed copy of the formal invitation to Great Britain, France, Italy, and Japan to participate in the conference.

Respectfully,

WARREN G. HARDING.

#### SCHEDULES OF CLAIMS AGAINST THE GOVERNMENT (S. DOC. NO. 64).

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States,



which was read and, with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed:

THE WHITE HOUSE,  
Washington, August 12, 1921.

THE PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith, in compliance with section 2 of the act of July 7, 1884 (23 Stat. L., 254), schedules of claims amounting to \$790,994.43 allowed by the several accounting officers of the Treasury Department, and the various divisions of the General Accounting Office subsequent to July 1, 1921, when the General Accounting Office was established, as covered by certificates of settlement, the numbers of which are shown in the first column of said schedules, under appropriations the balances of which have been exhausted or carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (18 Stat. L., 110), and for the service of the following departments and independent offices:

Legislative	557.58
Executive	772.77
Department of State	191,862.24
Treasury Department	23,063.60
Independent offices	1,234.46
District of Columbia	1,800.52
War Department	327,545.35
Navy Department	134,420.66
Interior Department	3,977.93
Department of Agriculture	393.98
Department of Commerce	40,999.73
Department of Labor	321.45
Department of Justice	2,087.13
Postal Service	62,957.03
Total	790,994.43

The appropriations necessary to provide for payment of these claims are required in order to meet outstanding obligations of the Government heretofore authorized by Congress, the balances of appropriations concerned having been exhausted or carried to the surplus fund prior to the allowance of the claims by the proper accounting officers.

These claims are debts of the Government, the validity of which has been approved, including an appropriation heretofore made by Congress to meet them. Since their status has not been altered except in so far as the appropriation has lapsed, an explanatory statement of their necessity to accord with section 203 (a) of the budget and accounting act seems unnecessary.

Respectfully,

WARREN G. HARDING.

JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. DOC. NO. 63).

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States, which was read and, with the accompanying paper, referred to the Committee on Appropriations and ordered to be printed:

THE WHITE HOUSE,  
Washington, August 12, 1921.

THE PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress, in compliance with the provisions contained in the act of September 30, 1890 (26 Stat., 537), and the deficiency act of April 27, 1904 (33 Stat., 422), a list of judgments rendered by the Court of Claims, amounting to \$292,528.06, which have been submitted by the Secretary of the Treasury and require an appropriation for their payment, as follows:

Under the Treasury Department	\$166,523.02
Under the War Department	126,005.04
Total	292,528.06

The foregoing are obligations of the Government lawfully imposed and (subject to the reserved right of appeal) must be paid. For this reason and because they could not have been anticipated in the regular appropriation bills no further explanation under section 203 (a) of the budget and accounting act seems necessary.

Respectfully,

WARREN G. HARDING.

CLAIMS RENDERED AGAINST GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 61).

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed:

THE WHITE HOUSE,  
Washington, August 12, 1921.

THE PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress, in accordance with the provisions contained in the deficiency act of April 27, 1904 (33 Stat., 422), a list of judgments rendered against the Government by the district

courts of the United States, under the provisions of the act of March 3, 1887 (24 Stat., 505), as amended by section 297 of the act of March 3, 1911 (36 Stat., 1168), as submitted by the Attorney General through the Secretary of the Treasury, which requires an appropriation for their payment, together with such additional sum as may be necessary to pay interest on said judgments at the rate of 4 per cent per annum from the date thereof until the time the appropriation is made, with the proviso that the judgments herein provided for shall not be paid until the right of appeal shall have expired, as follows:

Under the War Department	\$8,385.15
Under the Navy Department	7,233.50
Total	15,618.65

The foregoing are obligations of the Government lawfully imposed and (subject to the reserved right of appeal) must be paid. For this reason and because they could not have been anticipated in the regular appropriation bills, no further explanation under section 203 (a) of the budget and accounting act seems necessary.

Respectfully,

WARREN G. HARDING.

BALTIMORE DRY DOCKS & SHIPBUILDING CO. (S. DOC. NO. 62.)

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Appropriations and ordered to be printed:

THE WHITE HOUSE,  
Washington, August 12, 1921.

THE PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration of Congress, in accordance with the provisions contained in the deficiency act of April 17, 1904 (33 Stat., 422), the record of a judgment rendered against the United States by the district court of the United States for the district of Maryland, sitting in admiralty, under the provisions of an act entitled "An act for the relief of the Baltimore Dry Docks & Shipbuilding Co., owner of a dry dock at Baltimore, Md.," approved December 26, 1920 (Private act No. 74, Private Laws of the Sixty-sixth Congress, 3d sess., 41 Stat., 75), which requires an appropriation for its payment, with a proviso that this judgment shall not be paid until the right of appeal shall have expired.

Under the Navy Department: Baltimore Dry Docks & Shipbuilding Co., \$1,848.70.

The Attorney General in his letter of July 22, 1921, submitting the estimate for an appropriation required for the payment of this judgment, does not report any interest as due on same, nor is the payment of interest provided for in the jurisdictional act.

Payment of interest on judgments of United States courts ordinarily is provided for by section 10 of the act of March 3, 1887 (24 Stat., 507), and applies only to judgments rendered in suits instituted under that act.

The foregoing is an obligation of the Government lawfully imposed and (subject to the reserved right of appeal) must be paid. For this reason and because it could not have been anticipated in the regular appropriation bills no further explanation under section 203 (a) of the budget and accounting act seems necessary.

Respectfully,

WARREN G. HARDING.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhues, its enrolling clerk, announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, had agreed to the conference requested by the Senate, and that Mr. HAUGEN, Mr. McLAUGHLIN of Michigan, Mr. TINCER, Mr. RAINEY of Illinois, and Mr. ASWELL were appointed managers of the conference on the part of the House.

The message also announced that the House had passed without amendment the following Senate bill and joint resolution:

A bill (S. 1794) to authorize the Secretary of War to release the Kansas City & Memphis Railroad & Bridge Co. from reconstructing its highway and approaches across its bridge at Memphis, Tenn.; and

A joint resolution (S. J. Res. 88) granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1475) provid-

ing for a grant of land to the State of Washington for a biological station and general research purposes.

The message also announced that the House had passed bills and a joint resolution of the following titles, in which it requested the concurrence of the Senate:

H. R. 8107. An act to control importations of dyes and chemicals;

H. R. 8117. An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes; and

H. J. Res. 183. A joint resolution imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person when reimported into the United States.

#### ENROLLED BILLS SIGNED.

The message further announced that the Speaker of the House had signed the following enrolled bills and they were thereupon signed by the Presiding Officer [Mr. Smoot] as Acting President pro tempore:

S. 1934. An act granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway bridge across the Ohio River between the city of Huntington, W. Va., and a point opposite in the State of Ohio;

H. R. 1269. An act to make a preliminary survey of the Calaveras River, in California, with a view to the control of its floods;

H. R. 1475. An act providing for a grant of land to the State of Washington for a biological station and general research purposes; and

H. R. 1940. An act for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.

#### EXPORTATION OF WOOD PULP FROM CANADA.

The PRESIDING OFFICER. The Chair desires to announce that the enrolled joint resolution (S. J. Res. 36) authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States, has heretofore been signed by the President pro tempore.

#### PETITIONS AND MEMORIALS.

The PRESIDING OFFICER. The Chair lays before the Senate a petition of the Private Soldiers' and Sailors' Legion of the United States of America, requesting Congress to repeal the charter of the American Legion. It will be referred to the Committee on the Judiciary.

Mr. BORAH. Mr. President, is that a petition?

The PRESIDING OFFICER. It is a petition.

Mr. BORAH. I ask that the petition part of it be printed in the RECORD.

Mr. HARRISON. May I ask by whom that is signed?

The PRESIDING OFFICER. By Marvin G. Sperry, national chairman of the Private Soldiers' and Sailors' Legion.

Mr. BORAH. A matter of such importance ought to be published in the RECORD, I think. It seems to be a rather serious matter, and all concerned should have it where they can read it rather than to have it received and difficult to reach.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The petition is as follows:

Petition.  
NATIONAL HEADQUARTERS  
PRIVATE SOLDIERS' AND SAILORS' LEGION  
OF THE UNITED STATES OF AMERICA,  
Washington, D. C., August 10, 1921.

To the Senate and House of Representatives of the United States of America in Congress assembled:

On September 16, 1919, the Congress, by special enactment, granted a charter to a group of men and their successors empowering them to organize an association of veterans of the World War under the name of the American Legion.

By reason of the possession of this special charter, and because the organizers had been furnished by interests which have never been revealed with practically unlimited funds, the American Legion has come to be considered by the general public as an organization voicing the spirit and aspiration of all former service men. Ever since its organization the men in control of the American Legion have wrongfully assumed to represent the great body of veterans of the World War in matters of legislation, of public policy, and in many questions in which those leaders are personally interested, but about which the body of veterans as a whole care nothing. These leaders have become so overbearing and insolent in their assumptions that they are now, and for some time have been, presuming to give voice to the opinions of all former service men—those who do not belong to the American Legion as well as those who do. Their conduct in this regard has gone to such lengths that we feel that it has become incumbent on us to acquaint you, as the chartering power, with the actual facts.

The real situation is this: A group of silk-stockinged officers met in France and determined on the formation of an association of veterans. Shortly thereafter, at a time when the Army was rapidly returning to the United States, a committee of hand-picked, self-constituted former officers, carrying out the line of action which had been determined on at the preliminary meeting in France, opened offices in New York and procured from unknown sources some hundreds of thousands of dollars, to be used in furtherance of their ends. This committee prepared the constitution and by-laws for the proposed organization, which was to be known as the American Legion, and arranged for a meeting in St. Louis, at which the constitution and by-laws were to be adopted and the American Legion launched. This same New York committee supervised the selection of delegates to the St. Louis meeting by calling on the draft boards throughout the United States to hold meetings of former service men at which the delegates were to be selected. In each instance these meetings were restricted in their choice of delegates to officers of the rank specified by the New York committee.

By the terms of the charter of the American Legion and its constitution and by-laws its first officers were selected by the organizers, and the successors of these officers are still chosen by the same self-constituted interests on a self-perpetuating basis.

#### We charge:

1. That the organizers and present officers of the American Legion organized it with tainted money, for the purpose of giving the men who placed themselves in its control an opportunity of misrepresenting the wishes and desires of former service men wherever such wishes and desires clashed with those of the unknown men who had furnished the money, and who are the real power behind the Legion.

2. That the present officers of the American Legion have no authority to speak for the rank and file of veterans, either within or without the Legion.

3. That the present officers of the Legion are receiving and paying out to themselves vast sums of money in salaries and expenses, ostensibly because of the services they are rendering to former service men, when, in truth, their services and activities are not in the interest of the veterans but of the hidden group of men who furnished the secret funds for its organization.

4. That notwithstanding a clear and unequivocal provision in the law granting the American Legion its charter to the effect that a financial statement must be annually filed with Congress, no such statement has ever yet been filed.

5. That in carrying out the orders of the unknown interests who furnished the funds for its organization the present officers of the American Legion have instigated and incited lawlessness in numerous instances. An examination of the facts in the cases of Arthur Clark, Carpenteria, Calif.; Frederick Reis, Jr., Cincinnati; Kate O'Hare, Minot, N. Dak.; former Senator J. Ralph Burton and Prof. Wilson, at Ellinwood, Kans.—to mention only a few of these instances—will convince all fair-minded men that the perpetrators of these outrages should not be permitted to hide their offenses behind a Federal charter.

6. That the leaders of the American Legion have pursued the settled, uniform policy of interfering with and dictating to public schools and colleges, churches, newspapers, public meetings, political assemblies, officers charged with the preservation of the public peace, and all persons and all activities which in any way threatened to endanger the interests of the secret financial backers of the Legion, and they still pursue this policy under the cloak of their Federal charter and without any authorization from the body of their members.

7. That from the day of its organization the attitude of the officers of the American Legion toward labor, and especially toward organized labor, has been so virulent and hostile as to justify the inference that the secret funds secretly furnished for its organization were contributed for the express purpose of opposing the welfare of all men who work for wages, under the specious guise of patriotism.

We have no quarrel with our buddies who were induced by false pretenses to join the Legion. Our criticism is directed solely against the men who have misrepresented and exploited not only the rank and file of the American Legion but ourselves and all other veterans as well; and we respectfully petition the Congress, in the interest of all former service men, to appoint a committee to examine into this matter, with the view of repealing the charter of the American Legion, so that it may cease to cloak the scandalous and disgraceful conduct of a small coterie of self-constituted, self-perpetuating officials.

Respectfully submitted.

[SEAL.]

NATIONAL EXECUTIVE COMMITTEE,  
PRIVATE SOLDIERS AND SAILORS LEGION,  
MARVIN GATES SPERRY, National Chairman,  
EARL L. SEAL, National Secretary.

Mr. NELSON presented a resolution adopted by citizens of De Graff, Minn., protesting against the enactment of Senate bill 2135, to enable the refunding of obligations of foreign Governments owing to the United States of America, etc., which was referred to the Committee on Finance.

He also presented a letter in the nature of a memorial of Klearflax Linen Rug Co., of Duluth, Minn., remonstrating against the enactment of legislation imposing a tariff on flax straw, flax tow, noils, etc., which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition of the Buzza Co., of Minneapolis, Minn., praying for the enactment of legislation imposing a tariff on tally cards and place cards for table use, which was referred to the Committee on Finance.

He also presented telegrams in the nature of memorials of the Cold Springs Brewing Co., of Cold Springs; Gluek Brewing Co. and Minneapolis Brewing Co., of Minneapolis; Jacob Schmidt Brewing Co. and Theo. Hamm Brewing Co., of St. Paul; and Kiewel Associated Products Co., of Little Falls, all in the State of Minnesota, remonstrating against the enactment of legislation imposing a tariff of 15 cents per gallon on cereal beverages, which were referred to the Committee on Finance.

He also presented a resolution of sundry citizens of Barnesville, Minn., favoring the enactment of Senate bill 1452, pro-



viding for establishing shooting grounds for the public, for establishing game refuges and breeding grounds, for protecting migratory birds, and requiring a Federal license to hunt them, which was referred to the Committee on Agriculture and Forestry.

Mr. WILLIS presented resolutions adopted by sundry Chautauquans of Marysville, Ohio, August 3, 1921, favoring the intervention by the United States Government on behalf of Korea and China against alleged aggressions of Japan, which were referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Toledo, Ohio, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc., which was referred to the Committee on the District of Columbia.

Mr. SHORTRIDGE presented sundry petitions signed by the following-named citizens of California, praying for the passage of the so-called La Follette and Norris resolutions relative to Ireland, and also praying for the recognition of the independence of the republic of Ireland by the Government of the United States; which were referred to the Committee on Foreign Relations:

Richard Mangan, resolution Terence MacSwiney Branch, American Association for the Recognition of the Irish Republic, by secretary; Patrick Murphy, Elizabeth Buckley, Eileen M. O'Reilly, Frank Donohue, Mrs. J. Donohue, James A. Feeny, Patrick J. Daley, Michael Riordan, Daniel O'Connor, Robert J. Smith, Patrick O'Connell, Hannah O'Connor, Jeremiah Sullivan, John Murphy, J. W. Fryer, Thomas McCartney, George J. Nichols, John McPake, John J. Murphy, Mrs. Annie Driscoll, Dorothy A. Griffith, John C. Healy, Marie Bailie, John Norton, Mrs. A. Tronin, Mrs. Margaret Healy, Ella Delehanty, George Tronin, Mary Delehanty, Mrs. D. W. Healy, E. Delehanty, secretary Branch 77, A. A. R. I. R.; Mrs. Jennie Hughes, Marian C. Stack, Mrs. E. H. Sandahl, Dora J. Cussen, Alice Teresa Cussen, Cornelius Lynch, Virginia Fay, Nora McCarthy, Michael J. Fitzgerald, J. Cotton, Miss Mary Crowley, Mrs. Thomas Fay, James J. Bailey, Helen M. Stack, Miss Margaret Stack, Frank C. Tracey, all of San Francisco.

Patrick Leary, Albert J. Riley, Mrs. Louis E. Braun, Franklin Branch, A. A. R. I. R.; J. J. Kreig, all of Oakland.

Mrs. C. Myatt, Mary A. Woods, Rev. P. M. Griffin, Mr. Martin Glynn, Edward O'Hara, Thomas F. Keene, secretary Richmond Branch, Home Insurance Co. of New York, also secretary Branch No. 159, A. A. R. I. R.; P. J. Connor, all of Richmond.

Mary E. Redmond, Catharine Redmond, M. J. Calhan, P. J. Winters, M. H. Ryan, all of Alameda.

E. C. McDonough, Josephine C. Diehl, Basil J. Nettleton, Mrs. Annie Nettleton, Geraldine Nettleton, Josephine Nettleton, Anna R., W. E., and M. Kelly, Michael F. Campbell, Mrs. M. J. Firsick, Matthew J. Firsick, jr., Lucile A. M. Brennan, Mrs. Margaret Barrett, Joseph S. Derrick, M. D., Mary Ramsey, Edward B. Nicoll, Mrs. C. Duerbeck, John Studer, M. F. Dillon, Mary Hennessey, John Hennessey, V. Ramsey, N. M. Mullins, M. T. Collins, Lottie Trave, Joseph Trave, Josie Trave, J. J. O'Regan, E. C. McDonough, all of Los Angeles.

#### REPORTS OF COMMITTEES.

Mr. STERLING, from the Committee on the Judiciary, to which was referred the bill (S. 2228) to amend certain sections of the Judicial Code relating to the Court of Claims, reported it with amendments and submitted a report (No. 256) thereon.

Mr. JONES of Washington, from the Committee on Commerce, to which was referred the bill (S. 2391) to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, reported it without amendment and submitted a report (No. 257) thereon.

Mr. NEW (for Mr. STANFIELD), from the Committee on Claims, to which was referred the bill (S. 1408) authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collisions, reported it with amendments and submitted a report (No. 258) thereon.

#### INTERSTATE HIGHWAY SYSTEM.

Mr. STERLING (for Mr. TOWNSEND), from the Committee on Post Offices and Post Roads, to which was referred the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, reported it with an amendment.

Mr. McKELLAR. Mr. President, may I ask the Senator from South Dakota what bill that is?

Mr. STERLING. It is the good roads bill; the House amendment reported with an amendment.

In connection with the report I present in behalf of the chairman of the committee a concurrent resolution relating to the title, which I suppose should lie on the table.

Mr. McKELLAR. I understood the chairman was to submit the report to me before it was handed in, but if the Senator chooses to take that course I shall offer no objection.

Mr. STERLING. I was just handed the report by the clerk of the committee.

Mr. STERLING (for Mr. TOWNSEND) submitted the following concurrent resolution (S. Con. Res. 9), which was ordered to lie on the table:

*Resolved by the Senate (the House of Representatives concurring). That in the enrollment of the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, the Secretary of the Senate be, and he hereby is, authorized and directed to amend the title of the said bill so as to read as follows:*

*"An act to provide for the establishment, construction, and maintenance of a post roads and interstate and intercounty highway system, to create a post roads and Federal highway commission, and for other purposes."*

#### ENROLLED BILL AND JOINT RESOLUTION PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that they had presented to the President of the United States for his approval and signature the following enrolled bill and joint resolution:

On August 11, 1921:

S. 1811. An act to amend the Federal farm loan act, as amended.

On August 13, 1921:

S. J. Res. 36. Joint resolution authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POINDEXTER:

A bill (S. 2394) to confer jurisdiction on the Court of Claims to adjudicate the claims of the legal representative of Robert Dillon, deceased; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2395) granting an increase of pension to James M. Taylor;

A bill (S. 2396) granting a pension to John J. Rogers;

A bill (S. 2397) granting a pension to Harry J. Martin; and

A bill (S. 2398) granting a pension to Katie Kensinger; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 2399) granting an increase of pension to Eleanor L. Curtiss;

A bill (S. 2400) granting an increase of pension to Samuel S. Householder;

A bill (S. 2401) granting a pension to Mrs. Stephen Fennell;

A bill (S. 2402) granting a pension to Charles A. Pettit; and

A bill (S. 2403) granting an increase of pension to Mollie M. Wilkerson; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 2404) granting a pension to Anna E. Shoemaker (with accompanying papers); to the Committee on Pensions.

By Mr. SUTHERLAND:

A bill (S. 2405) supplemental to an act entitled "An act for the retirement of employees in the classified civil service, and for other purposes" (Public, No. 215, 66th Cong.), approved May 22, 1920; to the Committee on Civil Service.

A bill (S. 2406) granting a pension to teamsters, bridge builders, and railroad repairers who were in the service of the United States during the Civil War; and

A bill (S. 2407) granting an increase of pension to William J. Gimm; to the Committee on Pensions.

A bill (S. 2408) for the relief of Mary L. Spring; and

A bill (S. 2409) for the relief of W. L. Spring; to the Committee on Claims.

By Mr. McCORMICK:

A joint resolution (S. J. Res. 99) providing a site upon public grounds in the city of Washington, D. C., for the erection of a statue of Dante; to the Committee on the Library.

A joint resolution (S. J. Res. 100) providing for the appointment of a commissioner to serve on the Interstate Harbor Commission of Illinois and Indiana; to the Committee on Commerce.

## FOREIGN TRADE ZONE.

Mr. JONES of Washington. Mr. President, I send to the desk an amendment which I intend to propose to the tariff bill and ask that it may be printed and referred to the Committee on Finance.

I will say that the amendment embodies the bill that was reported this morning from the Committee on Commerce providing for foreign trade zones. I think it is a matter which very properly comes up for consideration in connection with the tariff bill. It was the sense of the committee that if the bill was reported it should then be put in the form of an amendment to the tariff bill and referred to the Committee on Finance for consideration in connection with the tariff bill.

There being no objection, the amendment was ordered to be printed and referred to the Committee on Finance.

## AMENDMENT TO TRANSPORTATION ACT, 1920.

Mr. PITTMAN submitted an amendment intended to be proposed by him to the bill (S. 2337) to amend the transportation act, 1920, and for other purposes, which was referred to the Committee on Interstate Commerce and ordered to be printed.

## PROPOSED RECESS OF CONGRESS.

Mr. LODGE. Mr. President, I offer the following concurrent resolution to lie on the table and I give notice that I shall call it up to-morrow.

The Assistant Secretary read the concurrent resolution (S. Con. Res. 8), as follows:

*Resolved by the Senate (the House of Representatives concurring), That when the two Houses adjourn on Saturday, the 20th day of August, 1921, they stand adjourned until 12 o'clock meridian on Monday, the 19th day of September, 1921.*

The PRESIDING OFFICER. The concurrent resolution will lie on the table.

Mr. ASHURST. Mr. President, my attention was diverted for the moment. Was a resolution presented with reference to a recess or adjournment?

The PRESIDING OFFICER. The Senator from Massachusetts submitted a concurrent resolution, which will lie upon the table.

Mr. ASHURST. I ask that the resolution be again read.

The PRESIDING OFFICER. The Secretary will again read the resolution.

The Assistant Secretary again read the concurrent resolution.

Mr. ASHURST. Mr. President, respecting the concurrent resolution—

Mr. LODGE. I may say to the Senator that we are not going to call it up to-day. It lies on the table until to-morrow.

Mr. ASHURST. I have no desire to inject my personal views into the views of the majority, but I feel that we should not adjourn or take a recess until some matters that I conceive to be important are disposed of. I realize that within our own sphere we each think that certain matters are important, but I submit for the information of Senators the following observations upon certain bills, with the view that we should not adjourn or take a recess until they are disposed of.

First, there is a bill pending, introduced by the Senator from Idaho [Mr. BORAH], which proposes to extend for one year the time within which payment of construction charges may be made on reclamation projects. That bill ought to be passed.

Then there is a bill which provides that lands in reclamation projects shall be eligible for Federal farm loans. That bill ought to be passed before we adjourn.

I have this morning a dispatch from the State engineer of Arizona, which reads as follows:

PHOENIX, ARIZ., August 13, 1921.

Hon. HENRY F. ASHURST,  
United States Senate, Washington, D. C.:

Delay in Federal aid road legislation greatly inconveniencing Arizona program. We sincerely hope that appropriation will be made immediately. If this is impossible, definite information that Congress has abandoned Federal aid would assist us in planning our work. We would appreciate your endeavoring to secure action before Congress takes recess.

STATE ENGINEER.

Then there is also the McNary bill, which has passed the Senate as a substitute for the Norris bill. This bill should extend some relief to the farmers and stockmen. It will permit advancements to be made through the War Finance Corporation.

I ask that a petition in the form of a letter addressed to me and a resolution of the Salt River Valley Water Users' Association be printed in the Record as a part of my remarks.

There being no objection, the letter and resolution were ordered to be printed in the Record, as follows:

ARIZONA CATTLE GROWERS' ASSOCIATION,  
PHOENIX, ARIZ., August 8, 1921.

Hon. HENRY F. ASHURST,  
United States Senate, Washington, D. C.

DEAR SENATOR ASHURST: It has been brought to our attention that there has been introduced in the United States Senate a bill providing that the date of payment of grazing fees on the national forests be extended from September 1 until December 1, 1921.

Conditions among the cattlemen of the State of Arizona are such that the passage of this proposed legislation is absolutely necessary. As you are aware, the cattle-growing industry of this State is passing through the most critical stage in a great many years. There has been no market for the cattle produced here, and therefore there has been, practically speaking, no cattle sold in this State for almost 12 months, and very few in the last two years, thus depriving the cattlemen of any income and straining their credit facilities to the limit, or almost to the breaking point. In addition to these conditions, the most severe drought in 20 years has existed in this State during the first part of this year and lasting until the middle of last month. This drought has caused enormous additional expenditures in the way of feed and pasture bills and has also put cattle in a condition where they will not be in marketable shape until at least six weeks hence.

It will be impossible for any sales of cattle to be made until the latter part of September, and, as you can readily see, the cattlemen will have no money for the payment of grazing fees and other expenses until they are able to receive money from the sale of cattle through the months of October and November, as further credit is unavailable.

In view of these conditions, we earnestly urge that you use your efforts to secure the passage of such legislation as is necessary to have the postponement of the date of payment for grazing fees on the national forests to December 1, 1921.

Very truly, yours,

ARIZONA CATTLE GROWERS' ASSOCIATION,  
By HENRY G. BOICE,  
Acting President.

SALT RIVER VALLEY WATER USERS' ASSOCIATION,  
OPERATING SALT RIVER PROJECT,  
PHOENIX, ARIZ., July 19, 1921.

## Resolution.

"Whereas on account of the very low price of farm products and live stock payments due December 1, 1920, for construction and to become due in December, 1921, can not be met by the water users, although they are economizing in every way in an endeavor to make such payment: Therefore be it

"Resolved by the board of governors of the Salt River Valley Water Users' Association, That we indorse the provisions of Senate bill 1728, by Senator BORAH, by the terms of which it is proposed to defer payment of the 1921 construction charge for a period of one year, and for the deferment of all subsequent charges for the same time, without penalty; be it further

"Resolved, That we request the Members of Congress from the State of Arizona to support the said bill, and that a copy of this resolution be sent to all members of the Arizona delegation, and, further, that they be urged to use their best efforts to secure an amendment to said act so as to provide for an extension of said construction charges for a period of two years instead of one year."

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the board of governors of the Salt River Valley Water Users' Association at a meeting held on July 16, 1921.

[SEAL.]

F. C. HENSHAW,  
Secretary Salt River Valley Water Users' Association.  
FEDERAL PATRONAGE IN TENNESSEE.

Mr. MCKELLAR submitted the following resolution (S. Res. 131), which was referred to the Committee on Post Offices and Post Roads:

*Resolved, That the Post Office Committee of the Senate be, and is hereby, authorized and instructed to investigate the alleged violations of the civil service act and the alleged selling of or trafficking in Federal offices in Tennessee by John W. Overall, Republican national committeeman and alleged referee in patronage matters in that State.*

## REPORT OF BOARD OF VISITORS TO NAVAL ACADEMY.

Mr. POMERENE submitted the following resolution (S. Res. 132), which was considered by unanimous consent and agreed to:

*Resolved, That the Secretary of the Navy be, and he is hereby, directed to transmit to the Senate the report of the Board of Visitors to the United States Naval Academy for the year 1921, and to include therewith the reports for the years 1917, 1918, 1919, and 1920, respectively.*

## REPORT OF ALASKAN ENGINEERING COMMISSION, 1917.

On motion of Mr. NEW, it was

*Ordered, That the Secretary of the Senate be directed to transmit to the Secretary of the Interior the report of the Alaskan Engineering Commission for 1917, transmitted to the Senate on April 22, 1918, by the President of the United States.*

## PROPOSED NATIONAL SUNDAY LAW.

Mr. POINDEXTER. Mr. President, on July 13 there was printed in the CONGRESSIONAL RECORD an article proposing a national Sunday law. I ask unanimous consent to have printed in the Record an answer to that appeal by C. S. Longacre, general secretary of the Religious Liberty Association of America.

There being no objection, the communication was ordered to be printed in the Record, as follows:

## COUNTERPETITION TO PROPOSED NATIONAL SUNDAY LAWS.

To the honorable Senate and House of Representatives in Congress assembled:

The Religious Liberty Association respectfully presents a counterpetition to Congress relative to the "proposed national Sunday law," which was printed in the CONGRESSIONAL RECORD



of July 13, 1921, at the request of the central committee of the nineteen conferences of the Methodist Episcopal Church South. It is not our purpose to impugn the motives and high ideals of our worthy coreligionists. We do not question their sincerity. But we do question the means and methods they are seeking to employ to bring about certain spiritual reformations.

We, too, believe in the binding claims of the Holy Bible upon the individual. We believe that every man, woman, and child ought to observe the Sabbath day of divine appointment—the fourth commandment of the decalogue. With our Methodist brethren, we believe that God wrote the Ten Commandments, and that God has never repealed any of the Ten Commandments. We go a step further, and we do not believe that God ever designed to alter or change any of these commandments of the eternal ten. We not only believe that all men ought to accept all the divine institutions of the Lord's planning, but they ought to accept the Savior of the world Himself, because such an acceptance means their eternal welfare.

But while we believe all this, we do not believe that any of these divine institutions and religious obligations which we owe exclusively to God should ever be enforced under duress of civil law. Religious obligations rest entirely upon individual faith, piety, and soul conviction, and should never be enforced by the civil magistrate.

#### HEART RELIGION ALONE ACCEPTABLE.

Religion has no value unless the conscience is left free to accept it. God made the conscience free and He never intended that any man should enslave it. When religious obligations and observances become a matter of compulsion, the conscience is shackled, and the profession of religion becomes a cloak of hypocrisy. A man's duties toward God and religion must be voluntary and emanate from the heart in free-will service in order to be acceptable in the sight of God. Only the power of love has a right to dominate the heart and life in religious matters. Heart religion alone is of value to God. Christianity, with all its divine obligations toward God, is founded on faith, hope, and love, as revealed in the teachings and life of Christ. As the Scripture saith: "Hath thou faith? Have it unto thyself before God." No man has the divine sanction to make his conscience the criterion for another man. As Lincoln said: "He that governs himself is a man, but he that governs himself and another man without his consent is a tyrant."

#### NO RIGHT TO JUDGE IN SPIRITUAL REALM.

Paul taught very emphatically and clearly that no man had any right to judge another man in matters of faith and conscience in the spiritual realm. "He that judges me is the Lord," says Paul. "Therefore judge nothing before the time, until the Lord come, who both will bring to light the hidden things of darkness and will make manifest the counsels of the hearts."

There is no man great enough, wise enough, nor good enough to sit in judgment upon the motives of another man's heart and judge him in matters of conscience and belief concerning religious and theological questions. As long as a man conducts himself as a good, moral citizen the civil authorities should protect him in all his civil rights, no matter whether he makes a profession of religion or not. It is not the business of the state to see that its citizens are religious or that they conform to the regulations and obligations of a church ritual. Nor is it the business of the civil magistrate to enforce the rules of a church discipline upon the members of society, who may or may not agree with the church creed. "But why dost thou judge thy brother?" says Paul. "Or, why dost thou set at naught thy brother? for we shall all stand before the judgment seat of Christ." The state has no authority to judge any man for the offenses he has committed against God or his own conscience, so long as he has not invaded the rights of his fellow man. God Himself has appointed a day of judgment when He will judge and punish all men who have sinned against Him. The state can only punish a man for the offenses he has committed against his fellow men. If the state could punish a man for the offenses he has committed against God, then there would be no necessity for God to have a future judgment day. Every man must answer to God for his own sins against God and against his own soul. As Paul says: "So then every one of us shall give account of himself to God. Let us not therefore judge one another any more \* \* \* for whatsoever is not of faith is sin." (Rom. 14:10-13, 23.)

If any man compels another man to perform a religious act in which he has no faith, according to Paul's gospel, he compels that man to commit a sin, "for whatsoever is not of faith is sin." The individual who attempts to dictate his neighbor's religious conduct by law shows thereby that he is not of Christ,

but of anti-Christ. The teachings of Christ are utterly opposed to the use of force in the advancement of his cause. Christ never appeared before the rulers of the land asking them to enact laws to reform the people. He made no alliance with the civil government. He loved His way into the hearts of sinners. His plan was to draw and win men instead of driving them into the kingdom. The doctrines and teachings of Christ were not to be advanced by the force of civil law or at the point of the policeman's baton. The political preacher who favors a legal religion and the force of law instead of the power of love is substituting the policeman's club for the cross of Christ. Christ never appealed to the use of the sword, and he can never be conquered by the sword.

#### CHRIST'S POSITION ON INDIVIDUAL LIBERTY.

Christ said:

If any man hear my words and believe not, I judge him not; for I am not come to judge the world, but to save the world. He that rejecteth me, and receiveth not my words, hath one that judgeth him; the word that I have spoken, the same shall judge him in the last day. (John 12:47-8.)

Christ never delegated to any man or set of men the right to judge their fellow men in matters of religious belief and doctrine. In these matters every man was expected, in harmony with the divine plan, to give an account of himself to God "in the last day." Men were only to be judged in civil matters at Caesar's judgment bar now. But in matters of divine concern the Lord saith: "Vengeance is mine; I will repay." The man who attempts to judge men in spiritual matters now frustrates the plan of God and assumes to exercise the divine prerogatives before the time.

#### POLITICAL RELIGION A FAILURE.

Since the dawn of history every attempt to make men better and to inspire them with faith toward God by the force of law has been a failure, and every future attempt must of necessity be a failure, because it is based on a wrong premise and a false conception of Christianity. The spirit back of such movements emanates from the wrong source and is based on the egotistical concept that the promoters of the movement are absolutely right and their interpretations of truth infallible, and that their opponents must be wrong and consequently should not be tolerated. Such pharisaical movements are destined to lead to the inquisition, if the religious fanatics are permitted to go on unchecked in their mad career. They can find justification through their specious reasoning to inflict the severest penalties on those who dare to assert their right of dissent from the legally established views.

#### FAILURE TO DISTINGUISH BETWEEN DIVINE AND HUMAN LAWS.

The petition of our Methodist brethren fails to draw a line of distinction between the duties we owe to God and the duties we owe to our fellow men. The petition states:

"As a Nation we have put God's commandments against stealing, lying, adultery, and murder into our laws. Now we must go further and put into our national laws God's command against working on the Sabbath. \* \* \* Our Nation licenses our interstate commerce—the biggest in the world—to run its Sunday trains, newspapers, and other business for profit in open violation of God's commandment."

Here is a clear failure to make a distinction between the divine and the human government, between the proper functions of the church and the specific functions of the state, or between divine and human relations and obligations. In order that all men might know and recognize the distinction between the duties we owe to God and the duties we owe to men, God purposely wrote the Ten Commandments upon two separate and distinct tables of stone. God did not throw the Ten Commandments together promiscuously. Nor was He limited in the selection of stone, and unable to find a stone long enough to write all ten on one table. He could just as easily have written all ten on one table of stone as upon two tables. But God intentionally and designedly wrote those commandments which define man's true and proper relationship with God upon the first table, and those which define man's proper and equitable relationship with his fellow men upon the second table. The first four commandments of the decalogue, written upon the first table, deal exclusively with our duties and relations toward God, while the last six on the second table refer only to man's obligations to his neighbor. When Jesus Christ came into this world He referred to these two tables and stated explicitly that upon the first table was written man's duties to God, and likewise, on the second table, man's obligations to his neighbor.

#### FIRST TABLE EXCLUSIVELY GOD'S.

The state, which is supposed to exercise civil functions and deal only with man's proper relationship with man, has no right to enact and enforce any of the first four commandments of the decalogue, because these commandments prescribe man's ex-



clusive duty toward God, and pertain to acts which, in their very nature are purely devotional and religious. A violation of these four commandments is a sin, but not a crime. They have nothing whatever to do with man's relationship with the state or with man. The state can not properly or rightfully function in this realm without invading the domain of God and the citadel of the soul of man. If a man chooses to reject the true God, to worship images, to blaspheme the name of God, or to work on "the Sabbath of the Lord," he is accountable to God alone for these specific offenses and must appear and answer before His judgment seat in the last day, but not at Caesar's judgment bar now.

#### MUST SEGREGATE DUTIES ON SECOND TABLE.

The duties set forth on the second table can not be enforced by the civil authorities as the commandments of God in our relations to God, but only in our relations to man. The last six commandments on the second table pertain to the duties between man and man in all his relations of life with man and are purely civil obligations. And while a violation of these commandments is an offense against our neighbor they are also an offense against God. The commandments which prohibit stealing, killing, and adultery set forth our duties both toward God and toward man, and when broken are offenses both against God and man, when their interests are common. For instance, the commandments that say: "Thou shalt not steal," "Thou shalt not kill," "Thou shalt not commit adultery," cover more than our duty toward man. The Scripture says: "Will a man rob God? Yea; ye have robbed Me in tithes and offerings, saith the Lord." But the civil authorities do not punish Christians, much less non-Christians, for refusing to pay their tithes and offerings to the Lord. Yet the Scriptures saith: "The tithe is holy unto the Lord," the same as it saith: "The Sabbath is holy unto the Lord." Both are duties which believers owe exclusively to God and not to man, and neither ought to be enforced by the state, although in the past both have been enforced by the civil magistrate.

"Thou shalt not kill" can not be enforced as the commandment of God relative to our duty toward Him. The commandment of God is exceedingly broad and enters into the motives and thoughts of man. Christ said: "Whosoever hateth his brother is a murderer." But the civil magistrate does not hang or execute or imprison men for hating their brethren. He does not enter into the thoughts and motives of man. He only punishes the man who commits the overt act of injuring his fellow man, but not for the offense against God, which deals with the motive even if the overt act is not performed. Likewise Christ said: "Whosoever looketh after a woman to lust after her hath committed adultery with her already in his heart." But here again the civil government does not endeavor to punish the offense against God, but only the overt act of man when he invades the proper relationship with his fellow men.

It is very evident even when we consider the last six commandments of the decalogue that those duties can only be enforced by the civil government which pertains exclusively to man's proper relationship with man concerning his overt acts which are actual invasions of the rights of man, but the civil magistrate can not by right punish any man for invading or disregarding the claims of God upon the soul.

#### METHODS OF DIVINE AND HUMAN GOVERNMENT DISSIMILAR.

The government of God and the civil government rest entirely upon different foundations in their methods of operation. God's government rests and operates upon the divine ideal of the principle of love, while the civil government functions upon the principle of force. Love is the fulfilling of the law of God in the divine government, while force and the exaction of stern justice are the requirements of the civil authority. In God's government the offender who acknowledges his offense and confesses his guilt to God obtains mercy and justification before God the same as though he had never sinned, if he trusts in the atoning blood of Christ for his salvation.

How often can the offender come to God and receive mercy? "Seven times?" asked Peter. "Yea, seventy times seven" answered Christ. But it is not so with the magistrate of the civil government. He must punish the criminal for his offense even though he is sorry and begs for mercy. The more often he commits offenses the greater will be his punishment with the civil magistrate. But in God's government and plan, where sin did abound grace did much more abound. It is a serious mistake to confuse God's government, which is heavenly and spiritual, with the governments of earth.

"My kingdom is not of this world," said Christ, when He answered the question, whether he was the King of the Jews. A failure to draw the distinction between the divine and the

human government, between divine laws and civil statutes, between divine and secular institutions, and between the obligations we owe to God and the duties we owe to man, has been the primary cause of all the religious persecutions in the past. In fact, the failure to draw the line of demarcation has been the root cause for the institution of the old régime of a church and state union, and the only hope of avoiding its baneful fruitage is an absolute separation of church and state, not only in theory but in practice.

#### STATE DEALS WITH CRIME, NOT SIN.

The state can only deal with crime, not with sin. It is a civil institution and can only deal with civil matters. Sabbath observance is a religious duty and not a civil duty. What is civil on Monday is civil on Sunday, and what is criminal on Sunday is criminal on Monday. To prohibit and penalize legitimate business and innocent amusements on a civil holiday is not in harmony with civil legislation respecting the Fourth of July or Washington's Birthday. We do not penalize men for working or amusing themselves on these civil holidays. Why should they be punished for doing the same things on Sunday, if all are merely legal and civil holidays? An act is criminal because of the nature of the act, that is *malum in se*.

The only reason that can be given for making voluntary legitimate business and innocent amusement criminal on Sunday and not on Monday is a religious reason. But the civil government can not step into the domain of religion without passing its legitimate bounds and usurping the divine prerogative as well as infringing upon the rights of conscience and the guaranties of religious liberty. The claim that compulsory Sunday observance is not religious but civil is an utterly false claim and contrary to all the facts of history and sound reasoning. Back of every Sunday law is the Sunday Sabbath institution, and this institution both in its origin and history has been cradled and fostered in religion and advocated by religionists for purely religious purposes. It came into existence by the decision of church councils more than three centuries after Christ, and was not instituted and enacted into law for any economic or civil reason, but for the purpose of commemorating a religious event, namely, the resurrection of Christ. Its status was altogether religious and its observance was optional until the church and state were fully united, and then it became compulsory and was established in law as a legal precedent and justification for all the subsequent religious legislation.

If it is argued that civility must be maintained on the first day of the week, and therefore Sunday laws are necessary, we answer that no such special legislation is needed, because the laws which guarantee police protection and require civility on other days of the week are adequate to do the same on Sunday. Religious services are protected from disturbance by civil laws upon every day of the week, and there is absolutely no more need for extra legislation along this line on Sunday than there is to protect the midweek prayer meeting or funeral service from being disturbed.

#### SHEER IDLENESS A CURSE.

Enforced idleness is all that a Sunday law stands for, since we are no longer compelled to go to church, but enforced idleness never tends to civility. Idleness is one of the greatest curses that has afflicted this world. It is the breeder of vice and crime, of dissipation and disorder. Enforced idleness for the nonreligious and ungodly opens the door of temptation to many evils, and does more to lead men to prison and the gallows than honest labor or innocent amusements. The sincere believer needs no law, aside from the divine law, to induce him to observe the Sabbath day, and the unbeliever and godless can not be made to observe it if 10,000 laws are enacted.

#### NOT NECESSARY FOR PHYSICAL WELFARE.

The Japanese and Chinamen are physically the two strongest races in the world. Their physical endurance is without a rival, according to reliable statistics, and yet neither of these people for centuries knew anything of a Sabbath day. Every day was alike to them, and this proves that the Sabbath was never made for the purpose of sitting all day in an easy-chair or lying in bed recuperating the physical energies, as is so often asserted. The Sabbath is spiritual, and its rest is the rest of the soul and not necessarily of the body. Christ was more active bodily and mentally on the Sabbath ministering to the needs of suffering humanity than on the other days of the week, according to the accounts of the New Testament. The Sabbath was not made to leisurely twiddle our thumbs, but to do the works of God for the good of humanity. God made the night for the physical rest of the body, and eight to nine hours of rest at night is sufficient to recuperate the wasted energies of the normal man. Spiritual and physical things ought not to be confused.



## THE DANGER OF CHURCH DICTATION IN POLITICS.

The petition of our Methodist brethren shows the real danger that is incipient in their movement for religious legislation and in their demands upon Congress for a national Sunday law. In the last paragraph of their proposed bill for a national Sunday law they actually advocate the confiscation of property and forfeiture of business, and in their petition they advocate the extreme penalty of death for all those who refuse to observe Sunday in harmony with their ideas. Moreover, every misfortune, accident, crime, and calamity in the world that has absolutely no connection with the subject under consideration is, nevertheless, laid at the door of their opponents who do not agree with them and whom they call "Sabbath breakers." Every ill of life is charged to the guilt of "the Sabbath breaker." This is exactly the old argument that the Puritan set up against the Sabbath breaker of colonial times. It is the same argument the religious legalist set up against his enemies under the old régime of a church and state union in medieval Europe. Under this specious line of reasoning men felt justified to mete out the extreme penalty upon men, women, and children who were perfectly innocent of any crime, but who dared to assert their own convictions in the face of legal religious precedents in which they had no faith. Such reasoning is destructive of the ends of justice and the rights of all men before God and under the Constitution. In it are couched all the horrors and persecutions of former days. If it is to prevail again, it would endanger the most sacred rights and the very life of the noblest of men.

"Murdering the Sabbath is worse than murdering men," says the petition. We hang and execute men for murdering men, and if murdering the Sabbath is worse than murdering men, there can be no punishment too severe for the violator of their drastic national Sunday law. If the logic of this kind of reasoning is to be taken at its face value, if these men ever got in control of the Government, it would not be long until the streams of America would flow crimson with the blood of martyrs as they once did in medieval Europe under the church and state régime.

Again, the petition asserts without qualification that "the Sabbath breaker is digging the grave of his \* \* \* nation." It can be readily seen, if a man is charged with the guilt of destroying "the Nation" and digging its grave, that the violation of a Sunday law on this premise can be made a treasonable charge, and when convicted of violating a national Sunday law the death sentence is the logical penalty for the offender. This is the way the old-time Puritans reasoned when Roger Williams was put on trial for protesting against their drastic Sunday laws in New England, when they decided to send him into exile. Such reasoning can find justification for any penalty that bigots have the ingenuity to invent, and at the same time feel the assurance that they have done the will of God.

## MISSTATEMENT OF FACTS.

The petition asserts that—

Congress has passed some Sunday laws; why not pass a Sunday law for all? Congress enacted a law to close the World's Fair, at the St. Louis Fair, and the Norfolk Fair on Sunday.

Again—

Our Federal Constitution (Art. 1, Sec. 7) expressly secures (Sunday) as a day of rest for our President.

Again—

Congress, our legislatures, and our court officials do not do business on Sunday. If all these stop on Sunday, why should trains and newspapers run on Sunday?

It is true that Congress passed laws that these various national fairs and exhibitions should close their doors on Sunday. This was done to be in harmony with the local laws, and not because the Federal Government favored a Sunday law. When the World's Fair was held in San Francisco, Calif., a few years ago, no such Sunday closing provision was attached because California had no Sunday law.

Again, our Federal Constitution does not compel the President to observe Sunday as a day of rest, but simply provides that—

If any bill shall not be returned by the President within 10 days (Sunday excepted) after it shall have been presented to him, the same shall be a law in like manner as if he had signed it.

But Congress did not intend by this act to make Sunday observance mandatory under penalty. There is a vast difference between a privilege and a command. It is true that Congress, our legislatures, and our courts are not in session on Sunday as a general rule, but there is no law preventing them from being in session and doing business on Sunday. Frequently they are in session all day Sunday, and no one is penalized for such conduct. It is a voluntary custom to regard Sunday as an unofficial day or a day known in law as non dies—no day at all.

But this is far from what the proposed national Sunday law is to be. It has the most drastic penalties for nonobservance of Sunday attached to it that have ever been suggested since the days of the Puritans.

The petition further states that the "United States Supreme Court sustains laws against Sunday trains," and then quotes the case of *Hennington* against State of Georgia, in One hundred and sixty-third United States, page 304. Also, the New York Supreme Court is cited holding that the printing and selling of newspapers on Sunday is illegal.

There would have been just as much logic if the petitioners had quoted the decision of the Supreme Court of the United States on the *Dred Scott* case, and stated that the Supreme Court still sanctioned slavery, and that the Negro had "no rights which the white man was bound to respect," as for them to quote these obsolete decisions of the past concerning the illegality of Sunday trains and Sunday newspapers. Another mistake is made by the petitioners in quoting obiter dictum statements as valid court decisions on this question. This is misleading and confusing so far as the layman is concerned, but should not be to the legal mind.

## THE REAL DANGER.

We are not fearful that this proposed Sunday bill will become a law in this session of Congress. Its drastic features are sufficient to defeat the proposed bill for the present. But the real danger lies in a compromise bill and the pending Sunday bills before Congress which are less drastic. If these milder compulsory Sunday observance bills are enacted into law, the entering wedge has been driven between the folds of the legislative doors of Congress, and that is exactly what the "professional reformers" and "Christian lobbyist" are waiting for. These mild Sunday measures for the District are merely to serve the purpose of establishing a legal precedent which the reformers will follow up to their advantage for more stringent legislation later on. We therefore petition your honorable body not to pass any of the pending compulsory Sunday observance measures, such as S. 1948 and H. R. 4388.

## SUNDAY OBSERVANCE RELIGIOUS, NOT CIVIL.

Legislation to compel people to observe Sunday, or to regulate their conduct on Sunday in harmony with the ideals of certain religionists, is not civil but religious legislation. Sunday is a religious institution, and for fifteen hundred years Sunday laws under the old order of things were recognized as purely religious, and it is a mistake to presume that these same laws are civil now simply because the State enacts them and the civil magistrate enforces them. Merely calling the Sabbath or Lord's Day a civil institution and its observance a civil obligation does not make it so. Calling a spade a crowbar does not make it such. When civil law is employed to enforce any of the divine or church institutions, it is done in violation of the true principles of Christianity and is a commingling of civil and religious functions which ought to remain forever separate. The civil government when it exercises its legitimate powers can only deal with civil affairs.

God ordained the civil government to protect the equal rights of all men, but not to deprive any man of his natural rights, so long as he respects the equal rights of his neighbor. The functions of the state are purely secular and the functions of the church are spiritual, and Christ drew a sharp line of demarcation between these two when He said, "Render therefore unto Caesar the things that are Caesar's, and unto God the things which are God's." (Matt. 22:21.)

No greater misfortune could possibly happen to the cause of Christ on earth than for the professed representatives of the church to seek an alliance with the state. If there is one lesson that the Christian church ought to learn from the ecclesiastical history of the past, it is that a religio-political church is predestined for ultimate sorrow and desolation. The political church may have her triumphs, but just as sure as the night follows the day her carnal and earthly glory will be turned into retributive shame and bitter humiliation.

The church in politics has progressed beyond the stage of experimentation. She need not try the experiment over again to find out how it works. It has been tried a hundred times since the day that Nebuchadnezzar cast the worthies into the fiery furnace and Darius, the Mede, threw Daniel into the den of lions, and each time the experiment has failed. Persecution is not any sweeter when it comes from a bigoted Christian than from a fanatical pagan. The evil results of a union of church and state have always been the same, no matter who the votaries or how sincere the purpose. There can be no religious liberty when the government is made custodian of religion and the soul of man is shackled with civil incapacities in matters of faith.



## CHURCH AND STATE BOTH SUFFER.

The church gains nothing by appealing to force in religion and the state loses much of its stability by making hypocrites out of its citizens in attempting to make them act as though they were religious when they are not. It is for the good of religion and the state that the conscience should be left free, and that the Sabbath day should not be turned into a curse and crime producer through compulsory idleness and the ship of state wrecked upon the old rock of a union with the church by seeking to protect and foster some form of religion by civil law. For this reason we call attention to these fundamental principles and earnestly protest against all Sunday bills pending before Congress and against governmental interference in religious matters.

## RELIGIOUS LIBERTY A BOON TO THE WORLD.

Religious liberty is the beacon light which dispelled the gloom of the Dark Ages and emerged men from the despotism of the Middle Ages into the freedom, progress, and enlightenment of modern times. Religious freedom has made America great and prosperous. Religious liberty is the political hope of the world, and if this precious heritage is to perish from the earth this old world is doomed. If this world turns back to the old times of tyranny over the souls of men, the God of heaven will write "Tekel" on the walls of every legislative hall, and He will arise to avenge His injured name and to vindicate His suffering cause. In the name of those who made the Declaration of Independence possible and wrote the guarantees of civil and religious liberty into our fundamental law, we ask your honorable body not to pass any religious compulsory Sunday observance measures, that the great purpose of our Government may be maintained to "establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity." The principles of the founders of our great Republic are our principles.

Respectfully submitted.

C. S. LONGACRE,  
General Secretary of the  
Religious Liberty Association of America.

## HOUSE BILLS AND JOINT RESOLUTION REFERRED.

The following bills and joint resolution were severally read twice by title and referred as indicated below:

H. R. 8107. An act to control importations of dyes and chemicals; to the Committee on Finance.

H. R. 8117. An act making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes; to the Committee on Appropriations.

H. J. Res. 183. A joint resolution imposing a duty of 90 per cent on all goods exported from the United States for the use of the American Expeditionary Forces and its allied forces and which have been sold to any foreign Government or person when reimported into the United States; to the Committee on Finance.

## COMMISSIONED PERSONNEL OF THE ARMY.

Mr. BORAH. Mr. President, I beg the indulgence of the Senate for just a moment. A few days ago I called attention to the fact that at the present time we have some 14,000 commissioned officers in the Army, with an Army now of only 150,000 men. I read in the press dispatches that upon the 22d of August there will be an examination with the hope of securing a thousand more commissioned officers. I have gone over the military law which we passed here some time ago to see if there was anything in it mandatory, compelling the Secretary of War to hold such examinations and to issue further commissions, but I do not find anything in the law to that effect.

It seems to me, Mr. President, that in view of the present condition of the Treasury, of our campaign for economy, and of the fact that we now have 14,000 commissioned officers in an Army of only 150,000 men, unless it is mandatory that further examinations for commissioned officers shall be held, it ought not to be done; and that if it is mandatory, and the Military Affairs Committee so understands, it is our first duty to repeal or modify the law so as to prevent any such examinations. It is almost unthinkable that we shall add a thousand more to the commissioned officers of the Army, with an Army of only 150,000 men.

I call attention to this matter this morning, Mr. President, for the reason that unless some suggestion is made by the Military Affairs Committee itself, I shall be disposed to offer a resolution designed to cover the situation.

The PRESIDING OFFICER. Morning business is closed.

## AFFAIRS IN MEXICO.

Mr. KING. Mr. President, on the 9th instant the Senator from Texas [Mr. SHEPPARD] presented a resolution passed by the Legislature of Texas favoring the recognition of the present Government of Mexico. The resolution, among other things, declared in favor of "the immediate favorable recognition on the part of the Government of the United States of the Government of Mexico as administered by President Obregon." It further declared that copies of the resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and to "his excellency the honorable Alvarado Obregon, President of the Republic of Mexico."

I shall not comment upon the action of the legislature of the Lone Star State nor shall I comment upon the propriety of its action in recognizing Mr. Obregon as President and in ordering a copy of the resolution forwarded to "his excellency the honorable Alvarado Obregon, President of the Republic of Mexico." Of course, it was known that the United States had not recognized the Obregon régime and that recognition can only be accorded by the General Government. There are some who may feel that this resolution was ill-timed and perhaps in contravention of the principles and rules which should govern in diplomatic affairs.

I have received a number of communications protesting against the recognition of the so-called Obregon government until that government shall accede to the suggestions made by the Secretary of State, Hon. Charles E. Hughes.

Senators are familiar with the position taken by the former administration as that position was declared in the letter or paper of former Secretary Colby to the representative of Mexico. Secretary Hughes has announced with precision and clarity the attitude of the present administration and the steps to be taken by Mexico if she desires recognition at the hands of the United States. I desire to express my approval of the action of Mr. Colby and of the position taken by the present administration in relation to this matter. Secretary Hughes by his wise and statesmanlike course in the high position which he occupies has commanded the confidence of the American people. His admirable state papers and his treatment of the important questions brought to his attention have demonstrated his preeminent qualifications for the responsible position to which he has been called. In dealing with Mexico he has sought to protect the honor of his country as well as the interests of the American people. In so doing he has been considerate of the Mexican people and observed the highest principles of international morality which should obtain among nations, and he has evinced profound interest in Mexico and manifested deep solicitude for the welfare, happiness, and prosperity of the Mexican people. I feel sure that both President Harding and Secretary Hughes would welcome a situation which would remove every impediment to the most cordial relations between Mexico and her people and this Republic and the American people.

The United States desires now, as it has always desired, the happiness and peace and prosperity of our neighboring Republic. The American people entertain the kindest feelings for Mexico and regret the tragic pages which record the latter's internal confusions and her international misunderstandings.

The terms indicated by Secretary Hughes as conditions for the recognition of the Obregon government involve no humiliation to Mexico or her people and, indeed, are consistent with the most fastidious standard that might be adopted by the most punctilious nation. The American people have interests in Mexico—interests which were acquired under law and with the approval of the Mexican people. They have property within the Mexican Republic worth more than \$1,000,000,000. The capital invested profited Mexico and was of material advantage to the Mexican people.

Many Americans have been murdered by the agents, officers, and soldiers of the Mexican Government, and also by Mexican nationals. Thousands have been driven from Mexico and large numbers have been subjected to indignities and outrages which call for redress. Hundreds and perhaps thousands of Americans who have been driven from their property and homes in Mexico are scattered along the Mexican border for 1,500 miles, and their appeals for redress are unanswered. Not only personal property but real property has been seized by the Mexican Government and by many of the Mexican people; and property of the value of millions, if not hundreds of millions, of dollars has been confiscated. For years attempts have been made to secure redress and to obtain compensation for the thousands of Americans whose claims are so appealing.



I am opposed to recognizing the Obregon government or any government in Mexico until reparation has been made and guaranties have been given for the protection of American rights and American property.

Either the Mexican Government or States within the Mexican Government are now confiscating, under agrarian laws which have been enacted, lands which have been owned by Americans for many years and which have cost them in toil and in treasure thousands and indeed millions of dollars. Some of the Mexican States are now seizing lands owned by Americans and dividing them among Mexicans. No compensation is made to the American owners. Worthless paper is given them or promised them under the terms of which the State within which the property is located will make compensation. But most of the States of Mexico are bankrupt, and the Mexican Government is unable to meet its obligations.

The plain fact is that American property is being expropriated and Americans are daily being robbed and despoiled of valuable property which they have acquired in an honest and legitimate manner. A Government that will not protect those who are lawfully within its borders, which robs them of their property and refuses to make reparations for wrongs done, can not expect recognition from a Government whose nationals are the victims of injustice and exploitation.

If the present régime in Mexico will agree to the appointment of an international commission to ascertain the damages to which Americans are entitled and will agree to satisfy the awards made, and will further agree to stipulate treaty provisions for the protection of American lives and American property, there will be no obstacle to its prompt recognition.

Mr. WATSON of Georgia. Mr. President—

Mr. KING. I yield to the Senator from Georgia.

Mr. WATSON of Georgia. It was not with any purpose of antagonizing at all the view expressed by my friend, the Senator from Utah, that I rose; I concur with him in the high compliment which he has paid to our Secretary of State, one of the finest figures in the public life of the world; but I should like to suggest to the Senator that both President Taft and President Wilson refused to recognize Huerta because his hands were dripping with the lifeblood of President Madero. Do not the hands of President Obregon drip with the blood of President Carranza; and is not this the highest moral stand which we can take when we refuse to recognize this accomplice in murder?

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Arizona?

Mr. KING. I yield.

Mr. ASHURST. I know that the Senator from Georgia desires the facts. Mr. President, the State of Arizona last January, through her legislature, unanimously petitioned the Congress to urge recognition of the Obregon government. If any State in this Union has suffered through the revolutions and disorders in Mexico it has been Arizona; indeed, hundreds of her citizens who went into Mexico were killed, millions of dollars worth of property of our nationals in Mexico, honestly acquired, have been confiscated and destroyed, and some citizens of the United States while in the United States were killed by Mexican bandits, who fired guns across the border and into Arizona. If there be a State that understands the "Mexican situation" it is Arizona. Yet, I repeat, through her legislature she unanimously petitioned the Secretary of State to extend recognition to the Obregon government. The State of Texas only 15 days ago took similar action. Texas is a border State and fully understands the Mexican question. The State of Michigan, through her legislature, petitioned for the recognition of the Obregon government; the State of Illinois has done likewise, as has also the State of Oklahoma and California.

Now, to come to the question as to whether or not the hands of President Obregon are clean, these States would never urge the recognition of a man with unclean hands. I believe President Obregon is a man of character. The Senator from Georgia will remember that when President Carranza, fleeing from the City of Mexico and whilst near a little village called Tlaxcalantongo, in the fastness of a tropical jungle, was slain, Gen. Obregon sent out a message that was worthy of a Washington or a Caesar. He denounced those persons who were expected and supposed to guard Gen. Carranza and give him safe conduct, and said—and I am only giving the substance of his message—"What is your excuse for living? It was your duty as a soldier to defend Gen. Carranza to the last. Had you defended him and died with him, you would have escaped the imputation of cowardice, and would have at least been at peace with your conscience." No message ever written by a Mexican attracted

attention to that nation as did those brave words of Obregon in condemning those who were supposed to guard Carranza, but who, through carelessness or treachery, allowed him to be slain.

Mr. WATSON of Georgia. With the permission of the Senator from Utah, will the Senator from Arizona allow me to ask him a question?

Mr. ASHURST. I have not the floor. I am speaking merely by the courtesy of the Senator from Utah.

Mr. KING. I yield.

Mr. WATSON of Georgia. Has Obregon punished anybody for the murder of Carranza?

Mr. ASHURST. Mr. President, to be direct, I do not know, but I feel—in fact, I believe—that he has made every effort within his power to punish the perpetrators of the murder of Gen. Carranza. I join with the Senator from Georgia in denouncing the killing of Gen. Carranza as a brutal, unwarranted killing.

Mr. WATSON of Georgia. It was a most cowardly crime.

Mr. ASHURST. It was a brutal, cowardly crime, and stains the annals of Mexico, as it would stain the annals of any country.

Mr. WATSON of Georgia. But Obregon has done nothing to avenge it.

Mr. ASHURST. So far as I know, he used every effort in his power to do so; but since he took charge of the executive branch of the Government of Mexico he has labored under some difficulties; criminals must be apprehended before they are punished. No recognition has been extended to him by our Government so far, and yet he has set up a government that provides a tolerably fair system of law and order. Pullman palace cars go safely from the border to the City of Mexico and return, and only last year we imported from Sinaloa, in Mexico, several hundred carloads of tomatoes and other vegetables, testifying to the fact that peace, order, and tranquillity prevail in many portions if not in all portions of Mexico.

Mr. WATSON of Georgia. Perhaps that is true where the other fellows have been killed.

Mr. ASHURST. I am not especially interested in Gen. Obregon. It so happens that I have known him for years. He is a man of high impulses, and I believe a man of integrity.

I do not believe that Congress should attempt to force the hand of the State Department on this subject, however, for, although I presented to the Senate the resolution adopted by the Arizona Legislature, I recognize that the question of extending recognition to the Obregon government is the function and duty of the State Department.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I will be through in a moment.

Mr. McNARY. I call for the regular order.

The PRESIDING OFFICER. The regular order is the calendar under Rule VIII. Without objection, the Secretary will begin with Order of Business 183.

Mr. KING. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gooding	McCumber	Pomerene
Ball	Hale	McKellar	Sheppard
Borah	Harrell	McLean	Shortridge
Brandeggee	Harrison	McNary	Simmons
Calder	Heflin	Nelson	Smoot
Cameron	Jones, Wash.	New	Sterling
Capper	Kellogg	Norbeck	Sutherland
Culberson	King	Oddie	Walsh, Mass.
Curtis	La Follette	Overman	Watson, Ga.
Dillingham	Lenroot	Pittman	Willis
Fletcher	Lodge	Polindexter	

Mr. HARRISON. I desire to announce that the Senator from Rhode Island [Mr. GERRY] is detained from the Senate by illness.

Mr. CURTIS. I desire to announce the absence of the junior Senator from New Hampshire [Mr. KEYES] on account of a death in his family. I will let this announcement stand for the day.

The PRESIDING OFFICER. Forty-three Senators having answered to their names, there is not a quorum present. The Secretary will call the names of the absentees.

The reading clerk called the names of the absent Senators, and Mr. JONES of New Mexico, Mr. WARREN, Mr. WATSON of Indiana, and Mr. WILLIAMS answered to their names when called.

Mr. CURTIS. I desire to announce the absence of the senior Senator from Pennsylvania [Mr. PENROSE] on official business. I will let this announcement stand for the day.

Mr. BROUSSARD, Mr. MCCORMICK, Mr. ERNST, Mr. CARAWAY, Mr. SWANSON, Mr. JOHNSON, and Mr. STANLEY entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-four Senators having answered to the roll call, there is a quorum present.

#### CONTRACTS FOR THE FUTURE DELIVERY OF GRAIN.

Mr. CAPPER. The Senator from Iowa [Mr. KENYON], who was appointed a member of the conference committee on H. R. 5676, known as the future trading bill, is out of the city, and will not be here for a week or more. I ask unanimous consent that the Senator from Oregon [Mr. McNARY] be substituted for him on that conference committee.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The calendar under Rule VIII is in order.

#### FREE TRANSIT THROUGH PANAMA CANAL.

Mr. BORAH. Mr. President, before we take up the calendar under Rule VIII I wish to make a request in regard to Senate bill 665, Order of Business 121. That has been made the unfinished business, but a number of Senators have expressed a desire for more time in which to consider the bill. Under the circumstances I do not feel that I ought to force it to speedy action, even if I could, and I am going to ask for unanimous consent for a time to vote. If I can get that, the Senators can have as much time to discuss it as they choose.

I ask unanimous consent that upon the 3d day of October, at 4 o'clock p. m., or upon the first day thereafter on which the Senate is in session, the Senate shall proceed to vote upon this bill and all amendments thereto without further debate.

Mr. WILLIAMS. What bill is it?

Mr. BORAH. The free tolls bill.

Mr. HARRISON. Mr. President, why does the Senator desire to defer a vote upon this matter until after the proposed recess?

Mr. BORAH. To be frank about it, in the first place a number of Senators have insisted upon it, claiming that they have not had the time to prepare. The second proposition is that I do not know whether I can keep a quorum here. I do not want to be left without a quorum and at the same time be insisting that Senators shall prepare. I am perfectly willing myself, of course, to fix this vote for next Friday, but Senators are not ready to debate the bill.

Mr. KING. Mr. President, I hope the Senator from Mississippi will not object, and I want to thank the Senator from Idaho for the request which he has made. Speaking for myself and for several other Senators, we are not ready for a vote now. I was one of the number who requested the Senator from Idaho not to ask for a vote before the recess, and I sincerely hope the Senator from Mississippi will not object to the request of the Senator from Idaho.

Mr. HARRISON. I am glad the Senator from Utah has made that statement, because, perhaps, that is the reason why the vote is put off. The other day, when a motion was made to take up this matter for immediate consideration, I was somewhat surprised, because I had read in the papers that President Harding was very much opposed to having the bill considered at this time; that he desired to have it come up after the recess and after the disarmament conference; that he wanted to take up diplomatic negotiations and try to settle these differences in that way. But when all of the Senators on the other side of the aisle voted for the motion I thought, perhaps, the President had changed his mind and had no objection to its immediate consideration.

So I was a little curious when the Senator from Idaho this morning made the motion for a vote to be taken on October 3. But I presume it is because the Senator from Utah [Mr. KING] requested it of the Senator from Idaho, and that is the reason why it is to be placed over until October and not because he wants to comply with the President's wishes in the matter.

Mr. BORAH. Mr. President, I can say with the utmost sincerity to the Senator from Mississippi that it was upon the request of the Senator from Utah and other Senators, some upon the other side and some upon this side, that I consented to this proposition, and in view of the fact that I know we can not finish the consideration of it between now and Friday—and I do not expect a quorum here after Friday—

Mr. HARRISON. I am not going to object.

Mr. BORAH. Furthermore, Mr. President, I think I ought to say, in justice to the President, that the President assured me he had no objection to the consideration of the bill and that he favors free tolls. That was some time ago, however. I do not intend to postpone it until after the disarmament conference; neither do I intend to consent that the question as to what

we shall do with our domestic trade shall be taken up for consideration with foreign nations. That is a business of our own. I take the position that our domestic trade is a matter for the consideration of this Government and that we are under no obligations—treaty obligation, courtesy, comity, or any other obligation—to consult foreign powers.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Utah?

Mr. BORAH. I yield.

Mr. KING. I should have been very glad, Mr. President, if the paramount reason prompting the Senator from Idaho to consent to a postponement of a vote upon this measure was bottomed upon the fact that the President of the United States is negotiating with Great Britain, as I hope he is, with reference to the matter. A discussion will reveal the fact that there is sharp controversy as to whether or not the bill of the Senator from Idaho, if passed, would contravene a treaty existing between the United States and Great Britain. I hope that the President of the United States is considering this matter, and I feel, Mr. President, that so long as it is the subject of negotiation between the Executive of the United States and the Government of Great Britain, Congress could afford to defer consideration of it. Speaking for myself, I should be glad if we could postpone the consideration of the bill until the President of the United States indicated there was no diplomatic situation which should occasion any postponement of action by the Senate and by Congress.

I again thank the Senator, however, for his courtesy in postponing consideration until October.

Mr. BORAH. Mr. President, I have submitted a request for unanimous consent.

The PRESIDING OFFICER (Mr. BRANDEGEE in the chair). The Secretary will state the request.

The ASSISTANT SECRETARY. The Senator from Idaho asks unanimous consent that at not later than 4 o'clock p. m. on the calendar day of Monday, October 3, 1921, or at not later than the said named hour on the first calendar day thereafter on which the Senate may be in session, the Senate will proceed to vote without further debate upon any amendment that may be pending, any amendment that may be offered, and upon the bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

Mr. SIMMONS. I would like to inquire of the Senator from Idaho if he knows when we are expected to take a recess, and for what length of time?

Mr. BORAH. The resolution which has been introduced provides that the recess shall run to the 19th of September.

Mr. SIMMONS. Is it the Senator's idea to make the bill the unfinished business as soon as we reassemble after the recess?

Mr. BORAH. It is my idea to have it discussed, but I do not expect to keep it the unfinished business and keep it before the Senate, because we will have the tariff bill and the tax bill for consideration. I am simply fixing a day for a vote. Of course, Senators can discuss any measure, whether it is before the Senate or not.

Mr. SIMMONS. But, Mr. President, if we meet on the 19th of September and vote on the bill on the 3d of October, and the time between those dates is taken up in discussing the tariff or the tax bill, there will be no time to discuss this measure. This is a very important proposition. We have twice discussed the question of Panama Canal tolls in the Senate, and twice acted on it. Both times we had lengthy discussion. I think the last time the debate and the general consideration occupied several weeks in the Senate. I do not think we ought to enter into a unanimous-consent agreement which will not provide ample opportunity for the discussion of this bill.

Mr. BORAH. I had thought that between the 19th of September and the 3d of October would be ample time to discuss it. Of course, I did not suppose it would be constantly before the Senate, but I am seeking to accommodate the situation to the requests of other Senators. If the Senator from North Carolina desires to object to the proposed agreement, I will go ahead with the bill as long as I can.

Mr. SIMMONS. I simply want to suggest to the Senator that he make the date a little later than the 3d of October. The Senator has said himself that he expects the Senate to take up the revenue bill when Congress reassembles, and I am very much afraid that we are providing for an arrangement which will preclude very much discussion or which will probably allow practically no discussion of this very important measure.

Mr. BORAH. Would the Senator be satisfied if the 10th of October were fixed as the date when the vote shall be taken?



Mr. SIMMONS. I do not think I would object to that.

Mr. BORAH. Then I will change the date to the 10th.

Mr. FLETCHER. I suggest that the request now is quite ambiguous. The Senator proposes to have a vote taken on the 10th of October or at some other time. I should think he had better make it read "on the 10th of October, if the Senate is then in session, or on the first day thereafter when the Senate is in session."

Mr. BORAH. Very well, make it the 10th of October if we are in session, or the first day thereafter when the Senate is in session.

Mr. WILLIAMS. Is it the Senator's request that we shall take it up at that time?

Mr. BORAH. No; to take a vote at that time. It is the unfinished business now. I want to provide for a vote. I would not desire to get an agreement to take it up at that time merely, and to let it run along, because the tariff bill or the tax bill will be here. But in the time which elapses between now and the 10th of October, in view of the fact that this matter has been discussed from every possible angle in the past, my view of it is that a discussion will not enlighten the Senate very much. But I do not want to deprive anyone of an opportunity who wants to discuss it.

Mr. WILLIAMS. To attempt to enlighten the Senate.

Mr. BORAH. To attempt to enlighten us; that is better.

Mr. SHEPPARD. Should not the roll be called?

The PRESIDING OFFICER. The Secretary will first report the proposed unanimous-consent agreement as it has been modified.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 4 o'clock p. m., on the calendar day of Monday, October 10, 1921, if the Senate is in session on said date, or at not later than the said named hour on the first calendar day after October 10 on which the Senate may be in session, the Senate will proceed to vote without further debate upon any amendment that may be pending, any amendment that may be offered, and upon the bill (S. 665), to provide for free tolls for American ships through the Panama Canal.

The PRESIDING OFFICER. Is there objection?

Mr. SHEPPARD. The roll should be called.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary informs the Chair that the roll has just been called, and that there has been no intervening business; but this is not the suggestion of the absence of a quorum. The rules require the calling of the roll when unanimous consent is asked for fixing a date for a vote upon a measure. The roll will be called.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McCormick	Sheppard
Ball	Hale	McCumber	Shortridge
Borah	Harrell	McKellar	Simmons
Brandegee	Harrison	McLean	Smoot
Broussard	Heflin	McNary	Stanley
Calder	Johnson	Nelson	Sterling
Cameron	Jones, N. Mex.	New	Sutherland
Capper	Jones, Wash.	Norbeck	Walsh, Mass.
Caraway	Kellogg	Oddie	Watson, Ga.
Culberson	King	Overman	Watson, Ind.
Curtis	La Follette	Pittman	Williams
Dillingham	Lenroot	Poinexter	Willis
Fletcher	Lodge	Pomerene	

The PRESIDING OFFICER. Fifty-one Senators having answered to their names, there is a quorum of Senators present. The question is on the unanimous-consent agreement proposed by the Senator from Idaho. The Secretary will state the proposed agreement.

The ASSISTANT SECRETARY. The Senator from Idaho [Mr. BORAH] asks unanimous consent that at not later than 4 o'clock p. m. on the calendar day of Monday, October 10, 1921, if the Senate is in session on said date, or at not later than the said named hour on the first calendar day after October 10 on which the Senate may be in session, the Senate will proceed to vote without further debate upon any amendment that may be pending, any amendment that may be offered, and upon the bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the agreement is entered into.

#### THE CALENDAR.

Mr. SMOOT. Mr. President, I ask that we proceed to the consideration of the calendar under Rule VIII, and I ask unanimous consent that we begin with Order of Business No. 183, and that we consider only bills to which there is no objection. No. 183 is where we left off the last time the calendar was considered.

The PRESIDING OFFICER. The Senator requests that only bills to which there is no objection shall be considered?

Mr. SMOOT. Yes.

The PRESIDING OFFICER. Of course, that is not under Rule VIII. Under Rule VIII a motion may be made to proceed to the consideration of a bill notwithstanding the objection.

Mr. SMOOT. I am aware of that. I ask that only bills be considered to which there is no objection.

The PRESIDING OFFICER. The Chair merely wished to understand the request. Is there objection? The Chair hears none, and it is so ordered. The Secretary will state the first business on the calendar under the unanimous-consent order.

#### HAROLD KERNAN.

The bill (S. 405) for the relief of Harold Kernan was announced as first in order on the calendar.

Mr. KING. Mr. President, may I make an inquiry of some Senator who has the bill in charge? Do the facts warrant the appropriation? It seems to me that if the Government appropriates for losses whenever any custodians of public funds are robbed or the funds are lost through embezzlement or otherwise it will be establishing a precedent that may be very costly to the Government.

Mr. BROUSSARD. Mr. President, may I state to the Senator that this officer was connected with the quartermaster's department and it was customary to transmit money from the quartermaster's office to the financial agent at Brest, which was a short distance away. The money was given to an enlisted man to be carried over. In doing this the officer had simply followed the precedent established there.

Mr. SMOOT. Mr. President, reading the letter of the Secretary of War—

Mr. BROUSSARD. That is what I wanted to bring out.

Mr. SMOOT. He states that the board which investigated the matter at the time of the loss held the officer responsible for not having provided the man with a sufficient guard. I ask that the bill may go over.

The PRESIDING OFFICER. The bill will be passed over.

#### OSCAR C. GUESSAZ.

The bill (S. 753) for the relief of Oscar C. Guessaz was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Oscar C. Guessaz, out of any money in the Treasury not otherwise appropriated, the sum of \$100, as reimbursement for a horse lost while serving in the military service of the United States on or about the 13th day of January, 1899, at Camp Columbia, near Habana, Cuba.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### ELIZABETH B. EDDY.

The bill (S. 1022) to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy was announced as next in order.

Mr. KING. I should like some explanation in regard to this measure. It is not very clear from the report. Unless there is some explanation given, I shall object to its consideration.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I object.

The PRESIDING OFFICER. The bill will be passed over.

#### CAPT. EDWARD T. HARTMANN AND OTHERS.

The bill (S. 1281) for the relief of Capt. Edward T. Hartmann, United States Army, and others, was announced as next in order.

Mr. KING. I object.

Mr. McCUMBER. Mr. President, let me ask the Senator if he will not first permit me to make a short statement, and then if he feels that he ought to object he can do so.

Mr. KING. I withhold my objection for that purpose.

Mr. McCUMBER. The report shows on page 2 that the *Meade*, which was a Government boat, was injured—I think it was really sunk—by running on a reef, and among others this officer's baggage was entirely destroyed. The report shows that it was entirely the fault of Government officials.

I call the Senator's attention to a further fact. Some two or three of the other officers, by bills of the same character that have been introduced in the past, have received pay for the damage done to their baggage. Inasmuch as we have paid several of the others, will the Senator object to this officer receiving payment for the loss he incurred, as others have been paid for losses due to exactly the same cause?

Mr. KING. Any precedent established by the Senate would not influence me at all because we are more often wrong than we are right, so the argument addressed to me by the Senator does not have any effect at all. The question is whether the claim is meritorious and, if it is, whether the Senate heretofore acted favorably or unfavorably would be immaterial to me. I

will ask the Senator to let the bill go to the foot of the calendar and I will read the report in the meantime.

Mr. McCUMBER. I would rather pass it over and leave it where it is.

Mr. KING. Very well; let it be passed over.

Mr. McCUMBER. On the objection of the Senator I ask that it be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 825) for the relief of certain officers in the United States Army was announced as next in order.

Mr. SMOOT. Let the bill go over.

Mr. HEFLIN. What is the purpose of having the bill go over?

Mr. SMOOT. The purpose is that the report does not give any reason why the claims should be paid and I want to know.

Mr. HEFLIN. Oh, I beg the Senator's pardon.

Mr. SMOOT. There is not sufficient reason given to justify us in allowing the Government of the United States to pay such claims.

Mr. HEFLIN. The report is favorable, and the committee recommends that the bill pass with certain amendments.

Mr. SMOOT. Certainly, that is the committee report, but the mere fact that some committee thinks it ought to be paid, without giving any reasons, does not justify me in not objecting. I desire to have an opportunity to examine into it.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

#### ESTATE OF MOSES M. BANE.

The bill (S. 464) for the relief of the estate of Moses M. Bane was announced as next in order.

Mr. PITTMAN. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### JAMES L. VAI.

The resolution (S. Res. 99) referring the claim of James L. Vai to the Court of Claims was announced as next in order.

Mr. PITTMAN. Let the resolution go over.

The PRESIDING OFFICER. The resolution will be passed over.

#### ADMISSION OF CERTAIN ALIENS.

The joint resolution (H. J. Res. 153) permitting the admission of certain aliens who sailed from foreign ports on or before June 8, 1921, and for other purposes, was announced as next in order.

Mr. PITTMAN. Let it go over.

Mr. DILLINGHAM. Will the Senator permit me to make a statement about the joint resolution before he asks that it shall go over?

Mr. PITTMAN. I asked that it go over because no one seemed to make a statement about it, and it is quite an important matter. I do not know that I have any objection at all, except that I do object to voting for something I do not know anything about.

Mr. DILLINGHAM. I will state the circumstances. The present immigration law went into operation on the 8th of June. At that time there were a large number of immigrants on the seas, and they came in during the month of June. The condition was presented where the department would have to deport about 5,000 of them. The hardship was such that the Secretary of Labor did not feel at liberty to do that, and he admitted them temporarily.

The joint resolution simply ratifies that act and provides that the number so admitted shall be applied on the quota under the existing law, so that at the end of the year no more will have come into the United States from those countries by reason of this joint resolution than would have come in otherwise. It simply provides that those who were admitted temporarily may be admitted permanently and the act of the Secretary ratified, but that they shall be counted upon the quota that would be permitted to come from the countries whence they came under the law itself.

The PRESIDING OFFICER. Is there objection to the consideration of the joint resolution?

Mr. PITTMAN. The excellent explanation satisfies me, and I shall not make any objection.

The joint resolution was considered as in Committee of the Whole, and was read, as follows:

*Resolved, etc.,* That aliens of any nationality who are brought to the United States on vessels which departed from foreign ports on or before June 8, 1921, destined for the United States, and who apply in the month of June, 1921, for admission to the United States, may, if otherwise admissible, be admitted to the United States, although the limit prescribed by section 5 of the act entitled "An act to limit the immigration of aliens into the United States," approved May 19, 1921, may have been reached before such application for admission. The number of aliens of any nationality so admitted shall be deducted, under such regulations as the Secretary of Labor may prescribe, from the number

of aliens of that nationality admissible, during the fiscal year beginning July 1, 1921, under the provisions of such act of May 19, 1921, but nothing in this resolution shall prohibit the admission of otherwise admissible aliens of any nationality during the month of July, 1921, up to 20 per cent of the number of aliens of that nationality admissible during such fiscal year under the provisions of such act of May 19, 1921, as heretofore promulgated.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### CONSOLIDATION OF NATIONAL FOREST LANDS.

The bill (S. 490) to consolidate national forest lands was announced as next in order.

Mr. ASHURST. I should like to have an explanation of the bill from the chairman of the committee. I do not wish to object to its consideration.

Mr. SMOOT. Mr. President, this is a department bill. A similar bill has passed the Senate at the last session. The object of the bill is this: At every session of Congress there are private bills for the transfer of privately owned lands within a forest reserve in exchange for other public lands. I suppose there is not a session of Congress when there are not 10 or 12 such bills introduced. The department thinks, and so did the committee unanimously think, that it is best to pass a general law authorizing such transfers whenever the department desires to make the exchange. That is the purpose of the bill.

Mr. ASHURST. It will be remembered that nearly 20 years ago grave abuses were practiced—

Mr. SMOOT. I will say to the Senator that this is not a lieu land scrip bill at all. It simply provides that where any transfer can be made of land within a forest reserve owned by private individuals in exchange for other public lands the matter shall be passed upon by the Department of Agriculture and the Department of the Interior, and that they shall first find that the lands are of equal value and the same amount of acreage. If they so find, and that it is beneficial for the administration of the forest reserve, then the exchange may be made.

Mr. ASHURST. This applies to 160-acre tracts here or there?

Mr. SMOOT. It applies wherever a party owns land within a forest reserve or where he had title to his land before ever the forest reserve was created to include his land. Many of them desire to exchange the land, and the Government desires to make the exchange, for it may be right in the middle of a forest; and if the private owner of the land can get the same amount of land elsewhere from the public domain, and he desires to exchange it, then the Government for the better administration of the forests desires that it shall be done.

Mr. ASHURST. Mr. President, I appreciate the necessity for some bill of this kind, yet my State has been so terribly "stung" in these matters that it makes me probably overcautious. I know the committee have been unanimous in their report on this bill, and the chairman of the committee being most cautious and conscientious, I am inclined not to object. However, I simply wish to call the attention of Senators to the fact that about 20 years ago nearly a million acres—yes, a million acres—of land of a value of probably 10 or 15 cents an acre within forest reserves in Arizona was given up and transferred to the Government and lieu lands selected elsewhere worth \$200 an acre, and in some cases even more.

Mr. SMOOT. That was done, I will say to the Senator, through lieu land scrip. That is now done away with entirely.

Mr. ASHURST. This bill merely provides for an exchange of land?

Mr. SMOOT. It provides for an exchange of land.

Mr. ASHURST. I am opposed to the policy, but I shall not object, though I should like to have had a yea-and-nay vote on the bill.

Mr. SMOOT. The Senator from Arizona may object if he wishes to do so.

Mr. ASHURST. I shall not object. The Committee on Public Lands has passed upon the matter favorably, and I shall not set up my individual judgment against the judgment of that great committee of the Senate. I am not sufficiently egotistical to do that.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Public Lands and Surveys with an amendment to strike out all after the enacting clause and to insert:

That, when the public interests will be benefited thereby, the Secretary of the Interior be, and hereby is, authorized in his discretion to accept on behalf of the United States title to any lands within the national forests which, in the opinion of the Secretary of Agriculture, are chiefly valuable for national forest purposes, and in exchange therefor may patent not to exceed an equal value of such national forest land, surveyed and nonmineral in character, or the Secretary of Agriculture may authorize the grantor to cut and remove an



equal value of timber within the national forests of the same State; the values in each case to be determined by the Secretary of Agriculture: *Provided*, That before any such exchange is effected notice of the contemplated exchange reciting the lands involved shall be published once each week for four successive weeks in some newspaper of general circulation in the county or counties in which may be situated the lands to be accepted, and in some like newspaper published in any county in which may be situated any lands or timber to be given in such exchange. Timber given in such exchanges shall be cut and removed under the laws and regulations relating to the national forests, and under the direction and supervision and in accordance with the requirements of the Secretary of Agriculture. Lands conveyed to the United States under this act shall, upon acceptance of title, become parts of the national forest in which they are located.

Mr. PITTMAN. Mr. President, the very matter which the Senator from Arizona has brought to the attention of the Senate was considered in the Committee on Public Lands. This bill was very carefully considered by the committee with a view that the mistake which originated under former acts might not be perpetuated under the pending bill. Under this measure there can not be more land granted to the private individual by the Government in exchange for the land within the reserve than he actually owns therein nor can it be of greater value. On the contrary, it may be a lesser quantity of land of an equal value; or the Government, if it sees fit, instead of exchanging land for land may give to the grantor of the land the right to cut timber in the forest reserve of equal value to the timber which he sells to the Government, but under the condition that it shall be cut in accordance with the Government regulations as to selling timber on forest reserves.

The real object of the bill has been stated by the Senator from Utah [Mr. Smoot]. When the Government lays out a forest reserve it frequently happens that right in the center of that reserve will be a timber claim that has been patented years before the forest reserve was established. It is very difficult for the Government to control fire on that privately owned land right in the midst of a great forest reserve. Therefore it is to the interest of the Government to get rid of the piece of privately owned land in the center of the forest reserve. The Government would rather have the settler on the edge of the reserve, so that it may consolidate its tracts. The individual also is greatly hampered by being surrounded by a Government forest reserve, because he is at the mercy of the Government with regard to the building of roads and trams which he needs for the cutting of his timber.

These matters have been coming up before the Public Lands and Surveys Committee of the Senate for years, and we have recognized the benefit both to the Government and the individual in numerous cases and have consolidated the land in individual instances. This is a general consolidation bill which the committee thought was very carefully drawn and which very carefully guarded the interests of the Government.

Mr. KING. May I ask the Senator from Nevada a question?

Mr. PITTMAN. Certainly.

Mr. KING. Does the Senator conceive of any condition or circumstance under which pressure might be brought against the individual occupants of land to coerce them into an exchange, or is there any possible oppressive course that might be pursued by the Government against individuals under the pending bill?

Mr. PITTMAN. There is not under this bill. Under the general power of the Government to regulate forest reserves, however, there is naturally a constant obstruction from which many individuals are trying to get away.

Mr. KING. I am familiar with that.

Mr. PITTMAN. There is no coercive power whatever contained in this bill.

Mr. KING. There is no method by which a man may be compelled to relinquish claims which are either inchoate or perfected or to accept land which is selected by the Government in some other part of the forest reserve?

Mr. PITTMAN. There is nothing whatever of that kind. I want to ask the senior Senator from Utah [Mr. Smoot] a question as to line 11, page 2, of the amendment, which reads in this way:

The Secretary of the Interior be, and hereby is, authorized, in his discretion, to accept on behalf of the United States title to any lands within the national forests—

If the land is privately owned land, is it within a national forest?

Mr. SMOOT. Yes; there is a quantity of privately owned land within national forests.

Mr. FLETCHER. That is a condition which we find in Florida where individuals own land within the general boundaries of a national forest. Of course, such land is not a part of the forest reserve, but it is within its boundaries.

Mr. PITTMAN. That is what I meant.

Mr. FLETCHER. It is within the exterior boundaries, but it is not within a national forest, because private land can not be within a national forest.

Mr. SMOOT. It is within the exterior limits of the national forest.

Mr. PITTMAN. That is what I thought was meant by the language.

Mr. SMOOT. I will say to the Senator from Nevada that we followed the exact wording that has always been used in cases of private bills relating to this matter.

Mr. PITTMAN. I understand that.

Mr. SMOOT. And this language is in accordance with the usual description of such lands contained in laws heretofore passed. I have no objection, however, to having inserted the words which the Senator from Nevada suggests.

Mr. PITTMAN. Then I suggest that there be inserted in the bill, before the words "national forests," in line 13, the words "exterior boundaries of the."

Mr. SMOOT. I have no objection to that amendment to the amendment.

Mr. PITTMAN. I offer that amendment to the amendment, to come in on page 2, line 13.

The PRESIDING OFFICER. The amendment proposed by the Senator from Nevada to the amendment reported by the committee will be stated.

The ASSISTANT SECRETARY. On page 2, line 13 of the proposed committee amendment, before the word "national," it is proposed to insert the words "exterior boundaries of the," so that it will read:

Title to any lands within the exterior boundaries of the national forests—

And so forth.

Mr. SMOOT. That is all right.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to.

Mr. PITTMAN. There is one other matter to which I wish to call the attention of the Senator from Utah. In line 15, on page 2 of the amendment, the language reads:

And in exchange therefor may patent not to exceed an equal value of such national forest land.

Does the word "patent" there mean a patent to the grantor by the Government?

Mr. SMOOT. It applies both to the Government and to the private owner. The owner of the land, the exchange of which is made by the Government, must give a patent for that land to the Government of the United States.

Mr. PITTMAN. It reads "and in exchange therefor may patent"—

Mr. SMOOT. That is in exchange for the land within the boundaries of the forest reserve.

Mr. PITTMAN. I presume that means issue a patent to the individual who conveys the land to the Government.

Mr. SMOOT. It applies in both cases, I will say to the Senator.

Mr. FLETCHER. Would it not be better to have it read "patent or convey"?

Mr. PITTMAN. The bill reads:

and in exchange therefor may patent not to exceed an equal value of such national forest land.

I should think the word "patent" would hardly apply in an instrument such as a deed. I am not insisting on the suggestion, however.

Mr. SMOOT. When land is patented it means, of course, that a patent has been given for that land. The word is used in all similar legislation in that way, I will say to the Senator. The land is patented to the individual.

Mr. PITTMAN. I merely make the suggestion. I have no interest in the language.

Mr. SMOOT. I will say to the Senator this is the exact wording that was suggested by the department itself.

Mr. PITTMAN. They will have to interpret it.

Mr. JONES of New Mexico. Mr. President, I desire to call the attention of the Senator from Arizona to a further provision in the bill which I think will operate to safeguard all of the interests that the parties may have, and that is, that "before any such exchange is effected, notice of the contemplated exchange" shall be published in the county where the lands to be turned over to the Government are located and where the lands which may be given in exchange are located. It seems to me that the interests of all parties are safeguarded by the provisions of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

J. P. D. SHIEBLER.

The bill (S. 1541) for the relief of J. P. D. Shiebler was announced as next in order.

Mr. SMOOT. I ask that that bill go over.

Mr. CALDER. Mr. President, if the Senator will withhold his objection for a few moments, I desire to say that this bill simply rights an injustice to an excellent officer who served with distinction throughout the World War and who desires to remain in the service. It appears that he complied with all the regulations in connection with application for commission in the Regular service, but the Medical Department of the Army notified him that his eyesight did not meet the requirements. Subsequently it was discovered that that was entirely wrong—that his eyesight met all the requirements. This bill simply rectifies that injustice to him. I know from my own personal knowledge, because I know Mr. Shiebler well, that he served faithfully and efficiently throughout the war. It seems to me, in view of the fact that the Surgeon General's office itself was responsible for the error, he ought to be allowed to come in now and take his place in the service.

Mr. SMOOT. There is no report at all from the department; there is a mere statement of the facts. I think that we ought to know something about what the record shows. It is for that reason, and that only, that I object to the consideration of the bill. I will say to the Senator from New York, however, that we are letting down the bars for nearly everybody to get promotion in the Regular Army, and it will not be long until we shall find that we will be loaded down with a retired list of Army, Navy, and marine officers, and public-health officers, and other officers and employees under retirement privileges which have been granted until we shall have about two or three people on the back of every taxpayer.

Mr. CALDER. That is a proper matter to consider; but this man served in the Army with the colors during the war. He was unable to come into the Regular Army through an error on the part of the Surgeon General's office, who notified him, as I have said, that his eyesight was defective. Subsequently, on reexamination, the Surgeon General's office said his eyesight complied with all the requirements in every respect. If they had done what was fair and just in the first instance and had not made the mistake he would have been in the Army during the last year and a half. The bill simply rights a wrong that has been done.

Mr. SMOOT. Mr. President, I should like to be able to know exactly what the record shows.

The PRESIDING OFFICER. The Chair will state that, after a bill is objected to, debate is not in order, unless the objection is withdrawn. Is there objection to the consideration of the bill.

Mr. SMOOT. I object to it.

The PRESIDING OFFICER. The bill will be passed over.

JOHN M. GREEN.

The bill (S. 777) for the relief of John M. Green was announced as next in order.

Mr. KING. I ask that the bill go over.

Mr. McKELLAR. Will the Senator withdraw his objection?

Mr. KING. If the bill involves the question of granting a private pension to some person, I regret very much that I can not accede to the Senator's request. I am opposed to that method of legislating.

Mr. McKELLAR. The bill is designed to right a wrong that has been done. That is my opinion and that was the opinion of the committee. Of course, if the Senator has examined the bill and feels that it ought not to pass, that is another matter, but I will say that the soldier is a man who enlisted from Illinois when he was 17 years old. He received an honorable discharge, which was afterwards revoked, when it ought never to have been revoked. I hope the Senator will look into the matter before the calendar is called again.

Mr. KING. I will be glad to do so.

Mr. McKELLAR. And then I hope the bill may be considered. I care nothing in the world about it, except in the interest of what is right.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER.

The bill (S. 1880) providing for the appointment of Warrant Officer Herbert Warren Hardman as captain in the Quartermaster Corps, United States Army, to take rank under the

provisions of section 24a of the act of Congress approved June 4, 1920, was announced as next in order.

Mr. SMOOT. Let that go over.

Mr. NEW. Mr. President, will the Senator withhold his objection until I can make a very brief statement?

Mr. SMOOT. Yes; but I am going to object to the consideration of the bill.

The PRESIDING OFFICER. Then the Chair would rule—

Mr. NEW. If the Senator is simply going to object to the bill without knowing anything about it, I presume it is not necessary for me to make the statement.

The PRESIDING OFFICER. The bill will be passed over.

Mr. FLETCHER. Mr. President, if the Senator will withhold his objection, I should like to say just a word about the matter, so that the Senator may, if he sees fit, withdraw his objection or let us take up the bill at some other time.

The PRESIDING OFFICER. The Chair will state that after a bill has been objected to debate is not in order.

Mr. FLETCHER. I am not debating it. I was asking the Senator if he would withhold his objection while I make a statement.

The PRESIDING OFFICER. The Senator from Utah says he is going to object anyway. Most of the time is taken up in debate on bills that have been objected to, and under the unanimous-consent agreement debate is not in order where they are objected to.

Mr. LODGE. I call for the regular order.

The PRESIDING OFFICER. Objection being made, the bill will be passed over.

VALIDATION OF DECLARATION OF INTENTION TO BECOME CITIZENS.

The bill (S. 757) to validate certain declarations of intention to become citizens of the United States was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That declarations of intention to become citizens of the United States filed prior to the passage of this act in the counties of Fergus and Musselshell, State of Montana, under the act approved June 29, 1906, entitled "An act to establish a Bureau of Immigration and Naturalization and to provide for a uniform rule for the naturalization of aliens throughout the United States," as amended by the acts of March 4, 1909, June 25, 1910, and March 4, 1913, are hereby declared to be as legal and valid as if such declarations of intention had been filed in the judicial district in which the declarants resided, as required by section 4 of said act of June 29, 1906, and that the petitions for naturalization dismissed on account of such invalidity in the declaration of intention shall be given a rehearing without additional cost, upon informal application therefor by the candidate for citizenship to the clerk of court upon notice to the Bureau of Naturalization: *Provided,* That such declarations of intention shall not be by this act further validated or legalized and that this act shall apply only to those persons who have heretofore made homestead, desert land, or timber and stone entries.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER.

The bill (S. 518) to carry out the provisions of an act approved July 1, 1902, known as the act entitled "An act to accept, ratify, and confirm a proposed agreement submitted by the Kansas or Kaw Indians of Oklahoma, and for other purposes," and to provide for a settlement to Addie May Auld and Archie William Auld, who were enrolled as members of the said tribe after the lands and money of said tribe had been divided, was announced as next in order, and was read.

Mr. LENROOT. Mr. President, the report does not give any facts upon which to authorize the passage of this bill. There may be some, but I think some statement ought to be made as to the character of these allottees and what their claims are before this bill should be passed. Unless some Senator is prepared to do that, I shall object.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. LENROOT. I object.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2040) to provide for compulsory school attendance of children, to provide for the taking of a school census, to create the department of school attendance and work permits for the administration of this act and the act to regulate the employment of child labor in the District of Columbia, and for other purposes, within the District of Columbia, was announced as next in order.

Mr. SMOOT. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1247) for the relief of Frank Carpenter, was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.



LEWIS W. FLAUNLACHER.

The bill (S. 1516) for the relief of Lewis W. Flaunlacher was considered as in Committee of the Whole.

The bill had been reported from the Committee on Claims with amendments, on page 2, line 2, after the words "sum of," to strike out "\$4,280.47" and insert "\$1,280.47," and, in line 3, after the words "in all," to strike out "\$5,000" and insert "\$2,000," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lewis W. Flaunlacher, as reimbursement for expenses actually incurred by him as the direct result of personal injuries received by him on September 3, 1917, near Camp Upton, Long Island, when he was struck by an automobile operated by the United States Army, the sum of \$719.53, and as full compensation for loss of earnings, pain, and suffering from said injury and resulting surgical operation, and permanent disability of the right leg resulting from said injury, the sum of \$1,280.47; in all, \$2,000.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRANK CARPENTER.

Mr. HARRELD. Mr. President, may I ask what was done in regard to Senate bill 1247, Order of Business No. 203? I did not hear it called.

The PRESIDING OFFICER. Objection was made, and it was passed over.

RELIEF OF CONTRACTORS, SUBCONTRACTORS, ETC.

The bill (S. 32) for the relief of contractors, subcontractors, and material men who have suffered loss by reason of Government orders was announced as next in order.

Mr. KING. Mr. President, I should like an explanation from the Senator from Washington [Mr. POINDEXTER] concerning this bill. It seems to me that heretofore we have been very liberal in dealing with contractors and subcontractors, and have made, in fact, too many concessions to reimburse them and to relieve them from the rise in prices growing out of the war. I should like an explanation about this bill.

Mr. POINDEXTER. Mr. President, there has been no legislation at all for the relief of contractors with the Navy Department. There has been legislation for the relief of contractors with the War Department, the Post Office Department, and contractors for rivers and harbors work under the Army engineers; but there has been none for the relief of those who have contracts with the Navy Department. This bill simply gives to that class of contractors the same relief that has already been granted to the others.

The bill is very carefully guarded, so as to give relief only in cases where there have been direct orders of Government authorities causing damage or delay in the execution of contracts where such orders were not provided for in the contracts themselves. It was the opinion of the committee that the bill was limited in such a way as to avoid the very things that the Senator from Utah suggests.

Mr. KING. May I inquire of the Senator, before he resumes his seat, whether claims have been made by persons alleged to have been damaged by priority or other orders of the Government, and, if so, what is the aggregate; and does the Senator think that if this bill shall be passed it will end the matter, or will it not be an invitation for a train of other claims to be presented, calling for thousands and tens of thousands of dollars of further appropriations?

Mr. POINDEXTER. My opinion is that this will end the matter, Mr. President. I think claims have been presented aggregating some two or three million dollars, but, of course, they have not been allowed and could not be allowed except under the scrutiny of the Secretary of the Navy.

Mr. LENROOT. Mr. President, will the Senator yield?

Mr. POINDEXTER. Certainly.

Mr. LENROOT. Did the Senator say that similar legislation had been passed for the War Department for war contracts generally?

Mr. POINDEXTER. That is my impression.

Mr. LENROOT. We did pass such a bill for the War Department with regard to rivers and harbors, and for the Treasury Department with regard to public buildings; but has it gone further than that?

Mr. POINDEXTER. My recollection is that it has gone further than that, and has been extended to other contractors for war materials and war construction.

Mr. SMOOT. Mr. President, I do not so remember it, but I do remember that so far as public buildings were concerned

and so far as rivers and harbors were concerned legislation was passed for their relief. I think, however, the Senator is mistaken when he says that such legislation has been passed for the War Department generally. If we pass this bill for the Navy Department, we will have to pass a similar bill for the marines, and a similar bill for the War Department, and a similar bill for every other department. It only proves what I said when the river and harbor bill was before the Senate, when that step was first taken. I made the statement then that just as surely as we passed such legislation for the contractors on rivers and harbors every department of our Government would be asking for it; and I have not any doubt that that will be the case.

Mr. POINDEXTER. Mr. President, this bill confines the relief to those cases where there has been less than 6 per cent profit upon the entire work—that is, in any case where on the entire work of the contractor for the Government he made a profit of as much as 6 per cent he can not have any relief, even though he may have lost money on a particular contract. In a case, whatever department it is in, where a man is doing work for the Government and the Government comes in under its war power and interferes with his work, takes his property away from him, or prevents the shipment of necessary materials, and causes him to lose money on the contract, it seems to me he ought to have equitable relief.

Mr. FLETCHER. May I ask the Senator whether this bill was referred to the Navy Department; and if so, what their recommendation was?

Mr. POINDEXTER. It was referred to the Navy Department, and is strongly recommended by the Secretary of the Navy.

The PRESIDING OFFICER. Is there objection?

Mr. KING. Mr. President, I dislike very much to object to the consideration of this bill.

Mr. POINDEXTER. I hope the Senator will not object. It is a very meritorious bill, I think.

Mr. KING. Let the bill be passed over until we can examine it a little further. If the Senator will call it up later during the day I shall not object to its consideration then.

Mr. POINDEXTER. Very well.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER.

The bill (S. 2170) to encourage the development of the agricultural resources of the United States through Federal and State cooperation, giving preference in the matter of employment and the establishment of rural homes to those who have served with the military and naval forces of the United States, was announced as next in order.

Mr. FLETCHER. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

CHICAGO, MILWAUKEE &amp; ST. PAUL RAILWAY CO., ETC.

The bill (S. 1283) for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co., was announced as next in order.

Mr. KING. Mr. President, I reserve the right to object. I do not know what the bill is.

The PRESIDING OFFICER. Objection can always be made, at any time.

Mr. KING. Very well.

The reading clerk read the bill as follows:

*Be it enacted, etc.,* That, any statute of limitations to the contrary notwithstanding, the Court of Claims is hereby given jurisdiction to hear and determine the claims of the Chicago, Milwaukee & St. Paul Railway Co., in accordance with the decisions of said court in causes Nos. 28272, 29636, and 30159, and the claims of the Chicago, St. Paul, Minneapolis & Omaha Railway Co., in accordance with the decision of said court in cause No. 29875, which was affirmed by the Supreme Court of the United States, and the claim of the St. Louis, Iron Mountain & Southern Railway Co., in accordance with the decision of said court in cause No. 24409: *Provided*, That said court in rendering judgment shall enforce the provisions of section 3477, Revised Statutes of the United States, prohibiting the assignment of claims against the United States, and shall render judgment for said claimants only for the amounts in which they, and not any predecessors of theirs, were underpaid, it being the purpose of this act to waive only the statute of limitations and not any other legal defense the United States may have to said claims: *Provided further*, That the same right of appeal to the Supreme Court of the United States as exists in other cases in the general jurisdiction of said court is hereby granted.

Mr. KING. Mr. President, I should like some explanation of the bill.

Mr. McCUMBER. I think I can explain it to the Senator very briefly. If he will look at the report, he will find on the second page this statement:

The errors arose out of the classification of certain portions of claimants' lines by the Post Office Department as land aided when, in fact, they were not land aided. Under the law only 80 per cent of the

normal rates are paid to land-aided railroads for mail transportation, and this is what was paid by the Postmaster General to these companies on those portions of their lines so erroneously classed as land aided.

One of the roads took the matter up, and there was some delay, but it finally went to the Supreme Court, and it was held that all of the particular lines involved in this bill were not land-aided lines. The amount involved altogether is not more than \$55,000, but it allows the companies to go to the Court of Claims to establish that fact, notwithstanding the six-year statute of limitations, while giving the Government every opportunity to avail itself of any defense upon the merits.

Mr. KING. May I inquire of the Senator whether he has made sufficient investigation to determine whether or not, if it shall be discovered that the roads were not Government aided, the amount which they are claiming is just and fair compensation for the transportation of the mails, such as would be paid to other roads under like conditions?

Mr. McCUMBER. Mr. President, all of the contracts for carrying the mail are not based on a quantum meruit, but some upon a definite amount. I assume that the contracts which are made are just and fair. I can not assume that they are unfair. It may be that they made a profit; it may be that certain lines have made a loss. I have not gone into the whole subject of profits and losses in the matter of carrying the mails over any line or lines, and, of course, I could not do that. The whole question is simply this, when we say we will pay 100 per cent of the contract upon roads which are not land-aided roads and only 80 per cent of that price on roads that are land aided, and the question arises as to whether certain roads are land aided, and the Supreme Court has decided that they are not, and have only had 80 per cent, whether we will allow them to go into the Court of Claims and establish just what they are entitled to under the contract. That is all there is involved.

Mr. KING. Why did not the railroad take steps to preserve its rights against the running of the statute of limitations?

Mr. McCUMBER. I do not know, except what is in the report itself, that it was uncertain as to whether these were land-aided roads at the time, and there was one case taken up and that case decided them all. There was some delay in that. I do not know anything that could have been done in the matter to continue the statute of limitations, except merely the taking of an exception to the holding of the Post Office Department. Nothing they could have done, as I understand, would have continued it, except the bringing of an action before that time, and they would have had to have authority even to do that.

Mr. KING. One other question, if I may ask the Senator: When this contract was entered into between the Government and the railroad there certainly must have been some understanding on the part of the Government officials as to whether it was a land-aided or nonland-aided railway. It seems to me its rates would be fixed with reference to whether it was an aided or a nonaided railroad.

Mr. McCUMBER. No; I think the contracts are made generally with these roads, and then it is a question of so much on all ordinary railways, and there is an exception under the law itself. The law itself provides that only 80 per cent of the amount shall be paid to land-aided roads, and that is fixed, not by the contract, but by the law itself. These were found to be nonland-aided roads.

Mr. KING. Did not the roads know whether they were land aided or not?

Mr. McCUMBER. I understand they claimed they were not all the time.

Mr. KING. Has there been a unanimous report from the committee?

Mr. McCUMBER. There has been.

Mr. KING. And a favorable report from the Department of Justice?

Mr. McCUMBER. The Post Office Department has now held they were entitled to the difference.

Mr. KING. Had they held the other way earlier?

Mr. McCUMBER. Earlier they had held the other way; but the matter went to the Supreme Court—I presume under permission to sue in some other action—and it was decided that they were not land-aided roads. There is no question now upon the facts, only as to the right to bring the action.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I shall not object.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### LONGEVITY PAY.

The bill (S. 150) to provide longevity pay for reserve officers and National Guard officers serving under orders of the War Department was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### JOHN LYONS.

The bill (S. 943) for the relief of John Lyons was announced as next in order.

Mr. KING. Let that go over.

Mr. SUTHERLAND. I would like to ask the Senator from Utah to withhold his objection until an explanation can be made in regard to the bill.

Mr. KING. I will withhold the objection to hear the explanation of the Senator.

Mr. SUTHERLAND. The report made by the subcommittee of the Committee on Military Affairs upon the bill contains a letter from the War Department which sets out quite fully the facts in this case, and I will ask the Secretary to read the letter.

Mr. KING. It presents a case of desertion from the Army, does it not?

Mr. SUTHERLAND. A supposed case of desertion, but not actually a case of desertion at all.

Mr. KING. Mr. President, I withhold my objection pending the explanation of the Senator. I still think I shall object, but out of courtesy I shall withhold the objection for the time being.

Mr. SUTHERLAND. I will say to the Senator, without having the letter read, that this soldier served honorably in the Army up until March, 1865. He was only 16 years old, and, of course, had enlisted at a very early age. He was furloughed for two or three weeks about that time to go home to look after some goods. That was just a few days before Lee's surrender. He heard while he was away that Lee's army had surrendered, and he did not return. Being only 16 years old, he did not appreciate the necessity of going back and getting a formal discharge. We have had numerous cases of grown men who have done the very same thing, and it seems to me that a boy of that age, who had enlisted and served faithfully for the length of time that he had, who, through his inexperience, had committed an unintentional error, should now be placed upon the regular rolls, and the charge of desertion removed from his name. It is a much more deserving case than a great many cases in which we have passed bills through a kindly feeling for these old veterans. He is now an old man, but at that time he was exceedingly young and inexperienced.

Mr. KING. I object.

The PRESIDING OFFICER. Objection being made, the bill will go over.

#### MEN AND OFFICERS IN THE RUSSIAN RAILWAY SERVICE CORPS.

The bill (S. 28) providing for the men and officers in the Russian Railway Service Corps the status of enlisted men and officers of the United States Army when discharged was announced as next in order, and was read, as follows:

*Be it enacted, etc.,* That the enlisted men and officers in the Russian Railway Service Corps, organized by the War Department in 1917, under the authority of the President of the United States, shall henceforth have the status as to honorable discharge, when they are honorably discharged from such service, of enlisted men and officers honorably discharged from the Army of the United States, and also as to benefits under the war risk and war compensation act and other service benefits on the same terms and conditions as honorably discharged enlisted men and officers of the Army.

Mr. KING. Mr. President, reserving the right to object, I must say that I can not see any reason why persons serving as civilians, no matter how hazardous their services and how arduous their duties, should be placed in the category of those who have been inducted into the military service, and have all the benefits of retirement, the compensation, and pensions which flow from actual military service.

Mr. POINDEXTER. I agree entirely with what the Senator says; but these men were enlisted as military men, placed under military orders, were under military discipline, and all of them supposed they were part of the United States Army. They were given Army uniforms, and were enlisted by the War Department upon representations that they would compose a part of the military forces of the United States. All the official business of the War Department was conducted as though they were. They were sent to Russia, and, as the report of the Secretary of State says, rendered faithful service under very difficult conditions. It was a very hazardous service. No one of them ever dreamed he was in a civilian status, that he could leave any time he wanted. They were under the strictest kind of military orders.



Mr. KING. Were they under military officers?

Mr. POINDEXTER. They were under military officers.

Mr. KING. What character of work were they performing?

Mr. POINDEXTER. They were performing the work of guarding and operating the Chinese Eastern and Trans-Siberian Railway.

Mr. KING. Was it in connection with the expedition which was under Gen. Graves?

Mr. POINDEXTER. Yes; in connection with that, and also in connection with the work of supplying our erst-time allies with supplies over those lines.

Mr. KING. What is the number involved?

Mr. POINDEXTER. I think about 200 or 250.

Mr. KING. Mr. President, I shall not object. But may I inquire of the Senator whether there are any others who will follow and regard this as a precedent? Were there not other agencies and instrumentalities employed during the war, operating indirectly, and possibly at times directly, in aid of the military successes of the Government, who will regard this as a precedent?

Mr. POINDEXTER. No, Mr. President; I have looked into that matter very carefully, and there is nothing else whatever which bears any similarity to this measure. It is the only case of the kind, and it is almost incredible that there should have been this case. These men considered themselves to be a part of the Army. They put in their claims for war-risk insurance, and in many instances their claims were allowed. They were treated by that bureau as soldiers, and it was only at a later date that the point was made that they were not soldiers of the United States; and not even in the employ of the United States, according to the War Department, which claimed that they were employed by the Russian Government.

Mr. KING. Were they paid civilian compensation or the \$30 a month paid to soldiers?

Mr. POINDEXTER. They were all officers, and they were paid the compensation of officers, in some instances extra compensation.

Mr. KING. Did they call themselves captains and colonels and lieutenants, and were they paid as such?

Mr. POINDEXTER. They had military grades.

Mr. SMOOT. The bill provides for enlisted men.

Mr. POINDEXTER. Officers and enlisted men.

Mr. SMOOT. Men and officers; so there must have been some enlisted men.

Mr. POINDEXTER. I was under the impression that there were some enlisted men, but the Secretary of State says they were all officers.

Mr. FLETCHER. Mr. President, if the Senator will allow me to interrupt him, they were all officers, as the Senator has said. The bill was strongly recommended by the War Department, and a similar bill passed the Senate at the last session. So the measure has been previously acted on here.

Mr. POINDEXTER. Mr. President, it could not do any harm to have it provide for enlisted men. If there were not any, it could not do any harm.

Mr. SMOOT. We had some enlisted men who went for this very purpose into the high mountains of Italy. Why should they not come and make claim on just exactly the same basis?

Mr. POINDEXTER. There were not any enlisted men who were in a civil status, who were enlisted as a part of the Army and then denied the privileges of enlisted men.

Mr. SMOOT. Of course, I do not know about that.

Mr. POINDEXTER. There were not. There is no other case of this kind.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. KING subsequently said: Mr. President, may I inquire of the Senator from Washington directing attention to the bill relating to the men and officers in the Russian Railway Service Corps, which was just passed—I am asking this so as to avoid a motion to reconsider—whether it would give to these individuals who are to be benefited by the act privileges which they have forfeited by reason of nonpayment of any insurance premiums? It seems to me this language would exonerate them from making payments for insurance, if they had failed in the past, and excuse them from such payments, and reinstate them with all of the advantages and privileges the same as if they had not forfeited any insurance or any other rights.

Mr. POINDEXTER. I do not understand that the bill could possibly have that effect, because it has put them in the same

status as honorably discharged men of the Army, and they would be subject to the same law and the same regulations.

Mr. SMOOT. They would be honorably discharged even though they had not paid their insurance.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

Mr. BORAH. Mr. President, I do not know of anyone who desires to discuss the bill at this time. If there is anyone, of course I shall not ask that it be laid aside.

Mr. SMOOT. I desire to state to the Senator from Idaho that if he will kindly lay it aside, I am going to ask that we proceed with the consideration of the calendar, at least, until we get through it.

Mr. BORAH. I ask unanimous consent that the unfinished business be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING. Mr. President, in order that I may have an opportunity to investigate the question which I just propounded to the Senator from Washington, I give notice of a motion to reconsider the action of the Senate by which the bill, S. 28, was passed. I will say to the Senator that if upon investigation this afternoon I discover there is nothing in that point, I shall withdraw my motion. I wish to save the opportunity if an error has been committed.

#### BELL OF THE CRUISER "MILWAUKEE."

The bill (S. 1733) authorizing the Secretary of the Navy, in his discretion, to deliver to the president of the Milwaukee Press Club, of Milwaukee, Wis., the bell of the wrecked cruiser *Milwaukee* was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Navy be, and he is hereby, authorized, in his discretion, to deliver to the president of the Milwaukee Press Club, of Milwaukee, Wis., for the use of the said press club, the bell of the wrecked cruiser *Milwaukee*, said bell now being in storage at the Mare Island Navy Yard: *Provided*, That no expense shall be incurred by the United States through the delivery of said bell.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### THE CALENDAR.

Mr. SMOOT. Mr. President, I ask unanimous consent that we proceed with the consideration of the calendar at least until we get through the bills now on the calendar, considering all bills up to calendar No. 269 that may not be objected to.

Mr. McNARY. Mr. President, I suggest that I have two bills not on the printed calendar which have been reported to-day and I should like to include those.

Mr. SMOOT. I have no objection to that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah?

Mr. POINDEXTER. What is the request?

Mr. SMOOT. I have requested that we proceed with the consideration of the calendar until we go through the calendar, including also the two bills referred to by the Senator from Oregon which were reported to-day.

Mr. POINDEXTER. I ask unanimous consent pending that to report from the Committee on Mines and Mining a bill which has passed the House, and I ask that it be included also.

Mr. SMOOT. I have no objection.

The PRESIDING OFFICER. The Senator from Washington asks unanimous consent to report a bill from the Committee on Mines and Mining. Is there objection? The Chair hears none.

Mr. POINDEXTER. From the Committee on Mines and Mining, I report back favorably without amendment the bill (H. R. 4813) changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year.

The PRESIDING OFFICER. The bill will be placed on the calendar. The Senator from Utah has modified his request so as to include the bill suggested by the Senator from Oregon and the bill reported by the Senator from Washington.

Mr. JONES of New Mexico. Mr. President, I understand the request of the Senator from Utah is that we shall continue the consideration of unobjected bills now on the calendar under the provisions of Rule VIII.

Mr. SMOOT. Under the same provision under which we have considered bills up to this time.

The PRESIDING OFFICER. With the understanding that a motion can not be made to proceed to the consideration of a bill, an objection to the contrary notwithstanding, and with a

limitation of debate under the 5-minute rule as prescribed in Rule VIII.

Mr. HEFLIN. Mr. President, I shall have to object to that request. I desire to address the Senate on another subject. Did I understand the Chair to say that if the order shall be made as suggested by the Senator from Utah, we can only discuss a measure five minutes?

The PRESIDING OFFICER. Yes. We are under the provisions of Rule VIII, considering bills to which there is no objection, and debate is limited to five minutes. It has been so limited for the last two hours.

Mr. JONES of New Mexico. I will say to the Senator from Alabama that the purpose is simply to proceed with the calendar in the usual way and dispose of such matters as are not objected to, and after that is done, to go on with other bills.

Mr. HEFLIN. I have no desire to prevent that arrangement if we can get through in time so that I may be able to discuss a matter that is of vital importance to our section of the country.

The PRESIDING OFFICER. It is impossible to state when the consideration of the calendar would terminate, because the request is that the Senate shall proceed through the entire calendar, including the last bill now on the printed calendar and three other bills. It may take all afternoon.

Mr. HEFLIN. I will let the calendar proceed for a while.

The PRESIDING OFFICER. Unanimous consent must be given now or objection entered now.

Mr. KING. The Senator from Alabama could object to every bill reached on the calendar, so that would terminate the call of the calendar very quickly.

The PRESIDING OFFICER. Yes; but the Senator from Alabama could not object to the unanimous-consent request at a future time. Is there objection to the request of the Senator from Utah?

Mr. POINDEXTER. That is, that we shall consider bills that are not objected to?

The PRESIDING OFFICER. Yes. Is there objection? The Chair hears no objection and the unanimous-consent agreement is entered into.

#### RELIEF OF CERTAIN NAVAL RESERVE OFFICERS.

The bill (S. 1824) to provide for the relief of certain officers of the Naval Reserve Force, and for other purposes, was announced as next in order.

Mr. KING. Let the bill go over.

Mr. McNARY. Mr. President, I regret very much the action of the Senator from Utah, who, I understand, has made an objection to the consideration of the bill.

I think there is a great injustice being done those who would be the beneficiaries of the bill. Two Secretaries of the Navy have reported favorably on it, and I have the reports here. A unanimous favorable report was made by the Committee on Naval Affairs through the Senator from Montana [Mr. WALSH]. There is no objection to it that I know of from any source. I think it meets a situation which should be corrected, and I hope the Senator will be good enough to let us consider the bill.

Mr. KING. I shall withhold my objection until the Senator makes a statement.

Mr. McNARY. I ask that the Secretary may read from the report of the committee the letter of the Secretary of the Navy. It is not very long.

The PRESIDING OFFICER. The Secretary will read as requested.

The reading clerk read as follows:

DEPARTMENT OF THE NAVY,  
Washington, June 11, 1921.

Hon. CARROLL S. PAGE,  
Chairman Committee on Naval Affairs,  
United States Senate.

MY DEAR SENATOR: Replying further to the committee's letter of May 18, 1921, inclosing a bill (S. 1824) "to provide for the relief of certain officers of the Naval Reserve Force, and for other purposes," and requesting the department's consideration and report thereon, I have the honor to inform you that the language of said bill is identical with that proposed by this department and transmitted to your committee by its letter of May 5, 1920, to which letter reference is hereby made for full and detailed information.

The said proposed legislation was introduced in the Senate on May 11, 1920, as bill S. 4351, passed by the Senate on May 28, 1920, and received in the House May 29, 1920, but failed of passage.

The purpose of the proposed legislation is to provide relief for certain officers of the Naval Reserve Force and the Marine Corps Reserve, who, under decisions of the Comptroller of the Treasury, have been denied the right to mileage or travel allowance to their homes upon being disenrolled from the service or released from active duty therein. The early enactment of the bill (S. 1824) is urgently recommended.

Sincerely, yours,

EDWIN DENBY,  
Secretary of the Navy.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. KING. The letter does not make any explanation. It merely gives a departmental view.

Mr. McNARY. There is another communication from the former Secretary of the Navy which gives more complete information. I ask that it may be read also.

The PRESIDING OFFICER. The Secretary will read as requested.

The reading clerk read as follows:

MAY 5, 1920.

Hon. CARROLL S. PAGE,  
Chairman Committee on Naval Affairs,  
United States Senate.

MY DEAR SENATOR: Replying to your letter of April 29, 1920, relating to the reimbursement of certain officers of the Marine Corps Reserve on account of travel pay, I have the honor to inform you that under date of March 11, 1920, the following letter, together with the proposed draft of a bill hereto attached, were forwarded to the Speaker of the House of Representatives:

"There is inclosed herewith a proposed draft of a bill to provide for the relief of certain officers of the Naval Reserve Force and the Marine Corps Reserve who, through decisions of the Comptroller of the Treasury, have been denied the right to mileage or travel allowance to their homes upon being disenrolled from the service or released from active duty therein, which is respectfully submitted for your consideration.

"Shortly after the armistice had been signed, several officers of said reserve forces, who had been originally enrolled as seamen at one naval station and transferred for the good of the service to some other naval station or base where they were given provisional assignments as officers, were released from active duty or disenrolled from the service under honorable conditions under orders which failed to direct them to proceed to their homes, whereupon said disenrollment or release would become effective, but detached them from the service at said naval station or base.

"Under date of April 17, 1918, the Comptroller of the Treasury decided that an officer of the Naval Reserve Force who had been erroneously disenrolled at a place other than that of his enrollment may not receive mileage to said place of enrollment for the reason that he was not in the service when the travel was performed.

"In an attempt to follow out the intent of the above decision many officers of said reserve forces were detached from duty by the department and directed to proceed to their homes at their convenience and there to consider themselves as detached from all active duty. Although the department had acted in good faith in directing the officers of said forces to proceed in the above manner, the Comptroller of the Treasury in passing upon this procedure under date of October 7, 1917, held that the active-duty status of said officers terminated as of the date of detachment and that they were not entitled subsequent thereto to the pay of officers actively employed or to mileage for the travel to their homes within the period of authorized delay. The decisions of the comptroller under the dates of February 9 and 20, 1920, merely reaffirmed the above decisions in applying them to modified statements of facts.

"As a result of these decisions of the Comptroller of the Treasury a considerable number of officers of the Naval Reserve Force and the Marine Corps Reserve have been denied the benefits of the mileage pay and travel allowances to which the department assumed they were entitled under the laws which had been previously enacted for this purpose.

"In addition to the above, quite a number of officers of said forces were paid mileage or travel allowance to their homes by the disbursing officers of the Navy or Marine Corps, as the case might be, all of which payments have been rendered void by the decisions of the Comptroller of the Treasury, above noted, and either have been, or will hereafter be, disallowed by the accounting officers of the Treasury Department. This action will cause said disbursing officers of the Navy and Marine Corps to face large financial losses which were incurred through no fault of theirs, since they acted under instructions from the department, which instructions were given in good faith.

"The proposed draft of bill hereto attached is submitted for the purpose of correcting the conditions above noted, and it is therefore recommended that it be enacted."

I am not aware of the present status of this proposed legislation.

Sincerely, yours,

JOSEPHUS DANIELS,  
Secretary of the Navy.

Mr. KING. I will withdraw my objection so that the bill may be considered, but I desire to ask the Senator from Oregon the amount involved, if he knows.

Mr. McNARY. I regret very much my inability to inform the Senator from Utah the total amount involved. It does not appear in the record.

Mr. KING. Why was it that some were paid by the disbursing officer prior to return to their homes and others were not?

Mr. McNARY. I could not answer that question. All I know is contained in the report filed by the Senator from Montana [Mr. WALSH] and the reports which have been read here from the two Secretaries of the Navy, which I think show a meritorious case.

Mr. KING. It may be meritorious, but there are some links missing from the chain which would establish beyond question the merit of the claim. However, I shall not object. I wish the Senator could submit further information, though, regarding the matter. May I inquire of the Senator whether it extends into thousands of beneficiaries under the bill and millions of dollars which the Treasury will be compelled to pay? Can any Senator present answer that question?

Mr. McNARY. I will say to the Senator from Utah that it is the principle involved rather than the amount of money. If it is \$10 that is involved and it ought to be paid, the principle is just the same.



Mr. KING. I agree with the Senator.

Mr. McNARY. I am not interested in the number of men or the amount of money involved. It is either right or it is not.

Mr. KING. Can the Senator give any explanation why officers who were detached in that way were not paid?

Mr. McNARY. They were paid previously. I have not in my possession data of that character. The letter from Josephus Daniels, the eminent Democratic ex-Secretary of the Navy, so clearly sets forth the case favorably to these individuals that I think we need not go any further unless we go to the communication of the present Secretary of the Navy who confirms the action of the former Secretary. The Committee on Naval Affairs reported unanimously in favor of the bill, and the report as presented was written by the Senator from Montana [Mr. WALSH].

Mr. KING. I hope the Senator will not say the Committee on Naval Affairs unanimously reported, because I am a member of that committee, and I did not assent to the report.

Mr. McNARY. I think if the record is studied it will show that the Senator from Utah was not present on that day.

There being no objection, the Senate, as in Committee of the Whole, considered the bill, which was read as follows:

*Be it enacted, etc.,* That officers of the Naval Reserve Force or the Marine Corps Reserve who have heretofore been, or may hereafter be, released from active duty therein shall receive mileage at the same rate as authorized for officers of the Regular Navy for the distance involved in travel in the United States from the place where disenrolled or released from active duty to their homes.

Mr. HARRISON. Mr. President, I am not going to object to the proposition, but I desire to offer an amendment to the bill and have it styled section 2. I ask that it be read.

The PRESIDING OFFICER. The Secretary will read as requested.

The READING CLERK. Add at the end of the bill a new section, to be known as section 2, as follows:

SEC. 2. That every officer or midshipman of the United States Navy or Marine Corps who was dismissed therefrom solely because he left such service in order to join, or because he joined, the Confederate forces for service during the Civil War shall be held and considered to have duly resigned and to have been honorably discharged therefrom, and the Secretary of the Navy is hereby authorized and directed to correct the records of such officers and midshipmen in accordance herewith as of the date of such dismissal.

Mr. HARRISON. Mr. President, the proposed amendment to the bill is based on justice. I have offered it because of a desire that various records be fixed and adjusted to show that these men, during 1861, who were in the Navy and in the Marine Corps, and who joined the Confederate forces, were honorably discharged. There were a great many similar cases, most of which have been adjusted. I think there are about 35—I am not sure as to the exact number, but it is about 35—who joined the Confederate forces, either in the Navy or the Marine Corps, as to whom it is shown on the records of the Navy Department that they were dismissed. The only object of the amendment is to show that they were honorably discharged. I can not see why in the world there would be any objection to the proposition, and I hope the amendment will be adopted.

Mr. KING. May I inquire of the Senator from Mississippi whether, if the amendment were to prevail, it would carry with it the objection on the part of the United States to pay to those individuals retirement pay?

Mr. HARRISON. Absolutely not. The whole proposition is this: At the outbreak of the war between the States there were some men from the South who happened to belong to the Navy or to the Marine Corps. They left that service without being honorably discharged, so to speak, and joined the Confederate forces. The records show that they were dismissed from the service. The object of this amendment is merely to show that they were honorably discharged. That is the purpose of the amendment. It will require no appropriation. It is in the interest of fairness and justice and in order to cement the two sections together. I hope the amendment will be adopted.

Mr. WILLIS. Mr. President, is the Senator from Mississippi able to state how many officers and men would probably be affected by the proposed amendment?

Mr. HARRISON. I think there are about 35 who appear on the records as having been dishonorably dismissed from the service because of the circumstances which I have stated. The records as to a great many persons who were in the Navy and in the Army, who, under similar circumstances, left those branches of the service and joined the Confederate forces have been changed and they show them to have been honorably discharged. There are only a few cases where the records have not been clarified. I repeat that the only object of this amendment is to have the record show that these men were honorably discharged instead of showing that they were dishonorably discharged.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Mississippi.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### REGISTRATION OF CERTAIN CHINESE.

The joint resolution (S. J. Res. 33) permitting Chinese to register under certain provisions and conditions was considered as in Committee of the Whole.

The joint resolution was read, as follows:

Whereas 379 Chinese men, some of the merchant and others of the laborer class, attached themselves to the punitive military expedition under the command of Gen. Pershing, which entered Mexico in 1916, and when said expedition returned from Mexico were temporarily admitted to the United States as refugees; and

Whereas the said Chinese performed extensive services and rendered valuable assistance to the punitive expedition in Mexico and jeopardized their lives and made their further residence in Mexico at the time impossible by attaching themselves to the expedition and rendering such services; and

Whereas the said Chinese after temporary admission to the United States as refugees continued to render, and are now rendering, services to the military branch of the United States Government, such services being valuable, unusual, and in some instances of a hazardous nature; and

Whereas the said Chinese can not return to their former homes in Mexico with safety and can not at this time be deported to any other place justly and humanely: Now, therefore, be it

*Resolved, etc.,* That the Commissioner General of Immigration be, and he hereby is, authorized and directed to permit the said Chinese to register under the terms of and in accordance with the provisions of section 6 of the act approved May 5, 1892 (27 Stats. at L., p. 25), as amended by section 1 of the act approved November 3, 1893 (28 Stats. at L., p. 7).

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. BORAH. Mr. President, I wish to make an inquiry relative to Senate joint resolution 33, which was just passed. May I ask the Secretary to reread the joint resolution in order that I may make a motion to reconsider the vote by which it was passed?

The PRESIDING OFFICER. The Secretary will read as requested. Does the Senator from Idaho care to have the preamble of the joint resolution also read?

Mr. KING. I suggest to the Senator from Idaho that the preamble of the joint resolution should be read in order to understand the circumstances.

Mr. BORAH. I suppose the preamble should be read in order to understand fully the facts.

The PRESIDING OFFICER. The Secretary will read as requested.

The reading clerk again read the joint resolution.

Mr. WILLIAMS. Mr. President, I should like to inquire what section 6 of the act approved May 5, 1892, provides?

Mr. BORAH. That is what I was trying to find out, but the Senator in charge of the bill has left the room.

Mr. WILLIAMS. Under the circumstances I withdraw the inquiry. I was asking more for information than anything else.

Mr. BORAH. I am going to make a motion for the present to reconsider the vote by which the joint resolution was ordered to a third reading, read the third time, and passed, until I can find out what it is about.

The PRESIDING OFFICER. The motion to reconsider will be entered.

Mr. BORAH subsequently said: Mr. President, I have examined the Statutes at Large to which Senate joint resolution 33 refers, and, as I now understand, the joint resolution does not have the effect of giving citizenship to the Chinese referred to in the joint resolution.

Mr. KING. No.

Mr. BORAH. Nor does it provide a method by which they may ultimately acquire citizenship.

Mr. WILLIS. I desire to say in reply to the Senator from Idaho that this resolution does not give to these Chinese men American citizenship, nor does it provide any means whereby they subsequently can become citizens. It simply makes provision for the issue of temporary certificates of registration so that they may have a legal status in this country.

Senators will understand that these men were in Mexico when the punitive military expedition went into Mexico in 1916. They attached themselves to the expedition with the approval and at the request of the commanding officer, Gen. Pershing. They rendered important service.

Mr. KING. The bill simply prevents their deportation?

Mr. WILLIS. That is all there is to it. When the expedition came out of Mexico, of course, these Chinese, by aiding the



Americans, had become to Mexico persona non grata, and they had to come out as a matter of self-protection. Gen. Pershing brought them out, so they got into the United States, but they have no legal status in this country. I have on my desk here a letter from Gen. Pershing in which he expresses very great interest in this matter.

Mr. BORAH. I withdraw my motion to reconsider.

Mr. WILLIS. Then, Mr. President, I ask unanimous consent to place in the RECORD the letter from Gen. Pershing, with certain other brief documents explanatory of this whole matter.

The PRESIDING OFFICER. Without objection, that order will be made.

The matter referred to is as follows:

GENERAL OF THE ARMIES,  
Washington, June 29, 1921.

The Hon. HENRY W. KEYES,

United States Senate, Washington, D. C.

DEAR SENATOR KEYES: I am taking the liberty of introducing to you Mr. William Tracy Page, who has charge of the Chinese refugees from Mexico. It is understood that the papers regarding these refugees are on file with you, and I would thank you very much to give Mr. Page a conference, as I believe he is in a better position than anyone else to know the necessity for early legislation in behalf of these unfortunate people.

Thanking you for your courtesy in the matter, I beg to remain,

Very sincerely, yours,

JOHN J. PERSHING.

William Tracy Page, in a detailed communication dated December 17, 1919, states:

The refugees originally numbered 527. They arrived at Columbus, N. Mex., on February 3, 4, and 5, 1917, and remained in a camp at that place for about four months while their cases were being considered and decided by the Department of Labor. During the period mentioned some of them returned to points in Mexico, where they thought they would be safe for the time being; some went to China, and some, being found to belong to the exempt class, were furnished with appropriate certificates and regularly admitted. In this way the number was reduced from 527 to 427. Subsequently the number was reduced to 399, the present figure, through the death of 8 and the deportation of 20.

While detained in the camp at Columbus the Chinese were trained in the principles of camp sanitation and hygiene and were given sufficient physical training to keep them in good health. In all of this training they manifested great interest. In June, 1917, the refugees were transferred from Columbus to San Antonio, Tex. At the time the Government was experiencing great difficulty in finding competent labor to clear the ground where part of Camp Travis was to be constructed, and the Chinese were placed upon this work. It was estimated that three or four months' work would be required, but the clearing was completed in five weeks, the Chinese starting their labors at 7 in the morning and working even as late as 11 o'clock at night, when moonlight permitted. They were paid 20 cents per hour, with no additional pay for overtime and seemed perfectly contented. After this work was finished the Chinese were allowed to work for the contractors building Camp Travis and performed valuable and acceptable services. The refugees did the cooking for the 6,000 men employed in the construction work at Camp Travis and also at Kelly Field, in connection with which they worked from 10 to 12 hours a day and a half day on Sundays and whenever necessary at night. During this time it became apparent that when it would become necessary to assign the Chinese to other classes of work it would be important for them to have a knowledge of English, and night schools were established in the camp, where the Chinese became apt and willing students and where they fitted themselves for employment as cooks and stewards in the messes. Services of this kind were rendered by them at the officers' training camp at Leon Springs, Tex., and in the Air Service camps in Texas and Louisiana. Later it became necessary to withdraw some of the men from this class of work and to assign them to duty in the tuberculosis hospitals in Forts Stanton and Bayard, N. Mex., where it had been found impossible to obtain satisfactory help for the conduct of the messes. They have been, and are now, employed in the base hospital at Fort Sam Houston in a similar capacity, and, in fact, they are employed in more than 30 different localities at the present time, with excellent results everywhere.

The refugees have endeavored in every way to show by their conduct the appreciation which they feel of the kindness of the United States Government in granting them refuge. They are physically of a superior type and have observed the sanitary regulations, these facts doubtless accounting for the small death rate among them. They have respected the restrictions placed upon them by the Department of Labor and have not attempted to escape from those restrictions and remain permanently within the country in violation thereof.

(Personal.)

AMERICAN EXPEDITIONARY FORCES,  
OFFICE OF THE COMMANDER IN CHIEF,  
Washington, D. C., November 6, 1919.

Hon. ANTHONY CAMINETTI,

Commissioner General of Immigration,  
Washington, D. C.

MY DEAR MR. CAMINETTI: My attention has been called to a bill making an appropriation to cover expenses of deporting to China the refugees who were brought out of Mexico by me, which has recently been reported favorably to the House.

May I avail myself of this my first opportunity to write you, and suggest that, if it is at all possible, some other way than the deportation of these men be found to solve the difficulty that confronts your bureau.

Every consideration should be shown these unfortunate people. The reasons given below, I believe, will appeal to you and to all high-minded, right-spirited public officials:

First. These Chinese knowingly jeopardized their own lives when they attached themselves to and assisted the punitive expedition into Mexico, where they were employed in various capacities.

Second. They suffered a great financial loss through using their funds in the establishment of stores for the sale of merchandise which was not carried in the commissary and into the erection and equipment of a large laundry at Colonia Dublan, which had to be abandoned when

the expedition withdrew, the withdrawal occurring before the laundry had been operated long enough for the profits to reimburse the Chinese. Third. They were faithful and efficient in all the services they rendered to the punitive expedition.

Their sacrifices and services, made for and rendered to the United States while the Chinese were still in Mexico, were, in my judgment, of such a nature and extent as to create the strongest kind of equities in their behalf.

Fourth. After they had been permitted by the immigration officials, acting under your instructions, to come into the United States and remain temporarily in the haven of refuge thus afforded them by you they have continued to render, and are now rendering, I am informed, services of a very acceptable, and in some instances of a very unusual and often of a hazardous nature, such as cooking in tuberculous hospitals or sanitariums.

I request that your usual earnest and careful consideration be given to this matter.

With kindest personal regards, I am,

Very truly, yours,

JOHN J. PERSHING.

[Senate Report No. 200, Sixty-seventh Congress, first session.]

REGISTRY OF CERTAIN CHINESE REFUGEES.

Mr. WILLIS, from the Committee on Immigration, submitted the following report, to accompany S. J. Res. 33:

The Committee on Immigration, to whom was referred the resolution (S. J. Res. 33) permitting Chinese to register under certain provisions and conditions, having considered the same, report favorably thereon with the recommendation that the resolution do pass without amendment.

#### PURPOSE OF THE RESOLUTION.

The purpose of the resolution, as clearly indicated by its text, is simply to afford relief in the cases of 379 Chinese now in this country and not in possession of the certificates of residence required by law, and who entered the United States in 1916, and have since been permitted temporarily to reside here, under the following circumstances and conditions:

While the punitive expedition was in Mexico under the command of Gen. John J. Pershing, the Chinese in question, along with some others who are now no longer within the United States, attached themselves to the expedition and rendered extensive and valuable services, in that manner becoming persona non grata in Mexico, so that when the expedition returned to the United States it was necessary, in order to avoid the probability that the Chinese would be harshly dealt with or even murdered if required to remain in Mexico, to permit them temporarily to enter the United States. This was done, and they were furnished with temporary certificates indicating the circumstances. They were admitted by the Department of Labor with the understanding that they would be employed by the Quartermaster Department of the Army. Thereafter they rendered extensive and valuable services in various capacities in the said department at different places in the vicinity of the Mexican boundary.

The relief which it is proposed by the resolution to afford these Chinese consists merely of giving legislative authority for their registration by the Commissioner General of Immigration under the provisions of the Chinese registration acts.

#### EVIDENCE CONSIDERED BY COMMITTEE.

A volume of evidence of most convincing character bearing upon this matter was placed before the committee by Gen. Pershing, through his representative, Mr. William Tracy Page. Mr. Page was placed in charge of the refugee camp by Gen. Pershing immediately after the Chinese entered the United States and continued to have charge of the Chinese while their cases were being considered and decided by the Department of Labor and also after they were assigned to different duties in various military camps as employees of the Quartermaster Department. This report would be rendered entirely too lengthy if the evidence in question should be incorporated therein. Suffice it to say that it included a letter from Gen. Pershing, dated November 6, 1919, addressed to the former Commissioner General of Immigration, and suggesting that if possible administrative relief should be afforded, and if that were not possible relief from Congress ought to be sought; a letter written by Gen. Pershing on November 8, 1919, to Mr. Page, directing him to obtain from the Army officers under whom the Chinese had been serving statements of the nature and value of their work; and letters from practically all of the officers under whom the Chinese had been serving, there being 20 such letters, in all of which the conduct of the Chinese, their faithfulness to duty, and the extremely valuable nature of the services rendered by them were set forth clearly and emphatically.

Gen. Pershing expressed a desire to come personally before the committee on behalf of the refugees, but the evidence submitted by his representative was regarded as so satisfactory and as so clearly establishing all of the claims made in behalf of the Chinese that the committee did not deem it necessary to take advantage of Gen. Pershing's offer.

#### BILL PASSED OVER.

The bill (S. 1831) to amend section 237 of the Judicial Code was announced as next in order.

The reading clerk proceeded to read the bill.

Mr. KING. Let that bill go over, Mr. President.

The PRESIDING OFFICER. The bill will be passed over.

E. W. McCOMAS.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 1945) for the relief of E. W. McComas. The bill was read, as follows:

Be it enacted, etc., That E. W. McComas be permitted to purchase from the United States, at the price of \$1.25 per acre, lots 2 and 4 of section 5, the north half of the northeast quarter, and lots 1 and 2 (or the north half of the northwest quarter) of section 7, township 5 north, range 30 east, Willamette meridian, in Umatilla County, Oreg., containing 205.72 acres, more or less, and that patent shall, after such purchase, issue to him therefor: *Provided*, That McComas files in the district land office at La Grande a proper application to purchase the said lands, and tenders payment therefor at the price fixed herein, within 60 days of the passage of this act.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time and passed.



## LANDS AT FORT MADISON AND BELLEVUE, IOWA.

The bill (H. R. 5621) for the disposal of certain lands in the town sites of Fort Madison and Bellevue, Iowa, was considered as in Committee of the Whole.

The bill was read as follows:

*Be it enacted, etc.,* That all lots in the town sites of Fort Madison and Bellevue, Iowa, not heretofore sold and patented under the acts of July 2, 1836, and March 3, 1837 (5 Stat., 7, 178), shall be disposed of and patented to the uncontested occupants thereof holding same by themselves and their predecessors in interest, in good faith under claim and color of title, and who shall make application for patent or to purchase such lots within one year from the passage of this act, and who shall furnish satisfactory proof of such occupancy and color of title, and pay therefor the appraised value of such lots in case the purchase price has not been paid to the United States: *Provided*, That lots occupied by public improvements shall be donated and patented to the municipality owning such improvements. All lots in said town sites not so disposed of at the expiration of one year after the passage of this act shall be subject to private sale at the appraised value thereof, or to competitive sale, at not less than the appraised value, in the discretion of the Secretary of the Interior.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

## TIMBER CUTTING IN ARIZONA.

The bill (S. 561) to grant citizens of Washington and Kane Counties, Utah, the right to cut timber in the State of Arizona for agricultural, mining, and other domestic purposes was considered as in Committee of the Whole.

The bill was read as follows:

*Be it enacted, etc.,* That section 8 of an act entitled "An act to repeal the timber culture laws, and for other purposes," approved March 3, 1891, as amended by an act approved March 3, 1891, chapter 559, page 1093, volume 26, United States Statutes at Large, be, and the same is hereby, amended by adding thereto the following:

"That it shall be lawful for the Secretary of the Interior to grant permits, under the provisions of section 8 of the act of March 3, 1891, to citizens of Washington County and of Kane County, Utah, to cut timber on the public lands of the counties of Mohave and Coconino, Ariz., for agricultural, mining, and other domestic purposes, and remove the timber so cut to said Washington County and Kane County, Utah.

Mr. HARRISON. Mr. President, I presume that the Senators from Utah and Arizona have agreed upon this measure, and have no objection to it.

Mr. KING. It is mutual.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

## FINAL ENTRIES ON PUBLIC LANDS.

The bill (S. 1099) to amend section 2372 of the Revised Statutes was considered as in Committee of the Whole. The bill had been reported from the Committee on Public Lands and Surveys, with an amendment on page 1, line 12, after the word "laws," to insert "or patented to a claimant under other public land laws"; so as to make the bill read:

That section 2372 of the Revised Statutes is amended by adding thereto the following:

"In all cases where a final entry of public lands has been or may be hereafter canceled, and such entry is held by the Land Department or by a court of competent jurisdiction to have been confirmed under the proviso to section 7 of the act of March 3, 1891 (26 Stat., p. 1099), such entry shall, unless the land has been disposed of to or appropriated by a claimant under the homestead or desert-land laws, or patented to a claimant under other public-land laws, be reinstated and passed to patent; and in case the land has been so disposed of or appropriated, the Secretary of the Interior is authorized, in his discretion, and under rules to be prescribed by him, to change the entry and transfer the payment to any other tract of surveyed public land, nonmineral in character, free from lawful claim, and otherwise subject to general disposition: *Provided*, That the entryman, his heirs, or assigns shall file a relinquishment of all right, title, and interest in and to the land originally entered: *Provided further*, That no right or claim under the provisions of this paragraph shall be assignable or transferable."

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## JOINT RESOLUTION PASSED OVER.

The joint resolution (H. J. Res. 138) to repeal so much of the act of Congress approved February 28, 1920, as provides for the sale of Camp Eustis, Va., was announced as next in order.

Mr. LENROOT. I ask that the joint resolution be passed over.

The PRESIDING OFFICER. The joint resolution will be passed over.

## CHALMETTE MILITARY PARK, LA.

The bill (H. R. 2232) in reference to a national military park on the plains of Chalmette, below the city of New Orleans, was announced as next in order.

Mr. LENROOT. I ask that that bill go over.

Mr. BROUSSARD. Mr. President, do I understand that objection has been made to the consideration of the bill?

Mr. LENROOT. I asked that it go over. I made the request upon the ground that I do not believe at this time we should go to any expense upon a matter of this kind.

Mr. BROUSSARD. Will the Senator withhold his objection for just a moment?

Mr. LENROOT. Certainly.

Mr. BROUSSARD. This measure has been passed by the House of Representatives, and I think it provides that there shall be no expense incurred on the part of the Government. I have been informed that the work is to be performed by the Army Engineer officers stationed at New Orleans.

Mr. LENROOT. It provides that the expenses of the investigation shall be paid from the appropriation for contingencies of the Army.

Mr. BROUSSARD. I do not understand that that is the way in which the measure is worded.

Mr. LENROOT. There is an amendment to that effect.

The PRESIDING OFFICER. The bill will be passed over.

## BILL PASSED OVER.

The bill (H. R. 7158) to amend the Army appropriation act, approved July 11, 1919, so as to release appropriations for the completion of the acquisition of real estate in certain cases and making additional appropriations therefor, was announced as next in order.

Mr. KING. Unless there is some exigency, inasmuch as this seems to be a measure of considerable importance, I shall object to its consideration at this time.

The PRESIDING OFFICER. Is there objection?

Mr. KING. I object.

The PRESIDING OFFICER. The bill will be passed over.

## RETIREMENT OF OFFICERS FOR PHYSICAL DISABILITY.

The bill (S. 1565) making eligible for retirement under the same conditions as now provided for officers of the Regular Army all officers of the United States Army during the World War who have incurred physical disability in line of duty was announced as next in order.

Mr. HARRISON. Mr. President, I do not see the Senator from New Mexico [Mr. BURSUM], the author of this bill, in the Chamber. This is a very important proposition.

Mr. JONES of New Mexico. I hope the Senator from Mississippi will not object to the consideration of the bill.

Mr. HARRISON. I am not going to object, because I think it is a very meritorious measure, and it ought to pass.

Mr. JONES of New Mexico. It is true that my colleague [Mr. BURSUM] is not in the Chamber and is necessarily absent from the city, but this bill was under consideration by the committee for a considerable length of time. There were rather extensive hearings upon the merits of the bill, the committee has made a report in favor of it, and I certainly hope no Senator will object and that the bill may pass.

The PRESIDING OFFICER. Is there objection?

Mr. KING. Mr. President, I regret very much that I feel constrained to object to the consideration of this bill.

The PRESIDING OFFICER. The bill will be passed over. The Secretary will state the next bill on the calendar.

Mr. HARRISON. Mr. President, is there not some member of the Military Affairs Committee here who can explain this bill? It strikes me as a very meritorious measure, and I have had letters from all over the country about it. As I understand the bill, under its provisions those officers who incurred disabilities in the Great War and who were not members of the Regular Army will be placed upon the same plane as those officers who were in the Regular Army. Is that right?

Mr. NEW. Yes; Mr. President, if I may be permitted to answer that question in the absence of the chairman of the committee, that is substantially correct. I do not think, however, that this bill ought to be considered in the absence of the chairman of the Committee on Military Affairs. There is much to be said concerning it, and I know that the chairman has views regarding it which he desires to express.

Mr. HARRISON. Is the chairman of the committee opposed to the bill?

Mr. NEW. I think he is.

The PRESIDING OFFICER. Is there objection? If not, the question is on the passage of the bill.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. LENROOT. I agree that there should be very full discussion of this bill. It ought not to be considered under this order. I think very likely the Senator from Mississippi himself, upon a full discussion, will not favor the bill, for I can not see myself, with due allowance for all possible differences of opinion, how anyone can favor this bill. I will simply call attention at this

point to the fact that it proposes to give compensation to officers for disability four or five times as great as we give to privates for like disability. It proposes to give to a colonel a very much greater compensation than to a second lieutenant for exactly the same disability. It seems to me the bill makes the grossest discrimination not only as between officers and privates but as between different grades of officers. The Secretary of War has reported against it, and I am confident that upon full discussion the Senate will not agree to the bill.

What we ought to do, I am frank to say, so far as total disability is concerned, is to increase the compensation for officers and privates alike, and certainly we ought not to have any such very great difference as the bill provides between the compensation of different grades of officers and between the compensation of officers and privates.

The American Legion, it is true, has indorsed this bill, but I am confident that if this bill should be enacted it would destroy the American Legion.

Mr. HARRISON. May I say to the Senator that I have not given the bill as much consideration as probably I should have. It appeared to me, on the face of it, to be a very good measure. Of course, I see that the bill is amended, that the committee has stricken out everything in the original bill and inserted a substitute; but I thought, perhaps, there was no objection to the proposition, and if there was not, I had hoped it would pass to-day.

Mr. LENROOT. I should like to ask the Senator from Mississippi a question. Here are a colonel and a private. Each has the same disability; we will say it is 30 per cent. Is the Senator willing that a colonel shall receive \$3,000 a year and a private \$360 a year for the same disability?

Mr. HARRISON. My understanding about the bill was that it placed those officers who were not members of the Regular Army upon the same footing as officers in the Regular Army; and I think that an officer who happened to be a National Guard officer and who was disabled in the war should be treated, so far as the Government is concerned, the same as an officer in the Regular Army.

Mr. LENROOT. Then the Senator does think that a colonel with a 30 per cent disability should receive \$3,000 a year compensation when a private receives only \$360?

Mr. HARRISON. I think that if a Regular Army colonel receives a certain amount, a National Guard colonel should receive the same amount.

Mr. LENROOT. Then, the Senator does think that a colonel with a 30 per cent disability should get \$3,000 a year, and a private \$360 a year?

Mr. HARRISON. I have not said that.

Mr. LENROOT. That is the only conclusion one can draw from what the Senator has said.

Mr. HARRISON. I have stated to the Senator exactly what my idea about the bill was. It is apparent upon the face of the matter that National Guard officers should be treated in the same way, so far as disabilities are concerned, as Regular Army officers are treated under the present law. I believe that, and I think that the law should be amended so as to cure any defects in that situation.

Mr. LENROOT. So, the Senator is willing, then, that we shall enact compensation paying, in the case I have mentioned, a colonel \$3,000 a year for the same disability for which we allow a private only \$360?

Mr. HARRISON. I am not a member of the Military Affairs Committee and the Senator is. May I ask whether the present law is that a lieutenant gets as much or does not get as much as a colonel in the Regular Army if he is disabled?

Mr. LENROOT. He does not.

Mr. HARRISON. They get the same?

Mr. LENROOT. No; they do not.

Mr. HARRISON. Did not the Senator's committee report out the present law as to disabilities? The Military Affairs Committee considered and reported the present law, did they not, as to disabilities?

Mr. LENROOT. No; that law was on the statute books long before I was born.

Mr. HARRISON. When was it passed?

Mr. NEW. Mr. President, if I may be permitted, that is an old law. This committee had nothing to do with that.

Mr. HARRISON. That has been on the statute books a good while?

Mr. NEW. Yes; as applied to officers of the Regular Army.

Mr. HARRISON. Under the present law, then, a lieutenant who is disabled gets the same pay as a colonel who is disabled? Is that right?

Mr. NEW. No; not at all.

Mr. HARRISON. That is not so?

Mr. NEW. No.

Mr. HARRISON. Let me understand what the Senator is driving at. The Senator argues one proposition at me here, and I do not catch it. What is the law, then?

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from South Dakota?

Mr. LENROOT. I yield.

Mr. STERLING. The simple question in my mind was not as to the amount that a Regular Army officer is getting now, but as to whether the bill gives to men who are not in the Regular Army the same privileges that it gives to those in the Regular Army.

Mr. LENROOT. Originally it did; yes.

Mr. NEW. It is intended to.

Mr. STERLING. It is intended to?

Mr. NEW. Yes.

Mr. STERLING. Does it not do it?

Mr. NEW. I do not think it does.

Mr. LENROOT. The amendment does not give them quite the same privileges. The original bill did.

Mr. HARRISON. The Senate committee, then, changed the bill in that respect?

Mr. NEW. Mr. President, will the Senator yield to me?

Mr. LENROOT. I yield to the Senator from Indiana.

Mr. STERLING. Mr. President, I am in thorough sympathy—

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. HARRISON. Now I yield to the Senator from Indiana for a question.

Mr. NEW. Not for a question, but for a very brief statement.

Mr. HARRISON. For an explanation.

Mr. NEW. Mr. President, I think the colloquy that has taken place here gives conclusive evidence of the very great difficulties presented in the consideration of this bill. It has given the Committee on Military Affairs, I think, more concern, and we have taken more time in the consideration of this subject than any other single one that I know of that has been before the committee since the close of the war, at least; and I think it is very apparent that we can not make any progress with it now. I am very much in favor myself, and have always been, of putting the volunteer officers who came in through the National Guard and the training camps on an equality with the officers who were in the Regular Army.

Mr. HARRISON. That is exactly my position.

Mr. NEW. But I do not think this bill, as amended, does it.

Mr. LENROOT. It does not.

Mr. NEW. It does not, and I am far from satisfied with it myself. I think it is very apparent that we can not make any progress with it to-day.

Mr. HARRISON. Do the Senator from Wisconsin and the Senator from Indiana agree on that proposition?

Mr. LENROOT. Oh, it does not; no. The amendment does not put them on the same basis.

Mr. NEW. The bill, as amended, does not.

Mr. HARRISON. But the original bill did?

Mr. LENROOT. If the Senator from Mississippi will read the report of the committee, he will find that the bill is reported purely as a compensation measure. My objection to it is that it discriminates against the privates; it discriminates against the lower grades of officers in the matter of the amount of compensation.

Mr. HARRISON. We could vote down the Senate committee amendment, and vote for the passage of the original bill.

Mr. LENROOT. Very well; then we will assume that the original bill—

Mr. HARRISON. I understood the Senator from Wisconsin to favor the original bill.

Mr. LENROOT. No; I did not; oh, no. The Senator asked if the Senator from Indiana and I agreed as to what the amendment did, and I said we did; but before the Senator from Mississippi concludes that he is in favor of the original bill I want to call his attention—

Mr. HARRISON. I am trying to get information; that is all.

Mr. LENROOT. I am trying to give it to the Senator. I want to call his attention to what the original bill would do. Disability in the Regular Army is based wholly upon the officer's ability to carry on his duties as an officer and engage in the military service. An officer in the Regular Army may have a stiff knee, and he is retired at three-fourths pay. If the



original bill should go through, assume that an emergency officer has a stiff knee that does not interfere, perhaps, with his pursuing his usual vocation. We will say he is retired. For that slight defect he would receive \$3,000 a year, where a private with both legs cut off would receive very much less than this officer would receive.

Mr. HARRISON. Of course, I am opposed to any such proposition as that.

Mr. LENROOT. Of course the Senator is. That is why I am objecting to this bill.

Mr. HARRISON. I merely wanted to get information about it.

Mr. SUTHERLAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from West Virginia?

Mr. HARRISON. I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. SUTHERLAND. I desire to ask the Senator from Wisconsin whether this proposed law discriminates any more as between officers and privates, or between officers of different grades, than does the existing law?

Mr. LENROOT. No; but the Senator must know the distinction, although if he will yield to me I shall be very glad to state it to him.

Mr. SUTHERLAND. I think I know the distinction, but I thought the Senator—

Mr. FLETCHER. I call for the regular order.

Mr. LENROOT. I know the distinction.

The PRESIDING OFFICER. The Senator from West Virginia has the floor. He has a right to debate five minutes.

Mr. LENROOT. I shall be glad to state it.

Mr. FLETCHER. I understood that objection was made to the bill.

The PRESIDING OFFICER. No; not yet.

Mr. FLETCHER. Did not the Senator object to taking up the bill?

The PRESIDING OFFICER. Objection was withheld. Is there objection?

Mr. LENROOT. I object.

The PRESIDING OFFICER. The bill will be passed over.

#### CEMETERY OF WHITE'S TABERNACLE NO. 39.

The bill (S. 2108) prohibiting the interment of the body of any person in the cemetery known as the Cemetery of White's Tabernacle No. 39 of the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, in the District of Columbia, was considered as in Committee of the Whole, and was read as follows:

*Be it enacted, etc.* That from and after the date of the passage of this act it shall be unlawful to inter the body of any person in the cemetery known as the cemetery of White's Tabernacle No. 39 of the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, in the District of Columbia and situate in the District of Columbia, to wit: Part of a tract called "Chappell's Vacancy," contained within the following metes and bounds, namely: Beginning for the same at the southeast corner of the land conveyed to Frederick Bangert by deed recorded in Liber Numbered Seven hundred and eighty-five, folio four hundred and seventy-four, of the land records of the District of Columbia, and running thence north fifteen and three-fourths degrees east, twenty and forty-four hundredths perches; thence south eighty-nine degrees east, three and nine-tenths perches; thence south fifteen and three-fourths degrees west, twenty and forty-four hundredths perches; thence north eighty-nine degrees west, three and nine-tenths perches to the point of beginning; and any person or persons violating the provisions of this act, or aiding or abetting its violation, shall be subject to a fine of not less than \$100, nor more than \$500 for each offense, to be collected as other fines are collected in the District of Columbia.

Sec. 2. That the board of officers of White's Tabernacle No. 39 of the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, in the District of Columbia, be, and they are hereby, authorized and empowered, under such regulations as the Commissioners of the District of Columbia may prescribe, to disinter and remove all the bodies now buried in said cemetery lot, and to transfer and reinter the same in some other suitable cemetery or cemeteries selected by the said board of officers of White's Tabernacle No. 39 of the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, and at the cost and expense of said order: *Provided*, That each monument, tombstone, or marker marking any grave or graves in said described burial ground shall be transferred to mark the grave or graves in which such body or bodies are to be interred, and shall be there placed in position as soon as can be done without danger of settling.

Sec. 3. That in so far as the same shall be inconsistent with the provisions of this act as to the cemetery lot herein described, sections 675 and 680 of the Code of Laws of the District of Columbia shall be, and the same are hereby, declared inoperative, otherwise said sections 675 and 680 to remain unqualified and in full force and effect.

Mr. PITTMAN. Mr. President, that is a bill I inherited from the late Senator Newlands. It is a bill that has been approved by the Commissioners of the District of Columbia on several occasions. There is an abandoned cemetery in the District for colored people which has not been used since 1910. The association are very anxious to have permission to remove the bodies and reinter them in another cemetery which has been

approved by the cemetery association. That is all the bill amounts to.

Mr. HARRISON. What is the name of the organization, may I ask?

The PRESIDING OFFICER. The Secretary will report the name of the order.

The READING CLERK. It is the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, in the District of Columbia.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT OF WEIGHTS AND MEASURES ACT.

The bill (S. 2207) to amend the act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the superintendent of weights, measures, and markets of the District of Columbia; and for other purposes," approved March 3, 1921, was considered as in Committee of the Whole, and was read as follows:

*Be it enacted, etc.* That the act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the superintendent of weights, measures, and markets of the District of Columbia; and for other purposes," approved March 3, 1921, be, and the same is hereby, amended by striking out section 13 and inserting the following in lieu thereof:

"Sec. 13. That the standard loaf of bread manufactured for sale, sold, offered, or exposed for sale in the District of Columbia shall weigh 1 pound avoirdupois, but bread may also be manufactured for sale, sold, offered, or exposed for sale in loaves of one-half pound, 1½ pounds, or multiples of 1 pound, but shall not be manufactured for sale, sold, offered, or exposed for sale in other than the aforesaid weights. Every loaf of bread manufactured for sale, sold, offered, or exposed for sale in the District of Columbia shall have affixed thereon, in a conspicuous place, a label at least 1 inch square, or, if round, at least 1 inch in diameter, upon which label there shall be printed in plain, bold-face Gothic type, not smaller than 12 point, the weight of the loaf in pound, pounds, or fraction of a pound, as the case may be, whether the loaf be a standard loaf or not, the letters and figures of which shall be printed in black ink upon white paper. The business name and address of the maker, baker, or manufacturer of the loaf shall also be plainly printed on each such label. Every seller of bread in the District of Columbia shall keep a suitable scale which shall have been inspected and approved in accordance with the provisions of this act in a conspicuous place in his bakery, bakeshop, or store, or other place where he is engaged in the sale of bread, and shall, whenever requested by the buyer, and in the presence of the buyer, weigh the loaf or loaves of bread sold or offered for sale. Nothing herein shall apply to crackers, pretzels, buns, rolls, scones, or to loaves of fancy bread weighing less than one-fourth of 1 pound avoirdupois, or to what is commonly known as stale bread, provided the seller shall, at the time the sale is made, expressly state to the buyer that the bread so sold is stale bread: *Provided*, That any loaf of bread weighing within 10 per cent in excess or within 4 per cent less than standard weight shall be deemed of legal weight."

Mr. KING. May I inquire of the Senator from Delaware whether there is any guaranty that the weight shall be perpetuated, that the bread will not shrink, or that evaporation will not reduce it?

Mr. BALL. The weight is to be tagged on every loaf, whether it be a half-pound, a pound, or a pound-and-a-half loaf. The only change from the present law, as passed at the last session, is that this will permit the sale of a pound-and-a-half loaf.

Mr. KING. I was interested to know how you would prevent evaporation of the water from the roll and prevent it from shrinking so that it would get below the pound weight.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### BILL PASSED OVER.

The bill (S. 1976) to amend the first paragraph of section 2 of an act entitled "An act to regulate the salaries of teachers, school officers, and other employees of the Board of Education of the District of Columbia," approved June 20, 1906, was announced as next in order.

Mr. JONES of Washington. I ask that that may go over.

The PRESIDING OFFICER. The bill will be passed over.

#### NATIONAL GUARDSMEN IN WORLD WAR.

The bill (S. 1790) to place national guardsmen who entered the World War otherwise than through the draft on equal basis as to longevity and continuous-service pay with national guardsmen who were drafted was announced as next in order.

Mr. KING. Let that go over.

Mr. SHEPPARD. Mr. President, will the Senator withhold his objection for a moment?

Mr. KING. Mr. President, I think these matters relating to the Army compensation, pensions, and so forth, ought to be considered more with reference to each other and at a time when we can fully discuss them. I hope the Senator will not press for the consideration of this bill.

Mr. SHEPPARD. Will the Senator allow me to make an explanation?

Mr. KING. I will withdraw the objection for that purpose.

Mr. SHEPPARD. Mr. President, some time in 1918 the Comptroller of the Treasury decided that officers and enlisted men of the National Guard who were drafted into the service pursuant to the act of June 3, 1916, were entitled to count for longevity and continuous service pay their previous National Guard service, but that officers and enlisted men having previous National Guard service who came into the service otherwise than through the draft were not entitled to those allowances. In order to obviate the effect of that decision, in July, 1918, Congress passed an act putting all these men on the same basis. The Comptroller of the Treasury then held that that act was prospective and could not by its terms be considered as having a retroactive operation. The present bill applies only to those who came in otherwise than through the draft before July, 1918. Its purpose is to make effective the intention which Congress meant to express in the act of July, 1918. There are not many of these men, and the pending bill places them on a parity with their fellow guardsmen.

Mr. KING. What obligation does it entail upon the Government?

Mr. SHEPPARD. Not over a comparatively small amount, as I understand it. The Secretary of War under the last administration said it did not involve any considerable amount and that the number affected was small. The present Secretary of War, Mr. Weeks, also approves the bill.

Mr. KING. It would compel the Government, then, to make a payment to a number who are not in the service now?

Mr. SHEPPARD. Some of them probably are still in the service.

Mr. KING. But how does it affect those who are not in the service, pecuniarily or otherwise? How are those who have been separated from the military service of the Government affected by this legislation?

Mr. SHEPPARD. They are all put on the same basis whether still in the service or not; it puts them in the same category.

Mr. KING. I am interested to know how it would affect the Government in a pecuniary way. Would it require the Government to make them compensation which was denied them in the past to which, under the Senator's view, they were entitled?

Mr. SHEPPARD. I am unable to give the Senator the exact figures, but I shall endeavor to secure them.

Mr. KING. I do not know that I shall object to the consideration of the bill later, but I will be glad to have further information in regard to it.

The PRESIDING OFFICER. Objection is made, and the bill will be passed over.

#### DISTRICT SUPERINTENDENTS OF COAST GUARD.

The bill (S. 1075) giving permanent rank to district superintendents of the Coast Guard on the retired list was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

#### PAYMENT OF CLAIMS FOR MATERIAL AND LABOR FURNISHED FOR DISTRICT OF COLUMBIA BUILDINGS.

The bill (S. 5) to amend an act approved February 28, 1899, entitled "An act relative to the payment of claims for material and labor furnished for District of Columbia buildings," was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the act entitled "An act relative to the payment of claims for material and labor furnished for District of Columbia buildings," approved February 28, 1899, is hereby amended so as to read as follows:

"That hereafter any person or persons entering into a formal contract with the District of Columbia for the construction of any public building, or the prosecution and completion of any public work, or for repairs upon any public building or public work, shall be required, before commencing such work, to execute the usual penal bond, with good and sufficient sureties, with the additional obligation that such contractor or contractors shall promptly make payment to all persons supplying him or them with labor and material in the prosecution of the work provided for in such contract; and any person, company, or corporation who has furnished labor or materials used in the construction or repair of any public buildings or public work, and payment for which has not been made, shall have the right to intervene and be made a party to any action instituted by the United States or by the District of Columbia on the bond of the contractor and to have their rights and claims adjudicated in such action and judgment rendered thereon, subject, however, to the priority of the claim and judgment of the United States or the District of Columbia. If the full amount of the liability of the surety on said bond is insufficient to pay the full amount of said claims and demands, then, after paying the full amount due the United States or the District of Columbia, the remainder shall be distributed pro rata among said interveners. If no suit should be brought by the United States or the District of Columbia within six months from the completion and final settlement of said contract, then the person or persons supplying the contractor with labor and material shall, upon application therefor, and furnishing affidavit to the department under the direction of which said work has been prosecuted that labor or materials for the prosecution of such work has been supplied by him or them, and payment for which has not been made, be fur-

nished with a certified copy of said contract and bond, upon which he or they shall have a right of action, and shall be, and are hereby, authorized to bring suit in the name of the United States or the District of Columbia, for his or their use and benefit, against said contractor and his sureties, and to prosecute the same to final judgment and execution: *Provided*, That where suit is instituted by any of such creditors on the bond of the contractor it shall not be commenced until after the complete performance of said contract and final settlement thereof, and shall be commenced within one year after the performance and final settlement of said contract, and not later: *And provided further*, That where suit is so instituted by a creditor or creditors, only one action shall be brought, and any creditor may file his claim in such action and be made a party thereto within one year from the completion of the work under said contract, and not later. If the recovery on the bond should be inadequate to pay the amounts found due to all of said creditors, judgment shall be given to each creditor pro rata of the amount of the recovery. The surety on said bond may pay into court, for distribution among said claimants and creditors, the full amount of the sureties' liability, to wit, the penalty named in the bond, less any amount which said surety may have had to pay to the United States or the District of Columbia by reason of the execution of said bond, and upon so doing the surety will be relieved from further liability: *Provided further*, That in all suits instituted under the provisions of this act such personal notice of the pendency of such suits, informing them of their right to intervene as the court may order, shall be given to all known creditors, and in addition thereto notice of publication in some newspaper of general circulation published in the District of Columbia, for at least three successive weeks, the last publication to be at least three months before the time limited therefor."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### MARINE INSURANCE IN THE DISTRICT OF COLUMBIA.

The bill (S. 2265) to regulate marine insurance in the District of Columbia, and for other purposes, was considered as in Committee of the Whole and was read.

Mr. LENROOT. I ask that the bill go over. I do not know anything about it.

Mr. JONES of Washington. I wish to say with reference to the bill that I know it is rather long, but it is one of considerable importance. I hope we may have an opportunity to pass it before the recess, if possible, and some day when we are not crowded with other business I hope I may have an opportunity to bring it up and have it considered and passed.

The PRESIDING OFFICER. The bill will be passed over.

#### DISTRIBUTION OF ABANDONED OR FORFEITED TOBACCO, ETC.

The bill (S. 1718) authorizing the distribution of abandoned or forfeited tobacco, snuff, cigars, or cigarettes to hospitals maintained by the United States for the use of present or former members of the military or naval forces of the United States was announced as next in order.

Mr. KING. Mr. President, I should like to inquire of the Senator from New York [Mr. CALDER] why there should be a destruction of the property, because it will not bring the full amount of the tax or why there should be, on the other hand, a gift of it if it fails to bring enough to pay the amount of the tax?

Mr. CALDER. Under section 3369 of the Revised Statutes it is provided:

That in case it shall appear that any abandoned, condemned, or forfeited tobacco, snuff, cigars, or cigarettes, when offered for sale, will not bring a price equal to the tax due and payable thereon such goods shall not be sold for consumption in the United States; and upon application made to the Commissioner of Internal Revenue he is authorized to order the destruction of such tobacco, snuff, cigars, or cigarettes by the officer in whose custody and control the same may be at the time, and in such manner and under such regulations as the Commissioner of Internal Revenue may prescribe, or he may under such regulations order delivery of such tobacco, snuff, cigars, or cigarettes, without payment of any tax, to any hospital maintained by the United States for the use of present or former members of the military or naval forces of the United States.

That is the present law. It is required by that law that they shall be so destroyed. The bill simply provides that the Commissioner of Internal Revenue may, under such regulations, order the delivery of such tobacco, snuff, or cigars or cigarettes, without payment of any tax, to any hospital maintained by the United States for the use of present or former members of the military or naval forces of the United States.

Mr. KING. I agree with the Senator's proposed amendment, and I was familiar with the fact that that was the existing law, but I was wondering as to the wisdom of it. When we were amending, why was there not some discretion given that if a sum approximating the tax, or 50 per cent of the tax, could be obtained it should be sold?

Mr. CALDER. I do not know the reasons which actuated the framers of the provision originally, but I found the law as it is to-day and felt that rather than have the tobacco and cigarettes destroyed it would be better that the soldiers have them. This was brought to my attention, I will say to the Senator, by the chairman of the welfare committee of the American Legion in my State. I submitted it to the Committee on Finance and, if the Senator has noticed the report, they have observed, as the



Secretary of the Treasury observed, that there is no objection to the bill.

Mr. KING. I think the amendment of the Senator is meritorious. The point that suggested itself to me was this: The property might not pay the amount of the tax. The tax might be very heavy. The tax might be upon property a portion of which was destroyed, so that it could not be of any value, and yet the residue might be of considerable value but not of sufficient value to pay the entire tax. To order destruction seems to me most absurd. I wondered why they have permitted the statute to remain.

Mr. CALDER. It is the law to-day, however, I will say to the Senator.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert:

*Be it enacted, etc.,* That the last proviso of section 3369 of the Revised Statutes is amended to read as follows:

*"And provided further,* That in case it shall appear that any abandoned, condemned, or forfeited tobacco, snuff, cigars, or cigarettes, when offered for sale, will not bring a price equal to the tax due and payable thereon, such goods shall not be sold for consumption in the United States; and upon application made to the Commissioner of Internal Revenue, he is authorized to order the destruction of such tobacco, snuff, cigars, or cigarettes by the officer in whose custody and control the same may be at the time, and in such manner and under such regulations as the Commissioner of Internal Revenue may prescribe, or he may, under such regulations, order delivery of such tobacco, snuff, cigars, or cigarettes, without payment of any tax, to any hospital maintained by the United States for the use of present or former members of the military or naval forces of the United States."

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### FEDERAL RESERVE SYSTEM AND COMPTROLLER OF THE CURRENCY.

The resolution (S. Res. 115) directing an investigation of the administration of the Federal reserve system and the office of the Comptroller of the Currency was announced as next in order.

Mr. LENROOT. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

#### JURISDICTION OVER CERTAIN LANDS IN TEXAS.

The bill (S. 2133) ceding jurisdiction to the State of Texas over certain lands or bancos acquired by the United States of America from the United States of Mexico was considered as in Committee of the Whole.

The bill had been reported from the Committee on Foreign Relations with amendments, in line 9, page 1, to strike out the word "constitute" and insert the word "be," and in line 6, page 2, to strike out the word "hereinafter" and insert the words "be and," so as to make the bill read:

*Be it enacted, etc.,* That all the lands or bancos acquired by the Government of the United States of America by virtue of its treaty with the United States of Mexico of March 20, 1905, and subsequent thereto, and which lie adjacent to the territory of the State of Texas as constituted by the compromise act of Congress of September 9, 1850, and accepted by the State of Texas on November 25, 1850, shall be and become a part of the State of Texas, and shall be under the civil and criminal jurisdiction of said State of Texas, and of the respective subdivisions of said State of Texas, wherein said land lies; and that all lands or bancos hereinafter acquired by the United States of America from the United States of Mexico, by virtue of said treaty, which shall lie adjoining to the State of Texas, shall be and become part of said State of Texas and be subject to its civil and criminal jurisdiction without any further enactment from the Congress of the United States.

Mr. LODGE. There is another amendment that should be made. In line 3, page 2, the word "hereinafter" should be stricken out and the word "hereafter" inserted. I so move.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT OF FEDERAL RESERVE ACT.

The bill (S. 2263) to amend the Federal reserve act, approved December 23, 1913, was announced as next in order.

Mr. BORAH. Mr. President, there is apparently no one here representing the Committee on Banking and Currency. This seems to be a very important bill. I have not any objection to it myself, but it seems to me very extraordinary to pass this kind of a bill without any knowledge at all on the part of the Senate.

Mr. KING. Does it increase the membership of the Federal Reserve Board?

Mr. BORAH. Yes; it increases the membership.

Mr. KING. If it increases the membership, I object.

The PRESIDING OFFICER. The bill will be passed over.

#### ASSOCIATION OF PRODUCERS OF AGRICULTURAL PRODUCTS.

The bill (H. R. 2373) to authorize association of producers of agricultural products was announced as next in order.

Mr. KING. This bill is of very great merit, but it will take considerable time, and some Senators who desire to be present when it is considered are not now here. For that reason I ask that it may go over for the present.

The PRESIDING OFFICER. The bill will be passed over.

#### RIGHT OF WAY AT SPRINGFIELD ARMORY, MASS.

The bill (S. 2306) to authorize the Secretary of War to release a certain right of way no longer needed for military purposes at Springfield Armory, Mass., was considered as in Committee of the Whole and was read as follows:

*Be it enacted, etc.,* That the Secretary of War be, and he is hereby, authorized to release and quitclaim the easement or interest acquired by the United States from Edward Ingersoll and wife, by deed dated May 14, 1859, for a right of way in connection with Springfield Armory, Springfield, Mass., upon the payment of a reasonable compensation to be fixed by the Secretary of War, and to execute any instrument or instruments necessary to quiet title in the purchaser thereof, the said right of way being no longer used or necessary for military purposes.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### PORT HUDSON STORMING PARTY MEDALS.

The bill (S. 65) to grant medals to survivors and heirs of volunteers of the Port Hudson forlorn-hope storming party was considered as in Committee of the Whole.

The bill had been reported from the Committee on Military Affairs with an amendment, in line 10, to strike out the period and the word "in" and insert a comma and the words "and that, in," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of War is hereby authorized to procure a suitable bronze medal commemorating the organization of the volunteer storming party against the works at Port Hudson, La., organized pursuant to General Order No. 49, by command of Maj. Gen. Banks, commanding the Department of the Gulf, June 15, 1863, and present one of said medals to each of the surviving volunteers of said storming party, and that, in case of the decease of the volunteer, said medal shall be given to his widow or oldest heir: *Provided,* That such medal shall bear an inscription in suitable language, to be designated by the Secretary of War, giving the name of the volunteer, his company and regiment, and stating in substance that the person to whom this medal was awarded volunteered for said storming party: *Provided further,* That for the purposes of this act the sum of \$2,000, or so much thereof as may be necessary, is hereby appropriated out of any money in the Treasury not otherwise appropriated.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### SUGAR EQUALIZATION BOARD.

The joint resolution (S. J. Res. 79) authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 5,000 tons of sugar imported from the Argentine Republic was announced as next in order.

Mr. LENROOT and Mr. WATSON of Georgia. Let the joint resolution go over.

The PRESIDING OFFICER. The joint resolution will be passed over.

#### AMENDMENT OF NATIONAL DEFENSE ACT.

The bill (S. 2333) to amend an act entitled "An act to amend an act entitled 'An act for making further and more effectual provision for the national defense, and for other purposes,' approved June 3, 1916, and to establish military justice," approved June 4, 1920, was announced as next in order.

Mr. KING. Reserving the right to object, may I ask the Senator from Indiana [Mr. New] whether this is a pressing measure? It seems to me it affects some part of the Army organization, and is of considerable importance.

Mr. FLETCHER. Pending the answer of the Senator from Indiana, I will say that this is intended to give the President power to remove any officer in the Army. At present he has no such authority and no such power. The President could not dismiss, for instance, Gen. Pershing or any other commander in the Army under the existing law. This is intended to give him that authority. He should have the power and authority to remove any officer in the Army.

Mr. KING. Without an appeal?

Mr. FLETCHER. Yes; I think so. The President is the commander in chief, and it is thought wise to place that authority in the hands of the commander in chief. It is hardly proper to hold him responsible for the success of the Army without that authority.

Mr. KING. Does it take all these pages of print, as contained in the bill, to effectuate that simple result or tragic result, as the case may be?

Mr. FLETCHER. It is to amend a special provision in the existing law, and apparently they have set out that provision and then added enough to effect what I have suggested. That was made necessary in order to make it clear. It might have been done by a separate act in a briefer way.

Mr. WARREN. Mr. President, this bill means simply this: Under the present law a man may be appointed to the head of any one of the staff positions and he holds the position for four years whether the President wishes him to hold it for that length of time or not. The bill proposes to put such officers on the same basis as others, so that the President may cut that time short if he sees fit as to any one of that line of officers. It would include The Adjutant General, the Quartermaster General, the head of the Ordnance Department, and all the other heads of Staff Corps and other departments.

Mr. BORAH. Mr. President, I called attention this morning to the fact that an examination has been provided on the 22d of August for a thousand more commissioned officers of the Army. I wish to ask members of the Committee on Military Affairs, who are now present, if they see any objection to including in this particular bill an amendment to the effect that no more commissions shall be issued by the Secretary of War until further advised by Congress.

Mr. NEW. Yes. As a member of that committee I think there is objection to such an amendment. The Army is almost entirely without second lieutenants.

Mr. BORAH. That is because men have been advanced so rapidly who ought not to have been advanced.

Mr. NEW. Whatever the cause, the deficiency in a necessary grade of officers exists and a failure to appoint second lieutenants would not rectify a mistake if a mistake were made in the other case.

Mr. BORAH. Mr. President, I am informed that there are at present a number of commissioned officers performing services which have heretofore been performed by clerks at from \$1,400 to \$1,500 a year, because it is necessary to find some form of activity for those officers, there being so many of them in the Army that there is no work for them to do.

Mr. NEW. I do not think that is the case; but if an officer is available and is drawing pay, in any event, I think the Government has saved \$1,500 if he is detailed to do the work of a clerk and the clerk is dismissed. I do not see that the Government has lost anything by that.

Mr. BORAH. I think that the Government has lost considerably by that kind of service being performed by officers at the salaries which such officers are paid.

Mr. NEW. I do not think that that condition exists to any considerable extent. There may be instances of it, of which I know nothing, but that that is generally true, I do not know or believe. I think the Senator from Idaho is misinformed as to that.

Mr. BORAH. I do not think I am misinformed, because I received my information from an Army officer himself. But, Mr. President—

Mr. McKELLAR. Mr. President—

Mr. BORAH. Just a moment. It is a notorious fact, as the Senator from Indiana knows, that we have now 14,000 commissioned officers in the Army, and only 150,000 men. What possible excuse can there be for adding another thousand officers to the 14,000 which we already have?

Mr. NEW. The excuse is found in the fact that there are substantially no officers of the grades which are proposed to be provided for by this bill.

Mr. BORAH. But there are officers who can perform the services and the duties of the second lieutenants?

Mr. NEW. No.

Mr. BORAH. I think the Senator from Indiana is in error about that.

Mr. NEW. No; the Senator from Indiana thinks that the mistake is on the part of the Senator from Idaho.

Mr. McKELLAR. Will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. McKELLAR. I wish to call the Senator's attention to the fact that it is true, as the Senator from Indiana [Mr. NEW] has said, that we have no second lieutenants; but the War Department itself has abolished all distinctions between captains and first and second lieutenants in so far as promotion is con-

cerned. I think that is absolutely wrong; I think they have made a very egregious blunder in doing that; but the War Department by their strained construction of the so-called single list having abolished all difference between captain and first and second lieutenants, there is no reason in the world why it may not adopt the suggestion which has been made by the Senator from Idaho [Mr. BORAH], and assign certain of these officers to the performance of the duties of captains and certain of them to the performance of the duties of first lieutenants and certain others of them to the performance of the duties of second lieutenants. I think the Senator from Idaho is entirely correct that, with the distinction, so far as promotion is concerned—and that is the only real distinction that there is in time of peace—abolished as between captains and first and second lieutenants, we ought not add any more officers to the Army until we get rid of those two grades.

Mr. NEW. Mr. President, that opens up another subject in which the Senator from Tennessee has manifested a very lively and a very proper interest, but which has no bearing whatever on the question now at issue. The fact is that there are substantially no second lieutenants to perform the duties of that grade in the Army now. They are very much needed; in fact, they are essential.

Mr. LENROOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Wisconsin?

Mr. BORAH. I do.

Mr. LENROOT. I wish to ask the Senator from Indiana if the duties to which he refers are not now being performed by first lieutenants and captains?

Mr. NEW. They are.

Mr. BORAH. I ask that the bill may go over until to-morrow. If it again comes up, I will offer an amendment to it and see whether or not the Senate thinks it necessary to add a thousand more commissioned officers to the 14,000 which we now have, with an Army of only 150,000 men.

The PRESIDING OFFICER. Being objected to, the bill goes over.

MAJ. FRANCIS M. MADDOX.

The bill (H. R. 6407) for the relief of Maj. Francis M. Maddox, United States Army, was announced as next in order.

Mr. LENROOT. Let that bill go over, Mr. President.

Mr. HEFLIN. I believe we have an agreement that that bill is to be taken up for consideration to-morrow immediately after the disposition of the Ball rent bill.

The PRESIDING OFFICER. Being objected to, the bill will go over.

NATIONAL GRAIN DEALERS' ASSOCIATION.

The resolution (S. Res. 110) to investigate activities of the National Grain Dealers' Association and other organizations engaged in combating legislation for the relief of agriculture was announced as next in order.

Mr. KING. Mr. President, reserving the right to object, I desire to inquire of the Senator from Wisconsin [Mr. LENROOT] whether or not the joint committee, of which he is a member and which is now making certain extensive investigations, would have authority to cover the same field contemplated by the resolution which has just been stated from the desk?

Mr. LENROOT. I will say to the Senator from Utah that I have not examined the resolution. The agricultural commission to which the Senator refers has a broad field of inquiry; but I really should be unable to answer his question until I had examined the resolution.

Mr. KING. Mr. President, obviously no investigation could be conducted between now and the proposed recess. So, in view of the fact that we have so many committees functioning and conducting investigations, I suggest that this resolution be passed over, at least temporarily.

The PRESIDING OFFICER. The resolution will go over.

MEMORIAL BUILDING AT ABILENE, TEX.

The Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 6514) granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex. The bill was read, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and empowered to grant an easement to the executive committee of Parramore Post, No. 57, American Legion, and its successors in office, for the use, without expense to the United States, of the strip of land off the Federal building site fronting 150 feet on the south side of North Fourth Street and extending southwardly, of that width, along the east side of Pine Street 100 feet, in block 20, Abilene, Tex., for the purpose of erecting thereon a memorial building to the soldiers and sailors of Taylor County who served in the Great War, said easement to continue as long as such building shall be devoted to the original purpose: *Provided, however,* That said easement shall cease and determine, and the custody and control of said parcel



of land shall revert to the United States if said memorial building is not erected thereon within five years from the date of this act: *And provided further*, That the design and construction of the said memorial building shall be approved by the Secretary of the Treasury.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### GEORGE WASHINGTON MEMORIAL BUILDING.

The Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 67) stating the true meaning and intent of the provisions relating to the erection and use of the George Washington Memorial Building in the act entitled "An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings; and for other purposes," approved March 4, 1913, as amended, which was read as follows:

*Resolved, etc.*, That the true meaning and intent of the provisions in the act entitled "An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings; and for other purposes," approved March 4, 1913, as amended, giving authority for the erection of the George Washington Memorial Building, is that the auditorium therein contemplated shall be available for the use of such conventions as are civic, scientific, educational, patriotic, national, or international in character, and the provisions of such acts shall be so construed by the Regents of the Smithsonian Institution.

Sec. 2. That the erection of the George Washington Memorial Building may be begun as soon as the temporary war buildings have been removed from the site and \$500,000 has been paid into the treasury of the George Washington Memorial Association.

Mr. WARREN. Mr. President, the bill does not change the present situation at all regarding the proposed memorial building, except that it liberalizes the conditions under which the building shall be erected, so that it may be opened to various classes of occupancy and be made of more substantial use to the public generally.

Mr. JONES of Washington. Mr. President, I do not see that the bill will accomplish anything; I do not believe that Congress can construe a law which it has already passed or add anything to the force of the law. If it is the purpose and intent of the bill to permit the use of the proposed building for purposes for which the law does not now permit it to be used, it seems to me we would have to provide by legislation to have that done; but we can not do it by simply construing the other law or authorizing somebody to construe the law in that way.

Mr. KING. I will suggest to the Senator, if he will permit me, that we frequently enact statutes alleged to be declaratory of the common law, but which really expand and modify and oftentimes greatly enlarge, at least, the construction placed upon the common law by the courts.

Mr. JONES of Washington. But this is a bill that purports to construe a law which we have already passed, or authorizes the Regents of the Smithsonian Institution to construe that law in a certain way. How that can add to the former law I can not see.

I do not like to object to the bill; yet it seems to me that we are doing a vain thing when we pass it. It would be a very simple thing to say that the proposed building may be used for the purposes desired, and that is what we ought to say.

Mr. WARREN. Mr. President, I presume the Senator knows the facts concerning the proposed building. It is to be erected not by the Government of the United States but a very patriotic woman has already raised something over \$500,000, and is raising the remainder necessary to construct a great memorial to the survivors of the World War. Of course, she not only wants the building to be a great memorial but she desires it also to contribute to the convenience of the city in connection with conventions held here, and so forth.

There has been some anxiety on the part of those who would like to subscribe to the fund for the building whether it is to be open in a general public way, just as is the Smithsonian Institution and other similar buildings. Therefore the bill was suggested by the benefactor. I see no harm in it, and I hope that it will not be objected to and that it will pass.

Mr. JONES of Washington. Of course, I am in hearty accord with the purpose to which the Senator refers, and I understand the bill is designed for the protection of those who want some additional authority provided before they put up their money; but it seems to me Congress ought to give express authority for the use of the building instead of saying that the regents may construe the previous act.

Mr. WARREN. I will remind the Senator that it is not to be a Government building.

Mr. JONES of Washington. I understand that; but apparently it is thought that there should be some additional au-

thority to use the proposed building for certain purposes. Congress has been called upon to act with reference to the matter heretofore; we have passed a law which apparently some of those who want to put up their money do not think is sufficient, and instead of having Congress grant the express authority to use the building for the purposes desired, Congress is construing the law or authorizing the regents to construe the law so as to do so. Suppose a question shall be raised in the courts; the courts would not take the construction of the law placed upon it by the regents unless that construction were warranted by the language of the law itself.

Mr. WARREN. Mr. President, will the Senator yield?

Mr. JONES of Washington. Certainly.

Mr. WARREN. The bill was prepared, I think, by Mr. McFarland after consulting with the legal department and was presented in the form in which it now is. The lady who is raising the money for the construction of the building is now abroad. The bill was prepared before she left and has been presented in the way I have indicated, Mr. McFarland having taken, in his judgment, proper advice concerning it.

As I have already said, the building is to be erected from funds contributed entirely by private individuals. The Government had agreed heretofore to grant land, but the land was afterwards used for a temporary war building. The authority to use the land at the time was extended; the temporary building is now being torn down, and it is desired to proceed with the laying of the corner stone of the proposed new building in a short time.

Mr. JONES of Washington. Mr. President, of course I understand that the bill was prepared outside, yet that is no reason why we should adopt language or enact legislation that really amounts to nothing, in my judgment. I may be entirely wrong; I am not going to object to the consideration of the bill; but I desire to call attention to the feature of it which I have mentioned. In my judgment, hereafter if any legal controversy arises as to the effect of this proposed legislation the courts will hold that it amounts to nothing.

The PRESIDING OFFICER. The Chair was going to suggest to the Senator from Washington that if all of the first page of the joint resolution—the first six lines and the first four and one-half lines on the second page—were stricken out, and it were simply provided that the auditorium contained in the George Washington Memorial Building shall be available for the use of such conventions, that would give distinct authority.

Mr. JONES of Washington. That certainly is the way it ought to be.

The PRESIDING OFFICER. The Chair agrees with the Senator from Washington.

Mr. McKELLAR. Why not amend it so as to make it what it ought to be?

Mr. JONES of Washington. I should like to offer the amendment that the Chair has suggested, if the Chair prefers that I do it.

The PRESIDING OFFICER. The Chair would suggest the striking out on page 1 of the bill of lines 3, 4, 5, and 6 and on page 2 of the bill of lines 1, 2, 3, and 4, and the insertion of the words:

That the auditorium of the George Washington Memorial Building, as provided for in the act approved March 4, 1913, shall be—

And then let the rest of the bill remain the same as it is now.

Mr. JONES of Washington. That, I think, would be beneficial.

Mr. WARREN. As I understand, that leaves undisturbed all of the bill after what line?

The PRESIDING OFFICER. It strikes out all of the first page of the bill except the enacting clause, the first four lines; and instead of saying that the act shall be construed so that its meaning shall be that this hall shall be used in a certain way, it provides that the hall shall be open to these conventions.

Mr. WARREN. Does it leave in any reference to the Smithsonian Institution, and so forth?

Mr. FLETCHER. It leaves section 2 as it is now.

The PRESIDING OFFICER. It leaves section 2 as it stands.

Mr. FLETCHER. I understand that the Senator from Washington offers that amendment.

The PRESIDING OFFICER. The Chair would suggest that the bill be passed over temporarily—the Chair does not want to object to it—and that the Senator from Washington prepare the proper amendment, and we will recur to it later, by unanimous consent, after we finish the calendar. If there is no objection, that course will be taken. The Secretary will state the next bill on the calendar.

Mr. WARREN subsequently said: Mr. President, I send to the desk an amendment to Senate joint resolution 67, which was under consideration a few moments ago, and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated. The ASSISTANT SECRETARY. It is proposed to amend the joint resolution so that it will read:

That the auditorium contemplated by the act entitled "An act to increase the limit of cost of certain public buildings," etc., approved March 4, 1913, as amended, giving authority for the erection of the George Washington Memorial Building, shall be available for the use of such conventions as are civic, scientific, educational, patriotic, national, or international in character.

Section 2 remains the same as in the printed joint resolution. The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. May I ask the Senator whether that will provide for the holding of a national political convention of any sort in it?

Mr. WARREN. I do not suppose the Senator wants to put that language in, but it would seem as if it would cover that.

Mr. McKELLAR. The word "national" probably would make that full enough.

The PRESIDING OFFICER. If there be no further amendment to be proposed the joint resolution will be reported to the Senate.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

#### BILLS PASSED OVER.

The bill (S. 2356) for the relief of Clarence L. Reames was announced as next in order.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 165) for the relief of Hans Weideman was announced as next in order.

Mr. KING. Mr. President, I desire to inquire whether the Government of the United States was put to the expense of apprehending the fleeing criminal. If so, that amount ought to be deducted from the forfeited bond. It would certainly be unjust, if the Government was put to expense to recapture the criminal who had fled, to return to the bondsman the entire amount.

If no Senator can give any information on that subject I shall ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

#### CITY OF WEST POINT, GA.

The bill (H. R. 2117) for the relief of the city of West Point, Ga., was considered as in Committee of the Whole, and was read, as follows:

*Be it enacted, etc.,* That the city of West Point, in the State of Georgia, be, and hereby is, relieved of any liability to and from paying any amount to the Government of the United States, or any department thereof, on account of the construction and maintenance of a pontoon bridge across the Chattahoochee River at West Point, Ga., constructed and maintained under public resolution No. 25, Sixty-sixth Congress, and from paying the Government for any damage to or loss of any part of the material used in said bridge: *Provided*, That the transportation of personnel, material of first and second bridge, and inspection by officers, all amounting to \$2,705.77, shall be paid by said city of West Point, and also transportation charges of bridge material now on hand from West Point, Ga., to the point where the Secretary of War may direct said material to be shipped, but not for a greater distance or expense than that from the point which said material was shipped to said West Point, Ga.

Mr. WATSON of Georgia. Mr. President, very briefly I will explain to the Senate that this bill seeks to relieve the city of West Point, situated on the Chattahoochee River, the boundary line between the States of Georgia and Alabama, of an expense account rendered against it by the War Department in the reconstruction of a bridge across the Chattahoochee River.

A couple of years ago we had a great flood that overflowed West Point, devastated a large area in the little city, and inflicted upon it damages of a million or so of dollars. In reconstructing the bridge some soldiers from a nearby cantonment rendered some manual service, and the War Department put in a claim for the service rendered by these soldiers from the cantonment; but the position taken by the Government now is that the expense of these soldiers was not increased at all. They, of course, received no extra pay from the Government. It was a question of their being at West Point engaged on the bridge or being at the cantonment, Camp Gordon, doing drill work or other necessary camp duty; and the city of West Point simply asks to be relieved of this charge against it. A bill to that effect having been introduced in the other House, has been favorably acted upon there, and the Senate committee here has acted upon it favorably, and it is now ready for passage.

Mr. KING. May I inquire of the Senator whether or not the bridge, after reconstruction, was available for use by the

Federal Government and whether it was used by the Federal Government?

Mr. WATSON of Georgia. It is available for the use of everybody.

Mr. KING. And was it used by the Government?

Mr. WATSON of Georgia. It is used by the Government, and by the traveling public generally.

Mr. KING. The Government is advantaged by its repair and reconstruction?

Mr. WATSON of Georgia. Necessarily so. The Government would have to have a bridge there across that navigable stream for the movement of its own troops and supplies.

The PRESIDING OFFICER (Mr. CAPPER in the chair). If there be no amendment to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### ROSEN REICHARDT BROKERAGE CO.

The bill (S. 157) for the relief of the Rosen Reichardt Brokerage Co., of St. Louis, Mo., was considered as in Committee of the Whole.

The bill had been reported from the Committee on Claims with an amendment, on line 7, after the words "sum of," to strike out "\$1,000" and insert "\$372.24," so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Rosen Reichardt Brokerage Co., of St. Louis, Mo., out of any money in the Treasury not otherwise appropriated, the sum of \$372.24, the same being a refund of duty paid on certain walnuts imported on December 15, 1915, and covered by New York warehouse bond No. 88451.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BILL PASSED OVER.

The bill (H. R. 4810) to authorize the incorporation of companies to promote trade in China, was announced as next in order.

Mr. OVERMAN. Let that go over.

The PRESIDING OFFICER (Mr. STERLING in the chair). The bill will be passed over.

#### AMENDMENT OF NATIONAL MOTOR VEHICLE THEFT ACT.

The bill (S. 2272) to amend the act approved October 29, 1919, known as the national motor vehicle theft act, was considered as in Committee of the Whole. It proposes to amend the act approved October 29, 1919, known as the national motor vehicle theft act, by adding at the end thereof the following:

That whoever shall transport or cause to be transported in interstate or foreign commerce a motor vehicle with intent to or in conspiracy to defraud the owner or any insurer carrying insurance thereon against loss by any hazard shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than five years, or both. That whoever shall receive, conceal, store, barter, sell, or dispose of any motor vehicle moving as or which is a part of or which constitutes interstate commerce with intent to or in conspiracy to defraud the owner or any insurer carrying insurance thereon against loss by any hazard shall be punished by a fine of not more than \$5,000 or by imprisonment of not more than five years, or both.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### GRAZING FEES FOR USE OF NATIONAL FORESTS.

The bill (S. 2330) to extend the time for payment of grazing fees for the use of national forests during the calendar year 1921 was considered as in Committee of the Whole and was read, as follows:

*Be it enacted, etc.,* That the time for making payments of grazing fees for the use of national forests as provided by existing law is extended from the 1st day of September, 1921, to the 1st day of December, 1921.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### STEAMSHIP "TEXAS."

The bill (S. 2153) authorizing the owners of the steamship *Texas* to bring suit against the United States of America was considered as in Committee of the Whole.

The bill had been reported from the Committee on Claims with amendments, on page 2, line 10, after the word "appeal," to insert:

*Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the



United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

And to strike out lines 18 to 24, both inclusive, on page 2, and lines 1 to 4, both inclusive, on page 3, so as to make the bill read:

*Be it enacted, etc.*, That the claim of the owners of the steamer *Texas* arising out of a collision between said steamer and the United States steamer *Frederick der Grosse*, off Tompkinsville, Staten Island, in the harbor of New York, on the 3d day of September, 1917, for and on account of the losses alleged to have been suffered in said collision by the owners of said steamer *Texas* by reason of damages to and detention of said steamer may be submitted to the United States District Court for the Southern District of New York, under and in compliance with the rules of said court sitting as a court of admiralty; and that said court shall have jurisdiction to hear and determine the whole controversy and to enter judgment or decree for the amount of the legal damages sustained by reason of said collision, if any shall be found to be due either for or against the United States, upon the same principle and measure of liability, with costs, as in like cases in admiralty between private parties, with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

#### BERING SEA CLAIMS OF AMERICAN CITIZENS.

The bill (S. 2235) to confer jurisdiction upon the Court of Claims to adjudicate the claims of American citizens was announced as next in order, and was read, as follows:

*Be it enacted, etc.*, That jurisdiction be, and is hereby, conferred upon the Court of Claims for determination of the law and the fact in the claims of American citizens, their heirs, or legal representatives, for damages or loss resulting from the seizure, detention, sale, or interference by the United States of vessels charged with unlawful sealing in the Bering Sea during the years 1875 to 1896, inclusive, and to enter judgment therefor.

SEC. 2. That all American citizens whose rights were affected by said seizure, detention, sale, or interference specifically referred to in section 1 hereof during the years 1875 to 1896, inclusive, may submit to the Court of Claims thereunder, and the court shall render judgment thereunder.

SEC. 3. That claims not presented within two years from the passage of this act shall hereafter be forever barred.

Mr. WARREN. What are the years given there?

The PRESIDING OFFICER. 1875 to 1896.

Mr. BRANDEGEE. Mr. President, briefly, it is the purpose of the bill to send to the Court of Claims the claims of Americans whose property was taken when the United States was claiming that the Bering Sea was what they called a *mare clausum*, a closed sea. It was finally decided not to be. These Americans were illegally arrested by the Federal authorities and deprived of their property. Our Government paid those of other nations who were illegally arrested and deprived of their property, the Russians paid theirs, and the British paid theirs. Those of our citizens who lost their property were of the greatest service as witnesses before the Bering Sea Commission, when we had the joint commission to decide that question. The claims of the British were reduced from over a million dollars down to \$250,000 by virtue of the testimony of these very people who lost their own property and whom we have not yet compensated.

A bill similar to this, except that it conferred jurisdiction upon the Circuit Court of the Ninth Circuit instead of upon the Court of Claims, has passed the Senate three times and has passed the House, but it has never passed both bodies in the same Congress. Three different favorable reports were made by the Committee on Foreign Relations on those measures. One was made by the distinguished Senator from Alabama, Mr. Morgan, another by Senator McCreary, and the third by another Senator, a member of the Foreign Relations Committee, whose name I do not now recall. They were all substantially the same, as I said, except that those bills gave jurisdiction to the Circuit Court of the Ninth Circuit, and this bill gives jurisdiction to the Court of Claims. It authorizes the Court of Claims to find the law and the facts, and, if the facts and the law warrant, to pronounce judgment.

Mr. OVERMAN. There is nothing in the claims involving damages?

Mr. BRANDEGEE. Oh, no; it is simply for the loss of their property, their vessels and the cargoes.

Mr. OVERMAN. That might involve damages. I do not know whether the question of damages comes in or not, but if there is any question of damages the Court of Claims will not have jurisdiction, and it ought to be referred to the Circuit Court of the Ninth Circuit.

Mr. BRANDEGEE. The bill as reported, of course, gives jurisdiction to the Court of Claims.

Mr. OVERMAN. I do not know whether there are any damages involved or not. I just suggest to the Senator that if there is a question of damages in it, of course the Court of Claims would have no jurisdiction, and it ought not to have, because it has no facilities for affording a jury trial.

Mr. BRANDEGEE. It ought not to have what?

Mr. OVERMAN. It ought not to have jurisdiction to try a case involving a question of damages.

Mr. BRANDEGEE. It ought to have jurisdiction to find the amount.

Mr. OVERMAN. To find the amount due on a contract, yes; but it has no jurisdiction of any questions sounding in tort.

Mr. BRANDEGEE. If the damages are simply the amount of the property that was taken, that is easy to ascertain.

Mr. OVERMAN. Yes.

Mr. BRANDEGEE. It is simply to recompense them for the value of the property that was taken.

Mr. OVERMAN. Property lost?

Mr. BRANDEGEE. Property lost, to find what it was worth.

Mr. OVERMAN. And not for any damages suffered by reason of the loss?

Mr. BRANDEGEE. Oh, no.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### DREDGE "MARYLAND."

The bill (H. R. 1942) for the relief of the owners of the dredge *Maryland* was considered as in Committee of the Whole.

The bill had been reported from the Committee on Claims with amendments, on page 1, line 3, after the words "claim of," to insert the words "John Emile, of Duval County, Fla., and"; on line 5, after the word "Alabama," to strike out the word "owner" and to insert in lieu thereof the word "owners"; on line 10, after the word "said," to strike out the words "Peoples Bank of Mobile" and to insert in lieu thereof the word "owners"; on page 2, line 3, after the word "decree," to insert the word "therein"; on line 4, after the word "damages," to insert the words "sustained by reason of said collision"; on line 5, after the word "due," to insert the words "either for or"; on line 6, after the words "United States," to strike out the words "in favor of the Peoples Bank of Mobile or against the Peoples Bank of Mobile in favor of the United States"; and on line 9, at the beginning of the line, to insert the words "and damages, with costs," so as to make the bill read:

*Be it enacted, etc.*, That the claim of John Emile, of Duval County, Fla., and the Peoples Bank of Mobile, a corporation under the laws of the State of Alabama, owners of the dredge *Maryland*, against the United States for damages alleged to have been caused by a collision between said dredge and the U. S. S. O-4, in the Cooper River at Charleston, S. C., on the 10th day of February, 1919, may be sued for by the said owners in the district court of the United States for the southern district of Florida, sitting as a court of admiralty and acting under the rules governing such court, and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree therein for the amount of such damages sustained by reason of said collision and costs, if any, as shall be found to be due either for or against the United States upon the same principles and measures of liability and damages, with costs, as in like cases in admiralty between private parties and with the same rights of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The amendments were agreed to.

Mr. SMOOT. Mr. President, I call attention to an amendment on page 2, line 9, where the language of the bill is "upon the same principles and measures of liability," after which it is proposed to insert the words "and damages, with costs." This is about the only instance of those words "with costs" ever being put in a bill passed by the Senate.

Mr. FLETCHER. That means the actual court costs, whichever way the damages go.

Mr. SMOOT. Those words have never been inserted in bills in the past. Damages have been allowed but never the costs, and in order to make it conform to the other bills the words "with costs" ought to be stricken out of that amendment.

Mr. FLETCHER. I have no objection to striking them out.

Mr. SMOOT. I ask that the vote by which that amendment was agreed to be reconsidered, and that the words "with costs" be stricken from the amendment.



The PRESIDING OFFICER. Without objection, the vote by which that amendment was agreed to will be reconsidered. The Secretary will state the amendment proposed by the Senator from Utah.

The READING CLERK. On page 2, line 9, in the committee amendment, the Senator from Utah proposes to strike out the words "with costs," so that it will read:

Upon the same principles and measures of liability and damages as in like cases in admiralty between private parties and with the same rights of appeal.

Mr. FLETCHER. I have no objection to that.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, those words occur in another place on the same page and should be stricken out. I therefore move that, on line 4, page 2, after the word "collision," the words "and costs, if any" be stricken out, so that it will provide for straight damages for a collision.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

#### AMENDMENT OF THE JUDICIAL CODE.

Mr. NELSON. Mr. President, I ask unanimous consent to go back to Senate bill 1831, to amend section 237 of the Judicial Code. That bill was introduced by the senior Senator from Iowa [Mr. CUMMINS], who is ill, and he is very anxious to have it passed.

Mr. KING. I objected to the consideration of that bill, but I shall be glad to have it taken up for consideration.

There being no objection, the bill was considered as in Committee of the Whole. It had been reported from the Committee on the Judiciary with amendments, on page 1, line 7, after the word "statutes," to insert the words "by the highest court of a State"; and on line 9, after the words "the Supreme Court," to strike out the word "may" and to insert in lieu thereof the word "shall," so as to make the bill read:

*Be it enacted, etc.,* That section 237 of the Judicial Code is hereby amended by adding thereto the following:

"In any suit involving the validity of a contract wherein it is claimed that a change in the rule of law or construction of statutes by the highest court of a State applicable to such contract would be repugnant to the Constitution of the United States, the Supreme Court shall, upon writ of error, reexamine, reverse, or affirm the final judgment of the highest court of a State in which a decision in the suit could be had if said claim is made in said court at any time before said final judgment is entered and if the decision is against the claim so made."

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

Mr. KING. Mr. President, I would like to have some explanation of this bill.

Mr. NELSON. The bill is to cover the case where a contract has been entered into in a State, under the interpretation and construction of the laws of that State by the court, and afterwards an attempt is made by the court to so change the law as to invalidate that contract which was valid when made. It is simply to allow an appeal or a writ of error to the Supreme Court in such cases.

Mr. KING. I am not sure that I follow the Senator in all the implications which might arise in a State. Does it relate to suits which may be brought where there is no diversity of citizenship?

Mr. NELSON. Oh, no; it does not enlarge the jurisdiction at all. The Supreme Court, I may say, in cases where they have had an opportunity to decide, have held that where a contract was entered into in a State, under the decisions of the courts of that State, and was valid when entered into, the State court could not invalidate that contract by a subsequent decision. This does not enlarge the jurisdiction at all, in any shape or manner.

Mr. KING. Assume a contract between two citizens of the same State and litigation ensuing growing out of an alleged breach of the terms of the contract, and the Supreme Court of the State, perhaps contrary to former holdings, holds that the contract is invalid.

Mr. NELSON. I can not conceive how, under the judiciary act, the court could get jurisdiction of such a case.

Mr. KING. I was going to say, if the purpose of this act is to attempt to confer jurisdiction upon any Federal court by reason of the action of the highest tribunal of any State growing out of conditions such as I have indicated, I should oppose it; but if it involves merely the construction of a contract, or the alleged breach of a contract—

Mr. NELSON. That is all.

Mr. KING. Between citizens of different States—

Mr. NELSON. They must be citizens of different States.

Mr. KING. Or where the question of diversity of citizenship is involved, then I have no objection to the bill.

Mr. NELSON. It does not change that provision of the law at all.

Mr. KING. The Senator can assure the Senate that that is the situation, then?

Mr. NELSON. That is the situation. The Senator from Iowa [Mr. CUMMINS] introduced this bill and explained it before the Judiciary Committee, and that is the sole purpose of the measure.

Mr. KING. Have any evils been brought to the attention of the committee which have resulted from the present law?

Mr. NELSON. Yes. I can not at this moment recall the cases, but there have been cases in the Supreme Court where it has appeared that a contract when made or an engagement when made, under the decisions of a court of a State interpreting the law and the constitution of that State, was held valid, and the court of that State afterwards, when it came to the enforcement of the contract, made a different interpretation and invalidated it.

The Supreme Court has held properly that they could not do that. This is to allow an appeal in such cases and does not otherwise enlarge the jurisdiction of the court.

Mr. KING. We know that the Federal Government more and more is encroaching upon the States and upon their sovereign powers. I am unwilling to support any measure that enlarges the control of the Federal Government or any measure that will cripple the jurisdiction of the States over matters that are properly cognizable under the State constitutions and under the State laws. But if the bill relates merely to cases where there is diversity of citizenship and where now it is permissible to go from the State to the Federal court, I shall not object to its passage.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### AMENDMENT OF JUDICIAL CODE.

The bill (S. 2228) to amend certain sections of the Judicial Code relating to the Court of Claims was announced as next in order.

Mr. KING. I object to the present consideration of the bill. The PRESIDING OFFICER. Objection is made. The bill will go to the calendar.

Mr. HEFLIN. Mr. President, I ask the Chair to lay before the Senate the unfinished business.

The PRESIDING OFFICER. We are not yet through with the bills included in the unanimous-consent agreement.

Mr. KING. There is no question that the Senator from Alabama can object to the consideration of any other measure.

Mr. HEFLIN. May I inquire how many more bills there are?

The PRESIDING OFFICER. There are three more which are covered by the unanimous-consent agreement.

Mr. HEFLIN. Very well.

The PRESIDING OFFICER. The Secretary will announce the next order of business.

#### FOREIGN TRADE ZONES IN UNITED STATES PORTS OF ENTRY.

The bill (S. 2391) to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, was announced as next in order.

Mr. KING. I object.

The PRESIDING OFFICER. Objection is made, and the bill will retain its place on the calendar.

#### ASSESSMENT WORK ON UNPATENTED MINERAL CLAIMS.

The bill (H. R. 4813) changing the period of doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year, which had been reported from the Committee on Mines and Mining without amendment, was considered as in Committee of the Whole, and was read as follows:

*Be it enacted, etc.,* That section 2 of "An act to amend sections 2324 and 2325 of the Revised Statutes of the United States concerning mineral lands," approved January 22, 1880, be, and the same is hereby, amended to read as follows:

"SEC. 2. That section 2324 of the Revised Statutes of the United States be amended by adding the following words: 'Provided, That the period within which the work required to be done annually on all unpatented mineral claims located since May 10, 1872, including such claims in the Territory of Alaska, shall commence at 12 o'clock meridian on the 1st day of July succeeding the date of location of such claim: Provided further, That on all such valid existing claims the annual period ending December 31, 1921, shall continue to 12 o'clock meridian July 1, 1922.'"

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.



## ROLPH NAVIGATION &amp; COAL CO.

The bill (S. 1408) authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collisions, which had been reported from the Committee on Claims with amendments, was considered as in Committee of the Whole. The first amendment of the Committee on Claims was, in line 7, page 2, after the word "damages," to insert the words "and costs."

The amendment was rejected.

The next amendment of the Committee on Claims was, on page 2, in line 7, after the word "any," to insert the word "as," and in the same line, after the word "found," to insert the words "to be"; in line 8, after the word "do," to strike out the comma; in line 9, after the word "company," to insert the words "or against the Rolph Navigation & Coal Co. in favor of the United States"; in line 18, after the word "that," to strike out "should damages be found to be due to said Rolph Navigation & Coal Co. the amount of final decree therefor shall be paid out of any money in the United States Treasury not otherwise appropriated" and to insert "said suit shall be brought and commenced within four months of the date of the passage of this act," so as to make the section read:

*Be it enacted, etc.*, That the claim of Rolph Navigation & Coal Co., a corporation organized and existing under and by virtue of the laws of the State of California, with its principal place of business in the city and county of San Francisco, in said State, owner of the barkentine *Hesperian* for damages caused by collision between said vessel and the destroyer *Risal*, a naval vessel belonging to the United States, in the Bay of San Francisco, on the 26th day of November, 1919, may be sued for and submitted to the United States District Court in and for the Northern District of California, sitting as a court in admiralty, and acting under the rules in admiralty, governing said court, in an action in which said Rolph Navigation & Coal Co. is hereby authorized to commence against the United States for the recovery of said damages. Said court shall have jurisdiction to hear and determine said action and enter its judgment or decree therein for the amount of such damages, if any, as shall be found to be due against the United States in favor of said Rolph Navigation & Coal Co., or against the Rolph Navigation & Coal Co. in favor of the United States, upon the same principles and according to the measure of liability prevailing in like cases in admiralty between private parties and with the same right of appeal: *Provided*, That such notice of said action shall be given upon or after the commencement of said action to the Attorney General of the United States, as may be provided by order of said court, and it shall be the duty of the Attorney General upon receipt of such notice to cause the United States attorney in such district to appear for and defend the United States in such action: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The amendment was agreed to.

The next amendment of the Committee on Claims was on page 3, line 11, after the word "damages" to insert the words "and costs."

The amendment was rejected.

The next amendments were in section 2 on page 3, line 11, before the word "be" to insert "as shall"; in line 12, after the word "due" to strike out the comma; in line 13, after the word "company" to insert "or against the Rolph Navigation & Coal Co. in favor of the United States"; and in line 23, after the word "That", to strike out "should damages be found to be due to said Rolph Navigation & Coal Co. the amount of final decree therefor shall be paid out of any money in the United States Treasury not otherwise appropriated" and to insert "said suit shall be brought and commenced within four months of the date of the passage of this act"; so as to make the section read:

SEC. 2. That the claim of said Rolph Navigation & Coal Co., owner of the coal barge *Alden Besse* for damages caused by collision between said vessel and the destroyer *Buchanan*, a naval vessel belonging to the United States, in the Bay of San Francisco, on the 1st day of September, 1919, may be sued for and submitted to the United States District Court in and for the Northern District of California, sitting as a court of admiralty, and acting under the rules in admiralty governing said court, in an action in which said Rolph Navigation & Coal Co. is hereby authorized to commence against the United States for the recovery of said damages. Said court shall have jurisdiction to hear and determine said action and enter its judgment or decree therein for the amount of such damages, if any, as shall be found to be due against the United States in favor of said Rolph Navigation & Coal Co., or against the Rolph Navigation & Coal Co. in favor of the United States, upon the same principles and according to the measure of liability prevailing in like cases in admiralty, between private parties, and with the same rights of appeal: *Provided*, That such notice of said action shall be given upon or after the commencement of said action to the Attorney General of the United States, as may be provided by order of said court, and it shall be the duty of the Attorney General, upon receipt of such notice, to cause the United States attorney in such district to appear for and defend the United States in such action: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

## THE DRASTIC AND DESTRUCTIVE DEFLATION POLICY OF THE FEDERAL RESERVE BOARD.

Mr. HEFLIN. Mr. President, for months I have criticized and condemned the drastic deflation policy inaugurated by the Federal Reserve Board. I was convinced, and I am now more strongly convinced than ever, that the hasty, drastic, and reckless manner in which that board undertook to deflate the currency and curtail credits is responsible for the loss of billions of dollars to the people of the South and West.

I have been doing all in my power to have that policy changed. I am not alone in the position that I occupy upon this important matter.

Senator SMITH of South Carolina, Senator SIMMONS of North Carolina, Senators WATSON and HARRIS of Georgia, and others representing the cotton-growing States, feel as I do about the deadly deflation policy of the Federal Reserve Board.

Mr. President, the power to control the volume of currency and credit in this country is a tremendous power. That power is lodged in the Federal reserve banking system, and, so far as I know, it was never abused until last year when a deflation policy was invoked by the Federal Reserve Board, which struck down the agricultural business of the South and West and placed the farmers, merchants, and bankers of those sections at the mercy of speculators and those who purchased for export farm products from the South and West. This question is too big and too vital to the business life of our country to permit that strange and costly conduct of the Federal Reserve Board to go by uncensured and uncondemned by the representatives of the many who were robbed for the benefit of the few.

Money is the lifeblood of business, and they who have control over its volume and circulation are charged with the solemn duty and responsibility of having it circulate in a manner that will keep the body of business healthy and strong.

The farmer plants his crop, the merchant advances him credit, and the banker aids both the merchant and the farmer with credits, with the conviction that when the crop is made and farm products are ready for the market that there will be an ample supply of money available to meet the just and fair needs of the business of that locality. What are those needs? Money sufficient to buy the products at a price that will yield the farmer a profit sufficient to enable him to pay his debts and provide for those dependent upon him—yes; a profit sufficient to justify and even encourage him to remain in the farming business.

When this is done the needs of the farmer, merchant, and banker have all been met and our banking system has performed its duty well.

But, Mr. President, when money is withheld or credits are refused to the people who produce the things that feed and clothe the American masses something is radically wrong. To produce such a condition at the crop-moving time is injurious and destructive to the interests of agriculture and therefore injurious and destructive to the merchants and bankers of the agricultural section. When such a thing happens those who have control over the volume of currency and credits are responsible for it, and when they permit special interests to influence them to withhold money and credits which are absolutely necessary to enable the farmers to obtain a profitable price for their products they have committed a serious offense against the agricultural industry of our country. If you impoverish the farmers of the country you are striking down the forces that support the physical life of the Nation—the forces that help to feed and clothe the world.

The Federal reserve banking system was established for the purpose of supplying the money and the credits necessary to carry on the business of the American people under any and all conditions. It was created for the purpose of providing an elastic currency, and it did so. When the system was put into operation the people of the South and West rejoiced, because they knew that the day of their deliverance from the merciless financiers of Wall Street had come. They had seen that Wall Street crowd in complete control of the money supply of the country, and they had seen time and time again money withheld and credits refused just when the farmers of the South and West were ready to place their crops upon the market. They had seen their crops forced upon the market and sold at destructive prices, and they were happy to be delivered from a banking system that wrought such ruin among the farmers of America. I helped to create this great Federal reserve banking system. I rejoiced to see the day come when agriculture, commerce, and industry would stand free and unfettered everywhere in the business life of the country. For nearly five years that splendid system waved its magic wand over the various avenues of business and all was



well during that time. I am not condemning the system. I am condemning the Federal Reserve Board for its interference with the legitimate functions of the system.

Instead of deflating the currency and curtailing credits very slowly and very gradually and extending the time of such deflation over a period of from 8 to 10 years, the Federal board commenced to talk deflation and it approved of a rapid deflation program in one year's time from the ending of the World War.

No sane man who has at heart the welfare of the business interests of the country can or will approve the hasty and drastic deflation policy inaugurated and mercilessly prosecuted since the summer of 1920. Farmers, merchants, and bankers of the South and West protested against it. Grain growers, cattlemen, and cotton producers came to Washington and pleaded with the Federal Reserve Board to change its policy and permit them to have the money and credit necessary to prevent the loss of hundreds of millions of dollars and the destruction of their business. They pointed out the fact that they were being forced to sell their cattle and farm products at prices below the cost of production. Mr. President, I have said it before, and I repeat it here to-day, that the failure of the Federal Reserve Board to provide ways and means for saving billions of dollars to the people of the South and West last fall was a crime against the people whose property was taken and sacrificed under the ruinous policy pursued by the Federal Reserve Board. Be it said to the credit and the praise of Hon. John Skelton Williams, then Comptroller of the Currency, that he urged upon the board the justice, the wisdom, and the pressing necessity for changing that policy. He urged that aid be granted; that money and credits necessary be advanced to farmers, merchants, and bankers in the South and West so as to prevent the destruction of their property and the ruin of their business. In addition to that he pointed out that the Federal reserve banks had gold reserves sufficient to authorize the issuance of more than \$2,000,000,000 of Federal reserve notes. He showed that that could be done without in any manner endangering the stability of the system. If the Federal Reserve Board had followed his advice and had extended a helping hand to the people of the South and West, it could and would have prevented the wholesale slaughter of property values and kept out of dark despondency and dire distress millions of people who have been robbed of their property and made desperate and miserable by the deflation policy of the Federal Reserve Board. Because of his enthusiastic advocacy of liberal loans to business in distress John Skelton Williams incurred the displeasure of the Federal Reserve Board. We are told that star-chamber proceedings were indulged in by the Federal Reserve Board and secret meetings were held by its members when Mr. Williams, the Comptroller of the Currency, was not even notified or invited to be present. John Skelton Williams knew that the Federal reserve banking system was amply able to relieve the embarrassing and distressing situation in the South and West, and he did everything in his power to have that relief granted. He was in position to know exactly what the Federal reserve banks could do, and he had the courage to come out in the open and tell the people just what the true situation was. But for John Skelton Williams I do not believe that the inside facts and real truth of the situation would ever have been made known. When Wall Street speculators were feasting and reveling in the markets as they made millions on the falling prices of farm products, it was John Skelton Williams who exposed the fact that while money was being withheld from the agricultural interests of the South and West millions and hundreds of millions were being loaned to four or five New York banks for speculative purposes. He showed that they were lending to these four or five banks in the city of New York more money than they were then lending to all the agricultural interests and all the millions of population for agricultural purposes in 21 States of the American Union. That was inflating currency and credits in New York City and deflating them in the South and West. During all that time the Federal Reserve Board's policy of deflation, which should be called the policy of destruction, was raging in all its fury throughout the agricultural regions of the South and West.

Delegations came to Washington, but they came in vain. Letters, telegrams, and petitions were sent to the Federal Reserve Board from the people of the South and West asking that its policy be changed and they pointed out in detail just how that policy was bringing ruin to their business. It was pointed out that the deflation policy of the Federal Reserve Board was being used as a club—not to protect and defend the Nation's great agricultural industry but to beat it over the head and knock it into insensibility. Mr. President, I said then that it was wrong to hold up the American farmer and

aid the speculators and market gamblers of Wall Street in robbing him.

The Federal Reserve Board is an institution created by law. It does not belong to the members individually or collectively. It belongs to the Government of the United States and was instituted for honest, intelligent, faithful, and effective service in the financial affairs of the American people. If it functions well and serves the purpose for which it was created, well and good; but if it is perverted from the ends of its institution and becomes an instrument of oppression and torture in the hands of crafty and avaricious interests, it then becomes the duty of those honored with seats in this body to cry out against such a thing and in the name of the American people to condemn and repudiate it. Mr. President, I am convinced that the Federal Reserve Board has during the time that I have mentioned been maladministered, and that as a result of that maladministration millions of people in the South and West have been greatly injured. As a result of the deflation policy of the Federal Reserve Board they have suffered the loss of billions of dollars, while another class of people were profiting by their losses and fattening upon their misfortunes. In other words, the Federal Reserve Board's deflation policy resulted in taking from millions of people in the South and West billions of hard-earned money and turning it over to a few thousand especially favored people in the East.

The high cost of living and the sale of billions of dollars' worth of Liberty bonds produced naturally and necessarily a greater amount of currency and credits for use in the business of the American people. This increase or inflation of currency and credits was necessary to meet the larger requirements of business of every kind. In other words, if currency and credits had been increased for five years during the war until at the close, we had ten times as much as we had at the beginning. Common sense and common justice would suggest and require that the volume of currency and credits in use when the war ended should not be abruptly and rapidly reduced. Rapid and drastic reduction or deflation could not be had without dis-jointing and destroying business, and I repeat that if deflation was to be undertaken it should have proceeded so slowly, gradually, and systematically that no basic or productive business of any character would have been seriously injured. This could have been done. The Federal reserve banking system which carried us so successfully up through all the trying vicissitudes of the war, carried us up toward the mountain top of inflation in currency and credits, could have and would have, if it had been permitted to do so, brought us back down the mountain side to normal times without the wreck of business; the suffering and misery of millions of people and the new-made graves of numerous suicides who were driven into desperation and madness by the untimely, unwise, and drastic deflation policy of the Federal Reserve Board.

Good business men have told me that because of the greatly increased amount of currency and credits made necessary to carry on our business under the new condition, that in order to prevent disastrous disturbances in the business of the country we should go slowly through a reduction or deflation period of from 8 to 10 years.

Mr. President, the war ended in November, 1918, and strange as it may seem, in December, 1919, the Federal Reserve Board approved a statement to the effect that it was the duty of the Federal reserve banking system to proceed with the deflation of credits as rapidly and as systematically as possible. While the suggestion was ridiculous and dangerous, yet as disastrous and destructive as such a policy would have been at that time, it would have been better for the farmers, merchants, and bankers of the South and West; it would have been fairer to them if it had been adopted as a policy and wide publicity given to its demoralizing and destructive operation, so that farmer, merchant, and banker, and everybody else in the agricultural sections would have known before arranging for and planting another crop that such a thing was going to be done, it would have put everybody on notice and everybody would have known just what to expect and just what not to expect. The farmer would have had the conditions thus produced before him when he came to decide the matter as to the size of the crop that he would try to produce under the circumstances. He would have had the conditions thus produced to guide him in providing supplies of every kind for the crop of 1920. He would have avoided buying on the large scale that he did, fertilizer, agricultural implements, and various other things to be used in making a crop. He would not have gone in debt as he did. The merchant and the banker would have known just how to handle the situation under such conditions. The merchant would have known to what extent he should lay in supplies for the business of 1920. The banker would have known just about



what would be required of him in the way of cash and credits for that year and just what he might expect in the way of banking business under such circumstances.

Everybody would have known about what to expect in every line of business if this work of deflation or destruction had commenced in December, 1919. But what happened? It seems that the South and West had been marked for slaughter. Those who had vehicles for sale and large supplies of fertilizers to sell and agricultural implements and farm machinery that must be disposed of before the crash came did not want anything done in the way of deflation until they at least could unload their supplies upon the farmers, merchants, and bankers of the agricultural sections of the country. So the deflationists or destructionists of the Federal Reserve Board lapsed into silence and waited.

No, Mr. President, the deflation policy was not urged in the spring time, when the farmers were buying automobiles in great numbers; when they were buying motor trucks for their farms; when they were buying tractor plows; when the manufacturing centers were sending out their agricultural implements and dumping them down in the farming regions of the country. There was no deflation policy urged and emphasized then.

When the farmer bought his fertilizers at top-notch price, where were the deflationists then? The Federal Reserve Board waited until the crop was planted; it did not tell the farmer in the spring time that it was going to wait until he went into debt and bought his supplies at high prices and then waylay him and rob him on the way to market. As he had received 40 cents for cotton in 1919 and all through the spring and up to June, 1920, he had reason to believe that he was going to get in the neighborhood of the same price for the crop of 1920. The Federal Reserve Board permitted him to believe that he would. If that board had told the farmer in April, "We are going to contract the currency and curtail credits or refuse you financial aid," the farmer would have said, "Well, if you are going to do that, I will buy fewer agricultural implements; I will not pay the high prices that are now being asked for them; if you are going to destroy the debt-paying power of my products, then I will have to change my plans to meet conditions that I know will exist when I go to sell my crop in the fall. I will greatly reduce the amount of fertilizers that I intended to buy." But no such information was given the farmer. The Federal Reserve Board permitted him to plant his crop under the impression that he was going to receive 40 cents a pound for his cotton. The merchant sold goods and advanced credits to the farmer upon the 40-cent basis; the banker in the cotton-growing States loaned money and committed himself to business transactions with the farmer and merchant upon the 40-cent basis. All three of them made investments and assumed the year's business obligations upon that basis.

What happened to them after the crop had been planted and all business arrangements for making the crop had been made and it was too late to keep the seed out of the ground; too late to cancel contracts for the fertilizers he had bought; too late to tell the merchant that he did not want the agricultural implements; too late to refuse to buy the plow mule for which he had agreed to pay \$250? Why the Federal Reserve Board waited, I repeat, until the farmer was tied up hard and fast and then, just at the beginning of crop-moving time, commenced its deadly deflation policy.

In the month of July that policy of destruction made serious inroads upon the price of cotton, and then in the month of August it was let loose in all its fury and in 30 days it broke the price 9 cents a pound or \$45 a bale. That loss in one month's time on a twelve and a half million bale crop cost our farmers \$562,500,000.

I am bringing these terrible facts to the attention of the Senate and the country for the purpose of letting you and the people know just what havoc the Federal Reserve Board's policy wrought last year among the cotton growers of our country.

Mr. President, I am not advised as to whether or not any of the friends of the Federal Reserve Board were speculating in cotton at that time. The Senator from Georgia [Mr. Watson] reminded us the other day that they loaned to themselves in the system the sum of \$18,000,000. I want to say just here, Mr. President, that if they invested any of that \$18,000,000 in speculating on the bear side of the cotton market in the month of August last year, they made a lot of money.

Do you know, Mr. President, how much money the man made who sold on the exchange a thousand bales of cotton for the month of August, 1920? He made on that 1,000 bales \$45,000 in cash. The Federal Reserve Board knew what effect its deflation policy would have upon the cotton market. Those who knew that that policy was going to run wild in August last year

made millions of dollars to the distress and great injury of the cotton farmers of the country. Between the months of June and December that policy cost the cotton farmers more than \$200,000,000 a month. Think of that, Senators! The deliberate and premeditated deflation policy of the Federal Reserve Board cost the cotton farmers more than \$200,000,000 a month between June and December of last year.

Mr. President, that tremendous loss on cotton could and should have been prevented. Various periodicals of the country said that the spinners were making more money than they had ever made and they admitted it. I have heard spinners say during that prosperous time that they could afford to pay 50 cents a pound for cotton.

Mr. President, at the very time of which I speak the New York Commercial had an editorial in which spinners were quoted as saying that they were willing to pay 30 cents a pound for cotton in order that the producer might have a profit. Cotton was then away below 30 cents. So we have the spinner quoted as saying that he was not asking that cotton be driven down to starvation prices, and we have the cotton producer pleading for help and asking that he be permitted to hold his cotton off the market until the price would yield him a profit. The cotton farmer called in vain to the Federal Reserve Board. It left him helpless in the hands of those who made money out of his distress. Now the average price of cotton is 8 cents a pound, or \$40 a bale.

A small farmer who incurred an indebtedness of \$1,400 last year when cotton was 40 cents a pound could have paid that debt with 7 bales of cotton, but the debt-paying power of that cotton has been destroyed to such an extent that he must now take 21 bales of cotton to pay that debt of \$1,400. If that farmer made 7 bales of cotton last year, it would take that 7 bales, the 7 bales produced this year, and the 7 bales he may make next year to pay the debt of \$1,400 incurred in 1920.

No man with a feeling of sympathy or of justice and right in his heart can look upon the Federal Reserve Board's treatment of the American farmer without a feeling of resentment and indignation.

Those who speculated in grain and cotton got all the money they wanted. The bear gamblers of Wall Street had all the money they needed to enable them to take advantage of the Federal Reserve Board's deflation policy and make millions out of the rapid fall in the price of cotton. They were enabled by that policy to make more than \$1,000,000,000 on the falling price of cotton in five months' time last fall. Just think of that! Are you surprised that the people of the cotton-growing States cried out against such a policy? Are you surprised that they condemned a policy that was bringing ruin to their business?

Mr. President, when the Federal Reserve Board's deadly deflation policy was raging last fall and bear gamblers were holding high carnival in New York City, John Skelton Williams, like Daniel of old, who refused to eat the King's meat and drink his wine, refused to join the Federal Reserve Board in creating and carrying out a deflation policy that he knew meant ruin to the business of millions of his countrymen. I wrote to him commending him for his great service to the American people. I received letters from him telling me of things that the Federal Reserve Board had done and was doing that had resulted, and would result, in injury to the interests of agriculture. His statements in the newspapers and his able and fearless speeches received the approval of the people everywhere who believe in a fair and square deal for the legitimate business interests of the country. His speech delivered a few days ago at Augusta, Ga., was a terrific and scathing arraignment of the Federal Reserve Board's deflation policy. He pointed out that while the Federal Reserve Board's deflation policy would not permit the farmer to borrow money on his cotton in a warehouse that that same policy permitted some fishermen in the Northwest to borrow money on fish that had not been caught. Here is what he said upon the subject:

The prodigality with which certain big banks disposed of the funds so unstintingly loaned them by certain reserve banks may be illustrated by a loan of \$500,000 to a fisheries company made by a big northern bank which came to my notice. When I inquired what the security for the loan was, I was informed that the collateral was fish. And when I asked where the fish were, I was informed officially that the fish had not been caught at the time the loan was made, but that they were supposed to be swimming in the ocean thousands of miles away; but that the corporation had promised to go fishing, and if they caught any fish pack them and can them and then put them in warehouses and then deposit the warehouse receipts as security for their loan, which, when I last heard from it, had not been paid or reduced.

Senators, what do you think of the Federal board's deflation policy that will lend money on fish out of sight, swimming free in the ocean, and at the same time refusing to lend money on cotton stored in a warehouse? Cotton in normal times gives

to America the balance of trade. It brings gold into our country when all other products fail. It brings into our country every year more gold than the world's annual output, and yet the Federal Reserve Board's deflation policy prefers uncaught fish in the ocean to cotton stored in a warehouse. Those who hoped to catch fish could obtain loans, but those who had cotton, cattle, and grain and other farm products in sight and in hand were denied loans.

Mr. WATSON of Georgia. Mr. President—

Mr. HEFLIN. I yield to my friend from Georgia.

Mr. WATSON of Georgia. According to the statement, I do not believe these fish even had been counted; had they?

Mr. HEFLIN. Counted? Why, they had never been seen.

Mr. ASHURST. They probably had not been hatched.

Mr. HEFLIN. They may not have been hatched, as my good friend from Arizona says, but hatched or unhatched, money could be obtained on them from the Federal reserve bank while cotton was outlawed and deserted by the Federal Reserve Board.

Mr. President, upon permission granted to me by the Senate, I had printed in the CONGRESSIONAL RECORD the speech that John Skelton Williams delivered in Augusta, Ga. After that speech appeared in the RECORD the joint committee appointed by the Senate and House to inquire into the agricultural conditions of the country requested Mr. Williams to appear and give testimony regarding the Federal Reserve Board's conduct. No fair-minded person could listen to his testimony without being convinced of his sincerity and the truthfulness of his statements. The testimony is not yet available and I will not make further comment upon it at this time.

After we had finally succeeded in forcing the Federal Reserve Board to break its long silence and come out of its secret chambers, W. P. G. Harding, governor of the Federal Reserve Board, appeared before the committee and undertook to defend the board's actions and policies.

Immediately a newspaper propaganda was foisted upon the country and each day stories were sent out from Washington to the effect that Gov. Harding was explaining everything in a manner satisfactory to the committee. Some of these stories were to the effect that he had stamped his senatorial critics and that when he left the witness stand the members of the committee nodded their heads as if they had already made up their minds to acquit him and the board of the serious charges lodged against them.

Why should they undertake to mislead and to influence public opinion by such fictitious stories as those with which they have flooded the country? I do not intend that the people shall be misled or deceived about this matter.

Here is one of the articles sent out from Washington. The headlines read:

Harding predicts business revival.

This refers to Gov. Harding, of course, of the Federal Reserve Board. Then, under that little head the article undertakes to defend the governor of the reserve board and his deflation policy. I want to know by what authority that board spends hundreds and thousands of dollars of the people's money to carry on a publicity propaganda to bolster up and defend a policy that deserves the condemnation of all honest men and women in the country.

Here is another one of these articles sent out from Washington. This one is from the Macon (Ga.) Telegraph, with big headlines:

W. P. G. Harding blames the agrarian bloc in Senate for cotton loss. Holding policy disastrous, he tells probers. Senators HEFLIN and SMITH under fire of governor. Quotes his advice to sell in 1920 when price was high.

Mr. President, this article has reference to me and other Senators from the cotton-growing States when it says:

W. P. G. Harding blames the agrarian bloc in Senate for cotton loss.

He, of course, has reference to the time when cotton prices would break, and I, together with other friends of the cotton producers, would advise them to sell sparingly or keep their cotton off the market until the price advanced again. Bear speculators were flooding the cotton States with literature in an effort to frighten the producers, so that they would rush their cotton upon the market. This, of course, would have been disastrous. Throwing cotton upon the market in great quantities would have broken the price very greatly. The bear speculators knew that, and that is why they were trying to stampede the farmers into dumping all of their cotton upon the market at once.

But these inspired newspaper stories sent out from Washington say that Gov. Harding, of the Federal Reserve Board, advised the farmers to sell cotton when the price was high. This interesting statement, Mr. President, might have induced some people outside of the cotton States to believe that the

farmers were holding all of their cotton and refusing to sell any. That was not the case. The farmers were selling cotton all along—selling gradually, as they should have done, just as good sense and sound business would suggest that they should do. They were selling all the time all the cotton necessary to supply the spindles here at home and meet the requirements of our export trade. The fact that the American cotton mills were kept going and the fact that our farmers sold all of the cotton demanded for exports show that they were disposing of their cotton regularly and in the best way possible so as to prevent serious breaks in the price. But suppose all of them had decided to do as Gov. Harding thinks that he advised them to do—sell cotton when the price was high. What would have happened? Why, such a rapid and unintelligent dumping of cotton upon the market would have driven prices down almost as rapidly as Gov. Harding's deflation policy drove down the price of cotton in the month of August, 1920. Who was going to buy the cotton that the farmer held off the market when the spinners and exporters had supplied themselves with all the cotton they needed for a given time? Would it have been wise and businesslike to have thrown cotton as rapidly as possible upon the market without regard to the demands of the spinner and exporter? Why should not the cotton farmer be aided in holding his cotton off the market until he could get a price that would yield a profit?

When the cotton farmer saw the price of cotton goods, the goods that he had to buy, advance to a point where it was out of all proportion to the price being paid for cotton, why should he not insist upon a price for cotton that was more in keeping with the price of the goods made out of that cotton? When the farmer was insisting upon a price of 40 cents and maybe more, cotton goods were selling at a price that would have justified the cotton farmer in asking from 70 to 80 cents a pound. Cotton spinners never made as much money in all their lives as they made during that time.

Mr. President, it may be that Gov. Harding and the Federal Reserve Board knew what they were going to do to cotton in the summer of 1920, and the governor decided that if he could get all of the cotton farmers to rush upon the market in the hope of getting 40 cents for all their cotton at one and the same time, he would succeed in having the farmer do to cotton prices by such a piece of folly just what he and the Federal Reserve Board's deflation policy did do a little later on.

Mr. President, I have no apology to make to Gov. Harding or to anyone else for advising the cotton farmers to sell their cotton sparingly so as to keep the market keen and hungry. I have been fighting the enemies of the cotton producer a long time and I am engaged in the same business now.

In the better days of the Federal Reserve Board I have seen the farmer enter the market and find cotton prices on the decline, and what did he do? Why, acting under the belief that cotton should and would bring a better price a little later on, he declined to sell at the price then prevailing. Then, taking advantage of the Federal reserve banking act which permits loans on cotton, he borrowed some money for use in his business and at the same time kept his cotton off the market. Under this new order of things the farmer could use his sense and his strength to good purpose.

For the first time the bear speculators who had robbed him for years and years felt his power in the market place. They could no longer fix the price to suit themselves and then force the producer to sell his cotton.

The fact that the farmer could borrow money at the bank on his cotton was the fact that stood between the farmer and starvation prices. The privilege and power to borrow money on cotton was a blessing and benediction to the cotton farmer. I fought harder to secure the adoption of that provision than any other one in the law. I had seen our cotton farmers sorely oppressed under the old system. I had seen them literally robbed of their cotton under the old order of things and I longed for the day when they could have a fair chance and a fair price in the markets of the country. Up to and through the spring of 1920 the Federal Reserve Board permitted the cotton farmer to borrow the money needed on his cotton, but in the early summer of last year, as I have shown on several former occasions, the deflation policy inaugurated by the Federal Reserve Board denied this aid to our cotton farmers and left them to the mercy of market manipulators and bear speculators who make their millions by beating down the price of cotton to the lowest point possible.

Mr. President, in the early fall of last year I was campaigning in the interest of the national Democratic ticket out in the State of Oklahoma. Scores of cotton farmers attended the speakings and one day, as I told them how we had enacted a banking law that permitted them to borrow money on cotton



and that under that law they were enabled to hold their cotton until they could sell for a price that would yield a profit, I noticed that they did not applaud that statement as I had seen farmers do the year before, and when my speech was concluded several farmers and merchants came up and told me that word had been sent into Oklahoma from the Federal reserve system not to lend any more money on cotton.

They informed me that they could not then borrow a dollar on cotton. Democratic leaders told me that the Federal reserve banks' refusal to lend money on cotton had hurt the party worse than anything that had happened. They said "the farmers, merchants, and bankers are sore. They resent such treatment."

Mr. President, they had a right to be sore and to feel resentful. They were being denied a right that the law gave to them. Thousands of Democrats in Oklahoma will tell you to-day that the destructive and deadly deflation policy of the Federal Reserve Board caused the Republican Party to carry that State last fall.

The withdrawal of aid from the farmers, merchants, and bankers in the cotton States at the crop moving time left them helpless in the hands of bear speculators who got all the money they needed to beat down the price of cotton. When the price had been driven down from 40 to 30 cents, 10 cents a pound, or \$50 a bale, the farmer begged and pleaded with the Federal Reserve Board to change its policy and permit him to borrow some money on his cotton so as to enable him to get 30 cents a pound, the price necessary to cover the cost of production. But Gov. Harding and his board hardened their hearts and turned a deaf ear to the persistent appeals of the distressed farmer. The deflation process proceeded, pouring money into Wall Street and leaving human suffering and business disaster in all cotton States. The price of cotton went down to 25 cents a pound, \$25 a bale below the cost of production. Hon. J. S. Wannamaker, president of the American Cotton Association, farm organizations, United States Senators, and Members of the House of Representatives from the cotton States came to Washington and pleaded with Gov. Harding and the Federal Reserve Board to permit loans on cotton. They informed the board of the disastrous and ruinous effects of its deflation policy on the cotton industry and begged the board to change it. Then what happened? Why the board declined to do it and continued to refuse to aid the cotton farmer in his efforts to prevent the sacrifice of his cotton and the ruin of his business. Then the bear speculators of New York declared that the action of Gov. Harding and his board had "made it impossible for the farmers of the South to hold their cotton" and they predicted that that action would cause cotton to go still lower. Immediately the price of cotton went down and down to still lower levels. Mr. President, the newspapers tell us that in his efforts to explain his action last fall and defend his destructive deflation policy, Gov. Harding insinuated several things regarding cotton that were meant for me and for Senator SMITH, of South Carolina. In fact the Macon (Ga.) Telegraph, which I hold in my hand, says: "Gov. Harding had reference to Senator HEFLIN, of Alabama, and Senator SMITH, of South Carolina. No names were called, but the witness, when asked after his testimony, did not deny that he had the Senators in mind." Let me say just here that Gov. Harding is from Alabama, and I had very much rather be able to praise and defend his deflation policy than to be impelled as I am from a sense of duty to criticize and condemn it. But, Mr. President, personal friendship and the location of a public official's residence should not prevent me or any other public servant from pointing out and criticizing a policy that injuriously affects the business of the country.

I have long been a close student of the cotton question. I have given years of thought and study to this great question in order that I might better prepare myself for service to the cotton producer. I made it my business to find out the character and quantity of cotton produced here and abroad. I obtained information as to the number of cotton spindles operating in this and foreign countries. I observed the increase in the use of cotton for various purposes.

From year to year I noted the amount of cotton consumed here at home and that exported to foreign countries. By informing myself as to the amount produced from time to time and the increasing consumptive demand, I could reach a pretty fair conclusion as to what American cotton should and would be worth. So when cotton was selling for 12 and 14 cents a pound I predicted that on account of its increased use and superior quality American cotton would soon go to 20 cents a pound, and it did. Then when we became involved in the World War and everything advanced in price, cotton advanced to 30 cents a pound. Bear speculators made a very determined

effort to beat down the price, or to at least prevent it from going any higher. They sent literature all through the cotton States for the purpose of frightening the farmer into believing that cotton had gone as high as it would go and to induce him to throw his cotton on the market and break the price. I believed from the facts in my possession that cotton would go to 40 cents, and I predicted in statements published in newspapers in the cotton States that cotton would sell for 40 cents. Well my prediction came true, and when the price went to 44 cents I thought and said that it might go to 50 cents. Some of the bull speculators in New York were then predicting that it would go to 60 cents. Cotton sold as high as a dollar a pound just after the war of 1860. A bale of cotton that sold for 40 cents a pound, or \$200 a bale, when made into cotton handkerchiefs at 10 cents apiece, sold and still sells for \$750. Cotton socks at 25 cents per pair made out of a bale of cotton sell now for more than \$800.

The deflation policy of the Federal Reserve Board resulted in driving the price of cotton down from 40 cents to an average price of about 8 cents a pound, and yet cotton goods are selling now at a price that would justify the farmer in asking and receiving 40 cents a pound.

The deflation policy of the Federal Reserve Board struck down the purchasing power and debt-paying power of the farmers' cotton, but left the price of cotton goods just where it was when cotton was 40 cents a pound. This fact alone is sufficient to cause the unbiased mind to conclude that the Federal Reserve Board had one kind of deflation medicine for the cotton farmer and quite another kind for the spinner and wholesale dealer in cotton goods.

Mr. President, I recall an incident which causes me to believe that Gov. Harding intended to start his deflation policy after the cotton crop had been planted in the spring of 1919. The cotton price had broken considerably—it had gone down 6 or 7 cents a pound. Senator SMITH of South Carolina, Senator Smith, of Georgia; Congressman POW, of North Carolina; and myself called on Gov. Harding, of the Federal Reserve Board, to urge liberal aid to farmers in their efforts to hold their cotton for an advance in the price that we felt should come and that we thought would come.

Gov. Harding did not enthuse at all over our suggestion. He did not agree with us that cotton would advance in price, but expressed the belief that it would go down to 15 cents a pound. It was then selling above 20 cents. In order to sustain his opinion he quoted what a big cotton buyer who had just returned from Europe had said to him upon the subject. That cotton buyer, so Gov. Harding told us, had said that cotton was going back to 15 cents. We all disagreed with Gov. Harding, and I replied that cotton would come nearer going to three times 15 cents. Gov. Harding failed to impress any of us that he was at all friendly to a movement looking toward an advance in the price of cotton. But cotton did advance just as we thought it would. It advanced 6 cents a pound, or \$30 a bale in about 60 days from the time that Gov. Harding had told us that it was going back to 15 cents a pound.

Gov. Harding did not impress me at that conference that he was very much concerned about cotton or those who produced it. I regretted that he felt as he seemed to feel about the matter and I had some doubts and misgivings as to what he was going to do. But the President was well and strong then and I knew, and I think that Gov. Harding knew, that the President would not stand for unfair treatment of the patriotic cotton producers of the country, and destructive deflation was postponed and cotton went to 40 cents a pound. In 1920, during the severe illness of the President and just before the election, strange to say, Gov. Harding, who is still holding office under a Republican President, prosecuted his drastic deflation policy with such disgusting and destructive effect until his course was severely criticized and condemned by the people of the cotton States. Delegations came here to Washington and made known their feelings on the subject. The New York Commercial of October 13, 1920, tells us that Dr. Dudley J. Stillman, former chief of the Board of Farm Management of the Department of Agriculture, was one of a number who advocated the prosecution of members of the Federal Reserve Board. He said:

It is quite clear that the Federal Reserve Board and the Secretary of the Treasury are using the authority placed in their hands for the purpose of manipulating the market.

I do not know all that he means by that, but I know that the bear speculators at that time were making millions of dollars. If some man had been in the confidence of the Federal Reserve Board and could have been able to obtain from the board what the farmers and merchants and bankers of the South could not obtain, and they had told this man that they were going to



clamp down on the cotton producers on the last of July and break the price of cotton 9 cents a pound before the 1st day of September, that man could have made millions of dollars. If he had sold 1,000 bales of cotton on the exchange he would have taken down on the 1st day of September \$45,000, and Stillman said that they were manipulating the market.

Mr. Wannamaker, president of the American Cotton Association, came here to Washington and told the Federal Reserve Board that if they went "on with this policy of deflation it will kill agriculture."

Again, Mr. Wannamaker said:

We want funds to be furnished by the banks of the Federal reserve system. We want members of the Federal Reserve Board to stop browbeating bankers so that they are afraid of their shadows.

Here is another statement by Mr. Wannamaker:

In one month agricultural interests have lost over \$1,000,000,000 through decreased prices.

That is what the president of the American Cotton Association said. Then he asked this question:

Does the cotton producer commit a crime when he tries to sell his cotton just a little over the cost of production?

The Senator from South Carolina [Mr. SMITH], one of the ablest and best friends that the cotton producer has ever had in this or the other body, said on that occasion that the Federal Reserve Board should permit the issuance of Federal reserve notes based on warehouse receipts for cotton, but they did not do it.

Alfred Tomblin, a banker-merchant and cotton producer of Georgia, declared that the farmers of his section at two meetings have asked the prosecution of members of the Federal Reserve Board.

And yet the Federal Reserve Board pretends not to know that anybody suffered at its hands last fall. They said the people were getting money. Here is a statement of F. W. Thompson, vice president of the Merchants Loan & Trust Co., of Chicago, Ill., and also president of the Farm Mortgage Bankers' Association. His bank is a member of the Federal reserve system and he testified. Listen to what he said. After saying they could not get money, former Senator Hoke Smith of Georgia asked:

Why is it that you, being a member bank, they decline to rediscount this paper from the country banks?

Mr. THOMPSON. I do not know, Senator.

Here is another statement from Mr. Thompson, made in December last:

Mr. THOMPSON. I want to say another thing.

We want to relieve the situation in the country, and it needs it, gentlemen. I am not an alarmist or anything of the kind, but I do know some of the problems that are to-day affecting the banker in his demand upon the farmer that he pay and the demand upon the city banker that he deflate, and they are all up in the air.

This shows what the Federal Reserve Board's deflation policy was doing.

Mr. President, that was the policy, and yet here is the governor of the Federal Reserve Board trying to convince the investigating committee that the Federal Reserve Board has done nothing toward deflating the currency and curtailing credits.

Former Senator Gronna, at the December meeting, had this to say:

Let me say this: I dislike very much to be a witness before this committee, but let me tell you what happened in St. Paul the other day. Since you have brought this up I think I might just as well tell the truth.

We had over a hundred head of large cattle which we shipped to St. Paul. We found the markets demoralized and we wanted to ship them to Illinois and feed them. We could not get a loan of a dollar on those cattle.

Mr. THOMPSON. Whom did you go to, Senator?

Senator GRONNA. We went to the people right there in St. Paul and Minneapolis, and they said they were not advancing a dollar on cattle. The ninth Federal reserve district does not furnish any money to the producers of the country.

I just want that to go in the record, that the country is not being supplied with money. The feeders and purchasers of cattle are not being furnished with money.

That is what Senator Gronna said about the deflation policy of the Federal Reserve Board.

Mr. WATSON of Georgia. Mr. President—

Mr. HEFLIN. I am glad to yield to the Senator from Georgia.

Mr. WATSON of Georgia. The Senator no doubt remembers the statements carried in the newspapers of last Sunday, I think, in which the story was told of the rebuilding of the waste places in France and Belgium. The substance of it was that France and Belgium had been rehabilitated and had recovered from the dreadful effects of the invasion by the German Army. I state that in this connection to the Senator to bear out his argument that our own banking system, which represents our Government so far as our finances are concerned, is, in the language of the Supreme Court, waging war upon legitimate business and prostrating the industries of our country.

Mr. HEFLIN. I thank the Senator for bringing that to my attention. It is literally true. The great banking system that we relied on to help us has been arbitrarily used to strike us down.

Following up that suggestion, here was a banking system the pride of the American people, the proud boast of all American business men, which in the crash of the greatest war that ever cursed the world stood unshaken, towering like a monument against the sky. While ruin was everywhere else, this bank stood here, the mighty stronghold of the financial system of the great American people. They said then, "Why, no; war can not produce a panic; if necessary we could stand the expenditure of billions and billions of dollars without at all shaking the foundations of this great system." What excuse do you suppose they gave when they got ready to turn the currents of a destructive panic upon the South and West? Why, this Federal Reserve Board said that the silk industry of Japan had failed and that something had happened of minor importance in Cuba. God pity this board!

Mr. President, in that better day when the Federal Reserve Board thought more of successfully operating the system than of holding their seats on the board under a new administration, they would not have batted an eye at the failure of little Japan's silk industry or the falling down of a sugar warehouse in Cuba.

Just here I want to read a portion of an editorial from the Manufacturers' Record of June 9, 1921:

The business of the country has been robbed to enrich the coffers of financial institutions over the protests of many farseeing and honorable bankers. The profits that Gov. Harding has sought to explain can not be explained. They stand as an immutable evidence of the poverty of his financial direction.

The Federal reserve system financed the war; it could not finance the peace. So is the record written; so is it written in shame. Out of our vast resources flowed in endless streams the means to drive back the Hun. Then almost overnight Gov. Harding and his associates decided that the onslaught of approaching economic disaster should not be financed, that the reservoirs should be closed, and decided on a course of action that facilitated disaster. The law itself provided for extraordinary use of credit in case of just such a situation as the country faced, permitting a lowering of the necessary reserve. Gov. Harding refused to take advantage of that provision. He turned his back on it and faced the other way. What is a reserve for? To be used, of course, when need arises. That is just when Gov. Harding refused to use it. He hoarded the Nation's lifeblood and would not let it circulate.

Last summer, aware of the approaching disaster, John Skelton Williams, then Comptroller of the Currency, pointed out that \$2,000,000,000 in additional credit could be extended without imperiling the reserve position.

Mr. President, there is no getting away from the facts here presented by the Manufacturers' Record.

In line with the testimony which I have read from Mr. Thompson, of Chicago, and the testimony of ex-Senator Gronna, of North Dakota, that the people out there were not getting money, I wish to read the testimony of Gov. Bickett, of North Carolina, who appeared before our committee. Here is what he said:

One thing we call attention to is the present policy to call loans. I happen to know that down in my State of North Carolina there is a disposition—and the bankers say it is because of instructions approved by the Federal Reserve Board—to call loans.

This statement was made by the governor of a large cotton-growing State. He says that the bankers said last fall that the word had gone out to call loans. Further, he said:

Gentlemen of the committee, the situation with us in the South is more than distressing—it is tragic. It would be impossible for me to use words that would overstate the alarming condition that confronts the cotton farmer of the South.

We think the man who made the cotton ought to be given assistance and enabled to hold the cotton until the market opens up and the world is ready to take the cotton that it needs. We have not made more cotton this season than the world needs.

Senator CAPER. Did your governors' conference consider this suggestion: As to whether the Congress or the Government could provide relief by requiring the Federal Reserve Board to advance additional funds to the farmer, the cotton man, and the wheat grower, and others, on warehouse certificates temporarily?

Gov. BICKETT. Yes, sir. That it should provide additional funds and also provide for these extensions and stop this command that has come down all the way along the line to make everybody settle up right now.

This statement tells the story, Mr. President. The governor of North Carolina says the word came down the line to require the people to "settle up right now." What did that do? It required them to dump their cotton on the market without regard to the market conditions or the price being paid for cotton. That is what he was complaining about. The testimony continues. Senator SMITH, of South Carolina, said on that occasion:

At the conference we held before the Federal Reserve Board and the Secretary of the Treasury, the Comptroller of the Currency made the statement and published it that there was a sufficient gold reserve for the issuance of \$2,000,000,000 additional Federal reserves if the board saw fit to do it.

But the Federal Reserve Board would not change its policy. It would not have the money needed loaned on cotton. They



forced the farmer to get rid of his bonds; and the Government in time is going to pay every one of them dollar for dollar, with interest.

Mr. President, the Federal Reserve Board's action injured cotton greatly. I read from the New York Commercial of September 16, 1920. Under a Washington date line, among other things, this article says:

Gov. Harding frowned upon the proposal that additional credits be provided as a means of holding cotton in warehouses beyond the usual marketing period in order to insure better prices.

What did he do, Mr. President? Here is the farmer ready for the market, and here are those who manipulate the market knocking the market in the head every night, and he is going into a dead market, and the governor of the reserve board puts himself in the attitude of refusing to aid him in holding his cotton because it is time to sell cotton, he says.

Mr. President, if that theory is to be lived up to it would impoverish and send to the poorhouse every farmer in the cotton-growing States. What is the farmer to do? These were the lines in the paper. "He could not aid them in holding cotton in warehouses beyond the usual marketing period in order to insure better prices." Why better prices? So that he could cover the cost of production, so that he could pay his just debts, so that he could provide for those dependent upon him. But the governor of the Federal Reserve Board took that action. This is the blow that sent terror into the hearts of our cotton producers and turned them over to the wolves of Wall Street. Let us see how New York cotton speculators and market manipulators construed this position of Gov. Harding. Let us see what effect his action had upon the cotton market:

[From the New York Commercial, September 16, 1920.]

COTTON OFF FROM 12 TO 31 POINTS—FEDERAL RESERVE BOARD REFUSES SPECIAL AID TO SOUTH.

The conference held in Washington yesterday between representatives of the cotton States and officials of the Federal Reserve Board was disappointing to cotton holders, as the Federal Reserve governor made it plain that the South could expect no special help.

Special help! Where is the cotton of the United States produced? In the East, the North, or the West? No. It is produced in the South. It is the cotton crop of the United States grown in the South, and at the marketing time they had to have help or perish, and he told the South that they could not expect any special aid. Listen to this:

This decision will influence sentiment here regarding the ability of the planters to finance any sort of a holding movement now.

That is New York talking now in the Commercial.

The next day, September 17, this appeared in the Commercial. Under the head of "Cotton market opinions," W. J. Wollman & Co. said:

The action of the Federal board in refusing special assistance to the cotton growers is certain to act against the growth of the hold-the-crop movement.

They were taking advantage of it. They said, "They can not get any money; they are helpless"; and they sold the market to death, and down, down the price went. I repeat, between June and December they cost the cotton growers of the South \$200,000,000 a month. Those are astounding figures, Mr. President, but they are literally true.

The New York Commercial cotton article of the same date said:

Many traders were inclined to sell the market after overnight consideration of the refusal of the Federal Reserve Board to help the cotton planters, as it is believed that this decision will effectually kill most of the holding movement because of the difficulty of financing the proposition.

The market manipulators of New York knew that if the Federal Reserve Board refused to let the cotton farmer borrow money on his cotton he could not hold it and that they would get it at a low price real soon. So the action of Gov. Harding and his board cost the farmers of the cotton States more than ten hundred million dollars.

Mr. President, in the newspaper report sent out from Washington in defense of Gov. Harding's deflation policy, one item referred to Senator HARRISON of Mississippi. I will read it:

Senator HARRISON of Mississippi, endeavoring to indicate that certain statements by the Federal Reserve Board had depressed the value of cotton, caused the witness—meaning Gov. Harding—to discuss national politics. It seems that Senator HARRISON last fall spoke to the witness of the good effect which a lowering of discount rates would have on the Democratic situation.

Then it quotes Gov. Harding as saying:

We could not follow the suggestion.

And then he said:

In January of this year I encountered Gov. Cox at a reception, and he told me that he had been of the opinion that the board's policy was wrong, but that he was convinced that we would have been very foolish had we made a change.

Mr. President, I knew Gov. Cox did not indorse the drastic and destructive policy of the Federal Reserve Board. I wired him, and he wrote me that when he came back last fall from his tour of the Pacific slope he wired Gov. Harding of the evil effects of that policy on the cattlemen, causing them to throw their cattle upon the market. Again he said that when he met Gov. Harding at this reception, that with a piece of pleasantry he remarked, "Well, I guess you knew what you were doing." Then Gov. Cox went on to say that he knew that some sort of a deflation policy would be inaugurated after the war, but he denies that he indorsed the deflation policy foisted upon the country by the Federal Reserve Board.

In his letter to me, Gov. Cox called attention to the fact that farmers in Ohio who contracted for farms at high prices had to give them up because they could not obtain the money and credits necessary to tide them over.

Mr. President, I wanted the Senate and the country to know that the position of Gov. Cox had been misrepresented. I knew Gov. Cox had never approved a policy that placed the agricultural industry of the country at the mercy of those who were seeking to pillage and plunder it.

Now, Mr. President, since Gov. Harding states that he informed Senator HARRISON last fall in response to a suggestion from that Senator that if he would reduce the rediscount rate it would help the price of cotton and aid the Democratic cause, that he could not and would not do as suggested.

I want to read an editorial from the Washington Times of April 12, 1921. That was just after a new chief had gone into control at the White House, and the one who appointed him had retired to private life. Here is what was said right here at the Capital of the Nation. The headline reads—

FEDERAL RESERVE HEAD TO REMAIN IS REPORT.

That refers to Gov. Harding, and the article reads in part as follows:

Although Gov. Harding is a Wilson appointee he did everything consistent with his office to further the Republican cause at the last election. This attitude has dispelled prejudice arising out of the fact that he was inducted into public life under the Democratic auspices.

I wonder, Mr. President, if Gov. Harding, who could not do the thing last fall that might help the cotton farmer and the Democratic Party, is now holding on to his job because the appointing power is pleased with the contribution he made to Republican success in the last election. There is nothing that Gov. Harding could have done for the party that now indorses his deflation policy and now keeps him in office that would have contributed more to Republican success than what he did do in his position as governor of the Federal Reserve Board.

He could not have done more if he had been trying to defeat the Democratic Party that had nurtured him into being in a public way. A great many people believe that if he had decided to support the Republican ticket he should have resigned, so that the position given him by the Democratic Party could not and would not have been used without Democrats knowing just what he was doing with it. If the Democrats of Tennessee and Oklahoma who stayed away from the polls had known that Gov. Harding was supporting the Republican ticket, they would have understood just why the deflation policy was being pressed so vigorously and so mercilessly just before the election in 1920. I think that any man appointed to an office like that of governor of the Federal Reserve Board should be required to announce his change of political faith and resign and not be permitted to continue in office in disguise and maybe use his powers to retain his position.

WATERS OF THE COLORADO RIVER.

Mr. ASHURST. Mr. President, a few days ago the Senate passed House bill 6877, which I have been requested to explain. The bill is as follows:

Be it enacted, etc., That consent of Congress is hereby given to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming to negotiate and enter into a compact or agreement not later than January 1, 1923, providing for an equitable division and apportionment among said States of the water supply of the Colorado River and of the streams tributary thereto, upon condition that a suitable person, who shall be appointed by the President of the United States, shall participate in said negotiations, as the representative of and for the protection of the interests of the United States, and shall make report to Congress of the proceedings and of any compact or agreement entered into, and the sum of \$10,000, or so much thereof as may be necessary, is hereby authorized to be appropriated to pay the salary and expenses of the representative of the United States appointed hereunder: *Provided*, That any such compact or agreement shall not be binding or obligatory upon any of the parties thereto unless and until the same shall have been approved by the legislature of each of said States and by the Congress of the United States.

SEC. 2. That the right to alter, amend, or repeal this act is herewith expressly reserved.

It will be observed that by the bill the consent of Congress is proposed to be given to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming to nego-



tiate and enter into a compact or agreement providing for an equitable division and appropriation among the said States of the waters of the Colorado River. The time has come when the march of civilization and the Nation's necessities demand that the potentialities of these waters shall be utilized. The enactment of legislation of this character was recommended by the conference of governors of the Western States, which recently assembled at Denver, Colo. The League of the Southwest, of which the governor of Arizona is president, also recommended the passage of this legislation.

Clause 3, section 10, Article I, of the Constitution of the United States provides that—

No State shall, without the consent of Congress \* \* \* enter into any agreement or compact with another State \* \* \*.

Therefore the said States are asking the Congress to grant its consent that they may enter into such an agreement.

#### PHYSICAL FEATURES OF THE COLORADO RIVER BASIN.

The region drained by the Colorado River and its tributaries, known as the Colorado River Basin, is about 900 miles long, from 300 to 500 miles wide, and embraces 251,000 square miles, an area larger than Georgia, New York, North Carolina, Pennsylvania, and Virginia combined.

The Colorado River proper is formed by the junction of the Green and the Grand; the name of the Grand was by act of Congress approved the 25th day of July, 1921, changed to the Colorado. Green River from its source to its junction with the Grand is 700 miles long and sends down an average annual run-off exceeding 5,600,000 acre-feet. The Grand River from its source to its junction with the Green is about 450 miles long and sends down an average annual run-off exceeding 6,700,000 acre-feet.

Green River heads near Fremont Peak in the Wind River Mountains in a group of alpine lakes fed by perpetual snows. The source of Grand is in the Rocky Mountains west of Longs Peak. Like the Green, it is fed by small alpine lakes that receive their waters directly from eternal snow banks. Including the Green, the Colorado River is about 1,700 miles long and empties into the Gulf of California in latitude 31° 53' and longitude 115°.

The Colorado River, including its principal tributaries, the Green and the Grand, flows through or is part of the boundary line of the States of Arizona, California, Colorado, Nevada, and Utah. In addition, its tributaries drain portions of New Mexico and Wyoming. The Colorado River enters Arizona from Utah near what is called the Crossing of the Fathers and flows through Arizona for a distance of 330 miles to the Arizona-Nevada State line, in Iceberg Canyon, just below the Grand Wash. From this point the river forms the western boundary line of Arizona for a distance of 400 miles to the point where it intersects the boundary line between Arizona and Old Mexico.

The Colorado River Basin, that is to say, the region traversed by this river and drained by its tributaries, contains mountains reaching to a height of 13,500 feet, belted at the base by forests of vivid green, and capped with gleaming snow; it contains playas and inland lakes below the level of the sea; it contains vast, desolate plateaus of rugged, black scoria; immense forests of pine, cedar, and pinon, and in these forests are hundreds of small parks, bowl-like gems of exquisite scenery; it contains the largest area of recent volcanic action to be found on the continent, "recent" being employed in its geological sense. It contains a real desert where the raw and scorching sun comes down as a pitiless flail, where the sand reflects the heat and glare and distresses the eye of the traveler, and where little dew or moisture is deposited, but where a wind, hot as a furnace blast, sometimes blows from the south.

Before the railroad was built through it a journey over this desert was at times dangerous and always fraught with extreme discomfort. Day after day nothing was to be seen but an expanse of hot sand, with now and then a cactus lifting its thorny arms into the brazen gloom. The loneliness and helplessness of the pioneer there seemed to sever him from human things and to remove him an infinite distance from the world with its interests and its occupations, but nature, in one of her capricious moods, placed in this same basin the richest agricultural lands in the Western Hemisphere, a tract of about 45,000 acres and known as the Yuma Mesa, near the town of Yuma, now under course of irrigation by virtue of a bill which I introduced in the Sixty-fourth Congress and which became a law on January 25, 1917.

In this basin, which was a populous land before the Pyramids were built, ancient peoples builded cities not wholly lacking in grandeur. These peoples of antiquity wove and spun cotton and flax into gaudy tapestries before Romulus and Remus were

suckled. They melted gold and silver into chieftains' ornaments and queens' girdles before Caesar's shouting legions and laureled ensigns brought tribute back to imperial Rome.

Centuries before the Knickerbocker set foot on Manhattan Island tribes of men now vanished irrigated the fertile sands of the Colorado River Basin from canals and reservoirs finished with hard linings of tamped or burnt clay which in some degree possessed the endurance of our modern concrete. The origin of this mysterious people is enwrapped in the mists of antiquity. Nothing has been found of sufficient distinctiveness to enable us to do more than speculate and form ingenious theories as to whence they came, how long they enjoyed their tolerable civilization, and whither and why they went.

Within this basin is the Petrified Forest, whose trees lived their green millenniums and put on immortality in Triassic time, 7,000,000 years ago. The trees were of several kinds, most of them being related to the Norfolk Island pines. A small amount of iron oxide is distributed through the logs, which gives them their beautiful yellow, brown, and red tints.

Within the region traversed by the Colorado River and drained by its tributaries is the Painted Desert, in which at a distance you perceive the "sea of jasper" and the face of cliffs that gleam like jewels; you seem to descry fortifications with flags flying on their ramparts and walled towers on conical hills amidst an admixture of light and shade.

Within this region is the Grand Canyon, a terrible abyss of wondrous colors, of bold escarpments, pyramids, swelling domes, mosques, minarets, and isolated mesas through which rolls and tumbles this Colorado River.

On the 5th day of January, 1886, in the Forty-ninth Congress, the first bill to make the Grand Canyon a national park was introduced in the Senate by the late ex-President Benjamin Harrison, then a Senator from Indiana. This bill failed to become a law, and the project has been presented to the Congress from time to time since 1886.

In the Sixty-fifth Congress I introduced a bill to make the Grand Canyon a national park. The bill was referred to Secretary of the Interior Lane for a statement of the facts relating to the subject, and in the Secretary's report to the committee he states as follows:

It seems to be universally acknowledged that the Grand Canyon is the most stupendous natural phenomenon in the world. Certainly it is the finest example of the power and eccentricity of water erosion, and as a spectacle of sublimity it has no peer.

It would be futile to attempt to describe the Grand Canyon. However, a review of a few facts with relation to the canyon would be pertinent to a report of this character.

The Colorado River, which flows through the gorge, drains a territory of 300,000 square miles, and it is 2,000 miles from the source of its principal tributary to its entrance into the Gulf of California. It is one of America's greatest rivers. It is proposed by this bill to establish a national park at the point in the river's course where it has worn a channel more than a mile deep. This enormous gulf measures occasionally 20 miles across the top.

The sides of the gorge are wonderfully shelved and terraced, and countless spires rise within the enormous chasm, sometimes almost to the rim's level. The walls and cliffs are carved into a million graceful and fantastic shapes, and the many-colored strata of the rocks through which the river has shaped its course have made the canyon a lure for the foremost painters of American landscapes.

It seems that the Grand Canyon, therefore, is entitled to the same status and to an equal degree of consideration by Congress as are enjoyed by Yellowstone, Yosemite, and the other great national parks which contain natural phenomena of the first order, and I heartily recommend immediate favorable action looking toward the enactment of this bill.

The bill passed both Houses and was approved by President Wilson on the 26th day of February, 1919.

Whilst the bill in its opening sentences declared—

That there is hereby reserved and withdrawn from settlement, occupancy, or disposal under the laws of the United States and dedicated and set apart as a public park for the benefit and enjoyment of the people, under the name of the "Grand Canyon National Park"—

no valid existing right initiated prior to the approval of the bill can be disturbed by reason of the following sections:

SEC. 2. That the administration, protection, and promotion of said Grand Canyon National Park shall be exercised, under the direction of the Secretary of the Interior, by the National Park Service, subject to the provisions of the act of August 25, 1916, entitled "An act to establish a National Park Service, and for other purposes": *Provided*, That all concessions for hotels, camps, transportation, and other privileges of every kind and nature for the accommodation or entertainment of visitors shall be let at public bidding to the best and most responsible bidder.

SEC. 3. That nothing herein contained shall affect the rights of the Havasupai Tribe of Indians to the use and occupancy of the bottom lands of the Canyon of Cataract Creek as described in the Executive order of March 31, 1882, and the Secretary of the Interior is hereby authorized, in his discretion, to permit individual members of said tribe to use and occupy other tracts of land within said park for agricultural purposes.

SEC. 4. That nothing herein contained shall affect any valid existing claim, location, or entry under the land laws of the United States, whether for homestead, mineral, right of way, or any other purpose whatsoever, or shall affect the rights of any such claimant, locator,



or entryman to the full use and enjoyment of his land, and nothing herein contained shall affect, diminish, or impair the right and authority of the county of Coconino, in the State of Arizona, to levy and collect tolls for the passage of live stock over and upon the Bright Angel Toll Road and Trail, and the Secretary of the Interior is hereby authorized to negotiate with the said county of Coconino for the purchase of said Bright Angel Toll Road and Trail and all rights therein, and report to Congress at as early a date as possible the terms upon which the property can be procured.

SEC. 5. That whenever consistent with the primary purposes of said park the act of February 15, 1901, applicable to the locations of rights of way in certain national parks and the national forests for irrigation and other purposes, and subsequent acts shall be and remain applicable to the lands included within the park. The Secretary of the Interior may, in his discretion and upon such conditions as he may deem proper, grant easements or rights of way for railroads upon or across the park.

SEC. 6. That whenever consistent with the primary purposes of said park, the Secretary of the Interior is authorized, under general regulations to be prescribed by him, to permit the prospecting, development, and utilization of the mineral resources of said park upon such terms and for specified periods, or otherwise, as he may deem to be for the best interests of the United States.

SEC. 7. That, whenever consistent with the primary purposes of said park, the Secretary of the Interior is authorized to permit the utilization of areas therein which may be necessary for the development and maintenance of a Government reclamation project.

SEC. 8. That where privately owned lands within the said park lie within 300 feet of the rim of the Grand Canyon no building, tent, fence, or other structure shall be erected on the park lands lying between said privately owned lands and the rim.

The Grand Canyon National Park represents an area of approximately 950 square miles, a greater part of which is within the walls of the canyon. Sufficient land has been included back of the north and south rims to make possible an adequate road development and to take care of camping and hotel facilities.

#### FUTURE OF THE BASIN.

What is to be the future of this basin, a country larger in area than the tract of land which Virginia, with princely liberality ceded to the Colonial Government in 1787, out of which five States were erected?

Of course, its forests will be utilized, its mineral wealth will be sought, its dazzling scenic beauties will be unfolded; but its greatest development, however, must come from its water resources, upon which the development of its other resources must largely depend. Without the water afforded by Colorado River and its tributaries, vast tracts of its land would remain unproductive and practically useless; but the Hand that formed this land, that cleft its mountains in twain and filled their caverns with precious metals, that painted its landscapes in colors warranted never to fade, and that replenishes this inexhaustible and perpetual river left it feasible for man not only to construct large irrigation systems and to build towns, cities, and prosperous agricultural communities within this basin, but to generate hydroelectric power for lighting, heating, industrial uses, and the transportation of freight and passengers.

In discussing the broader possibilities and problems of the Colorado River Basin there are hundreds, even thousands, of minor yet important possibilities of expansion that I necessarily must leave unmentioned, although these future minor auxiliary developments will have much local importance and in the aggregate true natural significance. In general such minor or auxiliary projects do not preclude the larger use of the river, but must be undertaken as part of that larger use.

The record of accomplishment of the United States Reclamation Service enriches the annals of the American people. Irrigation projects charm the imagination with their wizardry. Their power of transforming barren deserts into grain and cotton fields, into orchards and vegetable and flower gardens make the lamp of Aladdin and the purse of Fortunatus seem tame and prosaic. The wildest hyperbole would not overestimate the strength, wealth, beauty, comfort, and public order that would be added to this Nation were all the unemployed agencies of the Colorado River set to work.

During the past 19 years, or since Federal irrigation began, 3,000,000 acres of theretofore practically worthless desert land have been made productive by Government irrigation. The value of the crops produced thereon now amounts to \$90,000,000 annually. The increase in value of the irrigated acreage amounts to \$600,000,000, and since the Government began the delivery of irrigation water the crops produced on the reclaimed lands to-day aggregate \$400,000,000 in value. Nor does this sum of \$400,000,000 include the value or expansion of production of live stock or stock products; in other words, the figures (\$400,000,000) as to the aggregate crop value are limited to vegetable, fruit, and grain values at the farm, for which Government reclamation furnishes the sole supply of water. All the moneys disbursed by the Government to the various irrigation projects will ultimately be repaid.

At the outset let it be remembered that the full importance of national irrigation can not be measured in dollars, for it has an intangible value not to be estimated in tonnage tables nor transportation rates. In building new Commonwealths in the

arid lands of the West the Government is utilizing undeveloped resources and creating opportunities for its citizens. One of the primary purposes of the reclamation law was to create homes, and this purpose has been richly fulfilled. Viewed from this standpoint alone, national reclamation has amply justified all for which its advocates hoped.

Since 1902 the Reclamation Service has constructed the irrigation systems to supply abundant water to 2,000,000 acres of land, and the capacious storage reservoirs of the Government are furnishing a supplemental supply of stored water to a million additional acres in other projects, or a grand total of 3,000,000 acres. On these irrigated lands are now profitably employed and satisfactorily housed approximately 500,000 persons.

On the Government project lands are 50,000 families in independent homes. The population in cities, towns, and villages in these Government projects has been increased by an equal number of families. The arguments for increasing and making permanent the Nation's virility, prosperity, and growth by creating more homes of this kind were never more forcible and unanswerable than at this juncture.

The American people can not claim to have measured up fully to their opportunity and responsibility until the deserts of the West and the unused agricultural lands of the Nation have been replaced by prosperous farmsteads.

When measured by the yardstick of the financier—the dollar—the results of the Reclamation Service activities are enormously great.

As a creator of wealth, its service to the Nation and the State has been as great as in its principal task of home making. Out of the uninhabited and almost worthless desert, reclamation has carved an empire of nearly 3,000,000 acres, intensively cultivated and producing crops whose annual average gross returns per acre about double those per acre for the balance of the country.

Mr. President, I ask unanimous consent to include in the RECORD at this point a letter and a tabular statement from the United States Reclamation Service showing the amount of money appropriated for reclamation purposes, the total investment of the United States in reclamation, the amount of the disbursements and credits, and the amounts ultimately to be repaid to the Government.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

DEPARTMENT OF THE INTERIOR,  
UNITED STATES RECLAMATION SERVICE,  
Washington, D. C., August 6, 1921.

HON. HENRY F. ASHURST,  
United States Senate.

MY DEAR SENATOR: In the absence of Director Davis we duly received your letter of July 20, 1921, to him, requesting a revision of figures sent to you in 1919, showing the net investments in several Government reclamation projects.

When your letter arrived we were, for other purposes, compiling such data to the end of the last fiscal year, and as that is a convenient period to use, it seemed best to withhold reply until these figures were available.

I am now sending them herewith in a tabulation similar to the one returned with your letter.

You may recall that these figures were made up in this way originally by specific request from your office by telephone. They are not in the form that we would select for ordinary purposes of publication because there is danger that they will mislead.

In other words, the inclosed figures are bookkeeping data and involve considerable duplication that swell the totals and make these misleading unless there is given and read with them considerable explanation. For example, we are constantly transferring from one project to another machinery, equipment, and materials in order to work the greatest economy and efficiency in utilizing these.

To keep the books showing the investments in any particular project, it is necessary to include an agreed value for such things transferred from and to the project. Thus, the total investment for each project includes "transfers received" of such things, and the column "Reimbursements and credits" includes "transfers issued." On any particular project these two entries necessarily differ, and hence must be included to bring out the net investment for that project, whereas for all projects these items merely balance one another and swell the totals, aggregating upward of \$8,600,000.

The figures given for total investments include cash disbursements from the reclamation fund, appropriations for "increase of compensation," and other special appropriations, such as that of a million dollars toward the cost of Elephant Butte Dam under the act of March 4, 1907; others for judgments of the Court of Claims, the funds for the Yuma auxiliary project, etc.

At the bottom of the table you will notice a number of other items added to bring the figures into agreement with our book totals. The "secondary projects" include a great number of possibilities that have been surveyed or examined from time to time in addition to the projects actually undertaken. For example, in Arizona this includes the San Carlos, San Pedro, Sentinel, and other propositions that will occur to you.

The item of "general expense" includes headquarters offices at Washington and Denver for administration, engineering design, and other purposes, legal services, and many other items that can not readily be allocated to particular projects except in bulk from time to time on the basis of expenditures or similar criteria. This item of general expense is the largest one included under the head of transfers already mentioned.

The item entitled "Indian projects" represents expenditures from the reclamation fund reimbursed by the Indian Bureau.

If you intend to publish these figures and want to avoid the possibility of misleading suggested above, you may want to use merely the figures of "net investment." In most cases we find that figures of cost rather than investment answer the questions in the minds of inquirers, and if you wish figures on a cost basis, or if we can otherwise be of further service in this connection, we shall be glad to do so.

Very truly, yours,

MORRIS BIEN, Acting Director.

Reclamation projects investment to June 30, 1921.

State.	Project.	Total investment of United States.	Reimbursements and credits.	Net investment of United States.
Arizona.....	Salt River.....	\$14,738,768.28	\$4,800,610.32	\$9,938,157.96
Arizona-California.....	Yuma.....	11,353,345.18	2,330,515.52	9,022,829.66
California.....	Orland.....	1,330,107.50	411,650.07	918,457.43
Colorado.....	Grand Valley.....	4,051,877.50	234,165.35	3,817,712.15
Do.....	Uncompahgre.....	7,873,432.32	1,214,326.00	6,659,106.32
Idaho.....	Boise.....	15,080,090.12	3,168,134.50	11,911,955.62
Do.....	King Hill.....	1,359,886.98	54,356.61	1,305,530.37
Do.....	Minidoka.....	8,866,272.26	4,038,517.85	4,827,754.41
Kansas.....	Garden City.....	402,424.80	69,063.14	333,361.66
Montana.....	Huntley.....	2,511,337.38	841,256.80	1,670,080.58
Do.....	Milk River.....	3,881,950.40	210,097.77	3,671,852.63
Do.....	St. Mary Storage.....	2,904,882.94	158,565.01	2,746,317.93
Do.....	Sun River.....	4,354,658.49	456,792.73	3,897,865.76
Do.....	Lower Yellowstone.....	3,780,806.97	318,825.18	3,461,981.79
Nebraska-Wyoming.....	North Platte.....	14,240,256.48	2,960,317.42	11,279,939.06
Nevada.....	Newlands.....	7,691,341.87	1,349,537.06	6,341,804.81
New Mexico.....	Carlsbad.....	1,893,115.31	677,633.86	1,215,481.45
Do.....	Hondo.....	407,745.12	35,842.46	371,902.66
New Mexico-Texas.....	Rio Grande.....	12,963,441.23	1,746,396.42	11,217,044.81
North Dakota.....	North Dakota pumping.....	1,584,033.21	519,601.59	1,064,431.62
Oklahoma.....	Lawton.....	(1)	(1)	(1)
Oregon.....	Umatilla.....	3,249,935.01	793,916.49	2,456,018.52
Do.....	Deschutes.....	2,041.83	7,407.29	5,365.46
Oregon-California.....	Klamath.....	3,986,187.17	990,872.96	2,995,314.21
South Dakota.....	Belle Fourche.....	4,413,894.12	1,012,666.36	3,401,227.76
Utah.....	Strawberry Valley.....	4,154,753.17	864,211.43	3,290,541.74
Washington.....	Okanogan.....	1,659,232.53	294,233.95	1,364,998.58
Do.....	Yakima.....	13,845,153.71	5,224,092.68	8,621,061.03
Wyoming.....	Shoshone.....	7,808,514.85	1,159,099.35	6,649,415.50
Do.....	Riverton.....	172,885.52	18,271.41	154,614.11
Various.....	Secondary.....	1,760,256.72	562,330.17	1,197,926.55
	Civil Service, retirement and disbursement fund.....	22,785.00	16,925.18	5,859.82
Subtotal.....		162,345,393.97	36,540,143.93	125,805,250.04
Wyoming.....	Jackson Lake enlargement.....	(2)	(2)	(2)
General expense.....		6,181,268.14	6,015,817.56	167,450.58
Indian projects.....		3,145,052.66	3,145,052.66	
	Yuma auxiliary.....	221,774.18	424,080.63	* 202,306.45
	Drainage and cut-over.....	100,987.52	464.51	100,523.01
Total.....		171,996,476.47	46,125,559.29	125,870,917.18

<sup>1</sup> Included in secondary projects.

<sup>2</sup> Included in Minidoka project.

\* The reimbursements exceed the investment.

#### POTENTIALITIES OF THE COLORADO RIVER BASIN.

Mr. ASHURST. According to records kept at Laguna Dam, the flow of the Colorado River during 22 years was as follows:

	Maximum.	Minimum.	Mean.
Discharge in second-feet.....	240,000	1,800	23,240
Annual run-off in acre-feet.....	21,700,000	9,110,000	16,400,000

One second-foot is a flow of 1 cubic foot of water per second.

One acre-foot is a volume of water sufficient to cover 1 acre 1 foot deep: 16,400,000 acre-feet of water would submerge the District of Columbia over 400 feet.

The irrigable land within the Colorado River Basin is as follows:

	Acreage irrigated in 1920.	Additional acreage possible.	Total possible acreage irrigable.
United States:			
Wyoming.....	367,000	543,000	910,000
Colorado.....	740,000	1,018,000	1,758,000
Utah.....	359,000	456,000	815,000
New Mexico.....	34,000	483,000	517,000
Arizona.....	501,000	776,000	1,277,000
Nevada.....	5,000	2,000	7,000
California.....	458,000	481,000	939,000
Total United States.....	2,464,000	3,759,000	6,223,000
Mexico.....	190,000	610,000	800,000
Grand total.....	2,654,000	4,369,000	7,023,000

Among the projects which should be built within the Colorado River Basin will be the Boulder Canyon Reservoir, in Arizona, and the acreage irrigable under the Boulder Canyon is approximately as follows:

	Acreage irrigated in 1920 (gravity).	Future additional possible acreage.		Total ultimate acreage.
		Gravity.	Pump.	
United States:				
Nevada.....		1,000	1,000	2,000
Arizona.....	50,000	256,000	73,000	379,000
California.....	458,000	358,000	123,000	939,000
Total United States.....	508,000	615,000	197,000	1,320,000
Mexico.....	190,000	547,000	63,000	800,000
Grand total.....	698,000	1,162,000	260,000	2,120,000

#### POWER.

A vast amount of power is dissipated in the fall of the Colorado River from its mountain sources to the sea, and large amounts of power may be harnessed for use. Imaginative France calls water power "white coal," and this brilliant characterization suggests a coal free from dust, cheaper, easier handled, a supply inexhaustible, which after used flows on to the projects below and may be used again and yet again.

Thus on the main stream of the Colorado River below the junction of the Green and Grand known power sites on the Colorado can yield 6,000,000 horsepower with present irrigation and 4,800,000 horsepower with estimated total ultimate irrigation development of the 2,120,000 acres as above set out.

Practically all of this 6,000,000 horsepower would, of course, be developed and generated in the State of Arizona, but the justice, fair dealing, and large vision of Arizona's people is a firm and perpetual guaranty that the distribution and allocation of this power would always be made with justice and equity and that Arizona would constantly keep in view the needs and requirements of all interests, whether mining, railroad, agriculture, domestic, manufacturing, or municipal.

Boulder Canyon alone, assuming maximum reservoir and irrigation below, with 35 feet dedicated to flood control, can supply 600,000 year-round horsepower.

A horsepower is a rate of work equal to lifting 33,000 pounds 1 foot per minute. Originally based on observations of dray horses, it greatly exceeds the average performance of an ordinary horse.

The combined peak demand on all power plants in the District of Columbia in 1920 was 95,000 horsepower.

The total development at Niagara in 1916 was 575,000 horsepower.

The installed substation capacity on the Chicago, Milwaukee & St. Paul Railway electrification is 180 horsepower per mile.

At 200 horsepower per mile, 4,800,000 horsepower would serve 24,000 miles of electrified railroad, which roughly approximates the earth's circumference, or the total railroad mileage in Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming.

As I said before, the complete and proper utilization of all waters of the Colorado River would embrace hundreds of projects of various kinds, each one of which, however, would be a unit of or part of the complete plans of the development of the river's resources, yet each project might appear to be independent. For example:

#### THE PARKER PROJECT ON THE COLORADO RIVER INDIAN RESERVATION.

The Parker Valley, or what is called by the Indian Service, the Colorado River Indian Reservation project, lies on the east side of the Colorado River in Yuma County, Ariz. A small portion of the valley is on the west side of the river in California. The principal town is Parker, at the head of the valley, with a population of 500, located on the Atchison, Topeka & Santa Fe Railroad.

Parker Valley has a total length of about 40 miles, extending from Parker Valley on the north to near Ehrenburg on the south. The maximum width of the valley is about 7 miles on the east side of the river. The river is said to overflow the lower bottom lands and that 95,000 acres are subject at times to overflow during periods of maximum flood.

The bench lands, really a substantial part of the project, consist of the Parker Mesa at the head of the valley, surrounding the town of Parker. This is an attractive stretch of land, being smooth and level, with a gravelly and sandy soil. The bench is from 75 to 150 feet about the bottom lands.

The Colorado River Reservation embraces about 243,000 acres, of which about 222,000 lie within the State of Arizona; the remainder being in California. While extensive topographic surveys have not yet been made, preliminary surveys disclose that approximately 150,000



acres within this reservation consist of fine "bottom," susceptible of irrigation, by gravity, from the Colorado River upon construction of the necessary diversion dam and distributing system. About 5,000 acres, allotted to the Indians, are now being supplied with water through a pumping plant constructed under authority found in the act of April 4, 1910 (36 Stat., 272), and acts making supplementary appropriations. Pumping water for irrigation purposes, however, is an onerous burden, which is daily becoming more expensive, as the cost of labor, material, and supplies increases. Logically, therefore, the irrigation of large areas calls for a gravity system, where feasible.

The right to divert water from the Colorado River was authorized by act of Congress entitled "An act making appropriations for the current and contingent expenses of the Indian Department and for fulfilling treaty stipulations with various Indian tribes for the fiscal year ending June 30, 1905, and for other purposes" (act Apr. 21, 1904, ch. 1402, 33 Stat., 189). The portion authorizing the diversion of water reads as follows:

"That in carrying out any irrigation enterprise which may be undertaken under the provisions of the reclamation act of June 17, 1902, and which may make possible and provide for, in connection with the reclamation of other lands, the reclamation of all or any portion of the irrigable lands on the Yuma and Colorado River Indian Reservations in California and Arizona, the Secretary of the Interior is hereby authorized to divert the waters of the Colorado River and to reclaim, utilize, and dispose of any lands in said reservations which may be irrigable by such works in like manner as though the same were a part of the public domain."

In addition to the Parker project on the Big Colorado River, a number of projects could be built in the basin of the Little Colorado River.

The average annual run-off of water from the 30,000 square miles drained by the Little Colorado River is 200,000 acre-feet, and the maximum flow during any one year probably does not greatly exceed 300,000 acre-feet.

Storms of short duration are frequent and the run-off is irregular. The flood waters must be stored if any large part of the run-off of the Little Colorado is to be used for irrigation.

That the Little Colorado Basin contains more than 200,000 acres of good agricultural land which could be irrigated by canals from the Little Colorado at a reasonable cost has been shown by the United States Reclamation Service, and the existence of reservoir sites, whose aggregate capacity is greatly in excess of the annual run-off, is shown by the following table:

*Reservoir sites in the Little Colorado Basin.*

Name.	Capacity.
	<i>Acre-feet.</i>
Woodruff.....	108,000
Forks.....	148,000
Leroux.....	54,000
Tucker Flat.....	118,000
Greer.....	260,000
Zuni.....	107,000
Little Colorado.....	140,000
Lyman.....	40,000
Baum.....	437,000
Navajo.....	100,000
	1,512,000

An intensive development of Big Colorado River Basin will, of course, mean the building of the San Carlos Reservoir, the irrigation of the white and Indian lands in the Casa Grande Valley, and the control of the Gila River in Graham County, Ariz., so that the lands of the settlers in the Gila Valley will not be destroyed by floods of the river; and the development of the Gila River will undoubtedly embrace projects at Duncan and Franklin. Neither my time nor the patience of the Senate permit me to describe dozens of other projects that may be promoted within this Big Colorado River Basin, but among them will be an all-American canal for the Imperial and Coachella Valleys.

#### NAVIGABILITY.

It is by no means beyond the domain of probability that one of the features of an intensive development of the potentialities of the Colorado River will lead to the resumption, during certain periods of the year, of navigation on the Colorado River.

Prior to the construction of the Southern Pacific Railroad into Yuma, in 1876, practically all of the supplies reaching Arizona for the settlers and the troops came from California by steamer to Yuma, where the ocean steamers lightered and their cargo was transferred to river steamers, which distributed the merchandise to the various settlements along the river between Yuma and Callville, thence to be hauled into the interior of the country by ox teams. For many years two steamers, the *Esmeralda* and the *Nina Tilden*, made regular trips up and down the river between Callville and Yuma, at which latter place they connected with steamships plying between Yuma and San Francisco. The owners of these river boats seeking trade carried standing advertisements in the Salt Lake City and San Francisco newspapers up to 1867.

#### FLOODS ON COLORADO.

Hernando de Alarcón sailed in May, 1540, to explore the region north of New Spain, and reached the head of the Sea of Cortes, now known as the Gulf of California. He says: "And it pleased God that after this sort we came to the very bottom of the bay, where we found a very mighty river which ran with so great fury of a stream that we could hardly sail against it." Here began the acquaintance of Europeans with the river now known as the Nile of the West. Alarcón proceeded up the Colorado in small boats to a point about 100 miles above the mouth of the Gila River.

Owing to the gradual upbuilding of its deltaic bed and banks and its aggressive "cutting edge" the flood menace on the Colorado River is an increasing and ever-recurring problem of great importance which calls for solution at an early date.

The Gulf of California once extended northwestward to a point a few miles above the town of Indio, or about 144 miles from the present head of the gulf. The Colorado River, emptying into the gulf a short distance south of the international boundary, carried its heavy load of silt into the gulf for centuries, gradually building up a great delta cone entirely across the gulf and cutting off its northern end, which remains as a great depression from which most of the water has evaporated, leaving in its bottom the Salton Sea of 300 square miles with its surface about 250 feet below sea level.

The river flowing over its delta cone steadily deposits silt in its channel and by overflow on its immediate banks, so that it gradually builds up its channel and its banks and forms a ridge growing higher and higher until the stream becomes so unstable that it breaks its banks in the high-water period and follows some other course. In this manner the stream has in past centuries swung back and forth over its delta until this exists as a broad flat ridge between the gulf and the Salton Sea, about 30 feet above sea level, and on the summit of this has formed a small lake called Volcano Lake, into which the river flows at present, the water then finding its way to the southward into the gulf.

The direct distance from where the Colorado River reaches Mexico to the head of the Gulf of California is about 75 miles, and the distance from the first-mentioned point to the margin of the Salton Sea is but little greater. As the latter is about 250 feet lower than the gulf, the tendency of the river to flow in that direction needs no demonstration. This coupled with the inevitable necessity for such an alluvial stream to leave its channel at intervals constitutes the menace to the lands lying about Salton Sea, called the Imperial Valley. As there is no escape of water from Salton Sea except by evaporation, the river flowing into this sea would, unless diverted, gradually fill it to sea level and submerge the cultivated land and the towns of Imperial Valley, nearly all of which are below sea level. Any flood waters that overflow the bank to the north must therefore without fail be restrained and not allowed to flow northward into Salton Sea. This is now prevented by a large levee north of Volcano Lake, extending eastward and connecting with high lands near Andrade. This levee is in Mexico and its maintenance is complicated thereby.

The floods of the Colorado divide themselves naturally into two general classes—those from the Colorado River, which drain the large areas in Arizona, California, Colorado, New Mexico, Nevada, Utah, and Wyoming I have hereinbefore described, and those from the Gila River, which lies in Arizona.

The Gila River, owing to its temperamental and flashy nature, sometimes furnishes a volume of water and flood waves at its mouth near Yuma almost as large as the maximum discharge of the Colorado at the same point. These floods from the Gila, however, are of relatively short duration, but their sudden flow and erratic nature make them particularly menacing to Yuma and have already done enormous damage.

The Colorado River rises gradually, carries a large volume of water for several weeks, and declines gradually. Should it break into the Imperial Valley at time of flood, the long duration of high water would cause great erosion and render its control difficult. The great floods of the Gila occur in winter, while those of the Colorado occur in the summer. So far as I know, they have never coincided, but if this should occur, and no man dares to say it never will, enormous losses would be occasioned.

During the past 25 years at flood seasons the Colorado and Gila have overflowed their banks and have done immense damage to the landowners and water users on the eastern side of the river below Yuma, and although the land in that region is very fertile and the average yield per acre is high, the expense of controlling this mighty river and keeping it in a fixed channel is a burden of crushing weight which can not and should not be borne by the farmers there, as has been done

in the past. The control of the Colorado River should be made a national affair, and the saving of these farms from destruction should be one of the first features of such control.

In conclusion, I know the generosity of Senators will pardon me if I now presume to solicit their attention while I make a reference personal to myself. My forebears were members of that bold advance guard of pioneers who 70 years or more ago explored the Colorado River Basin. From the time of my youth to the present day I have wielded ceaselessly what strength was mine, which was modest and small enough, to bring about an intensive development of the potentialities of the Colorado River. The time now seems not far distant when my hope shall be realized, and there shall be brought forth within and for the United States the inland empire of the Colorado River Basin, an empire wealthier than that which Pizarro added to the dominions of Charles V, and more splendid and more durable than that of the Caesars.

#### EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session, the doors were reopened and (at 5 o'clock and 45 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, August 16, 1921, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate August 15, 1921.*

##### CHIEF JUSTICE OF THE SUPREME COURT OF THE PHILIPPINE ISLANDS.

Manuel Araullo, of the Philippine Islands, vice Victorino Mapa, resigned, to take effect October 31, 1921.

##### ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE PHILIPPINE ISLANDS.

Charles A. Johns, of Oregon, vice Adam C. Carson, resigned.  
Norberto Romualdez, of the Philippine Islands, vice Manuel Araullo, appointed Chief Justice, to date from November 1, 1921.

##### DEPARTMENT OF JUSTICE.

###### UNITED STATES DISTRICT JUDGE.

G. J. Lomen, of Alaska, to be United States district judge, second division, District of Alaska, vice William A. Holzheimer, resigned.

###### UNITED STATES ATTORNEY.

Arthur G. Shoup, of Alaska, to be United States attorney, first division, District of Alaska, vice James A. Smiser, resigned.

Sherman Duggan, of Alaska, to be United States attorney, third division, District of Alaska, vice William A. Munly, resigned.

###### UNITED STATES MARSHAL.

Morris W. Griffith, of Alaska, to be United States marshal, second division, District of Alaska, vice E. R. Jordan, resigned.

##### WAR DEPARTMENT.

###### MARSHAL OF THE CANAL ZONE.

Horace D. Ridenour, of Vincennes, Ind., to be marshal of the district of the Canal Zone, provided for by the Panama Canal act, approved August 24, 1912, vice Miguel Antonio Otero.

##### DEPARTMENT OF THE INTERIOR.

###### REGISTERS OF THE LAND OFFICE.

Edgar T. Conquest, of Sterling, Colo., to be register of the United States land office at Sterling, Colo., vice Albert F. Browns, whose term will expire August 26, 1921.

James D. Gallup, of Wyoming, to be register of the land office at Buffalo, Wyo., vice Hayden M. White, resigned.

##### DEPARTMENT OF COMMERCE.

###### ASSISTANT DIRECTOR BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

Oliver Paul Hopkins, of Pennsylvania, to be assistant director of the Bureau of Foreign and Domestic Commerce, at \$4,000 per annum, in the Department of Commerce; new position.

##### PUBLIC HEALTH SERVICE.

###### PASSED ASSISTANT SURGEONS TO BE SURGEONS.

Mather H. Neil to rank as such from March 7, 1921.

Harry F. White to rank as such from March 12, 1921.

###### ASSISTANT SURGEONS TO BE PASSED ASSISTANT SURGEONS.

Paul D. Mossman to rank as such from March 24, 1921.

John W. Tappan to rank as such from March 26, 1921.

Thomas Parran, jr., to rank as such from March 26, 1921.  
Vance B. Murray to rank as such from July 26, 1920.  
Roy P. Bandidge to rank as such from March 26, 1921.

##### PROMOTIONS IN THE NAVY.

###### MARINE CORPS.

###### *First lieutenants to be captains from July 1, 1921.*

Louis Cukela.	William W. Rogers.
Jacob Lienhard.	Curtis T. Beecher.
Frederick Israel.	George F. Stockes.
Victor F. Bleasdale.	Tom E. Wicks.
Merwin H. Silverthorn.	Murl Corbett.
Walter Sweet.	James P. Schwerin.
Fred J. Zinner.	William M. Radcliffe.
Prentice S. Geer.	John H. Parker.
John Groff.	

Second lieutenant James L. Denham to be a first lieutenant in the Marine Corps from the 1st day of July, 1921.

##### REAPPOINTMENTS IN THE REGULAR ARMY.

###### INFANTRY.

###### *To be first lieutenants with rank from August 8, 1921.*

Roswell Emory Round, late second lieutenant, Cavalry, Regular Army.

O. D. Wells, late first lieutenant, Infantry, Regular Army.

##### APPOINTMENT BY TRANSFER IN THE REGULAR ARMY.

###### ORDNANCE DEPARTMENT.

Capt. Arthur Burnola Custis, Cavalry, with rank from October 19, 1920.

##### CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 15, 1921.*

##### ASSOCIATE JUSTICE OF THE SUPREME COURT, PHILIPPINE ISLANDS.

James A. Ostrand.

##### TREASURY DEPARTMENT.

###### COLLECTOR OF INTERNAL REVENUE.

Robert W. McCuen to be collector of internal revenue for the district of Vermont.

###### ASSAYERS IN CHARGE.

Charles L. Longley to be assayer in charge at Boise, Idaho.  
Thomas G. Hatheway to be assayer in charge at Seattle, Wash.

##### PROMOTIONS IN THE ARMY.

Henry Benjamin Clark to be colonel, Coast Artillery Corps.

George Sherwin Simonds to be colonel, Infantry.

Thomas Jefferson Dickson to be chaplain, rank of lieutenant colonel.

Harry Lumsden Hodges to be major, Field Artillery.

Joseph Irving McMullen to be major, Judge Advocate General's Department.

Walter Lucas Clark to be major, Ordnance Department.

William Nichols Porter to be major, Chemical Warfare Service.

Aquila Mitchell to be major, Veterinary Corps.

Allan Johnson to be captain, Infantry.

Lewis Bradley Bibb to be captain, Medical Corps.

Charles William Henderson to be captain, Medical Corps.

Oscar Thweatt Kirksey to be captain, Medical Corps.

Glenn Dale Lacey to be captain, Dental Corps.

Henry William Meisch to be captain, Medical Corps.

George Palmer McNeill, jr., to be captain, Medical Corps.

Benjamin William Lewis to be captain, Medical Corps.

Merrill Clary Sosman to be captain, Medical Corps.

Willis Burleigh Parsons to be captain, Dental Corps.

Joseph Hayden Jones to be captain, Dental Corps.

George Mason Babbitt to be captain, Dental Corps.

Frank Celestine Meade to be first lieutenant, Coast Artillery Corps.

Giles Frederic Ewing to be first lieutenant, Infantry.

Claude Weaver Feagin to be first lieutenant, Cavalry.

Everett Samuel Prouty to be first lieutenant, Infantry.

Wilber Russell Ellis to be first lieutenant, Coast Artillery Corps.

Morris Haslett Marcus to be first lieutenant, Cavalry.

Frank Zea Pirkey to be first lieutenant, Corps of Engineers.

Karl William Hisgen to be first lieutenant, Field Artillery.

Joseph Patterson Wardlaw to be first lieutenant, Field Artillery.

James Harry Marsh to be first lieutenant, Infantry.

Francis Warren Cray to be first lieutenant, Field Artillery.

John Baylis Cooley to be first lieutenant, Cavalry.

John Elmer Freeman to be first lieutenant, Infantry.



Selby Francis Little to be first lieutenant, Field Artillery.  
 Milo Glen Cary to be first lieutenant, Coast Artillery Corps.  
 Harold Joseph Conway to be first lieutenant, Coast Artillery Corps.  
 Gustin MacAllister Nelson to be first lieutenant, Infantry.  
 Frank Joseph Spettel to be first lieutenant, Infantry.  
 Carroll Frederick Sullivan to be first lieutenant, Infantry.  
 Rupert Harris Johnson to be first lieutenant, Infantry.  
 Francis Joseph Magee to be first lieutenant, Infantry.  
 Burwell Baylor Wilkes, jr., to be first lieutenant, Infantry.  
 James Raymond Goodall to be second lieutenant, Coast Artillery Corps.  
 John Kenneth Sells to be second lieutenant, Cavalry.  
 Douglas Cameron to be second lieutenant, Cavalry.  
 Hobert Hayden James to be second lieutenant, Field Artillery.  
 Eleuterio Susi Yanga to be second lieutenant, Philippine Scouts.  
 Donald Raymond West to be second lieutenant, Quartermaster Corps.  
 Edward Lowry Traylor to be second lieutenant, Infantry.  
 Robert Thomas Randel to be second lieutenant, Infantry.  
 John Barry Peirce to be second lieutenant, Infantry.  
 Arthur Jennings Grimes to be second lieutenant, Infantry.  
 Walter Duval Webb, jr., to be second lieutenant, Field Artillery.  
 Ernest Starkey Moon to be second lieutenant, Air Service.  
 Charles Emmett Cheever to be second lieutenant, Quartermaster Corps.  
 Paul Gustav Wehle to be second lieutenant, Air Service.  
 Vesper Anderson Schlenker to be second lieutenant, Field Artillery.  
 Harry Meyer to be second lieutenant, Corps of Engineers.  
 Peter Anthony Feringa to be second lieutenant, Corps of Engineers.  
 John Russell Perkins, jr., to be second lieutenant, Field Artillery.  
 Warren Catlin Hamill to be second lieutenant, Infantry.  
 Frederick Hewitt Fox to be second lieutenant, Corps of Engineers.  
 Edward Barber to be second lieutenant, Coast Artillery Corps.  
 Edward Hall Walter to be second lieutenant, Corps of Engineers.  
 David Albert Morris to be second lieutenant, Corps of Engineers.  
 Percy Earle Le Sturgeon to be second lieutenant, Infantry.  
 Juan Segundo Moran to be second lieutenant, Philippine Scouts.  
 Paul Cone Parshley to be second lieutenant, Corps of Engineers.  
 Lewis Wellington Call, jr., to be second lieutenant, Coast Artillery Corps.  
 Richardson Selee to be second lieutenant, Corps of Engineers.  
 James Benjamin Ford to be second lieutenant, Infantry.  
 Luis Mobo Alba to be second lieutenant, Philippine Scouts.  
 Don Waters Mayhue to be second lieutenant, Field Artillery.  
 James Wilbur Robinson to be second lieutenant, Signal Corps.  
 Carter Jenkins to be second lieutenant, Corps of Engineers.  
 Charles Harold Crim to be second lieutenant, Coast Artillery Corps.  
 John Harry to be second lieutenant, Field Artillery.  
 Harold Oakes Bixby to be second lieutenant, Coast Artillery Corps.  
 John Bruce Medaris to be second lieutenant, Infantry.  
 Ambrose Lawrence Kerrigan to be second lieutenant, Coast Artillery Corps.  
 Charles Ernest McKelvey to be second lieutenant, Chemical Warfare Service.  
 Irvin Albert Robinson to be second lieutenant, Infantry.  
 George Randall Scithers to be second lieutenant, Field Artillery.  
 John Henry Featherston to be second lieutenant, Coast Artillery Corps.  
 Paul Massillion McConihe to be second lieutenant, Infantry.  
 Ralph Roth Wentz to be second lieutenant, Ordnance Department.  
 Daniel Webster Kent to be second lieutenant, Infantry.  
 Michael Henry Zwicker to be second lieutenant, Coast Artillery Corps.  
 Maurice Gordon Jewett to be second lieutenant, Coast Artillery.  
 Frederic deLannoy Comfort to be second lieutenant, Cavalry.  
 Charles Andrews Jones, jr., to be second lieutenant, Chemical Warfare Service.  
 Cecil Austin Bryan to be second lieutenant, Infantry.  
 William Conrad Jones to be second lieutenant, Infantry.

George Marion Davis to be second lieutenant, Infantry.  
 Hubert Stauffer Miller to be second lieutenant, Infantry.  
 Edward Harold Coe to be second lieutenant, Infantry.  
 Allan Eugene Smith to be second lieutenant, Field Artillery.  
 Robert Dunning Chellis to be second lieutenant, Infantry.  
 Daniel Burnett Knight to be second lieutenant, Infantry.  
 Paul MacKeen Martin to be second lieutenant, Cavalry.  
 Creswell Garretson Blakeney to be second lieutenant, Field Artillery.  
 Alfred Griffin Ashcroft to be second lieutenant, Ordnance Department.  
 Louis Jeter Tatom to be second lieutenant, Signal Corps.  
 Marshall Keith Berry to be second lieutenant, Cavalry.  
 George Wythe Bott, jr., to be second lieutenant, Ordnance Department.  
 Louis Watkins Prentiss to be second lieutenant, Field Artillery.  
 William Edmund Waters to be second lieutenant, Field Artillery.  
 Joseph Kennard Bush to be second lieutenant, Infantry.  
 Orlando Clarendon Mood to be second lieutenant, Infantry.  
 John Oliver Kelly to be second lieutenant, Coast Artillery Corps.  
 Bert Nathan Bryan to be second lieutenant, Infantry.  
 Harvie Rogers Matthews to be second lieutenant, Infantry.  
 Louis Beman Rapp to be second lieutenant, Cavalry.  
 Hayward Kendall Kelley to be second lieutenant, Field Artillery.  
 Caryl Rawson Hazeltine to be second lieutenant, Infantry.  
 James Thorburn Cumberpatch to be second lieutenant, Air Service.  
 Edwards Matthews Quigley to be second lieutenant, Field Artillery.  
 Kent Roberts Mullikin to be second lieutenant, Chemical Warfare Service.  
 James Breakenridge Clearwater to be second lieutenant, Field Artillery.  
 Noble Crawford Shilt to be second lieutenant, Infantry.  
 Henry Laurance Ingham to be second lieutenant, Field Artillery.  
 Joseph Warren Huntress to be second lieutenant, Quartermaster Corps.  
 Luther Daniel Wallis to be second lieutenant, Infantry.  
 William Daniel Bradshaw to be second lieutenant, Field Artillery.  
 John Tipton Lonsdale to be second lieutenant, Coast Artillery Corps.  
 Wesley Tate Guest to be second lieutenant, Signal Corps.  
 Edward Charles Engelhardt to be second lieutenant, Field Artillery.  
 Edgar Daye Upstill to be second lieutenant, Field Artillery.  
 Duncan Philip Frissell to be second lieutenant, Infantry.  
 James Baker Dickson to be second lieutenant, Air Service.  
 Henry Hammond Duval to be second lieutenant, Coast Artillery Corps.  
 Charles Edward Neagle to be second lieutenant, Coast Artillery Corps.  
 Leon Valentine Chaplin to be second lieutenant, Field Artillery.  
 John William Dwyer to be second lieutenant, Coast Artillery Corps.  
 Alvin Frederick Pitzner to be second lieutenant, Ordnance Department.  
 Alfred Vepsala to be second lieutenant, Field Artillery.  
 Robert John Zaumeyer to be second lieutenant, Ordnance Department.  
 Samuel Howard Davis to be second lieutenant, Air Service.  
 Joseph Myles Williams to be second lieutenant, Cavalry.  
 Verne Leon Harris to be second lieutenant, Coast Artillery Corps.  
 Edmund C. Langmead to be second lieutenant, Air Service.  
 Carroll Heiney Deitrick to be second lieutenant, Ordnance Department.  
 Leon Marcellus Grant to be second lieutenant, Field Artillery.  
 Burton Larrabee Pearce to be second lieutenant, Field Artillery.  
 Alan Dean Whittaker, jr., to be second lieutenant, Coast Artillery Corps.  
 Lee W. Haney to be second lieutenant, Infantry.  
 Leon Crescencio Reyna to be second lieutenant, Ordnance Department.  
 David William Goodrich to be second lieutenant, Air Service.  
 Franklin Mitchell to be second lieutenant, Infantry.  
 George William White to be second lieutenant, Infantry.  
 Arnold Hoyer Rich to be second lieutenant, Infantry.

Philip Fisher Robb to be second lieutenant, Field Artillery.  
William Hypes Obenour to be second lieutenant, Field Artillery.

Henry Burt Bosworth to be second lieutenant, Infantry.  
Wallace Ellsworth Niles to be second lieutenant, Infantry.  
Harvey Thomas Kennedy to be second lieutenant, Field Artillery.

Lewis Edward Weston Lepper to be second lieutenant, Field Artillery.

Ralph Henry Price to be second lieutenant, Field Artillery.  
Edward Harris Barr to be second lieutenant, Field Artillery.  
Melecio Manuel Santos to be second lieutenant, Philippine Scouts.

James Augustus Whelen, jr., to be second lieutenant, Cavalry.  
James Roscoe Hamilton to be second lieutenant, Infantry.  
Joe Robert Sherr to be second lieutenant, Signal Corps.  
Simon Meyer to be second lieutenant, Infantry.  
Harold Goodspeede Laub to be second lieutenant, Coast Artillery Corps.

William Uren Gallaher to be second lieutenant, Field Artillery.  
Charles Dawson McAllister to be second lieutenant, Field Artillery.

Henry Chester Jones to be second lieutenant, Infantry.  
Louis Simelson to be second lieutenant, Infantry.  
Frank Weddall Simpson to be second lieutenant, Coast Artillery Corps.

Ernest Vivian McCain to be second lieutenant, Field Artillery.  
Christopher William Duffy to be second lieutenant, Infantry.  
Charles Irish Preston to be second lieutenant, Field Artillery.  
Walter Vinal Reed to be second lieutenant, Coast Artillery.  
Edward Albert Banning to be second lieutenant, Infantry.  
Richard Franklin Rey to be second lieutenant, Field Artillery.  
John Robsin Skeen to be second lieutenant, Field Artillery.  
Arthur Benton Campbell to be second lieutenant, Field Artillery.

Keff Dobbs Barnett to be second lieutenant, Coast Artillery Corps.

Albert John Lent to be second lieutenant, Coast Artillery Corps.

Louis Leopold Lesser to be second lieutenant, Field Artillery.  
Walter Francis Jennings to be second lieutenant, Cavalry.  
Edward Cuyler Applegate to be second lieutenant, Infantry.  
Henry Louis Love to be second lieutenant, Field Artillery.  
Fay Warren Lee to be second lieutenant, Field Artillery.  
Stanley Lane Engle to be second lieutenant, Infantry.

Asa Vern Wilder to be second lieutenant, Coast Artillery Corps.

Clinton Velony Stevens to be second lieutenant, Field Artillery.

Lewis Eugene Snell to be second lieutenant, Field Artillery.  
Harold Arthur Doherty to be second lieutenant, Infantry.  
Cranford Coleman Bryan Warden to be second lieutenant, Infantry.

Harry Robert Swanson to be second lieutenant, Infantry.  
William Dawes Williams to be second lieutenant, Field Artillery.

William Thomas Semmes Roberts to be second lieutenant, Infantry.

McDonald Donegan Weinert to be second lieutenant, Infantry.  
Frederick Lake Thomas to be second lieutenant, Field Artillery.

John Walker Childs to be second lieutenant, Signal Corps.  
Harold Stevenson to be second lieutenant, Infantry.  
Vincent Joseph Tanzalo to be second lieutenant, Infantry.  
Carl Emil Hansen to be second lieutenant, Coast Artillery Corps.

Charles Donald Clay to be second lieutenant, Infantry.  
Arthur Lee Forbes, jr., to be second lieutenant, Infantry.  
Russell Shannon Lieurance to be second lieutenant, Field Artillery.

Wilmar Weston Dewitt to be second lieutenant, Infantry.  
Carl Philip Dowell to be second lieutenant, Field Artillery.  
Hermas Victor Main to be second lieutenant, Field Artillery.  
Gerald Handley Fitzpatrick to be second lieutenant, Air Service.

James Milliken Bevans to be second lieutenant, Field Artillery.

Floyd Raymond Brisack to be second lieutenant, Field Artillery.

Clarence Everett Jackson to be second lieutenant, Infantry.  
Edward Joseph Walsh to be second lieutenant, Infantry.  
Chester Arthur Carlsten to be second lieutenant, Infantry.  
James Thomas Dismuke to be second lieutenant, Infantry.  
Karl Vernon Palmer to be second lieutenant, Infantry.

Russell Harold Swartzwelder to be second lieutenant, Infantry.

Hayden Purcell Roberts to be second lieutenant, Field Artillery.

Aaron Grayson Dawson to be second lieutenant, Infantry.  
Alan Sydney Rush to be second lieutenant, Infantry.

Thomas Brown Manuel to be second lieutenant, Infantry.  
Dayton Talmage Brown to be second lieutenant, Infantry.

Clifford Cleophas Duell to be second lieutenant, Field Artillery.

Harry Lynch to be second lieutenant, Signal Corps.  
Thomas Whitfield Ross to be second lieutenant, Infantry.

Lauren Blakely Hitchcock to be second lieutenant, Field Artillery.

Thomas Archer Bottomley to be second lieutenant, Infantry.  
Paul Groover to be second lieutenant, Field Artillery.

Henry William Erickson to be second lieutenant, Infantry.  
Thomas Williams Williamson to be second lieutenant, Infantry.

William Orville Collins to be second lieutenant, Infantry.

Frank Thomas Honsinger to be second lieutenant, Air Service.  
Harry Craven Dayton to be second lieutenant, Field Artillery.

William Larwill Carr to be second lieutenant, Field Artillery.  
Frank Vern Silver to be second lieutenant, Field Artillery.

Russell George Duff to be second lieutenant, Field Artillery.  
Raphael Fred Rabold to be second lieutenant, Air Service.

Ross Clyde Brackney to be second lieutenant, Infantry.  
Alfred Clement, jr., to be second lieutenant, Air Service.

Glenn Ingersoll Molyneaux to be second lieutenant, Infantry.  
John Randolph Reilly to be second lieutenant, Infantry.

Roy Prewett Huff to be second lieutenant, Field Artillery.  
Harold Robertson Davenport to be second lieutenant, Infantry.

Herbert John Affleck to be second lieutenant, Infantry.  
Nicolas Boadilla Dalao to be second lieutenant, Philippine Scouts.

Ray Kerr Easley to be second lieutenant, Field Artillery.  
Lawrence August Dietz to be second lieutenant, Infantry.

David Martin Bowes to be second lieutenant, Infantry.  
Narciso Lopez Manzano to be second lieutenant, Philippine Scouts.

Rex Leno Brown to be second lieutenant, Infantry.  
Paul Hanes Kemmer to be second lieutenant, Air Service.

Elmo Shingle to be second lieutenant, Infantry.

#### WITHDRAWAL.

*Executive nomination withdrawn from the Senate August 15, 1921.*

#### ORDNANCE DEPARTMENT.

Capt. Arthur Burnola Custis, Cavalry, with rank from October 19, 1921.

### HOUSE OF REPRESENTATIVES.

MONDAY, August 15, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father who art in heaven, hallowed be Thy name. Just now may there be an altar in every breast and at each altar may there be a bowed soul breathing the spirit of reverence, confession, and thanksgiving. Here may our thoughts and our purposes receive their sustaining power and thus our public ministrations shall be raised to their highest efficiency and our private lives made acceptable to Thee. And in the great awakening may we be at home with God. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday, August 13, 1921, was read and approved.

#### ORDER OF BUSINESS—RECESS.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that the House stand in recess to-day from 1 o'clock until 5.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the House stand in recess from 1 o'clock until 5. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, can the gentleman advise what the program for to-morrow will be?



Mr. MONDELL. We expect to take up for consideration to-morrow the bill that was left unfinished on Saturday, and if the gentleman will be good enough to help give a rule on the beer bill, we may be able to take the beer bill up and send it to conference.

Mr. GARRETT of Tennessee. Well, Mr. Speaker, of course the matter of giving a rule ought not to depend on my goodness.

Mr. MONDELL. Good enough to assist. Was not that the statement I made? Knowing the gentleman to be much in favor of law and order, and withal a very good prohibitionist, I felt confident that he would aid.

Mr. GARRETT of Tennessee. That is, at times. [Laughter.] Then do I understand that the plan is to proceed with the bill from the Committee on Banking and Currency to-morrow and to have a rule on the Volstead bill and that that will be up to-morrow?

Mr. MONDELL. I think that will be up to-morrow.

Mr. GARRETT of Tennessee. Now, I assume that the revenue bill will be—

Mr. MONDELL. We hope the committee will report the revenue bill to-morrow, so that we can take it up on Wednesday.

Mr. GARRETT of Tennessee. The gentleman has no request to make at this time about Wednesday?

Mr. MONDELL. Yes. I had intended to ask, and I will make the request now, as the gentleman suggests, to dispense with Calendar Wednesday business.

Mr. GARRETT of Tennessee. Mr. Speaker, can the gentleman give us an idea as to what the rule on the revenue bill will provide as to the final hour?

Mr. MONDELL. Of course, I can not say until the conference has met, but our hope is that we will be able to dispose of the bill this week—finish it on Saturday.

Mr. GARRETT of Tennessee. The gentleman does not know the hour?

Mr. MONDELL. I do not know the hour, but some time Saturday afternoon.

Mr. GARNER. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Wyoming a question. His object, I presume, in asking a recess from 1 o'clock until 5, is in order that the Republicans may hold a conference on the revenue bill?

Mr. MONDELL. That is the purpose.

Mr. GARNER. Let me ask the gentleman, in case the Democrats should decide to have a caucus or conference to-morrow afternoon, would his side be good enough to try to adjourn, say, by 4 o'clock to-morrow afternoon, that we might have two hours of the afternoon for a conference?

Mr. MONDELL. I would be very glad, indeed, and I am very sure the Members on this side would, to accommodate the minority, but we are very anxious to get the so-called beer bill to conference to-morrow, and also to conclude consideration, if it is practical to do so, of the bill from the Committee on Banking and Currency, now the unfinished business, and I am afraid that would take us to a later hour.

Mr. GARNER. We could devote a couple of hours this afternoon to it and you would be able to get to it then. I call attention to the fact that the gentleman is asking for four hours to-day, and we wanted one hour to-morrow. It would seem to me reasonable, if you are going to take the entire day, that you should give us one hour to-morrow.

Mr. MONDELL. It is entirely reasonable, if we can dispose of the business that ought to be disposed of to-morrow.

Mr. GARNER. You could dispose of that business to-day.

Mr. MONDELL. I do not see how we could well do so. Of course, we could meet at 4 instead of 5, but we felt it was better to stand in recess until 5; we might conclude our conference earlier, but there is no certainty about that.

Mr. GARNER. Let me ask the gentleman why he can not meet to-morrow at 11 o'clock, and thereby give us a chance to have a conference?

Mr. MONDELL. I will be glad to do that in an effort to accommodate the gentleman.

Mr. GARNER. You are asking unanimous consent to take a recess from 1 o'clock until 5, and I am perfectly willing that you should do it in order to enable the Republicans to have a conference. I am asking the gentleman to arrange affairs for to-morrow so that we may have an hour in case we desire it. We may not want it.

Mr. MONDELL. May I suggest that, if possible, we will secure unanimous consent to meet at 11 o'clock, and then will endeavor to accommodate the minority if they desire the House to-morrow afternoon.

Mr. GARNER. Will the gentleman ask unanimous consent to that effect, so that we may know whether we can meet to-morrow at 11 o'clock?

Mr. MONDELL. Mr. Speaker, I will prefer that request.

The SPEAKER. There is a request already pending.

Mr. MONDELL. I will first submit the other request, suggested by the gentleman from Texas, that we meet to-morrow at 11.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the House meet at 11 a. m. to-morrow. Is there objection? [After a pause.] The Chair hears none.

Mr. GARNER. Now, Mr. Speaker, may I ask the gentleman a further question?

Mr. MONDELL. Certainly.

Mr. GARNER. Does the gentleman expect to introduce the bill this afternoon, the revenue bill?

Mr. MONDELL. That is the thought.

Mr. GARNER. And to consider it in the Committee on Ways and Means to-morrow?

Mr. MONDELL. That is the expectation.

Mr. GARNER. Does the gentleman know whether or not the Committee on Ways and Means will be permitted to offer amendments to the bill in the Committee on Ways and Means, or will it be considered as the tariff bill was considered, without being read in the committee and without opportunity being allowed to offer amendments in the committee?

Mr. MONDELL. Not being a member of the committee, I can not answer that.

Mr. GARNER. I would suggest to the gentleman that if it were passed in the Committee on Ways and Means as it was before, we could have it attended to this afternoon and he would thus save that time.

Mr. LONGWORTH. I think the gentleman will find the bill so perfect in all respects that it will not be deemed desirable to offer amendments. [Laughter.]

Mr. GARNER. The gentleman is overoptimistic.

The SPEAKER. Is there objection?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, the effort to pass necessary legislation to stop the dispensation of beer during the summer months has been pending all the summer, and the beer season is now about over; and now when it is about over, the steering committee offers us the hope that it may get up the bill and stop the dispensation of beer. I think if we are going to stop it during the remaining few days of the beer season they had better get busy. I am not going to assent to any unanimous consent for a recess until we can get that antibeer bill up and pass it.

The SPEAKER. The gentleman from Texas objects.

Mr. MONDELL. Mr. Speaker, I think it is unreasonable, when we have been endeavoring to meet the wishes of the leaders on the minority side, to have a Member object.

Mr. BLANTON. The gentleman from Texas only wants to have the antibeer bill passed.

Mr. MONDELL. I am not complaining. I am confident Members on the other side are trying in good faith to carry out a program.

Mr. BLANTON. The gentleman from Texas is anxious to expedite the passage of the beer bill, because the dispensation of beer is now going on all over the United States.

#### DISPENSING WITH CALENDAR WEDNESDAY.

Mr. MONDELL. I ask unanimous consent, Mr. Speaker, to dispense with Calendar Wednesday business on Wednesday.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that on Wednesday Calendar Wednesday business be dispensed with. Is there objection?

There was no objection.

#### THE REVENUE BILL.

Mr. MONDELL. I ask unanimous consent that the gentleman from Michigan [Mr. FORDNEY] may have until midnight to-night to introduce the revenue bill.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that the gentleman from Michigan may have until midnight to-night to introduce the revenue bill. Is there objection?

There was no objection.

The SPEAKER. It will be referred to the Committee on Ways and Means.

#### CALENDAR FOR UNANIMOUS CONSENT.

The SPEAKER. To-day business on the Calendar for Unanimous Consent is in order. The Clerk will call the first bill.

## EXCHANGE OF GOVERNMENT LANDS, HAWAII.

The Clerk read as follows:

A bill (H. R. 4598) to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii.

The SPEAKER. Is there objection to the present consideration of the bill?

## CONTRACTS FOR FUTURE DELIVERY OF GRAIN.

Mr. KINCHELOE. Mr. Speaker, reserving the right to object, I want to get the attention of the gentleman from Wyoming. I desire to get some information from the gentleman from Wyoming. Reserving the right to object, I wanted to ask the gentleman from Wyoming a question.

Mr. MONDELL. The right to object to what?

Mr. KINCHELOE. To the consideration of the pending bill.

Mr. MONDELL. As I understand, there is nothing pending.

Mr. KINCHELOE. There is something pending. I understand the conference committee have agreed to a report on the grain futures bill, which has passed the House and Senate. Is it contemplated to have the conference report considered before the taking of the contemplated recess?

Mr. MONDELL. It is.

## EXCHANGE OF GOVERNMENT LANDS, HAWAII.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the President be, and he is hereby, authorized, when in his opinion the public good demands it, to exchange any land or any interest in land owned by the United States now or hereafter set apart for military purposes in the Territory of Hawaii, for privately owned land or land owned by the Territory of Hawaii, or any interest therein of equal value located in that Territory and selected by the Secretary of War, and thereafter to set apart for military purposes the lands or interest therein so acquired: *Provided*, That the Attorney General of the United States shall first pass upon and approve the title to the privately owned lands or interest therein to be acquired by the United States before any exchange of lands shall be made under the provisions of this act.

SEC. 2. That the value of the lands or interests to be so exchanged shall be determined by three appraisers, one of whom shall be appointed by the Secretary of War, one by the owner of the private property, and the third shall be chosen by the two appraisers so appointed. The expense necessary to effect the appraisements herein authorized, when approved by the military commander of the Hawaiian Department, may be paid out of the current appropriation for contingencies of the Army.

Mr. MANN. Mr. Speaker, I offer an amendment.

The SPEAKER. The gentleman from Illinois offers an amendment, which the Clerk will report.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman from Illinois permit me to interrupt the proceedings for a moment in order to make a suggestion to the gentleman from Wyoming?

Mr. MANN. Yes. The gentleman can walk all over me at any time. [Laughter.]

## RECESS FROM 1 P. M. TO 5 P. M.

Mr. GARRETT of Tennessee. I think if the gentleman from Wyoming will renew his request that the House stand in recess from 1 o'clock until 5, with the understanding that at 5 there will be no business conducted except the introduction of the bill, we may be able to get along on that basis.

Mr. MONDELL. Well, Mr. Speaker, at the suggestion of the gentleman from Tennessee, I renew my request that the House stand in recess from 1 o'clock until 5, at which time—

Mr. STEENERSON. What is to become of the Unanimous-Consent Calendar? [Laughter.] Many of us are interested in having it resumed. Will it be resumed at 5 o'clock?

Mr. MONDELL. My request is that the House stand in recess from 1 o'clock until 5, at which time the gentleman from Michigan will report the tax bill.

The SPEAKER. Is there objection?

Mr. GARRETT of Tennessee. Of course, Mr. Speaker, there could not be an agreement, other than a gentleman's agreement, that no business will be transacted at that time. But I understand that there is a gentleman's agreement that the revenue bill will be introduced at that time, if ready, and that no other business will be transacted after 5 o'clock except the motion to adjourn.

Mr. MONDELL. That is it.

Mr. GARRETT of Tennessee. There can be no objection to that.

Mr. BLANTON. Mr. Speaker, that being the agreement between the leaders—that there will be no other business transacted but the introduction of the revenue bill—I do not object.

The SPEAKER. Is there objection?

There was no objection.

## EXCHANGE OF GOVERNMENT LANDS, HAWAII.

The SPEAKER. The Clerk will report the amendment offered by the gentleman from Illinois [Mr. MANN].

The Clerk read as follows:

Amend, page 1, line 3, after the word "authorized," by inserting the words "within two years of the passage of this act."

Mr. STAFFORD. Mr. Speaker, may we have the amendment again reported?

The SPEAKER. Without objection, the amendment will again be reported.

The amendment was again read.

Mr. MANN. Mr. Speaker, this amendment was agreed to when the House passed the bill before.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MANN. Mr. Speaker, I offer an amendment to section 2.

The SPEAKER. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MANN: Page 2, line 6, strike out, after the word "appraisers," the words "one of whom shall" and insert in lieu thereof the word "to" and strike out, after the word "war," in line 7, the words "one by the owner of the private property, and the third shall be chosen by the two appraisers so appointed."

Mr. MANN. Mr. Speaker, this amendment was also agreed to by the House when a similar bill passed in the last Congress. The bill provided for the appointment of three appraisers, one by the Secretary of War, one by the private owners of the property, and the third by these two appraisers. The amendment proposes to have the three appraisers named by the Secretary of War, because practically the Government will be bound by the appraisement, while the private owners will not be bound by the appraisement, and it is not thought desirable to let them participate in the making of the appraisement.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. KAHN, a motion to reconsider the vote by which the bill was passed was laid on the table.

## GRAIN FUTURES.

Mr. HAUGEN. Mr. Speaker, I desire to submit a conference report on the grain futures bill.

The SPEAKER. The gentleman from Iowa submits a conference report for printing in the RECORD.

The conference report and statement of the House conferees are as follows:

## CONFERENCE REPORT.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed by the Senate amendment insert:

"That this act shall be known by the short title of 'The future trading act.'"

"Sec. 2. That for the purposes of this act 'contract of sale' shall be held to include sales, agreements of sale, and agreements to sell. That the word 'person' shall be construed to import the plural or singular and shall include individuals, associations, partnerships, corporations, and trusts. That the word 'grain' shall be construed to mean wheat, corn, oats, barley, rye, flax, and sorghum. The term 'future delivery,' as used herein, shall not include any sale of cash grain for deferred shipment or delivery. The words 'board of trade' shall be held to include and mean any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling grain or receiving the same for sale on consignment. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person."



"SEC. 3. That in addition to the taxes now imposed by law there is hereby levied a tax amounting to 20 cents per bushel on each bushel involved therein, whether the actual commodity is intended to be delivered or only nominally referred to, upon each and every privilege or option for a contract either of purchase or sale of grain, intending hereby to tax only the transactions known to the trade as 'privileges,' 'bids,' 'offers,' 'puts and calls,' 'indemnities,' or 'ups and downs.'

"SEC. 4. That in addition to the taxes now imposed by law there is hereby levied a tax of 20 cents a bushel on every bushel involved therein, upon each contract of sale of grain for future delivery except—

"(a) Where the seller is at the time of the making of such contract the owner of the actual physical property covered thereby, or is the grower thereof, or in case either party to the contract is the owner or renter of land on which the same is to be grown, or is an association of such owners or growers of grain, or of such owners or renters of land; or

"(b) Where such contracts are made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a 'contract market,' as herein-after provided, and if such contract is evidenced by a memorandum in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery, and provided that each board member shall keep such memorandum for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture or the United States Department of Justice.

"SEC. 5. That the Secretary of Agriculture is hereby authorized and directed to designate boards of trade as 'contract markets' when, and only when, such boards of trade comply with the following conditions and requirements:

"(a) When located at a terminal market upon which cash grain is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the grain and the difference in value between the various grades of grain, and having recognized official weighing and inspection service.

"(b) When the governing board thereof provides for the making and filing, by the board or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides, in accordance with such rules and regulations, for the keeping of a record by the board or the members of the board of trade, as the Secretary of Agriculture may direct, showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or United States Department of Justice.

"(c) When the governing board thereof prevents the dissemination, by the board or any member thereof, of false, misleading, or inaccurate report, concerning crop or market information or conditions that affect or tend to affect the price of commodities.

"(d) When the governing board thereof provides for the prevention of manipulation of prices, or the cornering of any grain, by the dealers or operators upon such board.

"(e) When the governing board thereof admits to membership thereof and all privileges thereon on such boards of trade any duly authorized representative of any lawfully formed and conducted cooperative associations of producers having adequate financial responsibility: *Provided*, That no rule of a contract market against rebating commissions shall apply to the distribution of earnings among the bona fide members of any such cooperative association.

"(f) When the governing board shall provide for making effective the final orders or decisions entered pursuant to the provisions of paragraph (b), section 6, of this act.

"SEC. 6. That any board of trade desiring to be designated a 'contract market' shall make application to the Secretary of

Agriculture for such designation and accompany the same with a showing that it complies with the above conditions, and with a sufficient assurance that it will continue to comply with the above requirements.

"(a) A commission composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General is authorized to suspend for a period not to exceed six months or to revoke the designation of any board of trade as a 'contract market' upon a showing that such board of trade has failed or is failing to comply with the above requirements or is not enforcing its rules of government made a condition of its designation as set forth in section 5. Such suspension or revocation shall only be after a notice to the officers of the board of trade affected and upon a hearing: *Provided*, That such suspension or revocation shall be final and conclusive unless within 15 days after such suspension or revocation by the said commission such board of trade appeals to the circuit court of appeals for the circuit in which it has its principal place of business by filing with the clerk of such court a written petition praying that the order of the said commission be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such board of trade will pay the costs of the proceedings if the court so directs. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to the Secretary of Agriculture, chairman of said commission, or any member thereof, and the said commission shall forthwith prepare, certify, and file in the court a full and accurate transcript of the record in such proceedings, including the notice to the board of trade, a copy of the charges, the evidence, and the report and order. The testimony and evidence taken or submitted before the said commission duly certified and filed as aforesaid as a part of the record, shall be considered by the court as the evidence in the case. The proceedings in such cases in the circuit court of appeals shall be made a preferred cause and shall be expedited in every way. Such a court may affirm or set aside the order of the said commission or may direct it to modify its order. No such order of the said commission shall be modified or set aside by the circuit court of appeals unless it is shown by the board of trade that the order is unsupported by the weight of the evidence or was issued without due notice and a reasonable opportunity having been afforded to such board of trade for a hearing, or infringes the Constitution of the United States, or is beyond the jurisdiction of said commission: *Provided further*, That if the Secretary of Agriculture shall refuse to designate as a contract market any board of trade that has made application therefor, then such board of trade may appeal from such refusal to the commission described therein, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General of the United States, with the right to appeal as provided for in other cases in this section, the decision on such appeal to be final and binding on all parties interested.

"(b) That if the Secretary of Agriculture has reason to believe that any person is violating any of the provisions of this act, or is attempting to manipulate the market price of any grain in violation of the provisions of section 5 hereof, or of any of the rules or regulations made pursuant to its requirements, he may serve upon such person a complaint stating his charge in that respect, to which complaint shall be attached or contained therein a notice of hearing, specifying a day and place not less than three days after the service thereof, requiring such person to show cause why an order should not be made directing that all contract markets until further notice of the said commission refuse all trading privileges thereon to such person. Said hearing may be held in Washington, D. C., or elsewhere, before the said commission, or before a referee designated by the Secretary of Agriculture, who shall cause all evidence to be reduced to writing and forthwith transmit the same to the Secretary of Agriculture as chairman of the said commission. That for the purpose of securing effective enforcement of the provisions of this act the provisions, including penalties, of section 12 of the interstate commerce act, as amended, relating to the attendance and testimony of witnesses, the production of documentary evidence and the immunity of witnesses, are made applicable to the power, jurisdiction, and authority of the Secretary of Agriculture, the said commission, or said referee in proceedings under this act, and to persons subject to its provisions. Upon evidence received the said commission may require all contract markets to refuse such person all trading privileges thereon for such period as may be specified in said order. Notice of such order shall be sent forthwith by registered mail or delivered to the offending person and to the governing boards of said contract markets. After the issuance of the order by the

commission, as aforesaid, the person against whom it is issued may obtain a review of such order or such other equitable relief as to the court may seem just by filing in the United States circuit court of appeals of the circuit in which the petitioner is doing business a written petition praying that the order of the commission be set aside. A copy of such petition shall be forthwith served upon the commission by delivering such copy to its chairman, or to any member thereof, and thereupon the commission shall forthwith certify and file in the court a transcript of the record theretofore made, including evidence received. Upon the filing of the transcript the court shall have jurisdiction to affirm, to set aside, or modify the order of the commission, and the findings of the commission as to the facts, if supported by the weight of evidence, shall in like manner be conclusive. In proceedings under paragraphs (a) and (b) the judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code.

"SEC. 7. That the tax provided for herein shall be paid by the seller, and such tax shall be collected either by the affixing of stamps or by such other method as may have been prescribed by the Secretary of the Treasury by regulations, and such regulations shall be published at such times and in such manner as shall be determined by the Secretary of the Treasury.

"SEC. 8. That any board of trade that has been designated a contract market, in the manner herein provided, may have such designation vacated and set aside by giving notice in writing to the Secretary of Agriculture requesting that its designation as a contract market be vacated, which notice shall be served at least 90 days prior to the date named therein, as the date when the vacation of designation shall take effect. Upon receipt of such notice the Secretary of Agriculture shall forthwith order the vacation of the designation of such board of trade as a contract market, effective upon the day named in the notice, and shall forthwith send a copy of the notice and his order to all other contract markets. From and after the date upon which the vacation became effective, the said board of trade can thereafter be designated again a contract market by making application to the Secretary of Agriculture in the manner herein provided for an original application.

"SEC. 9. That the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of boards of trade and may publish from time to time, in his discretion, the result of such investigation, and such statistical information gathered therefrom, as he may deem of interest to the public, except data and information which would separately disclose the business transactions of any person, and trade secrets or names of customers: *Provided*, That nothing in this section shall be construed to prohibit the Secretary of Agriculture from making or issuing such reports as he may deem necessary, relative to the conduct of any board of trade, or of the transactions of any person found guilty of violating the provisions of this act under the proceedings prescribed in section 6 of this act: *Provided further*, That the Secretary of Agriculture in any report may include the facts as to any actual transaction. The Secretary of Agriculture, upon his own initiative or in cooperation with existing governmental agencies, shall investigate marketing conditions of grain and grain products, and by-products, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges. He shall likewise compile and furnish to producers, consumers, and distributors, by means of regular or special reports, or by such methods as he may deem most effective, information respecting the grain markets, together with information on supply, demand, prices, and other conditions, in this and other countries that affect the markets.

"SEC. 10. That any person who shall fail to evidence any such contract by a memorandum in writing, or to keep the record, or make a report, or who shall fail to pay the tax, as provided in sections 4 and 5 hereof, or who shall fail to pay the tax required in section 3 hereof, shall pay in addition to the tax a penalty equal to 50 per cent of the tax levied against him under this act and shall be guilty of a misdemeanor, and upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than one year, or both, together with the costs of prosecution.

"SEC. 11. That if any provision of this act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the act and of the application of such provision to other persons and circumstances shall not be affected thereby.

"SEC. 12. That no fine, imprisonment, or other penalty shall be enforced for any violation of this act occurring within four months after its passage.

"SEC. 13. The Secretary of Agriculture may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this act in the District of Columbia and elsewhere, and there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes."

And the Senate agree to the same.

G. N. HAUGEN,  
J. C. McLAUGHLIN,  
J. N. TINCHER,  
J. B. ASWELL,

*Managers on the part of the House.*

ARTHUR CAPPER,  
CHAS. L. McNARY,  
E. D. SMITH,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5676) entitled "An act taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation for boards of trade, and for other purposes," submit the following statement in explanation of the effect of the action agreed upon by the conference committee and submitted in the accompanying conference report as to the amendment of the Senate, to which the House recedes with an amendment which is a substitute therefor:

Section 1 provides a short title. This was not changed by the Senate.

Section 2 defines certain terms. The Senate inserted the following: "The term 'future delivery' as used herein shall not include any sale of cash grain for deferred shipment." To this amendment the House recedes with an amendment inserting after the word "shipment" the words "or delivery."

Section 3 imposes a tax on "privileges," "bids," "offers," "puts and calls," "indemnities," and "ups and downs." This was not changed by the Senate.

Section 4 imposes a tax on contracts of sale of grain for future delivery, with certain exceptions set forth in subdivisions (a) and (b). The Senate amended the first paragraph of this section by striking out the words "made at, on, or in an exchange, board of trade, or similar institution or place of business." The House recedes.

The Senate amended subdivision (b) of this section by striking out the words "for a period of three years from the date thereof and for such longer period as the Secretary of Agriculture may direct a permanent record of such contract for future delivery" and substituted therefor the following: "such memorandum for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture and United States Department of Justice." The House recedes with an amendment substituting the word "or" for the word "and" following the words "United States Department of Agriculture."

Section 5 provides that the designation for boards of trade as "contract markets" upon certain conditions set out in subdivisions (a) to (f), inclusive.

The Senate amended subdivision (a) of section 5 by inserting at the end thereof the following words: "and having adequate storage facilities and recognized official weighing and inspection service." The House recedes with an amendment striking out the words "adequate storage facilities and."

The subdivision (b) of section 5 relates to the making and filing of records and reports. The Senate amended this subdivision by striking out all of the House provision and substituting therefor a new provision as follows:

"When the governing board thereof provides for the making and filing, by the board or any member thereof, as the governing board may elect, of reports in accordance with the rules and regulations and in such manner and form as may be prescribed by the Secretary of Agriculture, and whenever in his opinion the public interest requires it, showing the details and terms of all



transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides for the keeping of a record by the members of the board of trade showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture and United States Department of Justice."

The House recedes with amendments, making the subdivision read as follows:

"When the governing board thereof provides for the making and filing, by the board or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the rules and regulations and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides, in accordance with such rules and regulations, for the keeping of a record by the board or the members of the board of trade, as the Secretary of Agriculture may direct, showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or United States Department of Justice."

Subdivision (c) of section 5 of the bill relates to the dissemination of false, misleading, or inaccurate information. The Senate amended this subdivision by substituting the word "false" for the word "fake." The House recedes.

Subdivision (d) of section 5 relates to the prevention of the manipulation of prices. The Senate amended this subdivision by inserting the words "undue or unfair" before the word "manipulation," and by inserting the words "or the cornering of any grain" after the word "prices." The Senate also struck out the following: "including a reasonable limitation upon the total quantity of grain of the same kind covered by contracts unfulfilled or unsettled at any one time by or on behalf of the same person commonly called 'open trades' in speculative transactions." The House recedes with an amendment striking out the words "undue or unfair" contained in the Senate amendment, so that subdivision (d) will read as follows: "When the governing board thereof provides for the prevention of manipulation of prices or the cornering of any grain by the dealers or operators upon such board."

Subdivision (e) of section 5 relates to the admission on boards of trade of representatives of cooperative associations of producers. The Senate amended the subdivision by correcting a typographical error by substituting "representative" for the words "executive officer," by striking out the House proviso and substituting therefor a new proviso, as follows: "That no rule of a contract market against rebating commissions shall apply to the distribution of earnings among the bona fide members of any such cooperative association." The House recedes.

The Senate further amended section 5 by inserting a new subdivision as follows:

"(f) When the governing board shall provide for making effective the final orders or decisions entered pursuant to the provisions of paragraph (b), section 6, of this act."

The House recedes.

Section 6 relates to the procedure involved in the designation and the suspension or revocation of the designation of any board of trade as a contract market. The Senate amendments to this section relate primarily to the establishment of a commission composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General to act in lieu of the Secretary of Agriculture in such proceedings. These amendments are as follows: Strike out the words "The Secretary of Agriculture" at the beginning of the second sentence of section 6 and substitute therefor the following: "(a) A commission

composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General." In the second sentence of section 6 insert the words "using reasonable diligence in" before the words "enforcing its rules." In the third sentence strike out the words "Secretary of Agriculture" and substitute the words "said commission" in two places in said sentence. The same change is subsequently made in four places in the remainder of the section. In the fourth sentence of section 6 insert, after the words "Secretary of Agriculture," the words "chairman of said commission, or any member thereof." At the end of section 6 of the House bill insert a proviso, as follows:

"Provided further, That if the Secretary of Agriculture shall refuse to designate as a contract market any board of trade that has made application therefor, then such board of trade may appeal from such refusal to the commission described therein, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General of the United States, with the right to appeal as provided for in other cases in this section, the decision on such appeal to be final and binding on all parties interested."

Following said proviso insert a subdivision as follows:

"(b) That if the Secretary of Agriculture has reason to believe that any person is violating any of the provisions of this act, or is attempting to manipulate the market price of any grain in violation of the provisions of section 5 hereof, or of any of the rules or regulations made pursuant to its requirements, he may serve upon such person a complaint stating his charge in that respect, to which complaint shall be attached or contained therein a notice of hearing, specifying a day and place not less than three days after the service thereof, requiring such person to show cause why an order should not be made directing that all contract markets until further notice of the said commission refuse all trading privileges thereon to such person. Said hearing may be held in Washington, D. C., or elsewhere, before the said commission, or before a referee designated by the Secretary of Agriculture, who shall cause all evidence to be reduced to writing and forthwith transmit the same to the Secretary of Agriculture as chairman of the said commission. Any member of the said commission or said referee shall have authority to administer oaths to witnesses. Upon evidence received the said commission may require all contract markets to refuse such person all trading privileges thereon for such period as may be specified in said order. Notice of such order shall be sent forthwith to the offending person and to the governing boards of said contract markets. After the issuance of the order by the commission as aforesaid the person against whom it is issued may obtain a review of such order or such other equitable relief as to the court may seem just by filing in the United States circuit court of appeals of the circuit in which the petitioner is doing business a written petition praying that the order of the commission be set aside. A copy of such petition shall be forthwith served upon the commission by delivering such copy to its chairman, or to any member thereof, and thereupon the commission shall forthwith certify and file in the court a transcript of the record theretofore made, including evidence received. Upon the filing of the transcript the court shall have jurisdiction to affirm, to set aside, or to modify the order of the commission, and the findings of the commission as to the facts, if supported by the weight of evidence, shall in like manner be conclusive. In proceedings under paragraphs (a) and (b) the judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code."

The Senate recedes as to its amendment inserting the words "using reasonable diligence in." The House recedes on all other Senate amendments to section 6 with amendments as follows: At the end of the last sentence of section 6 of the House bill substitute the words "said commission" for the words "Secretary of Agriculture." In subdivision (b) of the Senate amendment strike out the sentence "any member of the said commission or said referee shall have authority to administer oaths to witnesses" and substitute therefor the following sentence: "That for the purpose of securing effective enforcement of the provisions of this act the provisions, including penalties, of section 12 of the interstate commerce act, as amended, relating to the attendance and testimony of witnesses, the production of documentary evidence, and the immunity of witnesses, are made applicable to the power, jurisdiction, and authority of the Secretary of Agriculture, the said commission or said referee in proceedings under this act, and to persons subject to its provisions." In the fifth sentence of the subdivision (b) of the Senate amendment insert after the words "sent forthwith" the words "by registered mail or delivered."

Section 7 of the House bill relates to the procedure to be followed in collecting taxes under the act. The Senate amendment struck out this section. The Senate recedes.

The Senate inserted a new section 7 providing a method by which a board of trade can voluntarily relinquish its designation as a "contract market." The House recedes with an amendment changing the number of the section so that it will be section 8.

The Senate amended section 8 of the House bill by substituting the words "boards of trade" for "future exchanges," by striking out the words "and such parts of reports made to him under this act" and by adding at the end of the House provision the following: "except data and information which would separately disclose the business transactions of any person and trade secrets or names of customers: *Provided*, That nothing in this section shall be construed to prohibit the Secretary of Agriculture from making or issuing such reports as he may deem necessary relative to the conduct of any board of trade or of the transactions of any person found guilty of violating the provisions of this act under the proceedings prescribed in section 6 of this act: *Provided further*, That the Secretary of Agriculture in any report may include the facts as to any actual transaction on any board of trade without divulging the names of the persons therewith connected. The Secretary of Agriculture, upon his own initiative or in cooperation with existing governmental agencies, shall investigate marketing conditions of grain and grain products and by-products, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges. He shall likewise compile and furnish to producers, consumers, and distributors, by means of regular or special reports, or by such methods as he may deem most effective, information respecting the grain market, together with information on supply, demand, prices, and other conditions in this and other countries that affect the markets." The House recedes with amendments changing the number of the section, so that it will be section 9, and striking out the following words at the end of the second proviso of the Senate amendment: "on any board of trade without divulging the names of the persons therewith connected."

Section 9 of the House bill provides penalties for violations of the act. This section remains unchanged except that it becomes section 10 in consequence of the changes in the numbering of the preceding sections.

Section 10 of the House bill relates to the interpretation of the constitutionality of the act. This section remains unchanged except that it becomes section 11 in consequence of the changes in the numbering of the preceding sections.

Section 11 of the House bill relates to the enforcement of the act. The Senate amendment substitutes the words "four months" for the words "sixty days." The House recedes, and the number of the section is changed to 12 in consequence of the changes in the numbering of the preceding sections.

Section 12 of the House bill authorizes the Secretary of Agriculture to cooperate with other agencies and provides the necessary authority for making appropriations. This section remains unchanged except that it becomes section 13 in consequence of the changes in the numbering of the preceding sections.

G. N. HAUGEN,  
J. C. McLAUGHLIN,  
J. N. TINCHER,  
J. B. ASWELL,

*Managers on the part of the House.*

#### BRIDGE ACROSS MISSOURI RIVER AT BOONVILLE, MO.

Mr. ROACH. Mr. Speaker, I ask unanimous consent to call up the bill (S. 2301) granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River. A similar House bill is on the calendar.

The SPEAKER. The gentleman from Missouri asks unanimous consent to call up for consideration a Senate bridge bill, which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I should like to inquire of the gentleman from Missouri whether this bill has passed the Senate and been messaged over to the House?

Mr. ROACH. It has passed the Senate and been referred to the Committee on Interstate and Foreign Commerce and favorably reported by that committee to the House.

Mr. STAFFORD. I withdraw my reservation of objection.

Mr. ROACH. This is a Senate bill which is a substitute for a similar House bill.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to Old Trail's Bridge Co. (a Missouri corporation) and its successors and assigns to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at the city of Boonville, Mo., in the county of Cooper, in the State of Missouri, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

The bill was ordered to a third reading, and was accordingly read the third time and passed.

On motion of Mr. ROACH, a motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVE TO EXTEND REMARKS.

Mr. WINGO. I ask unanimous consent to extend my remarks that I made on Saturday.

The SPEAKER. The gentleman from Arkansas asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

#### ELECTRIC LIGHT AND POWER IN HAWAII.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6208) to authorize and provide for the manufacture, maintenance, distribution, and supply of electric light and power within the district of Hamakua, on the island of Hawaii, Territory of Hawaii.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. CURRY. Mr. Speaker, I ask unanimous consent to have that bill passed over without prejudice.

The SPEAKER. The gentleman from California asks unanimous consent that this bill be passed over without prejudice. Is there objection?

There was no objection.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6674) to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within Kapaa and Waipouli, in the district of Kawaihau, on the island and county of Kauai, Territory of Hawaii.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. CURRY. I ask unanimous consent that Nos. 56, 59, 60, 61, and 62 on the Calendar for Unanimous Consent be passed over without prejudice.

The SPEAKER. The gentleman asks unanimous consent that Nos. 56, 59, 60, 61, and 62 be passed over without prejudice. Is there objection?

There was no objection.

#### REQUEST TO EXTEND REMARKS.

Mr. JOHNSON of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a short editorial from the Washington Times on the railroad question.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to extend his remarks by inserting an editorial from the Washington Times on the railroad question. Is there objection? [After a pause.] The Chair hears none.

Mr. NORTON. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill that was under consideration Saturday, the McFadden bill.

The SPEAKER. The gentleman from Ohio asks unanimous consent to extend his remarks on the McFadden bill. Is there objection?

Mr. WALSH. Mr. Speaker, I was attempting to get recognition with reference to the previous request.

The SPEAKER. The Chair did not observe the gentleman. Of course if that is so the gentleman will be recognized.

Mr. WINGO. Do I understand the gentleman wanted to object to my request?

Mr. WALSH. No; it was the request of the gentleman from Mississippi [Mr. JOHNSON]. Do I understand the gentleman from Mississippi asked consent to print some editorial from a local paper in the RECORD?

Mr. JOHNSON of Mississippi. Yes; an editorial from the Washington Times on the railroad question.

Mr. WALSH. I do not think we ought to reprint editorials from the local papers here.

Mr. JOHNSON of Mississippi. Mr. Speaker, there was no objection at the time, as the RECORD will so show.

The SPEAKER. But the gentleman from Massachusetts says that he was on his feet endeavoring to attract the attention of the Chair.



Mr. WALSH. I think we ought not to do that. We seldom reprint editorials of local papers.

Mr. JOHNSON of Mississippi. I have made very few such requests and I have never made an unreasonable request.

Mr. WALSH. I know the gentleman from Mississippi is very considerate of the House, but for several years we have uniformly kept out editorials unless referred to in speeches at the time of consideration.

The SPEAKER. Objection is made. Is there objection to the request of the gentleman from Ohio [Mr. NORRIS] extending his remarks in the RECORD on the war finance bill?

There was no objection.

The SPEAKER. The Clerk will report the next bill on the Unanimous Consent Calendar.

#### FLOOD CONTROL PUYALLUP RIVER, WASH.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 1578) to provide a preliminary survey of the Puyallup River, Wash., with a view to the control of its flood.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. MONDELL. Mr. Speaker, for the present, until we have discussed the policy of these propositions, I object.

Mr. CURRY. Mr. Speaker, I ask unanimous consent that the bill be passed without prejudice.

The SPEAKER. Is there objection?

There was no objection.

Mr. CURRY. And I also make the same request for the next bill on the calendar, H. R. 1577, to provide a preliminary survey of Cowlitz River, Wash., with a view to the control of its floods.

The SPEAKER. Is there objection?

There was no objection.

#### TRANSPORTATION OF STOLEN MOTOR VEHICLES.

The next business on the Calendar for Unanimous Consent was the bill (S. 1060) to amend an act entitled "An act to punish the transportation of stolen motor vehicles in interstate or foreign commerce," approved October 29, 1919.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, I understood the gentleman from Tennessee [Mr. GARRETT], when the Unanimous Consent Calendar was called the last time, to say that he had certain objections to the bill. I will ask the gentleman from Tennessee whether he wishes to withdraw his objections made at that time.

Mr. GARRETT of Tennessee. No; I do not. I shall object.

Mr. DYER. Will the gentleman reserve his objection?

Mr. GARRETT of Tennessee. I will reserve my objection for the present.

Mr. DYER. Mr. Speaker, this bill to which the gentleman from Wisconsin desired to attract the attention of the gentleman from Tennessee, who was absent temporarily from the Chamber and who made some objections at the last time the bill was called, is simply an amendment to existing law. We passed a bill here nearly two years ago known as the motor vehicle theft act which makes it a felony to steal an automobile or truck and transport it from one State to another. My attention, and the attention of other Members of the House, has been called to the fact that the word "embezzlement" was left out of the act. This bill is merely to amend the act by putting in the word "embezzlement." The act did not provide for the case where a man got possession of the automobile lawfully, by renting it perhaps, and then drove it into another State and sold it. In some States it does not cover such a case. This was called to our attention particularly by the State of California. This is to fortify and make the law stronger.

The enactment of this law has had the effect to cut down automobile thefts in this country nearly 50 per cent. It has been in force not quite two years. Automobile thefts in the country have been cut down 50 per cent. It is impossible for State laws to cope with the difficulty, and thefts have been carried on to an enormous extent. There are more than 10,000,000 automobiles in this country, and it is a serious problem. These thieves operate extensively, steal machines in one State, transport them to another State, sell them to confederates in that State who resell them, and in that way the crime has been perpetrated, and it is almost impossible to secure convictions under the State law, because there is no way in which you can get the evidence and bring the witnesses from other States. I think this is a very important addition to the law and the law has been of great value to most of the States. I was quite surprised when I read in the RECORD the criticism from such distinguished Members of the House as the gentleman from Tennessee [Mr. GAR-

RETT] and the gentleman from Illinois [Mr. MANN]. This is a law that was sought by the automobile people—manufacturers, dealers, and users of more than 10,000,000 automobiles in this country. There was no opposition to it in the House when it passed almost by unanimous consent. It passed the Senate in the same way, with very little, if any, opposition to it. It has brought great results. The records of the courts of the United States show convictions one after another, and, as I say, it has cut down the automobile theft insurance which was so high and is still high because of so many thefts. It is a splendid law and I hope the gentleman will not object.

Mr. MANN. Will the gentleman yield?

Mr. DYER. Yes.

Mr. MANN. Has there been any decision of a responsible court that an article found in the possession of somebody in Illinois is not a crime because it was stolen in some other State?

Mr. DYER. I will say to the gentleman that I do not know of any case having been taken to the court of appeals, where a decision has been handed down, but there have been convictions in various district courts. I have not been following the cases in the higher courts to which the gentleman from Illinois refers.

Mr. MANN. There may have been convictions for transporting an article from one State to another, where it had been stolen. Possibly that could be upheld. What I asked was whether, taking the case of an automobile found in Illinois in the possession of some one, can that some one be convicted of a crime against the National Government because the automobile was stolen in Indiana, because if he can, I do not see any limit to the authority of the National Government over crime, and I do not see what use there is further for State governments trying to control crime.

Mr. DYER. This does not deprive the States of prosecuting. It is only in those cases where it is impossible to get the evidence to the State that it was found necessary to have this law in force.

Mr. MANN. Oh, I appreciate the desirability of legislation of this kind, but what I am asking is as to our constitutional authority. Of course that does not bother the Judiciary Committee any.

Mr. DYER. I appreciate, of course, that the gentleman from Illinois is not a member of the Judiciary Committee, and hence we have not much wisdom in that committee.

Mr. REAVIS. Mr. Speaker, will the gentleman yield?

Mr. DYER. Yes.

Mr. REAVIS. I do not recall the exact language of the original bill, but did it provide that possession of a stolen automobile was conclusive proof of guilt?

Mr. DYER. The act provides, where an automobile is stolen and transported into another State, through a confederate in that State—that is, he receives the automobile from the thief, knowing it to be stolen—that he shall be guilty of a crime.

Mr. STEENERSON. Mr. Speaker, I demand the regular order.

Mr. REAVIS. The books are full of cases holding that possession of stolen property immediately after the theft, when unexplained, is prima facie evidence of guilt. Does this law go beyond that?

Mr. DYER. It does not, and we filed a very exhaustive brief. Of course it was written by members of the Committee on the Judiciary and probably is not as strong as it would have been if it had been written by other gentlemen, but it covers the situation up to date. I hope the gentleman from Tennessee will withdraw his objection.

Mr. STEENERSON. Mr. Speaker, I demand the regular order.

The SPEAKER. Is there objection?

Mr. FREE. Mr. Speaker, I thought objection had been made before the speech was made.

The SPEAKER. No; it was reserved.

Mr. GARRETT of Tennessee. Mr. Speaker, still further reserving the right to object—

The SPEAKER. The regular order is demanded.

Mr. GARRETT of Tennessee. If the gentleman from Missouri will agree to accept an amendment to repeal the original act, I shall not object.

Mr. DYER. I would gladly do that. I shall be glad to have the House given an opportunity to vote on the question of repealing the act.

Mr. GARRETT of Tennessee. That is not what I said.

Mr. DYER. What the gentleman wants is an opportunity for the Members to vote on the question of repealing the act, is it not? I am willing that the House shall have that opportunity.

The SPEAKER. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, I object.

## DISABLED AMERICAN VETERANS.

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent that we may now consider out of order Calendar No. 88 (H. R. 216) to incorporate the disabled American veterans of the World War. Unless the bill is considered at this time it seems that it can not be reached until after the recess.

The SPEAKER. The gentleman from Ohio asks unanimous consent that Calendar No. 88 be taken up out of its order. Is there objection?

Mr. WALSH. Mr. Speaker, reserving the right to object, there is a bill on the calendar to incorporate the Grand Army, as well as several other measures which Members would like to have taken up. Would the gentleman have any objection to the Grand Army bill being considered after the disposition of this?

Mr. LONGWORTH. I would not have any objection if this may be considered first.

The SPEAKER. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, I object.

## REPAIR AND CONSTRUCTION OF CUSTOMS BUILDINGS, PORTO RICO.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 6557) to authorize the Secretary of the Treasury to repair and rebuild customs buildings in Porto Rico, and to pay for same out of duties collected in Porto Rico.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury be, and he is hereby, authorized to repair and rebuild, as may be necessary, the buildings in Porto Rico acquired by the United States under article 8 of the treaty of April 11, 1899, between the United States and Spain (30th Stats., p. 1758), and reserved for customs purposes by the proclamation of the President of June 30, 1903, and to pay for the cost of such repairs and rebuilding out of the duties collected in Porto Rico as an expense of collection.

With the following committee amendment:

Line 10, page 1, after the word "rebuilding" insert "not to exceed \$200,000."

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word for the purpose of inquiring of some member of the committee why full authority is vested in the Secretary of the Treasury to repair, alter, and build customs buildings in any part of the island and not limit him to the places referred to in the letter of the Secretary of the Treasury to the Speaker? In the letter of the Secretary to the Speaker attention is called to the need of repairs and alterations and improvements in three designated places, at an estimated cost of \$170,000. The bill which the committee now reports grants full authority to the Secretary of the Treasury to erect buildings at any place, at not to exceed \$200,000.

Mr. GARRETT of Tennessee. Not to erect them, is it?

Mr. STAFFORD. Oh, the bill is for the express purpose of authorizing the Secretary of the Treasury to erect new structures, because under present authorization of law the Comptroller of the Treasury has authority to make minor repairs; but because of the earthquake at certain places it was necessary to have entirely new structures erected. I am directing my inquiry as to why the committee gave the Secretary unlimited authority to erect buildings anywhere, limiting him only as to the amount, and did not designate the places referred to in his letter.

Mr. MANN. There are more than three places.

Mr. STAFFORD. I thought there were three.

Mr. MANN. There are four.

Mr. STAFFORD. I stand corrected.

Mr. GARRETT of Tennessee. The purpose of the bill was to permit the repair and not the erection of new buildings.

Mr. STAFFORD. The purpose of the bill is to authorize the erection of new buildings, to overcome the objection of the Comptroller of the Treasury that under existing law there is no authority to make more than merely ordinary repairs. To make substantial alterations requires substantive enactment of law.

Mr. MANN. Well, at two of these places customhouses were destroyed by the earthquake, and so they desire to rebuild. At two other places repairs are necessary by reason of the earthquake. The amount is limited to \$200,000 by the committee amendment. The preliminary estimate of expense was \$180,000, and I should say that the actual expense when completed will amount fully to \$200,000; it will amount to more than that unless they do better than they do in the United States in building public buildings. Of course, the gentleman understands the reason for the bill.

Mr. STAFFORD. Surely.

Mr. MANN. And this is paid out of the revenues of the district instead of out of the Treasury of the United States.

Mr. STAFFORD. In that connection the thought came to my mind whether, as it is going to be a building used exclusively for governmental purposes, we are right in our position of having the money appropriated out of the revenues of Porto Rico rather than pay for that ourselves.

Mr. MANN. Well, it is used exclusively for revenue purposes for the benefit of the district, the district of Porto Rico; therefore they should pay for it. Why should we pay out of the General Treasury to build a building down there to be used exclusively in order to collect revenues which are all turned over to Porto Rico?

Mr. GARRETT of Tennessee. The gentleman from Wisconsin understands, of course, that all revenues collected by the Federal Government of Porto Rico, through the customhouses or otherwise, go into the treasury of the Government of Porto Rico. There is no reason, as long as the present system prevails, why this Government should pay out of its Treasury for the customhouses or any other buildings there that are used for tax-collection purposes in the island of Porto Rico. This bill is properly guarded; I was a member of the committee.

Mr. STAFFORD. Mr. Speaker, I withdraw the pro forma amendment.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read the third time, was read the third time, and passed.

## PROCEEDINGS IN CONTESTED-ELECTION CASES.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7761) to amend the Revised Statutes of the United States relative to proceedings in contested-election cases.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. DYER. Mr. Speaker, reserving the right to object—

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none.

## INCORPORATING THE DISABLED AMERICAN VETERANS OF THE WORLD WAR.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 216) to incorporate the Disabled American Veterans of the World War.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. MANN. Mr. Speaker, reserving the right to object, on page 2 of the bill after it names the incorporators, line 14, it adds "and such persons as may be chosen," and in section 2 it says "that said persons named in section 1 and such other persons as may be selected from among the membership," and so forth, to be the incorporators. Who are these persons chosen by and who are they selected by?

Mr. DYER. By the national encampment organization, I will say to the gentleman from Illinois. This organization is now meeting in national encampment, held one recently last month in the city of Detroit, and already are organized, and now these vacancies will be filled, as explained by the officers, by the national encampment.

Mr. MANN. Well, I suppose we can incorporate a society by stating that the incorporators shall be certain persons selected by somebody. I do not see how you can incorporate by saying that the incorporators shall be such persons as may be chosen or such persons as may be selected, with no provision as to who is to do the choosing and who is to do the selecting. We can not say the corporation shall be created to be composed of such persons as may be chosen. It is nonsense. You have got to name the incorporators or name somebody who selects them. In this case you have neither—

Mr. LONGWORTH. I would like to ask the gentleman if this is not the same provision exactly as in the bill incorporating the American Legion?

Mr. DYER. That is my understanding.

Mr. RANKIN. Mr. Speaker, in order to expedite matters, I object now.

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent that the bill may be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? [After a pause.] The Chair hears none.



## LAND PATENTS TO CERTAIN PERSONS IN THE TERRITORY OF HAWAII.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7881) to authorize the governor of the Territory of Hawaii to ratify the agreements of certain persons made with the commissioner of public lands of the Territory of Hawaii and to issue land patents to those eligible under the terms of said agreements.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I ask to have the bill read.

The SPEAKER. The Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the governor of the Territory of Hawaii is hereby authorized and directed to ratify and carry into effect the agreements made by the commissioner of public lands of the Territory of Hawaii with certain homesteaders, referred to in the resolution adopted by the senate and house of representatives of the Territory of Hawaii April 26, 1917; also to issue land patents to those living up to the terms of the agreements when the same have been completed; also to issue land patents to those who have already complied with all the terms of their agreements, and to ratify and confirm the land patents already issued to homesteaders, in accordance with the provisions of the resolution of the senate and house of representatives, Territory of Hawaii, April 26, 1917, above mentioned.

SEC. 2. That the governor shall report to the Secretary of the Interior the action taken by him hereunder.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, will the gentleman from California make an explanation as to the reason for the passage of this bill?

Mr. CURRY. I will. Mr. Speaker, this bill passed the House in the Sixty-fifth and Sixty-sixth Congresses. An identical bill passed the Senate in the Sixty-sixth Congress, but the same bill did not pass both Houses in the Sixty-sixth Congress. The reason for the bill is this: There have been 26 homesteaders in the Territory of Hawaii on three islands with a homestead area altogether of 514.98 acres of land.

Mr. STAFFORD. Are those native Hawaiians?

Mr. CURRY. They are. Under the control of the public lands in Hawaii, when any person has homesteaded on one parcel of land they are forever precluded from homesteading on another parcel of land, whether they prove up or whether they do not prove up. These 26 people—Hawaiians—homesteaded on 33 parcels of land. In the meantime the land commissioner of Hawaii requested them to release those holdings and take others, which they did. Now, it was simply a matter of equity—

Mr. STAFFORD. Mr. Speaker, so that this bill may be passed before the hour of 1 o'clock, when the recess will be taken, I withdraw the reservation of objection.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 7881) to authorize the governor of the Territory of Hawaii to ratify the agreements of certain persons made with the commissioner of public lands of the Territory of Hawaii, and to issue land patents to those eligible under the terms of said agreements.

*Be it enacted, etc.,* That the governor of the Territory of Hawaii is hereby authorized and directed to ratify and carry into effect the agreements made by the commissioner of public lands of the Territory of Hawaii with certain homesteaders, referred to in the resolution adopted by the senate and house of representatives of the Territory of Hawaii, April 26, 1917; also to issue land patents to those living up to the terms of the agreements when the same have been completed; also to issue land patents to those who have already complied with all the terms of their agreements, and to ratify and confirm the land patents already issued to homesteaders in accordance with the provisions of the resolution of the senate and house of representatives, Territory of Hawaii, of April 26, 1917, above mentioned.

SEC. 2. That the governor shall report to the Secretary of the Interior the action taken by him hereunder.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

## WITHDRAWAL OF PAPERS.

Mr. DYER, by unanimous consent, was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of Leavett Grimes, no adverse report having been made thereon.

## RATIFYING ACTS, LEGISLATURE OF HAWAII.

The next business on the calendar for unanimous consent was the bill (S. 2062) an act ratifying, confirming, and approving certain acts of the Legislature of Hawaii, granting franchises for the manufacture, distribution, and supply of gas, electric light and power, and the construction, maintenance, and operation of a street railway, and for other purposes.

Mr. MANN. Mr. Speaker, I would like to have the bill read.

## RECESS.

The SPEAKER. Under the rule, the hour of 1 o'clock p. m. having arrived, the House stands in recess until 5 o'clock.

Accordingly (at 1 o'clock p. m.) the House stood in recess until 5 o'clock p. m.

## AFTER RECESS.

The recess having expired, the House was called to order by the Speaker at 5 o'clock p. m.

## THE REVENUE BILL.

Mr. MONDELL. Mr. Speaker, it may be necessary for the Committee on Ways and Means to take advantage of the unanimous consent granted earlier in the day to introduce the revenue bill some time before midnight.

Mr. GARRETT of Tennessee rose.

Mr. MONDELL. Acting on the understanding reached early this afternoon, that there will be no business transacted at the reconvening this afternoon, I shall move to adjourn, unless the gentleman from Tennessee has something to submit.

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. MONDELL. I yield.

Mr. GARRETT of Tennessee. I heard the request made this morning, following the colloquy between the gentleman from Wyoming [Mr. MONDELL] and the gentleman from Texas [Mr. GARNER], that the Committee on Ways and Means, through its chairman, should have until 12 o'clock to-night to introduce the bill. It was a very unusual request, so far as I know. Many times requests have been made and granted that a committee should have until 12 o'clock midnight to report, but not to introduce a bill. However, that unanimous consent was given. That, I suppose, set a precedent that a bill can be introduced when the House is not in session. The gentleman from Wyoming knows that some of us were quite busy trying to keep the agreement that we had made touching the matter of a recess from 1 o'clock until 5 o'clock. We did not object to it. I suppose that will stand. I do not think it ought to stand, and I do not believe—

Mr. MONDELL. I will say to the gentleman from Tennessee that after the unanimous consent was granted to introduce the bill at any time before midnight the situation was entirely satisfactory from our viewpoint. The gentleman himself then suggested that I resubmit the unanimous-consent request to stand in recess. There was no reason why I should do that, the situation being entirely satisfactory in every way, except that I like to agree with the gentlemen on the other side as far as possible and follow their views, and it enabled him to carry out his part of the agreement we had made. So I made the request. Were the bill ready for introduction at this time it would be introduced. But the gentleman will realize that we still have opportunity to introduce the bill under the unanimous-consent agreement.

Mr. GARRETT of Tennessee. I wish to state to the gentleman, if I may, my impression. Of course, the letter of the record stands. I thought that the agreement entered into, that the bill would be introduced at 5 o'clock, abrogated the other agreement. However, I realize that the letter is different. I shall make no complaint.

Mr. MONDELL. I think we are following absolutely not only the letter but the spirit of the agreement that was entered into, Mr. Speaker.

Mr. GARRETT of Tennessee. Well, Mr. Speaker, as far as I know—and I think the gentleman might consider that very carefully—I do not know of any bill being introduced when the House was not in session. Reports are introduced.

Mr. LONGWORTH. Are not a very large number of bills introduced before the House begins a session?

Mr. GARRETT of Tennessee. Let me say I am not making captious objections, and I have no disposition and no one on this side has any disposition, so far as I know, to interfere with what the majority desires to do. But whether a bill can be introduced, even with unanimous consent, when the House is not in session, I gravely doubt.

Mr. GARNER. I think you are setting a bad precedent—introducing this bill after the House has adjourned. This could be obviated, as I see it, in this way: To-morrow at 11 o'clock, after the meeting of the House, the bill could be introduced. The Committee on Ways and Means could meet out here and report the bill, and it would be reported ready for Wednesday's transaction just as if it were introduced to-night.

Mr. MONDELL. The introduction of the bill is only a formal matter. The Committee on Ways and Means could consider it without the formal introduction. It is better practice, however, to have the bill introduced and submitted in the regular printed

form for the consideration of the committee. Having entered into a unanimous-consent agreement to introduce the bill to-day, I think we should do it.

Mr. GARNER. I am not objecting. The only suggestion I make is the policy of introducing this bill to-morrow morning. Introduce it at 11 o'clock, report it at 12 o'clock, and have it ready for consideration on Wednesday, instead of introducing it to-night at 11 or 12 o'clock. You can accomplish the same purpose. You can have the bill printed to-morrow at 11 o'clock, because you know exactly what will be reported.

Mr. MONDELL. We can not accomplish the same purpose unless the bill is printed. It would not be printed in the regular form. I do not think we should introduce the bill and immediately report it.

Mr. COCKRAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COCKRAN. Is it within the competency of the House to provide by resolution or otherwise as to any action on a bill that is not in existence?

The SPEAKER. The Chair thinks that is not a parliamentary inquiry. That is stated as an abstract proposition.

Mr. COCKRAN. Is it competent for this House, by unanimous consent or otherwise, to give power to this House to entertain or permit the introduction of a bill when the House is not in session?

The SPEAKER. That has already been done.

Mr. COCKRAN. Is it within its constitutional power?

The SPEAKER. The Chair thinks it is. That would be his offhand decision. The Chair would suggest that there is no great difficulty; that the House can take a recess until half past 11 to-night, when nobody need be present but the Speaker and the gentleman from Michigan [Mr. FORDNEY].

Mr. LONGWORTH. Mr. Speaker, if the gentleman will yield, I believe the bill can be ready much before that. I can find out in a few minutes.

Mr. MONDELL. We have a unanimous-consent agreement entered into this morning in perfect good faith. There is no reason whatever why we should not proceed under it.

The SPEAKER. The Chair believes that the House can receive a report when it is not in session, and the Chair does not understand why the House could not receive a bill.

Mr. COCKRAN. It is a mechanical process, subject to the direction of the House, and it may not belong to the House procedure at all. This is the introduction of a bill, not the reporting of a bill, and there is an essential distinction between them.

The SPEAKER. The Chair thinks the House could do it.

Mr. COOPER of Wisconsin. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COOPER of Wisconsin. Is a bill introduced in the House of Representatives when the House is not in session? In my judgment it is not and can not be, and therefore I think it would be a wise thing for the House to take a recess until 11 o'clock, or half past 10 o'clock, or any other hour, and have the chairman of the Committee on Ways and Means present and introduce the bill at that time.

Mr. MONDELL. Mr. Speaker, the bill is introduced when it is delivered to the Clerk of the House. The House has repeatedly received conference reports of the greatest importance when the House has not been in session. There is no distinction—

Mr. GARRETT of Tennessee. I beg the gentleman's pardon. I think the House has not received conference reports.

Mr. LONGWORTH. Is it not a fact that a very large number of bills are always introduced before the House begins its session—hundreds of bills?

Mr. GARRETT of Tennessee. They may be dropped into the basket. But this is a bill that must be reported from the floor, is it not? How can it be reported from the floor when the House is not in session?

Now, Mr. Speaker, I want to make it perfectly clear to gentlemen on that side of the House that this is not a captious objection at all. It is entirely immaterial to us when the bill is introduced.

Mr. LONGWORTH. There is a great difference between the reporting of a privileged bill and its introduction.

Mr. MONDELL. We are not proposing to report the bill. In my judgment the gentleman's objection is captious; otherwise he would have objected at the time the request was made. But he did not object.

Mr. GARRETT of Tennessee. Oh, let us be perfectly candid with each other.

Mr. MONDELL. I am entirely candid, but I am wondering if the gentleman from Tennessee is entirely candid. No one objected when I made my request this morning, and I do not understand why they should do so now.

Mr. GARRETT of Tennessee. I did not at the moment entirely catch the point of the gentleman as to when the bill should be introduced; that is, that the gentleman from Michigan should have until 12 o'clock to-night to introduce the bill. A few minutes later, when I was trying to plead with my friend from Texas [Mr. BLAXTON] that an agreement that had been entered into should be kept, I learned of the language used by the gentleman from Wyoming in presenting the request, and I went to the Speaker's desk later. I will not say what occurred at the Speaker's desk. The Speaker's recollection and mine differ somewhat on the proposition. Now, I do not care anything in the world about it, nor does this side care a thing about it, except as to the question of the legality of its introduction.

Mr. MONDELL. I am somewhat surprised that my friend from Tennessee, who is a very good parliamentarian—none better—should not have thought of all these matters this afternoon when the request was made and assent given.

Mr. GARNER. Remember that we were trying to accommodate you. That is the main proposition. Remember we were trying to accommodate you in order to enable you to get your bill in.

Mr. COCKRAN. Mr. Speaker, I make the point of no quorum.

Mr. MONDELL. What is the gentleman's idea now?

Mr. GARNER. We want to accommodate you now, but we do not want to create a precedent. We think you ought not to create a precedent that may come up to plague the House in the future.

Mr. MONDELL. That is one reason why I was asking the House to reconvene at 5 o'clock, in order that we might introduce the bill at that time if it was ready at that time.

Mr. GARRETT of Tennessee. Can not the gentleman suggest this, That the House stand in recess until 10 o'clock or 10.30 o'clock or 11 o'clock or 12 o'clock, so that the House will be in session when the bill is introduced? At 12 o'clock there will be no trouble. The gentleman ought to understand that we have tried thus far to do our duty to-day.

Mr. MONDELL. Then I suppose if the point of no quorum is made we can call the gentlemen here from their various entertainments and occupations—but, Mr. Speaker, we need discuss the matter no further.

Mr. LONGWORTH. Mr. Speaker, the Constitution is saved! [Laughter.]

Mr. MONDELL. Mr. Speaker, the gentleman from Michigan [Mr. FORDNEY] is now ready to introduce the bill. [Applause.] During our discussion the bill has been amended in accordance with the decision of the Republican conference.

Mr. FORDNEY. Mr. Speaker, I introduce the bill. [Laughter and applause.]

The SPEAKER. The gentleman does not need to introduce it. He can just drop it in the basket. The bill is introduced.

Mr. GARNER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GARNER. Do I understand the gentleman is introducing the bill now?

The SPEAKER. Yes.

Mr. GARNER. I do not understand that it is necessary to reserve points of order now, but if it is necessary I desire to reserve all points of order.

The SPEAKER. The gentleman from Texas reserves all points of order on the bill.

#### ADJOURNMENT.

Mr. MONDELL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.) the House adjourned, pursuant to the order already made, until to-morrow, Tuesday, August 16, 1921, at 11 o'clock a. m.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. RAKER, from the Committee on the Public Lands, to which was referred the joint resolution (H. J. Res. 57) making the provisions of section 2296 of the United States Revised Statutes applicable to all entries made under the homestead laws and laws supplemental to and amendatory thereof, reported the same without amendment, accompanied by a report (No. 346), which said joint resolution and report were referred to the House Calendar.



## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8172) granting an increase of pension to Frances W. Mallow, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FORDNEY: A bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes; to the Committee on Ways and Means.

By Mr. ROSSDALE: A bill (H. R. 8246) to tear down and remove the obsolete structure known as the post-office or Federal building in City Hall Park, at New York, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. CAMPBELL of Kansas: Resolution (H. Res. 174) for the immediate consideration of House bill 8245; to the Committee on Rules.

By Mr. WOODS of Virginia: Resolution (H. Res. 175) to pay Irene A. Dwyer, clerk to the late Hon. ROBERT A. JAMES, one month's salary; to the Committee on Accounts.

Also, resolution (H. Res. 176) to pay H. B. Trundle, clerk to the late Hon. ROBERT A. JAMES, one month's salary; to the Committee on Accounts.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUTLER: A bill (H. R. 8247) granting an increase of pension to Hiram Williams; to the Committee on Invalid Pensions.

By Mr. DARROW: A bill (H. R. 8248) for the relief of the Mutual Fire, Marine & Inland Insurance Co., of Philadelphia, Pa., for taxes on insurance premiums unlawfully collected and withheld from said company; to the Committee on Claims.

By Mr. FOCHT: A bill (H. R. 8249) granting an increase of pension to William J. Shirley; to the Committee on Pensions.

Also, a bill (H. R. 8250) granting a pension to Jennie C. Richardson; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H. R. 8251) granting a pension to Herbert S. Cooley; to the Committee on Pensions.

By Mr. KNUTSON: A bill (H. R. 8252) granting an increase of pension to Maranda A. Chance; to the Committee on Invalid Pensions.

By Mr. LAMPERT: A bill (H. R. 8253) granting an increase of pension to Eliza J. Stever; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8254) granting a pension to Jacob Mottl; to the Committee on Pensions.

By Mr. MOORES of Indiana: A bill (H. R. 8255) granting a pension to Louisa V. Sullivan; to the Committee on Invalid Pensions.

By Mr. RIDDICK: A bill (H. R. 8256) authorizing the issuance of a patent in fee to Perry H. Kennerly for land allotted to him on the Blackfoot Reservation, Mont.; to the Committee on Indian Affairs.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2416. By Mr. ATKESON: Petition of F. M. Walter and others, of Clinton, Mo., opposing the passage of House bill 4388, the Sunday observance bill; to the Committee on the District of Columbia.

2417. By Mr. BRIGGS: Petition of Royall National Bank, of Palestine, Tex., protesting against proposed stamp tax on bank checks; to the Committee on Ways and Means.

2418. By Mr. CULLEN: Resolution No. 96 adopted by the American Federation of Labor relative to Treasury certificates; to the Committee on Banking and Currency.

2419. By Mr. FOCHT: Petition for the support of House bill 7664, granting a pension to Mrs. Theodosia Harris; to the Committee on Invalid Pensions.

2420. Also, evidence in support of House bill 7666, granting an increase of pension to Harry H. Sieg; to the Committee on Invalid Pensions.

2421. By Mr. KIESS: Communication from the Women's Organized Bible Class of the Erie Avenue Baptist Church, of Williamsport, Pa., relative to the situation in the Near East; to the Committee on Foreign Affairs.

2422. By Mr. KISSEL: Petition of C. P. Coleman, president of the Worthington Pump & Machinery Corporation, 115 Broad-

way, New York City; to the Committee on Interstate and Foreign Commerce.

2423. Also, petition of J. R. Bersk, of Harvey & Outerbridge, 11 Broadway, New York City; to the Committee on Interstate and Foreign Commerce.

2424. By Mr. LAMPERT: Resolution No. 7, of the Wisconsin Federation of Labor, demanding the release of political prisoners and conscientious objectors; to the Committee on the Judiciary.

2425. Also, resolution No. 3, of the Wisconsin Federation of Labor, favoring the modification of the Federal prohibition law to provide for the exemption of beer and light wines; to the Committee on the Judiciary.

2426. By Mr. STINESS: Memorial of the United Baptist Church, of Providence, R. I., urging the passage of House joint resolution 159; to the Committee on the Judiciary.

2427. Also, memorial of Calvary Baptist Church, of Providence, R. I., urging the passage of legislation prohibiting sectarian appropriations; to the Committee on the Judiciary.

2428. By Mr. TILLMAN: Petition of C. M. Gouge and others, opposing Senate bill 1948, the Sunday observance bill; to the Committee on the District of Columbia.

## SENATE.

TUESDAY, August 16, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father and our God, Thou hast been gracious to us in the days gone by and dost continue Thy mercies unto us now. We return to Thee thanks for all the multitude who have been evidencing to Thee and to us and to the world that goodness and grace are the portions of those who trust in Thee. May the Lord reveal Himself in this Chamber this morning in the wisdom and strength of the deliberations. We ask in Christ Jesus' name. Amen.

## NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., August 16, 1921.

To the SENATE:

Being temporarily absent from the Senate I appoint Hon. IRVING L. LENROOT, a Senator from the State of Wisconsin, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President Pro Tempore.

Mr. LENROOT thereupon took the chair as Presiding Officer. The Assistant Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 4598. An act to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii;

H. R. 6557. An act to authorize the Secretary of the Treasury to repair and rebuild customs buildings in Porto Rico and to pay for same out of duties collected in Porto Rico; and

H. R. 7881. An act to authorize the governor of the Territory of Hawaii to ratify the agreements of certain persons made with the commissioner of public lands of the Territory of Hawaii and to issue land patents to those eligible under the terms of said agreements.

## UNEMPLOYMENT IN THE UNITED STATES.

The PRESIDING OFFICER laid before the Senate a communication from the Secretary of Labor in response to Senate resolution 126, giving an estimate of unemployment in the several States, which, with the accompanying papers, was ordered to be printed in the Record and to lie on the table, as follows:

DEPARTMENT OF LABOR,  
OFFICE OF THE SECRETARY,  
Washington, August 12, 1921.

Hon. CALVIN COOLIDGE,  
President of the Senate, Washington, D. C.

SIR: Upon receipt of a copy of Senate resolution 126 of the first session of the Sixty-seventh Congress, I directed Ethelbert Stewart, commissioner of labor statistics, to prepare an estimate of the present volume of unemployment following the lines of the resolution as closely as the information at hand would permit.

A report of such estimates as can be made has just been completed. I have the honor, therefore, to transmit herewith Commissioner Stewart's report, in compliance with Senate resolution of August 5, 1921, as follows:

"Resolved, That the Secretary of Labor be, and he hereby is, directed immediately to advise the Senate as to the estimated unemployment in the several States, including the number of men, of ex-service men, and of women estimated to be unemployed."

Respectfully,

JAMES J. DAVIS, *Secretary.*

UNITED STATES DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
Washington, August 12, 1921.

Hon. JAMES J. DAVIS,  
*Secretary of Labor, Washington, D. C.*

SIR: In accordance with your instructions of August 6, 1921, I have completed the closest estimate which can be made from available data concerning the volume of unemployment in the United States and in the several States. No segregation can be made of ex-service men nor of women estimated to be unemployed. In the body of the report such explanations are given concerning the material presented as will make clear the sources and the nature of the material upon which the estimates are based.

Respectfully,

ETHELBERT STEWART,  
*Commissioner of Labor Statistics.*

(Inclosure.)

REPORT ON UNEMPLOYMENT.  
UNITED STATES DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
Washington, August 12, 1921.

On August 5, 1921, the United States Senate passed Senate resolution 126, as follows:

"Resolved, That the Secretary of Labor be, and he hereby is, directed immediately to advise the Senate as to the estimated unemployment in the several States, including the number of men, of ex-service men, and of women estimated to be unemployed."

Responding to the requirements of the above resolution the best estimate that can be made from available sources of information is that there are at present 5,735,000 persons unemployed in the United States. These figures relate to the differences in the numbers of employees carried on pay rolls July, 1921, as compared with the peak of employment in 1920. Figures of the unemployed by industries are:

Manufacturing and mechanical industries (including building trades)	3,900,000
Mining	250,000
Transportation	800,000
Trade and clerical workers	450,000
Domestic and personal service	335,000
Total	5,735,000

No estimates can be given as to the number of ex-service men unemployed, as the reports covering pay roll data do not segregate them. The same applies to women workers.

This total must be accepted, of course, as an estimate. It is practically impossible to get exact figures of persons out of work except by an actual count upon a given date, which is, of course, prohibitive by reason of its cost. The Department of Labor through the United States Employment Service in January, 1921, estimated that there were 3,473,446 less workers employed in January, 1921, than in January, 1920, and that this was a reduction of 36.9 per cent. For the succeeding six months between January and July, 1921, the number of names on the pay rolls covered by that service decreased 7.3 per cent. There was a decrease of 1.1 per cent between June and July, 1921. This reduction, added to the estimate of unemployment for January, 1921, indicates 3,906,450 less workers employed in industry in July, 1921, than in January, 1920.

The reports of the United States Employment Service cover the principal manufacturing and mechanical industries, including building trades. They do not, however, cover all manufacturing, nor do they cover the great groups of agriculture, mining, transportation, trade, public service, professional service, domestic service, or clerical work. The best estimate that can be secured at this time indicates that there are 160,000 coal miners out of work. This does not include many others who have only part-time employment. In iron and copper mining and other mineral extracting there is much slack work. A conservative estimate of the unemployed in the mining group taken as a whole is 250,000, as compared with 15 or 18 months ago. In transportation a conservative estimate of the unemployed as a whole is 800,000; of this number 700,000 are unemployed railroad workers. It is not possible to make an estimate of the unemployment among the wage and low-salaried workers in the public service or in professional service. The total of 5,735,000 must, of course, be accepted as a rough estimate.

In consideration of these figures certain conditions must be kept in mind: First, they refer to the change in number of persons employed between the peak of operations in 1920 and the present time, ignoring whatever of unemployment there may have been in the spring of 1920; second, that the employment was far above normal in the spring of 1920, industries bid for workers, wives, daughters, and boys who were not accustomed to work for wages took up gainful work through economic necessity or because of the tempting wages offered. Therefore the present recession in employment may mean not entirely unemployment for regular workers, but in addition a return of many persons from gainful work back to nongainful home work or schools.

#### WOMEN'S WORK.

In this connection attention is called to the fact that many thousands of women and girls were called into the factories and munition plants during the war. A large percentage of these were not formerly among the factory and industrial workers of the country. In large part these women workers were retained or returned to industry in the peak of manufacturing activity in March and April, 1920, and when the slump came they were released. They returned to their homes, thus swelling the volume of reduction of numbers of wage workers on pay rolls, but not to the same extent the volume of those seeking employment. In other words, while it is impossible to give the relation between male and female workers dropped from the pay rolls of manufacturing industries, it is known that a very large percentage of the women were dropped, and that, of the women so

dropped a considerable number did not enter the army of the unemployed as it is generally understood, but returned to school and nongainful home work.

#### DISTRIBUTION BY STATES.

It is impossible to make any distribution of the unemployed by States for any industry outside of the factories. The figures for unemployment in the building trades, transportation trades, mechanical workers, domestic, and personal service can not be distributed by States upon any basis available in this bureau. For factory workers alone, however, some basis is provided by the New York State Industrial Commission. In June, 1921, the Labor Market Bulletin of New York indicated that the number of factory workers employed in that State in May, 1921, was at least 400,000 less than in March, 1920. Because of further reductions as shown by that report in May and June, there were in June approximately 423,700 (since the preparation of this report the New York State index number for July has been received showing a decrease of 2 per cent in employment in July as against June; this would increase the New York factory unemployment to 447,400 persons) factory workers unemployed in New York that had been employed in March, 1920.

According to the United States Census of 1914 the number of wage earners in the factories of New York State constituted 15 per cent of the wage earners in factories in the United States. Assuming that New York is representative, this would indicate that in the factories of the United States the decrease in the number of workers between March, 1920, and June, 1921, was 2,825,000. These figures must be understood as applying to the changes between March, 1920, and June, 1921, and not to the entire industrial population, and as relating only to wage earners in factories as distinct from wage earners in all lines of industry. With this restriction in view, and assuming 2,825,000 fewer factory workers in the United States in June, 1921, than in March, 1920, and assuming this number distributed in proportion to the number of wage earners in factories in the States in 1914, the following table of distribution by States is submitted for what it is worth:

New England States:	
Maine	32,982
New Hampshire	31,715
Vermont	13,130
Massachusetts	243,582
Rhode Island	45,539
Connecticut	90,842
Middle Atlantic States:	
New York	424,716
New Jersey	149,998
Pennsylvania	371,166
East North Central States:	
Ohio	204,933
Indiana	79,295
Illinois	203,531
Michigan	108,839
Wisconsin	78,013
West North Central States:	
Minnesota	37,272
Iowa	25,339
Missouri	61,099
North Dakota	1,315
South Dakota	1,521
Nebraska	10,095
Kansas	16,563
East South Central States:	
Kentucky	25,930
Tennessee	29,860
Alabama	31,604
Mississippi	18,750
South Atlantic States:	
Delaware	8,805
Maryland	44,800
District of Columbia	3,564
Virginia	41,281
West Virginia	28,537
North Carolina	54,941
South Carolina	28,873
Georgia	41,940
Florida	22,326
West South Central States:	
Arkansas	16,854
Louisiana	31,181
Oklahoma	7,003
Texas	30,053
Mountain States:	
Montana	5,502
Idaho	3,581
Wyoming	1,200
Colorado	10,952
New Mexico	1,516
Arizona	2,769
Utah	5,578
Nevada	1,467
Pacific States:	
Washington	26,982
Oregon	11,574
California	56,000
Total	2,825,000

The State Industrial Commission of New York has a continuous report on the number of persons employed in the factories of that State covering the period from June, 1914, to the present time. The New York commission uses the number of the pay roll in June, 1914, as their base, or the 100 point, in calculating their index number or ratio. It is believed that a reproduction of this index for New York would be valuable in this place, and it is therefore given below:

#### Number of employees.

	1914.	
June	100	
July	97	
August	92	
September	96	
October	95	
November	93	
December	92	
Average for 7 months	95	



1915.			
January	92	August	122
February	94	September	122
March	94	October	117
April	95	November	120
May	97	December	119
June	98		
July	97	Average for year	122
August	96		
September	101	1919.	
October	102	January	113
November	106	February	112
December	108	March	111
		April	111
Average for year	98	May	110
		June	110
1916.		July	113
January	108	August	115
February	111	September	116
March	111	October	115
April	115	November	118
May	113	December	122
June	113		
July	112	Average for year	113
August	113		
September	117	1920.	
October	117	January	123
November	120	February	122
December	122	March	125
		April	124
Average for year	114	May	122
		June	121
1917.		July	121
January	121	August	118
February	121	September	117
March	123	October	115
April	121	November	108
May	120	December	100
June	119		
July	118	Average for year	118
August	116		
September	118	1921.	
October	120	January	93
November	121	February	94
December	122	March	95
		April	94
Average for year	120	May	92
		June	90
1918.		July	88.5
January	121	The United States Bureau of Labor Statistics since January, 1915, has compiled reports on volume of employment in 13 industries. In the work of this bureau January, 1916, is taken as the base or as 100. This index down to and including July, 1921, is herewith presented, and indicates unmistakably the trend in employment.	
February	123		
March	124		
April	123		
May	123		
June	123		
July	125		

Index numbers of employees on pay roll January, 1915, to May, 1921 (January, 1916=100).

Month and year.	Iron and steel.	Automobiles.	Car building and repairing.	Cotton manufacturing.	Cotton finishing.	Hosiery and underwear.	Woolen.	Silk.	Men's ready-made clothing.	Leather manufacturing.	Boots and shoes.	Paper making.	Cigars.
1915.													
January	74			101	85	87	88	91			87		
February	71		71	101	94	91	88	93	98		87		
March	77		80	103	91	91	91	93	92		83		105
April	80		67	102	93	94	93	90	80		77		90
May	82		85	103	93	96	91	90	94		79		98
June	85		87	102	87	98	89	90	95		80		94
July	87		92	103	92	96	92	89	97		81		96
August	90		89	101	90	94	90	91	83		82		92
September	93		95	101	90	96	90	92	80		82		97
October	97		99	102	94	100	99	94	84		90		106
November	97	99	104	103	104	101	102	97	88	97	94	84	108
December	97	100	105	102	97	104	103	98	81	101	109	96	103
1916.													
January	100	100	100	100	100	100	100	100	100	100	100	100	100
February	102	112	104	101	101	101	102	97	98	112	100	105	95
March	105	114	109	101	103	103	102	100	100	111	101	103	99
April	104	112	110	101	98	104	104	101	97	110	99	104	93
May	108	113	109	101	95	105	105	99	102	106	98	106	90
June	109	109	111	102	96	105	103	100	105	104	99	108	91
July	110	116	108	102	96	104	101	101	105	106	100	107	94
August	113	117	109	100	97	102	97	100	97	110	99	109	90
September	115	123	113	100	96	104	101	99	93	101	98	102	93
October	115	132	111	130	96	106	102	100	95	111	98	103	97
November	117	129	117	100	99	107	103	98	101	113	102	101	93
December	118	125	116	102	101	108	105	100	92	116	107	114	96
1917.													
January	122	133	111	101	99	107	107	100	107	124	108	118	97
February	123	134	112	102	99	108	105	99	107	121	108	117	98
March	124	135	109	101	99	109	108	98	110	119	107	117	100
April	124	133	104	101	96	106	105	97	110	114	105	116	92
May	127	130	105	100	98	108	106	95	113	109	104	113	92
June	129	125	104	100	98	107	104	93	118	106	105	115	94
July	130	118	108	101	94	105	104	93	113	105	102	111	94
August	134	120	107	99	94	103	102	91	108	104	97	103	87
September	133	125	96	98	96	104	101	89	103	101	91	109	91
October	135	126	93	98	95	105	107	88	101	104	93	110	88
November	136	122	108	100	98	106	110	88	104	111	101	111	103
December	136	121	113	101	100	108	112	88	107	114	101	114	103
1918.													
January	134	119	113	100	96	105	107	86	102	111	101	112	103
February	135	119	112	95	96	107	105	88	105	108	102	109	101
March	137	123	111	100	98	108	109	89	101	106	103	113	104
April	136	124	108	98	94	108	109	88	101	102	99	112	103
May	138	124	109	96	93	107	106	87	101	101	97	113	88
June	139	126	102	96	93	107	106	87	101	104	96	113	94

Index numbers of employees on pay roll January, 1915, to May, 1921 (January, 1915=100)—Continued.

Month and year.	Iron and steel.	Automobiles.	Car building and repairing.	Cotton manufacturing.	Cotton finishing.	Hosiery and underwear.	Woolen.	Silk.	Men's ready-made clothing.	Leather manufacturing.	Boots and shoes.	Paper making.	Cigars.
1918.													
July.....	137	122	110	97	97	108	105	85	102	106	98	114	96
August.....	133	118	116	97	95	107	104	83	98	105	96	114	92
September.....	137	120	119	95	92	105	103	79	94	102	95	114	93
October.....	133	121	125	87	88	95	95	79	86	98	89	106	87
November.....	135	123	126	92	89	101	98	76	85	99	92	112	92
December.....	138	114	125	98	92	101	90	77	83	100	95	116	95
1919.													
January.....	136	108	122	99	84	97	74	79	76	101	95	115	89
February.....	128	108	109	95	71	90	43	75	78	101	95	113	89
March.....	125	111	107	95	73	90	56	83	79	103	95	112	80
April.....	119	117	100	96	79	91	77	85	80	103	91	108	87
May.....	114	123	99	108	86	94	87	87	81	105	93	102	85
June.....	114	129	99	109	94	99	99	88	86	108	92	110	89
July.....	117	135	99	111	97	101	103	90	93	110	92	112	71
August.....	121	139	91	111	94	102	102	89	91	111	95	114	60
September.....	122	147	93	112	97	101	102	77	96	114	96	119	68
October.....	81	149	89	113	99	105	103	80	100	113	98	119	73
November.....	95	150	89	111	102	105	103	84	105	114	100	122	62
December.....	113	146	92	116	106	108	100	86	95	115	102	123	82
1920.													
January.....	127	154	90	115	105	108	104	87	96	117	103	124	80
February.....	129	156	90	112	102	107	102	87	98	113	101	123	76
March.....	131	155	90	114	102	108	105	86	103	114	102	129	77
April.....	130	153	94	113	100	109	105	87	106	110	101	128	77
May.....	121	148	110	112	98	106	104	86	107	109	98	129	72
June.....	128	145	114	113	99	101	97	85	104	105	98	129	71
July.....	126	146	94	115	98	98	44	82	100	105	89	133	71
August.....	125	139	104	113	97	93	41	80	96	99	89	135	71
September.....	128	133	99	112	91	87	56	75	89	92	76	134	75
October.....	128	116	98	109	81	78	59	74	76	87	73	134	74
November.....	124	103	99	104	79	68	52	71	63	80	69	130	77
December.....	113	98	95	101	78	53	42	66	51	75	70	125	77
1921.													
January.....	93	36	83	94	76	50	41	63	59	73	69	118	71
February.....	93	51	73	111	86	61	59	66	71	74	75	114	69
March.....	89	68	68	108	93	68	69	72	74	77	76	110	67
April.....	81	85	59	107	94	73	84	75	79	68	76	98	70
May.....	79	89	57	109	98	78	89	77	76	72	79	85	71
June.....	75	89	56	109	100	81	90	77	83	78	83	85	72
July.....	64	91	55	111	99	81	90	78	92	80	86	85	72

1 Labor troubles and part time.

2 Strikes.

3 Strikes and labor troubles.

4 Lack of orders. Dull season.

5 Lack of orders and part time.

6 General business depression.

## General index—13 industries.

Consolidating the index numbers of the preceding table from January, 1920, to July, 1921, the following general index is obtained. In the computation of this general index the several industries are weighted according to the number of wage earners employed therein. In using this consolidated index it must be remembered that it is based on only 13 industries:

January, 1916	100
January, 1920	106
February, 1920	106
March, 1920	107
April, 1920	108
May, 1920	108
June, 1920	108
July, 1920	100
August, 1920	100
September, 1920	97
October, 1920	94
November, 1920	89
December, 1920	83
January, 1921	74
February, 1921	80
March, 1921	80
April, 1921	80
May, 1921	81
June, 1921	82
July, 1921	82

So far as these industries collectively are concerned, the peak of employment was reached in April, 1920, and the lowest point in January, 1921, with an increase from January to July of 8 points. The decrease from April, 1920, to July, 1921, was 24 per cent.

As indicative of the local and sporadic variations in employment, hence of course in unemployment, I quote here two paragraphs from the July report of the Department of Labor, United States Employment Service, announcing the results of the industrial surveys for the month ending July 31, 1921.

"Out of the 65 cities, 27 report employment increases during July over June, with percentages of increase as follows: Denver, Colo., 16.5 per cent; Portland, Oreg., 14.7 per cent; Brockton, Mass., 12.6 per cent; Lawrence, Mass., 11.5 per cent; St. Paul, Minn., 9.4 per cent; Memphis, Tenn., 8.4 per cent; Buffalo, N. Y., 6.34 per cent; Detroit, Mich., 6.07 per cent; Milwaukee, Wis., 5 per cent; Niagara Falls, N. Y., 4.08 per cent; Manchester, N. H., 3.35 per cent; Richmond, Va., 3.05 per cent; Kansas City, Mo., 3.01 per cent; Los Angeles, Calif., 2.97 per cent; Syracuse, N. Y., 2.34 per cent; Seattle, Wash., 2.3 per cent; Flint, Mich., 2 per cent; New Orleans, La., 1.8 per cent; Albany and Schenectady, N. Y., 1.5 per cent; Bayonne, N. J., 1.3 per cent; Dayton, Ohio, 1.3 per cent; Sioux City, Iowa, 1.19 per cent; New Bedford, Mass., 0.75 per cent; Minneapolis, Minn., 0.7 per cent; Lowell, Mass., 0.58 per cent; Philadelphia, Pa., 0.18 per cent; and Springfield, Mass., 0.07 per cent.

"Thirty-eight cities report employment decreases during July over June, the percentages of decrease being as follows: Youngstown, Ohio, 22.8 per cent; Chattanooga, Tenn., 15.6 per cent; Yonkers, N. Y., 12.8

per cent; Indianapolis, Ind., 10.6 per cent; Grand Rapids, Mich., 8.7 per cent; San Francisco, Calif., 8.46 per cent; Toledo, Ohio, 8.2 per cent; Camden, N. J., 7.5 per cent; Cincinnati, Ohio, 7.5 per cent; Perth Amboy, N. J., 7.3 per cent; Bridgeport, Conn., 7 per cent; St. Louis, Mo., 6.9 per cent; Cleveland, Ohio, 6.6 per cent; Birmingham, Ala., 6.5 per cent; Pittsburgh, Pa., 5.9 per cent; Kansas City, Kans., 5.57 per cent; Newark, N. J., 5.2 per cent; Trenton, N. J., 4.5 per cent; Providence, R. I., 4 per cent; Peoria, Ill., 3.9 per cent; Johnstown, Pa., 3.3 per cent; New Haven, Conn., 3.3 per cent; Worcester, Mass., 3.27 per cent; Boston, Mass., 2.58 per cent; Columbus, Ohio, 1.7 per cent; Baltimore, Md., 1.5 per cent; Louisville, Ky., 1.5 per cent; Waterbury, Conn., 1.5 per cent; New York, N. Y., 1.32 per cent; Jersey City, N. J., 1.2 per cent; Paterson, N. J., 1.18 per cent; Reading, Pa., 1.05 per cent; Rochester, N. Y., 1.4 per cent; Chicago, Ill., 0.77 per cent; Omaha, Nebr., 0.48 per cent; Passaic, N. J., 0.04 per cent; and Fall River, Mass., 0.007 per cent."

## CONCLUSION.

It is to be regretted that no other State has seen fit to keep as general and close a tab on the volume of employment as has been the case in the State of New York, and equally regrettable that lack of funds available for the use of the United States Department of Labor has not enabled us to secure either through the cooperation of the States or by direct investigation from the department in those States that are not well equipped for such service an employment survey for the entire country equal to that which is made in the State of New York. It must be noted, however, that the appropriations for the State industrial commission of New York enable it to give to its work a wider scope and more accuracy of detail than is possible elsewhere. It should be noted that the appropriation for 1920 of the industrial commission of New York was \$1,549,100, which is nearly as much as the entire appropriation for the United States Department of Labor during the same year, if we omit the appropriation for the Bureau of Immigration.

Respectfully submitted.

ETHELBERT STEWART,  
Commissioner of Labor Statistics.

## PETITIONS AND MEMORIALS.

Mr. BALL presented two memorials of sundry citizens of the District of Columbia, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc., which were referred to the Committee on the District of Columbia.

Mr. JOHNSON presented memorials of sundry citizens of Riverside, Fullerton, and Brea, in the State of California, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc., which were referred to the Committee on the District of Columbia.

He also presented telegrams in the nature of memorials from Mary McManus, president Branch No. 171, American Association for the Recognition of the Irish Republic; P. J. O'Connor,



president Branch No. 168, American Association for the Recognition of the Irish Republic; John F. Ryan, president Branch No. 173, American Association for the Recognition of the Irish Republic; P. J. Thompson, president District Council No. 3, American Association for the Recognition of the Irish Republic; S. J. Lamb, president Branch No. 161, American Association for the Recognition of the Irish Republic; William Ergenzinger, president Branch No. 160, American Association for the Recognition of the Irish Republic; Kate De Lee Schleuter, president Branch No. 18, American Association for the Recognition of the Irish Republic; P. T. Horan, president Branch No. 42, American Association for the Recognition of the Irish Republic, all of Los Angeles; P. J. Lennon, president Branch No. 27, American Association for the Recognition of the Irish Republic, of Santa Barbara; J. B. Smith, secretary Branch No. 31, American Association for the Recognition of the Irish Republic, of San Francisco; M. K. Kelly, president Branch No. 8, American Association for the Recognition of the Irish Republic, of Stockton; T. E. Collins, president Branch No. 33, American Association for the Recognition of the Irish Republic, of Fresno, all in the State of California, remonstrating against the enactment of Senate bill 2135, to enable the refunding of obligations of foreign Governments owing to the United States of America, etc., which were referred to the Committee on Finance.

Mr. WILLIS presented a resolution of Robert E. Bentley Post, No. 50, American Legion, Department of Ohio, of Cincinnati, Ohio, protesting against the sale of the cantonment at Camp Sherman, Ohio, and urging that it be retained by the Government as a hospital site or for such other purposes as the War Department may desire, which was referred to the Committee on Military Affairs.

#### IMPORTATION OF DYES AND CHEMICALS.

Mr. McCUMBER, from the Committee on Finance, to which was referred the bill (H. R. 8107) to control importations of dyes and chemicals, reported it with amendments and submitted a report (No. 259) thereon.

#### ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on August 15, 1921, they had presented to the President of the United States the enrolled bill (S. 1934) granting the consent of Congress to the Huntington & Ohio Bridge Co. to construct, maintain, and operate a highway and street railway bridge across the Ohio River between the city of Huntington, W. Va., and a point opposite in the State of Ohio.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEW:

A bill (S. 2410) to amend section 1044 of the Revised Statutes, United States, relating to limitations in criminal cases; to the Committee on the Judiciary.

By Mr. BALL:

A bill (S. 2411) to vacate certain streets and alleys within the area known as the Walter Reed General Hospital, District of Columbia; and to authorize the extension and widening of Fourteenth Street from Montague Street to its southern terminus south of Dahlia Street, Nicholson Street from Thirteenth Street to Sixteenth Street, Colorado Avenue from Montague Street to Thirteenth Street, Concord Avenue from Sixteenth Street to its western terminus west of Eighth Street west, Thirteenth Street from Nicholson Street to Piney Branch Road, and Piney Branch Road from Thirteenth Street to Blair Road, and for other purposes; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 2412) to equalize the remuneration of men and women employees of the Government; to the Committee on Education and Labor.

A bill (S. 2413) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and acts amendatory thereof; to the Committee on Interstate Commerce.

By Mr. LODGE:

A bill (S. 2414) to amend section 13 of the river and harbor act of March 3, 1899; to the Committee on Commerce.

By Mr. ERNST:

A bill (S. 2415) granting an increase of pension to J. N. Culton (with an accompanying paper);

A bill (S. 2416) granting an increase of pension to Sarah E. Totten (with accompanying papers);

A bill (S. 2417) granting an increase of pension to Oney Deatley (with accompanying papers);

A bill (S. 2418) granting extra pay in case of Benjamin V. Banks; and

A bill (S. 2419) granting extra pay in case of Leonidas K. King; to the Committee on Pensions.

By Mr. HEFLIN:

A bill (S. 2420) authorizing and directing the Postmaster General to permit the use of a special canceling stamp at the post office of Birmingham, Ala., bearing the words "Birmingham Semicentennial"; to the Committee on Post Offices and Post Roads.

A joint resolution (S. J. Res. 101) authorizing the Federal Reserve Board to cause rediscount rates charged by Federal reserve banks to be lowered in certain cases; to the Committee on Banking and Currency.

#### INVESTIGATION OF GRAIN PRICES.

Mr. LADD submitted the following resolution (S. Res. 133), which was referred to the Committee on Agriculture and Forestry:

Whereas the condition of the export market has been alleged as one of the reasons for the decline in the domestic prices of grain since the summer of 1920; and

Whereas there nevertheless has been during the past year a record volume of exports of grain from the United States, and at prices showing a wide margin over the price at the farm; and

Whereas a wide spread of 15 to 20 cents between cash wheat and futures throughout the marketing season of 1920-21 existed, and was caused either by the unprecedented export demand or heavy pressure on futures, or both; and

Whereas the organization of the export trade and all the conditions connected with the export of grain by American exporters and the purchase thereof by foreign buyers are of vital interest to American farmers and consumers: Therefore be it

Resolved, That the Federal Trade Commission be, and hereby is, authorized and directed to immediately investigate, beginning with the harvest of the 1919 grain crop, the margins between farm and export prices; the freight and other costs of handling; the profits or losses of the principal exporting firms and corporations and their subsidiary or allied companies and firms; all the facts concerning market manipulations, if any, in connection with large export transactions or otherwise; the organization, ownership, control, interrelationship, foreign subsidiaries, agencies, or connections of the concerns engaged in the export of grain, including the extent of their control of the facilities used by them; the organization, methods of operation, and agencies used by foreign buyers of grain in this country; and other data affecting the demand for and foreign disposition, movement, and use of American exported grain; and report its findings and recommendations thereon as promptly as the various phases of the work are concluded. For the purpose of this investigation, it is requested that the United States Grain Corporation, the Department of Agriculture, and other Government departments, and the United States Food Administration make available all the pertinent records from these several departments and organizations for the use of the commission.

#### PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed enrolled bills and joint resolution of the following titles:

On August 11, 1921:

S. 252. An act to amend an act approved February 22, 1889, entitled "An act to provide for the division of Dakota into two States, and to enable the people of North Dakota, South Dakota, Montana, and Washington to form constitutions and State governments and to be admitted into the Union on an equal footing with the original States, and to make donations of public lands to such States"; and

S. 732. An act to extend the provisions of section 2455, Revised Statutes, to lands within the abandoned Fort Buford Military Reservation, in the States of North Dakota and Montana.

On August 13, 1921:

S. 1811. An act to amend the Federal farm loan act, as amended.

On August 16, 1921:

S. 1434. An act for the relief of the Fidelity & Deposit Co. of Maryland, Baltimore, Md.

On August 15, 1921:

S. J. Res. 36. Joint resolution authorizing the appointment of a commission to confer with the Dominion Government or the provincial governments thereof as to certain restrictive orders in council of the said Provinces relative to the exportation of pulp wood and paper therefrom to the United States.

#### HOUSE BILLS REFERRED.

The following bills were severally read twice by title and referred to the Committee on Territories and Insular Possessions:

H. R. 4598. An act to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii;

H. R. 6557. An act to authorize the Secretary of the Treasury to repair and rebuild customs buildings in Porto Rico and to pay for same out of duties collected in Porto Rico; and

H. R. 7881. An act to authorize the governor of the Territory of Hawaii to ratify the agreements of certain persons made with the commissioner of public lands of the Territory of Ha-

wail, and to issue land patents to those eligible under the terms of said agreement.

# PROPOSED RECESS OF CONGRESS.

Mr. LODGE. Mr. President, I desire to call up the recess resolution which I introduced on yesterday.

The PRESIDING OFFICER. The Chair lays the concurrent resolution (S. Con. Res. 8) before the Senate.

Mr. LODGE. Mr. President, I make the point of no quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Gooding	McKellar	Simmons
Ball	Hale	McLean	Smoot
Borah	Harrell	McNary	Stanfield
Brandeggee	Harrison	Nelson	Stanley
Broussard	Heflin	New	Sterling
Calder	Johnson	Nicholson	Sutherland
Cameron	Jones, N. Mex.	Norbeck	Townsend
Capper	Jones, Wash.	Oddie	Walsh, Mass.
Caraway	Kellogg	Oberman	Warren
Culberson	King	Phipps	Watson, Ga.
Curtis	Ladd	Pittman	Watson, Ind.
Dillingham	La Follette	Poinexter	Williams
Ernst	Lenroot	Pomerene	Willis
Frelinghuysen	Lodge	Sheppard	
Glass	McCumber	Shortridge	

Mr. HARRISON. I wish to announce that the senior Senator from Florida [Mr. FLETCHER] is necessarily absent on account of sickness.

Mr. CURTIS. I was requested to announce the absence of the Senator from New Hampshire [Mr. KEYES] on account of a death in his family. I ask that this announcement may stand for the day.

I also wish to announce the absence of the senior Senator from Pennsylvania [Mr. PENROSE] on official business. I ask that this announcement may stand for the day.

Mr. WATSON of Georgia. I wish to announce that my colleague [Mr. HARRIS] is absent attending the funeral of his nephew, who died in France in the defense of his country. This young man was the only son of Gen. P. C. Harris, Adjutant General of the United States Army.

The PRESIDING OFFICER. Fifty-eight Senators have responded to their names. A quorum is present. The concurrent resolution will be reported.

The Assistant Secretary read the concurrent resolution (S. Con. Res. 8) submitted yesterday by Mr. LODGE, as follows:

*Resolved by the Senate (the House of Representatives concurring), That when the two Houses adjourn on Saturday, the 20th day of August, 1921, they stand adjourned until 12 o'clock meridian on Monday, the 19th day of September, 1921.*

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

Mr. HARRISON. Mr. President, may I ask the Senator from Massachusetts a question? The bill that was passed through the Senate the other day, known as the McNary substitute for the Norris bill, amending the War Finance Corporation act, is now in the House. I understand they have not yet considered it. They had one day's debate but have not finished consideration of the bill. That bill should be passed—

Mr. LODGE. I agree with the Senator from Mississippi.

Mr. HARRISON. It should be passed before the recess of Congress is taken.

Mr. LODGE. I agree to that.

Mr. HARRISON. I personally have no objection in the world to a recess of Congress, if we get through with the business, but if it does not pass—

Mr. LODGE. Mr. President, I hold the same view about that as does the Senator from Mississippi; that bill undoubtedly must pass before we take a recess, but I understood it was coming from the other House to-day. I can not conceive that there will be much delay concerning it. The Senator understands that this is not such a resolution as I previously introduced. This is a resolution providing for a recess of both Houses. The resolution will go to the House and be held, undoubtedly, until the bill to which the Senator refers shall have been disposed of and also the joint resolution extending the time for the operation of the emergency tariff bill. The House may change the dates which I have provided in the pending resolution.

Mr. HARRISON. What was the statement of the Senator from Massachusetts relative to the emergency tariff bill?

Mr. LODGE. There is a joint resolution pending in the other House proposing to extend the emergency tariff for two months.

Mr. HARRISON. That is not embodied at all in the pending resolution.

Mr. LODGE. Nothing is embodied in this resolution but the provision for a recess.

Mr. HARRISON. I do not care anything about the passage of the joint resolution providing for the extension of the emer-

gency tariff, but the War Finance Corporation amendment, I think, should be passed.

Mr. LODGE. I think it is generally understood that that measure will be disposed of before a recess is taken. Certainly that will be in accordance with my own desire.

Mr. McKELLAR. I desire to ask the Senator from Massachusetts if the so-called "road bill," which has been reported to the Senate, will also be taken up and disposed of this week before the recess shall be taken?

Mr. LODGE. That was not one of the matters especially spoken of. There are a great many bills, of course, pending, and if we undertake to act on all legislation which is pending before the recess there will be no recess.

Mr. McKELLAR. The road bill has been already delayed for a long time, and I had very much hoped, inasmuch as it has been reported favorably to the Senate, that it would be disposed of this week. I see no reason why it should not be. As a matter of fact, a portion of the legislation embodied in that bill came over from the last Congress.

Mr. LODGE. If we are going to take a recess, of course, we can not possibly arrange to pass every bill which we hope to pass.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. The debate is proceeding by unanimous consent.

Mr. LODGE. Certainly, I understand that.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from South Dakota?

Mr. LODGE. I yield, Mr. President, but reserve the point of order.

Mr. STERLING. I simply want to say that I am very much interested in one piece of legislation that has passed both the House and the Senate, and in regard to which conferees will undoubtedly be appointed to-day on the part of the other House. I refer to what is known as the antibeer bill. Under present conditions I can not consent to a recess on Saturday next. It will be to-morrow, which is Wednesday, at least, before the conferees on the bill to which I refer can meet for the purpose of considering the differences between the two Houses on the bill. That will give a very limited time for the conferees to reach an agreement and for action on the part of the Senate before Saturday or even on Saturday. The bill is an important piece of legislation, as everybody knows, which ought to be passed before any recess is had. I do not know whether or not the conditions described by the Senator from Massachusetts will exist, but, under present conditions, I feel that I must oppose the resolution.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Nevada?

Mr. LODGE. I yield to the Senator from Nevada.

Mr. PITTMAN. I do not desire to have the Senator yield to me. I have no question to ask the Senator. I desire to make a statement.

Mr. LODGE. I did not catch the Senator's remark.

Mr. PITTMAN. I said I had no desire to take the Senator from Massachusetts off the floor.

Mr. LODGE. I am perfectly willing to yield. I shall not now make the point of order if the Senator from Nevada desires to make a statement.

Mr. PITTMAN. Do I understand that the Senator from Massachusetts holds the view that the pending motion is not debatable?

Mr. LODGE. I hold that view most distinctly. I think the matter is perfectly clear in the rule.

Mr. PITTMAN. I should like to hear the rule read, if the Senator from Massachusetts will turn to it.

Mr. LODGE. I will turn to it in a moment.

Mr. BORAH. If the Senator from Massachusetts has conceded that we may debate the motion, I think we had better take the concession and proceed with the debate. I wish to make an observation or two, and I think I shall have a better opportunity to make it now than after the ruling of the Chair on the point of order.

Mr. PITTMAN. I have no doubt that that is true. In the meantime, while the Senator from Massachusetts is finding the rule to which he refers—

Mr. SMOOT. That is Rule XXII.

Mr. LODGE. I call the attention of the Senator from Nevada to Rule XXII. I think that rule is perfectly clear. It reads:

## PRECEDENCE OF MOTIONS.

When a question is pending no motion shall be received but—

To adjourn.

To adjourn to a day certain, or that when the Senate adjourn, it shall be to a day certain—



Then the rule goes on to enumerate the other motions—  
which several motions shall have precedence as they stand arranged—  
And continues—

And the motions relating to adjournment—

The pending motion is a motion relating to adjournment—  
and the motions relating to adjournment, to take a recess, to proceed  
to the consideration of executive business, to lay on the table, shall be  
decided without debate.

I have no desire to cut off debate unduly, though I reserve  
the point of order, but I hope the question may be decided by  
the Senate one way or the other just as quickly as possible. I  
think it is well for us to know if we are going to stay here and  
take no recess.

Mr. PITTMAN. I have not had time to look up the question,  
but I have always been of the opinion that a motion to adjourn  
to a day certain was not such a motion to adjourn as was con-  
templated in Rule XXII, where the rule states the motions relat-  
ing to adjournment.

Mr. LODGE. The motion that when the Senate adjourn it  
shall be to a day certain is specifically covered in the rule which  
I have just read.

Mr. PITTMAN. It is stated as a matter of precedence as to  
the order of the precedence of motions.

Mr. LODGE. They are all privileged motions and are not  
debatable.

Mr. PITTMAN. I am not questioning that they are all privi-  
leged motions, and the order of precedence is set down in the  
rule. It is further stated in the rule itself that the motions  
relating to adjournment are not debatable, as I remember.

Mr. LODGE. Yes.

Mr. PITTMAN. But I think that presiding officers have  
held—at least I have it firmly in mind—that such a resolution  
as that now pending was subject to debate.

Mr. LODGE. Former Vice President Marshall held that  
there was an exception on the question of debate, because as to  
the case then in issue the resolution was a concurrent resolution,  
affecting both Houses of Congress. I have never been able  
to accept that doctrine, because the language of the rule is per-  
fectly clear. It says: "Motions relating to adjournment."  
This is a motion relating to adjournment.

Mr. PITTMAN. I realize that the Senator from Massachu-  
setts is going to make his point of order, and I will simply  
trespass no further on his time before he makes it.

Mr. LODGE. I do not wish to make the point of order. I  
am very anxious to get a vote, of course, but I desire every  
Senator to have a reasonable opportunity, if he so desires, to  
state his opinion.

Mr. PITTMAN. I will state my reasons for voting against  
the recess when the vote shall come. I do not see why the  
House and the Senate can not be engaged in the transaction  
of public business while the Finance Committee is working  
on a bill, no matter how important the bill may be. We have  
in the past had that great committee and other committees  
of the Senate conduct the business of the committees without  
adjourning the Senate.

Mr. LODGE. Sometimes that course has been followed and  
sometimes it has not been followed.

Mr. PITTMAN. If there were no important matters com-  
ing before Congress, it would be very well to recess or ad-  
journ; but I can not conceive on what theory we will recess  
unless it is that there are no urgent matters pending.

We have been in extraordinary session for over four months.  
We had measures of great importance pending here in Feb-  
ruary that were considered even that far back that have not  
as yet been acted upon.

Mr. LODGE. That was in a previous session.

Mr. PITTMAN. Undoubtedly. We had a recess after the  
4th of March and came back here and have not acted upon  
them yet. We have most strenuously endeavored to pass an  
act allowing the War Finance Corporation to relieve the emer-  
gency with regard to the export of farm products. We are  
about to vote to adjourn this body on Saturday without having  
any assurance that that bill will have passed both Houses  
finally before that time.

Mr. LODGE. I think as to that bill I can give the Senator  
every assurance that there will be no recess until that measure  
is disposed of.

Mr. PITTMAN. But that assurance, of course, is dependent  
on what—

Mr. LODGE. The Senator must remember that this con-  
current resolution has to go to the House, and the House may  
hold it until they can arrange the dates.

Mr. PITTMAN. The Senator is basing his assurance on  
something that another body, of which he is not a member, may  
do or may not do. It seems to me that it would be a much  
safer proposition to hold the concurrent resolution for two or

three days. It will only take an hour or two to pass it through  
the House, if they desire to pass it. Under the position the  
Senator from Massachusetts takes with regard to limiting the  
debate, which amounts to cutting off debate—

Mr. LODGE. It is not that, Mr. President.

Mr. PITTMAN. And I have no doubt that his point of order  
will be sustained—this resolution could be brought up and  
passed on Saturday. On that day we will know the condi-  
tion we shall then be in; now we do not know what condition  
we shall be in at that time.

Mr. LODGE. I think we do know the condition we are in as  
well as we shall know it on Saturday, and the House, unless I  
am very much misinformed, when they once send the tax bill  
over here and dispose of the War Finance Corporation bill de-  
signed for the relief of the agricultural situation, will take a  
recess.

Mr. PITTMAN. That may all be true enough.

Mr. LODGE. I think it is desirable that the two Houses  
should act together. This concurrent resolution is simply de-  
signed to give the other House an opportunity to arrange the  
dates so as to meet the question of the bill to which reference  
has been made.

Mr. PITTMAN. The only difference in the question of policy  
is as to whether or not this body will determine on a recess,  
so far as it is concerned, before it knows that important busi-  
ness has passed, or whether it will pass the resolution now, be-  
lieving that it will be held up in the House awaiting the de-  
termination of important and urgent legislation.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada  
yield to the Senator from Kentucky?

Mr. PITTMAN. I yield.

Mr. STANLEY. I should like to suggest that if possible the  
Senator from Massachusetts frame his motion so as to incorpo-  
rate in it a proviso that the proposed adjournment shall take  
place at a certain time, provided the farmers' relief bill shall  
have passed both Houses. I see much pertinency in the sugges-  
tion of the Senator from Massachusetts, but at the same time I  
hesitate to allow any possible contingency to interfere with the  
passage of the farmers' relief bill prior to the passage of a simi-  
lar bill for the relief of the railroads. We have turned over to  
the War Finance Corporation \$500,000,000, the greater part of  
which is now available.

If by any contingency the bill for the relief of the railroads  
should pass and go into operation and the farmers' relief bill  
should strike a snag in any of the parliamentary stages neces-  
sary to pass it through the two Houses, it might not take many  
days to exhaust the entire available funds of the War Finance  
Corporation and leave the farmers' relief bill a mere promise  
to pay or a mere kind expression on the part of Congress. For  
that reason I am unwilling to agree to adjourn until it is po-  
sitively certain that the farmers' relief bill is a law, at least  
in so far as the two Houses can make it a law. I will take a  
chance on the President signing it.

Mr. LODGE. I never knew of attaching such a proviso as  
that to a resolution of the kind now proposed. It is perfectly  
easy to amend the resolution and fix a date, which may be  
afterwards modified by the House, so far ahead that it will be  
certain to afford time for the passage of the so-called farmers'  
relief bill, which I think there can be no doubt is coming over  
to-day and about which I do not understand that there will be  
any difficulty at all. If we begin to provide that a recess shall  
not be taken until we dispose of this bill, and then that bill, and  
then another bill, we will of course have no recess.

Mr. PITTMAN. Mr. President, there is another matter that  
possibly is not of universal importance with regard to which I  
have already spoken on a prior occasion. I refer to road legis-  
lation. Some of the Senators from the West—I believe the  
Senator from Colorado [Mr. PHIPPS] is among them—do not  
believe that this is an emergency matter. I think my colleague  
from Nevada [Mr. ODDIE] does not consider it an emergency  
matter, and yet I have in my possession telegrams from the  
governor, from the road department, from all of the various  
road associations and clubs of the State urging most emphati-  
cally that this is an emergency matter in the West and that  
there should be some action upon it before the recess. That  
bill is in such a form that if it were crowded it might be passed  
between now and Saturday.

I do not know the exact course that the Senator having  
charge of the bill, the Senator from Michigan [Mr. TOWNSEND],  
will take. He could, I believe, send it to conference now. It  
is on the calendar. There is a disagreement on the bill between  
the two Houses.

The Senate passed the bill, the House struck out all after the  
enacting clause, and substituted another bill; and now the Sen-  
ate committee have amended the House amendment by incor-



porating new matter, but still it seems to be in disagreement between the two Houses. I should like to know whether or not the Senator from Michigan, having charge of that bill, is going to put it in conference.

Mr. LODGE. The road bill has just been reported.

Mr. PITTMAN. The road bill was reported yesterday.

Mr. LODGE. Yes.

Mr. PITTMAN. I was expecting yesterday that when the road bill was reported the chairman of the committee, owing to the urgency of the matter and owing to his statements that the committee was going to hurry up and act on it right away, would ask unanimous consent for the present consideration of that report. There was not very much going on yesterday, and that report could have been acted on and it could have gone to conference in the form in which the Senate passed it.

Mr. LODGE. Does the Senator think that bill is going through right away?

Mr. PITTMAN. I hope so. Of course, I realize—and I will admit to the Senator the realization—that the amendment the committee has now placed upon the House bill changes the original legislation a great deal and probably brings into it a great many controversial questions which were not there before; and that was the reason why the other day, before the committee had acted, I urged the committee not to mix up general road legislation with the remedial legislation originally carried in the Phipps bill.

Mr. LODGE. Mr. President, of course, there are bills that will be put over for 30 days if we take a recess. There will be that period during which we shall not take up general legislation. My object in moving the passage of this concurrent resolution is to get a decision of the Senate upon it. A majority of the Senate, on both sides—a very decisive majority—have told me they desire to take a recess, and have come to me about it, and have come to me every day. My own belief is that we shall expedite the public business if we take a recess of 30 days. I believe it will add at least 50 per cent to the time which will be devoted by the Finance Committee to the tax bill and the tariff bill, which are the two great measures that will have to be disposed of and that will take precedence of everything else.

Mr. WILLIAMS. Mr. President, may I ask the Senator a question?

Mr. LODGE. Certainly. The Senator from Nevada has the floor, however. He kindly yielded to me.

Mr. PITTMAN. I yield to the Senator from Mississippi.

Mr. WILLIAMS. Why did the resolution take the form of a proposal to adjourn, rather than to take a recess?

Mr. LODGE. That is the way in which a recess is taken, by naming the dates. At least I know of no other way to take a recess than to give the dates.

Mr. WILLIAMS. I know; but it says that the Senate shall adjourn to a day certain, instead of recessing.

Mr. LODGE. It says that when the Senate adjourns it shall be to a certain date, and that makes the recess. It always has been done in that way.

Mr. WILLIAMS. All right. I just wanted to know. It struck me that the question of mileage might come up in connection with a resolution in this form.

Mr. LODGE. If we want to take a recess, we shall have to do it in that way—by a resolution that when the Senate adjourns, or when the Senate takes a recess, it shall be to a certain date.

Mr. PITTMAN. Mr. President, of course, if the chairman of the Post Office Committee and the Republican leaders on that committee are not going to try to pass this road bill now, if they are determined to let it go for action until after the recess, it is perfectly apparent that there is nothing that those who favor the bill can do to accomplish haste in the matter; and yet it is a matter of such great importance to the public-land States that I do not see how any Senator from the public-land States can vote for a recess and delay that legislation for months. As I stated before, road work has practically stopped in the public-land States because of the uncertainty of the legislation at this time. No State is going to allocate an amount equal to that furnished by the Government when it is the plain intent of Congress, as expressed in various bills, to relieve the public-land States from the burden they now bear. This road legislation is of such importance that all of the institutions and all of the public officers and road societies and automobile clubs are indorsing that position, and are opposing a recess of Congress while a bill which is now so near passage and so near action is pending.

That, however, is not the only bill. You have here a very important bill reported by the Committee on Irrigation and Reclamation of Arid Lands, dealing with the question of irri-

gation in the West. The bill was considered by the committee almost essential to the further reclamation of arid lands and to the development of the existing projects. That bill was reported to the Senate a month or so ago. It is now, I believe, ready for action. It is an exceedingly important matter. Why should we western Senators, I should like to know, be in favor of returning out West and probably being there a week or ten days, after taking the time coming and going, when the deck is cleared for action, so to speak, for western legislation?

Mr. LODGE. Mr. President, if the Senator thinks the deck is cleared for action for western legislation, I think he errs. There are some other very important bills pressing for consideration at this time. There is the railroad bill, which many people scattered through the whole country think it is of very great importance to dispose of.

Mr. PITTMAN. I am glad the Senator from Massachusetts agrees that there is a lot of other very important legislation.

Mr. LODGE. There is. I think we shall deal with it better if the Senate, tired out as it now is, and with great difficulty in getting a quorum, shall have two or three weeks of recess. I think we will get on a good deal faster in that way than we will as we are now. We will get practically nothing done until the tariff and the tax bills come in if we stay here.

Mr. PITTMAN. It would appear that the effect of the recess on this very important pending legislation to which the Senator refers, and to which I refer, will be that we will convene about the time the Finance Committee is ready to report the tariff bill.

Mr. LODGE. Undoubtedly, and the tax bill.

Mr. PITTMAN. And the tax bill; and those two measures, being considered the most important measures before Congress, will have the right of way, and all of this other important legislation now pending and ready for action will necessarily be delayed until after the passage of those great measures. No one has any doubt that there will be a great deal of debate on both of those measures. There undoubtedly will be a great deal of difference of opinion, even between Senators on the other side, as to many of the items of the tariff and many of the provisions of the revenue bill. We have had less radical changes in other tariff bills heretofore that it took two or three months to pass. We have had less radical changes in revenue legislation that has required several months for passage. In other words, a recess at this time for the purpose of keeping us in recess until the tariff and revenue bills are reported means not simply the postponement of these important measures during the period of the recess, but it means their postponement for several months, until after the tariff and revenue legislation is disposed of. In voting for a recess you are voting practically to postpone indefinitely all of the legislation now pending that the Senator from Massachusetts himself recognizes is important.

You even proceed to adjourn in a condition where it is impossible to have knowledge as to what is going to happen to the bill intended to aid the farmers in the exportation of their products.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from New Mexico?

Mr. PITTMAN. I do.

Mr. JONES of New Mexico. The Senator's last remark seems to me to put the legislative situation about in this wise, that the adjournment or the recess is of very much more importance than the legislation to which the Senator has referred. If this legislation which all of us who have expressed any interest in it think should pass is important legislation, why should we fix a time for adjournment when we do not know what is going to happen to the legislation? If the legislation is of importance, why should we not pass it first and then find out whether or not we have an opportunity for a proper recess period? To fix a time now, in this uncertain state of the legislation, seems to me extremely unwise.

Mr. PITTMAN. We can pass a resolution of adjournment through both Houses in four or five hours. Therefore there is no necessity for passing a resolution of adjournment several days before the period set for adjournment. It would have the appearance of attempting to anticipate that certain legislation would not be ready for passage rather than to place the date so that the legislation could pass.

I know that at the present time I am speaking by sufferance of the Senator from Massachusetts. He has a right to make his point of order at any moment. I presume he will make the point of order when he feels that this debate has gone far enough. I intend, however, to contest the point of order on an appeal to the Senate; but I do not desire by proceeding along that line now to debar other Senators from stating their



position on this matter. I therefore give notice to the Senator from Massachusetts that after other Senators have spoken I intend to seek the recognition of the Chair, and I intend to address myself to matters of importance, particularly bills now pending, and if the Senator from Massachusetts then will make his point of order we will, of course, have a right to appeal from the decision of the Chair, assuming that the Chair sustains him.

Mr. LODGE. I have no desire to do that; but it seems to me it is only fair to Senators to submit this matter to a vote within a reasonable time. Of course, if it is intended to filibuster on this resolution it can be carried along for some days.

Mr. WILLIS. Mr. President, would the Senator from Massachusetts consider a proposition to postpone a vote on the resolution for a day or two? I ask that question because a number of us—though I speak only for myself, of course—are very much interested in two measures which have already passed the Senate and are now pending in the House. In the consideration of one of them undoubtedly the House will appoint its conferees to-day. I think the Senator from Massachusetts is quite right in desiring a recess, but, so far as I am concerned, I shall not feel justified in voting for one until we know what disposition is to be made of those two measures. Could not a vote on the resolution be postponed for a day or two?

Mr. LODGE. I am perfectly willing to postpone a vote on the resolution if I can get an agreement to vote upon it.

Mr. JONES of New Mexico. Mr. President, it seems to me advisable to withhold any vote upon the resolution now, because, as the Senator from Massachusetts knows, when a time is fixed for adjournment or for a recess it is quite easy for one or two Senators, or a small minority of the body opposed to any legislation which may be pending, to discuss it to such an extent as to prevent action upon it prior to the adjournment. It appears to me that it would invite a filibuster, to use an opprobrious term, upon those measures to which a large majority of the Senate may be committed.

Mr. LODGE. I see the point the Senator makes; but, of course, if we are to take a recess at all such a resolution as this ought to be voted upon. If it is to be subjected to indefinite debate, it will postpone every other measure just as much, if I try to keep it before the Senate; and I have a right to keep it before the Senate because it is privileged. The course proposed by the Senator from Nevada, of course, will shut out everything else. I am perfectly willing, as I have said, to postpone it, but it seems to me I ought, in fairness, to have a unanimous-consent agreement to vote at a certain time.

Mr. WILLIS. I suggest that we agree to vote on Friday.

Mr. JONES of New Mexico. I can conceive of a situation arising where some of us would be agreeable to a recess, but in the absence of some indication of the passage of legislation in which we are vitally interested we necessarily will be compelled to vote against a recess. I am inclined to think that the Senator would be satisfying a very large percentage of Senators by withholding action upon the resolution at this time.

Mr. PITTMAN. I ask unanimous consent to have printed in the RECORD telegrams from the governor of the State of Nevada, the Nevada Highway Association, and other public bodies, touching the pending road legislation.

The PRESIDING OFFICER. The Senator from Nevada asks unanimous consent that the telegrams he sends to the desk may be printed in the RECORD. Is there objection?

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

CARSON, NEV., August 13, 1921.

Hon. KEY PITTMAN,  
United States Senate, Washington, D. C.:

Road legislation is our most crying need, and everyone appreciates your action in resisting the recessing of Congress until action has been had on some measure carrying the graduated scale. Please keep up the good work.

EMMET D. BOYLE, Governor.

CARSON CITY, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
Senator, Washington, D. C.:

We urge you to continue to block recess until road legislation is considered, as this is greatly needed by State.

NEVADA HIGHWAY ASSOCIATION.

CARSON, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
Senator, Senate Office Building, Washington, D. C.:

The public here is absolutely behind you in your attitude of opposing recess until road bill is passed. Congratulations.

C. C. COTTRELL.

CARSON, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
United States Senate, Washington, D. C.:

Strongly urge continuing block until promised road legislation passed Senate.

W. P. HARRINGTON,  
State Counsel Lincoln Highway.

RENO, NEV., August 12, 1921.

Senator KEY PITTMAN,  
Washington, D. C.:

Your stand of yesterday demanding passage of road legislation appreciated here. Accept our thanks.

RENO CHAMBER OF COMMERCE.

CARSON, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
United States Senate, Washington, D. C.:

West demands road legislation without further delay, and we urge immediate action on compromise bill before adjournment.

GREATER CARSON CLUB.

RENO, NEV., August 13, 1921.

Hon. KEY PITTMAN,  
United States Senator,  
Senate Office Building, Washington, D. C.:

To-day's press dispatches call attention to fact that you are determined to secure favorable action on the Phipps-McDowell Federal highway construction bill before fall recess of Congress. Board of directors of Reno Lions Club, in special session, to-day passed resolutions highly commending your efforts and determination in this matter. We consider the passage of this measure of vital importance to the progress and prosperity of Nevada.

S. M. SAMPLE, President.

RENO, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
United States Senate, Washington, D. C.:

Factions seem to be together now on road legislation in which we are so interested. Appreciate your efforts of yesterday and stand you have taken.

ROTARY CLUB OF RENO,  
A. R. KENT, Secretary.

VIRGINIA CITY, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
Senate Office Building, Washington, D. C.:

Accept warmest congratulations your splendid work in forcing consideration highway legislation. Best wishes.

JAMES M. LEONARD,  
Chairman State Highway Department.

VIRGINIA CITY, NEV., August 12, 1921.

Hon. KEY PITTMAN,  
Senate Office Building, Washington, D. C.:

Congratulations on your fine efforts behalf highway legislation at this time much appreciated here.

H. L. SLOSSON,  
President Savage and Gould and Curry Mining Co.

LOVELOCK, NEV., August 13, 1921.

KEY PITTMAN,  
Senator from Nevada, Washington, D. C.:

We congratulate you on your splendid work in trying to prevent the present Congress from taking a vacation until they have really done something and particularly to take action on the compromise road bill. Road building in the public-land States is at a standstill until this necessary legislation is enacted, and we urge you to keep up the good work and assure you we are solidly behind you in your determined fight to get results.

OVERLAND TRAIL CLUB.

Mr. WILLIS. Mr. President, to bring this matter to an issue, I ask unanimous consent that the further consideration of the resolution be postponed until Friday at 2 o'clock, and that at that time we shall proceed to vote, without further debate, on the resolution.

Mr. KING. Mr. President, I hope the Senator will not make that request. It seems to me the Senator from Massachusetts ought to have control of the resolution with respect to the matter suggested now by the Senator. Something may arise tomorrow, or perhaps the following day, that will justify us in asking for a vote at that time.

Personally I think that we should take a recess. A large number of Senators are absent, some have been absent and are now here, and some have been here constantly since the opening day of the session. We all know that the work before the Senate—and I refer now particularly to the revenue legislation and the tax legislation—will require the attention of the Finance Committee during the recess. A number of hearings have been ordered, and I know it is the purpose of some of the Senators to act during the recess in the discharge of the obligations resting upon them with respect to those hearings.

We know that when we convene again, if we take a recess, we shall be here for an indefinite period, extending perhaps until late next year. I believe we ought to have a brief recess, and if we do not take it now we will not get it. There is no advantage, in my opinion, in not taking a recess, and I want to say that I do not think there is any political advantage

to be gained by the Democratic Party or by any Democrats, or by Republicans, for that matter, in opposing the proposed recess.

Mr. LODGE obtained the floor.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. LODGE. I yield.

Mr. BORAH. If the Senator from Massachusetts was going to ask that the resolution be postponed, I do not care to occupy the time of the Senate. I do not know for what purpose the Senator rose.

Mr. LODGE. I was going to express a hope that the request of the Senator from Ohio shall be agreed to. Resolutions of this sort are rarely debatable, and I think on such a resolution we must take a vote and decide one way or the other, whether we are going to take a recess or not. If we keep debating it indefinitely, we postpone all other business, and postpone the recess by carrying on the debate eternally.

Mr. BORAH. I have no objection to the Senate fixing a time certain to vote, if that is what the Senator is asking.

Mr. LODGE. That is all I seek.

Mr. BORAH. I have some observations to make in regard to the adjournment, but I have no desire to object to the fixing of a time to vote. I realize that the Senator has a right to have a vote on his resolution.

Mr. JONES of New Mexico. Mr. President, I make the further suggestion to the Senator from Massachusetts that, as I understand it, this is a privileged resolution, and a resolution which must be decided without debate, if a point of order is made.

Mr. LODGE. I shall not make the point of order, Mr. President, if I can get an agreement to vote on Friday at 2 o'clock, as proposed by the Senator from Ohio.

Mr. JONES of New Mexico. The Senator is in a very advantageous position, as he can get a vote at any time he demands it, and that being so, as suggested, why should there be an agreement now as to the time for a vote? We can not foretell what the situation will be on Friday.

Mr. LODGE. It is simply because many Senators have requested it. If we could get an agreement to vote on the resolution, I should not feel it my duty, as I should otherwise, to keep the resolution before the Senate until it is disposed of. I do not want to do that and interfere with the other matters.

Mr. JONES of New Mexico. May I inquire can not the Senator introduce this resolution at any time and would it not have a privileged status?

Mr. LODGE. If it is going to be put over, I ask for an agreement on a time to vote; that is all. All I want is the instruction of the Senate with regard to it.

Mr. McKELLAR. I understand that the Senator from Ohio asked unanimous consent for a vote to be taken, without further debate, on Friday at 2 o'clock.

Mr. LODGE. At 2 o'clock.

Mr. McKELLAR. It seems to me that that is very much better than voting now. We will know very much better what is the condition of pending legislation.

Mr. LODGE. We shall know the conditions, and we shall know whether we will have to postpone beginning the recess until some day next week, as we may have to do.

Mr. McKELLAR. In the meantime, I shall use every endeavor to have called up and pass the bill in which I am interested, of which I have already spoken, the roads bill. I think there will be no material opposition to it, and I hope that it may be passed before the recess.

Mr. LODGE. If I can have an agreement to take a vote on Friday, as suggested by the Senator from Ohio, I shall withdraw the resolution now.

Mr. PITTMAN. I object to that agreement.

Mr. LODGE. The Senator objects. Very well, Mr. President; then I think we had better go on and dispose of the resolution.

Mr. JONES of New Mexico. Before the Senator makes his point of order, may I not rather insist on the suggestion which I made a few moments ago? The Senator can introduce his resolution on Friday at any time he sees fit.

Mr. LODGE. I am perfectly aware of that, Mr. President. I can make a motion to adjourn now.

Mr. JONES of New Mexico. And the Senator can get a vote without any delay, whenever he insists on it. We can not possibly anticipate at this moment what may be the status of business here on Friday at 2 o'clock, and if the Senator from Nevada had not objected I would have been compelled to do so, not because I am not perfectly willing that the Senator from Massachusetts shall take the sentiment of the Senate as to the time for the taking of the recess, but the Senator can certainly

get a vote on that proposition at any time he sees fit. Why, may I inquire, is it necessary to now fix a time for voting when we are not advised as to what the situation of legislation may be?

Mr. LODGE. Mr. President, I can not get a vote at any time I see fit unless I make a point of order and we debate that for a long time first. I have tried to be as liberal about it as possible and give every Senator a chance to say what he desired; but when a Senator gives notice that he is going to debate a great question elaborately, then I shall have to make the point of order. I do not know how the Chair will rule, but I should have to make the point of order, and if the Chair rules, which I think is the correct ruling, that the resolution relates to a motion to adjourn, and therefore is not debatable, of course that would cut off debate, and we should have a vote. I am very reluctant to do that. I prefer that Senators should express their views in regard to the proposed adjournment. But if an effort is going to be made to delay it by elaborate speeches on any kind of subject, of course you simply hold up, then, all business of the Senate while we talk about a privileged motion to adjourn.

Mr. WILLIS. Mr. President, I ask the Chair to put my request for unanimous consent.

The PRESIDING OFFICER. The Secretary will state the request for unanimous consent.

The ASSISTANT SECRETARY. The Senator from Ohio [Mr. WILLIS] asks unanimous consent that the further consideration of the resolution (Senate concurrent resolution 8), providing for an adjournment of the two Houses of Congress from August 20 to September 19, 1921, be postponed until 2 o'clock p. m. on the calendar day of Friday, August 19, 1921, and that at the hour named on the said calendar day a vote shall be taken upon the said resolution.

Mr. BORAH. Does it say "further consideration of the resolution?"

Mr. WILLIS. Let the Secretary read it again.

The PRESIDING OFFICER. The Secretary will again read the request.

The request was again read by the Assistant Secretary.

Mr. LODGE. It was certainly not my intention to cut off any debate in regard to the resolution itself which Senators chose to indulge in. It was simply that we should have a vote at that time.

Mr. BORAH. I suppose "further consideration" would not preclude further debate?

Mr. LODGE. Oh, no. I can call it up at any time Senators desire it, of course, because it is privileged.

Mr. PITTMAN. The proposed agreement provides for a final vote on the resolution at 2 o'clock on Friday?

Mr. LODGE. Yes.

Mr. PITTMAN. We shall not be in any better position at 2 o'clock Friday, in my opinion, than we are now, and we shall probably be in worse position, because, as has been suggested, it is notice to those who are opposed to pending legislation that there is only a limited length of time to be consumed in order to kill it. The Senator from Ohio evidently has in mind the so-called beer bill.

Mr. WILLIS. Not that alone, Mr. President. There is other legislation, such as the so-called farmers bill. Both those measures can be acted upon by that time.

Mr. PITTMAN. I did not mean that the Senator was not interested in other legislation. I meant that he had that particularly in mind, and it must occur to him that when it is known to the opponents of that bill that this body is going to adjourn on Friday at 2 o'clock it will be very easy for them to see that that bill does not pass.

Mr. WILLIS. There is no proposition that this body is to adjourn at 2 o'clock on Friday. The only proposition is to fix a time for a vote on the resolution. That is all there is to it.

Mr. PITTMAN. It does not say alone take it up. It says take it up and vote on it.

Mr. WILLIS. There is no proposition to adjourn on that day.

Mr. PITTMAN. It means that we will adjourn on that day with the present temper of this body.

Mr. WILLIS. But the resolution of the Senator from Massachusetts does not provide for adjournment on that day.

Mr. PITTMAN. On the next day.

Mr. LODGE. It has to go to the House where it can be amended very easily. In fact, we can change the date in it ourselves if we choose.

Mr. PITTMAN. If the House is to have control of this matter of adjournment, why do we initiate it? Why not let the House have it? What difference does it make?



Mr. LODGE. The House have no more control over it than we have. They have just the same control. We can modify a House concurrent resolution and have done it, and have held it here until we could see what modification if any should be made under the course of business. The House have just as much control as we have, of course.

Mr. PITTMAN. Yet the Senator says they will amend it if necessary.

Mr. LODGE. They may change the date if they think proper, as we have changed the date in resolutions originating there time and again.

Mr. PITTMAN. There are bills pending in the House, not in this body. The House has control of that legislation and we are waiting for that legislation to be passed. We are waiting for this aid to the farmers bill to be passed. It is not in this body; it is in the control of the House. Therefore the House ought to have control of the recess proposition, and not the Senate. The House ought to determine with reference to the measures pending before them when they will proceed to consider them.

Why we should take snap judgment now in this body on the matter of adjournment when it will not be acted on probably for two or three days in the other body and may be changed, depending on legislation now pending there, is not understood by me. It looks as though we might have the votes here today and not have them to-morrow. I object to the unanimous-consent agreement.

The PRESIDING OFFICER. Objection is made to the request of the Senator from Ohio. The question is on agreeing to the concurrent resolution offered by the Senator from Massachusetts.

Mr. PITTMAN. Mr. President, the Committee on Post Offices and Post Roads have, in my judgment, done exactly what I expressed the other day as my opinion they would do in regard to this legislation. They have imposed on a bill that has passed both branches of Congress a new bill, and that bill is now before the Senate.

I wish to read from the majority report of the Committee on Post Offices and Post Roads to sustain the position that I take in the matter. The report was made on yesterday, and reads as follows:

The Committee on Post Offices and Post Roads, to whom was referred the bill (S. 1355) to provide for the establishment, construction, and maintenance of a post roads and interstate highway system, to create a Federal highway commission, and for other purposes, report it back with amendments, and as thus amended recommend its passage.

In view of the very general interest in the subject and the fact that the Committee on Post Offices and Post Roads has held hearings and given serious thought and consideration to the subject over a period of several years, the committee feels justified in presenting a general review of its labors and an analysis of the bill here presented, together with a statement of the essential differences from the law passed in 1916 as amended in 1919.

Mr. LODGE. Mr. President, I think the question may as well be determined now as at any other time. I make the point of order under Rule XXII that this being a motion relating to adjournment it is not debatable.

The PRESIDING OFFICER (Mr. LENROOT). The Senator from Massachusetts makes the point of order that the concurrent resolution is not debatable under Rule XXII. The Chair has examined the question somewhat and finds that the precedents are conflicting. The Chair would have no question concerning the correctness of a ruling if the concurrent resolution had come before the Senate under Rule XXII. Rule XXII provides that—

When a question is pending, no motion shall be received but—stating the several privileged motions. Among them are included the motions to take a recess and to adjourn—

which several motions shall have precedence as they stand arranged; and the motions relating to adjournment, to take a recess, to proceed to the consideration of executive business, to lay on the table, shall be decided without debate.

The question arises as to whether the phrase "the motions relating to adjournment, to take a recess," is not limited to the motions that are made under Rule XXII; in other words, made when a question is pending. If the concurrent resolution were introduced after 2 o'clock, the Chair would have no doubt that it would not be debatable. It so happens, however, that when the concurrent resolution was offered and received there was no question pending, and the Chair is inclined to think that it does not, therefore, come within the prohibition of Rule XXII, but it is clearly analogous to it.

Inasmuch, therefore, as the question has never been decided, the Chair will submit the question to the Senate. The question is, Is the concurrent resolution debatable?

Mr. PITTMAN. On that I call for the yeas and nays.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. For what purpose does the Senator arise?

Mr. BORAH. A parliamentary inquiry. The proposition as to whether or not it is debatable being submitted to the Senate is a debatable question?

The PRESIDING OFFICER. No; the Chair will treat the submission of the question to the Senate exactly the same as if he had ruled and there had been an appeal from his ruling, in which case the question would not have been debatable.

Mr. LODGE. Mr. President, I agree that the Chair is right in drawing that distinction, there being no business pending, but I understood the Chair to say—and the Chair will correct me if I am wrong—that if business had been pending and this resolution had taken precedence under Rule XXII, it then would have come under the provisions of that rule.

The PRESIDING OFFICER. The Chair would have so held.

Mr. LODGE. And that it is not debatable.

The PRESIDING OFFICER. And that it is not debatable.

Mr. LODGE. Then I withdraw my point of order and renew the question of agreeing to the resolution.

The PRESIDING OFFICER. The point of order is withdrawn, and the question now is on agreeing to the concurrent resolution.

Mr. LODGE. The question is on agreeing to the concurrent resolution, and at the proper time I shall, of course, renew it, when business is pending.

The PRESIDING OFFICER. Of course, the Senator from Massachusetts understands the Chair did not rule that it was not debatable, but stated that he would submit the question to the Senate.

Mr. LODGE. Oh, yes; I understood that.

Mr. PITTMAN. Then I shall proceed to lay before the Senate the report of the Committee on Post Offices and Post Roads.

Mr. WARREN. Mr. President, will the Senator yield to me for a moment?

Mr. PITTMAN. I yield.

#### URGENT DEFICIENCY APPROPRIATIONS.

Mr. WARREN. I wish to submit a report, so that it may go to the Printing Office.

From the Committee on Appropriations I report back favorably with amendments the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes, and I submit a report (No. 260) thereon. I give notice that I shall call the bill up at an early date, probably to-morrow.

Mr. BORAH. Mr. President, may I inquire if the bill has relation to appropriations for the Shipping Board?

Mr. WARREN. It relates to a very great many things, but it does contain an appropriation for the Shipping Board.

Mr. BORAH. That is one of the things I wish to call attention to before the question of adjournment is determined. As the Senator from Nevada [Mr. PITTMAN] has the floor, I only wish to mention the fact that I would like to have the deficiency appropriation bill, which has reference to and makes appropriations for the Shipping Board, disposed of before we dispose of the motion with reference to the concurrent resolution. If there is any cesspool in the world that ought to be cleaned out, and we know what we are going to do, it is the Shipping Board proposition. To have Congress run away from here with only a cursory consideration would be unjustifiable from every standpoint.

If the deficiency appropriation bill is coming before the Senate, then I sincerely hope we will not be in such position that we can not go into that matter. I have here upon my desk that testimony which has just been taken with regard to the Shipping Board and Baron Munchausen never wrote anything equal to it.

Mr. WARREN. I wish to say to the Senator that he undoubtedly speaks only of the testimony taken before the House committee?

Mr. BORAH. Yes.

Mr. WARREN. The Senate committee has also taken an abundance of testimony which will go to the printer to-day and will be before the Senate to-morrow.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. BORAH. I am not going to discuss it now because the Senator from Nevada [Mr. PITTMAN] has the floor, but I wish to give notice that in the future I shall do so.

#### PROPOSED RECESS OF CONGRESS.

Mr. LODGE. Mr. President, I should like very much to hear the Senator from Nevada speak, but I have no desire to keep him on the floor until 2 o'clock when the unanimous-consent agreement will displace his discussion in any event. I do not know that I have the right to do so, but if there is no objection,

I ask permission to withdraw the resolution, and I shall submit it at a subsequent time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts to withdraw his concurrent resolution?

Mr. PITTMAN. I object.

The PRESIDING OFFICER. Objection is made. The question is on agreeing to the concurrent resolution.

Mr. PITTMAN. Mr. President, I know that the Senate desires to hear this very enlightening report from the Committee on Post Offices and Post Roads with regard to roads. The committee have said that they have been considering this subject for several years. The committee composed of these very able Senators have been giving seven years of intense thought to this matter, and after that length of time they have brought in a bill which they seem to be afraid to submit to the Senate.

It is a strange thing that less than a week ago the chairman of that committee should have been so anxious to assure the Senate that he was going to hasten this legislation. Now, he sits in his place and makes no statement to this body with regard to the time when he is going to ask for action on the legislation. I have asked whether he expects to pass it before there is any recess and I hear nothing from him in reply.

Mr. TOWNSEND. Mr. President, I did not hear what the Senator said, if he was addressing me.

Mr. PITTMAN. I asked if the Senator expects to pass the good-roads legislation before the Senate takes a recess?

Mr. TOWNSEND. Not if the Senator from Nevada takes all the time that is left between now and the time proposed for a recess in discussing a matter that is not before the Senate.

Mr. PITTMAN. But the Senator is only addressing the Senate to keep from having the time cut off in which the Senate may act.

Mr. TOWNSEND. That is no excuse. The question of taking a recess has been withdrawn, or rather the offer was made by the Senator from Massachusetts to withdraw it, and the Senator from Nevada objected.

Mr. PITTMAN. That is hardly a fair statement to the Senate, when the Senator from Michigan knows that the Senator from Massachusetts, in asking to have it withdrawn, had in mind the purpose of having it voted on immediately after 2 o'clock.

Mr. LODGE. Oh, no, Mr. President.

Mr. TOWNSEND. Furthermore, let me say, inasmuch as the Senator has interrogated me, that the Senator understands from the meeting that was just held, over which I presided, that I was anxious to report back to the Senate the road bill, and this morning, and when the first opportunity was given to me to call it up, the Senator from Nevada has prevented that possibility.

Mr. PITTMAN. I think that is hardly—

Mr. LODGE. Mr. President, if the Senator will allow me one moment, I said that at 2 o'clock the unanimous-consent agreement with reference to the rent act would come before the Senate and that, of course, displaces everything at that time.

Mr. PITTMAN. Undoubtedly; and then there will be business before the Senate, and the Senator's point of order against debating the matter of a recess after that hour will be in order.

Mr. LODGE. When there is business before the Senate I shall certainly bring it up.

Mr. PITTMAN. Undoubtedly. We should not try to deceive ourselves about the matter, because it is apparent.

Mr. LODGE. I endeavored not to deceive the Senator.

Mr. PITTMAN. Oh, no; but I did not want the Senator to deceive himself nor the Senator from Michigan. I was afraid the Senator from Michigan was deceived by the Senator's offer of withdrawal. He seemed to feel that that ended it.

Now, as to the serious charge that the Senator from Michigan has made, that the Senator from Nevada is responsible for the road bill not having been called up this morning, I desire to say a few words. I assume that he bases that on the ground that while a member of the Committee on Interstate Commerce, and while present there, I offered an amendment to the bill then pending before the committee to protect the farmers—

Mr. TOWNSEND. Oh, no.

Mr. PITTMAN. Then I do not know what it is.

Mr. TOWNSEND. No. The Senator evidently was charging me with being dilatory in calling up the bill. I suggested in the committee meeting this morning that I wanted to quit at 12 o'clock in order to get over to the Senate to call up the road bill, which had been reported on yesterday.

Mr. PITTMAN. The Senator could have called up the bill on yesterday by unanimous consent.

Mr. TOWNSEND. The Senator knows that it was not possible then to call it up. It was only reported on yesterday and had not even been printed. The Senate has not had an opportunity to see it, and we know and the Senator from Nevada knows that there are many Senators who would object to any road bill being considered by unanimous consent. The bill must be called up and was to be called up as soon as printed and that was not until to-day. If the Senator from Nevada had not occupied the time this morning in his discussion the bill, which ought to be called up in order, when we can get action upon it, would have been called before this time.

Mr. PITTMAN. I am trying to understand the Senator from Michigan. Was it some act of the Senator from Nevada in committee which he charges delayed the bill?

Mr. TOWNSEND. It was not, but it is the Senator's action now.

Mr. PITTMAN. Oh, now?

Mr. TOWNSEND. Yes; this day, on the floor of the Senate.

Mr. PITTMAN. There were quite a few minutes this morning during which the Senator had an opportunity to call up the bill. I have no doubt that the Senator from Massachusetts [Mr. Lodge] would have withdrawn his resolution for a recess in order to allow the Senator from Michigan to ask unanimous consent for the present consideration of the bill.

Mr. TOWNSEND. If the Senator will now yield, and give me the opportunity of calling up the road bill, I will do so.

Mr. PITTMAN. Undoubtedly, if the bill is going to be allowed to be considered, I shall be very glad to yield to the Senator for that purpose. I certainly desire action on the road bill. That is what I am contending for.

#### INTERSTATE HIGHWAY SYSTEM.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. PITTMAN. Yes; I yield.

Mr. TOWNSEND. I ask unanimous consent to call up the amendment of the House of Representatives to Senate bill 1072 for the purpose of considering the amendment which the Senate Committee on Post Offices and Post Roads has reported in lieu of the House amendment.

The PRESIDING OFFICER. The Senator from Michigan asks unanimous consent for the present consideration of the amendment of the House of Representatives to Senate bill 1072.

Mr. LODGE. What bill is that?

Mr. McKELLAR. It is the road bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan?

Mr. LODGE. I object, Mr. President. That is a very important bill.

The PRESIDING OFFICER. Objection is made by the Senator from Massachusetts.

Mr. TOWNSEND. Would a motion be in order to take the amendment up at this time, notwithstanding the objection?

Mr. SIMMONS and Mr. PITTMAN. Yes.

Mr. LODGE. There is another measure coming up under a unanimous-consent agreement at 2 o'clock.

Mr. TOWNSEND. I know that, but I have in mind the time until 2 o'clock. A parliamentary inquiry. Would a motion now be in order to take up the House amendment?

The PRESIDING OFFICER. The Chair would be inclined to rule that such a motion would be in order. Ordinarily, of course, the resolution for an adjournment which has been submitted by the Senator from Massachusetts [Mr. Lodge] would present a privileged question; such a motion is always privileged when another question is pending; but the Chair is inclined to rule that, there being no other question pending at the time the resolution of the Senator from Massachusetts was asked to be considered, the motion of the Senator from Michigan is in order, although the Senator from Massachusetts could immediately submit his motion if the bill were taken up, and the motion would then become privileged.

Mr. TOWNSEND. Mr. President, I move that the Senate proceed to the consideration of the amendment of the House of Representatives to Senate bill 1072.

The PRESIDING OFFICER. The Senator from Michigan moves that the Senate proceed to the consideration of the amendment of the House of Representatives to the bill named by him, the title of which will be stated.

The ASSISTANT SECRETARY. A bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan to proceed to the consideration



of the House amendment to the bill the title of which has just been stated.

The motion was agreed to; and the Senate proceeded to consider the amendment of the House of Representatives to Senate bill 1072, which had been reported from the Committee on Post Offices and Post Roads with an amendment in the nature of a substitute.

The PRESIDING OFFICER. The pending question is upon the amendment reported from the Committee on Post Offices and Post Roads by Mr. STERLING (for Mr. TOWNSEND).

Mr. KING. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KING. Is the pending bill a House bill or Senate bill?

The PRESIDING OFFICER. It is a Senate bill.

Mr. KING. Is it a Senate bill which has been reported by the committee, so that it follows the usual parliamentary procedure?

Mr. McKELLAR. It is a substitute for the House amendment to the Senate bill.

The PRESIDING OFFICER. The Chair will state the parliamentary status. The pending bill was a Senate bill which passed the Senate; which then passed the other House with an amendment; was returned to the Senate; referred to the Committee on Post Offices and Post Roads, and has now been reported from the committee with a substitute amendment. The question is on agreeing to the amendment in the form of a substitute reported by the committee to the House amendment.

Mr. KING. Let the proposed substitute be read.

Mr. ASHURST. Let it be read. I should like also to have some explanation in regard to it.

Mr. KING. May I inquire if the amendment which has been reported by the Committee on Post Offices and Post Roads has been printed?

The PRESIDING OFFICER. The Chair is informed that the amendment has been printed and is upon the desks of Senators. The Secretary will state the proposed substitute.

The ASSISTANT SECRETARY. In lieu of the matter inserted by the House amendment, it is proposed to insert the following—

The PRESIDING OFFICER. Does the Senator desire to have the amendment read?

Mr. ASHURST. I ask that the amendment be read.

Mr. LODGE. Let the amendment be read for the information of the Senate.

The PRESIDING OFFICER. The Secretary will read the amendment reported by the committee.

The Assistant Secretary proceeded to read the amendment reported by the Committee on Post Offices and Post Roads as a substitute for the amendment of the House of Representatives, and read as follows:

That this act may be cited as the Federal highway act.

SEC. 2. That when used in this act, unless the context indicates otherwise—

The term "Federal aid act" means the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended by sections 5 and 6 of an act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1920, and for other purposes," approved February 28, 1919, and all other acts amendatory thereof or supplementary thereto.

The term "commission" means the post roads and Federal highway commission created by this act.

The term "highway" includes rights of way, bridges, drainage structures, signs, guard rails, and protective structures in connection with highways, but shall not include any highway or street in a municipality having a population of 5,000 or more as shown by the last available census, except that portion of any such highway or street along which within a distance of 1 mile the houses average more than 200 feet apart.

The term "State highway department" includes any State department, commission, board, or official having adequate powers and suitably equipped to discharge to the satisfaction of the commission the duties herein required.

The term "maintenance" means the constant making of needed repairs to preserve a smooth surfaced highway.

The term "construction" means not only the actual construction, but also the locating, surveying, mapping, supervising, inspecting, and all expenses incidental to the location and building of a highway.

The term "reconstruction" means a widening or a rebuilding of the highway to make it of sufficient width and strength to care adequately for traffic needs.

The term "forest roads" means roads wholly or partly within or adjacent to and serving the national forests.

SEC. 3. That a post roads and Federal highway commission is hereby created, which shall be composed of three commissioners, appointed by the President, by and with the advice and consent of the Senate. The commissioners shall be appointed with due regard to a fair representation of the geographical divisions of the United States. Not more than two of the commissioners shall be members of the same political party.

Mr. KING. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. KING. I presume the matter being read by the Secretary is treated as one amendment to the entire bill?

The PRESIDING OFFICER. It has been so reported by the committee.

Mr. KING. And amendments to the amendment would be in order during the progress of the bill?

The PRESIDING OFFICER. They would.

Mr. KING. May I inquire of the Senator from Michigan whether he proposes making a general explanation of the amendment reported by the committee, and, if so, whether he prefers to make it at the conclusion of the reading or prior to the amendment being read?

Mr. TOWNSEND. I would prefer to make it at the conclusion of the reading, although I had not contemplated making any extended speech on the subject. I am very ready and willing at all times, however, to explain the measure and its provisions so far as it is desired that I should do so.

Mr. KING. The Senator knows that this bill has just been reported; it has just been printed; it has just been placed on our desks; and many of us have never seen it and are not familiar with the bill or with its provisions.

Mr. TOWNSEND. I will say to the Senator that the so-called Dowell bill, which passed the House and came over here, and the bill which the Committee on Post Offices and Post Roads reported some time ago and went on the calendar of the Senate, were the two bills which have generally been considered, one in the House and the other by the Senate committee. The Committee on Post Offices and Post Roads have endeavored to take those two bills and harmonize their differences so as to get practically a unanimous agreement in the committee. While the measure now pending contains one or two provisions of little consequence, perhaps, which are not found in either the House bill or the bill which the Senate committee reported, it is a combination of the provisions of both bills which we thought were desirable. We thought that some of them were necessary in order to secure a compromise measure. So the bill in the form of an amendment is a complete bill, taking the place of the bill of the Senate committee and the bill which passed the House.

Mr. KING. I inquire of the Senator at this point in regard to a matter which I understand has been somewhat acute in the form it has assumed from time to time. As I understand, there has been one school of thought that has insisted that the Federal Government should construct local highways, local roads, so-called rural roads, which would reach every house and every home and every farm; that the interests of the Federal Government were to be wholly subordinated to the interests of individuals within local communities, and that there was to be superimposed upon the Federal Government responsibilities which belong to local communities and to the States themselves. Upon the other hand, there have been those who have contended that the power of the Federal Government to construct highways would not permit it to construct local highways, highways for local communities and highways for the States, and who have insisted that the appropriations made by the Federal Government should be expended only upon those highways which are interstate and, in a word, national in character. May I inquire of the Senator which school of thought has triumphed in the formulation of this bill?

Mr. TOWNSEND. Perhaps the direct and proper answer to make to that question is that there has been somewhat of a compromise, although there is no recognition of the general principle that money can be expended anywhere that a State may desire that it shall be expended. Neither have I, and the majority who felt as I did, succeeded in confining all of the money to interstate roads which serve a Federal purpose, but that class of roads is given preference. The bill provides that the States shall designate a system of roads, not to exceed 7 per cent of the highways of the State, three-sevenths of those to be designated as interstate roads and four-sevenths as State or intercounty roads connecting with the interstate system. Then not less than 60 per cent of the Federal money shall be expended on the roads of primary or interstate importance, and the balance on the intercounty connecting roads.

It is a recognition of the principle, at least, that the Federal Government shall have something to say about the location of the roads by confining these roads to a system and stating that the interstate roads connecting the States shall be given first attention. We provide for that in the amendment as we go along, if the Senator will follow it, and then perhaps the amendment itself will answer the very question he has asked of me quite as well as I have done.

Mr. KING. As I understand the Senator, then, the committee have not differentiated between purely State highways and highways in which the Government might presumably have an interest, and the funds of the Government may be devoted to the construction of purely local highways, purely State roads?

Mr. TOWNSEND. Hardly that; because, in the first place, the States have to designate a system of roads not exceeding 7 per cent of the roads of the State, which must be approved by the commission. Forty per cent of the Federal aid may be expended on intercounty roads connecting with the interstate roads and not less than 60 per cent on the interstate roads.

Mr. SIMMONS. Mr. President, may I inquire of the Senator from Michigan if the Federal commission has any authority in connection with the selection of the local roads to which the Government is to contribute?

Mr. TOWNSEND. Yes. The Federal commission approves just as it does under the law that now exists; that is, the State highway department can approve or disapprove a road upon which Federal money may be expended. The bill that we reported here provided that this system should be laid out by the commission, but this amendment reverses it by saying that the States must lay out the system, to be approved by the commission.

Mr. McKELLAR. Just the same as it is now.

Mr. SIMMONS. Yes; but I understood that that applied, of course, to what are designated or what we usually speak of as interstate roads. What I am inquiring about is whether the Federal commission will have authority to veto, if it sees fit, a local road to which the Government is expected to contribute which may be laid out or selected by the local authorities.

Mr. TOWNSEND. Connecting with the interstate roads?

Mr. SIMMONS. Connecting with the interstate roads; yes.

Mr. TOWNSEND. It would have that right.

Mr. McKELLAR. I will say to the Senator that it would have that right under the present law.

Mr. TOWNSEND. Just as the present law is.

Mr. SIMMONS. So that the meaning of it is that in the first instance the State authorities select the roads, whether interstate or local?

Mr. TOWNSEND. Yes.

Mr. SIMMONS. But in both instances their action must have the approval of the Federal commission?

Mr. TOWNSEND. The amendment does not change the present law a bit. That is what the law is to-day.

Mr. McKELLAR. The only change in the present law is that under the present law the Secretary of Agriculture approves or disapproves the designation of the roads by the State highway commission. Under the amendment that is being read, a Federal commission takes the place of the Secretary of Agriculture.

Mr. SIMMONS. I will say to the Senator that I understood that, and that is satisfactory to me, if that is what it means.

Mr. McKELLAR. It is entirely satisfactory to me. This provision of the bill is a provision for which I fought and which I heartily indorse.

Mr. SIMMONS. The Senator will not understand me to say, however, that it is entirely satisfactory to me that 60 per cent of this money shall be spent upon these interstate roads and only 40 per cent upon the local roads. The manner of selection is what I refer to, and that part of it is satisfactory to me.

Mr. McKELLAR. Take the matter of the 60 per cent. Here is the situation: Take the Senator's own State. If the bill passes, his State's proportion of this appropriation would be about \$2,000,000. Twelve hundred thousand dollars of that would be applied to the interstate roads—which, of course, are intercounty roads themselves; all of them are intercounty roads—and \$800,000 of it would be applied to the secondary system of roads, which are intercounty or farm-to-market roads connecting with the principal system. Now, it seems that that is reasonably fair. I should have preferred a 50-50 proposition—50 per cent of the money to be spent on interstate roads, and 50 per cent of the money to be spent on the secondary system of roads—but the majority of the committee did not agree, and we are trying to get some legislation passed at this session of Congress, and it seems to me it ought to be passed and go to conference before a recess is taken.

Mr. TOWNSEND. Furthermore, if I may be permitted to say so, this 60-40 proposition was the Dowell bill provision. It is not a provision that we put in.

Mr. McKELLAR. Yes; that is the Dowell or House bill provision.

Mr. TOWNSEND. That they have already agreed to.

Mr. McKELLAR. It is a provision that I think is very wise. The Senator will recall that the Townsend bill provided that the Federal commission here should select the roads, subject to the approval of the State commission, which would do away with the State commission.

Mr. SIMMONS. To which I was unalterably opposed.

Mr. McKELLAR. And to which I was unalterably opposed. This is a compromise arrangement made between those of us

who felt as the Senator from North Carolina does and those of us who felt as the Senator from Michigan does.

Mr. SIMMONS. I recognize that it was necessary to have some compromise in connection with this matter, and I am not complaining. I think the friends of the system as I wanted it have done well. I am sorry, however, that they did not get a little more.

Mr. McKELLAR. We did the best we could—that is all.

Mr. SIMMONS. I simply did not want to express my full approval—

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ASHURST. I should like to have this amendment read. It is the first reading. The amendment never has been read.

Mr. HEFLIN. Mr. President—

Mr. ASHURST. I should like to know first if the Chair will pass on the parliamentary question: Is or is not the Senate entitled to have the amendment read?

The PRESIDING OFFICER. The Chair is informed that the reading of the amendment by the Secretary had not been concluded when interruption was made.

Mr. LODGE. Then the regular order is the reading of the amendment?

The PRESIDING OFFICER. The regular order is the reading of the amendment.

Mr. LODGE. I ask for the regular order.

The PRESIDING OFFICER. The regular order is demanded. The Secretary will proceed with the reading of the amendment.

Mr. ASHURST. That is what I want.

The Assistant Secretary continued the reading of the amendment, as follows:

The commissioners first appointed shall continue in office respectively for terms of one, two, and three years from the date of the taking effect of this act, the term of each to be designated by the President at the time of appointment, but their successors shall be appointed for terms of three years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he succeeds. Each commissioner shall receive an annual salary of \$10,000.

No commissioner shall, during his term of office, engage actively in any other business, vocation, or employment, or be interested directly or indirectly in any business enterprise connected with the production or sale of highway materials, or with the construction, maintenance, or operation of other highways, or with any form of organized highway transport.

Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the commission shall not impair the right of the remaining commissioners to exercise all of the powers of the commission. Two commissioners shall constitute a quorum. The commission shall annually choose a chairman from its own membership, and it shall have an official seal, which shall be judicially noticed.

SEC. 4. That all powers, duties, and obligations relating to highways or public roads, excepting forest roads and trails, that are conferred or imposed upon the Secretary of Agriculture by the Federal aid act, or by any act of Congress making an appropriation for the Department of Agriculture for such purposes, are hereby transferred to the commission, and the Secretary of Agriculture is hereby directed to transfer to the commission within 30 days after the appointment and organization of such commission the equipment, material, supplies, papers, maps, and documents utilized in such work. The commission is hereby authorized to take over any of the employees of the Department of Agriculture engaged upon public road work. The appropriations now available to the Secretary of Agriculture for highway purposes other than forest roads and trails shall continue in force and effect under the control of the commission in the same manner as they were in force and effect under the control of the Secretary of Agriculture prior to the passage of this act. If, under the laws of any State providing for cooperation with the Secretary of Agriculture in the administration of the Federal aid act, the commission can not be legally substituted for the Secretary of Agriculture, the Secretary shall, pending a revision of such State laws, act jointly with the commission in the exercise of such powers of approval or disapproval as are incident to the administration of such act. All powers and duties of the Council of National Defense under the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 30, 1916, in relation to highway or highway transport, are hereby transferred to the commission, and the Council of National Defense is directed to turn over to the commission within 30 days after the appointment and organization of the commission the equipment, material, supplies, papers, maps, and documents utilized in the exercise of such powers. The powers and duties of agencies dealing with highways in the national parks or in military or naval reservations under the control of the United States Army or Navy, or with highways used principally for military or naval purposes, shall not be taken over by the commission, but such highways shall remain under the control and jurisdiction of such agencies.

The commission is authorized to cooperate with the Secretary of Agriculture in the construction of forest roads and trails, the State highway departments, and with the Department of the Interior in the construction of public highways within Indian reservations, and to pay the amount assumed therefor from the funds allotted or apportioned under this act to the State wherein the reservation is located.

SEC. 5. That the commission shall employ and fix the salary of a chief engineer, a secretary, and such accounting, engineering, legal, clerical, and other assistants and employees as it may from time to time find necessary, any of whom it may discharge: *Provided*, That no salary excepting that of the chief engineer shall be fixed at an amount exceeding \$5,000 per annum, and in fixing salaries the commission shall be governed by the salaries paid to employees perform-



ing similar services in other departments of the Government. With the exception of the secretary, the chief engineer, and such laborers as may be employed by the commission, all employees shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil service law: *Provided*, That, other conditions being equal, preference shall be given to honorably discharged soldiers, sailors, and marines.

SEC. 6. That the commission shall establish an accounting division in its organization which shall devise and install a proper method of keeping the commission's accounts.

SEC. 7. That all of the expenses of the commissioners made necessary in the performance of their duties, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders upon official business in any other place than at their respective headquarters, shall be allowed and paid upon the presentation of itemized vouchers therefor, duly sworn to, and approved by the secretary of the commission.

Unless otherwise provided by law, the commission may rent suitable offices for its use and make necessary expenditures for furniture, equipment, and supplies, and for the printing and distribution of such publications and maps as it may prepare. The principal office of the commission shall be in the District of Columbia.

SEC. 8. That the Secretary of War be, and he is hereby, authorized and directed to transfer to the commission upon its request all surplus war material, equipment, and supplies not needed for the purposes of the War Department but suitable for use in the improvement of highways, and that the same shall be distributed among the highway departments of the several States to be used in the construction, reconstruction, and maintenance of highways, such distribution to be upon the same basis as that hereinafter provided for in this act in the distribution of Federal-aid fund: *Provided*, That the commission, in its discretion, may reserve from such distribution not to exceed 10 per cent of such material, equipment, and supplies for use in the construction, reconstruction, and maintenance of national forest roads or other roads constructed, reconstructed, or maintained under its direct supervision.

Mr. TOWNSEND. Mr. President, I do not wish to stop the reading; I want it to go on, but I have thought it might be possible for the Senate to get a unanimous-consent agreement to vote on this amendment, and I thought before 2 o'clock I would bring it up and see if we could not get such an agreement to vote on the measure, and all amendments to it, at some hour some day this week.

Mr. McKELLAR. If the Senator will name the day and hour, I feel quite sure we can arrange it.

Mr. TOWNSEND. I was going to suggest that the vote be taken on Friday.

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Arizona?

Mr. TOWNSEND. I yield.

Mr. ASHURST. It is true that I called for the reading of the committee amendment; but if I may be indulged a moment, I will explain why I am willing to engage in debate at this time.

Mr. TOWNSEND. I want the amendment read. I think it ought to be read.

Mr. ASHURST. My asking for the reading of the amendment of course must not be construed as hostility to the legislation. It happens to be my view that any bill appropriating over \$99,000,000 ought to be read.

I believe the Senator from Michigan, the chairman of the Committee on Post Offices and Post Roads, has been diligent. But, Mr. President, let me lay before the Senate—and I will do it briefly—a situation respecting some of the Western States. Consider Arizona, which so many people of the country—

Mr. LODGE rose.

Mr. ASHURST. I think I can finish in three or four minutes.

Mr. LODGE. I know, Mr. President, but the Senator is now breaking to pieces the very proper point of order which he made—

Mr. ASHURST. I realize that.

Mr. LODGE. He is insisting that the amendment be read, which I think is desirable, even if it should call for no more than \$98,000,000.

Mr. ASHURST. I stand corrected, but I desire to enter debate if debate is to be had.

Mr. TOWNSEND. I wanted to get a unanimous-consent agreement that we should vote at some hour on Friday.

Mr. ASHURST. I can not agree to such request until I have an opportunity at least to ascertain what the amendment contains.

Mr. TOWNSEND. Very well. Let the amendment be read.

The reading of the amendment was resumed and concluded, as follows:

SEC. 9. That in approving projects to receive Federal aid under the provisions of this act the commission shall give preference to such projects as will expedite the completion of an adequate and connected system of highways interstate in character.

Before any projects are approved in any State such State, through its State highway department, shall select or designate not to exceed 7 per cent of the total highway mileage of such States as shown by the records of the State highway department at the time of the passage of this act.

Upon this system all Federal-aid apportionments shall be expended. Highways which may receive Federal aid shall be divided into two classes, one of which shall be known as primary or interstate highways,

and shall not exceed three-sevenths of the total mileage which may receive Federal aid, and the other which shall connect or correlate therewith and be known as secondary or intercounty highways, and shall consist of the remainder of the mileage which may receive Federal aid.

The commission shall have authority to approve in whole or in part the systems as designated or to require modifications or revisions thereof: *Provided*, That the States shall submit to the commission for its approval any proposed revisions of the designated systems of highways above provided for.

Not less than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways until provision has been made for the improvement of the entire system of such highways.

The commission may approve projects submitted by the State highway departments prior to the selection, designation, and approval of the system of Federal-aid highways herein provided for if it may reasonably anticipate that such projects will become a part of such system.

Whenever provision has been made by any State for the completion and maintenance of a system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the commission, is hereby authorized to add to the mileage of primary or interstate and secondary or intercounty systems as funds become available for the construction and maintenance of such additional mileage.

SEC. 10. That before any project shall be approved by the commission for any State such State shall make provision for State funds required each year of such State by this act for construction and reconstruction of highways, and shall also make adequate provision for maintenance of all Federal-aid highways within the State.

SEC. 11. That only such durable types of surface and kinds of materials shall be adopted for the construction and reconstruction of any highway which is a part of the primary or interstate secondary or intercounty systems as will adequately meet the existing and probable future traffic needs and conditions thereon. The commission shall approve the types of construction and reconstruction and the character of improvement, repair, and maintenance in each case, consideration being given to the type and character which shall be best suited for each locality and to the probable character and extent of the future traffic.

SEC. 12. That all highways constructed or reconstructed under the provisions of this act shall be free from tolls of all kinds.

That all highways in the primary or interstate system constructed after the passage of this act shall have a right of way of ample width and a wearing surface of an adequate width, which shall not be less than 20 feet, unless, in the opinion of the commission, it is rendered impracticable by physical conditions, excessive costs, probable traffic requirements, or legal obstacles.

SEC. 13. That when any State shall have met the requirements of this act, the Secretary of the Treasury, upon receipt of certification from the governor of such State to such effect, shall immediately make available to such State, for the purpose set forth in this act, the sum apportioned to such State as herein provided.

SEC. 14. That any State having complied with the provisions of this act, and desiring to avail itself of the benefits thereof, shall by its State highway department submit to the commission project statements setting forth proposed construction or reconstruction of any primary or interstate or secondary or intercounty highway therein. If the commission approve the project, the State highway department shall furnish to it surveys, plans, specifications, and estimates therefor as it may require; items included for engineering, inspection, and unforeseen contingencies shall not exceed 10 per cent of the total estimated cost of the work. That when the commission approves plans, specifications, and estimates, it shall notify the State highway department and immediately certify the fact to the Secretary of the Treasury. The Secretary of the Treasury shall thereupon set aside the share of the United States payable under this act on account of such projects, which shall not exceed 50 per cent of the total estimated cost thereof, except that in the case of any State containing unappropriated public lands exceeding 5 per cent of the total area of all lands in the State, the share of the United States payable under this act on account of such projects shall not exceed 50 per cent of the total estimated cost thereof plus a percentage of such estimated cost equal to one-half of the percentage which the area of the unappropriated public lands in such State bears to the total area of such State.

This provision shall apply to all unobligated or unmatched funds appropriated by the Federal aid act and payment for approved projects upon which construction work had not actually begun on the 30th day of June, 1921.

SEC. 15. That the construction and reconstruction of the highways or parts of highways under the provisions of this act, and all contracts, plans, specifications, and estimates relating thereto, shall be undertaken by the State highway departments subject to the approval of the commission. The construction and reconstruction work and labor in each State shall be done in accordance with its laws and under the direct supervision of the State highway department, subject to the inspection and approval of the commission and in accordance with the rules and regulations pursuant to this act.

SEC. 16. That when the commission shall find that any project approved by it has been constructed or reconstructed in compliance with said plans and specifications, it shall cause to be paid to the proper authorities of said State the amount set aside for said project.

That the commission may in its discretion, from time to time, make payments on such construction or reconstruction as the work progresses, but these payments, including previous payments, if any, shall not be more than the United States pro rata part of the value of their labor and materials which have been actually put into such construction or reconstruction in conformity to said plans and specifications. The commission and the State highway department of each State may jointly determine at what time and in what amounts payments as work progresses shall be made under this act.

Such payments shall be made by the Secretary of the Treasury, on warrants drawn by the commission, to such official or officials or depository as may be designated by the State highway department and authorized under the laws of the State to receive public funds of the State.

SEC. 17. That should any State fail to maintain any highway within its boundaries after construction or reconstruction under the provisions of this act, the commission shall then serve notice upon the State highway department of that fact, and if within 60 days after receipt of such notice said highway has not been placed in proper con-



dition of maintenance, the commission shall proceed immediately to have such highway placed in a proper condition of maintenance and charge the cost thereof against the Federal funds allotted to such State, and shall refuse to approve any other project in such State.

Upon the reimbursement by the State of the amount expended by the Federal Government for such maintenance, said amount shall be paid into the Federal highway fund for the benefit of said State in the construction of other roads under this act, and the commission shall then approve further projects submitted by the State as in this act provided.

Whenever it shall become necessary for the commission under the provisions of this act to place any highway in a proper condition of maintenance the commission may contract with some responsible party or parties for doing such work, or may purchase, lease, hire, or otherwise obtain all necessary supplies, equipment, and labor, and may operate and maintain such motor and other equipment and facilities as in its judgment are necessary for the proper and efficient performance of its functions.

SEC. 18. That within two years after this act takes effect the commission shall prepare, publish, and distribute a map showing the highways and forest roads that have been selected and approved as a part of the primary or interstate and the secondary or intercounty systems, and at least annually thereafter shall publish supplementary maps showing its program in selection, construction, and reconstruction.

SEC. 19. That for the purpose of this act the consent of the United States is hereby given to any railroad or canal company to convey to the highway department of any State any part of its right of way or other property in that State acquired by grant from the United States.

SEC. 20. That if the commission determines that any part of the public lands or reservations of the United States is reasonably necessary for the right of way of any highway or forest road or as a source of materials other than timber for the construction or maintenance of any such highway or forest road adjacent to such lands or reservations, the commission shall file with the Secretary of the department supervising the administration of such land or reservation a map showing the portion of such lands or reservations which it is desired to appropriate.

If within a period of four months after such filing the said Secretary shall not have certified to the commission that the proposed appropriation of such land or material is contrary to the public interest or inconsistent with the purposes for which such land or materials have been reserved, or shall have agreed to the appropriation and transfer under conditions which he deems necessary for the adequate protection and utilization of the reserve, then such land and materials may be appropriated and transferred to the State highway department for such purposes and subject to the conditions so specified.

If at any time the need for any such lands or materials for such purposes shall no longer exist, notice of the fact shall be given by the State highway department to the commission, and such lands or materials shall immediately revert to the control of the Secretary of the department from which they had been appropriated.

SEC. 21. That the commission shall prescribe and promulgate all needful rules and regulations for the carrying out of the provisions of this act, including such recommendations as the commission may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon.

SEC. 22. That on or before the first Monday in December of each year the commission shall make a report to Congress, which shall include a detailed statement of the work done, the status of each project undertaken, the allocation of appropriations, the expenditures and receipts during the preceding fiscal year under this act, an itemized statement of the traveling and other expenses of the commissioners, including a list of employees, their duties, salaries, and traveling expenses, if any, and its recommendations, if any, for new legislation amending or supplementing this act. The commission shall also make such special reports as Congress may request.

SEC. 23. That for the purpose of carrying out the provisions of this act there is hereby appropriated out of the moneys in the Treasury not otherwise appropriated, \$100,000,000 for the fiscal year ending June 30, 1922, \$50,000,000 of which shall become immediately available, and \$50,000,000 of which shall become available six months after the passage of this act.

SEC. 24. That so much, not to exceed 1½ per cent, of all moneys hereby or hereafter appropriated for expenditure under the provisions of this act, as the commission may deem necessary for administering the provisions of this act and for carrying on necessary highway research and investigational studies independently or in cooperation with the State highway departments and other research agencies, shall be deducted for such purposes, available until expended.

Within 60 days after the close of each fiscal year the commission shall determine what part, if any, of the sums theretofore deducted for such purposes will not be needed and apportion such part, if any, for the fiscal year then current in the same manner and on the same basis as are other amounts authorized by this act apportioned among all the States, and shall certify such apportionment to the Secretary of the Treasury and to the State highway departments.

The commission, after making the deduction authorized by this section, shall apportion the remainder of the appropriation made for expenditure under the provision of the act for the fiscal year among the several States in the following manner: One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of each State bears to the total population of all the States, as shown by the latest available Federal census; one-third in the ratio which the mileage of rural delivery routes and star routes in each State bears to the total mileage of rural delivery and star routes in all the States at the close of the next preceding fiscal year, as shown by certificate of the Postmaster General, which he is directed to make and furnish annually to the commission: *Provided*, That no State shall receive less than one-half of 1 per cent of each year's allotment. All moneys herein or hereafter appropriated for expenditure under the provisions of this act shall be available until the close of the second succeeding fiscal year for which apportionment was made: *Provided further*, That any amount apportioned under the provisions of this act unexpended at the end of the period during which it is available for expenditure under the terms of this section shall be reapportioned within 60 days thereafter to all the States in the same manner and on the same basis and certified to the Secretary of the Treasury and the State highway departments in the same way as if it were being apportioned under this act for the first time.

SEC. 25. That within 60 days after the approval of this act the commission shall certify to the Secretary of the Treasury and to each of the State highway departments the sum it has estimated to be deducted for administering the provisions of this act and the sums

which it has apportioned to each State for the fiscal year ending June 30, 1922, and on or before January 20 next preceding the commencement of each succeeding fiscal year, and shall make like certificates for each fiscal year.

SEC. 26. That out of the moneys in the Treasury not otherwise appropriated, there is hereby appropriated for the survey, construction, reconstruction, and maintenance of forest roads and trails the sum of \$5,000,000 for the fiscal year ending June 30, 1922, available immediately and until expended, and \$10,000,000 for the fiscal year ending June 30, 1923, available until expended.

(a) Fifty per cent, but not to exceed \$3,000,000 for any one fiscal year, of the appropriation made herein or that may hereafter be made for expenditure under the provisions of this section shall be expended under the direct supervision of the Secretary of Agriculture in the survey, construction, reconstruction, and maintenance of roads and trails of primary importance for the protection, administration, and utilization of the national forests, or when necessary, for the use and development of resources upon which communities within or adjacent to the national forests are dependent, and shall be apportioned among the several States, Alaska, and Porto Rico by the Secretary of Agriculture according to the relative needs of the various national forests, taking into consideration the existing transportation facilities, value of timber, or other resources served, relative fire danger, and comparative difficulties of road and trail construction.

The balance of such appropriations shall be expended by the commission in the survey, construction, reconstruction, and maintenance of forest roads of primary importance to the State, counties, or communities within, adjoining, or adjacent to the national forests, and shall be prorated and apportioned by the commission for expenditures in the several States, Alaska, and Porto Rico according to the area and value of the land owned by the Government within the national forests therein as determined by the commission from such information, investigation, sources, and departments as the commission may deem most accurate.

(b) Cooperation of Territories, States, and civil subdivisions thereof may be accepted but shall not be required by the Secretary of Agriculture or the commission.

(c) The commission and the Secretary of Agriculture may enter into contracts with each other or with any Territory, State, or civil subdivision thereof for the construction, reconstruction, or maintenance of any forest road or trail or part thereof.

(d) Construction work on forest roads or trails estimated to cost \$5,000 or more per mile, exclusive of bridges, shall be advertised and let to contract.

If such estimated cost is less than \$5,000 per mile, or if the bids are deemed excessive, the work may be done by the commission or the Secretary of Agriculture on their own account; and for such purpose the commission or the Secretary of Agriculture may purchase, lease, hire, rent, or otherwise obtain all necessary supplies, materials, tools, equipment, and facilities required to perform the work.

The appropriation herein or that may hereafter be made for expenditure under the provisions of this section may be expended for the purpose herein authorized and for the payment of wages, salaries, and other expenses for help employed in connection with such work.

SEC. 27. That in any State where the existing constitution or laws will not permit a State fund for the construction, reconstruction, or maintenance of highways, the commission shall continue to approve projects for said State until two years after the passage of this act, if such State will comply with the provisions of this act in so far as its existing constitution and laws will permit.

SEC. 28. That if any provision of this act, or the application thereof to any person or circumstances, shall be held invalid, the validity of the remainder of the act and of the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 29. That all acts or parts of acts in any way inconsistent with the provisions of this act are hereby repealed, and this act shall take effect on its passage.

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

The PRESIDING OFFICER. Under the unanimous-consent agreement the unfinished business will be temporarily laid aside and Senate bill 2131 laid before the Senate. The title of the bill will be stated.

The READING CLERK. A bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. ASHURST. I was interrupted while discussing the roads bill a moment ago by a ruling which I had previously invoked. In other words, I shut myself off, which is a commendable procedure in the Senate at all times, but I shall now conclude what I attempted to say when the rule I myself previously invoked shut me off.

The good roads bill, which has just been read, is an important bill, but let me lay before the Senate a situation to which we may not close our eyes, to which we must not be oblivious, respecting roads in the State of Arizona.

It is the habit of some persons who have never visited the State of Arizona to look upon it as composed in part of a desert, forgetting that there are 17,763 square miles of national forests within that same State. Under the present law the matured timber within the national forests of Arizona and other States is sold and sheep and cattle are grazed upon the national forests throughout the West. The owners of sheep and cattle are required to pay huge sums to the Federal Government for



the privilege of grazing their sheep and cattle upon such forests.

I wish the chairman of the committee to hear me on this, because I address myself to him, and I expect him to answer the question which I am about to propound. His reply will control me somewhat in this matter, because I have confidence in him.

What I am seeking to know is whether the bill, directly or indirectly or by any intendment, precludes the various States of the West from receiving, as they have in the past, the percentage of those moneys that are repaid to the States out of the avails or receipts paid to the Federal Government for grazing live stock upon the national forests and for the sale of matured timber?

Mr. TOWNSEND. Mr. President, it does not interfere with that at all. I will say to the Senator that my understanding is it is 35 per cent that is turned over to the States, and out of the public funds \$1,000,000 is already appropriated, I think, for the purpose.

Mr. ASHURST. That will be continued?

Mr. TOWNSEND. That will be continued, and we have added \$5,000,000 this year in addition to the \$1,000,000 and in addition to the 25 per cent which comes from the avails of the public lands.

Mr. ASHURST. That is a most gratifying answer, and it is so clear that further argument or statement is unnecessary.

I want assurance that the funds the States are now receiving from grazing fees and the sales of matured timber shall be continued to be repaid to the various States.

Mr. TOWNSEND. I will say to the Senator, as I said a moment ago, that not only will they get the \$1,000,000 for the forest surveys which are going to come but they will get \$5,000,000 more next year.

#### EXTENSION OF RENTS ACT.

The Senate resumed the consideration of the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. POINDEXTER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Glass	McCumber	Shortridge
Baird	Gooding	McKellar	Simmons
Borah	Hale	McNary	Smoot
Brandegee	Harrell	Nelson	Stanley
Broussard	Harrison	New	Sterling
Calder	Heflin	Nicholson	Sutherland
Cameron	Johnson	Norbeck	Swanson
Capper	Jones, N. Mex.	Oddie	Townsend
Caraway	Jones, Wash.	Overman	Walsh, Mass.
Culberson	Kellogg	Phipps	Watson, Ga.
Curtis	Ladd	Pittman	Watson, Ind.
Dillingham	La Follette	POINDEXTER	Williams
Ernst	Lenroot	Pomeroy	Willis
Frelinghuysen	Lodge	Sheppard	

Mr. HARRISON. I wish to announce the absence of the Senator from Rhode Island [Mr. GERRY] on account of illness.

The PRESIDING OFFICER. Fifty-five Senators having responded to their names, a quorum is present. The question is, Shall the bill pass?

Mr. POINDEXTER. Mr. President, I submit two letters to the Senate and ask that they may be read by the Secretary.

The PRESIDING OFFICER. Without objection, the letters will be read as requested.

The letters were read, as follows:

#### COPY OF LETTER MAILED TO SENATORS BAIL AND LENROOT.

WASHINGTON, D. C., August 12, 1921.

Hon. L. H. BAIL,  
United States Senate, Washington, D. C.

DEAR SIR: I read in this morning's Herald that you stated in the Senate yesterday that the Rent Commission had dealt justly with the property owners.

I wish to state my case to you and ask you if you think I have been justly dealt with by the Rent Commission.

I am the owner of a nine-room house at 2007 H Street NW., rented to Edward Bradley at \$40 per month. His lease expired August 1, and I asked the Rent Commission, as I had not received an adequate rental, to give me possession of my property so that I could remodel the house, put in another bathroom, and rent it to two families. I told them that I had two married children that I would like to have occupy it; one of whom, a son, works for me, and as I live next door I would like to have him as near me as possible.

Mr. Bradley hired an attorney and asked the Rent Commission to refuse me a hearing, which they did. So I did not even get a hearing on my own property. They said they could do nothing for me under the Ball Act.

I spent last year about \$200 on this house for repairs, \$66 for taxes, \$150 interest on \$2,500, getting no interest on the \$2,500 I have paid on the property.

Mr. Bradley has nothing invested. There has been no time that he hasn't received \$50 per month which he gets at the present time and up to the last two weeks he has received \$70 per month, \$30 above what his rent is and a house to live in.

I understand there is nothing in the Ball Act about tearing a house down to the ground, this ruling being made by the Rent Commission.

I told the Rent Commission that I would like to have asked for possession on the ground that the tenant was undesirable, but they told me as long as he paid his rent they could do nothing.

I offered to pay for the services of an investigator to look the whole matter up and give us both justice; to this they made no reply. I know you are a busy man and do not want to tire you with any longer letter, but will say that I long for the day when I can sell my property in the District of Columbia and move back to Illinois, where people have a vote and where, if they do not get justice, they do not have to stand by and have their property confiscated. I am,

Yours, respectfully,

JUDSON I. KINGMAN.

1006 C STREET SW.,  
Washington, D. C., August 12, 1921.

Senator POINDEXTER,  
of Washington State.

DEAR SIR: Will you allow me to write you in regard to the extension of the Ball rent law? Knowing you are opposed to the extension, I feel that the property owners still have one friend left at the Capitol. I bought a house located at 615 Maryland Avenue SW. on May 28, 1920, and have been fighting ever since that time for possession. I have not received one cent of rent; the tenant refusing to move, was put under bond for the rent, he paying same to a bonding company since July, 1920. He pays \$20.50 a month, with one room rented out for \$20 a month, while I am compelled to pay \$37.50 for a small apartment and keep up payments on the house. In July I was unfortunate enough to lose my position in the Bureau of Engraving and Printing after being a faithful employee for 14 years. After waiting for an appeal to be heard in the United States Supreme Court, which took from July, 1920, to May, 1921, I finally reached the Rent Commission, which on June 20 last refused me possession. The tenant is still in the house and has no idea of moving, so I see nothing else in sight but lose all. There are hundreds of just such cases, while tenants take advantage of the privileges given them by the Ball Act.

All good wishes for your opposition to win out and October 22 be the last of the Ball Act. I thank you.

Very respectfully,

CATHERINE E. COLLINS.

Mr. POINDEXTER. Mr. President, just one word I have to say in regard to this remarkable piece of legislation. I do not think it goes so far as it should go in order to be entirely harmonious and consistent. It provides houses for people at the expense of their neighbors; compels the owners of houses to share them with other persons who may want them, but of course the occupants of a house can not live on a house alone. It seems to me that in pursuance of the principle embodied in the bill, it ought then to require their more fortunate neighbors to share their incomes with them in order that they may be enabled to live in the houses which they get from their neighbors. If the bill were amended in that respect, it would present a complete and harmonious example of communistic legislation instead of the rather half-hearted and one-sided measure that it is in its present form.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. HARRISON. Mr. President, is there an amendment to the bill pending at the desk to extend the life of the measure for the year 1923?

The PRESIDING OFFICER. There is not. The Chair will state that the bill is beyond the stage of amendment; it has passed the stage of engrossment, and has been read the third time. The question is, Shall the bill pass?

Mr. POINDEXTER. Does the Senator from Mississippi desire to occupy the floor?

Mr. HARRISON. No.

Mr. POINDEXTER. Then I ask for a yea-and-nay vote on the bill.

Mr. SHORTRIDGE. Mr. President, as somewhat explanatory of the vote I shall cast on the pending measure, I wish to say that I shall vote against it, first, upon the legal question which has been discussed. With great deference to the learning of Senators and having in mind the decision of the Supreme Court, though I was willing to be persuaded, and came very near being persuaded, I am far from being convinced. I do not believe it is competent for Congress to enact this proposed law. I have in mind and do not overlook the very learned discussion and the remarks of the Senator from Wisconsin [Mr. LENROOT] now occupying the chair.

Whatever reasons may now be assigned in support of the decision of the Supreme Court, or whatever reasons may now be assigned for the validity of this proposed act, manifestly the original act was passed during the war, and was supported in argument chiefly upon the theory that Congress had the power to pass the law in aid of the carrying on of the war. If Senators have turned to the briefs which were filed with the Supreme Court they have found that such was the main conten-

tion of those who argued in favor of the constitutionality of the law.

The war having ceased in fact as well as in law—and I have wondered at that proposition being questioned; I have sometimes thought that perspiration had been mistaken for inspiration during the argument upon that question here some days ago—the war having ceased, having terminated, having come to an end, and we being in a state of peace, the so-called war power of Congress no longer or as of this moment exists or can be called into exercise.

Of course, I do not wish to appear dogmatic, but inasmuch as it has been said that reference may be made to this day's proceedings, I wish it to be then seen, if the Supreme Court shall ever have occasion to pass upon this day's work, that I respectfully contended that under present circumstances these latent powers in the Constitution may not now be called into exercise by the enactment of legislation of this character.

Secondly, as a matter of policy, I am unalterably opposed to this type or character of legislation. I think we are moving in a dangerous direction, and I think the time is now to pause.

I heard it stated that because the Supreme Court had upheld the original act—such seemed to be the reasoning—we should no longer question the power of Congress in the premises; or, rather, that, inasmuch as the Supreme Court had upheld the original legislation, we should take that as an approval of it. Of course, the Supreme Court, made up of learned men, were not concerned with the policy of the legislation; they were called upon to pass on the power of Congress to enact that particular law. I can not look into the minds of those judges to determine what they thought concerning the wisdom or the folly of such legislation.

So, not to detain Senators longer, I am opposed to this measure upon constitutional and legal grounds; I am opposed to it because I think it is an unwise type or character of legislation. It can do no good. The fruits of it are evil. If Congress, as a matter of policy, having, it is true, exclusive legislative jurisdiction over this District, may enact laws of this character upon the theory that it has and may exercise what is not very aptly called the police power, then every village, every municipality, every great or small city in America may—and, probably, some will—cite our example to-day and seek to follow it. Are Senators willing here this day to establish this example and to say to America—to all the subdivisions of States and counties down to municipalities—that each individual municipality may, under the stress of excitement, led away by passion, wrought up by fear, enact legislation of this character? Senators should remember the wise words of Portia:

"Twill be recorded for a precedent;  
And many an error, by the same example,  
Will rush into the state; it can not be.

I think Senators charged with grave duties might a little longer consider the policy of this type of legislation before proceeding to extend the original so-called Ball rent law or any law of similar character.

The PRESIDING OFFICER. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. POMERENE. Mr. President, if I felt about this matter as does the Senator from California, I should vote against the bill. I do not agree with the statement which has been made here that this proposed legislation is based wholly on the war power of the Constitution. Under the Constitution the Congress is given exclusive jurisdiction of legislation within the District of Columbia. Of course I understand very fully that provision is hemmed in by the other restrictive rules which are contained in the Constitution. I do not understand that Mr. Justice Holmes, who delivered the majority opinion for the Supreme Court, based it upon the war power. He speaks of an "existing exigency." Let me read just a few sentences from the opinion. After quoting certain decisions of the Supreme Court in somewhat analogous cases, he says:

But these cases are enough to establish that a public exigency will justify the legislature in restricting property rights in land to a certain extent without compensation. But if to answer one need the legislature may limit height, to answer another it may limit rent. We do not perceive any reason for denying the justification held good in the foregoing cases to a law limiting the property rights now in question if the public exigency requires that. The reasons are of a different nature, but they certainly are not less pressing. Congress has stated the unquestionable embarrassment of Government and danger to the public health in the existing condition of things. The space in Washington is necessarily monopolized in comparatively few hands, and letting portions of it is as much a business as any other. Housing is a necessary of life. All the elements of a public interest justifying some degree of public control are present.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Washington?

Mr. POMERENE. Only for a question, because my time is limited.

Mr. POINDEXTER. I wish to ask the Senator if he bears in mind, on the aspect of the question that he is just discussing, the fact that this bill is not limited to a regulation of rents, the chief objection to it being that it goes beyond regulation of rents and takes property without the consent of the owner at all; furthermore, that it is not limited to those who are engaged in the business of leasing houses, but that it applies to every private citizen as to his private domicile, whether he is in such business or not?

Mr. POMERENE. Mr. President, I think it applies broadly to all property which is subject to rent; and when it is subject to rent it is subject, in my judgment, to a public use in the proper sense of the word.

Mr. BRANDEGEE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. POMERENE. As I am limited to only 10 minutes—

Mr. BRANDEGEE. I do not ask the Senator to yield if he does not want to.

Mr. POMERENE. I should prefer to go on, then, without interruption, because I want to call the attention of the Senate to another matter.

A good many years ago the State of Illinois passed a statute charging warehouses with a public use, and under that law they regulated the price that could be charged for the storing of grain. I do not intend to take the time of the Senate to discuss that case in extenso, but I want to read only a sentence or two from the opinion of Mr. Chief Justice Waite in *Munn v. Illinois* (94 U. S., 126):

Property does become clothed with a public interest when used in a manner to make it of public consequence and affect the community at large. When, therefore, one devotes his property to a use in which the public has an interest he in effect grants to the public an interest in that use and must submit to be controlled by the public for the common good to the extent of the interest he has thus created. He may withdraw his grant by discontinuing the use, but so long as he maintains the use he must submit to the control.

Now let us see what the situation is here in the District of Columbia. There is only one great business in the District of Columbia, and that is the business of the Government. There is only one great plant here, and that is the plant of the Government. It takes men and women to run this plant. These men and women must be housed in the District in order that they may perform their functions as a part of the equipment of this plant. Under these circumstances can it not be said that these buildings that are used for the purpose of housing these men and women are chargeable with a public use, and that it is just as much a public use to rent them out for human beings to live in as it is to store grain in a warehouse?

I think the two cases are entirely analogous. Shall it be said that those who hold and control these houses can place these rentals at so high a point that it is going to impoverish the tenants, or, if not that, that the rate of salaries and wages shall be raised so high as to be out of all proportion to what reason would suggest in order to enable the tenants to pay their rent?

I should not be so much concerned about this if the landlords of the city had shown a different disposition at the time the Supreme Court of the District, by a majority vote, held the present law unconstitutional. Immediately notices were served upon tenants to vacate; immediately ouster proceedings were begun; immediately notices were given that the rents would be raised; and now, when it is known that the present law is about to expire on October 1, similar notices are being given. I do not want to have any landlord rent his property without getting a reasonable compensation for it, but I do want equitable treatment for the tenants.

Senators the other day suggested that this was interfering with building; that no building would be done if this law should be extended. Senators, observations in other cities demonstrate conclusively, it seems to me—and I speak of cities where there is no statute regulating rents—that the one thing which interferes with building is the high price of material and the high price of labor, and the same economic conditions prevail here in the District; yet, notwithstanding this condition, there is quite a good deal of building going on.

It has been urged that there are rooms and buildings now being advertised for rental. If this were true to any very great extent, it seems to me that there would be a reduction in rents; but has anyone heard of any reduction in rents?

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. BRANDEGEE. Mr. President, the Senator from Ohio [Mr. POMERENE] states that the argument of those opposed to this legislation is that the legislation could be justified only



as an exercise of some war power possessed by Congress. That is not so, Mr. President. It may be that the proponents and advocates of the legislation base it upon the police power; but whichever power it is based upon, in my opinion, the enactment of this bill at this time has no warrant of law whatever.

Even if it be so that Congress has all the police power to regulate the affairs of the District of Columbia that a sovereign State would have over its own territory, it does not follow that this bill would be held to be constitutional. I am not prepared to say that Congress would not have the power to regulate rentals. As I said the other day, if we can regulate the amount of interest that a creditor may charge upon a loan, it may well be that we could regulate rentals. I do not know why we would not have the same power to regulate the return that real estate should bring to its owner that we would to regulate the return that personal property should bring to its owner; but, however that may be, my objection to this measure is that it reaches out and attempts to impair the obligation of a contract.

You might pass a bill, perhaps, providing a permanent rental commission and that the rents should be fixed by the commission as between landlord and tenant. That would be notice to all in advance that their real estate was to be held upon that condition; but this legislation reaches out and impairs an obligation of contracts already made, when the law did not warrant any interference at all by the Government with the making of those contracts.

If I understand the effect of the prolongation of this act, at least one of the effects is that if two persons have entered into a written contract under seal, and the contract has been partially if not entirely executed, and the tenant has agreed in the contract under seal to get out of the premises on a certain day, this law undertakes to lay the strong hand of the Government upon the action of the landlord and say: "You shall not eject this tenant. You shall not have advantage of the ordinary processes of law to evict this tenant when you have performed your contract and he is violating his. You have lived up to your contract. You have let him stay there for a year at the rent agreed upon by you." Now, this law steps in and says: "You shall consent to his staying there longer, and you shall consent to the breaking of his contract by the tenant, because we think there is an emergency."

Under that, the tenant becomes the master of the property, and the owner is subjected to the decisions of the Rent Commission. The landlord has nothing further to say about the enforcement of the contract he has made with his own tenants, and the tenants who decline to get out are put in control of the situation and are allowed to stay there indefinitely, so long as the law may exist.

Whatever necessity there may be in the District for more houses is of no concern so far as the establishment of that sort of a principle is concerned. My own personal opinion is that the very worst that you could do so far as encouraging additional building in Washington is concerned is to prescribe that those who put their money into new buildings shall not have anything to say about their property, but that Congress shall prescribe what the rents shall be. In other words, I think this sort of legislation would produce and continue the evil which is complained of, because capital will not go into business to be run by the Government, and to have the natural laws of supply and demand violated, so that a thing shall no longer be worth what the buyer and the seller agree it is worth, but shall be worth and shall be taken at what a governmental instrumentality says it is worth.

That is an attempt which has always failed—to repeal the irreparable law of supply and demand. If the Government would take its hands off of the housing situation in Washington, capital would flow in here, and more buildings would be built, and the situation would be immediately relieved. But you can not expect that people in outside cities, with plenty of capital, are coming here to invest it, where the rent is fixed by a commission and the tenant stays as long as he is willing to pay the rent fixed by the commission, when they can invest it subject to their own management in their own cities.

As I have said, there is no such emergency here now as existed during the war. The population of the city is at least 30 per cent less than it was then. More than 200,000 people have left the Capital since the war, and many new buildings have been constructed, and yet we are holding the real estate owners, who have rental property in the city of Washington to rent under the same conditions we imposed on them when this city had a third more in population than it has now, and when the Nation was fighting for its existence.

It seems to me to be perfectly absurd, Mr. President. I can not believe that it is constitutional, and if it is, I am sure it is

not wise legislation. I have no idea of attempting to delay a vote upon this, but I feel that Senators will be rendering a public service if they would, by their votes, put their seal of disapproval upon this kind of interference with private business by the National Government.

This sort of a tendency toward socialism, perpetrated here in the National Capital by Congress, encourages similar attempts all over the Union. There is a growing tendency to regard whatever is done here in the District of Columbia as a pattern and a paragon to be imitated in other portions of the country. It is one of the things which, in my opinion, is to be most regretted about the terrific centralization of power in this city. It is derogatory to self-development and self-government, to individual reliability and development.

The things we are doing here now are all wrong in my opinion in the way of cooperating with all the States to do the things the States ought to do for themselves, and taxing all the people, and then doling out of the total of the taxes back to the very people we take them from, trying to devise some formula based on the proportion of the square miles of the territory of the States to the miles of good roads they have, or on the male and female population thereof, trying to make a formula by which we can redistribute to the States what we have wrung from them.

THE PRESIDING OFFICER. The Senator's time has expired.

Mr. BALL. Mr. President, I think it very unfair for the Senator from Connecticut to state that the property is taken entirely out of the hands of the owner. The property is not taken out of the hands of the owner. The owner still controls the property, with only one condition under which he does not get possession, and that is if the present tenant is unwilling to continue to pay the rent considered reasonable rent. A form of contract is prepared by the Rent Commission satisfactory to the real-estate owners of Washington, and every part of that contract must be lived up to by the tenant or he can be gotten out at any time. There is only one condition under which he can continue in possession of the property, and that is that he is willing to pay the reasonable rent which is fixed by the Rent Commission.

Mr. POINDEXTER. Is it not a fact that the tenant can remain in the property even though the owner of the property does not want to rent it at all?

Mr. BALL. Not if he wants it for himself for a dwelling house or for any of his family, for the repair of the building, or for any other purpose. Of course, it prevents him from taking it out of the category of rental property, because such property was needed at the time of the passage of this act.

We ask for an extension of this act for seven months, with certain amendments. We ask that because we believe the conditions in Washington require it. There is to be a disarmament conference within the next seven months in this city, and winter is approaching. We have had some experience with our housing proposition in Washington during the inauguration period. The hotels doubled the charges for every room during the time of the inauguration.

A few weeks ago an appeal was made to the hotel people of Washington to prepare to house the Elks during their convention. They made the same reply to the Elks that was made at the time of the inauguration, that no rooms would be let during the Elks' convention except at double the ordinary charges for each room. As a result of that I had a bill prepared to compel all hotels to fix the charges for the rooms and post them in the rooms, and that they should not be permitted to change them unless a notice was given a certain length of time. I failed to push that bill.

THE PRESIDING OFFICER. The question is on the passage of the bill. The yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. CALDER (when his name was called). I am paired with the senior Senator from Georgia [Mr. HARRIS], and in his absence I shall have to withhold my vote. If permitted to vote I would vote "nay."

Mr. HALE (when his name was called). I transfer my pair with the Senator from Tennessee [Mr. SHIELDS] to the junior Senator from New Hampshire [Mr. KEYES], and vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS], which I transfer to the senior Senator from Nebraska [Mr. HITCHCOCK], and vote "yea."

Mr. KELLOGG (when his name was called). I have a pair with the senior Senator from North Carolina [Mr. SMITHSON], and in his absence I withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Vermont [Mr. PAGE], and vote "yea."

Mr. POMERENE (when his name was called). I have made a temporary general pair with the junior Senator from Missouri [Mr. SPENCER], but on this question I am at liberty to vote, and I vote "yea."

The roll call was concluded.

Mr. KING. I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. Not knowing how he would vote on the passage of the bill, I withhold my vote. If I were at liberty to vote, I would vote "nay."

Mr. BROUSSARD. I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. I am unable to secure a transfer, and therefore withhold my vote. If privileged to vote, I would vote "nay."

Mr. BALL (after having voted in the affirmative). Has the senior Senator from Florida [Mr. FLETCHER] voted?

The PRESIDING OFFICER. He has not.

Mr. BALL. I have a general pair with that Senator, which I transfer to the junior Senator from Delaware [Mr. DU PONT] and let my vote stand.

Mr. SUTHERLAND. I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I transfer that pair to the junior Senator from Maryland [Mr. WELLER], and vote "yea."

Mr. JONES of New Mexico (after having voted in the affirmative). I have voted, but I wish to announce that I have a general pair with the Senator from Maine [Mr. FERNALD]. I am advised that if he were present he would vote as I have voted, and I therefore permit my vote to stand.

Mr. CARAWAY. I have a general pair with the junior Senator from Illinois [Mr. MCKINLEY]. Not knowing how he would vote, I withhold my vote.

Mr. HARRISON. I desire to announce the absence of the senior Senator from Florida [Mr. FLETCHER], who is detained by illness. If present, he would vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Mexico [Mr. BURSUM] with the Senator from Louisiana [Mr. RANSDELL];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from Michigan [Mr. NEWBERRY] with the Senator from Missouri [Mr. REED];

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH]; and

The Senator from Illinois [Mr. MCCORMICK] with the Senator from Wyoming [Mr. KENDRICK].

The roll call resulted—yeas 38, nays 8, as follows:

#### YEAS—38.

Ashurst	Harrison	McNary	Sheppard
Ball	Hedlin	Nelson	Stanley
Cameron	Johnson	New	Sutherland
Capper	Jones, N. Mex.	Nicholson	Swanson
Culberson	Jones, Wash.	Norbeck	Townsend
Curtis	Ladd	Oddie	Walsh, Mass.
Dillingham	La Follette	Overman	Warren
Glass	Lenroot	Phipps	Willis
Gooding	Lodge	Pittman	
Hale	McKellar	Pomerene	

#### NAYS—8.

Brandege	Harreld	Polindexter	Wadsworth
Ernst	Knox	Shortridge	Watson, Ga.

#### NOT VOTING—50.

Borah	France	McLean	Smith
Broussard	Frelinghuysen	Moses	Smoot
Bursum	Gerry	Myers	Spencer
Calder	Harris	Newberry	Stanfield
Caraway	Hitchcock	Norris	Sterling
Colt	Kellogg	Owen	Trammell
Cummins	Kendrick	Page	Underwood
Dial	Kenyon	Penrose	Walsh, Mont.
du Pont	Keyes	Ransdell	Watson, Ind.
Edge	King	Reed	Weller
Elkins	McCormick	Robinson	Williams
Fernald	McCumber	Shields	
Fletcher	McKinley	Simmons	

The PRESIDING OFFICER. On this vote the yeas are 38, the nays are 8, and the Senator from Arkansas [Mr. CARAWAY], the Senator from Louisiana [Mr. BROUSSARD], the Senator from Minnesota [Mr. KELLOGG], and the Senator from Utah [Mr. KING] have answered "present." So the bill is passed.

MAJ. FRANCIS M. MADDOX.

Mr. LODGE. Mr. President, I present a concurrent resolution providing that when the two Houses adjourn on Wednesday, the 24th day of August, 1921, they stand adjourned until 12 o'clock meridian on Wednesday, the 21st day of September,

1921. I move its adoption. I have modified the concurrent resolution as to the date so as to give ample time for disposing of conference reports now pending.

Mr. HEFLIN. Mr. President, may I ask the Senator from Massachusetts if he will withhold his concurrent resolution for a moment? We had an understanding, I believe, that we would at this time pass the bill for the relief of Maj. Maddox. It will take but a moment.

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Alabama for that purpose?

Mr. LODGE. I have no objection. I withhold my motion for that purpose.

Mr. HEFLIN. I ask unanimous consent for the immediate consideration of the bill (H. R. 6407) for the relief of Maj. Francis M. Maddox, United States Army.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

*Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to credit the accounts of Maj. Louis C. Wilson, Quartermaster Corps, United States Army, the sum of \$1,875.14, to be paid Maj. Francis M. Maddox, Fourth Regiment Alabama National Guard, for pay, commutation of quarters, light, heat, and longevity pay, and for services rendered while detailed for duty as assistant to the Chief of the Militia Bureau, War Department, Washington, D. C., from June 4, 1920, to September 30, 1920, inclusive.*

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### PROPOSED RECESS OF CONGRESS.

Mr. LODGE. Mr. President, I renew my motion to agree to the concurrent resolution which I have presented. I have modified it as originally offered by changing the date of adjournment to Wednesday, the 24th day of August, and the date of re-assembling to Wednesday, the 21st day of September, 1921.

The PRESIDING OFFICER. The concurrent resolution will be read as modified.

The Assistant Secretary read as follows:

*Resolved by the Senate (the House of Representatives concurring), That when the two Houses adjourn on Wednesday, August 24, 1921, they stand adjourned until Wednesday, September 21, 1921.*

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

Mr. SIMMONS. Mr. President, I desire to ask the Senator from Massachusetts if it is expected that this adjournment shall take place if it should happen that by that time what is known as the farm relief bill has not been acted upon finally?

Mr. LODGE. I can say personally and I think I can answer for a great many Senators that I certainly should never assent to adjournment unless that bill is passed and has gone to the President.

Mr. SIMMONS. I desire to ask a further question of the Senator. Would it not then be perfectly proper to have some understanding with the House that they should not act on the concurrent resolution until that bill has been disposed of?

Mr. LODGE. That understanding has already been reached, I am informed.

Mr. SIMMONS. They are not to act upon it until the bill is finally passed?

Mr. LODGE. They are not to act upon it until the bill has finally passed both Houses and gone to the President.

Mr. SIMMONS. Relying absolutely upon that statement, I shall make no objection to the adoption of the concurrent resolution, although there is another measure that I should like very much to see acted upon before the Senate takes a recess, and that is the good roads bill.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Nevada?

Mr. LODGE. Certainly.

Mr. PITTMAN. I do not desire to have the Senator yield to me if he has the floor. I did not know that he had the floor.

Mr. LODGE. The Senator from Nevada may take the floor, and I will make my point of order.

Mr. PITTMAN. Mr. President, in the first place I wish to congratulate the Senator, or rather to thank the Senator, for at least extending the life of this Congress from Saturday until Wednesday. It is possible, by virtue of the speed that the chairman of the Committee on Post Offices and Post Roads has demonstrated, that we may by that time pass the good roads legislation that is so essential, but it is not certain that it will pass within that length of time, nor is it certain that the farmers' relief bill will pass within that time.

It is probably very certain that the irrigation measures pending will not pass, and it is also very certain that a number of other important bills which the Senator from Massachusetts had in mind when he stated there was other important



legislation pending will not pass in that time. For that reason I insist that if the Senator is willing to offer a resolution now—

Mr. LODGE. Mr. President, if the Senator is going to discuss the resolution at length I make the point of order that it is not now debatable.

The PRESIDING OFFICER. The Senator from Massachusetts makes the point of order that the concurrent resolution is not debatable. The parliamentary situation is now very different from what it was when previously offered. The unfinished business is before the Senate. The concurrent resolution was presented while the unfinished business was pending. Therefore, in the opinion of the present occupant of the Chair, it comes clearly within the express terms of Rule XXII and is not debatable. The Chair sustains the point of order.

Mr. PITTMAN. Mr. President, I agree with the Chair in the ruling and therefore I shall certainly not appeal from the decision of the Chair. I realize that it is within the power of the Senator from Massachusetts at the proper time under the rules to make this objection if he sees fit. I regret very much that he has seen fit to do so.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

Mr. JONES of Washington. On that I demand the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. CALDER (when his name was called). I have a general pair with the senior Senator from Georgia [Mr. HARRIS], who is absent. If permitted to vote, I would vote "yea."

Mr. HALE (when his name was called). Making the same announcement of my pair and its transfer as on the previous vote, I vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I understand if he were present he would vote as I intend to vote. I vote "yea."

Mr. JONES of New Mexico (when his name was called). I have a general pair with the Senator from Maine [Mr. FERNALD]. I have no intimation as to how he would vote upon this question, and therefore I withhold my vote.

Mr. LODGE (when his name was called). Making the same announcement as before of my pair with the Senator from Alabama [Mr. UNDERWOOD], I transfer that pair to the Senator from Vermont [Mr. PAGE], and vote "yea."

Mr. McCORMICK (when his name was called). I have a standing pair with the junior Senator from Wyoming [Mr. KENDRICK], which I transfer to the Senator from Maryland [Mr. FRANCE], and vote "yea."

Mr. POMERENE (when his name was called). I have a temporary general pair with the junior Senator from Missouri [Mr. SPENCER]. I do not know how he would vote on this question, and therefore I am obliged to withhold my vote. If I were at liberty to vote, I would vote "nay."

The roll call was concluded.

Mr. BALL. Making the same announcement as to my pair and its transfer as before, I vote "yea."

Mr. SUTHERLAND. I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. As he is absent, I am not at liberty to vote. If permitted to vote, I would vote "nay."

Mr. McLEAN. I have a general pair with the senior Senator from Montana [Mr. MYERS]. I transfer that pair to the junior Senator from Maryland [Mr. WELLER], and vote "yea."

Mr. CALDER. I transfer my pair with the senior Senator from Georgia [Mr. HARRIS] to the junior Senator from Oregon [Mr. STANFIELD], and vote "yea."

Mr. LODGE. I inadvertently announced a transfer of my pair with the Senator from Alabama [Mr. UNDERWOOD], because on this question he would vote as I did. Therefore I am at liberty to vote without a transfer.

Mr. FRELINGHUYSEN. I have a general pair with the junior Senator from Montana [Mr. WALSH]. I transfer that pair to the junior Senator from Vermont [Mr. PAGE], and vote "yea."

Mr. BROUSSARD. I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. I am informed that if present he would vote as I shall vote. Therefore, I shall vote. I vote "yea."

Mr. CARAWAY. I have a general pair with the junior Senator from Illinois [Mr. McKINLEY]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON], and vote "nay."

Mr. JONES of New Mexico. I find that I can transfer my general pair with the Senator from Maine [Mr. FERNALD] to the

Senator from Nebraska [Mr. HITCHCOCK], which I do, and vote "nay."

Mr. STERLING (after having voted in the negative). I have a general pair with the Senator from South Carolina [Mr. SMITH]. That Senator, I understand, has not voted. Not being able to obtain a transfer, I withdraw my vote.

Mr. HARRISON. I wish to announce the absence of the senior Senator from Florida [Mr. FLETCHER] on account of illness.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Mexico [Mr. BURSUM] with the Senator from Louisiana [Mr. RANDELL];

The Senator from Rhode Island [Mr. COLT] with the Senator from Florida [Mr. TRAMMELL];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN];

The Senator from Michigan [Mr. NEWBERRY] with the Senator from Missouri [Mr. REED]; and

The Senator from Pennsylvania [Mr. PENROSE] with the Senator from Mississippi [Mr. WILLIAMS].

The result was announced—yeas 38, nays 18, as follows:

#### YEAS—38.

Ball	Glass	Lenroot	Oddie
Brandegee	Gooding	Lodge	Overman
Broussard	Hale	McCormick	Phipps
Calder	Harrell	McCumber	Polindexter
Cameron	Harrison	McLean	Smoot
Capper	Johnson	McNary	Wadsworth
Curtis	Kellogg	Nelson	Warren
Dillingham	King	New	Watson, Ind.
Ernst	Knox	Nicholson	
Frelinghuysen	Ladd	Norbeck	

#### NAYS—18.

Ashurst	Jones, Wash.	Shortridge	Walsh, Mass.
Borah	La Follette	Simmons	Watson, Ga.
Caraway	McKellar	Stanley	Willis
Heflin	Pittman	Swanson	
Jones, N. Mex.	Sheppard	Townsend	

#### NOT VOTING—40.

Bursum	France	Newberry	Smith
Colt	Gerry	Norris	Spencer
Culbertson	Harris	Owen	Stanfield
Cummins	Hitchcock	Page	Sutherland
Dial	Kendrick	Penrose	Trammell
du Pont	Kenyon	Pomerene	Underwood
Edge	Keyes	Ransdell	Walsh, Mont.
Elkins	McKinley	Reed	Weller
Fernald	Moses	Robinson	Williams
Fletcher	Myers	Shields	

So the concurrent resolution was agreed to.

#### APPOINTMENT OF ARMY OFFICERS TO CIVIL OFFICE.

Mr. WADSWORTH. Mr. President, I ask unanimous consent to report from the Committee on Military Affairs favorably and without amendment the bill (S. 2387) making Army officers on active duty eligible for appointment to civil office in the government of Territorial possessions of the United States. I ask unanimous consent for the immediate consideration of the bill.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the unfinished business be temporarily laid aside and for the immediate consideration of the bill just reported by him. Is there objection?

Mr. BORAH. Mr. President, if the Senator will allow me a few moments to have the unfinished business read—it consists of only two short paragraphs—then I shall ask that it be temporarily laid aside, and the Senate may transact other business without any further disturbance. I now ask for the regular order.

The PRESIDING OFFICER. The regular order is asked for, and the Chair lays before the Senate the unfinished business.

#### TRANSIT THROUGH PANAMA CANAL.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

Mr. BORAH. I ask that the formal reading of the bill be dispensed with and that the bill be read for amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The bill will be read.

The bill was read as follows:

*Be it enacted, etc.,* That hereafter no tolls shall be levied upon vessels passing through the Panama Canal engaged in the coastwise trade of the United States.

SEC. 2. That section 1 of an act entitled "An act to amend section 5 of an act to provide for the opening, maintenance, protection, and operation of the Panama Canal, and the sanitation and government of the Canal Zone, approved August 24, 1912," which said amendatory act was passed and approved June 15, 1914, be, and the same is hereby, repealed.

The PRESIDING OFFICER. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. BORAH. I ask that the unfinished business may now be temporarily laid aside.

The PRESIDING OFFICER. The Senator from Idaho asks unanimous consent that the unfinished business may be temporarily laid aside. Is there objection? There being no objection, it is so ordered.

#### APPOINTMENT OF ARMY OFFICERS TO CIVIL OFFICE.

Mr. WADSWORTH. I ask unanimous consent for the immediate consideration of Senate bill 2387, previously reported by me.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent for the immediate consideration of the Senate bill referred to by him.

Mr. PITTMAN. What bill is that?

The PRESIDING OFFICER. The Secretary will read the bill by title.

The ASSISTANT SECRETARY. A bill (S. 2387) making Army officers on active duty eligible for appointment to civil office in the Government of Territorial possessions of the United States.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York for the immediate consideration of the bill?

Mr. PITTMAN. I presume the Senator from New York does not anticipate there will be any debate.

Mr. SMOOT. I should like to have the bill read.

Mr. LODGE. The bill has been once read.

Mr. SMOOT. I want it again read.

The PRESIDING OFFICER. Without objection, the bill will be again read by the Secretary.

The Assistant Secretary read the bill, as follows:

*Be it enacted, etc.,* That hereafter officers of the Army on the active list shall be eligible for appointment to any civil office of the Government of any Territorial possession of the United States the chief executive of which is required by law or by order of the President to render reports to the War Department, and sections 1222 and 1860, Revised Statutes, shall not apply to the acceptance or the exercise of the functions of any such office: *Provided,* That this act shall apply only to officers filled by appointment by the President by and with the advice and consent of the Senate.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

Mr. WADSWORTH. Mr. President, I desire to say a few words in explanation of the bill. Under the statutes an officer upon the active list of the Regular Army may not be appointed to any civil place. That particular phase of the law will be found in section 1222 of the Revised Statutes. In addition to that, in section 1860, as I recollect, there is an express prohibition against officers of the Army being appointed to any civil position in our Territorial possessions. This bill, which has been reported from the Committee on Military Affairs, proposes to repeal those two sections of the Revised Statutes in so far as they would affect the appointment of an officer on the active list of the Army to a civil position in the Territorial possessions of the United States, which position must be filled under the statute by appointment by the President by and with the consent of the Senate.

Frankly, the purpose of the bill is to make it possible for the President to appoint and the Senate to confirm, if it sees fit, Maj. Gen. Leonard Wood as governor general of the Philippines. Gen. Wood, as Senators know, is now a major general upon the active list of the Army. It has been his intention, as Senators doubtless also know, to retire from active service shortly and to accept a position with the University of Pennsylvania. Prior, however, to his retirement he consented to make a visit of inspection and investigation to the Philippine Islands, accompanied by former Gov. Forbes, to look into conditions existing in that archipelago.

As a result of that inspection, which involved an extensive journey and which, I may say, is not yet completed in full to all of the important islands, Gen. Wood and the administration here at Washington have reached the conclusion that the situation in the Philippines is such as to constitute a serious condition of affairs, one requiring the best talent and experience which the country can produce in order that it may be handled wisely.

Senators, of course, recollect that Gen. Wood's experience in the Philippines in former years was most comprehensive and most valuable; that he is exceedingly well known there; that he enjoys the confidence of the natives to an extent, perhaps, enjoyed by no other American citizen, either in or out of the Army. At considerable personal sacrifice, in view of the prospect which had opened before him previous to the time when

he went to the Philippines, Gen. Wood has indicated his willingness to accept the appointment of Governor General of the Philippines. I think I am not betraying any confidence when I say that the Secretary of War is exceedingly anxious that Gen. Wood may be made eligible for such a position. This bill proposes to make Gen. Wood eligible for such an appointment. It also makes eligible, as it is couched in general terms, the appointment of an Army officer on the active list to the position of vice governor. The only other place of which I can conceive as being affected by this proposed legislation would be that of Governor of Porto Rico. Those three places fall within the provisions of this bill. First, they are civil appointments in the Territorial possessions; and, second, the appointments to each of those three places must be made by the President by and with the advice and consent of the Senate. It was deemed—

Mr. OVERMAN. May I ask the Senator a question?

Mr. WADSWORTH. I will yield in just a moment. It was deemed wise to couch the bill in general language rather than have it apply specifically to one person, but the effect of the bill or the field which the bill covers is very narrow, embracing only the Governor General of the Philippines, the vice governor, and the Governor of Porto Rico. I now yield to the Senator from North Carolina.

Mr. OVERMAN. Mr. President, I am in favor of the bill, but I wish to ask the Senator a question. If appointed, will the salary of Gen. Wood, as an officer of the Army, continue, or will he take the civilian salary in lieu of his Army salary, or will the salary of the Governor General be added to his salary as major general?

Mr. WADSWORTH. It will not be added; there is a specific provision of law which prohibits the drawing of two salaries by an Army officer or any other Federal official. If Gen. Wood is appointed—

Mr. POMERENE. Mr. President—

Mr. WADSWORTH. I will yield in a moment. If Gen. Wood is appointed and confirmed as Governor General of the Philippines he thereby surrenders his Army pay and is accorded the pay of Governor General.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Illinois?

Mr. WADSWORTH. I yield.

Mr. McCORMICK. Mr. President, I wish that the Senator from New York would explain to the Senate why it is necessary to provide, in lines 5, 6, and 7, that these appointments shall be made only to Territorial possessions the chief executive of which reports to the War Department?

The Senator knows that some of the authors of the reorganization bill contemplate the transfer of general jurisdiction over the insular possessions from the War Department to the Department of the Interior or to the State Department. That transfer might very well take place before Gen. Wood's term of office expires.

Mr. WADSWORTH. I know of no such bill pending.

Mr. McCORMICK. There is no such bill pending.

Mr. WADSWORTH. Nor do I know of the authors of any such proposed bill. It so happens that I am a member of the joint committee of the Congress on the reorganization of the executive departments. That committee so far has made no suggestions about any department.

Mr. McCORMICK. The members of the Cabinet have made suggestions.

Mr. WADSWORTH. That may be so.

Mr. KING. Let me suggest to the Senator from Illinois—

Mr. McCORMICK. If the Senator from Utah will allow me to continue for a moment, I will be through. It seems to me that the language to which I have referred is not necessary to accomplish the purpose the Senator from New York has in mind.

Mr. WADSWORTH. The language was meant to be restrictive of the field of this proposed legislation. For example, if we do not put in a provision to the effect that it shall apply only to the "Territorial possessions of the United States the chief executive of which is required by law or by order of the President to render reports to the War Department," it might thereby include Santo Domingo and Haiti and perhaps by order of the President—

Mr. McCORMICK. Surely Santo Domingo and Haiti are not yet territorial possessions of the United States?

Mr. WADSWORTH. Surely not, but in some respects the administration of their Governments to-day is under the jurisdiction of some department of the Federal Government. Undoubtedly, the Senator is right in the assertion which he has



just made, and undoubtedly the example which I have just cited is not an accurate one; but I might refer to the Virgin Islands, for example.

Mr. McCORMICK. Would it not be enough, then, to say the "Philippine Islands," without using the expression, "territorial possessions of the United States"? Is it contemplated to appoint an Army officer in Gov. Riley's place so soon?

Mr. WADSWORTH. It is not.

Mr. POMERENE. Mr. President, let me ask the Senator from New York, in charge of the bill, a question. As I understood him, he said there was a general statute forbidding an officer drawing two salaries. Has he examined the statute so that he knows it positively?

Mr. WADSWORTH. Yes; there is such a statute applying to officers on active service.

Mr. POMERENE. I know that there was a statute passed having in mind a certain official, but I thought it was special in character. It may be that there is a statute applying to Army officers.

Mr. WADSWORTH. It applies to Army officers on active service.

Mr. POMERENE. It ought to be general and apply to everybody.

Mr. BORAH. Mr. President, I think the Senator from New York made plain what was in my mind. As I understand, the effect of this bill is simply to limit these appointments to our territorial possessions?

Mr. WADSWORTH. Yes.

Mr. BORAH. Such an appointment could not be made with reference to anyone who is performing service in continental United States.

Mr. WADSWORTH. Oh, no. It applies only to civil appointments in the territorial possessions, the occupant of the office to be confirmed by the Senate. That is the restriction.

Mr. McKELLAR. Mr. President, I merely want to say about the bill that ordinarily I think it would be a very bad practice. I think the law as it now stands is right, that as a general rule it is not advisable in any sense for an Army officer to hold a civil position; but in this particular case the facts warrant a departure from that rule. Gen. Wood has had a long experience in the Philippine Islands, as has been stated by the Senator from New York. He is a man thoroughly familiar with the questions out there. I imagine that he will make a most efficient governor general, and I hope the bill will pass.

Mr. McCORMICK. Mr. President, I want to ask the Senator from New York why it would not have been better explicitly to say that hereafter officers of the Army on the active list shall be eligible for appointment to the office of Governor General of the Philippine Islands?

Mr. WADSWORTH. Mr. President, the legislation, I believe, is sufficiently restricted in its field to cover the purpose in view. We may encounter a problem connected with the vice governor. It may be that as time goes on, while Gen. Wood is governor general—as, let us assume, he will be—an exceedingly able officer of the Army may assist him as vice governor. The authors of the legislation—I discussed this matter with the Secretary of War and with a good many people in addition to the members of the Military Affairs Committee—believe that we should not limit it to the one place but should make it so that it could take care of the situation as it arose in these troublous times. The only other place that I recollect to which it would apply is that of Governor of Porto Rico.

Mr. McCORMICK. And of Hawaii?

Mr. WADSWORTH. No; the Territory of Hawaii, through its chief executive, does not report to the War Department.

Mr. NEW. No; under a distinct provision of law which requires the governor of Hawaii to be a resident of the islands.

Mr. McCORMICK. The Senator from Indiana is chairman of the Committee on Territories and Insular Possessions. Does he believe that the governorship of Porto Rico should be thrown open under these circumstances?

Mr. NEW. I see no particular objection to it. I am in favor of the passage of this bill.

Mr. McCORMICK. In order to make Gen. Wood eligible for the governorship of the Philippines?

Mr. NEW. Yes.

Mr. McCORMICK. Why should we not provide that the governor of Hawaii might be an Army officer, in view of the situation in the islands at this time, no less than the Governor of Porto Rico?

Mr. NEW. In the first place, the population of the Hawaiian Islands differs in many essential respects from that of the Philippines or Porto Rico. They are in a class by themselves; and there is a very distinct provision of law now to the effect that the governor shall have been for a statutory period a

resident of the islands, which I believe is a wise provision. I do not think this ought to be made to apply to the Hawaiian Islands, but I would not interpose any objection of my own to its applying to Porto Rico.

The PRESIDING OFFICER. If there be no amendments to be proposed, the bill will be reported to the Senate.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### ANNIVERSARY OF DANTE'S DEATH.

Mr. TOWNSEND obtained the floor.

Mr. CALDER. Mr. President, will the Senator yield to me?

Mr. TOWNSEND. I yield.

Mr. CALDER. I ask permission to introduce a concurrent resolution which I send to the desk and ask to have read.

The PRESIDING OFFICER. Without objection, the concurrent resolution will be received and read.

The concurrent resolution (S. Con. Res. 10) was read, as follows:

Whereas on September 14, 1921, there will be celebrated the six hundredth anniversary of the death of the Italian poet Dante; and Whereas the Congress of the United States desires to associate itself with the Italian Parliament in doing honor to his memory on this occasion; and Whereas the great literary genius of Dante is recognized by the people of the United States, who, in common with the peoples of all civilized nations, have received large intellectual benefit from his classic masterpieces: Therefore be it

*Resolved by the Senate (the House of Representatives concurring).* That the Congress of the United States hereby formally gives expression to the great regard and veneration in which it and the people of the United States hold this illustrious son of Italy.

That an attested copy of this resolution be transmitted, through the Secretary of State, to the ambassador of the United States at Rome, to be by him communicated, through the diplomatic channel, to the presiding officer of each of the chambers of the Italian Parliament.

Mr. CALDER. I ask unanimous consent of the Senate for the present consideration of the concurrent resolution just read.

The concurrent resolution was considered by unanimous consent and agreed to.

#### INTERSTATE HIGHWAY SYSTEM.

Mr. TOWNSEND. I ask unanimous consent that the road bill, S. 1072, be laid before the Senate.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the committee to the amendment of the House.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. OVERMAN. Mr. President, will the Senator yield to me?

Mr. TOWNSEND. I yield to the Senator from North Carolina.

Mr. OVERMAN. I ask to be relieved from further service on the conference committee on the Campbell-Willis bill, known as the beer bill, inasmuch as I have to leave the city.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina? There being no objection, it is so ordered.

Mr. STERLING. Mr. President, I ask that the Senator from Arizona [Mr. ASHURST] be substituted in place of the Senator from North Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered, and the Senator from Arizona is appointed a conferee in place of the Senator from North Carolina.

#### STABILIZATION OF INTERNATIONAL EXCHANGE.

Mr. KING. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield to the Senator from Utah.

Mr. KING. I offer the joint resolution which I send to the desk. I ask to have it read and lie upon the table.

The PRESIDING OFFICER (Mr. McNARY in the chair). Without objection, the joint resolution will be received and read.

The joint resolution (S. J. Res. 102) authorizing the President of the United States to call a conference of the leading mercantile nations to consider ways and means to stabilize international exchange was read the first time by title and the second time at length, as follows:

Whereas the instability, uncertainty, and undependability of international exchange, and of the values of foreign money, is impeding commerce between nations and entailing great loss and risk of loss upon the part of exporters who may venture their cargoes on foreign shipments; and

Whereas it is imperative that public governmental measures be taken to stabilize international exchange, to promote commerce between nations, and to facilitate the settlement, clearing, and collection of international mercantile bills: Now, therefore, be it

*Resolved, etc.,* That the President is authorized to call a conference of the leading mercantile nations to consider ways and means to stabilize international exchange, and the value of foreign money entering into exchange; to consider the advisability of establishing international clearing houses at New York and London to facilitate the clearing of international mercantile bills and the ascertainment and settlement of international trade balances, and to provide means of payment of such balances in gold or some supplementary form of international funds; to consider the possibility of establishing an international bank of issue, and of establishing uniformity or coordination of coinage, weights, and measures; and generally to take such measures as may be advisable for the promotion and expansion and security of international trade.

Mr. KING. I ask that the joint resolution may lie upon the table for the present. I desire to submit a few observations before its reference, but I shall not interrupt the consideration of the pending measure.

The PRESIDING OFFICER. The joint resolution will lie on the table.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. ASHURST. Mr. President, it will be remembered that about two hours ago I propounded some inquiries to the distinguished chairman of the committee, the Senator from Michigan [Mr. TOWNSEND], and that I manifested a concern and a zeal which the Senator might think was inordinate, but I assure him it was not; and I laid before him and the Senate facts which disclosed that it was imperative that I should know exactly what the bill provided.

I shall now read a communication I have received from the Department of Agriculture.

I was trying to ascertain whether or not the moneys that were returned to the States as their part or percentage of the grazing fees and timber sales would be shut off by this bill, and the chairman has assured me that the various sums of money that the States of the West have been receiving in the past by reason of the sales of matured timber and by reason of the payment of grazing fees for grazing stock on national forests will be continued to be paid to the States as far as this bill is concerned.

DEPARTMENT OF AGRICULTURE,  
Washington, July 11, 1921.

Hon. HENRY F. ASHURST,  
United States Senate.

DEAR SENATOR ASHURST: I am in receipt of your letter of July 5, requesting certain information as to area of and other matters connected with the national forests in your State.

The total area of national forests in Arizona in acres and square miles is: Acres, 11,307,632; square miles, 17,763.

The names and areas in square miles and acres of each particular forest in Arizona are as follows:

Forest.	Acres.	Square miles.
Apache.....	1,243,142	1,942
Cocconino.....	1,771,971	2,769
Coronado.....	1,304,888	2,039
Crook.....	892,487	1,395
Dixie.....	17,680	28
Kaibab.....	752,339	1,176
Prescott.....	1,447,850	2,262
Sitgreaves.....	650,350	1,016
Tonto.....	1,988,806	3,108
Tusayan.....	1,298,119	2,028

The amount of money paid to the United States for grazing-livestock on each national forest in Arizona during the year 1920 was as follows:

Apache.....	\$49,613.90
Cocconino.....	67,351.90
Coronado.....	59,902.95
Crook.....	32,721.13
Dixie.....	230.61
Kaibab.....	8,249.25
Prescott.....	71,262.04
Sitgreaves.....	17,856.58
Tonto.....	53,706.95
Tusayan.....	37,042.05

397,937.36

The aggregate amount of money paid for the same purpose during the years 1911 to 1920, inclusive, is \$2,035,029.40.

The total amount returned to Arizona as the State's percentage of the grazing fees received was \$678,975.19.

The statutes requiring the above payments to the State are as follows: Thirty-sixth Statutes, 562, section 6, and 573, section 24; Thirty-fifth Statutes, 260; and Thirty-seventh Statutes, 843.

The national forests in Arizona cover 15.6 per cent of the total area of the State, and the area of the national forests in Arizona is equal to 7.3 per cent of the total area of the national forests in the United States, excluding Alaska.

In connection with these figures it should be understood that the information as to receipts pertains only to grazing fees, as does also the amount shown as payment to the State. The total receipts from all sources in the State of Arizona for the years 1911 to 1920 were \$3,531,083.37, and the total amount paid to the State from these receipts was \$1,170,946.67. Of the latter amount, \$386,043.96 was for the school fund, in accordance with the act of June 20, 1910 (36 Stat., 562 and 573), and \$784,902.71 was for schools and roads, as provided in the agricultural act of May 23, 1908 (35 Stat., 260). In addition to the above amounts the sum of \$293,963.62 has been returned to the Department of Agriculture for expenditure on roads and trails within the State of Arizona in accordance with the provision of the act of August 10, 1912 (37 Stat., 288), and March 4, 1913 (37 Stat., 843).

Very sincerely, yours,

E. D. BALL, Acting Secretary.

Mr. ASHURST. Mr. President, since I have received the assurance of the chairman and various members of the Committee on Post Offices and Post Roads that the States of the West will continue to receive, as they have in the past, their proper percentages of the money from the Federal Government from the sales of timber, and from the various percentages of the money the Federal Government derives from the fees paid for grazing sheep and cattle on forest reserves, it seems to me that the committee has been as reasonable as any committee could be, and indeed it seems to me that I would be justified in employing the word "generous."

Mr. McKELLAR. Mr. President, I am loath to offer an amendment to the bill, but there is one provision about which the committee differs very seriously, though I do not remember just exactly what the vote was. I refer to the subject of the annual compensation of the three commissioners who are provided for. The bill provides that each commissioner shall receive an annual salary of \$10,000.

Mr. President, during the war we got into the habit of creating commissions, with very large salaries attached to the offices. I think this is too much. I think \$7,500 is enough for these commissioners, and that we will get just as good service and just as good men by paying them \$7,500 as \$10,000. I therefore move to amend, in line 22 on page 3, by striking out "\$10,000" and inserting in lieu thereof "\$7,500."

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 3, line 22, the Senator from Tennessee proposes to strike out "\$10,000" and to insert in lieu thereof "\$7,500."

Mr. POMERENE. Mr. President, I am just a little sorry that this matter is being pressed without an opportunity for Senators who are not on the committee to investigate it. I knew in a very general way, of course, that there was the Phipps bill, which passed the Senate, and that there was the Dowell bill, which passed the House, and now there is presented here, as of yesterday, this amendment, which is, as I understand it, to be in lieu of the Phipps bill and the Dowell bill. Am I right about that?

Mr. TOWNSEND. Practically the Senator is correct about it. May I remind him, however, that there has been before the Senate, and on the Senate calendar, another bill which had been discussed for a long time? We reported that, and it is on the calendar.

Mr. POMERENE. Yes.

Mr. TOWNSEND. I can explain in a very few minutes what the differences are. There is nothing in this bill that is not in one or the other, or a modification of one or the other.

Mr. POMERENE. I rose for the express purpose of asking the chairman to explain wherein the proposed amendment differs from or is like either the Phipps or the Townsend bill on the one hand, or the Dowell bill on the other, and what new features there are. I did not know this was to be presented until yesterday, and I have had no opportunity to examine it. I do not like to vote on a bill of this importance without being able to give the reasons for the faith that is in me.

Mr. TOWNSEND. I will be very glad, indeed, to explain the bill. Perhaps I may not be able to explain it in just the order the Senator would suggest. If I could assume that Senators were acquainted with both the bills, the Townsend bill and the Dowell bill, my task would be very easy.

Mr. KING. We are not.

Mr. TOWNSEND. I assume Senators are not. The bill we reported to the Senate some months ago, and which is now on the calendar of the Senate, was a bill which rewrote the present roads law.

Mr. POMERENE. That is, Senate bill 1355?

Mr. TOWNSEND. Senate bill 1355. That bill created a commission of three members, instead of having the law adminis-



tered, as it is now, through a bureau of the Agricultural Department under what is known as the director of roads.

That change seemed to be very desirable, because the road question is already a very large one, and is growing larger all the time. The duties which we impose upon that commission are most important, and their proper performance are more than one man operating as a bureau chief can perform. Our amendment provides for three men and that they shall devote their whole time to the work of the commission. I do not think I need to stop to argue that question with the Senator now. I am just mentioning the changes.

Mr. POMERENE. If the Senator will allow me to interpolate, I think it is very wise to create a commission instead of depending upon the judgment of one man to take up road propositions in 48 different States.

Mr. TOWNSEND. I think that principle is generally conceded now by all men familiar with the road proposition, although it was a hotly contested question during the early part of the committee's deliberations.

That original bill provided that this commission should lay out a system of interstate connecting roads, roads across the States, connecting at the borders and at water points and international boundaries. It provided that all Federal money should be expended upon those roads. The work was to be done by the State commission, but approved by the Federal commission.

The Dowell bill provided that States should lay out the system of roads in the first instance instead of the Federal commission, to be approved by the Secretary of Agriculture, and he could approve or disapprove the selection by the State commission.

We adopted the House provision as a compromise. But the House bill went further. It provided that the States should lay out a system of roads consisting of not more than 7 per cent of the highways of the State, three-sevenths of that 7 per cent to be interstate roads, four-sevenths to be intercounty roads connecting with these interstate roads that were to be constructed.

The House bill further provided that not less than 60 per cent of the Federal appropriation should be expended on the interstate connecting roads until they were constructed and the balance on the intercounty roads.

Mr. McKELLAR. Let me make an inquiry of the Senator. The Senator refers to page 9, line 13, where it provides:

Not less than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways.

It has been called to my attention that that would mean that the entire amount was to be spent on interstate highways. I do not know whether that is modified in a subsequent section or not where it is provided that 40 per cent shall be applied on the intercounty roads.

Mr. TOWNSEND. It does not specify any amount for intra-county roads. It provides that not less than 60 per cent shall be spent for primary or interstate roads, although the clear assumption is that the fund is to be divided on a 60-40 basis.

Mr. McKELLAR. Should not those three words, "not less than," be stricken out, so as to limit it to 60 per cent? I think that is a fair statement. I am just calling the Senator's attention to it.

Mr. TOWNSEND. I do not think that ought to be changed, because I am quoting from the Dowell bill, and we clearly agreed to it in the compromise.

Mr. McKELLAR. Yes.

Mr. TOWNSEND. And that provides also that in laying out these roads or in expending the money preference shall be given to the interstate connecting roads; that preference shall be given to the construction of these roads.

Mr. POMERENE. Over the intercounty roads?

Mr. TOWNSEND. Over the intercounty roads, until these interstate roads are constructed. There is a provision in the Dowell bill that they may lay out an additional mileage above the 7 per cent when that has been constructed under practically the same conditions under which the original roads were constructed.

Mr. ASHURST. Mr. President, it seems to me it is the intracounty roads and intrastate roads that will serve the farmer and producer in getting his produce to market. Let me submit, for the consideration of the Senator in charge of the bill, if the word on line 14, page 9, should not be "intrastate" instead of "interstate"? In other words, it should read, in my judgment:

Not less than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or intrastate—

And so forth.

Mr. TOWNSEND. Oh, no.

Mr. ASHURST. If that change is not made, would it not happen that great systems of roadways—"peacock alleys"—from one State to another would be built at the expense of the little county roads which serve the farmers? It seems to me that the word "interstate" should be changed to "intrastate," so that the 60 per cent will be spent within the State.

Mr. KING. May I ask the Senator a question?

Mr. TOWNSEND. I yield.

Mr. KING. Where does the Senator find his authority for the utilization of Federal funds, wrung from the people by taxation, to construct farm-to-farm roads or lanes that are purely local in character? Remember, we are asked now to appropriate \$100,000,000 of Federal funds. There must be some Federal concern in the appropriation to give jurisdiction.

Mr. ASHURST. With the permission of the Senator from Michigan, the Senator from Utah asks a question so deep and vital that I could not answer in a sentence, more than to say that under section 8 of Article I of the Constitution authority is given to construct post roads. But if the appropriation of \$100,000,000 is illegal, the payment of \$10 would be; the principle would be the same. I thought, of course, the question of the constitutionality had been settled some time ago. That is my judgment. I do not want to take the time and impose on the patience of my friend from Michigan in going into that question now. I have not examined the question lately, but I assumed it was settled.

Mr. TOWNSEND. The Senator has hit upon one of the differences that has disturbed the committee and is disturbing the country, when he asks, why not spend this money on the little roads, the intrastate roads?

Mr. ASHURST. Intrastate, within the State.

Mr. TOWNSEND. The two bills originally were directly opposite on that subject. I maintained, with the Senator from Utah, that the Federal money should be expended in the States on interstate highways. I stated to the Senator from Arizona that under existing law and under the proposed bills all of the money assigned to a State is to be expended within that State. None of it is expended out of the State. But I contended that the money which the Federal Government paid should be expended for a distinctly Federal purpose. Spending it on a post road is for a Federal purpose, and using it to carry the mails would make it a post road. We may be justified in expending money on it because of that, but that does not meet the argument which I have to make against that kind of a proposition.

I felt that it was our duty first to construct the connecting interstate roads, because they serve more people in the States than any other similar mileage that could be constructed and facilitate interstate commerce. I contended for that principle which I felt ought to be carried out, but we could not agree on that. The great majority of our committee were agreed on it, but when the Phipps bill amended by the House came back the Senate felt that it ought to enact some legislation at this session of Congress, and therefore it sent the bill to the Senate Committee on Post Offices and Post Roads where it was hoped that out of all the bills a comprehensive measure might be evolved. I am fairly well satisfied that such is the amendment before the Senate. It provides, first, that there shall be a system of roads in each State selected by the State departments with the approval of the commission, and all the roads receiving Federal aids shall form a connected system. Not all of the roads in a State can get Federal aid. Only the 7 per cent that are approved by the commission can obtain it. Of that 7 per cent, three-sevenths shall be interstate roads—those connecting roads to which I am favorable—and four-sevenths shall be intercounty roads connecting with the interstate highways.

Mr. POMERENE. If I may interrupt the Senator right there, why did they decide on 7 per cent?

Mr. TOWNSEND. I do not know why they decided on 7 per cent, except that that is about the proportion of roads within a State which could reasonably receive Federal aid. Indeed, that is about as large a percentage as could receive State aid. Most of the States now without this law have selected a limited mileage, upon which they will expend even State money. The State of Ohio has a limited mileage that has been selected, upon which she is expending State aid. She does not attempt to build all of the roads in the State. She leaves local roads to be built by counties and communities.

Mr. POMERENE. No; they have worked out a sort of general scheme which they are following, making a suitable distribution of the roads throughout the 88 counties embraced within the State. I am very frank to say to the Senator that I would prefer that equitable division—as I believe it to be—

rather than the plan which was proposed by the distinguished Senator from Michigan.

Mr. TOWNSEND. I have such faith in the Senator that I am sure if he understood it and gave his attention to it he would more nearly agree with me.

Mr. POMERENE. I think I do understand it. I realize there is room for honest difference of opinion upon it. For instance, the Lincoln Highway, which passes directly through my county in Ohio—Stark County—is going to be a splendid proposition, and for those who have magnificent cars it will be a splendid thing; but it occurred to me that if we were to improve that road and, perhaps, several other roads that might be selected across the State, from east to west and from north to south, the people of the State of Ohio would get less benefit from it than if the fund which is furnished by the Federal Government were equitably distributed so that each of the 88 counties could get a portion of it.

Mr. TOWNSEND. And by that means the State would get no completed roads—no connected road system.

Mr. POMERENE. No; I do not agree with the Senator at all in that, because I think it would encourage the county commissioners and the other road-building authorities of the State to continue the State and the county aid. We have a scheme whereby they have first the Federal aid, then they have the aid furnished by the State, a portion by the county, and a portion by the township, and a part is assessed upon the abutting land-owners, and so forth. I think it is working out splendidly. It has encouraged road building tremendously in Ohio.

Mr. TOWNSEND. Let me tell the Senator about Ohio. Ohio for some time has been working exactly along the lines that my bill originally provided. When the present Ohio road administration came into power in that State it found that a lot of the Federal aid had been prorated among the counties as the Senator has suggested. The State highway commissioner immediately revoked every one of those propositions where it was possible for him to do it, and said what they were going to do was to build two roads with Federal aid, one east and west across the State and one north and south across the State, and that is what the Senator's State is doing to-day. My State, the State of Michigan, without such a law, without anything of that kind, is devoting all of its Federal aid to the interstate highways across that State.

These are the most expensive roads, the most used roads we have in any State; the roads serving the most people are the interstate roads. Of course, the automobiles pass over these roads. They have been the inspiration for road building. They almost entirely maintain them.

Mr. POMERENE. I did not point to that fact so much in criticism, as I intended to point out, if I did not, the fact that if this money can be equitably distributed so that some of the roads in each of the 88 counties will get some of the Federal aid, it is going to encourage the local authorities to continue the building of roads in those counties and thereby it will confer a greater benefit upon the people by enabling the farmers to get their produce to market.

Mr. TOWNSEND. That argument has been made and, of course, is a very greatly disputed point. There were members of the committee who held with the Senator on that point.

Mr. ASHURST. Mr. President, will the Senator from Michigan yield to me at that point?

Mr. TOWNSEND. Certainly.

Mr. ASHURST. As I view the duties of a Senator, we have our various committees and I do not think any Senator is to be criticized for displaying unfamiliarity with matters that are investigated by a committee of which he may not personally be a member. When I am on a committee it is my business to understand the bills before that committee and I welcome Senators when they ask me questions concerning the bill upon which I am informed, and I know my friend, the Senator from Michigan, will adopt the same attitude. He has worked on this bill and he understands it, and those of us who have not been on the committee must be pardoned if we appear to be intractable and ask questions that seem simple to the Senator who has studied the bill for three months.

I wish to analyze that part of the bill contained in lines 13 to 16, inclusive, on page 9, and ask the Senator's help and his view.

Not less than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary.

What does the word "primary" mean in that sense?

Mr. TOWNSEND. That is the principal road.

Mr. ASHURST. That word is eligible for that purpose.

Or Interstate highways.

We all know what the term "interstate highways" means—until provision has been made for the improvement of the entire system of such highways.

Am I correct when I assume that this language means that of the Federal aid allotted to the State not less than 60 per cent of the sum so allotted must be spent upon the primary or interstate road, the principal road, until the State engineer or the other officer having appropriate authority makes out and files and secures approval for a comprehensive system of State highways?

Mr. TOWNSEND. They are not to use this until those systems of interstate roads in that State have been laid out and approved by the State and Federal commissions have been completed, and that ratio of 60 to 40 is maintained.

Mr. ASHURST. Until the State engineer or other appropriate officer has completed the interstate or principal highway the ratio of 60 to 40 prevails, but when he has completed, we will say, a certain national highway or certain primary road, then are we to assume that such other roads as may be within the State, whether primary, interstate, or intrastate, are eligible for part of these funds without regard to the 60-40?

Mr. TOWNSEND. No; it will always be divided 60 and 40, but there is the division by the State authorities that must be considered. The State highway commission lays out that system of roads which is approved by the Federal commission. When some of those roads have been completed, it is then agreed that certain other roads are to be completed.

Mr. ASHURST. Then, after the new road is agreed upon, 60 per cent of the money allotted must be spent upon that particular road if there be only the one?

Mr. TOWNSEND. Or if it be several roads, it will be spent on the several roads.

Mr. ASHURST. If it be several, then 60 per cent of the Federal aid allotted must be expended on those particular primary or interstate roads?

Mr. TOWNSEND. Yes.

Mr. ASHURST. Does the Senator believe that in this connection the word "primary" must of necessity mean interstate also?

Mr. TOWNSEND. I think it will be so construed, although it might not be. That is the primary road. The commission and State authorities might decide that here is a road of primary importance that goes to some place in particular that ought to be built.

Mr. ASHURST. The disjunctive "or" is used. I would think a main road running from one part of the State to another that is really not interstate would fall within the purview of that language. It might be worded "primary and interstate highway."

Mr. TOWNSEND. That might be.

Mr. ASHURST. I thank the Senator.

Mr. HEFLIN. Mr. President, will the Senator yield to me? The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Michigan yield to the Senator from Alabama?

Mr. TOWNSEND. Certainly.

Mr. HEFLIN. The bill provides that three-sevenths of the roads to be built in a State shall be interstate roads and four-sevenths shall be intercounty roads. It is provided in line 13 on page 9 that—

not less than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways—

And so forth.

If that is done, there will be only 40 per cent that can be used on the intercounty or intrastate roads. Then what becomes of our proposition of having four-sevenths for intercounty roads and three-sevenths for interstate roads?

Mr. TOWNSEND. The Senator favored the proposition, of course, in the Dowell bill. This is the Dowell provision. We are not discussing the bill which I have introduced. This is the Dowell provision that was thrashed out and which the Senator favored.

Mr. HEFLIN. I am in favor of a great many of its provisions, but I wish to say to the Senator that I am in favor of striking out, in line 13 on page 9, the word "less" after the word "not" and inserting the word "more," and instead of 60 in the same paragraph inserting the numerals 50, so that we would have a half-and-half proposition. The State would be aided in the intercounty roads in having an expenditure of 50 per cent of the money and the Federal system would have 50 per cent. That seems to me to be a fair division of the Federal fund.

Mr. TOWNSEND. We discussed the matter very fully and agreed to the proposition that we would adopt what the House had done. As I said, I think it is a step in the right direction. It does not go as far as I would like to have it go. I would like, until we have had at least two interstate highways, one north and south and the other east and west connecting at State lines, to have all Federal aid devoted to those roads. I



think it would give more encouragement to the States. The Government would help construct the most expensive roads in the State in that way. Those are the roads over which I think from 70 to 85 per cent of the traffic of the State would pass. Those are the roads which Michigan is willing to assist in constructing in Alabama.

We have agreed upon the proposition that not less than 60 per cent of the Federal aid shall be expended on interstate roads. We have agreed that the State shall lay out the roads in the first instance; that they shall select the 7 per cent of the roads in the State to be approved by the commission. We have changed the committee's plan as reported to the Senate and provided that the States shall have the initiative. It first lays out the plan of roads, which shall be confined to 7 per cent of the roads in the State.

Mr. SWANSON. If the Senator from Michigan will permit me, I desire to say that what he says is true, except in this respect, that under line 13, page 9, the commission which is proposed to be created under the pending bill could spend all of the money on the "three-seventh roads."

Mr. TOWNSEND. They probably could.

Mr. SWANSON. It is stated in the bill, on page 9, line 13: Not less than 60 per cent of all Federal aid allotted to any State shall be expended upon the primary or interstate highways—

And so forth. What does that mean? It means that the commission may take the entire amount of money which is appropriated by this bill and spend it on the "three-seventh roads," the depot roads.

Mr. TOWNSEND. Until those roads shall have been completed.

Mr. SWANSON. The effect would be that we should have no roads going to the depots, going to the towns and cities, except the great highways, unless the other roads connected with them. If this is to be a fair compromise, it should say that not more than 60 per cent of all Federal aid money shall be expended on interstate roads. Now, indirectly, it is proposed to do exactly what some of us have always contended should not be done; that is, that all the road money should be spent on the "three-seventh roads."

Mr. TOWNSEND. I will say to the Senator from Virginia that I did not insert the language to which he refers.

Mr. SWANSON. The language ought to be changed if we are going to do anything for the "four-seventh road," which is the road that would go to the towns and cities, to the depots, and to the markets. As I understand the Senator, his committee made a compromise, which was acceptable, to the effect that the money was to be divided 60-40. If that was the compromise, why does not the language carry out the compromise?

Mr. TOWNSEND. The provision is in the compromise bill in accordance with the idea that everyone had, I think. Our committee has not changed that matter as to a single word.

Mr. HEFLIN. I have never consented to the words that "not less than 60 per cent" should be expended on the interstate highways. Those words must be changed. The language should read "not more than 60 per cent."

I certainly would not vote for a bill that would turn over to the commission the power to use all of this money on an interstate system of roads.

Mr. TOWNSEND. The commission will not have the power to do that unless the State shall consent to it; unless the State takes the initiative in this matter that can not be done.

Mr. HEFLIN. I want it clearly understood and specifically set out in the bill that Federal funds shall be available for use in the States for the construction of the four-sevenths per cent of intercounty roads provided for in the bill.

Mr. POMERENE. Permit me to make a suggestion. It is true the State commission must first lay out the plans and select the highways; but, on the other hand, it would be within the power of the Federal commission to say, "We will not allow any of this money to be expended upon any of the roads except those which meet our approval." If they were of the same opinion as our good friend, the Senator from Michigan [Mr. TOWNSEND], as to the scheme which should be adopted, it would be possible for them to spend 100 per cent of these Federal funds upon interstate highways. The result would be that the outlying counties away from the interstate highway would not have any Federal aid at all. I am very frank to say that if that were done, it would be to the special delight of the people in my own county and in certain other counties, but it seems to me that the farmers in the outlying counties, down in the southern and western portions of the State, ought in each county to have the same encouragement which the others have who happen to live along a great highway.

Mr. TOWNSEND. If the Senator maintains that, he is very widely apart from me. I am very much opposed to prorating

the Federal money among the counties. I do not believe we have any right to do that. The States may do with their money as they please, but I do not believe in prorating the Federal money amongst the counties.

Mr. POMERENE. The Senator from Michigan says we have no right to do that. If he refers to the question of policy, then there is room for difference of opinion; but if it is purely a constitutional question we have the authority to build post roads anywhere, in any county.

Mr. TOWNSEND. I mean that we ought not to make appropriations for such a purpose.

Mr. SWANSON. Mr. President, I understood that there was a compromise by which three-sevenths of the roads were to be selected as interstate roads and four-sevenths as depot, market, and city roads. We made a concession to those who wanted great, long, expensive highways constructed under which 60 per cent of Federal aid would go to them and 40 per cent would go to the other roads, which are known as farm and market roads in the common parlance as used. The language as it is now drawn in the bill does not carry out that compromise at all. It would enable the commission which is created under the bill to spend not less than 60 per cent of what they are authorized to spend on the "three-sevenths roads." It seems to me, if the understanding was as I have indicated—and that was the understanding of a great many Members—the language ought to carry out that understanding.

The language ought to read that 60 per cent of all Federal aid allotted to any State road shall be expended upon primary roads, neither more nor less, and 40 per cent on the farm and market roads. What would be the objection to that?

Mr. TOWNSEND. Let me state what the objection would be and correct the Senator as to a part of his understanding. The Senator speaks about a compromise. We had before us two bills. The Dowell bill contained certain provisions for which the Senator wanted to vote.

Mr. SWANSON. I am not familiar with the Dowell bill.

Mr. TOWNSEND. That was the bill which came over here from the other House and which there was objection to sending to our committee in the first place. We went into the committee, and those who favored the Dowell bill and those who favored our proposition compromised on two features which I, myself, did not like to compromise, but we yielded because we wanted legislation. We took those provisions of the House bill just as they were written and as they passed through the House.

The Senator from Ohio says that if I were a member of the commission and had my way I would spend all of the money on interstate roads.

Mr. POMERENE. I mean that the Senator from Michigan could do so.

Mr. TOWNSEND. I should assume that the provisions of this bill established that the money should be divided as nearly sixty-forty as it could be done, but I could understand, for instance, where it was desired to complete an interstate road—and that is the kind of road the highway commissioners had in mind when they drew the Dowell bill.

Mr. POMERENE. The State highway commissioners?

Mr. TOWNSEND. The State highway commissioners. What they wanted was to give preference to interstate roads, and they provided that until they are completed, or some particular interstate project is completed, the commission, with the consent of the States—for that they can not spend a dollar without the consent of the States—may spend not less than 60 per cent.

Mr. SWANSON. But, if the Senator will permit me, there is this exception: The State can not get any of the 40 per cent to spend on the intrastate roads without the consent of the commission; and if they have not the consent of the commission, if the commission desires all of the money to be spent for great automobile roads or interstate roads—I do not mean to disparage automobile roads—if all of this money is going to be spent for the construction of great highways through the State and a commission in favor of that policy be appointed, it simply means that the farm market road will not get a cent under the provisions of the bill.

I was told that a compromise had been reached by which there was to be a division of the fund to the "three-sevenths" and the "four-sevenths" roads, according to the character of the road, and then that 60 per cent should go to the "three-sevenths" roads, which was a concession to the Senator who had an idea more ought to be expended in that way. Now, I want the language to be written to carry out that view.

Mr. TOWNSEND. The Senator might have had that view, but in the committee those of us who talked this over did not so understand it.

Mr. McKELLAR. Mr. President, if the Senator will yield I wish to call attention—

Mr. SWANSON. I should like to ask the Senator from Alabama [Mr. HEFLIN] as to his impression of that matter.

Mr. HEFLIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield, and, if so, to whom?

Mr. TOWNSEND. I yield to the Senator from Tennessee.

Mr. McKELLAR. I call attention to the fact that that was the view of the committee expressed in unmistakable language in a report which the Senator himself filed. I read from his report which was filed yesterday.

Mr. POMERENE. On what bill?

Mr. McKELLAR. On this bill.

Mr. TOWNSEND. What report was filed yesterday? I have not seen any report that was filed yesterday. I certainly filed none; I have made none.

Mr. McKELLAR. I have the report here to accompany Senate bill 1072, and I read from it as follows:

This system for a beginning shall not exceed 7 per cent of the total mileage of any State. Sixty per cent of each year's allotment of Federal funds shall be expended on the primary system and the remainder on the secondary system until the same have been completed.

That is language that is absolutely unmistakable.

Mr. TOWNSEND. What is that report?

Mr. McKELLAR. I will give it to the Senator. It is in keeping with the understanding. It does seem that the language contained in the pending measure does not carry out the understanding the committee has had and does not carry out the understanding the Senator had when the report was written.

Mr. TOWNSEND. The report from which the Senator has quoted was submitted to the House of Representatives weeks ago. It is not a report submitted on the pending measure; it was presented to the other House when the Phipps bill was reported.

Mr. SWANSON. Will the Senator accept an amendment striking out the words "not less" and providing that 60 per cent shall be spent in this way? That is the understanding, according to my impression—that 60 per cent of it shall be expended on interstate roads and 40 per cent on intrastate roads.

Mr. TOWNSEND. There will have to be an exact division in that event.

Mr. McKELLAR. Make it read "not more than"; strike out "less" and insert the word "more."

Mr. TOWNSEND. How many other changes does the Senator want to make than those which we have agreed upon? I do not like the suggestion at all, although I do not want anybody to understand that the commission would arbitrarily expend all the money on interstate roads unless the State commissions and the Federal commission felt that there were some such roads that ought to be completed.

Mr. McKELLAR. Then put in the words "not more than."

Mr. SWANSON. I will ask the Senator to consider this view of it: Suppose the Federal commission should reach the conclusion that they wanted to expend all of this money, as the Senator from Ohio [Mr. POMERENE] has suggested, on interstate roads; they could coerce the State commissions by saying, "We will not approve any plan that does not do that."

Mr. TOWNSEND. The Secretary of Agriculture can do that to-day if he wants to do it in connection with any road, for he need not approve it unless it is located just where he wants it.

Mr. SWANSON. But there is not such language as that provided in this bill under which they may act.

Mr. TOWNSEND. Temporarily we will pass that. I will consent to the elimination of the words "not less"; but I want to see how we are coming out and what other departures from the agreement are to be proposed.

Mr. HEFLIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Alabama?

Mr. TOWNSEND. I yield.

Mr. HEFLIN. I wish to suggest that I think we ought to amend the title of the bill so that it will read, "Federal and State highway act" instead of the "Federal highway act." We are going to have a Federal commission; we are going to have State authorities who are going to act in concert in the building of roads; some of the roads provided for are intrastate roads and some are interstate roads; so I think we ought to amend the title as I have suggested.

Mr. TOWNSEND. I object to that.

Mr. HEFLIN. Let it be known as the Federal and State highway act. That will carry the idea in the very title of it as to what the bill means. It is intended to build a system of Federal roads, and it is intended to build a system of intra-

state roads, and the State authorities are to designate where these roads shall be built with the approval of the commission here in Washington. I think the title of the bill ought to convey that idea.

Mr. TOWNSEND. The original act, according to the same token, ought to have been worded the "Federal State aid law." The original law was the Federal aid act.

Mr. HEFLIN. What was the title of the original act?

Mr. TOWNSEND. As I remember, it was the Federal aid act. There is not much in a name, but there is no use of trying to confuse matters in that way. The power is all in the bill just the same, and instead of confusing the title by calling it a Federal and State highway bill I think it is better to leave it as it is.

Mr. HEFLIN. I realize that if we can have an understanding as to how much of this money shall be expended on intrastate county roads the title will not prevent us from getting the money for that purpose.

Mr. TOWNSEND. I will for the time being consent that it shall read, 60 per cent shall be expended on interstate roads, although that might possibly interfere with what the States themselves want.

Mr. McKELLAR. Then, Mr. President, in order to have the amendment agreed to by the Senate, I offer the following amendment: In line 13, page 9, strike out the word "less" after the word "not" and insert the word "more."

The PRESIDING OFFICER. The Chair will state to the Senator from Tennessee that there is already an amendment pending.

Mr. McKELLAR. I will withdraw the first amendment for the present, so that this one can be adopted.

The PRESIDING OFFICER. Will the Senator restate his amendment, so that the Secretary can hear it?

Mr. POMERENE. Mr. President, before these amendments are voted upon, I ask the Senator from Michigan to go ahead and explain this bill. He was right in the midst of that explanation. I should like to have a general explanation of the bill before we vote on any of these amendments.

Mr. TOWNSEND. Mr. President, before a project is approved in any State, the road department of that State, as I have said, shall designate 7 per cent of the roads and submit them to the Federal Commission. Three-sevenths shall be interstate roads, and four-sevenths intercounty roads connecting with this interstate system of roads.

Now, we have a new provision that is in neither one of the bills:

The commission may approve projects submitted by the State highway departments prior to the selection, designation, and approval of the system of Federal-aid highways herein provided for if it may reasonably anticipate that such projects will become a part of such system.

That means that in the change from the director of roads under the Department of Agriculture to the commission there will be an interim. The State has not had time to act under the new law, but if the State highway department and the commission agree that here is a piece of road that ought to be improved, and that it will be included in the system to be selected, the State could proceed with construction at once.

It is provided in both bills—there is very little difference between them in this regard—for a State fund to match the Federal money that is put up and to meet the requirements of maintenance. We do have a provision that a State that has not any constitutional authority to provide money to make internal improvements can use the money as it is being used now in six of the States, obtaining it from the counties, until two years after the passage of this bill. That obviates the objection which the Senator from Arkansas [Mr. ROBINSON] and others had, that we were invading the constitutional rights of a State; we have inserted this provision.

Mr. WILLIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Ohio?

Mr. TOWNSEND. I yield.

Mr. WILLIS. The Senator will recall, I think, that certain of our people in Ohio who are interested in this matter suggested an amendment to the bill. I have not a copy of it now. I gave it to the Senator. Does he remember whether that amendment has been embodied in the pending committee amendment?

Mr. TOWNSEND. That is the very matter I am talking about now. We do make provision that the State must put up the money, but it can obtain it from any source it may select.

Mr. WILLIS. I beg the Senator's pardon. I did not hear all of his statement. That is covered in this amendment?

Mr. TOWNSEND. That is covered in this amendment.



Mr. WILLIS. In what section? Will the Senator state the section?

Mr. TOWNSEND. Section 27:

That in any State where the existing constitution or laws will not permit a State fund for the construction, reconstruction, or maintenance of highways, the commission shall continue to approve projects for said State until two years after the passage of this act, if such State will comply with the provisions of this act in so far as its existing constitution and laws will permit.

I think that will be satisfactory to all. I have not heard any complaint from anybody on that score.

Mr. POMERENE. Mr. President, I think I have in mind now, perhaps, the amendment to which my colleague referred. In one of the drafts of the bill it distinguished between Federal funds and funds payable by the State or raised by State taxation. In Ohio, under our scheme of road building, a part of the funds is furnished by the State by the act of the legislature, a part by the counties through the act of the commissioners, and a part by the townships or other subdivisions, as the case may be; and I know that in some correspondence I had with these authorities—I have not my files with me now—I suggested that they add to the words "State funds" words something like these:

Or funds raised in any other political subdivision of the State.

So as to make it perfectly clear that it took care of the situation as it now exists under the laws of our State.

Mr. TOWNSEND. I think if the Senator looks over this amendment he will find that we provide that the State shall match the Federal fund. The State can get its money where it pleases. There is no objection at all to that. We can not prescribe where it shall get its money, but we are going to deal with the State. When we come to apportion money to a State for the construction or maintenance of roads we provide that we must deal with the State authorities on that subject and not with its subdivisions.

Mr. KING. Mr. President, may I interrupt the Senator for a moment?

Mr. TOWNSEND. Yes.

Mr. KING. Is it not a fact that the plan suggested, as I understand the Senator from Ohio as well as other Senators and perhaps other people, seems to contemplate that the States may not expend any of their taxes except upon roads contribution to the construction of which shall be made by the Federal Government?

Obviously the States will be compelled to classify their roads. They will make contribution to the roads to which the Federal Government makes contribution; and if the 40 per cent or the 50 per cent which they appropriate to match the Federal Government's appropriation shall be expended as will the appropriation made by the Federal Government upon certain interstate roads and certain county interstate roads—if I may be permitted that expression—they will have to resort to other taxes and to other methods of obtaining funds to construct their other roads.

For instance, they may have a road fund of \$100,000 in a State, \$50,000 of which matches the Federal Government's \$50,000. They may appropriate that \$50,000 upon the same roads upon which the Federal Government appropriates its \$50,000, and then they will have their other \$50,000 or such other sum as they may see fit to appropriate upon their farm-to-market roads, or upon any trails or roads or highways, inconspicuous and unimportant, that they may see fit in any part of the Commonwealth.

So that we must keep in mind, it seems to me, the powers of the Federal Government and the character of highways for which the Federal Government shall make appropriation, and not concede, as I understand the chairman of the committee does not concede, the obligation to rest upon the Federal Government to make contribution to every highway or road or trail within a State upon which the State may be willing to make some expenditure.

Mr. TOWNSEND. That is correct.

Mr. LENROOT. Mr. President, I should like to ask the Senator with reference to the paragraph as to approving projects before their designation into the two classes.

Mr. POMERENE. To what section does the Senator refer?

Mr. LENROOT. Page 9, line 17.

Mr. TOWNSEND. That is the one to which I have just referred.

Mr. LENROOT. Yes; the Senator has just referred to it. I should like to ask the Senator what effect that would have upon the limitation of three-sevenths and four-sevenths. For instance, we will assume that the highways designated have been properly divided so that three-sevenths of them are interstate. Then here are one or more projects that have been ap-

proved but not been designated but which clearly should be designated as a part of the interstate system.

Mr. TOWNSEND. If the Senator will notice, the language is that this can be done if the commission is convinced that this road will become a part of the system which is to be laid out. That is, in the interim, where, for instance, if the commission comes into power and takes over authority formerly exercised by the Department of Agriculture, it may be desirable to do some work immediately. There is a road to be constructed or improved. Then undoubtedly, if the State department impresses the commission that the road will be included in the system when it is finally laid out by the State authorities, it will approve it.

Mr. LENROOT. Yes; but we will assume that the system is laid out and these limitations apply, three-sevenths to interstate. Then here are certain projects that are approved that never have been designated as a part of the system, but we will assume that those projects are clearly interstate. What effect has that upon the limitation? They have gotten their money. They are entitled to their money under this paragraph. They have already reached the limitation under the general system.

Mr. TOWNSEND. The Senator means if they have used up all of their money on the interstate system?

Mr. LENROOT. Yes; or they have allotted three-sevenths under the interstate system.

Mr. TOWNSEND. I assume that this commission, starting in—it will only be at the very beginning that this emergency can arise, anyway—will have all that in mind and will take into consideration the fact that this road is to be a part of the interstate system. If it becomes a part of that system it will be included and will constitute a part of the three-sevenths.

Mr. LENROOT. It might or might not be. Under the language of the bill they would be entitled to go to three-sevenths of the roads designated by them.

Mr. TOWNSEND. Yes.

Mr. LENROOT. In addition to that they would be entitled to approved projects that have not been turned into the system, although they might clearly be interstate roads.

Mr. TOWNSEND. Does not the Senator understand that this means that the road is to become a part of the system?

Mr. LENROOT. But if it does become a part of the system your three-sevenths have been exceeded. That is the point I make.

Mr. TOWNSEND. But that would be included in the three-sevenths.

Mr. LENROOT. It might or might not be.

Mr. TOWNSEND. If it does not, if they were not contemplating that this road would be in the three-sevenths, they could get no aid. The commission would not approve it.

Mr. LENROOT. They would have authority to approve it.

Mr. TOWNSEND. Well, I know; but the language is that if they are convinced—what is that expression?

Mr. LENROOT. (Reading:)

The commission may approve projects submitted \* \* \* if it may reasonably anticipate that such projects will become a part of such system.

Mr. TOWNSEND. Yes; "a part of such system." It will be in the three-sevenths or the four-sevenths, according as the circumstances would indicate. It would become a part of that. It is simply adopting that fraction of the three-sevenths or the four-sevenths before those fractions of the 7 per cent of the roads are finally decided and officially laid out.

Mr. LENROOT. Does not the Senator think that they would be authorized to designate three-sevenths and expend 60 per cent upon the roads designated by them in the first instance as a part of the interstate system?

Mr. TOWNSEND. Yes.

Mr. LENROOT. Then does not the Senator think that in addition to that, under the language of the amendment, they would be authorized to approve projects upon which the money would be paid that had not been designated as a part of the interstate system, but which would in fact be a part of the interstate system? I am speaking now of power and authority.

Mr. TOWNSEND. I do not believe I follow the Senator. All of this is done prior to the selection of this system.

Mr. LENROOT. Certainly.

Mr. TOWNSEND. Here is a piece of road that they want to complete right now. The State has agreed to it. The commission says no doubt that will be included in this system. Now, that does not add to or subtract from the three-sevenths. It is a part of it.

Mr. LENROOT. The Senator does not think, then, that this three-sevenths or four-sevenths, or a part of this, could be adopted, adding other roads to it later on?

Mr. TOWNSEND. I do not think so.

Mr. LENROOT. If the Senator is correct about that, I concede his provision, of course.

Mr. TOWNSEND. Maybe the language is not as clear as it ought to be.

Mr. LENROOT. Does the Senator think, then, that if the commission once acts they can not be enlarged thereafter as the system may demand without further legislation?

Mr. TOWNSEND. The legislation provides that when that has been used up—

Mr. LENROOT. For this particular allotment it could not be?

Mr. TOWNSEND. Could not be changed?

Mr. LENROOT. Enlarged.

Mr. TOWNSEND. No; it could not be enlarged.

Mr. LENROOT. Whether for this particular allotment or not, this is permanent legislation, which would apply to any allotment, would it not?

Mr. TOWNSEND. It provides that when this allotment is used up you can add more mileage to the 7 per cent.

Mr. LENROOT. Until provision shall be made for the improvement of all the highways?

Mr. TOWNSEND. Of all the highways.

Mr. LENROOT. But until that is done, the Senator thinks that new roads could not be added?

Mr. TOWNSEND. I think not. I agree with the director of roads that 7 per cent is pretty big. I would like to confine it to a still greater extent.

Were there other questions any other Senator wanted to ask me?

Mr. OVERMAN. I want to ask the Senator a question.

The PRESIDING OFFICER. Will the Senator suspend? The Chair desires to know if the Senator from Tennessee has withdrawn his amendment on page 3, line 22?

Mr. McKELLAR. I did, and offered an amendment to strike out the word "less" in line 13, on page 9, and to insert in lieu thereof the word "more."

Mr. OVERMAN. There is a provision for building roads through our national forests, and an appropriation of some \$3,000,000. I construe that to include the forests which have been purchased under the Weeks Act, the Appalachian forests.

Mr. TOWNSEND. I do not think there is any doubt about it including that.

Mr. OVERMAN. That is included in the words "national forests"?

Mr. TOWNSEND. Yes.

Mr. OVERMAN. That is the construction of the Senator, and I just want it to appear in the Record.

Mr. TOWNSEND. Oh, yes; that is a part of the national forest. But I wish to state to the Senator that Congress has heretofore made an appropriation of a million dollars a year for the forests. This last year we had four million, three plus one, but that three million appropriation ended on the 30th of June last. In this bill we carry an appropriation of five million additional to the one million, which would make it six million for the national forests.

Mr. LENROOT. I would like to ask the Senator if he knows whether or not this \$100,000,000 is included in the estimates of expenditures for next year, upon which the tax bill now pending in the House is based?

Mr. TOWNSEND. I do not know. I have talked with representatives of the administration in reference to this bill, and I have been advised by the President, "Do not make it too large." I think it is believed and expected that an appropriation for roads will be made, but no amount has ever been indicated. We put this in at \$100,000,000, which is the amount of last year's appropriation for roads.

Mr. LENROOT. Does not the Senator think, in view of the present condition of the Treasury, and in view of the income for the next year, that that ought to be reduced?

Mr. TOWNSEND. I have given a good deal of thought to that, I will say to the Senator. If I did not believe that a proper expenditure of money for good roads constructed along main lines was the best investment we could make in the interest of general prosperity of revived industry, I would say by no means should we vote any appropriation. But believing, as I do believe, that it is for the best interests of the country—that the construction of roads will not only give employment to idle labor but that it will furnish a means of transportation which the country needs and will be an incentive to production—I unhesitatingly advise this seemingly large appropriation.

We divided it, as the Senator notices. We make \$50,000,000 immediately available and \$50,000,000 available six months later. It, of course, is a question of opinion whether we would be

warranted in appropriating this amount of money at this time or not. I think it is advisable.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee to the committee amendment, on page 9, line 13, to strike out the word "less" and to insert in lieu thereof the word "more."

Mr. POMERENE. Mr. President, I do not address myself to that amendment, as I think I agree with the proponent of the amendment, but I want to know something more about this bill before we get through with it; and I want to call the attention of the Senator from Michigan to the provision, on page 18, as to how these funds shall be distributed among the several States. Of course, I am not unmindful of the fact that under this situation the more forward States, like New York, Pennsylvania, Ohio, Massachusetts, and Illinois, will be bearing the greatest part of this burden, and they are paying more toward highways than, in fact, they are getting under this bill. There is not any doubt about that.

Mr. TOWNSEND. Several times what they are receiving.

Mr. POMERENE. Are these provisions identical with those in the Bankhead Act?

Mr. TOWNSEND. Exactly.

Mr. McKELLAR. Precisely. They have not been changed.

Mr. POMERENE. I know they have not been changed, and that is one of the objections to it. I would like to know what the reasons were for this particular scheme.

Mr. TOWNSEND. It was an arbitrary division, taking into account territory, population, and mileage. It was believed that it would be, perhaps, more equitable than any other scheme which could be employed. I did not think it was entirely equitable at the time it was inaugurated. I am in favor of it now that it has been established, especially when you allow Ohio and Michigan and New York and these other States which contribute the largest part of this fund to say, "We pay to this fund much more than we receive from it, and therefore we insist that the money which we contribute for Virginia, for North Carolina, for Alabama, for Georgia, or for any of the other States shall be expended for the common good, for a Federal purpose, serving the commerce of the whole country." For the benefit of the national defense and interstate commerce the Government has a right to take money from the taxpayers of Michigan and spend it in Virginia.

Congress adopted this scheme of division originally, and it has worked pretty well. A State that has a large area may have a small population, comparatively, and a State that is small in area generally has a very condensed population. So one tends to offset the other, and we have made provision in this bill, as has been said a number of times, for the public-land States, which I think ought to have favorable consideration. We have provided for these States. The original bill which I introduced on the road subject provided for this special aid to the public-land States, and every bill providing for Federal aid to the States has contained this provision.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee to the committee amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on the committee amendment as amended.

Mr. POMERENE. Mr. President, this amendment was reported yesterday, and we have had about two hours consideration of it. I have not had an opportunity even to read it, except after it was made the unfinished business, and as there are only about two dozen Senators here, I suggest that at this time we adjourn until to-morrow, so that we can have an opportunity to study the measure a little further.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. POMERENE. I yield.

Mr. CURTIS. It is desired that there shall be an executive session, and if the chairman of the committee will allow the bill to be laid aside, I will move that the Senate proceed to the consideration of executive business.

Mr. TOWNSEND. Of course, I will consent to that. The Senator from Ohio asks for more time. I had supposed we were in quite general accord that we must have legislation on this subject. There has been some hard work, some very difficult work, on this matter. If the Senate agrees to this committee amendment we ought to get it to conference, because the two bills differ, and it will take some time to adjust the differences. There is an appropriation bill ready to be brought up, and Senators may want the right of way for that. But I do not want to ask the Senate to vote on a bill of this im-



portance unless Senators understand it. I shall insist, however, that a recess be taken and that the Senate proceed with the consideration of this pending measure in the morning, when I hope it will be passed as promptly as possible.

Mr. POMERENE. Mr. President, I believe in speed, but I do not believe in exceeding the speed limit in matters of this kind. It may be perfectly satisfactory to Senators who have studied it, and it may be satisfactory to me when I have studied it; but I am not in the habit, in the consideration of measures of this kind, of voting either for or against them without having an opportunity to at least read the measure over carefully, and that I want to do in this case.

#### EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

#### RECESS.

Mr. TOWNSEND. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, August 17, 1921, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate August 16, 1921.*

##### POSTMASTERS.

###### ARKANSAS.

Homer H. Goodman to be postmaster at Cotter, Ark., in place of W. T. Beaver. Incumbent's commission expired January 12, 1921.

Helen Porter to be postmaster at Horatio, Ark., in place of W. L. Greer, resigned.

###### IDAHO.

Samuel J. Linder to be postmaster at Craigmont, Idaho, in place of S. J. Linder. Office became third class October 1, 1920.

###### ILLINOIS.

Benjamin A. Miller to be postmaster at Geneva, Ill., in place of D. M. Flynn, resigned.

James F. Harrison to be postmaster at Leaf River, Ill., in place of J. F. Harrison. Office became third class January 1, 1920.

Bailey H. West to be postmaster at Makanda, Ill., in place of H. R. Row, removed.

###### INDIANA.

Lyman R. Ramforth to be postmaster at Leavenworth, Ind., in place of T. T. Gobbel, resigned. Office became third class April 1, 1921.

###### IOWA.

Jesse O. Parker to be postmaster at Keosauqua, Iowa, in place of G. F. Smith, deceased.

Purley Jennison to be postmaster at Maynard, Iowa, in place of Purley Jennison. Office became third class January 1, 1921.

Bess J. Cuff to be postmaster at Rolfe, Iowa, in place of P. A. McCray, resigned.

Howard W. Edwards to be postmaster at Tingley, Iowa, in place of H. W. Edwards. Office became third class October 1, 1920.

Clifford C. Clardy to be postmaster at Valley Junction, Iowa, in place of R. I. Juneau. Incumbent's commission expired April 24, 1921.

Everett H. Moon to be postmaster at New Providence, Iowa, in place of E. H. Moon. Office became third class January 1, 1921.

###### KANSAS.

Edmond Houdyshell to be postmaster at Pawnee Rock, Kans., in place of N. M. McKechnie, resigned.

John H. Sunley to be postmaster at Ransom, Kans., in place of Caroline Doerschlag, resigned.

###### MARYLAND.

Richard H. Williams to be postmaster at Midland, Md., in place of E. R. Grant, resigned. Office became third class January 1, 1921.

###### MINNESOTA.

Thorwald O. Westby to be postmaster at Avoca, Minn., in place of T. O. Westby. Office became third class April 1, 1921.

Arthur F. Johnson to be postmaster at Barrett, Minn., in place of A. F. Peterson, resigned. Office became third class October 1, 1921.

###### MISSOURI.

Herbert T. Wilson to be postmaster at Brashear, Mo., in place of F. R. Moore, resigned. Office became third class January 1, 1921.

Orville J. White to be postmaster at Fairfax, Mo., in place of H. H. Schooler, removed.

###### NEW YORK.

Charles R. Diehl to be postmaster at Brewster, N. Y., in place of J. W. Thorp, resigned.

Nellie MacMorran to be postmaster at Firthcliffe, N. Y., in place of C. T. Chadeayne, resigned. Office became third class January 1, 1921.

###### NORTH CAROLINA.

William J. Mode to be postmaster at Rutherfordton, N. C., in place of B. F. Dalton, resigned.

###### NORTH DAKOTA.

James O. Lewis to be postmaster at Norma, N. Dak., in place of J. O. Lewis. Office became third class July 1, 1921.

###### PENNSYLVANIA.

John L. Knisely to be postmaster at Bellefonte, Pa., in place of P. H. Gherrity. Incumbent's commission expired January 18, 1920.

Ella T. Cronin to be postmaster at Centerville, Pa., in place of E. T. Cronin. Incumbent's commission expired January 31, 1921.

###### RHODE ISLAND.

Beatrice M. Kelly, to be postmaster at Little Compton, R. I., in place of B. M. Kelly. Office became third class January 1, 1921.

###### SOUTH CAROLINA.

Tully A. Sawyer to be postmaster at Chesnee, S. C., in place of T. A. Sawyer. Office became third class January 1, 1921.

John B. O'Neal to be postmaster at Fairfax, S. C., in place of L. H. Floyd, resigned.

###### SOUTH DAKOTA.

Alfred J. Soukup to be postmaster at Lesterville, S. Dak., in place of Laura Larson, resigned.

###### VIRGINIA.

Creighton Angell to be postmaster at Boone Mill, Va., in place of Creighton Angell. Office became third class April 1, 1921.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 16, 1921.*

##### TREASURY DEPARTMENT.

###### ASSAYER IN CHARGE.

William L. Hill to be assayer in charge United States assay office, Helena, Mont.

##### DEPARTMENT OF JUSTICE.

###### UNITED STATES DISTRICT JUDGES.

Thomas M. Reed to be United States district judge, first division, district of Alaska.

Elmer E. Ritchie to be United States district judge, third division, district of Alaska.

###### CIRCUIT JUDGE.

Hoimer L. Ross to be circuit judge, fourth circuit, Territory of Hawaii.

###### UNITED STATES MARSHALS.

George D. Beaumont to be United States marshal, first division, district of Alaska.

Oscar P. Cox to be United States marshal, district of Hawaii.

##### DEPARTMENT OF THE INTERIOR.

###### RECORDER OF THE GENERAL LAND OFFICE.

Mrs. Mabel P. Le Roy, of Michigan, to be recorder of the General Land Office.

###### REGISTERS OF THE LAND OFFICE.

John R. Towles to be register, United States land office, Phoenix, Ariz.

Joshua B. Campbell to be register, land office, Guthrie, Okla.

Elgie K. Fritts to be register, land office, Waterville, Wash.

###### RECEIVERS OF PUBLIC MONEY.

Mrs. Hattie Jewell Anderson to be receiver of public moneys, San Francisco, Calif.

Mrs. Eva A. Brittain to be receiver of public moneys, Leadville, Colo.

Harry K. Lewis to be receiver of public moneys, Hailey, Idaho.

## PROMOTIONS IN THE NAVY.

## TO BE REAR ADMIRALS.

Archibald H. Scales.  
Nathan C. Twining.

## TO BE CAPTAINS.

David E. Theleen.	William C. Asserson.
William H. Reynolds.	Arthur St. Clair Smith.
Orin G. Murfin.	Clark H. Woodward.
Andrew T. Graham.	

## TO BE LIEUTENANT COMMANDERS.

John F. McClain.	John H. Everson.
Charles L. Best.	Robert E. Rogers.
Fred T. Berry.	Hugo W. Koehler.
John C. Jennings.	

## TO BE LIEUTENANTS.

Hamilton V. Bryan.	Hugh W. Olds.
Robert H. Maury.	Charles J. Palmer.
Harry V. Baugh.	Ross A. Dierdorff.
Harold G. Eberhart.	Robert P. Briscoe.
Gerald F. Bogan.	Walter R. Read.
Colin Campbell.	John C. Williams.
Allan P. Flagg.	

## TO BE LIEUTENANTS (JUNIOR GRADE).

Harold G. Eberhart.  
Allan P. Flagg.

## TO BE CHAPLAINS.

Hugh M. T. Pearce.	Edmund A. Brodmann.
James D. MacNair.	Le Roy N. Taylor.

## TO BE PASSED ASSISTANT SURGEONS.

Aclpfar A. Marsteller.	Daniel C. Reyner.
Thomas L. Carter.	Alfred L. Gaither.
Charles L. Oliphant.	

## TO BE ASSISTANT SURGEON.

Lloyd Lewis Edmisten.

## TO BE ASSISTANT DENTAL SURGEONS.

Rohnie A. Berry.  
Robert R. Crees.  
Raymond D. Reid.

## TO BE PASSED ASSISTANT PAYMASTERS.

Palmer J. McCloskey.	Raymond V. Adams.
John Atwell Fields.	William T. Hopkins.
Richard C. Reed.	Ralph H. Howard.
Frederick C. Beck.	

## TO BE ASSISTANT PAYMASTERS.

Chester B. Peake.	Harry R. Hubbard.
Clarence E. Kastenbein.	Charles M. Garrison.
Ervine R. Brown.	Hunter J. Norton.
William R. Calvert.	John Ball.
Frank P. Delahanty.	Melbourne N. Gilbert.
Errett R. Feeney.	Nicholas J. Halpine.
Phillip A. Haas.	Edmund T. Stewart.
John N. Silke.	Leslie A. Williams.
Richard L. Whittington.	

## TO BE CIVIL ENGINEERS.

Gaylord Church.  
Ralph D. Spalding.

## TO BE ASSISTANT CIVIL ENGINEERS.

Simson C. Stengel.	Edmund B. Keating.
James D. Wilson.	Robert E. Hancock.

## TO BE CHIEF PAY CLERKS.

Rufus B. Hurst.	Carl R. Fatzer.
Ransom C. Wall.	Frank E. Herbert.
Jesse A. Scott.	Lewis R. Benson.
Howard F. Bowker.	John A. Zinsitz.
Clifford W. Waters.	Theodore P. Witsil.
Jacob K. Ziesel.	William G. Nicol.

## TO BE CHIEF CARPENTER.

Daniel Campbell.

## POSTMASTERS.

## ILLINOIS.

Carl M. Crowder, Bethany.  
Warren S. Bunker, Equality.  
Paul W. Gibson, Louisville.  
Robert W. Gibson, Mason.  
John W. Vangilder, Sumner.  
Arthur W. Shinn, Toulon.

## OHIO.

Lowell E. Blakeley, Botkins.  
James O. Miller, Dexter City.  
Olive B. Reed, Jacksonville.  
Howard H. Collins, South Zanesville.

## SOUTH DAKOTA.

Oscar I. Bierman, Groton.  
Florence F. Cheatham, Mellette.

## HOUSE OF REPRESENTATIVES.

TUESDAY, August 16, 1921.

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we thank Thee that Thy laws and Thy providences are still watching over all that is near and dear to us. As Thy children and as servants of the Republic lead us to our duties this day. Bestow the richest blessing of Thy wisdom upon our President and upon all those who are united with him in authority; also upon the governors of all the States. May justice, truth, and righteousness shine throughout our land, and more and more lift us to the mount of moral excellence. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## NATIONAL PROHIBITION.

Mr. CAMPBELL of Kansas. Mr. Speaker, by direction of the Committee on Rules, I submit a privileged report.

The SPEAKER. The gentleman from Kansas submits a resolution reported by the Committee on Rules, which the Clerk will report.

The Clerk read as follows:

## House resolution 173.

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the amendments of the Senate to the bill (H. R. 7294) entitled "An act supplemental to the national prohibition act," under the five-minute rule. After the completion of such consideration the committee shall arise and report the amendments of the Senate to the House with such recommendation as may have been adopted, whereupon the previous question shall be considered as ordered on the Senate amendments and all motions incidental thereto recommended by the committee to final passage without intervening motion except one motion to recommit.

Mr. CAMPBELL of Kansas. Mr. Speaker, this resolution is unanimously reported from the Committee on Rules, and provides for the consideration of the Senate amendments to the act amendatory of the Volstead Act. I see no reason for discussing the rule, and therefore move the previous question upon it.

Mr. STAFFORD. Will the gentleman withhold his motion for the previous question to allow me to ask him a question?

Mr. CAMPBELL of Kansas. Yes.

Mr. STAFFORD. Yesterday the majority leader stated that the program would be the consideration of the amendment to the War Finance Corporation act and then the consideration of the amendments to the national prohibition act. There was a large membership present at that time, and I believe that a great number of Members of the House have acted accordingly, understanding that the War Finance Corporation act will be taken up first and then the consideration of the amendments to the national prohibition act will follow. Does not the gentleman think that Members may have acted upon that statement of the program and that they may be taken unawares by the altering of the order of business to-day?

Mr. WALSH. Unfortunately the gentleman from Wisconsin [Mr. STAFFORD] was not a Member of the last Congress. If he had been he would know that anything touching prohibition takes precedence of anything else before the Congress, and that everybody else must give way when the juggernaut operated by Mr. Wayne B. Wheeler is to be put in operation.

Mr. STAFFORD. I wish to say in reply to the very pointed remark of my friend, the gentleman from Massachusetts, that though I was not a Member of the last Congress, nevertheless I have been here long enough to know that everything yields to the dragon whip of the Anti-Saloon League, as has been demonstrated from time to time during this short session of Congress.

Mr. BLANTON. That is a mighty good situation.



Mr. ANDREWS. Does not the gentleman think it is about time to sober up?

Mr. BLANTON. Yes.

Mr. STAFFORD. Does the gentleman mean to say he has not been sober?

Mr. ANDREWS. I was referring to the gentleman from Wisconsin. [Laughter.]

Mr. HILL. Mr. Speaker, this is a very important question, and I make the point of order that there is no quorum present.

Mr. CAMPBELL of Kansas. This is only on the adoption of the rule. I hope the gentleman will not do that now.

Mr. HILL. I withdraw the point of order for the moment.

The SPEAKER. The gentleman withdraws the point of order.

Mr. GARRETT of Tennessee. Mr. Speaker, it was suggested yesterday by the gentleman from Texas [Mr. GARNER] that probably the minority would wish to have a conference about 4 o'clock this afternoon. Can the gentleman inform me whether the order of business is so arranged that we can have that?

Mr. CAMPBELL of Kansas. This transfer of the business of the House to-day is with a view of expediting this business so that can be done. We think this can be disposed of in a very few minutes, and that then, when the finance bill is taken up, there will be no incentive on the part of anybody to delay its consideration.

Mr. GARRETT of Tennessee. If the gentleman will yield to me long enough, I would like to make the statement that there will be a conference of the minority at 4 o'clock this afternoon.

Mr. CRISP. Where?

Mr. GARRETT of Tennessee. In this Hall.

Mr. LONDON. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. I yield to the gentleman from New York.

Mr. LONDON. I missed a part of a reading of the resolution. The effect of the adoption of the rule will be to enable the House to take up the amendments to the Volstead Act?

Mr. CAMPBELL of Kansas. To take up and consider the Senate amendments in Committee of the Whole.

Mr. LONDON. In the way in which conference reports are usually considered?

Mr. CAMPBELL of Kansas. Not in the way conference reports are considered, because this is not a conference report. We are about to consider the Senate amendments—for instance, the Stanley amendment relating to writs and entering premises without proper warrants.

Mr. LONDON. Will opportunity be given to discuss the various amendments?

Mr. CAMPBELL of Kansas. Oh, yes.

Mr. KINDRED. Will the gentleman yield for a question?

Mr. CAMPBELL of Kansas. I yield to the gentleman from New York.

Mr. KINDRED. Is it the intention to consider the amendments of the Senate in Committee of the Whole under the five-minute rule?

Mr. CAMPBELL of Kansas. Yes. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The gentleman from Kansas moves the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question being taken, on a division (demanded by Mr. STAFFORD) there were—ayes 97, noes 7.

Mr. HILL. Mr. Speaker, I make the point of order that no quorum is present.

The SPEAKER. The gentleman from Maryland makes the point of order that no quorum is present. Evidently no quorum is present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

Mr. STAFFORD. Mr. Speaker, I make the point of order that that does not get a yea-and-nay vote, because the gentleman did not object to the vote.

The SPEAKER. The Chair overrules the point of order. As many as are in favor of the adoption of the resolution will as their names are called vote yea, those opposed nay, and the Clerk will call the roll.

The question was taken; and there were—yeas 256, nays 55, not voting 119, as follows:

## YEAS—256.

Ackerman	Barbour	Black	Box
Almon	Beck	Blakeney	Brand
Anderson	Beedy	Bland, Ind.	Brooks, Pa.
Andrews	Begg	Bland, Va.	Brown, Tenn.
Appleby	Bell	Blanton	Buchanan
Arentz	Benham	Boies	Bulwinkle
Aswell	Bird	Bowers	Burroughs
Atkeson	Bixler	Bowling	Burtness

Burton	Gensman	Lyon	Rose
Butler	Gilbert	McArthur	Rosenbloom
Byrnes, S. C.	Goodykoontz	McClintic	Sanders, Ind.
Byrnes, Tenn.	Gorman	McCormick	Sanders, N. Y.
Cable	Graham, Ill.	McDuffie	Sanders, Tex.
Campbell, Kans.	Green, Iowa	McKenzie	Sandlin
Cannon	Greene, Mass.	McLaughlin, Mich.	Schall
Carter	Greene, Vt.	McLaughlin, Nebr.	Scott, Tenn.
Chalmers	Griest	McPherson	Shelton
Chindblom	Hedley	MacGregor	Sinnot
Christopherson	Hammer	Madden	Slomp
Clague	Hardy, Colo.	Magge	Smith, Idaho
Clark, Fla.	Harrison	Mann	Smith, Mich.
Clarke, N. Y.	Haugen	Mape	Smithwick
Clouse	Hawley	Michener	Speaks
Cole, Iowa	Hayden	Millsbaugh	Sproul
Collier	Hersey	Mondell	Stegall
Collins	Hickey	Moore, Ill.	Stedman
Colton	Himes	Moore, Ohio	Steenerson
Connally, Tex.	Hoch	Moore, Va.	Stevenson
Connell	Houghton	Moore, Ind.	Stoll
Cooper, Wis.	Huddleston	Morgan	Strong, Pa.
Copley	Hukriede	Mott	Summers, Wash.
Coughlin	Ireland	Murphy	Summers, Tex.
Crisp	Jacoway	Nelson, A. P.	Swank
Dale	Jeffers, Ala.	Nelson, J. M.	Sweet
Dallinger	Johnson, Ky.	Newton, Minn.	Swing
Darrow	Johnson, Miss.	Norton	Taylor, Tenn.
Davis, Minn.	Johnson, Wash.	Oldfield	Temple
Deal	Jones, Pa.	Oliver	Thomas
Dempsey	Jones, Tex.	Osborne	Thompson
Denison	Keller	Overstreet	Tillman
Dowell	Kelley, Mich.	Padgett	Timbrlake
Drewry	Kelly, Pa.	Park, Ga.	Timcher
Driver	Ketcham	Parks, Ark.	Towner
Dunbar	Kincheloe	Parrish	Treadway
Elliott	King	Patterson, Mo.	Tyson
Evans	Kinkaid	Patterson, N. J.	Underhill
Faust	Kirkpatrick	Perkins	Volstead
Fenn	Kline, Pa.	Pou	Walters
Fess	Knight	Pringey	Webster
Fields	Knutson	Purnell	White, Kans.
Fish	Kopp	Quin	White, Me.
Fisher	Kraus	Raker	Williams
Flood	Lanham	Ramseyer	Wilson
Fordney	Lankford	Rankin	Wingo
Foster	Larsen, Ga.	Rayburn	Winslow
Frear	Lawrence	Reavis	Wise
French	Layton	Reece	Woodruff
Frothingham	Leatherwood	Reed, N. Y.	Woods, Va.
Fuller	Lee, Ga.	Reed, W. Va.	Woodyard
Fulmer	Lineberger	Ricketts	Wright
Gahn	Little	Roach	Wurzbach
Garner	Logan	Robertson	Wyant
Garrett, Tenn.	Lowrey	Robison	Yates
Garrett, Tex.	Luhning	Rogers	Young

## NAYS—55.

Bacharach	Hawes	Merritt	Ryan
Bond	Hill	Mills	Siegel
Campbell, Pa.	Hogan	Mudd	Stafford
Carow	Hull	Newton, Mo.	Stephens
Connolly, Pa.	Husted	O'Brien	Sullivan
Cullen	Jeffers, Nebr.	Opp	Tague
Curry	Kahn	Parker, N. J.	Taylor, N. J.
Dupré	Kindred	Porter	Tilson
Dyer	Kissel	Radcliffe	Voigt
Fairchild	Kunz	Ransley	Volk
Favrot	Lazaro	Reber	Walsh
Gerner	Lea, Calif.	Riordan	Ward, N. C.
Griffin	London	Rossdale	Watson
Hardy, Tex.	Longworth	Rouse	

## NOT VOTING—119.

Ansorge	Ellis	Langley	Rodenberg
Anthony	Elston	Larson, Minn.	Rucker
Bankhead	Fairfield	Lee, N. Y.	Scabath
Barkley	Fitzgerald	Leibach	Scott, Mich.
Brennan	Focht	Linthicum	Sears
Briggs	Free	Luce	Shaw
Brinson	Freeman	McFadden	Shreve
Britten	Funk	McLaughlin, Pa.	Sinclair
Brooks, Ill.	Gallivan	McSwain	Sisson
Browne, Wis.	Glynn	Maloney	Snell
Burdick	Goldsborough	Mansfield	Snyder
Burke	Gould	Martin	Stiness
Cantrill	Graham, Pa.	Mead	Strong, Kans.
Chandler, N. Y.	Hays	Michaelson	Taylor, Ark.
Chandler, Okla.	Herrick	Millet	Taylor, Colo.
Classon	Hicks	Montague	Ten Eyck
Cockran	Hudspeth	Montoya	Tinkham
Codd	Humphreys	Morin	Upshaw
Cole, Ohio	Hutchinson	Nolan	Valle
Cooper, Ohio	James	O'Connor	Vare
Cramton	Johnson, S. Dak.	Ogden	Vestal
Crowther	Kearns	Paige	Vinson
Davis, Tenn.	Kendall	Parker, N. Y.	Ward, N. Y.
Dickinson	Kennedy	Periman	Wason
Domink	Kiess	Peters	Weaver
Doughton	Kitchin	Petersen	Wheeler
Drane	Klecza	Rainey, Ala.	Williamson
Dunn	Kline, N. Y.	Rainey, Ill.	Wood, Ind.
Echols	Kreider	Rhodes	Zihlman
Edmonds	Lampert	Riddick	

So the resolution was adopted.

The following pairs were announced:

Mr. KITCHIN (for) with Mr. LAMPERT (against).

Mr. DICKINSON (for) with Mr. MARTIN (against).

Mr. ANTHONY (for) with Mr. LINTHICUM (against).

Mr. HUTCHINSON (for) with Mr. VAILE (against).

Mr. KENDALL (for) with Mr. MORIN (against).

Mr. BROWNE of Wisconsin (for) with Mr. PERLMAN (against).  
 Mr. ZIHLMAN (for) with Mr. RAINEY of Illinois (against).  
 Mr. DUNN (for) with Mr. GALLIVAN (against).  
 Mr. SHREVE (for) with Mr. MEAD (against).  
 Mr. WHEELER (for) with Mr. TEN ETCK (against).  
 Mr. UPshaw (for) with Mr. KENNEDY (against).  
 Mr. HICKS (for) with Mr. SABATH (against).  
 Mr. DRANE (for) with Mr. LEHLBACH (against).  
 Mr. RUCKER (for) with Mr. RODENBERG (against).  
 Mr. BARKLEY (for) with Mr. GLYNN (against).  
 Mr. GOLDSBOROUGH (for) with Mr. FREEMAN (against).  
 Mr. HUMPHREYS (for) with Mr. McLAUGHLIN of Pennsylvania (against).

Mr. Sisson (for) with Mr. SNYDER (against).  
 Mr. VINSON (for) with Mr. VARE (against).  
 Mr. DOUGHTON (for) with Mr. WARD of New York (against).  
 Mr. BRIGGS (for) with Mr. ANSORGE (against).  
 Mr. CANTRILL (for) with Mr. COCKRAN (against).  
 Mr. COOPER of Ohio (for) with Mr. O'CONNOR (against).  
 Mr. BANKHEAD (for) with Mr. BRENNAN (against).

General pairs:

Mr. BROOKS of Illinois with Mr. MONTAGUE.  
 Mr. EDMUNDS with Mr. BRINSON.  
 Mr. FREE with Mr. DAVIS of Tennessee.  
 Mr. ECHOLS with Mr. WEAVER.  
 Mr. RHODES with Mr. TAYLOR of Arkansas.  
 Mr. JOHNSON of South Dakota with Mr. HUDSPETH.  
 Mr. LUCE with Mr. DOMINICK.  
 Mr. HAYES with Mr. McSWAIN.  
 Mr. KREIDER with Mr. TAYLOR of Colorado.  
 Mr. GRAHAM of Pennsylvania with Mr. MANSFIELD.  
 Mr. KEARNS with Mr. SEARS.  
 Mr. ELSTON with Mr. RAINEY of Alabama.

A quorum being present the doors were opened.

Mr. VOLSTEAD. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the purpose of considering Senate amendments to the bill H. R. 7294, an act supplemental to the national prohibition act.

The motion was agreed to; accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. LONGWORTH in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the purpose of considering Senate amendments to a bill which the Clerk will report.

The Clerk read as follows:

H. R. 7294, an act supplemental to the national prohibition act.

Mr. VOLSTEAD. Mr. Chairman, I ask unanimous consent that all the amendments that the House Judiciary Committee recommended be agreed to be considered together. There are a large number, and I think no one is opposed to any of those amendments; it will save a good deal of time to dispose of them in that way. My motion does not include the amendments recommended to be agreed to with an amendment, but simply where we recommend an agreement to the amendments as the Senate wrote them into the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. STAFFORD. Reserving the right to object, does not the gentleman consider Senate amendment No. 14 rather an important amendment that the committee should consider? I think, Mr. Chairman, it is better to take them up in their order and dispose of them.

Mr. DYER. Can not we agree to them all except amendments 14 and 15?

Mr. STAFFORD. I think the unimportant amendments can be disposed of rapidly and the important ones taken up.

Mr. MANN. But after all this would expedite it, and we want to get through fairly early if we can.

The CHAIRMAN. The Clerk will report the first Senate amendment.

Mr. DYER. Mr. Chairman, there was a unanimous-consent request made.

The CHAIRMAN. But objection was made.

The Clerk read the first amendment, as follows:

Page 1, line 3, strike out the word "applicant" and insert the word "application."

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will read the next Senate amendment.

The Clerk read as follows:

Page 2, line 3, after the word "any," insert the words "such vinous or spirituous."

The CHAIRMAN. The question is on the Senate amendment. The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 2, line 4, after the word "contains," insert the words "separately or in the aggregate."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 2, line 14, after the word "not," strike out the words "limit the quantity of liquor unfit for beverage purposes that may be prescribed, sold, or furnished on a prescription" and insert in lieu thereof the words "be construed to limit the sale of any article the manufacture of which is authorized under section 4, Title II, of the national prohibition act."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 2, line 19, after the word "find," insert the words "after hearing, upon notice as required in section 5, Title II, of the national prohibition act."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 2, line 22, after the word "of," strike out the word "the" and insert the word "said."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 2, line 23, after the word "being," strike out the words "purchased for use" and insert in lieu thereof the word "used."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 2, line 25, after the word "article," strike out the word "or" and insert in lieu thereof the words "and in the event that such change is not made within a time to be named by the commissioner he may."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 3, line 7, after the word "of," strike out the word "the" and insert the word "said."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 3, line 8, after the word "act" strike out the words:

"Provided, That no change of formula shall be required and no permit to manufacture any article under subdivision (E), section 4, Title II of the national prohibition act shall be revoked unless the sale or use of such article is substantially increased in the community by reason of its use as a beverage or for intoxicating purposes."

The committee proposes to insert in lieu of the words stricken out by the Senate the following:

"Provided, That no change of formula shall be required and no permit to manufacture any article under subdivision (E), section 4, Title II of the national prohibition act shall be revoked unless it shall be made to appear to the commissioner that the sale or use of such article is substantially increased in the community by reason of its use as a beverage or for intoxicating beverage purposes."

The CHAIRMAN. The question is on concurring in the Senate amendment with an amendment.

Mr. WALSH. Mr. Chairman, I desire to ask the gentleman from Minnesota what the effect of the language which the Committee on the Judiciary recommends shall be inserted is upon the administration of this particular section?



Mr. VOLSTEAD. Mr. Chairman, I do not think it has much of any effect. It simply points out that the proof shall be made to the commissioner, which would be necessary anyway under the language of the section as it stood in the original Senate amendment.

Mr. WALSH. Then, if it does not mean anything, what is the use of going through the motions here?

Mr. VOLSTEAD. It harmonizes the language in this part of the bill with the language above, and points out clearly before whom certain proof must be made. I thought it had a different effect at first, but on examining it more closely I concluded that it did not. I move to concur in the Senate amendment with an amendment.

Mr. WALSH. Mr. Chairman, I have not yielded the floor. If I understand the gentleman correctly, he states that the words "unless it shall be made to appear to the commissioner that" do not change the meaning or the operation of the particular proviso that was inserted by the Senate. Does it not shift the burden of proof?

Mr. VOLSTEAD. I do not think so.

Mr. WALSH. Was not that the purpose of the committee?

Mr. VOLSTEAD. That was the purpose, but I do not believe after careful reading that it accomplishes that purpose. It simply harmonizes the language so that it is the same now in the amendment as in the original section, of which it is made a part, and it indicates clearly to whom this proof is to be made.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. WALSH. I yield to the gentleman from Missouri.

Mr. DYER. I want to ask the chairman, as well as the gentleman from Massachusetts, if this does not put the responsibility in the commissioner and give him the authority to determine that question, whereas the Senate amendment does not give it to him?

Mr. MANN. To whom does it give it?

Mr. VOLSTEAD. It does not give it to anyone else. The commissioner is the only one who has the power to deal with these matters.

Mr. KINDRED. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KINDRED. As I understand it, there is now pending before the Committee of the Whole House a proposition that the committee now adopt the House Judiciary Committee amendments to the pending bill in lieu of the Senate amendment. If that be done, do I understand that that will prevent gentlemen from offering amendments, line by line, under the 5-minute rule?

The CHAIRMAN. The Chair does not know whether he comprehends the parliamentary inquiry. The Chair would not be able to rule as to whether an amendment was in order or not until it was offered to a particular paragraph when reached. The Chair suggests to the gentleman from New York that he await the reading of the particular paragraph to which he desires to offer an amendment.

Mr. KINDRED. An amendment has already been offered proposing to adopt the House amendment, and if that be adopted, will that prevent gentlemen from offering amendment line by line?

Mr. CAMPBELL of Kansas. Mr. Chairman, I suggest that no amendment will be in order to any part of the bill except the Senate amendment under consideration at the moment.

The CHAIRMAN. There is no question about that.

Mr. CAMPBELL of Kansas. The bill will not be read for amendment line by line, as suggested by the question of the gentleman from New York.

Mr. KINDRED. That is what I wanted to have clear.

Mr. BLANTON. Regular order, Mr. Chairman.

The CHAIRMAN. The question is on the committee amendment to the Senate amendment.

Mr. MANN. On agreeing to the Senate amendment with an amendment.

The CHAIRMAN. The question is on agreeing to the Senate amendment with an amendment offered by the committee.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The question now is on the Senate amendment as amended.

The question was taken, and the Senate amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 3, line 22, amendment No. 11, strike out the word "intoxicating" and insert the word "spirituous."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 3, line 24, amendment No. 12, after the word "any," strike out the words "vinous or."

The question was taken, and the Chair announced the ayes appeared to have it.

Mr. BLANTON. Mr. Chairman, I ask for a division on that. The committee divided; and there were—ayes 140, noes 17.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

#### MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 753. An act for the relief of Oscar C. Guessaz;

S. 490. An act to consolidate national forest lands;

S. 1513. An act for the relief of Lewis W. Flaunlacher;

S. 1831. An act to amend section 237 of the Judicial Code;

S. 1408. An act authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collisions;

S. 1824. An act to provide for the relief of certain officers of the Naval Reserve Force, and for other purposes;

S. 1283. An act for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis, Iron Mountain & Southern Railway Co.;

S. 1733. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the president of the Milwaukee Press Club, of Milwaukee, Wis., the bell of the wrecked cruiser *Milwaukee*;

S. 561. An act to grant citizens of Washington and Kane Counties, Utah, the right to cut timber in the State of Arizona for agricultural, mining, and other domestic purposes;

S. 1099. An act to amend section 2372 of the Revised Statutes;

S. 2108. An act prohibiting the interment of the body of any person in the cemetery known as the Cemetery of White's Tabernacle No. 39 of the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, in the District of Columbia;

S. 1718. An act authorizing the distribution of abandoned or forfeited tobacco, snuff, cigars, or cigarettes to hospitals maintained by the United States for the use of present or former members of the military or naval forces of the United States;

S. 2207. An act to amend the act entitled "An act to establish standard weights and measures for the District of Columbia; to define the duties of the superintendent of weights, measures, and markets of the District of Columbia; and for other purposes," approved March 3, 1921;

S. 757. An act to validate certain declarations of intention to become citizens of the United States;

S. J. Res. 33. Joint resolution permitting Chinese to register under certain provisions and conditions;

S. 5. An act to amend an act approved February 28, 1899, entitled "An act relative to the payment of claims for material and labor furnished for District of Columbia buildings";

S. 2306. An act to authorize the Secretary of War to release a certain right of way no longer needed for military purposes at Springfield Armory, Mass.;

S. 65. An act to grant medals to survivors and heirs of volunteers of the Port Hudson forlorn-hope storming party;

S. J. Res. 67. Joint resolution stating the true meaning and intent of the provisions relating to the erection and use of the George Washington Memorial Building in the act entitled "An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings; and for other purposes," approved March 4, 1913, as amended;

S. 157. An act for the relief of the Rosen Reichardt Brokerage Co., of St. Louis, Mo.;

S. 2272. An act to amend the act approved October 29, 1919, known as the national motor-vehicle theft act;

S. 2330. An act to extend the time for payment of grazing fees for the use of national forests during the calendar year 1921;

S. 2153. An act authorizing the owners of the steamship *Texas* to bring suit against the United States of America; and

S. 2235. An act to confer jurisdiction upon the Court of Claims to adjudicate the claims of American citizens.

The message also announced that the Senate had passed without amendment bills and joint resolution of the following title:

H. J. Res. 153. Joint resolution permitting the admission of certain aliens who sailed from foreign ports on or before June 8, 1921, and for other purposes;

H. R. 1945. An act for the relief of E. W. McComas;

H. R. 5621. An act for the disposal of certain lands in the town sites of Fort Madison and Bellevue, Iowa;

H. R. 6514. An act granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.;

H. R. 2117. An act for the relief of the city of West Point, Ga.; and

H. R. 4813. An act changing the period of doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year.

The message also announced that the Senate had passed with amendments bill of the following title, in which the concurrence of the House of Representatives was requested:

H. R. 1942. An act for the relief of the owners of the dredge Maryland.

#### SUPPLEMENTAL TO THE NATIONAL PROHIBITION ACT.

The committee resumed its session.

The Clerk read as follows:

Page 4, line 3, amendment No. 13, after the word "manufactured," insert the words "and imported."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 4, line 5, amendment No. 14, after the word "uses," insert: "Provided, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act."

Mr. VOLSTEAD. Mr. Chairman, I offer an amendment to the Senate amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. VOLSTEAD moves to disagree to Senate amendment No. 14.

Mr. MANN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MANN. In the Senate bill which has been printed there seems to be amendments Nos. 14, 15, 16 as all one amendment. I do not know whether they were certified as separate amendments from the Senate or not. I make the inquiry as to what the original Senate amendment was, whether they were separate amendments or whether they were one amendment divided up into three by the printing clerk?

The CHAIRMAN. The Chair has before him the amendments to the amendments to the Senate bill, which shows that these amendments were offered and voted upon separately. The gentleman moves to disagree to Senate amendment 14.

Mr. WALSH. Mr. Chairman, of course I know it is unusual for any reasons to be given for legislation of this sort. Will the gentleman state what the idea is? We agreed to this, as I recall, in the committee, and now the gentleman offers a motion without any explanation.

Mr. VOLSTEAD. Well, I have not had an opportunity to explain.

Mr. WALSH. But the gentleman is permitting the Chair to put the question.

Mr. VOLSTEAD. No; it has not been offered yet. The object of the motion, I will state, is to transpose sections 14 and 15, so as to have 14 follow 15. Fifteen belongs to the original proposition and should come immediately following it in its logical order, and 14 relates to a subject entirely foreign and should not be inserted in the middle of the section. That is the only object.

Mr. GRIFFIN. Will the gentleman yield for a question? Is it the gentleman's idea to put amendment No. 14 after amendment No. 16?

Mr. VOLSTEAD. After 15, so as to get 15 immediately following the House proposition.

The CHAIRMAN. The question is on the motion of the gentleman from Minnesota to disagree to Senate amendment No. 14.

Mr. DENISON. I would like to ask the gentleman if he intends to agree to it, or does he move to disagree to it?

Mr. VOLSTEAD. I simply desire to add amendment No. 14 after 15.

Mr. GRIFFIN. Mr. Chairman—

The CHAIRMAN. Does the gentleman from Minnesota yield to the gentleman from New York?

Mr. VOLSTEAD. I do.

Mr. GRIFFIN. Mr. Chairman, I want to say that if we disagree to this amendment we may find ourselves in some difficulty in putting this amendment where it belongs. I would like to ask the gentleman if his amendment can not be so drawn as to read to insert lines 5, 6, and 7, composing amendment No. 14, after line 7?

Mr. VOLSTEAD. I ask unanimous consent that it be transposed so as to have amendment No. 15 come in between lines 7 and 11.

Mr. GRIFFIN. And be renumbered?

Mr. STAFFORD. I suggest to the gentleman that he ask unanimous consent that amendments Nos. 14 and 15 be considered together so as to have it in the proper parliamentary shape when it is presented back to the Senate.

Mr. VOLSTEAD. I ask unanimous consent that amendments Nos. 14 and 15 may be considered together.

The CHAIRMAN. The gentleman from Minnesota asks unanimous consent that amendments Nos. 14 and 15 be considered together. Is there objection?

Mr. MILLS. Reserving the right to object, Mr. Chairman, may I ask the gentleman whether that would not have the effect of providing a separate vote on amendment 15?

Mr. VOLSTEAD. I presume not.

Mr. STAFFORD. You may divide it up under the rules. Being a substantive proposition, a division could be asked for.

Mr. DYER. Mr. Chairman, I ask unanimous consent that the committee disagree to amendments 14, 15, and 16 for the present and then later on they can be taken up.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. VOLSTEAD]?

Mr. MILLS. There is objection, Mr. Chairman.

Mr. BLANTON. Mr. Chairman, I ask recognition on amendment No. 14.

Mr. VOLSTEAD. Mr. Chairman, I move to disagree to amendment No. 14.

Mr. BLANTON. I ask for recognition.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. The gentleman from Minnesota [Mr. VOLSTEAD] does not want to agree to place Senate amendment No. 14 back into the bill after we disagree to it.

Mr. WALSH. Mr. Chairman, I make the point of order. It is too late on amendment 14. The time on amendment 14 has been exhausted.

Mr. BLANTON. The gentleman has just moved to disagree to Senate amendment No. 14. The gentleman has just made his motion, and I ask for recognition.

Mr. WALSH. The Chair put the request to a vote.

Mr. BLANTON. There was no debate on it. The gentleman from Minnesota has just submitted his motion to the Chair.

The CHAIRMAN. The gentleman from Massachusetts [Mr. WALSH] occupied five minutes on this motion, and the gentleman from Minnesota [Mr. VOLSTEAD] five minutes.

Mr. BLANTON. Before the motion was put.

The CHAIRMAN. The gentleman can make some other motion.

Mr. BLANTON. I move to strike out the last word. The gentleman from Minnesota certainly does not want to agree to place Senate amendment No. 14 back in the bill, because if he did it, even between the time this bill is adopted by the House and goes back to the Senate for confirmation of our amendments, they could start additional shipments of any amount of intoxicating liquors to this country, and they would be permitted to land them here. Numerous shipments are now being hurriedly loaded to circumvent this bill. That would be the effect of this amendment No. 14. It does not stop any importations of liquor en route at the time the law becomes effective. Does the gentleman from Minnesota want to agree to that kind of amendment?

Mr. VOLSTEAD. So far as that is concerned, they have got to be entered under permits of the commissioner, and they would not permit anything that was not legal.

Mr. BLANTON. The gentleman wants to agree to Senate amendment No. 14 in black and white, that it shall not prevent the importation of liquor that is en route at the time this law goes into effect? I can not follow him on that wet platform. They would fill every boat that leaves Cuba now with liquor, and nothing in this law would keep them from landing here.

Mr. VOLSTEAD. I do not anticipate any trouble of that kind.

Mr. BLANTON. It is a dangerous proposition, and I am one man who sincerely believes in prohibition who is not going to vote for it.

Mr. WALSH. Will the gentleman yield?



Mr. BLANTON. I yield.

Mr. WALSH. The gentleman knows that this proviso only refers to the first part of this section, which says that:

No intoxicating liquor shall be imported into the United States, nor shall any permit be granted authorizing the manufacture of any spirituous liquor, save alcohol, until the amount of such liquor now in distilleries or other bonded warehouses shall have been reduced to a quantity that in the opinion of the commissioner will, with liquor that may hereafter be manufactured, be sufficient to supply the current need thereafter for all nonbeverage uses.

Mr. BLANTON. And then it goes on and provides that it shall not apply to liquor that is en route at this time.

Mr. WALSH. It says:

*Provided*, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act.

Mr. BLANTON. I think that is a dangerous provision, and I do not think the gentleman from Minnesota [Mr. VOLSTEAD] ought to agree to it. It is just what every foreign brewer wants. I shall not agree to it.

The CHAIRMAN. The question is on the motion of the gentleman from Minnesota to disagree to Senate amendment No. 14. The question was taken, and the Chair announced that the noes seemed to have it.

Mr. VOLSTEAD. Division, Mr. Chairman.

The committee proceeded to divide.

Mr. BLANTON. Mr. Chairman, would it be proper for the gentleman's motion to be again reported?

The CHAIRMAN. The Chair has stated the motion five different times. The Chair will count.

The committee divided; and there were—ayes 146, noes 6.

So the motion of the gentleman from Minnesota [Mr. VOLSTEAD] was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 4, line 7, amendment No. 15: At the end of amendment No. 14 insert:

*"Provided further*, That no vinous liquor shall be imported into the United States unless it is made to appear to the commissioner that vinous liquor for such nonbeverage use produced in the United States is not sufficient to meet such nonbeverage needs."

Mr. VOLSTEAD moves to concur in amendment No. 15, with the following amendment: In lieu of the matter included in Senate amendment insert:

*"Provided*, That no vinous liquor shall be imported into the United States unless it is made to appear to the commissioner that vinous liquor for such nonbeverage use produced in the United States is not sufficient to meet such nonbeverage needs."

*Provided further*, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act.

Mr. STAFFORD. Mr. Chairman, I ask for a division of the question.

The CHAIRMAN. The question is—

Mr. STAFFORD. The amendment proposed states two substantive propositions.

The CHAIRMAN. The question is on the first portion offered by the gentleman from Minnesota [Mr. VOLSTEAD].

Mr. MILLS. Mr. Chairman, I move to disagree to Senate amendment No. 15.

Mr. MANN. That motion is not in order.

The CHAIRMAN. The Chair thinks that is not in order at this time.

Mr. MILLS. May I ask the gentleman from Minnesota, then, whether the bill does not provide now that wines may be prescribed for medicinal purposes? Is not that so?

Mr. VOLSTEAD. I presume so. That is what is held by the Attorney General.

Mr. MILLS. May I ask the gentleman if he absolutely forbids the importation of wines?

Mr. VOLSTEAD. We do not in this bill prevent the importation of wines.

Mr. MILLS. May I ask the gentleman if he does not specifically forbid the importation of wines in line 22 on page 3?

Mr. VOLSTEAD. May I point out that it does not so prohibit, because it only prohibited to the extent that it is not necessary for nonbeverage uses?

Mr. MILLS. Yes; but the only time the wine can be imported is when it is shown that the supply for nonbeverage purposes is exhausted.

Mr. VOLSTEAD. Oh, no. It does not have to be exhausted. Whenever there is not a sufficient supply, so there is a real demand for wine or whisky or any other spirituous or vinous liquor for nonbeverage purposes, it may be imported. Beyond that the importation is prohibited.

Mr. MILLS. When the supply of wines for medicinal purposes is exhausted, then the importation of wines would be permitted?

Mr. VOLSTEAD. There is no doubt about that.

Mr. DYER. Mr. Chairman, if the gentleman will yield further, would not this amendment bring into consideration different kinds of wines? Suppose certain wines, foreign wines, are needed, in the judgment of physicians attending the sick, for medicinal purposes, or for sacramental purposes, such as have been used for years, and those wines come in, if they are not of the same quality?

Mr. VOLSTEAD. No doubt the Commissioner of Internal Revenue and the courts would construe this language to mean that if there is needed for nonbeverage purposes of any particular kind, the commissioner should permit that kind to come in.

Mr. DYER. Mr. Chairman, I have serious doubts as to the correctness of the statement of the gentleman from Minnesota upon that proposition. Mr. Chairman, I ask for recognition in opposition.

The CHAIRMAN. The gentleman from Missouri is recognized.

Mr. DYER. Mr. Chairman, this amendment forbids the importation of wines into the United States unless the commissioner is satisfied that wines for nonbeverage use are not produced in the United States in sufficient quantity to meet nonbeverage requirements; i. e., sacramental, medicinal, and manufacturing uses.

In other words, the effect of this provision is to prevent any importation of wines into the United States so long as American domestic vintners produce wines in quantities to meet domestic requirements.

The amendment makes no distinction between wines of different characters or qualities and is, in effect, an embargo on the importation of any French, Spanish, or other foreign wine, regardless of its character, so long as any domestic wine, regardless of its character, is produced in gallonage quantity sufficient to meet the quantity requirements of American nonbeverage necessity.

American wines are of different character from French, Spanish, and other foreign wines. Even those wines such as California ports, which are supposed to be similar to port wines from Oporto in Portugal, and have been made in America in imitation of the foreign wine, are of different analysis, different therapeutic value, and different general character to their foreign prototypes.

French champagne, which is widely used in the treatment of various diseases, particularly certain of the fevers, malnutritious, alimentary disorders, and so forth, can not be duplicated in the United States except as an imitation, with the American product failing to show either the character or analysis of the French product.

Spanish sherries and the port wines, the so-called invalid ports and sherries, have always had a wide medicinal use in the United States, far greater in proportion than of any type of domestic wines, on account of their content of iron, acid, and other inherent elements creating their particular therapeutic value. No American wine has the tonic quality of these wines.

It is bad policy of legislation to exclude these articles of established and ascertained therapeutic value solely on the ground that substitutes and imitations thereof of different character can be made in volume in the United States equal to the requirements for these foreign wines which would be filled by such foreign wines if they could be imported.

The effect of this provision would be the compulsory substitution of American articles, which are admittedly imitations, incapable of meeting the therapeutic values of the genuine foreign wines. It may also be said that it is bad policy to create a domestic monopoly in the imitation substitute by embargo on the genuine foreign article, the counterpart of which can not be produced in the United States.

With respect to sacramental wines, certain foreign products have been used from time immemorial for sacramental purposes, and for many years certain of these sacramental wines have been imported into the United States in more or less constant quantity to meet the requirements of American religious organizations. These wines are known as sacramental wines, specially prepared to standard grades of purity and quality for this purpose. Regardless of the question whether a compulsory American substitute of proper quality can be manufactured, it is submitted to be the height of bad policy to place an embargo upon these sacramental wines and compel the religious organizations using them to resort under mandate of Congress to what by the very terms of the congressional action must be an American imitation of the established foreign article.

This is a topic from which statutory enactment should keep itself as far removed as possible; and while the law may be so devised as to prevent the desecration of these types of wine by beverage use, the statutes should not interfere with the



natural course of importation which will secure to the users the wines which they require for these religious purposes.

The Senate provision is submitted to be unconstitutional, in that it creates an embargo unauthorized by the eighteenth amendment, under which amendment this supplemental act is passed per the provision authorizing Congress to enforce the amendment by appropriate legislation.

The eighteenth amendment creates an absolute embargo on importation of liquors for beverage use, but the same token leaves free, so far as the eighteenth amendment is concerned, importation for nonbeverage, i. e., sacramental and medicinal use, subject only to the power of Congress to regulate such importations to prevent illicit sale for beverage use.

This provision embargoing wine importations does not prohibit wine for sacramental or medicinal use, but says only that no wine shall be imported except in case of a shortage of the domestic production.

This is an embargo, and regardless of the question whether or not it is an illegal discrimination, it transcends any power of Congress so to suppress importation in favor of domestic production.

The power of Congress to enforce national prohibition by appropriate legislation does not confer the power to prohibit importation so as to confine the source of nonbeverage wines to domestic manufacture. Congress can not, under the terms of the eighteenth amendment, make distinction between importation of wine and the domestic production of wine.

We find that the House originally in this bill forbade the importation of all intoxicating liquor, including wines and spirits, save alcohol, as well as the domestic manufacture, subject to the commissioner's action. This, of course, left the matter not an absolute embargo. On a showing as to the character of wine and the necessity of importation of certain types of foreign wines, if any were to be present in the country for nonbeverage use, the Senate Judiciary Committee limited the stoppage of importation to spirituous liquors, but they also stopped domestic production of spirituous liquors by the same rule and made the limitation uniform on domestic and imported spirits.

The amendment which is here protested was added on the floor of the Senate without debate. It violates the rule of uniformity on domestic production as well as importation, which was observed in the original House provision, and which is still retained regarding spirits; this for the reason that the Senate floor amendment making no restriction on domestic manufacture of wines goes only to the proposition of placing embargo on importations forever and a day, so long as a sufficient domestic supply is being produced in gallons, regardless of character, type, therapeutic value, or quality, to meet domestic consumption.

Senator STERLING in offering this amendment said that during the fiscal year ending June 30, 1921, 1,200,000 gallons of wine were imported, whereas the statistics show for the year ending June 30, 1920, the preceding year, that only 28,000 gallons were imported. Senator STERLING was apparently misinformed on the latter figure, as some 152,000 gallons were imported during the year ending June 30, 1920.

This, however, is altogether immaterial and shows no increase. This, for the reason that from November 21, 1918, to January 16, 1920, all importations were cut off by war-time prohibition; after January 16, 1920, importations were tolerated under the terms of the national prohibition act. The 152,000 gallons imported for the year ending June 30, 1920, were imported during the last two months of the fiscal year, permits to import having been delayed some time after the coming in of national prohibition in January, 1920.

The importation of foreign wines for the 10 years prior to 1914 averaged 7,250,000 gallons per annum, and, as has been frequently stated, a greater proportion of foreign wines have always been used for sacramental and medicinal purposes than of domestic wines. Sacramental uses probably would consume more than 1,000,000 gallons of imported wine per annum in this country, to say nothing of the large necessitous use of foreign wines for medicinal purposes according to long-established practice in this country.

It is admitted that as a matter of policy as well as constitutional law the Senate amendment should be rejected, it being always remembered that whether wines are manufactured in this country or imported, the prohibition laws and regulations fully control so far as the statutes and regulations can govern the use and consumption thereof within the permitted field.

In one sense imported wines are capable of greater control than the domestic production, and certainly can not when imported under the laws and regulations add more greatly to the burden of prohibition enforcement than would be the situation

in case of unlimited production by an American domestic monopoly.

Mr. KAHN. Mr. Chairman, when the prohibition act was passed the California wine growers, who produce 90 per cent of the native wines consumed in this country, did not take the trouble to look into the matter of imported wines for medicinal or sacramental purposes, because they believed that the law would be so enforced that they would have no competition with the foreign producers. As a matter of fact, within the period between the present time and the time when the law was enacted certain wines intended for medicinal or sacramental purposes had been pouring into this country from Argentina, from France, from Spain, and from Italy.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. WALSH. Does the gentleman know the quantity that has been imported?

Mr. KAHN. The wine growers of California have stated to me that it has been coming in in very great quantities. I do not know the exact number of barrels, or anything of that kind, but they complain seriously of this competition.

Mr. WALSH. Are they making wine in California now?

Mr. KAHN. Oh, yes; for sacramental and medicinal purposes. [Laughter.] And I will say to the House frankly that under the Volstead law a man can make his own wine for his own use in his own home; and I want to say that has saved the wine industry—the grape industry—of California.

Mr. DENISON. Mr. Chairman, will the gentleman yield?

Mr. KAHN. Yes.

Mr. DENISON. As a matter of fact, they are making a great deal more wine in California than they ever did?

Mr. KAHN. No; I deny that. I know that they are not making nearly as much.

Mr. KNUTSON. The gentleman means the illicit manufacture.

Mr. KAHN. I decline to yield further, Mr. Chairman. Now, in view of that fact, and in view of the great quantity of medicinal and sacramental wine that is being imported, I certainly believe that this amendment, if adopted, will be of benefit to the actual grape growers of this country.

Mr. FOSTER. Mr. Chairman, will the gentleman tell us whether the church membership has increased materially within the last year in California?

Mr. KAHN. Oh, we have always had a good church membership in that State, and as good church members we abide by the law of the country. [Applause.]

Mr. VOLSTEAD. Mr. Chairman, I call for a vote.

Mr. MILLS. Mr. Chairman, I move to amend the amendment by adding, on page 4, line 11, after the word "sufficient," the words "in quality and quantity." I make that motion for the reason that I am informed on the best of authority—

Mr. MANN. Mr. Chairman, let us have the amendment reported again.

The CHAIRMAN. Without objection, the Clerk will report the amendment offered by the gentleman from New York [Mr. MILLS].

The amendment was again reported.

Mr. MILLS. I make that suggestion for the reason that I am informed that certain foreign wines are almost essential to sacramental purposes by reason of long-established custom, and in the second place because it is well recognized that certain of the foreign wines, particularly of the port and sherry varieties, are of a much better quality for medicinal purposes than our homemade wines.

Mr. KAHN. Oh, Mr. Chairman, we deny that in toto. [Laughter.]

Mr. MILLS. I will say to the gentleman from California that I limited that remark to medicinal purposes. I did not say for ordinary and pleasurable purposes.

Mr. KAHN. We do not concede that foreign wines are better for medicinal purposes.

Mr. MILLS. As medicine. It seems to me that if we are going to permit the manufacture of wines as medicine, then we should permit the importation of a superior quality of wine as medicine, and I can see no reason for the distinction between the importation of medicine wine and the manufacture of medicine wine.

Mr. DYER. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. DYER. I think that would be a cure for the situation, and, as I understand it, would meet the views expressed by the chairman of the committee [Mr. VOLSTEAD] in answer to the interrogatory I made a few minutes ago. It is not intended to shut out the wines that are specially needed for medicinal and sacramental purposes.



Mr. MILLS. The commissioner would still have to determine whether these wines were actually needed or whether the American manufacturer was able to supply a sufficient quantity and quality to satisfy the needs of the sick.

Mr. LAYTON. Will the gentleman yield for a question?

Mr. MILLS. Yes.

Mr. LAYTON. I would like to ask the gentleman from New York in good faith whether or not all importations of wine or liquors of every sort should not be forbidden if we are going to uphold the constitutional amendment?

Mr. MILLS. I will answer that question by saying "yes," for the time being, until our home supply has been exhausted; but the day will come under the influence of this beneficent act when there will be no more wine in this country. Other less enlightened nations will still continue to enjoy it, but it does seem to me that when that happy day arrives we should be allowed to import small quantities for our sick.

Mr. LAYTON. What do you want it for?

Mr. MILLS. For the sick.

Mr. LAYTON. Oh, the sick!

Mr. FESS. Will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. FESS. I think there is some force in what the gentleman has said, but why use the word "quantity"? The main suggestion is the quality. Why not omit the word "quantity"?

Mr. MILLS. I do not know whether the situation will arise, but I think every gentleman who believes in prohibition hopes it will arise when no more wine will be manufactured in the United States, and then we will have to import this wine in quantities sufficient for these purposes.

Mr. DENISON. Gentlemen, we have been considering this matter in a spirit of levity, but I think there is a good deal in what the gentleman from New York [Mr. MILLS] says if you are going to look at it seriously. As this Senate amendment is now it makes the commissioner the judge of the kind of wine which can be used for medicinal purposes. If the physicians of the country want to prescribe a wine that is of a quality not made in this country, it can not be imported if the commissioner can find somebody in this country who can make some sort of a wine that in his judgment can be used without regard to the judgment of the physician.

Mr. LAYTON. It strikes me as very amusing to hear talk about wine for medicinal purposes. I practiced medicine for 30 years, and I can not recall half a dozen times in those 30 years when I fell back on wine to cure my patients. [Applause.]

Mr. DENISON. I never practiced medicine and never use wine, but the law recognizes the use of wine for medicinal purposes without regard to the gentleman's experience, and if the law recognizes the right to use wine for medicinal purposes it ought not to be left to the commissioner to decide what kind of wine is to be used. It ought to be the physician who decides that.

Mr. REAVIS. Will the gentleman yield?

Mr. DENISON. I yield to the gentleman from Nebraska.

Mr. REAVIS. What discretion would the amendment of the gentleman from New York [Mr. MILLS] take away from the commissioner?

Mr. DENISON. As the amendment now stands, if there can be enough made in quantity of any kind in this country then none of any kind can be imported.

Mr. REAVIS. The amendment does not say so.

Mr. DENISON. I think it does.

Mr. REAVIS. The gentleman from New York offered an amendment which contains the words "in quantity and quality." What discretion of the commissioner to determine the character of wine to be used by the physician does that amendment take away?

Mr. DENISON. I will explain to the gentleman. If there is not enough on hand of the right quality, then it can be imported under the amendment of the gentleman from New York.

Mr. REAVIS. Does not the commissioner have the same discretion to say to a physician, "If there is not enough on hand of the character of wine you demand, then use the other," with the amendment of the gentleman from New York as well as he could now?

Mr. DENISON. No, sir; because the Senate amendment now says if, in the judgment of the commissioner, there is enough wine of any kind in this country—that is, of the kind that can be made in this country—then none can be imported.

Mr. REAVIS. The amendment as it now stands does not say if there is sufficient wine of any kind.

Mr. DENISON. That is what it means, and if the gentleman will read it I think he will reach that conclusion. We might

as well be reasonable about this thing. Why should we transfer to the commissioner the right to determine the kind of wine that shall be used? That is what is done by this amendment. I think we ought to be reasonable about it. I think the amendment of the gentleman from New York ought to be adopted. Since the use of wine for medicinal or sacramental purposes is clearly recognized by the law, the question of what kind of wine may be prescribed by physicians or used for sacramental purposes ought to be left to the physicians and those who desire its use for sacramental purposes, and if such kinds of wine are not made in this country, their importation from abroad ought to be permitted. The commissioner ought not to be given the authority to compel, if he should desire to do so, the use of the inferior kinds of wine that may be made in this country. Under this Senate amendment he can prevent any importation of wine, if there is sufficient wine of any kind made in this country for the permitted uses.

Mr. VOLSTEAD. Mr. Chairman, I move that all debate on this amendment and all amendments thereto be now closed.

Mr. MILLS. Mr. Chairman, I ask unanimous consent to change the amendment so that it shall only read "in quality."

SEVERAL MEMBERS. Oh, no; that will change it.

Mr. MILLS. Mr. Chairman, I will withdraw that request.

The CHAIRMAN. The gentleman from Minnesota moves that all debate on the Senate amendment and amendments thereto be now closed. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. MILLS) there were 66 ayes and 84 noes.

So the amendment was rejected.

Mr. DYER. Mr. Chairman, I offer the following amendment. The Clerk read as follows:

Page 4, line 11, after the word "sufficient" insert the words "in quality."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The question was considered and the amendment was rejected.

The CHAIRMAN. The question is now on the amendment offered by the gentleman from Minnesota. A division was asked for, and if there is no objection, the Chair will put the question on the first part of the amendment offered by the gentleman from Minnesota.

Mr. WALSH. May we have that reported?

The CHAIRMAN. Without objection, the Clerk will report the amendment.

The amendment was again reported.

The CHAIRMAN. The gentleman from Wisconsin has asked for a division of the question. The question is on the first part of the amendment offered by the gentleman from Minnesota.

The question was taken, and the first part of the amendment was agreed to.

The CHAIRMAN. The question now is on the second part of the amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 140, noes 7.

So the second part of the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 4, line 12, insert: "And provided further, That the commissioner may authorize the return to the United States under such regulations and conditions as he may prescribe any distilled spirits of American production exported free of tax and reimported in original packages in which exported and consigned for redeposit in the distillery bonded warehouse from which originally removed."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 130, noes 11.

So the Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 4, line 19, after the word "act," insert the words "and the national prohibition act."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

Mr. VOLSTEAD. Mr. Chairman, I move to disagree to the Senate amendment.

Mr. DENISON. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman a question. When this bill was before the House the other day some contro-

versy arose in respect to the effect of this amendment, being the insertion of the words "and the national prohibition act." The gentleman from Minnesota at that time could not point out whether the national prohibition act covered the Philippine Islands and our other insular possessions. What has the gentleman been able to find since that time in respect to that provision of the bill?

Mr. VOLSTEAD. Mr. Chairman, the provision which I had in mind at that time was lost in the shuffle between the two Houses, but the reason why I was very confident that the law applied to these Territories was because I had been so informed and because of a provision which I shall call to the attention of the House. I have had occasion since to examine the statute to some extent. There is a statute which has been in force for a great many years to the effect that the Constitution and laws of the United States which are not locally inapplicable shall have the same force and effect within all organized Territories and every Territory hereafter organized as elsewhere within the United States. In respect to Hawaii there is no doubt but that the law applies, because the act under which that Territory is operating to-day makes the laws of the United States applicable. There is some question as to whether the Virgin Islands are sufficiently organized so as to be called an organized Territory under that act. It does not apply, as I understand, to the Philippine Islands because there is a provision in the statute now that the statutory laws of the United States hereafter enacted shall not apply to the Philippine Islands except when they specifically so provide, and this bill does not specifically so provide.

Mr. DENISON. I think it does.

Mr. VOLSTEAD. I do not think so.

Mr. DENISON. How does the gentleman construe this?

Mr. VOLSTEAD. The bill contains general language applicable to the country as a whole and contains no language specifically applicable to that particular Territory.

Mr. DENISON. But this says "and to all territory subject to its jurisdiction."

Mr. VOLSTEAD. I am moving to disagree to this amendment so that we may take the matter up in conference with a view of determining what ought to be done with it.

The CHAIRMAN. The question is on the motion of the gentleman from Minnesota to disagree to the Senate amendment No. 17.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 4, line 20, amendment No. 18, after the word "apply," insert the words "not only."

Mr. VOLSTEAD. Mr. Chairman, I move to disagree to Senate amendment No. 18.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 4, line 21, amendment No. 19, strike out the word "and" and insert in lieu thereof the word "but."

Mr. VOLSTEAD. Mr. Chairman, I move to disagree to the Senate amendment No. 19.

The motion was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 1, amendment No. 20, strike out the word "islands" and insert the word "Islands."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment No. 21, page 5, line 3, after the word "made" insert the words "by the commissioner."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 11, amendment No. 22, strike out the word "continued" and insert in lieu thereof the word "continue."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 5, line 13, amendment No. 23, strike out the word "that" and insert in lieu thereof the word "as."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The Senate amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 15, amendment No. 24, after the word "act," insert the words "or of this act."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 16, amendment No. 25, after the word "of," insert the words "any of."

The CHAIRMAN. The question is on agreeing to the Senate amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 17, amendment No. 26, after the word "act," insert "or this act."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 2, insert after the word "manufacture," the word "of."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 5, line 24, amendment No. 28, after the word "spirits," insert "upon which the internal-revenue tax has not been paid."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 6, line 2, amendment No. 29, after the figures "1920," insert "or the merchant marine act, 1920."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 6, line 4, after the word "warehouse," strike out "and the person guilty of the theft has been convicted of the offense."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 6, line 17, amendment No. 31, after the word "hereafter," insert "nothing in this section shall be construed as in any manner limiting or restricting the provisions of Title III of the national prohibition act."

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Page 2, line 20, amendment No. 32:

SEC. 6. That any officer, agent, or employee of the United States engaged in the enforcement of this act, or the national prohibition act, or any other law of the United States, who shall search or attempt to search the property or premises of any person without previously securing a search warrant as provided by law, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not to exceed \$1,000 or imprisoned not to exceed one year, or both so fined and imprisoned in the discretion of the court.

Any person not a duly authorized officer, agent, or employee of the United States, who, under color or claim to be acting as such, in the enforcement of this act, or the national prohibition act, or any other law of the United States, subjects or causes any person to be subjected to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution of the United States, shall be deemed guilty of a felony, and upon conviction thereof shall be punished by imprisonment for a period of not more than five years or by fine not exceeding \$10,000, or by both such fine and imprisonment.

Mr. VOLSTEAD moves to concur in amendment No. 32 with an amendment as follows: In lieu of the matter proposed by said amendment insert the following:

"SEC. 6. That no officer, agent, or employee of the United States, while engaged in the enforcement of this act, the national prohibition act, or any law in reference to the manufacture or taxation of, or traffic in, intoxicating liquor, shall search any private dwelling without a warrant directing such search, and no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured for sale or sold. The term "private dwelling" shall be construed to include the room or rooms occupied not transiently but solely as a residence in an apartment house, hotel, or boarding house. Any violation of any provision of this paragraph shall be punished by a fine of not to exceed \$1,000 or imprisonment not to exceed one year, or both such fine and imprisonment, in the discretion of the court."



Mr. FIELDS. Mr. Chairman, I desire to offer an amendment.

Mr. VOLSTEAD. I just want a few minutes to explain the situation in reference to this amendment.

Mr. FIELDS. Mr. Chairman, a parliamentary inquiry.

Mr. VOLSTEAD. Mr. Chairman, I would like, if possible, to agree on the length of time that may be occupied in the discussion of this amendment.

Mr. WALSH. The gentleman from Minnesota ought to make some motion before we agree on time.

Mr. MANN. Did not the Clerk report the motion?

The CHAIRMAN. The question is on the committee amendment to the Senate amendment, and the Chair recognizes the gentleman from Minnesota in support of the committee amendment.

Mr. MANN. That would be to agree to the Senate amendment with an amendment to strike out and insert.

Mr. WALSH. That is not what the Chair said. The Chair said the question is upon the committee amendment. Now, if the question is upon the committee amendment it does not involve agreeing to the Senate amendment.

Mr. FIELDS. Mr. Chairman, I desire to offer an amendment to the amendment.

The CHAIRMAN. The Chair has recognized the gentleman from Minnesota and at the end of that time will recognize the gentleman from Kentucky.

Mr. VOLSTEAD. Mr. Chairman, this is a very important amendment, and I want the committee to thoroughly understand what it means. I do not know whether you have had occasion to read the report made on these amendments. I tried in a general way in that report to present to you the effect it would have if agreed to. There is no doubt in my mind that if we adopt the Senate amendment as it has been written into the bill we might as well quit trying to enforce any prohibition law. [Applause.] The object of that amendment is clearly to take from the officers the power to enforce it. It makes it a criminal offense if an officer makes search anywhere, even if it is in an open field out in the country away from buildings. It makes it illegal to search an automobile. It makes it illegal to search a bootlegger or a man in the act of violating the law, a right which has always been recognized throughout this country and England. It must have been for the purpose of hamstringing enforcement that this amendment was written into this bill. If it is adopted it will absolutely paralyze every effort of the enforcement officers. This amendment is an illustration of what inconsiderate action can take place where an amendment is offered and accepted on the spur of the moment in a debate. This amendment is not only an attack on the prohibition law but on the enforcement of several other laws. This amendment is so broad that it not only covers the prohibition law but covers other statutes under which the Government has a right to search without a warrant. How can you stop an automobile running at the rate of 60, 70, or 80 miles an hour if you must first get a search warrant to do it? This makes the rum-running auto immune. This amendment should be called the rum runners' and bootleggers' amendment. This provision would prohibit the search of your baggage if you came across from England with all sorts of goods that you can not legally import and would be a boon to the smugglers. It will prevent the search under half a dozen different statutes where it is absolutely necessary to have search without a warrant. Just note the language; it prohibits the search of property and premises. The word "premises" means land. See Bouviers Law Dictionary or any dictionary defining the word "premises." You could not search a quarter section in my country, out on the open prairie. You could not make any sort of search without a warrant because all search must of necessity be of some property or premises.

It is of the utmost importance in this case that you should consider this carefully and not be carried away with the constant cry that is going up from the wet element. There is no doubt, from the letters and information I am receiving, that the country is gradually but steadily lining up in support of the prohibition policy. Nowhere is there a demand for the return of whisky or the saloon.

I have no sympathy with those who are so thin skinned that they must shield the lawbreaker for fear that they may possibly be stopped and searched. I suspect that the reason some of them are raising such a fuss is their fear that they may be caught violating the law. If the search is made by an officer in an honest effort to enforce law and perform his duties, it would be ridiculous to punish him criminally as is proposed by this amendment. If the officers are not to search for illegal liquor until they can get a search warrant, we had better discharge them all.

Mr. HILL. Will the gentleman yield?

Mr. VOLSTEAD. Pardon, no. We are trying to make certain, however, that no one shall search the home without a warrant, and it seems to me that that is as far as we ought to go. It can not be searched under this amendment unless it is used as a place for the manufacture for sale or for the sale of intoxicating liquor. As to other property, he should have a right to search when he finds a person in the act of violating the law; that is, make the search which the law allows.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HILL. Will the gentleman yield? I ask that the gentleman have five minutes more.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HILL. Mr. Chairman, I rise in opposition to the committee amendment to the Senate amendment.

The CHAIRMAN. The Chair will recognize the gentleman in opposition to the amendment.

Mr. HILL. Mr. Chairman and members of the committee, Article IV of the Constitution reads as follows:

The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the person or things to be seized.

If you will examine the Senate amendment, you will find that it complies much more nearly with the Constitution of the United States than does the amendment proposed by the committee, and the question before this House is whether you want to continue to follow the Constitution of the United States or to be led away always by the cry of prohibition, and disregard the Constitution.

Mr. ANDREWS. Will the gentleman read Article XVIII?

Mr. HILL. I will let the gentleman read Article XVIII. [Laughter.] But, as the gentleman desires, I will read it.

Mr. MILLS. It is pretty dry reading.

Mr. MOORE of Virginia. Also read Article XIX while you are discussing this matter.

Mr. HILL. Gentlemen, there seems to be such an obvious desire to hear Article XVIII, and as I have been convinced during my short membership here that many Members, especially on the prohibition side, have not read it, that I am glad to read it. Section 1 reads:

After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territories subject to the jurisdiction thereof for beverage purposes is hereby prohibited.

[Applause.]

I only desire further at this moment to insert a repetition of my remarks made when this supplemental Volstead bill originally came up, that this supplemental bill is not constitutional.

Mr. ANDREWS. Let the gentleman read on.

Mr. HILL. I will read:

Sec. 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

Sec. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.

Mr. ANDREWS. How many States ratified it?

Mr. HILL. I want to say to the gentleman one thing. There is not a word in this eighteenth amendment which repeals one word in the fourth amendment, which was passed under the auspices of George Washington, who was not a prohibitionist. I hope you will adopt the Senate amendment, because it more closely follows the Constitution. [Applause.]

The CHAIRMAN. The gentleman from Kentucky [Mr. FIELDS] is recognized.

Mr. VOLSTEAD. Mr. Chairman, I would like to ask unanimous consent—

The CHAIRMAN. Does the gentleman from Kentucky yield to the gentleman from Minnesota?

Mr. FIELDS. If I do not lose my right.

Mr. VOLSTEAD. I would like to ask unanimous consent for an agreement as to length of time debate ought to last on this. I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. REAVIS. As a member of the committee, Mr. Chairman, I want five minutes.

Mr. MOORE of Virginia. I suggest that the gentleman allow the discussion to run a little while before he makes his motion.

Mr. VOLSTEAD. Mr. Chairman, I ask unanimous consent that the debate close in 20 minutes.

Mr. McARTHUR. I object.

Mr. FIELDS. Mr. Chairman, I decline to yield further at this time.

The CHAIRMAN. The Clerk will report an amendment offered by the gentleman from Kentucky.

The Clerk read as follows:

Amendment by Mr. FIELDS: Page 7, line 23, after the word "manufactured," strike out the words "for sale."

Mr. FIELDS. Mr. Chairman, I am for the committee amendment in lieu of the Senate amendment, but the committee amendment should be amended by the language that I have offered. If the committee amendment is adopted as written in this bill, a search warrant can not be issued to search a home that is manufacturing liquor where the manufacturer is manufacturing it for his private use. Now, there is not a dry man on the floor of this House or anywhere else that wants to say by legislation that an individual can manufacture liquor in his own home for his own use. That is giving to the illicit manufacturer of liquor protection that was not extended to him prior to the enactment of the Volstead Act. And, gentlemen of the committee, I ask you who have voted for prohibition, and who believe in it and want to see it enforced, to think seriously about this amendment before you vote against it. I want to ask you what the country will say if Tom Brown, Tom Jones, and Sam Smith shall in your communities establish a home distillery for the manufacture of liquor, not for sale, but for home use—or, you might go so far as to say, to give away to their friends—and an officer appears and, having knowledge of the fact that that liquor is manufactured in these places, attempts to sue out a search warrant and is estopped by this language, what explanation will you gentlemen who vote for it give to your neighbors and to friends of prohibition throughout the country? The section reads, "And no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured for sale or sold." If my amendment is adopted it will read:

And no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured or sold.

Why should any man be protected in the manufacture of liquor so long as he is not manufacturing it for sale? He can drink it himself, debauch himself, give it away to his neighbors and debauch the young manhood of the community, and under the provision of this section there is no law which can reach him or, at least, an officer can not invade his home with a warrant if this section is written into law as reported by the committee.

Mr. DYER. In other words, unless the gentleman's amendment or some similar amendment is agreed to, there will be no way to stop the thousands and thousands of private saloons and manufacturing establishments for intoxicating liquor?

Mr. FIELDS. There is no doubt in my mind, and it was expected by all who voted for prohibition, that there would be illicit manufacture of liquor following the enactment of the Volstead Act. Everyone expected that. Everyone supported the Volstead Act believing that that fight would come.

Mr. ROSSDALE. Mr. Chairman, will the gentleman yield?

Mr. FIELDS. Not now. The fight was foreseen at the time of the enactment of the Volstead law, and it is on now; and, gentlemen, if you say by this section as it comes from the committee that a distillery may be established in every home in this land for the manufacture of liquor for private use, you kill the Volstead Act. You issue to men licenses to manufacture, which they did not have, as I said a moment ago, before the Volstead Act was placed on the statute books.

Mr. HILL. Mr. Chairman, will the gentleman yield for a question?

Mr. FIELDS. Yes.

Mr. HILL. Does the gentleman want the House to understand that he is charging the chairman of the Committee on the Judiciary with being against the Volstead Act?

Mr. FIELDS. No. I think it is an oversight. They say they want to protect the private home against invasion by officers of the law without first securing a search warrant, but the language to which I particularly object provides that a search warrant shall not issue unless liquor is being manufactured for sale or sold. As I said before, the individual was not permitted to manufacture liquor for his own use, nor was he immune from arrest under the law for doing so before the Volstead Act was placed upon the statute books. Gentlemen, I hope my amendment will prevail.

Mr. REAVIS. Mr. Chairman, I have no controversy with the gentleman from Kentucky [Mr. FIELDS] nor with his amendment. I believe the adoption of the amendment will further the enforcement of the prohibition act. But I have very serious controversy with the action of the Senate with reference to the search of premises and other places designated in the Senate amendment.

The gentleman from Maryland [Mr. HILL], reading the fourth article of the Constitution, sought, as I gathered from

his remarks, to demonstrate the fact that the House proposition was in violation of the Constitution.

Mr. HILL. Mr. Chairman, will the gentleman yield for just a moment?

Mr. REAVIS. Yes.

Mr. HILL. Not a violation, but not as complete a carrying out as the Senate amendment.

Mr. REAVIS. It is either constitutional or unconstitutional. It is not a question of degree. It is either within the Constitution or without the Constitution, one or the other. The only protection granted by the Constitution against the search of one's premises, papers, and so forth, is the protection against unreasonable search, the language of the Constitution being "the right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures." [Applause.]

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield?

Mr. REAVIS. With pleasure.

Mr. MOORE of Virginia. Emphasizing the gentleman's argument, the Supreme Court, in the Boyd case, One hundred and sixteenth United States, stressed the point that the Constitution condemns not all searches and seizures, but unreasonable searches and seizures, showing the extent of the discretion left in the legislative body.

Mr. REAVIS. That is correct, Mr. Chairman, and I would not vote for a bill that would permit any man, officer or otherwise, to invade the privacy of my home without a search warrant. There are two things, among many others, that civilization has done for the race, and among them has been to teach men to say, "This is my home and this is my woman. Keep your hands off both." [Applause.] I would not vote for any bill that would permit an officer to invade the sanctity and the privacy of my home. The right of castle is most sacred to the Anglo-Saxon race, and for that reason the Committee on the Judiciary has placed in this bill, as an amendment to the Senate bill, a provision that no law officer, under the guise of enforcing the prohibition law, shall be permitted to go into a private dwelling without a warrant authorizing him to make a search.

Mr. COCKRAN. Will the gentleman yield?

Mr. REAVIS. Yes.

Mr. COCKRAN. The gentleman surely does not hold the home to be more sacred than the person?

Mr. REAVIS. Yes. I hold the home to be more sacred than the person. I would not place my home on the low level of my luggage or my automobile, as the Senate amendment does. If you are not permitted to search an automobile or grip in the enforcement of the prohibition law you might as well wipe the law from the statutes. [Applause.] Those who live near the Northern border realize that almost daily automobiles are coming across the Canadian line loaded with liquor for the purpose of engaging in the traffic in violation of law.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. REAVIS. Yes.

Mr. STEAGALL. The gentleman from Minnesota [Mr. Volstead] did not discuss the substitute offered by him for the Senate amendment. The substitute provides: "Any violation of any provision of this paragraph shall be punished by a fine not to exceed \$1,000 or imprisonment not exceeding one year, or both such fine and imprisonment, in the discretion of the court."

There are three things set out. One thing is that he dare not search without a warrant. Another is that such warrant shall not be issued without reason to believe that the liquor is being manufactured in the home, and, third, that nothing shall be construed as a private residence except where a man permanently resides. Is it intended that the penalty shall be attached for the violation of any one of these three things?

Mr. REAVIS. The gentleman is entirely too technical in his construction. There is only one probative act, and that is the act of search.

Mr. STEAGALL. Either one of these three things is prohibited: Either the search without a warrant, or the issuance of a warrant without reason to believe that the liquor is being manufactured in the home, and the liquor must not be manufactured in the home for sale.

Mr. REAVIS. I disagree with the gentleman, because there is just one thing prohibited by the amendment offered by the Committee on the Judiciary. There is only one probative thing provided in the amendment, and that is the act of search without a warrant, and anyone violating that prohibition subjects himself to the penalty of the amendment.

Now, as I was saying with reference to the automobile, the same applies to luggage. If you deny to the officers charged with the enforcement of this law the right of search of an automobile without a warrant, you deprive him of the certain



means of ascertaining whether the driver of that automobile is violating the law or not. These crimes are not committed with any undue publicity on the part of the offender. The officers are not warned in advance, nor will the culprit stop his car to await the convenience of the officer in securing a search warrant.

Mr. BLANTON. Mr. Chairman, I am in favor of the House committee substitute for the Senate amendment No. 32, which would vitiate the entire enforcement law. But, Mr. Chairman, I want to call the attention of the chairman of the Committee on the Judiciary to what appeared in last Sunday's paper. Let me read from the Birmingham Age-Herald of Sunday, August 14:

Canadian beer pours into the United States by boatloads. Dozen booze boats an hour departed all day yesterday from Ontario ports to the United States. Beer hauled to piers by truck load after truck load. Business continues after report of capture of liquor boats by Michigan State police.

Just one headline after another along the above lines appears in the daily press, showing the intent on the part of liquor dealers to circumvent this proposed law, which has been pending so long.

Mr. DYER. Will the gentleman yield?

Mr. BLANTON. Let me also call the gentleman's attention to the language of Senate amendment No. 14, which he has switched around and put into this bill following amendments 15 and 16 after we had once voted it out of the bill. Amendment 14 reads as follows:

*Provided, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act.*

Do you see the connection between this language and the above newspaper headlines?

Mr. WALSH. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WALSH. The gentleman is not discussing the amendment of the committee. He is discussing something that the House has already done, two amendments that the House has already acted on.

Mr. BLANTON. It is so intimately connected with the prohibition of beer—

Mr. WALSH. It has no relation to it.

The CHAIRMAN. The gentleman will proceed in order.

Mr. BLANTON. I think I am proceeding in order. The gentleman from Massachusetts [Mr. WALSH] has been very technical. I do not blame him, because he is representing a certain constituency in Massachusetts who are technical on this beer question. They are very much interested in defeating this law, and he has been technical ever since this bill came back from the Senate. Here at the end of the proceedings with reference to this bill he is trying to circumvent the passage of it.

Mr. DYER. I make the point of order that the gentleman is not discussing the bill. He is discussing the gentleman from Massachusetts.

Mr. BLANTON. That is just a prelude to getting back to the bill. The purpose of this bill is to stop the dispensation of beer for beverage purposes in the United States of America. We are told that boatload after boatload is being shipped now and is to be rushed in here before this bill passes. Therefore I say I am discussing the intent of the bill itself and of this particular amendment that would seek to stop admitting large importations and dispensation of beer, when I say that the language of Senate amendment No. 14 ought to come out of this bill, and the chairman of the committee ought to see that it is voted on when we get back into the House, and that it is taken out of this bill, because if you leave it in here it is going to cause boatload after boatload to be landed lawfully in the United States after this act passes.

Mr. HILL. Will the gentleman yield for a question?

Mr. BLANTON. I yield to the distinguished rider of the milk-white charger of Baltimore. [Laughter.]

Mr. HILL. I thank the gentleman for removing from the minds of many people any doubt as to the character of the horse. Some gentlemen said he was a flea-bitten gray.

Mr. BLANTON. I heard, Mr. Chairman, that it was a flea-bitten filly. But there is one thing that has been accomplished here this morning. We have gotten the gentleman from Maryland at last to read the eighteenth amendment to the Constitution. It is the first time in his life he has ever read it, and I want him to take it back to his office and ponder over it, because it is a part of the fundamental law of this land which he is sworn to uphold. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HILL. I ask unanimous consent that the gentleman may have two minutes more.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent that the time of the gentleman from Texas be extended two minutes. Is there objection?

There was no objection.

Mr. HILL. I rose to ask the gentleman whether he was in favor of the Senate amendment or the House amendment?

Mr. BLANTON. The gentleman ought to know that I am in favor of the House amendment, as it is the dry amendment, while I deem the other decidedly wet.

Mr. COCKRAN. Mr. Chairman, I do not rise to discuss the merits of prohibition. The merits or demerits of that new departure from our ancient political system are not germane to the question now before us at all, which is the very important constitutional question that has been raised by the gentleman from Maryland [Mr. HILL], the importance of which the gentleman from Nebraska [Mr. REAVIS] recognized in one particular, but I think grievously belittled in another. The gentleman has referred with great force to the importance—the capital importance—of maintaining the immunity of the subject or citizen from search of his house. At the same time he seemed to treat as negligible the importance of guarding the security of the citizen's person. Yet, Mr. Chairman, if the gentleman has studied the historic evolution of that principle in our common-law jurisprudence (which did not belong to the civil law) he will find that immunity of the house is but one feature of the immunity which Anglo-Saxon law extends to the person. [Applause.] There are two essential elements in which the civil law differs from the common law, and they in turn may be resolved into one—the widely different regard in which each held the individual. The common-law system holds government valuable mainly, if not entirely, for the protection it affords first to the person and then to the property of the citizen. The civil law holds the citizen valuable only as he serves and helps maintain the government. Under the common-law system the citizen is always presumed innocent until his guilt is established by proof which the State itself must adduce, and the law, the State, the king may not touch even one article of his clothing, much less disturb the integrity of his person, unless there is proof sufficient to overcome the presumption of innocence with which the law clothes him.

Under the civil law accusation raises a presumption of guilt against the prisoner. The State instead of proving his guilt by independent evidence seeks always to establish it by himself, and he and his house are subject to search. He is subject even now to what has achieved an evil significance in the literature of the world—the question.

Does the gentleman realize the significance of the "question" under the civil law? Why, the "question" was the euphonious term employed to describe torture. Torture was never inflicted upon any person as a punishment for crime, but only to force him to confess, to acknowledge guilt, to testify against himself by overcoming through pain and fear of pain his own natural reluctance to give evidence that might justify his condemnation. In the terminology of the civil law the torture was called the question—the question ordinary and the question extraordinary. And now in an effort to enforce this law, which is incapable of enforcement, you propose to tear down this Constitution of ours, which is built upon that immunity, that sanctity of the person of the citizen.

All that this amendment of the Senate provides is that the constitutional provision requiring a search warrant before a citizen's house can be invaded, which the Judiciary Committee acknowledges here to be proper, shall also apply to that vastly more sacred thing than a house—a dwelling—a building—the creation of human hands—to the man himself, the creation of Almighty God. [Applause.] And in upholding that amendment of the Senate, sir, we are defending and upholding the principle that constitutes the whole difference between the two systems of government, the system of the common law and that of the civil law, and the two systems of civilization, which these different forms of government embody.

Those of us who insist upon supporting the Senate amendment are not here discussing the abstract merits of prohibition, but we are here standing for the integrity of the principle which underlies the whole of our Constitution. There is not a line of it that does not come back to the great object and purpose of securing to the citizen that immunity from invasion of his house or interference with his person—

Mr. REAVIS. Will the gentleman yield?

Mr. COCKRAN. Certainly.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. REAVIS. I ask unanimous consent that the gentleman may have five minutes more.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent that the time of the gentleman from New York may be extended five minutes. Is there objection?

There was no objection.

Mr. REAVIS. Will the gentleman point out in the Senate amendment anything with reference to a prohibition against the search of one's person without a warrant?

Mr. COCKRAN. Why, it requires that there must be a warrant issued before an officer of the Government can undertake any of the various actions that you insist he shall be allowed to perform without a warrant. Your complaint is—at least I so understood you—that under the Senate amendment there shall be no right in any person, officer or not, to interfere with a man's person and examine him without a warrant. I asked you the direct question whether you placed immunity of a man's house above immunity of his person and you answered that you did. You stated distinctly that immunity of the person was not in your judgment to be compared in importance with immunity of the home, and I say now that in taking such a position you violate and fly in the face of every precedent and every principle upon which this constitutional system is built.

Mr. REAVIS. If the gentleman will permit me, I do not remember having stated that the Senate amendment carried anything with respect to the protection of one's person.

I do not remember of having stated that the Senate amendment carried anything that applies to the person. The language of the Senate amendment is that "shall search or attempt to search property or premises of any person without previously securing a search warrant." There is nothing in that—

Mr. COCKRAN. Then why do you object to it?

Mr. REAVIS. I object to the Senate amendment because it prevents the search of property other than the dwelling or his premises.

Mr. COCKRAN. Even though it be on the person of the citizen, and there is where we differ. There is where I think the Senate amendment is valuable as a safeguard not merely for the individual citizen but for the Constitution of the country.

Mr. HILL. One question more. The Senate amendment says "search of property or premises of any person." Will the gentleman from New York tell the gentleman from Nebraska how anyone could search me without going through my clothes?

Mr. COCKRAN. I will not undertake to enlighten the gentleman from Nebraska with respect to what he might discover in the clothes or on the person of the gentleman from Maryland.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. COCKRAN. Yes; I am here for the purpose of yielding.

Mr. HUDDLESTON. In answer to the question of the gentleman from Nebraska, I find in lines 4 to 11, on page 7, this provision:

Any person not a duly authorized officer, agent, or employee of the United States, who, under color or claim to be acting as such, in the enforcement of this act, or the national prohibition act, or any other law of the United States, subjects or causes any person to be subjected to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution of the United States, shall be deemed guilty of a felony.

Now that does protect a person.

Mr. COCKRAN. I believe so, and for that reason I want the provision retained in the bill. All we ask is what the Constitution provides, that neither a man's house nor his person shall be invaded by officers of the law without a warrant; and a warrant itself would be a negligible quantity if issued on anything less than proof showing probable cause to believe a crime has been committed. That is all this Senate amendment requires before the person of a citizen can be invaded. If you discard that constitutional safeguard of individual safety and undertake to override it, you are sacrificing not only the principle embodied in this fourth amendment, but the whole body and spirit and life of this Constitution and of the civilization of which the Constitution is the fairest and most valuable fruit.

Mr. REAVIS. Will the gentleman yield once more?

Mr. COCKRAN. Certainly.

Mr. REAVIS. Will the gentleman call to my attention the provision of the Constitution that inhibits the right of reasonable search without a search warrant?

Mr. COCKRAN. I have not the Constitution available, but I have Judge Bradley's decision in the case of *Boyd v. United States* (116 U. S. Rept.), which quotes it, and it is—

That the right of people to be secure in their person, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

Now, surely the gentlemen will not question that this provision distinctly provides for the issue of a warrant, mentioning it specifically. And not only does it prohibit a search without a warrant but it prohibits the issuing of a search warrant except on evidence establishing probable cause to believe in the commission of crime.

Judge Bradley in this decision reviews the leading English case of *Entick versus Carrington*, and holds that the doctrine there laid down by Lord Camden with respect to seizures of books and papers for the purpose of using them as evidence was incorporated in the fourth amendment to our Constitution. That case grew out of the long conflict between the Crown and John Wilkes, which bore many fruits of great value, among others some letters of Junius Wilkes's paper, the *North Briton*, had been raided—as we would say nowadays—and he recovered damages against the officers. In the *Entick* case, as it is reported in *Howell's State Trials*, officers of the law had broken in and seized books and papers belonging to the plaintiff under color of a warrant issued by the Secretary of State. Action was brought for trespass against the officers making the seizure. The defendants attempted to justify under the warrant. It was conceded that such warrants had been issued for many years and executed without question. The case was argued before the full court, and Lord Camden delivered the decision, holding that such a seizure could not be justified except by a warrant issued by a court upon proper proof, and that even on a warrant issued by the Secretary of State it was utterly in violation of the English common law. Justice Bradley, by applying that doctrine, held a law of Congress providing that in actions of the Government to recover penalties the person pursued could be required to produce his books and papers unconstitutional and void. And that doctrine remains the constitutional law of this country.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. VOLSTEAD. Mr. Chairman, I move that all debate on this amendment now close.

Mr. WARD of North Carolina. Mr. Chairman, if that motion prevails, would that preclude an amendment?

The CHAIRMAN. It precludes no amendment, only debate. The question is on the motion of the gentleman from Minnesota that all debate on this amendment now close.

The question was taken; and on a division (demanded by Mr. GRIFFIN) there were—ayes 130, noes 22.

So the motion was agreed to.

Mr. LONDON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LONDON. I desire to offer a motion to concur in the Senate amendment. Is it in order to make that motion now?

The CHAIRMAN. Not at present, because the question now is on a perfecting amendment.

Mr. LONDON. And the last vote deals only with the motion now before the House?

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Kentucky [Mr. FIELDS].

Mr. KINCHELOE. Mr. Chairman, may we have that amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the Fields amendment.

There was no objection, and the Clerk again reported the Fields amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. FIELDS) there were—ayes 54, noes 96.

Mr. FIELDS. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Kentucky demands tellers. Those in favor of ordering tellers will rise and stand until counted. (After counting.) Sixteen Members have risen; not a sufficient number, and tellers are refused.

So the amendment was rejected.

Mr. WARD of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WARD of North Carolina: Page 8, at the end of line 6, amend by adding:

"No execution or other process shall be levied on the property of any person for collection of penalties or forfeitures alleged to have been incurred by violation of this act or the national prohibition act until such person shall be duly convicted or shall plead guilty to the charge for which penalty or forfeiture shall arise."

Mr. VOLSTEAD. Mr. Chairman, I make the point of order that the amendment is out of order; that it is not germane to any part of the Senate amendment.

Mr. WARD of North Carolina. Will not the gentleman withhold that for a moment?



The CHAIRMAN. Does the gentleman from Minnesota reserve or make the point of order?

Mr. VOLSTEAD. I make the point of order.

Mr. WARD of North Carolina. Mr. Chairman, I desire to be heard upon the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. WARD of North Carolina. Mr. Chairman, I do not throw the challenge of debate at the feet of any gentleman on this floor upon the question of parliamentary law. In this Hall many years ago Mr. Blaine said that a man who knew parliamentary law did not know any other law. I will not say that Mr. Blaine was right, but the majority of those here are probably estopped by the source from which that proposition proceeds. Such law as I think I do know leads me to the conclusion that this is a germane and a proper amendment. I insist, members of this committee, that you are going a little bit further than you really know you are going. Your prohibition law is doing some things out yonder among the people that you did not intend it to do and that you do not know it is doing, or at least I prefer to assume that you do not know the extent to which it is working great annoyance to the courts and the people from the causes indicated by the proposed amendment.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman is not discussing the point of order.

Mr. WARD of North Carolina. I am showing why it is germane.

The CHAIRMAN. The gentleman will proceed.

Mr. WARD of North Carolina. You are endeavoring by the national prohibition act and by this act to enforce the Constitution. Anything in the national prohibition act or in this act, which is amendatory thereto, which is germane to that constitutional requirement and in furtherance of its purpose and spirit ought to be held germane and proper. Any amendment offered to this act which is in furtherance of the purpose of so enforcing the eighteenth amendment as to harmonize it with the commonly recognized rights of the citizen, the broad and wholesome provisions of the Bill of Rights, and the usual procedure of the courts is germane to the whole text of the bill and proper. You are now by this act attempting to say what an officer of the law—called your enforcement officer—shall and what he shall not do, and in order that his official acts shall not so infringe upon the common rights of citizenship as to invoke the resentment of the best thought of the country, upon whose assistance and approval you are at last dependent for the enforcement of the law, and in order that the acts of that officer shall not so embarrass the courts as to obstruct the enforcement of this law on legal principles I offer this amendment. In the Federal courts of North Carolina there are pending to-day two injunctions, one in each district, restraining the internal-revenue collector from going by his officer upon the property of a man and levying upon same and summarily making sale in pursuance of the levy, because that officer received notice that the sheriff had found somewhere on or about him evidence of a violation of the prohibition law, which evidence had never been reduced to the crucible of judicial examination.

Officers are levying on automobiles before the defendant has had an opportunity of even being carried before the commissioner for an investigation and ordering it sold for enforcement of the penalty without giving that defendant any opportunity whatever to even plead in a court of competent jurisdiction, and the Federal courts are restraining that practice. The bankers are saying that it is embarrassing their business as bankers. They have mortgages on the farms or on the automobiles, and the internal-revenue collector levies execution on the whole farm, on the automobile, and everything else, and the defendant has never been in court and had a chance to plead. I submit that this amendment is germane to the spirit of this bill.

Now, Mr. Chairman, having joined in the campaign that swept prohibition over North Carolina, having given seven years of my life as a State's attorney to the enforcement of that law, and incurred the displeasure of the liquor forces to the extent that I came near being defeated for renomination; having come into this House and voted with Mr. VOLSTEAD that a doctor should not even give beer to a sick man if he wanted to, I feel that I have gone where I have the right to say thus far shall I go and no further.

It is apparent to everybody that prohibition proponents in the Halls of Congress, its advocates here, as well as those out among the people and in other fields and forums of its activities, that set in motion these acts of official tyranny of which I complain, have gone on and on, their progress advancing step by step toward the attainment of supreme authority, their appetite for power growing on what it feeds on, until to-day in their arrogance and self-righteousness they proclaim it

boldly to the world, "By the strength that is in my arm and the righteousness that is in my name, I dare do anything I please." It has come to the point and place where in the name of orderly government and the common rights of citizenship we should call a halt. [Laughter and applause.] I ask you, sir, why should not a man be tried in court or be given opportunity to be tried before his property is confiscated? [Applause.]

I oft have heard of Lydford law,  
Where in the morn they hang and draw,  
And sit in judgment after.

This Scotch verse is now Americanized so as to read—

I oft have heard of Volstead law,  
How in the morn they hang and draw,  
And sit in judgment after.

[Laughter and applause.]

Mr. VOLSTEAD. Mr. Chairman, I make the point of order that the gentleman from North Carolina is not discussing the point of order.

Mr. WARD of North Carolina. The gentleman is too late. [Laughter.] I have said all I want to say right square to the point as sharply and directly as words can be pointed. The gentleman says this is not germane. Mr. Chairman, gentlemen do not receive in debate of prohibition, even in this Hall, the recognition and respectful attention at the hands of their friends and hearers that they do in debating other questions. Twice this morning a gentleman arose in his place to a question of parliamentary inquiry—

Mr. VOLSTEAD. Mr. Chairman, I make the point of order the gentleman is not discussing the point of order.

Mr. WARD of North Carolina. And whispers of "give him a drink" went over that side of the Hall. He was entitled to respectful recognition here, and the point I make now by this amendment is borne out by the attitude of gentlemen toward one of opposing views indicated by that unfortunate incident. Gentlemen should not make the point that the amendment is not germane and thus attempt to evade a vote on its merits, which is the only purpose of the point. It is an effort like other efforts, as in the call or report of the bill, when the gentleman stood up at his place and suggested unanimous consent of the House to run over the amendments of the Senate, and send the bill to conference without the usual consideration and debate, and if it had not been for the alertness of the distinguished parliamentarian from Illinois, the House would have done it, and not known it had done it. Mr. Chairman, I insist the amendment is germane, and I hope it can be considered on its merits. [Applause.]

The CHAIRMAN. The committee is considering the Senate amendments and particularly this amendment which relates to search and seizure and limits the powers of Government officials in relation to search and seizures. It appears to the Chair that any amendment offered which is not germane to the subject covered by this amendment, even though it might be legitimate to the bill as a whole, is not in order, and the Chair sustains the point of order made.

Mr. KINDRED. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. KINDRED: Page 7, line 20, after the word dwelling, strike out "baggage or packages" and after the word "warrant," page 7, line 20, the word "stating the location of the dwelling or premises to be searched." Also insert, in lieu thereof, the following: In line 19, after the word "any," insert the word "person."

Mr. KINDRED. Mr. Chairman, I desire to submit only a few remarks.

Mr. VOLSTEAD. I make the point of order that there is no debate.

The CHAIRMAN. The time for debate was limited to debate on the amendment offered by the gentleman from Kentucky.

Mr. ROSSDALE. The gentleman from Minnesota did not ask that.

Mr. VOLSTEAD. The Chair must have restated it incorrectly.

The CHAIRMAN. The Chair so understood it and so stated. Mr. TILSON. The Chair is correct.

Mr. ROSSDALE. There was no time stated. The chairman of the committee asked for 10 minutes, and there was no time stated.

Mr. VOLSTEAD. I moved that debate on this amendment and all amendments to it close.

The CHAIRMAN. The gentleman from Minnesota did not make that as the Chair heard it.

Mr. KINDRED. Mr. Chairman and gentlemen of the committee, I desire to submit in support of the amendments which I propose here some very brief fundamental remarks. The language proposed comes clearly within the argument which has

just been made here by my distinguished and eloquent colleague, the gentleman from New York [Mr. COCKBURN]. The changes which I have proposed do come clearly within the most essential part of the Constitution, namely, within Article IV, and within the provisions of Article XVIII itself—the so-called prohibition amendment—and I believe, although not a constitutional lawyer, that my proposed amendment will not only strengthen respect for the law but will strengthen what is regarded by the Senate and by the House in long discussions the constitutional rights and immunities guaranteed to the citizen. I submit, therefore, that even prohibitionists, who should desire as much as I do to secure full constitutional rights and immunities for every citizen, will see the force and efficacy of supporting my amendment.

Mr. VOLSTEAD. Mr. Chairman, I now move to close all debate on all amendments to this Senate amendment.

The CHAIRMAN. The gentleman from Minnesota moves that all debate upon this amendment and all amendments thereto do now close.

The question was taken, and the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the Chair announced the yeas appeared to have it.

On a division (demanded by Mr. KINDRED) there were—ayes 39, yeas 90.

So the amendment was rejected.

The CHAIRMAN. The question is on the committee amendment to the Senate amendment.

The question was taken, and the Chair announced the yeas appeared to have it.

On a division (demanded by Mr. VOLSTEAD and Mr. BLANTON) there were—ayes 120, yeas 55.

So the committee amendment to the Senate amendment was agreed to.

The CHAIRMAN. The question is now on agreeing to the Senate amendment as amended.

The question was taken, and the Senate amendment as amended was agreed to.

Mr. VOLSTEAD. Mr. Chairman, I move that the committee do now rise and report the amendments to the House, with the recommendation that the House concur in the action of the committee and the House agree to the conference requested by the Senate.

Mr. MANN. Mr. Chairman, while the Chair stated the motion all right, I do not think the gentleman could move with reference to a conference in the committee.

The CHAIRMAN. Does the gentleman make the point of order?

Mr. WALSH. That was not the motion the gentleman from Minnesota made.

Mr. MANN. The gentleman left out something.

The CHAIRMAN. The Chair had some difficulty in hearing. Will the gentleman from Minnesota send his motion to the desk?

Mr. VOLSTEAD. I will.

The CHAIRMAN. The Clerk will report it.

The Clerk read as follows:

Mr. VOLSTEAD moves that the committee do now rise and report the amendment to the House, with the recommendation that the House concur in the action of the committee and that the House agree to the conference requested by the Senate.

Mr. MANN. Mr. Chairman, I make the point of order that the latter part of that motion is not in order. The House acts on the question of the conference. All the committee can do is to act on the Senate amendments.

The CHAIRMAN. As the Chair reads it, it occurs to him that the action is no more than the recommendation both as to the amendments and as to the agreement of a conference.

Mr. MANN. I know; but the committee has no authority to recommend to the House what it should do. That matter is not referred to the committee. The rule provides for the consideration of the Senate amendments. We report upon them. The House determines in reference to a conference. The committee has no authority to make a recommendation about a conference. Of course, the House would have that authority.

The CHAIRMAN. The gentleman from Illinois makes the point of order that the recommendation to agree to the conference is not authorized, in that the committee has not the power to do so. The Chair sustains the point of order.

Mr. VOLSTEAD. Mr. Chairman, I modify my request by striking that provision of the motion out.

The CHAIRMAN. The question is on the motion of the gentleman from Minnesota [Mr. VOLSTEAD].

The motion was agreed to.

Thereupon the committee rose; and the Speaker having resumed the chair, Mr. LONGWORTH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the Senate amendments to H. R. 7294, and had directed him to report the same to the House with the recommendation that the amendments be agreed to and that the House concur in the action of the committee.

The SPEAKER. The gentleman from Ohio, Chairman of the Committee of the Whole House on the state of the Union, reports that that committee has had under consideration Senate amendments to the bill H. R. 7294, and has directed him to report the same back with the recommendation that the House agree to the action taken by the committee.

Mr. MANN. Of course, what the committee did was to recommend that certain amendments of the Senate be agreed to, and certain amendments of the Senate be disagreed to, and certain amendments of the Senate be agreed to with amendments. I take it that that is the report.

The SPEAKER. The gentleman from Ohio reported that the House had agreed to certain amendments of the Senate. The Chair did not understand that there were any in disagreement.

Mr. MANN. The recommendation of the committee as reported by the Chairman was that certain amendments be agreed to and certain amendments disagreed to, and certain amendments be agreed to with amendment.

Mr. LONGWORTH. Mr. Speaker, as a matter of fact, the committee agreed to certain Senate amendments, disagreed to others, and agreed to others with amendments. The Chairman did not report seriatim these various amendments that were agreed to or disagreed to, but simply—

Mr. MANN. That is not necessary.

Mr. LONGWORTH (continuing). Obeyed the instruction of the committee in the entire proceeding.

The SPEAKER. Then the question will be, Does the House concur in the recommendation of the committee?

Mr. BLANTON. Mr. Speaker, I ask for a separate vote on the Volstead amendment, which added the language of Senate amendment No. 14 to the bill.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. How do we get a separate vote in the House on these—on anything the committee recommended?

The SPEAKER. The Chair will look at the rule. It seems to the Chair they would have the right to have a vote on any of the separate amendments. The House is considering amendments as it would a bill, and the rule provides that—

After the completion of such consideration the committee shall rise and report the amendments of the Senate to the House with such recommendation as may have been adopted.

It seems to the Chair any Member would have a right to demand a separate vote on any individual action of the committee. Is a separate vote demanded on any other amendment? If not, the question is, Does the House concur in the other recommendations of the committee?

The question was taken, and the other recommendations were agreed to.

The SPEAKER. The question is on the amendment, which the Clerk will report.

The Clerk read as follows:

Mr. VOLSTEAD moves to concur in Senate amendment No. 15, with the following amendment: In lieu of the matter proposed in said Senate amendment insert:

"Provided, That no vinous liquor shall be imported into the United States unless it is made to appear to the commissioner that vinous liquor for such nonbeverage use produced in the United States is not sufficient to meet such nonbeverage needs: *Provided further*, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act."

Mr. BLANTON. Right there—that was voted upon separately.

The SPEAKER. That does not make any difference.

Mr. BLANTON. The last part of it, the second proviso, was voted upon separately and adopted separately.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the Speaker announced that the yeas seemed to have it.

Mr. BLANTON. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 163, yeas 17.

The amendment was agreed to.

Mr. BLANTON. Mr. Speaker, I object to the vote, because there is no quorum present.

The SPEAKER. The Chair thinks there is a quorum present.

Mr. BLANTON. I raise the point that there is no quorum.



The SPEAKER. The Chair will count, although the Chair is satisfied there is a quorum present. [After counting.] A quorum is present.

The Clerk will report the next amendment.

Mr. HILL. Mr. Speaker, I withdraw the demand for a separate vote on that.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Mr. VOLSTEAD moves to concur in amendment No. 32 with an amendment as follows: In lieu of the matter proposed by said amendment insert the following:

"Sec. 6. That no officer, agent, or employee of the United States, while engaged in the enforcement of this act, the national prohibition act, or any law in reference to the manufacture or taxation of, or traffic in, intoxicating liquor, shall search any private dwelling without a warrant directing such search, and no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured for sale or sold. The term 'private dwelling' shall be construed to include the room or rooms occupied not transiently, but solely as a residence in an apartment house, hotel, or boarding house. Any violation of any provision of this paragraph shall be punished by a fine of not to exceed \$1,000 or imprisonment not to exceed one year, or both such fine and imprisonment, in the discretion of the court."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. VOLSTEAD. Mr. Speaker, I move that the House agree to the conference asked for by the Senate.

Mr. BLANTON. Mr. Speaker, I have a motion to recommit the bill, which is provided for in the rule.

Mr. GRIFFIN. Mr. Speaker, is the gentleman opposed to the bill?

Mr. BLANTON. I am, the way it is drawn.

The SPEAKER. The Chair will hear the gentleman.

Mr. BLANTON. The rule provides, if I remember correctly, that there could be one motion to recommit.

Mr. CAMPBELL of Kansas. If it is in order.

The SPEAKER. The general rules provide for a motion to recommit before the passage of the bill. Now, the whole matter has been acted upon.

Mr. BLANTON. The resolution from the Committee on Rules adopted this morning provided, if I remember correctly, that there should be one motion to recommit.

The SPEAKER. The rule adopted to-day provides:

Whereupon the previous question shall be considered as ordered on the Senate amendments and all motions incidental thereto recommended by the committee to final passage without intervening motion except one motion to recommit.

That would intimate that the motion to recommit should be an intervening motion.

Mr. BLANTON. The motion to recommit, as the Speaker will recall, comes the last thing before the final adoption of any measure.

The SPEAKER. There has been a final adoption here. That is the point.

Mr. BLANTON. We were adopting various amendments. The bill is in the same situation now that a bill is in the House when motions are regularly made to recommit a bill; that is, right after the last reading of the bill. We have just been adopting amendments seriatim, and after the adoption of the last amendment I immediately submitted the motion to recommit.

Mr. TILSON. Mr. Speaker, it seems to me the gentleman from Texas [Mr. BLANTON] is laboring under a misapprehension. We are not in the same situation at all. We have been here passing upon a series of amendments to the bill in their order. The bill as a whole has not been before the House and is not before the House now, but a series of amendments.

Now, what would a motion to recommit carry? Would it carry one amendment or all amendments? I do not see what the motion to recommit can be made to apply to here. Each amendment has been passed upon seriatim and adopted and the matter closed. It seems to me we are not in a position of passing a bill through the House.

Mr. MANN. Mr. Speaker, the bill is still in the possession of the House, and it seems to me that under the practice of the House, if not under the strict rules of the House, a motion to recommit is in order so long as the bill remains before the House and is not sent to conference. The rule itself is drawn, of course, in conformity with the usual provisions of rules, except the motion to recommit being cut out by the previous question.

Now, frequently it happens that a gentleman does not know, or the House does not know, whether it desires to vote for a motion to recommit until it has disposed of pending amendments. The last amendment has just been voted on by the House, recommended by the Committee of the Whole House on the state of the Union. To say that a motion to recommit must

have been made before the amendment was disposed of is to put the House in a very awkward position. It seems to me, in view of the practice and the precedents, it is not desirable to cut out the motion to recommit practically entirely, because it could not well be made until the committee amendments were acted upon.

Mr. WALSH. Mr. Speaker, will the gentleman yield for a question?

Mr. MANN. Certainly.

Mr. WALSH. A motion to recommit is in order. Where this bill has been brought before the House under a special rule, can it involve anything except the amendments that were before the House for consideration, and if so, can it reverse the action of the House taken upon those amendments?

Mr. MANN. Oh, I think it is the same way. You can order the bill to be engrossed and read a third time; you can make a motion to recommit generally, or make a motion to recommit with instructions as to certain amendments. The only amendments that would be in order now would be amendments, of course, to the Senate amendments. But the House might reverse its opinion as to a Senate amendment, although it had been disagreed to or agreed to.

Mr. TILSON. Mr. Speaker, will the gentleman yield?

Mr. MANN. Yes.

Mr. TILSON. But each one of these amendments to which the gentleman says this motion might apply has already been acted upon by the House. Now, can we reverse our action and vote again on those amendments?

Mr. MANN. I think we can. I think that is what the motion to recommit is for. That is the practice—under the motion to recommit to reverse the action of the House and order a bill to the third reading.

Mr. WALSH. Mr. Speaker, will the gentleman yield again?

Mr. MANN. Yes.

Mr. WALSH. If the House has agreed to an amendment and the motion is made to recommit the bill and strike out the amendment that has just been agreed to, is it subject to a point of order?

Mr. MANN. It is.

Mr. WALSH. The House is not permitted to vote on it again in that case?

Mr. MANN. I do not think it is desirable to restrict the right to make the motion to recommit, which has greatly grown since the Speaker and I came into the House. Liberality in regard to it has greatly grown since the Speaker and I entered the House. I do not think it is desirable to make a technical decision and say you can not make it now, but should have made it a few moments ago.

The SPEAKER. The difficulty in the mind of the Chair is that there is nothing here except certain amendments which have already been agreed to by the House. Now, it is generally held that a motion to recommit can not change action of the House on such amendments. Therefore how could a motion to recommit on that principle contain anything that would be in order?

Mr. MANN. When the gentleman makes his motion, the Chair can determine that question.

Mr. CAMPBELL of Kansas. I was about to suggest, Mr. Speaker, that we are speculating now without knowing what the motion to recommit may be. I have no doubt the motion to recommit will be subject to the point of order, but I think there is no question that it is in order to offer a motion to recommit.

The SPEAKER. The Chair does not see how a motion to recommit that will be in order can be made. At the same time the Chair will follow the suggestion of the gentleman and hear the motion to recommit.

The Clerk read as follows:

Mr. BLANTON moves to recommit the bill to the Committee on the Judiciary with instructions to report the same back to the House forthwith with the following language stricken from the bill:

"Provided further, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act."

Mr. FIELDS. Mr. Speaker, is it in order to offer an amendment to that?

Mr. TILSON. Mr. Speaker, I make the point of order against that motion, in view of the fact that the House has just adopted that very language.

Mr. BLANTON. I want to be heard on the point of order, to get the parliamentary situation before the Chair.

The SPEAKER. The Chair will hear the gentleman.

Mr. BLANTON. Mr. Speaker, this identical language in the bill was stricken out of the bill and the Senate amendment embracing this language was not agreed to by the Committee of the Whole House on the state of the Union.

The SPEAKER. And the House has approved that action?

Mr. BLANTON. I want to be frank with the Chair. Later on, after the Committee of the Whole struck out this language from the bill and refused to adopt the Senate amendment No. 14, the gentleman from Minnesota [Mr. VOLSTEAD] offered an amendment which switched this language back behind certain House amendments and incorporated them all together in one amendment, and the Committee of the Whole adopted that. There are several Members here who have indicated to me that they did not like this language and did not want it in the other amendment, but they did not want to defeat the other portions of the amendment, and they wanted a chance to vote on this particular language separately. That is the parliamentary situation. After the committee struck out this language it really had no authority to put it back; but it did put it back. That was a separate action entirely.

Mr. TEMPLE. Mr. Speaker, it seems to me that the gentleman ought to say that when the language was stricken out the chairman of the committee [Mr. VOLSTEAD] who made the motion that it be stricken out had already announced his intention to move that it be inserted in another place. It was really two acts to accomplish the transportation of the order of certain sentences. It was not stricken out for the purpose of getting rid of it but for the purpose of putting it in another place.

The SPEAKER. Is it now in the bill?

Mr. BLANTON. It is now in the bill in another place, with the proviso.

Mr. TEMPLE. It was stricken out in one place for the purpose of inserting it in another, and the purpose of striking it out in one place so as to insert it in another place was announced in connection with the motion to strike it out where it first occurred.

Mr. MANN. Speaker Clark held repeatedly—and his holdings have been followed by the present Speaker—that it was not in order in a motion to recommit to direct the committee to report back striking out an amendment which had been agreed to by the House; so this motion is not in order, because that is what it proposes to do.

Mr. BLANTON. This is only a certain portion of the language in an amendment. It is not to strike out the amendment agreed to. It is only to strike out certain words that appear in the amendment.

Mr. MANN. In the amendment that has just been agreed to by the House.

Mr. CAMPBELL of Kansas. And the very language to which the motion to recommit is directed was voted upon separately just a moment ago.

The SPEAKER. The Chair sustains the point of order.

Mr. VOLSTEAD. Mr. Speaker, I move that the House agree to the conference asked by the Senate.

The SPEAKER. The gentleman from Minnesota moves that the House agree to the conference asked by the Senate.

The question being taken, on a division (demanded by Mr. WALSH), there were—ayes 185, noes 43.

Accordingly the motion was agreed to, and the Speaker appointed as conferees on the part of the House Mr. VOLSTEAD, Mr. DYER, and Mr. SUMNERS of Texas.

#### REVENUE LEGISLATION.

Mr. FORDNEY, from the Committee on Ways and Means, reported the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, which was read a first and second time, referred to the Committee of the Whole House on the state of the Union, and, with the accompanying report, ordered to be printed.

Mr. GARNER. Mr. Speaker, I do not know that it is necessary to reserve points of order on this, but if it is I desire to do so. Then I ask unanimous consent that the minority have until Friday to file the views of the minority, not to interfere with the consideration of the bill by the House.

The SPEAKER. The gentleman from Texas asks unanimous consent that the minority have until Friday to print their views, not to interfere with the consideration of the bill. Is there objection?

There was no objection.

Mr. WALSH. Mr. Speaker, did the gentleman from Texas reserve points of order or did he not?

The SPEAKER. He did.

Mr. GARNER. I did.

#### HOOR OF MEETING TO-MORROW.

Mr. MONDELL. I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, may I ask the gentleman from Wyoming if it will be agreeable to have an adjournment of the House to-day at 4 o'clock to the end that the minority may hold a conference?

Mr. MONDELL. I understand the minority desire to hold a conference, and in view of that fact I feel that we should adjourn at 4 o'clock.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent to make a short statement.

The SPEAKER. Is there objection?

There was no objection.

Mr. GARRETT of Tennessee. I want to say to the minority Members of the House that there will be a minority conference held in the Hall beginning at 4 o'clock this afternoon.

#### ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bills:

H. R. 1269. An act to make a preliminary survey of the Calaveras River in California with a view to the control of its floods;

H. R. 1940. An act for the relief of the Southern Iron & Metal Co., Jacksonville, Fla.; and

H. R. 1475. An act providing for a grant of land to the State of Washington for a biological station and general research purposes.

#### SENATE BILLS, REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 561. An act to grant citizens of Washington and Kane Counties, Utah, the right to cut timber in the State of Arizona for agricultural, mining, and other domestic purposes; to the Committee on the Public Lands.

S. 757. An act to validate certain declarations of intention to become citizens of the United States; to the Committee on Immigration.

S. 2153. An act authorizing the owners of the steamship *Texas* to bring suit against the United States of America; to the Committee on Claims.

S. 1824. An act to provide for the relief of certain officers of the Naval Reserve Force, and for other purposes; to the Committee on Naval Affairs.

S. 1099. An act to amend section 2372 of the Revised Statutes; to the Committee on the Public Lands.

S. 490. An act to consolidate national forest lands; to the Committee on the Public Lands.

S. 157. An act for the relief of the Rosen Reichardt Brokerage Co., of St. Louis, Mo.; to the Committee on Claims.

S. 65. An act to grant medals to survivors and heirs of volunteers of the Port Hudson forlorn-hope storming party; to the Committee on Military Affairs.

S. 2272. An act to amend the act approved October 29, 1919, known as the national motor vehicle theft act; to the Committee on the Judiciary.

S. 1831. An act to amend section 237 of the Judicial Code; to the Committee on the Judiciary.

S. 5. An act to amend an act approved February 28, 1899, entitled "An act relative to the payment of claims for material and labor furnished for District of Columbia buildings"; to the Committee on Public Buildings and Grounds.

S. 2108. An act prohibiting the interment of the body of any person in the cemetery known as the Cemetery of Whites Tabernacle, No. 39, of the Ancient United Order of Sons and Daughters, Brethren and Sisters of Moses, in the District of Columbia; to the Committee on the District of Columbia.

S. 1733. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the president of the Milwaukee Press Club, of Milwaukee, Wis., the bell of the wrecked cruiser *Milwaukee*; to the Committee on Naval Affairs.

S. 2306. An act to authorize the Secretary of War to release a certain right of way no longer needed for military purposes at Springfield Armory, Mass.; to the Committee on Military Affairs.

S. 1718. An act authorizing the distribution of abandoned or forfeited tobacco, snuff, cigars, or cigarettes to hospitals maintained by the United States for the use of present or former



members of the military or naval forces of the United States; to the Committee on Ways and Means.

S. 1408. An act authorizing the Rolph Navigation & Coal Co. to sue the United States to recover damages resulting from collisions; to the Committee on Claims.

S. 1283. An act for the relief of the Chicago, Milwaukee & St. Paul Railway Co.; the Chicago, St. Paul, Minneapolis & Omaha Railway Co.; and the St. Louis Iron Mountain & Southern Railway Co.; to the Committee on Claims.

S. J. Res. 67. Joint resolution stating the true meaning and intent of the provisions relating to the erection and use of the George Washington Memorial Building in the act entitled "An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings; and for other purposes," approved March 4, 1913, as amended; to the Committee on Public Buildings and Grounds.

#### WAR FINANCE CORPORATION.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill S. 1915, an act to amend the War Finance Corporation act, approved April 5, 1918, as amended, to provide relief for producers of and dealers in agricultural products, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. STAFFORD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 1915, and the Clerk will read.

The Clerk read as follows:

Sec. 2. That section 1 of the War Finance Corporation act, approved April 5, 1918, as amended, is amended to read as follows:

"That the Secretary of the Treasury, the Secretary of Agriculture, and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the War Finance Corporation (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That except as otherwise provided by this amendatory act the corporation shall not exercise any of the powers conferred by this act except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States."

The Clerk read the following committee amendment:

Page 1, line 6, after the figure "1," insert "of Title I."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 9, after the word "after," strike out the words "six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States," and insert the words "July 1, 1922."

The committee amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amend section 2 as follows: Page 2, line 6, after the word "this," strike out the word "amendatory."

Mr. McFADDEN. This amendment explains itself.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 3. The War Finance Corporation Act, approved April 5, 1918, as amended, is amended by adding after section 21 thereof the following new section:

"Sec. 22. Whenever the board of directors of the corporation shall be of the opinion that conditions arising out of the war, or out of the disruption of foreign trade created by the war, have resulted in or may result in an abnormal surplus accumulation of any staple agricultural product of the United States and that the ordinary banking facilities are inadequate to enable producers of or dealers in such products to carry them until they can be exported or sold for export in an orderly manner, the corporation shall thereupon be empowered to make advances, for periods not exceeding one year from the respective dates of such advances, upon such terms, not inconsistent with this act, as it may determine:

"(a) To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products, for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner. Any such advance shall bear interest at a rate not exceeding 1½ per cent in excess of the rate of discount for 90-day commercial paper prevailing at the Federal reserve bank of the district in which the borrower is located at the time when such advance is made:

"(b) To any person without the United States purchasing such products, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured

by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time.

Mr. WINGO. Mr. Chairman, is the bill being considered by sections?

The CHAIRMAN. The Chair directs the attention of gentlemen to the fact that this bill is being considered by sections, and the section under consideration is section 3, which embraces various amendments to the War Finance Corporation act, to sections 22, 23, 24, 25, 26 to 30, inclusive.

Mr. WINGO. Mr. Chairman, I think it might expedite matters if we consider the bill under subsections, because they are substantive propositions.

Mr. McFADDEN. Mr. Chairman, I make that request, that the bill be considered in that way.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the bill be considered by subsections in considering section 3. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 2, line 15, after the figures "21," insert the words "of Title I."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 2, line 21, after the word "States," strike out the word "and" and insert "or lack of a market for the sale of same, or."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 3, line 16, strike out paragraph b.

Mr. WINGO. Mr. Chairman, I rise for the purpose of opposing the committee amendment. I regret to see that so many representatives of farmers, after having disposed of the beer bill, have left the Hall. Looking over the Hall, there is a larger percentage of those who represent the manufacturing and city districts than there are those representing the agricultural districts. Of course, it may be explained in a psychological way that they think the farmers of this country are more interested in beer and wine than in agricultural credits. I do not propose to deny their right to place that relative value on pending legislation, but I want to point out what subsection (b) does. If you want to know what the action of the committee means by striking out subsection (b), you must first understand that under the present existing law the War Finance Corporation has authority to make advances covering the export of any domestic product, and they have been making advances for that purpose. Subsection (b) was adopted in the Senate as a substitute for a proposal that was in the Norris bill which authorized the War Finance Corporation to make loans to foreign Governments. The fight was not whether or not you took care of the question of furnishing money to export the products of the United States, but the question was whether you would furnish it to foreign Governments or to the individual that was purchasing the exports. That was the controversy, and it was settled by adoption of subsection (b); and there is something in the argument that we should not extend, even through the corporation whose capital stock is furnished by the Government, loans to foreign Governments. I agree to that. I am opposed to making any further loans to foreign Governments, either out of the Treasury or through any agency that is capitalized or financed by the Federal Government.

But it is the height of folly to say that you will prevent the exportation or shipment of wheat or cotton or any other domestic product of the United States, unless that exportation is underwritten purely as an underwriting proposition by some domestic person, when the foreigner who is going to be the exporter—that is, he will export from the United States into, say, Germany—can offer you a piece of paper, an acceptance that is acceptable in international exchange; and the proceeds of that acceptance is specifically required by this subsection (b) to be expended in the United States. The United States citizens will get the benefit of it. It will be relieving the jam in the accumulation of American products, and in the name of common sense, why should we not allow the Finance Corporation to make that advance to any man who is doing the prime purpose of the bill, which is purchasing our commodities for export, and relieving the jam of American commodities?

If you do not do that, what will happen? You will compel these people who want to come here to try to do the things they are not able to do now, even though some gentlemen contend there is no trouble with foreign credits at the present time. I have little respect either for the judgment or the veracity of the man who tells you that the credit situation is easy, and that foreigners who are coming here buying our agricultural and other products are able now to arrange suitable credit that the American banking institutions will take to an extent adequate to finance the accumulated surplus of farm products. He is ignorant of the facts or is willfully trying to mislead Congress. I think the amendment of the committee ought to be voted down.

Mr. McFADDEN. Mr. Chairman, the managing director of the War Finance Corporation does not want this authority. While the gentleman says there is a demand from foreigners for loans, it is a fact that the War Finance Corporation is not making any loans to foreigners for purchases in this country at the present time. The committee acted upon the theory that it is much better for us to confine our advances to Americans here who are engaged in the sale of goods abroad, because they know better where the credits are good, and they take the risk and guarantee these obligations to the War Finance Corporation, and the Government should not engage in the export business. These loans should be made direct to our banking institutions and those concerns in this country engaged in this international trade, as now provided in this bill as reported by our committee.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. KING. Can the gentleman think of any wilder scheme than this idea of loaning money to foreign nationals, when the foreign Governments owe us now \$10,000,000,000.

Mr. McFADDEN. No; and I would state further that there is an unsettled trade balance of some three to five billions of dollars at the present time. To permit the War Finance Corporation to make additional loans to foreigners abroad, it seems to me, is entirely without reason. I therefore hope that the committee's judgment will be sustained.

Mr. BUCHANAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

On page 3, line 16, insert the following:

"(b) To any foreign Government or person without the United States purchasing the products of any essential industry of the United States, but in no case shall any of the money so advanced be expended without the United States. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation. The rate of interest charged on any such advance shall be determined by the board of directors. The corporation shall retain power to recall an advance or require additional security at any time."

Mr. BUCHANAN. Mr. Chairman, I desire to explain to the House that the only difference between this amendment and the Senate provision is the fact that the Senate amendment is confined wholly to agricultural products. This amendment broadens the scope so that it includes the products of any essential industry of the United States. It would include the manufactured article and the products of the mine and of any other essential industry, making it broad, so that it will not be subject to the charge that it is class legislation in any respect. I think it is very important to adopt this amendment, after it has been broadened as it has, for this reason. Under the bill as drawn it throws all of the export business into the hands of a few exporters. If you adopt this amendment and finance the foreign purchaser of American exportable products, then you will have competition, because those foreign agents can come here and compete for our products and the business will not be all thrown into the hands of just a few men. Therefore we will have competition in the market for our exports, and we will be able to get probably what they are really worth not only in respect to agricultural products but to the products of every other essential industry.

Mr. BRAND. Mr. Chairman, in addition to the statement made by the gentleman from Arkansas [Mr. Wingo], which was to the effect that this provision was in the Norris bill originally, I call the attention of the committee to the fact that it was also in the amendment offered to the Norris bill by Senator McNary. It was not only in the Norris bill and in the McNary amendment but it passed the Senate without a dissenting vote—by a unanimous vote. The first time any opposition was heard to it was when Mr. Meyer, the manager of the War Finance Corporation, came before our committee and testified as a witness. I do not think we should entirely submit and yield to the judgment and the opinion of one man, however well informed and capacitated he may be, in regard to the control, disposition, and sale of our agricultural products when dealing

with the people of Europe, who may want to purchase them. It is stated that Mr. Meyer is the author of this bill, and the impression left on my mind when I heard his reason and argument against retaining this provision in the bill, and the provision making the Secretary of Agriculture a member of the board, was that he did not want to be interfered with in his management of the War Finance Corporation. If this Senate provision be stricken out of the bill, then Poland, Germany, Rumania, Russia, Lithuania, and Czechoslovakia, and other foreign countries, who have heretofore been purchasers of our cotton and other agricultural products can not send to this country their agents or representatives and buy a bale of cotton or a pound of wheat or a bushel of corn without consulting the War Finance Corporation, or Mr. Meyer, who is the body and soul of this corporation and who, I admit, has done more than anyone else to make it a success. When he gets to his office and pulls off his hat the War Finance Corporation is in session.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. BRAND. Yes.

Mr. KING. Does the gentleman think it would be proper to sell these immense amounts of cotton to Poland if the Polish securities were of no value or if there was liable to be a sudden revolution or overthrow of the Polish Government? What security will you have for your cotton from Poland?

Mr. BRAND. Well, if the gentleman will read the hearings before the Committee on Agriculture and Forestry in the Senate he will find that representatives from Poland and one from Czechoslovakia and one other foreign representative said they could present satisfactory security provided they were allowed to come to this country and purchase our wheat, flour, cotton, and other agricultural products which they need, if time was granted them in which to make payments.

Mr. KING. The representative from Poland said he would give any kind of security desired, but what kind of security did he offer, if the gentleman remembers?

Mr. BRAND. The evidence taken at the hearings will show. This section itself says:

Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of the corporation.

Mr. KING. But they can not give any other security than what they have?

Mr. BRAND. Suppose Germany comes and wants to buy 2,000,000,000 bales of our low-grade cotton. Under this amendment she can not go in the market and make an offer to buy a bale of cotton without consulting the War Finance Corporation. Under this bill as amended the corporation would only deal with exporters residing here, and not with these European representatives and agents.

Mr. KING. They have no gold to pay for the cotton, have they?

Mr. BRAND. If they are permitted to go to the War Finance Corporation and say, "I will offer you satisfactory security for so much cotton," the corporation would then investigate the securities offered, and if found satisfactory the foreign representative or agent would then go into the country and buy our cotton and your wheat and cattle.

Mr. KING. And Uncle Sam would be guaranteeing these securities to Poland; that is what it would amount to.

Mr. BRAND. I do not think so. I have as much respect for my friend's opinion as that of any man on that side of the House or this either, but I differ with him upon that statement.

Mr. WINGO. Will the gentleman yield to me for a moment?

Mr. BRAND. They can not get our products unless the security offered be approved by the War Finance Corporation.

Mr. WINGO. The gentleman from Illinois asked the gentleman if it would not make the Government guarantee it. Would that make the Government guarantee it any more than the Government guaranteeing the loan that is made to the Federal reserve banks if the security fell down? This War Finance Corporation is a financial institution set up.

Mr. McFADDEN. I understood the gentleman to say this prohibited Germany buying cotton in the United States?

Mr. BRAND. On account of Germany's financial condition she can not except through the War Finance Corporation.

Mr. McFADDEN. I do not see why anyone in Germany who has credit here can not purchase. They are not prohibited under this law from buying anything they want to buy here.

Mr. BRAND. In reply to that I say no country in Europe that wants to buy our wheat, corn, flour, and cotton can buy a dollar's worth in this country for exportation to their country unless they deal through our exporters or bankers who are backing them, except by and with the advice and consent of the War Finance Corporation.

The CHAIRMAN. The time of the gentleman has expired.



Mr. STEAGALL. Mr. Chairman, it seems to me the suggestion made by the chairman of the committee, the gentleman from Pennsylvania [Mr. McFADDEN], that the Director of the War Finance Corporation does not take favorably to this provision of the bill gives double assurance that we need not fear any great loss through any business that may be done by the authority conferred in this clause of the bill. Now, I do not think that the War Finance Corporation can do any great amount of business with people outside the United States. I do not think the members of the board of directors of the War Finance Corporation intend to undertake to do much of that sort of business, and I agree with them that it is not practical to do business on a large scale through the corporation with people outside the United States. But I do insist that there may be cases, though they may be rare, I can readily conceive of many cases where the War Finance Corporation may be able to facilitate the purchase of our products abroad by extending temporary credit or by acting in conjunction with the corporations that are authorized to do international banking and with importers and others to whom the War Finance Corporation is authorized by this bill to make loans and advances—I say I can readily see how the corporation might in conjunction with them, in some cases at least, further our foreign trade upon short-term loans that would not involve the corporation in any greater risk than is involved in other things which we authorize them to undertake to do. Now, to be perfectly frank about it, I do not think there is the extent of benefit by virtue of this particular provision of the bill which some gentlemen seem to think. I recognize, as does every Member of the House, the desirability of enlarging this kind of business. There is not any question but that our chief difficulty right now in this country is the lack of foreign markets.

I understand that thoroughly, I think, and I want to see the situation relieved in every legitimate way. We are piling up our goods at home here all the time, and this bill in large part provides further means for keeping and preserving our products for orderly marketing. The one great necessity is finding markets abroad. Until that is accomplished our difficulties will continue in greater or less degree. I am frank to confess that the situation can not be relieved entirely or probably to any very great extent by the War Finance Corporation, because in the nature of things the corporation can not conduct such widespread and scattered transactions. But we can authorize them to do this kind of business. It will help in a psychological way, at least, and, if opportunity offers, they may make some such deals. We have every assurance from directors of the corporation that there will be no carelessness in handling any business that may be done under the authority conferred by this bill if this provision is retained. I have great confidence in the ability with which the corporation has been managed and in the purpose of Mr. Meyer to make the corporation of value in solving the difficulties that have confronted and still confront us. I would not for a moment sanction making further loans either by the Government or through the War Finance Corporation to foreign Governments. The time has come when we should insist that foreign Governments indebted to our Government should begin to pay, and we should not hesitate to make known that such is the desire of the American people. But we do not propose that the War Finance Corporation shall make loans to any foreign Government. It is only proposed that credit be extended in such cases as the directors of the corporation in their prudence and good judgment may think proper to persons, corporations, or associations, and every dollar of such loans must be spent in the United States.

Mr. MANN. Mr. Chairman, if I understand the proposition now before the committee it is the motion of the gentleman from Texas [Mr. BUCHANAN] to agree to the provision in the bill at the bottom of page 3 and insert in place of the term "such products" the term "essential industries." I think that is correct.

Mr. BUCHANAN. Products of essential industry.

Mr. MANN. All right. "Products of essential industry." The purpose of this bill is to aid in financing the agricultural products when there is a surplus or no sale.

It takes billions of dollars a year to finance all the essential industries of the United States. The War Finance Corporation can loan no money that it has not got. It has to sell its securities in order to get money before they can loan money. And it will have all it can do—in my judgment, a good deal more than it can do—to raise the money to finance a small portion of the agricultural products. And yet the gentleman from Texas proposes that the money that they can raise by the sale of their securities shall be diverted from financing agricultural products and put into financing steel or rubber or some other of the products of the United States. Where the agricultural industry

is demanding help in the way of financing its products, he proposes that the money which the War Finance Corporation can raise shall be used for other purposes and not for financing agricultural products. I do not believe that the War Finance Corporation will be able to finance all the industries of the United States. There is a special need at present for financing the agricultural products, although in the main people who handle different products will be compelled to finance their own industries and their own products. The Government agency will never borrow enough money to finance all the business of the United States, and the sooner the people find it out the better it will be for all concerned. I doubt myself whether it is advisable for the War Finance Corporation to loan money to the foreigner, not because I have any question in reference to the desirability of their buying the products, but because the demand would probably be so great from the foreigners that the corporation would not be able to raise the money to finance people at home. I believe it is first desirable to lend it to those of our own citizens who are endeavoring to export these products or handle them, instead of diverting the money which we raise to foreigners. [Applause.]

Mr. BLACK. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. BLACK. Mr. Chairman, the gentleman from Illinois [Mr. MANN] is not exactly accurate in his understanding that this bill only deals with agricultural products. While it is true that the particular sections which are added to the War Finance Corporation act by this bill only deal with agricultural products, the bill also provides for the continuance of section 21, which was added to the War Finance Corporation act in 1919. That particular section provides:

That advances may be made to persons, firms, corporations, or associations engaged in business in the United States of exporting therefrom domestic products.

Now, of course, that language would include manufactured goods as well as agricultural products; but I did not rise for the purpose of entering into a controversy with the gentleman from Illinois upon that proposition. I took the floor to advocate the retention of the provision of the present bill, and for this reason:

Now, let it be understood that the real purpose behind this bill is not to start a holding movement of agricultural products. The real purpose of the bill is to start a moving movement, to get the agricultural products into the channels of commerce, and one method of doing it is to facilitate the exports of these products to those European countries which may need them most. Now, of course, we all want to encourage our domestic exporters in every legitimate way we can, but I can easily see where cases can arise that we could find a large outlet for some of our surplus products by financing some foreign manufacturer or some foreign importer in his purchases of American raw material. Now, let it be understood—

Mr. KING. Will the gentleman yield?

Mr. BLACK (continuing). That the War Finance Corporation under this bill, if the committee amendment should be adopted, would have no right to grant any such concern any financial assistance.

Now I yield to the gentleman from Illinois [Mr. KING].

Mr. KING. Will the gentleman illustrate by an example the kind of a case he is speaking of, where we might safely advance money to foreigners, for instance, some shipment of cotton to England?

Mr. BLACK. Certainly. I can illustrate it very easily. Mr. Meyer, managing director of the War Finance Corporation, when he was before our committee stated, in substance, that the need for this bill arose out of the fact that we could no longer expect the European merchants and manufacturers to buy our products within a period of a few months and store them over there. He said the conditions had so changed that these foreign customers must look for some financial assistance and credits in the United States. Now, I can easily conceive, if the gentleman will permit, of some well-rated, some high-class, manufacturer of cotton goods, for instance, in Liverpool or Manchester who could furnish to the War Finance Corporation adequate security for money to be used in the purchase of cotton in the United States. The same illustration might be given as to manufacturers in France or Germany or Italy or Belgium. I do not see any reason why the War Finance Corporation should not be authorized to make loans in such cases.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. KING. Mr. Chairman, I ask unanimous consent that the gentleman have three minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. KING. Taking the illustration which the gentleman has given, which is a perfectly proper transaction, and the Government would not lose any money on it, could not that transaction be always financed by private enterprise?

Mr. BLACK. I am assuming that it could in many instances. And yet if I take the testimony of Mr. Meyer, who probably knows more about this matter than any other man in the United States, or certainly in the War Finance Corporation, I conclude that cases might well arise where such foreign manufacturer could not obtain credit facilities in his own country sufficient to handle the transaction. This is only a temporary measure. No advances can be made after July 1, 1922. And in view of present economic conditions I submit that it would be a serious error to strike out subsection (b), and that therefore we ought to refuse to adopt the committee amendment.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent for five minutes.

Mr. McFADDEN. Mr. Chairman, I wonder if we can not agree upon some time when the debate shall end.

Mr. SUMNERS of Texas. I want five minutes.

Mr. ANDERSON. I should like five minutes.

Mr. McFADDEN. I ask unanimous consent, Mr. Chairman, that the debate on this section and all amendments thereto close in 25 minutes.

The CHAIRMAN. The gentleman purposes in his request to apply it to all of section 22?

Mr. McFADDEN. Section 22 and all amendments thereto.

Mr. WINGO. Oh, no; I have two original amendments to section 22 other than this. This section (b) is the one that will precipitate most of the discussion.

Mr. McFADDEN. Very well; section (b) and all amendments thereto.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. McFADDEN] asks unanimous consent that the debate on paragraph (b) and all amendments thereto close in 25 minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from South Carolina is recognized for five minutes.

Mr. STEVENSON. Mr. Chairman, gentlemen seem to get the impression that this means sending money abroad; that it means subtracting cash capital from the sum of capital left in this country and dissipating it into the coffers of other countries.

Now, if you will look carefully at the bill you will see that the money must be expended within the United States. It must be expended for agricultural products within the United States. Therefore the question of the person to whom the credit is made is an immaterial question, provided always he furnishes the adequate security which the War Finance Corporation is charged with the duty of taking. So you do not subtract anything, and this cry of "America first" has no bearing upon this question.

Now, let us see the reason for allowing this to be done. The cotton exporter—and I use cotton as an illustration, because that is what we are accustomed to in our country—the exporter of cotton makes exports and takes paper until he gets to the point where he is not able to back the risk; and there is still an immense demand for the cotton; there is still an immense surplus to be sold. Now, what is the proposition here? It is that if the people who still want cotton and to whom the exporter in the South is unable to sell because he has reached the limit of his credit, can get the credit on adequate security from the War Finance Corporation, they can come and take it off the hands of the people who are carrying cotton already, with a great deal of money tied up in it. They can take that cotton off their hands and release that capital to buy more cotton and sell further and thereby keep the wheels moving. It does not subtract from the credit of this country, but it does enable the people who have cotton to sell to have purchasers whose credit is not strained to the last notch to export it, because it increases the number of people who are buying for export when you enable a man in a foreign country to come in and buy it, getting the money to pay for it.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. TILSON. Is it the real object of this bill to enable the producer to hold what he produces until such time as the price shall rise? Or is it the purpose to so help him as to enable him to sell it to somebody who wants to use it?

Mr. STEVENSON. The primary purpose is to create a market for his product, and in order to create a market for his product you must finance somebody who wants to buy it, and that is the purpose of subsection (c).

Mr. TILSON. Then if it is limited to America alone is it not more likely to result in an accumulation and holding of this surplus product here, rather than selling it somewhere where it is needed?

Mr. STEVENSON. It is bound to result in that, because if a man who proposes to export buys the cotton and has gotten to the limit of his resources and has not got a purchaser to buy for cash, he can not do anything, and for that reason I am very much in favor of retaining subsection (c), although it may not be used much.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. KING. Is it not just a question whether we will have foreigners owing us or Americans owing us?

Mr. STEVENSON. It is a question whether we will have more surplus money, and have that money in circulation for the benefit of the great producers and manufacturers of the United States, and enable them to buy, so that all business may move. [Applause.]

The CHAIRMAN. The Chair would like to know who are the five gentlemen who desired time?

Mr. McFADDEN. The gentleman from Texas [Mr. SUMNERS], the gentleman from Minnesota [Mr. ANDERSON], and five minutes to myself.

The CHAIRMAN. The Chair will recognize the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, I want to state briefly to the members of the committee the situation and the reason why I believe this subsection ought to be retained in the bill.

Let us see what is our situation. We have on the American farms and in concentration places in America vast surpluses of agricultural products which must remain unsold unless sale to Europe can be effected. There is no getting around that proposition. If this surplus remains unsold there can be no renewal of agricultural prosperity, no renewal of the debt paying and purchasing power of the farming sections. Europe needs our surplus grain and the livestock to keep vigorous the physical energy of the people there, whose work must rebuild the waste places of Europe and revive its industries. There is need for our cotton and other products to put into operation the industries of Europe, out of the operation of which it can alone hope to rehabilitate itself and to pay us back this \$10,000,000,000 and other debts which it owes us. That is the situation. Now, what are we going to do about it? We can keep our surplus or sell on credit. We all know that Europe has not the money with which to pay us in cash for these surplus commodities. It does not matter whether the commodities are sold on credit or paid for in cash as the result of credit extended; it must be a credit transaction. These are points on which I think we all ought to agree.

Now, that brings us down to the point as to how we are going to make these sales. We can not sell for cash. These commodities must be sold on credit. This bill does not interfere with any independent transactions. On the contrary, it proposes to enable the War Finance Corporation to finance any American exporter who will effect the sale and tender to the War Finance Corporation acceptable security.

But the necessity of making these sales is so great, in the judgment of the Senate—and I hope the House will agree—that no safe method of effecting this distribution ought to be overlooked and no doorway which can safely be opened ought to be permitted to remain closed, so the proposition contained in this subsection was incorporated.

Mr. LAYTON. Will the gentleman yield for one question?

Mr. SUMNERS of Texas. I would like to yield, but I have not the time. Now, if you are not willing to trust the War Finance Corporation to carry out the provisions of this subsection (b), then we should not trust the War Finance Corporation to carry out any provision in this bill. I challenge any gentleman here to attack the soundness of that proposition, because in both instances the extension of credit is left to the discretion of the War Finance Corporation, and it is requested by the legislative body to procure good security in each instance.

There is another angle to the matter. It is of the highest necessity from the standpoint of every interest in America that we get some money to the country districts as quickly as possible in exchange for the surplus piled up there. We must revive the debt-paying and the purchasing power of the people of the country before we can hope to have a financial revival



and a business revival in this country. The testimony that has been introduced before the Commission of Inquiry created by the two bodies of Congress shows that while rediscounts have been reduced about \$1,000,000,000 in the last year, they have doubled in the country. That means that when the country people get money it goes down through the entire channel from the country merchants, the wholesale merchants, the country banks, and the city banks, and into the cancellation of the city obligations. For every dollar that we can put into the country we start a debt-paying and a purchasing movement in this country that multiplies itself over and over and over again.

Briefly, I have outlined the situation and have indicated the objective sought to be attained. In the face of a situation like that, how can any Member of this House object?

Mr. WILSON. Mr. Chairman, from my very close study of this bill I do not regard this section authorizing the War Finance Corporation to extend credit in foreign countries of the greatest importance, and I regret that I am unable to agree with some of the members of the committee that such a section ought to be in the bill. I do not agree with the statement that the countries with which the War Finance Corporation will do business are unable to finance themselves or their business institutions in purchasing the surplus products of this country. The chief countries with which business would be done are England, Belgium, France, Italy, and Germany, and according to the best information that can be obtained they are not in the deplorable condition which would make it absolutely impossible for them to arrange purchases in this country. But my theory is that as soon as it should become known that credit could be secured in America in order to finance them, their own efforts in that direction will be lessened or abandoned.

Those countries have very liberal and almost extravagant ideas about money when it is coming from this country, and I fear that we may go back to a condition which has already existed there, that when the possibility is held out that financial assistance will come from America they will look entirely to this source. So I believe the safest proposition is to leave out this section and to apply the entire amount of money, which would be some \$2,000,000,000, available for the War Finance Corporation, to financing Americans and American concerns engaged in the export business, and those who are producing and holding products for export. So, Mr. Chairman, I shall stand by the committee amendment which leaves out this section.

Mr. PARRISH. Will the gentleman yield?

Mr. WILSON. I yield to my friend from Texas.

Mr. PARRISH. Does the gentleman not know that England is already financing the people in Italy and France and other countries who are buying English manufactured products?

Mr. WILSON. If England can finance her exports to other countries, why could she not finance her own imports from the United States?

Mr. PARRISH. But the condition is that she is not doing it.

Mr. WILSON. And she is not going to do it as long as there is any hope of the United States doing it.

Mr. PARRISH. But France and Italy, which England is financing, are going to trade with England instead of America until we make some arrangement.

Mr. WILSON. I can not agree to that statement. I think as long as you hold out the hope that financial assistance will come from the United States you will find a great deal of difficulty in making proper arrangements for exports to Europe, except at our expense. They should use their own resources, and my judgment is that whatever is done by the War Finance Corporation should be in the way of standing by American concerns and American citizens.

Recent press reports from Austin, Tex., convey the information that the War Finance Corporation has agreed to advance \$10,000,000 to the Texas Farm Bureau to finance the exportation of 600,000 bales of cotton. This money is to be advanced to Texas farmers on the delivery of the cotton to the bureau. This is the character of transaction that we should provide for in this legislation. In my judgment there will be a demand by American exporters and producers for every dollar made available for the use of the War Finance Corporation.

The corporation reported to-day that it had received repayment of \$2,834,830 in connection with advances made for the exportation of grain to Belgium. My understanding is that this transaction originally amounted to \$11,000,000, which was loaned by the War Finance Corporation to Americans who purchased wheat in the United States and sold it to Belgium concerns. The securities given by the Belgian importers were guaranteed by the Belgian Government.

On the same date the corporation also announced that it has agreed to make an advance of \$140,000 in order to assist an

American exporter in financing the exportation of cotton to Belgium. What the Belgians are doing other nations of Europe can do and will do if we let it be known that they are expected to finance their own people and institutions, and that they can not depend upon America for both the products and the money.

Mr. ANDERSON. Mr. Chairman, the fundamental purpose of this bill is to facilitate the export of American agricultural products by providing the necessary American credit. That exportation is made necessary by the fact that there is in the country to-day a very large surplus of certain classes of agricultural products which I have not the time to give in figures. It is made necessary by the fact that the purchasing power of the farmer's dollar to-day, as expressed in the price of all commodities that he has to buy, stands at 69 per cent of its value in 1913. I mention that fact not only to indicate what the farmer's position is to-day but to indicate that the price of agricultural products is very near the bottom. I venture to say it is at the bottom. Now, for the most part, these products when they go abroad are themselves the security upon which the credit is based, and the rest of their importation is reduced by the present low price.

There seems to be some impression here that there is a difference between financing the foreign importer and financing the American exporter. For the purpose of this bill there is no difference. In either case the credit is furnished in this country, in either case the goods go abroad and are security for the credit advanced.

Mr. FULMER. Will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. FULMER. Is it not a chance that if you finance the American exporter he will take advantage by holding the cotton to the disadvantage of the producer, whereas the importer could not take that advantage?

Mr. ANDERSON. I do not quite catch the gentleman's point. My own judgment is that there is no difference from the standpoint of facilitating exports between financing the European importer and the American exporter. In either case the credit is furnished in this country and the money is spent in this country, and the only thing that goes abroad is the goods.

Mr. JONES of Texas. Will the gentleman yield?

Mr. ANDERSON. Yes.

Mr. JONES of Texas. The point, if I understand it, of the gentleman from South Carolina was that if you finance the exporter here he could store the goods and thus tend to throw the production back on the new crop, whereas if you financed the man in a foreign country he would spend the money and move the crop.

Mr. ANDERSON. I think there is something in that. Unquestionably the problem for the American farmer is to export his surplus agricultural products. We have been investigating that in a Commission of Agricultural Inquiry, of which I have the honor to be chairman, for weeks. That investigation shows that the problem of the American farmer is to get enough of his products out of the country so that he can get a living price for what remains. That is the problem as far as the agricultural prices are concerned. The banks of this country are extended and the banks that ordinarily do an export business are extended. To attempt to force through these extended banks additional export credit is to attempt to do something which, in my judgment, it is impossible to do upon a scale that is necessary if agricultural products are to be exported in sufficient quantities to affect the situation. You have got to find some route around the extended banks both as respects credit in this country and credit for the purpose of export.

This particular section which the Banking and Currency Committee proposes to strike out proposes to set up that route around the extended banks of the country and to furnish credit directly to the foreign importer instead of to the American exporter through the medium of extended banks. In my judgment it is a great mistake to strike out this provision. I venture to guess, at least, that the banks which ordinarily do an export finance business will be much more ready to furnish the necessary credit if they know that if they do not do it the American Government stands ready, through the War Finance Corporation, to do it. [Applause.]

Mr. McFADDEN. Mr. Chairman and gentlemen of the committee, I do not think it is necessary for me to again remind the committee of the serious situation that confronts this country in regard to extending additional credit to the countries of the world. Our country as a Government has loaned \$10,000,000,000, and there is legislation pending here to authorize the Secretary of the Treasury to get that debt in some kind of shape where we will at least know that we are going to get the principal back, and also to be able to collect the interest

on that obligation. There is also due to these people in this country who have been engaged in the export trade some \$4,000,000,000 of unfunded debt at this time, which is carried principally on the books of the banks of export houses due to these people or borrowed from banks in this country, which loans are sometimes called foreign loans or credits.

The question naturally arises as to whether or not we are going to extend still further credit besides this debt of eighteen to twenty billion dollars to foreign countries. I think our people have made up their minds that, until there is some settlement made for the goods and loans which have already been made to Europe, we will go very slow about extending further help. The Government itself has announced that it will make no further loans, and I think their judgment was backed up by the American people. This is only another subterfuge for the purpose of granting by the Government credit indirectly to foreign countries and individuals and concerns. I say it is a great deal better if we want to relieve this situation to make loans to our own people, to our own financial institutions, and have their guaranty rather than have the uncertain securities that foreigners will furnish us.

Mr. STEAGALL. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. STEAGALL. The gentleman does not mean to say that this provision authorizes a loan to foreign Governments, does he?

Mr. McFADDEN. No. But it does provide for increasing the debts owing by foreigners to the people of this country. The Government of the United States and its people are alike creditors now.

Mr. STEAGALL. We expressly eliminated that provision which the Senate adopted and limited it to short-time loans to such business as is contemplated by the War Finance Corporation.

Mr. LAYTON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LAYTON. There are just two facts, as everyone knows in this country, and the first is that this Nation is fairly staggering under a national debt.

The other is that to-day in our history we have more money in individual hands, more money in the hands of the bankers, than we have ever had before.

Mr. McFADDEN. The gentleman is correct.

Mr. LAYTON. Why, therefore, should not this matter be taken over by the individual rather than that Uncle Sam should be still further loaded down?

Mr. McFADDEN. The gentleman is correct. It is a fact that a large part of the export business of the country is now being taken care of by people engaged in exporting through the banking channels, and just so long as those in this country engaged in this class of trade think this Government will finance this business and take the risk, just so long private capital will let them do it. This is strictly an emergency proposition, and the loans and investments of this corporation should be confined strictly to the highest grade securities. I hope the committee will sustain the judgment of the Banking and Currency Committee in this matter.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. TOWNER. I want to ask the gentleman a question, based on this suggestion: It occurs to me that in a transaction of this kind it is almost self-evident that you would have to have cooperation between the banks here and the banks either in England or France, we will say. If you take away the right that is given in this subsection (b), would you not absolutely prevent that cooperation, and is it not absolutely essential practically, no matter where initially the credit comes from, that the business would be transacted and the credit in fact extended not only here but there?

Mr. McFADDEN. I would say to the gentleman that that is strictly a banking proposition and it will be worked out by the banks in detail between themselves. The language that we have stricken out here by the committee amendment does not interfere in any manner with the closing of transactions incident to the export trade.

Mr. TOWNER. It occurs to me that it does.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to withdraw his amendment. Is there objection? There was no objection.

The CHAIRMAN. The question is on the committee amendment, striking out subsection (b).

The question was taken; and on a division (demanded by Mr. McFADDEN) there were—ayes 54, noes 80.

Mr. McFADDEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the chair appointed Mr. McFADDEN and Mr. Wingo to act as tellers.

The committee again divided, and the tellers reported—ayes 44, noes 82.

So the committee amendment was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 1, in the parentheses strike out the letter "c" and insert the letter "b."

The CHAIRMAN. In view of the action just taken by the committee this amendment will not be agreed to, if there be no objection.

There was no objection, and the amendment was rejected.

Mr. WINGO. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 2, line 24, after the word "be" strike out the words "exported or sold" and insert after the word "export" at the end of the line the words "or domestic trade."

Mr. WINGO. Mr. Chairman, if my amendment be adopted, it will mean that whenever the board of directors of the corporation shall be, to paraphrase, of the opinion that the ordinary banking facilities are inadequate to enable producers of or dealers in surplus agricultural products to carry them until they can be sold for export or domestic trade in an orderly manner, then the corporation shall be empowered to make advances on terms set out in subsections (a), (b), and (c). There was some dispute as to whether or not this should come in section 24 or section 22. It is the unanimous opinion of those who are insisting upon this legislation, the different farm organizations and the cattle breeders' and growers' associations, that unless we have this language here you absolutely give them no new benefit under the present existing law, except a possible rediscounting with the War Finance Corporation of paper that may already be held by their banks, but that would exclude the cooperative associations and other agricultural associations, because technically they could not come under section 24 unless they had made prior advances, which they do not always have.

Now, what is the proposition that is involved in my amendment? It is this. Simply that whenever they think that the present banking facilities are not sufficient to enable the producer of wheat or cotton or cattle growers to carry their product until it can be marketed in an orderly manner, either in the domestic trade or in export, then they are authorized to make advances in the manner that is specified in the bill.

Mr. BLACK. Will the gentleman yield for a question?

Mr. WINGO. I will yield.

Mr. BLACK. I have this fear about the gentleman's amendment, and the gentleman from Georgia [Mr. BRAND] called my attention to it. Under the present bill the exporter could arrange to export, we will say, 50,000 bales of cotton to a foreign market without having it sold and could finance it, but if the gentleman's amendment should be adopted he could only finance it if it was sold for export, and I fear an amendment of that kind would be restrictive.

Mr. WINGO. No; I think the gentleman will see that if the foreigner is going to buy and take it to Europe, or even hold it there, that is selling it as far as we are concerned for export. But that proposition is not involved in the question of whether you will take care of the situation that will enable him to hold it. For illustration, 90 per cent of the original transactions cover the question of export of wheat, cotton, and so forth, and the men who produce it and the cooperative associations that really have the handling and marketing of it could not prove their sale is going to be directly for export. They may sell it to a cotton factor or to an exporter of wheat and every transaction may not be a direct export transaction. That has been pointed out by the cooperative association representatives. Why, they say, it is said under your present existing law we are taking care of exports; under the present existing law the War Finance Corporation is financing the export of cotton, wheat, and condensed milk and all that, but the truth is that you promised us, these gentlemen say, and you told us that the Senate bill was going a little bit further and take care of the domestic question, and you attempted to do it by section 24, but under the provision of section 22 you have not done it, and they are insisting unanimously from all these States, from all these different organizations, that if we do not put in these words here, "or in domestic trade," it



will not do the thing you are professing you are doing, and I think there is something in that contention. At any rate it will not hurt. What is the objection that is offered?

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I ask for two additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. WINGO. I have taken this up with different gentlemen. What is the objection that is offered? Is it that you ought not to do that kind of business? No; the objection offered is that the bill already does it. I challenge any man who is opposed to this proposition to offer any other objection. That has been the only objection that has been offered. They contend that the amendment to section 24, that the gentleman from Pennsylvania [Mr. McFADDEN] and myself discussed the other day, will do it. The representative of these farm organizations thinks it will not do it. If you say you will do it in another place in the bill, why not make more certain the provision? I think it is a proper thing as a matter of safety and also as a matter of satisfying and relieving their fears to write this language in here in section 22. That is the only objection that I have heard offered to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

Mr. BLACK. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the amendment will be again reported. There was no objection.

The amendment was again reported.

Mr. BLACK. Mr. Chairman, I rise to oppose the amendment for the reason that I indicated in my question to the gentleman from Arkansas [Mr. WINGO]. I fear if his language is substituted for that which is in the bill that it will in at least one respect limit the transactions which may be had under this bill.

Mr. WINGO. Will the gentleman yield?

Mr. BLACK. Yes.

Mr. WINGO. The gentleman overlooks the language left in the bill. My amendment does not change anything except, by grammatical rearrangement itself, the carrying not alone for exportation but for sale and domestic trade. And the language to carry them until they can be sold for export remains in the bill.

Mr. BLACK. Yes; but if the gentleman's amendment should be adopted the bill would read as follows:

Until they can be sold for export or in domestic trade.

The language as now used in the bill reads:

For the purpose of assisting such person or associations to carry such products until they can be exported or sold for export in an orderly manner.

Mr. SUMNERS of Texas. Will the gentleman yield for a suggestion?

Mr. BLACK. Yes.

Mr. SUMNERS of Texas. But you carry the goods up to the time of the sale. They are financed until they are sold.

Mr. BLACK. Yes; but the bill goes further than authorizing the carrying of the products until "sold," but says they may be carried until "exported." That term "exported," as I understand it, means a completed transaction and contemplates in such cases that the goods may reach Europe and be settled for over there before the advances made by the War Finance Corporation would have to be paid. In fact, the War Finance Corporation might be paid with the very money which is obtained from the sale of the products when they reach the other side of the water. But if we adopt this amendment of the gentleman from Arkansas the War Finance Corporation can only finance such products until such times as they are "sold for export or for domestic use." It may be well enough to add the words "for domestic use," but the words "exported or" should not be eliminated. I think it would amount to a limitation that ought not to be put on the bill, and which might work out very harmful in the operations of the laws.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word. I hope the amendment the gentleman has offered will not prevail. If that amendment prevails, you are going to provide a governmental institution which will be financing the hoarding of goods in this country and forcing prices up. If this Congress want to go on record with a proposition of that kind they will vote for this amendment. I want to say, further, that the vote here has just demonstrated the fact that we have placed in this bill one of the most dangerous provisions that it is possible to put in. Now, if we proceed further to provide for financing people for the purpose of increasing the

price of their products, we are doing something we should not do under any circumstances. It is my opinion, and it is the opinion of the committee, and it is the opinion of the War Finance Corporation, that we have provided amply for this situation by the amendment which I suggested the other day on page 5 of the bill, line 13, after the word "States," where we proposed to insert the words "any cooperative association of producers in the United States," providing also for loans to those engaged in trade and banks that finance the transaction, for loans, to be made also to any cooperative association of producers in the United States. I want to say to the gentlemen here that I believe I know what prompts the situation, and I believe if the committee fully understood the movement back of this, they would vote the amendment down.

Mr. MANN. Will the gentleman yield for a question for information?

Mr. McFADDEN. I will.

Mr. MANN. The bill provides for carrying of stable agricultural products in certain cases until they can be exported or sold for export. How does it extend the bill to say that until they are exported or sold in domestic commerce?

Mr. STEAGALL. It means exactly the same thing. The gentleman from Illinois is right.

Mr. McFADDEN. I would say it would mean the financing of the crops in this country until they are sold.

Mr. MANN. The bill first provides for the carrying of certain articles that are not covered by the amendment. For how long? Until they are exported or sold for export. Now, does it extend it to say until they are sold in some way? That is what I can not get through my head.

Mr. McFADDEN. If I understand it rightly, it would mean the holding and hoarding of a great amount of products here and financing them—that the War Finance Corporation would furnish the money to hold products in this country until the speculator saw fit to sell the goods intended for consumption in this country.

Mr. STEAGALL. As the bill reads it provides they are carried until they are sold for export.

Mr. McFADDEN. Or for domestic trade.

Mr. MANN. If they are sold for domestic trade, there is no longer any necessity of holding them until they are sold for export, because adding "domestic trade" does not provide any extension even.

Mr. McFADDEN. It gives an opportunity to the dealer in this country to hoard his product and force prices up.

Mr. WINGO. Will the gentleman yield for a question?

Mr. HUSTED. How is it possible to determine in reference to any specific case, whether they are held for export or for domestic sale?

Mr. McFADDEN. It is a very difficult thing to determine.

Mr. STEAGALL. I have just this suggestion to make to the gentleman: The bill now provides that it shall be held until exported or sold for export. If you add a clause, "or sold in the domestic market," then there is no longer any necessity for holding it for export or until it is sold for export, so that it limits to that extent the accommodation required.

Mr. McFADDEN. I think I have answered the gentleman.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WINGO. Mr. Chairman, I ask that the gentleman from Pennsylvania may have a minute more. I wish to ask him a question.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent that the gentleman from Pennsylvania may proceed for one minute more. Is there objection?

There was no objection.

Mr. McFADDEN. I will say to the gentleman that it is now five minutes to 4 o'clock, and by the agreement had yesterday, the House is to adjourn at 4 o'clock to-day.

Mr. WINGO. The gentleman can answer in a few minutes. There was so much confusion that I could not catch what the gentleman said. Do I understand the gentleman to contend that if you put the amendment that he and I have discussed in section 24 it will cover the carrying of domestic products for domestic sale?

Mr. McFADDEN. No; I do not say it will do that.

Mr. WINGO. It will not?

Mr. McFADDEN. The War Finance Corporation feels that this is ample power and all the power that is necessary for this emergency legislation and a very dangerous thing at this time to take further foreign credits.

Mr. WINGO. What I want to get at is this: The gentleman contends that the amendment will not take care of the financial

necessities of the cattle producers who are not going to export at all?

Mr. McFADDEN. If the gentleman will read that, he will see very clearly what the section says. It says for agricultural purposes, including the breeding, raising, and fattening of live stock.

Mr. WINGO. That is a domestic process, is it not?

Mr. McFADDEN. Yes.

Mr. WINGO. It authorizes financing for domestic trade, and the gentleman contends it ought to be put in section 24 instead of in section 22.

Mr. McFADDEN. For the purpose of breeding and raising and fattening cattle, not for the purpose of forcing up prices.

Mr. WINGO. The gentleman is in favor of holding agricultural products in an orderly manner until they can be sold in domestic sale?

Mr. McFADDEN. Yes; but not for the purpose of forcing up prices of the commodities to the purchasers by semi-Government loans.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. STAFFORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (S. 1915) to amend the War Finance Corporation act, approved April 5, 1918, as amended, to provide relief for producers of and dealers in agricultural products, and for other purposes, had come to no resolution thereon.

#### LEAVE TO EXTEND REMARKS.

Mr. RAMSEYER. Mr. Speaker, I ask unanimous consent for two extensions of remarks, one on the British budget and the other on the inheritance tax.

The SPEAKER. The gentleman from Iowa asks to extend his remarks on the British budget and also to extend remarks on the inheritance tax. Is there objection?

There was no objection.

Mr. SEARS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table H. R. 1942—

The SPEAKER. The Chair does not think he can recognize the gentleman for that purpose at this hour.

Mr. KING. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Philippine question.

The SPEAKER. The gentleman from Illinois asks unanimous consent to extend his remarks in the RECORD on the Philippine question. Is there objection?

There was no objection.

Mr. WALSH. Mr. Speaker, has unanimous consent been granted to extend remarks?

The SPEAKER. Two such requests have been granted.

Mr. WALSH. Nobody knows what they are.

The SPEAKER. The Chair stated them loudly, and he thinks a good many Members know what they are.

Mr. WALSH. We could not hear what was said.

Mr. KING. A good many Members heard it.

Mr. SEARS. Mr. Speaker, I make the point of order that there is no quorum present.

#### ADJOURNMENT.

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 3 o'clock and 58 minutes p. m.) the House, under the order previously made, adjourned until Wednesday, August 17, 1921, at 11 o'clock a. m.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. RAYBURN, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (S. 1970) granting the consent of Congress to the counties of Bowie and Cass, State of Texas, for construction of a bridge across Sulphur River at or near Pettis Bridge, on State Highway No. 8, in said counties and State, reported the same without amendment, accompanied by a report (No. 348), which said bill and report were referred to the House Calendar.

Mr. FORDNEY, from the Committee on Ways and Means, to which was referred the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, reported the same without amendment, accompanied by a report (No. 350), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SCOTT of Tennessee, from the Committee on Pensions, to which was referred sundry bills of the House, reported in lieu thereof a bill (H. R. 8261) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, accompanied by a report (No. 349), which said bill and report were referred to the Private Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. KAHN: A bill (H. R. 8258) to amend the laws relating to the enrollment of vessels in the fisheries; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 8259) to provide for flying pay for officers and enlisted men of the Regular Army who are incapacitated by reason of injuries incurred in or by aircraft accidents; to the Committee on Military Affairs.

Also, a bill (H. R. 8260) to amend section 80 of the national defense act, approved June 3, 1916, relating to leaves of absence for certain Government employees; to the Committee on Military Affairs.

By Mr. SCOTT of Tennessee: A bill (H. R. 8261) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee on Pensions.

By Mr. HERRICK: A bill (H. R. 8262) providing means for bringing United States bonds, both regular issue and Liberty issue, to par, maintaining the national credit, and for other purposes; to the Committee on Ways and Means.

By Mr. RAKER: A bill (H. R. 8263) to provide for the consolidation of forest lands in the Eldorado National Forest, Calif., and for other purposes; to the Committee on the Public Lands.

By Mr. HOGAN: Concurrent resolution (H. Con. Res. 28) concerning the six hundredth anniversary of the death of the Italian poet Dante; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ROBSION: A bill (H. R. 8257) granting a pension to Reese H. Johnson; to the Committee on Pensions.

By Mr. BLAND of Virginia: A bill (H. R. 8264) for the relief of Thomas B. Smith; to the Committee on Claims.

By Mr. GORMAN: A bill (H. R. 8265) to refund to S. I. Reed & Co. overpayments for purchases of leather and damaged skins from the War Department; to the Committee on War Claims.

By Mr. GOULD: A bill (H. R. 8266) granting a pension to Carrie M. Stringer; to the Committee on Invalid Pensions.

By Mr. KEARNS: A bill (H. R. 8267) granting an increase of pension to Nancy A. Stratton; to the Committee on Invalid Pensions.

By Mr. LITTLE: A bill (H. R. 8268) granting a pension to Martha E. Hart; to the Committee on Invalid Pensions.

By Mr. MANN: A bill (H. R. 8269) granting a pension to Leota M. Jones; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H. R. 8270) for the relief of John R. Proctor (Inc.); to the Committee on Claims.

By Mr. POUL: A bill (H. R. 8271) for the relief of the heirs of Frank W. Knight; to the Committee on Claims.

By Mr. PURNELL: A bill (H. R. 8272) granting an increase of pension to Nancy A. Flannigan; to the Committee on Invalid Pensions.

By Miss ROBERTSON: A bill (H. R. 8273) to reimburse certain eastern Cherokees who removed themselves to the



Cherokee Nation under the eighth article of the treaty of December 29, 1835; to the Committee on Indian Affairs.

By Mr. TINKHAM: A bill (H. R. 8274) for the relief of Charles Bennett; to the Committee on Claims.

By Mr. VOLK: A bill (H. R. 8275) granting a pension to Julia E. Collins; to the Committee on Pensions.

By Mr. WINSLOW: A bill (H. R. 8276) granting a pension to Evelina Sprague; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2429. By Mr. FENN: Petition of 1,643 citizens of Hartford, Danielson, Plainfield, Moosup, Center Village, Versailles, Baltic, Warregan, Killingly, Attawan, Occum, and Taftville, all in the State of Connecticut, against the enactment of the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2430. By Mr. KINDRED: Resolutions of the Religious Liberty League of New York, relative to taxation; to the Committee on Ways and Means.

2431. By Mr. KISSEL: Petition of G. H. Niemeyer, acting president of the National Jewelers' Board of Trade, 15 Maiden Lane, New York City; to the Committee on Ways and Means.

2432. By Mr. LINTHICUM: Petition of the Religious Liberty Association, of Washington, D. C., signed by many Baltimoreans, against enactment of compulsory Sunday observances (H. R. 4388); to the Committee on the District of Columbia.

2433. Also, petition of George W. Shaw, Charles W. Sloan, William A. Gillespie & Co., and others, of Baltimore, Md., favoring the Towner-Sterling bill; to the Committee on Education.

2434. Also, petition of Corkran, Hill & Co., Baltimore Mutual Fire Insurance Co., and John J. Greer & Co., of Baltimore, Md., protesting against increase of letter postage rate; to the Committee on Ways and Means.

2435. Also, petition of Mrs. Mary A. Brinkley, of Baltimore, Md., asking permanent relief to Armenians; to the Committee on Foreign Affairs.

2436. Also, petition of the Baltimore Drug Exchange, of Baltimore, Md., protesting against tax on patent or proprietary remedies; also, petition of Griffith & Turner Co., of Baltimore, Md., favoring immediate tax revision; also, petition of H. R. Eisenbrandt's Sons, of Baltimore, Md., protesting against tax on musical instruments; also, petition of J. H. Kimble, of Port Deposit, Md., protesting against repeal of excess-profits tax and repeal of higher surtax; to the Committee on Ways and Means.

2437. By Mr. MEAD: Letter from W. Paton Thomson, vice president of the Rail Joint Co., of New York, urging the passage of House bill 7994, the Winslow-Townsend bill, for the relief of the railroads; to the Committee on Interstate and Foreign Commerce.

2438. Also, petition of president of the North Carolina division of the Southern Tariff Association, transmitting a resolution adopted at the Southern Tariff Congress stating their views on the tariff; to the Committee on Ways and Means.

2439. Also, petition of the Pantasote Co., of New York City, urging the passage of the Winslow-Townsend bill for relief of the railroads; to the Committee on Interstate and Foreign Commerce.

2440. By Mr. RAKER: Resolutions adopted by the national executive of the Friends of Irish Freedom, of New York City, relative to the payment of our foreign debts and other matters; to the Committee on Foreign Affairs.

2441. By Mr. SMITH of Michigan: Petition of 11 citizens of Battle Creek, Mich., protesting against passage of House bill 4388, providing for the regulation of Sunday observance by civil force under penalty for the District of Columbia; to the Committee on the District of Columbia.

2442. By Mr. SPEAKS: Papers to accompany House bill 8241; to the Committee on Invalid Pensions.

2443. By Mr. SWING: Petition of citizens of Brea, Calif., protesting against the passage of House bill 4388; to the Committee on the District of Columbia.

2444. By Mr. TINKHAM: Letter from Friends of Irish Freedom, urging economy in administering the Government; to the Committee on Ways and Means.

2445. Also, resolutions adopted at a meeting of the board of directors at the St. Alphonsus Association, of Boston, protesting against the slanders against the Good Shepherd Sisterhood of Georgia, which appeared in a recent issue of Senator Watson's paper; to the Committee on the Judiciary.

#### SENATE.

WEDNESDAY, August 17, 1921.

(Legislative day of Tuesday, August 16, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. TOWNSEND. Mr. President, the good roads bill is now before the Senate, as we recessed at the time we were considering it. I should like to have the Senator from Tennessee [Mr. McKellar] here, as I desire to call his attention to several matters.

Mr. HEFLIN. Then we had better have a quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. McNary in the chair). The Senator from Alabama suggests the absence of a quorum. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Harrison	McCumber	Sheppard
Brandegee	Hefflin	McKellar	Simmons
Cameron	Johnson	McNary	Smoot
Capper	Jones, Wash.	New	Stanley
Caraway	Kellogg	Nicholson	Townsend
Culberson	Knox	Norbeck	Trammell
Curtis	Ladd	Oddie	Wadsworth
Fletcher	La Follette	Overman	Walsh, Mass.
Gooding	Lenroot	Phipps	Warren
Hale	Lodge	Pomerene	Willis

Mr. CURTIS. I was requested to announce the absence of the Senator from New Hampshire [Mr. Keyes] on account of a death in his family. I will let this announcement stand for the day.

I also wish to announce that the senior Senator from Pennsylvania [Mr. Penrose] is detained in hearings before the Committee on Finance. I ask that this announcement may stand for the day.

The PRESIDING OFFICER. Forty Senators having answered to their names, a quorum is not present. The Secretary will call the roll of absentees.

The names of the absent Senators were called, and Mr. FRELINGHUYSEN, Mr. KING, and Mr. POINDEXTER answered to their names when called.

Mr. STANFIELD, Mr. CALDER, Mr. BROUSSARD, Mr. GLASS, Mr. SUTHERLAND, Mr. STERLING, Mr. NELSON, Mr. JONES of New Mexico, Mr. SWANSON, Mr. WILLIAMS, Mr. McLEAN, Mr. BORAH, Mr. WATSON of Indiana, and Mr. DILLINGHAM entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-seven Senators having responded to their names, a quorum is present.

Mr. LODGE. Mr. President, as I am obliged to leave the Senate to keep an engagement I am going to ask the indulgence of the Senate for a few moments to speak very briefly in regard to the good roads bill, as I do not wish to have the vote which I shall cast misunderstood.

I am as cordially in favor of good roads in the United States and appreciate their importance to the country as much as anyone. My own State has spent large sums of money in giving us good roads and it is a policy which has always had my hearty approval. But this is a time when we should not take a great sum of money from the Treasury and add largely to our appropriations without very careful consideration. This does not seem to me a case in which the expenditure of a hundred million dollars at this moment is justified. The whole country and the business of the country are suffering severely from depression and from the dislocation of the industrial fabric following upon the greatest war which the world has ever known. In order to restore prosperity we must come back to a normal economic condition as quickly as possible. Great economic forces are at work which no laws can arrest or turn aside, but it is possible for the Government, through Congress and the Executive, to smooth the path for the return to normal conditions or to create by mistaken legislation fresh obstacles and make real recovery slower and more uncertain. One helpful thing that the Government can do in this situation is to bring some relief from the great burden of taxation which is retarding the restoration of business prosperity; and with

business prosperity goes employment for all our people and better prices for our farmers and all our great agricultural interests.

We have had, owing to the war, years of reckless expenditure. We are confronting a legacy of disorganization and debt, which we must meet, and one of the first steps to be taken is rigid economy. The Executive and Congress together can at least stop waste. It can not be done in a moment any more than we can restore a twisted and disordered organization of the Government business in a few months. But the line of action which we must pursue is plain. So far as possible, I repeat, we must reduce Government expenditures, and the last Congress and this Congress have done much in that direction. Much more remains to be done. I do not for a moment suggest that money expended for good roads is a waste. It does not come under that head; far from it. But it certainly is one of those fields of public expenditure where there can be delay without serious injury. New public buildings and the extension and repair of existing buildings for Government use are much needed, but they can wait, and Congress for some time has made only very small appropriations in that direction.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New Mexico?

Mr. LODGE. I dislike to refuse to yield, but this is a very brief speech I am going to make, and I should like to conclude it, as I am compelled to leave the Senate in a few moments.

Mr. JONES of New Mexico. I merely wish to call attention to one fact to which the Senator has just referred, and that is about delaying the construction and extension of the public buildings of the country. I should like to ask the Senator if this Government is in such straits that it is necessary to postpone all public building, even where it would be a saving to the Treasury? In my town of Las Vegas, N. Mex., in 1913, an appropriation was made for a public building there for the purpose of consolidating the post offices. There are now two post offices running there at the expense of the Government, and involving inconvenience to the public.

Mr. LODGE. Mr. President, I do not desire to interrupt the Senator's speech, but if he would allow me to finish my remarks I should be out of the way in a few moments, and I am obliged to leave the Chamber.

The PRESIDING OFFICER. The Senator from Massachusetts declines to yield further.

Mr. LODGE. I sympathize with the Senator from New Mexico in his desire for a new building, but that is one of the things for which I feel it would not be wise to appropriate at this time.

Mr. JONES of New Mexico. I merely wanted to add that—

The PRESIDING OFFICER. The Senator from Massachusetts refuses to yield.

Mr. JONES of New Mexico. Very well.

Mr. LODGE. Judicious and reasonable expenditures on rivers and harbors are very necessary and are a part of the Government expenditures which ought to be maintained, but important as improvements in rivers and harbors are, they can wait without serious harm. Congress has adopted that policy—in fact, it was pursued during the World War—and appropriations for rivers and harbors have been reduced to a very low point and the commencement of new enterprises has been avoided. Good roads are important, but they are in the same class. It is a legitimate form of expenditure, it is a needed form of expenditure, but it is not immediate, and we are not warranted, in my opinion, in taking a hundred millions at this time and spending it for good roads. I think they can wait.

We have cut down with great severity the appropriations for the Army and Navy, which I regard as absolutely necessary expenditures for any government which means to protect itself against dangers which may come to any nation. We have cut the Army below a point which seems to me safe. We have cut the Navy down to such a point that work on necessary ships such as the battle cruisers and the airplane carriers has been either stopped or slackened. To my thinking this is exactly like a man who economizes by giving up his insurance, whether on his house or on his life. I think these reductions for our Army and Navy have been carried too far already, but to cut down the naval appropriations \$100,000,000 below what is needed to complete in a reasonable time our building program and give us such a Navy as we should possess under present conditions is an economy of the most dangerous kind. When we make such reductions as these and such reductions for the Army as we have made it is wholly indefensible to take all we have saved on the Navy and spend it for good roads, which are instruments of prosperity and convenience, but which are not an insurance of our safety or a security for our peace.

I know well how much the whole community, rich and poor, are suffering from the economic conditions produced by the war. It is an utter mistake to suppose that those sufferings are confined to one portion of the country or to one occupation. I know how much the farmers and planters have suffered from these economic conditions, but the suffering is just as serious in the great industrial States of the North and East, which stretch from the valley of the Mississippi to our eastern coast. Our factories are working on half time, quarter time, even; some of them are closed, and every reduction of time and every closed mill means unemployment on a large scale. There is one city in New England which had great activities during the war, a city of some 160,000 people, and I was informed the other day by one of the officers of the labor commission of the State that in that one city there were 28,000 people out of employment at that moment. Take a single instance in my own State. The Fore River yards, in the town of Weymouth, adjoining the city of Quincy, were, of course, enormously busy during the war. A large laboring population came there.

The Government appropriations for work in those yards, which are private yards, have, of course, been reduced. War appropriations can not possibly be maintained. But the result is that in that neighborhood 3,000 men have been laid off within the last month. That means a great deal of distress of the most immediate kind, actual distress not known to agricultural populations, which at least can always feed and house themselves. The Fore River yards are only an example of the condition in a greater or less degree in nearly every industry of the Northern and Eastern States. We have not come here to ask for appropriations from the Treasury, but we have a right to expect that new and large appropriations of the public money, involving the maintenance or the increase of taxes, shall not be added to our burdens.

The condition of unemployment is very alarming and is increasing. All thinking men must look forward with apprehension to the coming winter. The great need of employment can really be effectively met in only one way, and that is by a general revival of business activities, to which all our efforts should be directed. The prosperity of the great industrial States is just as essential to the farming and agricultural interests as their prosperity is to us. We are all bound together.

I realize that good roads are perhaps more needed in the open spaces and over the long distances of the South and the far West than they are in the more densely populated regions of the North and East, but as we are all suffering together, as our hopes for better times, which I believe to be approaching, are the same hopes, so we must all bear our burdens together. In one word, where the expenditure of public money is not absolutely necessary for the defense and security of the country or to carry on the Government in the most economical manner possible, it should not be indulged in now. Our prosperity will return and we then can make liberal appropriations, as we have done in the past, for the development not only of our roads but of our rivers and harbors, but this is not the time to make them. I can not support, as I have been trying to support, all efforts for proper reductions of appropriations and for rigid economies, intelligent economies, and then vote at this time for a great appropriation like this which will take \$100,000,000 out of the Treasury of the United States for an object which is most excellent, but which can without injury await the coming of a better day. That day, in my judgment, will not long be postponed if we face the situation as we should, for after all, Mr. President, the safety and prosperity of America will come from the source from which it has always come, from the thrift and energy, the determination, and courage of the American people.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed without amendment the bill (S. 2301) granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River.

The message also announced that the House concurred in sundry amendments of the Senate to the bill (H. R. 7294) supplemental to the national prohibition act; that the House concurred in the amendments of the Senate Nos. 10, 15, and 32, each with an amendment, in which it requested the concurrence of the Senate; that the House disagreed to the amendments of the Senate Nos. 14, 17, 18, and 19; that the House agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. VOLSTEAD, Mr. DYER, and Mr. SUMNERS of Texas were appointed managers at the conference on the part of the House.

The message further announced that the House had passed the concurrent resolution (S. Con. Res. 7) providing for the print-



ing of additional copies of the tariff bill, with an amendment, in which it requested the concurrence of the Senate.

#### CONFERENCE ON LIMITATION OF ARMAMENTS.

Mr. HARRISON. Mr. President, I desire at this time to submit an amendment which I intend to propose to House bill 8117, the urgent deficiency bill, during the course of its consideration. I ask that the proposed amendment may be read at this time.

The PRESIDING OFFICER. The Secretary will read as requested.

The ASSISTANT SECRETARY. On page 3, line 16, it is proposed to insert the following:

*And provided further, That the delegates representing the Government of the United States use every effort and exert their influence for open sessions of the conference.*

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. HARRISON. Mr. President, yesterday and this morning all of the colleagues of the distinguished senior Senator from Massachusetts [Mr. LODGE] were delighted, of course, to learn that he had been appointed as one of the representatives of the United States at the international conference which has been called by the President of the United States to discuss the limitation of armaments. It is a great tribute to the leader of the majority in the Senate, and personally I share, as does every other Senator, a feeling of pleasure that this honor has come to the Senator from Massachusetts; but I am indeed sorry, Mr. President, to have heard the remarks of the senior Senator from Massachusetts this morning when he recalled the votes that he had cast and the position that he has taken touching disarmament in the past. I say "disarmament" because that question has been wrapped up in the appropriations which have been carried for the Navy and the Army. It has been interwoven with the votes in the Senate during the present session of Congress on the Army appropriation bill, when we tried to reduce the enlisted personnel of the Army from 175,000 men to 150,000 men, and in the votes which were cast on the naval appropriation bill in connection with the effort to largely reduce the naval appropriations. The Senator said, if I understood him correctly, that already we have reduced naval construction too much. I had hoped that the Senator would have us forget the part he played in that controversy when the naval appropriation bill was being considered; and I regret, as I am sure the country will, to see it recalled this morning by the Senator after he has been designated as a delegate to the disarmament conference.

Mr. President, no conference that will be held this year or which has been held heretofore has carried or will carry with it greater import to the peoples of the world than the conference on the limitation of armaments which has been called to meet in November; but the success or failure of that conference depends upon the personnel of the delegates who will represent the various countries there. Of course, more will depend upon the representatives of the United States than upon the representatives of other countries. They will be the leaders in it; the position that they take will be followed by other countries; and success or failure depends upon the tactics adopted and the policies advocated by the representatives of the United States. So, I am hopeful, since the Senator from Massachusetts has been designated as one of the two representatives already named, that he will change his past views and work in cooperation with the representatives of the other countries to bring about a limitation of armaments. I have no doubt that he will do that; I feel quite sure that he will carry out the policy of the President.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Massachusetts?

Mr. HARRISON. I yield to the Senator.

Mr. LODGE. I shall not change my views about the limitation of armaments, because I have always favored it. I voted for it in 1916, when the Senator from Virginia [Mr. SWANSON] reported what I think was a very great bill for the Navy. I have always been in favor of it, but it must be a general reduction of armaments, and I shall do everything in my power to fulfill those views in the great office for which the President has done me the high honor to select me. I want the Senator to be very assured that there will be nobody there who will labor harder for the general reduction of armaments than I, but I want a general reduction.

Mr. HARRISON. That is very reassuring.

Mr. LODGE. I am glad it reassures the Senator.

Mr. HARRISON. I am glad that the Senator spoke those words that have reassured me and will be reassuring to the country.

Mr. LODGE. They are simply a reiteration of what I have said over and over again.

Mr. HARRISON. I am glad the Senator recalls the vote that he cast on the Swanson resolution back in 1916. It did him credit.

Mr. LODGE. If the Senator will pardon me, for I have to leave the Senate in a moment, one controlling reason for the reduction of armaments is that it will mean a great economy. I hope it will also promote peace; but a general reduction of armaments will, of course, mean the greatest possible economy and money saving for the people of the world.

Mr. HARRISON. I share with the Senator his views. I have before me some estimates of what the recent war cost. They stagger the imagination. They in themselves should be sufficient argument for disarmament and insure a plan for the preservation of peace. It cost Great Britain \$44,000,000,000; it cost the United States \$32,000,000,000; France, \$25,000,000,000; Russia, \$22,000,000,000; Italy, \$12,000,000,000; Germany, \$40,000,000,000; Austria-Hungary, \$20,000,000,000; in all, counting all the countries at war, \$208,305,851,222 and 10,000,000 lives. So I hope that the results of this conference will mean a prevention of future wars and a saving for the taxpayers of the country. God knows it is the greatest opportunity for a saving, 93 per cent of all our appropriations for the year 1920 going for the preparation and consequences of wars.

Mr. President, I offered that amendment to the bill that will be taken up following the road bill, in the hope that we can obtain open sessions of the conference, and I sincerely trust the Senate and the House will express themselves as favorable to the suggestion. We have heard a great deal about secret diplomacy. We heard much about the secret way in which the treaty of Versailles was considered and adopted, and I trust that such an important conference as this, with the various countries represented considering questions that mean so much to the taxpayers of the world and the cause of peace, will be conducted in the open. I hope not only that the newspaper representatives of all the countries can be there and obtain and give to their fellow countrymen and to the world the views of the various representatives, but that the galleries will be open to the people; that they may know what is going on, and know who is to blame for not bringing about disarmament in case the representatives of any country there fight against the things that we hope will be advocated by the Senator from Massachusetts and his colleagues representing this country.

Mr. President, there must be three or more delegates appointed to represent this country at that conference. Everybody recognizes the ability and statesmanship of the Secretary of State. It was an admirable appointment.

The appointment of the Senator from Massachusetts [Mr. LODGE] will be hailed by many people in this country as a very appropriate one, although I am frank to state that many people will take it as a reward for his efforts in the Senate in defeating the greatest instrument that was ever proposed to preserve the peace of the world and to limit armament; because, I care not what plan might be suggested, it can be no better than that which was incorporated in article 8 of the League of Nations covenant. Acting under that article, to which 48 countries now have subscribed and are parties to it, last May there was a committee appointed by the council to limit armaments; and from the time they were appointed up to this good hour they have worked hard and zealously so that they might make their report to the council at the earliest possible date. That report, as I understand, is about finished, and will be submitted to the council of the League of Nations next month, so that if the United States had been in the league we would have been working before now, and would have saved millions in a reduction of armaments to the oppressed taxpayers of America. So while many people in the country will take it that this new honor that has been thrust upon the Senator from Massachusetts was because of the persistent fight that he made for the Lodge reservations that killed the League of Nations covenant with article 8 in it, I shall not share in that view. I believe it has come to him because he is the leader in this body of a great political party, because of his long experience, his fitness, and his training.

But, Mr. President, whether people will agree with the appointment of the Secretary of State and the Senator from Massachusetts or not, I believe that the American people look to the President of the United States at this time to appoint one man above all others on this disarmament conference. He has been the commanding figure in the fight for limitation of armaments since the 3d of last November. He has thrown his magnetic personality into the fight as no other man has. He has waged warfare on those who would bring in large Navy and Army appropriation bills, and he has won out. He has done more than anyone else in the last eight months to crystallize public sentiment in America for disarmament. You

have not forgotten, Senators, that it was the distinguished senior Senator from Idaho [Mr. BORAH] who offered his amendment to the naval bill months ago asking for a conference on disarmament. He received no sympathy from the other side of the aisle for his program, and not an iota of cooperation came from the White House to help him in the great fight he was making for disarmament.

The senior Senator from Washington [Mr. POINDEXTER] for days labored in this body and had to fight the splendid efforts of the distinguished Senator from Idaho for disarmament; and not until the word came from the White House, after weeks of consideration here of the naval appropriation bill, did you change front over there and vote for the amendment known as the Borah amendment for disarmament.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Washington?

Mr. HARRISON. Yes; I yield.

Mr. POINDEXTER. I have no doubt that the Senator from Mississippi is stating this case conscientiously, believing that situation to have been as he has stated.

Mr. HARRISON. Everybody believes it.

Mr. POINDEXTER. Everybody does not believe it. I do not believe it, and I am in a position to know that there is not a single scintilla or word of truth in it—not to challenge the veracity of the Senator from Mississippi at all, but to say that he is misinformed.

The Senator has mentioned my connection with the matter, and the whole foundation and superstructure of the statement made by the Senator from Mississippi is entirely erroneous. There is not, in any aspect whatever, any verification of it in the actual situation which existed at the time the resolution of the Senator from Idaho was presented and during the time it was being considered and at the time it was acted on. I never opposed the resolution of the Senator from Idaho. I never received any intimation from the White House or anywhere else that opposition to it should be withdrawn, or that, as acting chairman of the Committee on Naval Affairs, I should take this position or that position in regard to it. What I did I did entirely upon my own initiative, without any suggestion whatever of the nature that the Senator from Mississippi has stated.

Mr. HARRISON. I hope the Senator will not take his seat. His statement is very illuminating; but the Senator recalls that it was published in all of the papers, and was not contradicted, that the White House was opposing the Borah amendment, and the Senator opposed it for quite a while. Is not that right?

Mr. POINDEXTER. That is not right.

Mr. HARRISON. It is not?

Mr. WILLIAMS. The Senator advocated the appropriation against it.

Mr. HARRISON. What is the true situation? The Senator was not for the Borah amendment at the beginning.

Mr. POINDEXTER. There was a period of time when I was uncertain about what it was proper and necessary to do in the matter, particularly in view of the fact that we had already upon the statute books, and had had for some years, a similar declaration.

Mr. HARRISON. I do not want the Senator to reveal any of his private conferences with the President; I would not suggest it; but, if it is proper, I should like to ask the Senator if he and the junior Senator from Maine [Mr. HALE] did not go to the White House and confer with President Harding touching the Borah amendment?

Mr. POINDEXTER. I have not anything whatever to say about visits to the White House or conferences with the White House except what I have already said—that opposition to the Borah amendment was not withdrawn at the suggestion of the President. There never had been any opposition to it, so far as I know, so far as my part in the matter was concerned; and upon my own initiative, without a suggestion from anybody at all, I advocated the adoption of the resolution of the Senator from Idaho.

Mr. HARRISON. But the Senator did not answer my question. I am sure it was due to inadvertence. I asked the Senator if he, in company with the junior Senator from Maine [Mr. HALE], did not go to the White House and confer with the President touching the Borah amendment?

Mr. POINDEXTER. I said that I did not have anything whatever to say about that matter. I do not care to discuss visits to the White House or to be answering questions about where I went and in whose company I went, but I have stated to the Senator the situation and the facts in the case in so far

as I regard them to be pertinent to the matter under discussion.

Mr. KING. Mr. President—

Mr. HARRISON. May I ask the Senator one other question? The Senator declines to tell me whether or not he and the Senator from Maine [Mr. HALE] went to the White House and conferred with President Harding while the Senate was considering the naval appropriation bill. Of course all the papers carried the statement that they went there and came away, and either the Senator from Maine or the Senator from Washington was reported in the papers to have given out a statement that the President was opposed to the Borah amendment. The whole country knows that; it was never controverted, and this is the first time I have understood that the Senator did not confer with the President and that the President was not opposed to the amendment.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. Yes; I yield.

Mr. KING. The Senator may recall that when the naval appropriation bill was under consideration during this session I had the honor to be discussing that measure and suggested a number of amendments calling for a material reduction in the bill. During the discussion I called attention to the fact that it was reported that there was opposition to any movement which would tend to limit armaments and that the President of the United States, it was reported, was antagonistic to the Borah amendment, or at least to a limitation of armaments.

During the discussion the Senator from Maine [Mr. HALE] interrupted the Senator from Idaho, who had asked my consent to take the floor, and he then stated that the Senator from Washington and the Senator from Maine had been at the White House and had conferred with the President, as I recall his statement, in respect to this matter, and it was then, and not until then, that any voice from the Republican side, other than of those who were favorable to the reduction of armaments, such as the Senator from Idaho—it was only then that any official voice came from the other side that the Borah amendment would not be opposed by the Republicans in this Chamber, and the intimation was that the President of the United States had signified that he had no opposition to the Borah amendment. The Senator knows, however, that our distinguished friends upon the other side, or a majority of them, by their silence or by their affirmative statements, had conveyed the impression to the country that the Borah resolution would be killed by the majority party in the Senate.

Mr. HARRISON. And the administration did not change front until word went to them that the Democratic minority were going to line up solidly for the Borah amendment, and that there would be enough votes on the other side, together with the Democratic votes, to put it over. Then the opposition to it crumbled, and we saw in the papers that the administration had withdrawn its opposition to it.

Mr. POINDEXTER and Mr. TOWNSEND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Mississippi yield; and if so, to whom?

Mr. HARRISON. I yield to both Senators.

The PRESIDING OFFICER. The Senator from Mississippi yields to the Senator from Washington.

Mr. POINDEXTER. So far from there being opposition to a limitation of armaments on the Republican side, to which the Senator has referred, the records of Congress show, on the contrary, that there had been, practically at all times, a unanimous sentiment upon this side of the Chamber in favor of a universal or general limitation of armaments, and one of the chief criticisms of the merits of the instrument, which the Senator from Mississippi has seen fit to eulogize in what I regard as rather exaggerated terms, was that in that great gathering of the nations of the world, at a time when old policies had been overturned and old records had been obliterated and there was an opportunity to establish the world upon a new basis, the opportunity was neglected, and there was no effort on the part of the representatives of the United States then and there to agree upon terms and conditions of a limitation of armaments for the world.

The Senator very well knows that there has never been any objection upon the Republican side of the Senate to the provision in the naval act of 1916, which, to all intents and purposes, contained the same provision that was included in the naval appropriation act this year.

What I say is not in any way intended to deprecate the efforts which have been made by the Senator from Idaho in



this behalf. A great deal of what the Senator from Mississippi has said in regard to him is entirely justified, because he has brought the question to the front, and forced it upon the attention of Congress and upon the attention of the world; but there has been a controversy, there has been a fundamental difference of opinion, as to the manner in which the proceedings looking toward a reduction of expenditures for armaments in the world should be carried on.

There are a great many people who advocate the throwing down of the arms of this country as the first move to be made in the process of a limitation of armaments. There are a great many others who are opposed to the United States disarming itself and rendering itself helpless before the great military nations of the world until assurances are given that other nations will likewise dispense with their armament, so that when the agreement has been reached we shall be upon the same relative basis we were on before.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the junior Senator from Mississippi yield to his colleague?

Mr. HARRISON. I yield.

Mr. WILLIAMS. I ask my colleague to yield long enough for me to ask a question of the Senator from Washington, my momentary watchword being the maxim, "Revenons à nos moutons"—let us come back to our sheep.

Is it not true that at one time there was a vote in the Committee on Naval Affairs upon the Borah amendment, and that there was a solid Republican vote against it and a solid Democratic vote, with probably one exception of all the Democrats present, in favor of it? Is or is not that a fact? I have heard that it was.

Mr. POINDEXTER. I do not remember exactly how the vote was. There was a vote in the Committee on Naval Affairs against the Borah amendment.

Mr. WILLIAMS. I have heard that the Borah amendment was voted down in the committee by a solid Republican vote, and that all the Democrats voted for it, except probably one. I was not present, and I do not know; but I had hoped that the Senator from Washington could remember whether that did take place.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Tennessee?

Mr. HARRISON. I yield.

Mr. McKELLAR. In order to refresh the memory of Senators, I desire to read from the RECORD of May 13, 1921, page 1418, when the naval appropriation bill was under consideration:

Mr. HALE. I will say that I went to see the President with the Senator from Washington, and we talked over the question of disarmament, and I gathered from what was said there that the President thought it was not necessary for Congress to go ahead in this way with a resolution asking for disarmament.

Mr. POINDEXTER. Mr. President, that corroborates the statement which I made a moment ago. I did not care to comment on my visit to the White House.

Mr. McKELLAR. I think it shows just exactly the opposite of what I understood the Senator to say.

Mr. POINDEXTER. No; it is the opposite of what the Senator from Mississippi said. If the Senator from Tennessee will allow me just a moment, I refused to be catechized about visits I had made to the White House; I said nothing about that. But what the Senator from Mississippi said was that, being in charge of the naval appropriation bill, I had opposed the Borah resolution until we had received word from the White House to accept it. What the Senator from Tennessee reads is that the White House were opposed to it. How does he reconcile that with the statement made by the Senator from Mississippi?

Mr. HARRISON. We can clear that up.

Mr. McKELLAR. I wanted the facts to appear; and I read the statement that at that time, when the Senator from Idaho, as the RECORD shows, was fighting—on that very day—for his resolution for disarmament the President of the United States, according to a statement made by the Senator from Maine [Mr. HALE], was opposed to Congress taking any steps. Since that time the President has changed his position, and he is now the only man fighting for disarmament, according to the newspapers, while the poor Senator from Idaho is lost in the shuffle. I think the Senator from Idaho is entitled to the greatest credit in this matter.

Mr. POINDEXTER. The resolution of the Senator from Idaho was adopted, and, of course, he is entitled to credit for it.

Mr. HARRISON. Before the Senator again takes his seat, may I ask the Senator a question?

Mr. POINDEXTER. I yield to the Senator.

Mr. HARRISON. When the Senator went to the White House was he for the Borah amendment or against it?

Mr. POINDEXTER. I decline to answer that question. I do not propose to be catechized upon my visits to the White House.

Mr. HARRISON. I will ask the Senator one other question, and he can answer if he will. When the Senator came away from the White House was he for it or against it?

Mr. POINDEXTER. I entertained the same opinion when I came away that I had when I went. But, Mr. President, I rose to deny positively the statement of the Senator from Mississippi, which prompted me to interrupt him, that my action in regard to the Borah resolution had been influenced in any way whatever, or changed, by any word from the White House.

Mr. HARRISON. Did the Senator vote for the Borah amendment in the committee or against it?

Mr. POINDEXTER. I voted both for it and against it.

Mr. HARRISON. But the last time?

Mr. POINDEXTER. On one occasion I voted against it and on a subsequent occasion I voted for it.

Mr. HARRISON. He voted for it when the President withdrew his opposition to it. He was against it before the President had withdrawn his opposition.

Mr. POINDEXTER. That is exactly what I dispute. There is not any foundation for that statement at all. I assume the Senator believes that to be true. I do not know what he bases his statement on. I do not think he can produce a record or any testimony or evidence to substantiate that statement. It is not true, and there is no foundation for it at all.

Mr. HARRISON. Does not the Senator think the senior Senator from Maine [Mr. HALE] is a very good witness?

Mr. POINDEXTER. Yes; I think he is, but he has not testified on that subject. He has not said anything about my attitude.

Mr. HARRISON. Does not the Senator think his vote is pretty good evidence?

Mr. POINDEXTER. His vote is no evidence at all as to my position.

Mr. HARRISON. But the vote of the Senator from Washington. The Senator says he was against it at one time, and that he was for it at another time; that he voted both ways on the proposition.

Mr. POINDEXTER. No; I did not say any such thing.

Mr. HARRISON. I misunderstood the Senator, then.

Mr. POINDEXTER. I said I voted at one time against the Borah resolution as an amendment to the naval appropriation bill. On another occasion I voted in favor of putting it on the naval appropriation bill. It does not make any difference, in my judgment, and I often stated that in the Senate, whether it was attached to the bill or not, because it was well known that it was the purpose of the President of the United States, in accordance with pledges and promises which he had made, and in accordance with steps which he had already taken, to call a conference of the nations, to bring about, if possible, a limitation of armaments.

Mr. HARRISON. Mr. President, I shall not proceed further. I merely want to express this thought, that the distinguished Senator from Idaho led in this movement. More than any other man in America he crystallized sentiment for a limitation of armaments. If there be one man in the United States above all others who should be selected as one of the delegates to this conference it is the distinguished Senator from Idaho, and I know that there are forces at work in the city of Washington and throughout this country now that want to see men of a different view on the delegation—views that are not now and have never been shared by the distinguished Senator from Idaho. But the success or failure of this conference will depend upon the personnel of our delegation, and let us hope that they will be men or women whose hearts are enthusiastically in the cause—that real results can be obtained. If not, then the conference will be a mere "by-play," a sham, a pretense.

Mr. McKELLAR. Before the Senator sits down, may I interrupt to ask him a question?

Mr. HARRISON. Certainly.

Mr. McKELLAR. I call the attention of the Senator from Mississippi to a question and an answer as they appear on page 1419 of the RECORD of May 13, 1921, about the matter which he has just been discussing. The junior Senator from Utah [Mr. KING] said this:

The Senator from Maine [Mr. HALE] has just indicated, if I interpreted his remarks correctly, that the President of the United States had intimidated—and if I quote him incorrectly I hope he will correct me—that this was not quite the time to present the question of disarmament. I would prefer to have the Senator state what was said, because then I can not be put in the attitude of misquoting him.

This is the answer of the Senator from Maine:

Mr. HALE. I stated that my impression, after talking with the President, was that he considered that this is not the time to go ahead with a resolution of this kind. Of course, the Senator realizes that our foreign relations at the present time are extremely delicate and that the country at large is looking to the President to straighten out these foreign relations.

Under the circumstances I do not think, so far as I myself am concerned, that we need advise the President what to do in the matter of making treaties. I think we can safely leave it to him. So far as the resolution is concerned, there was a resolution when the 1916 program was adopted which was passed by Congress looking forward to disarmament. I think we can let it go at that without taking any action at the present time. I am simply speaking for myself.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER. The Senator from Michigan.

Mr. KING. Mr. President, before the Senator from Michigan proceeds with his matter I should like to inquire of the Senator from Washington or any other member of the Foreign Relations Committee why Germany has not been invited to participate in the conference?

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. HARRISON. It may be because the administration has not decided whether we are still at war or are now at peace. The proclamation has not yet been issued that Mr. Daugherty, the Attorney General, has been considering for months, and there seems to be a good deal of uncertainty and doubt as to whether or not the proclamation will be issued.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. TOWNSEND. Mr. President, I hope now we can proceed with the business that is before the Senate. If Senators desire to talk politics and to catechize each other as to what they have done or have not done, I have no objection to it if I could only persuade the Senate to allow us to proceed with the bill that has the approval of nearly every Member of the Senate and which we can dispose of very quickly and send it to conference, where I am anticipating we will have to devote some time to harmonizing the differences between the two Houses. If we carry an appropriation in the bill it will have to go back to the House and then to conference before that can be determined. What I am asking now is that the Senate may proceed, according to what is its seeming desire, to dispose of the bill and leave these other matters out.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER (Mr. SUTHERLAND in the chair). Does the Senator from Michigan yield to the Senator from Ohio?

Mr. TOWNSEND. I yield.

Mr. POMERENE. I hope the Senator will not be too insistent. There has been no opportunity for morning business, and I am anxious to present a Senate resolution calling upon the State Department for certain information with respect to the sinking of the *Lusitania* and claims that have been filed, and so forth. I wish to ask unanimous consent to present the resolution now and for its present consideration. If it leads to any discussion at all I will withdraw it.

Mr. TOWNSEND. I yield for that purpose, although I hope I will not be asked again to yield.

#### "LUSITANIA" CLAIMS.

Mr. POMERENE submitted the following resolution (S. Res. 134), which was read, considered by unanimous consent, and agreed to:

The resolution (S. Res. 134) was read as follows:

*Resolved*, That the Secretary of State, if not incompatible with the public interest, be, and he is hereby, requested to furnish to the Senate:

- (a) A full and complete list of the names and last place of residence of each and every American man, woman, and child aboard the *Lusitania* at the time of its sinking, whether lost, killed, or survivor.
- (b) A full and complete list of all the claims, giving the character and amount thereof, which have been filed with the State Department in connection with the sinking of the *Lusitania*.
- (c) A report as to what steps, if any, have been taken for the adjustment of such claims.
- (d) A full report of all correspondence had between the State Department and the German authorities bearing upon this subject.

#### UNITED STATES VETERANS BUREAU.

Mr. SMOOT. Mr. President—

Mr. TOWNSEND. I yield to the Senator from Utah.

Mr. SMOOT. I report from the Committee on Finance a joint resolution which was agreed upon by the committee this

morning, and I ask for its present consideration. If it leads to a moment's discussion I shall withdraw it.

It is simply a joint resolution changing the name of the Veterans Bureau to the United States Veterans Bureau. In the designation of the bureau as the Veterans Bureau, Col. Forbes advises me that every American Legion has a veterans bureau within the legion and the mails have already begun to be mixed up and mail intended for those bureaus are coming into the Veterans Bureau here in Washington. The joint resolution merely changes the name from the Veterans Bureau to the United States Veterans Bureau to differentiate between that bureau and the veterans bureau of the American Legion.

Mr. KING. May I inquire of my colleague whether it is a unanimous report?

Mr. SMOOT. It is a unanimous report.

The joint resolution (S. J. Res. 103) changing the name of the Veterans Bureau to "United States Veterans Bureau," was read the first time by its title and the second time at length, as follows:

*Resolved, etc.*, That the Veterans Bureau, created by the act entitled "An act to establish a veterans bureau and to improve the facilities and service of such bureau, and further to amend and modify the war risk insurance act," approved August 9, 1921, shall be known as the "United States Veterans Bureau," and whenever used in such act the term "Veterans Bureau" shall mean "United States Veterans Bureau."

There being no objection, the joint resolution was considered as in Committee of the Whole.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. CURTIS. Mr. President, I wish to ask the Senator from Michigan a question.

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kansas?

Mr. TOWNSEND. Certainly.

Mr. CURTIS. As I understand it, if the Senate agrees to the amendment reported from the committee by the Senator from Michigan, the original Senate bill No. 1072, the House substitute, and the Senate amendment will all three be in conference?

Mr. TOWNSEND. That is the way I understand it.

Mr. CURTIS. May I ask the Presiding Officer if the amendment is still open to amendment?

The PRESIDING OFFICER. The amendment is still open to amendment.

Mr. KING. Mr. President, the amendment has not yet been read.

Mr. TOWNSEND. Yes; it was all read but the last page. I asked if it was desired to have that read, and no one asked for it, so I assumed that we were proceeding as if it had been read. It all appears in the Record this morning.

Mr. KING. May I ask the Senator from Wyoming [Mr. WARREN] a question? The Senator from Wyoming, as I understood him yesterday, gave notice that he intended to call up for consideration and passage to-day what has been called the emergency or deficiency appropriation bill containing an appropriation with reference to the Shipping Board. May I inquire of the Senator whether it is his purpose to call that up to-day, because I wish to warn him that if it is there will be very serious opposition?

Mr. WARREN. Mr. President, I may say to the Senator that he is mistaken in saying that I said I would call the bill up to-day and pass it to-day, because I expect the help of the Senator in some few remarks upon the bill which will probably take longer than we would have to-day. It is my purpose to bring the bill up for consideration in the Senate as soon as the pending bill, and perhaps an important resolution now lying on the table, can be taken care of.

The deficiency appropriation bill will undoubtedly have to be considered for some little time, because, judging from what has passed before, there is a great deal of just criticism of certain earlier expenditures. I wish that the Senator, if he will do so, being interested in the subject, would read the Senate committee hearings which the Senator now has in his hand. That is one reason why I have delayed to-day any effort to get the bill up until other matters might be disposed of.



Mr. KING. The Senator knows the hearings were obtained just a few moments ago.

Mr. WARREN. They were obtained this morning.

Mr. KING. I telephoned for them this morning, and was unable to get them until I came to the Senate Chamber a few moments ago.

Mr. SIMMONS. Mr. President, what bill is the Senator discussing?

Mr. KING. The emergency Shipping Board appropriation bill or deficiency appropriation bill. May I inquire of the Senator from Kansas [Mr. CURTIS] or any member of the Committee on Appropriations if there is any purpose to attempt to call up to-day what is known as the dye bill, the emergency tariff bill? I wish to warn the Senator that there will be opposition to that.

Mr. CURTIS. The Senator has the right to oppose any measure he pleases.

Mr. KING. I wish to be fair with the Senator and let him know he can not get it through in a hurry.

Mr. CURTIS. The Senator from Kansas is not in charge of the bill. I understand the Senator refers to the emergency tariff bill, which includes dyestuffs, but I understood from the Senator from North Dakota [Mr. McCUMBER] that it is his desire at the first opportunity to call up that bill for consideration.

Mr. KING. There will be no effort to supplant the road bill now before the Senate?

Mr. CURTIS. No effort has been made up to date to do so.

Mr. TOWNSEND. I may say that the Senator from Michigan will not consent to that if he can prevent it. It was declared that there would be no effort to interfere with the consideration of the good roads bill. That is the thing that is disturbing the Senator from Michigan more than anything else. He is not disturbed over the prospect of some other bill supplanting that measure.

Mr. KING. I wish to assure the Senator that I shall support his effort to prevent a substitution of either of the other measures for the one he is so ably championing.

Mr. TOWNSEND. There is no likelihood that that will be done.

Mr. CARAWAY. Mr. President, may I ask the Senator from Michigan a question?

Mr. TOWNSEND. I yield to the Senator from Arkansas.

Mr. CARAWAY. On page 10 of the amendment, section 10 provides:

That before any project shall be approved by the commission of any State such State shall make provision for State funds required each year of such State by this act for construction and reconstruction of highways, and shall also make adequate provision for maintenance of all Federal-aid highways within the State.

Under the provisions of that section we could not comply with the provisions of the amendment in my State. If the Senator could accept an amendment which would read "such State or subdivision thereof," we would be able to do so, because we make our improvements in our States by improvement districts. The State is without power under the constitution to accumulate a State fund. That question was discussed before, and I understood there was an amendment to be offered to the bill that would cure that.

Mr. TOWNSEND. Mr. President, may I interrupt the Senator and ask him to read section 27 of the amendment?

Mr. CARAWAY. I have read that. It gives us two years.

Mr. TOWNSEND. That is the extent of the appropriation.

Mr. CARAWAY. I wish to say to the Senator from Michigan that the people of the State of Arkansas have three times passed upon a proposed change in our constitution that would permit the raising of funds by the State at large, and each time it has been defeated by an overwhelming majority of the people. There is no reason to believe that the people desire to change the constitution, but we can meet the situation by inserting the words "or subdivision thereof," because we meet our State appropriations for improvement of highways by subdivisions of the State known as improvement districts. I should like to call it to the attention of the Senator at this time and a little later on offer such an amendment, if it meets with his approval.

Mr. TOWNSEND. I hope the Senator will not feel the necessity of presenting such an amendment, because one of the things that has been contended for before the committee and before the House and that is strongly contended for by the highway department and the Secretary of Agriculture and that is mentioned by the President is that we shall deal with the States in making these appropriations. We have extended that by frequently giving the States an opportunity to amend their constitutions. The Senator said his State has not done so.

We provide that during the life of the appropriation the money can be raised just as it is now.

Mr. CARAWAY. I understand that.

Mr. TOWNSEND. So that takes care of it. I dislike very much to recognize that principle, because I think it is a vicious principle. I think it is a mistake generally to allow the Federal money to be prorated among those counties which can afford to meet the expense and only those counties get the money.

Mr. CARAWAY. The Senator does not understand the conditions in our State, because the money does not go to the counties at all. There is not anything in our State constitution or our laws to prevent dealing directly with the highway department. We met the provisions of the old bill, but there is no provision at all under our constitution whereby we can raise State funds for the construction or maintenance of public highways. We have to do that by subdivisions of the State known as improvement districts.

The people after all must be the judge of whether they want to amend the constitution or not, and they have declined to do it. There was a reason, for that rests upon the conditions which existed just after the Civil War, when every subdivision of the State was bonded until it was bankrupt by a government that was not of the people; so when they rewrote the constitution they hedged against that condition ever arising again, and they are still reluctant to change it and will not do it. I do not think the Federal Government ought to try to coerce a State into changing its constitution. If the State is able to meet the conditions of the Federal Government by subdivisions of the State meeting the requirements, it ought not be required to change its constitution and its whole organic law to meet an act of Congress in order to be treated fairly, as other States are treated.

Mr. TOWNSEND. This bill does not provide that the appropriation may not go to the Senator's State.

Mr. CARAWAY. Under this provision our State could share in the appropriation for two years, but we are now writing a general law, and at the expiration of two years—

Mr. TOWNSEND. It will be necessary to make another appropriation at the end of one year, and in the appropriation which we make next year we can provide such terms for its distribution as we wish, but I think that we are caring for everything in the pending bill. This is a provision that has been agreed to. There was an even more drastic provision in the House bill than is inserted here. We eliminated the provision in reference to it being necessary for States to amend their constitutions in order to get the benefit of the appropriation.

Mr. CARAWAY. I know that.

Mr. TOWNSEND. And we provided simply how the money which goes to the States should be met under present conditions for two years.

Mr. CARAWAY. Let me ask the Senator from Michigan will not section 10 of the pending bill, if we adopt it, be the law of the land at the end of two years?

Mr. TOWNSEND. Yes; but it would be of no use unless an appropriation was made to carry it out.

Mr. CARAWAY. I know that, but the appropriation would be made subject to the provisions of existing law, and we could not, therefore, share in an appropriation made under this proposed act after the expiration of two years.

Mr. TOWNSEND. There will be some States which will have complied with the law. Take Louisiana, for instance, which is in very similar condition to the State of Arkansas. Louisiana has already practically made the necessary provision in her law, and it will be in operation before the two years shall have expired.

Mr. CARAWAY. But the people of my State have not seen fit to do that, and Congress has no right to coerce them.

Mr. TOWNSEND. The Senator may make that argument when similar legislation comes up the next time providing for another appropriation.

Mr. CARAWAY. But this bill will then be the law; the appropriations will be made subject to existing law, and this will not then be an open question.

Mr. TOWNSEND. I should myself object to a general hard-and-fast law covering all time, which would permit the State of Arkansas, which I think has suffered considerably through the lack of sufficient authority under her constitution to properly handle road funds—

Mr. CARAWAY. I think the Senator from Michigan is making that charge without any evidence at all to support it. I have heard the loose charge made that the Federal funds were wasted, but there is no man who lives who can produce a single iota of evidence to support it. I have myself investigated that charge. I do not think that Congress ought to try

to coerce the States and say to a State, "If you do not change your constitution and accept our views, we are not going to let you be treated as other States are treated; we are going to deny you the appropriation." I do not think the Senator from Michigan ought to take that position.

Mr. TOWNSEND. I will say to the Senator that I feel that the Federal Government should and must insist upon the right of seeing that the Federal money is properly expended, and, as I before stated, expended for a Federal purpose. If the laws of the State of Arkansas are such that the money proposed to be appropriated by the pending measure has got to be prorated upon the counties of the State without any regard to a system—

Mr. CARAWAY. I have told the Senator from Michigan that there is not any such law as that in my State and that there is not any such practice as that. The counties in my State do not have anything to do with the matter; the money does not go to the counties. If the Senator from Michigan has obtained any such information as that, he has been erroneously informed. The improvement of public highways in my State is made by what are called improvement districts. Those districts may be a part of a county or may embrace several counties. They are merely subdivisions of the State for administrative purposes. Our constitution would not permit us to manage the matter otherwise. Our people in their wisdom have seen fit not to change their constitution, and I do not think Congress has any right to try to coerce them into changing their constitution.

#### PETITIONS.

Mr. WILLIS presented the petition of Frank F. Jones and sundry other members of the Central Branch, National Home for Disabled Volunteer Soldiers, of Dayton, Ohio, praying for the enactment of legislation granting pensions and increase of pensions to veterans of Indian wars and campaigns and to widows and orphans of deceased veterans of such wars and campaigns, which was referred to the Committee on Pensions.

Mr. HALE. I ask leave to present two petitions and, by request, I ask that they be printed in the RECORD and referred to the Committee on Foreign Relations.

There being no objection, the petitions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

"Whereas it is an American principle established by the Declaration of Independence that all Governments derive their just powers from the consent of the governed; and

"Whereas the people of Ireland in their general elections held in the years 1918, 1920, and 1921 have each time voted by an overwhelming majority in favor of an independent republic; and

"Whereas the government of the republic of Ireland exists and is a functioning government, and 90 per cent of the people of Ireland are giving their allegiance to that government and only that government; and

"Whereas the British Government is maintaining in Ireland a great military force in a state of war in an attempt to crush the Irish people against all law, both moral law and positive law; and those military forces are guilty of all manner of atrocities against civil population of Ireland: Therefore be it

"Resolved by the citizens of Lewiston and Auburn, Me., in public meeting assembled, That we demand of the President and Congress of the United States immediate recognition of the republic of Ireland. That whereas the Secretary of the Treasury has asked from the Congress blanket authority to refund the debt of nearly \$5,000,000,000 and unpaid interest due from Great Britain to the United States into long-term obligations; be it further

"Resolved, That we protest against this attempt to allow England to escape immediate payment of the principal and interest of this great debt, and we demand of the Government of the United States that means be taken promptly to require England to pay the interest due on this debt and to pay the principal speedily; be it further

"Resolved, That a copy of these resolutions be sent to the President and one each to Senator FERNALD and Senator HALE and Congressman WHITE with the request that they be published in the CONGRESSIONAL RECORD, and that copies be given to the public press of the State of Maine."

LEWISTON, ME., August 2, 1921.

I hereby certify that the foregoing resolutions were unanimously adopted at a public meeting of citizens of Lewiston and Auburn, Me., which meeting was held under the auspices of MacSwiney Council of Lewiston of the American Association for the Recognition of the Irish Republic, and at which it is estimated there were more than 2,000 citizens present.

Attest:

H. E. HOLMES,  
Chairman of the Meeting.

MAINE DIRECTORATE, AMERICAN ASSOCIATION FOR THE  
RECOGNITION OF THE IRISH REPUBLIC,  
Portland, Me.

Hon. FREDERICK HALE,  
United States Senator, Washington, D. C.

MY DEAR SENATOR:

"Whereas it is an American principle established by the Declaration of Independence that all Governments derive their just powers from the consent of the governed; and

"Whereas the people of Ireland in their general elections held in the years 1918, 1920, and 1921 have each time voted by an overwhelming majority in favor of an independent republic; and

"Whereas the government of the republic of Ireland exists and is a functioning government and 90 per cent of the people of Ireland are giving their allegiance to that government and only that government; and

"Whereas the British Government is maintaining in Ireland a great military force in a state of war in an attempt to crush the Irish people against all law, both moral law and positive law, and those military forces are guilty of all manner of atrocities against the civil population of Ireland: Therefore be it

"Resolved by the citizens of Old Orchard, Me., in public meeting assembled, That we demand of the President and Congress of the United States immediate recognition of the republic of Ireland. That whereas the Secretary of the Treasury has asked from the Congress blanket authority to refund the debt of nearly \$5,000,000,000 and unpaid interest due from Great Britain to the United States into long-term obligations; be it further

"Resolved, That we protest against this attempt to allow England to escape immediate payment of the principal and interest of this great debt, and we demand of the Government of the United States that means be taken promptly to require England to pay the interest due on this debt and to pay the principal speedily; be it further

"Resolved, That a copy of these resolutions be sent to the President and one each to Senator FERNALD and Senator HALE and Congressman BEEDEY, with the request that they be published in the CONGRESSIONAL RECORD, and that copies be given to the public press of the State of Maine."

OLD ORCHARD, ME., August 7, 1921.

I hereby certify that the foregoing resolutions were unanimously adopted at a public meeting of citizens of Old Orchard, Me., held this day, August 7, 1921, in Seashore Theater, Old Orchard, Me., which meeting was held under the auspices of the Maine Directorate of the American Association for the Recognition of the Irish Republic and at which it is estimated there were more than 1,000 citizens present.

Attest:

JOHN BROWN,  
Chairman of the Meeting.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WADSWORTH:

A bill (S. 2421) to provide for the exchange of Government lands for privately owned lands in the Territory of Hawaii; and

A bill (S. 2422) to provide for flying pay for officers and enlisted men of the Regular Army who are incapacitated by reason of injuries incurred in or by aircraft accidents; to the Committee on Military Affairs.

By Mr. SWANSON:

A bill (S. 2423) for the relief of J. W. Hogg; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 2424) to amend an act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916; to the Committee on Military Affairs.

By Mr. FRELINGHUYSEN:

A bill (S. 2425) granting permission to the city of Plainfield, N. J., to widen Watchung Avenue in front of the Federal post-office building, and for other purposes; to the Committee on Public Buildings and Grounds.

#### PRINTING OF THE TARIFF BILL.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to Senate concurrent resolution 7, which was to strike out all after the resolving clause and to insert:

That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage industries of the United States, and for other purposes, as passed by the House of Representatives, be printed as a Senate document with an index, and that 6,000 additional copies be printed, of which 2,000 shall be for the Senate document room; 2,000 for the House document room; 1,000 for the Committee on Finance of the Senate, and 1,000 for the Committee on Ways and Means of the House.

Mr. SMOOT. I move that the Senate concur in the amendment of the House. I will simply state that the resolution as passed by the Senate provided for the printing of 15,000 copies of the tariff bill with an index. The House has amended the resolution by providing for only 6,000 copies, and we shall try to get along with 6,000. Therefore I move that the Senate concur in the House amendment.

The motion was agreed to.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

The PRESIDING OFFICER. The Chair lays before the Senate the action of the House of Representatives on the amendments of the Senate to House bill 7294, which will be read.

The Assistant Secretary read as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,  
August 16, 1921.

Resolved, That the House concur in the amendments of the Senate Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 16, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, and 31 to the bill (H. R. 7294) entitled "An act supplemental to the national prohibition act."



That the House concur in the amendment of the Senate No. 10 with an amendment as follows: In lieu of the matter proposed by said amendment insert the following: "Provided, That no change of formula shall be required and no permit to manufacture any article under subdivision (e), section 4, Title II of the national prohibition act shall be revoked unless it shall be made to appear to the commissioner that the sale or use of such article is substantially increased in the community by reason of its use as a beverage or for intoxicating beverage purposes."

That the House concur in the amendment of the Senate No. 15 with an amendment as follows: In lieu of the matter proposed by said amendment insert the following: "Provided, That no vinous liquor shall be imported into the United States unless it is made to appear to the commissioner that vinous liquor for such nonbeverage use produced in the United States is not sufficient to meet such nonbeverage needs: *Provided further*, That this provision against importation shall not apply to shipments en route to the United States at the time of the passage of this act."

That the House concur in the amendment of the Senate No. 32 with an amendment as follows: In lieu of the matter proposed by said amendment insert the following:

"SEC. 6. That no officer, agent, or employee of the United States, while engaged in the enforcement of this act, the national prohibition act, or any law in reference to the manufacture or taxation of, or traffic in, intoxicating liquor, shall search any private dwelling without a warrant directing such search, and no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured for sale or sold. The term "private dwelling" shall be construed to include the room or rooms occupied not transiently, but solely as a residence in an apartment house, hotel, or boarding house. Any violation of any provision of this paragraph shall be punished by a fine of not to exceed \$1,000 or imprisonment not to exceed one year, or both such fine and imprisonment, in the discretion of the court."

That the House disagree to the amendments of the Senate Nos. 14, 17, 18, and 19.

That the House agree to the conference requested by the Senate on the disagreeing votes of the two Houses.

Ordered, That Mr. VOLSTEAD, Mr. DYER, and Mr. SUMNERS of Texas be the managers of the conference on the part of the House.

Mr. STERLING. Mr. President, it appears that the action of the House of Representatives, as stated in the message which has just been read, was taken before the appointment by the House of the conferees who are named in the message. I move that the Senate disagree to the amendments of the House to Senate amendments numbered 10, 15, and 32.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Dakota.

Mr. WADSWORTH. May I ask the Senator from South Dakota what action, if any, the House of Representatives took upon the amendment which I submitted, and which was adopted by the Senate unanimously, relating to the return to the United States of certain liquors of American manufacture?

Mr. STERLING. I understand that the House did not disagree to that amendment. I think it is understood by the conferees on the part of the House that that amendment shall stand.

Mr. WADSWORTH. I will ask the Senator to explain to the Senate just what the parliamentary situation is now with respect to the bill.

Mr. STERLING. The parliamentary situation, as I understand, is this—

Mr. BRANDEGEE. Mr. President, I rise to a question of order.

The PRESIDING OFFICER. The Senator will state his question of order.

Mr. BRANDEGEE. I assume that this matter can only come up at this time by unanimous consent.

Mr. WARREN. It can be presented, but can not be proceeded with if it is objected to.

Mr. BRANDEGEE. It is a message from the House. The Senator from South Dakota is making a motion about a matter which comes over from the House while there is another bill before the Senate.

The PRESIDING OFFICER. If objection is made—

Mr. BRANDEGEE. Reserving the right to object, I should like to have the Senator from South Dakota answer the question of the Senator from New York in order that we may obtain some information from the Senator regarding the situation. I reserve the right to object.

Mr. STERLING. I have given the Senator from New York my understanding of the situation in regard to the amendment to which he has referred.

Mr. BRANDEGEE. The Senator from New York just asked the Senator from South Dakota what the parliamentary situation was.

Mr. STERLING. The parliamentary situation, as I understand, is this: The Senate has appointed its conferees upon this bill, and those conferees are now in session with the conferees on the part of the House appointed in pursuance of the action of the House, as set forth in the message just read by the Secretary. Of course, this action having been taken by the House itself since final action of the Senate on the bill, I think it necessitates action now upon the part of the Senate disagree-

ing to the action of the House in amending certain amendments made by the Senate.

Mr. BRANDEGEE. Mr. President, how does it happen that the Senate appointed managers of a conference on the part of the Senate before the House disagreed to the Senate amendments and when, therefore, there was no disagreement between the two Houses?

Mr. STERLING. A conference was requested at the time of the passage of the bill. The motion was that the Senate request a conference with the House on the bill and amendments and that the Chair appoint the conferees on the part of the Senate. It was the usual motion which, as I understand, is made in all such cases where a House bill is amended by the Senate, as was done in this case.

Mr. BRANDEGEE. And the conferees have been in session?

Mr. STERLING. They are in session now, and they were in session when this message was brought to their attention.

Mr. BRANDEGEE. I have no objection to disagreeing to the House amendments to the Senate amendments.

Mr. STERLING. The conferees are engaged in considering the amendments, especially amendment No. 32 and the House amendment to that amendment.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Dakota.

Mr. WADSWORTH. Mr. President, it seems to me, irrespective of the merits of the original bill or of the amendments which have been made to it, that the Senate is confronted with a very peculiar situation. The Senate adopted a number of amendments to the bill in the usual fashion; it requested a conference with the House and appointed its conferees. Now, before the conferees of the Senate have met with the conferees of the House, the House proceeds to accept certain amendments and to suggest other amendments to the Senate amendments. Are not our conferees now clothed with complete authority to discuss that matter with the House conferees? Is it the part of wisdom for the Senate to proceed with action concerning amendments to this bill before its own conferees have made any report to it whatsoever?

In other words, is the Senate prepared to go into joint conference with the full membership of the House? That is what this amounts to, as I understand. Of course, it is due to the peculiar result of the new House rules, but we clothed our conferees with power to represent us and before they have had an opportunity to represent us at all the Senate is asked to accept certain House action. I think it is not a proper attitude for the Senate to assume in support of its own prestige and power.

Mr. STERLING. Mr. President, the conferees, of course, were clothed with the power under the action of the Senate to insist upon the amendments made by the Senate. That is what the pending motion amounts to; that we disagree now to the amendments made by the House to the amendments made by the Senate. The conferees on the part of the Senate were appointed under a motion involving that action.

Mr. BRANDEGEE. Will the Senator answer me this question? If the Senate adopted certain amendments and then insisted upon its amendments and asked the House to agree to a conference and the House has appointed its conferees and the Senate has appointed its conferees, why do we need to disagree to some amendments that the House has made?

Mr. STERLING. I understand that is necessary. The House having acted, it is not the action of the conferees but the action of the House, and that action of the House having been messaged to the Senate it is necessary then for the Senate to take action disagreeing to the amendments made by the House.

Mr. WARREN. Mr. President—

Mr. STERLING. I yield to the Senator from Wyoming.

Mr. WARREN. The way that matter should be handled, in my judgment, is this: It should be entirely in the hands of the conferees, and the conferees on the part of the Senate should insist that the House address the Senate through its conferees, the matter having been committed to a conference between the two Houses. So that no motion whatever is needed at this time, from my standpoint.

Mr. STERLING. Although that might have been proper, I might agree with the Senator from Wyoming that it is proper, yet I think this is the quickest and most expeditious way of disposing of the matter.

I have been informed that the action proposed is necessary to be taken by the Senate; that the House having acted, we should disagree to the House amendments to the Senate amendments upon which we were instructed to insist when the conferees were appointed.

Mr. BRANDEGEE. Mr. President, after the Senate has sent a bill to a conference committee, to which the House agrees,

how does the House take the bill out of the hands of the conference committee and proceed to make further amendments?

The PRESIDING OFFICER. The Chair will call the Senator's attention to the fact that the House took this action before it agreed to a conference.

Mr. BRANDEGEE. Very well.

Mr. WARREN. Then it has been taken up in the House as a whole matter and not sent to conference?

Mr. STERLING. Yes.

Mr. WARREN. And you have not been with the conference considering the question?

Mr. STERLING. We have been with the conference practically, of course, considering the question.

Mr. WARREN. Did they say this was submitted to them as conferees?

The PRESIDING OFFICER. The papers were not regularly before the conferees at the time. They must have met informally.

Mr. LENROOT. Mr. President, how did the Senate get these papers? Did they come with the message from the House?

The PRESIDING OFFICER. They came directly from the House.

Mr. LODGE. Mr. President, it seems to me, if I may be pardoned, that the conference is complete when the House agrees to it, and this is merely a message of information.

Mr. WARREN. There is nothing further for the Senate to do until you go out and finish it in conference and come to us with an agreement of your conferees.

The PRESIDING OFFICER. The Chair will state that it goes further, because the same message agrees to a conference after the House has taken this action.

Mr. BRANDEGEE. Does it not also inform the Senate that the House has agreed to certain Senate amendments and disagreed to others?

The PRESIDING OFFICER. It does; yes.

Mr. BRANDEGEE. Was not that a function of the conference committee?

The PRESIDING OFFICER. The conference committee, as the Chair understands, had never had the bill under consideration up to that time.

Mr. STERLING. That is true.

Mr. STANLEY. Mr. President, I ask that the report be read again. A good many Senators have come in since it was read.

The PRESIDING OFFICER. The report has been read in full.

Mr. BRANDEGEE. Let it be read again, Mr. President.

Mr. TOWNSEND. Mr. President, if the object here is to consume time, I shall have to ask for the regular order and object to the consideration of the report, unless the motion is agreed to. Evidently it is the intention to discuss it at some length, and I shall have to object if that is the object.

Mr. STANLEY. That is not the object. I simply asked to have the report read for information. I was out when the report was read, and I want to know what is in it.

Mr. STERLING. It is not the object, I will say to the Senator from Michigan. I had expected that this matter would have been disposed of before this time. It was simply a matter of our disagreeing to the House amendments to our amendments made here in the Senate. That was all there was to it. The conferees having been appointed on the part of the Senate, there is no further action to take in that respect.

Mr. TOWNSEND. Does the Senator think any action is required for a consideration of this conference report?

Mr. STERLING. I was informed that the parliamentary procedure required that action, since the House took this action before or simultaneously with the appointment of these conferees. The bill went to the House—it did not go directly to the conferees—and the House acted upon it, agreeing as a House to certain amendments made by the Senate and concurring in certain other amendments with amendments made by the House.

Mr. OVERMAN. Mr. President, how does it differ from any other bill? Why do not the conferees go on and settle this question? You have the notice from the House of what they have done, and that is all there is to it. Now, you can go on and settle this matter without any action upon the part of the Senate at all.

Mr. STERLING. I should like to do that if it can be done under the parliamentary procedure, but the question has been raised that it could not be done. Very good parliamentarians have said so, and that is the reason why I am here with this simple motion.

Mr. WARREN. Mr. President, if the Senator will yield, there is a difference of opinion here. I must object to the further consideration of the matter now. It may be taken up

later. The Senator will find that the House has provided conferees now with authority, and they are governed by certain action that the House has taken, and they will tell you that they can not yield on those items. It is not a full conference in that sense.

Mr. LODGE. It is not a full and free conference.

Mr. WARREN. No; we do not have them any more under the rules of the House. It should go back without any action; but rather than burn up the time when we should be doing other business, I object to further consideration of the matter at this time.

Mr. STERLING. Mr. President, I understand that this must be done by unanimous consent at this time, if at all. I suppose, therefore, that I shall have to yield.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. TOWNSEND. Mr. President, I desire to call attention to an amendment that was made to the pending bill on yesterday. On page 9, at the end of line 16, I wish to insert a proviso, if I may have the attention of the Senate for just a moment. Yesterday on line 13, page 9, the word "less" was stricken out and the word "more" inserted. That amendment ought not to stand in that way for this reason: Some 16 of the States of the Union have a much more liberal system of roads than 7 per cent of the highways, and in most of those States they devote all of the Federal aid to interstate roads. They do not allow any part of this money to be expended on any other than through interstate roads. This would prevent those States from carrying out their policy, so I propose to adopt the following proviso:

*Provided, That, with the approval of any State highway department, the commission may approve the expenditure of more than 60 per cent of the Federal aid apportioned to such State upon the primary or interstate highways in such State.*

So that when the highway department of a State desires this money to be expended as they are expending it now, upon the interstate system, that can be done. Otherwise we are compelling Illinois and Michigan and Kansas and a great many of these other States to divide their money and put a part of it on State roads when they do not want to put it there. Their system has been laid out and they are building their system of interstate roads with the Federal money.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from North Carolina?

Mr. TOWNSEND. Yes; I yield.

Mr. SIMMONS. I want to see if I understand the Senator. According to the amendment made yesterday afternoon as it now stands, not more than 60 per cent can be devoted to this purpose. The Senator does not propose to change that but proposes to add a proviso?

Mr. TOWNSEND. Yes. It ought to have been as it was originally prepared by the State highway commissioners, who were the authors of the Dowell bill—"not less."

Mr. SIMMONS. In the proviso that can not be changed except in the first instance at the request of the State authorities?

Mr. TOWNSEND. That is right.

Mr. SIMMONS. And the acquiescence in that request of the national authorities?

Mr. TOWNSEND. That is right.

Mr. SIMMONS. Personally, I see no objection to it, if that is the purpose of the Senator's amendment.

Mr. TOWNSEND. I offer the amendment which I send to the desk, Mr. President.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The amendment offered by the Senator from Michigan will be stated.

The ASSISTANT SECRETARY. At the end of line 16, on page 9, it is proposed to insert the following proviso:

*Provided, That with the approval of any State highway department the commission may approve the expenditure of more than 60 per cent of the Federal aid apportioned to such State upon the primary or interstate highways in such State.*

Mr. HEFLIN. Mr. President, as I understand that amendment, the Senator wants to provide that where a State decides to put more than 60 per cent of the money on an interstate road it may do so?

Mr. TOWNSEND. Yes; just as 18 States are doing to-day.

Mr. HEFLIN. It does not interfere with the other States that want to use it as provided for in the bill?

Mr. TOWNSEND. It does not.



Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Michigan.

The amendment to the amendment was agreed to.

Mr. McKELLAR. Mr. President, I was going to suggest the change of a word, but I do not know that it is worth while to do it.

Mr. CURTIS. Mr. President, on page 3, I move to strike out section 3.

I am not going to ask for a record vote upon this matter, but I am opposed to the creation of any more commissions. I think the time has come for the Senate to express itself in regard to that matter. Of course, I know that this measure will have to go to conference, and with it will go the House bill, which does not contain a provision for a commission; and for that reason I am not going to insist upon a yea-and-nay vote. I do think, however, that the Senate would be justified in defeating section 3. Arrangements have already been made in the Department of Agriculture for carrying on this work; the work has been satisfactorily carried on up to date, and it seems to me that a commission is unnecessary.

Surely, this Government has too many commissions now, and it would be a good thing if some of them were eliminated. Some of them were very good commissions, but we have some that are absolutely unnecessary and are doing no good; and if one looks over the amount of appropriations that we have made for commissions in the last 10 or 12 years I know he will be astonished and surprised at the amount of money that has been expended; I think much of it unnecessarily.

Mr. LODGE. Mr. President, I am very cordially in favor of the proposition of the Senator from Kansas. I think we have altogether too many commissions. The work is better done by the department and by a single man than by multiplying commissions as we have been doing lately. I am especially opposed to multiplying any more commissions and paying them larger salaries than are paid to Members of the House and of the Senate. I think these highly paid commissions, especially when they are not necessary, are a mistake. It would be a very economic thing and a better thing in all ways, and we would get a better administration of the roads if we would get rid of them.

Mr. WADSWORTH. Mr. President, I, too, am in thorough agreement with the Senator from Kansas and the Senator from Massachusetts. We ought not to forget that within the comparatively near future—within the next few months, at least, it is to be hoped—the Congress is going to be asked to make a determined effort to bring about certain consolidations in the executive departments. In fact, the Congress has appointed a joint committee for that purpose, to which committee a representative of the Chief Executive has been added by special resolution of the Congress. While that committee is not yet ready to make any specific recommendations for the consolidation of work which is now duplicated in many departments, nevertheless in the discussions that have taken place thus far especial emphasis has been placed upon the situation with respect to the doing of public works, such as rivers and harbors, good roads, public buildings, irrigation projects, and forestry projects. To my mind some very intelligent suggestions have been made, to the effect that all activities of the Federal Government involving the construction of buildings and bridges and harbors and dikes and levees and roads and irrigation projects should be placed under one executive authority.

I think that is common sense. I am not prepared to say, nor are the other members of the committee, I think, prepared to say, just where we should consolidate that kind of work; but it is rather disturbing, not to say distressing, while the Congress has indicated its desire, through the appointment of a joint committee of this kind, to bring about consolidation, and to do away with duplication in the matter of public construction, that a committee of the Senate should propose a new commission or agency to supervise a certain kind of public work.

It seems to me that if we are to continue with the program of Federal aid in the construction of roads we might very much better leave the supervision of this work where it is—in the Department of Agriculture—until the Congress has a chance to get an accurate survey of the whole problem of the public works, for I believe, as surely as that I am standing here on this floor, that when that committee reports, its report will not tolerate five or six different executive agencies engaging in public construction, or the supervision of public construction, and the Senate ought not to go on record at this time in favor of the creation of a new agency. I believe the Senator from Kansas is right, and that Federal participation in road work should remain under the Bureau of Public Roads of the De-

partment of Agriculture. If I had my way about it—and I may not have my way about it—I would take it all away from that department eventually and put it under one department that shall have charge of all construction work—irrigation, roads, bridges, harbors, dikes, levees, public buildings, post-office buildings, Federal buildings, judicial buildings, everything under one businesslike control. I hope the amendment of the Senator from Kansas will prevail.

Mr. TOWNSEND. Mr. President, of course, if that contention prevails it will mean a rewriting of the whole measure now before us. I am in favor of putting this Federal road law under a commission, because I think that is the only proper way to administer in an economical and efficient manner the great funds which are appropriated for public roads. It is more than a question of engineering; it is more than a question simply of sitting at a desk and approving whatever is presented to the department. The road question is a big one and involves many things, among which is the study of construction, of materials, of locations, and the problems of transportation generally. There are few States in the Union which do not conduct their State road activities through a commission. Many of the States have changed their systems from a single authority to commission control.

Mr. McCORMICK. May I ask the Senator a question?

Mr. TOWNSEND. Yes.

Mr. McCORMICK. Is it not true that the tendency in every State is to abolish commissions, for whatever purpose created, and consolidate the executive functions of the State government under single executives?

Mr. TOWNSEND. That may be the case as to some things, but it is not true of the handling of the road problem. The change has been the other way.

Mr. WADSWORTH. It is just the other way in New York.

Mr. TOWNSEND. Where you can get the benefit of the fine intelligence and extensive study of the men who have had a full grasp and a comprehensive view of the situation. This job is too big for one man and he a bureau chief. Inefficiency and waste are bound to occur.

Mr. McCORMICK. Will not the Senator agree, then, that if his view be true as regards roads, it would hold equally as to the financial problems of the Government, and that we should abolish the position of Secretary of the Treasury and create a finance commission; that we should make an end of the position of Secretary of Agriculture, whose duties are certainly more varied than those of any road commission would be, and create a board of agriculture; that, in short, we should pattern our executive Government after that of the Chinese, where boards control in place of single executives?

Mr. TOWNSEND. Mr. President, we have the example of the Interstate Commerce Commission handling the railroads. Would the Senator suggest that we have one man to handle the railroads?

Mr. McCORMICK. Mr. President, in the first place, I do not think any of us can say that the Interstate Commerce Commission has done so incomparably well that it can be held up as a sole standard. But the analogy is not exact. The Interstate Commerce Commission is a tribunal. It is not an executive and administrative body. It is a tribunal, just as the Court of Customs Appeals is a tribunal. This is to be an administrative body, and it is to expend public moneys. It is not to sit in judgment upon cases presented to it. Am I not right?

Mr. TOWNSEND. Oh, no; the Senator is not right if he means that there are to be no cases presented to this body. All questions of location, all questions of construction, all questions of material are to be presented for final decision to this commission, and the commissioners should come from different sections of the country. There should be at least three sections of the country represented. We thought it should be five in the first instance. In some States they have eight members on their highway commissions to decide less complicated questions. I think it is going to mean economy to have a commission of skilled men to study these problems and avoid some of the mistakes which are inevitable where they are left to the decision of one man.

Mr. McCORMICK. Mr. President, let the Senator remember that we have had a commission in the Shipping Board. The existence of that board has not made either for economy or executive efficiency, and I venture that the longer that board exists the more Congress will waste, more than if its functions had been vested in a single executive. At a time when we purpose to retrench, to reduce taxation, to set an example to the world of a budget which balances, we purpose under this bill to go back to the now discredited system of commissions. I think it is deplorable.

Mr. LODGE. And to spend \$30,000 in salaries in doing it.

Mr. TOWNSEND. Mr. President, there is no doubt but what there are bad commissions; but there have been many good ones. The Interstate Commerce Commission is a good commission. Yet the road problem of this country will soon approximate the magnitude of the railroad problem of the country.

Mr. LODGE. Mr. President, the Interstate Commerce Commission, I think, has done, on the whole, as well as a commission can do; but the delays there are simply intolerable, due to the endless discussion they are always carrying on.

Mr. TOWNSEND. The Senator may want to cut off that discussion; but I think it has resulted in infinite good to the country, and has been the only method whereby the problems could be even approximately correctly solved.

This roads commission, considering what must be assigned to it, what is bound to be assigned to it, is going to increase in importance all the time; and the fact of the matter is that the Agricultural Department does not solve and can not solve these problems as they ought to be solved.

The Senator from Kansas says the administration of this work has been well handled under the present system. I deny it. If it had worked well I would not be here asking for amendments to existing law. I do not think the Federal aid law has at any time during its existence worked as it ought to have worked.

Mr. WADSWORTH. Was that due to the fact that it was single-headed in administration?

Mr. TOWNSEND. It was due not entirely to that, but the law was defective.

Mr. WADSWORTH. Was it not the fault of the law?

Mr. TOWNSEND. The law was defective, I admit. Under existing law all improper projects can be disapproved by the highway director, but he seldom disapproves. He can not decide all the disputed questions. The fact is that when these propositions are submitted to the director by State departments he almost invariably approves. It is not his fault. There is more work than he can do, and to-day the Bureau of Roads of the Department of Agriculture has twice as much money to expend as all of the rest of that department put together. We spend twice as much money through a bureau, a subchief, than is expended in all of the rest of the Department of Agriculture.

Mr. WADSWORTH. The Senator might cite many examples of that sort. The Quartermaster General of the Army expends infinitely more money than the Secretary of Agriculture, but it does not take a commission to feed the Army.

Mr. TOWNSEND. Oh, no.

Mr. WADSWORTH. Or to clothe it.

Mr. TOWNSEND. This commission will work under law-prescribed rules. Mr. President, I think we have worked out a good bill, if we measure it by results of economy and efficiency. If we are going to bring the road proposition up to a point where it will mean the good of the country, I think we must have such a plan. Eventually we will have a better plan than existing law. I do not see any other relief for present waste and inefficiency.

I want to take this work out of any bureau. The time may come, as the Senator from New York suggests, when this will be carried into some other department. It can be carried as well under the commission as it can from a bureau.

Mr. WADSWORTH. If that is imminent—

Mr. TOWNSEND. I do not think it is; but I am suggesting that if the argument of the Senator comes true—

Mr. WADSWORTH. If the argument of the Senator does not come true we might just as well disband the Joint Committee on Reorganization of the Executive Departments, we might just as well give up all hope of consolidating executive agencies of this Government under a businesslike scheme. If we are going to permit four or five or six separate agencies to go on expending public moneys for construction, what is the use of having a joint committee making an effort to consolidate? If the Senator is going to maintain that attitude to-day, I assume he would maintain the same attitude when the committee brings in a report urging that one department do all the construction work of the Government. He will certainly make the same argument that a separate commission is then necessary which he says is necessary now.

The same argument would hold good—if the Senator will permit me to interrupt him; I appreciate his courtesy, and I do not want to interrupt him unduly—in river and harbor work. We might just as well have a commission to decide about the expenditure of funds for dredging the rivers and doing river and harbor work. That work is going to be resumed; it must be resumed; it is not going to be held down to the figures to which it is now held. It is of national importance, and if we

can not get these things together there is no hope for the economy which that committee hopes to bring about.

Mr. TOWNSEND. The Senator from Michigan has not suggested that he would oppose that effort. He has some doubt about its being accomplished, but he is in favor of it.

The Senator from New York speaks of doing river and harbor work under a commission. Road construction differs in many respects from river and harbor work. We outline a plan. We have a general plan of construction prescribed by Congress in the law. The administration according to whether it is efficient or influenced by politics spells success or failure. We have a commission to cooperate with the States in laying out a national system and a State-connecting system of roads. One man can not do that as well as a commission of three men selected because of their fitness for this work, to which they must devote their undivided attention. They study these problems of construction and of materials and make up their findings and the results of their investigation. It is all in the interest of a comprehensive system of road building, which I think is essential if we are going to continue the investment of Federal money in State or Federal roads.

As I said, we have gone over this very carefully. We have given much deliberation to it. We have had the testimony of men who are skilled in these questions, and we have come to the conclusion that a commission is the agency to have in order to carry out its provisions.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Kansas to the committee amendment.

Mr. WADSWORTH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names:

Ball	Jones, N. Mex.	New	Stanfield
Broussard	Jones, Wash.	Nicholson	Stanley
Cameron	Kellogg	Norbeck	Sutherland
Capper	King	Oddie	Swanson
Caraway	Ladd	Overman	Townsend
Curtis	La Follette	Phelps	Trammell
Fletcher	Lenroot	Pittman	Wadsworth
Glass	Lodge	Polindexter	Walsh, Mass.
Hale	McCormick	Reed	Watson, Ind.
Harrell	McKellar	Sheppard	Williams
Heflin	McNary	Simmons	Willis

The PRESIDING OFFICER. Forty-four Senators have answered to their names. There is not a quorum present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. CALDER, Mr. FRELINGHUYSEN, Mr. SHORTRIDGE, Mr. STERLING, and Mr. WARREN answered to their names when called.

Mr. KNOX, Mr. NELSON, and Mr. BORAH entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-two Senators having answered to their names, a quorum is present. The question is upon the amendment proposed by the Senator from Kansas [Mr. CURTIS] to the amendment reported by the committee.

Mr. SIMMONS. Mr. President, I wish to say that I trust the amendment offered by the Senator from Kansas [Mr. CURTIS] will be agreed to. The proposition is substantially only an extension of the system of cooperation between the Government and the States, which we have had for years, in the construction of highways. During this period of Government and State cooperation the Department of Agriculture, through the Bureau of Good Roads, has administered the law and distributed the funds provided by the Federal Government in a way that I understand has been satisfactory to the States and the work has proceeded smoothly and without friction.

The expenditure of \$100,000,000 a year is not a difficult or complicated matter when the law lays down the method of its expenditure and provides for its distribution in large blocks. There are only 48 States, and the money is to be apportioned among those States according to a standard prescribed in the law. That part, therefore, of the work of the Secretary of Agriculture, through the Bureau of Good Roads, is very simple and not at all burdensome. All the machinery necessary for the prosecution of the work has already been provided and organized, and the personnel appointed. The personnel consists of men of experience, many of them experts, and the work is in full swing from one end of the country to the other. No public complaint has been made against the management or the service of those who now have it in charge. None, I think, can be justly laid against them. Why, under those circumstances, should we take this duty from those whom we have assigned to perform it and who have been performing it so satisfactorily and efficiently, and create a commission which possibly would in the very beginning reorganize the whole system? Whether the



proposed new commission would administer the program with anything like the degree of satisfaction that it has heretofore been administered is a question.

Senators can speculate upon the possible advantage of changing to a commission, but against that speculation I put the actual performance which we have had under the old organization in connection with this cooperative work.

Mr. President, I am opposed personally to the multiplication of commissions. I am not inclined to think that commissions have worked well. They have not, as a rule, such a responsible head as have each of the departments. They are invested with power, to be exercised in many instances without supervision, and they are prone, as our experience shows, to become very arbitrary in the execution of the powers which are conferred upon them.

In this instance we have, first, the Bureau of Good Roads. The practical work is done by that agency. The Secretary of Agriculture supervises and controls; he protects the public against any arbitrary conduct on the part of that bureau; and the President of the United States stands there controlling the Secretary of Agriculture, and further protects the public against the arbitrary exercise of power.

My objection to the commission is not so much the additional expense, although I think it is the duty of every Senator at this time to cast his vote, when he can do so, against increasing expenditures instead of in favor of increasing them—my fundamental objection to the commission system is, and I say our experience supports my objection, that when commissions have power to act independently of departmental control they are too often subject to influences that are not in favor of the public and the people, and they too often are arbitrary in their exercise of the powers and in the execution of the duties with which we invest and charge them. I think that commissions ought not to be appointed except when absolutely necessary, and no such necessity, in my opinion, is here presented. There seems to be no good reason for creating a new and additional body to administer this proposed law, which is substantially and practically the same as that which has been in operation for quite a number of years in the past, and which has been satisfactorily administered by the Bureau of Public Roads in the Department of Agriculture.

Mr. POINDEXTER. Mr. President, I am not so much concerned about the machinery which is provided in the pending bill for carrying out the purposes of Congress in providing Federal aid to roads; I am inclined to prefer that we should develop and use the existing establishment of administration of road construction and development; but I rise to comment on some objections which have been made to the bill on the ground that there is too much unemployment in the country.

Statistics have been presented as to the great number of men who are out of work in the industrial cities of the United States. I fail to see, Mr. President, how the existence of that condition affords any argument against the Government carrying on its public works. It seems to me, if any conclusion is to be drawn from a condition of unemployment, it would be favorable to activity by the Government, which would give employment to idle men in all those lines of construction to which the Government is committed.

Undoubtedly it is true that this is a time when in the appropriation of public funds the utmost care should be exercised in the interest of economy and of reducing the burdens of taxation; but, in so far as the existence of unemployment is concerned, of hard times industrially, the Government of the United States ought thereby to be induced to give, rather than be deterred from giving, new energy and enlarged scope to all lines of its public work to which it is committed as a policy. One of those is the improvement of the public roads.

Reference has been made to the naval construction program. I read from some communication received a short time ago that by the limitation of the appropriations for the construction program in the Navy some 200,000 men would be thrown out of employment. That result follows from an appropriation which was passed by the House of Representatives and was accepted without dispute or contention by the Senate of the United States, for there was not any contention in the Senate about the amount of money that was to be appropriated for the construction program.

The House of Representatives provided in its bill for \$90,000,000; there was no effort made by the Senate committee or by the Senate to increase that amount; but by reason of the scope of the program, of the vast obligations which the Government had already incurred for material, the limitation of the amount appropriated for the current year to \$90,000,000 will necessitate—it practically has already necessitated—the discharge of a great many men in navy yards, in private shipyards, and in all of those industrial establishments which are engaged

in the manufacture of the accessories and the incidental supplies which go to the construction and equipment of a great fleet.

Mr. KING. Will the Senator from Washington yield?

Mr. POINDEXTER. I will yield in just one moment. It seems to me that it is difficult to reconcile that policy with a wise course which should be pursued by the Government in regard to a construction program to which it is committed and which it has determined to carry out, when there are hundreds of thousands of men in the United States who have lost their employment in private establishments and who would be cared for in the incidental industries if the Government proceeds with reasonable speed to the completion of the great work which it has undertaken, and the same thing applies to the construction of public roads. Now I yield to the Senator from Utah.

Mr. KING. I was about to suggest to the Senator—and to ask him if my view is not correct—that in the hearings in the House and before the Naval Affairs Committee of the Senate there was testimony tending to show that the \$90,000,000 carried by the House bill to continue the construction of war vessels was about all that the department could utilize in a wise and proper manner. My recollection is that there was no desire for an appropriation to exceed \$90,000,000, and it was the consensus of opinion of all who were familiar with the subject that it was all that could properly, judiciously, and economically be expended during the current year for construction purposes. If that is true, it seems to me there should be no complaint about the discharge of persons or that we are not expending sufficient for naval purposes; indeed, I might say in passing, I think \$90,000,000 was entirely too much.

Mr. POINDEXTER. Mr. President, it was not for the purpose of arguing the Navy bill that I arose. I mentioned the naval construction program merely as illustrating the policy which seems to me ought to be applied by the Government in regard to all of its public works so far as may be consistent with economy. I regard the carrying out in an expeditious manner and with such reasonable speed as is possible under the material conditions under which the work is being done, a work to which the Government is committed and which it is going to complete at some time or other, as the economical program.

There is an enormous amount of waste which every man who is familiar with the public works of the Government knows exists from the periodic disorganization of the forces engaged upon those works. Closing them down for long periods during which the material depreciates and disintegrates, the forces are scattered, and there is involved the incidental expense of rebuilding and repairs and of getting together again the personnel which the Government must have in order to carry on such works is not in the interest of economy; on the contrary, it is economical to keep the forces together, to preserve the material, and when we have fixed upon a project which is to be accomplished to proceed toward its completion with reasonable rapidity. It was for the purpose of arguing along that line that I arose to speak in connection with the policy which has been adopted of Federal aid to roads. I believe it to be a wise policy; I do not think there is anything more fundamental in the interest of this country, whether in good times or bad times, in war or in peace, than easy and cheap transportation.

We have arrived at a time now when more than at any other period in our history wagon roads are an important if not the chief item in the great machinery and equipment for the transportation of passengers and commodities in this country. So long as that policy has been decided upon, in this period of unemployment it seems to me that we can not be charged as wasteful and extravagant if we appropriate a reasonable amount of money in this bill for carrying on that work.

Now, let me say a word in regard to what the Senator from Utah [Mr. KING] has said concerning the amount of money that was appropriated for the construction program, as it is called, in the Navy bill. The Senator states a certain basis of fact, namely, that the \$90,000,000 was all that could be used conveniently and economically; that the committees were advised that that was all that the Navy Department needed and, in fact, all that they wanted. Upon that premise the Senator bases his conclusion that the amount appropriated was too much; that we ought to have cut it down. I assume that that basis of fact is very largely the ground upon which the Senator founded his opposition to the Navy bill. Of course, if we remove the foundation upon which the argument is based and if we take away the premise, the conclusion which is undertaken to be drawn from it will also fall to the ground.

The fact of the case is that none of the conditions which the Senator described existed. It never was stated, at least to the Senate Committee on Naval Affairs, that that amount was



all that could be used; on the contrary, the information presented to the committee and presented to the Senate was that the appropriation of that amount of money or an appropriation limited to that amount would in itself necessitate what was called a building holiday.

Time and time again it was urged upon the committee, time and time again it was stated to the Senate that, instead of that amount being all that could be used, the limitation of the appropriation to that amount would necessitate the cutting down of work upon the battleships under construction 25 per cent of the capacity of the yards in which they were being constructed; that it would necessitate the cutting down of the construction work upon the battle cruisers to 50 per cent, and upon the smaller cruisers, the scout cruisers, to 60 per cent, so that instead of being 100 per cent of the facilities of the yards in which these ships were being built it was 25 per cent in one case, 50 per cent in another case, and 60 per cent in the case of the smaller ships. Those were the facts, at least so far as the committee was informed and so far as the Senate was informed, and not the conditions which the Senator from Utah has stated.

Mr. President, to revert again to the road bill that is pending here—and I only rose to say a word—some reference has been made to the interest of the great manufacturing States of the North and of the East in roads; that they had an interest in roads; that they appreciated, as the distinguished Senator from Massachusetts has said, the peculiar concern which the comparatively thinly populated States of the South and of the West, with their great stretches of sparsely settled country, had in a program of road construction.

Mr. President, the conditions relatively between those sections of the country are that the North and the East are very largely supplied with good roads. Take a State like Massachusetts, for instance: No man would depreciate in the slightest degree the credit to which the State of Massachusetts is entitled for the way she has helped herself in the construction of roads. By reason of her age and of the industry and the enterprise of her citizens she is a great, populous, and wealthy State. She has helped herself. She has also had considerable aid from the Federal Government in the construction of roads. The same thing applies to the Empire State, the State of my distinguished colleague who has just taken his seat, the great State of New York. Those States and the other industrial States of the North and East, whatever may be said about the means and conditions under which they have arrived at their present state of improvement, have not the same interest, the same concern in the policy of new road construction that the newer States of the West and the more undeveloped States of the South have. Consequently the views and the interests of the people of those States, expressed through their able representatives here, do not by any means represent the interests or the views or the attitude of other sections of the Union that are not so fortunate in the degree of road improvement at which they have arrived.

The States of the West, one of which I have the honor in part to represent, have laid out great programs of road construction, have established a machinery for administering the funds which may be provided by the local municipalities, by the States, and those which may be received from the Federal Government, and they are waiting eagerly for action by the Federal Government. I repeat that it is not in the interest of economy that this action should be deferred; that this time of all times, when men are out of employment, is a good time for the Federal Government to furnish the means by which they can be employed in a work than which there is no more useful one in the entire policy and jurisdiction of the Congress.

Mr. WILLIS. Mr. President, viewed simply from the standpoint of its merits, I, as one Member of this body, should like to see the amendment proposed by the Senator from Kansas adopted. Experience in the State which I have the honor in part to represent has taught me that in the long run the work of a department will be better done by one man than by a commission. I think the country has been running wild on the subject of commissions. We have too many of them in the State governments and too many of them in the National Government. Therefore if I could see a way in which it could be done without imperiling this bill I should be inclined to vote for the amendment of the Senator from Kansas; but in such time as I have had I have gone over this bill, and I do not believe that it will be possible to rewrite the bill as it would have to be rewritten if the amendment of the Senator from Kansas were adopted and secure legislation at this session of the Congress.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. WILLIS. I yield.

Mr. CURTIS. The Senator understands, does he not, that the House bill will be in conference, and the House bill provides for no commission? Therefore, with both measures in conference, there should be no delay if we change the provisions of the Senate bill so that the work shall remain under the Secretary of Agriculture. In fact, it ought to help pass the bill.

Mr. WILLIS. Perhaps there should not be delay, but the Senator from Kansas and the rest of us know that in legislative procedure sometimes things happen that ought not to happen. If it were a month earlier, I should vote for this amendment; I think it ought to be adopted; but from what I can see of the situation I do not believe we can adopt this amendment now and secure legislation at this session of Congress. I think the legislation is of very, very great importance and that it ought not to be delayed.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. WILLIS. I yield to the Senator from New York.

Mr. WADSWORTH. The Senator has just said that if this bill had come up a month earlier he would have voted for the amendment offered by the Senator from Kansas. Does the Senator think that one month's time justifies the creation of three permanent Federal commissioners, with salaries of \$10,000 apiece?

Mr. WILLIS. It is not one month's time. It involves, as the Senator from Washington [Mr. POINDEXTER] has just pointed out, various States that have projects for the completion of which Federal legislation is necessary, and I speak without any embarrassment upon that subject because the State of Ohio has a good road system. It has not trifled away the Federal money. Nobody has ever suggested that. It has gone on with a progressive plan of permanent road building, and if some legislation is not enacted at this session of Congress this plan will be very seriously interfered with.

Mr. PITTMAN. Mr. President—

Mr. WILLIS. Therefore, for my part, I prefer not to vote for this amendment, and trust that after the bill goes to conference the matter may be ironed out there. I think if we adopt this amendment here it is the end of the legislation.

Mr. PITTMAN and Mr. WADSWORTH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. WILLIS. I yield first to the Senator from Nevada.

Mr. PITTMAN. Mr. President, of course, it is apparent that the Senator from Ohio is very anxious that this legislation shall be passed as soon as possible, and of course I have exactly the same feeling about the matter; but it seems to me that the passage of this legislation would be facilitated by the adoption of the amendment of the Senator from Kansas. We understand that this bill has already been acted on by the Senate and acted on by the House and that the provision which the amendment attempts to strike out is entirely new matter before both Houses. The Senate bill, originally the Phipps bill, has nothing to do with a commission. I think, really, that if we would adopt the amendment of the Senator from Kansas and eliminate this new matter which has not been considered by either one of these Houses, we would hasten an agreement in conference. That is my feeling about it.

Mr. WILLIS. I am not unacquainted with the parliamentary situation, nor am I unacquainted with the fact that there are some Members of this body and some Members of the body at the other end of the Capitol who desire appropriations simply under the present law.

I want to say, as one Member of this body, that I voted against the \$100,000,000 appropriation in the last session of Congress because I thought then, and I think now, that there was not and is not proper regulation for the expenditure of that money. Without making any invidious comparisons, it is perfectly apparent to those acquainted with the facts that this Federal money has been expended in some States without proper supervision. I have seen some of it. I have had my attention called to alleged Federal highways in certain States that in some other States would hardly be regarded as proper cowpaths, and I determined for myself that I would not again vote for the expenditure of large sums of Federal money without adequate supervision, so that it might be understood that this money was to be used in the construction of permanent highways that begin somewhere and end somewhere.

This bill is an effort, at least—I think in part a mistaken one, because I do not agree with all of its provisions—to provide some appropriate restriction and regulation for the expenditure of that money. I think there ought to be some legislation other than a mere appropriation.

For the reasons I have indicated I shall not at this time support the amendment of the Senator from Kansas, agreeing though I do with the principle which is back of it.



Mr. KING. Mr. President, the Senator from Washington [Mr. POINDEXTER] a moment ago in discussing the road bill digressed, and not improperly, to discuss the naval bill, and he attributed to me a position with respect to that bill which I regard as incorrect. Of course, the Senator from Washington would not purposely—because he is incapable of doing an injustice—make any statement that would improperly represent the attitude of any Senator upon pending legislation or any public question.

As I understood the Senator, he suggested that the opposition which I had offered to the naval bill was based upon the theory that the \$90,000,000 carried by the naval appropriation bill recently passed was all that was necessary for the current year for legitimate and proper naval construction, and that if I had been advised that more could economically, properly, and efficiently be expended, then I would doubtless have taken a different position and either supported it or supported a plan for further and larger appropriations. He contends, however, as I understand his position, that my premises are wrong; that the fact is that larger naval appropriations were needed for the expeditious and economical completion of the naval program. The Senator therefore states that my premises being wrong my conclusions must be wrong.

Let me say that my good friend from Washington entirely misconceived my position. I regret that I was so unfortunate as not to make clear to him—but I hope that his view is not that of other Senators—the reason for my opposition to the naval bill. Let me say, however, that the testimony before the Senate Committee on Naval Affairs, as I interpret it, did indicate that \$90,000,000 was substantially the amount which could economically—and I emphasize that word—be expended during the coming year.

I emphasize that word, Mr. President, because the testimony before the House and the Senate committees—and we needed no testimony in order to convince us of that fact—demonstrated that war prices for steel and many other materials used in the construction of war vessels, as well as for labor, still prevailed, or at least that the recession had been almost imperceptible; and that during the current fiscal year but little reduction in such prices was anticipated. Construction, therefore, of a 1915 program, based on 1915-16 prices, could not economically be carried out on war price levels.

It was therefore obvious that if we expended large sums during 1921 and 1922, being for the fiscal year 1922, we would be paying very much more for construction, for material, for labor, than would be required the following year. In other words, any work done in this fiscal year would not be economical—measured by the results—because of labor conditions and price-commodity conditions.

The ships now being built are not being cheaply built, but their cost is at least double that which was accepted as the basis in 1915-16.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. I yield.

Mr. POINDEXTER. I was going to ask the Senator who testified? To what evidence was the Senator referring, to the effect that \$90,000,000 was all that could be economically used? I never heard of any such testimony. I thought I was present at all the hearings, but this is the first I ever heard of any such testimony as that. I wish the Senator would point to the testimony.

Mr. KING. Mr. President, I do not say that any witness specifically so stated, but I contend that was the effect of the testimony of a number who came before the House and Senate committees. The implications and deductions rationally and properly arising from the testimony showed that construction at a later period would be cheaper than construction during the fiscal year of 1922.

Mr. POINDEXTER. That was probably in some statement made by the Senator himself. I think the Senator suggested that, just as he is arguing it now. But the statements of the officers who are responsible for the administration of this money, repeatedly given and most emphatically made, were to the effect that a limitation of the appropriation to \$90,000,000 would to all intents and purposes in itself amount to a building holiday.

There was a movement for what was called a building holiday. I do not know whether the Senator from Utah took a position in favor of that or not, though some did, and there was a resolution introduced and referred to the committee inquiring whether it would not be practical and feasible to suspend work altogether upon capital ships, to have what was called a building holiday, and there was a movement to get other naval

powers to join the United States in a naval holiday. The attitude of the majority of the Naval Affairs Committee, and a majority of the Senate and of the naval authorities in the administration, was that we should proceed with reasonable expedition to carry out the construction program in which we were already engaged.

Officers came before the committee, in view of that contention, and pointed out that the appropriation of only \$90,000,000, in view of the engagements which had already been entered into, would amount in itself to a building holiday, and they pointed out in percentages the degree of slowing down, the reduction of force, the reduction of the progress of the work, that would be entailed by the appropriation of this amount in the percentages which I have already given to the Senate.

That was the burden of all the testimony that I know anything about that came before the committee. I may say that subsequent events have verified that prediction and that statement made by the constructors of the department, and by all of the authorities who were familiar with the expenditure of the funds which had been appropriated for this construction program, because we have come to a time now, at this early date after the beginning of the fiscal year, when work has already been stopped on a number of those capital ships, and the money which was appropriated has been absorbed in meeting the obligations which had already been incurred, paying for material, paying to contractors and to subcontractors the money which was already owed to them. The case is much stronger than that which was stated to the committee and to the Senate; very different, indeed, from the statement which the Senator says was made to the committee, that this amount of money was all that could be economically used.

On the contrary, Mr. President, it was pointed out that the very condition which is now existing would result in the unnecessary loss of millions of dollars by the disintegration of the forces engaged in this work, the discharge of the men, the deterioration of the material, all of which is now going on in a number of the yards where these ships are being built. Those are the facts, as I understand them, and I am surprised to hear at this late date that the Senator was under the impression that that amount of money was all that could be economically used.

Mr. KING. Of course, I contend that the \$90,000,000 appropriated for new construction is not being economically expended, nor do I admit that such as is being expended in the construction of some of the capital ships is being properly or wisely expended. It must be remembered that some of the vessels have but a small per cent of the entire cost expended and that when completed they will be out of date and the millions spent upon them practically wasted.

Mr. President, I am sure that if the Senator from Washington, with the earnest zeal which he has displayed for a big Navy and for the execution of the 1915-16 program—a program that is archaic, reactionary, and I was about to say preposterous—had believed that \$90,000,000 was insufficient to carry out that program in an economical way for the coming year, he would have moved to increase the amount from \$90,000,000 to such sum as he regarded imperatively necessary for such purpose.

I have no doubt, as the Senator has indicated, that those in control of the Navy Department, from the Secretary down, the officials who have worn ruts and grooves from which they can not escape and have thus unfitted themselves for the positions which they occupy, would have been glad to have had an appropriation of \$464,000,000, in order that they might hurriedly complete the 1915-16 program, though in so doing it would have entailed upon the Government of the United States obligations and expenses which the country can not afford to bear. Moreover, it would have resulted in extravagance and waste and in the swelling of the cost of ship construction to such levels as to provoke public resentment of the bitterest character. Even the demand made by the majority party in the Senate—for the naval bill for 1922—were condemned by the country and repudiated by the House. The Navy officials wanted a minimum \$500,000,000. Some of us fought for material reductions. The House cut the bill to \$410,000,000.

Mr. President, in 1915, before the lessons of the war were learned, a naval program was agreed upon by the General Board and the proper officials of the Navy Department. That program was conceived in the atmosphere of 1915-16. It was not predicated upon the full lessons of the war, upon the experiences gained in the naval contests of the war, but with a zeal worthy of a Peter the Hermit or a new proselyte to a cause that profoundly moved his moral nature, the Navy Department has devoted itself to the execution of that program. The same number of battleships and battle cruisers are to be built, and a



blind devotion to capital ships must be exhibited. The officials have refused to follow the wise course which France pursued and which Great Britain pursued. France and Great Britain refused to build many ships—I qualify that, some ships—which they had contemplated building before the war or in the early stages of the war, because of the valuable lessons of the war and the marvelous development in the means and instrumentalities of naval warfare.

War upon the sea was almost, if not entirely, revolutionized during the great World War. The submarine and the torpedo boat and the mines and poison gases and airplanes introduced new and vital factors into naval warfare. Many eminent naval authorities declared that the capital ship was menaced; that these new forces would in the future completely change sea warfare and sea strategy.

Mr. POINDEXTER. Does the Senator state that the other naval powers have abandoned capital ships?

Mr. KING. No; I did not say that.

Mr. POINDEXTER. Then I did not understand the Senator.

Mr. KING. I said that France and Great Britain had pursued a wise policy and had abandoned the construction of—I said, first "many" ships, and I corrected that to "some" ships—which they had contemplated building immediately before or in the early stages of the war.

Mr. POINDEXTER. In the first place, France never did pretend to be a great naval power, never considered it as essential to her policy.

Mr. KING. I will not discuss that; but, conceding what the Senator states is true, it does not affect the statement I have made. France has a navy; France did contemplate building a number of ships before and in the early stages of the war, which she has abandoned because of the lessons of the war. And she has scrapped war vessels which were in course of construction because of the new fighting forces which were developed during the war.

Mr. POINDEXTER. On the contrary, France is enlarging her naval program and building more ships than she had intended to build. She may have changed the program in some respects. So have we. The same statement which the Senator has just made can be made as to the United States. We have abandoned a part of our program.

The very bill which we reported provided for the abandonment of a number of ships which were provided for. But, so far as the accuracy, if I may use that word, of the statement of the Senator in regard to Great Britain is concerned, instead of abandoning the construction of capital ships, the contrary is true. If that makes any difference in the Senator's argument I think he ought to take it into consideration. If the situation is just the opposite of what he says it is, it seems to me it would have some bearing on this question.

Mr. KING. Mr. President, I can not agree with all the statements of my friend. France's naval program is exceedingly simple. She is interested in the new naval forces introduced during the war, and doubtless will feel constrained to construct some additional large vessels because of the course which we are pursuing and which is influencing other nations. The Senator claims that we are changing in some respects our 1915 program and are abandoning a number of ships which it called for. The facts are that the essence of the 1915 program was the 17 capital ships. There is no change in that part of the program. Nor is there any change in the other essential parts of the plan. A transport is not being built, because unnecessary, and four submarines are not in process of construction now, but, as I understand, there is no purpose to abandon their construction.

Mr. President, I hope the Senator from Washington will not impute to me words which I did not utter. I said a moment ago that he would not purposely do so, that I did not believe him capable of doing it. The Senator has just placed me in a position which I do not occupy, and, if I correctly understand him, has misinterpreted what I said concerning Great Britain.

This is what I said, and I repeat it, that both France and Great Britain have abandoned the construction of some vessels—war vessels, I will add—which they contemplated building before the war, or in the early stages of the war.

Mr. POINDEXTER. We have done the same thing.

Mr. KING. We will come to that in a moment. The Senator states that if the fact that Great Britain is now building capital ships makes any difference in my position, I ought to state it. In the first place, I did not use the words "capital ships." But I will use them now. I stated to the Senator upon the floor of the Senate in March, when I helped to defeat the naval appropriation bill, and I repeated the statement when we were discussing the naval bill which passed a few weeks ago and is now law, that if we adhered to the program of 1915-16, obso-

lete or obsolescent as it would be when completed, and which would cost the American people approximately \$1,500,000,000, Great Britain and Japan and perhaps other nations would regard it as a challenge to them and they would depart from their avowed purpose of limiting their armaments and begin the construction of capital ships. Within 90 days after I first made this statement Great Britain modified her naval program. And France also indicated that she would add to her naval strength. What caused this change? The Navy Department, the Senate, and other elements in our country assumed a militant and belligerent attitude. There was constant talk about war, or the possibility of war, with Great Britain or Japan, or both. The able Senator from Washington and the leader of the majority in the Senate [Mr. LODGE], as well as other Senators, urged huge appropriations for the Navy and manifested a militant spirit which was calculated to invite suspicion, if not resentment, upon the part of other nations.

And there was much unwise comment in the press upon international affairs, and an apparent effort upon the part of many to rouse the anger or fear of nations which desired our friendship. When we were talking about a league of nations there were those among us who were insisting that we should spend hundreds of millions of dollars annually for naval purposes and that we should have a navy larger than that of Great Britain. Indeed, some persons contended that it should be as large as the combined navies of Great Britain and Japan.

And I frankly state that the demand of Secretary Daniels for enormous appropriations were not calculated to reassure the naval powers of the earth. I believe that our unwise, inapt, and, indeed, foolishly belligerent and boastful position reacted upon Great Britain and Japan and other nations. The Senator knows that Great Britain had three capital ships upon the stocks upon which she had expended \$16,500,000 and soon after the armistice she broke those ships to pieces. She did not construct a single capital ship during the latter part of the war or following the war.

When the Senate in open session and in secret session, which soon became known to the public, talked about war and demanded nearly \$1,000,000,000 a year for our Army and Navy, and when the jingoists flaunted the red flag of war in the face of other nations, particularly Japan and Great Britain, then a change occurred. Our conduct was largely responsible for that change. Ten or twelve years ago Japan projected a naval program called the 8-8 program. She had completed but a small part of that program when the war was over. Even after the armistice she proceeded slowly in its execution, as though she purposed abandoning it. Who shall say that our warlike talk and naval expenditures has not aroused fear upon the part of Japan? And there seems to be strong evidence that Great Britain was influenced to modify her plans by the manifest purpose upon our part to build 17 capital ships, together with all their accessories. And so only a few weeks ago a bill was introduced in the House of Commons calling for the construction of four super-Hoods, great capital ships, greater than any of our ships.

These super-Hoods when completed, each one of them being 55,000 tons and carrying guns of 18 or 20 inches, will be greater than our new battleships. We have driven Great Britain, in my opinion, to a modification of her program, and our course has driven Japan, or the military party in Japan, to a militaristic attitude much stronger than would have been assumed if we had taken a wise and proper course.

Mr. President, I admit that the Navy Department wanted larger appropriations. The first appropriation for the 1915-16 program called for \$544,000,000. We have already given to the Navy Department in the execution of that program more than that amount, and yet it will take \$500,000,000 more to complete it, and then it will not be completed, if I may be permitted an Irishism. We will perhaps complete those particular vessels that were designated as constituents of the 1915-16 program, but the accessories which will be imperatively required to make the fleet a fighting unit, the necessary enlargement of the docks and harbors will require an additional appropriation, in my opinion, of from \$400,000,000 to \$500,000,000.

So that the 1915 program that was to have cost \$544,000,000 will cost the taxpayers of the United States approximately \$1,500,000,000. Yet our Republican friends and some of our Democratic friends, who preach economy but practice profligacy and waste, exhibit their devotion to the cause of economy by supporting these unjustifiable demands upon the Public Treasury. The American taxpayer is now groaning beneath the burdens that are being imposed.

I warn the Republican Party and I warn Democrats who support them in their unjustifiable expenditures that the patience and endurance of the American people have about



reached the breaking point, and you Republicans, who came into power flushed with victory upon a wave of empty promises, will be compelled to meet in a short time an angry and an indignant electorate, who will say to you "Thou art weighed in the balances and art found wanting." I commend those scriptural words to my religious friends upon the other side of the aisle.

Mr. President, I must hasten along, because I do not wish to interfere with the consideration of the road bill. I said a moment ago that the \$90,000,000 carried for construction upon the 1915-16 program was all that could be economically utilized during the coming year. My friend the Senator from Washington seems to challenge the accuracy of that statement. I say, Mr. President, that the testimony given before the Committees on Naval Affairs of the House and of the Senate warrants the implication and the deduction that that sum was all that could economically be expended—I repeat, economically. The Navy is not economical and perhaps never has been. The same is true of the War Department, and under all departments of the Government.

Government control and operation means waste and extravagance and inefficiency. Under Democratic or Republican administration there seems but little change. The bureaucratic forces control both parties, at least the administrative processes of the Government, and the efforts to secure reforms and bring about retrenchment prove abortive. Federal departments and agencies seem to be the Nirvana which so many seek and the paradise into which many inefficient and incompetent enter. In the Democratic administration there were officials, bureaus, departments, instrumentalities, executives and otherwise, which did not always conserve the public welfare. One of the reasons why the Democrats were swept from power was because of the belief deep seated in the minds of many that they had not been careful guardians of the public purse; and you Republicans are violating pre-election promises; you are effecting no economies, but seem intent upon employing the Government for partisan purposes. You not only do not guard the Treasury, but you extend an invitation to every fantastic and exotic claim, and the Treasury is being ravished by the unwise, improvident, and indefensible measures that are receiving the approval of the Republican administration.

Mr. President, we should have suspended, as the first Borah resolution contemplated, the construction of at least five of the battleships upon which but 3 to 8 per cent of work had been done, and we should have suspended construction upon most of the battle cruisers until we had determined upon the naval policy which was to be adopted by us and by the world.

The Senator from Mississippi [Mr. HARRISON] referred to the Senator from Idaho [Mr. BORAH], and complimented him upon his earnest work for disarmament. I join in these felicitations. Let me supplement what the Senator from Mississippi said and state that the man who has been the foremost figure during the past five years in advocating disarmament and international amity and peace is one who guided this Nation during eight long years of fateful events.

He led this mighty Nation into the World War in order that world peace might result and the liberties of the American people be preserved. His life was almost sacrificed in the mighty work which he accomplished. When the history of these years shall be written by unprejudiced historians, when true historical facts have been recorded and the passions and the resentments of the hour have departed from the hearts of men, Woodrow Wilson will stand out as the colossal figure of his generation and as the foremost advocate of principles and policies which make for the peace and the happiness and the welfare of the world.

Mr. President, I have been led to make these observations because of the statements of the distinguished Senator from Washington [Mr. POINDEXTER]. Now, we will come to the bill before us.

I shall support the amendment offered by my friend the Senator from Kansas [Mr. CURTIS]. In so doing I do not wish to give a clean bill of health, let me tell him, to the Bureau of Roads of the Department of Agriculture. I think that bureau has been extravagant and wasteful and inefficient and some of its policies and practices have been absolutely indefensible, but it may be no worse and possibly it will be a little better than a new commission which would be created under the provisions of the bill without his amendment.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Kansas?

Mr. KING. Certainly.

Mr. CURTIS. Does the Senator from Utah think that the present Secretary will not benefit by the experience of the former Secretary and perhaps make some corrections?

Mr. KING. I think so. Of course, my good friend does not desire to be partisan, but if he does wish to be partisan, I am nonpartisan enough to confess that there were grievous mistakes made by the former administration and I shall as quickly condemn Democrats for their mistakes as I condemn Republicans.

Mr. CURTIS. I did not intend to be partisan in the comment which I made. I merely desired to know if the Senator did not think the new administration would profit by the experience of the past administration and make changes in its policy accordingly.

Mr. KING. Mr. President, the Senator from Kansas and myself are old friends. We served in the House together. There is not a better man in public life than the Senator from Kansas, and, earnest Republican as he is, I have no doubt in the world that the Senator from Kansas will do what he believes to be right under all circumstances. I concede that the former administration, in respect to this particular bureau, made grievous blunders. I have no doubt that the present Secretary of Agriculture is trying to cure some of the mistakes that were made. That is the reason why I am willing to continue the control of this great work under the Department of Agriculture.

The trouble with the people and with the Congress is that when an evil exists a demand is made for the creation of a commission. The people en masse in dealing with public questions are like the individual in dealing with physical ailments.

When a physical ailment occurs a new doctor is sought, and then another, and still another. The patent-medicine theory which we apply to our physical ailments we exemplify in dealing with political problems. We have a patent-medicine theory of Government. If one patent medicine does not work, we try another. If one commission does not cure the evil—and it never does; usually it aggravates it—we create another commission. When that fails and the disease becomes chronic, then our pathological experience or psychology prompts us to get another doctor, another commission; and so it is, commission upon commission, until we are overwhelmed with Federal commissions and bureaus and departments and agencies and boards. The Government is literally being broken down by the enormous weight of its own machinery. If we had less government and fewer bureaus and officeholders, we would get better and more efficient government. The curse of our governmental system is the devouring appetite of the people for offices and the perennial fountain which pours forth the poisoned waters of bureaucracy.

And the States and municipalities are being corrupted by the same evil. I am told that in one great State there are more than 200 commissions. I do not know how many hundreds of commissions and bureaus and Federal agencies and Federal instrumentalities there are in the Federal Government. I know that there are hundreds of thousands who possess a civil-service status and hundreds of thousands more who are trying to obtain such status. There are hundreds of thousands who are drawing money from the Treasury of the United States. I know that we shall soon have a burden of pensioners upon the taxpayers so that there will be at least one pensioner for every four individuals who pay taxes to the Federal Government. I have hastily reached these figures which I submit.

There are at this time classified substantially 645,000 persons. In the Army, on June 30, there were of officers and enlisted men 221,762. That number has been since reduced. In the Navy, on the same date, there were of officers and enlisted men, including the Marine Corps, 147,756. That will be reduced to 121,000. On the pension rolls of that date there were 566,053 persons. On the same date there were as beneficiaries on the records of the Bureau of War Risk Insurance 154,960 persons, and there have been a great many added since, and justly added, let me say. These make a total of 1,745,712 persons who are deriving support from the Treasury of the United States. Then there are thousands of retired officers and Federal employees who receive pensions and allowances from the Federal Treasury.

Against these there were, in 1918, 4,425,114 persons who filed income-tax returns; so that every five taxpayers are at this time carrying two persons. I was mistaken in my former statement that there would soon be one pensioner for every four individuals. It is more; they are carrying two persons upon their backs.

In addition to this, there are 48 States, 1,065 counties, 2,787 cities, 12,905 towns, making a total of 16,757 municipal corporations in the States, not including the school district and the precincts, which have their own independent complement of employees. It is certain, Mr. President, that the number of persons on the pay rolls of the States and of the municipal govern-

ments is as great as and, indeed, in my opinion, is greater than the number who are on the Federal pay and pension rolls of the United States Government. Upon this assumption the number of persons drawing pay from the public purse in the United States is at least 3,500,000. In my opinion it is more; it is probably between four and five million of people.

Every person of any substantial productive power in the country makes an income-tax return. The result of all this is that every five productive taxpayers of the United States are carrying four tax eaters upon their backs. It would seem, Mr. President, that it is time to call a halt and to quit creating new Federal bureaus and agencies and instrumentalities.

Our Republican friends promise us another department or two departments, probably three. Some hysterical individual, some crank, some faddist goes out among the people and engages in propaganda for a new department for public health or public education or public this or public that, and the people, without thought in many instances, give their adhesion to these schemes to create new Federal agencies which will still further tax the people.

Our Republican friends are fooling the people now. As to the tax bill that will come here in a day or two from the other House, is it parliamentary, Mr. President, to characterize a measure coming from the other House as deceptive? I will not say that, but the American people are being fooled by these pretenses of economy and of reductions in taxation. Why not be square and fair and open with the people and tell them that we do not have sufficient ability or statesmanship to reduce their burdens and their taxes? If we reduce taxes in one column, we will add burdens in another. I make the prediction now that when the fiscal year 1922 is ended the American people will find they have been compelled to pay \$5,000,000,000 or more of taxes or have been compelled to borrow money to meet \$5,000,000,000 or more of expenditures. The burdens that we are creating, the appropriations which we are making, make impossible a reduction in taxation.

Mr. President, I hope the amendment which has been offered by the Senator from Kansas [Mr. CURTIS] will be adopted.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Kansas [Mr. CURTIS] to strike out section 3.

Mr. SIMMONS. I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. BROUSSARD (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. I do not know how he would vote if present. Therefore I withhold my vote.

Mr. CARAWAY (when his name was called). I have a pair with the junior Senator from Illinois [Mr. MCKINLEY]. I transfer that pair to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. HARRISON (when his name was called). I am paired with the junior Senator from West Virginia [Mr. ELKINS]. If he were present, he would vote as I intend to vote. I therefore feel at liberty to vote, and vote "yea."

Mr. JONES of New Mexico (when his name was called). I have a general pair with the Senator from Maine [Mr. FERNALD], which I transfer to the Senator from Nebraska [Mr. HITCHCOCK] and vote "yea."

Mr. KING. I have a pair with the senior Senator from North Dakota [Mr. McCUMBER]. I note that he is absent from the Chamber. I transfer my general pair with that Senator to the junior Senator from South Carolina [Mr. DIAL] and will vote. I vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD], which I transfer to the junior Senator from Maryland [Mr. WELLER] and vote "yea."

Mr. POMERENE (when his name was called). I have a general pair with the junior Senator from Missouri [Mr. SPENCER]. I do not know how he would vote, and I therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. STANLEY (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. ERNST]. I am advised, however, that if present he would vote as I am about to vote. I therefore feel at liberty to vote, and vote "yea."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Iowa [Mr. CUMMINS] and will vote. I vote "nay."

Mr. SUTHERLAND (when his name was called). I transfer my pair with the senior Senator from Arkansas [Mr. ROBINSON]

to the junior Senator from New Hampshire [Mr. KEYES] and will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the junior Senator from Georgia [Mr. WATSON] and vote "yea."

Mr. WILLIAMS (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is unavoidably absent. I transfer that pair to the Senator from West Virginia [Mr. ELKINS] and vote "yea."

The roll call was concluded.

Mr. FRELINGHUYSEN. I transfer my general pair with the Senator from Montana [Mr. WALSH] to the junior Senator from Delaware [Mr. DU PONT] and will vote. I vote "yea."

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Vermont [Mr. PAGE] and will vote. I vote "yea."

Mr. CALDER. I transfer my pair with the senior Senator from Georgia [Mr. HARRIS] to the junior Senator from Kentucky [Mr. ERNST] and will vote. I vote "yea."

Mr. REED. I have a pair with the Senator from Michigan [Mr. NEWBERRY]. In his absence I am compelled to withhold my vote. If at liberty to vote, I should vote "yea."

Mr. GLASS. I have a pair with the senior Senator from Vermont [Mr. DILLINGHAM]. I am not advised as to how he would vote, and therefore am compelled to withhold my vote. If permitted to vote, I should vote "yea."

Mr. McKELLAR. I am a member of the committee reporting this bill. In order to get any bill reported out at this session, it was necessary to compromise, and to get the provision in the bill giving the State highway commissions the right to designate the roads in the various States I agreed to yield on the question of the Federal highway commission. Therefore I vote "nay" in accordance with the agreement made in the committee.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Mexico [Mr. BURSUM] with the Senator from Louisiana [Mr. RANDELL];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from Connecticut [Mr. McLEAN] with the Senator from Montana [Mr. MYERS].

The result was announced—yeas 36, nays 15, as follows:

#### YEAS—36.

Ashurst	Fletcher	Ladd	Sheppard
Ball	Frelinghuysen	La Follette	Simmons
Borah	Hale	Lenroot	Stanley
Brandeggee	Harrison	Lodge	Sutherland
Calder	Heflin	Nelson	Swanson
Cameron	Jones, N. Mex.	New	Trammell
Capper	Kellogg	Overman	Wadsworth
Caraway	King	Pittman	Warren
Curtis	Knox	Poin Dexter	Williams

#### NAYS—15.

Gooding	McNary	Phipps	Townsend
Harrell	Nicholson	Shortridge	Walsh, Mass.
Jones, Wash.	Norbeck	Stanfield	Willis
McKellar	Oddie	Sterling	

#### NOT VOTING—45.

Broussard	France	McLean	Shields
Bursum	Gerry	Moses	Smith
Colt	Glass	Myers	Smoot
Culberson	Harris	Newberry	Spencer
Cummins	Hitchcock	Norris	Underwood
Dial	Johnson	Owen	Walsh, Mont.
Dillingham	Kendrick	Page	Watson, Ga.
du Pont	Kenyon	Penrose	Watson, Ind.
Edge	Keyes	Pomerene	Weller
Elkins	McCormick	Ransdell	
Ernst	McCumber	Reed	
Fernald	McKinley	Robinson	

So the amendment of Mr. CURTIS to the amendment reported by the committee was agreed to.

Mr. CURTIS. Mr. President, the adoption of this amendment will necessitate amending the committee amendment in a great many respects. If the Senator from Michigan, in charge of the measure, desires to go on with it, I should like to suggest the other amendments, or, if he prefers, as he probably knows better than I do where the other amendments would come in, I should be very glad to have the matter laid aside in order to prepare the other amendments.

Mr. TOWNSEND. I think that will be absolutely necessary, because the measure is constructed on the other theory, and there will have to be a good many changes in it, as it seems to me, although I have no objection to the Senate proceeding to amend the measure on the floor if it desires to do so.

Mr. CURTIS. Mr. President, unless the Senator desires to take some other course, I will state the amendments I propose. I understand that the Senator from Tennessee [Mr. McKELLAR] has an amendment which will obviate my offering



quite a number of amendments. I am willing to yield to him for that purpose; otherwise I will go on and suggest the various amendments.

Mr. McKELLAR. Mr. President, I want to suggest that now that the amendment of the Senator from Kansas has been adopted, it seems to me we might just as well ask unanimous consent wherever the word "commission" appears in the committee amendment to strike it out and insert the words "Secretary of Agriculture."

Mr. CURTIS. That will not answer. The committee amendment is so constructed that it would have to be changed in many respects.

Mr. McKELLAR. I know; but surely that would obviate a great number of amendments, because that word appears here very frequently.

Mr. CURTIS. Unless the chairman desires to lay the measure aside in order to prepare the amendments that will be necessary, I shall offer the amendments.

I move to strike out on page 4 all of section 4 down to and including the word "act" in line 13 of page 5.

The PRESIDING OFFICER. The Senator from Kansas proposes an amendment, which will be stated.

The READING CLERK. On page 4, commencing with line 13, it is proposed to strike out lines 13 to 25, both inclusive, and on page 5, lines 1 to 13, both inclusive, down to and including the word "act" and the period.

Mr. KING. Mr. President, may I make an inquiry of the Senator?

Mr. CURTIS. That simply takes away the power of the commission and leaves it in the hands of the Secretary of Agriculture.

Mr. McKELLAR. That is entirely right.

Mr. KING. I understand that; but, if the Senator will pardon me, my understanding was also that this section—I have not had time to read it since the Secretary stated it—calls upon other departments to deposit papers which they possess.

Mr. CURTIS. I will offer an amendment covering those.

Mr. KING. Very well.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Kansas.

The amendment to the amendment was agreed to.

Mr. TOWNSEND. Mr. President, this provision, of course, is intended to transfer to the commission the several road departments and road activities of the Government with the idea of concentrating them under one department, and of course that will have to go out.

Mr. CURTIS. Now, on line 20, page 5, I offer an amendment striking out the word "commission" and inserting in lieu thereof the words "Secretary of Agriculture."

Mr. McKELLAR. I call the Senator's attention to the fact that on line 19 also the word "commission" should be stricken out.

Mr. CURTIS. And the words "Secretary of Agriculture" inserted.

The PRESIDING OFFICER. The amendments will be stated.

The READING CLERK. On page 5, line 19, strike out the word "commission" and insert the words "Secretary of Agriculture"; also, in line 20, the same amendment.

Mr. McKELLAR. And in line 21.

The READING CLERK. Also, in line 21.

Mr. WADSWORTH. Mr. President, just at that point we should strike out not only the word "commission" but the words "within 30 days after the appointment and organization of the commission," so that it will read:

Is directed to turn over to the Secretary of Agriculture the equipment, material, supplies, papers, maps, and documents utilized in the exercise of such powers.

Mr. CURTIS. That is right.

Mr. McKELLAR. That is right.

Mr. CURTIS. I had intended to offer that amendment after this one was disposed of.

Mr. WADSWORTH. I beg the Senator's pardon.

The PRESIDING OFFICER. The question is on the amendments proposed by the Senator from Kansas.

The amendments were agreed to.

Mr. CURTIS. Does that include the amendment striking out the words "within 30 days," and so forth?

The PRESIDING OFFICER. It does not.

Mr. CURTIS. Then I move to strike out the words "within 30 days" in line 20, and all of line 21.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. Strike out of lines 20 and 21 the words "the commission within 30 days after the appointment and

organization of the commission," and insert "the Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. KING. Mr. President, for information I inquire of the Senator whether his amendments now do not strike out the provision found in the bill that the Council of National Defense within 30 days shall turn over its equipment, and so forth?

Mr. CURTIS. No; that provision is left in.

On page 6, line 3, I move to strike out the word "commission" and insert the words "Secretary of Agriculture."

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 6, line 3, strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 6 I move to strike out lines 5 to 12, both inclusive.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 6 it is proposed to strike out lines 5 to 12, both inclusive, in the following words:

The commission is authorized to cooperate with the Secretary of Agriculture in the construction of forest roads and trails, the State highway departments, and with the Department of the Interior in the construction of public highways within Indian reservations, and to pay the amount assumed therefor from the funds allotted or apportioned under this act to the State wherein the reservation is located.

The amendment to the amendment was agreed to.

Mr. PHIPPS. Mr. President, with the Senator's permission, I desire to call his attention to what would appear to be the necessity of cooperation between the Secretary of Agriculture and the Department of the Interior in the matter of constructing highways through Indian reservations. I therefore suggest that the language be changed so as to read:

The Secretary of Agriculture, in the construction of forest roads and trails, is authorized to cooperate with the Department of the Interior.

Mr. CURTIS. I will accept that amendment.

Mr. McKELLAR. It will be necessary to reconsider the action in regard to that paragraph, will it not?

The PRESIDING OFFICER. Without objection, the agreement to the amendment is vacated, and the Senator from Kansas will restate his amendment.

Mr. CURTIS. I move to strike out, in line 5, the word "commission" and insert the words "Secretary of Agriculture."

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On page 6, line 5, strike out the word "commission" and insert the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. Then, in line 5, strike out the words "is authorized to cooperate with the Secretary of Agriculture."

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. On lines 5 and 6 strike out the words "is authorized to cooperate with the Secretary of Agriculture."

Mr. McKELLAR. You will have to strike out the word "commission."

Mr. CURTIS. That has been done.

Mr. FLETCHER. Mr. President, I suggest that the words "with the" on line 5 ought to be stricken out, so that it would read:

The Secretary of Agriculture is authorized to cooperate in the construction of forest roads and trails with the State highway departments and with the Department of the Interior—

And so forth.

Mr. CURTIS. I had intended to suggest that we should insert the words "to cooperate" before the words "with the State highway departments." That would make it read:

The Secretary of Agriculture is authorized, in the construction of forest roads and trails, to cooperate with the State highway departments and with the Department of the Interior in the construction of public highways within Indian reservations.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. The Senator from Kansas proposes to change the paragraph so that it will read:

The Secretary of Agriculture is authorized in the construction of forest roads and trails to cooperate with the State highway departments and with the Department of the Interior in the construction of public highways within Indian reservations and to pay the amount assumed therefor from the funds allotted or apportioned under this act to the State wherein the reservation is located.

The amendment to the amendment was agreed to.

Mr. CURTIS. Now I move to strike out all of section 5, on pages 6 and 7, as follows:

SEC. 5. That the commission shall employ and fix the salary of a chief engineer, a secretary, and such accounting, engineering, legal, clerical, and other assistants and employees as it may from time to time

find necessary, any of whom it may discharge: *Provided*, That no salary excepting that of the chief engineer shall be fixed at an amount exceeding \$5,000 per annum, and in fixing salaries the commission shall be governed by the salaries paid to employees performing similar services in other departments of the Government. With the exception of the secretary, the chief engineer, and such laborers as may be employed by the commission, all employees shall be appointed from lists of eligibles to be supplied by the Civil Service Commission and in accordance with the civil service law: *Provided*, That, other conditions being equal, preference shall be given to honorably discharged soldiers, sailors, and marines.

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 7, in section 6, line 4, I move that the word "commission" be stricken out and the words "Secretary of Agriculture" be inserted in lieu thereof, and on line 6 to strike out the words "the commission's" and to insert in lieu thereof the word "his."

The amendment to the amendment was agreed to.

Mr. CURTIS. I move to strike out all of section 7, page 7, as follows:

Sec. 7. That all of the expenses of the commissioners made necessary in the performance of their duties, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders upon official business in any other place than at their respective headquarters, shall be allowed and paid upon the presentation of itemized vouchers therefor, duly sworn to, and approved by the secretary of the commission.

Unless otherwise provided by law, the commission may rent suitable offices for its use and make necessary expenditures for furniture, equipment, and supplies, and for the printing and distribution of such publications and maps as it may prepare. The principal office of the commission shall be in the District of Columbia.

The amendment to the amendment was agreed to.

Mr. CURTIS. I understand the Senator from New York intends to offer an amendment as to section 8, and with his permission I will pass over that and offer the other amendments with reference to changing the word "commission."

On page 8, line 13, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 9, lines 7, 10, and 17, and on page 10, line 3, I move to strike out the word "commission" and to insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture" on page 10, line 9.

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 10, line 19, I move to strike out the word "commission" and to insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. WILLIS. Before the Senator passes from that I wish to make an inquiry about a matter other than that to which he is now giving attention. I want to ask the Senator from Michigan about section 10. The language of that section on lines 9 and 10 is that the States "shall make provisions for State funds."

In the State of Ohio we have an arrangement under the present Federal law by which if an appropriation of \$50,000 by the Federal Government is made it would be matched by a like amount, under this measure \$25,000 being put up by the State, \$25,000 by the county, and the property assessed for benefits. It occurs to me that the language "State funds" would not cover that sort of a case. I wondered whether the Senator would have any objection to adding, after the word "funds," the words "or funds under the control of the State or subject to its order"?

The PRESIDING OFFICER. May the Chair suggest to the Senator from Ohio that if these formal amendments could be completed, it would lead to less confusion?

Mr. WILLIS. I called up the matter because we are on this section, but I do not want to press it now.

Mr. CURTIS. I have no objection to the amendment, but I think it would be better to go on with these formal amendments.

Mr. WILLIS. I withdraw the suggestion for the present. I shall offer it later, however.

Mr. CURTIS. On page 11, line 8, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On the same page, in lines 20 and 22, and on page 12, line 3, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 13, line 7, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 13, line 9, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 13, lines 14 and 21, and on page 14, line 2, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment was agreed to.

Mr. CURTIS. Mr. President, on page 14, lines 8, 21, and 24, and on page 15, line 1, I move to strike out the word "commission" and insert the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 15, line 9, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 15, lines 20 and 25, and on page 16, line 6, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. Mr. President, on page 16, lines 22 and 25, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 17, line 4, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 17, lines 9 and 10, I move to strike out the words "of the commissioners."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 17, line 13, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 17, line 24, and on page 18, lines 7 and 15, and on page 19, line 4, I move to strike out the word "commission" and insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 19, line 19, I move to strike out the word "commission" and to insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 21, lines 4, 8, 11, and 13, I move to strike out the word "commission" and to insert in lieu thereof the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 21, line 16, I move to strike out the words "or the commission."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 21, line 17, I move to strike out the words "the commission and," and on line 18 the words "with each other or," so that it will read:

The Secretary of Agriculture may enter into contracts with any Territory, State—

And so forth.

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 22, line 1, I move to strike out the words "the commission or," and before the word "own" to strike out the word "their" and insert in lieu thereof the word "his," so that it will read:

If such estimated cost is less than \$5,000 per mile, or if the bids are deemed excessive, the work may be done by the Secretary of Agriculture on his own account.

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 22, line 2, I move to strike out the words "the commission or."

The amendment to the amendment was agreed to.

Mr. CURTIS. On page 22, line 13, I move to strike out the word "commission" and insert the words "Secretary of Agriculture."

The amendment to the amendment was agreed to.

Mr. HEFLIN. Mr. President, I call the attention of the Senator from Kansas to the fact that it will be necessary to change the language in other respects. On page 13, line 14, the word "commission" is stricken out and the words "Secretary of Agriculture" inserted, and following the word "commission" are the words "may in its discretion." That should be changed to "in his discretion."

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 13, line 14, before the word "discretion," to strike out the word "its" and insert in lieu thereof the word "his."

The amendment to the amendment was agreed to.



The PRESIDING OFFICER. The Chair will suggest that that occurs in many other places in the bill.

Mr. CURTIS. I ask unanimous consent that the Secretary be authorized to make such clerical corrections as may be necessary to make the language conform with the amendments agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The changes were made at the desk, as follows:

On page 7, line 5, strike out "in its organization."  
On page 7, line 23, strike out "its" and insert "his."  
On page 8, line 6, strike out "its" and insert "his."  
On page 8, line 10, strike out "its" and insert "his."  
On page 9, line 10, strike out "its" and insert "his."  
On page 9, line 20, strike out "it" and insert "he."  
On page 11, line 24, strike out "its" and insert "him."  
On page 11, line 25, strike out "it" and insert "he."  
On page 12, line 4, strike out "it" and insert "he."  
On page 13, line 10, strike out "it" and insert "him."  
On page 13, line 11, strike out "it" and insert "he."  
On page 13, line 18, strike out "their" and insert "the."  
On page 15, line 6, strike out "its" and insert "his."  
On page 15, line 7, strike out "its" and insert "his."  
On page 15, line 14, strike out "its" and insert "his."  
On page 17, line 11, strike out "its" and insert "his."  
On page 19, line 21, strike out "it" and insert "he."  
On page 19, line 22, strike out "it" and insert "he."

Mr. PHIPPS. I desire to call the attention of the Senator from Kansas to the language on page 2, where the term "commission" is defined, in lines 5 and 6.

Mr. CURTIS. Those lines should be stricken out, and I so move.

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. On page 2 to strike out lines 5 and 6 as follows:

The term "commission" means the Post Roads and Federal Highway Commission created by this act.

The amendment to the amendment was agreed to.

Mr. PITTMAN. Mr. President, I wish to ascertain whether or not the amendment was made in line 12, page 14, where the word "commission" occurs.

Mr. CURTIS. That was overlooked. I move that on page 14, line 12, the word "commission" be stricken out and the words "Secretary of Agriculture" be inserted.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Without objection, the Secretary will be authorized to insert the words "Secretary of Agriculture" in place of the word "commission" if there have been any other omissions.

Mr. WADSWORTH. Mr. President, as the Senator from Kansas indicated a moment ago, I intend to make a motion relative to section 8 of this bill, which is found at the bottom of page 7.

Section 8 contains an old and familiar friend with whom I have been battling with more or less success, generally less, for six months or more. It authorizes and directs the Secretary of War "to transfer to the commission," but, as the bill is amended, it will be to the Secretary of Agriculture, "upon his request all surplus war materials, equipment, and supplies not needed for the purposes of the War Department but suitable for use in the improvement of highways."

That is a continuation of existing law, which was passed, in a sense, as an emergency measure, and it is now proposed to make it a governmental policy by the passage of this statute, that hereafter when the War Department has anything surplus that by any stretch of the imagination—and I am speaking with a knowledge of what has gone on—can be used or might be useful in the building of roads the Secretary of War must turn it over.

Mr. KING. It should all be stricken out.

Mr. WADSWORTH. I move to strike out section 8, and I do so because a policy of this kind inevitably leads to gross waste. It is exceedingly unbusinesslike, as a matter of governmental policy, to direct one department to turn over to another department property which it has acquired by appropriations made by the Congress and allow it to disburse it without making any account whatsoever in its connection with the Treasury.

Several efforts have been made in recent months, as Senators will recollect, to increase the amount of property which is to be turned over by the Secretary of War free of charge to other departments. I have opposed it, and if I had my way about it I would here and now repeal all the statutes which authorize any such thing and provide that no branch or department of the Government shall ever come into possession of or disburse any property except under an act of Congress and on an accounting made with respect to this disbursement. Just the other day a case came to my attention, and I think the Senate

ought to know about it; and in mentioning it I am not criticizing the Post Office Department, but merely indicating what goes on and how careless this policy is.

There were turned over to the Post Office Department by the War Department under existing statutes 1,500,000 yards of airplane cloth for use by the Post Office Department, as the statute says. The Post Office Department, it is assumed, asked the War Department for that property on the ground that the Post Office Department made contracts for the building of airplanes and therefore that they could use this airplane cloth. But what happened, Mr. President? The Post Office Department took about a million yards of this airplane cloth and traded it off to automobile supply houses to get rubber tires in return. The Congress knows nothing whatsoever about the expenditure of Government property and Government money under a system of that kind.

Mr. PITTMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nevada?

Mr. WADSWORTH. I yield.

Mr. PITTMAN. Was not that a very much better use to make of that material than to sell it for 25 cents on the dollar and then, after it is sold for 25 cents on the dollar, pass a law to prevent the people from getting the use of it?

Mr. WADSWORTH. The Post Office Department technically had the right apparently to do that; but I claim it is mighty bad business for us to sit here and pass appropriation bills for the support of the Post Office Department, including estimates for their automobile supplies, as they must include them, and for trucks and for other things, and then after the Congress has determined upon the amount of money which the Post Office Department shall have to spend within a fiscal year to permit the Post Office Department to take a lot of property for nothing from the War Department and trade it off for trucks and automobiles and accessories. That airplane cloth should have been sold and the money should have gone into the Treasury.

Mr. PITTMAN. Undoubtedly those tires were needed by the Post Office Department.

Mr. WADSWORTH. Then why did they not come to Congress and ask for an appropriation for tires?

Mr. PITTMAN. They would have had to purchase them for cash. Under the basis that the Senator seems to desire, they would have sold this material on the market for 25 cents on the dollar, and the Government would have paid full price for the tires.

Mr. WADSWORTH. The Government paid the full price for the tires. Do not worry about that.

Mr. PITTMAN. But the Government in the long run would have to buy the tires.

Mr. WADSWORTH. And it did buy them, but the Congress did not know anything about it.

Mr. PITTMAN. They know about it now.

Mr. WADSWORTH. Yes; but it is too late.

Mr. PITTMAN. It seems to me it was a very good business proposition.

Mr. WADSWORTH. I think it is mighty bad policy for the Government to permit departments to transfer property back and forth and trade and sell it, and pad the property account of one department at the expense of another, while Congress sits here ignorant of the situation. We are supposed to hold the purse strings, and when a department wants something and needs it, it is its duty to come here and ask us whether it can purchase it or not. That was the invariable, unbroken policy until this new one of trading property around free of charge, and without any accounting going on between the departments, was inaugurated at the conclusion of the war.

Mr. FLETCHER. Mr. President, the gist of this matter, it seems to me, is that we have already provided by law for the distribution of this surplus property. There is a statute already in existence providing for the disposition of any surplus property of the War Department.

Mr. WADSWORTH. Yes; and it should cease immediately.

Mr. FLETCHER. The proposed amendment does not interfere with the present law.

Mr. WADSWORTH. It reenacts it into what might be termed a permanent statute. The bill is intended to lay down a permanent policy for Federal aid in highway building, and in it we propose to have a provision which directs the Secretary of War to turn over to the agency which is to supervise the building of the highways any and all property which he does not need, provided it can be used in any way in the building of highways.

It so happens that I have had some correspondence with the State highway commissioner of the State of Ohio, correspond-

ence which resulted from the publication of a dispatch in one of the newspapers which attracted that officer's attention. I may say that, judging from his letters, he is a faithful public servant to his State and to the country. I got him, however, to write something about this distribution of War Department property on the excuse that it is going to be used for the building of highways, and he wrote me a frank letter about what has been going on. I think this matter is of some interest because it involves literally the disposition of hundreds of millions of dollars' worth of property. We have already given to the States over \$100,000,000 worth of stuff.

Mr. KING. One hundred million dollars' worth?

Mr. WADSWORTH. Yes; over \$100,000,000 worth has been distributed to the States under this good-roads excuse.

The commissioner of the State of Ohio, whose name is Leon C. Herrick, wrote me under date of August 1, 1921, as follows:

As director of highways of the State of Ohio there came into my possession a considerable quantity of harness, turned over by the War Department for our use.

Now, it is turned over by the Department of Agriculture, as a matter of fact. That is where it comes from. That is the channel through which it goes. The War Department declares the material surplus. Then the Department of Agriculture, through the Bureau of Good Roads, in a sense requisitions it, takes it away from the War Department in accordance with the statute, and itself distributes it to the several States. This harness was distributed in that way. The commissioner continued:

This was light-artillery harness and one-horse cart harness. This has been stored at the State fairgrounds for some time. We have been endeavoring to utilize it on the State farm but it was not suitable, and we then called in a harness maker with an idea of having it remade so that it might be suitable for work-horse harness, thinking that we could then sell it for a fairly good sum of money, we having no horses or horse-drawn equipment in our department.

Of course, it is obvious that if it is going to be sold the Federal Government ought to get the money, but this official has been perfectly honest about this thing.

Mr. POMERENE. Mr. President—

Mr. WADSWORTH. He found all this stuff dumped on his doorstep, as it were. This is but the beginning, and I hope the Senator will permit me to finish reading the letter. I continue:

The harness maker advised me that this was out of the question, as it would involve more expense than we could realize for the harness. We therefore advertised an auction sale and sold this harness at auction on the 11th day of July, 1921.

Government property!

At this time we offered for sale and did sell the remnants of a half dozen concrete mixers, which came to us in an entirely unserviceable condition. By salvaging the lot we secured enough parts to build three mixers and the other four or five were sold as junk.

I am not criticizing this Ohio official. He was suddenly brought face to face with this ridiculous situation, but if it does not spell waste I do not know what does.

Trucks have come to us delivered by the War Department without any wheels, without radiators, even without engines, and in every conceivable shape. Those which it was possible to supply with the missing parts and put in shape were disposed of in this manner, as we have urgent need of trucks. To do this we took those which were in the worst condition and used the parts from them and then stripped the truck of every available part that might be used to replace worn-out parts on another truck and what remained was sold as junk, which it was, pure and simple.

We also received a large consignment of cord tires, which had been made for foreign machines, and the diameter would not fit an American-made machine. It was our purpose, rather than lose the tires, to utilize a "filler," but those tires had been exposed to the weather for a long period of time and the use of one set demonstrated that there was not to exceed three or four hundred miles in each tire. This did not warrant the expense of outfitting the machines for the tires and they were therefore sold as junk.

We received likewise a quantity of gasoline hose, which the highway department could not have used during its entire existence, and as it would deteriorate rapidly, it was offered for sale and sold.

Mr. McCORMICK. That was administrative inefficiency on the part of the Federal Government.

Mr. WADSWORTH. It was.

Mr. TOWNSEND. On the part of the Secretary of Agriculture.

Mr. WADSWORTH. It was; and we shall have administrative inefficiency in the care of Government property so long as and whenever we permit any department to get something from another department for nothing and make no accounting for it.

Mr. HARRELD. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Oklahoma?

Mr. WADSWORTH. I yield.

Mr. HARRELD. I wish to ask the Senator from New York if he does not think that would be a good thing to do. Does he not think the Department of Agriculture knows a great deal more about how to dispose of this surplus than the War De-

partment, judging from the experience we have had with the War Department in disposing of such property?

Mr. WADSWORTH. No; I do not. The War Department was compelled to give this away. That gasoline hose should have been sold by the War Department and the money turned into the United States Treasury. It should not have reached a situation where it was sold by the State of Ohio and the money turned into the Treasury of that State.

Mr. HARRELD. The point I am making is, in the light of the fact that the War Department has never sold any of this surplus property, does not the Senator think it would be a good idea to have the Department of Agriculture dispose of it rather than the War Department?

Mr. WADSWORTH. I think the Senator from Oklahoma is mistaken. The War Department has sold a great deal of this property. The War Department has sold \$1,500,000,000 worth of it, and did it exceedingly well considering the falling market which it had to confront; but in any event the proceeds from whatever is sold should go into the Treasury of the United States, I do not care who sells it.

Mr. HARRELD. Does the Senator think the sale of \$1,000,000,000 worth of that kind of property to France for a song and then having it sold to private dealers and shipped back into this country is a good business proposition on the part of our Government?

Mr. WADSWORTH. I do not agree with the Senator's premise. It was not sold to France for a song. I think that deal made over there was an exceedingly good one. I think we never would have netted \$400,000,000 for that property had we tried to sell it and pay the French Government the duties which the French Government would have been authorized and warranted in charging us had we attempted to sell it there.

Mr. McCORMICK. If we had attempted to sell it where?

Mr. WADSWORTH. In France. The French Government would have been warranted in asking our Government to pay duty on War Department material which had been taken over for use of the Army if after the war was over we had sold it to French citizens and industries. Senators have to take that into account.

Mr. KING. Mr. President—

Mr. WADSWORTH. I have not finished reading the letter and I do not wish to be diverted from it. There is quite a little of it. I respect this official of the State of Ohio because he is telling the story as he has seen it out there.

Mr. KING. If the Senator will pardon me, I wish to corroborate what the Senator said about the sale of that property to France. I am very familiar with it from investigations made.

Mr. WADSWORTH. We have investigated it over and over again.

Mr. KING. I think the Government of the United States made \$100,000,000 and France will be utterly unable to realize three-fifths of what we got from her for that property.

Mr. WADSWORTH. This Ohio commissioner proceeds:

We received a very choice collection of cant hooks, an article which is about as useful to a highway department as some 75 hydraulic jacks also received.

Mr. SWANSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Virginia?

Mr. WADSWORTH. I yield.

Mr. SWANSON. Where is the defect in the law? The law refers to things which the Secretary of War himself determines are not needed by the War Department; and, second, it requires them to be useful for highway purposes.

Mr. WADSWORTH. But that is not in the discretion of the Secretary of War.

Mr. SWANSON. Consequently, it is the duty of the Secretary of War to ascertain whether they are useful for highway purposes before he furnishes them to the highway department. Things that can not be used for highway purposes he ought to retain and sell.

Mr. WADSWORTH. No; he has no choice.

Mr. SWANSON. But the law says he shall not give it to them unless it is useful for highway purposes.

Mr. WADSWORTH. It does not say he has that authority. It is the Bureau of Good Roads that has it. Anything which they say is useful for making good roads they take over.

Mr. SWANSON. I have not seen that in the law.

Mr. WADSWORTH. It is in the statute. They are the ones to say whether it is useful for highway purposes.

Mr. SWANSON. Where is that found?

Mr. WADSWORTH. The present law, may I say to the Senator from Virginia, simply provides that whenever the Secretary of War declares property to be surplus, any kind of property, such of it as is deemed useful in the building of roads



shall be distributed by the Department of Agriculture to the States, and it is the Department of Agriculture which decides whether the property is useful, and the Secretary of War is helpless in that respect.

Mr. SWANSON. I am not talking about the former law. I ask the Senator whether or not he has moved to strike out section 8?

Mr. WADSWORTH. I have.

Mr. SWANSON. Section 8 does not leave it with the Secretary of Agriculture to determine the matter. It provides that two conditions must exist before the property is turned over; first, that the War Department does not need it; second, that it is useful for highway purposes.

Mr. WADSWORTH. And who decides that?

Mr. SWANSON. I should suppose the Secretary of War would decide it.

Mr. WADSWORTH. Not at all. The commission is to decide it.

Mr. SWANSON. The two combined would decide it.

Mr. WADSWORTH. No.

Mr. SWANSON. And if the War Department does not need the property, and it is not useful for highway purposes, it is the duty of the Secretary of War to sell it. What would the Senator from New York do with property in the possession of the War Department which is not needed?

Mr. WADSWORTH. I would sell it and put the money into the Treasury.

Mr. SWANSON. I am referring to property which is not needed by the War Department but which is needed for highway construction. Would the Senator sell it at a sacrifice?

Mr. WADSWORTH. No.

Mr. SWANSON. If the law is properly executed, and the transaction is conducted as provided in the law, there can not be any trouble.

Mr. WADSWORTH. It will never be properly executed unless there is an accounting, dollar for dollar.

Mr. SWANSON. They account article for article. I had a letter put into the RECORD the other day from the highway commissioner of Virginia, stating that he could account for every article which he had received from the War Department, state where it is, and the value of it, and that he would be very glad to have a thorough investigation of the matter. In addition to that, he stated that the property which he had received from the War Department had been very useful and very beneficial to road development.

Section 8 of the proposed law, as I understand it, seems to me to be a very wise and good provision. As I have previously stated, there are two conditions precedent to the turning over of the property by the War Department to the States.

Mr. WADSWORTH. I think it involves a wretched governmental policy.

Mr. SWANSON. Both conditions to which I have referred must be complied with. First, the Secretary of Agriculture must say that the property is useful for highway purposes and that he needs it; and, second, the Secretary of War must concur that he does not need it.

Mr. WADSWORTH. I do not agree with that interpretation.

Mr. SWANSON. The Secretary of War alone must determine whether or not he needs the property.

Mr. WADSWORTH. I desire to continue the reading of this letter and then afterwards to read another one. I repeat, I do not agree with the interpretation which is put upon the present situation by the Senator from Virginia. I know that the Secretary of War is helpless in the matter. The letter continues:

We set aside 10 of these jacks, with the hope that there might at some time arise a situation where they might be used, and the balance were offered for sale and sold.

I could list other articles, but the summary of the situation is this: That there has been handed out to highway departments a large quantity of equipment for which no highway department could have any possible use. Likewise, speaking for this State at least, there was a large amount of equipment that was absolutely worn out and was beyond repair when received.

Now, mind you, all of that property could have been sold by the Secretary of War if this statute had not existed which gave the right to the Bureau of Good Roads to take the property away from him and send it to the States.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Ohio?

Mr. WADSWORTH. Does the Senator from Ohio desire to interrupt my reading of this letter?

Mr. POMERENE. If the Senator from New York has not completed the reading of the letter, I shall not ask to interrupt him.

Mr. WADSWORTH. I have not completed the reading of the letter. It continues:

Ohio has not yet provided proper facilities for storing equipment, and it has been necessary to store many of our supplies at the State fairgrounds under very adverse conditions and to move them at various times, involving a large expense. Our records show that thousands of dollars have been spent in moving the equipment stored at the fairgrounds. In view of this fact I made a personal investigation and set aside every article that it seemed to me might ever be called into use and gathered together the balance, offered it for sale, sold it, and turned the money into the highway funds of the State.

I think, Mr. President, that I have read such portions of the first letter as are pertinent to this discussion. A second letter reached me under date of August 5 from the same official, in which he goes into greater detail. I recite these things to show the inevitable result of the free distribution of Government property without any accounting to Congress. Mr. President, again Mr. Herrick writes to me with commendable frankness. I had written him, may I say, expressing my view that these statutes should now be repealed, that the Government should stop distributing any more material free of charge to anybody anywhere. I received this letter in reply:

Acknowledging your letter of the 3d, with reference to the distribution of equipment by the Department of Agriculture from the War Department, I wish to thank you for the letter. The views which you express coincide exactly with my own.

This State official is sick of this situation—

I thoroughly agree with you that we have had a sufficient amount of equipment, and I am very much in favor of the War Department selling the balance of their surplus rather than furnishing it to highway departments.

Only last week—

This letter, I repeat, is dated August 5—

I received a letter requesting me to advise the largest number of horses I would be willing to accept out of a 5,000 allotment.

They are going to commence to give horses away next. The Army appropriation act, Mr. President, directs the Secretary of War to sell a certain number of Army horses. The reduction of the Army has made it possible to get rid, I think, of a few more. Somebody deems those horses to be useful in the building of good roads, and, therefore, the Department of Agriculture has the right to take them away from the surplus property of the War Department and give them away to the States.

Mr. Herrick continues:

In this modern day I question very much if any highway department would have use for horses—

But how many highway departments would refuse 100 or 200 horses if they could get them for nothing and then sell them; the proceeds to go into the State treasury? We are asking too much of some of our public officials, Mr. President.

The trucks which have been furnished have been of no little consequence and service, and I am inclined to believe that the value has been received for all trucks that were furnished and that most of the States could utilize more trucks than they have been furnished to date. This one particular item has been of great service to the road work in Ohio.

For your information I want to submit the following details of our sale, which is the only sale held to date for the disposition of equipment in Ohio:

We sold 3 concrete mixers, 1 elevating grader, and 33 trucks of various types, and in every instance all of the above was merely junk, every available part that might be utilized having been stripped for future use.

21 escort wagons, which were new, but for which we had no use whatsoever.

Senators probably know what an escort wagon is. It is a great, heavy substantially built vehicle which requires from four to six animals to haul it. It can carry a heavy load—2 or 3 tons. Twenty-one of them were sold because the State of Ohio had no use for them. Why were they ever sent there? That money should have gone into the Federal Treasury; but just so long as we pursue this careless policy of saying anything which may be useful to highway development may be distributed free of charge we will never get rid of this waste.

17 quad frames were sold. These were good, but of no consequence to the department.

5 winches unsuitable for our use, together with 2 pumps, were disposed of.

1 hydraulic press and 5 other small pumps, entirely beyond repair, were disposed of.

Think of all this road-building machinery—winches and hydraulic presses!

Mr. KING. And think of the freight.

Mr. WADSWORTH. The letter continues:

40 heavy hydraulic jacks were sold, we having retained 10 for our use.

1 lot of concrete buggies that had finished their service before being shipped to us was sold.

11 boxes of 2-inch gasoline hose were also disposed of.

1 quantity of solid tires on demountable rims, obsolete and worthless from exposure to the weather, was sold.

The sale included a large quantity of side lamps and tail lamps for trucks, we retaining sufficient number for our needs.



1 steam pump badly in need of repairs and 1 gasoline pump minus most of its parts.

4 blacksmith forges.

A quantity of hand pumps, mostly broken, together with the artillery harness, completed our sale.

As you will observe from the above, everything sold was either junk when it was received or else was equipment that we could not possibly utilize in the department. It is my opinion that the sale was advantageous, and the amount of money returned was \$12,684.00.

Mr. President, the 21 escort wagons alone would be worth almost that if they were new.

I do not want to be misunderstood and assure you that Ohio is very grateful indeed for all of the equipment received and can readily appreciate that it would be impossible to furnish only such material as might be utilized in so large an undertaking. Furthermore, I submit that Ohio has taken care of the equipment furnished in the very best possible manner and has made use of every available piece of equipment.

With that statement, Mr. President, I agree. For myself I have confidence in the director of the highway department of the State of Ohio, but what he tells here as having, through no fault of that official, happened in Ohio, which spells waste, has been happening in most of the States of the Union, and it will continue to happen just so long as we direct the free distribution of Government property.

Mr. POMERENE. Mr. President, my information is that Mr. Herrick is a very good official and I have no doubt that his judgment with respect to the articles which were shipped to him was sound. The conditions to which he refers, however, reflect upon the Federal officials who sent such property out there. The purpose of the law evidently was to send to the several States property which might be suitable for highway purposes, and none was to be sent which was not suitable. It is apparent that the Federal Government has realized very little from this property which has been thus given away; but as my good friend the Senator from New York is chairman of the Committee on Military Affairs, I think if he will investigate further he will find that the Federal Government has realized very little money out of at least some of the property which the War Department has sold.

Mr. WADSWORTH. Is the Senator familiar with the figures?

Mr. POMERENE. No; I do not have the figures at hand, but I have been advised as to prices which have been quoted for the sale of meats, blankets, and so forth, and I know that those who have purchased such articles have made very large sums of money out of them.

Mr. WADSWORTH. The Military Affairs Committee has investigated that question at least twice and, I think, three times. At the last hearing on that question we had submitted to us complete figures showing the result of the work of the Director of Sales of the War Department since that office was created. The records showed at that time—and that was in February or March, I think, of the present year—that the sales had netted to the Government 55 per cent of the original cost.

Mr. KING. And many of the articles were bought at war prices.

Mr. WADSWORTH. Yes. They were bought at war prices and they were sold on a falling market; at least, they have been sold for the last year on a falling market.

In regard to the surplus meats, I happen to know about that. The department made desperate efforts to sell the canned meat; they even went to the expense of opening retail stores in many cities in the country. They put the cans on the shelves and offered to sell the meat at prices far below the price charged for similar grades and qualities of meat by retail butchers and grocers. They could not sell it, one reason being, I am told, that it was in cans too large for the use of the average housekeeper; another that the meat when put up was a little more salty than is ordinarily found in commerce, it being made a little more salty so that it would keep better under adverse conditions in the trenches. They could not sell it at retail. They had some offers or suggestions from Governments abroad that they would buy it for some of the famine-stricken districts, but the statute prevented the War Department from selling anything in the nature of foodstuffs abroad, so it could not be sold in that direction. Finally the bulk of it—I think it was something like 60,000,000 pounds—was disposed of after nearly two years of effort at something like 6½ cents a pound. It cost, I think, something between 20 and 30 cents a pound. Now, if the Senator from Ohio or any other Senator can now tell the War Department how it could have sold that stuff at a better price, I imagine the War Department will be glad to know, so as to have guidance in the future.

That is the story of the meats.

Mr. POMERENE. Mr. President, I have had statements made to me by gentlemen who were inquiring into the subject,

and if the Senator has the correct statement I have been misinformed; but I am disposed to believe that the Senator has been misinformed and not myself.

Mr. WADSWORTH. I should be very glad to know the name of the Senator's informant.

Mr. POMERENE. I shall be very glad to try to get this information for the Senator.

Mr. WADSWORTH. Very well; we will have a hearing before the Military Affairs Committee, because I have heard these charges and insinuations and innuendoes and inferences going on for 18 months, and on every occasion when they have come before the committee they have been exploded. I do not say that these people in the War Department are infallible. I think they have made some mistakes. One of the great mistakes they made was that of policy. When they started selling goods, prices were high in the United States. Everything was high. They hoped to make a record, very properly, and from a human standpoint understandably, of selling War Department surplus property at high prices, and they refused, I think, a good many offers which they should have taken, or at least subsequent developments would indicate that they should have been taken at the time. Then the bottom dropped out of prices, and since then the department has been struggling to get rid of the stuff, and to my mind it is astounding that they have averaged 55 per cent of cost.

Mr. TOWNSEND. Mr. President, the statements of the Senator from New York are somewhat surprising, although they simply indict the departments that have had this matter in charge; yet he voted to continue the present road administration. It stands to reason that a man who is familiar with his business and impressed with his duty never would have requisitioned stuff that was not necessary for road work. I learned perhaps a year and a half ago that that practice was being indulged in in some places. I protested against it, and was confronted with the statement that there was not time and opportunity to investigate all of this matter, and this material was turned over and prorated among the States whether the States desired the material or not.

It is a fact, in spite of all the statements that may be made to the contrary, because it has been investigated and reports made, that the War Department has on hand a vast amount of material that is going to waste. In investigating some of the forts and former cantonments it has been found that there are vast numbers of automobiles on hand unprotected. As one man put it to me—an employee of the Government whom I sent to the Secretary of War to make his statement, a man who had had charge of it—they had literally acres of automobiles standing out in the weather without any protection. This material is on hand. I do not believe that the War Department is disposing to great advantage of the material such as was in mind when this provision was inserted in the bill. This provision does not give to the Secretary of War any authority to turn over surplus material that is not fitted for road work. It does not give the Secretary of Agriculture the right to accept material that is not fitted for road work. If material is being turned over and accepted that is not fitted for road work, the fault lies with those two departments.

Mr. PHIPPS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. TOWNSEND. I yield.

Mr. PHIPPS. I think at this point it would be advisable to read into the Record the existing law under which the disposal of surplus materials has been made for so-called highway purposes.

Section 7 of the act approved February 28, 1919, being Public, No. 299, reads as follows:

That the Secretary of War be, and he is hereby, authorized, in his discretion, to transfer to the Secretary of Agriculture all available war material, equipment, and supplies not needed for the purposes of the War Department but suitable for use in the improvement of highways, and that the same be distributed among the highway departments of the several States to be used on roads constructed in whole or in part by Federal aid, such distribution to be made upon a value basis of distribution the same as provided by the Federal aid road act approved July 11, 1916.

Mr. TOWNSEND. Mr. President, I recognize some force in what the Senator says in reference to the lack of an accounting. There ought to be an accounting system. When material is turned over to the Secretary of Agriculture for road work there should be an account of it, and the Secretary of Agriculture should be given credit so that he could account for what material has been turned over, and it should be charged up to the Secretary of Agriculture. But it is ridiculous to say that we must come to the Congress and ask for an appropriation to go out and buy material which the department has on hand



and which is going to waste, because there is no doubt, notwithstanding any statement to the contrary, for some of us have inspected the matter ourselves, that material is going to waste out of which the War Department is realizing nothing, and can realize less and less as the years go by if it attempts to dispose of it.

If we have that material on hand, and if it can be used by the States—and that is the only kind of material that we provide for here; we provide for turning over this material needed in road building which the States would have to buy if it were not for this that was turned over, which is generally a loss to the Government, as I have stated—why should it not be turned over to the Department of Agriculture to be distributed among the States?

This matter has been investigated by the department.

Mr. WADSWORTH. Which department?

Mr. TOWNSEND. By the Secretary of Agriculture; by the Postmaster General, which the Senator has criticized, for that department. It has come to me in written statements that the Postmaster General has had investigated the various departments here, especially the War Department, and has found that there are stored away in buildings supplies which are necessary for other departments of the Government which would save the expenditure of money out of the Treasury if they could be used by the other departments. They were purchased by the Government. They are owned by the Government. Similar supplies to be used in the Post Office Department or in the Department of Agriculture would have to be purchased out of the Treasury. While there should be a book-keeping arrangement to show where these things go, and an accounting made, to my mind it is purely a matter of book-keeping.

In most of these instances if the law is properly observed, if it is not abused, as it has been in the cases suggested by the Senator from New York, if public officials can be trusted to carry out the provisions of the law, I think it would be economy to use this material in the construction of roads, and that is the reason why this provision was inserted in the bill.

Mr. WADSWORTH. But this does not provide for any charging.

Mr. TOWNSEND. No; it does not.

Mr. WADSWORTH. Not a cent.

Mr. TOWNSEND. If the Senator has some amendment that he wants to offer, some provision for an accounting, I have no objection at all to it.

Mr. POMERENE. Mr. President, am I to infer from what has been said by the Senator from Michigan and the Senator from New York that there is no system of accounting as between the War Department and the Agricultural Department with respect to this property which is turned over by one department to the other?

Mr. TOWNSEND. No; there is a system of accounting. The Department of War knows what it turns over and keeps a record of that. The Department of Agriculture knows what it gets.

Mr. WADSWORTH. And the two do not agree in their figures.

Mr. TOWNSEND. And the two do not always agree in their figures. They do sometimes, but they do not always. This provision that the Senator is speaking about amounted almost to a scandal a few years ago, and I had supposed it had been corrected about a year ago.

Mr. POMERENE. I think, then, I shall agree that there ought to be more business in politics.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. TOWNSEND. I yield.

Mr. LODGE. I have been listening to this discussion with great interest. Do I understand that the Senator feels that the proper course is to take this Government property and sell it and give the money to the States? That is what is being done.

Mr. TOWNSEND. I was wondering under what authority that was done. I had not supposed that that was being practiced.

Mr. LODGE. It certainly has been done in the State of Ohio and, I suppose, elsewhere.

Mr. WADSWORTH. In many States.

Mr. LODGE. But surely I do not think anybody voted for this provision or allowed it to pass with the idea that Government property was to be delivered to the States, and if the States did not happen to have any use for it they were to sell it and put the money in their own treasury. I think the departments of the Government can do as well as that.

Mr. KELLOGG. Mr. President—

Mr. TOWNSEND. Mr. President, the provision of law is that this material fit for road construction—and only that material—shall be turned over to the Department of Agriculture, and the Department of Agriculture is authorized to allot it to the States for road work. This has been done. Of course, where the material is worn out and they want to sell it for junk, I can see no objection to disposing of it for old iron, or something of that kind; but for the Department of Agriculture to request worthless property—not only worn-out property but property not at all fitted for road work—I think is a gross violation of duty. I have no doubt at all about that. Where it is indulged, the criticism should be against the heads of departments that would permit such a thing as that.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield to the Senator from New York.

Mr. WADSWORTH. Mr. President, the trouble is that practically all these articles to which the Ohio official refers in his letter are fit for use in highway work. An escort wagon can be used in highway construction. It can haul dirt and sand and gravel. Harness can be used in highway construction, although they could not make this harness fit in civilian work. It just happened that way. The hydraulic jacks can be used in highway construction. I suppose they might be used in lifting up big bridges to put new concrete piers under them, or something of that sort. All these things can be used. They are fit for use somewhere under some circumstances.

But you never can draw the line sharply. You use the expression "fit for use" or "useful in" building highways, and you open the door to nearly every tool a man uses—picks, shovels, and other tools. In Texas they took fence posts, barbed wire, donkey engines, and narrow-gauge tracks, because, forsooth, in some circumstances you could use that material in building roads.

Mr. TOWNSEND. Does the Senator say that material that was worthless when they got it could be used in road construction?

Mr. WADSWORTH. I suppose some could and some could not, but it was material of a type that could be used. Of course, Texas sold the fence posts and the barbed wire and the donkey engines and the narrow-gauge track, because Texas could not use it at that time.

Mr. LODGE. And the money all went into the State treasury.

Mr. WADSWORTH. The money went into the State treasury in Texas.

Mr. GLASS. I would like to inquire of the Senator by what authority this material, which could be used for road purposes, and was intended under the statute to be used for road purposes, was sold?

Mr. WADSWORTH. It is turned over to the State with no strings on it, and that, it is proposed, we shall do permanently.

Mr. GLASS. It was turned over to the State with a very definite string on it and the string is that the State shall use it for highway purposes, and not sell it to junk dealers and put the money into the State treasury.

Mr. WADSWORTH. How is the Federal Government going to keep track of it?

Mr. GLASS. It appears that the Federal Government has not kept track of it, and has not carried out the intent of the law. It seems to me that the Federal Government, either the Secretary of War or the Secretary of Agriculture, has turned over a lot of junk to the States which can not be used for highway purposes.

Mr. TOWNSEND. That is what the statement the Senator has read means, if it means anything. That is exactly what it is, an indictment of public officials.

Mr. GLASS. The Senator has said that the highway commissioner of the State of Ohio is an exceptionally honest man. He may be; but I do not think an exceptionally honest State highway commissioner should take property turned over to him to be used for highway purposes and sell it and appropriate the money to other purposes.

Mr. WADSWORTH. May I say that the official in Ohio turned the money into the highway fund of the State.

Mr. TOWNSEND. I desire to repeat, however, just this statement, assuming, now, that only proper material is turned over, and only proper material is accepted; under the law—and there is no other intent in the law—it is simply a question as to whether we shall allow material which the Government now owns and has paid for and has not put to any use to be thrown away or whether we shall devote it to a proper purpose, namely, that of road building. That is all there is to this question. In the meanwhile there should be a more efficient means of accounting. I agree with that, and if the Senator from New York can devise any amendment which will



bring that about and not interfere with the purpose we have here, I have no objection.

Mr. WADSWORTH. Mr. President, just one moment, and I shall not impose upon the Senate any longer.

I think the Senator from Michigan has hardly stated the whole question when he says "This is the question." I would phrase it this way: That we have to decide some time whether or not surplus property shall be sold by the Federal Government, the proceeds to go into the Federal Treasury, or sold by other Governments, the proceeds to go into their treasuries.

Mr. TOWNSEND. Should it not be stated another way—

Mr. WADSWORTH. Whether as junk, or unusable, or brand-new, or unsuitable.

Mr. TOWNSEND. Add this to it, or whether it shall not be used at all, and allowed to rust out, or be put to some Federal use in the construction of roads.

Mr. WADSWORTH. We can get after the people who are allowing it to go to waste while it is in the hands of the Federal Government.

Mr. TOWNSEND. You do not do it.

Mr. WADSWORTH. Then the Senator and I are equally guilty. The Senator says, "You do not do it." I have been trying for months and months to get this thing straightened out.

Mr. TOWNSEND. So have I.

Mr. WADSWORTH. But the further you go in distributing property free of charge, giving something for nothing, the harder a time you will have in securing any economy in the Government.

Mr. TOWNSEND. The further I go into this investigation the more hopeless it seems to me for us to get anything out of the surplus material that is on hand and which every department seems to guard so jealously, even this old junk they tell about.

Mr. WADSWORTH. Does the Senator know what the War Department has distributed?

Mr. TOWNSEND. Oh, yes; I know that.

Mr. WADSWORTH. Forty-three thousand motor vehicles. Does that indicate that it is hard to get something out of the War Department?

Mr. TOWNSEND. How many more has it on hand?

Mr. WADSWORTH. About 9,000 trucks.

Mr. TOWNSEND. It has more than that, unless it has disposed of them in the last few months.

Mr. LODGE. I think that is very important, if the Senator will pardon me for interrupting. The Senator from New York is chairman of the Military Affairs Committee, and says there are about 9,000 trucks on hand, and the Senator from Michigan says there are more. Is there no way of knowing?

Mr. WADSWORTH. You can hear anything about the War Department surplus.

Mr. TOWNSEND. I talked with the chairman of the Efficiency Commission, I presume you would call him—

Mr. KING. Gen. Dawes?

Mr. TOWNSEND. Yes; and he is authority for the statement that there is a great deal of this material going to waste that ought to be transferred, or used, or sold, or disposed of. He is in favor of an accounting system, but there is no accounting now, so that it is almost impossible to find out what material the Government has on hand as the result of the war.

Mr. HEFLIN. Mr. President, section 8 is not subject to the construction placed on it by the Senator from New York [Mr. WADSWORTH]. This is the language of the section:

That the Secretary of War be, and he is hereby, authorized and directed to transfer to the Secretary of Agriculture upon his request all surplus war material, equipment, and supplies not needed for the purposes of the War Department.

Of course, the Senator can not take the position that the Secretary of Agriculture is to determine what material in the hands of the Secretary of War is not of use to the War Department. He must turn over to the Secretary of Agriculture material fit for use in the construction of roads in the various States, material not in use by the War Department, surplus material, Mr. President, material which now is rusting in the rain in various places in the country; and here is an opportunity to put it to a good use and purpose so that it will be of service to the people in the various States. And what is the Federal Government? It is composed of the people of and supported by the people of all the States. I submit, Mr. President, that this section ought to remain in the bill. It provides for the distribution of war machinery that may be used in building roads in the States. It is an important provision in this bill, and it ought not to be stricken out.

I know that there are certain manufacturing concerns that make auto trucks and other things that are used in building roads, and they do not like to see this material which is now

rusting in the rain brought in and turned over to the States, because they would rather sell their stock to the various counties and States and let this already paid for Government material rust out there in the rain. I am in favor of taking this material, which has been paid for by the money of the taxpayers of the States, or the United States, and let them get some good out of it.

Mr. President, the Senator from Colorado read the present law on the subject. I helped to pass that law, but I like this provision a little better. It goes a little further and will benefit more people. I do not know whether the other law would be left intact if this change were made. The present provision, or the provision in the old law, leaves the matter in the discretion of the Secretary of War.

The law read by the Senator from Colorado says that the Secretary of War may do this "in his discretion." That language is implied here, in section 8 of this bill, because it says that he shall turn over surplus supplies "not needed for the purposes of the War Department." So he and he alone will decide whether there are any surplus supplies of material suited to road-building purposes. I do not object to the Senator from New York putting in a provision, if he desires, providing for an accounting or for a record to be kept so that we can keep track of all this material. I want to say, for my own State, that when charges were made in an article in the Washington Star in July that some of this material had been sold by the road authorities of the States, the road engineer in my State, W. S. Keller, wired me that the State Department had not disposed of a single piece of war material turned over to the State of Alabama. My State is using that material, and using it to good advantage, and I think a majority of the States in the Union are using it to advantage, and I am in favor of keeping this section in the bill.

I will not consume any more time just now. The hour is growing late, but I sincerely trust that it will be the judgment of this body to keep section 8 in the pending bill.

I submit that in these distressing times the Government should gladly turn over to the States all of this surplus war material of which they may make good use. I think it is as little as we can do to let them have it.

Mr. WILLIS. Mr. President, I wish to speak just a moment, because some indirect criticism has been indulged in concerning the performance of certain officials of the State of Ohio. I made some inquiries with regard to that even prior to the investigations that were made by the Senator from New York [Mr. WADSWORTH]. I did that because my attention had been called to this whole question when one of the appropriation bills was before the Senate for consideration last winter. I took a small part in the enactment of some legislation whereby certain of this material was to be turned over to the State. I subsequently read in a newspaper a criticism of the action of the Ohio State highway commissioner in selling some of this material, and because I had had a part in the enactment of the legislation I felt a personal interest and wrote to him at once and ascertained substantially the same facts which have been presented to the Senate by the Senator from New York, that the material was turned over to the highway department of the State of Ohio, the great bulk of which was simply junk and was of no use.

Mr. WADSWORTH. Not the greater part of it?

Mr. WILLIS. Well, perhaps not the majority of it, but a considerable portion of it was of absolutely no use in the construction of highways. The State of Ohio did what it could to house this material that was turned over, and in my judgment the official did not in any way transcend his authority nor was he derelict in his duty when he took the material which had been turned over to him and sold it and covered the money into the highway fund of the State of Ohio. If there be any criticism growing out of the transaction it should be directed, in my judgment, against the officials of the United States rather than against the officials of the State of Ohio.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. WILLIS. Certainly.

Mr. TOWNSEND. The fact is that the Director of Roads sent out letters asking the States if they could not use such and such things—harness, for instance, and other materials. Originally they sent the material indiscriminately regardless of whether it was anything they needed or not. But that is not an argument against the proper use of material which otherwise could be used in good-roads construction.

Mr. WILLIS. That may be the policy now, but I venture the assertion that the highway department of the State of Ohio never received any inquiry from the Bureau of Roads in the



Department of Agriculture as to whether they could use several miles of hose, or whether they could use automobiles without any engines in them, and a lot of other material that could not possibly be used in the building of good roads or for any other purpose.

Mr. HARRELD. Mr. President, I desire to move to amend the text of section 8, proposed to be stricken out by the Senator from New York [Mr. WADSWORTH] by striking out of line 22, page 7, the words "and directed." I think those words are surplusage, because the material can never be turned over to the States for use in road construction unless it is satisfactory to the Secretary of War, while this section would require that it be turned over upon the request of the Secretary of Agriculture. So it is surplusage in the first place, and it is rather harsh in its terms.

I wish to say, however, in connection with the dispute that has been going on, that not long ago I had occasion to visit Panama. While there I became very closely acquainted with the man who has charge of public road building in the Canal Zone. He told me that he was having all kinds of trouble in spite of the law to get from the military authorities in Panama trucks and machinery, scrapers, graders, and things of that sort which he needed in his business of constructing roads in the zone, and yet those things were lying unused by the War Department and were being allowed to rust and rot. He said that he was badly handicapped in the construction of roads in that section by reason of his inability to get those things. His expression was that his experience with the War Department was like a dog that had two bones, could eat only one, but intended to see that the other dog did not get either. He said there was no opportunity for getting from the War Department any sort of surplus material after it passed into the hands of that department, and I think that is true. Let the War Department get charge of any real estate or any property of any kind and it can hardly be pried out of their hands with a spike.

I think that section 8 ought to be allowed to stay in the bill. It is largely, as the Senator from Michigan [Mr. TOWNSEND] said, not so much the fault of the law or the law itself of which the Senator from New York [Mr. WADSWORTH] complains, but it is against the operations of the law, it is against the inefficient way in which the law is enforced. Everything the Senator said applies in that way, but as against the law itself it does not apply. There ought to be a system of bookkeeping between the War Department and the Department of Agriculture by which these matters may be taken into account and the one department charged and the other credited.

The section provides that this material shall be furnished to the Secretary of Agriculture upon his request. Certainly the Secretary of Agriculture has sense enough to know what kind of material he needs for road building. He should not ask for harness that is not fit to be used in road building. He should not ask for the things which the Senator from New York said were shipped to Ohio which were unfit for road building. He should not ask for them in the first place. The law requires that they shall be turned over to him upon his request, and it is supposed that a man holding a dignified position such as the office of Secretary of Agriculture has sense enough to know what kind of material he wants.

Mr. TOWNSEND. Mr. President, I have been informed by several Senators that they not only have some speeches to make but have other amendments to offer to the bill. If the roll were called at this time, we undoubtedly could not secure a quorum, so I am going to consent to an executive session at this time. I will consent that the bill may be laid temporarily aside now with the understanding that after the executive session we shall take a recess until to-morrow at 12 o'clock.

Mr. McKELLAR. Mr. President, I wish to make a short statement about the pending bill. What is known as the Townsend road bill was reported to the Senate about June 20. There was a majority report and a minority report. With others on the committee I signed the minority report. Our objections to the then Townsend bill were principally two. One was that the State highway commissions were deprived of the right under the Townsend bill of locating and designating the various roads in their respective States. We thought then and I think now that this was indefensible. The other principal objection was the commission feature of that bill. We filed a minority report which is on record as of date of June 20, 1921, to which I now refer. The report was largely taken up with these two objections.

Later, when the so-called Dowell bill was passed by the House and sent over to the Senate, it was referred to the Committee on Post Offices and Post Roads. When that bill came to the Post Office Committee we found those two the principal

differences existing in the committee. The majority of the committee was intensely desirous of having a Federal commission instituted in the place of the Secretary of Agriculture and intensely desirous that the Federal commission instead of the several State highway commissions should select the roads. We thus found ourselves in hopeless deadlock on both questions. It looked as if it would be a repetition of the action of the former Townsend bill, that no road legislation at all would be had at this session.

In the interest of getting some bill passed and giving some measure of relief for the road situation, an agreement, suggested by me, was entered into by which those on the one side yielded certain points and those on the other side yielded certain things, and thereby the present bill was reported.

So far as I am concerned, I am now and always have been intensely opposed to the commission idea. I was intensely opposed to the location and designation of the roads by the Federal highway commission here in Washington. The majority just as strongly favored those two propositions. It was in this situation that I believe we all realized that in order to get the legislation we must come to some compromise of our differences. We thereupon entered a compromise agreement. It was for that reason that I felt obligated under the agreement we had in the committee to vote "no" to-day on the motion of the Senator from Kansas [Mr. CURRIE] to strike out the commission provision. Under our committee agreement the majority of the committee was to retain their Federal commission plan; the minority was to secure the adoption of sections 4 and 6 of the so-called Dowell or Robsion bill, guaranteeing the State highway commissions the right to select and designate the highways in their respective States, substantially as they do now; an appropriation of \$100,000,000 was agreed upon; and as to counties contributing, the present law was to remain as it is now. If we had not compromised in the committee, and this was my offer of compromise which was accepted by the majority, we would have been wrangling over it there yet, and no legislation would have been had at this session in my judgment.

I voted for the commission in the committee, and voted for it again just a while ago in the Senate, not because I believed it was best but solely because of the compromise agreement which I considered binding on me, and without which I was convinced that no bill would have been passed at this session. Mr. President, I believe that the Federal commission plan is not the proper way to handle the road question. I am opposed to the creation of so many commissions. I think that the present arrangement under the director of roads in the Department of Agriculture has been eminently satisfactory. I think it has given the very best of satisfaction. The present director has made a great success of it. I am glad the Senate has taken that view and that it has rejected the commission plan. I feel that all I have been fighting for in the committee for the last several months has been adopted by the Senate, and I am delighted that that has been done. My only reason for voting as I did in the committee was in order to get a bill reported out and get action at this special session for roads, and, of course, my vote in the Senate had to be in accord with our agreement. It seemed that the only possible way to accomplish something for roads at this session was for each side to concede something in order to get the bill before the Senate and get action on it. It was absolutely necessary that we should leave to the States the right to select the roads on which Federal aid should be applied. It was also necessary to have an appropriation, because neither the Phipps bill nor the so-called Dowell or Robsion bill carried an appropriation. It was just as necessary to have immediate action. I congratulate the Senate on its wisdom in voting down the commission provision.

#### CONFERENCE ON LIMITATION OF ARMAMENTS.

Mr. HARRISON. Mr. President, I wish to give notice under the rule of an amendment I shall propose to the pending deficiency appropriation bill.

The PRESIDING OFFICER. The notice will be read.

The reading clerk read as follows:

Pursuant to the provisions of Rule XL, I hereby give notice that I shall move to suspend paragraph 3 of Rule XVI of the Standing Rules of the Senate for the purpose of offering the following amendment to the bill H. R. 8117, the urgent deficiency appropriation act, viz:

On page 3, line 16, insert the following:

"And provided further, That the delegates representing the Government of the United States use every effort and exert their influence for open sessions of the conference."

#### PORTRAIT OF ANDREW JACKSON.

Mr. BRANDEGEE. Mr. President, the senior Senator from Tennessee [Mr. SHIELDS] some time ago introduced a Senate resolution authorizing the purchase of a portrait of ex-President Andrew Jackson, to be hung in the lobby of the Senate. I now

report back favorably that resolution (S. Res. 75) from the Committee on the Library with an amendment, and I ask unanimous consent for its present consideration.

The Senate, by unanimous consent, proceeded to consider the resolution.

The amendment of the Committee on the Library was to add to the resolution the words "said portrait not to cost more than \$1,200," so as to make the resolution read:

*Resolved*, That the Committee on the Library of the Senate be authorized to purchase, if they can find one suitable, or to contract for the painting of, a portrait of Gen. Andrew Jackson, of Tennessee, and seventh President of the United States, to be hung in the Senate corridors, or other appropriate place, along with the portraits of Washington and other Presidents of the United States, to be paid for out of the contingent fund of the Senate, said portrait not to cost more than \$1,200.

Mr. BRANDEGEE. I simply wish to say that since the committee directed the resolution to be reported I have ascertained that a very excellent portrait of Andrew Jackson, painted by Alexander, a noted artist of the period, has been sent here, and it met the approval of the Senator from Tennessee [Mr. SHIELDS], and I shall submit it to the Fine Arts Commission. I think it can be purchased for several hundred dollars less than the amount named in the resolution and of course whatever can be saved will be saved out of that sum.

The amendment was agreed to.

The resolution as amended was agreed to.

#### EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 12 minutes spent in executive session, the doors were reopened.

#### RECESS.

Mr. LODGE. I move that the Senate take a recess until tomorrow at 12 o'clock.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until to-morrow, Thursday, August 18, 1921, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate August 17 (legislative day of August 16), 1921.*

##### DEPARTMENT OF JUSTICE.

###### ASSISTANT ATTORNEY GENERAL.

Albert Ottinger, of New York, to be Assistant Attorney General, vice Thomas J. Spellacy, resigned.

##### DEPARTMENT OF THE INTERIOR.

###### REGISTERS OF THE LAND OFFICE.

Julius P. Knabe, of Montgomery, Ala., to be register of the land office at Montgomery, Ala., vice Cato D. Glover, term expired.

Edwin E. Winters, of Montgomery, Ala., to be receiver of public moneys at Montgomery, Ala., vice John S. Hunter, term expired.

#### PROMOTIONS IN THE REGULAR ARMY.

##### MEDICAL CORPS.

###### To be captains.

First Lieut. Thomas Matthew Calladine, jr., Medical Corps, from May 9, 1921.

First Lieut. Arthur Wheeler Drew, Medical Corps, from August 7, 1921.

First Lieut. Arthur Luis Guerra, Medical Corps, from August 7, 1921.

##### DENTAL CORPS.

###### To be captains.

First Lieut. John Samuel Ross, Dental Corps, from July 4, 1921.

First Lieut. Harold Snell Whitney, Dental Corps, from July 8, 1921.

First Lieut. Hugh James Ryan, Dental Corps, from August 9, 1921.

##### VETERINARY CORPS.

###### To be major.

Capt. Wilfred Josiah Stokes, Veterinary Corps, from August 12, 1921.

###### To be first lieutenants.

Second Lieut. James Earl Noonan, Veterinary Corps, from August 7, 1921.

Second Lieut. Gardiner Bouton Jones, Veterinary Corps, from August 11, 1921.

#### PROMOTIONS IN THE NAVY.

Commander Luther M. Overstreet to be a captain in the Navy from the 3d day of June, 1921.

Lieut. James D. Moore to be a lieutenant commander in the Navy from the 16th day of September, 1920.

Lieut. (Junior Grade) Phillip C. Ranson to be a lieutenant in the Navy from the 1st day of July, 1919.

Lieut. (Junior Grade) William F. Dietrich to be a lieutenant in the Navy from the 1st day of July, 1920.

Fred M. Rohow, a citizen of Wisconsin, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade), to rank from the 1st day of August, 1921.

Frank M. Moxon, a citizen of Oregon, to be an assistant surgeon in the Navy with the rank of lieutenant (junior grade), to rank from the 5th day of August, 1921.

Asst. Dental Surg. John E. Morgan to be a passed assistant dental surgeon in the Navy with the rank of lieutenant, to rank from the 1st day of July, 1920.

John C. Gebhard, a citizen of Pennsylvania, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), from the 12th day of August, 1921.

Henry R. Lacey, a citizen of Massachusetts, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Robert E. Bassler, a citizen of New York, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Frederick R. Hewes, a citizen of Ohio, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

John Allen Scoville, a citizen of Illinois, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Paul James Halloran, a citizen of New Jersey, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Paul Albert Edward Flux, a citizen of Massachusetts, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

John Jacob Gromfine, a citizen of New York, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

John James Chew, a citizen of the District of Columbia, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Algert Daniel Alexis, a citizen of Pennsylvania, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Rufus Chester Harding, a citizen of Arkansas, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Charles Theodore Dickman, a citizen of New York, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

Edwin Delmer Miller, a citizen of Pennsylvania, to be an assistant civil engineer in the Navy with the rank of lieutenant (junior grade), to rank from the 12th day of August, 1921.

The following-named assistant paymasters of the United States Naval Reserve Force to be assistant paymasters in the Navy with the rank of lieutenant (junior grade), to rank from the 1st day of July, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Walter Guerry.

Walter E. Scott.

John M. Speisegger.

The following-named chief pay clerks of the United States Naval Reserve Force to be chief pay clerks in the Navy, to rank with but after ensign, from the 5th day of August, 1920, in accordance with the provisions of the act of Congress approved June 4, 1920:

Arthur H. Patten.

Harley F. Wight.

#### POSTMASTERS.

##### ALABAMA.

Henry J. Sullivan to be postmaster at Tallassee, Ala., in place of D. G. Wendel, resigned.

Ira L. Sharbutt to be postmaster at Vincent, Ala., in place of T. C. Elliott, removed.



## ARKANSAS.

Wendell W. Watkins to be postmaster at Belleville, Ark., in place of W. H. Grace. Office became third class July 1, 1920.

Audie F. Hunter to be postmaster at Casa, Ark., in place of A. F. Hunter. Office became third class January 1, 1921.

Milton T. Knight to be postmaster at Chidester, Ark., in place of K. L. Purifoy. Office became third class July 1, 1920.

## CALIFORNIA.

Josephine Purcell to be postmaster at Represa, Calif., in place of Josephine Purcell. Office became third class July 1, 1921.

Otto Warnke to be postmaster at Bellflower, Calif., in place of Otto Warnke. Office became third class April 1, 1921.

Emma Dodge to be postmaster at Danville, Calif., in place of Emma Dodge. Incumbent's commission expired July 21, 1921.

## COLORADO.

Louis A. Barnes to be postmaster at Silt, Colo., in place of L. A. Barnes. Office became third class July 1, 1921.

George W. Karn to be postmaster at Granada, Colo., in place of C. D. Baldwin. Incumbent's commission expired March 16, 1921.

## FLORIDA.

James L. Richbourg to be postmaster at Laurelhill, Fla., in place of J. L. Richbourg. Office became third class July 1, 1920.

## GEORGIA.

Frank E. Conley to be postmaster at Blairsville, Ga., in place of F. E. Conley. Office became third class October 1, 1920.

## ILLINOIS.

Mercy Thornton to be postmaster at Elkhville, Ill., in place of Mercy Thornton. Office became third class January 1, 1921.

Lela Killips to be postmaster at Lyons, Ill., in place of Lela Killips. Office became third class January 1, 1921.

Katherine Maloy to be postmaster at Summit, Ill., in place of Katherine Maloy. Office became third class July 1, 1921.

## IOWA.

Walter E. Prouty to be postmaster at Lockridge, Iowa, in place of W. E. Prouty. Office became third class July 1, 1921.

S. Paul Figi to be postmaster at Renwick, Iowa, in place of S. P. Figi. Incumbent's commission expired March 9, 1920.

## KANSAS.

Edna N. Carlile to be postmaster at Jamestown, Kans., in place of F. M. Cook, resigned.

John F. Nuttmann to be postmaster at Paxico, Kans., in place of J. F. Nuttmann. Office became third class April 1, 1921.

Louis H. Wapler to be postmaster at Wakefield, Kans., in place of Charles Hewitt, resigned.

## KENTUCKY.

Orange H. Marcum to be postmaster at Stearns, Ky., in place of R. W. Henderson, resigned. Office became third class October 1, 1917.

## MAINE.

Henry W. Owen, jr., to be postmaster at Bath, Me., in place of F. W. Hartnett, resigned.

## MASSACHUSETTS.

Mary E. Rathbun to be postmaster at Hinsdale, Mass., in place of W. F. Walsh, resigned.

## MICHIGAN.

Arthur H. Hawkins to be postmaster at Clayton, Mich., in place of A. H. Hawkins. Office became third class April 1, 1921.

Daphne P. Smith to be postmaster at Weidman, Mich., in place of D. P. Smith. Office became third class July 1, 1920.

## MINNESOTA.

Mabel L. Markham to be postmaster at Clear Lake, Minn., in place of M. L. Markham. Office became third class October 1, 1920.

William E. Murphy to be postmaster at Holdingford, Minn., in place of W. E. Murphy. Incumbent's commission expired January 15, 1921.

Lee M. Bennett to be postmaster at Pillager, Minn., in place of L. M. Bennett. Office became third class October 1, 1920.

Charles B. McLain to be postmaster at St. Paul Park, Minn., in place of J. M. Trickey, resigned.

Pearl M. Hall to be postmaster at State Sanatorium, Minn., in place of P. M. Hall. Office became third class January 1, 1921.

Genevra E. Ristvedt to be postmaster at Hanley Falls, Minn., in place of G. E. Ristvedt. Office became third class July 1, 1920.

August W. Petrich to be postmaster at Vernon Center, Minn., in place of A. W. Petrich. Office became third class July 1, 1920.

## MISSOURI.

Henry W. Schupp to be postmaster at Fremont, Mo., in place of Kos Burrows, resigned. Office became third class April 1, 1921.

Thomas E. Sparks to be postmaster at Holliday, Mo., in place of Guy Brooks. Office became third class April 1, 1921.

Roy D. Eaton to be postmaster at Powersville, Mo., in place of J. A. Fields, resigned.

Andrew L. Hogenson to be postmaster at Ethel, Mo., in place of H. M. Rice. Office became third class October 1, 1920.

Nathan J. Rowan to be postmaster at Meta, Mo., in place of N. J. Rowan. Office became third class October 1, 1920.

George W. Hendrickson to be postmaster at Springfield, Mo., in place of O. C. Mitchell, resigned.

## MONTANA.

Walter D. Vaughn to be postmaster at Augusta, Mont., in place of C. D. Tomlinson. Office became third class April 1, 1921.

## NEW JERSEY.

Clara C. Hurry to be postmaster at Atco, N. J., in place of C. C. Hurry. Office became third class July 1, 1920.

## NEW YORK.

Charles G. Post to be postmaster at Bangall, N. Y., in place of C. G. Post. Office became third class April 1, 1921.

George W. Aikin to be postmaster at Olcott, N. Y., in place of G. W. Aikin. Office became third class April 1, 1921.

William P. Lister to be postmaster at Rockville Center, N. Y., in place of G. V. Brower. Incumbent's commission expired March 15, 1920.

Jacob C. Kopperger to be postmaster at Stottville, N. Y., in place of D. H. Davis, resigned. Office became third class July 1, 1920.

## NORTH CAROLINA.

Roscoe C. Tucker to be postmaster at Fair Bluff, N. C., in place of R. W. Rogers. Office became third class January 1, 1921.

## NORTH DAKOTA.

Emma O. Dickinson to be postmaster at Fullerton, N. Dak., in place of H. M. Gregory, resigned. Office became third class January 1, 1921.

Howard H. Ellsworth to be postmaster at Killdeer, N. Dak., in place of Grace Norred, resigned.

James A. Elliott to be postmaster at New England, N. Dak., in place of J. H. Walters, deceased.

Albert E. Briggs to be postmaster at New Leipzig, N. Dak., in place of A. S. Hatch, resigned. Office became third class July 1, 1920.

Mous K. Olmstad to be postmaster at Sharon, N. Dak., in place of M. K. Olmstad. Incumbent's commission expired March 16, 1921.

George F. Purcell to be postmaster at Amidon, N. Dak., in place of G. F. Purcell. Office became third class January 1, 1921.

Harriet M. Frank to be postmaster at Powers Lake, N. Dak., in place of H. M. Frank. Incumbent's commission expired January 17, 1920.

## OHIO.

Charles A. Saunders to be postmaster at Findlay, Ohio, in place of H. W. Brown, resigned.

## OKLAHOMA.

Charles E. Lindsey to be postmaster at Salina, Okla., in place of G. C. Pratt, resigned. Office became third class April 1, 1921.

## OREGON.

Lenora Hunter to be postmaster at Mosier, Oreg., in place of Lenora Hunter. Office became third class January 1, 1921.

## PENNSYLVANIA.

William G. Childs to be postmaster at Grand Valley, Pa., in place of W. G. Childs. Office became third class January 1, 1921.

Mae Libbey to be postmaster at Kinzua, Pa., in place of Mae Libbey. Office became third class July 1, 1921.

William F. Eckbert, jr., to be postmaster at Lewistown, Pa., in place of A. A. Orr, resigned.

John D. Griffith to be postmaster at Millsboro, Pa., in place of Alice McGill, resigned. Office became third class April 1, 1921.

Isaac H. Snader to be postmaster at New Holland, Pa., in place of Eli Hess, removed.

James R. McGill to be postmaster at Paoli, Pa., in place of J. E. McCanna, resigned.

George W. Gosser to be postmaster at Pittsburgh, Pa., in place of A. S. Guffey. Incumbent's commission expired September 5, 1920.

Anna W. Richardson to be postmaster at Rochester Mills, Pa., in place of A. W. Richardson. Office became third class April 1, 1921.

William E. Mannear to be postmaster at Wilkes-Barre, Pa., in place of L. J. Casey. Incumbent's commission expired June 2, 1920.

Peter H. Sickles to be postmaster at Smock, Pa., in place of P. H. Sickles. Office became third class April 1, 1921.

#### SOUTH DAKOTA.

Henry J. Mensing to be postmaster at Lemmon, S. Dak., in place of N. H. Miller, resigned.

Harry E. Kelly to be postmaster at Vivian, S. Dak., in place of H. E. Kelly. Office became third class January 1, 1921.

#### TEXAS.

Mae Sheen to be postmaster at Mertzon, Tex., in place of Jesse Laramore, resigned. Office became third class July 1, 1920.

Delmont Greenstreet to be postmaster at Ennis, Tex., in place of A. H. Bule. Incumbent's commission expired September 5, 1920.

Robert L. Parker to be postmaster at Toyah, Tex., in place of H. H. Luckett, resigned.

Landon M. Hatcher to be postmaster at Troy, Tex., in place of J. W. Griffin, resigned. Office became third class April 1, 1920.

Fred W. Hines to be postmaster at Wiergate, Tex., in place of H. C. Hopkins, resigned. Office became third class April 1, 1920.

#### VERMONT.

Catherine Neary to be postmaster at Shelburne, Vt., in place of Catherine Neary. Office became third class January 1, 1921.

#### WASHINGTON.

Roy E. Carey to be postmaster at Hartline, Wash., in place of Cleora Steele, resigned.

Arthur Warren to be postmaster at Selah, Wash., in place of C. E. Hancock, resigned.

#### WISCONSIN.

Mae F. Harris to be postmaster at Goodman, Wis., in place of O. M. Crevier, resigned.

James L. Ring to be postmaster at Osseo, Wis., in place of John Ring, resigned.

Nicholas Lucius, jr., to be postmaster at Solon Springs, Wis., in place of Nicholas Lucius, jr. Office became third class July 1, 1920.

Willis S. E. Morgan to be postmaster at Woodville, Wis., in place of P. C. Finvold, resigned. Office became third class October 1, 1919.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 17 (legislative day of August 16), 1921.*

##### TREASURY DEPARTMENT.

##### COLLECTOR OF CUSTOMS.

Thomas L. Walker to be collector of customs, district No. 42, Louisville, Ky.

##### ASSISTANT APPRAISERS OF MERCHANDISE.

Louis Pfeiffer to be assistant appraiser of merchandise, district No. 4, Boston, Mass.

Thomas P. Harrison to be assistant appraiser of merchandise, district No. 4, Boston, Mass.

##### POSTMASTERS.

##### ARIZONA.

Harry H. Hiener, Superior.

##### ILLINOIS.

George E. Simmons, Avon.

Mae E. Laughery, Cuba.

Nellie T. Lindstrom, Fairview.  
William W. Harbert, Findlay.  
Anna E. Paramore, Loraine.  
James W. Alexander, Patoka.  
William Fester, Strasburg.

#### INDIANA.

Virgil S. Watson, Brownsburg.  
Pius A. Kanney, Collegeville.  
Robert E. Maggert, Cromwell.  
Albert Honehouse, Kouts.  
Sterling Cooper, Pine Village.  
Alfonso L. Riggs, Rushville.  
Lowell D. Smith, Sellersburg.

#### LOUISIANA.

Joseph E. Delahoussaye, Arnaudville.  
Marie A. Bourgeois, Erath.

#### MICHIGAN.

Joseph M. Lescelle, Crystal.  
Fred E. Hazle, De Witt.  
Elery H. Wright, Empire.  
Eva A. Wurzburg, Northport.  
Roy P. Eymer, Turner.  
George B. Moat, Twining.

#### NEW MEXICO.

William S. Medcalf, Hope.

#### NEW YORK.

Fenner J. Rich, Altmar.  
Stanly A. North, Chazy.  
William Holmes, Clifton Springs.  
Gilbert J. Ton, Clymer.  
Clarence F. Dilcher, Elba.  
George M. Diven, Elmira.  
Joseph W. Mullins, Fallsburg.  
William R. Churchill, Hancock.  
Joseph P. Fallon, Irvington.  
Edward J. McSweeney, Long Lake.  
Warren H. Curtis, Marion.  
Frank D. Hurd, Napanoch.  
Sarah E. Harris, New Hamburg.  
Ray A. Fisher, Ontario.  
William J. Herbage, Slingerlands.  
May A. Cupernall, Thousand Island Park.

#### NORTH CAROLINA.

William M. Liles, Lilesville.

#### PENNSYLVANIA.

Ira R. Burns, Bellwood.  
Elmer L. Russell, Cokeburg.  
George D. Kinkead, Ebensburg.  
Walter R. Miller, Liberty.  
Dunham Barton, Mercer.  
James G. Cook, New Alexandria.  
James M. Williams, State College.  
John E. Anstine, Stewartstown.

#### TEXAS.

Willie A. Fricke, Kingsbury.  
Alide Schneider, Marion.  
John F. Dreinhofer, Ranger.

#### UTAH.

Jay C. Jensen, Heber.

#### WYOMING.

James J. McDermott, Arvada.  
Andrew E. Case, Clearmont.  
Minnie O. Corum, Encampment.  
James E. Patterson, Gebo.  
George J. Holt, Kaycee.  
Myrtle A. Jourdan, Medicine Bow.  
Lizzie R. Moore, South Superior.  
Catherine McCabe, Van Tassell.

#### WITHDRAWAL.

*Executive nomination withdrawn from the Senate August 17 (legislative day of August 16), 1921.*

##### POSTMASTER.

George V. Brownfield to be postmaster at Hershey, in the State of Nebraska.



## HOUSE OF REPRESENTATIVES.

WEDNESDAY, August 17, 1921.

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our blessed Heavenly Father, through Thee heaven and earth are met together and we are not alone. Out of the depth of our gratitude and conscious need we would say never leave nor forsake us. Lead us to the deep experiences of the soul that can not be measured, to that peace that no human mind has ever understood, to that love whose depths no mortal heart has ever sounded, to that joy that no earthly lip has ever expressed. All along the pathway that awaits our footfall may every mountain be brought low and every valley raised up and every rough place made plain. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## LEAVE OF ABSENCE.

At the request of Mr. MOORE of Virginia, by unanimous consent, leave of absence was granted to Mr. BLAND of Virginia for to-day, on account of sickness.

## PRINTING THE TARIFF BILL.

Mr. JOHNSON of Washington. Mr. Speaker, by direction of the House Committee on Printing I desire to report Senate concurrent resolution No. 7, with an amendment.

The SPEAKER. The gentleman from Washington calls up Senate concurrent resolution No. 7, which the Clerk will report. The Clerk read as follows:

## Senate concurrent resolution 7.

*Resolved by the Senate (the House of Representatives concurring), That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage industries of the United States, and for other purposes, as passed by the House, be printed as a Senate document with an index, and that 15,000 additional copies be printed, of which 4,000 shall be printed for the use of the Senate, 9,000 for the House, to be distributed through the folding room, 1,000 for the Committee on Finance of the Senate, and 1,000 for the Committee on Ways and Means of the House.*

With the following committee amendment:

Strike out all after the resolving clause and insert the following: "That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage industries of the United States, and for other purposes, as passed by the House of Representatives, be printed as a Senate document with an index, and that 6,000 additional copies be printed, of which 2,000 shall be for the Senate document room, 2,000 for the House document room, 1,000 for the Committee on Finance of the Senate, and 1,000 for the Committee on Ways and Means of the House."

Mr. WINGO. Is this a privileged resolution?

Mr. JOHNSON of Washington. Yes. I have consulted with the minority member of the Printing Committee. We have cut the Senate resolution from 15,000 to 6,000.

Mr. WINGO. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. WINGO. Will the gentleman from Washington advise us why it is that for the last month we can not get anything out of the Printing Office on time? I have been on a committee where we had to consider for 24 hours a bill which we had to read in the RECORD of the proceedings of the Senate to know what we were considering. Every effort to get the Printing Office to furnish us a copy of the bill failed for 24 hours. Whenever we ask for a public document in many instances they say it is out of print and printing of new supply is promised in so many weeks.

Mr. JOHNSON of Washington. I shall be glad to look into that.

Mr. BLACK. I remember the occasion which the gentleman from Arkansas refers to, but in looking up the RECORD I find that the bill was not messaged over from the Senate.

Mr. WINGO. Oh, that makes no difference. If a Senator can get a confidential print of a bill that he proposes to introduce, a Member of the House of Representatives ought to get a bill sooner than 24 hours after it has passed the Senate. I think the time has come for the House of Representatives to have a bill furnished promptly when a Senator can get a confidential print of an amendment that he is going to introduce some time in the future.

Mr. JOHNSON of Washington. As far as I am concerned, I want the membership of the House to have all the printing that it actually needs. I believe that the House should have a printing clerk as has the other body. What is everyone's business is quite often no one's business.

Mr. WINGO. I have given the gentleman a concrete illustration. As I say, United States Senators can get private prints

of bills or amendments that they are going to introduce, while the chairman of our committee can not get the Government Printing Office to furnish us with a copy of a bill that has passed the Senate, but keeps us waiting 24 hours and gives as an excuse that it has not been messaged over in the regular course.

Mr. BLANTON. Mr. Speaker, I do not like to defend a Republican, but if the gentleman will investigate he will find that the present Public Printer inherited about a month's back work that he has got to get out of the way. I think that ought to be said in his behalf. I have never seen a man work harder than the Public Printer has and is doing to-day.

Mr. JOHNSON of Washington. I think all will agree to that, but the complaint of the gentleman from Arkansas [Mr. WINGO] runs to the different sets of rules which prevail for the ordering of printing necessary to expedite business of the House and its committees. I think we will soon have the situation straightened up. Mr. Speaker, I ask for a vote.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution as amended was agreed to.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed without amendment bill of the following title:

H. R. 6407. An act for the relief of Maj. Francis M. Maddox, United States Army.

The message also announced that the Senate had passed bills and concurrent resolutions of the following titles, in which the concurrence of the House of Representatives was requested:

S. 2131. An act to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act approved October 22, 1919, and for other purposes;

S. 2133. An act ceding jurisdiction to the State of Texas over certain lands or bancos acquired by the United States of America from the United States of Mexico; and

S. 2387. An act making Army officers on active duty eligible for appointment to civil office in the government of Territorial possessions of the United States.

## Senate concurrent resolution 10.

Whereas on September 14, 1921, there will be celebrated the six hundredth anniversary of the death of the Italian poet Dante; and Whereas the Congress of the United States desires to associate itself with the Italian Parliament in doing honor to his memory on this occasion; and

Whereas the great literary genius of Dante is recognized by the people of the United States, who, in common with the peoples of all civilized nations, have received large intellectual benefit from his classic masterpieces: Therefore be it

*Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States hereby formally gives expression to the great regard and veneration in which it and the people of the United States hold this illustrious son of Italy.*

That an attested copy of this resolution be transmitted, through the Secretary of State, to the ambassador of the United States at Rome, to be by him communicated, through the diplomatic channel, to the presiding officer of each of the chambers of the Italian Parliament.

Also the following resolution:

## Senate concurrent resolution 8.

*Resolved by the Senate (the House of Representatives concurring), That when the two Houses adjourn on Wednesday, August 24, 1921, they stand adjourned until Wednesday, September 21, 1921.*

## SENATE BILLS AND JOINT RESOLUTION REFERRED.

Under clause 2, Rule XXIV, bills and joint resolution of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2235. An act to confer jurisdiction upon the Court of Claims to adjudicate the claims of American citizens; to the Committee on the Judiciary.

S. J. Res. 33. Joint resolution permitting Chinese to register under certain provisions and conditions; to the Committee on Immigration.

S. 753. An act for the relief of Oscar C. Guessaz; to the Committee on War Claims.

S. 1516. An act for the relief of Lewis W. Flaunlacher; to the Committee on War Claims.

S. 2131. An act to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes; to the Committee on the District of Columbia.

S. 2387. An act making Army officers on active duty eligible for appointment to civil office in the government of Territorial possessions of the United States; to the Committee on Military Affairs.

S. 2133. An act ceding jurisdiction to the State of Texas over certain lands or bancos acquired by the United States of

America from the United States of Mexico; to the Committee on the Public Lands.

# THE REVENUE.

Mr. CAMPBELL of Kansas. Mr. Speaker, by direction of the Committee on Rules, I submit the following privileged report. The Clerk read as follows:

## House resolution 174.

Resolved, That immediately upon the adoption of this resolution the House shall resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8245.

That general debate shall be confined to the bill, and be equally divided between and controlled by the chairman and ranking minority member of the Committee on Ways and Means and shall terminate when the Committee of the Whole arises on August 18, 1921.

Thereafter the bill shall be considered for amendment under the five-minute rule, but committee amendments to any part of the bill shall be in order any time and shall take precedence of other amendments.

That clause 3 of Rule XXI shall not apply to committee amendments.

That consideration of the bill for amendment shall continue until Saturday, August 20, 1921, at 3 o'clock in the afternoon, at which time the bill with all amendments that shall have been adopted by the Committee of the Whole shall be reported to the House, whereupon the previous question shall be considered as ordered on the bill and all amendments to final passage without intervening motion except one motion to recommit: That the vote on all amendments shall be taken in gross.

That all Members shall have leave to extend their own remarks in the RECORD on the bill until August 31, 1921.

The Clerk called the roll and the following Members failed to answer to their names:

Anderson	Fields	McArthur	Sisson
Anthony	Fish	McCormick	Slemp
Bankhead	Fitzgerald	McFadden	Snyder
Barkley	Freeman	McLaughlin, Pa.	Steagall
Beedy	Funk	McSwain	Stevenson
Bland, Ind.	Gahn	Maloney	Stiness
Bland, Va.	Gallivan	Mansfield	Strong, Kans.
Britten	Glynn	Martin	Sullivan
Brooks, Ill.	Gould	Mead	Summers, Wash.
Browne, Wis.	Hawes	Montague	Swing
Burke	Hicks	Montoya	Taylor, Ark.
Campbell, Pa.	Hudspeth	Morin	Taylor, Colo.
Cantrill	Humphreys	Mott	Thompson
Chandler, N. Y.	Hutchinson	Mudd	Tinkham
Classon	James	Nolan	Upshaw
Codd	Johnson, S. Dak.	Ogden	Valle
Cole, Ohio	Kearns	Overstreet	Volstead
Cooper, Ohio	Kelley, Mich.	Parks, Ark.	Ward, N. Y.
Cramton	Kennedy	Perlman	Wason
Crowther	Kiess	Rainey, Ala.	Weaver
Dale	Kitchin	Reavis	Wheeler
Dickinson	Klecza	Riordan	Williamson
Doughton	Kreider	Rodenberg	Winslow
Drane	Lee, N. Y.	Rucker	Wyant
Dunn	Lehlbach	Sabath	Yates
Edmonds	Lanthicum	Schall	Zihlman
Elston	Luce	Scott, Mich.	

The SPEAKER. Three hundred and twenty-four Members have answered to their names, a quorum.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

Mr. CAMPBELL of Kansas. Mr. Speaker, the adoption of the rule just read from the Clerk's desk will bring before the House in the Committee of the Whole House on the state of the Union for immediate consideration the tax bill reported by the Committee on Ways and Means. General debate will continue until to-morrow evening at the time that the Committee of the Whole rises. On Friday the bill will be taken up for amendment under the five-minute rule. Preference is given to amendments offered by the Committee on Ways and Means. The bill will be under consideration under the five-minute rule during Friday and Saturday until 3 o'clock in the afternoon of Saturday. That should give time for reading the greater part of the bill for amendments if gentlemen will refrain from making political speeches under the five-minute rule.

Mr. POUL. Mr. Speaker, will the gentleman yield?

Mr. CAMPBELL of Kansas. I yield for a question.

Mr. POUL. Can we not have some agreement in respect to time for debate of the rule itself? I find that we would like to have a little time on this side in which to discuss the rule.

Mr. CAMPBELL of Kansas. Mr. Speaker, in view of the short time which we have in which to discuss the bill itself, I deem it of more importance that the bill be discussed than that we should discuss the bill while considering the rule. [Applause on the Republican side.] It is my purpose to move the previous question after a brief statement.

Mr. POUL. I will now ask the gentleman to yield to the minority 15 minutes for the discussion of the rule.

Mr. CAMPBELL of Kansas. I shall have to move the previous question in a very short time.

Mr. POUL. I would say to the gentleman that I think this is the first time such a procedure as that has been adopted in a matter of so great importance.

Mr. CAMPBELL of Kansas. Oh, no. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken.

Mr. GARRETT of Tennessee. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 217, nays 116, answered "present" 1, not voting 96, as follows:

## YEAS—217.

Ackerman	Ellis	Larson, Minn.	Riddick
Anderson	Evans	Lawrence	Roach
Andrews	Fairchild	Layton	Robertson
Ansorge	Fairfield	Leatherwood	Robison
Appley	Faust	Lineberger	Rogers
Arentz	Fenn	Little	Rose
Atkeson	Fess	Longworth	Rosenbloom
Bacharach	Focht	Luhning	Rosendale
Barbour	Fordney	McArthur	Ryan
Beedy	Foster	McKenzie	Sanders, Ind.
Begg	Frear	McLaughlin, Mich.	Sanders, N. Y.
Benham	Free	McLaughlin, Nebr.	Scott, Tenn.
Bird	French	McPherson	Shaw
Bixler	Frothingham	MacGregor	Shelton
Blakeney	Fuller	Madden	Shreve
Boies	Funk	Magee	Siegel
Bond	Gensman	Mann	Sinnott
Bowers	Gerner	Mapes	Smith, Idaho
Brennan	Goodykoontz	Merritt	Smith, Mich.
Brooks, Pa.	Gorman	Michaelson	Snell
Brown, Tenn.	Graham, Ill.	Michener	Speaks
Burdick	Graham, Pa.	Miller	Sproul
Burroughs	Green, Iowa	Mills	Stephens
Burtness	Greene, Mass.	Millsbaugh	Strong, Kans.
Burton	Greene, Vt.	Mondell	Strong, Pa.
Butler	Griest	Moore, Ill.	Sweet
Cable	Hadley	Moore, Ohio	Taylor, N. J.
Campbell, Kans.	Hardy, Colo.	Moore, Ind.	Taylor, Tenn.
Cannon	Haugen	Morgan	Temple
Chalmers	Hawley	Murphy	Thompson
Chandler, Okla.	Hays	Nelson, A. P.	Tilson
Chindblom	Hersey	Newton, Minn.	Timberlake
Christopherson	Hickey	Newton, Mo.	Tincher
Clague	Himes	Nolan	Treadway
Clarke, N. Y.	Hoch	Norton	Underhill
Clouse	Houghton	Olpp	Vare
Cole, Iowa	Hukriede	Osborne	Vestal
Colton	Husted	Paige	Volk
Connell	Ireland	Parker, N. J.	Walsh
Connolly, Pa.	Jeffers, Nebr.	Parker, N. Y.	Walters
Copley	Johnson, Wash.	Patterson, Mo.	Watson
Coughlin	Jones, Pa.	Patterson, N. J.	Webster
Curry	Kahn	Perkins	White, Kans.
Dale	Kelly, Pa.	Peters	White, Me.
Dallinger	Kendall	Petersen	Williams
Darrow	Ketcham	Porter	Winslow
Davis, Minn.	King	Pringle	Wood, Ind.
Dempsey	Kinkaid	Purnell	Woodyard
Denison	Kirkpatrick	Radcliffe	Wurzbach
Dowell	Kissel	Ransley	Wyant
Dunbar	Kline, N. Y.	Reece	Yates
Dyer	Kline, Pa.	Reed, N. Y.	Young
Echols	Knutson	Reed, W. Va.	
Edmonds	Kraus	Rhodes	
Elliott	Langley	Ricketts	

## NAYS—116.

Almon	Dupré	Lampert	Riordan
Aswell	Favrot	Lanham	Rouse
Beck	Fields	Lankford	Sanders, Tex.
Bell	Fisher	Larsen, Ga.	Sandlin
Black	Flood	Lazar	Sears
Blanton	Fulmer	Lee, Calif.	Sinclair
Bowling	Garner	Lee, Ga.	Sisson
Box	Garrett, Tenn.	Logan	Smithwick
Brand	Garrett, Tex.	London	Stafford
Briggs	Gilbert	Lowrey	Stegall
Brinson	Goldsborough	Lyon	Stedman
Buchanan	Griffin	McClintic	Stevenson
Bulwinkle	Hammer	McDuffie	Stol
Byrnes, S. C.	Hardy, Tex.	Moore, Va.	Sumners, Tex.
Byrns, Tenn.	Harrison	Nelson, J. M.	Swank
Carew	Hayden	O'Brien	Tague
Carter	Huddleston	O'Connor	Ten Eyck
Clark, Fla.	Hull	Oldfield	Thomas
Cockran	Jacoway	Oliver	Tillman
Collier	Jeffers, Ala.	Padgett	Tyson
Collins	Johnson, Ky.	Park, Ga.	Vinson
Connally, Tex.	Johnson, Miss.	Parrish	Voigt
Cooper, Wis.	Jones, Tex.	Pou	Ward, N. C.
Cullen	Keller	Quin	Wilson
Davis, Tenn.	Kincheloe	Rainey, Ala.	Wingo
Deal	Kindred	Rainey, Ill.	Wise
Dominick	Klecza	Raker	Woodruff
Drewry	Kopp	Ramseyer	Woods, Va.
Driver	Kunz	Rankin	Wright

## ANSWERED "PRESENT"—1.

Knight

## NOT VOTING—96.

Anthony	Burke	Cramton	Fish
Bankhead	Campbell, Pa.	Crisp	Fitzgerald
Barkley	Cantrill	Crowther	Freeman
Barkley	Chandler, N. Y.	Dickinson	Gahn
Bland, Ind.	Classon	Doughton	Gallivan
Bland, Va.	Codd	Drane	Glynn
Britten	Cole, Ohio	Dunn	Gould
Brooks, Ill.	Cooper, Ohio	Elston	Hawes
Browne, Wis.			



Herick	Lehlbach	Ogden	Sullivan
Hicks	Linthicum	Overstreet	Summers, Wash.
Hill	Luce	Parks, Ark.	Swing
Hogan	McCormick	Perlman	Taylor, Ark.
Hudspeth	McFadden	Rayburn	Taylor, Colo.
Humphreys	McLaughlin, Pa.	Reavis	Tinkham
Hutchinson	McSwain	Reber	Towner
James	Maloney	Rodenberg	Upshaw
Johnson, S. Dak.	Mansfield	Rucker	Vaile
Kearns	Martin	Sabath	Volstead
Kelly, Mich.	Mead	Schall	Ward, N. Y.
Kennedy	Montague	Scott, Mich.	Wason
Kiess	Montoya	Slemp	Weaver
Kitchin	Morin	Snyder	Wheeler
Kreider	Mott	Steenerson	Williamson
Lee, N. Y.	Mudd	Stiness	Zihlman

So the previous question was ordered.

The Clerk announced the following pairs:

On the vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).  
 Mr. HICKS (for) with Mr. HUDSPETH (against).  
 Mr. RODENBERG (for) with Mr. RUCKER (against).  
 Mr. WHEELER (for) with Mr. DRANE (against).  
 Mr. MORIN (for) with Mr. DOUGHTON (against).  
 Mr. CRAMTON (for) with Mr. MANSFIELD (against).  
 Mr. KIESS (for) with Mr. MARTIN (against).  
 Mr. COOPER of Ohio (for) with Mr. BANKHEAD (against).  
 Mr. WASON (for) with Mr. UPSHAW (against).  
 Mr. MUDD (for) with Mr. HUMPHREYS (against).  
 Mr. HOGAN (for) with Mr. MCSWAIN (against).  
 Mr. REAVIS (for) with Mr. CRISP (against).  
 Mr. REBER (for) with Mr. RAYBURN (against).  
 Mr. HUTCHINSON (for) with Mr. PARKS of Arkansas (against).  
 Mr. KENNEDY (for) with Mr. GALLIVAN (against).  
 Mr. DICKINSON (for) with Mr. BLAND of Virginia (against).  
 Mr. BROOKS of Illinois (for) with Mr. MONTAGUE (against).  
 Mr. ANTHONY (for) with Mr. SABATH (against).  
 Mr. DUNN (for) with Mr. HAWES (against).  
 Mr. BLAND of Indiana (for) with Mr. CANTRILL (against).  
 Mr. LEHLBACH (for) with Mr. LINTHICUM (against).  
 Mr. PERLMAN (for) with Mr. OVERSTREET (against).  
 Mr. ELSTON (for) with Mr. MEAD (against).  
 Mr. LUCE (for) with Mr. SULLIVAN (against).  
 Mr. KEARNS (for) with Mr. TAYLOR of Arkansas (against).  
 Mr. CODD (for) with Mr. WEAVER (against).  
 Mr. FREEMAN (for) with Mr. BARKLEY (against).  
 Mr. GLYNN (for) with Mr. TAYLOR of Colorado (against).  
 Mr. WILLIAMSON (for) with Mr. CAMPBELL of Pennsylvania (against).

Mr. GAHN. Mr. Speaker, I was not here. I want to be marked "present" if I can.

The SPEAKER. The rule does not allow it.

Mr. GAHN. I would have voted "aye" if I had been permitted.

Mr. CRISP. Mr. Speaker, I would like to know if I am entitled to vote "present." I was not in here when my name was called.

The SPEAKER. The Chair does not have the right to allow any gentleman to vote "present."

Mr. CRISP. I was not here when my name was called.

Mr. RAYBURN. Mr. Speaker, I was in here all the time during the calling of the roll, but it so happened that each time just as my name was called I was called out of the Hall. I am not allowed to vote "no," am I?

The SPEAKER. The Chair thinks not.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing to the resolution.

The House proceeded to divide.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 222; nays 117; answered "present" 1, not voting 90, as follows:

#### YEAS—222.

Ackerman	Bond	Chandler, Okla.	Darrow
Anderson	Bowers	Chindblom	Davis, Minn.
Andrews	Brennan	Christopherson	Dempsey
Ansoorge	Brooks, Pa.	Clague	Denison
Appleby	Brown, Tenn.	Clarke, N. Y.	Dowell
Arentz	Burdick	Clouse	Dunbar
Atkeson	Burrhoughs	Cole, Iowa	Dyer
Bacharach	Burtness	Colton	Echols
Barbour	Burton	Connell	Edmonds
Beedy	Butler	Connolly, Pa.	Elliott
Begg	Cable	Copley	Ellis
Benham	Campbell, Kans.	Coughlin	Evans
Bird	Campbell, Pa.	Crowther	Fairchild
Bixler	Cannon	Curry	Fairfield
Blakeney	Chalmers	Dale	Faust
Boies	Chandler, N. Y.	Dallinger	Fenn

Fess	Ketcham	Murphy	Smith, Mich.
Focht	King	Newton, Minn.	Snell
Fordney	Kinkaid	Newton, Mo.	Speaks
Foster	Kirkpatrick	Nolan	Sproul
Frear	Kissel	Norton	Steenerson
Free	Kline, N. Y.	Olpp	Stephens
French	Kline, Pa.	Osborne	Strong, Kans.
Frothingham	Knutson	Paige	Strong, Pa.
Fuller	Kraus	Parker, N. J.	Sweet
Funk	Langley	Parker, N. Y.	Swing
Gahn	Larson, Minn.	Patterson, Mo.	Taylor, N. J.
Gensman	Lawrence	Patterson, N. J.	Taylor, Tenn.
Gerner	Layton	Perkins	Temple
Goodykoontz	Leatherwood	Peters	Thompson
Gorman	Lineberger	Porter	Tilson
Graham, Ill.	Little	Pringle	Timberlake
Graham, Pa.	Longworth	Purnell	Tincher
Green, Iowa	Luhling	Radeliffe	Towner
Greene, Mass.	McArthur	Ransley	Treadway
Greene, Vt.	McFadden	Reece	Underhill
Griest	McKenzie	Reed, N. Y.	Vare
Hadley	McLaughlin, Mich.	Reed, W. V.	Vestal
Hardy, Colo.	McLaughlin, Nebr.	Rhodes	Volk
Haugen	McPherson	Ricketts	Walsh
Hawley	MacGregor	Riddick	Walters
Hays	Madden	Roach	Watson
Herick	Magee	Robertson	Webster
Hersey	Mann	Rogers	White, Kans.
Hickey	Mapes	Rose	White, Me.
Hoch	Merritt	Rossdale	Williams
Houghton	Michaelson	Ryan	Winslow
Hukriede	Michener	Sanders, Ind.	Wood, Ind.
Husted	Miller	Sanders, N. Y.	Woodyard
Ireland	Mills	Scott, Tenn.	Wurzbach
Jefferis, Nebr.	Millsbaugh	Shaw	Wyant
Johnson, Wash.	Mondell	Shelton	Yates
Jones, Pa.	Moore, Ill.	Shreve	Young
Kelly, Mich.	Moore, Ohio	Siegel	Zihlman
Kelly, Pa.	Moore, Ind.	Sinnott	
Kendall	Morgan	Smith, Idaho	

#### NAYS—117.

Almon	Dupré	Lanham	Rouse
Aswell	Favrot	Lankford	Sanders, Tex.
Beck	Fields	Larsen, Ga.	Sandlin
Bell	Fisher	Lazaro	Sears
Black	Flood	Lee, Calif.	Sinclair
Blanton	Fulmer	Lee, Ga.	Sisson
Bowling	Garner	Logan	Smithwick
Box	Garrett, Tenn.	London	Stafford
Brand	Garrett, Tex.	Lowrey	Stegall
Briggs	Gilbert	Lyon	Stedman
Brinson	Goldsborough	McClintic	Stevenson
Buchanan	Griffin	McDuffie	Stoll
Bulwinke	Hammer	Moore, Va.	Swank
Byrnes, S. C.	Hardy, Tex.	Nelson, A. P.	Tague
Byrns, Tenn.	Harrison	O'Brien	Ten Eyck
Carew	Hayden	O'Connor	Thomas
Carter	Huddleston	Oldfield	Tillman
Clark, Fla.	Hull	Oliver	Tyson
Cockran	Jacoway	Overstreet	Vinson
Collier	Jeffers, Ala.	Padgett	Voigt
Collins	Johnson, Ky.	Parrish	Ward, N. C.
Connally, Tex.	Johnson, Miss.	Pou	Wilson
Cooper, Wis.	Jones, Tex.	Quin	Wingo
Crisp	Keller	Rainey, Ala.	Wise
Cullen	Kincheloe	Rainey, Ill.	Woodruff
Davis, Tenn.	Kindred	Raker	Woods, Va.
Deal	Klecza	Ramseyer	Wright
Dominick	Kopp	Rankin	
Drewry	Kunz	Rayburn	
Driver	Lampert	Riordan	

#### ANSWERED "PRESENT"—1.

Knight

#### NOT VOTING—90.

Anthony	Gallivan	McCormick	Rucker
Bankhead	Glynn	McLaughlin, Pa.	Sabath
Barkley	Gould	McSwain	Schall
Bland, Ind.	Hawes	Maloney	Scott, Mich.
Bland, Va.	Hicks	Mansfield	Slemp
Britten	Hill	Martin	Snyder
Brooks, Ill.	Himes	Mead	Stiness
Browne, Wis.	Hogan	Montague	Sullivan
Burke	Hudspeth	Montoya	Summers, Wash.
Cantrill	Humphreys	Morin	Summers, Tex.
Classon	Hutchinson	Mott	Taylor, Ark.
Codd	James	Mudd	Taylor, Colo.
Cole, Ohio	Johnson, S. Dak.	Nelson, J. M.	Tinkham
Cooper, Ohio	Kahn	Ogden	Upshaw
Cramton	Kearns	Park, Ga.	Vaile
Dickinson	Kennedy	Parks, Ark.	Volstead
Doughton	Kiess	Perlman	Ward, N. Y.
Drane	Kitchin	Petersen	Wason
Dunn	Kreider	Reavis	Weaver
Elston	Lee, N. Y.	Reber	Wheeler
Fish	Lehlbach	Robison	Williamson
Fitzgerald	Linthicum	Rodenberg	
Freeman	Luce	Rosenbloom	

So the resolution was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).  
 Mr. HUTCHINSON (for) with Mr. PARKS of Arkansas (against).  
 Mr. LUCE (for) with Mr. SULLIVAN (against).  
 Mr. DICKINSON (for) with Mr. BLAND of Virginia (against).  
 Mr. ELSTON (for) with Mr. MEAD (against).  
 Mr. RODENBERG (for) with Mr. RUCKER (against).

Mr. MUDD (for) with Mr. HUMPHREYS (against).  
 Mr. BLAND of Indiana (for) with Mr. CANTRILL (against).  
 Mr. CODD (for) with Mr. WEAVER (against).  
 Mr. ANTHONY (for) with Mr. SABATH (against).  
 Mr. KIESS (for) with Mr. MARTIN (against).  
 Mr. KENNEDY (for) with Mr. GALLIVAN (against).  
 Mr. BROOKS of Illinois (for) with Mr. MONTAGUE (against).  
 Mr. WHEELER (for) with Mr. DRANE (against).  
 Mr. HICKS (for) with Mr. HUDSPETH (against).  
 Mr. MORIN (for) with Mr. DOUGHTON (against).  
 Mr. HOGAN (for) with Mr. MCSWAIN (against).  
 Mr. DUNN (for) with Mr. HAWES (against).  
 Mr. PERLMAN (for) with Mr. BANKHEAD (against).  
 Mr. REAVIS (for) with Mr. PARK of Georgia (against).  
 Mr. WASON (for) with Mr. UPSHAW (against).  
 Mr. REBER (for) with Mr. SUMNERS of Texas (against).  
 Mr. CRAMTON (for) with Mr. MANSFIELD (against).  
 Mr. KAHN (for) with Mr. TAYLOR of Arkansas (against).  
 Mr. LEHLBACH (for) with Mr. LINTHICUM (against).  
 Mr. FREEMAN (for) with Mr. BARKLEY (against).  
 Mr. GLYNN (for) with Mr. TAYLOR of Colorado (against).  
 The result of the vote was announced as above recorded.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8245, to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, with Mr. WALSH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8245, which the Clerk will report.

The Clerk read the bill in full.

During the reading the following occurred:

Mr. SEARS. Mr. Chairman, section 219 was not read by the Clerk. I have been following the reading, and I will leave it to him.

The CHAIRMAN. He has not read anything since he read section 218.

Mr. SEARS. He started on section 221.

The Clerk concluded the reading of the bill.

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY] is recognized.

Mr. FORDNEY. Mr. Chairman and gentlemen of the committee, I assure you I shall be glad when this task is over with, so far as the House is concerned, and I know that every Member of the House will be. We have had a long, tedious summer, and each and every Member of the House has industriously attended to the duties devolving upon him.

We now present to the House for consideration a revision of our internal-revenue laws. The sentiment of the country is that the people should be relieved, so far as possible, from the heavy burdens of taxation. The late war brought upon the people of the world the greatest tax burden that has ever visited them, and that burden we have shared. Our war expenditures have been greater than those of any other country proportioned upon the time we were engaged in the war. When we stop to think of the debt burden imposed upon the world by that war, its magnitude is astounding. If you will take the census of 1910, you will find that the estimated value of all property in the United States at that time was \$187,500,000,000. There was blown away in this war \$200,000,000,000, or a sum greater than the total value of all the wealth of the United States 10 years ago. Great Britain's public debt to-day, in round numbers, is 45 per cent of her total wealth. The public debt of France to-day is a sum much greater than that in proportion to her total wealth. The debt of Germany, including the indemnities imposed upon her by the allied Governments, is 125 per cent of her total wealth.

In other words, the wealth of Germany is less than \$80,000,000,000, and her public debt \$100,000,000,000, including the indemnity. Our public debt prior to the war was, in round numbers, \$1,000,000,000. At the close of this Great War our public debt was \$25,000,000,000. In round numbers, it is \$24,000,000,000 at the present time. Deducting from the amount of our public debt the sum that foreign Governments owe us, about \$10,000,000,000, our public debt is 4.3 per cent of our wealth. No principal country owes as little in proportion to its wealth as does the United States. [Applause.]

At the end of the Revolutionary War the Colonies owed \$74,000,000 of public debt, or about \$18 per capita. At the end of the Civil War our public debt was less than \$3,000,000,000, or about \$88 per capita, based on the population at that time. I can remember hearing my father say that that debt was so very great we would not see it paid even to the second generation. At the time the United States Government was organized it was said that the debt of the Colonies never could or would be paid. But there were two men who took a

different view, Alexander Hamilton and George Washington, and they said, "It not only can be paid, but it must and will be paid." Including the cost of the War of 1812-14, the public debt of the United States was all paid in 1834, with the exception of one Government bond of \$700, which has not yet been presented for payment.

My friends, although our debt seems very great, if I do not misjudge, with a return of reasonable prosperity it will be paid in a much shorter time than we now anticipate. We are the wealthiest people in the world; we are the happiest people in the world, and the Stars and Stripes never before floated with so much glory to the people as it does to-day. [Applause.]

There is a dividing line on the floor of this House on matters of revenue generally. Our Democratic friends sincerely believe, many of them, in tariff for revenue only or free trade. The Republican side of the House differs with them and generally believes in the principles of tariff for protection. And I am one of that number. [Laughter and applause.]

I do not believe, my friends, that by bringing the products of foreign labor into unrestricted competition with American products in our markets we can lift up the more unfortunate people of other countries to our level and still retain the standard of life and living which we enjoy. I believe it is impossible, and if we ever adopt the policy of free trade we will degrade our labor to the level of poorly paid labor of other countries. This we do not want to do.

In the pending bill we propose some very radical and desirable changes in our internal revenue laws. I hope our Democratic friends may fall in line and vote for this bill as the Republicans did for the revenue act of 1918, the existing law. That bill was passed by the House before the armistice was signed. We were engaged in a great war, and Republicans were absolutely loyal to the administration. We were as one family engaged in winning the war, and Republicans voted for everything asked for by the administration, feeling that it was our duty to support our Government in the great crisis, and that if the money appropriated and authorized by the Congress of the United States was not judiciously used the party in power would be responsible. There we rested our case. The situation to-day is just a little different, gentlemen. We have no war, but we have the responsibility of the debts imposed upon our people by that war, and those debts we must meet. We will meet them. We will meet our obligations on time. We can afford to do it. We can not afford to do otherwise. We have the wealth and we have the sense of honor and the desire to meet our obligations when due.

It is true large sums of money were wasted in the war. Some waste was inevitable. But I believe just criticism should always be welcome, but unjust criticism comes from the crank or the man who is misinformed or dishonest in his sentiments. Every party in power should be justly criticized.

Gentlemen, before the war, when the Democratic Party came into power in 1913, our public debt was \$1,000,000,000, and when the Democratic Party went out of power our public debt was \$25,000,000,000. The difference can be charged to the conduct of the war. When that party came in power in 1913 there was required to pay the running expenses of this Government, in round numbers, \$1,000,000,000 annually, and when they went out of power it required \$6,000,000,000 and more to pay the running expenses of this Government. When that party came into power—and I have some official figures on this matter—there were employed in this country about 400,000 Government employees in the classified and unclassified service. When that party went out of power on the 4th of last March there were 1,000,000 people in the United States employed by the Government.

The information brought to our committee, to point out some of the extravagances which seem inexcusable, is that to-day in the city of New York—if I am right, it is New York City—there are nine large buildings rented by the Federal Government, and there is floor space in one of those buildings for every clerk now in the entire nine buildings, with plenty of room to spare. There is a waste of rent of eight large buildings.

Mr. SMITH of Idaho. Mr. Chairman, will the gentleman yield right there?

Mr. FORDNEY. Yes.

Mr. SMITH of Idaho. Who is responsible for that condition, if it actually exists?

Mr. FORDNEY. The past administration. The past administration contracted for those buildings. That is but one item of thoughtless extravagance. Mr. Dawes stated to the Republican members of the committee the other day that just before the outgoing administration retired the secretary of the Shipping Board gave employment to 80 men, with salaries ranging from \$2,500 to \$3,000 per year, and nothing at all for any of them to do but to draw their pay.



Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. I yield to the gentleman from Texas.

Mr. GARNER. Will the gentleman tell the committee what Congress made the appropriations for the rent of those buildings in New York?

Mr. FORDNEY. I presume that the Congress of the United States—

Mr. GARNER. Who has been in power in Congress for the past two years?

Mr. FORDNEY. Who was in the White House until the 4th of March last?

Mr. GARNER. He could only sign the appropriation bills made by your party for him to sign.

Mr. FORDNEY. I will say to the gentleman that the Republicans, as good Republicans should do, voted for the appropriations asked for by the past administration.

Mr. GARNER. There was no appropriation made for the rent of those buildings except the appropriations which the Republicans voted for.

Mr. FORDNEY. When we came into power we did not know of the extravagance that was going on, and there was no way of knowing it until we came into possession of the records.

Mr. GARNER. You spent two or three hundred thousand dollars in investigating war expenditures. [Applause on the Democratic side.]

Mr. FORDNEY. Your Secretary of the Treasury came in here and asked for from \$7,000,000,000 to \$8,000,000,000 for the expenses of this year. He recommended a reduction of taxes without any reduction of expenditures. [Applause on the Republican side.]

I will tell you another thing that was found when we came into power in March last. In the city of London, England, there were in the office of the Shipping Board 400 clerks and not work enough for 20. But they were on the pay roll. That was startling information. It makes me angry when I think of it; that men would impose upon the people of this country as they did during the war, and when you went to the people of this country to sell Government bonds to get money to run this war you said: "If you do not purchase these bonds you will be considered unpatriotic." Was not the wasteful squandering of public money even more reprehensible than refusing to give?

Mr. SMITH of Idaho. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. And that money was exacted from the people to pay the expense of the war, we hoped, in a legitimate and sane manner. I have pointed out two or three items of inexcusable extravagance.

I yield to the gentleman.

Mr. SMITH of Idaho. Were these 400 clerks employed in London by the Shipping Board Britishers or American citizens sent over there?

Mr. FORDNEY. I do not know, but I imagine they were Democrats from south of the Mason and Dixon line. [Laughter.]

Let me proceed. The railroads were put under Government control for what seemed to be political advantage only. There were 1,900,000 employees in the service of the railroads. There was a total of 3,700,000 people employed on our railroads and steamship lines taken over by the Government, including the telegraph and telephone lines.

Mr. GARNER. Mr. Chairman, will the gentleman yield for a question?

Mr. FORDNEY. I will.

Mr. GARNER. The gentleman says the railroads were taken over for political purposes only, in the gentleman's opinion.

Mr. FORDNEY. That is my opinion.

Mr. GARNER. Will the gentleman tell us why the Republicans voted for it?

Mr. FORDNEY. I will tell you why if you will give me an opportunity, brother. The President placed in control of the railroads of this country his son-in-law, whom he was grooming for the Presidency. There were 750 great railway systems in the United States, operated under the efficient management of 750 general managers of those systems. He—President Wilson—placed the power in his son-in-law, Mr. McAdoo, to direct the operation of these roads while seated in a cushioned chair in his office in the city of Washington. Do you believe Mr. McAdoo, without experience in the management of railroads, knew more about the managing of these railway systems than those 750 well-trained men?

Mr. GARNER. Will the gentleman yield?

Mr. FORDNEY. In just a minute. Again, what did the railroads of this country have to do with the war in France? What service could they have rendered that they would not have willingly rendered upon request of the Government? If they had failed to comply with demands essential to the war, then would have been the time to place them under Government control.

We would have had a much more efficient service under private management than we have had under Government control. Before taking over these railroads private enterprise was carrying freight in the United States for seventy-two one-hundredths of 1 cent per ton per mile, and when President Wilson changed his boarding house on March 4 last under instructions to vacate, which instructions he received on the 2d of November, the people of this country were paying 1½ cents per ton per mile, or an increase of 85 per cent over the rate paid when the railroads were taken under Government control.

Mr. GARNER. And that was the reason the gentleman from Michigan voted for it—because it was for political purposes and because Mr. McAdoo was put in control?

Mr. FORDNEY. I voted to put the President in control because he stated it was necessary for him to have such control in order to win the war.

Mr. CARTER. Then the gentleman voted to put the Government in the hole, and it cost the people of the country all this money.

Mr. FORDNEY. No. Seriously, I voted to give the President such control and I voted for other war powers because he came and stated from that platform that it was necessary in the conduct of the war. We realized that in the emergency harmony and unity were essential, and I gave him my support, although I keenly felt the powers would be used for political purposes.

Mr. CARTER. The gentleman states that he voted that way in order to put the President in a hole, and he has just stated the many millions of dollars that that vote cost the country.

Mr. FORDNEY. Whether that was my purpose or not, that was exactly what happened to him. [Laughter.]

Mr. OLIVER. Will the gentleman yield?

Mr. FORDNEY. Yes; I yield to the gentleman.

Mr. OLIVER. I am wondering if the gentleman has ever read the extended hearings that were held just prior to the taking over of the railroads, in which the presidents of all the leading railroads gave it as their opinion that their roads were in bad condition financially and could not longer be operated, and strongly urged, you may say, that the Government take the roads over?

Mr. FORDNEY. I have read much, but there is much that I have not read because I have not had the time.

Mr. OLIVER. It is interesting to know—

Mr. FORDNEY. Wait a minute. I have read enough to convince me that the statement I just made that the railroads were taken over for political expediency and operated for political purposes is correct, and the country bears me out in that opinion. At least, a majority of 7,000,000 voted that way last fall.

Mr. OLIVER. I invite the gentleman's attention to the hearings and the statements of the railroad presidents immediately before the taking over of the railroads, because it will be very pertinent to some of the legislation for which the gentleman voted.

Mr. FORDNEY. They were running then and carrying freight for less than three-quarters of a cent per ton per mile and now it is costing one and one-third cents per ton per mile.

Mr. OLIVER. And they were saying to the Interstate Commerce Commission at that time that they could not run longer under those conditions.

Mr. FORDNEY. Probably the most glaring examples of the spending of public money for political purposes during the former administration were in connection with partisan investigations and prosecutions by the Department of Justice and the most or less un-American kind of censorship attempted through the medium of Mr. Creel and others. A year ago I diligently endeavored to find out what Mr. Creel had spent but the answer at that time was "Nobody knows." Michigan had an opportunity to witness the partisan operations of the Department of Justice. The election of a Senator from that State was investigated. It is safe to say a million dollars was expended by the Government in gathering evidence and in court proceedings. Due to propaganda and a prejudiced and unfair trial presided over by a seemingly biased judge the verdict was adverse to the Senator. The case was carried to the Supreme Court of the United States, and in the decision of the Supreme Court, exonerating the Senator, Chief Justice White made some very pertinent comment on the unfair conduct of the case in the State courts. On June 9, the Senate of the State of Michigan unanimously adopted the following resolution expressing the confidence of the State in the loyalty, ability, and integrity of its United States Senators:

Senate resolution 13.

Whereas the State of Michigan considers itself fortunate in having as its representatives in the Senate of the United States, CHARLES E. TOWNSEND and TRUMAN H. NEWBERRY, both men in whom the confidence of the State reposes, the Senate of the State of Michigan wishes at this time to express its confidence in the loyalty, ability, and integrity of Senators CHARLES E. TOWNSEND and TRUMAN H. NEWBERRY. Therefore be it

Resolved, That a copy of these resolutions be spread upon the Journal of the Senate and that the Secretary of the Senate be instructed to forward a copy of these resolutions to Senator CHARLES E. TOWNSEND and Senator THOMAS H. NEWBERRY.

The resolution was adopted.

When the Democratic Party came into power it cost \$1,000,000,000 a year to run this Government. When the Democratic Party went out of power it cost us \$6,000,000,000 under their management to pay the running expenses of the Government, a difference of 6 to 1. Oh, let me say to you sincerely, in the last eight years I have had all the Democracy that I hope God Almighty will ever visit on me for the rest of my natural life. [Laughter.] Our fooling and tampering with the railroads cost us more than \$4,000,000,000 in taxes heaped upon the people of this country. If we had left them alone, we would not have had that \$4,000,000,000 tax to pay.

The Democratic administration took over the telephone systems of the country. Mr. Burleson's report shows that that fooling with the telephone systems of the country cost our people \$14,000,000. By the way, there is a little telephone company up in the State of Michigan, which I have the honor to call my home State. That was taken over by the Government. What did that little telephone company up in Michigan have to do with the President going over to Paris and strutting around there like a peacock? [Laughter.] We took the ships under Government control, and the management of this great shipping corporation cost us hundreds of millions of dollars. Let me tell you the situation we found there directly after the 4th of March, when we took charge of the books. We found that 10,000,000 tons of Government shipping, owned by this Government, was in the hands of ship operators, with contracts for this Government to pay all the expenses and pay to the managers 5 per cent of the gross receipts of those ships. They are getting 5 per cent of the gross receipts and Uncle Sam is paying the bill, and we are asked now to appropriate \$200,000,000 to pay the deficit of the Shipping Board.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. BYRNS of Tennessee. Does the gentleman know that Mr. Lasker, chairman of the Shipping Board, stated to the Senate Appropriations Committee in the hearings the other day that that kind of a contract is as old as the shipping business itself?

Mr. FORDNEY. Any man who ever entered into a contract of that kind or signed a cost-plus contract is not big enough to run a 10-cent peanut stand. [Laughter.] All this folly was done by President Wilson for self-aggrandizement at the expense of the taxpayer.

Mr. TREADWAY. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. TREADWAY. Touching the question of contracts for running the ships, will not the chairman inform us as to what kind of men the contracts were made with?

Mr. FORDNEY. The statement was made that one man with whom a contract had been made was a mule dealer. He purchased mules and shipped them to France, and he made so much money that finally he found an old tub in which he shipped the mules across the seas, and the Government, under Democratic management, sold him certain ships, taking his notes, so I am informed, without any security, and giving him out of the Treasury of the United States a million and a half dollars to pay expenses. The board never kept any track of this loan and does not know whether this mule dealer spent the money in a poker game or on the ships. There is no record of how these dollars were spent.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. BYRNS of Tennessee. Does not the gentleman know that Mr. Lasker has employed J. B. Smull, at \$35,000 a year, a member of the charter committee which made these contracts? [Applause on the Democratic side.]

Mr. FORDNEY. I do not know anything about that, but I tell you if you want to catch a thief, employ one to do the catching. [Laughter on the Republican side.] Gentlemen of the Congress, we have paid 42 per cent in taxes of our cost of the Great War. No other country engaged in the war raised as much money in taxation in proportion to their war expenditures. Great Britain raised more money in proportion to her cost of the war than any foreign country. She raised 28 per cent. Canada raised in taxes 18 per cent of her cost, France raised 11 per cent of her cost, and Italy 9 per cent of her cost, and we have paid 42 per cent and we have not emerged from under the load yet.

Now, deduct the ten billions owed to us by foreign Governments from our public debt and it leaves in round numbers \$14,000,000,000 of public debt that we owe. Of that there was

\$1,000,000,000 owed before the war, and if you deduct that sum, it leaves \$13,000,000,000.

Gentlemen, 60 per cent of that \$13,000,000,000, or \$7,800,000,000, is in short-time obligations, due in the next 22 months. Think of the fiscal management that would put out those short-term obligations, knowing the people would protest against the collection of the money to meet these obligations when they became due. It shouldered on the present administration the task of meeting 60 per cent of a total debt within two years. Oh, what management. I have always said—and I think this will bear me out—that the Democratic Party is not quite big enough to run this Government. We gave them eight years to try it, and they made the poorest piece of work of which I ever have heard. [Laughter on the Republican side.]

Mr. BEGG. Will the gentleman yield?

Mr. FORDNEY. I will yield to the gentleman.

Mr. BEGG. I understood the gentleman to say that the net debt, subtracting the \$10,000,000,000 owed us by the European Governments, was \$14,000,000,000.

Mr. FORDNEY. Yes.

Mr. BEGG. I have read, and been under the impression all the time, that the net public debt of the United States was around \$20,000,000,000 plus the \$10,000,000,000 owed us.

Mr. FORDNEY. On the 30th of June, to be exact, the public debt was \$23,977,500,000. That is the total gross debt. Deducting \$10,000,000,000, you have, in round numbers, with accumulated interest, a public debt—an excess of liabilities over credits—of a little better than \$14,000,000,000. Now, if you subtract the \$1,000,000,000 that we owed before the war, that leaves \$13,000,000,000 as the portion of the war debt this country must pay. Of that \$13,000,000,000, \$7,800,000,000 is due in the next 20 months.

Mr. COPLEY. Rotten finance.

Mr. FORDNEY. The gentleman from Illinois says "rotten finance," but that does not quite express it. I was trying to think of a stronger term. [Laughter.] Gentlemen, we have in this bill provided for the reduction of revenue receipts amounting to \$790,330,000 in the calendar year of 1923; about \$200,000,000 will be the reduction of revenue within the present fiscal year ending the 30th of June next. This change of rates that we provide for takes effect generally on the 1st day of January next, but income and profits tax changes will not be reflected in revenue collections until the calendar year 1923. We have brought in a bill that provides for the repeal on the 1st of January next of the excess-profits tax imposed by existing law on corporations. Under existing law the normal income tax on corporations is 10 per cent; we have increased that tax to 12½ per cent, and eliminated the excess-profits tax. That extra 2½ per cent will yield not less than \$135,000,000 additional in the normal tax of corporations.

The following table is a recapitulation of the principal changes in rates contained in the new bill, with estimated gains and losses such changes will occasion:

Estimated changes in annual revenue receipts under proposed new rates for 12-month period.

[Rate not fully in force until calendar year 1923.]

	Loss.	Gain.
Repeal of excess profits tax	\$150,000,000	
Increase of corporation income tax from 10 per cent to 12½ per cent		\$133,750,000
Reduction of surtax rates on individual incomes (maximum 32 per cent)	90,000,000	
Increased exemption of heads of family:		
To \$2,500 for incomes not in excess of \$5,000	40,000,000	
Additional exemption for dependents increased to \$400 from \$200	30,000,000	
Repeal of tax on transportation (freight, passenger, and express) as of Jan. 1, 1922	262,000,000	
Repeal of tax on life insurance	6,300,000	
Repeal of tax on beverages (secs. 628 and 630)	60,000,000	
License tax on sellers of soft drinks		10,000,000
Tax of 6 cents on cereal beverages		12,000,000
Tax of 5 cents on carbonic acid gas		2,000,000
Tax of 2 cents a gallon on fruit juices of soft drinks		
Tax of 3 cents a gallon on still drinks, not mineral and table water		12,000,000
Tax of 10 cents a gallon on fountain sirups		
Repeal or reduction of excise taxes:		
Section 900—		
Paragraph 5 (sporting goods)	2,000,000	
Paragraph 9 (candy)	8,000,000	
Paragraph 13 (electric fans)	280,000	
Paragraph 19 (fur articles)	4,516,000	
Section 904—	15,000,000	
Change in section 907, perfumery, cosmetics, and proprietary medicine (5 cents tax on manufactures)		\$8,000,000
Total	\$688,080,000	177,750,000
Net loss	790,330,000	

<sup>1</sup> Effective Jan. 1, 1922.



While the above table indicates a net loss in revenue receipts of \$790,330,000, only a portion of this loss will be reflected in revenue collections for the fiscal year ending June 30, 1922.

Inasmuch as the repeal of the excess-profits tax and reduction of surtax rates on individual incomes do not become effective until the calendar year of 1922, \$406,250,000 of the contemplated loss of revenue will not be reflected in revenue collections prior to the calendar year of 1923.

The following is an estimate of the income for the fiscal year 1922 and the calendar year 1922:

<i>Estimated income for fiscal year 1922.</i>	
Estimated revenue under present law from internal-revenue taxes	\$3,570,000,000
Changes made by proposed law:	
Losses—	
Excess-profits tax (no change in receipts for 1922).	
Increased corporation income tax (no change in receipts for 1922).	
Surtax rates (no change in receipts for 1922).	
Increased exemption to \$2,500	23,000,000
Increased exemption to dependents	17,250,000
Transportation taxes	131,000,000
Tax on beverages, etc.	12,000,000
Section 900	7,390,000
Section 904	7,000,000
	197,640,000
Gains—	
Section 109	4,000,000
Total	193,640,000
Estimated revenue for 1922, internal revenue	3,376,360,000
Customs	370,000,000
Miscellaneous	487,643,000
Total revenue	4,234,003,000
<i>Estimated loss and gain in income for calendar year 1922 resulting from tax changes.</i>	
Excess-profits tax (no change in receipts for 1922).	
Increased corporation income tax (no change in receipts for 1922).	
Surtax rates (no change in receipts for 1922).	
Losses:	
Increased exemption to \$2,500	\$40,000,000
Increased exemption to dependents	30,000,000
Transportation taxes	262,000,000
Tax on beverages, etc.	24,000,000
Section 900	14,790,000
Section 904	15,000,000
	385,790,000
Gains:	
Section 907	8,000,000
Net loss for year	377,790,000

We have reduced the surtax on large incomes from 65 to 32 per cent, making a total of 40 per cent as the maximum normal income and surtaxes of individuals. The normal income tax is 8 per cent, which, added to the 32, makes 40 per cent. We did that for the reason we believe the present abnormal surtaxes on large incomes caused the diversion of these large incomes from usual investments into tax-free securities. As proof, let me say that for the year 1918 there were paid in taxes by people whose incomes were \$300,000 or more per year, \$917,000,000. For the following year, 1919, those taxes dropped down to \$587,000,000, or a loss of 36 per cent over the year 1918. Last year there was collected from incomes of \$300,000 or more, \$347,000,000, or a loss of 62 per cent over the year 1918. In my opinion, that is conclusive evidence that large incomes have been diverted from investment in taxable securities to tax-free securities. There are in round numbers \$14,000,000,000 or \$15,000,000,000 of outstanding State, municipal, and county bonds free from taxation. I was quite interested in the report of the Commissioner of Internal Revenue for the year 1917, wherein he points out the number of people who paid taxes whose incomes were from \$1,000 to \$2,000, from \$2,000 to \$3,000, and so on up to \$5,000,000 a year and over. All incomes of \$5,000,000 or more paid the same surtax, 65 per cent. Then the most interesting part was, how many taxpayers were there who paid taxes on those large sums in the various States?

I was quite interested to know how many there were in the State of Michigan. I found not a single taxpayer in the State of Michigan paid taxes on \$4,000,000 of income, and we know of one man whose reputed income is considerably more. What is the reason? That money was either invested in tax-free securities or it was retained in the business.

The desirable things which have been accomplished in the preparation of the new revenue bill are not fully explained by an examination of the rates. It may be recalled that Secretary Houston recommended against tax reductions, his program contemplating a shifting of taxes, and the heading of one paragraph in his report was "Tax revision without tax re-

duction." More recently opinions have been expressed that tax reductions could not be safely accomplished at this time. The problem which confronted the committee in the preparation of the bill was the seeking out of a means of reducing taxes. The committee felt that the country demanded not a shifting of tax burdens but tax relief; relief from the payment of the amount of taxes being exacted from the people under existing law.

This bill is predicated on a policy of strictest economy. It is predicated on promises by various departmental heads to reduce expenditures. These pledges were made, some of them in the presence of the President. The committee held a number of conferences, and the chief subject was economy. The bill will succeed if the program of economy is strictly enforced, and this must be done. Reducing expenditures makes possible desired tax reductions.

With few exceptions the retail-sales taxes have been repealed. The excise taxes retained for the most part are placed upon the manufacturer. Under the new bill the number of tax returns will be very greatly reduced.

With a view to simplifying tax forms the bill provides for the creation of a tax board on which the taxpayers will be represented. Several changes have been made in the law to clear up administrative difficulties and to simplify the tax forms, a conspicuous one being the amendment regarding Liberty-bond exemptions.

In administering the existing law many loopholes have been discovered by the Treasury Department, and corrective recommendations by the department are incorporated in the bill.

The spirit of cooperation which was evidenced by the President, Cabinet officers, and other Government officials in securing pledges of economy was most gratifying. It has made tax reduction possible. The bill is a good one, and it would seem that those who oppose its passage will have difficulty in explaining their motives.

We have been told by some that the repeal of the so-called excess-profits tax would benefit the big corporations. According to my best information that is not so. That tax operated against the corporation with small invested capital. As evidence I call attention to a tabulation prepared by Treasury officials showing average invested capital of corporations earning various percentages on capital invested. It is strikingly noticeable that the largest corporations did not earn income in excess of the 8 per cent excess-profits credit and hence were exempt from the excess-profits tax.

*Average size of corporations (measured by invested capital) earning different rates of profit; corporation returns, 1918.*

Per cent of net income to invested capital.	Number of corporations.	Invested capital.	Average invested capital.	Per cent of income and profits tax to net income.
Less than 5 per cent	10,689	\$14,104,248,246	\$1,319,511	10.96
5 per cent to 10 per cent	21,869	15,925,632,944	728,229	11.93
10 per cent to 15 per cent	22,684	8,962,689,034	395,111	21.60
15 per cent to 20 per cent	17,388	5,482,627,453	315,311	33.99
20 per cent to 25 per cent	11,987	3,251,948,260	271,290	41.51
25 per cent to 30 per cent	7,743	3,785,581,785	488,904	51.22
30 per cent to 40 per cent	9,050	2,421,285,621	267,545	53.38
40 per cent to 50 per cent	4,807	1,232,173,122	256,329	57.58
50 per cent to 75 per cent	4,911	784,254,745	159,693	62.30
75 per cent to 100 per cent	1,734	205,744,478	118,653	64.24
100 per cent and over	2,194	133,853,470	61,009	67.40
Total	115,056	56,290,039,168	489,240	37.86

In the pending bill we have increased the exemption of married people, man or woman, heads of families, from \$2,000 to \$2,500 on incomes not in excess of \$5,000. That exemption affects 60 per cent of all the incomes of all the people required to make income-tax reports. The report of the Commissioner of Internal Revenue is that the total income of the people of the country in 1918 was \$17,755,000,000, and the incomes between \$1,000 and \$5,000 represented \$10,500,000,000 of that sum. In other words, 60 per cent of all of the incomes are affected by this increase of \$500 in the exemption granted the heads of families, and that does not apply to incomes of more than \$5,000 a year. In addition to that we have provided that the allowance for each child under 18 years of age, or dependent, there shall be an exemption of \$400 instead of \$200, as in the existing law. That \$200 additional for children, based on the average of five and one-tenth persons for each family in the United States, assuming there will be an average of one and one-half dependent children per family, means an average

exemption per family of \$300 additional. This together with the \$500 new exemption mentioned reduces the Government's income as compared with existing law \$70,000,000—\$40,000,000 for the \$500 exemption and \$30,000,000 for the other. We have repealed \$90,000,000 of the surtaxes and have cut out \$70,000,000 from the lower incomes. That is the sum and substance in the change in the income tax law.

There were 317,000 corporations reporting in 1918, and 119,000 of those paid no taxes. Those that did pay paid an average of from 20 to 33½ per cent of their incomes in taxes. We propose now to impose a flat 12½ per cent tax on the earnings of all corporations in excess of the \$2,000 exemption. It is fair and equitable.

I wanted those taxes to take effect last January, but we have decided by a majority of the Republicans of this House to make it January 1 next, and I am with the majority of my party at all times. [Applause.] While I would love to have the votes of the gentlemen on the Democratic side of the House, so help me John Rogers, I do not want you to help make up this bill, because you will spoil it if you have a finger in the pie. [Laughter.]

We have removed the transportation tax on freight and passengers. That tax was about evenly divided. The 3 per cent tax on freight did not yield quite as much revenue as the 8 per cent on passenger fares and Pullman-car tickets. The two together were estimated to yield this fiscal year \$262,500,000. The bill provides that these taxes shall all be repealed January 1 next. These taxes on transportation are reflected in commodity costs in general, and in particular they are reflected in the cost of building material. The repeal of this added charge to transportation is a most desirable one. I have referred to the effect of Democratic control on the cost of carrying freight. Rates were nearly doubled and the railroads are in bad shape. Money now due the railroads is an inheritance from the Democratic Party, which must be taken care of by this administration, and it is now here at our doorstep.

There are \$545,000,000 of obligations owing to the railroads of this country because of our fooling with them and attempting to run them better than the people who owned them could run them, and this debt is all due this year and early next year. There are \$100,000,000 of war-savings certificates due this year which must be extended into long-time bonds, or should be, at least.

The Shipping Board, the greatest mistake of all, asked for this year to pay a deficit, \$200,000,000.

We find that the outgoing administration recommended that there be purchased and kept on hand 22,000,000 shells for the Army and Navy. There were only 6,000,000 used by us in the late war; yet they wanted 22,000,000 shells for some war to come. Think of the folly of exacting from the people money to pay for 22,000,000 shells to be kept on hand, when we used only 6,000,000 in the late war!

It has been found that we have \$97,000,000 worth of nitrate on hand. What for? For the manufacture of explosives for some future war. Why not sell it at a reasonable price? Nitrate is used in the manufacture of fertilizer for the farmers, especially for the South. Why keep \$97,000,000 worth of that stuff on hand? Why not dispose of it at a fair price and use the money to discharge some of these debts now due? One other thing I must call the attention of the gentleman from Texas to, and that is this: He is not responsible for it, and neither am I, but somebody is or some set of people. After the war was over, after the armistice was signed, the past administration sent 40,000 automobiles and trucks to France. They purchased after the armistice 70,000 automobiles and trucks and sent 40,000 over the sea and sold them, so I am informed, for about 24 per cent of their cost. Can you think of any more criminal expenditure of the people's money than that?

Mr. FIELDS. Will the gentleman yield?

Mr. FORDNEY. Let me continue a bit more and I will, if the gentleman pleases. I want to call attention to a few things. You know the old style of branding a Government horse was to heat an iron with the letters "U. S." on it and brand the horse's shoulder or the horse's hip so the hair would not grow there any more. Humanely they decided that they would change that cruel way of branding the horse and would brand him on the hoof, and they ordered some branding irons made of a combination of steel and copper for which they paid \$14 a piece. They had 148,000 horses, 46,000 in France remember. When the armistice was signed they had 195,000 branding irons for which they paid \$2,730,000 and had not branded a horse. [Laughter and applause on the Republican side.] They had an order in for more harness, and they had five sets of harness on hand for every horse the Government owned, and they had four sets of currycombs, brushes, and blankets for every horse the

Government owned. Now, the men in the Cavalry and the Ordnance Corps and many others rode horses. Mind you, they had 148,000 horses and 975,000 saddles on hand and an order in for more. [Laughter.] That is correct. They had a million and a half halters and an order in for 500,000 more, all for 148,000 horses. They had 4,700,000 men under arms in the Army, the Navy, and Marine Corps and they had 36,000,000 sets of spurs on hand [laughter] or about seven sets of spurs for every man, woman, and child in the Army. [Laughter.] Taxpayers of the country, there is where some of your money went, and we considered the man who evaded the purchasing of bonds as unpatriotic. Now, my friends, the Republican Party is obliged to go to the people of the country and raise money to meet the folly of the outgoing administration and its extravagant use of money.

The President went over to France to arrange a treaty of peace.

Mr. COPLEY. Tell about the number of men employed by the railroads.

Mr. FORDNEY. They doubled up the employees on the railroads and carried less freight. We had twice as many employed on the railroads carrying two-thirds of the freight that was handled by the roads before the Government took hold and had great dissatisfaction. While the railroads were under Federal control a train on time was out of the question. I had a car-load of goods shipped to this city from the city of Detroit, and it took 68 days for the car to get from Detroit here under Government control. Oh, wonderful efficiency, wonderful efficiency! Why, these things are enough to rile any man who has the interest of the public at heart, who must pay the bills. Here is a large portion of these debts now unpaid, and we are called upon to provide the money to meet them. This bill is to provide the money, and our Democratic friends will vote against it. I complain about these matters because the Democratic Party contracted these debts and now criticize Republicans for paying them.

Mr. WYANT. What about the expense of the President's trip to Paris on the peace commission?

Mr. FORDNEY. The President sent in his statement to the House saying that it cost \$1,600,000 for him to go to Paris—two trips, two honeymoons. [Laughter.] He took with him 1,385 people, most of them on the pay rolls of the Army and Navy, of which he did not render any account. He took 53 cooks and waiters from one hotel in New York, the Biltmore, and he took the head chefs, I am told, from the Willard and Raleigh Hotels here and went over to Europe and said to the French people who owned the best hotel in Paris: "Get out; we are going to run it in our way—three crews, 8-hour shifts," and they did run it that way. The request came, so I am informed, and the bills were paid for \$600,000 damages done to the hotel. Now, what did he do over there. Remember, he took 1,385 people with him. Mr. Lansing, then Secretary of State, before an investigating committee of the Senate, was asked: "What do you know about the Shantung feature of the League of Nations?" "I do not know anything about it." "Why do you not know?" "Were not you one of the men selected by the President to go over and arrange that treaty?" "Yes; but I was not consulted." "Who was?" "Nobody but Col. House." One thousand three hundred and eighty-five people. We heard every day, didn't we, what was being done there? Did I say every day? No; but once in a long time a cable would come that Wilson was in good health, doing well. [Laughter and applause on the Republican side.]

He was evidently under the influence of Lloyd George and Clemenceau. He wanted a League of Nations. Oh, I am talking about the bill, because now comes pay day, the fiddler wants his pay now. He wanted a League of Nations, and you take it from me, as my candid opinion, that Clemenceau and Lloyd George and Orlando said to him, "If you will get the people of the United States to accept the League of Nations as we write it, we will make you President of the league, and you will be the biggest fellow on earth, and he tried it but failed. [Laughter on the Republican side.]

But he slipped a cog. Somebody over here threw a monkey wrench into the machinery.

Gentlemen, I have occupied too much time. I have talked a little about the bill and a whole lot about the Democratic Party. But the things I have related, gentlemen, that the people of this country are now called upon to dig down deep into their pockets to pay for, are not to be overlooked or forgotten. Had we gone into this war when we should have gone, and taken part when the honor of this Nation demanded it, before the election of 1916, our expenditures would have been less and there would have been fewer graves filled in a foreign land by our beloved boys. [Applause on the Republican side.]



Oh, no; they wanted the slogan, "He kept us out of war." I saw a cartoon once that well fitted the slogan, "He kept us out of war." It depicted "Teddy" and Gen. Wood shaking hands, and "Teddy" as saying, "General, there is no question but that he kept us out of war." [Laughter.]

Gentlemen, I am glad that the war is over, and I hope we may never have another. The South and North, the East and the West were equally patriotic and sent their sons. Thank God, my beloved sons came out all right, but nothing on this earth ever pained me so as when I bid my young son good-by and bade him "Go, my son, and fight for your country." My heart goes out to the mother and the father, to the beloved wife and little ones, whose dear one fills a foreign grave. And it is the duty of the people of the United States, who enjoy the best Government under God's sun and have the best country and the greatest freedom of any people, not only to pay the cost of this war in dollars and cents but to do the right thing by our beloved boys who fought in it. [Applause.] And we will do it, my friends.

Gentlemen of the committee, I have occupied more time than I wanted to. There are many gentlemen who wish to speak upon this bill. I commend the measure that the Ways and Means Committee has presented for your consideration. We made an honest effort, my friends, seriously considering every inch of the way, to adjust the rates of this bill in the interest of the taxpayers and the public at large. We believe we have given you as equitable a measure as it was possible to draft. Gentlemen, I thank you. [Applause on the Republican side, the Members rising.]

The CHAIRMAN. The gentleman from Texas [Mr. GARNER] is recognized. [Applause on the Democratic side, the Members rising.]

Mr. GARNER. Mr. Chairman and gentlemen of the committee, I am sure that each member of the committee has enjoyed the comic performance given us by our friend from Michigan, but I would not say we had been enlightened by it. In fact, the thing he tried not to talk about was the bill we are about to consider. The only thing that I remember about it are the three stories which he told us several weeks ago in the last speech he made on the tariff. The long string of figures which he talked about in referring to war expenditures calls to my mind an incident which happened down in Texas in the nineties, when the Populists were very strong and the Democrats were having some considerable contest with them at the polls. Our friend "Cyclone" Davis, Member of Congress at large from Texas a few years ago, but then a prominent leader of the Populist Party, was making a speech over in Tom CONNALLY'S district, in McLennan County, and our Democratic organization sent out a man by the name of Russell Kingsbury to meet "Cyclone" and demolish him. Our side got a division of the time, and of course "Cyclone" insisted that he should open and close. In his opening address he gave out a row of statistics which were as bewildering as Einstein's theory of relativity. He had the entire audience spellbound by the thousands of millions and hundreds of billions of dollars which he talked about. When Kingsbury's time came, not to be outdone, he proceeded to give some few statistics himself. I have heard that there never was such a mass of statistics reeled off in any one speech ever delivered in Texas, before or since, as Kingsbury reeled off on that occasion. He began by talking in millions and billions and from that he "riz" until presently he was talking in figures which were so big that they were absolutely beyond comprehension, when "Cyclone" interrupted to say, "My God, man, where did you get your figures?" Kingsbury quickly replied, "I made them, just like you did." [Laughter.]

When the gentleman from Michigan was reeling off his big line of figures about expenditures during the war and at the peace conference, I knew that, as to some of them, he was playing the Kingsbury act and was making them as he went. Of course, he knew it, too.

I want to say that I think the House has not been treated fairly by the gentleman from Michigan, because I believe the most partial friend of his on the Republican side will agree that as the chairman of the Ways and Means Committee it was his duty to at least give some information concerning the bill which we are now about to consider. Out of the hour which he used in speaking I challenge you to find in his remarks, if he will permit them to appear in the RECORD, 10 minutes devoted to the consideration of this bill. [Applause on the Democratic side.] Now, is that treating you fairly? This bill carries some very important and far-reaching provisions, and we would naturally expect the chairman of the great Ways and Means Committee to discuss them at some length, but did he do it? Oh, no. But he did get over to the

tariff question, because the gentleman from Michigan can not make a speech, it is impossible for him to talk about anything on the face of the earth, without ringing in his position on the tariff. Statistics, tariff, lumber, and sugar, and my friend is through. [Laughter.] If you had gotten him started on lumber or sugar, he would not have devoted even the 10 minutes to the consideration of the bill which he, as the chairman, has submitted to this House. I was amused at the gentleman's answer, although somewhat grieved, because I am fond of the gentleman from Michigan, as to why he voted for the bill which authorized the President to take over the railroads. But, gentlemen, when he told this House that he voted to take over the railroads in order to put the President of the United States in the hole, he did not express the sentiments of the patriotic membership of the Republican Party in the House. [Applause on the Democratic side.] I deny—

Mr. FORDNEY. Will the gentleman yield? I will admit I was joking when I made the remark.

Mr. GARNER. Yes; I think the gentleman from Michigan had better admit that he intended his whole speech to be taken as a joke. [Applause on the Democratic side.]

This Nation exhibited during the war the finest demonstration of patriotism, regardless of party, ever exhibited by any nation, and I deny that any Republican, Democrat, or Socialist, or whatever he may be, voted for these measures in time of war other than from a patriotic and duty-loving motive. [Applause on the Democratic side.] I voted for many of these measures myself, and I voted for measures during the war that I would not support in time of peace.

Some of these measures, I thought, were unnecessary even in time of war. But actuated by the same motive that prompted the gentleman from Michigan [Mr. FORDNEY] and his colleagues when they voted for these measures—although they now criticize them and try to put the responsibility on some one else—I voted for them because I believed that in a united America lay the best hope for an early and successful termination of the war. Events amply justified that belief. [Applause on the Democratic side.]

The gentleman from Michigan refers to the cost to the Government on account of taking over the railroads. I have no special defense of the Railroad Administration either under Director General McAdoo or Director General Hines or under the present Director General, Mr. Davis. That is not my business, and it is not a part of this legislation. But I do want to call the attention of you Republicans to the strategy that is being played on you to-day, or will be played with you before you have a chance to take a recess. The gentleman from Michigan says that the railroads have already cost us \$4,000,000,000. He is in error in that. They have cost us only \$2,600,000,000 to date, a large part of which has been loaned to the railroads. But that is about as close as he ever comes in any figures that he gives you—just an error of \$1,400,000,000. [Laughter on the Democratic side.] But there has been appropriated out of the Treasury of the United States up to this time by a Republican as well as a Democratic Congress for the benefit of the railroads \$2,600,000,000.

Now, what are you going to be called on to do? They dare not let you go home and meet your constituencies and let them express themselves on the proposition of paying the railroads \$500,000,000 when they owe us more than that amount, which we should use as an offset, because you can not put that bill through. [Applause on the Democratic side.] Wise men, knowing that you respect the people in your districts—and if you do not respect them, you respect your own political scalps—they dare not permit you to go home and undertake to find out the sentiment existing in your districts about this proposed Winslow bill which they propose to force through in the early part of next week. They do not expect that bill to become a law before the recess, because they know it is impossible to put it through the Senate in such a short time. But they also know that this body is more responsive and responsible than the Senate to the public weal. They know that you must go home next year and seek a new commission, while two-thirds of the Senators retain office. Therefore they must clinch you now before permitting you to go home and meet your constituents. But, gentlemen, you will have to explain your votes next week on the railroad bill, and you are going to have the most uneasy task that you ever undertook in your lives. [Applause on the Democratic side.]

Mr. Chairman, I probably ought to take a moment to give just a little history of this bill. My friend from Michigan [Mr. FORDNEY] said he did not want the Democrats to assist in making it up. I have no great complaint to make about that. But, gentlemen, I will tell you what I do have a complaint to make about, and I think that you honest Republicans—and there are



many of you fair-minded men, patriotic men—I will tell you what I do complain about, and you ought to complain about it. You ought to complain about being called upon to vote upon this measure without sufficient information touching its provisions. You have not got it and you will not get it. Only this morning were printed the hearings of the Secretary of the Treasury given on the first and fourth days of this month. There is no excuse for the delay, except a desire to keep from you the information that you are entitled to before you vote for this measure. That much of criticism can be made and ought to be made against the Republican membership of the Ways and Means Committee, as well as the officials of the Treasury Department.

Mr. Chairman, the history of taxation in this country is interesting, but I think we all will agree that within the last 50 years the principal interest in taxation has centered around taxation through the customhouse. Prior to the war we never heard much of large interests in this country complaining of the expenses of the Government; we never heard much of large associations, of commercial clubs, or of other wealthy people meeting and resolving themselves into committees and national organizations in order to reduce or to influence taxation other than through the customhouse. Our taxes have been collected, as you will recall, for the past 50 years by excise taxes on tobacco and liquor and through the customhouse, with some other incidental taxes of minor importance. Now the entire system is changed. Immense fortunes have been made in this country under the protective tariff system. They are concentrated largely in the hands of a limited number of men. Those men who have accumulated these great fortunes and who now own them care nothing about the customhouse any more, or at least the larger portion of them care nothing about what you do at the customhouse, but they are intensely interested in these direct taxes and they are going to make a fight not only now but in future years to shift as much as possible of these taxes from their own incomes and estates to the masses of the people of the United States.

Heretofore their entire efforts have been along the line of trying to enrich the manufacturing and other industries in which they were interested by means of a high protective tariff, so that they could accumulate these fortunes. Having accumulated them, now when we are confronted with the necessity of raising \$4,000,000,000 a year to run the Government, their efforts will be directed at shifting the taxes from their own backs to the backs of the masses of the people of the United States. How are we going to divide? Here is an aisle. The division is coming between your party and mine. My party is going to say—I believe and I hope it will say—that we propose in the system of taxation which we will put upon the statute books, if you will commission us to power in times of peace, that it shall be levied upon those best able to pay. Your proposition is going to be that you will run the Government as economically as possible, but that whatever taxes are levied must not conflict with the interest of big business in this country. That is about what you will say. That means, after all, that you are going to let the masses to get your taxes rather than the classes such as I have mentioned.

Your policy is clearly demonstrated in this bill. The strongest argument made before the Committee on Ways and Means by any Member or by any witness that appeared before it, and the best authorities cited on any one subject that we inquired about, were made by Mr. RAMSEYER, of Iowa, who made the argument on the inheritance tax, and I invite you to read that argument, which is printed in our hearings. It will be well worth your while. Also, I invite you to read his speech appearing in the RECORD this morning. If you will take the declaration which he cites there by Mr. Roosevelt and Mr. Carnegie and the philosophy given by them, there is not a man in this House but who should insist that the inheritance tax be doubled or more than doubled in this bill instead of levying such taxes as that which is placed upon the medicine of the poor man in this country. [Applause on the Democratic side.]

Oh, you shift the taxes. The gentleman from Michigan [Mr. FORDNEY] has shifted. He is a shifter. He is one of the best shifters we have. He has shifted the taxes. And whom did he shift them from? He shifted them from these gentlemen who have the big incomes, these gentlemen who talk in terms of thousands and millions, to the candy that the little boys eat on the street, the candy that he buys with one penny.

You shifted the taxes, Mr. FORDNEY, from those who had incomes fabulous in their amount to the crossroads country store which sells \$100 worth of soda water in a year. You brought in a scheme which would seek to compel him to pay \$10 per year vendor's tax for the privilege of selling soda water to the few customers who drop into his store. Ah, gen-

tlemen, you have repealed some of these taxes, and, so far, so good, but every one of you is going to have to answer to your constituents for some other things you have done. You are going to have to tell your constituents why it was that you reduced the surtaxes from 65 per cent to 32 per cent on incomes of \$66,000 upward when you left the normal taxes on your constituents at the old rates and continued their payment of these rates as though the war had never ended. There are taxpayers in this room. Take the Fordney bill. I challenge you to take the Fordney bill and under it make your tax return and figure out the taxes you will have to pay this year and compare them with what you have been paying, and, by the gods, there is not a cent of difference in it. You have not been relieved. Well, if you have not been relieved how have your constituents been relieved? What relief do you get under this bill? You get this much relief for which I am willing to give you credit. You have repealed the transportation tax. You deserve credit for that. You were forced to do it by your own patriotic membership, because the Secretary of the Treasury had no idea of repealing it, but he was forced to take it up piecemeal and you swallowed it all at once, and I congratulate you for it. [Applause.] But I do want to tell you what you have done, and some of you Republicans ought to correct it, because there is no chance of our doing it. You do not intend to give us an opportunity to offer amendments. Gentlemen, that is a procedure in the House of Representatives that is indefensible.

Mr. FORDNEY. Will the gentleman yield?

Mr. GARNER. I will.

Mr. FORDNEY. The Secretary of the Treasury recommended the repeal of the transportation tax.

Mr. GARNER. Oh, yes; I know he did, after he was forced to do something of that kind. He never intended to do it at all. How any party can select a man like Mr. Mellon and put him in the Treasury Department as their financial and fiscal agent and then have the people of the United States expect him to recommend relief from a tax as long as they are paying the major portion of it is something I can not understand. [Applause.] I will tell you what you are going to do. I will call the attention of the gentleman from Iowa [Mr. GREEN] to it. I see him rise in his place. Why did you relieve the express company of \$17,000,000 worth of taxes and not relieve the parcel post from the same sort of tax? Somebody has got to explain that. Here is what happened, gentlemen. When we made up the tax law in 1918—I remember it as if it were yesterday—we put a tax on express and freight and we stopped there. What happened?

Mr. FORDNEY. Will the gentleman yield?

Mr. GARNER. Just a moment until I get through making this statement. What happened?

Mr. FORDNEY. Will the gentleman yield?

Mr. GARNER. I said in just a minute. If the gentleman can ease his pain for a moment, then I will yield to him, for I know he is hurting. [Laughter.] In 1918 when we made up the revenue bill to get all the money we could in the Treasury to pay the heavy expenses of the war—and that is what we did—we put a tax on freight and express packages. The express people came in and said, "Our rates have been made about the same as the rates on parcel-post packages, and if you put this 5 per cent turnover tax on us—we put out a million packages a day, and it will put us out of business if you let the parcel post go free." Well, we investigated it. We asked for information from the Post Office Department, and we ascertained that the contention of the express people was correct.

We had no desire to put anybody out of business, so we placed comparatively the same amount of tax on the parcel post as on express, and the tax has been collected on both since then. Now, what does a Republican Ways and Means Committee do, probably without any information? They do not seek any information except the kind they want. They repeal the express tax and let it remain on the parcel post. How can the parcel post continue and hope to do any business at all if you are going to relieve the express company of \$17,000,000 annually and let the tax remain on parcel post?

Mr. FORDNEY. Will the gentleman yield now?

Mr. GARNER. I yield to the gentleman.

Mr. FORDNEY. The one good reason why we did not change the parcel post is that Postmaster General Burleson showed that there was a loss of \$30,000,000 a year in the parcel post now with present rates.

Mr. GARNER. As a matter of fact, Postmaster General Burleson contended up to the very hour that he left office that there was a profit in parcel-post business. It is Mr. Will H. Hays, present Postmaster General, who wants to reduce the postage on the big publishers of the country, who is contend-



ing that there is a loss in parcel-post business. If you have got a loss of \$30,000,000 a year you ought not to handicap the business by keeping \$17,000,000 taxes on the parcel post. [Laughter.]

Mr. GREEN of Iowa. According to Democratic figures the more we get into the Treasury the more we will lose.

Mr. GARNER. I merely call that to your attention. Let me say that it is impossible for me, or any other man outside of the experts of the Treasury Department, to tell you the effect of many of the administrative provisions in this bill. So you will have to pardon me, as I imagine you will have to pardon every other member of the Ways and Means Committee, including the Republican membership, which got their information, without the Democrats being present, from making any explanation of these administrative provisions. They had many hearings and had all the experts and they wrote the bill. You do not know what the effect will be, and I challenge anyone to rise in his place and tell me the effect of the administrative provisions in this bill. The administrative features of the bill are as important as the levy of the tax. So, for the reasons I have stated, I do not know what these provisions mean and neither do you. The bill is rushed in here on us without adequate time to study it, but I can assure you from all the circumstances usually attending recommendations from the Treasury Department that these administrative features have been drawn in the interest of those who pay the high taxes and against those who pay the low taxes.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARNER. Yes.

Mr. GREEN of Iowa. If the gentleman does not know anything about it, why does he make that assertion?

Mr. GARNER. I draw the deduction from the fact that the Treasury Department, whenever they recommend a tax, have recommended that it be paid by the masses of the people and always in favor of the classes that I have mentioned. [Applause on the Democratic side.]

Mr. GREEN of Iowa. A short time ago we understood the gentleman to say that all these gentlemen who paid a surtax above a certain point were entirely exempt from taxation.

Mr. GARNER. I will say that, although the rule cuts off every opportunity on this side and that side of intelligent, patriotic men to perfect this measure and express their views, you will get a chance to say whether or not you are willing to go back to your people and say I am going to remit the taxes of the rich by repealing these high surtaxes while we continue the war tax upon the business interests of the country. You are going on record. I never lived in the city but always in the country, but in any district that has as much as two counties in it you give me the problem involved in this legislation, you give me the taxes you failed to repeal which are carried in the 1918 war revenue act, let me go to them and say, here is the law at present and here is what they repeal—the excess-profits taxes and the high surtaxes—and I will see what that audience will say about relieving the rich of their high surtaxes and the repeal of the excess-profits taxes and leaving these other taxes on the statute book. [Applause on the Democratic side.]

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARNER. I will.

Mr. GREEN of Iowa. Does the gentleman mean to say that the Democratic Party is not in favor of the repeal of the excess-profits tax? President Wilson, Senator GLASS, Secretary Houston all recommended that that thing be done and gave as a reason that we would get more taxes out of it than we did before.

Mr. GARNER. Oh, gentlemen, this is the first time I ever heard of the Republicans in a report calling on the Democrats as witnesses. You told us you repudiated them in 1920. We have been told in this Chamber hundreds of times since this Congress met that we had been repudiated at the polls in November, and yet you want to invoke our judgment to justify your failures. [Laughter and applause on the Democratic side.]

Mr. FORDNEY. Will the gentleman yield?

Mr. GARNER. I will yield.

Mr. FORDNEY. The amount of income effected by the reductions is 60 per cent of the total income, while those that have been relieved by the reduction of surtaxes are only 8 per cent of the total income.

Mr. GARNER. Let me say to the gentleman from Michigan that this side of the House will join you in every provision of your bill in the interest of the people; we will join you in making your exemption \$2,500 in place of \$2,000; we will join you in making the exemption \$4,000 instead of \$2,000; but we will not join you in reducing the surtaxes from a maximum of 65 per cent to a maximum of 32 per cent. That is the issue. You are trying to justify the relieving of the rich from paying their just proportion of the taxes according to their ability to pay, be-

cause, forsooth, you permit the married man to have \$500 additional exemption.

Mr. FORDNEY. That proposition makes it impossible for you to join with us at all.

Mr. GARNER. It will be impossible because you and your colleagues have for your purpose the framing of a bill which I can not support, and unless your colleagues of the rank and file hold you back, as they did at the caucus Monday afternoon, you will have a bill which they will not support. I say that they have made a better bill in the Republican conference than you reported to it. [Applause on the Democratic side.] I congratulate them and join with them whenever they do the right thing, but if you had your way you would shift most of these surtaxes and have a consumption or sales tax instead.

And you know I know it.

Mr. FORDNEY. How do you know?

Mr. GARNER. Because I have heard you say you favored a sales tax.

Mr. FORDNEY. I am for the bill. Read it and you will find my sentiments.

Mr. GARNER. Oh, yes; the gentleman is for the bill, because he has to be for the bill. [Applause and laughter on the Democratic side.]

Mr. FORDNEY. And the gentleman does not have to, because he is on the opposite side.

Mr. GARNER. How I blushed for the gentleman when he was making his remarks a few minutes ago, when I thought he was playing the demagogue. You will remember what a pitiful story he told last winter. I remember that it brought tears to the eyes of some. The gentleman, big-hearted as he is, arose and tears rolled down his cheeks when he spoke of the boys who had been across the water, when he spoke of those who had been buried in France and those who had come back wounded and helpless for life. I know I thought then that this Government should be as generous as it is possible for any Government to be with those boys who came back here maimed and unfit for the ordinary walks of life. Then I blushed, I say, for him when I heard him to-day tell you how he is going to do this, that, and the other, when I remembered that it is not 30 days since the President, his President, whom he praises and whom I refrain from criticizing as he does ex-President Wilson, came to the Senate and by his edict said a bill for the relief of the boys should not be passed at this time, and how the bill went back to the committee. [Applause on the Democratic side.]

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. CAMPBELL of Kansas. Did not the gentleman's side of the House go on record within the last six months against that sort of legislation?

Mr. GARNER. It did not; I deny that.

Mr. CAMPBELL of Kansas. Did not a large majority of the Members on the gentleman's side of the House vote against the bill?

Mr. GARNER. Oh, the gentleman is beginning now to talk about partisanship. This has never been made a party matter. I remember staying here until 6 o'clock in the morning because I was not in favor of the provisions of that particular bill. I take my responsibility; I make no professions except what are truly in my heart. I stayed here when Scott Ferris, and HARRISON, of Mississippi, and other Democrats were trying to pass that bill, and at last I threw the Irish proposition to the gentleman from Kansas and killed the bill. I say we ought to serve these men who came back from France—

Mr. CAMPBELL of Kansas. And yet during the last Congress the gentleman refused to do it.

Mr. GARNER. Who was in control of the last Congress?

Mr. CAMPBELL of Kansas. We passed the bill through the House in spite of the Democrats.

Mr. GARNER. Do you know what these gentlemen are going to do? These Republicans are going back home, and they are going to make a speech, just as Mr. FORDNEY did to-day, where there is no one to answer them and where they can use any kind of figures which fertile imagination can create, and they are going to say that these 132 Democrats—"plague on 'em"—would not let us do this particular thing. [Laughter.] Think of it—300 to 132. Privately, of course, they will say to some of their constituents, "Oh, you know those Democrats are so smart, they are such good parliamentarians, that we could not even afford to let them get any information, because they were liable to inform the rank and file of the Republicans and spoil our game." But they got enough information the other night to spoil a great deal of the game which the Republican leaders had cut and dried. I can fairly hear the telegraph wires



running back to New York, Pittsburgh, and Detroit, carrying the news that the Republican conference had sufficient courage to take away from these men who contributed to their campaign fund the repeal of the excess-profits tax for 1921.

How they must have writhed and said, "Great God, where is the party going to?" [Laughter and applause on the Democratic side.] How could you defend, is there a man living who can defend, the proposition of repealing the excess-profits taxes for this calendar year 1921? Nearly 8 months of the year are gone and probably 10 of them will be gone before this bill finally becomes a law, and yet the Republican members of the Ways and Means Committee reported to your conference a bill which would have repealed the excess-profits tax as of January 1, 1921. To do this, after these corporations who will pay the tax have already made the profits, would have been so manifestly unjust that I imagine that some intelligent Republican, some one who has some lingering regard for the masses of the people, called attention to it in your conference, and because there is still left a portion of your membership who believes in some semblance of justice, you defeated the proposition to repeal the taxes as of January 1, 1921, and repealed them as of January 1, 1922. The same proposition holds with reference to the reduction of the surtaxes.

Gentlemen, your administration knows exactly what the sentiment of the people is, and when your committee fixed up this dose for you, it was necessary to give out a statement at the White House. Probably I should not divert from what I am saying, but I shall just for a moment to enter my protest against the gentleman from Michigan continuing to heap abuse upon a man who is now out of office, and who is broken in health from his long and arduous service as President of the United States during one of the most trying periods in the history of the world. It seems to me that Republicans should now forebear from their bitter criticism of Mr. Wilson since he is out of public office and is living the life of a private citizen with the quiet dignity which befits the great man that he is. I can not understand the type of mind which persists in pursuing Mr. Wilson even into the walks of private life. Gentlemen you should stop it. Your words do you no credit. [Applause on the Democratic side.] To resume, your administration gave out a statement as soon as there had been a conference of Republicans at the White House. I want to read now an extract from what the administration said. This came from the White House and was written by the President or for him, because no statement goes from the White House unless it is written by him or at least under his supervision. That statement said:

There has been no effort to relieve the rich—

[Laughter on the Democratic side.]

Why did the President use that expression? He evidently believed that the country did not want him to relieve the rich. It must be that he was expressing either his own sentiment or what he thought was the sentiment of the country. No effort to relieve the rich! Can you make that statement before your constituents if you have intelligent men before you? Is there a single man of you who can make that statement to your constituency if a man should arise in his place in the audience and charge you with having cut down the surtaxes on the man with a \$300,000 income to a point where they do not have to pay any greater rate than the men with \$65,000? You are going to be called upon to explain, and I tell you that you are going to be put on record. Do not fool yourselves to the point of thinking you can get away with this bill without being put on record on that one point. The statement continued:

There has been no effort to relieve the rich of their share of the burden, but rather to insure that no class will be left an avenue of escape from these taxes.

A casual analysis of the propaganda shows what may be described as the "rich man's taxes" will produce about \$1,800,000,000, while the balance will be distributed over the entire community, rich and poor.

Why, I am in favor of that; I am in favor of getting \$1,800,000,000 out of two sources of taxes. Yes; I would do more than that. I would get \$2,000,000,000 out of two sources of taxes. You can get it and you will not hurt anybody if you have the nerve and courage to do it, and then you can repeal all these other war taxes enacted in 1918, and which by this bill you continue in force. You can take the inheritance tax, the personal-income tax, and corporation tax and get \$2,000,000,000. Why do you not do it and relieve the people and business of the country of the restrictive and unnecessary taxes you are levying throughout the country? [Applause on the Democratic side.]

I believe there is a majority of you over there if you had your opportunities, if you would be bold enough to cut off the shackles you put on yourselves this morning by voting this rule, I know there is a majority counting our solid line-up of Democrats, that would agree to get \$2,000,000,000 out of these two

taxes and repeal these other war taxes that are unnecessary, restrictive, and injurious to business. But instead of that you Republicans will allow yourselves to be tied and gagged by a tyrannical special rule which is designed to shut off general amendments. You do not add one dollar to the inheritance tax in this bill. Oh, gentlemen, I do not know whether you agree with me or not. I do not know whether all my Democratic friends agree with me, though I feel sure most of them do, but I will say I would put the inheritance tax above all other taxes as a just tax. [Applause on the Democratic side.] It stands above all, in my conception, as a just tax. Here is a man who dies worth \$50,000,000. He has accumulated that money under the liberal and generous laws of a good Government that has enabled him to accumulate it in a lifetime and has protected him in the enjoyment of his property. He dies. He has two sons and they have \$25,000,000 laid in their laps by the rule of inheritance, not a dollar of which they earned, and tell me that these boys ought not to have patriotism enough to say, "Yes; this great Government gives us this wealth, an inheritance of \$25,000,000, protects us in its enjoyment; therefore I will lay in your laps to support this good Government \$10,000,000 of the \$25,000,000, because \$15,000,000 is more than I can use." [Applause on the Democratic side.]

Gentlemen, we could have as a permanent peace policy taxation—I am going to tell you what I would do; I perhaps ought not to; I do not speak for anyone except myself, but I believe I voice the sentiment of a great many Democrats—as a permanent peace policy of taxation in this country I would have five sources of revenue: Inheritance, personal and corporation incomes taxes, customhouse receipts, tobacco taxes, post-office receipts, and miscellaneous receipts, which were had under laws prior to the war, such as Panama Canal tolls, receipts of the Public Land Office, and so forth. Now, if you can get money to run the Government out of those taxes, I want some Republican to rise in his place and tell me what objection you have. If you can get the money to run the Government with those taxes, I ask you why do you not repeal the other taxes in the war revenue act of 1918? If I had my way, the excess-profits tax would be the last one of the war taxes I would repeal. [Applause on the Democratic side.] Why do you repeal that when you have got a great many other war taxes to repeal? Why repeal that, Mr. TILSON, and impose a new vendor's tax on the crossroads store who sells a bottle of soda water—

Mr. TILSON. If I can have my way that will come off.

Mr. GARNER. I imagine it. [Applause on the Democratic side.] I do not doubt it.

Mr. COCKRAN. Why did not the gentleman vote down the rule?

Mr. GARNER. If the gentleman from Michigan [Mr. FORDNEY] had his way, excess profits would come off. If the gentleman from Connecticut [Mr. TILSON] had his way, the soda-water tax would come off. So there you are, but you have locked your hands; you have by your own vote for a drastic rule this very day deprived yourself of the opportunity of freely making amendments to this bill. Gentlemen, that soda-water tax is very illustrative of the Republican policy. Here is a crossroads fellow out here who sells \$100 worth of soda water in a year. You charge him \$10—10 per cent on his sales. Here is a man in the city who sells \$100,000 worth of soda water in a year and you charge him \$10. That is Republican taxation. [Applause on the Democratic side.] The Democratic policy would be, if any taxation of that kind at all were levied, to levy the tax in proportion to the amount of soda water sold. It is unnecessary to levy this \$10 vendor's tax on soda-water dealers. All of these war taxes of 1918 can be repealed—can be repealed to-day if you will substitute the taxes which I have outlined as a peace-time program, and continue the excess-profits tax for this year under present rates with only the one bracket for next year, and you will have enough money to run the Government—

Mr. GREEN of Iowa. If the gentleman will permit, would not the gentleman segregate his figures a little to show how this beautiful prospect the gentleman speaks about will work out? As far as the taxes he is talking about are concerned, I do not think he need worry about it.

Mr. GARNER. Mr. Chairman, the Treasury Department has already said in its statement that the taxes I have mentioned are getting \$1,800,000,000 from wealth.

How did many of our large owners of wealth get their fortunes except by inheritance? Answer that. Where are you getting the \$1,800,000,000 which you say this bill will raise from wealth?

Mr. GREEN of Iowa. We are getting it from income tax and what we have taken from excess profits.

Mr. GARNER. Yes; but you have taken off a large amount of the surtaxes.



Mr. GREEN of Iowa. Does not the gentleman realize that after all corporations are simply made up of individuals? What goes to the individual is again taken by another tax. Whatever you take out of the corporation reduces those taxes.

Mr. GARNER. I dislike to hear the gentleman from Iowa indicting the integrity and judgment of the President of the United States, but if he desires to do so he can put it in the RECORD in that way.

Mr. Chairman, I ought to talk, probably, about the administrative details of this bill more than I have, but, as I explained to you in the beginning, the bill is rushed in here without time to study its technical provisions, and it is impossible for me to go into the merits or demerits of this bill except as they change certain taxes. I believe I have talked about nearly every one of the tax provisions except those which eliminate certain excise taxes levied by the war revenue act of 1918. You did cut down some of them. The difference is, we Democrats would rid the country of all of them and raise the money from the sources I have mentioned. You Republicans ought to have adopted a different method in one other particular matter that I think is quite important, and I want to call the attention of the House to it and I am through.

It is a dangerous thing, gentlemen, in this Government to place power in one man's hands to deal with large sums of money unrestrictedly, especially when that power might be used by a political party for their own advantage to the detriment of the whole people of the Nation.

Now, there is due to the Federal Government, according to the statement of the Treasury officials, \$1,500,000,000 of back taxes. And, by the way, gentlemen, some time ago a man before the Ways and Means Committee said that if you would give him \$8,000,000 more money he would get \$200,000,000 next year. But I do not believe the Republicans are going to give it to him. There is a provision in this bill which would be dangerous to our form of government—I do not care how honest an official he may be, how wise he may be, or how faithful in the performance of his duty. This provision authorizes the Secretary of the Treasury to settle claims against taxpayers without reference to court or other procedure. Let us illustrate. Here is a man that owes \$1,000,000 back taxes, or at least the Treasury claims he owes it. There is a controversy on between him and the Treasury. You say that ought to be settled. I agree with you. But, gentlemen, here is how you propose to settle it: Under this bill the Secretary of the Treasury will appoint three of his men, Republican politicians, because that is the only kind you will have in the Treasury Department. A Republican Member of Congress goes up with his client—not his client, but constituent—and he says, "Look here, Bill, you know this fellow donated \$10,000 to the last campaign. I want you to straighten out these taxes." I can see this taxpayer going up there with my friend GREEN of Iowa. He says, "This is a very important man out in my country. I am going to leave him with you. You can depend absolutely on what he says. He is a good Republican. He contributed \$10,000 to the last campaign fund, and he is absolutely reliable." Mr. GREEN goes away and does not have anything to do with it. These three men, remembering what Mr. GREEN said and remembering also that he is on the Ways and Means Committee and has very potential influence with the Treasury Department, settle this matter up for \$700,000. The man saves \$300,000 and goes home about his business. Now, here is what ought to be done, and represents the sound opinion of those who have been before us: You ought to create a quasi judicial tribunal to which will be referred all these cases to be tried, to hear the testimony, and, of course, that would include the testimony of the taxpayer as well as the Government, and after hearing such testimony the tribunal should render an opinion which, so far as the taxpayer and Government are concerned, will be final. But, gentlemen, these men ought to be strictly nonpolitical appointees and should be appointed for two, four, and six years. They ought to be confirmed by the Senate and not be removable at the instance of the Secretary of the Treasury or any other politician in the United States.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARNER. That is what ought to happen, and it is my contention that the present provision in your bill which attempts to deal with this situation is a dangerous one.

I yield to the gentleman from Iowa.

Mr. GREEN of Iowa. We have all those tribunals right now, and the gentleman knows it. But further than that I would like to give the gentleman a little more of the record of his own party on that subject. This provision we have here is practically identical with a bill I introduced more than a year ago and which passed this House, and I put it in there at the request of the Democratic Secretary of the Treasury.

Mr. GARNER. As I said awhile ago, I understood that you Republicans had repudiated everything done or suggested by the Democratic administration. That was the whole theme of Mr. FORDNEY's speech. You ought to give some other reason for your provision other than the recommendation of the Democratic Secretary of the Treasury who you criticize so severely.

Mr. GREEN of Iowa. The gentleman says there is no logic or reason for the position.

Mr. GARNER. I submit it to the judgment of every fair-minded man in this House that when you are dealing with a billion five hundred million dollars which some estimate to be due the Government on back taxes you ought to have a tribunal in which absolute confidence can be reposed in the matter of influence, the matter of judgment, and the matter of fair and impartial treatment between the man and the Government.

Mr. GREEN of Iowa. We have the tribunal for those cases, but I do not know that they will ever reach them.

Mr. GARNER. Yes; we have the Supreme Court and other United States courts.

I am going to say something which represents my personal views. I do not know whether it appeals to my Democratic friends or not. My observation of the taxpayer is that he does not complain so much if taxes are equal and uniform. I used to be a county judge, and as a member of the commissioner's court I used to value people's property. A fellow would come in and say, "I do not care so much about this, except this neighbor of mine does not pay as much as he ought to." When we Democrats passed the revenue act of 1918 we placed in the bill a provision that the President of the United States should pay an income tax. We believed that it was just and right; we believed that the President and every other citizen should be treated alike. That is Democratic doctrine. [Applause on the Democratic side.]

We do not believe that you should show preference to anyone. We also had a provision in that bill that subjected the Federal district judges to the ordinary income taxes, the same as everybody else.

Mr. COPLEY. Mr. Chairman, will the gentleman yield?

Mr. GARNER. In a moment. The Supreme Court decided—and decided very correctly—that we could not tax the salaries of officers then in office. We could not do that on account of a constitutional provision which Congress has no power to change. But if the law of 1918 remains as it is to-day every President who is elected from now on, as long as that remains on the statute, will pay his income tax, just like any other citizen in the United States. [Applause on the Democratic side.] Why should not he? Moreover, every Federal district judge and every judge who is appointed as a member of the Supreme Court in the future, if you let that provision stay in the law as it was written by Democrats, will pay an income tax like his neighbors, and it will not be so many years before every Federal judge in the United States will pay an income tax, as I think he ought to, just like every other taxpayer who has an income of a like amount. [Applause on the Democratic side.]

Mr. COPLEY. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. COPLEY. Does not the gentleman and his colleagues know that at the time he put that in the bill no Democratic President would ever pay that part of the income tax?

Mr. GARNER. He will if he is elected in the future, and I think the gentleman from Illinois [Mr. COPLEY] will not have to wait very long to see that happen. I yield back, Mr. Chairman, the remainder of my time. [Prolonged applause on the Democratic side.]

Mr. FORDNEY. Mr. Chairman, I yield 20 minutes to the gentleman from New Jersey [Mr. BACHARACH].

The CHAIRMAN. The gentleman from New Jersey is recognized for 20 minutes.

Mr. BACHARACH. Mr. Chairman and gentlemen of the committee, before proceeding with what I wish to say in support of this bill and in answer to the statement of the gentleman from Texas [Mr. GARNER] I want to call the attention of the committee to the fact that President Wilson did not pay any income tax on his salary, but President Harding will pay an income tax on his salary.

I further want to call the attention of the gentleman from Texas [Mr. GARNER] and the members of the committee to the fact that in our revision of the present tax law we not alone have taken care, as he states, of the classes, but we have certainly taken a great deal better care of the masses. Out of a total number of taxpayers for the calendar year 1919—and they are the last figures we have—which were in number 5,332,760, 4,675,101 are favorably affected by the \$500 additional exemption and the \$200 additional exemption for minors,

and there are but 5,526 people affected by the change in the surtax brackets.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield at that point?

Mr. BACHARACH. Yes; I yield to the gentleman from Nebraska.

Mr. ANDREWS. Will you give the figures showing the number of people who will benefit by the reduction of the surtax from 65 per cent to 32 per cent?

Mr. BACHARACH. I have given approximately the figures. I think 5,526 persons will be benefited.

Mr. BLANTON. That is probably every millionaire in the United States.

Mr. BACHARACH. Mr. Chairman, by a majority greater than ever before given to any political party the voters of the country last November once again returned the Republican Party to power in governmental affairs.

To my mind there were two chief reasons for this overwhelming expression of confidence in the Republican Party. The first was the people's disapproval of the foreign entanglements that were brought upon the country under the past Democratic administration and the pledge of the Republican Party to free the country of such entanglements. The second was the desire of the people for a return to a sound and economical management of Government affairs, with a consequent rearrangement and reduction of Federal taxation which would permit of an early return of business prosperity and a more equitable distribution of the burden of Federal taxes.

In response to that demand President Harding soon after his inauguration called Congress in special session for the express purpose of considering and enacting new tariff and revenue legislation. Under this summons the Republican membership of the House was charged with the responsibility of enacting such legislation as would reduce taxes and yet at the same time make adequate provision for the necessary revenue to run the Government.

The House has already passed a tariff bill which is calculated to give adequate protection to American industry and American labor and at the same time to yield a very considerable increase in customs receipts over what we are collecting under the present Democratic law.

Since the enactment of the tariff bill the Committee on Ways and Means has worked very diligently and with the greatest zeal in the preparation of a revenue bill, and we present to you to-day a sane, constructive, and businesslike proposition that should appeal not alone to the Members of Congress but to the country in general, not alone to the business interests of the country but to every man and woman who contributes toward the upkeep of our Government by the payment of Federal taxes.

I believe it is a bill far more generous in its provisions than the country generally expected. The proposed amendments to the present law as carried in this bill consist almost wholly of tax reductions, the deliverance from which taxes the people have been hoping for these several years past. Almost every class affected by Federal taxation has been granted some relief, while few have been asked to make any additional contributions toward the support of their Government.

In making these changes the committee has very closely adhered to the accepted principle of taxation of placing the heaviest burdens upon those best able to bear them and relieving as far as possible those upon whom the burden was too oppressive.

In fact, we were actuated by the sole desire to produce a revenue bill which would raise the needed revenue, as nearly as that could be ascertained with any degree of certainty, and at the same time adjust the burden of paying the taxes properly and equitably among all classes which go to make up the body politic of the United States.

It is a bill conceived in harmony with our party's campaign pledges for economy in Government expenditures and for lower taxes, with due regard for the public interest.

In repealing the excess-profits tax I believe that we will have done the greatest thing that we could do to bring about a return of industrial prosperity. There has been a very general and insistent demand throughout the country for the removal of this governmental brake on business.

The only reasonable excuse we have ever had for the adoption of such a tax was that it was a war tax, designed to put the burden of war taxes on those who were making unreasonable profits out of war contracts, and so forth. For that purpose it was a justifiable tax, but its retention as a permanent part of our taxation system in times of peace is, to my mind, extremely unsound business economics.

The revenue to be derived from such a source in normal industrial times is so variable that it would be extremely difficult to use it as a base upon which to estimate revenue receipts; it has rapidly diminished from year to year.

It is generally agreed that the excess-profits tax has been responsible for the period of intense speculation which followed the war. It has fostered the wildest sort of extravagance in the industrial and commercial world, and some of the foremost economists of the country have publicly stated that this tax has done more toward the increased cost of living than any other form of tax now on our statute books.

The excess-profits tax has been condemned and its repeal has been suggested by Government officials both of the present administration as well as of the past administration, under whose beneficence it was put in our revenue laws.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BACHARACH. I yield to the gentleman.

Mr. GREEN of Iowa. Is it not also a fact that all the Secretaries of the Treasury that we have had for several years, including the present Secretary of the Treasury and the preceding Democratic Secretary of the Treasury, have all held that if this tax is taken off, so that these men paying the high surtaxes would put their money into business, in the long run we would get more taxes out of them?

Mr. BACHARACH. The gentleman from Iowa is correct. In addition to that, it was only put on as war legislation. It was not put on as permanent legislation. All gentlemen in the House understand that.

Naturally there will be some objection to its repeal on the ground that it is a tax on big business, and therefore should remain. But anything that interferes with our industrial progress and retards business must have its bad effects upon the workers of the country.

If there is no work to perform, there can be no payment of wages. Capital and labor must go hand in hand, and what is good for the one must be good for the other. It is therefore the hope and expectation of the committee that the repeal of the excess-profits tax will very soon reflect itself in a revival of business throughout the country and the money that would otherwise have been paid to the Government in the form of taxes will be turned back into industrial channels for the extension of plants and for new enterprises which will afford work for the 5,700,000 reported by the Secretary of Labor to be now out of work.

As a companion proposition to the repeal of the excess-profits tax and for the purpose of turning back into industrial channels the capital which is now being put into tax-free securities, we have eliminated the surtax on individual incomes above 32 per cent.

In an address delivered a few days ago to an assemblage of bankers, Mr. E. C. McDougal, of Buffalo, N. Y., impressed upon his audience a number of truths with reference to Federal taxation. I think that most of us here in the House are aware of these facts, but it is well to emphasize them at this time—

For a business revival—

He said—

We must have more capital. This comes from three sources—the savings of labor, of business, and of investors—and as far as the savings of labor are concerned, only a small part is contributed, because we are a nation of spenders. The reliance must be upon business and investors' accumulations; and taxes for the past three years have confiscated or driven out of sight these accumulations, without which we must face bankruptcy.

He says further:

High taxes drive out of business men who have accumulated capital, make them nonproducers and nonemployers of labor, drive their capital into tax-free bonds, and discourage fresh capital. Without hope of substantial gain men will not risk their capital. The present heavy taxation gives no such hope.

The facility in this country with which States and municipalities can issue tax-free bonds has defeated the plan of the originators of the present system of taxation, who hoped to make wealth pay the cost of the war. The tax-exempt bonds were immediately sought and have become the favorite form of investment where large sums are involved. These funds formerly went into what may be broadly termed as business enterprises, and the business of the country prospered accordingly.

It is reliably stated that the man with an annual income of \$100,000 must, under the present income-tax schedule, buy a taxable security yielding 10.23 per cent in order to secure the net income equivalent to the return on a 4½ per cent tax-exempt security. The ratio rises with the amount of income, until the possessor of a \$1,000,000 income must have taxable securi-



ties yielding 16.67 per cent to put him on an even basis with a 4½ per cent tax-exempt issue.

It was frankly stated before our committee that the imposition of the excess profits tax on business and the high surtax on individual incomes has removed every incentive for men of means to continue in business and they are rapidly converting all their funds into tax-free securities.

It is estimated that there are now more than \$14,000,000,000 invested in tax-free securities, which means that practically all that amount of capital has been withdrawn from the money markets for investment in industrial and commercial enterprise and lost to the Government for taxable purposes. As a consequence our economic progress is retarded, our transportation systems and public utilities are demoralized, and business is at a standstill because capital for investment can not be had excepting at interest rates that are prohibitive.

On the other hand, municipalities find a ready market for the sale of their tax-free bonds at attractive interest rates, which leads to extravagance and waste in the conduct of municipal affairs and adds to the burden of taxes which the people must bear.

The repeal of these high surtax brackets it is confidently expected will promptly result in an adequate flow of capital into industrial channels where it is so much needed during this critical post-war period of readjustment and reconstruction.

To make up some of the loss in revenue from the repeal of these taxes we have increased the corporation tax to a flat rate of 12½ per cent, retaining the \$2,000 exemption as a protection to the small corporations, and have made other changes which we believe will be attended with good results.

The changes which this bill will effect in the present law are very much to the advantage of the great masses of people upon whom the present law bears heavily. Chiefly among these changes are the increased exemption that has been given to married men or heads of families on incomes up to and including \$5,000. This exemption has been increased from \$2,000 to \$2,500, and in addition to that a further exemption of \$200 for each minor child or other dependent has been granted, making this exemption \$400 instead of \$200 as in the present law. We have also granted an exemption on sums up to \$500 derived from dividends from building and loan associations in order to encourage the building and owning of homes. There have been many other eliminations or reductions that will directly benefit the same class of people.

In preparing this bill the Committee on Ways and Means was faced with a rather terrifying responsibility. With increasing expenditures on the part of the Government confronting us on the one hand and the insistent demand from the country for a reduction of taxes on the other, the situation was one to demand our very closest and serious consideration.

We had before us the responsible heads of the Treasury Department and other branches of the Government and heard their side of the story as to the estimated receipts and expenditures of the Government for the next fiscal year. We also asked them for suggestions as to what changes should be made in our taxes in order to bring in the necessary revenue.

After giving these matters careful consideration we were convinced that the only way to bring about a reduction in taxes was by the enforcement of a program of the strictest and most rigid economy in departmental expenditures. We called in the chairman of the Appropriations Committee and laid before him the figures of estimated expenditures submitted by the Treasury Department.

We asked Mr. MADDEN to go over them carefully and give the committee the benefit of his advice and opinion as to where savings could be made. Mr. MADDEN made a very clear and convincing report to the committee, and it is in a large measure due to the economies that the chairman of the Appropriations Committee has promised to put in effect covering future appropriations that the committee has been able to report to you so favorable a revenue bill as this is.

But I can not let this opportunity go by without a word of warning to the membership of the House, especially to the gentlemen on this side of the aisle, as to your responsibility in sustaining the efforts of the Appropriations Committee in keeping down appropriations. Unless we do that this bill will fail in its object.

We Republicans promised the country that if returned to power we would cut out extravagance and reduce taxation. The fulfillment of that promise is carried in this bill, but if we are to actually do what the bill says we are going to do, it will be necessary for us to cut our appropriations to the very bone, and we must think seriously before we enact into law some of the bills which are now before Congress which carry with them

large appropriations and which, in my opinion, the country can get along very well without until such time as we are financially able to assume new responsibilities.

Mr. Chairman, it is a source of much gratification to me that we have been able to present to the country at this time so satisfactory a revenue measure. No Congress has ever been called upon to frame a revenue bill under such critical and uncertain world conditions.

Personally I would very much like to have seen the adoption of a sales tax in this measure, for I am more than ever convinced that such a tax is the most logical and the most equitable form of tax that can be put in operation. I will not attempt to go into the merits of such a tax at this time, but it is my opinion that with its adoption it would have been possible to eliminate the excess-profits tax, all of the surtaxes, all of the special excise taxes, and to make substantial reductions in the normal income-tax schedule, and at the same time to derive sufficient revenue to meet the needs of the Government.

There is a fast growing sentiment throughout the country for the adoption of the sales tax, and I venture to predict at this time that such a plan will be embodied in our revenue legislation within the next few years.

Mr. Chairman, I firmly believe that we have brought out a revenue bill which has much of real merit to it. Of course it is natural for the Members on that side of the aisle to criticize it and belittle its advantages. That is the part of the duties of a minority party. However, I am sure that the wholesome effects of the changes which we have made will be so far-reaching that the intelligent people of the country will not be influenced by the carping and captious criticism of our Democratic brethren.

The enactment of this bill into law will be a fulfillment of the principal campaign pledges of the Republican Party and a true and living evidence that we have kept the faith. [Applause on the Republican side.]

I append a summary of the changes that have been made in the present law by this bill.

#### SUMMARY OF TAX CHANGES.

The following is a recapitulation of the principal changes in rates contained in the new bill, with estimated gains and losses such changes will occasion. Estimated changes in annual revenue receipts under proposed new rates for 12-month period (rates not fully in force until calendar year 1923):

	Loss.	Gain.
Repeal of excess profits <sup>1</sup> .....	\$450,000,000	.....
Increase of corporation income tax from 10 per cent to 12½ per cent <sup>1</sup> .....	.....	\$133,750,000
Reduction of surtax rates on individual incomes (maximum, 32 per cent) <sup>1</sup> .....	90,000,000	.....
Increased exemption of heads of family: To \$2,500 for incomes in excess of \$5,000.....	40,000,000	.....
Additional exemption for dependents increased to \$400 from \$200.....	30,000,000	.....
Repeal of tax on transportation (freight, passenger, and express) as of Jan. 1, 1922.....	252,000,000	.....
Repeal of tax on life insurance.....	6,300,000	.....
Repeal of tax on beverages (secs. 628 and 630).....	60,000,000	.....
License tax on sellers of soft drinks.....	.....	10,000,000
Tax of 6 cents on cereal beverages.....	.....	12,000,000
Tax of 5 cents on carbonic acid gas.....	.....	2,000,000
Tax of 2 cents a gallon on fruit juices of soft drinks.....	.....	.....
Tax of 3 cents a gallon on still drinks, not mineral and table water.....	.....	12,000,000
Tax of 10 cents a gallon on fountain sirups.....	.....	.....
Repeal or reduction of excise taxes:		
Sec. 900—		
Par. 5 (sporting goods).....	2,000,000	.....
Par. 9 (candy).....	8,000,000	.....
Par. 13 (electric fans).....	280,000	.....
Par. 19 (fur articles).....	4,510,000	.....
Sec. 904.....	15,000,000	.....
Change in sec. 907, perfumery, cosmetics, and proprietary medicines (5 cents tax on manufactures).....	.....	8,000,000
Total.....	968,080,000	177,750,000
Net loss.....	790,330,000	.....

<sup>1</sup> Effective Jan. 1, 1922

Mr. Chairman, I yield back the balance of my time.  
The CHAIRMAN. The gentleman from New Jersey yields back six minutes.

Mr. OLDFIELD. Mr. Chairman, the gentleman from Michigan told the gentleman from Texas [Mr. GARNER] that he wished to use more time this afternoon. We have not anybody on this time who wishes to speak this afternoon.

Mr. LONGWORTH. I understood the gentleman from Texas and the gentleman from Arkansas wished to speak this afternoon.

Mr. OLDFIELD. No.

Mr. GREEN of Iowa. Mr. Chairman, I yield 25 minutes to the gentleman from New York [Mr. MILLS].



The CHAIRMAN. The gentleman from New York is recognized for 25 minutes.

Mr. MILLS. Mr. Chairman and gentlemen of the committee, it is difficult to listen with patience to such general statements as were made by the distinguished Democratic leader [Mr. GARNER]. Of the \$3,376,000,000 to be raised by internal-revenue taxation during the fiscal year 1922, no less than \$2,054,000,000 will be raised from income taxes, corporation taxes, including the excess-profits tax. Of the \$193,000,000 reduction during the next fiscal year, not one penny is deducted from the taxes of the classes whose taxes he claims should not be reduced; while if we take the following year, we find that of the reduction of \$790,000,000 half is divided between direct taxes and half between indirect taxes.

The gentleman from Texas talked in a loose way about the reduction of surtaxes and the motive for such reduction as if any responsible party charged with the duty of framing revenue measures would be actuated by the desire to exempt this class or that class of population rather than by the earnest wish to frame as scientific and equitable a tax measure as it is possible to frame. [Applause on the Republican side.] I take it that there are three qualities upon which any sound tax measure must rest. The first is productivity, the second is equity, and the third is that it may be imposed with a minimum of friction and disturbance of the orderly business and commercial processes of the community. The present high surtaxes on incomes violate every one of these three tests. Their productivity is steadily decreasing. They discriminate in a wholly unjustifiable manner between corporations and partnerships, and there can be no question that they are to-day draining into the unproductive channels of Government expenditure or forcing into tax-exempt securities that liquid capital which is absolutely essential to the normal development of the country.

Let us consider the first point: We find the taxable incomes in excess of \$300,000 reported for taxation fell off from \$950,000,000 in 1916 to \$390,000,000 in 1918. We find that taxable incomes of over \$100,000 reported in 1918 \$990,000,000 for tax purposes and only \$600,000,000 in 1920, while the tax fell off from \$470,000,000 in 1918 to \$270,000,000 in 1920.

Taking them by classes, incomes of from \$150,000 to \$300,000 reported \$371,000,000 in 1919, as compared with \$505,000,000 in 1916; incomes from \$300,000 up to \$500,000, \$159,000,000, as compared with \$272,000,000; incomes from \$500,000 to \$1,000,000, \$126,000,000, as compared with \$256,000,000; incomes of \$1,000,000 and over, \$152,000,000, as compared with \$464,000,000. Now, surely no one will contend that the incomes of these individuals were diminishing during this period when bank deposits increased from \$14,430,000,000 in 1914 to over \$25,730,000,000 on March 1, 1920, while the circulating medium of the country increased from \$3,204,000,000 on June 3, 1914, to \$5,846,000,000 on February 1, 1920. No, gentlemen, the incomes did not decrease. They increased, but the Government ceased to get them for purposes of taxation. The reasons are not far to seek, and, unfortunately, they are neither temporary nor accidental, nor can they be eradicated by any measure which this Congress may adopt. In the first place, there is the great evil of tax-exempt securities, to which your attention has been repeatedly called. There are some \$15,000,000,000 of tax-exempt securities offering to any rich man a safe haven from these excessive taxes. To-day if he is a man of very large means his money has to earn him 16.67 per cent in order to yield him the return that a 4½ per cent municipal bond will yield him, and in order to earn it in that way he has to take all the risks incident to any business venture expected to yield such a large return.

In the second place, even if there were no tax-exempt securities, even if you change the Constitution as to future issues, you will never in normal times collect as high as 70 per cent of a man's income. I base that statement on the tax history of the world. Gentlemen forget that the income tax is a comparatively novel and new tax, except possibly in so far as Great Britain is concerned. It has been a wonderfully successful tax, but what is the reason for the great success of the income tax in the past? Why, gentlemen, its success depended upon the fact that it was levied at a moderate rate. Do you realize that even in Lloyd-George's famous budget measure of 1909 the normal tax was only 5 per cent and the supertax only 2½ per cent?

Do you realize that the graduated income tax of Prussia and other German States only ran up to 6 per cent, and that the highest income-tax rate in Germany did not exceed 15 per cent, which included municipal, local, State, and Empire taxes? They have thoroughly tried the income tax in Europe. Where it was levied at a moderate rate it succeeded. Where it was levied, as in Italy, at as high a rate as 20 per cent it was a complete failure. The people felt that it was too high; that it was unjust. They made false statements. Public sentiment supported

the evasion, and the tax could not be collected. One of our leading economists describing the situation in Italy in 1912—mind you, dealing with only a 20 per cent rate—said:

The tax rates have become so enormous that the administration has broken down under the weight, and the public conscience has given way to an equal extent. The Italian income tax is a signal proof of the folly of the attempt to tax incomes at anything more than a very moderate figure.

And yet when this party of ours and the Ways and Means Committee recognize the fact, which is admitted by every economist, that you can not collect this tax at these ridiculous rates, they are charged by gentlemen interested in making a popular appeal with favoring the rich, although it has been amply demonstrated that the rich are not paying these taxes, and the high rate inevitably spells a low return.

Mr. FREAR. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. FREAR. What is the gentleman's position in regard to an income tax? Is he opposed to it?

Mr. MILLS. No; I favor an income tax.

Mr. FREAR. What rate on income tax is the gentleman in favor of?

Mr. MILLS. I am coming to that.

Mr. FREAR. Is it not a fact that Great Britain to-day has an 8 per cent excess-profits tax and a 30 per cent flat tax on corporations?

Mr. MILLS. The gentleman is entirely right as to the income tax, but these are war measures. In England prior to the war they had no income tax exceeding 8 per cent.

In the United States almost every State in the Union has attempted to collect a personal-property tax on intangible personal property at rates from 40 to 60 per cent, and none of them succeeded. They tried dooming and sworn statements and every expedient known to man, but they could not collect it. Forty per cent was recognized by the community as excessive. In my own State we had a personal-property tax law which was a dead letter. It assumed to tax intangible personal property at about 2 per cent. We investigated the situation in 1915 by a commission, of which I was the chairman, and we recommended its repeal and the substitution therefor of a 3 per cent tax on income. This was a vast drop from 40 per cent of income to an income tax of 3 per cent. Gentlemen belonging to the same political party as my friends on the other side made the same argument that has been made here, and what has been the result? They adopted the recommendation of our commission, and to-day the State of New York is collecting many millions—my recollection is over thirty-five millions—under the 3 per cent tax, when it was not collecting a million dollars at the 40 per cent rate. That is an answer to the ridiculous proposition that has been urged here.

Mr. CABLE. Will the gentleman yield?

Mr. MILLS. I will.

Mr. CABLE. Can the gentleman advise us whether the men who have invested in tax-exempt securities will withdraw that money and invest it in other securities?

Mr. MILLS. Gradually, yes; because money in the long run will always seek the most profitable sources of investment.

In the second place, these high taxes discriminate in a highly unwarranted manner against partnerships. To-day a corporation pays an excess-profit tax, a tax of 10 per cent on net income, and the stockholder, of course, pays on the dividends received. The money that is undistributed pays nothing. A partnership pays on all of its earnings, whether distributed or not, and they pay at these rates that will run up to 70 per cent, as contrasted with the 10 per cent tax on corporations. As a result one partnership in 1918 paid a million and a quarter dollars more than it would have had to pay had it been organized in a corporate form. Do you call that justice; do you call that equity; do you call that scientific taxation; and is it not proper to so reduce the rates as to bring some degree of parity between the corporation and the partnership competing in the same line of business?

Finally I maintain that these taxes deprive the commercial and industrial enterprises of the United States of the capital that is absolutely necessary for their normal development, and so have to no small extent contributed to the present business depression. The amount of liquid capital available every year for new development and for the ordinary purposes of trade and commerce is comparatively limited. And remember that taxes have to be paid in cash. What do you suppose the effect was on the credit of the country last December, and again in March, when literally millions of dollars had to be borrowed to pay taxes to the Government rather than to be available for the ordinary purposes of commerce and trade? It has been estimated that we have some \$6,000,000,000 surplus annually available for reinvestment, at least half of which is absorbed



by maintenance and replacement, leaving \$3,000,000,000 for new development. Recollect that in 1919 of this \$3,000,000,000, \$1,250,000,000 was taken in income taxes alone. I am not dealing for the present with the amount of money that sought seclusion and protection in tax-exempt securities. Of this \$1,250,000,000 no less than \$750,000,000 came from incomes in excess of \$50,000.

Consider to-day the condition of three of your great industries—agriculture, the railroads, and the building industry. There is not a man in the Chamber who does not know that they are all three starving for the lack of capital. Only yesterday we were considering a bill authorizing one of the Government agencies to go into the money market of the United States and borrow up to a billion and a half of dollars, to give to the farmers credit to carry and move their crops. There is a bill before one of the committees of this House authorizing that same agency to go into the money market of the United States and obtain credit so that the railroads can perform the necessary work in the way of maintenance and new improvements. Why is it that there is an absolute shortage of the liquid capital ordinarily available for these very purposes? Gentlemen will give as causes the war, overexpansion, inflation, and the inevitable depression. That is all true, but who will say what part these excessive and unscientific taxes have played in bringing about this condition in which the credit absolutely necessary for the normal business of the country is lacking, so that agriculture and the railroads have to come to Congress for help, and Congress has to resort to the expedient of emergency credits obtained through a Government agency.

Let me call the attention of gentlemen from the rural districts to this further proposition. Inside of three months this House will be considering a proposition to provide farmers with credit running from a year to two and three years, because there exists to-day a well-recognized gap in our banking system. The ordinary sources of credit, the short-time commercial credits, do not meet the situation, because these mature ordinarily in from 60 to 90 days, while the farmer needs from 9 to 12 months and the cattle raiser up to 3 years' credit. It is not proposed by gentlemen who have studied this proposition, and who will advocate the measure, to tap the commercial credit fund of the country. No; they propose to tap the investment fund, and very properly so. I would point out to them that it is going to be mighty difficult to tap the investment fund of the country if you drive that investment fund into tax-exempt securities, or if you propose to tax it to the tune of 70 per cent to pay Government expenditures.

All of these doctrines proved unsound by experience, which run against natural economic laws, inevitably bring their own consequences, and these unscientific and inequitable taxes have brought their inevitable consequence to-day in the form of unduly limited capital and a restriction of credit.

My criticism of this bill then is not that it goes too far, but that it does not go far enough. The gentleman from Texas [Mr. GARNER] congratulated the Republican caucus on having postponed the date. I disagree with him. If a thing is right to do, it is right to do it now, and performance is always better than a promise. The business of this country to-day is flat on its back. There are 5,700,000 men out of employment.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Certainly.

Mr. MADDEN. It is one thing to impose a high tax rate and another thing to force a man to engage in business to yield money with which to pay the rates.

Mr. MILLS. Yes.

Mr. MADDEN. And so when we impose a high tax rate we drive that man out of profitable business into tax-exempt securities.

Mr. MILLS. Exactly.

Mr. MADDEN. And that is our trouble to-day.

Mr. MILLS. Exactly. Anyone who has studied the history of these business depressions will notice that they all have certain very common characteristics—a period of rise in prices, rapid expansion of credit, very active business, and apparent prosperity. More and more credit is necessary to carry on the business transactions because of increased prices until one day the public makes up its mind that prices will no longer rise, buying ceases, banks are obliged to restrict credits, and the general period of deflation and suffering follows. It will be further noted that in all of these crises before recovery comes there is one condition which is always present, and that is cheap and easy money seeking profitable employment. When there is a sufficient supply of cheap money seeking employment, ready to be loaned, not only for the immediate business purposes of the community but for permanent investment, what happens? Men begin to buy for future sale; manufacturers to fill their

orders and to expand their business; goods move, the wheels turn, and the cycle of business prosperity is once more under way. Do your present taxes tend to give you cheap and easy money? Do they tend to encourage industry and economy? Are you if you maintain them giving business that assistance which is necessary for its revival? These are the questions which you have to answer before you yield to the fascinating impulse of taxing the other fellow at very high rates without considering what the consequence may be to all of the people.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. MILLS. Gladly.

Mr. STEVENSON. I noticed in a hearing that the gentleman from New York appeared in behalf of a tax on expenditures. I would like to ask if the gentleman is still in favor of a tax on expenditures as advocated at that hearing?

Mr. MILLS. Oh, absolutely. I was going to take that up if I have the time—

Mr. STEVENSON. I would be very glad to get the gentleman's views on that question.

Mr. MILLS (continuing). If I have adequate opportunity to present the plan to the House. My own feeling is that we should repeal all surtaxes. That we should keep the normal tax, and then we should tax men on what they spend at a graduated rate. [Applause.] Money saved and reinvested in productive enterprises of the country should be taxed at a flat rate. Money extravagantly and uselessly spent should be taxed at a constantly increasing rate. [Applause.]

Mr. LONDON. Will the gentleman yield?

Mr. MILLS. We want to put the biggest possible burden on waste and extravagance, and we want to give the biggest possible incentive to thrift and saving, and I know of no other way to do it. [Applause.] Now, gentlemen have said this is no more than a sales tax; that this is a tax on consumption. True, it is a tax on consumption, gentlemen, but it has this fundamental difference. A tax on consumption, such as a sales tax that is imposed at a flat rate, means that it is regressive in character, bears no relation to ability to pay, and falls with the greatest weight on men of the smallest incomes, because they spend most of that income on living expenses.

Mr. GREEN of Iowa. If the gentleman will permit, I think the only trouble with the gentleman's tax on expenditure is that he is 10, 15, or 20 years ahead of the time. I think he is right, but it will work a perfect revolution in our form of taxes, and the committee was afraid to undertake it at this time.

Mr. MILLS. I am not criticizing the committee, but I understand anyone who brings forward a novel proposition must expect to have it pretty well analyzed and criticized before he gets anywhere. [Applause.]

Mr. LONDON. Will the gentleman yield?

Mr. MILLS. Gladly.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LAYTON. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended for five minutes.

The CHAIRMAN. The time is in control of the gentleman from Michigan and the gentleman from Texas.

Mr. FORDNEY. I have request for double the time which is at my command, but I will yield the gentleman five additional minutes.

Mr. LONDON. I desire to ask whether the proposition of the gentleman from New York involves an exemption in favor of families for a minimum standard of comfort?

Mr. MILLS. What I do, I will say to my colleague from New York, is to give an exemption of \$4,000 to families on all expenditures. In addition, the bill gives them certain exemptions for medical and hospital care, and so on. I provide a \$4,000 exemption for a family and \$2,000 for a single man. After that all expenditures are taxed at a graduated rate rising to 40 per cent, though, of course, the rate, if necessary, could be made higher.

Now, let me point out the advantages of this scheme. You do away at once with the whole problem of tax-exempt securities, which otherwise is insoluble. In the second place, you do away with the present injustice against partnerships as compared with corporations that has been much too little spoken of in tax discussions here in Washington. It is a great injustice and calls for a remedy. In the third place, the proposition has all the merits which can be urged in favor of a sales tax, but in addition it maintains the principle of graduation, which I believe has come to stay in this country, because it recognizes that men must be taxed in accordance with their ability to pay so there shall be equality of sacrifice. [Applause.] In the fourth place, as I have already pointed out, it not only discourages wasteful expenditure but it puts a positive premium on thrift. Every other tax we have been discussing does just the opposite. There is no incentive to

save if through an inheritance tax the Government is going to take 50 per cent of what you leave. There is no tendency to take a business risk if when you are successful the Government is going to take 70 per cent of your profit. The whole tendency under the present system is to spend all you have got and enjoy it as much as you can, because if you do not the Government will take it anyhow. Now, here is a tax which says to the average citizen, "My friend, the Government recognizes the value of thrift. It recognizes that in a growing country such as ours it is absolutely necessary that capital should be saved year by year for reinvestment so that the country may grow with maximum rapidity, increase its productivity, which can only be done through the accretion of new capital, and thus raise the standard of living of all of its people."

And if you will do your share and save, what you save and reinvest will be taxed at a moderate rate, but what you blow in on high living we will make you pay for at 50 and 60 per cent. The proposition is novel to us, but it is not new in tax history. You will find that as early as the middle of the nineteenth century John Stuart Mill advocated this as the only sound kind of income tax. He was met with the objection that it was a rich man's tax, because the rich man could save more than the poor man and would profit more. This was his answer:

It has been further objected that since the rich have the greatest means of saving, any privilege given to savings is an advantage bestowed on the rich at the expense of the poor. I answer that it is bestowed on them only in proportion as they abdicate the personal use of their riches; in proportion as they divert their income from the supply of their own wants to a productive investment, through which, instead of being consumed by themselves, it is distributed in wages among the poor. If this be favoring the rich, I should like to have it pointed out what mode of assessing taxation can deserve the name of favoring the poor.

[Applause.]

What was true in Mill's time is true now.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORDNEY. Mr. Chairman, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, the gentleman from New York [Mr. MILLS], who has just preceded me, has made a very interesting address. He is something of a student of the subject of taxation apparently, and I hesitate to question some of the statements he has made for fear I may not have understood him correctly, and I would not intentionally place him in a wrong position. I take it, however, first, that he is opposed to the inheritance tax. A man under the laws of this Government may accumulate all the money and all the property he wants, fifty or a hundred million dollars, and yet he can carry that with him to his grave or leave it to his children or legatees who have had no hand in accumulating that property. The gentleman from New York opposes such tax. I would make that tax higher, and it is made higher in practically every other country on the principle of taxing according to ability to pay.

The following figures are illuminating. To Representative RAMSEYER, of Iowa, I am indebted for the following valuable comparisons:

Comparative wealth of three governments for 1920, taken from the Statistical Abstract, is as follows:

United States	\$250,000,000,000
Great Britain	80,000,000,000
France	70,000,000,000

During the last fiscal year Great Britain collected from estates \$231,962,940, France collected for same period from the same source \$179,160,743. United States receipts for same period and from estates \$150,000,000.

Based on comparative wealth, which includes 26,000 millionaires in this country, among them the richest people in the world, our inheritance tax to bring proportionate revenues would be about as follows:

Great Britain accrued incomes from estates	\$231,962,940
France	179,160,743
United States based on English rates	695,888,720
United States based on French rates	627,062,600
United States revenues under proposed law	150,000,000

Although we collect less than one-quarter of the proportionate amount collected in England or France, the gentleman from New York [Mr. MILLS] objects to any collections from inheritance, while I would raise such taxes from 100 per cent to 300 per cent to more nearly conform with tax rates on same sources of revenue in other countries.

The gentleman from New York [Mr. MILLS] is opposed to the principle of a graduated income tax, notwithstanding he believes in the principle of a graduated spending tax of 3 per cent instead of an income tax which reaches to 70 per cent, including surtax, under existing law, and to 40 per cent in the pending bill. The gentleman from New York [Mr. MILLS] is opposed to an excess-profits tax. He is opposed to any tax on profits or a tax based on the ability to pay. That, of course, is an attack upon the whole tax system that we have. He is opposed to the greatest tax authorities in the world. If our system is wrong, then we should repeal it. If his is right, it

ought to be enacted. But to adopt his spendings tax we repudiate the experience of the world and propose to try a modified consumption tax that, under any other name, is equally objectionable.

I want to question one or two of the statements that he made as to the seriousness of taxing wealth in this country. He speaks the protest of wealth against our tax laws. Gentlemen, you have listened to this often; you have heard it through the press constantly, and you may have grown to believe in it, because there is an organized propaganda through the press and in evidence on every hand that money will not be invested because of the surtax and excess-profits tax under existing laws of this country. That is a serious problem. As I understood the gentleman from New York [Mr. MILLS], who has just preceded me, the taxes are heavier here than in other countries, and he cited Italy, Great Britain, and other countries. Any man who is familiar with the principles of taxation knows that the income tax in this country is easier and much less in amount for ordinary incomes than in Great Britain until you pass the \$250,000 income.

Let me again quote some exact data from experts of the Treasury Department who have made comparisons on this subject:

OUR INCOME-TAX RATE FAR BELOW GREAT BRITAIN.  
Comparison of tax on incomes.

Amount.	United States law.		Rate per cent.	
	Normal tax.	Total tax.	United States.	Great Britain.
\$2,000.....	\$0	\$0	0	0
\$3,000.....	40	40	1.3	8.44
\$5,000.....	120	120	2.4	15.00
\$10,000.....	480	590	5.9	18.75
\$12,500.....	680	895	7.16	26.25
\$15,000.....	880	1,230	8.2	32.08
\$20,000.....	1,280	1,790	9.95	34.06
\$30,000.....	2,080	3,890	12.96½	37.29
\$40,000.....	2,880	6,290	15.72½	39.84
\$50,000.....	3,680	9,190	18.38	41.88
\$60,000.....	4,480	12,590	20.98½	43.65
\$80,000.....	6,080	20,890	26.11½	45.88
\$100,000.....	7,680	31,190	31.19	47.19
\$150,000.....	11,680	61,190	40.59½	48.95
\$200,000.....	15,680	93,190	46.59½	49.84
\$300,000.....	23,680	161,190	53.73	50.73
\$500,000.....	39,680	303,190	60.63½	51.44
\$1,000,000.....	79,680	603,190	66.31½	51.97
\$5,000,000.....	399,680	3,583,190	71.66½	52.39

<sup>1</sup> These income-tax rates now pass each other at \$250,000 annual income. Under the plan I propose to reinstate, the 1918 rates, 4 per cent will be added to above rates, so that our rate would pass that of Great Britain at \$200,000 but will average far below the English rates on incomes under that amount.

The foregoing statement of comparative income tax rates in the United States and Great Britain, prepared by Treasury officials, discloses the following:

At \$3,000 the rate in Great Britain now is six times that of the United States.

At \$5,000 the rate in Great Britain now is over six times that of the United States.

At \$20,000 the rate in Great Britain now is over three and one-half times that of the United States.

At \$50,000 the rate in Great Britain now is about two and one-fourth times that of the United States.

At \$100,000 the rate in Great Britain now is about one and one-half times that of the United States.

At \$200,000 the rate in Great Britain now is 5 per cent greater than our tax.

At \$250,000 the rate in Great Britain now is about the same as ours.

At \$1,000,000 annual income our tax is 16 per cent greater than that of Great Britain.

In other words, either Great Britain is grossly overtaxing incomes from \$3,000 to \$50,000 or else we are undertaxing them. In estimating wealth based on income it is customary to use \$50,000 annual income as a conservative average for entrance into the millionaire class. Of that income, under our laws, less than 20 per cent is deducted, whereas Great Britain takes over 40 per cent of the income, or more than double our rate.

Great Britain proposes to raise existing rates, which I have used for purposes of comparison.

While the British taxation laws are different from our own in several respects, I am informed by a high Treasury authority that, considering local methods of taxation, which in Great Britain covers a multitude of specifically taxed articles, and also taxes for different municipalities, the foregoing tables give a fair comparison of rates of taxation in the two countries.

Six times the income-tax rate at \$3,000 and three and one-half times the tax rate at \$20,000 are the existing excess rates in Great Britain over the United States, and even at \$100,000 annual income, which I assume is nearer that of the gentleman from New York, the British income-tax rate is 50 per cent higher than in this country.

Mr. Chairman, every man familiar with corporation taxation here knows to-day the corporation tax in Great Britain is a



30 per cent flat tax, whereas under the pending bill it is only 12½ per cent, or about 40 per cent of the flat tax on corporations. Eighty per cent has been the highest bracket on excess profits corporation tax in Great Britain. Here it has been only 40 per cent—only one-half. And what is true in Great Britain is true in France and Germany, and other countries that suffered in the war.

Let me give you some other tax figures that are of far-reaching significance when compared with statements just made by the gentleman from New York as to oppressive tax rates in this country. They disclose how mistaken he is in his conclusions that taxes are higher here than elsewhere.

Again I quote from the statement inserted in the RECORD yesterday by Mr. RAMSEYER, of Iowa, to whom the House is indebted for the illuminating figures he has given:

*Revenue and expenditure, 1920-21.*

REVENUE (EXCHEQUER RECEIPTS), 1920-21.

	Pounds.	Dollars.
Customs.....	134,003,000	651,254,580
Excise.....	199,782,000	970,940,520
Total, customs and excise.....	333,785,000	1,622,195,100
Motor vehicle duties.....	7,073,000	34,374,780
Estate, etc., duties.....	47,729,000	231,962,940
Stamps.....	26,591,000	129,232,260
Land tax.....	650,000	3,159,000
House duty.....	1,900,000	9,234,000
Income and super tax.....	394,146,000	1,915,549,560
Excess profits, duty, etc.....	219,181,000	1,065,219,660
Corporation profits tax.....	650,000	3,159,000
Land values duties.....	20,000	97,200
Total inland revenue.....	690,867,000	3,357,613,620
Total tax revenue.....	1,031,725,000	5,014,183,500
Postal Service.....	36,100,000	175,448,000
Telegraph service.....	5,200,000	25,272,000
Telephone service.....	8,200,000	39,852,000
Crown lands.....	660,000	3,207,600
Receipts from sundry loans, etc.: Ordinary receipts.....	991,000	4,816,260
Special receipts.....	29,780,000	144,730,800
Miscellaneous: Ordinary receipts.....	25,389,000	123,390,540
Special receipts.....	278,940,000	1,400,388,400
Total nontax revenue.....	394,260,000	1,916,103,600
Total revenue.....	1,425,985,000	6,930,287,100
Borrowings to meet expenditures chargeable against capital.....	6,087,000	29,582,820

EXPENDITURE (EXCHEQUER ISSUES) 1920-21.

I. CONSOLIDATED FUND SERVICES.		
National debt services: Inside fixed debt charge.....	24,500,000	119,070,000
Outside fixed debt charge— Interest, etc., on war debt.....	325,099,000	1,579,981,140
Road fund.....	8,937,000	43,433,820
Payments to local tax accounts, etc.....	10,785,000	52,415,100
Land settlement.....	6,930,000	33,679,800
Other consolidated fund service.....	1,795,000	8,728,560
Total consolidated fund service.....	378,047,000	1,837,308,420
II. SUPPLY SERVICES.		
Army.....	181,500,000	882,090,000
Navy.....	88,428,000	429,760,080
Air force.....	22,300,000	108,378,000
Civil services: Public education.....	56,975,000	276,898,500
Old age pensions.....	25,486,000	123,861,960
Ministry of pensions.....	109,256,000	530,984,160
Ministry of health, insurance, etc.....	22,339,000	108,567,540
Ministry of labor.....	24,583,000	119,473,380
Loans, dominions and allies.....	24,059,000	116,926,740
Railway agreement, transportation, etc.....	26,239,000	127,521,540
Bread subsidy.....	42,460,000	206,355,600
Ministry of munitions.....	16,890,000	81,939,600
Coal mines deficiency.....	12,929,000	62,834,940
Other civil services.....	99,030,000	481,285,800
Customs, excise and inland revenue departments.....	11,259,000	54,718,740
Post-office services.....	53,678,000	260,875,080
Total supply services.....	817,381,000	3,972,471,660
Total expenditure.....	1,195,428,000	5,809,780,080
Balance.....	230,557,000	1,120,507,020
Total.....	1,425,985,000	6,930,287,100
Expenditure chargeable against capital.....	6,087,000	29,582,820

The estimated revenue and expenditure of the British Government for the fiscal year ending March 31, 1922, being the present fiscal year, are as follows:

*Final balance sheet, 1921-22, as proposed by the chancellor of the exchequer on Apr. 25, 1921.*

ORDINARY RECEIPTS.

	Pounds.	Dollars.
Customs.....	126,800,000	616,248,000
Excise.....	196,200,000	953,532,000
Total.....	323,000,000	1,569,780,000
Motor tax.....	9,000,000	43,740,000
Estate duties.....	48,000,000	233,280,000
Stamps.....	21,000,000	102,000,000
Land tax and house duty.....	2,500,000	12,150,000
Income tax, including supertax and mineral rights duty.....	410,500,000	1,993,030,000
Excess-profits duty.....	120,000,000	583,200,000
Corporation-profits tax.....	30,000,000	145,800,000
Total.....	632,000,000	3,071,520,000
Post office.....	60,000,000	291,600,000
Crown lands.....	650,000	3,159,000
Receipts from sundry loans.....	12,000,000	58,320,000
Miscellaneous receipts.....	21,500,000	104,490,000
Total.....	1,058,150,000	5,142,609,000

SPECIAL RECEIPTS AND EXPENDITURES.

Special revenue arising from the realization of war assets.....	158,500,000	770,310,000
---	-------------	-------------

ORDINARY EXPENDITURES.

CONSOLIDATED FUND SERVICES.

National debt services: Inside fixed debt charge.....	24,500,000	119,070,000
Outside fixed debt charge.....	320,500,000	1,557,630,000
Total.....	345,000,000	1,676,700,000
Road fund.....	8,400,000	40,824,000
Payments to local tax accounts, etc.....	11,115,000	54,018,900
Land settlement.....	5,000,000	24,300,000
Other consolidated fund service.....	1,757,000	8,533,020
Total consolidated fund service.....	371,272,000	1,801,381,920

SUPPLY SERVICES.

Army.....	95,963,000	466,380,180
Navy.....	80,479,000	391,127,940
Air Force.....	16,940,000	82,328,400
Civil services: Public education.....	63,518,000	308,697,480
Old age pensions.....	26,150,000	127,089,000
Ministry of pensions.....	111,557,000	542,167,020
Ministry of health.....	31,220,000	151,729,200
Ministry of labor.....	18,325,000	89,053,500
Ministry of transport.....	453,000	2,201,580
Coal mines deficiency.....	3,000,000	14,580,000
Other civil services.....	73,280,000	356,140,800
Total.....	327,503,000	1,591,664,580
Customs and excise and inland revenue departments.....	14,701,000	71,448,880
Post-office services.....	67,165,000	326,421,900
Total supply services.....	602,751,000	2,929,369,880
Total.....	974,023,000	4,733,751,780
Balance.....	84,127,000	408,857,220
Total.....	1,058,150,000	5,142,609,000

SPECIAL RECEIPTS AND EXPENDITURES.

Liquidation of war commitments.....	65,705,000	319,326,300
Balance.....	92,795,000	450,983,700
Total.....	158,500,000	770,310,000

The foregoing figures ought to silence those who make the constant false outcry that we are overtaxing the people in this country compared with other countries.

Great Britain, with one-third the ability to pay, is raising revenues of \$5,142,609,000 for 1921 and 1922, or raised to our own comparative taxing ability to about \$15,500,000,000 for next year, whereas on page 4 of the committee report the estimated revenues in the United States for 1922 are as follows:

*Estimated income for fiscal year 1922.*

Estimated revenue under present law from internal-revenue taxes.....	\$3,570,000,000
--	-----------------

Changes made by proposed law:

Losses

Excess-profits tax (no change in receipts for 1922).	
Increased corporation income tax (no change in receipts for 1922).	
Surat rates (no change in receipts for 1922).	
Increased exemption to \$2,500.....	23,000,000

## Changes made by proposed law—Continued.

Losses—Continued.	
Increased exemption to dependents.....	\$17,250,000
Transportation taxes.....	131,000,000
Tax on beverages, etc.....	12,000,000
Sec. 900.....	7,390,000
Sec. 904.....	7,000,000
	197,640,000
Gains—	
Sec. 907.....	4,000,000
Total.....	193,640,000
Estimated revenue for 1922, internal revenue.....	3,376,360,000
Customs.....	379,000,000
Miscellaneous.....	487,643,000
Total revenue.....	4,427,643,000

An amount of \$4,427,643,000 for 1922 compared with \$15,500,000,000, the amount that would be raised under English rates, carries its own argument why American business men, financiers, and taxpayers generally should discount statements like these from the gentleman from New York, so glibly uttered, that business is harassed by taxes.

Again let me call attention to losses of \$197,600,000 in the above revenue taxes for 1922 and "Miscellaneous" \$487,643,000 are likely to reduce the total revenue to little more than an even \$4,000,000,000 when actual receipts are reported for 1922.

Mr. MILLS. Will the gentleman yield for a question?

Mr. FREAR. With pleasure.

Mr. MILLS. What is the normal income tax in Great Britain?

Mr. FREAR. I will say that our income tax passes their tax at \$250,000 annual income. Up to that point, our tax is only one-sixth of the British rate at \$3,000, and less than one-half of the British rate at \$50,000 annual income.

Mr. MILLS. The British normal tax is 30 per cent.

Mr. FREAR. On corporations.

Mr. MILLS. On individuals.

Mr. FREAR. I have given the Treasury comparisons on both normal and surtaxes combined, which is the actual tax paid. I will say in Great Britain to-day they are raising far more than three times as much taxes as we are based on ability to pay, and that those who represent wealth and are complaining of high taxes here should study comparative tax rates in order to appreciate their good luck in living in America.

Mr. MILLS. Would the gentleman be in favor of putting on a normal tax of 25 per cent?

Mr. FREAR. I am not sure that I understand the scope of the question as to what is to be considered, but when you say this country is being taxed to death I have furnished you undisputable evidence that we are taxed less than one-third of what they are taxed in Great Britain, and yet you cry aloud with mistaken statements and arguments because we tax excess profits and collect a surtax. Here is a Washington paper which last night stated that Congress has not kept faith with the people. It says:

## THE EXCESS-PROFITS TAX.

It will be difficult to reconcile the decision of the House Republican caucus to continue the excess-profits taxes until next year with either good faith or good judgment.

In the presidential campaign if there was any one point on which the spokesmen for both the major parties were agreed, it was that the excess-profits tax was to be immediately repealed, as it was of necessity an inequitable one and one that gravely hampered business and inflated prices.

## HAVE WE KEPT THE FAITH?

This cry comes from a paper whose publisher, a man of vast wealth, has consistently demanded a repeal of the excess-profits tax, a repeal of the higher surtaxes, an appeal for the iniquitous consumption tax editorial in an adjoining column, and incidentally this paper was one of two Washington papers, both of whose publishers are men of great wealth and who have iterated and reiterated editorially their opposition to any soldiers' compensation act, such as passed the House last session.

These papers were among the first to demand that we take the boys by law—boys from 18 to 35—and send them to fight our battles; that we pay them \$1 a day, out of which the boys contributed their allotments and insurance, while those who opposed the soldiers' compensation bill with their influential papers had left great incomes after paying their excess profits and surtaxes.

It sounds like a pretty cold-blooded proposition for such publishers now to berate Congress because the House had refused to date back the excess-profits repeal to January, 1921, instead of 1922, as decided by the conference.

In the published accounts of the conference it was stated that the gentleman from Illinois [Mr. MANN] and I had differed in the form of the motion, and that the motion of Mr. MANN pre-

vailed. One hundred and eighty-five Republicans present at the conference know that I moved that the House be allowed to vote on the proposal to postpone repeal of the excess-profits tax and surtax to January 1, 1922. This was vigorously opposed by the gentleman from Ohio [Mr. LONGWORTH], who introduced the resolution, and others. I accepted Mr. MANN's substitute without any vote that the conference decide the question, and upon that question 98 Republicans voted to keep in the Treasury the \$540,000,000 that would be raised in taxes in 1921 from excess profits and surtaxes. I will not discuss that proposal but say that the vote was not between Mr. MANN's motion and my own but between the Longworth proposal and my own as amended by Mr. MANN. In that case, as in the case of the dye-embargo vote, the bill as reported by the committee was amended as stated, and in each case I endeavored to make the bill better and easier to defend.

It is that vote in conference which the Washington paper finds is a lack of good faith on the part of a majority of House Republicans.

Mr. Chairman, that editorial is an indictment of the House, and we get it constantly from two papers published in the city of Washington. Undoubtedly the publishers are compelled to pay these taxes, but the public should know the motive that actuates criticisms. I have no quarrel with anyone, but I do resent constant unjust criticism from those who are interested because they will have to pay the tax. Taxation according to ability to pay has been the standard adopted by governments and tax authorities for over a century. It is the only correct principle, and those best able to pay taxes should willingly contribute to make up for those who can not pay because they have nothing to contribute. Taxes should be levied according to the ability to pay. An endeavor to do that has been made in this bill, excepting, as I say, in the repeal of the excess-profits tax and of the income surtax, and I think both of those positions are wrong. I believe these taxes should be retained.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. FREAR. I regret I have not the time. I desire to discuss several matters, otherwise I would be glad to yield.

Now, I want to consider this question of keeping faith with the people, because it has been repeatedly urged on Congress from various sources. We are asked to keep faith with the people and to repeal the excess-profits tax and we are asked to keep faith with the people by repealing the surtaxes. Gentlemen, the war is only just over. The entire world is prostrate. We find ourselves owing \$24,000,000,000, and we have got to pay it. Our annual expenditures are four times those of prewar times. We have got to raise the tax. We can not get back to normal times. We can not get back to the times before the war, because we owe twenty-four times as much as we did before the war, subject to the collection of foreign debts owing us of about \$10,000,000,000.

There was, prior to the war, in this country a period of great profiteering on contracts made by American manufacturers, financiers, and business men on loans and on goods sold to governments abroad. This was followed when we went into the war by constant profiteering on our own Government and our own people. Enormous profits were made not only on cost-plus contracts, but on other contracts, and inflation was started in this country, and men became enormously wealthy. Twenty-six thousand millionaires is said to be the number of millionaires who accumulated over \$1,000,000 each largely during the war. The spirit of profiteering extended throughout the country. The Government stepped in early in the profiteering game and began taking a part of this money for the support of the Government, 50 per cent in some cases, when the profits were extraordinarily high.

That immediately impressed but did not discourage the people who had been profiteering. They started an organized propaganda immediately after the war and before the last election, first to repeal the excess-profits tax, and, second, to repeal the surtax. They advocated a sales tax on everything that we eat and wear, whereby every man, woman, and child in this country would be taxed. That idea has its exponents. It is much the same as the "spending tax" of the gentleman from New York [Mr. MILLS]. That was the program.

A fight was squarely started against the sales tax. The real interests were pulled out into the open and sales-tax arguments refuted until long before our committee started to draw this revenue bill the sales tax was out, and out for good, for it was a political and economic liability. It is not claimed by the same interests that we are not "keeping faith" with the Republican platform adopted at the convention at Chicago that we would reduce taxes. We never agreed to repeal the surtaxes on wealth. We never agreed to wipe out the excess-profits



taxes. Nowhere in that platform can an implied promise to do so be found, and we can not repeal such taxes unless we supply something else in their stead which are better, not unless we wish to face an outraged people. There were over 26,000,000 votes cast at the last election. There are 10,000,000 farmers in the country, in round numbers. I have a letter here speaking in behalf of 2,000,000 farmers, addressed to the President, protesting against the repeal of the excess-profits tax. I have other letters from farming organizations against such action. Are we keeping faith with the farmers in this bill that proposes such repeal? Is the faith one that exists with the handful of wealthy people who pay the excess-profits tax, who want to be relieved of the burden? There are over a million miners in this country. Are we keeping faith with them when we propose in this bill to repeal this tax on wealth? There are over 4,000,000 domestics and over 4,000,000 other laborers in this country not in the classified list.

#### HOW ARE WE KEEPING FAITH?

Are these the people you, my fellow committeemen, are going to keep faith with when you repeal in this bill the excess-profits tax? Eight hundred and fifty thousand carpenters and over a million railroad workers are asking us to keep faith. Who are we asked by these special pleaders of privilege to keep faith with? Let us study the facts briefly. We are raising about \$4,000,000,000 from all sources; \$450,000,000, as was said in the conference the other day, in 1922 will be from excess profits. Ninety million dollars will be from the surtax. Before any excess-profits tax is levied the law grants an 8 per cent exemption to begin with. That is given first of all. Then comes the \$3,000 exemption to all corporations before the 20 per cent bracket takes place. Yet you say men of wealth are holding back their money and do not intend to put it into the current of business because we are taxing them so much. It is said they are going to put their money in exempt securities. But they are paying \$90,000,000 to-day on that, high surtaxes that represents many times that amount not in exempt securities, so that they are not putting all their money in exempt securities or trying to dodge all taxes.

How many people are paying the surtax based on \$100,000 income a year? That has been considered as the standard, so far as I have been able to ascertain, that will reach the 32 per cent high surtax provided in the bill. There are 4,499 people paying above the 32 per cent, according to official reports in 1918. I quote from page 18, Statistics of Income, 1921, of whom 627 had incomes in 1918 of \$300,000 or over, and 67 people reported incomes of \$1,000,000 or over. These are to be relieved from high surtaxes by this bill.

We are asked by the propaganda and by those who profess to have made some promise to some one that now we relieve these people from surtaxes and keep faith with 4,499 people. Out of the 26,000,000 voters at the last election, I ask you how you are going to answer the question with whom you kept the faith?

Corporations making returns in 1918 numbered 317,579. Of these 115,518 reported no net income and 202,061 corporations reported of which 68,973 were below \$2,000 net income, leaving 133,088 corporations that reported a total war-profits and excess-profits tax of \$2,505,565,939 for 1918. Of that number 1,026 corporations contributed over \$1,400,000,000, or nearly 55 per cent of the total. Those are the people whom we are asked to keep faith with principally. If such faith was pledged it ought to be kept, but no man living had power to pledge the country's faith to any such preposterous proposal. Now, I ask you, my colleagues, with 26,000,000 votes cast at the last election and this constant reiteration to "keep faith with the people," whom are you going to keep faith with? Will it be the 4,499 people who are going to pay the surtaxes in 1922 and these comparatively few corporations that are going to pay the bulk of the excess-profits taxes or will it be keeping faith with 26,000,000 voters, who place their confidence in the political party in power? We must decide. I say in all fairness that I do not want to do any injustice, and that suggestion was offered by the gentleman from New York [Mr. MILLS], who just spoke; but when we date back to January 1, 1921, the excess-profits tax and the surtaxes, this, in effect, is what we do. The argument of practically every man who comes out for the repeal of the excess-profits tax has been, "We pass it on; we collect it from the consumer." In other words, we have been asked to repeal the tax because it is only an additional burden to the consumer, who finally pays it. Well, if that be true—and I do not concede it—but if it be true, then these corporations have collected thus far in the calendar year 1921 most of the \$450,000,000 from consumers that will be paid from excess-profits taxes. These corporations have collected it from the people, according to

their contention, and have passed it on to the consumer and have put it into their pockets, waiting for the tax collector, to whom they expect to pay it at the end of the year.

Now, under the proposition of the gentleman from New York [Mr. MILLS] and others we are asked to go back to the 1st of January, 1921, and allow these corporations to keep that money which they say they have collected by passing on the tax to the consumer, money which they ought to pay to the Government. What an absurdity. That is no justification for the action we took the other day, the only sensible action that it is possible to take, although I contend the excess-profits tax is a just tax and ought not to be repealed, but might properly be amended. What is true of that tax is true to a certain extent of the high surtaxes, which bring, in 1921, \$90,000,000, which we are asked to repeal as of January 1, 1921. The charge is that if you do not reduce the surtaxes the money is going to be invested in tax-exempt securities; but there is \$90,000,000 in taxes the principal of which has not been invested in tax-exempt securities and that will be collected this year and paid to the Government under the law. Why date it back to January 1, 1921, when the law has specifically fixed the tax, and it is a tax based on ability to pay? I say, why should it not be collected? Why should this tax be repealed when it is shown that it is bringing in good revenues and is paid by those best able to pay from their large wealth?

#### LOSSES IN REVENUE.

Mr. Chairman, it is claimed that the income and excess-profits tax has grown less and those who favor their repeal speak gleefully of that reduction. Of course, tax collections have decreased, and as tax dodging and investing in tax-free securities and other methods are devised it is possible that a further decrease may result, but in England, France, Germany, and other countries where they raise several times as much tax as we do proportionately, the tax is paid, and when not paid, then the alternative of a capital tax is certain to reach wealth whoever acknowledges ownership. It is a certain means of securing money to run the Government, and it does not mean getting alms from wealth or manna from heaven. It is simply a just way of asking those who have the wealth and who refuse to contribute proportionately to the maintenance of the Government of which they are a part to meet their obligations as good citizens. If they can secure better protection and better rates of taxation elsewhere, of course, the ships are sailing and like the Astors they will be welcome elsewhere, but it would seem that they should prefer to remain here and do their part.

Mr. Chairman, I feel that this question of propaganda in regard to taxes ought to be momentarily commented upon. Practically every large paper in the country, every influential paper—and they are very powerful—has demanded the repeal of these taxes affecting excess profits and high surtaxes. Those in positions of power speak through these papers, and they speak often and loud to legislators who are supposed to heed the voice of warning. The 26,000,000 voters back home have but little voice. They have but very little influence. They have but very few to speak for them. Who can be heard against such odds? I do not assume to be one of these and am only voicing a protest against yielding to those whose principal argument is against paying any taxes they can escape. As the chairman of our committee, Mr. FORDNEY, said one day, "The very interesting thing about our hearings is that every man who comes before us wants to have the tax shifted to the other fellow." And that is true here. I have had a number of tax experts in my office from the Treasury Department, and every one of them says that the excess-profits tax is an honest, fair, and just tax, because it is a tax on the ability to pay. Taxes on profits? Do you want no limitation of profits? What can be fairer than excepting 8 per cent profits and \$3,000 exemption before the tax applies? If the rate is not sufficient increase it, but the principle is sound.

Why should we not say to a man, "Within reason you may make a profit without tax, but when you make large profits then you pay over part in taxes and help the poor fellows who can not pay any tax." When the Government must have revenues, what better means can be found of levying taxes than on ability to pay as measured by profits? The New York gentleman referred to the people back in the agricultural districts. Yes; I know them. I know the conditions there. I know what confronts the farmer. If he can not pay his taxes on his home, what does the tax collector do? He sells the home out from over the farmer's head for taxes whether he can pay the taxes or not. That is the situation with the man who pays more taxes, ten times over according to ability to pay, than those who ride in limousines and who come here and ask for this relief from the excess-profit tax and high surtaxes.



## HOW TAXES HIT THE FARMER.

These men in the agricultural districts can not pay. They can not get their stock to market to-day. They are confronted with high transportation charges, and they pay a tax on every bushel of grain and every pound of meat they get to market. Sometimes the charges eat up the product. They pay school taxes, town taxes, county taxes, State taxes, and they pay if they have any property in sight. They are the people who are asked to pay a consumption tax on everything they eat, drink, and wear. They are the people without a powerful press to insist on a repeal of their taxes; they are the people who can not talk, nor have they an enormous propaganda to express their demands. It was a war propaganda at first that gave the press and the power controlling a part of the press a weapon that has been wielded successfully since the war. The large influential papers swung in with the war propaganda. Then they took up this propaganda for the repeal of the excess-profit tax and to reduce the surtaxes. We know that they are very influential, very strong, and those they represent are powerful. The committee has yielded to this proposition. The argument has been very hard, and so in this bill we have here repealed the excess-profit tax and the surtaxes from January 1, 1922. I think it is wrong. We have lost \$540,000,000 through that proposition. We are levying to-day in this bill a flat tax of 12½ per cent, which does injustice, as we are informed, to the small corporations. Of course, every tax will necessarily do injustice, but let us study the effect of the 2½ per cent flat tax substitute which we are enacting in place of the excess-profits tax to be repealed. Remember the excess-profits tax will bring in \$450,000,000 in a poor business year of 1921, whereas Secretary Mellon estimates a 2½ per cent increase flat tax on corporations at only \$111,250,000, or less than one-quarter of the amount lost to the Treasury.

## HOW THE 2½ PER CENT FLAT TAX WORKS.

I have received a statement of comparative taxes to corporations based on the existing excess profits tax law and the proposed 2½ per cent increase that is illuminating. It is prepared by Mr. Beck, an accountant, and according to Treasury experts the figures are accurate:

On an invested capital of \$10,000 it shows that at 25 per cent income the tax under the present law will be \$50 and under the bill it will be \$62.50. With a 33½ per cent profit the tax of \$133.33 is raised to \$166.67.

On \$20,000 capital, 15 per cent profit, tax of \$100 is raised to \$125.  
On \$50,000 capital, 10 per cent profit, tax of \$300 is raised to \$375.  
On \$100,000 capital, 5 per cent profit, tax of \$300 is raised to \$375.  
On \$100,000 capital, 10 per cent profit, tax of \$800 is raised to \$1,000.

On \$150,000 capital, 5 per cent profit, tax of \$550 is raised to \$687.50.

On \$150,000 capital, 10 per cent profit, tax of \$1,300 is raised to \$1,625.

On \$200,000 capital, 5 per cent profit, tax of \$800 is raised to \$1,000.

On \$200,000 capital, 10 per cent profit, tax of \$1,980 is raised to \$2,250.

On \$500,000 capital, 5 per cent profit, tax of \$2,300 is reduced to \$1,625.

On \$500,000 capital, 10 per cent profit, tax of \$6,060 is reduced to \$6,000.

On \$1,000,000 capital, 5 per cent profit, tax of \$4,800 is raised to \$6,000.

On \$1,000,000 capital, 10 per cent profit, tax of \$12,860 is reduced to \$12,250.

The foregoing rates indicate the effect of the 2½ per cent tax which it is contended will strike the smaller corporations which, without exception, pay an increase on ordinary rates of profit, while all corporations of \$500,000 or over making 10 per cent will pay less taxes. For illustration, at 20 per cent income the tax in this company is reduced from \$20,060 to \$12,250, and at 25 per cent its tax is lowered from \$31,560 to \$15,375.

With an annual loss of \$338,000,000 through substitution of the 2½ per cent tax for the excess-profits tax, the above figures speak for themselves.

Without reference to profits, a flat tax is adopted that reduces the tax paid by large corporations on large profits, whereas the excess-profits tax is graduated to divide the profits based on rate of increase. I can not conceive how that is right in principle.

Mr. SMITH of Michigan. The gentleman is making a very interesting argument, and I would like to ask him what does he say about the excess profits and large surtaxes being responsible for the present condition of business?

Mr. FREAR. Not in the slightest degree, in my judgment. I do not believe a single wheel will be started by taking off all such taxes. Here is the trouble: We have been through a horrible war, lost millions of men and billions of property. The same condition is true of Great Britain, of France, and of all the other countries except Germany, and they are all suffering

under as heavy taxation as is this country. Overproduction, deflation, high costs of everything, excessive freights, and a spirit of profiteering that clings to the retail trade are among reasons ascribed by Treasury experts to a condition that is world-wide. We must raise taxes and we must meet Government obligations, and we can never return to prewar conditions. Let me ask the gentleman, does he suppose that when this bill passes with the repeal of the excess-profits taxes that these men so relieved are going right out and put their money into business unless they can see a profit?

Mr. SMITH of Michigan. I thought it would help business to repeal the excess-profits tax.

## BUSINESS NOT DEPENDENT ON TAXES.

Mr. FREAR. It will help business to the same degree as repealing the tax on freight. We are repealing the 3 per cent tax on freight in this bill, and, as you heard the gentleman from Michigan [Mr. FORDNEY] say, the railroads raised freight rates 85 per cent since the war began. A reduction in freight rates will be helpful to trade, particularly in the manufacturing business, but the 3 per cent tax is insignificant in comparison. It is urged constantly, like everything else, that we must repeal excess-profits taxes and surtaxes because they were passed on to the consumer. When deflation came, then they said they were taking their money out of business because of the tax. Every man is taking his money out of business unless he can make a profit, and it is business and not taxes that is to blame. This slight tax comparatively has very little to do with it, in my judgment, because conditions are the same the world over; conditions are not due to taxes. They are due to natural conditions, high transportation, laws affecting business, preventing men from shipping products, and other fundamental causes of the present world depression. Those are the reasons for present conditions, and we can not change conditions by pulling at our boot straps or remitting all taxes, if that were possible.

Mr. Chairman, I am not satisfied with this bill and have registered many objections in committee to its terms and have tried to make it better according to my judgment. It has objectionable features, but I am going to vote for it, for I think it is better than the present law, due to the many small, exasperating taxes that the country hopes to have repealed. I know that the committee has worked faithfully for seven months, and the wonder to me is that we managed to sit that length of time in one room together. Most of the committee were good-natured and put up with the rest of us. The chairman has done a good work; he has worked day and night, and we have brought in this bill. It is not a perfect bill; we know that, but it has many things to commend it to the country.

Mr. COCKRAN. Will the gentleman yield?

Mr. FREAR. I will.

Mr. COCKRAN. I have listened attentively to every speech and have failed to get light on one subject. What does the gentleman calculate will be the total diminution of revenue by reason of these changes?

Mr. FREAR. I think the chairman gave the amount as seven hundred and ninety million and some odd thousand dollars. That was the reduction.

Mr. COCKRAN. That is predicated upon the fact that the business of the country will remain the same as last year.

Mr. FREAR. I am not sure of that. It is the Treasury estimate.

Mr. COCKRAN. Well, that is very important.

Mr. FREAR. So many elements enter into it; for instance, a certain amount is going to be derived from the sale of surplus war goods. We are going to get more out of the back taxes, according to estimates, and we expect to get money from various sources that are not affected by general business conditions.

Mr. COCKRAN. Assuming that the expectation is disappointing and that there should be a continued depression in business the same as there has been for three months, where, then, do you think the revenue of the country would stand with respect to the requirements?

Mr. FREAR. I have not the information, and no one can give more than an estimate based on past experience.

Mr. COCKRAN. Has the committee any information about it?

Mr. GREEN of Iowa. If the gentleman from Wisconsin will permit, in the bill as now drawn we have a margin of two hundred millions, and, after all, we anticipate that the payments to the railroads and other items will not be so large.

Mr. COCKRAN. Is any provision made in the bill in case that expectation should be disappointed? I see there are a number of calculations, expectations, and anticipations—a general Micawberous attitude on the part of the majority. Suppose these expectations be disappointed, has any contemplation been made at all of the possibility of supplying the deficiency?



Mr. GREEN of Iowa. I have just stated that the bill carries an ample margin.

Mr. COCKRAN. Two hundred million dollars?

Mr. GREEN of Iowa. More than that.

Mr. COCKRAN. How much more than that? The gentleman stated \$200,000,000?

Mr. FREAR. May I ask both gentlemen not to take up the rest of my time?

Mr. COCKRAN. I wanted to get some light on the subject.

Mr. FREAR. I will say that the \$200,000,000 margin was put there within the last two or three days, and made possible because of the dating of the \$540,000,000 as of the 1st day of January, 1922, instead of 1921, in so far as the repeal of the excess-profits tax and the surtax are concerned. We managed through the conference to retain that tax for the present year.

Mr. COCKRAN. And that is, I understand, the margin on the \$4,000,000,000 requirement.

Mr. TILSON. Mr. Chairman, if the gentleman will yield, just a word to the gentleman from New York. The committee in making its estimate has not figured on the same total net income as was received in 1920. The total net income of corporations in 1920 was something like \$8,000,000,000. For the year 1921 we are figuring on a net corporation income of \$4,800,000,000, as I remember it. That is, we figure on the receipt of only a little more than half the amount of net income this year that was received last year.

Mr. FREAR. Of course, it must necessarily be according to estimates. If the gentleman from New York will examine the estimates of Secretary Houston, offered November 20, 1920—about nine months ago—which, I think, were illuminating, he will find that Secretary Houston's estimates of expenses were about \$4,900,000,000, and expenditures of about \$4,700,000,000, with about \$200,000,000 for a margin, as I now remember the figures. I am frank to say that I agree with the suggestion the gentleman from New York seems to make—that we ought to have as large a margin as we safely can go on. I feel that there ought not to be any reason for doubt or for failure to meet all proper obligations, even though the taxes left a good margin for the Treasury to go on, and I have so stated in my additional views found in the report.

I offer estimates that may be of value in this connection:

Secretary Mellon, August 11, 1921, gave estimates of fiscal year income, as follows:

Normal income tax	\$470,000,000
Income surtaxes	380,000,000
10 per cent corporation tax	445,000,000
Additional 2½ per cent corporation tax	111,250,000
Back tax collections	300,000,000
Miscellaneous internal revenue	1,293,750,000

3,000,000,000

Other revenues:

Customs, new law	370,000,000
Salvage	200,000,000
Other miscellaneous	287,643,000

857,643,000

Additional 2½ per cent corporation tax (inserted by the committee)

111,250,000

968,893,000

Total revenue

3,968,893,000

The statement has been materially modified by committee changes in the bill.

In this connection I quote from Secretary of the Treasury Houston's report, November 20, 1920 (p. 276), estimated 1922 Government receipts, \$4,919,730,000; expenditures (p. 278), \$4,363,274,092. Foreign loans approximating \$10,000,000,000 will require long extensions and afford no immediate relief.

It is impossible in a few words briefly to indicate different estimates or work of the committee as represented in the present revenue bill. Only by extraordinary efforts can expenditures be kept below estimated receipts, and in so doing a policy must be adopted of continuing new accounts with floating debt items that were to have been paid out of current receipts.

Mr. Chairman, I want to thank the members of the committee for what they have done in helping to bring out this bill. I think the House owes them a debt of gratitude. I am not entirely satisfied with the bill, but I believe it is as good a bill as we could bring out in view of all of the conditions that exist and of the many opposing views that we tried to bring into agreement.

Mr. YOUNG. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly, to my colleague from North Dakota.

Mr. YOUNG. I regret very much that I did not have the opportunity of hearing all of the gentleman's remarks. Does the gentleman intend to support the bill on the final vote?

Mr. FREAR. I have so stated, and I am perfectly willing to put myself on record as intending to vote for the bill, be-

cause I believe it is as good a bill as we could bring out. I am willing to accept the bill, because I know the purpose of those engaged in its make-up has been to do the best they can for the people, and I know they are conscientious and that they believe that we have a safe margin of revenues to go on, although I have not been in agreement on that point.

Mr. YOUNG. I make the inquiry upon the theory that it has been changed in so many respects in accordance with the request of the gentleman from Wisconsin.

Mr. FREAR. I trust that the changes, if any, that were made through my influence have not been to the injury of the bill. I am sure the gentleman believes they may have secured some improvement, and I have stated to many persons that I feel the gentleman from North Dakota has offered several important and desirable proposals that were adopted by the committee.

Mr. SEARS. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly, to the gentleman from Florida.

Mr. SEARS. I understood the gentleman to say that this bill reduces taxes about \$736,000,000.

Mr. FREAR. About \$790,000,000 according to the report. I said that was the statement given out.

Mr. SEARS. In last night's Evening Star I noticed the statement that four hundred and some-odd million dollars of this would not become operative until 1923.

Mr. FREAR. I would not be able to give the gentleman the exact figures, but the report gives the data on which the bill stands.

Mr. LONDON. That appears from the report.

Mr. SEARS. If that is correct, that is after the elections in 1922.

Mr. FREAR. I am willing to allow the report to stand as it is. I did not write the report, although I did write the additional views which express my own ideas on the bill.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FREAR. Yes; certainly.

Mr. GARRETT of Tennessee. The gentleman from North Dakota referred to some changes made in the bill. What were those changes?

Mr. FREAR. One of the changes I think the gentleman from North Dakota had reference to was a change in the date with respect to when the repeal of the excess-profits tax and the surtaxes would become operative, from 1921 to 1922. That saves over \$300,000,000 to the Treasury, net over the proposed corporation flat tax.

Mr. GARRETT of Tennessee. Then I do not understand there have been any changes made in the bill since it was introduced?

Mr. FREAR. No; none to my knowledge; that was offered the day before the bill was introduced. None, so far as I know; no important changes.

Mr. CROWTHER. Will the gentleman yield?

Mr. FREAR. I will.

Mr. CROWTHER. In regard to the suggestion that we ought to have as large a balance as possible that we may with honor and integrity keep the obligations of American citizens in this matter of the war debt, does not the gentleman think that the people of the country who are to pay this would like to have at least a hint as to when England is going to pay the \$10,000,000 which she owes, the interest on the money and so forth?

Mr. FREAR. I have had that question asked me frequently.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FREAR. I would like five minutes in which to answer the question.

Mr. FORDNEY. I yield the gentleman five additional minutes.

Mr. FREAR. I will say I have often thought this was the proper answer. How are you going to collect that money from foreign Governments if they do not pay? Are you going to send our Army and our Navy over there and make an effort to collect it? They are up against the same conditions that confront us. This is purely a business as well as an international proposition. We must urge payments but can not compel action that would affect our relations with foreign Governments. I have a good deal of sympathy for the Secretary of the Treasury, although I do not believe in giving entire power to the Secretary of the Treasury to extend these loans, as is proposed by a pending resolution. I said that from the start. I believe it is a question where we have got to allow that matter to work itself out with the best pressure that can be brought to bear upon the foreign Governments to pay their debts, and I believe the Senate and House ought to be represented when such terms and loan negotiations are had, and we should then pass upon those terms.

Mr. LONDON. Will the gentleman yield to me for a question?

Mr. FREAR. Yes; certainly.

Mr. LONDON. Are not the people more interested in the resumption of trade than in the payment of the debt, the resumption of trade throughout the world?

Mr. FREAR. Unquestionably I think that is true. And let me say, gentlemen, these are practical economic questions and they have very little relation to politics; I think we all are joined together in this purpose to help business conditions and to benefit the people, because we are all anxious for prosperity to return no matter what administration it comes under. Gentlemen, I thank you. [Applause.]

The CHAIRMAN. The gentleman yields back four minutes.

Mr. COLLIER. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman and gentlemen, the proposed bill is a deserving partner of the tariff bill. Of course, all taxes are ultimately paid by the men who work. The great majority of those who work and who render useful service to society are poor and can ill afford to have a substantial share of their earnings spent for taxes.

A tax means that portion of the income of society which goes to maintain the Government. We are all interested in having as little government as possible and that the Government should cost as little as possible. I say we are all interested; we should be all interested.

Mr. SMITH of Michigan. Will the gentleman yield for a question?

Mr. LONDON. Yes.

Mr. SMITH of Michigan. I suppose that statement is made on the assumption that everybody works?

Mr. LONDON. Well, yes; but some people work other people. [Laughter and applause.] And it is this privileged group that is responsible for the removal of the excess-profits tax. Those who are opposed to an inheritance tax and those who are opposed to a surtax belong to the group of people who work all other people all the time. [Applause.] A good deal has been said here by the chairman of the committee [Mr. FORDNEY] about the waste of money during the war, as if war itself were not the worst form of waste. For every real hero, for every man capable of martyrdom, that war produces it calls forth thousands of lip patriots and thousands of rogues ready to take advantage of the man who sacrifices himself. It has been so in every war. Along with the real hero, war brings to the surface every profiteer, every scoundrel, every blackguard, every hypocrite. Nothing shows so much the moral bankruptcy of plutocracy as war does. During the saddest crisis of this country and of the world American plutocracy has been robbing the American people and has been exploiting the Government under whose flag their own boys were fighting in the trenches.

In the histories of the United States there is related the incident which orators refer to so frequently of the Revolutionary boys under Washington marching barefooted at Valley Forge. Let it be explained that the contractors of that day supplied to the Revolutionary soldiers shoes with paper soles instead of leather soles, so that when they stepped on the ice the soles stuck to it. One of our best American historians explains the period of hideous corruption that followed the Civil War by the fact that the noblest men on both sides fell on the battle field and the rascals survived. And there is a great deal of truth in it.

I told you a few days ago about the clever quip of Napoleon, who wrote to the Directory:

Gentlemen, you assumed that our commissaries would do some stealing, but you also took for granted that they would send some supplies to the army. They did the stealing, but did not send supplies.

In this last war the stealing, the thievery, the plundering was nonpartisan, except that the Republicans, who have a much larger number of plutocrats, have gotten away with the lion's share of it. I wonder how much of it went into the Republican campaign fund.

Of course, plutocracy is corrupt. It develops kleptomania instead of a national conscience.

Mr. SMITH of Michigan. The gentleman would not have been in favor of going to war, even though the conditions were otherwise?

Mr. LONDON. What has my vote against the war to do with stealing, I would like to know. What has it to do with the cost-plus contract? I remember that during the war the gentleman from Michigan asked me whether I favored a strike in the trenches, and I said, "No." He asked, "Why not?" and I said I would give the reason why. At the front and in the trenches the captain in advance of his boys exposes his breast to the enemy, while in the industrial world the captain

rifles the pockets of the soldier. That is the difference. Of course, you always put up the flag to protect all rascality. I am glad to see that the gentleman who asked that question is laughing.

Now, my colleague from New York [Mr. MILLS] opposes, of course, an inheritance tax.

He is radically opposed to it, and he cites the experiences of Italy, England, France, and what not. From the report of the Commission on Industrial Relations, which has been submerged by the war, it appears that 2 per cent of the American people own 65 per cent of the wealth. Do you realize what a danger it is to a democracy? Democracy, genuine democracy, social democracy, is not animated by envy of the rich. There is nothing in wealth, there is nothing in expensive dress or jewelry that gives meaning to life. It is the fact that 2 per cent of the people control 65 per cent of the means of livelihood of the entire people that constitutes the danger. These 2 per cent control the greater part of the factories, mines, plants, railroads, and banks of the country, and that makes them the ruling class. And what is most dangerous is that this financial aristocracy, through its ownership of the press and its control of colleges, shapes public opinion and molds our legislation.

You have your corrupt practices act. What does it amount to? You confine your Senators to the expenditure of \$10,000 within a State, but what about a man who has at his service powerful newspapers? He is not reached by the corrupt practices act. Through the press the plutocrat feeds the people every day with falsehoods, and is not a bit less of a menace than the man who supplies adulterated food. Democracy can not live under the rule of these large fortunes. They amuse me, those defenders of plutocracy. They speak of the desire for gold as the only inspiration of the human race. They forget that commercialism in its present sense is comparatively recent. What is known as the industrial revolution is not more than 150 years old. We forget that less than 150 years ago the commercial class was treated with contempt.

Money making in the modern sense is something more than a mere desire for gold. In the intense industrial struggle which has assumed gigantic proportions and which is frequently international in its scope, one has to fight to get on top if he does not want to be crushed.

The plutocrat does not own his gold. He is owned by it.

I said at the very outset of my remarks that the poor man ultimately pays all taxes, and that the rich man always finds a way of shifting the burden upon the poor. While that is true, it is also true that the rich man does not want to pay the tax in the first instance.

The ruling classes have always tried to make the poor pay for the privilege of being ruled.

Just now every family of five persons pays in the neighborhood of \$300 a year in taxes.

The average man who does not have to make payment to the collector of revenue does not realize that he pays taxes. He does not know that he pays the tax every time he buys an article, and that the man who sells him the article charges him so much more because he has to send his check to the collector.

The present burden under which the people are groaning is primarily due to the war. So far as taxation is concerned, we are still on a war footing. The annual charge for interest on the war debt is close to a billion dollars. The expenses for the Army and Navy are bigger than they were before the war.

During the war this Government conscripted the young men of the country and sent them to the trenches. The Government should not hesitate to make those who can afford it pay for the expense of the war. The wealth of plutocracy is certainly not more sacred than the lives of the people. Enough large fortunes have been accumulated to wipe out the entire public debt.

Every time we permit the transmission of millions of dollars by inheritance we help to perpetuate the most dangerous, the most contemptible, kind of aristocracy—the aristocracy of cash. The accumulated fortunes of the rich represent the incorporated labor of millions of men. These fortunes are the product of the toil of the worker of the factory, of the mine, and of the fields. It is the product of the brain of the inventor. It is the creation of the scholar. It is a social product; it is social property and a social trust. It is too dangerous a power to be wielded by the few. Through taxation these large fortunes should be taken hold of by the State to be used by the community as a social fund for the promotion of the welfare of the entire Nation.

Instead of repealing the surtax and the excess-profits tax, we should increase them. A tax on land values and an inheritance tax large enough to restore to the people what in truth belongs to them should be adopted as a part of our taxation program.



I desire to call your attention to another and what I consider a more important aspect of the problem of taxation, namely, the reckless waste of resources in our modern society.

The iniquity of our present industrial system, which we Socialists refer to as the capitalistic system, lies principally in its nonsocial and antisocial character. Its defenders argue that it promotes progress and civilization. The truth is that the commercial classes have not produced a single poet, artist, sculptor, philosopher, or scholar of note. Such inventions as capitalism has stimulated are minor adaptations of great principles, enunciated by profound thinkers, whom the commercial world has contemptuously treated as worthless dreamers.

The money seeker can not enter the higher realms of human endeavor. He is incapable of taking a national or a social view of things. He has no regard for the future. What he is interested in is immediate profit. That is why the profit system is so wasteful of the real wealth of the Nation; is so destructive of human and natural resources.

This lack of vision reflects itself in our legislation.

With industry dislocated, with millions of men out of employment, there have been introduced 4,000 bills for the distribution of the trophies of war. We are to give to the mother who has lost a boy on the fields of France a button from the vest of a Bavarian soldier as a souvenir and reward. The Secretary of Labor in the statement which he has just submitted to the Senate estimates the number of unemployed as nearly 6,000,000. What a calamity. What an appalling waste of human energy, of human life itself. This idle industrial army means an economic loss of at least \$60,000,000 daily, if one is to speak in terms of dollars only.

If I as a Socialist were to suggest, in order to relieve the situation, the undertaking of public works, or that the War Finance Corporation be utilized in order to give employment, just as you are trying to help the agriculturists through the War Finance Corporation—or saying that you are trying to help them, which would be more nearly correct [laughter]—you would deride me as one who seeks to subvert our Government.

When our boys were examined for the draft what did we find?

We found that more than 30 per cent, more than thirty out of every hundred, were unfit, physically unfit, for service. So little regard did we pay to the richest of all our assets, our human assets.

I have before me a bulletin of the department of health of New York. It was prepared by a conservative officer of the city of New York in 1919. He says:

At the present time one child out of every five in New York City is so seriously undernourished as to demand immediate attention, while two additional children out of every five are on the borderland between good health and undernourishment.

In May, 1919, wages reached their highest point. Think of the waste of human material and human resources in the failure to take up the problem of child welfare. Private capital, the aristocracy of cash, can not be trusted with problems that interest the entire society.

Take our forests. See what they have done with our forests. They have destroyed them. They have given no care for the next day. Five-sixths of our forests have been completely destroyed. Here is what Mr. Pinchot, the best authority on the subject, said on March 26, 1921. I read part of his letter:

Five-sixths of the original timber is gone. Forest devastation has converted timberlands as large as the forests of all Europe (excluding Russia) into barren, idle wastes, and this desolation is spreading at the rate of 3,000,000 acres a year. We are cutting what is left four times faster than it is being reproduced.

Four-fifths of the standing timber in America is in private hands. It is being destroyed as rapidly as ever. Half of the privately owned timber in this Nation is held by 250 owners. In the State of Washington, for example, five holders own nearly half of the privately owned standing timber in the State. This control in a few hands, the United States Forest Service tells us, "will steadily increase as timber depletion continues, approaching a natural monopoly in character."

The little group of big timberland owners has grown rich and powerful from forest devastation, and naturally does not want it stopped. They are anxious rather to perpetuate the commercial advantage which their unregulated ownership of these huge forest areas brings with it. But they can do so only so long as they can stave off effective control of forest devastation.

We are threatened with a nation-wide famine of this indispensable material, complicated by a growing monopoly.

Let us take up the question of water power, and we will find there again that the failure to develop our water power involves a loss of at least \$10,000,000,000.

The potential water power is variously estimated as not less than 60,000,000 horsepower, and as much as 300,000,000 by no less an authority than Steinmetz. Only 10,000,000 horsepower has so far been put to use, with a saving of 33,000,000 tons of coal annually. When one realizes that water power, unlike coal or oil, is not destroyed by use, he will see that the damage

which we inflict upon ourselves by our indifference is incalculable.

The same is true of our waste of minerals.

When we come to agriculture, the very mainstay of the life of the Nation, we find that we utilize only half of the arable land of the United States. Boasting that we are the greatest in everything, our average yield per acre is less than one-half that of Germany, and not much more than one-third that of England.

Inadequate use of fertilizers, antiquated farming methods, the use of primitive implements, insufficient utilization of water resources for irrigation, all these things tend to keep down our agricultural output.

Have you ever stopped to think of the economic loss entailed by the presence of more than five and one-half millions of illiterates? The inefficiency of the illiterate is particularly striking in industry.

Former Secretary of the Interior Lane estimated that the country was losing through illiteracy \$825,000,000 a year.

The average worker loses from 10 to 12 days a year from preventable diseases. Tuberculosis is largely a preventable disease.

The committee on elimination of waste in industry of the Federated American Engineering Societies submits as its judgment that the economic loss from preventable disease and post-ponable deaths is \$1,800,000,000 annually.

I can not take up at this time the waste involved in useless occupations, in avoidable competition, bad management, and improper equipment, nor can I go into the question of reclamation of swamp lands, of irrigation, of preventing floods, of the utilization and extension of waterways. I can only point out the necessity of taking a national inventory. I can not undertake to make it.

What I would like to call to the attention of this Congress in considering this fiscal question of taxation is the throwing away of our resources, both human and material, both spiritual and economic, a waste that we should not be guilty of. Let us but learn to think in terms of national welfare and we will save in one year fifty times as much as we can possibly raise by any taxation measure. New problems have arisen in the world, problems that could not have been dreamed of by Jefferson and Washington. They could lay down principles only. They could give us a foundation only. It is for us to continue the work of building a free nation. [Applause.]

Mr. FORDNEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. FESS, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 8245) to reduce and equalize taxation and amend and simplify the revenue act of 1918, and for other purposes, had come to no resolution thereon.

#### LEAVE OF ABSENCE.

Mr. MANSFIELD, by unanimous consent (at the request of Mr. PARRISH), was granted leave of absence indefinitely, on account of illness.

#### READJUSTMENT OF PAY ALLOWANCES.

The SPEAKER. The Chair appoints as members on the part of the House of the committee for the readjustment of pay allowances of commissioned and enlisted personnel in the several services, provided by law, Mr. BUTLER, Mr. MCKENZIE, Mr. TILSON, Mr. BYRNES of South Carolina, and Mr. OLIVER.

#### HOOR OF MEETING TO-MORROW—11 O'CLOCK A. M.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent that when the House adjourns to-night it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from Michigan asks unanimous consent that when the House adjourns to-night it adjourn to meet at 11 o'clock to-morrow. Is there objection?

There was no objection.

#### ADJOURNMENT.

Mr. FORDNEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 52 minutes p. m.) the House adjourned until to-morrow, Thursday, August 18, 1921, at 11 o'clock a. m.

### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. HAYDEN, from the Committee on the Public Lands, to which was referred the bill (H. R. 2349) authorizing the exchange of lands within the Routt National Forest, in the State of Colorado, and for other purposes, reported the same with an amendment, accompanied by a report (No. 352), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

He also, from the same committee, to which was referred the bill (H. R. 6429) to provide for the consolidation of forest lands within the San Juan National Forest, State of Colorado, and for other purposes, reported the same with an amendment, accompanied by a report (No. 353), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 6195) granting a pension to Janie Jackson; Committee on Pensions discharged and referred to the Committee on Invalid Pensions.

A bill (H. R. 8099) granting a pension to Louise S. Gayland; Committee on Pensions discharged and referred to the Committee on Invalid Pensions.

### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ACKERMAN: A bill (H. R. 8277) granting permission to the city of Plainfield, N. J., to widen Watching Avenue in front of the Federal post-office building, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. KISSEL: Joint resolution (H. J. Res. 189) concerning the publication of any document not pertaining strictly to Government business in or from any Federal building; to the Committee on the Judiciary.

By Mr. LINEBERGER: Memorial of the Legislature of the State of California, for legislation to protect the American hop industry; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of California, for the enactment of House bill 15854 to restore the rank of major general to Hunter Liggett; to the Committee on Military Affairs.

Also, memorial of the Legislature of the State of California, to authorize the extension of the Truckee-Carson project; to the Committee on Irrigation of Arid Lands.

Also, memorial of the Legislature of the State of California, for extension of franking privilege to the several States for certain purposes; to the Committee on the Post Office and Post Roads.

Also, memorial of the Legislature of the State of California, congratulating the Republic of Mexico upon the election of President Obregon; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of California, for remount appropriation; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of California, for continuation of present naval program of construction and strengthening Pacific fortifications; to the Committee on Naval Affairs.

Also, memorial of the Legislature of the State of California, for enactment of a Federal uniform presidential primary law; to the Committee on Election of President, Vice President, and Representatives in Congress.

Also, memorial of the Legislature of the State of California, for Federal opposition for relief of needy Indians of that State; to the Committee on Indian Affairs.

Also, memorial of the Legislature of the State of California, for establishment of fire-patrol air service in national forest reserves; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of California, for the revision of the Federal transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of California, for the adoption by Congress of the metric system of weights

and measures as legal standards; to the Committee on Coinage, Weights, and Measures.

Also, memorial of the Legislature of the State of California, for legislation denying the privilege of naturalization to enemy aliens and providing for their departure; to the Committee on Immigration and Naturalization.

Also, memorial of the Legislature of the State of California, for national legislation to recompense the counties of that State for reduction in local tax income due to withdrawal of lands from settlement; to the Committee on the Public Lands.

Also, memorial of the Legislature of the State of California, for the enactment of Federal laws assigned to encourage travel in America; to the Committee on Appropriations.

### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BIRD: A bill (H. R. 8278) granting a pension to Mary E. Berdine; to the Committee on Invalid Pensions.

By Mr. CHALMERS: A bill (H. R. 8279) granting a pension to Sarah F. Butler; to the Committee on Invalid Pensions.

By Mr. GRAHAM of Pennsylvania: A bill (H. R. 8280) granting an increase of pension to James F. B. P. Gould; to the Committee on Pensions.

By Mr. HAYS: A bill (H. R. 8281) granting a pension to Ernest H. Maynard; to the Committee on Pensions.

Also, a bill (H. R. 8282) granting a pension to Toliver Roberts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8283) granting a pension to Margaret A. Plank; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8284) granting a pension to Benjamin Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8285) granting a pension to Mollie Alexander; to the Committee on Invalid Pensions.

By Mr. KAHN: A bill (H. R. 8286) to allow and credit the accounts of Lieut. Col. W. F. H. Godson, Cavalry, United States military attaché, acting quartermaster at Berne, Switzerland, with \$2,590.75 disbursed as refundment of expenses incurred through loss of exchange by officers and employees in procuring proceeds of checks drawn on the Treasurer of the United States; to the Committee on Military Affairs.

By Mr. KING: A bill (H. R. 8287) granting a pension to George H. Webb; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8288) to carry out the findings of the Court of Claims in the case of Nicholas C. Buswell; to the Committee on War Claims.

By Mr. OLPP: A bill (H. R. 8289) for the relief of George F. Sultzbach; to the Committee on Claims.

By Mr. REED of New York: A bill (H. R. 8290) granting an increase of pension to Amelia O. Buten; to the Committee on Invalid Pensions.

By Mr. RIDDICK: A bill (H. R. 8291) for the relief of Trygve Kristian Lode; to the Committee on the Public Lands.

By Mr. ROBSON: A bill (H. R. 8292) granting a pension to Daniel W. Higginbotham; to the Committee on Pensions.

By Mr. ROUSE: A bill (H. R. 8293) granting a pension to Godfrey Miller, alias John Maier; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 8294) granting a pension to Sarah E. Fowler; to the Committee on Pensions.

By Mr. THOMPSON: A bill (H. R. 8295) granting a pension to William Edwards; to the Committee on Invalid Pensions.

### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2446. By the SPEAKER (by request): Letter from S. A. Roach, secretary of the Ohio Bankers' Association, expressing the sentiment of the association as opposed to the proposed stamp tax on bank checks; to the Committee on Ways and Means.

2447. By Mr. BARBOUR: Petition signed by residents of Corcoran, Calif., protesting against House bill 4388, the purpose of which is to regulate Sunday observance in the District of Columbia; to the Committee on the District of Columbia.

2448. By Mr. CHALMERS: Petition of residents of Toledo, Ohio, protesting against the passage of House bill 4388, to regulate Sunday observance by civil force for the District of Columbia; to the Committee on the District of Columbia.

2449. By Mr. DALLINGER: Resolutions adopted by students of Harvard Summer School, protesting against placing authority



with the Secretary of the Treasury to refund the debts of the foreign creditor nations; to the Committee on Ways and Means.

2450. By Mr. FULLER: Petition of the Illinois Manufacturers' Association and the Morton Salt Co., of Chicago, protesting against postponing the repeal of excess-profits tax to 1922; to the Committee on Ways and Means.

2451. Also, petition of the Peoria (Ill.) Merchants' Association, protesting against American valuation provision of the Fordney tariff bill; to the Committee on Ways and Means.

2452. Also, petition of Commercial Health & Accident Co., of Springfield, Ill., protesting against tax on insurance policies; to the Committee on Ways and Means.

2453. By Mr. GILLETT: Petition of Smith F. Webb and others, of Springfield, Mass., opposing the passage of House bill 4388, the compulsory Sunday observance bill; to the Committee on the District of Columbia.

2454. By Mr. KISSEL: Petition of 120 residents of Brooklyn, N. Y., urging the passage of House joint resolution 18; to the Committee on the Judiciary.

2455. Also, petition of Benjamin F. Haas, of Haas Bros. Fabrics Corporation, 417 Fifth Avenue, New York City, relative to taxation; to the Committee on Ways and Means.

2456. By Mr. MEAD: Letter from Corrugated Bar Co. (Inc.), of Buffalo, N. Y., and Harvey & Outerbridge, New York City, urging the passage of the Winslow-Townsend bill (H. R. 7994); to the Committee on Interstate and Foreign Commerce.

2457. Also, letter from the Soda Water Manufacturers' Association of Western New York, Romanite Products (Inc.), and Manning, Maxwell & Moore (Inc.), of New York, relative to tariff and taxation; to the Committee on Ways and Means.

2458. Also, letter from Foster-Milburn Co., of Buffalo, N. Y., relative to taxation; to the Committee on Ways and Means.

2459. By Mr. RAKER: Petition of the American Federation of Labor, of Washington, D. C., relative to the issuance of Treasury saving securities; to the Committee on Banking and Currency.

2460. Also, petition of Herbert F. Peacock, Mrs. Jennie Taylor, Mrs. G. H. Sechrist, George H. Sechrist, Ruth Garrecht, Alice T. Saylor, Catherine D. Ashfield, Mabel Lowdon Moores, R. H. Sheppard, D. D. S., Winifred M. Sheppard, B. F. Saylor, M. D., all of Redding, Calif., urging that relief be given to the people of Armenia; to the Committee on Foreign Affairs.

2461. Also, petition of Louis A. Le Claire, jr., of Davenport, Iowa, protesting against increasing first-class postage rates to 3 cents; also, petition of Deckelman Bros., of San Francisco, Calif., protesting against clause in paragraphs 354, 355, 357, and 358, relating to cutlery; also, petition of Western Hardwood Lumber Co., of Los Angeles, Calif., protesting against placing a duty on mahogany logs imported into this country; to the Committee on Ways and Means.

2462. By Mr. SWING: Petition of various residents of Santa Ana, Calif., protesting against the passage of the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2463. Also, telegrams from W. D. Ballinger Tobacco Co., of San Diego, Calif.; and Eastside Beverage Co. and Los Angeles Brewing Co., of Los Angeles, Calif., relative to the tax bill; to the Committee on Ways and Means.

2464. Also, petition of various citizens of Santa Ana, Calif., and vicinity, in opposition to Sunday observance bill (S. 1948); to the Committee on the District of Columbia.

2465. By Mr. TEMPLE: Petition of a number of residents of McDonald and Burgettstown, Pa., protesting against the passage of House bill 4388, compulsory Sunday observance bill; to the Committee on the District of Columbia.

2466. By Mr. WATSON: Resolutions passed by the Disabled American Veterans of the World War, Philadelphia Chapter, No. 1, in opposition to the unfair discrimination against the emergency Army officer and those of the Regular Army; to the Committee on Military Affairs.

2467. Also, resolution passed by the Pennsylvania Pharmaceutical Association, favoring the enactment of such restrictive legislation as will insure the protection of the dyestuff industry; to the Committee on Ways and Means.

2468. By Mr. YATES: Petition of Dr. G. W. McFatrach, president of the Murine Eye Remedy Co., of Chicago, Ill., protesting against the 5 per cent tax on medicines; to the Committee on Ways and Means.

2469. Also, petition of the Chicago Railway Equipment Co., of Chicago, Ill., urging prompt passage of the Winslow-Townsend bill; to the Committee on Interstate and Foreign Commerce.

## SENATE.

THURSDAY, August 18, 1921.

(Legislative day of Tuesday, August 16, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The absence of a quorum is suggested. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	Nelson	Sterling
Brandagee	Jones, Wash.	New	Townsend
Broussard	Kellogg	Nicholson	Wadsworth
Cameron	King	Norbeck	Warren
Capper	Ladd	Oddie	Williams
Culberson	Lenroot	Phipps	Willis
Glass	Lodge	Poindexter	
Hale	McKellar	Sheppard	
Harrell	McNary	Stanley	

The PRESIDING OFFICER. Thirty-three Senators have answered to their names. There is not a quorum present. The Secretary will call the names of absent Senators.

The reading clerk called the names of the absent Senators, and Mr. CARAWAY, Mr. FLETCHER, Mr. HITCHCOCK, Mr. LA FOLLETTE, and Mr. PITTMAN answered to their names when called.

Mr. BOBAH and Mr. HEFLIN entered the Chamber and answered to their names.

Mr. HARRISON. I desire to announce that the Senator from Georgia [Mr. WATSON] is detained by illness.

The PRESIDING OFFICER. Forty Senators have responded to their names. There is not a quorum present.

Mr. TOWNSEND. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Mr. BALL, Mr. SHORTRIDGE, Mr. POMERENE, Mr. SIMMONS, Mr. WALSH of Massachusetts, Mr. CURTIS, Mr. CALDER, Mr. SUTHERLAND, Mr. McLEAN, Mr. DILLINGHAM, Mr. GOODING, Mr. SMOOT, Mr. WATSON of Indiana, Mr. SWANSON, and Mr. McCUMBER entered the Chamber and answered to their names.

Mr. CURTIS. I wish to announce the absence of the Senator from New Hampshire [Mr. KEYES], on account of a death in his family. I will let this announcement stand for the day.

Mr. HARRISON. I wish to announce the absence of the Senator from Missouri [Mr. REED], on official business, and the absence of the Senator from Rhode Island [Mr. GERRY], on account of illness.

The PRESIDING OFFICER. Fifty-five Senators having responded to their names, a quorum is present.

Mr. TOWNSEND. I move that further proceedings under the call be dispensed with.

The motion was agreed to.

## PETITIONS AND MEMORIALS.

Mr. WILLIS presented a petition of sundry members of Boulevard Evangelical Church, of Kenmore, Ohio, praying for the calling of a world conference on disarmament and a reduction of Army and Navy appropriations, which was referred to the Committee on Foreign Relations.

Mr. BALL presented the memorial of George H. Lee and sundry other citizens of the District of Columbia, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc., which was referred to the Committee on the District of Columbia.

Mr. TOWNSEND presented four memorials of sundry citizens of Osseo, Waldron, Hillsdale, Pittsford, Prattville, Jackson, Battle Creek, Flint, Holly, Detroit, and Bedford, all in the State of Michigan, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc., which were referred to the Committee on the District of Columbia.

He also presented a resolution adopted by the convention of Ethan Allen Council, American Association for the Recognition of the Irish republic, held at Detroit, Mich., August 9, 1921, protesting against the enactment of Senate bill 2135, to enable the refunding of obligations of foreign Governments owing to the United States of America, etc., which was referred to the Committee on Finance.

## BIRMINGHAM, ALA., SEMICENTENNIAL STAMP.

Mr. HEFLIN, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2420) authorizing and

directing the Postmaster General to permit the use of a special canceling stamp at the post office at Birmingham, Ala., bearing the words, "Birmingham semicentennial," reported it with amendments.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HALE (for Mr. FERNALD):

A bill (S. 2426) to carry out the findings of the Court of Claims in the case of Horace N. Bolster (with an accompanying paper); to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 2427) for the relief of the heirs of Edward P. Frank, deceased (with an accompanying paper); to the Committee on Claims.

By Mr. CALDER:

A bill (S. 2428) for the relief of the Interstate Transportation Co.; and

A bill (S. 2429) for the relief of George Howell; to the Committee on Claims.

#### AMENDMENT OF THE NATIONAL PROHIBITION ACT.

Mr. TOWNSEND. Mr. President—

Mr. STERLING. If the Senator will yield, I desire to renew the motion that I made on yesterday that the Senate disagree to the amendments made by the House of Representatives to Senate amendments numbered 10, 15, and 32 to House bill 7294, known as the antibeer bill.

The PRESIDING OFFICER. The Senator from South Dakota moves that the message from the House relative to House bill 7294, the bill referred to by him, be taken from the table and laid before the Senate.

Mr. STERLING. Yes; that is my motion.

Mr. TOWNSEND. Mr. President, I shall not oppose the motion unless it is going to lead to debate, in which case I should like to request the Senator to withhold his motion for the purpose of taking up the business which is before the Senate or which was before the Senate when we took a recess last night. If we are to have a long debate on the subject, with the probable result that we secured yesterday, I should object to it. I would like to know from the Senator what the situation is, in his opinion.

Mr. STERLING. I will say to the Senator from Michigan that I do not anticipate any debate at all. This is a mere formal matter in order that we may keep the record straight, in order that it might appear from the RECORD that the Senate disagrees to certain amendments made by the House to certain amendments of the Senate before the appointment of conferees on the part of the House, so that it may be certain from the RECORD itself that the amendments made by the House to the Senate amendments have been disagreed to and that the amendments made by the House are properly in conference; that is all.

Mr. BRANDEGEE. Mr. President, I can not have any criticism of the Senator for making his motion at all. He has a perfect right to do so. I wish to submit to the Chair a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. BRANDEGEE. If the motion of the Senator from South Dakota shall prevail it would displace the unfinished business which is now before the Senate, would it not? The Senator from South Dakota moves that the Senate disagree to certain House amendments to another bill, and, as I understand, the road bill is now before the Senate.

The PRESIDING OFFICER. The Chair will call the Senator's attention to paragraph 7, of Rule VII, which reads:

7. The Presiding Officer may at any time lay, and it shall be in order at any time for a Senator to move to lay, before the Senate any bill or other matter sent to the Senate by the President or the House of Representatives, and any question pending at that time shall be suspended for this purpose. Any motion so made shall be determined without debate.

The Chair would hold that it would not become the unfinished business, but that the unfinished business is merely suspended for the determination of this motion.

Mr. BRANDEGEE. Very well. Then, do I understand that the motion made by the Senator is not debatable?

The PRESIDING OFFICER. The motion to take the measure from the table is not debatable, but the motion to disagree to the House amendments, of course, would be debatable.

Mr. BRANDEGEE. Mr. President, I wish to ask a question, not that it will have any bearing on the result of whatever may come out of the motion of the Senator from South Dakota, but with a view of ascertaining what the proper parliamentary motion is under the circumstances. The Senator moves to disagree to some amendments which the House made to the Senate

amendments. Would not the proper motion, Mr. President, be for the Senate to insist upon its own amendments?

The PRESIDING OFFICER. Does the Senator ask that as a parliamentary question of the Chair?

Mr. BRANDEGEE. Yes.

The PRESIDING OFFICER. It would be the view of the Chair that the parliamentary situation is this: The Senate passed a House bill with Senate amendments and at the same time requested a conference with the House. It must be assumed that it was done upon the theory that the House would disagree to the Senate amendments and that time would be saved by requesting a conference upon that assumption. The House, however, did not disagree to the Senate amendments, but amended and agreed. The Chair, therefore, is of the opinion that the two Houses have not yet reached a state of disagreement, but will have if the action of the Senator from South Dakota prevails.

Mr. BRANDEGEE. Would not a state of disagreement arise if the Senate insisted upon its original amendments?

Mr. STERLING. If the Senate disagrees to the amendments of the House, is not that all that we should attempt in this motion—to disagree to the amendments of the House?

The PRESIDING OFFICER. The Chair will state that if the motion of the Senator from South Dakota prevails it will then be in order to insist.

Mr. BRANDEGEE. Mr. President, has the Senate yet insisted upon the amendments that it made to the House bill?

The PRESIDING OFFICER. The House has amended the Senate amendments with amendments, and the Senate up to this point has not acted upon the action of the House.

Mr. BRANDEGEE. I understand that, but the Chair stated a moment ago that when the Senate amended the House bill it had requested a conference. That is so, but the RECORD shows that the Senate did not insist upon its amendments. It requested a conference without insisting upon its amendments.

Mr. STERLING. No; that was not the motion at least that was made. I do not know what the RECORD shows.

Mr. BRANDEGEE. I do.

Mr. STERLING. I had the motion that I wished to make in mind before making it, and the motion was that the Senate insist on its amendments, request a conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. BRANDEGEE. I have looked at the RECORD. The Senator may have made a motion to insist, but the RECORD does not show it, and we go by the RECORD.

Mr. STERLING. I am very confident that those are the exact words used in making the motion. I did not examine the RECORD afterwards to see whether or not it appeared in that form.

Mr. BRANDEGEE. I did; and if the RECORD is not corrected the RECORD is the record and the official record.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. The Chair will state that he is informed that the RECORD shows that there was merely a request for a conference without insisting upon the Senate amendments.

Mr. BRANDEGEE. That is what I say.

Mr. STERLING. That may be. I am not disputing that fact, but I know the language I used.

The PRESIDING OFFICER. Under that record the House acted within its rights and properly in amending the Senate amendment; and therefore it seems to the Chair that the motion of the Senator from South Dakota is clearly in order.

Mr. BRANDEGEE. I do not doubt that it is in order. I did not intend to make any point of order against it. I was wondering why that was made, rather than a motion to insist on the Senate amendments.

Mr. STERLING. I know that that was the motion, although the RECORD did not so get it. I had made the motion before.

Mr. LODGE. It is the customary motion.

Mr. STERLING. Yes.

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Massachusetts?

Mr. STERLING. I yield to the Senator.

Mr. LODGE. The CONGRESSIONAL RECORD does not bind, as I understand. There is only one official record of this body, and that is the Journal. Now, does the Journal show that motion in the same way? I presume it does.

The PRESIDING OFFICER. The Chair is informed that the Journal does not show that a motion was made to insist.

Mr. LODGE. That, of course, is the only official record.

Mr. STERLING. Mr. President, a parliamentary inquiry. Can the two be included in the one motion—that the Senate dis-



agree to the House amendments and insist upon the amendments of the Senate?

The PRESIDING OFFICER. The Chair is willing to be corrected, but the Chair's first impression would be that the motion would be in order, but is a divisible motion.

Mr. STERLING. I make that motion.

The PRESIDING OFFICER. The Chair will state that, of course, if the motion to insist should be carried it would have to go back to the House. It would not go to conference.

Mr. BRANDEGEE. Let me ask the Senator a question. The Senator states that he makes the motion so that the record may be straight. May I ask him what progress the conference committee has made?

Mr. STERLING. The conference committee are in disagreement yet upon just one amendment, and I think there is a probability that they will reach an agreement to-day.

The PRESIDING OFFICER. The Chair will state, if he may, his understanding of the parliamentary situation, namely, that if the motion to disagree shall prevail, without any further motion the conferees will have immediate jurisdiction of the papers, and can proceed to conference. If the motion to insist shall be made and prevail the matter will have to go back to the House before the conferees can assume jurisdiction.

Mr. STERLING. I hope some confidence will be put in the conferees on the part of the Senate, and that the motion will be simply that there be a disagreement to the amendments made by the House.

Mr. BROUSSARD. Mr. President, a parliamentary inquiry. The PRESIDING OFFICER. The Senator will state it.

Mr. BROUSSARD. What would be the parliamentary situation if the Senate did not act favorably on this motion? Would that have the effect of agreeing to the House amendments?

The PRESIDING OFFICER. The Chair would prefer, because it will require some time, to wait until that matter comes up and he has an opportunity to examine the question.

Mr. BROUSSARD. I am sure that a great many Senators would be guided by a knowledge of what would be the rule with the matter in such a condition.

The PRESIDING OFFICER. The Chair is not prepared to express an opinion at this time upon that question.

Mr. WARREN. Mr. President, may I be allowed a word on that subject?

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. WARREN. When the pending motion carries, that puts it in the hands of the conferees. Then a motion of the Senate to instruct those conferees does instruct, if it carries.

The PRESIDING OFFICER. Yes.

Mr. WARREN. But it does not instruct them in any way unless the Senate, by a majority vote, may so instruct them.

Mr. BRANDEGEE. Mr. President, is the bill in conference now? I understand that the conferees have agreed upon all except one matter, and yet apparently, from the motion of the Senator from South Dakota, the bill has not yet been sent to conference.

Mr. STERLING. I will say to the Senator that the bill is in conference; but in order that the record may be straight with reference to the authority and jurisdiction of the conferees now upon these particular amendments this motion is made. We have been in conference in regard to other amendments.

The PRESIDING OFFICER. The Chair will state to the Senator from South Dakota that the bill can not be in conference, because the conferees can not act without the papers, and the papers are upon the Secretary's desk.

Mr. BRANDEGEE. Would it be unparliamentary to ask where the bill is and what situation it is in?

The PRESIDING OFFICER. The bill is here in the Senate, upon the Secretary's desk, and the Senator from South Dakota has now moved to take it up, and that is the motion before the Senate.

Mr. BRANDEGEE. I supposed it had been taken up. I supposed the motion now was to disagree.

Mr. STERLING. To take it up for the purpose of making the motion to disagree. That is the object in taking it up.

Mr. BRANDEGEE. The Senator has already moved to disagree.

Mr. STERLING. Yes.

The PRESIDING OFFICER. The first question that the Chair will put to the Senate is, Shall the Senate proceed to the consideration of this bill?

The motion was agreed to; and the Senate resumed the consideration of the bill (H. R. 7294) supplemental to the national prohibition act.

The PRESIDING OFFICER. The Senator from South Dakota now moves that the Senate shall insist—

The ASSISTANT SECRETARY. That the Senate disagree to the amendments of the House to its amendments numbered 10, 15, and 32.

The PRESIDING OFFICER. The question is upon the motion of the Senator from South Dakota.

Mr. BRANDEGEE. Mr. President, does not the Senator propose to disagree to the House amendment to the Senate amendment known as No. 32?

Mr. STERLING. Certainly. That is involved in this motion.

Mr. BRANDEGEE. Judging from the three amendments mentioned by the Secretary, it was not.

Mr. STERLING. Amendments numbered 10, 15, and 32 are the amendments in disagreement.

Mr. LODGE. Mr. President, if the motion to disagree prevails, those papers will remain here, because there is no direction to send them anywhere. Is not that the case, without some further motion?

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER. The Chair would be of the opinion that if the motion to disagree should prevail, the papers would go back to the House of Representatives, and the House of Representatives would have an opportunity to recede.

Mr. LODGE. Suppose the motion to disagree should fail?

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER. Oh, if it should fail?

Mr. LODGE. Yes.

The PRESIDING OFFICER. Then the matter would go to conference, the two Houses being in full disagreement.

Mr. ASHURST. Mr. President, will the Senator yield to me at this point?

Mr. LODGE. If the Senator will allow me just a moment, suppose the motion to disagree should fail?

The PRESIDING OFFICER. That is the same question that the Senator from Louisiana [Mr. BROUSSARD] put to the Chair. To be very frank, the Chair is familiar with the rule of the House of Representatives upon that question, but he is not familiar with the rule of the Senate, and he would like to be advised with reference to it when it comes up.

Mr. LODGE. My object in making the inquiry is that I think the Senate ought to know the effect of its vote. Now, the papers are here.

The PRESIDING OFFICER. The Chair will again state that the Chair is not prepared to express an opinion upon that question, and will have to rule upon it when it arises.

Mr. ASHURST. Mr. President, if the Senator from South Dakota will yield to me for a moment, surely on this important matter there should be no mystifying; and I do not assert that anyone is attempting to mystify. There should be no underbrush to be cleared away. Why can not the usual motion, which has been made for one hundred and thirty-odd years in such cases, be made in this case as in all others; to wit, that the Senate insist upon its amendments—

Mr. LODGE. That is the proper motion.

Mr. ASHURST. Ask a conference with the House, and that the Chair appoint the conferees? Then there is no complexity. Then he who runs may read, and possibly he who reads will run; but certainly a babe in the woods will know what we are doing. There will be nothing under cover. There can be no camouflage. We have disagreed to many House amendments, we have asked for a conference, and we have insisted on our own amendments. We insist on our own amendments because we are not children making mud pies. We do not make an amendment to-day and disagree to it to-morrow. This is the Senate of the United States, about the business of the people, and not making mud pies. An amendment is a serious thing. Therefore, why does not the Senator—who is a direct and a very useful Senator—make the motion that always is made? Why adopt this course that is zigzag, that is incomprehensible to some intellects, my own included?

The PRESIDING OFFICER. The Chair will state to the Senator from Arizona that what makes the difficulty in the situation is that the Senate has already requested a conference, and the conferees have been appointed.

Mr. ASHURST. The Senate has already requested a conference. That is quite true, because I happen to be a humble member of the conference, or was; and, of course, I assume that there was a conference or I would not have been called in; but now we are told that there are some amendments as to which we doubt whether they are in conference or not. The papers are here, but the conference is called. Let us have no mystification about this or any other question. Let us have a square-up, man-fashion contest, moved in the usual way. Let all the amendments be before the conferees, and let the Senate adopt the usual motion.

Mr. STERLING. Mr. President, it does not seem to me that there is any particular mystification about this, except as Senators mystify it or seek to mystify it. Conferees were appointed upon the part of the Senate when the bill passed the Senate with 32 amendments, and I suppose the conferees on the part of the Senate thereby would have jurisdiction to consider all amendments. Then the bill goes to the House, and the House itself, after conferees have been appointed here, considers the bill and makes amendments to certain Senate amendments. Is it not the action here simply to disagree to these amendments made by the House since our conferees were appointed? Having disagreed, will not the conferees originally appointed by the Senate have jurisdiction, if this motion prevails, to disagree to these amendments made by the House, and would not the papers then go to the conferees who have been appointed? I have here the record made in the Senate of the appointment of its conferees and the record made by the House in appointing its conferees.

Mr. LODGE. My impression is that when the Senator made his motion he made the usual motion to insist, and I am surprised at the Record, I confess.

Mr. STERLING. I am surprised at such a record, if that is the Record.

Mr. LODGE. Did not the Senator include also the usual sentence asking a conference with the House?

Mr. STERLING. Certainly. The motion was in words as follows, Mr. President, that the Senate insist upon its amendments made to House bill 7294, that it request a conference, and that the Chair appoint conferees on the part of the Senate. That was the motion.

Mr. BRANDEGEE. Mr. President, the CONGRESSIONAL RECORD does not so state it. I looked at it yesterday.

Mr. LODGE. How did the conferees come to be appointed? Mr. BRANDEGEE. I suppose that if the Senator said what the Record indicated he did—

Mr. LODGE. Where is the Record? What does it say?

Mr. BRANDEGEE. It is right here.

Mr. ASHURST. It is found on page 4742 of the CONGRESSIONAL RECORD of August 8.

Mr. BRANDEGEE. The Senator requested a conference, and the Senate voted.

Mr. LODGE. Let us have what purports to be the Record.

Mr. BRANDEGEE. I am not objecting to the Senator finding it. I wanted to ask the Chair if the motion to insist upon the Senate amendments would take precedence of a motion to disagree to the House amendment to the Senate amendments.

The PRESIDING OFFICER. The Chair is of the opinion that it would not.

Mr. LODGE. Here is the Record:

Mr. STERLING. I move that the Senate request a conference with the House of Representatives upon the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

There was a request for the appointment of conferees, and, of course, there could be a request for the appointment of conferees only if there was an insistence on the part of the Senate.

Mr. BRANDEGEE. There was no motion to insist upon the Senate amendments.

Mr. LODGE. It is left out of the Record.

Mr. BRANDEGEE. I do not know but that it was left out of the motion, too.

Mr. LODGE. I do not think it was. I heard the Senator make the motion, and I think it was the usual motion.

Mr. BRANDEGEE. That is not my recollection about it.

Mr. STERLING. It was not left out of the motion.

The PRESIDING OFFICER. The question is upon the motion of the Senator from South Dakota to disagree to the amendments of the House to the Senate amendments, which have been stated by the Secretary.

Mr. KING. Mr. President, may I inquire of the Senator from South Dakota whether those various amendments which he is asking the Senate now to disagree to have been presented to the Senate seriatim, with an opportunity afforded us to vote separately upon them? It is possible that some of those amendments we might desire to accede to, and if his motion prevails, I understand it would preclude the possibility of a consideration of any of those amendments separately.

Mr. STERLING. Certainly; that is what it involves, a disagreement.

Mr. KING. Is the Senate now willing to commit itself to the entire program of the Senator, and assent to what his motion implies, that we disagree to all those amendments? I should like to know what they are, so that I could vote intelligently. I might be willing to agree to some and I might disagree to others. Is the Senator unwilling that we may take that course?

Mr. STERLING. No; that is not involved in the motion. I am proceeding upon the very theory on which the conferees were originally appointed on the part of the Senate, supposing that the Senate desired that conferees should stand by the amendments made. The amendments made by the House are contrary to the amendments made by the Senate, and I supposed as a matter of course that the Senate would disagree to the amendments made by the House.

Mr. KING. Then, as I understand the Senator's position, it is that the action of the House is a mutilation of the action of the Senate as to all amendments which we have made, and the Senator's motion is now that we adhere to the position which we formerly took, and disagree to the position taken by the House?

Mr. STERLING. Certainly, that we disagree to the amendments made by the House, because they are not in conformity with the amendments made by the Senate.

Mr. KING. The Senator thinks the House has not improved the Senate amendment?

Mr. STERLING. That is it.

Mr. ASHURST. Mr. President, I call the attention of the Senate to amendment No. 32. The Senate passed the antibeer bill which precludes the manufacture of vinous, spirituous, and malt liquors for beverage purposes, and yet, if the Senate should agree to the House substitute for this amendment it would be lawful to manufacture vinous, spirituous, and malt liquors for beverage purposes in the home. In other words, I believe if the House amendment on this point were adopted, there would in all probability be set up under the law miniature stills and breweries in hundreds if not thousands of places. To that your conferees can not agree, because the Senate was serious when it said: "We do not want beer manufactured for any purpose, in the home or out of the home."

Mr. STERLING. Let me say to the Senator from Arizona—

Mr. ASHURST. The Senator from South Dakota states the question accurately when he says he is insisting on the amendments made by the Senate.

Mr. STERLING. No report has been signed, of course, or this motion would not have been made.

Mr. ASHURST. I know it.

Mr. STERLING. There has been no agreement reached yet on the amendment the Senator refers to.

Mr. ASHURST. I know that, and I am not criticizing the Senator. He has labored faithfully in this matter, and I do not want what I say to be construed as implying the contrary.

Mr. BROUSSARD. Mr. President—

Mr. ASHURST. Let me have the floor for a moment more. Under the amendment as the House now proposes, I repeat, there would be set up miniature stills and breweries in a thousand places and thus would occur the very thing we are trying to prevent.

Mr. BRANDEGEE. Mr. President—

Mr. ASHURST. Let me finish. Moreover, I ask attention to the amendment 32, the so-called Stanley amendment, an amendment agreed to on August 8 with a unanimity in the Senate I have rarely observed in my 10 years' service here. That amendment was submitted to at least 20 Senators before it was presented. This Senator made a suggestion and that Senator made a suggestion, and most of them were constructive amendments; so completely did the Stanley amendment express the views of the Senate that it was agreed to without a division and by unanimous consent. If the Senate conferees were to agree to the House substitute for the so-called Stanley amendment we would destroy, nullify, and render inoperative the Stanley amendment. I do not wish to discuss that amendment just now—reserving a discussion of its effect for another time—more than to say that, as I view the Stanley amendment, it is nothing more nor less than a reaffirmation of the fourth and fifth amendments to the Constitution, and I need not make a long speech here to tell Senators that the time has come, not only with regard to liquor laws but all other laws of the United States, when men must not be searched and women must not be stopped upon the public highways by a stranger who has no warrant. The time has come when no man must further enter the American home without a writ, and the Stanley amendment, adopted by the Senate, I repeat, with a unanimity scarcely theretofore known in the Senate, provides that not only in the enforcement of liquor laws, but all other laws of the United States, the great rights guaranteed to American citizens by the fourth and fifth amendments to the Constitution are preserved in their entirety.

As one of the conferees of the Senate on the bill under discussion I serve notice—and the Senate may remove me as a conferee if it wishes—that I shall not sign a report which will



in any way weaken the Stanley amendment. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. Mr. President, I wanted to ask the Senator from Arizona if he thought the amendment adopted by the House of Representatives in lieu of the Stanley amendment legalizes the manufacture of intoxicating liquors in dwelling houses.

Mr. ASHURST. I do; and I will read the House amendment to the Stanley amendment for the consideration of the Senator, who has not only won for himself a place upon our great Judiciary Committee but who has also won for himself a place as one of the leaders of that committee. This is what we are asked to agree to in lieu of the Stanley amendment:

Sec. 6. That no officer, agent, or employee of the United States, while engaged in the enforcement of this act, the national prohibition act, or any law in reference to the manufacture or taxation of, or traffic in, intoxicating liquor, shall search any private dwelling without a warrant directing such search, and no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured—

Does it stop there? No; it goes on and says: for sale or sold.

If the amendment stopped after the word "manufactured," it would have said enough, and would have been eligible to accomplish the purpose we seek, to wit, prevent manufacturing for home consumption. But they say, "manufactured for sale or sold," implying to a man with the Volstead per cent of common sense—that is, a half per cent of common sense—that he could manufacture it for his own use. The maxim, "Expressio unius, est exclusio alterius," applies and says to the country, not only by inference but directly, that "You are at liberty to set up stills in your houses for the manufacture of home-brew as far as this law is concerned."

I have no quarrel with lawyers who disagree with my view; but I know that the language was inserted there for some purpose, and I am opposed to any law which will directly or indirectly permit or encourage the manufacture of spirituous, vinous, or malt liquor for beverage purposes. After many years of labor the forces of reform and good government won their fight for prohibition, and I am happy to say I do not believe that prohibition will be broken down or removed within the lifetime of any person now living. I hope prohibition will remain and endure to bless our countrymen. I am therefore opposed to any amendment that will grant to any person the right to manufacture intoxicating liquor in the home for beverage purposes.

Mr. BRANDEGEE. That would be a great privilege, Mr. President. But what I wanted to suggest to the Senator is that it does not seem to me, following, as best I could, as the Senator read the amendment, that it contains anything which would prohibit an officer from searching a house. It does not legalize the manufacture of intoxicating liquors, even for domestic consumption, in one's family.

Mr. ASHURST. But I see the Senator's point.

Mr. BRANDEGEE. It prohibits an officer from searching a house without a search warrant.

Mr. ASHURST. Yes, it does; but I am not satisfied with the amendment which the House has proposed in lieu of the Stanley amendment. I want to go into that question later. It is sufficient for me to say now that as the servant of the Senate, as long as I am on this conference—and I would be delighted if the Senate would remove me immediately—I shall never agree to a conference report which weakens or changes the Stanley amendment for two reasons: First, I agree with it in principle; second, in the conference I am the servant of the Senate, and the unanimity of the Senate in agreeing to the Stanley amendment was so great that I would not feel at liberty to disregard that unanimously expressed opinion.

Mr. BRANDEGEE. Mr. President, personally I do not see that it makes any difference whether the Senate disagrees to the amendments of the House to the Senate amendments or simply insists on the Senate amendments. I regard the Stanley amendment as vitally necessary.

The eighteenth amendment to the Constitution prohibits the manufacture and sale of intoxicating liquors. To enforce that eighteenth amendment to the Constitution Congress passed the Volstead Act. There is another amendment to the Constitution, the fourth amendment, which provides as follows:

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

The Senate amendment proposes that no officer who is enforcing the Volstead Act, or the medical beer act, shall make an unreasonable search, or deprive a person of his constitutional

guaranties, without being held to have committed a misdemeanor.

Anyone who violates the provisions of the Volstead Act commits a misdemeanor. It ought to be provided that anybody who violates the fourth amendment to the Constitution would be committing a misdemeanor. If it is a misdemeanor to violate the liquor law it ought to be a misdemeanor to deprive a free-born American citizen of a part of the Bill of Rights which was put into the Constitution a year after the Constitution was formed. On what theory can anybody deny it, when the fourth amendment to the Constitution provides that the right of the people which existed before the Constitution was made, the right of the people to be secure against unreasonable searches and seizures as to their persons, their houses, their papers, and their effects, meaning their chattels and possessions of every kind, shall not be violated?

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from South Dakota?

Mr. BRANDEGEE. I yield.

Mr. STERLING. I wish to say to the Senator that the conferees on the part of the Senate are considering every single question that the Senator from Connecticut now raises in the consideration of the House amendment to the Senate amendment.

Mr. BRANDEGEE. I assume that they are. I hope they are.

Mr. STERLING. They are.

Mr. BRANDEGEE. I have no doubt about it, and I have no doubt they will give it due consideration.

In pursuance of the idea suggested by the Senator from Arizona [Mr. ASHURST], I simply wanted to express the opinion that an amendment to the bill simply making it a misdemeanor to deprive an American citizen of his constitutional guaranty ought to be defended by the American Senate to the last ditch. The question as to whether a doctor shall prescribe a bottle of beer to his patient or whether he shall prescribe a pint of whisky every 10 days or every 100 days is a trivial one as compared to this great constitutional right. The question of the fundamental guaranties of American liberty, for which the United States struggled in bloody war, is paramount, especially as compared with the beer bill or doctor's prescription bill. The question of regulating the practice of medicine, recognizing alcoholic stimulants as medicine, and then declaring the doctor shall not prescribe the amount of that medicine that he thinks the patient needs, sinks into comparative insignificance as compared with the upholding of our constitutional rights. Those who are trying to pass the bill to regulate the medical profession and who are taking the position that in order to enforce the provisions of that bill they must deprive the whole American Nation of the guaranties contained in the Constitution of the United States have raised a question which is fundamental. Some of the proponents of the legislation say they do not think the Volstead Act can be effectively enforced unless the constitutional guaranties of citizens of the United States as to their personal liberties are torn into shreds.

The amendment cited by the Senator from Arizona, offered by the House as a substitute for the Senate amendment which preserves our constitutional liberties as free men, simply provides that no prohibition officer shall break into a man's house and search it without a warrant.

Mr. ASHURST. His dwelling house.

Mr. BRANDEGEE. Yes; his dwelling house. The language of the Constitution protects all your houses, whether you dwell in them or not. "Your right to be secure in your persons, your effects, your houses, and your papers shall not be violated," said our charter of liberty.

Mr. STANLEY. Mr. President—

Mr. BRANDEGEE. Just a moment, before this idea escapes me, and then I will yield.

The House is willing to say that it shall be a misdemeanor if a person breaks into your house and searches it, but is not willing, apparently, to extend to a free American citizen the right of having it constituted a misdemeanor if his person is violated. According to that, they protect your dwelling house against a raid on suspicion but will not protect your person or your papers or your effects.

Has American liberty come to that state, Mr. President? If so, American citizens had better migrate and live under a monarchical and despotic form of government than under the starry banner that guarantees the Bill of Rights.

I now yield to the Senator from Kentucky.

Mr. STANLEY. Is it against any law of the United States for a man to have alcoholic liquors in his home?

Mr. BRANDEGEE. I do not understand that the Volstead Act prohibits the possession of liquors if they are not held with the intent of selling them or otherwise violating the provisions of the Volstead Act.

Mr. STANLEY. Suppose an officer should make an affidavit to secure a search warrant that A or B has alcoholic liquors in his home for his own personal use, he could not secure the warrant to enter a residence upon any such allegation, as I understand it.

Mr. BRANDEGEE. I do not suppose any man competent to be a justice of the peace would issue a search warrant authorizing an officer under the Constitution, which provides that no warrant shall issue except upon probable cause supported by oath or affirmation and particularly describing the premises to be searched and the property to be seized, to search one's home, unless the person making the affidavit would swear that in his judgment the liquor alluded to by the Senator was held in the premises for the purpose of being disposed of in violation of the law.

Mr. NELSON and Mr. STANLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Connecticut yield, and if so, to whom?

Mr. BRANDEGEE. I yield first to the Senator from Kentucky.

Mr. STANLEY. The House amendment provides that they must procure a warrant to enter a home unless liquors are being sold in that home, and that then they have the right even to go into the home without the warrant. The amendment simply provides that if a man has liquor in his home for his personal use, an officer can not enter it without a warrant, when he could not enter it with a warrant even if some officer were fool enough to issue it. The author of that amendment was lacking in a sense of humor.

Mr. BRANDEGEE. I now yield to the Senator from Minnesota.

Mr. NELSON. I wish to say to the Senators who are discussing the amendment that it is still in conference. The conferees have not agreed on the amendment, and it is not involved in the motion that is made in reference to the other three amendments. The amendment to which the Senator from Connecticut and the Senator from Kentucky have referred is in conference, and we have not yet agreed to the House provision.

Mr. BRANDEGEE. I thank the Senator, but he gives me no new information. I understood all the amendments were in conference as soon as we sent them back to conference, although they are technically on the Secretary's desk at present. As I understand, the conferees have not agreed, and I am perfectly sure that all three of the Senate conferees, being able members of the Senate Committee on the Judiciary and able lawyers and good Americans and their own masters, will carefully consider this fundamental question, as fundamental as has ever been raised in the United States of America. I hope during their consideration that they will duly appreciate that this amendment was not hastily drawn, and it was not put on by the Senate simply to be discarded in conference, or to get the bill in conference. It was accepted by the distinguished Senator from South Dakota, one of the conferees, as a proper amendment, and I think the Senator suspects that the Senate will stand by their previous action to protect the liberties of the American people.

Mr. NELSON. Will the Senator allow me further?

Mr. BRANDEGEE. Certainly.

Mr. NELSON. I wish to remind Senators of another thing. They are interested in that particular amendment, but if they succeed in defeating the bill or defeating any action of the conference committee, the bill itself and the amendment which they are discussing will be in the air and we will have no law on the subject.

Mr. BRANDEGEE. Yes; but I would trust the American Congress to pass a law in the future, whether the doctor's beer bill survives or fails, that will protect the constitutional guarantees to American citizens.

Mr. BROUSSARD. I think it would make no difference at all whether the bill passes or not, because the present law is being interpreted just as though the bill were the law.

Mr. BRANDEGEE. The bill to me is so un-American and so unwise that I think there would be very few mourners at the obsequies if the bill should die before it is born. It is not yet born.

Mr. ASHURST. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Arizona?

Mr. ASHURST. Oh, no, Mr. President. I thought the Senator from Connecticut had concluded. I wish to take the floor when the Senator concludes.

Mr. BRANDEGEE. I have said about all I care to about the matter at this time. I feel that it is a question of importance, not the beer question, but the question whether the American Senate should formulate legislation to carry out one provision of the Constitution and decline to formulate legislation to carry out an amendment to the Constitution which was adopted almost at the time the Constitution was adopted by the States, and the Constitution never would have been ratified by the States unless that fourth amendment had been promised.

Mr. WILLIAMS. Mr. President, if the Senator will pardon me—

Mr. BRANDEGEE. Certainly.

Mr. WILLIAMS. That amendment, long before the Constitution itself was adopted, was a part of the constitution or charter of every colony of Great Britain, and every State in the Union recognized it before our independence had been recognized. So it was not only a part of the organic law of the Federal Government, but a part of the organic law of the constituent parts, as well as a part of the organic law of Great Britain ever since Magna Charta.

Mr. BRANDEGEE. The Senator is quite right. I do not care to address the Senate at length upon that feature of the question at this time, but when the matter comes from the conference committee, if there shall be any yielding of the great principle contained in the fourth amendment, the cases upon this point will be brought before the Senate and the Senate's attention invited to the history of the whole proceeding.

Mr. Justice Bradley in the great case of Boyd against United States, in the One hundred and sixteenth United States Reports, page 616, traces the origin and history of the fourth amendment, and that is further illuminated and ratified and affirmed in a great opinion by Mr. Justice Day in the case of Weeks against United States (232 U. S., p. 383). I think it is as late as 1914. There is absolutely no question that the rights guaranteed by the fourth amendment against unreasonable searches and seizures pertain to the person and personal property of every citizen just as surely and just as perfectly as they do to his real estate.

Mr. REED. May I suggest to the Senator that the doctrine was reaffirmed in all its strength as late as last December by the Supreme Court of the United States?

Mr. BRANDEGEE. I have no doubt of it.

The Senator from Mississippi [Mr. WILLIAMS] is quite right. The principles which are contained in the fourth amendment to the Constitution were a part of the law of every colony of America before the Government of the United States was formed at all; they were a part of the law of England before our Government was formed and before the Colonies were formed, and they are the bulwark of English liberty from which we inherit and trace our whole constitutional law and theory of government.

Mr. ASHURST. Mr. President, at the risk of tediousness I am going briefly to sketch the history of the fourth and fifth amendments to the Constitution, as there is a large attendance in the Senate. It is almost presumptuous, however, in the Senate of the United States to do that, as most Senators are familiar with that history.

These noble amendments are as follows:

"[ARTICLE IV.]

"The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

"[ARTICLE V.]

"No person shall be held to answer for a capital or otherwise infamous crime unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation."

A gentleman the other day calling upon me asked, "Did you ever read Lord Coke's famous maxim in Lemayne's case," to wit, "The house of every man is to him as his castle and for-



treas, as well for his defense against injury and violence as for his repose"? I said, "Yes, I am familiar with Coke, but that was law 1,000 years before my Lord Coke adorned the bench."

Mr. President, before the English conquest of Britain the English people lived in a country now called Schleswig, a district in the heart of the peninsula that separates the Baltic from the northern seas. The dwellers in this particular locality were an outlying fragment of what was called the Engle or English folk, the bulk of whom probably lay in what was later called Lower Hanover and Eastphalia and Westphalia. These Engles in the heart of this peninsula set up their forms of government; they met in the forests, and with their loud and guttural yeas and nays and sometimes by clashing their spears against their shields as a substitute for a viva voce vote they adopted a code of laws.

One of the principles they set into positive law and adopted before Hengist and Horsa landed on the island of Thanet in A. D. 449 was the constitutional provision that "a man's house was his castle," and that he was and ought to be secure and free therein from unreasonable searches and seizures. So we perceive that when the Angles came over from Jutland under the leadership of Hengist and Horsa and landed on the island of Thanet they brought with them those English fundamentals as to the liberty of the citizen or subject and they planted them deep and strong in the island of Britain.

When we talk, therefore, of English history we must remember that English history begins with the landing of Hengist's war band in the year I have above mentioned. These warriors under the leadership of Hengist, these sons of liberty, were drawn somewhat from the Jutes, as well as the Angles. When English history began, therefore, there was already established freedom from unreasonable seizures and searches. The years glided into the centuries and this provision, amongst many others guaranteeing personal freedom from the encroachments of tyranny, was observed by practically all reigning monarchs until King John so outraged and violated the laws and constitution of his country that there occurred his famous quarrel with his barons and he took refuge on one bank of a little stream called Runnymede; with himself on one side of the stream and his barons on the other they framed a treaty or charter known to history as Magna Charta, signed by King John, June 15, 1215, on a small island in the middle of the stream. This same John once received some excellent advice at the tournament at Ashby, for he had in his train a man who never flattered him; a man of good sense, named Waldemar Fitzurse. The day that the disinherited knight first tilted, King John attempted to carry out his own sweet will on a certain subject in a manner that would prove ruinous; whereupon Waldemar Fitzurse said, "If Your Grace attempts it, it can but prove ruinous to your projects." John replied, "I entertained you, sir, for my follower, but not for my counselor." Whereupon Waldemar gave John advice that all men of high station could well afford to consider when he said, "Those who follow Your Grace in the paths you tread acquire the right of counselors, for your interests and safety are not more deeply pledged than our own."

But say the pundits and the scholars, Magna Charta says nothing about freedom from unreasonable seizure and search; Magna Charta says nothing about requiring warrants to be issued before a citizen is stopped on the highway and his baggage examined and his pockets searched. Let us examine this statement and see how much thereof is true.

I can read but little Latin but I can read English; the original and individual articles of Magna Charta, as they were prepared and offered seriatim, were written in Latin, but when the entire Charta was adopted and engrossed and was ready for the King's signature, it was written in Norman-French, and we must read it in the light of what its words meant 706 years ago.

I will ask Senators to bear with me while I read paragraph 24 of Magna Charta.

No sheriff, constable, coroner, or other our bailiffs shall hold "Pleas of the Crown."

We must view that language in the light of what it then meant, and it meant at that time that sheriffs and coroners and constables, bailiffs, and King's minions had been in the habit of going to the thatched cottage of the peasant and to the castle of the baron, and there these officers and King's minions would invade that cottage or castle and hold court; these officers and minions would command that the householder open the strong box, the larder, or the pantry; they would pry open the chest in which he kept his relics, his heirlooms, his private papers, and his title deeds and muniments showing his right to possession to his lands; the penalties which these officers, sheriffs, bailiffs, and King's minions inflicted were degrading and painful and were contrary to law.

Section 24 of Magna Charta denounced that conduct, and the King agreed that his sheriffs and constables and coroners should never thereafter hold court.

Some years after the granting of the great charta a doubt arose as to the precise meaning of some of its sections, although it was pointed out by the lawyers of the day—and the only lawyers of that day were ecclesiasts—that the guaranties in Magna Charta were sufficient to secure the liberty of freemen; nevertheless, in the reign of Edward I, in 1297, the Confirmatio Chartarum was promulgated. I will read a comment thereon from John Fiske's Civil Government in the United States:

The words of this important document, from Prof. Stubbs's translation, are given as the best explanation of the constitutional position and importance of the charters of John and Henry III. "This is far the most important of the numerous ratifications of the great charter. Hallam calls it 'that famous statute, inadequately denominated the confirmation of the charters, because it added another pillar to our constitution, not less important than the great charter itself.' It solemnly confirmed the two charters, the Charter of the Forest (issued by Henry II in 1217; see text in Stubbs, p. 338) being then considered as of equal importance with Magna Charta itself, establishing them in all points as the law of the land; but it did more. 'Hitherto the king's prerogative of levying money by name of tallage or prise from his towns and tenants in demesne had passed unquestioned. Some impositions, that especially on the export of wool, affected all the king's subjects. It was now the moment to enfranchise the people and give that security to private property which Magna Charta had given to personal liberty.'

The Great Charter signed in 1215 and the Confirmatio Chartarum which was signed in 1297 are in *pari materia* and must be read together; the one dealt particularly with the citizen's personal liberty and the other dealt especially with his property rights. No man since that time has succeeded in the English-speaking world, or wherever it has been pretended there was a government of law instead of men; in questioning the rights of freemen set out in these two documents.

The leading English case on this subject is that of *Entick versus Carrington and Three Other King's Messengers*, reported at length in Howell's State Trials. In this case, as it is reported in Howell's State Trials, officers of the law had broken in and seized books and papers belonging to the plaintiff under color of a warrant issued by the secretary of state. Action was brought for trespass against the officers making the seizure. The defendants attempted to justify under the warrant. It was conceded that such warrants had been issued for many years and executed without question. The case was argued before a full bench, and Lord Camden, at the Michaelmas term in 1765, delivered the decision, holding that such a seizure could not be justified except by a warrant issued by a court upon proper proof, and that even on a warrant issued by the secretary of state it was utterly in violation of the English common law.

This was therefore the law of England when our Federal convention met in 1787 to form the Constitution of the United States.

It was understood by all the Colonies to be the law.

It is common knowledge that the framers of the Federal Constitution encountered many practical difficulties in writing a Constitution that would be acceptable to the majority of the Colonies. Hence it was widely believed that amendments would frequently be resorted to as time and march of events required. Virginia, along with New York, Massachusetts, and Pennsylvania, at that time was a pivotal State, and when the Federal Constitution was considered at the Virginia convention called to pass upon ratification of the Federal Constitution that eagle of oratory, that premier of statesmen, Patrick Henry, was in the Virginia convention, and he challenged Washington's views; he challenged James Madison, he of the superb intellect; he challenged the Wythes, the Pendletons, and the Innesses, and all that splendid galaxy of scholarship and statesmanship that enriches the annals not only of Virginia but of the world, and he demanded to know why a Bill of Rights guaranteeing the privileges and immunities of the citizen had been omitted from the Federal Constitution. The Virginia State convention, after a prolonged debate, was only able to ratify the Constitution by a majority of 10 votes, so ably did Patrick Henry argue against it because it did not contain the Bill of Rights which Englishmen brought over from Jutland to the island of Thanet in 449, which they affirmed in 1215, in 1279, in 1689, and which Lord Camden declared so eloquently.

James Madison, later President of the United States, pledged his word that at the earliest opportunity he would use his intellect and his energy toward immediately placing into the Federal Constitution the requisite amendments guaranteeing the citizens' rights, privileges, and immunities, and as soon as the Virginia convention had finished the work of ratification it adopted resolutions expressing its desire for the amendments, the Bill of Rights, demanded by Patrick Henry. These resolutions were



forwarded to the governors of the various States, and as far as men could be bound in faith and honor, as far as men could be bound in statesmanship and in politics, the amendments guaranteeing the citizen's individual rights and his liberties were by common consent agreed to, and it was understood everywhere that these amendments would be proposed to the States by the first Congress.

The first bill to be considered by the newly organized Congress of the United States, of course, was a bill to raise revenue, to get something into the Treasury to pay the expenses of the Government; but on July 21 James Madison, who was a Member of the House, arose and asked that these amendments be considered. Why was not this superb intellect sent to the Senate? The reason is that he had voted to ratify the Constitution without the Bill of Rights, and Patrick Henry resorted to the unusual circumstance of bringing out two candidates for the Senate against Mr. Madison, to wit, Mr. Grayson and Richard Henry Lee; thus Madison was defeated for the Senate, because he did not stand for the Bill of Rights; but he came to the House of Representatives, and on the 21st day of July, 1789, he arose and "begged the House to indulge him in further consideration of amendments to the Constitution," and he pointed out that the faith and honor of Congress were pledged; that the faith and honor of public men everywhere were pledged to amendments securing to the citizens such guaranties as were comprehended within the first 10 amendments.

Twelve amendments were proposed to the States, and 10 of them, including the fourth and fifth, were ratified within 2 years and 15 days. Thereafter, as far as Americans are concerned, and as far as the Constitution itself is concerned, they were and are a part and parcel of the original Constitution, as much so as if they were signed on the 17th of September, 1787, when the main instrument itself was signed.

It has been asserted from time to time that if there be a desperate case the citizen may be searched without a warrant, his pockets explored, his carriage stopped. Mr. President, we are not justified in looking to the mischief; we are not justified in looking to the end to be accomplished; we are sworn to uphold the Constitution. If there be amendments which the common people understand, they are the fourth and fifth amendments. We require no lawyer to tell us what these two amendments mean; they are plain; there has been less litigation over the fourth and fifth amendments than over any other amendment, because anyone can understand them who can read or will try to comprehend language. It is so plain that, as I said a few moments ago, he who runs may read. As the learned Senator from Connecticut said, in the case of *Boyd versus the United States* (116 U. S., 616), the opinion by Mr. Justice Bradley reviewed Lord Camden's opinion and gave a history of the fourth and fifth amendments. I will read the syllabus only, not tiring the Senate with the decision, but will ask unanimous consent to include the entire decision in the Record as an appendix to my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ASHURST. I read from the syllabus:

It does not—

Who is this talking? Some demagogue on the hustings seeking to get votes by appealing to the populace? No. This is the Supreme Court of the United States speaking.

It does not require actual entry upon premises and search for and seizure of papers to constitute an unreasonable search and seizure, within the meaning of the fourth amendment; a compulsory production of a party's private books and papers to be used later against himself or his property in a criminal or penal proceeding or for forfeiture is within the spirit and meaning of the amendment.

It is equivalent to a compulsory production of papers to make non-production of them a confession of the allegations which it is pretended they will prove.

Mr. Justice Bradley in the great case of *Boyd against United States*, in the One hundred and sixteenth United States Reports, page 616, traced the origin and history of the fourth amendment, and that is further illuminated and ratified and affirmed in an opinion by Mr. Justice Day in the case of *Weeks against United States* (232 U. S., p. 383). There is absolutely no question that the rights guaranteed by the fourth amendment against unreasonable searches and seizures pertain to the person and personal property of every citizen just as surely and just as perfectly as they do to his real estate.

I read the syllabus:

This protection—

What protection? The protection of the fourth and fifth amendments—

This protection reaches all alike, whether accused of crime or not, and the duty of giving it force and effect is obligatory on all entrusted under our Federal system with the enforcement of the laws. The tendency of

those executing the criminal laws of the country to obtain convictions by means of unlawful seizures and enforced confessions, the latter often obtained after subjecting accused persons to unwarranted practices destructive of the rights secured by the Federal Constitution, should find no sanction in the judgments of the courts, which are charged at all times with the support of the Constitution and to which people of all conditions have a right to appeal for the maintenance of such fundamental rights.

I call attention to a recent case, which was decided as late as February 28, 1921, by the Supreme Court of the United States. In that case a man was suspected of illegal acts, which concerned his loyalty. Under such circumstances the temptation to obtain evidence by any means was great. Likewise the temptation to a court to sustain the legality of the seizure was great. Officers of the United States Army succeeded in placing a man in the defendant's establishment who purloined certain of his papers. How did the court treat that case when the papers were brought in evidence?

The court states:

It was objected on the trial, and is here insisted upon, that it was error to admit these papers in evidence, because possession of them was obtained by violating the rights secured to the defendant by the fourth and fifth amendments to the Constitution of the United States. The fourth amendment reads:

"The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrant shall issue but upon probable cause supported by oath or affirmation, and particularly describing the place to be searched and persons or things to be seized."

The part of the fifth amendment here involved reads:

"No person \* \* \* shall be compelled in any criminal case to be a witness against himself."

The court comments:

It would not be possible to add to the emphasis with which the framers of our Constitution and this court in *Boyd v. United States* (116 U. S.), *The Silver Thorn Lumber Co. v. United States* (251 U. S.), *Weeks v. United States* (and various other cases cited), have declared the importance to political liberty and to the welfare of our country of the due observance of the rights guaranteed under the Constitution by these two amendments.

The effect of the decision cited is: That such rights are declared to be indispensable to the "full enjoyment of personal security, personal liberty, and private property"; that they are to be regarded as of the very essence of constitutional liberty; and that the guaranty of them is as important and as imperative as are the guaranties of the other fundamental rights of the individual citizen—the right to trial by jury, to the writ of habeas corpus, and to due process of law. It has been repeatedly decided that these amendments should receive a liberal construction, so as to prevent stealthy encroachments upon or "gradual depreciation" of the rights secured by them, by imperceptible practice of courts, or by well-intentioned but mistakenly overzealous executive officers. (See *U. S. v. Gouled*, advance opinions, U. S. Supreme Court, 1920-21.)

No true lawyer has ever pretended that it was constitutional, without a warrant, to stop a man and search his trunks, grips, and pockets unless you saw him in the actual commission of a crime; and if he is seen in the actual commission of a crime a private citizen may make an arrest. Upon that question the Senate's expression was emphatic. It was unanimous. As I said a moment ago, many Senators were consulted upon it. So strongly did it appeal to Senators that it was agreed to practically by unanimous consent.

Mr. KING. Mr. President, will the Senator yield, just for information?

Mr. ASHURST. Certainly.

Mr. KING. I have not been able to follow the proceedings of the House in dealing with the so-called Stanley amendment. Will the Senator please advise me, and perhaps other Senators, whether the House took a position adverse to that for which the Senator is now contending, and whether they favor legislation which would abrogate the provisions of the amendment to the Constitution which are so essential for the preservation of personal rights?

Mr. ASHURST. It is my opinion—and, of course, I am responsible for my own opinion—that the amendment in lieu of the Stanley amendment is vicious in two regards. First, it would permit the setting up and operation of breweries and distilleries in the home if the brew or the spirits were manufactured for beverage purposes, to be consumed there. That is the first vice. The second vice is that it would permit an officer without a warrant to search a barn; it would permit him to search any part of your premises except your actual dwelling house. He could search your garage, your stable, your room in an apartment house, or hotel, if you be quartered in a hotel. He could search your car, your baggage, and your person without a warrant; your wife, who might be journeying over the Lincoln Highway at midnight, could be searched by a stranger, and should a stranger obtrude his vulgar face into the car and say, "I want to search this car; I suspect the presence of liquor," he could do it under the law without a warrant if the House amendment is enacted.

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. ASHURST. I yield to the Senator from Kentucky.



Mr. STANLEY. Under that authority he could search your bedroom or your berth where you or your wife are asleep on any conveyance.

Mr. ASHURST. Yes; without a warrant.

Mr. STANLEY. Absolutely.

Mr. ASHURST. I believe an officer should have the right to search a bedroom, bureau, chiffonier, and all else with a warrant. I believe the officer armed with a warrant, who exhibits it, should be able to say, "Stand aside. I have a warrant. Here is the majesty of the Constitution speaking. I am going to search you, your premises, and all."

Mr. KING. Where the proper predicate is laid.

Mr. ASHURST. Where the proper predicate is laid, and the warrant is regular.

Mr. HEFLIN. Mr. President, will the Senator permit me to interrupt him right there?

Mr. ASHURST. Certainly.

Mr. HEFLIN. That is when some good citizen has gone to a court of justice and has named this place as a place that is violating the law.

Mr. ASHURST. Precisely.

Mr. HEFLIN. He has taken upon himself the responsibility of going upon record as making that accusation.

Mr. ASHURST. Precisely.

Mr. STANLEY. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. STANLEY. I wish to say here and now, as the author of that amendment, to which I gave more than passing thought before offering it, that it was not the purpose of the author of that amendment, it was not the purpose of a Senate which seriously considered it, to facilitate the operations of the bootlegger or the moonshiner. This amendment was submitted to and discussed by many Senators here who never cast a "wet" vote in their lives. The ranking member of the Finance Committee, the Senator from North Carolina [Mr. SIMMONS], assisted in drawing the amendment. The Senator from Arizona [Mr. ASHURST] made valuable suggestions. I took up this amendment deliberately with men who were known for their earnest advocacy of temperance legislation, men who had championed the cause of the Anti-Saloon League, but who still had some reverence for the palladium of every American's rights, the Constitution of the United States. It was not the purpose of the author of this amendment, as I have said, to facilitate the operations of the bootlegger or the moonshiner. It was the purpose of this amendment to leave the law where the Constitution left it, to leave the officer armed with the proper authority, the right to go anywhere the law was being violated and to seize liquor anywhere it was being made or vended, but to protect the person and the property of the citizen and the sanctity and the privacy of the home not only from insolent and unauthorized officers but from bandits, who literally infest this country, masquerading as officers of the law for the purpose of committing thefts and robberies upon the helpless citizens of the United States.

Mr. ASHURST. Mr. President, what the learned Senator says is of course true, and I thank him for his interruption. It is a valuable contribution to my speech. Since he has mentioned the fact that the amendment was submitted to those who have always been friends of prohibition, I will advert to that question. I had not intended to do so. I have never struck an opponent in the back, and I do not think I ever will; but the liquor traffic is one thing in the economy of this country that I am willing to strike in the back or below the belt; but I am unwilling to strike the rights of the American people below the belt or in the back. Since it has been adverted to that the amendment was passed upon by those Senators friendly to prohibition, I want to say that is true. I have never cast a vote that could be called a "wet" vote. It is a matter of principle with me. I believe that one of the ravaging, destructive things of our national life was the use of alcoholic liquor, ardent spirits, and it was a great day in the history of America when the Sheppard amendment to the Constitution was ratified. It meant the freedom of our sons from the baleful influence of this damnable stuff—alcohol—that has ruined so many clever fellows and sent them down a steep and everlasting declivity into perdition; but there are other great questions. One of them is the assurance that we shall not impair the rights of American citizens for which governments themselves exist; and when such rights of the citizens no longer exist, the Government ought to fall and will fall.

I repeat that the House substitute is vicious, because it might legalize breweries and distilleries in the dwellings. I repeat that the House substitute for the Stanley amendment is doubly vicious in that it would permit the searching of your person, sir, on the public highway by strangers without a warrant. You

may desire to motor to Harrisburg, or from Salt Lake City to Los Angeles or San Francisco. You may be in a lonely part of the country. You can be stopped by a stranger whose face you have never seen and who presents no warrant and your automobile searched, your grip broken open, your pockets rifled and explored, under the law as proposed by the House committee; and to that I do not agree.

Mr. McCORMICK, Mr. STANLEY, and Mr. REED addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield, and to whom?

Mr. ASHURST. I yield to the Senator from Illinois. He rose first.

Mr. McCORMICK. I should like to suggest that the Senator is suggesting long and unusual excursions. Baltimore to Washington would be more usual.

Mr. ASHURST. I made that journey some years ago in an automobile, and I will say here that I would, I think, if stopped by a man without a warrant, have set an example that I hope other citizens would have emulated. If I had been stopped—I had no liquor with me—and the face of a stranger had been thrust into my car, I would have said, "Will you please show me your warrant?" If he had said, "I have no warrant," I would have used something more than words, and that is what the American citizen ought to do. When a man raps at your door, when a man says, "Hold up, sir; I want to search your pockets; I want to search your house," and further says, "I have no warrant," you are a very poor American if you do not knock him down.

At this juncture in my remarks I want to say that nothing I have said must be construed in any way as a criticism or a reflection upon the attitude of the leader of the Senate conferees on this question, the Senator from South Dakota [Mr. STERLING]. He is standing for the Stanley amendment, in my judgment, although I have no right to quote him.

Mr. STANLEY. Mr. President—

Mr. ASHURST. I yield to the Senator from Kentucky.

Mr. STANLEY. As indicative of the thought that has been given to this earnest desire to preserve the integrity of the Constitution of the United States an amendment which incorporates in words verbatim a portion of the amendment that I offered was offered by one of the greatest lawyers in America and one of the most accomplished Senators that ever adorned this body, the Senator from Missouri [Mr. REED].

Mr. ASHURST. Why, yes; that is true, and now it is suggested to me, possibly by those who think I might be so spineless a cactus as to fall over when they say it, "Your attitude indicates that you may favor the liquor traffic"; and I pass that suggestion by as idle wind that I respect not. I suppose we all look for votes more or less; but a man who would look for votes or pay the slightest attention to the political result in a question of this importance deserves to get no votes. The question is of such importance that it transcends all petty questions as to whether anybody is reelected or not.

The makers of our Federal Constitution and the framers of the first 10 amendments were never tired of quoting the immortal words of the elder Pitt, used in his speech on "The Excise," words as brilliant as a diamond with many facets; words which to-day are fresh, pure, and sparkling; I regret that I am unable to quote them verbatim, but as I remember them, they were as follows:

The poorest man may in his cottage bid defiance to all the force of the Crown. It may fall; its roof may shake; the wind may blow through it; the storms may enter; the rain may enter—but the King of England can not enter. All his forces dare not cross the threshold of the ruined tenement.

So, Mr. President, as one of your humble servants and a conferee, it is my intention to refuse to sign any conference report that recedes from or changes the Stanley amendment. This is not a threat. It is simply a statement. If you wish to change your servant you have a right to do so, and I would welcome it, but as long as I serve as your conferee I can not abandon and throw away an opinion on an amendment that was unanimous in the Senate and that meets my own view. I shall not sign any conference report that will tend to set up a still even in a private home, or would do that which is worse, allow the present wild and desperate forays to be continued, and citizens to be searched and herded like cattle. I think when the Judiciary Committee makes its report, as it some day will, it may disclose to the Senate that men have been gathered up like so many swine, herded in halls, denied the right to see a lawyer, denied the right of habeas corpus, denied the right to be heard, no warrant issued—not in a Western State, but in an Eastern State. The time has come when, if men are to be deprived of their liberty, it must be done under the law and the Constitution.



## APPENDIX.

## SYLLABUS.

*Boyd v. United States.*

ERROR TO THE CIRCUIT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK.

(Argued Dec. 11, 14, 1885. Decided Feb. 1, 1886.)

Mr. Justice Bradley delivered the opinion of the court.

This was an information filed by the district attorney of the United States in the District Court for the Southern District of New York in July, 1884, in a cause of seizure and forfeiture of property against 35 cases of plate glass seized by the collector as forfeited to the United States under section 12 of the "act to amend the customs revenue laws and to repeal moieties," passed June 22, 1874 (18 Stat., 186).

It is declared by that section that any owner, importer, consignee, etc., who shall, with intent to defraud the revenue, make, or attempt to make, any entry of imported merchandise by means of any fraudulent or false invoice, affidavit, letter, or paper, or by means of any false statement, written or verbal, or who shall be guilty of any willful act or omission by means whereof the United States shall be deprived of the lawful duties, or any portion thereof, accruing upon the merchandise, or any portion thereof, embraced or referred to in such invoice, affidavit, letter, paper, or statement, or affected by such act or omission, shall for each offense be fined in any sum not exceeding \$5,000 nor less than \$50, or be imprisoned for any time not exceeding two years, or both; and, in addition to such fine, such merchandise shall be forfeited.

The charge was that the goods in question were imported into the United States to the port of New York subject to the payment of duties, and that the owners or agents of said merchandise, or other person unknown, committed the alleged fraud which was described in the words of the statute. The plaintiffs in error entered a claim for the goods and pleaded that they did not become forfeited in manner and form as alleged. On the trial of the cause it became important to show the quantity and value of the glass contained in 29 cases previously imported. To do this the district attorney offered in evidence an order made by the district judge under section 5 of the same act of June 22, 1874, directing notice, under seal of the court, to be given to the claimants requiring them to produce the invoice of the 29 cases. The claimants, in obedience to the notice, but objecting to its validity and to the constitutionality of the law, produced the invoice, and when it was offered in evidence by the district attorney they objected to its reception on the ground that in a suit for forfeiture no evidence can be compelled from the claimants themselves, and also that the statute, so far as it compels production of evidence to be used against the claimants, is unconstitutional and void.

The evidence being received and the trial closed, the jury found a verdict for the United States condemning the 35 cases of glass which were seized, and judgment of forfeiture was given. This judgment was affirmed by the circuit court, and the decision of that court is now here for review.

As the question raised upon the order for the production by the claimants of the invoice of the 29 cases of glass and the proceedings had thereon is not only an important one in the determination of the present case but is a very grave question of constitutional law, involving the personal security and privileges and immunities of the citizen, we will set forth the order at large. After the title of the court and term, it reads as follows, to wit:

"THE UNITED STATES OF AMERICA V. E. A. B., 1-35, THIRTY-FIVE CASES OF PLATE GLASS.

"Whereas the attorney of the United States for the Southern District of New York has filed in this court a written motion in the above-entitled action showing that said action is a suit or proceeding other than criminal arising under the customs revenue laws of the United States, and not for penalties, now pending undetermined in this court, and that in his belief a certain invoice or paper belonging to and under the control of the claimants herein will tend to prove certain allegations set forth in said written motion, hereto annexed, made by him on behalf of the United States in said action, to wit, the invoice from the Union Plate Glass Co., or its agents, covering the 29 cases of plate glass marked 'G. H. B.', imported from Liverpool, England, into the port of New York in the vessel *Baltic* and entered by E. A. Boyd & Sons at the office of the collector of customs of the port and collection district aforesaid on April 7, 1884, on entry No. 47108:

"Now, therefore, by virtue of the power in the said court vested by section 5 of the act of June 22, 1874, entitled 'An act to amend the customs revenue laws and to repeal moieties,' it is ordered that a notice under the seal of this court, and signed by the clerk thereof, be issued to the claimants requiring them to produce the invoice or paper aforesaid before this court in the court rooms thereof in the United States post-office and courthouse building in the city of New York on October 16, 1884, at 11 o'clock a. m., and thereafter at such other times as the court shall appoint, and that said United States attorney and his assistants and such persons as he shall designate shall be allowed before the court, and under its direction and in the presence of the attorneys for the claimants, if they shall attend, to make examination of said invoice or paper and to take copies thereof; but the claimants or their agents or attorneys shall have, subject to the order of the court, the custody of such invoice or paper, except pending such examination."

The fifth section of the act of June 22, 1874, under which this order was made, is in the following words, to wit:

"In all suits and proceedings other than criminal arising under any of the revenue laws of the United States the attorney representing the Government, whenever in his belief any business book, invoice, or paper belonging to, or under the control of, the defendant or claimant, will tend to prove any allegation made by the United States, may make a written motion, particularly describing such book, invoice, or paper, and setting forth the allegation which he expects to prove; and thereupon the court in which suit or proceeding is pending may, at its discretion, issue a notice to the defendant or claimant to produce such book, invoice, or paper in court at a day and hour to be specified in said notice, which, together with a copy of said motion, shall be served formally on the defendant or claimant by the United States marshal by delivering to him a certified copy thereof, or otherwise serving the same as original notices of suit in the same court are served; and if the defendant or claimant shall fail or refuse to produce such book, invoice, or paper in obedience to such notice, the allegations stated in the said motion shall be taken as confessed, unless his failure or refusal to produce the same shall be explained to the satisfaction of the court. And if produced, the said attorney shall be permitted,

under the direction of the court, to make examination (at which examination the defendant or claimant, or his agent, may be present) of such entries in said book, invoice, or paper as relate to or tend to prove the allegation aforesaid, and may offer the same in evidence on behalf of the United States. But the owner of said books and papers, his agent or attorney, shall have, subject to the order of the court, the custody of them, except pending their examination in court as aforesaid." (18 Stat., 187.)

This section was passed in lieu of the second section of the act of March 2, 1867, entitled "An act to regulate the disposition of the proceeds of fines, penalties, and forfeitures incurred under the laws relating to the customs, and for other purposes" (14 Stat., 547), which section of said last-mentioned statute authorized the district judge, on complaint and affidavit that any fraud on the revenue had been committed by any person interested or engaged in the importation of merchandise, to issue his warrant to the marshal to enter any premises where any invoices, books, or papers were deposited relating to such merchandise and take possession of such books and papers and produce them before said judge, to be subject to his order, and allowed to be examined by the collector, and to be retained as long as the judge should deem necessary. This law being in force at the time of the revision, was incorporated into sections 3091, 3092, 3093 of the Revised Statutes.

The section last recited was passed in lieu of the seventh section of the act of March 3, 1863, entitled "An act to prevent and punish frauds upon the revenue, to provide for the more certain and speedy collection of claims in favor of the United States, and for other purposes" (12 Stat., 737). The seventh section of this act was, in substance, the same as the second section of the act of 1867, except that the warrant was to be directed to the collector instead of the marshal. It was the first legislation of the kind that ever appeared on the statute book of the United States, and, as seen from its date, was adopted at a period of great national excitement, when the powers of the Government were subjected to a severe strain to protect the national existence.

The clauses of the Constitution to which it is contended that these laws are repugnant are the fourth and fifth amendments. The fourth declares "the right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized." The fifth article, amongst other things, declares that no person "shall be compelled in any criminal case to be a witness against himself."

But in regard to the fourth amendment it is contended that whatever might have been alleged against the constitutionality of the acts of 1863 and 1867, that of 1874, under which the order in the present case was made, is free from constitutional objection, because it does not authorize the search and seizure of books and papers, but only requires the defendant or claimant to produce them. That is so; but it declares that if he does not produce them the allegations which it is affirmed they will prove shall be taken as confessed. This is tantamount to compelling their production; for the prosecuting attorney will always be sure to state the evidence expected to be derived from them as strongly as the case will admit of. It is true that certain aggravating incidents of actual search and seizure, such as forcible entry into a man's house and searching amongst his papers, are wanting, and to this extent the proceeding under the act of 1874 is a mitigation of that which was authorized by the former acts; but it accomplishes the substantial object of those acts in forcing from a party evidence against himself. It is our opinion, therefore, that a compulsory production of a man's private papers to establish a criminal charge against him, or to forfeit his property, is within the scope of the fourth amendment to the Constitution, in all cases in which a search and seizure would be; because it is a material ingredient, and effects the sole object and purpose of search and seizure.

The principal question, however, remains to be considered. Is a search and seizure or, what is equivalent thereto, a compulsory production of a man's private papers, to be used in evidence against him in a proceeding to forfeit his property for alleged fraud against the revenue laws—is such a proceeding for such a purpose an "unreasonable search and seizure" within the meaning of the fourth amendment of the Constitution? Or is it a legitimate proceeding? It is contended by the counsel for the Government that it is a legitimate proceeding, sanctioned by long usage and the authority of judicial decision. No doubt long usage, acquiesced in by the courts, goes a long way to prove that there is some plausible ground or reason for it in the law, or in the historical facts which have imposed a particular construction of the law favorable to such usage. It is a maxim that, *consuetudo est optimus interpres legum*; and another maxim that, *contemporanea expositio est optima et fortissima in lege*. But we do not find any long usage or any contemporary construction of the Constitution which would justify any of the acts of Congress now under consideration. As before stated, the act of 1863 was the first act in this country, and, we might say, either in this country or in England, so far as we have been able to ascertain, which authorized the search and seizure of a man's private papers, or the compulsory production of them, for the purpose of using them in evidence against him in a criminal case, or in a proceeding to enforce the forfeiture of his property.

Even the act under which the obnoxious writs of assistance were issued (note by the court, 13 and 14 Car. 2, ch. 11, sec. 5) did not go as far as this, but only authorized the examination of ships and vessels, and persons found therein, for the purpose of finding goods prohibited to be imported or exported, or on which the duties were not paid, and to enter into and search any suspected vaults, cellars, or warehouses for such goods. The search for and seizure of stolen or forfeited goods or goods liable to duties and concealed to avoid the payment thereof are totally different things from a search for and seizure of a man's private books and papers for the purpose of obtaining information therein contained or of using them as evidence against him. The two things differ toto coelo. In the one case the Government is entitled to the possession of the property, in the other it is not. The seizure of stolen goods is authorized by the common law; and the seizure of goods forfeited for a breach of the revenue laws, or concealed to avoid the duties payable on them, has been authorized by English statutes for at least two centuries past (note by the court, 12 Car. 2, ch. 19; 13 and 14 Car. 2, ch. 11; 6 and 7 W. & M., ch. 1; 6 Geo. I, ch. 21; 26 Geo. III, ch. 59; 29 Geo. III, ch. 68, sec. 153, etc.; and see the article "Excise, etc." in Burn's Justice and Williams's Justice, passim, and Evans's Statutes, vol. 2, p. 221, subpages 176, 190, 225, 361, 431, 447), and the like seizures have been authorized by our own revenue acts from the commencement of the Government. The first statute passed by Congress to regulate the collection of duties, the act



of July 31, 1789 (1 Stat., 29, 43), contains provisions to this effect. As this act was passed by the same Congress which proposed for adoption the original amendments to the Constitution it is clear that the Members of that body did not regard searches and seizures of this kind as "unreasonable," and they are not embraced within the prohibition of the amendment. So, also, the supervision authorized to be exercised by officers of the revenue over the manufacture or custody of excisable articles, and the entries thereof in books required by law to be kept for their inspection, are necessarily excepted out of the category of unreasonable searches and seizures. So also the laws which provide for the search and seizure of articles and things which it is unlawful for a person to have in his possession for the purpose of issue or disposition, such as counterfeit coin, lottery tickets, implements of gambling, etc., are not within this category. *Commonwealth v. Dana* (2 Met. (Mass.), 329.) Many other things of this character might be enumerated. The entry upon premises, made by a sheriff or other officer of the law, for the purpose of seizing goods and chattels by virtue of a judicial writ, such as an attachment, a sequestration, or an execution, is not within the prohibition of the fourth or fifth amendment or any other clause of the Constitution; nor is the examination of a defendant under oath after an ineffectual execution, for the purpose of discovering secreted property or credits, to be applied to the payment of a judgment against him obnoxious to those amendments.

But, when examined with care, it is manifest that there is a total unlikeness of these official acts and proceedings to that which is now under consideration. In the case of stolen goods the owner from whom they were stolen is entitled to their possession; and in the case of excisable or dutiable articles the Government has an interest in them for the payment of the duties thereon, and until such duties are paid has a right to keep them under observation, or to pursue and drag them from concealment; and in the case of goods seized on attachment or execution the creditor is entitled to their seizure in satisfaction of his debt; and the examination of a defendant under oath to obtain a discovery of concealed property or credits is a proceeding merely civil to effect the ends of justice, and is no more than what the court of chancery would direct on a bill for discovery. Whereas by the proceeding now under consideration the court attempts to extort from the party his private books and papers to make him liable for a penalty or to forfeit his property.

In order to ascertain the nature of the proceedings intended by the fourth amendment to the Constitution under the terms "unreasonable searches and seizures" it is only necessary to recall the contemporary or then recent history of the controversies on the subject, both in this country and in England.

The practice had obtained in the Colonies of issuing writs of assistance to the revenue officers, empowering them, in their discretion, to search suspected places for smuggled goods, which James Otis pronounced "the worst instrument of arbitrary power, the most destructive of English liberty, and the fundamental principles of law, that ever was found in an English law book;" since they placed "the liberty of every man in the hands of every petty officer." (Note by the Court: *Cooley's Constitutional Limitations*, 301-303 (5th ed., 368, 369).) A very full and interesting account of this discussion will be found in the works of John Adams, vol. 2, Appendix A, pp. 523-525; vol. 10, pp. 183, 233, 244, 256, etc., and in Quincy's Reports, pp. 469-482; and see *Paxton's Case*, do., 51-57, which was argued in November of the same year (1761). An elaborate history of the writs of assistance is given in the Appendix to Quincy's Reports, above referred to, written by Horace Gray, Jr., Esq., now a member of this court. This was in February, 1761, in Boston, and the famous debate in which it occurred was perhaps the most prominent event which inaugurated the resistance of the Colonies to the oppressions of the mother country. "Then and there," said John Adams, "then and there was the first scene of the first act of opposition to the arbitrary claims of Great Britain. Then and there the child Independence was born."

These things, and the events which took place in England immediately following the argument about writs of assistance in Boston, were fresh in the memories of those who achieved our independence and established our form of government. In the period from 1762, when the *North Briton* was started by John Wilkes, to April, 1766, when the House of Commons passed resolutions condemnatory of general warrants, whether for the seizure of persons or papers, occurred the bitter controversy between the English Government and Wilkes, in which the latter appeared as the champion of popular rights, and was, indeed, the pioneer in the contest which resulted in the abolition of some grievous abuses which had gradually crept into the administration of public affairs. Prominent and principal among these was the practice of issuing general warrants by the Secretary of State for searching private houses for the discovery and seizure of books and papers that might be used to convict their owner of the charge of libel. Certain numbers of the *North Briton*, particularly No. 45, had been very bold in denunciation of the Government, and were esteemed heinously libellous. By authority of the secretary's warrant Wilkes's house was searched and his papers were indiscriminately seized. For this outrage he sued the perpetrators and obtained a verdict of £1,000 against Wood, one of the party who made the search, and £4,000 against Lord Halifax, the Secretary of State who issued the warrant. The case, however, which will always be celebrated as being the occasion of Lord Camden's memorable discussion of the subject, was that of *Entick v. Carrington* and Three Other King's Messengers, reported at length in 19 Howell's State Trials, 1029. The action was trespass for entering the plaintiff's dwelling house in November, 1762, and breaking open his desks, boxes, etc., and searching and examining his papers. The jury rendered a special verdict, and the case was twice solemnly argued at the bar. Lord Camden pronounced the judgment of the court in Michaelmas Term, 1765, and the law as expounded by him has been regarded as settled from that time to this, and his great judgment on that occasion is considered as one of the landmarks of English liberty. It was welcomed and applauded by the lovers of liberty in the Colonies as well as in the mother country. It is regarded as one of the permanent monuments of the British Constitution, and is quoted as such by the English authorities on that subject down to the present time. (Note by the Court: See May's *Constitutional History of England*, vol. 3 (American ed., vol. 2), chap. 11; Broom's *Constitutional Law*, 558; Cox's *Institutions of the English Government*, 437.)

As every American statesman, during our revolutionary and formative period as a Nation, was undoubtedly familiar with this monument of English freedom, and considered it as the true and ultimate expression of constitutional law, it may be confidently asserted that its propositions were in the minds of those who framed the fourth amendment to the Constitution, and were considered as sufficiently explanatory of what was meant by unreasonable searches and seizures. We think,

therefore, it is pertinent to the present subject of discussion to quote somewhat largely from this celebrated judgment.

After describing the power claimed by the secretary of state for issuing general search warrants, and the manner in which they were executed, Lord Camden says: "Such is the power, and, therefore, one would naturally expect that the law to warrant it should be clear in proportion as the power is exorbitant. If it is law, it will be found in our books; if it is not to be found there, it is not law."

"The great end for which men entered into society was to secure their property. That right is preserved sacred and incommunicable in all instances where it has not been taken away or abridged by some public law for the good of the whole. The cases where this right of property is set aside by positive law are various. Distresses, executions, forfeitures, taxes, etc., are all of this description, wherein every man by common consent gives up that right for the sake of justice and the general good. By the laws of England every invasion of private property, be it ever so minute, is a trespass. No man can set his foot upon my ground without my license, but he is liable to an action though the damage be nothing; which is proved by every declaration in trespass where the defendant is called upon to answer for bruising the grass and even treading upon the soil. If he admits the fact, he is bound to show, by way of justification, that some positive law has justified or excused him. The justification is submitted to the judges, who are to look into the books, and see if such a justification can be maintained by the text of the statute law or by the principles of the common law. If no such excuse can be found or produced the silence of the books is an authority against the defendant and the plaintiff must have judgment. According to this reasoning it is now incumbent upon the defendants to show the law by which this seizure is warranted. If that can not be done, it is a trespass."

"Papers are the owner's goods and chattels; they are his dearest property; and are so far from enduring a seizure that they will hardly bear an inspection; and though the eye can not by the laws of England be guilty of a trespass, yet where private papers are removed and carried away the secret nature of those goods will be an aggravation of the trespass, and demand more considerable damages in that respect. Where is the written law that gives any magistrate such a power? I can safely answer there is none; and therefore it is too much for us, without such authority, to pronounce a practice legal which would be subversive of all the comforts of society."

"But though it can not be maintained by any direct law, yet it bears a resemblance, as was urged, to the known case of search and seizure for stolen goods. I answer that the difference is apparent. In the one, I am permitted to seize my own goods, which are placed in the hands of a public officer, till the felon's conviction shall entitle me to restitution. In the other, the party's own property is seized before and without conviction, and he has no power to reclaim his goods, even after his innocence is declared by acquittal."

"The case of searching for stolen goods crept into the law by imperceptible practice. No less a person than my Lord Coke denied its legality (4 Inst., 176); and therefore if the two cases resembled each other more than they do, we have no right, without an act of Parliament, to adopt a new practice in the criminal law, which was never yet allowed from all antiquity. Observe, too, the caution with which the law proceeds in this singular case. There must be a full charge upon oath of a theft committed. The owner must swear that the goods are lodged in such a place. He must attend at the execution of the warrant, to show them to the officer, who must see that they answer the description. \* \* \*

"If it should be said that the same law which has with so much circumspection guarded the case of stolen goods from mischief, would likewise in this case protect the subject by adding proper checks; would require proofs beforehand; would call up the servant to stand by and overlook; would require him to take an exact inventory and deliver a copy; my answer is that all these precautions would have been long since established by law, if the power itself had been legal; and that the want of them is an undeniable argument against the legality of the thing."

Then, after showing that these general warrants for search and seizure of papers originated with the Star Chamber and never had any advocates in Westminster Hall except Chief Justice Scroggs and his associates, Lord Camden proceeds to add:

"Lastly it is urged as an argument of utility that such a search is a means of detecting offenders by discovering evidence. I wish some cases had been shown where the law forceth evidence out of the owner's custody by process. There is no process against papers in civil causes. It has been often tried, but never prevailed. Nay, where the adversary has by force or fraud got possession of your own proper evidence there is no way to get it back but by action. In the criminal law such a proceeding was never heard of, and yet there are some crimes, such, for instance, as murder, rape, robbery, and housebreaking, to say nothing of forgery and perjury, that are more atrocious than libelling. But our law has provided no paper search in these cases to help forward the conviction. Whether this proceeded from the gentleness of the law toward criminals or from a consideration that such a power would be more pernicious to the innocent than useful to the public I will not say. It is very certain that the law obligeth no man to accuse himself, because the necessary means of compelling self-accusation, falling upon the innocent as well as the guilty, would be both cruel and unjust, and it would seem that search for evidence is disallowed upon the same principle. Then, too, the innocent would be confounded with the guilty."

After a few further observations his lordship concluded thus: "I have now taken notice of everything that has been urged upon the present point, and upon the whole we are all of opinion that the warrant to seize and carry away the party's papers in the case of a seditious libel is illegal and void." (Note by the Court: See further as to searches and seizures, *Story on the Constitution*, secs. 1901, 1902, and notes; *Cooley's Constitutional Limitations*, 299 (5th ed., 363); *Sedgwick on Stat. and Const. Law*, 2d ed., 498; *Wharton Com. on Amer. Law*, sec 560; *Robinson v. Richardson*, 13 Gray, 454.)

The principles laid down in this opinion affect the very essence of constitutional liberty and security. They reach further than the concrete form of the case then before the court, with its adventitious circumstances; they apply to all invasions on the part of the government and its employees of the sanctity of a man's home and the privacies of life. It is not the breaking of his doors and the rummaging of his drawers that constitutes the essence of the offense, but it is the invasion of his indefeasible right of personal security, personal liberty, and private property, where that right has never been forfeited by his conviction of some public offense—it is the invasion of this sacred right



which underlies and constitutes the essence of Lord Camden's judgment. Breaking into a house and opening boxes and drawers are circumstances of aggravation, but any forcible and compulsory extortion of a man's own testimony or of his private papers to be used as evidence to convict him of crime or to forfeit his goods is within the condemnation of that judgment. In this regard the fourth and fifth amendments run almost into each other.

Can we doubt that when the fourth and fifth amendments to the Constitution of the United States were penned and adopted the language of Lord Camden was relied on as expressing the true doctrine on the subject of searches and seizures, and as furnishing the true criteria of the reasonable and "unreasonable" character of such seizures? Could the men who proposed those amendments in the light of Lord Camden's opinion have put their hands to a law like those of March 3, 1863, and March 2, 1867, before recited? If they could not, would they have approved the fifth section of the act of June 22, 1874, which was adopted as a substitute for the previous laws? It seems to us that the question can not admit of a doubt. They never would have approved of them. The struggles against arbitrary power in which they had been engaged for more than 20 years would have been too deeply engrained in their memories to have allowed them to approve of such insidious disguises of the old grievance which they had so deeply abhorred.

The views of the first Congress on the question of compelling a man to produce evidence against himself may be inferred from a remarkable section of the judiciary act of 1789. The fifteenth section of that act introduced a great improvement in the law of procedure. The substance of it is found in section 724 of the Revised Statutes, and the section as originally enacted is as follows, to wit:

"All the said courts of the United States shall have power in the trial of actions at law, on motion and due notice thereof being given, to require the parties to produce books or writings in their possession or power, which contain evidence pertinent to the issue, in cases and under circumstances where they might be compelled to produce the same by the ordinary rules of proceeding in chancery; and if a plaintiff shall fail to comply with such order to produce books or writings it shall be lawful for the courts, respectively, on motion, to give the like judgment for the defendant as in cases of nonsuit; and if a defendant shall fail to comply with such order to produce books or writings it shall be lawful for the courts, respectively, on motion as aforesaid, to give judgment against him or her by default." (Note by the Court: Sixty-two years later a similar act was passed in England, viz, the act of 14 and 15 Vict., ch. 99, sec. 6. See Pollock on power of courts to compel production of documents, 5.)

The restriction of this proceeding to "cases and under circumstances where they [the parties] might be compelled to produce the same [books or writings] by the ordinary rules of proceeding in chancery," shows the wisdom of the Congress of 1789. The court of chancery had for generations been weighing and balancing the rules to be observed in granting discovery on bills filed for that purpose in the endeavor to fix upon such as would best secure the ends of justice. To go beyond the point to which that court had gone may well have been thought hazardous. Now it is elementary knowledge that one cardinal rule of the court of chancery is never to decree a discovery which might tend to convict the party of a crime or to forfeit his property. (Note by the Court: See Pollock on production of documents, 27; 77 Law Lib. 12 [8].) And any compulsory discovery by extorting the party's oath or compelling the production of his private books and papers, to convict him of crime or to forfeit his property, is contrary to the principles of a free government. It is abhorrent to the instincts of an Englishman; it is abhorrent to the instincts of an American. It may suit the purposes of despotic power but it can not abide the pure atmosphere of political liberty and personal freedom.

It is proper to observe that when the objectionable features of the acts of 1863 and 1867 were brought to the attention of Congress it passed an act to obviate them. By the act of February 25, 1868 (15 Stat., 37), entitled "An act for the protection in certain cases of persons making disclosures as parties or testifying as witnesses," the substance of which is incorporated in section 860 of the Revised Statutes, it was enacted "that no answer or other pleading of any party, and no discovery or evidence obtained by means of any judicial proceeding from any party or witness in this or any foreign country, shall be given in evidence or in any manner used against such party or witness, or his property or estate, in any court of the United States, or in any proceeding by or before any officer of the United States in respect to any crime or for the enforcement of any penalty or forfeiture by reason of any act or omission of such party or witness."

This act abrogated and repealed the most objectionable part of the act of 1867 (which was then in force) and deprived the Government officers of the convenient method afforded by it for getting evidence in suits of forfeiture; and this is probably the reason why the fifth section of the act of 1874 was afterwards passed. No doubt it was supposed that in this new form, couched as it was in almost the language of the fifteenth section of the old judiciary act, except leaving out the restriction to cases in which the court of chancery would decree a discovery, it would be free from constitutional objection. But we think it has been made to appear that this result has not been attained, and that the law, though very speciously worded, is still obnoxious to the prohibition of the fourth amendment of the Constitution as well as of the fifth.

It has been thought by some respectable members of the profession that the two acts, that of 1868 and that of 1874, as being in pari materia, might be construed together so as to restrict the operation of the latter to cases other than those of forfeiture; and that such a construction of the two acts would obviate the necessity of declaring the act of 1874 unconstitutional. But as the act of 1874 was intended as a revisory act on the subject of revenue frauds and prosecutions therefor, and as it expressly repeals the second section of the act of 1867 but does not repeal the act of 1868, and expressly excepts criminal suits and proceedings and does not except suits for penalties and forfeitures, it would hardly be admissible to consider the act of 1868 as having any influence over the construction of the act of 1874. For the purposes of this discussion we must regard the fifth section of the latter act as independent of the act of 1868.

Reverting, then, to the peculiar phraseology of this act, and to the information in the present case, which is founded on it, we have to deal with an act which expressly excludes criminal proceedings from its operation (though embracing civil suits for penalties and forfeitures), and with an information not technically a criminal proceeding, and neither, therefore, within the literal terms of the fifth amendment to the Constitution any more than it is within the literal terms of the fourth. Does this relieve the proceedings or the law from being

obnoxious to the prohibitions of either? We think not; we think they are within the spirit of both.

We have already noticed the intimate relation between the two amendments. They throw great light on each other, for the "unreasonable searches and seizures" condemned in the fourth amendment are almost always made for the purpose of compelling a man to give evidence against himself, which in criminal cases is condemned in the fifth amendment; and compelling a man "in a criminal case to be a witness against himself," which is condemned in the fifth amendment, throws light on the question as to what is an "unreasonable search and seizure" within the meaning of the fourth amendment. And we have been unable to perceive that the seizure of a man's private books and papers to be used in evidence against him is substantially different from compelling him to be a witness against himself. We think it is within the clear intent and meaning of those terms. We are also clearly of opinion that proceedings instituted for the purpose of declaring the forfeiture of a man's property by reason of offenses committed by him, though they may be civil in form, are in their nature criminal. In this very case the ground of forfeiture as declared in the twelfth section of the act of 1874, on which the information is based, consists of certain acts of fraud committed against the public revenue in relation to imported merchandise, which are made criminal by the statute; and it is declared that the offender shall be fined not exceeding \$5,000 nor less than \$50, or be imprisoned not exceeding two years, or both; and in addition to such fine such merchandise shall be forfeited. These are the penalties affixed to the criminal acts, the forfeiture sought by this suit being one of them. If an indictment had been presented against the claimants, upon conviction the forfeiture of the goods could have been included in the judgment. If the Government prosecutor elects to waive an indictment, and to file a civil information against the claimants—that is, civil in form—can he by this device take from the proceeding its criminal aspect and deprive the claimants of their immunities as citizens, and extort from them a production of their private papers, or, as an alternative, a confession of guilt? This can not be. The information, though technically a civil proceeding, is in substance and effect a criminal one. As showing the close relation between the civil and criminal proceedings on the same statute in such cases, we may refer to the recent case of Coffey v. The United States, ante, 436, in which we decided that an acquittal on a criminal information was a good plea in bar to a civil information for the forfeiture of goods arising upon the same acts. As, therefore, suits for penalties and forfeitures incurred by the commission of offenses against the law are of this quasi-criminal nature, we think that they are within the reason of criminal proceedings for all the purposes of the fourth amendment of the Constitution, and of that portion of the fifth amendment which declares that no person shall be compelled in any criminal case to be a witness against himself; and we are further of opinion that a compulsory production of the private books and papers of the owner of goods sought to be forfeited in such a suit is compelling him to be a witness against himself within the meaning of the fifth amendment to the Constitution, and is the equivalent of a search and seizure—and an unreasonable search and seizure—within the meaning of the fourth amendment.

Though the proceeding in question is divested of many of the aggravating incidents of actual search and seizure, yet, as before said, it contains their substance and essence and effects their substantial purpose. It may be that it is the obnoxious thing in its mildest and least repulsive form, but illegitimate and unconstitutional practices get their first footing in that way, namely, by silent approaches and slight deviations from legal modes of procedure. This can only be obviated by adhering to the rule that constitutional provisions for the security of person and property should be liberally construed. A close and literal construction deprives them of half their efficacy and leads to gradual depreciation of the right, as if it consisted more in sound than in substance. It is the duty of courts to be watchful for the constitutional rights of the citizen and against any stealthy encroachments thereon. Their motto should be obsta principiis. We have no doubt that the legislative body is actuated by the same motives, but the vast accumulation of public business brought before it sometimes prevents it, on a first presentation, from noticing objections which become developed by time and the practical application of the objectionable law.

There have been several decisions in the circuit and district courts sustaining the constitutionality of the law under consideration, as well as the prior laws of 1863 and 1867. The principal of these are *Stockwell v. United States* (3 Clifford, 284), *In re Platt and Boyd* (7 Ben., 261), *United States v. Hughes* (12 Blatchford, 553), *United States v. Mason* (6 Bissell, 350), *United States v. Three Tons of Coal* (6 Bissell, 379), *United States v. Distillery No. Twenty-eight* (6 Bissell, 483). The first and leading case was that of *Stockwell v. United States*, decided by Mr. Justice Clifford and Judge Shepley, the law under discussion being that of 1867. Justice Clifford delivered the opinion, and relied principally upon the collection statutes, which authorized the seizure of goods liable to duty, as being a contemporaneous exposition of the amendments and as furnishing precedents of analogous laws to that complained of. As we have already considered the bearing of these laws on the subject of discussion, it is unnecessary to say anything more in relation to them. The learned justice seemed to think that the power to institute such searches and seizures as the act of 1867 authorized was necessary to the efficient collection of the revenue, and that no greater objection can be taken to a warrant to search for books, invoices, and other papers appertaining to an illegal importation than to one authorizing a search for the imported goods; and he concluded that, guarded as the new provision is, it is scarcely possible that the citizen can have any just ground of complaint. It seems to us that these considerations fail to meet the most serious objections to the validity of the law. The other cases followed that of *Stockwell v. United States* as a precedent, with more or less independent discussion of the subject. The case of *Platt and Boyd*, decided in the district court for the southern district of New York, was also under the act of 1867, and the opinion in that case is quite an elaborate one; but, of course, the previous decision of the circuit court in the *Stockwell* case had a governing influence on the district court. The other cases referred to were under the fifth section of the act of 1874. The case of *United States v. Hughes* came up first before Judge Blatchford in the district court in 1875 (8 Ben., 29). It was an action of debt to recover a penalty under the customs act, and the judge held that the fifth section of the act of 1874, in its application to suits for penalties incurred before the passage of the act, was an *ex post facto* law, and therefore, as to them, was unconstitutional and void; but he granted an order *pro forma* to produce the books and papers required in order that the objection might come up on the offer to give them in evidence. They were produced in obedience to



the order and offered in evidence by the district attorney, but were not admitted. The district attorney then served upon one of the defendants a subpoena duces tecum, requiring him to produce the books and papers; and this being declined, he moved for an order to compel him to produce them, but the court refused to make such order. The books and papers referred to had been seized under the act of 1867, but were returned to the defendants under a stipulation to produce them on the trial.

The defendants relied not only on the unconstitutionality of the laws, but on the act of 1868, before referred to, which prohibited evidence obtained from a party by a judicial proceeding from being used against him in any prosecution for a crime, penalty, or forfeiture. Judgment being rendered for the defendant, the case was carried to the circuit court by writ of error, and, in that court, Mr. Justice Hunt held that the act of 1868 referred only to personal testimony or discovery obtained from a party or witness, and not to books or papers wrested from him; and, as to the constitutionality of the law, he merely referred to the case of *Stockwell*, and the judgment of the district court was reversed. In view of what has been already said, we think it unnecessary to make any special observations on this decision. In *United States v. Mason*, Judge Blodgett took the distinction that, in proceedings in rem for a forfeiture, the parties are not required by a proceeding under the act of 1874 to testify or furnish evidence against themselves, because the suit is not against them, but against the property. But where the owner of the property has been admitted as a claimant, we can not see the force of this distinction; nor can we assent to the proposition that the proceeding is not, in effect, a proceeding against the owner of the property, as well as against the goods; for it is his breach of the laws which has to be proved to establish the forfeiture, and it is his property which is sought to be forfeited; and to require such an owner to produce his private books and papers, in order to prove his breach of the laws, and thus to establish the forfeiture of his property, is surely compelling him to furnish evidence against himself. In the words of a great judge, "Goods, as goods, can not offend, forfeit, unlade, pay duties, or the like, but men whose goods they are." (Note by the court: *Vaughan, C. J., in Sheppard v. Gosnold, Vaughan, 159, 172*, approved by Ch. Baron Parker in *Mitchell qui tam v. Torup, Parker, 227, 236*.)

The only remaining case decided in the United States courts to which we shall advert is that of *United States v. Distillery No. 28*. In that case Judge Gresham adds to the view of Judge Blodgett, in *United States v. Mason*, the further suggestion, that as in a proceeding in rem the owner is not a party, he might be compelled by a subpoena duces tecum to produce his books and papers like any other witness; and that the warrant or notice for search and seizure, under the act of 1874, does nothing more. But we can not say that we are any better satisfied with this supposed solution of the difficulty. The assumption that the owner may be cited as a witness in a proceeding to forfeit his property seems to us gratuitous. It begs the question at issue. A witness, as well as a party, is protected by the law from being compelled to give evidence that tends to criminate him, or to subject his property to forfeiture. *Queen v. Newell (Parker, 269; 1 Greenleaf on Evid., secs. 451-453)*. But, as before said, although the owner of goods, sought to be forfeited by a proceeding in rem, is not the nominal party, he is, nevertheless, the substantial party to the suit; he certainly is so after making claim and defense; and in a case like the present, he is entitled to all the privileges which appertain to a person who is prosecuted for a forfeiture of his property by reason of committing a criminal offense.

We find nothing in the decisions to change our views in relation to the principal question at issue.

We think that the notice to produce the invoice in this case, the order by virtue of which it was issued, and the law which authorized the order, were unconstitutional and void, and that the inspection by the district attorney of said invoice, when produced in obedience to said notice, and its admission in evidence by the court, were erroneous and unconstitutional proceedings. We are of opinion, therefore, that the judgment of the circuit court should be reversed, and the cause remanded, with directions to award a new trial.

Mr. REED. Mr. President, I had intended making some remarks on this question and I probably shall at a later date; but I want to make an inquiry of the conferees, based upon an article in the *New York Times* of this morning. I read from page 17:

Special to the *New York Times*.

It states:

Another victory was scored by the advocates of home brew to-day when the Senate and House conferees reached a complete agreement on the Campbell-Willis beer bill.

Of course they did not reach an agreement, and that part of the article is doubtless incorrect, and is immaterial. But the article contains this statement:

Wayne B. Wheeler, spokesman for the Anti-Saloon League, who was closeted with the conferees throughout the day behind closed doors, expressed the view that the amendment would not legalize home brewing or distilling. He declared that it would merely make it more difficult to obtain evidence against violators of prohibition laws.

I am not concerned in this gentleman's opinion, but I would like to ask if it is true that Wayne B. Wheeler was closeted with the conferees?

Mr. STERLING. Mr. President, I think I might well decline to answer that question if I so desired, as not being material at all; but I will answer it. Mr. Wayne B. Wheeler was not closeted with the conferees during the meeting of yesterday. Mr. Wayne B. Wheeler came into the conference room after we had concluded our work for the day, and after we had decided on the questions. He was there a few minutes before we finally left the room. But Mr. Wayne B. Wheeler, so far as any action or word of his yesterday was concerned, had nothing whatever to do with any vote or any action whatever taken by the conferees.

Mr. REED. How about day before yesterday?

Mr. STERLING. Day before yesterday I did not see Mr. Wayne B. Wheeler.

Mr. REED. I do not—

Mr. STERLING. I will answer the question with reference to yesterday. Mr. President, it seems to me just a little bit impertinent for a Senator to make an inquiry as to who was present at the time the conferees were in session considering the business before them. I decline to answer further than I have answered.

Mr. REED. Mr. President, I am quite content with that sort of an answer. No witness ever pleases me better than the gentleman who declines to answer. It is a constitutional right, provided constitutional grounds are alleged to exist; and I am willing to assume they exist in this case. But the Senator, who is generally a very mild mannered man, very genial, and exceedingly polite, states that it is insolent to ask this question.

Mr. STERLING. I did not use the word "insolent."

Mr. REED. That it was impertinent.

Mr. STERLING. I did say "impertinent."

Mr. REED. I will accept the amendment.

Mr. STERLING. I think it is not pertinent to any question now before the Senate.

Mr. REED. "Impertinent" has several meanings.

Mr. STERLING. I do not mean it in any particularly opprobrious sense, but I mean it as impertinent.

Mr. REED. The Senator now states that he means that it is immaterial. Mr. President, I do not think it is immaterial. I do not think it is impertinent. I do not think it is insolent to inquire. I do think it is the business of the Senate.

Conferees usually meet behind closed doors. A Senator who is not on the conference, according to my understanding, is not in the habit of going to a conference room to try to interpose his judgment or opinion. The thought of the whole transaction is that these two bodies of men meet, the one side to represent the Senate, the other side to represent the House, and to compose, if possible, the differences existing between the two Houses of Congress. However we may regard the two Houses of Congress, however the public may have come to regard them, they nevertheless are the legislative bodies representing the greatest country on earth. They are the agency created by the people to bring into law the will of the people. When differences exist between the two bodies of Congress, the chosen representatives of each body meet to compose those differences, and I say that the admission of a paid lobbyist, if he was admitted, to interfere in the deliberations between these two bodies of men, meeting to compromise the differences of the Congress, was not only an innovation but a piece of unwarranted and unmitigated insolence. Such conduct is destructive of unembarrassed legislation, and it is unfair, for it admits the representative of one side to a controversy.

Have we three bodies of legislators, one the House, another the Senate, and the third the Anti-Saloon League? When the Senate conferees seek to reach an agreement with the House conferees, is there a third party to be consulted, a third organization to be drawn into the deliberations? If Wayne B. Wheeler, representing the Anti-Saloon League, then why not some gentleman representing the "saloon league," if such a thing exists?

The truth is, this is lobbying gone mad. The lobbyist who infests Washington, even though he confines his activities to appearing before the standing committees convened in open session to publicly argue questions pending and to buttonholing Members of Congress, has for a long time been a stench in the public nostrils.

We have had antilobbying investigations carried on for years. The anathema maranatha of the Presidents of the United States have been heaped upon them. We have criticized them for their pestiferous activities in invading the offices of Members of Congress. We have held them up to obloquy and scorn as they have sat in the galleries of the two Houses; but it appears that this gentleman—and I take the refusal of the Senator to answer a question as an admission—has the impudence to carry his propaganda and his presence into the secret, if not sacred, confidences of the conferees.

Mr. President, it is the unwritten law of this body that we do not ask a conferee, when reporting, to state what any member of the conference said or to tell how any member of the conference voted; but that which is denied the Senate is at least in part given to this gentleman, who has the cool effrontery to walk into a conference meeting. I say such conduct is the business of the Senate, and I say it is not impertinent to inquire about it.

Mr. President, I am anxious to see the eighteenth amendment to the Constitution given every chance to function. When it became a part of the fundamental law of the United States it became my law. I have little respect for those who supported that amendment in the Senate and in the House who have been, since its enactment, deliberately violating its plain provisions.

I have little respect for a man who votes for prohibition with whisky on his breath, whether he be in or out of Congress. But the amendment was adopted. As I remarked the other day, I made no opposition to the passage of the Volstead Act, although I believed it to be a measure of great extremity and of unnecessary harshness.

But, sir, we are now presented, not with the question of enforcing a law of the land, a fundamental law, but we are faced with the proposal, as I construe the so-called beer bill, of violating the fundamental law of the land.

Just one word on that. Before the eighteenth amendment was passed everyone conceded that the Federal Government had no power to interfere with the manufacture, sale, or use of intoxicating liquors within the States. The power conferred by the eighteenth amendment is expressly limited to the prohibition of the manufacture and sale of intoxicating liquors for beverage purposes. The beer bill, so called, prohibits the prescribing of beer for medicinal purposes. Unless the word "beverage" is construed to include "medicinal," then there is no constitutional authority to pass this statute. If the language employed in the Constitution and the bill is given its ordinary meaning, then the terms "medicinal" and "beverage" are not synonymous. A court that declares them to be synonymous will disgrace the temple of justice where it convenes, I care not whether it be the Supreme Court of the United States, sitting in the Capitol, or a justice of the peace holding forth at the crossroads.

What is it that distinguishes a free country from a despotism? It is not the form of government, for a government may be monarchical in form and yet afford great liberties to the citizen and protect him in those liberties. Whether the government be an autocracy, a democracy, or a republic by name, the question of freedom or slavery is always to be determined by this test: Are the people protected in their natural rights, in their great fundamental rights, those rights which Thomas Jefferson wrote into the Declaration of Independence in the words "the right to life, liberty, property, and the pursuit of happiness are inalienable"? The government that protects those rights is a free government. The government that denies them is a despotism.

Jefferson wrote those words in the light of the history of the world. He knew the policemen of Louis XIV had proceeded without warrant to ransack the homes of cringing subjects. He had seen men dragged to the Bastille without a charge and there allowed to rot through the long and bitter years. He was gazing at the picture of Europe and witnessing the spectacle, repeated recently in Russia, of policemen at any hour of the day or night battering down the doors of homes, searching the premises, beating the occupants of the house into insensibility, and dragging them into exile, shrinking, cowering creatures, not citizens, but subjects and slaves.

In this light, and in the light of English history, was written the fourth amendment. It was intended to forever guarantee to every man the right to walk the highways without molestation, and without search, the right to maintain his home, his barn, his "curtilage," if you please, and to hold it sacred against the invasion of any man. Even the king himself was halted at the threshold. The "right of castle" was above the right of the monarch, even though the "castle" was a hovel occupied by an impoverished cottager.

The exception made was when a court, according to the law, issued its warrant, supported by oath, giving authority to a representative of the court to enter under the form and protection of the law. That law has been graven upon the tablets of our hearts. It is blazoned above the temple of American liberty. For a century it has been affirmed and reaffirmed by the courts of the land.

I have no respect for a man, whether he be a Member of the House of Representatives or elsewhere, who proposes to whittle down the Constitution of the United States, who tries to leave it, as does this amendment of the House, so that an officer can go into every building except a residence, who puts the discovery of a bottle of beer above the Constitution, who in the pursuit of his favorite pastime of hunting somebody who may take a drink is willing to destroy that Constitution in defense of which he held up his hand and before Almighty God swore he would maintain, protect, and preserve.

A man who thinks more of "getting" a bootlegger than he does of preserving the palladium of human liberty is not fit to

be in a legislative body and he is not fit to be a citizen of the United States. I have more respect for an anarchist who, in his ignorance and blindness, stands upon a soap box declaiming against all government than I have for the man who will in this body or the House of Representatives swear before the Almighty that he will preserve the Constitution of the United States and then employ the authority and power the people vested in him to destroy that sacred instrument.

Nevertheless we find an amendment brought in here which reads:

That no officer, agent, or employee of the United States, while engaged in the enforcement of this act, the national prohibition act, or any law in reference to the manufacture or taxation of, or traffic in, intoxicating liquor, shall search any private dwelling without a warrant directing such search, and no such warrant shall issue unless there is reason to believe such dwelling is used as a place in which liquor is manufactured for sale or sold.

Then follows a definition of a private dwelling.

Read that in connection with what was rejected. The language rejected was:

That any officer, agent, or employee of the United States engaged in the enforcement of this act, or the national prohibition act, or any other law of the United States, who shall search or attempt to search the property or premises of any person without previously securing a search warrant as provided by law, shall be guilty of a misdemeanor.

That language they rejected, and yet it is the Constitution of the United States, buttressed and backed by the decisions of the Supreme Court of the United States from the first day down to the present time. They reject it as unworthy a place in the statute books of the country, although its blazing light comes from the Constitution itself.

They also rejected this language:

Any person not a duly authorized officer, agent, or employee of the United States who shall, under color of claim to be acting as such in the enforcement of this act, or the national prohibition act, or any other law of the United States, subject or cause any person to be subjected to the deprivation of any rights, privileges, or immunities secured or guaranteed by the Constitution of the United States shall be deemed guilty of a felony.

Then they bring in a proposition which—

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from South Dakota?

Mr. REED. I will yield in just one moment—which by implication authorizes every act of vandalism, every act of illegality, every act of unlawful and unconstitutional invasion that may occur, except such as take place within the home.

Mr. STERLING. Mr. President—

Mr. REED. I yield to the Senator.

Mr. STERLING. I merely want to ask the Senator in regard to the language that he has quoted—and I understand that he has quoted from the amendment that he originally offered, a part of which language is incorporated in the amendment adopted by the Senate—whether he does not think that language is too broad and comprehensive and vague, in a way, and that if we attempt to cover the questions involved in the amendment we should not say that it should be unlawful without cause to search and seize and make arrests, to detain, and so forth, any individual, rather than to use the broad language that the Senator has used in his amendment?

Mr. REED. Mr. President, I need not digress to inquire whether the amendment I offered could have been improved in its phraseology; that is not the question. The principle is the thing, and there can be no debate about the principle save between those who favor the principle and those who oppose it.

Mr. WARREN. Mr. President, will the Senator yield to me a moment?

Mr. REED. I yield for a moment for a question. Does the Senator wish to introduce a bill?

Mr. WARREN. I merely desire the Senator to yield for a moment.

Mr. REED. I will ask the Senator not to ask me to let him introduce a bill, for I am nearly through, and I shall yield the floor in a moment.

Mr. WARREN. I did not wish to introduce a bill now, but I wish to make a suggestion right in line with what the Senator is now saying, and, as I understand, he is about to conclude. Of course, the Senator and I voted on the same side of this question. The motion is merely to take the matter to conference, and I very much desire that it may go there quickly in order that there may be brought out a measure which, of course, will be a preferred measure; but in order to facilitate the convenience of Senators, I simply desire to say that when the matter again comes up there will be an opportunity for the Senate then to discuss it when the conference report is made.

Mr. REED. I wish to read just a few words from the decision of Boyd against The United States. That is a case where



the Government undertook to compel the production of certain books and papers. In discussing the history of the fourth amendment, the court says:

In order to ascertain the nature of the proceedings intended by the fourth amendment to the Constitution under the terms "unreasonable searches and seizures," it is only necessary to recall the contemporary or then recent history of the controversies on the subject, both in this country and in England. The practice had obtained in the Colonies of issuing writs of assistance to the revenue officers, empowering them, in their discretion, to search suspected places for smuggled goods, which James Otis pronounced "the worst instrument of arbitrary power, the most destructive of English liberty, and the fundamental principles of law that ever was found in an English law book," since they placed "the liberty of every man in the hands of every petty officer." This was in February, 1761, in Boston, and the famous debate in which it occurred was perhaps the most prominent event which inaugurated the resistance of the Colonies to the oppressions of the mother country. "Then and there," said John Adams, "then and there was the first scene of the first act of opposition to the arbitrary claims of Great Britain. Then and there the child independence was born."

The court further declares:

As every American statesman during our revolutionary and formative period as a Nation was undoubtedly familiar with this monument of English freedom, and considered it as the true and ultimate expression of constitutional law, it may be confidently asserted that its propositions were in the minds of those who framed the fourth amendment to the Constitution, and were considered as sufficiently explanatory of what was meant by unreasonable searches and seizures.

The great end for which men entered into society was to secure their property. That right is preserved sacred and incommunicable in all instances where it has not been taken away or abridged by some public law for the good of the whole.

The cases where this right of property is set aside by positive law are various. Distresses, executions, forfeitures, taxes, and so forth, are all of this description, wherein every man by common consent gives up that right for the sake of justice and the general good. By the laws of England every invasion of private property, be it ever so minute, is a trespass. No man can set his foot upon my ground without my license but he is liable to an action, though the damage be nothing, which is proved by every declaration in trespass where the defendant is called upon to answer for bruising the grass and even treading upon the soil. If he admits the fact, he is bound to show, by way of justification, that some positive law has justified or excused him.

The justification is submitted to the judges, who are to look into the books and see if such a justification can be maintained by the text of the statute law or by the principles of the common law. If no such excuse can be found or produced, the silence of the books is an authority against the defendant and the plaintiff must have judgment.

Continuing, the court, at page 633, states:

We have already noticed the intimate relation between the two amendments. They throw great light on each other. For the "unreasonable searches and seizures" condemned in the fourth amendment are almost always made for the purpose of compelling a man to give evidence against himself, which, in criminal cases, is condemned in the fifth amendment; and compelling a man "in a criminal case to be a witness against himself," which is condemned in the fifth amendment, throws light on the question as to what is an "unreasonable search and seizure" within the meaning of the fourth amendment. And we have been unable to perceive that the seizure of a man's private books and papers to be used in evidence against him is substantially different from compelling him to be a witness against himself. We think it is within the clear intent and meaning of those terms. We are also clearly of opinion that proceedings instituted for the purpose of declaring the forfeiture of a man's property by reason of offenses committed by him, though they may be civil in form, are in their nature criminal.

At page 635 we find this language:

It is the duty of courts to be watchful for the constitutional rights of the citizen, and against any stealthy encroachments thereon. Their motto should be *obsta principiis*. We have no doubt that the legislative body is actuated by the same motives; but the vast accumulation of public business brought before it sometimes prevents it, on a first presentation, from noticing objections which become developed by time and the practical application of the objectionable law.

In *Weeks against United States* (232 U. S., 390) Mr. Justice Day quotes with approval from Cooley on the Constitution:

Judge Cooley, in his *Constitutional Limitations*, pages 425, 426, in treating of this feature of our Constitution, said: "The maxim that 'every man's house is his castle' is made a part of our constitutional law in the clauses prohibiting unreasonable searches and seizures and has always been looked upon as of high value to the citizen."

At page 390 the learned justice says:

"Accordingly," says Lieber in his work on *Civil Liberty and Self-Government*, 62, in speaking of the English law in this respect, "no man's house can be forcibly opened, or he or his goods be carried away after it has thus been forced, except in cases of felony, and then the sheriff must be furnished with a warrant and take great care lest he commit a trespass. This principle is jealously insisted upon."

Continuing, Justice Day declares:

In the *Boyd* case, *supra*, after citing Lord Camden's judgment in *Entick v. Carrington* (19 Howell's State Trials, 1029), Mr. Justice Bradley said (630):

"The principles laid down in this opinion affect the very essence of constitutional liberty and security. They reach further than the concrete form of the case then before the court, with its adventitious circumstances; they apply to all invasions on the part of the Government and its employees of the sanctity of a man's home and the privacies of life. It is not the breaking of his doors and the rummaging of his drawers that constitutes the essence of the offense, but it is the invasion of his indefeasible right of personal security, personal liberty, and private property, where that right has never been

forfeited by his conviction of some public offense—it is the invasion of this sacred right which underlies and constitutes the essence of Lord Camden's judgment."

In *Bram v. United States* (168 U. S., 532) this court in speaking by the present Chief Justice of *Boyd's* case, dealing with the fourth and fifth amendments, said (544):

It was in that case demonstrated that both of these amendments contemplated perpetuating, in their full efficacy, by means of a constitutional provision, principles of humanity and civil liberty, which had been secured in the mother country only after years of struggle, so as to implant them in our institutions in the fullness of their integrity, free from the possibilities of future legislative change. (P. 391.)

Observe this warning found on pages 392 and 393:

*The tendency of those who execute the criminal laws of the country to obtain conviction by means of unlawful seizures and enforced confessions, the latter often obtained after subjecting accused persons to unwarranted practices destructive of rights secured by the Federal Constitution, should find no sanction in the judgments of the courts which are charged at all times with the support of the Constitution and to which people of all conditions have a right to appeal for the maintenance of such fundamental rights.*

The efforts of the courts and their officials to bring the guilty to punishment, praiseworthy as they are, are not to be aided by the sacrifice of those great principles established by years of endeavor and suffering which have resulted in their embodiment in the fundamental law of the land. (P. 393.)

I call special attention to this language of the opinion:

*The effect of the fourth amendment is to put the courts of the United States and Federal officials, in the exercise of their power and authority, under limitations and restraints as to the exercise of such power and authority, and to forever secure the people, their persons, houses, papers, and effects against all unreasonable searches and seizures under the guise of the law. This protection reaches all alike, whether accused of crime or not, and the duty of giving to it force and effect is obligatory upon all entrusted under our Federal system with the enforcement of the laws.* (Weeks v. United States, 232 U. S., 1 c., 391. Opinion by Justice Day.)

Even a fanatic hot in pursuit of quarry ought to be halted by the opinion of the great jurist I have quoted.

The *Weeks* case is followed and approved in *Lumber Co. against United States* (251 U. S., 385. Opinion by Justice Holmes.)

The facts appear in the syllabus.

#### SYLLABUS.

The fourth amendment protects a corporation and its officers from compulsory production of the corporate books and papers for use in a criminal action against them, when the information upon which the subpoenas were framed was derived by the Government through a previous unconstitutional search and seizure, planned and executed by its officials under color of a void writ, provided the defense of the amendment be seasonably interposed and not first raised as a collateral issue at the trial of the indictment.

#### OPINION.

The proposition could not be presented more nakedly. It is that although, of course its seizure was an outrage which the Government now regrets, it may study the papers before it returns them, copy them, and then use the knowledge that it has gained to call upon the owners in a more regular form to produce them; that the protection of the Constitution covers the physical possession but not any advantages that the Government can gain over the object of its pursuit by doing the forbidden act. *Weeks v. United States*, 232 U. S., 383, to be sure, had established that laying the papers directly before the grand jury was unwarranted, but it is taken to mean only that two steps are required instead of one. In our opinion such is not the law. It reduces the fourth amendment to a form of words. The essence of a provision forbidding the acquisition of evidence in a certain way is that not merely evidence so acquired shall not be used before the court, but that it shall not be used at all. The knowledge gained by the Government's own wrong can not be used by it in the way proposed.

I call attention to two very recent cases, one of which was mentioned by the Senator from Connecticut [Mr. BRANDEGEE], the case of *Felix Goulded against the United States*, which was decided as late as February 28, 1921, by the Supreme Court. In that case a man was suspected of illegal acts which concerned his loyalty. Under such circumstances the temptation to obtain evidence by any means was great. Likewise the temptation to a court to sustain the legality of the seizure was great. Officers of the United States Army succeeded in placing a man in the defendant's establishment who purloined certain of his papers. How did the court treat that case when the papers were brought in evidence?

The court states:

It was objected on the trial, and is here insisted upon, that it was error to admit these papers in evidence, because possession of them was obtained by violating the rights secured to the defendant by the fourth and fifth amendments to the Constitution of the United States. The fourth amendment reads:

"The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated, and no warrant shall issue but upon probable cause supported by oath or affirmation, and particularly describing the place to be searched and persons or things to be seized."

The part of the fifth amendment here involved reads:

"No person shall be compelled in any criminal case to be a witness against himself."

The court comments:

It would not be possible to add to the emphasis with which the framers of our Constitution and this court in *Boyd v. United States* (116 U. S.), *Silverthorne Lumber Co. v. United States* (251 U. S.),



Weeks v. United States (and various other cases cited), have declared the importance to political liberty and to the welfare of our country of the due observance of the rights guaranteed under the Constitution by these two amendments.

The effect of the decision cited is: That such rights are declared to be indispensable to the "full enjoyment of personal security, personal liberty, and private property"; that they are to be regarded as of the very essence of constitutional liberty; and that the guaranty of them is as important and as imperative as are the guaranties of the other fundamental rights of the individual citizen—the right to trial by jury, to the writ of habeas corpus, and to due process of law. It has been repeatedly decided that these amendments should receive a liberal construction, so as to prevent stealthy encroachments upon or "gradual depreciation" of the rights secured by them, by imperceptible practice of courts, or by well-intentioned but mistakenly overzealous executive officers.

If the court was writing that decision now, I think they would include some of the Members of the House of Representatives as those willing to make encroachments.

The other opinion is in the case of Lawrence Amos against United States, argued December 13 and decided February 28, 1921. In that case prohibition officers searched a man's place of business and then searched his house. They found a half pint of moonshine whisky in the place of business, and they found, I think, 2 quarts at his home. When they went to his home his wife was present; they told her they were prohibition officers and had come to search the house and the woman made no resistance. Thereupon the great Government of the United States pleaded that they had been licensed to come into the house with the consent of the housewife. The court, briefly setting forth the facts, states:

After the jury was sworn, but before any evidence brought had been offered, the defendant presented to the court a petition, duly sworn to by him, praying that there be returned to him the described property of his which it was averred the district attorney intended to use as evidence at the trial and which had been seized by J. P. Coleman and C. A. Rector.

The plaintiff in error, whom we shall designate defendant, as he was in the court below, was tried on an indictment containing six counts. He was found not guilty on the first four counts, but guilty on the fifth, which charged him with having removed whisky on which the revenue tax had not been paid to a place other than a Government warehouse, and also on the sixth, which charged him with having sold whisky on which the tax required by law had not been paid.

After the jury was sworn, but before any evidence was offered, the defendant presented to the court a petition, duly sworn to by him, praying that there be returned to him described private property of his which it was averred the district attorney intended to use in evidence at the trial, and which had been seized by J. P. Coleman and C. A. Rector, officers of the Government, in search of defendant's house and store "within his curtilage," made unlawfully and without warrant of any kind, in violation of his rights under the fourth and fifth amendments to the Constitution of the United States.

Upon reading of this petition and hearing of the application it was denied, and, exception being noted, the trial proceeded.

Coleman and Rector were called as witnesses by the Government and testified: That, as deputy collectors of internal revenue, they went to defendant's home, and, not finding him there, but finding a woman who said she was his wife, told her that they were revenue officers, and had come to search the premises "for violations of the revenue law"; that thereupon the woman opened the store and the witness entered, and in a barrel of peas found a bottle containing not quite a half-pint of illicitly distilled whisky, which they called "blockade whisky"; and that they then went into the home of defendant, and, on searching, found two bottles under the quilt on the bed, one of which contained a full quart and the other a little over a quart of illicitly distilled whisky. The Government introduced in evidence a pint bottle containing whisky, which the witness Coleman stated "was not one of the bottles found by him, but that the whisky contained in the same was poured out of one of the two bottles that had been found in defendant's house on the bed under the quilt, as stated." On cross-examination both witnesses testified that they did not have any warrant for the arrest of the defendant, nor any search warrant to search his house, and that the search was made during the daytime, in the absence of the defendant, who did not appear on the scene until after the search had been made.

After these two Government witnesses had described how the search was made of defendant's home without warrant either to arrest him or to search his premises, a motion by counsel to strike out their testimony was denied and exception noted.

This statement shows that the trial court denied the petition of the defendant for a return of his property, seized in the search of his home by Government agents without warrant of any kind, in plain violation of the fourth and fifth amendments to the Constitution of the United States, as they have been interpreted and applied by this court in *Boyd v. United States* (116 U. S., 616; 29 L. ed., 746; 6 Sup. Ct. Rep. 524); in *Weeks v. United States* (232 U. S., 383; 58 L. ed., 652; L. R. A. 1915 B, 834; 34 Sup. Ct. Rep. 341; Ann. Cas. 1915 C, 1117); and in *Silverthorne Lumber Co. v. United States* (251 U. S., 385; 64 L. ed., 319; 40 Sup. Ct. Rep. 182), and also denied his motion to exclude such property and the testimony relating thereto, given by the Government agents after both were introduced in evidence against him, when he was on trial for a crime as to which they constituted relevant and material evidence, if competent.

The answer of the Government to the claim that the trial court erred in the two rulings we have described is that the petition for the return of defendant's property was properly denied because it came too late when presented after the jury was impaneled and the trial to that extent commenced, and that the denial of the motion to exclude the property and the testimony of the Government agents relating thereto, after the manner of search of defendant's home had been described, was justified by the rule that in the progress of the trial of criminal cases courts will not stop to frame a collateral issue to inquire whether evidence offered, otherwise competent, was lawfully or unlawfully obtained.

Plainly the question thus presented for decision are ruled by the conclusions this day announced in No. 250, *Gould v. United States*.

There is nothing in the record to indicate that the allegations of the petition for the return of the property, sworn to by the defendant, were in any respect questioned or denied, and the report of the examination and appropriate cross-examination of the Government's witnesses, called to make out its case, shows clearly the unconstitutional character of the seizure by which the property which it introduced was obtained. The facts essential to the disposition of the motion were not and could not be denied; they were literally thrust upon the attention of the court by the Government itself. The petition should have been granted, but it having been denied the motion should have been sustained.

The contention that the constitutional rights of defendant were waived when his wife admitted to his home the Government officers, who came without warrant demanding admission to make search of it under Government authority, can not be entertained.

We need not consider whether it is possible for a wife, in the absence of her husband, thus to waive his constitutional rights, for it is perfectly clear that, under the implied coercion here presented, no such waiver was intended or effected.

It results that the judgment of the district court must be reversed and the case remanded for further proceedings in accordance with this opinion.

What renders this attempt to ravish the Constitution the more remarkable is that two United States district courts in construing the very act we are amending have forcefully reaffirmed the cases I have quoted and again warned those who disregard the rights of freemen that the Constitution is still a bulwark against which they can not prevail.

I quote from the opinion of Judge Sater, of the district court of the southern district of Ohio, in *United States against Rykowski* (267 Fed., 870-871):

Under the act of June 15, 1917 [the Volstead Act] a search warrant can not be issued except upon probable cause supported by affidavit naming or describing the person and particularly describing the property and place to be searched. The commissioner, before issuing the warrant, must examine on oath the complainant and any witnesses he may produce, and must require their affidavits or take their depositions in writing and cause them to be subscribed by the parties making them. The affidavits or depositions must set forth the facts tending to establish the grounds of the application or probable cause for believing them to exist. An enumeration of all the provisions of the act, which only states the essentials to the procurement of a warrant, which have long been required in English-speaking countries, is unnecessary, as the statute is readily accessible to those desiring to avail themselves of or who are required to act under its provisions.

This extended expression of my views is for the purpose of bringing to the attention of United States commissioners and those seeking search warrants the long-established conditions on which a search warrant may issue, and what the contents of such warrants must be when granted. The eighteenth amendment to the Federal Constitution is as sacred as the fourth and fifth amendments, but no more so. They stand on an equality. There is no inconsistency between them. The Volstead Act, like any other law, should be enforced as long as it is on the statute book. Efforts for its enforcement should be along legal lines, lest the law be made odious and the ultimate result be the defeat of justice.

I quote from the opinion of District Judge Fitzhenry, in *U. S. v. Kelih* (272 Fed., 489):

By the fourth amendment to the Constitution the people declared the limit beyond which Congress was not to go in authorizing search warrants. But, of course, Congress has the power to add further limitations upon the issuance of search warrants if it deems proper. By the passage of the national prohibition act Congress has seen fit to add a further limitation to the issuance of search warrants in liquor cases, where it provided:

"No search warrant shall issue to search any private dwelling occupied as such unless it is being used for the unlawful sale of intoxicating liquor, or unless it is in part used for some business purpose such as a store, shop, saloon, restaurant, hotel, or boarding house." National prohibition act, Title II, paragraph 25. (*U. S. v. Kelih*, 272 Fed., 489. Opinion by District Judge Fitzhenry.)

The opinion in the Amos case refers to "implied coercion." There is implied coercion every time a man stops you upon the highway and states that he is a revenue officer. The citizen under such circumstances fears to stand upon his rights. There is the implied coercion when they come to the home or the place of business of a citizen, and these men well understand it. Well may we say there is implied coercion, for more than once they have resorted to force, and I have been informed they have even killed people who have dared to resist them.

Mr. President, the question as to whether doctors can give beer to patients may not be very material. It is, in my judgment, material. It seems to me we are running mad when we deny to a doctor the right to give beer to some old man or old woman who needs it; but if the old man or old woman dies without it, sad as it may be, the country will still survive.

It may be a very bad thing for a man to make whisky that he is not entitled to make, but if some of it is made and some of it is sold the country will still survive. It may be a bad and wicked thing for a man to carry a half pint of liquor in his grip or in his pocket, but if he does so, and drinks it, although he may kill himself, the country survives. The Constitution survives. Liberty continues to live. But when, in order to stop these practices, the fanatics and the hypocrites and the well-intentioned but misinformed of the country are willing to tear out the chief pillars that support the temple of human lib-



erty—the fourth and fifth amendments—it is time that the plain truth should be stated to the people of this country. It is time we should call a halt. If the Constitution is ever destroyed, let the Senate Chamber be the place where its defenders will make the final stand for its preservation.

The PRESIDING OFFICER. The question is upon the motion of the Senator from South Dakota [Mr. STERLING], who has moved that the Senate disagree to the amendments made by the House to Senate amendments numbered 10, 15, and 32.

Mr. REED. Mr. President, the Senator understands that to mean that the conferees will insist upon the amendments that the—

Mr. STERLING. That the Senate had agreed to.

Mr. REED. Yes.

Mr. STERLING. Certainly.

Mr. REED. Insist upon all of them and reject the House amendments?

Mr. STERLING. We shall insist on them, of course, in conference.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Dakota.

The motion was agreed to.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. WARREN. Mr. President, the question before the Senate, as I understand, is on the amendment offered by the Senator from New York [Mr. WADSWORTH] to strike out section 8 of the road bill.

The PRESIDING OFFICER. It is on the amendment offered by the Senator from Oklahoma [Mr. HARRELD] to that section. The amendment to the amendment will be stated.

The READING CLERK. On page 7, line 22, it is proposed to strike out the words "and directed."

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Mississippi suggests the absence of a quorum. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Gooding	McCormick	Simmons
Ball	Hale	McKellar	Stanley
Borah	Harreld	McNary	Sterling
Brandegee	Harrison	Nelson	Sutherland
Broussard	Heflin	New	Townsend
Calder	Jones, Wash.	Norbeck	Trammell
Capper	Kellogg	Oddie	Wadsworth
Caraway	King	Phipps	Walsh, Mass.
Curtis	Ladd	Reed	Warren
Fletcher	Lenroot	Sheppard	Willis
Glass	Lodge	Shortridge	

Mr. CURTIS. I desire to announce the absence of the Senator from New Hampshire [Mr. KEYES] on account of death in his family. I will let this announcement stand for the day.

I desire, also, to announce the absence of the Senator from Pennsylvania [Mr. PENROSE] on official business. I will let this announcement stand for the day.

The PRESIDING OFFICER. Forty-three Senators have responded to their names. There is not a quorum present. The Secretary will call the names of the absentees.

The reading clerk called the names of the absent Senators, and Mr. CAMERON and Mr. HITCHCOCK answered to their names when called.

Mr. POINDEXTER, Mr. SWANSON, Mr. NICHOLSON, Mr. JONES of New Mexico, Mr. STANFIELD, and Mr. POMERENE entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-one Senators have answered to their names. A quorum is present.

The pending question is the amendment to the committee amendment proposed by the Senator from Oklahoma [Mr. HARRELD] to strike out, on page 7, line 22, the words "and directed."

Mr. WADSWORTH. Mr. President, I do not intend to discuss the motion to amend made by the Senator from Oklahoma. I just want to get the parliamentary situation straightened out, in my own mind, at least. Is that offered as an amendment to my amendment?

Mr. TOWNSEND. The amendment of the Senator from New York is in the nature of a motion to strike out, and the amendment offered by the Senator from Oklahoma is to perfect the text of the portion which the Senator from New York moves to strike out.

Mr. KING. A parliamentary inquiry, Mr. President. Of course, the acceptance of the amendment offered by the Senator from Oklahoma would not preclude the putting of the motion offered by the Senator from New York?

The PRESIDING OFFICER. No; that will be the next amendment to be considered.

Mr. TOWNSEND. I want to say just a word, Mr. President. I hope this amendment will not prevail, but I do not propose to discuss it at length. I want the Senate to understand that one of the contentions that is made now is that the authorization of the Congress in these matters is not always observed.

Mr. SIMMONS. I wish to add to what the chairman of the committee has said that in my judgment if that change is made section 8 might just as well be stricken out of the bill.

Mr. HARRELD. Mr. President, under that provision of the committee amendment the Secretary of War can prevent the delivery of any of this material to the Secretary of Agriculture by simply refusing to declare that it is surplus.

Mr. SIMMONS. In that case he would have to find the fact, and the assumption is that the Secretary of War would find the fact as the fact is and not find it against the fact.

Mr. HARRELD. As a matter of fact, though, he must find that it is surplus before he can authorize it to be delivered, and so to direct him to do a thing simply leaves him in the attitude of refusing to declare that it is surplus. So that after all you can not reach this material unless the Secretary of War is willing to allow it to be allotted to the Secretary of Agriculture.

Mr. HEFLIN. Mr. President, the way the section now reads, the Secretary of War is authorized and directed to turn over these surplus supplies. If you strike out "and directed," although he would be authorized to turn it over, there would be no direction to turn it over and there would be pressure brought to bear on him so as not to turn it over, and in the absence of this instruction to turn it over there will be some excuse for him not to turn it over. But if we leave that in the law he will say, then, to those who bring that pressure to bear, "I have no discretion in the matter now as to turning it over. Here is the surplus, and I am directed by an act of Congress to turn it over." That gives him something to hide behind.

The PRESIDING OFFICER. The question is upon agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is upon the motion to strike out section 8, the amendment proposed by the Senator from New York [Mr. WADSWORTH] to the committee amendment.

Mr. WADSWORTH. Mr. President, I do not intend to take the time of the Senate, but in a rather hastily conducted colloquy yesterday with the Senator from Michigan, I was asked the question as to how many motor trucks the War Department had. I misunderstood the question, and answered it by saying 9,000. That is not correct. I realized the error after the colloquy had ended, but did not have an opportunity to correct the statement. I had in mind another matter which involved 9,000 trucks. That is the number of trucks which the Post Office Department has received from the War Department. The fact is that the War Department has all told, I believe, in the neighborhood of 17,000 to 18,000 trucks, which, according to their earnest statement to the committee, is 1,500 less than the number of trucks they ought to have for an Army of 150,000.

Mr. TOWNSEND. Then they have no surplus.

Mr. WADSWORTH. No. Something was said yesterday, too, about surplus property. This thing is of such vast importance, and involves so many hundreds of millions of dollars, that we ought to have all the facts we can get on it. The Senator from Ohio [Mr. POMERENE] asked me certain questions, or made certain observations, about the sale of property, and I might just as well put the last authentic figures into the Record. This statistical report is under date of August 13 and contains information on the subject of sales of surplus supplies up to July 29, 1921. Up to that date, practically the 1st of August, the present month, there had been received from sales \$827,-\$18,848, and there had been transferred to other departments \$134,000,000 worth of property. The total of sales and transfers up to August 1, therefore, is \$961,952,459.

To show that they are still working at it, because some Senator asked why they do not sell more, let me give a little further data. The question indicated that the Senator has not asked about the matter and informed himself. In the five weeks immediately prior to July 29 they sold \$10,500,000 worth of stuff for cash. They transferred \$4,398,000 worth to other departments. In other words, sales are going on all the time, and I have been contending that the property should be sold by the Federal Government and the money put into the United States

Treasury rather than be given away to any other Government or community.

Mr. SIMMONS. Mr. President—

Mr. WADSWORTH. I yield to the Senator from North Carolina.

Mr. SIMMONS. Can the Senator give us any information as to the original cost of the things that have been sold?

Mr. WADSWORTH. I can. I have it right here. The receipts for the property which has been sold have netted the Government 55.9 per cent of the cost price.

Mr. WARREN. That is the average of all sales?

Mr. WADSWORTH. The average of all the sales, 55.9 per cent. I stated to the Senator from Ohio [Mr. POMERENE] yesterday that it was 55 per cent. I understated it by nine-tenths of 1 per cent.

Now, just a word—

Mr. HITCHCOCK. Mr. President, before the Senator leaves that subject, is he able to inform the Senate whether the prices now being obtained represent as large a percentage of the cost as those earlier obtained?

Mr. WADSWORTH. No; of course, not. The percentages which are now being obtained, of course, are lower than those obtained in the first six or seven months of the activity, for two obvious reasons. When the sales commenced prices in this country and all over the world were very high and they got good prices for things. Secondly, the things that were easiest to sell naturally sold first and the longer the activity continues the harder it is, comparatively speaking, to clean up the surplus, the department finding itself in possession, months and perhaps two or three years after the war, of things that civilians will not buy except at purely nominal figures, so of course the percentage of recovery is bound to gradually go down, down, down.

Mr. HITCHCOCK. Can the Senator put into the RECORD the amount sold in each month, or in each year?

Mr. WADSWORTH. I can not do that now.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Tennessee?

Mr. WADSWORTH. Certainly.

Mr. McKELLAR. I wish to ask the Senator if the figures he has there include the \$400,000,000 worth to the French Government?

Mr. WADSWORTH. They do not; only things sold in this country.

Mr. McKELLAR. In the United States?

Mr. WADSWORTH. Yes.

Mr. McKELLAR. I wished to call attention to that.

Mr. WADSWORTH. Now, just a word about the motor vehicles. I think Senators ought to know about these, because I hear so many observations that must be founded on incomplete knowledge. Just let me read this, as an official statement coming from the War Department, not gotten up for the purpose of this debate at all, but sent out as a part of a regular statistical report:

On December 18, 1920, the Secretary of War authorized the disposition of 26,995 motor vehicles by transfer to other Government activities and by sale at public auction. On July 1, 1921—

That is just this summer—

this surplus was increased by 1,562 motor vehicles, making the total surplus 28,557. Up to August 6, 1921—

Only 10 days ago—

22,704, or 80 per cent of that surplus, had been disposed of. This surplus—

That is, the 28,557, which has been declared since December 18, 1920, just last winter—

is in addition to the 44,225 motor vehicles declared surplus and disposed of prior to November 16, 1920.

In other words, the War Department has given away or has sold 66,000 motor vehicles; and yet Senators say that it is difficult to get anything out of the War Department. Of the 66,000, 44,000 were given away. Against that I protest. That is the reason why I offer the amendment to strike out section 8, which will perpetuate this policy of transferring, free of charge, Government property from one department to another without anything being credited to the first department or charged to the second and what is ultimately done with the property.

Mr. JONES of New Mexico. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from New Mexico?

Mr. WADSWORTH. I yield.

Mr. JONES of New Mexico. I should like to inquire of the Senator from New York if he has the figures showing the percentage of cost of motor vehicles that has been derived from sales?

Mr. WADSWORTH. I am afraid I have not. There are only two statistical tables here in this whole volume with respect to surplus property, and they do not go into such detail as that. I could give the Senator a good deal more information on the general character of property sold and the amount received for the different kinds of property, but I do not think I can give the percentage of recovery on each kind.

Mr. JONES of New Mexico. I was rather curious to know what percentage had been received from motor vehicles.

Mr. WADSWORTH. A very small percentage.

Mr. JONES of New Mexico. That is what I suspected.

Mr. WADSWORTH. That is because the ones that have been sold are practically the worn-out trucks. Nearly all those that have been given away were the good ones. Occasionally some bad ones were given away besides, but thousands of brand-new trucks that had never been used at all, thousands and thousands of them, were given away. Of course there is no recovery on them.

Mr. JONES of New Mexico. I was led to make this inquiry by an observation down at Camp Pike, in Arkansas, last winter. I observed there several acres of trucks out in the weather not being cared for in any respect. I understand that since that time a shelter of some sort has been put over them, but there were acres of them there then just simply exposed to the elements and no use being made of them whatever. I might add that at that time I observed a number of sheds there that were not being utilized at all.

Mr. KELLOGG. Mr. President, I hope the amendment of the Senator from New York will not be adopted. What was the situation when we entered upon this policy? The Federal Government was voting money to aid the States, which were required to put up an equal amount in an extensive road-building program. We voted over \$100,000,000 for that purpose. That work has been going on. At that time confessedly the States could not buy the machinery and road material in the market to enable them to go on with the work to the extent that they were doing.

At that time the War Department had a vast amount of this material, which would have to be sold in the market or turned over to the States for a useful purpose for the benefit of all the people of the United States. Confessedly, taking the high prices, the Senator admits the War Department only got 55 per cent of the cost, and yet that material was worth par full cost to the States.

Mr. WADSWORTH. That figure is on every kind of thing which they sold. The list of articles which they sold would cover a whole page. There were many different kinds of articles.

Mr. KELLOGG. Presumably they did not get any more for the road material than they got for the other material.

Mr. WADSWORTH. But they did not sell the new trucks.

Mr. KELLOGG. That was worth more than 55 per cent of the cost to the States, and it enabled the country to go on immediately with a road program and enabled the States to get the material. The Senator's mistake, it seems to me, is that he treats the War Department as entirely separate from the United States and the people of the United States, and he treats the State governments in the same way. I had always supposed that the War Department was simply an agency of the people of the country, of the Government, and that the States were really a part of the Union, and to aid the States with material as well as to aid them with money was one of the objects of Congress in passing the legislation.

The argument now made is that the War Department can have no accounting. There is nothing to prevent the War Department from having a complete accounting for everything that is turned over, and charging it on the books so they will know exactly where they stand.

The argument is made here that the States have been selling this material and a great deal has been made of what has been done in the State of Ohio. Immediately when the charge was made in the newspapers or wherever it was about these things, the Agricultural Department undertook to find out just how much had been done. They asked every State to report and 40 of the 48 States have reported. They have made a calculation and as nearly as they can determine, and they have determined it very accurately, I think, about one-half of 1 per cent of the material which has been awarded to the States was found unfit for road work for various purposes—machines worn out, parts of machines worn out, or parts of machines that were not suitable, and they have been sold. It is a bagatelle as compared to the whole. Many States have not sold any. The State of Minnesota has not sold anything and many others have not.

Suppose the States had not sold this material, would it have been any money in the pockets of the people of the country to



send it back to some camp to have it handed back to the War Department and the War Department then sell it? The War Department now confessedly has a very large amount of material which it has not yet sold three years after the close of the war, and if it is used for the benefit of all the people of the country, it is not turning it over to a foreign Government or alien Government or giving it away. It is being used by the people of the United States.

Why is it that some of the States received certain material that was not available for building roads? The Department of Agriculture has said that they made out requisitions and received invoices or statements from the War Department of the material furnished and that the material furnished did not comply with the inventory furnished and that when some of the material was received it was unfit for use and has been sold, but the amount that has been sold is very small.

Mr. WADSWORTH. Has the Senator made any inquiry as to whether the Department of Agriculture has requisitioned 5,000 horses from the War Department?

Mr. KELLOGG. I have not.

Mr. WADSWORTH. Does the Senator suppose the War Department could avoid filling that requisition accurately?

Mr. KELLOGG. Yes; the War Department can refuse to fill it under the law.

Mr. WADSWORTH. Not if the horses are declared surplus.

Mr. KELLOGG. Yes; they can. I do not agree with the Senator in his construction of the law at all. I am not anxious for the War Department to give away material, but it is economy for all the people to have material that confessedly can not be sold to-day for 50 per cent of its cost and can not be used by the States.

Mr. KING. Mr. President, I am somewhat surprised at the argument made by the able Senator from Minnesota. I think that his criticism, certainly implied, of the argument made by the Senator from New York [Mr. WADSWORTH] is somewhat unfair and scarcely up to the high standard which the Senator from Minnesota usually maintains.

He complains because of the suggestion that the War Department is separate from the States, and insists that he had supposed that the War Department was an agency of the people because the Government belongs to the people. Of course, this Government belongs to the people; no one denies it. The people, under the Constitution and the law, direct the course of the Government. Departments can be created and the representatives of the people can direct that money be taken from the Treasury, or property taken from one agency and transferred to another. But because of such power there is no sufficient reason, Mr. President, why we should pursue policies that are unwise and uneconomical and that are at variance with the principles of sound and sane business administration and of common sense.

Mr. KELLOGG. Will the Senator yield?

Mr. KING. Yes.

Mr. KELLOGG. In what has this policy been uneconomical?

Mr. KING. Mr. President, it is to my mind not only productive of waste and extravagance but gross inefficiency in administration if the course here advocated is followed.

The employment of revolving funds, the transfer of money or property from one agency to another, particularly when no accounting is required, the adoption of a system which permits the use of funds appropriated for one year, or for a specific purpose, to be expended during some following year and for a different purpose; the transfer of property from one department to another—all or either of these things tend to waste and extravagance. Such a course, in my opinion, should not be permitted. I assert that it is uneconomical when departments or agencies or States or executive instrumentalities, either of the Federal Government or of the States, may obtain property for the asking, property which belongs to the Government and has not been paid for by the Government itself. Gifts, as a rule, are not appreciated; and officials, no matter how honest, are not as careful with funds or property attained as gifts. If they have to tax the people to purchase needed property in communities they will use less and bestow better care upon the same.

My information is that considerable property has been distributed to the States, which was absolutely necessary for their use, and that if the States had been compelled to buy the same they would have acquired but a fraction of it. As long as it was being freely distributed States took much not needed. If gratuities are to be distributed, few objections are made to its reception, even though its use is problematical. Indeed, we know of the millions foolishly expended by the people, because the property acquired is bought at "bargain prices." We are very glad to receive property when we can get it for nothing.

When property is received by transfer from one agency of the Government to another without payment the demands for such transfer will be far greater than if the property must be paid for in cash or charged against the appropriation account given by Congress to such purchasing agency.

Mr. President, the proper thing to do, in justice to the War Department, which is charged with enormous appropriations, and out of which the property in question was paid for, is to authorize the War Department to sell the surplus, and if the States want the surplus to give them the preference right to purchase, but let them pay for it, and pay the fair cash value of the same. The money so paid would go into the Treasury, and would reduce taxation pro tanto. Senators talk as though the War Department owned the property and intended to dispose of it for the benefit of some officers or some agency. The property is owned by the United States. The War Department is only the custodian, and if it sells the property the money is covered into the Treasury. It thus relieves the people of the burden of taxes to the extent of the amount so placed in the Treasury.

As stated, if there is surplus property let it be sold and give the States who need it for road building the preference right to buy.

Mr. WADSWORTH. That is a very different proposal; I should subscribe to a proposition of that kind at any moment; but politics will creep into this thing of free transfers and dispositions of property just as surely as we sit here in the Senate. When the Government says, "I stand ready to give you something," the demand will be accelerated by those who are politically interested in becoming popular through the free distribution of something belonging to the Government.

Mr. KING. I stated, Mr. President, that it is unfair to the War Department, charged as it has been with billions of dollars of appropriations in carrying on the war, now to charge against it property which it can sell and recoup some of its losses and put on the credit side some of the funds with which it has been charged.

It has been stated here—and no one denies it—that \$100,000,000 of property have been turned over to the Agricultural Department for distribution among the States. What credit has the War Department for that \$100,000,000? What did the States pay for that \$100,000,000 of property? Theoretically the Government of the United States appropriates \$1 for road purposes for every dollar which the States appropriate; actually the Federal Government is putting up more than 50 per cent. The Federal Government puts up the 50 per cent of cash, and then, by the votes of Senators and Representatives, it takes away \$100,000,000 of property of the United States and turns that over to the States, forsooth, because the "Government of the United States belongs to the people!"

Mr. President, everybody seems willing to take something from the Government. In this Chamber Senators condemn the extravagance of administration and the burdens laid upon the people and then vote to spend hundreds of millions which are not imperatively required or to take property from the Government which could be sold for some amount, which would diminish the aggregate sum required for governmental expenses. It seems as though everyone was ready to put his hand into the Treasury or upon the property of the Federal Government. Few seem to regard the taxpayers or to have the interests of the Government at heart. Let me add that if we have the interests of the Government at heart we have the interests of the people at heart. If we serve our country well we serve the people well. The \$100,000,000 worth of property which has been turned over to the States ought to have been sold by the War Department, giving the States the preference right to buy that which they required.

My good friend from Alabama [Mr. HEFLIN] yesterday said that the policy which had been pursued was opposed by some of the manufacturers of automobiles, trucks, and so forth. I have no knowledge upon that matter. It would seem to me that no advantage would be derived by the manufacturers from the adoption of what I insist is the fair and rational course to pursue.

My suggestion is not that the materials not required by the War Department be kept from the market. On the contrary, I have heretofore advocated the prompt sale of all surplus supplies. Months ago I offered measures compelling the sale of all surplus war supplies and materials. I now suggest that in making such sales the States have the first opportunity to secure such commodities as they need in their road work. This course would not result in the situation claimed by the Senator from Alabama.

Mr. President, the argument made by the Senator from New York yesterday upon the pending motion is unanswerable. We

may bandy words and profess great devotion to the people, but the plain fact is that we are asked to commit the Government to a wasteful and foolish policy, one which in the end will hurt the States and injure the people. If we persist in this policy of transferring from one department to another property regarded as surplus, we will witness the development of a vicious and wasteful system, which will invade other departments and corrode and corrupt administrative activities. It will lead to demands that property which may be required by a department of the Government be declared surplus in order that States or municipalities or Federal agencies may secure it without cost. It will encourage departments to part with property which may be valuable and of service in order that officials therein may get newer designs or different makes. If property may be declared as surplus for the purpose of having some other agency or States acquire it, the inclination to so declare it will be greater, because it will be recognized that the department so parting with the property will be able to secure an appropriation for needed supplies. This policy will lead States and Federal agencies to agitate to secure a finding that certain desired property is surplus. The evils are so numerous that will flow from this plan that I can not see how Senators can support it.

Mr. WADSWORTH. Will the Senator yield?

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Utah yield to the Senator from New York?

Mr. KING. I yield.

Mr. WADSWORTH. From a very hasty examination of other sections of the pending bill, I discover a provision which authorizes the transfer of title to real estate in the possession of the United States between departments without the authority of Congress.

Mr. KING. Of course, Mr. President, that will follow. Pretty soon we shall permit the various departments of the Government, under general, sweeping statutes such as this, to "swap" and exchange property at will and to make distribution of property which some official of the Government may not think is presently needed. Some man may be particularly interested in the development of some activity with which he is not charged, and he may declare some property as not necessary for the agency with which he is connected, in order that it may be declared surplus for distribution to some agency or instrumentality of the Government in which he may have some indirect interest. I do not mean a financial or a pecuniary interest—it may be merely a sentimental interest; but the policy is wrong. As I have said, Mr. President, and as I now repeat, the continuation of this policy now will lead to its extension until there will be demands for a general distribution of all property in all departments and all agencies of the Government to the States.

If we are going to declare property unnecessary or unsuitable for service in any agency or department of the Government, there ought to be a board charged with the disposition of it; and, if some other department needs it, let that department pay for it its reasonable value, crediting to the department or bureau parting with the title and charging the other department or bureau which obtains it with the value or the amount to be paid, and charge that against the appropriation which is made to the purchasing agency or department. So, with respect to surplus property held by the War Department, if we are to give to the States any rights in the matter let us pass a law by which property that may be declared to be unnecessary for use by the War Department shall be sold, the preference right to purchase being given to the States.

If I understood the Senator from Minnesota correctly, he differed from the construction placed upon section 8 by the Senator from New York. His interpretation, as I understood him, of that section was that there was no obligation whatever upon the War Department, if it has, for example, 5,000 horses which are unnecessary for immediate use in the War Department, to honor the requisition which might be made by the Department of Agriculture. Section 8 reads:

That the Secretary of War be, and he is hereby, authorized and directed—

He has no discretion; he is "directed"—

to transfer to the commission—

The section having been amended, it now reads "the Secretary of Agriculture"—

upon his request all surplus war material, equipment, and supplies not needed for the purposes of the War Department but suitable for use in the improvement of highways, and that the same shall be distributed among the highway departments of the several States—

And so forth.

Now, first, the Secretary of War is commanded to transfer, upon the request of the Secretary of Agriculture, "all surplus

war material, equipment, and supplies"—under what circumstances? When "not needed." What do the words "not needed" mean? They interpret themselves—not needed now; not needed within a reasonable time in the future; not essential for the conduct of the activities of the War Department.

One Senator a moment ago adverted to the fact that there was some property still on hand not disposed of. It was only recently that Congress decided to reduce the Army to 150,000 men. It would have been improvident in the extreme for the War Department to have disposed of equipment needed for an army of 200,000 men before the Army had been reduced to 150,000 men. The reduction which was effectuated only a few days ago by reason of legislative enactment, of course, will result in considerable property of the War Department not now being needed. Therefore, if there are 5,000 horses or any other number not now needed by the War Department and requisition were made by the Secretary of Agriculture, the Secretary of War would be compelled to make the transfer. I am not able to follow the learned Senator from Minnesota in his position that this section would not impose the obligation upon the Secretary of War to make transfer, upon request, of any property which he has and which is not needed immediately or within a reasonable time by the War Department.

Mr. President, it seems to me that the only wise and the only proper thing to do is to strike out this section. If we are going to depart from the policy which we announced of having a 50-50 contract, let us say so. It is not a 50-50 contract; it has been heretofore 33-66-3—that is to say, the Federal Government appropriated \$200,000,000 and the States put up \$100,000,000—and this bill, if there shall be any considerable surplus property under the War Department, will mean the Federal Government shall put up another \$100,000,000 in cash and a large amount, \$25,000,000 or \$50,000,000 worth, of property, and the States shall only put up \$100,000,000 in cash. It is deceptive on its face. It is not a 50-50 proposition. In the interest of honesty, in the interest of fair dealing with the departments, in the interest of economy, and finally in the interest of the people themselves the motion of the Senator from New York should prevail.

Mr. SIMMONS. Mr. President, I regard this section of the bill as so important that I am not willing to let the argument of the Senator from Utah [Mr. KING] go entirely without answer.

The Senator from New York [Mr. WADSWORTH] on yesterday stated that he had for months been battling with this same question upon the floor of the Senate, and the Senator stated what is true. Every time any proposition has been made here that took from the War Department any of its surplus war materials, the Senator from New York, acting as the spokesman of the War Department, has strenuously opposed such proposition. When the proposition was made to transfer these trucks and tractors to the States for the purpose of road construction under the cooperative plan the Senator from New York was here, speaking not so much for himself as a Senator or as the chairman of the Military Affairs Committee, but speaking the wishes of the War Department, opposing it. Then we were told that there were no more of these machines than were needed or might in the near future be needed.

Mr. KING. Mr. President, will the Senator yield?

Mr. SIMMONS. Just a moment, if the Senator pleases. Then we thrashed out the question of whether it should be the policy of the United States Government to turn over to the States, to aid in the construction of roads, such surplus war materials as it might have; and after a long discussion, in this Chamber, at least, it was decided by a definite and an emphatic majority that that policy should be adopted and pursued by the Federal Government; and, notwithstanding the attitude of the War Department, it turned out that they had as many as 44,000 trucks that they could spare to the States.

Mr. WADSWORTH. Mr. President—

Mr. SIMMONS. I now yield to the Senator from Utah.

Mr. KING. I yield to the Senator from New York.

Mr. WADSWORTH. Surely the Senator does not mean to leave the impression that the War Department at that time contended that they did not have a surplus of trucks?

Mr. SIMMONS. I think the Senator is right with reference to the first application, but there was a second application here. There was a bill passed here, I think during the last Congress, in connection with which that argument was made, and trucks have been distributed since then.

Mr. WADSWORTH. I think the Senator is mistaken. He probably refers to the bill which was passed directing the Secretary of War to turn over tractors—just tractors.

Mr. SIMMONS. Possibly the Senator is right; but I am not mistaken in supposing and in stating that the Senator, speaking



for the War Department, every time a contribution on the part of the Government of these war materials to the States was proposed, spoke in opposition to it, and in strenuous opposition to it at that. I am not mistaken about that, and I am not mistaken in the statement that each time the Senate of the United States and the House of Representatives have overruled that contention of the War Department, and have adopted as a policy the turning over of these materials to the States as soon as they became unnecessary for war purposes.

Mr. WADSWORTH. Mr. President, will the Senator yield?

Mr. SIMMONS. We have recently reduced the Army, reduced it, I believe, 70,000 men; and if the trucks and materials that were on hand before the Army was reduced were sufficient—and nobody has denied their sufficiency—then there must be a surplus of trucks and a surplus of war materials when we have reduced the Army at least one-third.

Now, Mr. President, the Senator admits that there are about 18,000 trucks.

Mr. WADSWORTH. Motor vehicles of all kinds.

Mr. SIMMONS. Motor vehicles and trucks of all kinds. That would seem to me to be quite a large number, but I make no point about that. If there are not more than the War Department needs, this bill does not require them to turn over a single one. I do not understand—and I want to be very frank about it, and I should like to have the attention of the Senator from New York when I say this—I do not understand this attitude of the War Department with reference to turning over this material to the States for road construction. So far as the interest of the War Department is concerned, that is safeguarded by the provision that they shall not be required to turn over any materials unless there is a surplus.

Now, what interest has the War Department in attempting to thwart this policy of the Government? Can it be that the War Department insists that its privilege of selling these war materials shall not be curtailed? That is its only interest in the matter. The department does not have to turn over a single machine or a single item of material if it is needed for war purposes. It is only in case it is not needed that this bill requires the department to turn it over.

What objection can the War Department interpose to that policy of the Government, unless the War Department thinks that the privilege of selling these war materials is a valuable privilege with which it does not desire to part? I know that sometimes the right to sell these enormous supplies that were left on our hands when the war closed has been thought to be quite a privilege, and I am afraid that it is a privilege out of which great profits at times have been made without the same inuring to the Government. I do not say that anything of that sort enters into this transaction, but I do say that I can see no reason why the War Department should interpose its objection here when its interests are absolutely safeguarded by the terms of the bill, unless it wants to preserve the right to sell these war materials.

Mr. WADSWORTH. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from New York?

Mr. SIMMONS. I yield to the Senator.

Mr. WADSWORTH. Would it interest the Senator to know that the War Department has taken no attitude whatsoever on this matter, that I do not represent the War Department, and that I have not discussed it with the department, either with the Secretary or with other persons?

Mr. SIMMONS. Then the opposition which the Senator makes here to-day is not at all inspired by the War Department?

Mr. WADSWORTH. It is not.

Mr. SIMMONS. I am glad to hear it.

Mr. WADSWORTH. It is inspired by my own conviction as to the proper course to pursue.

Mr. SIMMONS. I am glad to hear it. Now, Mr. President, let me pass from that.

Mr. KING. Mr. President, would it interrupt the Senator—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. SIMMONS. I do.

Mr. KING. The Senator will observe—and I do not rise in a controversial spirit—that this section does not relate to the present and has no time of expiration, but it is a continuing policy, so that a hundred years from now, if this were not changed, and as often as there was any surplus property, the War Department would have to turn it over to the Department of Agriculture.

Mr. SIMMONS. And while the Government is contributing to the construction of roads in the States.

Mr. KING. Yes. Does the Senator think that it is a wise policy to pass general statutes requiring this department and all departments to turn over to the States any property they may happen to have that is surplus?

Mr. SIMMONS. No; not as a general proposition; but this is a proposition to turn over the surplus of the War Department to the States for the purpose of aiding in the construction of a work in which the Government is an equal partner. Senators say that the States ought to pay one-half of the value of these machines if they are turned over to them.

Mr. KING. I hope the Senator does not impute that to me. I made no such statement.

Mr. SIMMONS. Well, that has been stated here.

Mr. President, what would be the situation if the States and the Government had no trucks, we will say, for the purpose of constructing good roads, and had to enter into the market and purchase those trucks anew? The Federal Government would have to pay one-half of the price of each truck that might be purchased, because it is a copartner on equal terms in the building of these roads. Fortunately the Government has on hand a large number of trucks available for this use. The Government, if it sells those trucks, will get only 50 cents in the dollar for them. Many of them are new. They are just as good as new trucks bought by the Government for this purpose. They will get only 50 cents in the dollar. Who will get the other 50 cents? Why, the speculator will get the other 50 cents. The Government could not sell these trucks, worth a hundred cents in the dollar, if it put them upon the market, at more than 50 cents in the dollar. If they are sold that 50 cents must be given to the speculators. Why, then, should the Government hesitate to turn these trucks over to the States? It will get credit for fully one-half the value of the trucks, and in that case the 50 cents will be given to the State instead of being given to a speculator.

That is the way this transaction will work out. If you sell those trucks the Government will get half price. The Government is under obligation to pay one-half of the expense of the construction of the roads. If this is a gift to the States on the one hand, the alternative to that proposition, if the trucks were sold, would be a gift of that amount to speculators who might buy them.

Mr. HEFLIN obtained the floor.

Mr. WADSWORTH. Mr. President, will the Senator yield for just a moment? I will probably not impose upon him any longer.

Mr. HEFLIN. I will yield.

Mr. WADSWORTH. The Senator from North Carolina has just said something about gifts to States; at least he used that expression. I desire his attention to this dispatch, which I am going to read. It appears in the Rutland, Vt., Daily Herald of Wednesday morning, August 17. It is headed, "Vermont will get share of explosive." I hope Senators do not think this is confined to trucks alone. The article reads:

BURLINGTON, August 16.

Information has been received by the agricultural extension service of the University of Vermont from the Bureau of Public Roads of the United States Department of Agriculture to the effect that 96,000 pounds of picric acid, a high explosive, has been allotted to Vermont.

This explosive is suitable for use in clearing stumps and stones from agricultural lands.

No landowner can secure more than 1,000 pounds. The details concerning plans for distribution are now being sent to the Vermont county agents.

That is done under this free distribution of materials useful in highway work.

Mr. TOWNSEND. With the permission of the Senator from Alabama, I would like to say, just in connection with that, because I happen to know something about the situation, that the Government has a great many of these explosives on hand, which were stored, and which it would cost about all they were worth to move down to some of those Southern States where they were going to move them. They had a surplus on hand with practically no market for them, and it was suggested and understood that they were still intending to store them.

The proposition was that those explosives should be used by the stump-land States and other States which required these explosives, and they are to be purchased by those States. The department fixes the price which shall be paid for this picric acid that is to be used in the States. I happen to know something about that, because I have had much correspondence about it, as has the Senator from Wisconsin, in obtaining these explosives.

The object was to put them on the market, so that they could be purchased at the Government cost price, or at a reasonable price, for use, instead of permitting their storage in these various places where they were stored.

Mr. WADSWORTH. Will the Senator state how it is that the Bureau of Public Roads has jurisdiction over it?

Mr. TOWNSEND. I do not know. I did not know that it had any jurisdiction over it.

Mr. WADSWORTH. The article states that.

Mr. TOWNSEND. I think the article which the Senator has read is entirely misleading. The control is in the Secretary of Agriculture, who, of course, is over the Bureau of Public Roads, and the Senator voted to keep him over the Bureau of Public Roads and over the other divisions of the Department of Agriculture. It is, however, the Secretary of Agriculture with whom these transactions are made.

Mr. WADSWORTH. Not through the Bureau of Public Roads?

Mr. TOWNSEND. I never heard that that was the case before.

Mr. WADSWORTH. I admit that would put a very different light on it, but this dispatch seems rather authentic, stating how much of this explosive can be secured to blow up stumps.

Mr. TOWNSEND. I do not think there is any truth in that statement at all; I think it is entirely a mistake, either in print, or the man who sent out that information did not understand the situation.

#### AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. REED. Mr. President, a few moments ago I made some remarks in regard to the proceedings in the conference committee which had under consideration what we commonly call the beer bill. It is the bill which proposes to deny doctors the right to prescribe beer to sick people.

I, of course, was listened to with attention by the hired lawyer who usually occupies a seat in the gallery watching the proceedings of the Senate. I assume he was here to-day. At least he was not very far away, for he has prepared a statement for the press, and in order that it may be given early publicity I send it to the desk and ask to have it read.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The Secretary will read as requested.

The reading clerk read as follows:

"The charge by Senator REED that I sat with the conferees on the beer bill on the date mentioned is not true," said Wayne B. Wheeler, general counsel of the Antisaloon League.

In spite of the fact that Senator STERLING denied this, Senator REED continued his speech on the theory that his charge was true. I went to the committee room when they closed their work for the day and urged them to agree on something in order to secure a vote before the recess and prevent the opening of the breweries. This is what Senator REED and other wet Senators are attempting to accomplish in their filibuster on this bill. This amendment on search and seizure was evidently injected into the bill by the wets to muddy the waters and cause delay.

The same beer interests that corrupted the politics of the Nation are back of this beer bill. One hundred thousand dollars' worth of imported malt liquors in one lot is now ready for distribution if the passage of this bill is delayed until after the recess and the beer regulations are issued. The invisible lobby back of this filibuster to force medical beer on the country does not seem to worry those who are vituperative and abusive of the dry advocates, who work in the open.

Mr. REED. Mr. President, I dislike to take the time of the Senate on so small a matter, but I have concluded that I may be warranted in consuming a few minutes.

I read to the Senate a clause from an article in the New York Times, stating that "Wayne B. Wheeler, spokesman for the Anti-Saloon League, who was closeted with the conferees throughout the day behind closed doors, expressed the view," and so forth.

I inquired of the Senator in charge of the conference report whether that was true. The Senator replied, in substance, that he did not sit with the committee on that day. I then asked whether he had sat with the committee or had been with the committee on any day, and the Senator declined to answer that question.

There is no denial yet that this gentleman did not sit with the committee or see the committee or interfere with the committee. The denial is that—

I went to the committee room when they closed their work for the day and urged them to agree on something. \* \* \* This is what Senator REED and other wet Senators are attempting to accomplish in their filibuster.

Again, he said:

The charge by Senator REED that I sat with the conferees on the beer bill on the date mentioned is not true.

"On the date mentioned." Mr. President, evidently this gentleman, Mr. Wheeler, has proceeded far enough in the study of the law to know that there is such a thing as a negative pregnant, but evidently not far enough to know that a negative pregnant is taken as an affirmation. A negative pregnant is found when a man charges that A B at the hour of 1 o'clock did a certain thing, and the answer is, "I deny that at 1 o'clock I did that particular thing."

It was an old dodge of the old pleader, and the courts exploded it, and said that that sort of a denial was not a denial, but amounted to an admission. Why is it that this man, who for 15 or 20 years has made his living as a lawyer, with this one client—the Anti-Saloon League—does not have the manhood to state in this paper that he never at any time sat with this committee or the members of this committee, or that he went to them and buttonholed them and interfered in their work; that he had the impudence to follow them to their counsel room? Why does he not deny it in that way? Why does he put out something in this form, which he hopes will deceive the public?

There is an old definition of a lie, that it is something told with the intention to deceive. It may be literally true upon its face, literally construed, but if it be put out to create a false impression it is none the less a falsehood.

Just a word more. Mr. Wheeler says in this statement:

I went to the committee room when they closed their work for the day and urged them to agree on something in order to secure a vote before the recess.

I repeat, what business was it of this man to go to the committee room to interfere in a conference, either during or before or after their deliberations, when, as we all understand, that is something that Representatives and Senators rarely, if ever, do? What was he doing there?

This man talks about "the invisible lobby." The difference between the invisible lobby and the visible lobby, first, is that we can see the visible lobby in the person of this hired lawyer, who has been for 15 or 20 years making his living as a legislative agent. He is visible so often that he can not deny his visibility, but if he had to pay a license tax of \$10 a day to enter the galleries of the Senate I think it would make heavy inroads into his salary, because he is always here. He has just as much right here as a representative of the Standard Oil and no more, as a representative of any interest and no more. He is a lobbyist, pure and simple, acting for pay.

This lobbyist, this gentleman who makes his living lobbying, who probably has not had a dollar from any other source in the last 15 years, has the insolence to send out a statement charging that a filibuster has been carried on in the Senate and is being carried on against the beer bill.

I charge that when he wrote that statement he wrote a deliberate, willful, premeditated, cold-blooded falsehood, and he knew it.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. REED. I yield.

Mr. STANLEY. The vote on that bill was taken at the instance of the Senator from Louisiana [Mr. BROUSSARD] and others, upon the insistence of the Senator from Pennsylvania [Mr. PENROSE], who has never yet been charged with being a prohibitionist, and over the objection of the Senator from South Dakota [Mr. STERLING], the Senator from Ohio, and the other proponents of this bill, who asked for delay; and the gentleman to whom the Senator refers—I will not call him a lobbyist—was in the gallery at the time and knew it.

Mr. REED. Well, if he is not a lobbyist, I would like to know what he is. He certainly is not a lawyer; that is, he is not practicing law in the ordinary sense.

Mr. STERLING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from South Dakota?

Mr. REED. I yield.

Mr. STERLING. I wish to correct a statement made by the Senator from Kentucky [Mr. STANLEY]. I understood him to refer to the vote taken. Does the Senator mean the final vote on the bill by the Senate?

Mr. STANLEY. Yes; the final vote was taken at the instance of the Senator from Pennsylvania [Mr. PENROSE], who asked that the vote be taken. He insisted that a vote be taken. The Senator from Louisiana [Mr. BROUSSARD] had an amendment that was pending, and the Senator from Missouri asked him to withdraw it, and the so-called opponents of the bill—not the proponents of the bill but the proponents of the Constitution of the United States—urged that the vote be taken that day or it would not have been taken that day, as the Senator from South Dakota knows full well and as the Record will show.

Mr. STERLING. Does the Senator from Kentucky say that the Senator from Kentucky himself on the day the vote was taken urged a vote on the bill?

Mr. STANLEY. Oh, no; I did not say that.

Mr. STERLING. I understood the Senator to say that.

Mr. STANLEY. I did not refer to the Senator from Kentucky. He is a small pea in the dish.



Mr. STERLING. The Senator said the proponents of the bill were opposed to the vote.

Mr. STANLEY. They were, and the RECORD will show it.

Mr. BROUSSARD. Mr. President, will the Senator yield to me?

Mr. REED. I will yield to the Senator from Louisiana if the Senator from South Dakota is through.

Mr. STANLEY. If I am not mistaken the Senator from South Dakota objected to taking a vote at that time.

Mr. BROUSSARD. Mr. President, in order to get the record straight on this question I wish to read from the CONGRESSIONAL RECORD of August 8, 1921, just before the vote was taken, as shown on page 5184:

Mr. WILLIS. Mr. President, I desire to ask the Senator from South Dakota if it is his purpose to press the bill to a vote this evening? There are a number of Senators who desire to discuss this rather important question, but I understand an executive session is desired.

Mr. STERLING. No; I do not desire to push the matter to a vote to-night.

SEVERAL SENATORS. Vote! Vote!

Mr. STERLING. I think I shall not press for a vote to-night.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Missouri [Mr. SPENCER].

Mr. BRANDEGEE. Mr. President, I merely wish to suggest to the Senator from South Dakota that for a week or more various Senators who desire to go away and others who have been away and have come back have had their movements interfered with by the uncertainty of having a vote on this bill. Certain Senators want to go away to-night and others to-morrow. I hope we can dispose of this measure to-night. I am willing to sit late if the Senator desires further time, and I think we should dispense with an executive session this evening.

Mr. PENROSE. Mr. President—

Mr. STERLING. I yield to the Senator from Pennsylvania.

Mr. PENROSE. I sincerely hope that we can vote this afternoon. I concur in the view of the Senator from Connecticut. The Finance Committee adjourned in the midst of important hearings to permit the Members to come here on the assumption that they were to vote on various phases of the bill. That great committee is in session from 10 o'clock in the morning until 5 or 6 in the evening, and if they are to break up their meetings every 20 minutes to come to the Senate and vote, we shall never get through the gigantic task reposed in us. I sincerely hope that we can vote this afternoon.

Mr. STERLING. I hardly expected to reach a vote on the bill this afternoon. I now ask the Senator from Kansas [Mr. CURTIS] if it is desired to have an executive session?

Mr. CURTIS. We do want a short executive session; and I wish to have an amendment to a Senate joint resolution reconsidered and the joint resolution passed if possible, but I do not wish to interfere with the vote on the pending bill.

Mr. STERLING. I will yield for the purpose of an executive session.

Mr. BROUSSARD. Mr. President, reserving the right to offer further amendments, I move that the bill be recommitted; and I suggest the absence of a quorum.

So it will be seen that, in succession, the Senator from Connecticut [Mr. BRANDEGEE], the Senator from Pennsylvania [Mr. PENROSE], and myself, all three of us opposing the measure, insisted that the vote be taken that afternoon.

Mr. STERLING. Mr. President, if the Senator from Missouri will permit me—

Mr. REED. Certainly.

Mr. STERLING. That is a very strained construction that the Senator from Louisiana puts upon the RECORD as read by him. I am very glad, indeed, that he read the RECORD, for the RECORD does not show that I opposed or that any of the proponents of the bill opposed the vote on that evening on which the final vote was taken.

For a time it was a question whether it was advisable to proceed to a vote on that evening, and I frankly state that, but I had not expected at any time during the day up until that time, the time of the colloquy to which the Senator refers, that there would be a vote on the bill that day. I did not expect a vote on the bill to be reached until the next day, when I fully expected a vote would be reached. It was something of a surprise to me that Senators should urge a vote on that evening. That is the fact.

Mr. REED. While the Senator makes that statement which undoubtedly shows that so far as he was concerned he was willing to take a vote whenever he thought the Members were present who ought to be here, he will also concede that there was not anything like the semblance of a filibuster at all.

Mr. STERLING. Yes; and who in charge of a bill—

Mr. REED. Would not do as the Senator did?

Mr. STERLING. Is not likely to look around and see who is present?

Mr. REED. Absolutely. The Senator had the right to do that, but the RECORD shows that the other side were not trying for more time, but were willing to come to a vote, and the Senator in charge of the bill I am sure will say, as a fair man—

Mr. STERLING. I never raised any question of that kind.

Mr. REED. That there never was any semblance of a filibuster here.

Mr. STERLING. Not at that time. There had been before, and I am not saying but that there has been since. It had ended at that time.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Utah?

Mr. REED. I do.

Mr. KING. Upon the day in question, at an earlier hour in the day, I had taken the floor to speak briefly, not upon the bill but about lobbies and lobbyists and their pernicious and wicked activities in Washington in procuring and in suppressing legislation. While I had the floor opponents of the measure and, as I recall, one or two who were favorable to the measure asked me if I would not kindly desist so they could get a vote that evening. I yielded the floor, expecting to take it again when I could get the opportunity and conclude the observations which I desired to submit. I recall that the Senator from Kentucky [Mr. STANLEY], right in the midst of my speech, asked if I had any objection to the beer bill being taken up and considered and a vote taken immediately, and I said no and promptly sat down.

Mr. STERLING. I recall very well the fact to which the Senator from Utah refers and his courtesy in the matter, and I appreciated it very much.

Mr. WILLIS and Mr. STANLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield; and if so, to whom?

Mr. REED. I will yield first to the Senator from Ohio.

Mr. WILLIS. If the Senator from Missouri will permit me, I think I should be allowed to say a word since my name has been brought into this matter by the Senator from Kentucky [Mr. STANLEY]. I had forgotten the occurrence to which attention was called by the Senator from Louisiana [Mr. BROUSSARD], but I do now recall that I made the remark attributed to me on page 4740. I did ask the Senator from South Dakota whether it was his purpose to press for a vote, and I wish to state the reason why I asked that question.

Mr. BROUSSARD. Mr. President—

Mr. WILLIS. I have been considerably interested in this legislation—

Mr. STANLEY. Mr. President—

Mr. WILLIS. Will the Senator permit me to finish this brief statement?

Mr. STANLEY. Certainly.

Mr. WILLIS. I have been interested in this legislation and I had sat here hour after hour listening to the speeches of those opposed to the bill. There were some things I should have been glad to discuss but I refrained from speaking at length, in order to expedite the passage of the bill. I had in mind to make some observations upon the measure, and that is why I asked the Senator from South Dakota the question, but I should not like to have the idea go forth or have the purpose attributed to me of seeking to delay the passage of the bill. I willingly gave up the opportunity to indulge in extended debate upon the measure in order that there might be a vote.

Mr. STANLEY. Mr. President, will the Senator from Ohio yield to me?

Mr. WILLIS. The Senator from Missouri has the floor.

Mr. STANLEY. Will the Senator from Missouri yield to me?

Mr. REED. I yield, gladly.

Mr. STANLEY. I make haste to assure the Senator from Ohio [Mr. WILLIS] and the Senator from South Dakota [Mr. STERLING] that I did not mean even indirectly to infer or charge that they were attempting to delay a vote upon the measure in the way of a filibuster or that they were attempting to delay the legislation. The fact is I could readily see why the Senator from South Dakota and the Senator from Ohio might prefer a vote the next morning. There has been no effort on the part of either of them to delay the legislation.

While I do not agree with the Senator from Ohio or the Senator from South Dakota in their views on the bill, I do take this occasion to say that in their management of the bill they have shown the highest quality of courtesy and statesmanship and a disposition to tell the simple truth, to advocate the cause in a high and dignified manner, worthy of their places in this great body, and in marked distinction and contrast to some of the performances of some other people, for whom I hope they are not responsible.

Mr. BROUSSARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Louisiana?

Mr. REED. I yield.

Mr. BROUSSARD. I wish to reply to the Senator from Ohio that I merely read from the RECORD, and I think that the RECORD was very fair. If it needed any explanation, I think the Senator has made it, but I did not put into his mouth any words except what I read from the CONGRESSIONAL RECORD.

Mr. REED. Mr. President, I should have been through long before this, because I did not expect the colloquy to take so long, but I wish to make one or two further observations. I

think it was pretty well known that there was no filibuster. Everybody in the Chamber knows there was no filibuster. If there had been a filibuster on the bill it probably would not have passed its second reading at this time.

There is another terrible thing stated in this charge, to wit, that there is \$100,000 worth of imported malt beverages in one lot now ready for distribution. That is a terrible thing, is it not? About how far would \$100,000 worth of malt beverages go in the United States? If it is needed for sickness at all, if it is a medicine at all, it probably would not supply the legitimate, honest prescriptions that would be made up for three days' time in the United States.

The trouble is this country is bigger than the conception of the paid lawyers who roost around in the galleries of the Senate and pose as respectable gentlemen when they are nothing but common lobbyists. I propose hereafter to call them by their right names.

Then we find the usual charge that the beer interests are back of the bill. I do not know what the beer interests are back of, because I have not been pestered with lobbyists on either side of this question, but I do know that I never heard of a brewer coming here to Washington or sending here to Washington or writing here to Washington asking anybody to have beer prescribed as a medicine, because no brewery could make any money manufacturing beer for medicine if the law is enforced and its manufacture held down to the mere question of beer for medicine. It is all right to talk about beer lobbyists, and everybody who comes here on the other side of the question is a lobbyist; but give us one of these gentlemen who is lobbying for pay and making his living out of it, and if he is on the dry side of the question he is an angel of light. The sunlight as it comes down from the sky is purified as its rays strike his celestial wings.

He may threaten, he may bully, he may collect money out of the United States and fill his coffers, he may live on the fat of the land, he may buttonhole Congressmen, he may thrust himself into the confidential conferences of committee meetings which are held to reconcile the differences of the two Houses—he may do all that—yet he is a saint, the chariot of fire is waiting for him, the mantle of divinity is falling through the air for his shoulders. Let anybody else express an opinion to a committee or to a Congressman and it is an "invisible lobby," covered with corruption and reeking with crime. That is the kind of mental viewpoint some of these gentlemen get.

Now, the gentleman makes another statement in which he says:

This is what Senator REED and other wet Senators are attempting to accomplish.

Of course, a man of this type is utterly incapable of appreciating the fact that another man might not have believed in prohibition, but, a constitutional amendment having been adopted which he is sworn to uphold, he intends in good faith to uphold it. I can readily understand the character of mind which can not at all appreciate the fact that there are men in the world who, even if the Constitution were leveled at something that they believed was right, nevertheless would observe the Constitution in its letter and in its spirit.

I have never been a "wet" citizen, and I have never been a "wet" advocate. I have insisted that the people of every county in my State and in other States should regulate these matters for themselves. I have believed in local government. I was glad to see the change of public opinion which reduced to a minimum the consumption of alcoholic drinks. I did not believe that the legislatures of three-fourths of the States of the Union had the right to force a law regarding local matters upon the people of those States against their protest. I believed that if that were done bad results would follow. Of course, however, the gentlemen to whom I am now adverting can not understand how any man who is wedded to the old principles of the Constitution which reserve certain rights to the people of the States of this Union could be opposed to taking over these powers by the Federal Government against the will of the people of some of the States. We find those gentlemen still standing here, willing now to break down one of the chief pillars of the Constitution, in order that they may have their way in the enforcement of this proposed law. I am not arguing to them; I do not expect to change them.

Ephraim is joined to idols; let him alone.

However, the people of this country are beginning to awaken to the fact that their Constitution is being assailed, and when awakened they will know how to deal with such men and such measures.

I have merely this to say in conclusion: Reference has been made here about a filibuster; but this bill passed the House

of Representatives on June 27; it passed the Senate with amendments on August 5. It was a month and about eight days in passing through this body. During that interval some of the most important legislation that has been before the Senate in a year was here awaiting action and had to be disposed of. This bill was debated, first and last, a much shorter time than is the average bill. It was generally called up in the morning hour and only the morning hour, for other bills had the right of way.

Mr. President, I have spent too much time on this question; but I serve notice that scandal mongers sending out false statements, paid hirelings who sit in the galleries of the Senate, will not be permitted hereafter to masquerade under the cloak of respectability.

#### INTERSTATE HIGHWAY SYSTEM.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. HEFLIN. Mr. President, I shall detain the Senate but for a moment. The Senator from Utah [Mr. KING] suggested that under section 8 of the pending bill the War Department might be called upon to turn horses over to the States for use in the construction of roads. I have never before heard that construction placed upon a provision of this kind. I know that such a practice never has prevailed in the past and it never will prevail in the future. The section simply means that war materials—explosives, if you please, which are useful in blowing up hills and in blowing rocks out of the earth and for various other purposes—if they are of no use to the Government, may be given to the States for road-construction purposes. In that case, why should not that policy be pursued?

The section refers in the main to Army trucks, auto trucks, and similar materials which are of use to the States in the construction of roads.

I want to say just a word further. The Senator from North Carolina [Mr. SIMMONS] struck the nail on the head when he said we already have on hand surplus materials which are needed for the construction of roads in the States. The States provide half and the Federal Government provides half of the fund to construct roads in the States; therefore, if the material is not available, it will be necessary to take the Federal money and State money and buy it. If a truck which is needed costs \$2,000, the Federal Government will have to put up \$1,000 out of the Treasury and \$1,000 will come from the State to buy something which the Government already owns and for which it has no use.

Mr. President, in ordinary times we would not favor having the Government buy material and transfer it to the States for the construction of roads; but the material to which reference is made was acquired for use in a war that might have extended until now, but it ended. So we have the surplus material on hand and we want to use it, and there is no other way in which it will so benefit the masses of America as allowing it to be used in the construction of roads.

Mr. WILLIS. Mr. President, I desire to propound an inquiry to the Senator from Alabama. I understood him to say that it was not the policy of the department, or had not been the policy in the past, to give away horses. Did the Senator hear the statement which the Senator from New York [Mr. WADSWORTH] made on that point yesterday?

Mr. HEFLIN. I did not hear the statement.

Mr. WILLIS. I call the Senator's attention to page 5114 of the RECORD, from which it will appear that it has been the policy to do that very thing as the law now stands, because a letter was sent to the highway commission of the State of Ohio to that effect. The letter was placed in the RECORD by the Senator from New York and says in part:

Only last week I received a letter requesting me to advise the largest number of horses I would be willing to accept out of a 5,000 allotment.

So it has been the policy, at any rate in the past, whatever it may be in the future.

Mr. HEFLIN. Mr. President, no such thing has ever happened in any Southern State that I know anything about or any other State except Ohio. Ohio is the only State that has had the gall to ask for war horses for use on the roads.

Mr. WILLIS. I do not propose to allow the Senator from Alabama, simply because he was not here when the letter was read and did not know what took place in the Senate, to misrepresent the position of the State of Ohio. The Department



of Agriculture asked the State of Ohio if it would not receive these horses, and the State of Ohio through its highway department informed the Agricultural Department or the Bureau of Roads that it would not receive the horses. The State of Ohio has not at any time made any request for horses.

Mr. HEFLIN. I beg the Senator's pardon; I misunderstood the situation. Then, I am glad that Ohio has not asked for war horses for use in the construction of roads. So it comes back to my proposition, Mr. President, that none of these horses have been used in the construction of public roads. The bill has reference to material, to explosives, if you please. If the War Department does not need them, why not use them in the blowing up of stumps and rocks in the roads? It has reference to Army trucks. If the War Department does not need them, why not use them? Otherwise, as the Senator from North Carolina has said, the States and the Federal Government together would have to buy the trucks. So I trust that the motion of the Senator from New York will not prevail.

The PRESIDING OFFICER (Mr. LENROOT in the chair). The question is on the amendment proposed by the Senator from New York to the amendment reported by the committee.

Mr. WADSWORTH. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER (putting the question). By the sound the "noes" seem to have it.

Mr. WADSWORTH. I ask for a division.

On a division the amendment was rejected.

Mr. POMERENE. Mr. President, I present an amendment, to be inserted at the conclusion of section 2 of the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 3, at the end of line 5, in the amendment reported by the committee, it is proposed to insert the following:

The term "State funds" includes for the purposes of this act funds raised under the authority of the State or any political or other subdivision thereof.

Mr. TOWNSEND. Mr. President, I understand the object of the amendment of the Senator from Ohio, and I do not know that there is any objection to it. There is no objection if it does not conflict with the terms of the bill, but, as I have said to the Senator privately, I am not entirely clear as to what the effect will be upon the other provisions of the bill. Therefore, with the understanding that I shall give the matter consideration in conference, when we may come to a better understanding of it, I have no objection to the amendment going in.

Mr. POMERENE. Mr. President, very briefly, if I may, I should like to say that there is some little question as to what the term "State funds" as used in section 10 may include. A strict construction of the term would perhaps limit it to funds provided by the State authorities in contradistinction to the county or other authority. Now, it turns out that in Ohio our road fund is raised in part by a State levy, in part by the county, in part by the township, and in part the expense is assessed upon the abutting property. This is done under an arrangement between the State and the several subdivisions thereof, and if county funds were raised there might be a question as to whether or not they would be embraced in the term "State funds."

There is another situation as applied to the State of Arkansas. I am advised that there they do not raise their road funds by State levy, but they have road districts or divisions, and the funds are raised in those several divisions.

Again, I understood in a conference with the junior Senator from North Dakota [Mr. LADD]—and I regret that he is not here—that he had some doubt as to whether the phraseology contained in section 10 would enable the people of his State to take advantage of these funds. I dare say that all that the proponents of this bill are concerned in is that the funds furnished by the Federal Government shall be matched by other funds, and it makes no difference to the Federal Government whether those funds are raised wholly by State levy and paid wholly out of the State treasury, or in part out of the State treasury, in part out of the county treasury, in part out of the township treasury, or out of funds raised by any subdivision thereof.

I think that the Senator from Michigan and myself are one in the thought that we simply want these Federal funds matched with other funds. As I said to the Senator, while I think this language amply meets his views as well as my own, if upon further reflection the conferees should believe that this language should be changed to meet the situation as we understand it, of course that can be done.

Mr. TOWNSEND. Mr. President, under that statement I am willing that this amendment shall go in. This bill, as the Senator understands, provides a system of roads; the States select 7 per cent, and it divides those roads into two classes. What the Government is interested in is the construction of those roads.

Mr. POMERENE. And their maintenance.

Mr. TOWNSEND. It might be that a county would not be included in that system, or a township or other subdivision; but I think I understand the general purpose of the Senator, and if upon due consideration it works all right I am satisfied to let it go in.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Ohio.

The amendment to the amendment was agreed to.

Mr. NEW. Mr. President, going upon the theory that this bill will not be acted upon to-night, I submit an amendment which I expect to offer to-morrow, or, if not to-morrow, at the proper time.

Mr. TOWNSEND. Why does the Senator think the bill will not be acted upon to-night?

The PRESIDING OFFICER. The question now is upon the Senate substitute, as amended, for the House amendment.

Mr. NEW. Then I offer the following amendment:

I move to amend by striking out the figures "\$100,000,000," in line 18, section 23, page 17, and inserting in lieu thereof the figures "\$50,000,000"; and by striking out the figures "\$50,000,000" where they occur in lines 19 and 20 of the same page and section, and substituting in each case the figures "\$25,000,000."

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The ASSISTANT SECRETARY. On page 17, line 18, the sum to be appropriated, strike out "\$100,000,000" and in lieu thereof insert "\$50,000,000." It then reads "for the fiscal year ending June 30, 1922." On line 19 strike out "\$50,000,000" and insert in lieu thereof "\$25,000,000." It reads, following those figures, "of which shall become immediately available, and \$50,000,000 of which shall become available six months after the passage of this act." On line 20, strike out "50,000,000" and insert in lieu thereof "\$25,000,000."

The PRESIDING OFFICER. The question is upon the amendment proposed by the Senator from Indiana.

Mr. NEW. Mr. President, on that amendment I desire to say just a very few words.

I am not opposed to an effort here to construct good roads throughout this country. If it requires the cooperation of the Federal Government and the investment of Federal money in aid of the States, I shall not object to that, but I do think that this is certainly the time for the closest economy in the effort to obtain even those things which we most need. We have not the money with which to obtain many things which we greatly desire and of which we are in very great need. The plea comes from every quarter for close economy.

I believe that to cut this appropriation in half will meet with popular approval. Whether it does or not, I believe it should be done. I am proposing it not because of any hostility toward the idea of having the Government aid the States in this matter, but because I feel first that the Government has not \$100,000,000 to apply at this time to that purpose, and because even the road department admits it can not expend so large a sum to good advantage this season. Inasmuch as this reduction does not interfere at all with the inauguration of the plan, I very strongly urge that we go about it in a little more reasonable and restricted way than by appropriating so large a sum as \$100,000,000.

Mr. McCORMICK. Mr. President, I had hoped that we might get some accurate estimate of the sums available under previous appropriation bills, but unexpended. It has been suggested, of course, that the amendment of the Senator from Indiana might be modified to read "twenty-five million" and "fifty million." I believe that we would do more wisely if we made it read "fifteen million" and "twenty-five million." If, as the winter goes on, it becomes manifest that the revenues under the new law are going to be productive of sums equal to those anticipated, and if it should appear at the regular session that more money is needed to go on with the work in the spring, we can take the steps necessary to appropriate more money. There are a few Senators who are opposed to the principle of this act, but I believe there are a good many who are opposed at this time to the appropriation of millions when we are by no means certain as to the unexpended balances to the credit of the road fund. Am I not right on that score?

Mr. TOWNSEND. Mr. President, there is a difference in the statements which have been presented to us. If the Senator means by "the unexpended balance" the money that has not

actually been paid out for the construction of roads under contract, there might be practically forty or fifty million dollars; but practically all of it is under contract. There may be some money that was appropriated or the project approved in the last days of June where the contract has not been actually completed, but that is a limited amount; but the money that has been allotted, and for which contracts have been let, must be met. That money must be paid in.

I do not think there is enough money available now to carry on even a reasonable program of road construction between this time and next June. I am willing, possibly, so far as I am concerned, to concede that it will take somewhat less money to carry out the road work during the succeeding six months than it will during the following six months.

Mr. McCORMICK. Will the Senator repeat that statement? There was some conversation here, and I did not catch it.

Mr. TOWNSEND. I have no doubt that the States that are depending upon Federal aid could get along with less money from now until the end of the six months than they would actually require to carry out their programs during the next succeeding six months. I should seriously object, however, to reducing this appropriation more than \$25,000,000. Last year we had more than \$100,000,000.

Mr. McCORMICK. And the year before.

Mr. TOWNSEND. And the year before that. If we should reduce this appropriation \$25,000,000, making immediately available the appropriation of \$25,000,000, and then allowing \$50,000,000 to carry out the reasonable program—because it is not more than a reasonable program—that has been adopted by the States, I think we would be doing all that we could afford to do. This means the employment of men during the coming winter. In a large number of the States this work will be conducted during the wintertime.

Mr. McCORMICK. Does the Senator think that many of the men who will be employed are men who have been released from the Army?

Mr. TOWNSEND. It will employ some of the men. It will not add to the unemployed as much as reducing this appropriation or discontinuing the work would add.

Mr. NEW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. TOWNSEND. I yield.

Mr. NEW. One fear that I have is that the men who are to be employed in this work will have to be paid for by other men who are not employed.

Mr. TOWNSEND. If the Senator means that we ought no longer to engage in Federal aid in the construction of roads, that argument might be good; but I do not believe in that argument. I believe that it is the best investment of public money, when it is honestly and efficiently expended, to expend it on road work along the lines of the bill which is presented here, which I think fairly well protects the expenditure of this money against waste and confines it to a system of roads throughout the country which are absolutely necessary to the return of prosperity. I do not believe anything more can be done to assist in the return of prosperity than to build up the proper roads of this country, to aid in the problem of transportation. Therefore, Mr. President, I hope this amendment offered by the Senator from Indiana will not prevail. I think it is too much of a reduction.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana to the amendment of the committee.

On a division, the amendment to the amendment was rejected.

Mr. NEW. Mr. President, I move to amend by reducing the appropriation from \$100,000,000 to \$75,000,000.

The PRESIDING OFFICER. The Secretary will state the amendment to the amendment.

The ASSISTANT SECRETARY. The Senator from Indiana proposes, on page 17, line 18, to strike out "\$100,000,000" and in lieu to insert "\$75,000,000."

Mr. McCORMICK. Mr. President, will the Senator indicate if he does not intend to amend, in line 19, to make "\$50,000,000" read "\$25,000,000," so as to reduce the appropriation immediately available to \$25,000,000, but leave the appropriation available six months later at \$50,000,000? That will permit the work to go on this winter under the unexpended appropriation.

Mr. NEW. Yes, Mr. President, I desire to have that amendment made if the pending amendment to the amendment is agreed to.

Mr. TOWNSEND. Mr. President, I have considered this question. I have talked with the officials in the Bureau of Public Roads. I have tried to harmonize this appropriation with the financial condition of the country and, although I do

not speak for the committee, personally I shall not object to a reduction of \$25,000,000 in the proposed appropriation, making the amount immediately available \$25,000,000.

Mr. WILLIAMS. Mr. President, notwithstanding the acquiescence or surrender, whichever it may be, of the Senator from Michigan, I hope that the amendment will not be agreed to. There are a hundred ways of economizing better than this. There are many absolutely harmful expenditures of money which ought to be stopped. There are very many excrescences that ought to be lopped off. Nothing is of more importance than to get the farmer's produce from his farm to the railway station, to the river or lake landing, or to the coast city. What is this \$100,000,000 after all? How many battleships does it amount to? How many soldiers, how many useless employees lying around the public doors of the departments and in the Capitol in Washington? Money is being spent in a hundred ways, in the duplication of work in the departments, on account of a lack of a budget system to restrain expenditures, where we can make economies which would be in the interest of the people themselves.

Mr. President, I think everybody will clear me of any effort, now or heretofore, to indulge in demagoguery, and when I speak about the people, or about the masses, I do not do it because that is the popular way of talking, but I say it in this connection because the people themselves get little or no benefit from most of the expenditures of the Federal Government, which in itself to a very large extent is a sort of a fifth wheel in most of its functionings; whereas when you come to good roads people not only get the benefit but the "mudsills" of the people get it, the farmers, upon whom rests the entire structure in the long run, the man who is first hurt and latest relieved when bad times come, and the man who does the most work, the longest hours, with the least relief, and without any labor union to help him out.

Mr. President, I have some objections to this bill, because I think it has somewhat lost sight of the fact that the object of our good-roads legislation is just what I have intimated, and now we are beginning to be told that we ought to have through routes, interstate roads, not good for the people at large. You can not rival the railroads and rivers with automobile transportation of freight. We are getting too much away from the good roads freight transportation to the good roads passenger transportation, which is a secondary consideration altogether.

So far as the public benefit is concerned, it must come chiefly from enabling me to carry 10 bales of cotton to market, 12 or 15 miles away, over a good road, with the same expenditure of animal force and man supervision that is now required to carry 3 bales of cotton, and that analogy applies to all the other products of the farm.

I know, by personal observation, that even a gravel road, which is not the very best form of metal road, will enable the same horsepower and the same man supervision to carry 10 bales of cotton, worth \$50 a bale, or \$500 worth of product, to the market, that will suffice to carry 3 bales of cotton worth \$150. It is even worse than that with corn, because the same 2-mule wagon would carry from 14 to 20 bushels of corn, and a truck traveling over a good road can carry as much corn as the truck can hold; it depends upon the size of the truck.

But I want to utter a warning now, Mr. President, against the idea of allowing, now or hereafter, this good roads idea to be prostituted to the use of tourists, travelers, joy riders, or to anything else—as its main purpose, I mean; it may come along incidentally—except getting the farmer's product on the innumerable post routes of this country from his farm to his railroad station, his river, or lake, or seacoast landing. That is what it was originally intended for. That is the great, main, emergent utility of the legislation, and I hope the amendment will be defeated, and that every amendment which shall undertake to reduce the amount which the committee has found it possible to recommend for this purpose shall be defeated, because this is one of the cases, and one of the very few cases, where expenditure is not waste, but is investment.

The same thing may be said to a limited extent about the Navy and the Army, but not to the same extent, because they are investments for possible war, and this is an investment for actual, existing, continuing peace, and even as wicked and mean as humanity is, as insane and as foolish as it hitherto has been, the general average in a civilized country, in years of peace toward years of war, is about 20 to 1. So that every investment for peace purposes possesses twentyfold the merit of any investment for war purposes.

Mr. WILLIS. Mr. President, I do not desire to delay at all a vote on the amendment to the amendment or on the amendment itself; I am very anxious to have a vote. But I want to make a brief statement touching an amendment which I was



urged to offer by the Ohio Good Roads Federation. The amendment desired was to have inserted, after the word "funds," in line 10, on page 10, the words "or funds under the control of the State or subject to its order."

I have examined very carefully the amendment prepared by my colleague [Mr. POMERENE], which has been adopted, and I believe it will accomplish the purpose which these people who are interested in good roads have in view. Therefore I shall not offer the amendment.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Indiana [Mr. NEW] to the committee amendment.

Mr. HARRISON. I ask for the yeas and nays on that.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. BROUSSARD (when his name was called). I am paired with the senior Senator from New Hampshire [Mr. MOSES]. I transfer that pair to my colleague [Mr. RANDELL] and vote "nay."

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM], which I transfer to the senior Senator from Texas [Mr. CULBERSON] and vote "nay."

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the junior Senator from Georgia [Mr. WATSON] and vote "nay."

Mr. JONES of New Mexico (when his name was called). I transfer my general pair with the Senator from Maine [Mr. FERNALD] to the senior Senator from Arizona [Mr. ASHURST] and vote "nay."

Mr. KELLOGG (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. SIMMONS]. In his absence I withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Maryland [Mr. WELLER] and vote "yea."

Mr. POMERENE (when his name was called). Again announcing my temporary pair with the junior Senator from Missouri [Mr. SPENCER], I withhold my vote.

Mr. STERLING (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. Not knowing how that Senator would vote, I withhold my vote.

Mr. WILLIAMS (when his name was called). Transferring my pair with the senior Senator from Pennsylvania [Mr. PENROSE], who is unavoidably absent, to the Senator from South Carolina [Mr. DIAL], I vote "nay."

The roll call was concluded.

Mr. BROUSSARD (after having voted in the negative). I voted in the negative after transferring my pair to my colleague. I understand that my colleague [Mr. RANDELL] is paired with another Senator. Therefore I withdraw my vote.

Mr. TRAMMELL (after having voted in the negative). I voted, but neglected to state my pair. I have a pair with the senior Senator from Rhode Island [Mr. COLT], which I transfer to the junior Senator from Georgia [Mr. WATSON] and vote "nay."

Mr. CARAWAY. I have a pair with the junior Senator from Illinois [Mr. MCKINLEY]. I am unable to obtain a transfer, and therefore withhold my vote. If permitted to vote, I would vote "nay."

Mr. KING (after having voted in the affirmative). I have a general pair with the senior Senator from North Dakota [Mr. McCUMBER]. I have arranged a transfer with the senior Senator from South Dakota [Mr. STERLING], who has a general pair with the Senator from South Carolina [Mr. SMITH], so that by a double transfer we are both permitted to vote. I will therefore allow my vote to stand.

Mr. STERLING. Under the statement made by the Senator from Utah, notwithstanding the absence of my pair, I am entitled to vote. I will therefore vote. I vote "yea."

Mr. STANLEY. I have a general pair with my colleague [Mr. ERNST]. In his absence, I withhold my vote.

Mr. MCCORMICK. I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK], which I transfer to the junior Senator from Pennsylvania [Mr. KNOX] and vote "yea."

Mr. TRAMMELL (after having voted in the negative). Since my former statement with regard to my pair and its transfer, I find that another Senator had transferred his pair to the junior Senator from Georgia [Mr. WATSON]. Being unable to obtain

a transfer, I am compelled to withdraw my vote. If permitted to vote, I would vote "nay."

Mr. CURTIS. Mr. President, I wish to announce the unavoidable absence on the business of the Senate in attendance at a meeting of the Finance Committee of Senators PENROSE, SMOOT, DILLINGHAM, WATSON of Indiana, SUTHERLAND, McCUMBER, and WALSH of Massachusetts.

The result was announced—yeas 21, nays 18, not voting 57, as follows:

YEAS—21.			
Ball	Jones, Wash.	McNary	Wadsworth
Borah	King	Nelson	Warren
Brandeggee	La Follette	New	Willis
Capper	Lenroot	Shorridge	
Curtis	Lodge	Sterling	
Hale	McCormick	Townsend	
NAYS—18.			
Cameron	Heflin	Norbeck	Sheppard
Fletcher	Hitchcock	Oddie	Swanson
Glass	Jones, N. Mex.	Phipps	Williams
Gooding	McKellar	Pittman	
Harrison	Nicholson	Pointexter	
NOT VOTING—57.			
Ashurst	France	Moses	Smoot
Broussard	Frelinghuysen	Myers	Spencer
Bursum	Gerry	Newberry	Stanfield
Calder	Harrell	Norris	Stanley
Caraway	Harris	Overman	Sutherland
Colt	Johnson	Owen	Trammell
Culberson	Kellogg	Page	Underwood
Cummins	Kendrick	Penrose	Walsh, Mass.
Dial	Kenyon	Pomerene	Walsh, Mont.
Dillingham	Keyes	Ransdell	Watson, Ga.
du Pont	Knox	Reed	Watson, Ind.
Edge	Ladd	Robinson	Weller
Elkins	McCumber	Shields	
Ernst	McKinley	Simmons	
Fernald	McLean	Smith	

The PRESIDING OFFICER. Not a quorum has voted. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ball	Gooding	Lodge	Sheppard
Borah	Hale	McCormick	Shorridge
Brandeggee	Heflin	McCumber	Stanley
Broussard	Hitchcock	McKellar	Sterling
Calder	Jones, N. Mex.	McNary	Sutherland
Cameron	Jones, Wash.	Nelson	Swanson
Capper	Kellogg	New	Townsend
Caraway	King	Nicholson	Wadsworth
Curtis	Ladd	Oddie	Walsh, Mass.
Fletcher	La Follette	Phipps	Warren
Glass	Lenroot	Pomerene	

Mr. STANLEY. I wish to announce the absence of the Senator from Missouri [Mr. REED] on official business.

The PRESIDING OFFICER (Mr. McNary in the chair). Forty-three Senators having answered to their names, there is not a quorum present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. NORBECK and Mr. WATSON of Indiana answered to their names when called.

Mr. STANFIELD and Mr. TRAMMELL entered the Chamber and answered to their names.

The PRESIDING OFFICER. Forty-seven Senators having answered to their names, there is not a quorum present.

Mr. TOWNSEND. Mr. President, I realize that if we secured a quorum and called for a vote, we would not then have a quorum for the vote, as that seems to be the disposition of the Senate at this hour. Therefore, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate adjourned until to-morrow, Friday, August 19, 1921, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES.

THURSDAY, August 18, 1921.

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Mighty God, while angels bless Thee, may a mortal lip Thy name? Thou art the vine, we are the branches. We therefore cling to Thee. Our souls bear witness that we can not live by bread alone. Bestow upon us gifts according to Thy wise direction. Those whose pathways are checkered with light and shade, with joy and fears, may their faith and devotion be as a spiritual incense that sweetens the soul and reveals unto them our Father in heaven. Through Christ, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House of Representatives was requested:

S. J. Res. 103. Joint resolution changing the name of the Veterans Bureau to "United States Veterans Bureau."

The message also announced that the Senate had agreed to the amendment of the House of Representatives to Senate concurrent resolution 7 of the following title:

That the bill (H. R. 7456) to provide revenue, to regulate commerce with foreign countries, to encourage industries of the United States, and for other purposes, as passed by the House of Representatives, be printed as a Senate document with an index, and that 6,000 additional copies be printed, of which 2,000 shall be for the Senate document room; 2,000 for the House document room; 1,000 for the Committee on Finance of the Senate; and 1,000 for the Committee on Ways and Means of the House.

## SENATE JOINT RESOLUTION REFERRED.

Under clause 2, Rule XXIV, Senate joint resolution of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. J. Res. 103. Joint resolution changing the name of the Veterans Bureau to "United States Veterans Bureau"; to the Committee on Interstate and Foreign Commerce.

## THE REVENUE.

The SPEAKER. The House automatically resolves itself into the Committee of the Whole House on the state of Union for the further consideration of the revenue bill, and the gentleman from Massachusetts [Mr. WALSH] will resume the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, with Mr. WALSH in the chair.

Mr. LONGWORTH. Mr. Chairman, I suggest that the gentleman from Arkansas [Mr. OLDFIELD] use some of his time.

Mr. BLACK. Mr. Chairman, I think we ought to have a quorum here, and I make the point of no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point of no quorum present. The Chair will count. [After counting.] Forty-two Members present; not a quorum. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

Anderson.	Elston.	Logan.	Shaw.
Appleby.	Fitzgerald.	Luhning.	Sisson.
Arentz.	Focht.	Maloney.	Slomp.
Bankhead.	Free.	Mansfield.	Smithwick.
Barkley.	Gahn.	Martin.	Snell.
Beedy.	Gallivan.	Mead.	Snyder.
Bland, Ind.	Garrett, Tex.	Merritt.	Stiness.
Bland, Va.	Glynn.	Montague.	Sullivan.
Britten.	Gould.	Montoya.	Sumners, Tex.
Brooks, Ill.	Graham, Pa.	Moore, Ind.	Sweet.
Browne, Wis.	Hawes.	Morin.	Swing.
Burke.	Herrick.	Mudd.	Taylor, Ark.
Burrhoughs.	Hicks.	Nelson, J. M.	Taylor, Colo.
Cantrill.	Hudspeth.	Newton, Minn.	Taylor, Tenn.
Chandler, N. Y.	Hutchinson.	Newton, Mo.	Tinkham.
Clague.	Jacoway.	Nolan.	Towner.
Clarke, N. Y.	James.	Ogden.	Upshaw.
Classon.	Johnson, S. Dak.	Overstreet.	Vaile.
Clouse.	Jones, Pa.	Parker, N. Y.	Vare.
Codd.	Kahn.	Pou.	Vestal.
Cole, Ohio.	Kearns.	Rayburn.	Vinson.
Cooper, Ohio.	Kelley, Mich.	Reber.	Volstead.
Cramton.	Kendall.	Riddick.	Ward, N. Y.
Curry.	Kennedy.	Riordan.	Ward, N. C.
Davis, Minn.	Ketcham.	Rosenberg.	Wason.
Deal.	Kiess.	Rosenbloom.	Weaver.
Dickinson.	Kitchin.	Rucker.	Webster.
Drane.	Klecza.	Sabath.	Wheeler.
Dunn.	Kreider.	Sanders, Ind.	Williams.
Dupré.	Larson, Minn.	Sanders, Tex.	Williamson.
Echols.	Lee, N. Y.	Scott, Mich.	Winslow.
Edmonds.	Linthicum.	Sears.	Wood, Ind.

The committee rose; and the Speaker having resumed the chair, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the revenue bill, H. R. 8245, found itself without a quorum; whereupon he ordered the roll to be called, when 301 Members answered to their names, and he handed in the list of absentees to be printed in the Journal and Record.

The SPEAKER. A quorum is present. The committee will resume its session.

Accordingly the committee resumed its session, with Mr. WALSH in the chair.

Mr. GARNER. Mr. Chairman, I yield one hour to the gentleman from Arkansas [Mr. OLDFIELD]. [Applause.]

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, there are some jokers in this bill, and at least one

joke has appeared in the public press with regard to the procedure on this bill. In the Washington Herald this morning—a paper owned and controlled, as I understand, by Mr. Hoover, the Secretary of Commerce, appears the following statement with regard to this bill:

## UNDER SPECIAL RULE.

The tax bill was brought before the House under a special rule fixing a vote on the measure for 3 p. m. Saturday and opening the doors to all amendments. The rule was adopted 223 to 115 on a straight party vote.

Now, gentlemen, if that is not a joke, I do not know a joke when I see it. [Laughter.] I saw the following statement in the same paper on yesterday:

A party caucus—

Speaking of the Republican caucus—

The Republicans turned down the recommendations of President Harding, Secretary of the Treasury Mellon, and the majority of the Republican members of the House Ways and Means Committee, that reduction of the taxes on rich corporations and wealthy individuals be made retroactive to January 1 last.

I noticed in the New York papers of yesterday that Wall Street was in gloom when that intelligence was conveyed to the Stock Exchange, and I want to say to you gentlemen that all the rest of the country will be in gloom when these provisions take effect under this bill. [Laughter.]

Now, gentlemen, a great deal has been said about the revenue act of 1918. The press of the country said that Mr. KITCHIN, who was the chairman of the Ways and Means Committee at that time, was placing the burden of taxation upon the North and upon the East, that the South was in the saddle, and many Republican Members of Congress made that statement on this floor, that we were burdening the North and the East and letting off the South in the matter of taxation, for the purpose of carrying on the war.

In that connection I think I ought to read to you a statement which I clipped from the Philadelphia Public Ledger on the 28th day of last month, and I will read it to you:

When CLAUDE KITCHIN, of Scotland Neck, N. C., was, as chairman of the Ways and Means Committee, framing the tax bills under which the Government raised money for the war the charge was freely made by many Republican speakers and newspapers that the South was seeking to place the burden of taxation upon the North because the latter had most of the money. Of course, this was in a measure true, because taxes must be laid where there is money. Where everybody is poverty stricken little revenue can be raised, no matter how heavy the taxation is. That the Democrats played no favorites, sectionally speaking, is shown, however, by the income-tax returns for 1919. The average amount of income tax returned from North Carolina, for instance, was \$269, as against \$237 for Pennsylvania. Louisiana paid \$245 against Illinois's \$235, and Arkansas \$126 as against \$118 for Iowa, \$103 for Indiana, \$125 for Colorado, etc. The tax returns show that there was no sectionalism. The North paid the most because the money was here, but the individual burden was no greater than it was in the South.

Mr. LONGWORTH. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. LONGWORTH. Does the gentleman intend to have read during the course of this debate the telegram from Scotland Neck instructing all Democratic Members to oppose this bill, upon which telegram the action of the gentleman and his colleagues seems to be predicated?

Mr. OLDFIELD. I expect, Mr. Chairman, to read that telegram in my speech if I have the time. If I have not, I expect to extend my remarks and include that telegram in the Record.

Mr. LONGWORTH. I hope it will be read.

Mr. OLDFIELD. I shall be very glad to read it if I have the time.

Mr. LONGWORTH. We should be very glad to hear it.

Mr. OLDFIELD. We will put it in the Record and you can read it.

Now, gentlemen, in this bill there are a great many jokers. I want to confine myself to this bill in this debate.

I say to you to-day that on page 11, section 207, you have a provision in here that will relieve a lot of rich speculators of the country of just taxes. I want to read it to you.

(b) In the case of any taxpayer (other than a corporation) whose ordinary net income and capital net gain together exceed \$40,000, there shall be levied, collected, and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

"A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount plus 15 per centum of the capital net gain, etc."

In other words, they do not collect a tax on the capital net gain like they tax other gains in business. For example, under that section an individual might buy an apartment house in Washington in 1913, for which he paid \$100,000. If that apartment house sells in 1921 for a million dollars he would have a net gain of \$900,000, and yet under that provision he would have the right to separate that gain from all other gains, and his \$900,000 would be taxed only 15 per cent. Why do you not tax the \$900,000 profit at the rate of 32 per cent as you do other



individuals who have an income of as much as \$66,000? I think the court will sustain that interpretation. I remember quite well that a very bright lawyer came before the Ways and Means Committee and urged that provision on the theory that the people dealing in real estate—buying real estate and buildings for investment—would not sell them because they would have to pay so much to the Government. How much do you lose in revenue under this provision? Under that state of facts, under the present law the man would have to pay approximately \$380,000 in taxes, and under this provision he would have to pay only \$135,000. We say it is not fair to the rest of the people when you relieve rich speculators of taxation in that sort of fashion. You can not explain it to the American people. It seems that Republicans are never happier than when they are relieving rich individuals and rich corporations of taxes.

Now I must hurry along, for I have only one hour, and many other Democrats want to speak upon this bill. Take the excise taxes on page 69 of the bill. Under the present law we tax the excess of \$5 a square yard on carpets, for example, at 10 per cent. You are not going to lose any money from this provision but you are shifting the burden to the less wealthy class of individuals, because you amend the law by saying:

Carpets and rugs, including fiber, if sold for more than \$3.50 a square yard, 5 per cent.

Under the present law we tax the excess of \$5 a square yard on carpets at 10 per cent. You take in a larger class of people because you reduce the price of the carpets. You will get more money than you do under the present law, but you get it from the less wealthy of the country. In other words, you are shifting the burden from those who are better able to pay to those who are less able to pay.

Mr. BACHARACH. Will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. BACHARACH. What class of poor people would purchase carpets for \$3.50 a square yard at wholesale?

Mr. OLDFIELD. More will purchase at \$3.50 a yard than they would at \$5.

Mr. BACHARACH. But this \$3.50 applies to the wholesale trade.

Mr. OLDFIELD. There will be more people purchase carpets at \$3.50 than they would at \$5 a yard, and the gentleman knows it.

Mr. BACHARACH. If my colleague will yield, I think he misunderstands the provision. Three dollars and a half is the wholesale price, and the other provision—\$5—was for the retail price.

Mr. OLDFIELD. Under the present law you have a tax on the excess over a certain price, and you put the tax on the entire price in this bill.

Mr. BACHARACH. Oh, yes; but this applies to \$3.50 wholesale.

Mr. OLDFIELD. On the whole carpet but not on the excess. Now, take the next provision: Under the present law we tax the excess of over \$50 on trunks, and in this bill you reduce the percentage to 5 per cent and the value of the trunks to \$30. Therefore you take in more people and you shift the burden from those who are better able to pay it to those who are less able to pay it.

Valises, traveling bags, suit cases, hatboxes used by travelers, and fitted toilet cases, if sold for more than \$15, 5 per cent.

Mr. LONGWORTH. The gentleman does not seem to appreciate that those are the manufacturer's price.

Mr. OLDFIELD. Yes; this is a sales tax which will be passed on to the consumers of America. [Applause on the Democratic side.] Now, I want to discuss that more fully.

Purses, pocketbooks, shopping and hand bags, if sold for more than \$4, 5 per cent.

Under the present law it is \$7.50 and the tax is 10 per cent on the excess over \$7.50.

Portable light fixtures, including lamps of all kinds and lamp shades, if sold for more than \$10, 5 per cent.

We had an excess of \$25. They have taken in a greater number of purchasers in the country, and, therefore, they are shifting the burden.

Umbrellas, parasols, sunshades, if sold for more than \$2.50, 5 per cent.

We have in the present law a tax of 10 per cent on the excess over \$4.

I notice also that you reduce the tax from 10 per cent in the present law to 5 per cent on tennis rackets, billiard and pool and golf balls. It does seem that the people who buy these articles could contribute as much as 10 per cent on the price toward helping pay the war debt.

In section 810 of the bill you reduce the 10 per cent tax to 5 per cent on sculpture, paintings, statuary, art porcelains, and bronzes to adorn the homes of the rich.

House or smoking coats or jackets and bath or lounging robes, if sold for more than \$3, 5 per cent.

You can not buy one for less than \$3. You shift the burden there and put it on the people less able to carry the burden, for that takes in everyone.

In this bill you repeal the provision taxing electric fans, and you say that you lose \$280,000 in taxes. Of course, that is not much, but I take it that the people of this country who are able to buy portable electric fans would be able to pay the small tax provided in the present law. If you repeal that, and you have repealed it, then you must find \$280,000 from some other source.

You say in the report that you want to reduce the surtaxes and repeal the excess-profits taxes, especially the surtaxes. And why? Because you say it forces the rich and wealth of the country to place their money in tax-exempt securities.

That is the excuse you give, and we hear the gentleman from Ohio [Mr. Fess] and the gentleman from New York [Mr. MILLS] crying out in favor of a constitutional amendment prohibiting the issuing by the States and cities and counties of the country of tax-exempt securities, and they say that if you will do that the rich would not put their money into that kind of security, but would put it in productive industry. You say you want no more tax-exempt securities for the reason that the rich of the country put their money in those securities instead of in productive industry. Under the present law a man can buy as much as \$160,000 of Government bonds, if he will purchase them properly and according to law, and they are exempt from taxation, and in this bill you increase that amount to \$335,000. Why do you do that? In one breath you say you do not want any more tax-exempt securities because those tax-exempt securities are causing the rich of the country to place their money in them instead of in productive industries, and in the next breath in this very bill you violate the very excuse you lay down as an excuse for the legislation you carry in the bill, because on page 82 of the bill we find the following provision:

Sec. 1010. The various acts authorizing the issues of Liberty bonds are amended and supplemented as follows:

(a) On and after January 1, 1921, 4 per cent and 4½ per cent Liberty bonds shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, corporations, or associations, in respect to the interest on aggregate principal amounts thereof as follows:

Until the expiration of two years after the date of the termination of the war between the United States and the German Government, as fixed by proclamation of the President, on \$125,000 aggregate principal amount; and for three years more on \$50,000 aggregate principal amount.

You do not want any more tax-exempt securities, yet you double, more than double, the tax-exempt securities that one can buy to-day under the present law. How are you going to explain that? I hope Mr. LONGWORTH or Mr. TREADWAY or some other gentleman of the Ways and Means Committee will explain why it is that in one breath you do not want tax-exempt securities and in the next you increase the amount of exemption. So long as you play falsely with the people and try to mislead them on these tax-exempt securities you could not in a thousand years get them to adopt a constitutional amendment such as Mr. MILLS proposes, and they ought not to do it if you are going to treat them in that sort of fashion.

The Republican Party in this proposed legislation is running true to form. You are trying to relieve the wealthy of the country; you are trying to relieve the great multimillionaires and the income of the big corporations and place the burden somewhere else. You say that you lose \$450,000,000 because of repealing the excess-profits tax.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. OLDFIELD. Yes.

Mr. HARDY of Texas. The gentleman just now read a provision of the law which is to be extended until after the proclamation of peace. Can the gentleman conceive of any reason for postponing the effect of any law until the formal proclamation of peace?

Mr. OLDFIELD. Not this kind of a law, of course. You admit that you lose \$450,000,000 when you repeal the excess-profits tax and you gain \$133,750,000 by your corporation flat tax of 12½ per cent. The trouble is that you relieve the big corporations, the profiteering corporations, of \$450,000,000 and place the burden on the little corporations, as I shall be able to show you before I finish. But you are running true to form.

There is nothing unusual about this proposed legislation, coming from the Republicans. In 1862 you placed an income tax on the statute books of 3 per cent, I think it was. In 1863 you increased that to 5 per cent, and in 1865 to 10 per cent. Why? To get money to carry on the Civil War, in order to win the war, if you please. In 1870 what did you do? You repealed the income tax law and placed the burden through consumption and other taxes on the people generally, thereby relieving the rich of that time and placing the burden of paying for that war on the masses of the people of America. [Applause on the Democratic side.] That is what you are doing to-day. There can be no question about it, not the slightest doubt. I dare say that half of the Republicans of the House will agree with the statement that I am about to make, because I have talked with some of them and I know they will. In 1918 the revenue act contained a provision taxing stock dividends of corporations, and those stock dividends must be worth something to these corporations, otherwise they would not issue them. In 1920 I believe it was, on March 8, the Supreme Court of the United States, by a 5 to 4 decision, declared the stock-dividend provision of the law unconstitutional. The court might change. In the legal tender cases the Congress of the United States sent the cases back to the Supreme Court, and the Supreme Court changed. Why don't you do that? In this bill you could get \$300,000,000 by taxing a privilege, if you please—taxing the privilege of these corporations to issue stock dividends. Let me show you how ridiculous you will make yourselves in passing this sort of legislation. I can not for the life of me understand how any Republican can give a satisfactory excuse for the passage of this legislation. I think it is the most vicious bill that I have ever seen in my term of service here. I can not understand how any honest man can support this legislation, regardless of politics. Let us look at this. I have here a statement prepared for me by the Treasury Department. There have been a billion and a half dollars' worth of stock dividends issued since that decision. A tax of 20 per cent on the privilege of issuing those stock dividends would bring in \$300,000,000 to the Treasury, and it would not hurt the rich. Here they are:

## Stock dividends.

Name.	Rate.	Payable.
	<i>Per cent.</i>	
Abbeville Cotton Mills.....	100	.....
Amer. Cigar.....	50	Dec. 15
Amer. Steel F'dries.....	12	Dec. 31
Amer. Tobacco.....	3	Dec. 1
Do.....	3	Do.
Arkwright Mills.....	2-9	.....
Armored Rubber.....	40	.....
Atlas Powder.....	5	Dec. 10
Auto Sales Corp.....	43	Dec. 31
Burnite Coal Briquette.....	100	Nov. 15
Case Thresh. Mach.....	42.9	Dec. 15
Cities Service.....	11	Dec. 1
City of Paris Dry Goods.....	50	.....
Commercial Credit.....	20	Dec. 31
Crane Company.....	200	Dec. 20
Davis Cit. Mills.....	333	.....
Del. Laek. & West Coal.....	75	.....
Dixon (J.) Crucible.....	150	Dec. 20
Du P. de N. & Company.....	23	Dec. 15
Eagle Lock.....	100	.....
Elgin Nat. Watch.....	20	.....
General Baking.....	20	Dec. 31
Globe-Wernicke.....	100	Dec. 1
Hamilton Woolen.....	50	Nov. 15
Hargraves Mills.....	100	.....
Hazel Atlas Glass.....	20	Dec. 17
Kalamazoo Ry. Supply.....	25	.....
Kalamazo Veg. Parch.....	60	.....
Kaministiquia Power.....	133	Dec. 23
Kelly-Springf. Mot. Tr.....	25	Nov. 1
King Philip Mills.....	50	.....
Kroger Grocery.....	333	Dec. 1
Libby-Owen Sheet Gl.....	25	Dec. 31
Magnolia Petrol.....	100	Dec. 28
Malbohm Motors.....	4	.....
Merch. Trans. & Stor.....	25	Nov. 1
North & Judd.....	25	.....
North Texas Oil.....	500	Nov. 20
Oak Tire & Rub.....	100	Nov. 19
Parker Cotton Mills.....	100	.....
Pittsburgh Pl. Glass.....	20	Dec. 31
Port Huron Sulph. & Pap.....	150	.....
Pure Oil Co.....	2	Dec. 1
Rothschild & Co.....	100	Dec. 31
Stand. Oil of Ind.....	150	Dec. 18
Todd Shipyards.....	100	Nov. 13
United Cigar Stores of Am.....	10	Nov. 15
United Retail Stores.....	5	Dec. 15
U. S. Gypsum.....	5	Dec. 31
Waldorf System.....	5	Dec. 1
Wellton Steel.....	200	.....
Western Can. Fl. Mills.....	15	.....
Youngs (J. S.).....	50	Dec. 30

## Stock dividends—Continued.

Name.	Rate.	Payable.
	<i>Per cent.</i>	
Amer. Lt. & Traction.....	13	Nov. 1
Amer. Roll Mill.....	25	Do.
Cadet Knitting.....	200	Oct. 1
Cities Service.....	1	Nov. 1
Consol. Cigar.....	15	Do.
Corona Typewriter.....	75	Oct. 1
Dunn Petrol.....	100	Do.
General Mot.....	23	Nov. 1
Globe Grain & Mill.....	60	.....
Gram-Bernstein Mot. Trk.....	50	.....
Graton & Knight Mfg.....	150	.....
Great State Pet.....	5	Oct. 1
Do.....	25	Do.
Kelly-Springfield Tire.....	3	Nov. 1
Linderman Stl. & Mach.....	1	.....
Do.....	1	.....
Manhattan Elec. Sup.....	10	Oct. 15
Natl. Aniline & Chem.....	40	Oct. 9
Orono Pulp & Pap.....	100	.....
Phila. Finance.....	73	Oct. 1
Pierce Oil.....	23	Do.
Rickard Lumber.....	333	.....
St. Joseph Lead.....	10	Oct. 1
St. Regis Paper.....	400	.....
Sinclair Consol. Oil.....	2	Oct. 15
Standard Screw.....	40	Oct. 1
Tex. Pac. Coal & Oil.....	2	Do.
United Auto Stores.....	5	.....
U. S. Oil Corp.....	10	Nov. 1
Virginia Ir. Cl. & Coke.....	150	Do.
Washington Ice.....	100	.....
White (R. H.) Co.....	2	July 15
General Elec.....	23	Aug. 1
General Mot.....	109	.....
Gilmers (Inc.).....	100	Sept. 1
Glenwood Mills.....	10	July 1
Globe Rub. Tire.....	150	Do.
Goodyr. Tire & Rub.....	50	Do.
Green Tap. & Die.....	150	Do.
Hanes (P. H.) Knit.....	50	July 15
Harb.-Walk. Refrac.....	50	.....
Hays Wheel Co.....	25	.....
Hess-Bright Mfg.....	50	July 15
Hocking Val. Prod.....	10	.....
India Tire & Rub.....	300	.....
Inman Mills.....	100	.....
Do.....	123	Sept. 15
Internat'l Harvest.....	3	Aug. 2
Kelly-Springf. Tire.....	50	.....
Kroger Grocery.....	663	July 12
La Belle Iron Works.....	10	June 20
Lessings (Inc.).....	50	Aug. 14
Libby, McN. & Lib.....	5	.....
Lig-Mar. Coal Min.....	50	July 15
MacAndrews & Forbes.....	100	July 20
Manhat.-Texas Pet.....	333	June 25
May Dep't Stores.....	10	July 10
Mexican Petrol.....	50	Do.
Middle States Oil.....	100	Aug. 2
Montreal Oil.....	50	June 1
Motor Wheel Corp.....	10	July 15
Mt. Vern.-Wood M.....	75	June 15
Nat'l Refining.....	42.38	July 1
New Castle Rubber.....	20	June 10
New Jersey Zinc.....	100	.....
New York Oil Co.....	20	July 1
Noble (C. F.) O. & G.....	26	Do.
Do.....	333	July 22
Onomea Sugar.....	5	July 1
Owens Bot. Mach.....	333	.....
Paige Det. Mot.....	10	July 10
Pan Am. Pet. & Tr.....	10	Do.
Do.....	9-13	July 1
Phila. Finance.....	23	Do.
Pierce Oil.....	25	June 30
Pitts. Gage & Sup.....	100	.....
Premier Tire & Rub.....	4	Aug. 14
Procter & Gamble.....	2	Sept. 1
Pure Oil Co.....	25	Sept. 30
Quaker Oats.....	400	.....
Ralston Purina Co.....	100	Aug. 20
Raphael Weill & Co.....	200	Aug. 16
Reyn (R. J.) T.....	200	Do.
Do.....	25	June 15
Royal Weaving.....	200	.....
Saxon Mills.....	50	Aug. 24
Schulte Ret. Stores.....	40	July 15
Sears Roebuck.....	50	Aug. 16
Sherwin-Williams.....	500	Aug. 30
Shomme Oil & Gas.....	55	.....
Shove Mills.....	2	July 15
Sinclair Consol. Oil.....	100	Aug. 6
South Porto Rico Sug.....	10	.....
South'n. Mot. Mfg. Ass'n.....	42	July 15
Spanish River P. & Pap.....	25	July 1
Stand. Text. Prod.....	663	June 29
Stutz Motor.....	2	June 30
Texas Pac. Cl. & Oil.....	1	July 1
Texas Rang. Pr. & Ref.....	5	.....
Texcalokan O. & G.....	300	.....
Tidewater Oil (Tex.).....	300	.....
Tiffany & Co.....	20	July 6
Title Guar. & Tr.....	50	.....
Traffic Mot. Truck.....	25	July 20
Trumbull Steel.....	5	Aug. 16
Unit. Ret. Stores.....	5	.....



## Stock dividends—Continued.

Name.	Rate.	Payable.
	<i>Per cent.</i>	
U. S. Worsted.....	50	June 15
Victor-Monaghan.....	50	July 31
Ward Baking.....	20	July 1
Woodberry Mills.....	19	July 15
Woolworth (F. W.).....	30	June 1
Youngst. Sheet & Tube.....	12.3	July 1
Howe Scale.....	50	.....
Internat. Mot. Truck.....	100	May 11
Katama Mills.....	33½	.....
Kelly Spring Tire.....	3	May 1
Kittanning Ir. & Stl.....	150	.....
Lawrence Petrol.....	5	May 1
Manomet Mills.....	66½	May 15
Minneapolis Stl. & Mach.....	100	.....
Monomac Spin.....	100	.....
Monaghan (Vic.).....	50	.....
Nashua Mfg.....	100	.....
National Refin.....	4	May 15
New England Invest.....	100	Apr. 9
New Eng. Road Mach.....	240	.....
Nicholson File.....	100	.....
Nonquitt Spinning.....	100	May 15
Northwest Leath.....	333	.....
Pacolet Mfg.....	100	Apr. 15
Piedmont Mfg.....	100	.....
Queen City Cot. Mills.....	100	.....
Riverside Mfg.....	100	.....
Royal Worcester Corset.....	200	.....
Russell Mfg. Co.....	66½	.....
Salmon Falls Mfg.....	100	May 1
Seaboard Oil & Gas.....	5	Do.
Seaconnet Mills.....	100	.....
Star Rubber.....	100	.....
Silver Mountain Min.....	10	.....
Studebaker Corp.....	33½	May 1
Thompson (J. B.).....	33½	Apr. 20
Town Line (London).....	50	Apr.
Truat & Hine Co.....	100	.....
Turner (J. Spencer).....	100	.....
Union Bag & Pap.....	50	May 20
United Fuel Gas.....	200	Apr. 15
Waldorf System.....	5	May 1
Watertown Aer. Insur.....	100	.....
Waterhead Mills.....	900	.....
West End Con. Min.....	3	.....
Whit-Glessner.....	400	.....
Woodside Cot. Mills.....	100	.....

## Stock dividends declared during year 1920. Source—Standard Statistics Corporation.

Name.	Rate.	Payable.
	<i>Per cent.</i>	
American Lt. & Trac.....	2½	Feb. 2
Bush Terminal.....	2½	Jan. 15
Canopus Iron Corp.....	50	Jan. 31
Cities Service.....	1½	Feb. 1
Cosden & Company.....	10	Dec. 31
General Electric.....	2	Jan. 15
Kelly-Springfield Tire.....	75	Feb. 2
Middle States Oil.....	20	Feb. 28
U. S. Rubber.....	12½	Feb. 19
Acadia Mills.....	50	.....
American Glue.....	150	May 15
American Lt. & Traction.....	2½	May 1
American Thermos Bottle.....	30	Apr. 25
Amoskeag Mfg.....	100	.....
Arlington Mills.....	50	.....
Autocar Company.....	40	.....
Bank of America.....	200	.....
Banks Oil Co.....	6	Apr. 15
B. & O. Petroleum.....	10	May 15
Canadian Oil Company.....	5	.....
Chapman Valve Mfg.....	100	.....
Cities Service.....	1½	May 1
Columbia Motors.....	700	.....
Crucible Steel.....	50	Apr. 30
Det. & Cleve. Navig.....	25	May 1
Easley Cot. Mills.....	300	.....
Elmhurst Invest.....	1,600	Apr.
Ennis Petrol.....	10	May 15
Fafnir Bearing Co.....	100	.....
Federal Drop Forge.....	30	Apr. 15
Federal Motor Truck.....	100	May 1
Federal Oil.....	3	May 15
Fishburg Yarn.....	100	.....
Foundation Company.....	25	May 20
Franklin Yarn.....	2,000	.....
Fult Mot. Truck.....	100	May 1
Gates Oil.....	10	Do.
Genl. Amer. Tk. Car.....	300	Do.
General Chemical.....	20	Do.
General Mot.....	2½	Do.
General Fireproof.....	50	.....
General Mot.....	2½	May 1
Grant Yarn Company.....	300	.....
Graselli Chem.....	20	May 1
Harvey Crude Oil.....	100	.....
Haynes Auto.....	60	.....
Hood Rubber.....	66½	.....
Alex & Bald.....	50	June 30
Amer. Bosch Mag.....	20	July 15

## Stock dividends declared during year 1920. Source—Standard Statistics Corporation—Continued.

Name.	Rate.	Payable.
	<i>Per cent.</i>	
Amer. Gas & Elec.....	2	July 1
Amer. Lt. & Tr.....	1½	Aug. 2
Amer. Multigraph.....	20	June 1
Amer. Piano.....	5	Oct. 1
Am. Steel F'dries.....	6	May 29
Amer. Tobacco.....	75	Aug. 1
Do.....	75	Do.
Appleton (F. H.) Sons.....	200	July 16
Art Metal Const.....	100	June 16
Atlas Powder.....	5	Sept. 10
Auto Finance.....	7	May 30
Baker Mfg.....	50	Aug. 2
Bates Mfg.....	50	.....
Bond & Mtge. Guar.....	20	Aug. 30
Brit. Amer. Chem.....	5	Aug. 25
Brit. Amer. Tob.....	5	.....
Bromp. Pulp & Pap.....	100	Aug. 7
Brown Shoe.....	33½	July 1
Bruns-Balke-Coll.....	200	.....
Bush Terminal.....	2½	July 15
Chandler Motor.....	33½	June 10
Cities Service.....	1½	June 1
Do.....	1½	Aug. 1
Do.....	1½	Sept. 1
Clifton Mills.....	100	July 1
Columbia Graphophone.....	5	Do.
Cont. Pap. & Bag.....	50	Aug. 15
Do.....	50	Do.
Cramp (Wm.) & Sons.....	150	Sept. 10
Crowell & Thurlow S. S.....	200	.....
Crucible Steel.....	14½	Aug. 31
Do.....	16½	July 31
Crystal Chemical.....	10	July 30
Dominion Oil.....	10	June 1
Dunn Petrol.....	5	July 1
du P. de N. & Co.....	2½	June 15
Do.....	2½	Sept. 15
Dwight Mfg.....	100	.....
Elec. Weld of Bost.....	50	.....
Endicott-John.....	10	June 10
Fajardo Sugar.....	70	July 30
Fall River Bleach.....	150	.....
Franklin (H. H.) Mfg.....	25	.....
Standard Oil Co. (Nebraska).....	200	May, 1921

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. JOHNSON of Mississippi. I call the attention of the gentleman to the fact that the Louisville & Nashville Railroad now has petitioned the Interstate Commerce Commission asking permission to issue \$54,000,000 of stock dividends.

Mr. OLDFIELD. That is right. I thank the gentleman. Now—

Mr. CONNELL. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. CONNELL. Will the gentleman kindly tell me how stock dividends increase the value of the stock?

Mr. OLDFIELD. Will the gentleman kindly tell me why they are so anxious to issue stock dividends if they are not valuable?

Mr. CONNELL. It is out of the surplus.

Mr. OLDFIELD. Why not pay the surplus to the stockholders, if you please, and let them pay the tax on it?

Mr. CONNELL. But the gentleman—

Mr. OLDFIELD. These big corporations issuing these stock dividends knew when they issued them that the Republican Party was liable to come into power, and they knew you would reduce the surtax, that you would reduce or repeal the excess-profits tax, you would reduce the tax on the rich, if you please, and then after that they can sell those dividends and pay the lower taxes.

Mr. CONNELL. But the gentleman did not tell me how you increase the value of the stock.

Mr. OLDFIELD. I shall not go into that at this time, but I want to say this: I believe they ought to pay for this privilege. I think they ought to pay for it, and I believe the people of America will say so. Take the Crane Co., which issued 200 per cent stock dividends; take the North Texas Oil Co., which issued a 500 per cent stock dividend; take the Franklin Yarn Co., which issued a 2,000 per cent stock dividend. The Standard Oil Co. of Nebraska just a few days ago issued a 200 per cent stock dividend. Gentlemen, why do you not tax them? I will tell you why you do not tax them. You do not tax them because the tax would fall upon those who are most able to bear the burden of taxation to run this Government and pay the war debt.

Mr. CONNELL. When the stockholder gets a stock dividend he has to pay a tax according to the value of the stock.

Mr. OLDFIELD. He will sell the stock and not pay as much taxes. But I will put this in the Record, and it shows the big stock dividends which have been issued since the Supreme Court decided that case. Now, let me discuss for a little while the question of the excess-profits tax, and I want to say at the outset that there was never a more just tax written on the statute books of America than the excess-profits tax. [Applause on the Democratic side.] It is simply nothing more or less than a graduated income tax on profits; excess profits, if you please. I have some maps here, which I shall use at this point. I am greatly indebted to Mr. Howard Clinton Beck, a certified public accountant from the State of Michigan, who has prepared the figures here, which show you without any question, gentlemen, that upon the rich you decrease the taxes, and upon the poor corporations, the weak corporations, you increase the taxes. Do you agree with me? There can be no question about it. Let me show you. It is so outrageous I do not see how any man can afford to repeal the excess-profits tax and substitute the flat corporation tax of 12½ per cent, as proposed in this bill. This is in the blue figures [indicating], and it shows that the corporation pays more than under the present law. Take a corporation with \$5,000 invested capital. If it makes 50 per cent on its capital, a little corporation, it pays \$12.50 more in taxes than it does under the present law.

Mr. BACHARACH. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. BACHARACH. I have got exactly the same thing on that proposition you have there.

Mr. OLDFIELD. I have here, without going into all these figures—

Mr. BACHARACH. The gentleman has 50 per cent here, and under the present law a man having an invested capital of \$5,000, 50 per cent under the present law, he pays \$50 under the new law.

Mr. OLDFIELD. Sixty-two and a half dollars.

Mr. BACHARACH. No; he pays \$37.50, \$12.50 increase on \$2,000 exemption.

Mr. OLDFIELD. Here are the figures. The \$5,000 corporation invested capital; when it makes 50 per cent it will pay \$50 tax under the present law. Under the proposed law it will pay \$62.50.

Mr. WOODRUFF. If the gentleman will permit, I will say the table of figures the gentleman has in his hand is a copy of the same table I received this morning from Mr. Beck, but it is not the table referred to by the gentleman who just interrupted. That table was drawn on the 15 per cent basis.

Mr. DUNBAR. Fifty per cent on \$5,000 invested capital would be \$2,500.

Mr. OLDFIELD. That is right.

Mr. DUNBAR. I understand under the revenue law any corporation with a capital stock of \$5,000 that does not make \$3,000—

Mr. OLDFIELD. \$2,000.

Mr. REAVIS. Does the gentleman agree?

Mr. OLDFIELD. No; I do not.

Now, gentlemen, I want to say this, that there can be no question about the accuracy of these figures. There is not an expert in the Treasury Department who will dispute the accuracy of them. You take a corporation with \$50,000 capital stock, and under the present law when it makes 5 per cent it would pay \$50. Under the proposed law it would pay \$62.50, or \$12.50 more. When it makes 6 per cent it would pay \$25 more; when it makes 8 per cent it would pay \$50 more; when it pays 10 per cent it would pay \$75 more; when it makes 15 per cent it would pay the Treasury \$47.50 more than the present law. Now, when the corporation begins to profiteer a little bit more and makes 20 per cent, it pays \$340 less. When it makes 25 per cent it will pay \$1,177.50 less than under present law.

When it makes 33½ per cent it will pay \$2,093.34 less than under the present law. When the same corporation profiteers to the extent of making 50 per cent on its invested capital under the provisions of this bill it will pay \$4,285 less taxes than under the present law. In other words, the more these corporations profiteer on the people the less taxes they will have to pay.

The Democratic Party believes that the more these corporations make the more they are able to pay and should pay more toward paying the war debt and the running expenses of the Government. You would reverse this and say to the corporations, if you will plunder the people, we will relieve you of taxation. Now, I hope some gentleman on the Republican side will tell the House and the country just why you take this unholy position.

What have the people done to you that you want to see them robbed and plundered by these large corporations? It seems to me that the people were very generous with you in the last election. And this is the way you repay them. Now, gentlemen, I want to answer some other arguments brought forward by Republicans to discredit the excess-profits tax. You say the law is the cause of the high cost of living; that it has increased prices.

Gentlemen, that is propaganda bought and paid for and circulated by special interests. Not one word of truth in it. Now, let us see what the facts are. This table gives you the facts better than I can in words and shows the indefensible inequity of this bill.

#### EFFECT OF THE REPEAL OF THE EXCESS-PROFITS TAX.

The new revenue bill reported by the Ways and Means Committee of the House of Representatives contains a provision for the repeal of the present excess-profits tax on corporations and an increase in the normal tax from 10 to 12½ per cent.

The effect of this proposed law on those corporations whose invested capital is from \$5,000 to \$10,000,000, and who are earning from 5 per cent to 50 per cent thereon, is shown in the following exhibit. Those corporations whose capital and income are in the block between the heavy black lines will pay more tax under the proposed law, while those to the right and below the second black line will pay less tax.

Invested capital.	Income of 5 per cent on capital.		Income of 6 per cent on capital.		Income of 8 per cent on capital.		Income of 10 per cent on capital.		Income of 15 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$10,000	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$15,000	None.	None.	None.	None.	None.	None.	None.	None.	\$25.00	\$31.25
\$20,000	None.	None.	None.	None.	None.	None.	None.	None.	100.00	125.00
\$25,000	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50	175.00	218.75
\$35,000	None.	None.	\$10.00	\$12.50	\$80.00	\$100.00	150.00	187.50	325.00	406.25
\$50,000	\$50.00	\$62.50	100.00	125.00	200.00	250.00	300.00	375.00	640.00	687.50
\$75,000	175.00	218.75	250.00	312.50	400.00	500.00	550.00	687.50	1,330.00	1,156.25
\$100,000	300.00	375.00	400.00	500.00	600.00	750.00	800.00	1,000.00	2,020.00	1,625.00
\$150,000	550.00	687.50	700.00	875.00	1,000.00	1,250.00	1,300.00	1,625.00	3,400.00	2,562.50
\$200,000	800.00	1,000.00	1,000.00	1,250.00	1,400.00	1,750.00	1,980.00	2,250.00	4,780.00	3,500.00
\$250,000	1,050.00	1,312.50	1,300.00	1,625.00	1,800.00	2,250.00	2,660.00	2,875.00	6,160.00	4,437.50
\$300,000	1,300.00	1,625.00	1,600.00	2,000.00	2,200.00	2,750.00	3,340.00	3,500.00	7,540.00	5,375.00
\$350,000	1,550.00	1,937.50	1,900.00	2,375.00	2,600.00	3,250.00	4,020.00	4,125.00	8,920.00	6,312.50
\$400,000	1,800.00	2,250.00	2,200.00	2,750.00	3,000.00	3,750.00	4,700.00	4,750.00	10,300.00	7,250.00
\$500,000	2,300.00	2,875.00	2,800.00	3,500.00	3,800.00	4,750.00	6,060.00	6,000.00	13,060.00	9,125.00
\$750,000	3,550.00	4,437.50	4,300.00	5,375.00	5,800.00	7,250.00	9,460.00	9,125.00	19,960.00	13,812.50
\$1,000,000	4,800.00	6,000.00	5,800.00	7,250.00	7,800.00	9,750.00	12,860.00	12,250.00	26,860.00	18,500.00
\$1,500,000	7,300.00	9,125.00	8,800.00	11,000.00	11,800.00	14,750.00	19,660.00	18,500.00	40,660.00	27,875.00
\$2,000,000	9,800.00	12,250.00	11,800.00	14,750.00	15,800.00	19,750.00	26,460.00	24,750.00	54,460.00	37,250.00
\$5,000,000	24,800.00	31,000.00	29,800.00	37,250.00	39,800.00	49,750.00	67,260.00	62,250.00	137,260.00	93,500.00
\$10,000,000	49,800.00	62,250.00	59,800.00	74,750.00	79,800.00	99,750.00	135,260.00	124,750.00	275,260.00	187,250.00



## EFFECT OF THE REPEAL OF THE EXCESS-PROFITS TAX—continued.

Invested capital	Income of 20 per cent on capital.		Income of 25 per cent on capital.		Income of 33 1/3 per cent on capital.		Income of 50 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50
\$10,000	None.	None.	\$50.00	\$62.50	\$133.33	\$166.67	650.00	375.00
\$15,000	\$100.00	\$125.00	175.00	218.75	333.33	375.00	1,350.00	687.50
\$20,000	200.00	250.00	444.00	375.00	1,126.67	583.33	2,050.00	1,000.00
\$25,000	300.00	375.00	575.00	531.25	1,593.33	791.67	2,750.00	1,312.50
\$30,000	400.00	500.00	711.00	643.75	2,026.67	1,041.67	3,400.00	1,687.50
\$35,000	500.00	625.00	850.00	806.25	2,526.67	1,312.50	4,100.00	2,062.50
\$40,000	600.00	750.00	990.00	968.75	3,026.67	1,583.33	4,800.00	2,337.50
\$45,000	700.00	875.00	1,130.00	1,131.25	3,526.67	1,854.17	5,500.00	2,612.50
\$50,000	800.00	1,000.00	1,270.00	1,293.75	4,026.67	2,125.00	6,200.00	2,887.50
\$55,000	900.00	1,125.00	1,410.00	1,456.25	4,526.67	2,395.83	6,900.00	3,162.50
\$60,000	1,000.00	1,250.00	1,550.00	1,618.75	5,026.67	2,666.67	7,600.00	3,437.50
\$65,000	1,100.00	1,375.00	1,690.00	1,781.25	5,526.67	2,937.50	8,300.00	3,712.50
\$70,000	1,200.00	1,500.00	1,830.00	1,943.75	6,026.67	3,208.33	9,000.00	3,987.50
\$75,000	1,300.00	1,625.00	1,970.00	2,106.25	6,526.67	3,479.17	9,700.00	4,262.50
\$80,000	1,400.00	1,750.00	2,110.00	2,268.75	7,026.67	3,750.00	10,400.00	4,537.50
\$85,000	1,500.00	1,875.00	2,250.00	2,431.25	7,526.67	4,020.83	11,100.00	4,812.50
\$90,000	1,600.00	2,000.00	2,390.00	2,593.75	8,026.67	4,291.67	11,800.00	5,087.50
\$95,000	1,700.00	2,125.00	2,530.00	2,756.25	8,526.67	4,562.50	12,500.00	5,362.50
\$100,000	1,800.00	2,250.00	2,670.00	2,918.75	9,026.67	4,833.33	13,200.00	5,637.50
\$105,000	1,900.00	2,375.00	2,810.00	3,081.25	9,526.67	5,104.17	13,900.00	5,912.50
\$110,000	2,000.00	2,500.00	2,950.00	3,243.75	10,026.67	5,375.00	14,600.00	6,187.50
\$115,000	2,100.00	2,625.00	3,090.00	3,406.25	10,526.67	5,645.83	15,300.00	6,462.50
\$120,000	2,200.00	2,750.00	3,230.00	3,568.75	11,026.67	5,916.67	16,000.00	6,737.50
\$125,000	2,300.00	2,875.00	3,370.00	3,731.25	11,526.67	6,187.50	16,700.00	7,012.50
\$130,000	2,400.00	3,000.00	3,510.00	3,893.75	12,026.67	6,458.33	17,400.00	7,287.50
\$135,000	2,500.00	3,125.00	3,650.00	4,056.25	12,526.67	6,729.17	18,100.00	7,562.50
\$140,000	2,600.00	3,250.00	3,790.00	4,218.75	13,026.67	7,000.00	18,800.00	7,837.50
\$145,000	2,700.00	3,375.00	3,930.00	4,381.25	13,526.67	7,270.83	19,500.00	8,112.50
\$150,000	2,800.00	3,500.00	4,070.00	4,543.75	14,026.67	7,541.67	20,200.00	8,387.50
\$155,000	2,900.00	3,625.00	4,210.00	4,706.25	14,526.67	7,812.50	20,900.00	8,662.50
\$160,000	3,000.00	3,750.00	4,350.00	4,868.75	15,026.67	8,083.33	21,600.00	8,937.50
\$165,000	3,100.00	3,875.00	4,490.00	5,031.25	15,526.67	8,354.17	22,300.00	9,212.50
\$170,000	3,200.00	4,000.00	4,630.00	5,193.75	16,026.67	8,625.00	23,000.00	9,487.50
\$175,000	3,300.00	4,125.00	4,770.00	5,356.25	16,526.67	8,895.83	23,700.00	9,762.50
\$180,000	3,400.00	4,250.00	4,910.00	5,518.75	17,026.67	9,166.67	24,400.00	10,037.50
\$185,000	3,500.00	4,375.00	5,050.00	5,681.25	17,526.67	9,437.50	25,100.00	10,312.50
\$190,000	3,600.00	4,500.00	5,190.00	5,843.75	18,026.67	9,708.33	25,800.00	10,587.50
\$195,000	3,700.00	4,625.00	5,330.00	6,006.25	18,526.67	9,979.17	26,500.00	10,862.50
\$200,000	3,800.00	4,750.00	5,470.00	6,168.75	19,026.67	10,250.00	27,200.00	11,137.50
\$205,000	3,900.00	4,875.00	5,610.00	6,331.25	19,526.67	10,520.83	27,900.00	11,412.50
\$210,000	4,000.00	5,000.00	5,750.00	6,493.75	20,026.67	10,791.67	28,600.00	11,687.50
\$215,000	4,100.00	5,125.00	5,890.00	6,656.25	20,526.67	11,062.50	29,300.00	11,962.50
\$220,000	4,200.00	5,250.00	6,030.00	6,818.75	21,026.67	11,333.33	30,000.00	12,237.50
\$225,000	4,300.00	5,375.00	6,170.00	6,981.25	21,526.67	11,604.17	30,700.00	12,512.50
\$230,000	4,400.00	5,500.00	6,310.00	7,143.75	22,026.67	11,875.00	31,400.00	12,787.50
\$235,000	4,500.00	5,625.00	6,450.00	7,306.25	22,526.67	12,145.83	32,100.00	13,062.50
\$240,000	4,600.00	5,750.00	6,590.00	7,468.75	23,026.67	12,416.67	32,800.00	13,337.50
\$245,000	4,700.00	5,875.00	6,730.00	7,631.25	23,526.67	12,687.50	33,500.00	13,612.50
\$250,000	4,800.00	6,000.00	6,870.00	7,793.75	24,026.67	12,958.33	34,200.00	13,887.50
\$255,000	4,900.00	6,125.00	7,010.00	7,956.25	24,526.67	13,229.17	34,900.00	14,162.50
\$260,000	5,000.00	6,250.00	7,150.00	8,118.75	25,026.67	13,500.00	35,600.00	14,437.50
\$265,000	5,100.00	6,375.00	7,290.00	8,281.25	25,526.67	13,770.83	36,300.00	14,712.50
\$270,000	5,200.00	6,500.00	7,430.00	8,443.75	26,026.67	14,041.67	37,000.00	14,987.50
\$275,000	5,300.00	6,625.00	7,570.00	8,606.25	26,526.67	14,312.50	37,700.00	15,262.50
\$280,000	5,400.00	6,750.00	7,710.00	8,768.75	27,026.67	14,583.33	38,400.00	15,537.50
\$285,000	5,500.00	6,875.00	7,850.00	8,931.25	27,526.67	14,854.17	39,100.00	15,812.50
\$290,000	5,600.00	7,000.00	7,990.00	9,093.75	28,026.67	15,125.00	39,800.00	16,087.50
\$295,000	5,700.00	7,125.00	8,130.00	9,256.25	28,526.67	15,395.83	40,500.00	16,362.50
\$300,000	5,800.00	7,250.00	8,270.00	9,418.75	29,026.67	15,666.67	41,200.00	16,637.50
\$305,000	5,900.00	7,375.00	8,410.00	9,581.25	29,526.67	15,937.50	41,900.00	16,912.50
\$310,000	6,000.00	7,500.00	8,550.00	9,743.75	30,026.67	16,208.33	42,600.00	17,187.50
\$315,000	6,100.00	7,625.00	8,690.00	9,906.25	30,526.67	16,479.17	43,300.00	17,462.50
\$320,000	6,200.00	7,750.00	8,830.00	10,068.75	31,026.67	16,750.00	44,000.00	17,737.50
\$325,000	6,300.00	7,875.00	8,970.00	10,231.25	31,526.67	17,020.83	44,700.00	18,012.50
\$330,000	6,400.00	8,000.00	9,110.00	10,393.75	32,026.67	17,291.67	45,400.00	18,287.50
\$335,000	6,500.00	8,125.00	9,250.00	10,556.25	32,526.67	17,562.50	46,100.00	18,562.50
\$340,000	6,600.00	8,250.00	9,390.00	10,718.75	33,026.67	17,833.33	46,800.00	18,837.50
\$345,000	6,700.00	8,375.00	9,530.00	10,881.25	33,526.67	18,104.17	47,500.00	19,112.50
\$350,000	6,800.00	8,500.00	9,670.00	11,043.75	34,026.67	18,375.00	48,200.00	19,387.50
\$355,000	6,900.00	8,625.00	9,810.00	11,206.25	34,526.67	18,645.83	48,900.00	19,662.50
\$360,000	7,000.00	8,750.00	9,950.00	11,368.75	35,026.67	18,916.67	49,600.00	19,937.50
\$365,000	7,100.00	8,875.00	10,090.00	11,531.25	35,526.67	19,187.50	50,300.00	20,212.50
\$370,000	7,200.00	9,000.00	10,230.00	11,693.75	36,026.67	19,458.33	51,000.00	20,487.50
\$375,000	7,300.00	9,125.00	10,370.00	11,856.25	36,526.67	19,729.17	51,700.00	20,762.50
\$380,000	7,400.00	9,250.00	10,510.00	12,018.75	37,026.67	20,000.00	52,400.00	21,037.50
\$385,000	7,500.00	9,375.00	10,650.00	12,181.25	37,526.67	20,270.83	53,100.00	21,312.50
\$390,000	7,600.00	9,500.00	10,790.00	12,343.75	38,026.67	20,541.67	53,800.00	21,587.50
\$395,000	7,700.00	9,625.00	10,930.00	12,506.25	38,526.67	20,812.50	54,500.00	21,862.50
\$400,000	7,800.00	9,750.00	11,070.00	12,668.75	39,026.67	21,083.33	55,200.00	22,137.50
\$405,000	7,900.00	9,875.00	11,210.00	12,831.25	39,526.67	21,354.17	55,900.00	22,412.50
\$410,000	8,000.00	10,000.00	11,350.00	12,993.75	40,026.67	21,625.00	56,600.00	22,687.50
\$415,000	8,100.00	10,125.00	11,490.00	13,156.25	40,526.67	21,895.83	57,300.00	22,962.50
\$420,000	8,200.00	10,250.00	11,630.00	13,318.75	41,026.67	22,166.67	58,000.00	23,237.50
\$425,000	8,300.00	10,375.00	11,770.00	13,481.25	41,526.67	22,437.50	58,700.00	23,512.50
\$430,000	8,400.00	10,500.00	11,910.00	13,643.75	42,026.67	22,708.33	59,400.00	23,787.50
\$435,000	8,500.00	10,625.00	12,050.00	13,806.25	42,526.67	22,979.17	60,100.00	24,062.50
\$440,000	8,600.00	10,750.00	12,190.00	13,968.75	43,026.67	23,250.00	60,800.00	24,337.50
\$445,000	8,700.00	10,875.00	12,330.00	14,131.25	43,526.67	23,520.83	61,500.00	24,612.50
\$450,000	8,800.00	11,000.00	12,470.00	14,293.75	44,026.67	23,791.67	62,200.00	24,887.50
\$455,000	8,900.00	11,125.00	12,610.00	14,456.25	44,526.67	24,062.50	62,900.00	25,162.50
\$460,000	9,000.00	11,250.00	12,750.00	14,618.75	45,026.67	24,333.33	63,600.00	25,437.50
\$465,000	9,100.00	11,375.00	12,890.00	14,781.25	45,526.67	24,604.17	64,300.00	25,712.50
\$470,000	9,200.00	11,500.00	13,030.00	14,943.75	46,026.67	24,875.00	65,000.00	25,987.50
\$475,000	9,300.00	11,625.00	13,170.00	15,106.25	46,526.67	25,145.83	65,700.00	26,262.50
\$480,000	9,400.00	11,750.00	13,310.00	15,268.75	47,026.67	25,416.67	66,400.00	26,537.50
\$485,000	9,500.00	11,875.00	13,450.00	15,431				

that time. He had spent years educating the American people up to his idea and his idea was right and proper, but when he changed the people of America failed to change with him, and the people of America to-day are as much in favor of free lumber as they ever were. Mr. Hoover knows that we can not have exports unless we have imports. He has said it upon many occasions, before and after he appeared before the Ways and Means Committee; hence I think Mr. Hoover had better profit by the experience of Mr. Pinchot and stay on the right track on this question.

Great Britain during the war did a much better job in writing her income tax laws than we did. Right at the beginning of the war a law was passed taking 80 per cent of the profits of corporations and business generally. We left them two or three times as much as they had formerly been making in our taxation scheme.

Now, another thing, gentlemen. The year 1918 was the year of the highest excess-profits tax rates. Out of 6,700 corporations, it is shown that 3,000 of that number paid no excess-profits taxes whatsoever. These 3,000 corporations amounted to just about one-third of the invested capital in all of the 6,700 corporations. Is it not reasonable to presume that these corporations who did not make enough to pay an excess-profits tax did not have some influence over prices of commodities in this country?

Take two merchants in the same town, for example. One of them does not make enough to pay an excess-profits tax, yet he competes with the man across the street who does make enough to pay an excess-profits tax. If the merchant who makes enough to pay an excess-profits tax tries to pass this tax on to the consumer, what would happen and what has happened all over the country? The little merchant will get the business and use his influence to hold down the prices. No; the trouble is that these excess-profits taxes are surplus of these corporations; and all the economic writers agree upon the proposition that the net surplus of a corporation, when you tax only the net surplus of a corporation, can not be passed on to the consumers.

As a matter of fact, these people profited to the extent of billions. They charged all that the public could bear. Now the reaction has come, and because they can not make exorbitant profits like they did during the war they come before the Congress of the United States and ask it to relieve them of taxation, and then, if it does, they will continue to profiteer, if it is possible to do so when normal conditions return.

Ah, gentlemen, you can not afford to do it. The people of America understand this proposition. Do not be misled by the great wave of propaganda that has been sweeping over this country for the past year and a half. I wonder, and I know that you must wonder, how many millions of dollars have been expended in propaganda to make the people believe that excess-profits taxes are passed on to the consumer; that they are responsible for the high cost of living, and, therefore, get all of the people behind the proposition and have these corporations relieved of their just burden of taxation. That is all this whole question means—nothing more, nothing less. This is not legislation by facts; this is not legislation by economic truths, but it is legislation by propaganda paid for by special interests. [Applause.]

While our soldiers were in France—2,000,000 of them and 2,000,000 in the camps of this country; 4,000,000 soldiers under arms—2,000,000 at the front bleeding and dying for the people of America, for our institutions that they might survive and continue, these corporations profiteered to the extent of fifteen or twenty billion dollars, and now that the war is over the boys have come home, many of them wounded and maimed and out of employment, you want to place the burden of paying the Great War debt upon the masses of the people of the country, including these boys; the fathers and mothers of these boys.

It is not fair. No party will ever be able to sustain any such program. [Applause on the Democratic side.]

Let us take up the other proposition, the surtaxes, on the large individual incomes. Now, gentlemen, the same is true of the surtaxes. You can not defend that proposition. There is not a man in this House or in America that can defend it. And yet it is in this bill, and you gentlemen know it. But you can not defend it and you know you can not defend it. You have permitted the Republican members of the Ways and Means Committee to bring in this bill with that provision, when they knew that provision was in it, because we had Mr. Beck's statement several days ago, and they have passed it around to Secretary Mellon and Dr. Adams and other experts of the Treasury Department, and the Ways and Means Committee knew what effect this bill was going to have. And you permitted them to come in here and hog-tie you. You are not going to give us an opportunity to vote against that proposition.

It will absolutely destroy your party if you permit it to remain in the bill, or any other party. [Applause on the Democratic side.] It will destroy the country, and I do not want to see the country destroyed. [Applause.]

Mr. Chairman and gentlemen, let us take up the proposition of the reduction of high surtaxes. Let us see how that operates and see if you can defend that, if you please. Here is a man who has an income of \$70,000 under this bill and he pays \$20 less tax than under the present law. This does not amount to much, but you will relieve the rich, and you ought not to do it. If he has an income of \$72,000, his tax is reduced \$60; if it is \$74,000, it is reduced \$120; if it is \$76,000, it is reduced \$220; if it is \$78,000, it is reduced \$300; if it is \$80,000, it is reduced \$420; if it is \$82,000, it is reduced \$560; if it is \$84,000, it is reduced \$720; if it is \$86,000, there is a reduction of \$900; if it is \$88,000, there is a reduction of \$1,100; if it is \$90,000, there is a reduction of \$1,320; if it is \$92,000, there is a reduction of \$1,600; if it is \$94,000, there is a reduction of \$1,800; if it is \$96,000, there is a reduction of \$2,100; if it is \$98,000, there is a reduction of \$2,400; if it is \$100,000, there is a reduction of \$2,700; if it is \$150,000 income, there is a reduction of \$10,720; and if he has \$200,000 income, you reduce his surtaxes \$24,720; if he has an income of \$300,000 per year, you reduce his taxes \$52,720; if he has \$500,000 income, you reduce his taxes \$114,700; if he has a \$1,000,000 income a year, you reduce his taxes \$274,720; and if he has \$1,500,000 income annually, you reduce his taxes by this bill \$439,720; if he has a \$2,000,000 income, you reduce his taxes \$604,720.

*Tax on individual income.*

Income.	Normal tax; no change.	Surtax.		Total tax.		Reduction by proposed law.
		Present law.	Proposed law.	Present law.	Proposed law.	
\$70,000.....	\$5,280	\$11,210	\$11,190	\$16,490	\$16,470	\$20
\$72,000.....	5,440	11,890	11,830	17,330	17,270	60
\$74,000.....	5,600	12,500	12,470	18,100	18,070	120
\$76,000.....	5,760	13,110	13,110	19,070	18,870	200
\$78,000.....	5,920	14,050	13,750	19,970	19,670	300
\$80,000.....	6,080	14,810	14,390	20,890	20,470	420
\$82,000.....	6,240	15,590	15,030	21,830	21,270	560
\$84,000.....	6,400	16,390	15,670	22,790	22,070	720
\$86,000.....	6,560	17,210	16,310	23,770	22,870	900
\$88,000.....	6,720	18,050	16,950	24,770	23,670	1,100
\$90,000.....	6,880	18,910	17,590	25,790	24,470	1,320
\$92,000.....	7,040	19,790	18,230	26,830	25,270	1,560
\$94,000.....	7,200	20,690	18,870	27,890	26,070	1,820
\$96,000.....	7,360	21,610	19,510	28,970	26,870	2,100
\$98,000.....	7,520	22,550	20,150	30,070	27,670	2,400
\$100,000.....	7,680	23,510	20,790	31,190	28,470	2,720
\$150,000.....	11,680	49,510	36,790	61,190	48,470	12,720
\$200,000.....	15,680	77,510	52,790	93,190	68,470	24,720
\$300,000.....	23,680	137,510	84,790	161,190	108,470	52,720
\$500,000.....	39,680	263,510	148,790	303,190	188,470	114,720
\$1,000,000.....	79,680	583,510	308,790	663,190	388,470	274,720
\$1,500,000.....	119,680	908,510	468,790	1,028,190	588,470	439,720
\$2,000,000.....	159,680	1,233,510	628,790	1,393,190	788,470	604,720

The above comparison is upon the basis that the surtax upon all incomes above \$68,000 shall be 32 per cent. No change is made in the rates of surtax on incomes of \$68,000 or less, nor is there any change made in the normal tax rate. Exemption is taken in the above comparison at \$2,000.

Now, gentlemen, I do not know whether you can defend that or not. I do not believe you can. You are going to place these burdens on the masses of the people. If you do not change it while this bill is in progress you will do it later.

Mr. JONES of Texas. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. JONES of Texas. How much does this reduce it on incomes under \$70,000?

Mr. OLDFIELD. None.

Mr. SEARS. But no one over and above \$1,000?

Mr. OLDFIELD. No.

Mr. KINCHELOE. How much reduction under this bill, except the \$500 exemption, to a man that makes \$5,000 to \$10,000?

Mr. OLDFIELD. No reduction at all from \$5,000 to \$66,000, absolutely none. How can you explain it to the people of America? They are not as partisan as they used to be. How are you going to explain that when a man has an income of \$70,000 or more per year you decrease his taxes?

Mr. CARTER. The gentleman has stated there the reduction in the taxes, running in different amounts—

Mr. OLDFIELD. Yes.

Mr. CARTER. Has he any information as to how many there are in each one of those classes? If he has, will he put it in the Record?

Mr. OLDFIELD. Yes; I will do it. On the \$1,000,000 and over there are 65 persons, or were, according to the last report of the Treasury Department.



Mr. CARTER. How many were there in the \$70,000 class?

Mr. OLDFIELD. You relieve 15,000 or 16,000 people in all in America.

Mr. LONGWORTH. Will the gentleman also put in the RECORD the message of President Wilson recommending this?

Mr. OLDFIELD. Oh, I will put something in the RECORD here. Here is what President Wilson said on May 20, 1919:

The main thing we shall have to care for is that our taxation shall rest as lightly as possible on the productive resources of the country, that its rates shall be stable, and that it shall be constant in its revenue-yielding power. We have found the main sources from which it must be drawn. I take it for granted that its mainstays will henceforth be the income tax, the excess-profits tax, and the estate tax. All these can be adjusted to yield constant and adequate returns and yet not constitute a too grievous burden on the taxpayer. A revision of the income tax has already been provided for by the act of 1918, but I think you will find that further changes can be made to advantage both in the rates of the tax and in the method of its collection. The excess-profits tax need not long be maintained at the rates which were necessary while the enormous expenses of the war had to be borne; but it should be made the basis of a permanent system which will reach undue profits without discouraging the enterprise and activity of our business man. The tax on inheritances ought, no doubt, to be reconsidered in its relation to the fiscal systems of the several States, but it certainly ought to remain a permanent part of the fiscal system of the Federal Government also.

[Applause on the Democratic side.]

That is what President Wilson said, and President Wilson never advised the Congress of the United States in a single line of a message or in a statement to the press to reduce the high income taxes on corporations and rich individuals in the way you have done it in this bill.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield at this point?

Mr. OLDFIELD. No; I regret I have not the time.

Mr. LONGWORTH. The gentleman does not want to have it appear in his speech?

Mr. OLDFIELD. No; I do not want to have anything the gentleman says appear in my speech. [Applause and laughter on the Democratic side.]

Mr. Chairman, I was very much surprised at the statement made by the gentleman from New York [Mr. MILLS] yesterday. He made a splendid speech. I have heard him make the same speech before the Committee on Ways and Means, and the effect of it, what he really meant in what he said yesterday, I will tell you. I do not know whether his speech is in the RECORD or not, but I heard every word of it, and he is a very interesting speaker and a very able gentleman. The effect of that speech was that the Congress of the United States can not collect these high taxes from the big corporations and the super-rich individuals of this country. He says it makes no difference what Congress does; it makes no difference what kind of a law you place on the statute books of America; these men will find some escape from its provisions. Has the time come when the Congress of the United States can not tax the big corporations like the Steel Trust and the Standard Oil Trust and the rich people of America? I say to you that they have entirely too much influence in this country now. They have too much influence, gentlemen. When they can avoid the law, when you can not make them pay taxes, something is radically wrong with your system of government, if you please. That is the purport of the remarks of the gentleman from New York [Mr. MILLS] yesterday.

I want to put in the RECORD a statement that I saw in the New York Times on August 7, a statement by Henry H. Klein, the first deputy to the commissioner of accounts. He has just issued a book called "Dynastic America and Those Who Own It," in which he estimates the amount of about 400 great American fortunes, and puts forth the proposition that the Constitution should be amended to provide for the limitation of fortunes, especially those fortunes in possession of heirs. He dedicates his work "To those who believe in constitutional government of, by, and for the people," and interspersed through the sections and paragraphs are quotations bearing upon his contention, such as the following:

[From the New York Times, Aug. 7, 1921.]

The Federal Constitution is intended to preserve free institutions in the United States. It was amended for prohibition and woman suffrage. Why not amend it to limit excessive private fortunes?

The Sherman antitrust law has failed to check extortion by private monopoly. Why not check the greed of those who control private monopoly?

This book proves that wealth is concentrated. History records that the decline of civilization in a nation begins with wealth concentration.

Excessive private fortunes are in the hands of the third, fourth, and fifth generations, who exerted little or no effort to obtain them. Why not limit what these individuals can have, and stimulate worthy ambition?

On the same thesis the author has written books entitled "Bankrupting a Great City" and "Standard Oil or the People." He has been employed by several investigating committees, and in public life has taken every opportunity to expound the theories again set forth in his latest book.

#### ESTIMATES OF LARGE ESTATES.

Here are some of his estimates of great estates handed down in the last few years:

Andrew Carnegie (highest amount owned)	\$300,000,000
Frederick Weyerhaeuser (estimated)	300,000,000
William Waldorf Astor (estimated)	200,000,000
Charles W. Harkness	170,000,000
Oliver H. Payne	150,000,000
Henry C. Frick (estimated)	142,000,000
Lamon V. Harkness	100,000,000
James J. Hill (estimated)	100,000,000
William K. Vanderbilt (estimated)	100,000,000
Hetty Green	100,000,000
Moses Taylor Pyne	100,000,000
Edmund C. Converse (estimated by son)	100,000,000
Henry M. Flagler	90,000,000
Anthony N. Brady	87,000,000
John Jacob Astor	87,000,000
Marshall Field	85,000,000
John G. Wendel	80,000,000
Cornelius Vanderbilt	80,000,000
Edward H. Harriman	80,000,000
J. Pierpont Morgan	78,000,000
Jay Gould	74,000,000
Isaac Stephenson, Wisconsin (estimated)	70,000,000
William Weightman, Pennsylvania	70,000,000
John F. Dodge, Michigan (estimated)	70,000,000
John S. Kennedy	67,000,000
Russell Sage	66,000,000
P. A. B. Widener (estimated)	65,000,000
Ogden Goelet	60,000,000
James Oliver, Indiana (estimated)	60,000,000
Robert Goelet	60,000,000
Jacob H. Schiff (estimated)	60,000,000
William L. Harkness	55,000,000
Charles E. Appleby	50,000,000
George W. Vanderbilt	50,000,000
Horace E. Dodge, Michigan (estimated)	50,000,000
Meyer Guggenheim (estimated)	50,000,000
Mrs. Phoebe Hearst (estimated)	50,000,000
John I. Blair	50,000,000
William Rhinelander	50,000,000
Frank A. Sayles, Rhode Island	50,000,000
Henry A. C. Taylor (estimated)	50,000,000
Henry H. Rogers	49,000,000
Benjamin Altman	44,000,000
Frederick G. Bourne	43,000,000
John D. Archbold	42,000,000
George Smith	42,000,000
Darius O. Mills	41,000,000
James Stillman	40,000,000
George Crocker	40,000,000
Norman B. Ream	40,000,000
John C. Brown	40,000,000
Archibald Watt	40,000,000
William H. Yawkey	40,000,000
William P. Furniss	40,000,000
Michael P. Grace (estimated)	40,000,000
Charles G. Roebbing (estimated)	40,000,000
William B. Leeds (estimated)	40,000,000
P. D. Armour	40,000,000
Adolphus Busch	40,000,000
W. L. Elkins (estimated)	40,000,000
Edward Morris	40,000,000
Henry Miller, California	40,000,000
Edward F. Searles	40,000,000
Collis P. Huntington	37,000,000
John Arbuckle	37,000,000
Alfred G. Vanderbilt	35,000,000
Daniel O'Day	35,000,000
Thomas Dolan	35,000,000
Joseph R. De Lamar	34,000,000
Morton F. Plant	33,000,000
Warren B. Smith	32,000,000
Levi Z. Leiter	30,000,000
James H. Smith	30,000,000
George M. Pullman	30,000,000
Mrs. Leland Stanford	30,000,000
William W. Scranton, Pennsylvania	30,000,000
Frank Woolworth	30,000,000
John H. Barker, Illinois	30,000,000
Moses Taylor	30,000,000
Alexis I. du Pont (estimated)	30,000,000
D. Willis James	27,000,000
Nelson W. Aldrich (estimated)	25,000,000
Mrs. Potter Palmer	25,000,000
John W. Gates	25,000,000
William Salomon	25,000,000
Frank Drexel	25,000,000
Norman H. Harris, Illinois	25,000,000
William G. Warden, Pennsylvania	25,000,000
Joseph Pulitzer	24,000,000
William C. Whitney	23,000,000
Quincy A. Shaw	23,000,000
James B. Haggin	21,000,000
Ferdinand A. Schlesinger, Wisconsin	20,000,000
John W. Sterling	20,000,000
Eugene S. Higgins	20,000,000
Edward Ford (estimated)	20,000,000
Marcus Daly	20,000,000
Henry G. Davis, West Virginia	20,000,000
Dr. James Douglas	20,000,000
John C. Mayo	20,000,000
Robert R. Randall	20,000,000
W. Murray Crane, Massachusetts	20,000,000
Theodore N. Vall (estimated)	20,000,000
William Penn Snyder, Pennsylvania	20,000,000
George C. Boldt	20,000,000
Henry M. Tilford	20,000,000
Charles W. Post	20,000,000
Samuel W. Allerton, Illinois	20,000,000
Charles R. Smith, Wisconsin	20,000,000
John R. McLean	20,000,000

Karl G. Roebeling (estimated)	\$20,000,000
Harris C. Fahnestock	18,000,000
William Ziegler	17,000,000
Henry O. Havemeyer	17,000,000
Henry Strong, Rochester, N. Y.	16,000,000
James Campbell	16,000,000
Stephen Sanford	16,000,000
Richard T. Wilson	16,000,000
Louis H. Severance	15,000,000
Jacob Ruppert	15,000,000
James R. Keene	15,000,000
James G. Fair	15,000,000
J. W. Garrett	15,000,000
David Eccles	15,000,000
Mrs. Lucy Carnegie	15,000,000
Frank Work	15,000,000
Benjamin F. Keith	15,000,000
Dean Hoffman	15,000,000
Amos F. Eno	15,000,000
Ambrose Monell (estimated)	15,000,000
Alfred T. White	15,000,000
Jacques Lebaudy	15,000,000
Theodore Havemeyer	15,000,000
Henry S. Harkness	15,000,000
William Hester (estimated)	15,000,000
L. A. Henschelmer	15,000,000
John Augustus Pell	15,000,000
Mrs. Morris K. Jesup	13,000,000
Isaac V. Brookaw	13,000,000
James McLean	12,000,000
Wesley H. Tilford	12,000,000
Michael Cudahy	12,000,000
Charles H. Seuff	12,000,000
William Deering	12,000,000
Ex-Gov. Bookwalter, Ohio	12,000,000
W. Bayard Cutting	11,000,000
Edwin Hawley	11,000,000
Marcellus Hartley	11,000,000
Joseph Milbank	10,000,000
Hugh J. Grant	10,000,000
George Washington	10,000,000
W. L. Moody, Texas	10,000,000
A. E. Orr	10,000,000
Alfred Ladenburg	10,000,000
Robert Hoe	10,000,000
C. Amory Stevens (estimated)	10,000,000
Clement A. Griscom	10,000,000
David H. Moffatt	10,000,000
Edward Holbrook	10,000,000
William M. Rice	10,000,000
John K. Stewart	10,000,000
Paul K. Sorg	10,000,000
John B. Manning	10,000,000
John C. Martin	10,000,000
Walter Gibb	10,000,000
Alonzo C. Hall	10,000,000
Alonzo J. Pouch	10,000,000
James H. Moore	10,000,000
George W. Perkins (estimated)	10,000,000
Levi P. Morton (estimated)	10,000,000
George Arents	10,000,000
George A. Hearn	10,000,000
Samuel Thomas	10,000,000
Charles Pratt	10,000,000

## 500 FORTUNES OF \$5,000,000.

"At least 500 other persons died during the present generation leaving between \$5,000,000 and \$10,000,000 each," writes Mr. Klein. He gives a partial list of these as:

Edward W. Morrison (Chicago), Charles J. Harrah, Peter Doelger, M. C. D. Borden, Robert Bacon, Eva S. Cochran, William Whitehead, Mary G. Pinkney, Charles G. Thompson, David H. Tolman, Mrs. E. C. Bryce, David Dows, Robert Pringle, James A. Garland, Otto Huber, George S. Bowdoin, Nathaniel Thayer, James J. Goodwin, J. Livingston, Richard M. Colgate, John H. Converse, Francis L. Loring, Baroness von Zedwitz, George W. Crossman, Mrs. Eleanor Pell, Phelps, A. G. Spalding, William H. Walker, W. van R. Smith, Abraham Abraham, Edward K. Bacon, Jacob Langeloth, Byron L. Smith, Charles Kohler, Mary Ann Chisholm, Cora F. Barnes, William W. Cole, George F. Baer, Charles E. Cotting, Helen C. Juilliard, John M. Burke, Ellen S. C. James, Andrew Freedman, Charles G. Gates, Louis C. Hamersley, John R. Marshall, Charles H. Marshall, Charles H. Steinway, John D. Crimmins, Stephen B. Elkins, Oliver Ames (Boston), Jason S. Rogers, Charles H. Tenney, Ernst Thälman, Hobart Williams, B. Guggenheim, L. Arthur Hinkley, Julia L. Butterfield, W. V. van Vleck, Charles G. Emery, Elizabeth M. Anderson, Luther Kountze, Ralph J. Preston, Max J. Breitenbach, and John B. Stanchfield.

The list of those who died in the present generation leaving between \$1,000,000 and \$5,000,000 is too long to print, he says. It contains several thousand names.

## NEW ROCKEFELLER ESTIMATES.

The author devotes a section of his book to the Rockefeller and Standard Oil fortunes under the heading, "The largest estates are from Standard Oil."

"In a single lifetime," he says, "John D. Rockefeller has amassed a fortune greater than that of any other individual or family. His wealth is estimated at \$2,400,000,000, including the holdings in the foundations."

"Mr. Rockefeller is worth \$1,000,000,000 in oil alone. His railroad holdings are estimated at \$400,000,000. His holdings in industrial corporations outside of Standard Oil are appraised at \$400,000,000, and his interest in gas, electric light, and traction is fixed at several hundred millions more. He has several hundred million dollars in bonds of the United States and other countries and in the bonds of cities and States. He owns many millions in real estate and mortgages. Part of this vast wealth is held in the foundations. When Mr. Rockefeller dies his estate will show far less than he owns because a large share of his fortune has already been transferred to his children."

"More than 40 families in the United States have in excess of \$100,000,000 each. More than 100 other families have in excess of \$50,000,000 each. More than 300 other families have in excess of \$20,000,000 each."

"Estimated income-tax returns show that John D. Rockefeller's taxable income is about \$40,000,000 a year; William Rockefeller and the late Henry C. Frick, \$10,000,000 each; Morgan, Baker, Harkness, Armour, Ford, Payne, Vanderbilt, Field, Green, Harriman, Guggenheim, Astor, Hill, Mellon, and Phipps, \$5,000,000 each; the Stillman family, Ryan, Schwab, du Pont, Clark, Brady, and Whitney, \$3,000,000 each; Schiff, Duke, Eastman, Kahn, Swift, Rosenwald, Blair, Huntington, Flagler, Widener, Stotesbury, and Pratt, \$2,500,000 each."

"Others whose taxable incomes are estimated to exceed \$2,000,000 a year are Penfield, Converse, Gould, Reid, Rogers, Hearst, Mills, Davison, Belmont, John D. Ryan, Gary, Bidings, Cochran, Pullman, Couzens, Pierce, Doheny, Chapin, Wendel, Goelet, Woolworth, Plant, Arbuckle, Rhineland, James, Morris, Moore, Phelps, Dodge, Lamont, and Warburg."

"The gross income of most of these persons far exceeds the taxable amount. The gross income of John D. Rockefeller, for example, is about \$140,000,000 a year. His income in 1907, the panic year, was estimated at about the same amount. Prior to that time it was estimated at \$6,000,000 a month."

Now, gentlemen, if you can not pass a tax law in America that will reach these people, if the Congress of the United States can not pass a tax law that will make the ultrarich share the burden of this war debt, then we had better look elsewhere. We had better limit fortunes in this country, if we can not do it in any other way, and double and treble the inheritance taxes. Take, for example, a few estates in this country—the Vanderbilt and Astor estates, the Morgan, Harriman, and Hill estates, and a few others—which control the railroad systems and in large part the food products of the country, the coal mines of the country; and if you can not reach them by excess-profits taxes, gentlemen, you will have to find some other way to do it. Mr. Mills says you can not pass a law that they can not evade. I believe that Congress could force these people to pay the taxes, to pay this war debt. The trouble is you Republicans do not want to make them pay their just proportion of taxes.

Oh, gentlemen, what is the effect of this legislation? You take these big corporations, and you find that there are about 100,000 corporations in America that would not have to pay much of tax under this proposed law, while there is another 100,000 which you would make pay more, because they would make less. Those who make less pay proportionately more tax under this proposition. There are about 10,000, however, in the class here [indicating on diagram] which you relieve of from half a million to a million dollars in taxation annually. In effect you are licensing profiteering. You are telling these great corporations that profited in America while the masses of the people were fighting the battles of the country on the battle fields of France, trying to save civilization, to go on and continue their profiteering. When the masses of our people were fighting and bleeding and dying, gentlemen, these corporations that you are going to relieve of taxes now were profiteering and did profiteer to the extent of \$38,000,000,000 in the years from 1916 to 1920, inclusive. They made that much profit after all taxes were paid, and now you say you are going to shift that burden from them to the masses of the people and the small corporations, whom you will compel to pay \$2,000,000,000 war debt. But the people, gentlemen, will revolt against this outrage. You know they will.

I know how Mr. Fordney will attempt to explain it. Every farmer's organization in America from every State in the Union have been appealing to the Congress, "For God's sake, do not repeal the excess-profits tax and the high surtaxes." The gentleman from Michigan will explain his failure to comply with their wishes by saying to them, when they tell him, "You did an awfully unwise thing when you passed that law repealing the excess-profits tax," Mr. Fordney will say, "What are you talking about? Did we not pass the emergency tariff bill for the benefit of the farmer?" He will attempt to close the whole business up by saying, "Did we not pass the emergency tariff bill for the farmer?" [Applause on the Democratic side.] But as to that tariff bill, I think it has done one good thing; it has disillusioned the American farmer with regard to protective tariffs on farm products. [Applause on the Democratic side.]

Gentlemen, in the general tariff bill you are going to place on the statute books almost a prohibitive tariff, because the Senate Finance Committee, as I understand, has agreed to adopt the American valuation scheme. What does that mean? You are going to hold the American market for the American manufacturers at all hazards. You are going to permit them to charge monopoly prices, and after they have charged monopoly prices in this country under your tariff system, gentlemen, then you encourage them and tell them they may profiteer, and the more they profiteer the less taxes proportionately they will have to pay.

That is the situation, gentlemen. There could be nothing plainer than that proposition. If you are going to place on a corporation an income tax, for God's sake why don't you graduate it up, and the more profit the corporation makes com-



pel it to pay more taxes. But here the more it makes the less it pays. Can you explain it or defend it? Not a man in this House or elsewhere can deny those figures.

I say to you, my friends, that when the flower of the youth of America was fighting the battles of the people and of civilization itself in France, those soldiers came almost entirely from the masses—of course, naturally so, because 95 per cent of the people of America and every other country are composed of the masses, not the rich. I do not cast any reflection on the rich man's son who went to war. He did a good thing. It is all right, but in the very nature of the case there were only a few rich men's sons who went to war. In other words, you sent the sons of the masses of the country to fight the battles of the country, to protect these great corporations, to protect these great institutions, to protect their profits while the war was going on, permitting them to make profits to the extent of \$38,000,000,000, and after the war is over you come back and by your legislation you make the weak corporations and the masses of the people pay the great war debt. Another thing, under this bill you know you are going to have a deficit. You know it can not raise the amount of money you will require to run the Government. Therefore you provide in this bill for the issuing by the Treasury of \$500,000,000 in short-time certificates. You know you are not going to raise the money, and it looks to me like you have traded this legislation for campaign funds, campaign contributions, if you please. You evidently have done it. No honest, sane person, without pressure being brought to bear on him, would ever vote for a proposition like this. No party would do it, and I believe that if you had not hog tied yourselves with this rule you would not vote for it Saturday. Now the question is, Are you going to shift the burdens of taxation to pay this great war debt onto the shoulders of the same men, and their fathers and mothers, who fought the battles of the country in France? That is the question here to-day. While you have the power to do it if you want to, my friends, I hope you are not going to do it.

During the campaign, when Gov. Cox was saying that the Republican Party was going to spend \$15,000,000 or \$20,000,000 to elect its candidate for the Presidency, I saw in the papers one day where Secretary Weeks, former Senator John Weeks, made a statement in reply. I served in the House with Mr. Weeks. I liked him personally very much. He is a splendid gentleman. I saw in the New York papers in great headlines the statement that Senator Weeks addressed a group of business men in reply to the statement of Gov. Cox. The paper went on to say how many billion dollars were represented in the audience. There were a few hundred people at the meeting. Senator Weeks's answer was this: "Ah, gentlemen, suppose it does cost \$15,000,000 or \$20,000,000 to elect the Republican ticket; it will be worth it to the business men of the country." That is what Secretary Weeks said. He said, "It will be worth more than that to you, gentlemen."

Ah, gentlemen, it will be worth more than that to them if you put this bill on the statute books, because you admit you will relieve these great profiteering corporations that have made this \$38,000,000,000 of \$450,000,000, thirty times \$15,000,000, in taxes. Ten thousand of them made \$30,000,000,000 during the war. All of them put together made \$38,000,000,000, and 10,000 of them made four-fifths of that money. One thousand of them made more than half of it, or \$16,000,000,000. In other words, you are letting off not to exceed 10,000 corporations; and when you take off the burden you automatically place it on weak corporations, and you do it, gentlemen, knowing the facts and knowing the results. You also admit in your report that you relieve the multimillionaires of \$90,000,000 in surtaxes.

Now, gentlemen, I have taken all the time I care to in the discussion of this bill. My time is about up, but I hope and trust that there will be enough independent Republicans on that side to unite with a solid Democratic minority to defeat this proposition, and let your Ways and Means Committee come in here with a proposition that every honest man in America can stand upon, whether he be a Democrat or a Republican. If you would fix this thing so that it would bear equally on all corporations, the Democrats would vote for it. They would all vote for it if you would equalize it and make all of the corporations of the country and all the rich individuals pay proportionately their just part of the war debt; but, of course, they can not afford to vote for this sort of a bill. In fact, no honest man can afford to vote for it.

Now, the Democrats are in this position: Of course, you did not permit us to help write the bill. But that is not all. You did not permit us to have the facts that you had. We have not got the facts. I do not know whether you have the facts or not.

I do not believe you have. I know you have not disclosed the facts. It seems that the President of the United States has the best minds around him that Wall Street can furnish. [Applause and laughter.] There is no better Wall Street man in America than your Secretary of the Treasury; and yet, gentlemen, he made a better proposition than you have put up here. The Secretary of the Treasury did that. You are not only fixing to destroy your party, but you are fixing to destroy the country. [Applause.] I thank you, gentlemen. [Prolonged applause.]

#### MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. GREENE of Vermont having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, one of its clerks, announced that the Senate had disagreed to the amendments made by the House of Representatives to the amendments numbered 10, 15, and 32 made by the Senate to the bill (H. R. 7294) entitled "An act supplemental to the national prohibition act."

#### THE REVENUE.

The committee resumed its session.

Mr. GREEN of Iowa. I yield 30 minutes to the gentleman from Massachusetts [Mr. TREADWAY]. [Applause.]

Mr. TREADWAY. Mr. Chairman, I had supposed that there was likely to be a campaign for the election to Congress next year, but after hearing the very able address of my friend from Arkansas [Mr. OLDFIELD] I want to say to my colleagues on the Republican side that it is useless to think of any of us returning. Let us pack our trunks and decide that there will be no Republican Party recognized in the Sixty-eighth Congress. [Applause and laughter.] If we are to take the statement of the gentleman from Arkansas at its full value, that is exactly what will happen. Now, I have always enjoyed political campaigns. I have taken part in a good many in the last few years up in the old Bay State, and I am disappointed and sad at heart at this moment to think that there will not be any campaign next year if we are to believe the eloquent words of the gentleman from Arkansas [Mr. OLDFIELD]. It is always very interesting to see how sorry our Democratic friends are over the tremendous mistakes they tell us we make. However, our old party has weathered the storms of opposition pretty well, and I am inclined to think that the oratory of the gentleman from Arkansas [Mr. OLDFIELD] will not be as great a factor in the minds of the masses of the voters of this country as his eloquent words have been here this morning to his Democratic colleagues. He brought great joy to their hearts by his announcement of the obliteration of the Republican Party, and it seems to me we are apt to survive such errors of criticism as he has made.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. TREADWAY. Yes; very briefly.

Mr. GARRETT of Tennessee. I do not think the eloquence of the gentleman from Arkansas will be so troublesome to the Republican Party as the figures which he presented. [Applause on the Democratic side.]

Mr. TREADWAY. If the figures which the gentleman from Arkansas presented are no nearer correct than was his statement in regard to the exemption of Liberty bonds, we will stand by the figures. He told us that under the present law the exemption of \$165,000 of Liberty bonds under the bill we presented to the House will be doubled. I think you will find that a little later on proof will be brought that the additional exemption of Liberty bonds is about \$10,000 instead of doubling his \$165,000.

Mr. LONGWORTH. The gentleman from Arkansas only made a mistake of 50 per cent.

Mr. TREADWAY. That is all, and probably his other figures are no nearer right than those on the Liberty bonds. Now, my friends, I want to call attention to the sober thought of the parties last year when this subject of taxation and revision was before us. The Republican Party in its convention at Chicago adopted a plank reading as follows.

Mr. GARRETT of Tennessee. Will the gentleman yield for a moment?

Mr. TREADWAY. Yes.

Mr. GARRETT of Tennessee. I understood the gentleman to question the accuracy of the figures that were placed in the Record by the gentleman from Arkansas.

Mr. TREADWAY. I do not question his good intentions.

Mr. GARRETT of Tennessee. Will the gentleman put the correct figures in the Record?

Mr. TREADWAY. I have no reason to revise the public accountant's draft of any figures which he may file. If they are correct, we will be glad to give them full credit, and cer-

tainly the voters, according to the gentleman from Arkansas, will give them full credit.

Mr. LONGWORTH. Will the gentleman from Massachusetts yield for a moment?

Mr. TREADWAY. Yes.

Mr. LONGWORTH. I understood the gentleman from Arkansas made a positive statement that in this bill the exemption of outstanding Liberty bonds was doubled.

Mr. TREADWAY. I heard him say that.

Mr. LONGWORTH. I wish to say that he made a mistake of 100 per cent, because they are not exempt except possibly one issue of \$10,000.

Mr. TREADWAY. I will yield time to the gentleman from Ohio to read the clause in the bill which exempts these Liberty bonds.

Mr. LONGWORTH. It is as follows:

Until the expiration of two years after the date of the termination of the war between the United States and the German Government, as fixed by proclamation of the President, on \$125,000 aggregate principal amount; and for three years more on \$50,000 aggregate principal amount.

Mr. GREENE of Vermont. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. GREENE of Vermont. I do not think the Republican Party has time to revise the statistics of Democratic speeches; we have not finished the auditing of the book accounts of the Democratic administration yet.

Mr. TREADWAY. That is true, and we have not collected the taxes to meet the big bills that they left.

Mr. GARRETT of Tennessee. You will have to hurry if you do.

Mr. CRISP. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. CRISP. My friend will recall that in the Ways and Means Committee Mr. Beck's statement was presented, and one member asked Mr. McCoy and Dr. Adams if it was correct. I interposed and said it would be unfair to expect the gentleman to give an answer as to the accuracy of these figures without investigation, and the committee acceded to that and referred it to them. Did they make a report saying wherein it was inaccurate?

Mr. TREADWAY. Evidently the inaccuracy was discovered, because—

Mr. FESS. If the gentleman will yield, the figures were all hypothetical. I have read the statement, and where the difference of 40 per cent and 30 per cent would be made it would be so much reduction. The question is not whether the figures are correct but whether the profit would be made on the same basis that if the heavens fall we would gather larks. The excess-profit tax defeats the profit.

Mr. TREADWAY. The excess-profit tax unless business improves will be a minor factor when the tax on corporations is made up next year.

Mr. FESS. It will repeal itself.

Mr. TREADWAY. It will repeal itself. Now, gentlemen, let us return to the question of the platform of the two parties last year. The reference to this subject in the Republican platform adopted at Chicago early in June reads as follows:

But sound policy equally demands the early accomplishment of that real reduction of the tax burden which may be achieved by substituting simple for complex tax laws and procedure, prompt and certain determination of the tax liability for delay and uncertainty, tax laws which do not for tax laws which do excessively mulct the consumer or needlessly repress enterprise and thrift.

That was the platform that the Republican Party adopted early in June. Later on, in the latter part of June or in the first part of July, the Democratic Party assembled its delegates in San Francisco, and having had the opportunity of careful perusal of the Republican plank they were able to copy it in phraseology and in meaning, perhaps improving the phraseology a trifle. They had the good example the Republicans had set them in the month previous, and here is what the Democratic Party evolved in its plank:

We advocate tax reform and a searching revision of the war revenue acts to fit these conditions, so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditure. We demand prompt action by the next Congress for a complete survey of existing taxes and their modification and simplification, with a view to secure greater equity and justice in tax burdens and improvement in administration.

In view of the language of that plank adopted by the Democratic Party in San Francisco it is amusing, when a bill is brought in here doing exactly what the platform called for, to have the members of that party endeavor to find excuses for not voting for the bill based upon their own expressions of faith. If the element of partisanship had not again crawled under the tent here, it seems to me that you would do as we did. When you brought in the revenue revision act, acting as

a minority then in good faith, we supported your revision of tax measures, and to-day we are placing a bill before you in conformity with your own platform that calls for your support in the same nonpartisan spirit that we supported your measure three years ago.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. For a very brief question.

Mr. GARRETT of Tennessee. The Members of the minority party at that time sat throughout the making up of the bill, did they not?

Mr. TREADWAY. We did.

Mr. GARRETT of Tennessee. They participated in it in its entirety.

Mr. TREADWAY. Yes; but we voted without the element of partisanship at all.

Mr. GARRETT of Tennessee. Have the minority Members at this time had any such opportunity?

Mr. TREADWAY. We were warned from the floor and in the committee by the acting minority ranking member that whatever we did we could not do business with you, that you were not going to vote for the bill, and that warning was given to us before we tried to frame the bill. That is the reason the Republicans saw fit to frame this measure without the nonpartisan assistance which we hoped to secure from you.

Mr. LONGWORTH. Mr. Chairman, will the gentleman from Massachusetts yield to me for a moment?

Mr. TREADWAY. Yes.

Mr. LONGWORTH. Can the gentleman from Tennessee name an instance where at any time, when this country was not actually at war, the Democrats, when in the majority, have invited the Republicans to participate in the framing of a revenue or a tariff bill?

Mr. GARRETT of Tennessee. In 1916.

Mr. LONGWORTH. Not at all, nor in 1917.

Mr. GARRETT of Tennessee. In 1916 the revenue bill which was then made up was made up by the action of both parties.

Mr. LONGWORTH. I am convinced that the gentleman is entirely wrong, but let me ask him about an even later bill, the revenue bill of 1917. Were the Republicans invited to participate in the making of that bill?

Mr. CRISP. I will answer yes.

Mr. GARRETT of Tennessee. They were not only invited to participate, but they did.

Mr. LONGWORTH. In the minority report on the revenue bill of 1917, as late as the middle of January, only two months before war was declared, which was signed by every Republican, I find the following:

The minority members of the Ways and Means Committee having had no opportunity to formally confer with the majority in the matter of raising revenue to meet Treasury deficiencies decline to accept responsibility for the bill H. R. 20573, which the majority has submitted to the House.

That reflects the courtesy accorded the Republicans by the Democratic majority two months before the war was actually declared. Let us have a few facts in this debate, if for nothing more than a diversion. [Applause on the Republican side.]

Mr. TREADWAY. If I may resume my remarks after the complete answer of my colleague to the question of the gentleman from Tennessee, I wish now to touch on another phase of the formation of this bill. It is well expressed in the words of the Secretary of the Treasury in his letter to the committee of August 10, from which I quote:

I can not too strongly emphasize that the program outlined in this letter depends upon the reduction in expenditures which the administration expects to accomplish, and that the anticipated savings can be effected only by the most consistent and determined effort to cut expenditures.

That represents the attitude of the administration. It represents the attitude of the Republican majority of this House. We stand here pledged and intending to cut the expenditures to the very bottom possible and carry on the affairs of the Government, and this bill is framed with that in view. It is framed under the direction and leadership of the head of the administration, exactly as the head of a family will cut his expenditures in accordance with his income. No family can live happily and contentedly that does not live within its income, and that is exactly what the head of this great family of this country asks here to-day—the production of a revenue sufficient to meet our necessary expenses, and the cutting of expenditures so that we may live within the income which we produce. A careful examination of the bill will show that the bill which we have presented here complies exactly with the program outlined.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. For a brief question.



Mr. STEVENSON. It will take less time than the gentleman will take in explaining. Why, then, do you provide here for an extension of \$500,000,000 of certificates that are authorized to be sold by the Treasury to make up any deficit that may occur?

Mr. TREADWAY. If the gentleman will restrain his ardor, possibly we will get to that point shortly.

Mr. STEVENSON. It is apropos of the statement the gentleman is making.

Mr. TREADWAY. This is not alone a matter of redemption of party pledges. It is intended to be a direct aid to the people for as rapid a return to normalcy as is possible. Our children's children will be grandfathers and grandmothers long before the debts of this war are paid.

And that is right. It is a correct theory and principle that the beneficiaries of this Great War should help pay the expenses of it. It is carefully estimated that 42 per cent of the cost of the war has been paid to the present time. That is our fair share, and the rest should be a debt upon future generations. The tax problem, therefore, resolves itself into a very fair equation. We must provide cash for current expenses. We must meet the interest on the public debt, and we must establish a sinking fund on a sound basis. When these features are properly cared for the duty of the present generation is performed. The gentleman from Texas [Mr. GARNER] in his usual characteristic and impulsive manner yesterday referred to the reduction of the surtax as taking the burdens off of the rich. This, too, was the great call of the gentleman from Arkansas [Mr. OLDFIELD] again this morning, and they both say that our constituents will call upon us for an explanation. I repeat it is always interesting to see the worry and the fret our Democratic friends have that the will of the people is to be worked off or against the Republican Members. Do not worry too much about that, my Democratic friends. We will take care of that, and if there is no harder problem presented to us in the next campaign than the complaint of the gentleman from Texas about the surtax removals, I think the Republican majority will be more likely to be increased than diminished in the next House. That is also advanced in respect to the prophecy of the gentleman from Arkansas this morning. Ever since the income tax became effective, and more particularly since the very high taxes were placed on incomes of large size, the one great effort of the taxpayers of that class has been to shift the burden exactly as he described. In order to avoid this very thing these higher brackets have been eliminated. The method pursued by that class of incomes as has been suggested by the Democrats is not a State's prison offense. But it is not in accordance with the views of the gentleman from Arkansas, and is something for which they should be prosecuted. They have only availed themselves of the opportunity which our laws and our Constitution provide, namely, they can purchase municipal tax-exempt securities, and they can also further the interests, of course, of those amounts in local communities. If there is one thing, my friends, that we ought to do, it is to get at those tax-exempt securities. Now, our lawyer friends tell us that the only way to reach them is through a constitutional amendment. We are going to try to reach that point in a quicker manner. This bill will provide by an amendment to be offered by the committee for the establishment of a commission to study that very question and suggest a means of preventing the escape from taxation of what are now tax-exempt securities.

Mr. KING. Will the gentleman yield for a question?

Mr. TREADWAY. I will yield to my friend from Illinois.

Mr. KING. I ask merely for information. Why is it that the bill provides practically for the exemption of foreign debentures from taxation, of property invested by an American in foreign enterprises?

Mr. TREADWAY. I will say in reply to the inquiry of my friend from Illinois that the question of the investment of money in foreign enterprises is a very intricate and deep one. In spite of the fact our Democratic friends say that we have given no attention to this subject, it has had the very careful consideration of the Republican members of the Ways and Means Committee. I do not think I am breaking any committee confidence when I say that a subcommittee was appointed, of which I had the honor to be a member, to look into the very subject to which the gentleman refers. At first there was strong opposition to the exemption from taxation on that kind of an investment, but in consultation with a man who has the reputation of being the greatest expert on the expansion of the foreign trade—and I refer to one of the members of the Cabinet—we were informed that the provision would permit the expansion of foreign trade and reach out through our securities and our business into channels that to-day are closed markets to us on account of the different methods of taxation in those countries or the different exemptions allowed by foreign coun-

tries to those engaged in the foreign trade. So that, in spite of our original dislike to a provision for the foreign trader or the foreign corporation, we were led to the belief that it probably would be a great benefit to the development of foreign trade, particularly in South America. It was with that in view that the provision to which the gentleman from Illinois referred was placed in the bill. I hope to see very excellent results from that provision. Have I answered the gentleman's question to the extent that he desired?

Mr. KING. The gentleman has answered in a very intelligent way, although he has not convinced me.

Mr. FESS. Will the gentleman yield for a question?

Mr. TREADWAY. I will yield to the gentleman from Ohio.

Mr. FESS. Is it true that the foreign countries in their taxation upon American investments make it so high that no Government can add a tax—

Mr. TREADWAY. I thought I covered that in my answer to the gentleman from Illinois. That is exactly it; that other countries have such exemptions that our manufacturers and our business people are placed at a greater disadvantage in the endeavor to do business in foreign countries. It is only to take care of that situation that the sections about foreign traders and foreign trade corporations have been incorporated. I will say also to the gentleman from Illinois that it is expected another amendment will be offered that will still further confine the possibilities of any abuse under this section. In other words, it is not an income derived from securities, but rather from money placed in business now, that this exemption is to apply.

Mr. KING. If a man owns \$100,000 in debentures issued by a foreign trading company based upon the foreign securities, he would not be required to pay any tax into the United States Treasury?

Mr. TREADWAY. Well, I do not think that the gentleman in the details of it is quite correct. I made the general statement in reply to the gentleman from Illinois [Mr. KING].

Mr. LONGWORTH. Will the gentleman yield on that point?

Mr. TREADWAY. I will yield.

Mr. LONGWORTH. I will say to the gentleman from Illinois [Mr. KING] that I think in some respects his point is well taken, that it is simply a question of investment purely in foreign securities. It is to be looked after by a committee amendment which makes a provision that 50 per cent of the foreign investment must be an actual going investment.

Mr. TREADWAY. I said that, but did not go into the detail of 50 per cent. It must be income from business—not simply from investment.

Mr. HAUGEN. Will the gentleman yield?

Mr. TREADWAY. I will yield to the gentleman from Iowa.

Mr. HAUGEN. To what extent are investments in other countries exempted from taxation, American investments, under the proposed bill?

Mr. TREADWAY. It is not the exemption of securities from other countries; it is exemption of our money going into foreign trade.

Mr. HAUGEN. Investment in other countries?

Mr. TREADWAY. Yes. You can not buy a foreign government bond to-day and not pay an income tax on it, so far as I know. This is just the reverse. This is to take American capital and put it into foreign countries. The gentleman is asking about the reverse position.

Mr. HAUGEN. They are investments in foreign countries. If an American invests his money in foreign countries he is exempt from taxation?

Mr. TREADWAY. There must be 50 per cent engaged in the business of the country. The point of this foreign-trader proposition entirely centers around the desire to take American capital and do a business, not making an investment, but do a business that will be beneficial to American interests in the development of trade.

Mr. HAUGEN. Investment in farms, for instance?

Mr. TREADWAY. Certainly. I do not know why it would not apply to farms.

Mr. RAKER. The legislation is for the purpose of encouraging Americans living in America to invest their money in foreign business and foreign trade?

Mr. TREADWAY. In competition with other countries.

Mr. RAKER. They can remain in the United States and still receive the benefit of the law?

Mr. TREADWAY. They can still remain citizens of the United States and carry on subsidiary agencies, or something of that nature, in foreign countries. There are many instances now where American capital is invested in foreign countries, and it is doing business at a great inconvenience and in unfair competition with other countries that have some such provision



as we are establishing in this law. It was first taken up in the so-called Chinese act which was passed some months ago, and in a sense it liberalizes that.

Mr. Chairman, I find that my time is nearly up, and I will ask the gentleman from Iowa [Mr. GREEN] if he will yield to me another half hour?

Mr. GREEN of Iowa. I yield to the gentleman 25 minutes more.

Mr. TREADWAY. Now, if I can proceed without interruption—

Mr. STEVENSON. Before the gentleman gets to his regular speech—

Mr. TREADWAY. I do not wish to be discourteous to the gentleman—

Mr. STEVENSON (continuing). I wanted to ask a question about what you were talking about as to appointing a commission to devise some method to get around the question of exempt securities. You started to state that and then were interrupted by the gentleman from Illinois [Mr. KING].

Mr. TREADWAY. I did not intend to say "get around," but I meant to overcome.

Mr. STEVENSON. You said that you wanted to get a quicker way than by amending the Constitution. If the committee has any plan, I would like to know what it is.

Mr. TREADWAY. I am glad the gentleman called my attention to that. We have the very best evidence that by reducing these surtaxes holders of these large incomes will be inclined to return higher incomes in their Federal reports, and thereby the Government will be directly benefited. At any rate, the effort will be strongly made to later on legislate so as to accomplish this purpose, and the report of the commission will be eagerly awaited. The subject is too big a one to hastily draft a title which would undoubtedly be taken to the Supreme Court and on the opinion of lawyers finally become inoperative.

The House has already been informed of detailed figures, both in the committee report and in speeches of my colleagues on the Ways and Means Committee. I will therefore not repeat them, and will devote the remainder of my remarks to the effect this bill has on the masses.

It is, of course, recognized that a large part of the tax receipts come from the big enterprises of the country and the large employers of labor. Indirectly these assessments are of interest to every citizen, but the direct interest is that which you and I personally are called upon to pay for the Government upkeep. We hear or read about and wonder at the large sums paid out for carrying on great enterprises, but what strikes particularly home is the tax paid by the individual citizen. But people having large incomes individually are in a very great minority. It is the average man who is interested in taxation.

I want very briefly to call attention to what this revenue bill does for Mr. Average Man, the man you meet on the street, the man you sit next to at the theater, the man whose children attend school with yours, the man who walks out of the house in the morning either with his lunch put up by his wife before starting or is a patron of the counter lunch room near the office or shop, the man who molds public opinion and is public opinion, in that he is the vast majority of the citizens of the United States. So let us examine this bill as Mr. Average Man is bound to do when the postman brings him an official envelope from the Treasury Department containing a blank to be filled out.

Let us start with the blank itself. Mr. Average Man is a small taxpayer and a loyal citizen, willing to pay his share of the governmental expense. He is not experienced in bookkeeping, and dislikes to pay for expert assistance. After having made out his tax bill for the last three or four years he has had periodical calls from other representatives of the Treasury Department. In very many instances he has been told that his first return was incorrect or his reports for the last five years must be reaudited. In fact, whether he was in business for himself or on a salary with moderate investments, he never knew when his account was closed with Uncle Sam, or when he was to receive another call from the department. Hereafter, under the new bill, no accounts, unless fraud appears, can be reopened after three years, nor can another examiner go over his accounts within one year from the time of the last examination. By agreement between himself and the commissioner a final accounting can also be made, so that Mr. Average Man can know exactly where he stands with Uncle Sam.

Owing to numerous cancellations of taxes, the return sheet of Mr. Average Man will be greatly simplified, and further provision is made for a board to give particular attention to an entire revision of the income-tax report with a view to increased simplicity. So Mr. Average Man need not hereafter be unduly wor-

ried or perplexed over making out his return which he has previously felt was not only beyond his skill but beyond that of the proverbial Philadelphia lawyer.

Let us say Mr. Average Man has an annual income of \$4,000. He is somewhere between 30 and 40 years of age, has a wife and two children. His aged widowed mother also makes her home with him and is dependent on him for support. Under the present law he is exempt from taxation on \$2,000, having three in his household dependent on him he is exempted for \$200 additional for each one, or a total of \$600, making the exemption he is allowed to deduct \$2,600. He has, therefore, been taxed on \$1,400 of his salary. This bill gives him an exemption of \$2,500, with \$400 for each dependent; or, in other words, with a family such as described, he will have an exemption of \$3,700 and will only pay tax on \$300 instead of on \$1,400 under the present law.

Still our Democratic friends tell us that this bill does nothing for the average man.

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BARBOUR. How about an average man with an income of \$5,100? How about him?

Mr. TREADWAY. This same thing applies up to \$5,000.

Mr. BARBOUR. I refer to the income of a man with \$5,100 or from \$5,000 to \$6,000 or \$10,000.

I would like to have the gentleman explain to me, for my information, what the bill does for the average man between \$5,000 and \$10,000.

Mr. TREADWAY. I think the illustration I am about to give will cover the inquiry of the gentleman from California. If not, I shall be glad to go into further details. It applies completely up to \$5,000.

When his day's work is over, Mr. Average Man is likely to go out with his family, possibly to stroll through the park, and on his way home will offer to treat the family to ice-cream cones or soda water. For the last three years he has been obliged to either carry a plentiful supply of coppers in his pocket or bother the store to make change, in that 1 or 2 cents for each cone or drink should be collected for Uncle Sam by the vendor—a bother both to Mr. Average Man and to the storekeeper. The prominence of a nickel and a dime as small currency will be restored, provided the storekeeper does not take undue advantage of Mr. Average Man. If he does, the next time he goes out with his family he is likely to patronize an opposition store. But money must be obtained and the policy of this bill is to collect a moderate and fair tax on the article the storekeeper is selling at a profit, rather than levying the disagreeable tax to which I have referred.

Now, Mr. Average Man's wife has said they need a few household remedies in the house, and on the way home he stops in another store.

Mr. ALMON. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. ALMON. What has the gentleman to say in reference to the \$10 tax?

Mr. TREADWAY. There will not be any \$10 tax on the vendors of soft drinks.

Mr. ALMON. I wanted to see how the gentleman would defend that.

Mr. TREADWAY. If the gentleman will defer his curiosity until to-morrow he will see how that is done.

Mr. ALMON. I shall be pleased to get that information.

Mr. TREADWAY. As I was saying, Mr. Average Man's wife says a few household remedies will be needed. Every one of these practically is stamped to-day in the presence of Mr. Average Man and his wife, and the charge is made accordingly. We have changed this provision so that with practically the same amount of income to be derived we nevertheless will not interfere with the convenience or the purse of Mr. or Mrs. Average Man. The taxes will be turned to the manufacturer.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. TINCHER. On the proprietary medicines there is no raise of tax. It is simply a change from a stamp tax to a manufacturer's tax?

Mr. TREADWAY. Yes.

Mr. TINCHER. This will apply to patent medicines and toilet articles and so-called luxuries?

Mr. TREADWAY. Yes. I agree with the gentleman. That is the point to which I am coming. In lieu of the stamps to which the gentleman refers in the inquiry the manufacturer under the new bill will be called on to pay a manufacturer's tax of 5 per cent. Let me incidentally say that on the whole I consider this one of the fairest taxes in the bill. If a few articles could be exempted from its provisions, as have tooth



powder and tooth paste, I should favor such exemption; but there seems to be no way to describe these articles I have in mind separately.

There has been a tremendous propaganda on in the past week by the patent-medicine people in the country. I had no idea there were so many and different kinds of medicines and cures for man or beast as have been evidenced by the letters and telegrams I have received, as I suppose other Members have also. These patent-medicine companies claim we are taxing the poor man's medicine; but, as a matter of fact, we are transferring the tax from Mr. Average Man. At present, it is put on him with every purchase he makes, whereas under the bill we have here the tax will be placed on the people who, in many instances, are making enormous profits—the manufacturers themselves. That is the explanation.

Mr. TINCER. As to the proprietary articles which are not patent medicines, do you not think it would be fair to apply it to them?

Mr. TREADWAY. If the gentleman can prepare an amendment describing them and not get us into trouble with the Treasury Department in the administration of his amendment, I will be very glad to see it put in the bill.

Mr. BARBOUR. What will prevent the manufacturer from passing that tax on to the consumer?

Mr. TREADWAY. There is nothing to prevent his getting an additional charge for his proprietary medicine, provided the wholesaler will accept the additional price and provided again Mr. Average Man will buy his goods rather than the rival's goods. It is true that there is a possibility that it will be passed on, but it will not be the inconvenient stamp tax that is now collected.

Mr. CHANDLER of Oklahoma. Mr. Chairman, will the gentleman yield there?

Mr. TREADWAY. Yes.

Mr. CHANDLER of Oklahoma. In connection with the proprietary and patent medicines that the gentleman is discussing, is it not a fact that this tax proposed in the bill must be absorbed somewhere between the time the article is manufactured and the time it reaches the consumer? Because if it is not absorbed the consumer must pay \$1.05 for an article that is now sold for \$1. They will not do it.

Mr. TREADWAY. Is it not evident that that tax can be absorbed when the dollar article in many instances can be bought in a department store for 59 cents?

Mr. CHANDLER of Oklahoma. There is no doubt about that. A great many manufacturers sell these dollar medicines for \$4 and \$4.50 a dozen.

Mr. TREADWAY. In other words, it is a dollar marked on the wrapper of the bottle, but the price is really what the storekeeper can charge the consumer.

During the day Mr. Average Man's wife wants to indulge in the pleasure ladies so greatly enjoy, namely, shopping. Sometimes she has had a little spare money not actually needed for the support of the household and has wanted to purchase some article perhaps of personal adornment, or of utility, but at what might be a luxurious price. Every article of apparel can be purchased, when this bill becomes law, without the payment of this additional tax which has been burdensome to both her and the storekeeper. There are certain articles, such as carpets, rugs, trunks and valises, umbrellas, parasols, and so forth, selling at above a certain price, which will no longer be added to Mrs. Average Man's bill, but which again will be transferred to the manufacturer, to pay in her behalf.

During the summer season, if living in the city, it may be that Mr. Average Man will wish to take his family on a vacation. To-day the purchase of a car ticket is taxed and the purchase of a seat, so as to ride in extra comfort, or a berth in which to sleep at night, is further taxed. These taxes are entirely removed and this extra expense, either for pleasure or business, no longer is a tax burden.

If he happens to be a traveling man, and is continually on the road as so many thousands of our good citizens are, and makes his sales on a commission basis, he is allowed to deduct his traveling and hotel expenses from his tax return. If he is a small manufacturer and wishes to send his product to market either by freight or express, he will no longer be taxed therefor. The freight and express tax is a direct source of expense on a great many household requirements and necessarily has added to the cost of living. This must, in justice, reduce the cost of many household needs of Mr. Average Man.

Perhaps Mr. Average Man may become fairly well to do and wishes to save in expectation of owning his own home. He has the opportunity under the new bill of investing his savings in a mutual building and loan association and up to \$500 his income from this source will be exempted—another evidence

of the interest this bill is showing in the home life of the man of moderate means.

If he, or any member of his family, wears glasses and has other than the commonest of mounting, he is now taxed on the total amount of the glass on account of the mounting, but under the new bill spectacles and eyeglasses will be exempt.

Should one of Mr. Average Man's children be a son, inclined to athletic sports, the reduction of 5 per cent tax should be reflected in the price he pays for athletic goods. Should his other child be a daughter, there is a reduction of the tax on her toothsome candy.

In short it will be found that the revenue bill proposed by the Ways and Means Committee carries out the Republican pledge not only to those engaged in the major industries and occupations but more particularly, and of much more importance, it reaches to the home life of Mr. Average Man.

Under its wise provisions the costs of his necessities should be reduced, the cost of the garments he and his family wear should be reduced, the cost of the recreations of himself and family should be reduced, the cost of his traveling, the cost of his shipment of supplies—all should be materially reduced by this bill.

The effects of this bill are far-reaching, entering every household in the country and leading Mr. Average Man to a realization that many of the discomforts as well as expenses of the Great War are becoming things of the past. Again the Republican Party keeps faith with all the people of whom Mr. Average Man is typical. [Applause.]

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman.

Mr. BARBOUR. I have interrupted the gentleman from Massachusetts a few times in spite of his request that he be not interrupted, because he is the only speaker so far whom I have heard who has attempted to tell us what this bill actually does.

Mr. TREADWAY. I thank the gentleman.

Mr. BARBOUR. I am asking for information. Does the bill do anything directly for the man with an income of over \$5,000 and up to the amount where he begins to get the benefit of the repeal of the surtaxes? We do something directly for the man who has heretofore paid heavy surtaxes, by removing the surtaxes over and above a certain amount; and for the man with an income under \$5,000 we do something directly by giving him a \$2,500 exemption instead of a \$2,000 exemption; but is there any direct benefit to the man with an income of over \$5,000 and up to the amount where a man gets the benefit of the repeal of the surtaxes? I refer to direct benefits.

Mr. TREADWAY. He gets the direct benefits, to which I have referred in my remarks, of the various repeals. The man with an income ranging between \$5,000 and \$32,000 gets the direct benefit that every citizen of the United States will get by the removal of oppressive taxation.

Mr. BARBOUR. I have referred to those benefits as indirect.

Mr. TREADWAY. I differ with the gentleman there. I claim that the bill before us is a direct benefit to every citizen of the United States.

Mr. BARBOUR. I have in mind the direct benefits which are conferred on men whose incomes are in other classes. I have not heard of any benefits conferred by the bill upon men whose incomes are in excess of \$5,000, but not up to the point where they get the benefit of the repeal of the surtaxes.

Mr. TREADWAY. When we get above an income of \$5,000 we are taking out the great masses of the people. Our Democratic friends have claimed that we do nothing for the masses. I claim just the reverse. There are very few of the masses to whom our friend from Arkansas [Mr. OLDFIELD] refers whose incomes amount to as much as \$5,000. We give to those whose income is less than \$5,000 the benefit of a \$2,500 exemption instead of a \$2,000 exemption. A man whose income is from \$5,000 to \$32,000 can perhaps take his fair share of taxation and still put a little money aside.

Mr. BARBOUR. Why would it not have been a good idea to have continued the additional \$500 exemption clear up the line? Why would not that be fair and proper?

Mr. TREADWAY. I think it would be fair and proper if we could remove all of this taxation; but everyone must realize that the Government must continue to exist and perform its functions, and we are not going to let it run in debt in so doing. I stated that we must have money to meet current expenses. We must have money to establish a sinking fund, and we must pay the interest on our debt. Those are the three great things that this bill is providing for, and we are cutting others to the quick, and we are cutting reductions of taxation to the quick.

Mr. GREEN of Iowa. I think my friend on the right [Mr. BARBOUR] has slightly misunderstood the effect of the additional \$500 exemption. It will extend to total incomes of \$7,500, and where a man has three children it will go on further up. It applies to every married man whose net income is less than \$5,000.

Mr. BARBOUR. Let me read the provision of the bill:

In the case of the head of a family or a married person living with husband or wife a personal exemption of \$2,500, unless the net income is in excess of \$5,000, in which case the personal exemption shall be \$2,000.

Mr. GREEN of Iowa. Yes; unless the net income is in excess of \$5,000.

Mr. COLLIER. Will the gentleman yield?

Mr. TREADWAY. I will yield to the gentleman from Mississippi if I have the time. I thought my time had expired.

Mr. COLLIER. Is it not a fact that incomes of from \$5,000 to \$65,000 get no direct benefits from this bill?

Mr. TREADWAY. It is not a fact. I take issue with my friend from Mississippi. I take just the reverse position.

Mr. COLLIER. The man with a million-dollar income gets the same benefits which the gentleman refers to as those received by the man with an income between \$5,000 and \$65,000 a year.

Mr. TREADWAY. I think the general good for all classes of incomes is thoroughly cared for in the bill.

Mr. COLLIER. The man with the income between \$5,000 and \$65,000 gets the same general good, then, and that only, that a man making an income of \$1,000,000 a year gets.

Mr. TREADWAY. Oh, no; that is the same argument that we have been favored with before and has no merit.

Mr. COLLIER. I yield 15 minutes to the gentleman from Wisconsin, Mr. JOHN M. NELSON. [Applause.]

Mr. JOHN M. NELSON. Mr. Chairman, the gentleman from Massachusetts [Mr. TREADWAY], a member of the Ways and Means Committee, who has just taken his seat, says that this measure is of benefit to the "average man." In that I do not agree with him, but I do agree with him when he states that this measure is of "far-reaching importance." It is, indeed, of "far-reaching importance," not only to the individual Members of this House but to the great political parties and to the people, for it shifts the burden of taxation from those who have to those who have not.

Industrial conditions are now such that the pocket nerve of the "average man," of whom the gentleman spoke, is exceedingly sensitive. He is apt to be alert to find out how we vote on this tax measure. He is likely to listen with great care to the representatives of organized farmers, wageworkers, and consumers who appeared before the Ways and Means Committee protesting against the repeal of the excess-profits tax and the higher income surtaxes, and who now when they learn what this bill does to them are making their protest again by mail and by telegram. All the average men who make up the people of the country are going to listen, because their pocket nerves will be irritated by the heavy, pinching, painful pressure that this bill proposes to put upon them, and which will continue to irritate until this injustice shall be made right. I do not claim the gift of prophecy, but I shall venture to assert that upon this issue—Who shall pay Uncle Sam's taxes?—will be fought out the next and ensuing campaigns.

On this issue, as on every other, there are two sides, and people will take sides dependent upon their point of view. Those who live about the higher peaks of plutocracy will not look at this issue from the standpoint of those who look at it from poverty hill. Out West or down South or up North the Fordney bill will not meet with the enthusiastic favor that it receives in the financial district of the metropolis.

Looking at it from both sides, and especially from the inside, I frankly admit that I am prejudiced against the Fordney bill. I watched closely for months the selfish propaganda behind it; I have given careful study to its provisions, and I have tried earnestly to estimate its effects on the well-being of the American people. The effect of this special interest propaganda has been to increase my prejudice against this measure.

I find myself wholly out of sympathy with the thought expressed by the Fordney bill. To me it says unmistakably, let the people pay the taxes, let the people bear the load of debt brought on us by the war. I do not like the stock argument that the people pay the taxes anyway; that the big fellows add taxes to prices and thus pass them on to the consumer. Even if partly true, I detest it utterly, and far less do I accept the logic of these gentlemen that the law be made to fit the fact, to conform to established business custom. This is mere selfishness. It is the duty of Congress to prevent the shifting, not to legalize it.

I prefer a position based on justice and right. I would have the Fordney bill say, let those who are financially strong and powerful pay their full share of the tax burdens—the men who have the capital and the income. Let the profiteers pay the war debt out of their extortionate profits. Let the idle rich pay, the heirs that inherit vast swollen fortunes, growing from generation to generation. There is poetic justice in the excess-profits taxes and higher income surtaxes being paid by those who wring them out of the American people through monopolies and trusts. Instead of the weak bearing the burdens of the strong, let the strong help bear the burdens of the weak.

Mr. Chairman, I am a Republican. I supported the Republican ticket, National and State. I desire that my party shall do nothing to forfeit the confidence of the country. I value the friendship and respect of party leaders and of my party associates in the House. Being a Republican, I had hoped that I could vote for this bill, but I can not do so. Much as I respect the wishes of the Ways and Means Committee, highly as I respect Representatives who by virtue of their positions are party leaders, I am thinking also of a ways and means committee at home, to whom I am more responsible; and far more important to me than the good will of the party leaders of the House is the good will of the people of my district. Indeed, if I could set aside the question of right that is embodied in this bill, I feel strongly that by voting for it I would risk my political life to please party leaders. My experience has taught me that party leaders are often wrong and the party right. Party leaders are not the Republican Party. The men and women who believe in the principles of Abraham Lincoln, the arch foe of special privilege and oppressive power, the sovereign Republican voters of this land, are the Republican Party, and they are not for the Fordney bill.

Generally, my opposition is based on three fundamental objections. The first is the material fact that by its provisions Uncle Sam's taxes and war burdens, if the Fordney bill passes, will no longer be paid out of the excess profits of the big corporations nor out of the higher income surtaxes of the very rich but out of the earnings of the general public; that it shifts a large part of the burdens of taxation from the financial district of New York to the third district of Wisconsin; and by as much as it decreases the taxes of the captains of industry of Wall Street it increases the taxes of the farmer, merchant, and wageworker of the country.

But every material fact has a moral accompaniment. My opposition to this measure is therefore also based upon the moral fact that by thus transferring the burdens of Government from the stronger to the weaker this bill, in letter as in spirit, overrides the limitations of the moral law. The moral order, which should guide the conduct of nations and citizens, rests upon what is right, just, and equitable; but this bill, by substituting privilege, expediency, and force for these fundamental principles of an ordered moral universe, appears to me to pervert the very object, institution, and function of civil governments.

And, finally, speaking again generally, my opposition is strengthened greatly when I endeavor to forecast the harmful tendency, materially and morally, that all such legislation if not repealed inevitably must have on the life, liberty, and happiness of the common people of my country.

Let me illustrate these general objections in some detail.

Consider the material shifting of the tax burdens. Is it a verifiable fact that the burdens have been shifted? If so, the bill is directly in conflict with the guiding rule given us by President Harding in his opening address to Congress when he said, "The country does not expect and will not approve a shifting of burdens." The acid test of the bill then lies in the word "shifting."

There can be no "shifting" unless there has been some change in our fiscal policy. Therefore, the first endeavor should be to determine the exact scope of any change by contrasting the fiscal policy of the present law with that of the proposed law. This I shall now do by comparing these two fiscal policies in object, in plan, and in results.

A careful study of the law now on our statute books reveals the fact that its sole object was to provide the necessary funds to meet the expenses of war. There is no sign of its looking aside to any special interest.

But one does not study the Fordney bill long without noticing clearly that its purpose is to give business a special privilege. Indeed, the special object is so clearly manifest when we study the provisions of the bill that no one can seriously dispute the admitted fact that the bill was framed with the purpose in view of satisfying business. This object is variously stated and defended in the debate. It is spoken of as "taking the brake off business," "removing the handicap off business," "furnishing relief to business," "bringing about a



revival of business activity." So, comparing the purposes of these fiscal policies, we note that while the present law looks to the demands of the country, the proposed law looks to the demands of business.

Is the object of a law a mere arbitrary matter? Had not Mr. FORDNEY and his committee the full power to do as they pleased? Were they limited by any higher law? Has right and wrong any real significance? It would sometimes seem that these terms have no real content in lawmaking and may be ignored at will. Perhaps so, but for the sake of old-fashioned ideals, it should be said that as the present law sought the common good, everybody accepted it in the main as fundamentally right, even its most selfish critics.

The need of the country was great. Its purpose was to provide the revenue to meet the emergency of war. It is true that the war is technically over, but it is equally true that the war debt is still with us. The needs of the country for huge revenues to meet the expenses brought on by the war is undeniable. It would seem that the Fordney bill should have kept this goal steadily in mind until the staggering problems of the war debt had been justly determined by the American people. But the Fordney bill saw fit to turn aside.

Whatever may be one's individual view of moral values, it is the common consent of mankind that Government must conform to moral principles, and looking at the objects of these two fiscal policies, comparing the one with the other ethically, even the man on the street whose moral sense may be debased and dull would unhesitatingly declare that only that law which looks to no special interest but steadily for the common good is fundamentally right.

Having considered the divergent objects of these two fiscal policies, I now desire to direct your attention to their contrasted plans. I shall divide the plans into two parts: (1) Their underlying principles; (2) the formulation of their content.

The plan underlying the existing law was admirably stated from a material point of view by former President Wilson. Speaking to Congress on the subject of Federal taxation, he said:

I take it for granted that its mainstays will henceforth be the income tax, the excess-profits tax, and the estate tax. All these can be adjusted to yield constant and adequate returns and yet not constitute a too grievous burden on the taxpayer.

Doubtless this fiscal policy, clearly outlined by the Executive, was devised by the heads of the revenue departments, who were advised by the experts of the Government and by the best economists of the country. The President used the word "henceforth." He spoke of the fact that these taxes could be "adjusted" so as to yield "constant and adequate returns." It was the formulation of a permanent tax policy, not only for the war but also to bear the burdens of the war debt.

Now, our inquiry should be, Does this policy rest upon sound economic principles? We will call as witnesses the severest critics of the excess-profits tax and the income surtaxes. We might call to the stand to testify their friends, but we will call as witnesses men who have had a part in the propaganda to destroy these taxes.

I will first quote Dr. Thomas E. Adams, the adviser of the Treasury Department. In a carefully prepared magazine article he says:

It is not by lack of thought or through design upon private enterprise that men like Otto Kahn and E. R. A. Seligman have declared that the general aim and theory of the excess-profits tax are sound.

I quote Dr. Adams, because—whether under pressure or not I do not know—he has lent his influence somewhat, although he still speaks of himself as a friend of these taxes, to the critics of the excess-profits tax and higher surtaxes.

Likewise Prof. Seligman admits, in a recent article, the soundness of the plan upon which the present fiscal policy is based. He says:

With all its shortcomings, however, income constitutes the best form that we can devise and explains why in the Great War the backbone of our fiscal system was composed of income and profits taxes.

Mr. Otto Kahn, of the great Wall Street banking house of Kuhn, Loeb & Co., admitted the virtue of these forms of taxes in these words:

I may mention that I am not opposed to the theory of an excess-profits tax. \* \* \* On the contrary, I believe that theory has much to recommend it. \* \* \* In theory it is a wholly just tax.

These admissions are made because the plan of the present law is invulnerable.

The Fordney bill, on the contrary, is virtually constructed without a plan. It is destructive rather than constructive. It destroys entirely the chief mainstay of the present policy, the excess-profits tax, and it breaks off from the top halfway down

that other mainstay, the income tax. To offset these destructive acts, it increases 2½ per cent the normal tax on corporations. It gives the Secretary of the Treasury power to meet a deficit by issuing \$500,000,000 of certificates of indebtedness. By assuming that the promises of heads of departments to reduce the expenses of government will be made good, it promises to greatly reduce the total sum of revenue to be raised. Various temporary makeshifts are also adopted.

The theory of the Fordney bill seems to rest wholly on expediency, favoritism, and force. It is force that is applied to drive it through the House under an ironclad rule and by an appeal to blind party spirit. It is expediency that removes from the existing law the excess-profits taxes and higher surtaxes. Favoritism grants the additional exemption of \$500 to heads of families and \$200 for dependent children. The Fordney bill looks ultimately toward an increase of consumption taxes. In fact, an organized propaganda seeks to put through what is known as a tax on sales. This has been prudently left for the Finance Committee of the Senate.

Contrasting the clean-cut plan embodied in the present fiscal policy, intended to be permanent, with the principle of expediency as the groundwork of the present law, seeking to satisfy temporary political exigencies, one is brought irresistibly to the conclusion that the plan of the present law is the work of a high degree of patriotic statesmanship, while that of the proposed law is the handiwork of temporizing partisans.

From the point of view of justice and equity there can be no principle more true than that men with great fortunes and excessive incomes should pay for the protection the Government gives them. These huge fortunes that mount up to hundreds of millions and these great incomes which reach into hundreds of per cent are derived from business protected at home by the police power and courts and abroad by the Army and Navy. The colossal debts of governments are due to the maintenance of armies and navies in the magnitude demanded by men of great financial means, and wars are brought upon nations by these international traders who demand the privilege to traffic with belligerents in munitions of war. Of all people, these men have no just complaint against a law that demands payment of taxes proportionate to protection of property.

Surely, too, it is no less a true and just principle that individuals and corporations should pay according to their financial strength, and the measure of their individual and corporate income is the exact moral measure of their taxpaying ability.

And may I add that it is a perversion of the principle of justice as well as equity, shocking to the moral sense of mankind, that these possessors of great properties and incomes use their power in politics and in Government to enact laws to lift their taxes and to shift them to the backs of the common people.

Contrasting the forms of taxation as formulated by the Treasury experts, the excess-profits tax was worked out in detail thus: An allowance of \$3,000 of net income was made exempt from any Federal tax; also a further exemption of 8 per cent on invested capital; after that the rate was 20 per cent on excess profits up to 20 per cent of invested capital and 40 per cent of the net excess profits above 20 per cent of invested capital. A normal tax of 10 per cent was further levied on net income after deducting excess-profits taxes.

This whole excess-profits tax is abolished by the Fordney bill.

Taking up the income tax the experts of the Treasury Department worked out the following progressive rates: First an exemption of \$1,000 for a single man, \$2,000 for a married man, and \$200 for a dependent child; then a tax of 4 per cent up to \$4,000 of net income and 8 per cent above \$4,000 of net income. This was called the normal income tax, but to get at the higher incomes certain upper taxes called surtaxes were levied. These income surtaxes increased as follows: One per cent to \$6,000, then increasing 1 per cent for each \$2,000 of net income up to \$100,000. From \$100,000 to \$150,000 the rate is 52 per cent; from \$150,000 to \$200,000, 56 per cent; from \$200,000 to \$300,000, 60 per cent; from \$300,000 to \$500,000, 63 per cent; from \$500,000 to \$1,000,000, 64 per cent; and above \$1,000,000, 65 per cent. Therefore, adding the highest surtax to the normal income tax, it would be 73 per cent on incomes above \$1,000,000.

In the Fordney bill this tax is mutilated in that all surtaxes above 32 per cent are abolished, so that an income of \$1,000,000 pays no more progressively than an income of \$66,000.

Taking up the inheritance tax, we find no material change made.

As substitutes for these changes of rates in the two great tax-producing forms, numerous makeshifts were arbitrarily resorted to. Many of these minor forms of taxation were changed by committee amendments offered in the House under protest

from the people, such as taxes on soft drinks, druggists, insurance companies, sporting goods, and the like. On the other hand, a further extension of the evil of exemption of tax-free securities was made as to Liberty bonds and as to capital employed by Americans in foreign trade.

Summing up our analysis, it is quite evident that the changes made are a marked deterioration of the skillful and exact formulation of rates of the existing law. Looking at the contents of the provisions of the Fordney bill as to its destructive effect on the present tax system, I find that it tears to pieces a fiscal policy that was built up in our law by the leadership of both parties, the spirit of partisanship banished, and all backs turned to special interests, its provisions elaborated into symmetrical forms by most skillful tax experts, and the whole law vitalized by unanimous votes of representatives of all parties, not only in the committees but also in both Chambers of Congress, patriotically breathing into it the undivided, uncorrupted, and unconquerable will of the noblest spirit of America.

The results of these two fiscal policies as to their productivity are also instructive. The fiscal policy of the present law has stood the test of experience. This is the fourth year of its trial. It has produced the revenue, the returns have been constant and adequate to meet the needs of the Government. According to the Commissioner of Internal Revenue, the Government could depend upon the income and profits tax for three-quarters of the internal revenue. For the year 1920, 73.6 per cent of the taxes came from the income, excess profits, inheritance, and surtaxes. Only 26.4 per cent of the revenue came from consumption and other taxes. For the fiscal year 1921 the income and profits taxes alone yielded \$3,225,790,653. In other words, the income and profits taxes produced 70 per cent and all the other taxes produced 30 per cent of the total receipts. This is a complete and decisive proof of the productivity of the excess-profits tax and the income tax in the present law.

The Fordney bill, on the other hand, conceding the productivity as claimed by its author, will not exceed \$3,000,000,000. In view of the statement of President Harding that the average yearly expense will amount to \$5,000,000,000, the Fordney bill is certain to fall short of one to two billion dollars in revenue. Doubtless the Finance Committee of the Senate will complete the program by an increase of revenue through a sales tax.

When I think of the future needs of the country, the immediate demands for meeting obligations due in 1923, amounting to over \$7,500,000,000, and the expressed promise of a bonus to the soldiers of the World War, if not in words clearly in acts of Congress, it seems to me almost incomprehensible that the Committee on Ways and Means dared to tear to pieces the best producing branches of the fiscal policy—a tree which has not failed to bear constant and sufficient returns with which to meet the greatest needs, and to substitute for it a deformed trunk which can not be depended upon to produce anything near the necessities of the Government. But we shall see what the future brings forth. "By their fruits ye shall know them." This much we do know now, that the fruits of the present fiscal policy have been sufficient. The fruits of the proposed law, even the members of the committee admit, are veiled in the darkness of uncertainty.

Therefore, as a result of our study of the acid test, suggested by President Harding, a "shifting" which he said the people "did not expect" and "would not approve," and after contrasting the fiscal policy of the existing law with that of the Fordney bill in object, plan, and productivity, we conclude that the Fordney tax bill makes radical and far-reaching changes in the fiscal policy of the country. These changes are distinctly in favor of the individuals who have the largest incomes and in favor of the corporations that have the largest profits, at the expense of the general public. The 2½ per cent increase of the normal tax is an added burden to the smaller corporations. The losses in taxes from this repeal of the excess-profits tax and from the reduction of the high rates of the income taxes, when the times get better and the profits and incomes are again comparable to those of former years, will be from one to two billion dollars annually. Indeed, it is my opinion that the repeal of the excess-profits tax alone represents a shifting of burdens, even in ordinary times, of at least a billion dollars annually.

Having reached the conclusion that there has been a change of policy, has there been a shifting of the burden from one group to another group of citizens? In order to get a basis of judgment we naturally divide the taxpayers of the country into four groups in accordance with their capital and income. One of the largest but least productive groups would be the wage-workers. Another group, classified according to capital and income, would be the farmers. A third group, classified according to capital and income, would be the smaller merchants.

The last group, classified according to capital and income, would be the so-called captains of industry, the larger manufacturers, and other leaders in commerce, banking, trade, and industry.

From an examination of the tax returns, as well as from common observation, indeed, it is self-evident that neither wage-workers, farmers, nor the smaller merchants pay, to any considerable extent, either income, excess-profits, or estate taxes. In short, the statement has been made on reliable authority that 85 per cent of the population of our country do not pay taxes in these forms. In other words, that only 15 per cent of the people pay either estate, income, or excess-profits taxes. The conclusion is therefore inevitable that the fourth class, the men who have the large capital and receive the large incomes, pay these taxes. It also follows that to the extent that the tax burdens are lifted from the fourth class, they are shifted to the first, second, and third classes. Concretely, what is taken off the burden of the capitalists with the large incomes in the form of excess-profits or income taxes must be either suspended in the air or replaced by other forms of taxation spread out among the wage-workers, the farmers, the merchants, and whatever other groups there may be of the common people. From a study of these taxes it is perfectly self-evident that there has not only been a change in our fiscal policy but there has been an excessive shifting of burdens.

In conclusion, I desire to point out some of its probable effects on party success and national well-being.

I question the wisdom of party leadership that ventures thus to defy the soldiers of the World War, organized wage-workers, and farmers, and the progressive wing of the Republican Party.

Consider first how this bill will be received by the soldiers of the World War. By their representatives and in their letters they have made it clear that they desire justice. They were conscripted by law. They had to leave their positions, some of them lucrative, to accept a wage of \$30 per month. I forbear to mention the risk they assumed of loss of limb and life, their suffering and their servitude. While they were compelled to sacrifice income, health, and life, these gentlemen, who are now receiving this relief from payment of their income and excess-profits taxes, were profiteering to the extent of at least \$5,000,000,000. The House recognized the justice of this claim. A bill was passed granting the soldiers a bonus. Likewise the Finance Committee of the Senate recognized the justice of the claim, but the President of the United States, in view of the condition of the Treasury and the distress in the country, asked that this bill be referred back to the Finance Committee.

How will the soldiers feel about this reduction in taxes for the relief of these high-class profiteers? So far as the shifting of the burdens goes, it amounts to this, that if the soldier bonus is ever paid after the repeal of the excess-profits tax and surtaxes it will never be paid by the profiteers of the war. The Fordney bill prevents that possibility. The irony of it is that the soldiers will in large part pay for their own bonus.

How will this bill be received by organized farmers and wage-workers of the country? No amount of sugar coating in the way of small exemptions for married men and dependent children will make the bill more palatable to them. Every national farm and labor organization protested against the repeal of the excess-profits tax and a reduction of the surtaxes. Their organs published articles in condemnation of the propaganda of their repeal. The American Farm Bureau Federation in an appeal to the President denounced the Fordney bill in these words:

The new bill will raise the proportion to be collected out of the living wage and pay envelope from 26.4 per cent to over 50 per cent. In 1920 the percentage of tax raised by income and excess-profits taxes was 73.6 per cent of the total, and the amount raised by consumption and other taxes was 26.4 per cent. The burden of both the personal income tax and the excess-profits tax is on net income, and the repeal of one and cutting in two the other is one effort to shift the burdens.

Members of Congress know that the farmers and wage-workers of the country have made their protest, and these organized voters have a way of making their protest good.

Finally, consider the probable effect of this bill on the progressive wing of the Republican Party. Party leadership under Mr. Taft ran the party onto the rocks. Mr. Roosevelt bolted the Chicago convention and placed himself at the head of the Progressive Party. Mr. Taft lost every State but Rhode Island and Utah.

Roosevelt is dead; the progressive spirit still lives. Temporarily progressives worked with conservatives to defeat the League of Nations and the Wilson policies. The overwhelming Republican victory is not attributable to popular confidence in the virtues of Republican but in the disapproval of Democratic leaders. Party leaders fail utterly to understand the progressive



protest, and they are as blind now as then in foresight. They fail to realize the conditions that prevail throughout the country. The Esch-Cummins law remains unrepealed, railroads are to receive from the Treasury a half billion dollars more, the Fordney tariff bill raises rates above the Aldrich-Payne bill, the Naval and Military Establishments are still maintained at a cost that approaches \$1,000,000,000, the Fordney tax bill repeals the excess-profits taxes and the higher surtaxes.

Conservative leadership is purblind not to be warned by the past. Progressive Republicans stand for the rights of men, for fundamental principles of government, and are moved by humanitarian motives. The progressive movement was in substance a moral protest. Progressive leaders and progressive voters, men and women, demand progressive legislation. If conservative leadership shall continue to insist on steering the ship of state by the old special interest compass, it requires no gift of prophecy to foretell the future.

Mr. Chairman, in conclusion, I shall consider the harmful tendency materially and morally that this legislation, if not defeated, must inevitably have on the life, liberty, and happiness of the people of America. The wrong done to a large portion of the people by this bill I can best present in a pictorial way. This I have tried to do in a farm fable, a tale of three cows, entitled:

THE FORDNEY MILKING MACHINE.

Once I saw a great cow painted on the map of the United States. Her head was turned toward the West where the people fed her the richest fodder. Her well-filled bag hung over the financial district of New York, where captains of industry drained her daily, filling their capacious vaults with her golden product. This cow represents a fact and not a fiction.

For many, many years Uncle Sam had gotten his milk with much ease from an old good-natured country cow of a different breed. She was fed by the common people, East and West and North and South, producing what is known as "consumption" taxes; and she never failed to yield enough for his ordinary family use.

But when the war came Uncle Sam found it necessary to arrange for a third cow to supply his greatly increased needs. Her head was toward the East, not far from a place called Wall Street. The captains of industry were compelled by law to supply her regulated rations, and her bag was placed directly over the Treasury Department. When milked by Uncle Sam's skillful hired man, according to the printed rules and regulations which had to be carefully prescribed, this Wall Street cow—for so she is called—gave forth most bountifully. There were just three paps to her udder. One was called the excess-profits tax—a firm pressure and a rich, golden stream would flow abundantly. The second was called the income tax. It was also a steady and plentiful producer. The third source was called the inheritance tax. It was not used freely, but is a wonderful reservoir of reserve supply.

Now, this Wall Street cow has yielded for four years no less than three-fourths of all of Uncle Sam's needs. Then it so came to pass that through high freight and interest rates distress fell upon the people of the West, and the fodder for the first cow fell off considerably, which failure was gradually reflected, after an orgy of war profiteering, in the vaults of the captains of industry and of their friends in the East.

A cry for relief went up from Wall Street which was heard in the land, for Wall Street can make a big noise when pinched a little. Thereupon the big-hearted gentleman from Michigan [Mr. FORDNEY] hastened to afford prompt relief, with a new-fangled milking machine which he had hurriedly put together with the best help he could get, and thus certain curious adjustments were made to the teats of the tax-yielding bossies.

From the Wall Street heifer Mr. FORDNEY proceeds to cut out entirely the excess-profits pap and to "plug up" the source securely. He cuts off the income surtax pap more than one-half to greatly reduce its yield, and he does nothing to tap the immense reservoir of the inheritance supply.

But, alas, for the old faithful country bossie! Helped by many willing hands, Mr. FORDNEY leads her from daylight into darkness, for the genial gentleman from Michigan is a wizard at darkening cows or counsels with words. Soothing her with soft syllables, he feeds her tiny bits of sweetened "exemption" fodder, drugged with strong hypnotic dope, while experts tap a half dozen new sources of supply in her dried-up udder.

Now, what I am curious to see is what will happen to JOE FORDNEY's new-fangled milking machine, with its "shift" device, when the old country cow comes to and starts to kick? [Laughter and applause.]

What will be the magnitude of the shifting of burdens? This will vary as times are good or bad. For the calendar year

the estimates are that the excess-profits tax entirely repealed by this bill and the income surtaxes greatly reduced would amount to \$540,000,000. For the fiscal year ending June 30, 1921, former Chairman Good, of the Appropriations Committee, estimated the excess-profits tax alone at \$1,700,000,000. This form of tax has been so highly productive that there is reason to believe that when the times get better the excess-profits tax and higher surtaxes would produce an amount far in excess of their present estimated yield. But whether the excess profits and higher income surtaxes would amount to \$540,000,000, as estimated by Chairman FORDNEY, a sum equal to the total cost of Government for one year before the war, or whether they would equal the high figures of the years since the war, the repeal of these taxes means such a colossal shifting of burdens—likely above a thousand millions a year—a shifting that must inevitably speed up the present unequal distribution of the Nation's wealth alarmingly.

The repeal of these forms of taxes at this time must have a disastrous effect upon the country, because the Government needs average \$5,000,000,000 a year. It has a twofold evil effect. While it relieves the one group it adds to the burdens of the other groups. No country can long endure the strain of such a grossly unjust law without its being rapidly changed into a condition of oligarchy on the one hand and servitude on the other. It is only a question of time, if this kind of legislation shall prevail, when there will be an end to any semblance of political democracy. For all history proves that with the concentration of a nation's wealth goes also its political power.

This concentration has been made possible by the corporation privilege. Forty years the people of America have struggled with the ever-growing power and attendant evils of that artificial creature. By a process of evolution it has assumed many forms until it now exists in every field save farming as a combination of corporations in some kind of trust or monopoly. Every student of American history knows that in substance free competition in industry, commerce, and trade is virtually at an end.

In some fields there seems to be a semblance of competition, but as a matter of fact the big fellows fix the price and woe be it to the little fellows if they do not behave. Concretely, this general situation is well illustrated by the Standard Oil, the meat packers, the coal operators, and the United States Steel Corporation.

Now, there is an exceedingly great virtue in the excess-profits tax and the higher income surtaxes that most people do not seem to see—a virtue that makes the big combinations of capital fear these taxes far more than any other law on the statute books. The Sherman antitrust law is not to be compared for a moment with the instruments of equalization. Dr. T. S. Adams, the tax expert of the Treasury Department, calls attention to this virtue of the excess-profits tax in these words:

It is in keeping with the best and latest theories of incidents and shifting. It aims at windfalls, the fruits of chance and luck, monopoly gains, war profits, and the like.

Prof. Henry C. Adams, the great tax expert and economist, who recently died, pointed out this great virtue of the excess-profits tax. On the subject of the taxing power of the Nation on price regulation he said:

We shall probably have more of such regulation as time goes on. \* \* \* Under such circumstances, a tax upon excess profits makes the results of price regulation more equitable and more attractive. \* \* \* We can not give to each industry the same opportunities of location, proximity to markets, good shipping facilities, good credit institutions, and good government; but we can make inequalities a little less by imposing a tax upon the differential product—upon excess profits. Conceivably the excess-profits tax may assist materially to promote that equality of opportunity which is necessary to good business as to good citizenship.

Leaders of the farm organizations are not entirely unaware of this immensely great virtue of the excess-profits tax. Mr. H. C. McKenzie of the Farm Bureau Association says:

While recognizing that the first consideration in any scheme of taxation is the raising of revenue, its collateral effects must not be lost sight of and, in so far as practicable, the taxes should be so levied as to tend to the distribution of wealth in the hands of the few.

There is nothing in our law to compare with these forms of taxation as instruments of equalization.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. JOHN M. NELSON. If you will give me time?

Mr. GREEN of Iowa. How much time does the gentleman want?

Mr. JOHN M. NELSON. Yield me as much time as the gentleman consumes.

Mr. GREEN of Iowa. I will yield the gentleman two minutes. Does not the gentleman know that the experts have shown that the excess-profits tax bears more heavily on the small corporation than it does on the large corporation?



Mr. JOHN M. NELSON. I have read statements of that kind, but also statements by experts to the contrary. Indeed, Members have received printed tables prepared by Mr. Howard Clinton Beck, certified public accountant from the State of Michigan, which Treasury experts admit are correct, and these tables prove conclusively to any fair mind that the proposed repeal of the excess-profits tax in this bill bears most heavily on the smaller corporations and is clearly in favor of the large corporations. However, this was not the point to which I was drawing attention. I wish to point out the virtue of these excess-profits and progressive-income taxes as equalizers.

As equalizers what a wonderful pair of levers are the excess-profits and income taxes that the war placed in the hands of the American people. By adjusting these levers we could solve not only the evils of war profits, of inflation, but also of monopolies and trusts. The Sherman antitrust law must be operated by the Attorney General, and therefore it usually lies idle covered with the cobwebs and dust of the years, but many thousands of men are operating the tax laws and enforcing them to the penny. The Constitution gives undisputed power to the Government to enforce its tax laws. No packed juries, no high-priced attorneys, can interfere with their operation. By means of the excess-profits and income taxes we could solve the monopoly problem and the problem of the high cost of living, and by means of the inheritance tax we can solve the problem of the huge fortunes that are now a menace to our well-being. Shall we permit these levers to be torn out of our hands and wrecked by this Fordney bill? Heaven forbid!

Should these levers be wholly destroyed now, surely the people and their real leaders will make the issue in the next campaign the restoration of these forms of taxation. Upon this issue in the years to come depends real democracy in the American Republic. If the people fail here to hold these points of vantage that war has placed in their hands, the one great good that has come to them out of the war, it means that democracy in government will be ground between the upper and nether millstones of plutocracy and socialism. When plutocracy shall have run its course, then the masses may turn to socialism, and behold—Russia.

Bourbons behind the scenes who are insisting on this reactionary legislation be warned. Why are you not satisfied now with your huge war gains? Why are you not satisfied now with your monopoly profits? Why are you not satisfied now with your heaped-up wealth? Why will you thus insist on putting the Republican Party in jeopardy of disaster and arousing the fury of Demos? Will you never learn that you can not safely override the limitations of the moral law? How can you expect the people to respect your rights if you shirk your duties? How can you think that you can have justice if you constantly practice injustice? How can you hope to reap equity if you sow inequity? Be not deceived. There is a moral Governor in the universe, and He has said: "As ye sow, so shall ye also reap."

I appeal to the Representatives of the American people. If we can not defeat this reactionary legislation, we can at least make our protest by our votes. If we can not prevent its passage now, we can at least make our record right and appeal to the country. We must take our stand against the repeal of these taxes. If the great special interests shall drive us out of these tax intrenchments thrown up in the hour of the country's great peril brought on by these same sinister forces insisting upon the protection of their right to traffic in the materials of war with belligerent nations, if they shall now be permitted to keep intact the proceeds of their ungodly profiteering—unconscionable profits wrung out of the people during the stress of war—if we now permit them to shift the burdens of the war debt with its huge interest charges and with the increased costs of government, including the present Army and Navy programs, then we are, indeed, unworthy Representatives of the American people and deserve not their continued trust.

My appeal, I know, will go unheeded. Many Members have not given this bill the careful study it demands. They do not realize the significance of the excess-profits tax and the higher surtaxes, for, if they did, I am certain that this bill would be defeated by an overwhelming vote. But not realizing what they are doing, having yielded to the fierce spirit of partisanship, and being held in line by a caucus rule, this bill will pass. Be that as it may, it is not the end of the road. There is still left the appeal to the American people and to the God of our fathers. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I shall spend no time in answering the gentleman who has just preceded me, because there is nothing to answer. He has piled denunciation on denunciation without a syllable of argument or a word of fact.

It is not necessary that I should attempt to answer him or discuss what he has said. I wish, however, to pay attention to some of the speeches on the other side which have preceded me.

The Democratic Party, or at least the Democratic leaders, have always been on the wrong side of every financial question, except when they have occasionally followed Republican plans. They are running true to form to-day. They are splendidly holding their own and keeping up their record.

The history of the Democratic Party has been a history of the support of financial blunders and of fantastic economical theories; it has been a history of prodigal and criminal waste in the last war. Now its leaders come here to-day reversing themselves upon every position they have heretofore taken, and expect the American people to listen to their denunciation of capital and wealth, unsupported by argument, and not based on any facts. Look at their record. No wonder the gentleman from Texas [Mr. GARNER], who now sits smiling before me, did not care to listen to it yesterday. No wonder he said it had been repudiated by the American people. It has time and time again been repudiated by the American people. Away back when I was a boy I heard Democratic orators go out and appeal to the same spirit of prejudice, just as they are doing to-day, saying at that time, "Are you going to pay bondholders in gold when you paid the soldier in depreciated currency?"

I heard them then assert that it did not make any difference, even if we had contracted to pay the interest in gold, we ought not to so pay it; they urged that we break our contracts. Fortunately the good sense of the American people, the honesty inherent in them, never was ready for a moment to support that proposition, and they saw also that it was not good business; that it would not result in maintaining the credit of the American people in the long run; and we paid back every dollar of it. Then, a little later came on the greenback craze, when I heard gentlemen talking a great deal as did the gentleman who just preceded me, in denunciation of wealth and capitalists on every hand. It won in some localities. It won even in my own State; but, like all other Democratic financial theories, it was later abandoned, long ago, and they want to hear no more about it, like the rest of their theories in respect to finance. They said at that time that we must issue great quantities of greenbacks; that it was not necessary to redeem our currency in gold; and the plan would never be successful. Again, they asserted that it would be an injury to the poor man and for the benefit of the rich, but a few years demonstrated that it was for the interest of the whole country, and now nobody claims that the proposition of the Democratic Party was right.

Later on came another financial heresy, supported by the silver-tongued orator of the Platte, Mr. Bryan, who wanted to issue silver in free and unlimited quantities at the heaven-born ratio of 16 to 1. I do not know where my friend from Texas stood at that time, but from the line he took yesterday I would rather infer that he supported the proposition. Whether he did or not, he and his party long ago abandoned it. Now they want to forget it, just as they will what they are saying to-day. They will want to hear no more of what they say to-day when a few years shall have passed by and have shown the propriety, necessity, and the benefits for the people of the United States which are to be found in this bill.

Then came the Great War, when the versatile McAdoo, the Pooh-Bah of the last administration, demonstrated his great ability to get the Nation into debt. Now the burden of carrying this debt is cast upon the Republican Party. The repudiation of the Democratic Party arose from this prodigal waste of which you have heard so much, and it will be years before the Democratic Party hears the last of it. The Democratic Party saddled this enormous debt upon us and we must in some way pay it. That is the reason for this bill. In all of this history do you find one line, one record, one intimation that the Democratic Party through its leaders ought to be trusted to carry out any great financial program? No. Yet I had some hopes that upon this occasion there would be a different line of thought. I had some hopes that they would follow their great leaders. They have had them. Not all of the Democratic Party has been lacking in reason and judgment upon financial questions, but when their real prophet spoke it was as the voice of one crying in the wilderness among lost souls, and the leaders who took charge of the party were blind leaders, who led it into the ditch. During the last campaign, and even before in the last administration of President Wilson, when he had three different Secretaries of the Treasury, what was the policy of the Democratic Party? Every single Secretary of the Treasury recommended the repeal of the excess-profits tax. Every one gave sound and



cogent reasons for its repeal. President Wilson himself joined in the recommendation for its repeal, and studying the reports made by his administration I had thought that possibly the gentleman from Texas [Mr. GARNER] and the gentleman from Arkansas [Mr. OLDFIELD] might be willing to listen to reason. Instead, they seem to think they had found some place where they could appeal to the passion and prejudice of people against the rich and try to make out this bill is one in favor of great wealth and against the poor, as I shall show it is not.

Not only that, but the Democratic candidate went up and down throughout this broad land proclaiming everywhere that the excess-profits tax ought to be abolished. He gave his reasons for it, sound and cogent reasons. And where were the gentleman from Texas and the gentleman from Arkansas at that time? Were they objecting to this program?

Mr. HUDDLESTON. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. I do not know where my friend from Alabama stood, but those gentlemen were heartily supporting it.

Mr. HUDDLESTON. I rose merely to call the attention of the gentleman from Iowa to what happened to the candidate who advocated those things.

Mr. GREEN of Iowa. Oh, he was defeated, but it was on account of Democratic waste and extravagance, because there was no issue between the two parties in the last election as to the repeal of the excess-profits tax. If Mr. Cox had been elected, on Inauguration Day in the parade we would have seen my friend from Texas leading the untirred from the Lone Star State right down the Avenue shouting, "Hurrah for Cox and down with the excess-profits tax." [Laughter.] But now in some way he has changed his views. We heard nothing of that kind during the campaign. We heard no claim that the repeal of the excess-profits tax would necessarily aggrandize the rich and impoverish the poor; nothing of the kind. He waited until the Republican Party brought forward this bill, and then, with the usual perversity of the Democratic leadership, with that fatal facility they have for getting in the wrong, notwithstanding every great financial leader they have on their side has recommended the repeal of the excess-profits tax and the repeal of these high surtaxes, he comes in here and denounces the bill. But that is not all.

Mr. SEARS. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. SEARS. The gentleman knows that during the last session of Congress, for the past two years, the Republican Party had a clear majority of about 38 in the House.

Mr. GREEN of Iowa. I think so.

Mr. SEARS. And a majority in the Senate.

Mr. GREEN of Iowa. Yes.

Mr. SEARS. Why was not some of this extravagance corrected and some of these wrongs righted before now?

Mr. GREEN of Iowa. We have been doing it right along and in this bill we are going to take off over \$700,000,000 of taxes.

Mr. COCKRAN. Off whom?

Mr. GREEN of Iowa. I shall tell the gentleman from whom we take it.

Mr. COCKRAN. That will be very valuable.

Mr. GREEN of Iowa. Now, is there anything else my friend wishes?

Mr. COCKRAN. No; we want this.

Mr. SEARS. Is it not a fact that practically during the war the Democrats and the Republicans were equal numerically and that for months you could have elected a Republican Speaker if you had wanted to?

Mr. GREEN of Iowa. We tried very hard to elect a Republican Speaker but we failed.

Mr. SEARS. You did not try at all.

Mr. GREEN of Iowa. I tried the best I knew how.

Mr. SEARS. I do not recall the exact figures, but if you will take the figures you will find the statement is correct.

Mr. GREEN of Iowa. The trouble was, unfortunately, that we did not have enough votes, and I am sorry my Democratic friends did not come to our support.

Mr. COCKRAN. Now, will the gentleman give the information as to whom this \$750,000,000 has been remitted?

Mr. GREEN of Iowa. I am coming to that. I am not to be diverted from my line of argument.

Mr. SEARS. The gentleman says he tried so hard. Does the gentleman recall that at the close of a night session Mr. Weaver, a Democrat from North Carolina, was unseated and a Republican was seated by a square party vote, showing you could elect a Speaker, that you were in a majority?

Mr. KING. What has that got to do with this bill?

Mr. GREEN of Iowa. Now, one thing further. I supposed that possibly there might be a little stability in the Democratic Party; just a little. I was not expecting very much, because I knew I had no reason, but I did expect that explicit declarations in a party platform would be regarded as having some little influence if no binding force or effect. Yet the Democratic platform in the last convention explicitly referred to the recommendation of the two Secretaries of the Treasury that had been made in reference to the excess-profits tax and the surtaxes and denounced the Republicans because they did not follow these recommendations and repeal them. During the last campaign they were in the position of denouncing the Republicans because we did not repeal these taxes, but now they come in here and complain because we have repealed them and substituted some more sensible taxes in their places.

Mr. WARD of North Carolina. Will the gentleman yield for a question?

Mr. GREEN of Iowa. I will.

Mr. WARD of North Carolina. The gentleman indicated awhile ago that he would show just from whom you have deducted this \$750,000,000, and the gentleman got away from it, I expect inadvertently. Will the gentleman now come back to that question? We are waiting for an answer.

Mr. COCKRAN. With considerable interest.

Mr. GREEN of Iowa. This bill is a great bill. As I have said, in the second year it will reduce the taxes of the American people over \$700,000,000. It changes the corporation tax from \$450,000,000, by the way of excess-profits tax, to something over \$267,000,000 by direct corporation tax. Now, this is one of the things, I take it, that my friend from New York is going to complain of and contend, as the gentleman from Arkansas did a short time ago, that this shifting from the excess-profits tax to a direct flat tax was going to hurt the small corporation. I want to give you a little bit of authority on that subject. The gentleman from Arkansas said if you had these small corporations make a small profit that you could figure out they would pay more under this plan, and if you had a big corporation making great profits that you could figure out that they would pay less under this plan. Now, I want to assert, without any fear of contradiction, that every actuary or expert who has tabulated the returns has shown that it is the small corporations that are making the big excess profits and the small corporations that have suffered the most from the excess-profits tax and been compelled to pay the most, while the big corporations, as a rule, have paid the small tax. I hold in my hand a part of the hearings before our committee, and I call attention to a part which I think never was read before the committee and therefore has escaped attention to a large extent. The gentleman who preceded me, the gentleman from Wisconsin [Mr. J. M. NELSON], quoted with approval some statements from Dr. Adams. Here in this book entitled "Hearings on the Revenue Act, 1918, part 1," on pages 41 and 42, are two tables prepared by Dr. Adams. I propose to insert those tables in the RECORD. They have been verified by Treasury experts and ordered printed by a committee that then had a Democratic majority. They can not be contradicted nor changed. They show that the small corporations are the ones that make the big profits, and the big corporations those that make the small profits.

There is not one small corporation in twenty but what makes over 5 per cent, while a very large percentage—my recollection is something like 80 per cent—of the big corporations do not make over that sum. There are very few big corporations going into the high rates—that run into the rates that gentlemen have supposed. Let me read you what Dr. Adams says here and what these figures show in reference to these tables:

The table clearly established the fact that the excess-profits tax does bear with much greater burden upon small corporations than upon large corporations. Of the corporations here reported which have no excess-profits tax to pay (column 1), there are only 10 having less than \$20,000 capital and there are 16 having more than \$5,000,000 capital. In the highest group, where the excess-profits tax exceeds 50 per cent of the net income, we find 60 corporations having invested capital of less than \$20,000 and not one single corporation having a capital of more than \$5,000,000.

Mr. WARD of North Carolina. I want to ask the gentleman a question without any politics in it.

Mr. GREEN of Iowa. In just a moment, until I have finished this, and I will yield to my friend. It says:

And not one single corporation having a capital of over \$5,000,000.

Gentlemen imagine these great corporations were paying high taxes under the excess-profits tax. In this table, which was made in 1918, there was not a single one that ran up to those high rates of 50 per cent. To continue reading from Dr.

Adams—and I may say that he informed me to-day that the situation was still the same:

The smaller corporations are very inadequately represented in the columns which carry light taxes and very much overrepresented in the columns carrying the heavy taxes.

I shall print these tables as an appendix to my remarks. The real fact is, that by this shifting of the excess-profit tax over into a flat tax on corporation incomes we will benefit nineteen out of twenty of the small corporations and not one out of twenty of the big corporations. And that is just exactly what the Treasury figures will show. And yet the gentleman from Arkansas [Mr. OLDFIELD] gets up and says that if you have small corporations that only pay a certain amount named in his table their taxes would be increased. Why, you would if you had such corporations, but you have not got them as you have the large corporations. The figures have no foundation in fact.

Now, I yield to the gentleman from North Carolina.

Mr. WARD of North Carolina. I wanted to ask you if you did not think that the only possible explanation of the fact—assuming for this question that it is a fact—the little corporation made a larger income than the bigger—is the enormous volume of watered stock ordinarily carried by the big one? I do not intend to put politics in that.

Mr. GREEN of Iowa. There is no politics in that. That is a perfectly fair question.

Mr. WARD of North Carolina. Do you not think it is a fact?

Mr. GREEN of Iowa. I think it is true to a very considerable extent, but it does not alter the fact that the big corporations do not as a rule pay the excess-profits tax, while the contrary is true as to the small corporations. It only emphasizes the fact that the bill helps the small corporation, as a rule, and increases the tax on the big corporation by the shifting of this tax. That is the fact, as shown by the figures, and there is no escape from them.

They say you have taken off the high surtaxes on the multi-millionaires. Now, there are various reasons given for that, but there is one reason that is all sufficient, an ample reason, that is given by the Treasury Department, that has been given by the Democratic Secretaries of the Treasury as well as Republican Secretaries of the Treasury—is that the returns from the taxes are gradually diminishing, until they are certain soon to reach nothing whatever.

What is the use of continuing this tax if it is not going to yield anything? What are you taking off of people who can take it off themselves if they wish to do so by putting their money in tax-exempt securities? And will they not take it off when they can get as good a yield from a 6 per cent nontaxable security as they can get from one outside that will pay 16 per cent? Are they going to continue to pay this tax when they can escape legitimately?

Mr. MOORE of Virginia. Does not the gentleman think there is a good deal of force in the suggestion that the reduction in the amount derived from the surtaxes may be due to the general business depression? You take the small man who is not interested in high surtaxes and his business is depressed, and his income is greatly decreased. How can you altogether attribute the decrease in the total of this higher income tax to the cause that you assign?

Mr. GREEN of Iowa. For this reason, I will say to the gentleman: because every year these taxes have continued to decline. They declined when profits were mounting as well as when profits were ceasing. The gentleman has the situation transposed. They did not decline so fast while profits were mounting, because it would pay people to keep their securities there.

Mr. MOORE of Virginia. I think it has been in correspondence with the general business depression.

Mr. GREEN of Iowa. That is true in reference to the general income tax, but not in this matter.

Mr. LONGWORTH. May I suggest another element, namely, that the volume of tax-exempt securities has increased over \$5,000,000,000 in the last few years.

Mr. GREEN of Iowa. The gentleman from Ohio suggests a very important point. We now have a sum, variously estimated \$16,000,000,000 to \$18,000,000,000 of tax-exempt securities, and there is no way on earth we can get away from it.

Mr. FEISS. I wanted to state that before the war it was not over \$3,000,000,000.

Mr. GREEN of Iowa. The gentleman is right.

Mr. MOORE of Virginia. The logic of your argument now is to abolish the income tax because of the multiplication of tax-exempt securities. Why do you not treat the matter in a different way—on the basis of some of the suggestions that have been made by experts—in order to insure the payment

of income tax by taking into consideration in framing your law the amount of money that a man has invested in tax-exempt securities? Your experts, Dr. Adams and others, have, I believe, made suggestions along that line.

Mr. GREEN of Iowa. Not Dr. Adams. That last suggestion in that line was made by the former Secretary of the Treasury. I am absolutely confident that in the light of recent decisions of the Supreme Court he would not recommend it now. I introduced a bill along that line. I would like to reach these tax-exempt securities. They are a great evil. They are a festering sore in our political system, and if there was some way to get rid of them I would like to do it. I introduced a bill, as I said, and had it before the committee and tried to get it through, but they objected on constitutional grounds, and since then, under the recent decisions of the Supreme Court, I do not think that the bill would have a chance to be sustained.

Mr. FORDNEY. Let me say to the gentleman in answer to the question presented a few minutes ago that the fiscal year 1920 was one of the most prosperous years the people of this country ever enjoyed, and yet the taxes paid by people whose incomes were \$300,000 or more was 62 per cent less than the taxes paid by those same people in the year 1918.

Mr. GREEN of Iowa. Yes. It has been falling off even faster of late. Now I yield to my friend from Illinois.

Mr. MCKENZIE. Suppose there are two corporations incorporated at the same amount, say \$75,000 each, and one of them by careful management, by hard work and industry, makes a good profit, while the other, by slovenly management and inattention and carelessness, does not make any profit to speak of, or does not make any profit reaching 8 per cent. Under the excess-profits tax provision you impose a tax on the energy, carefulness, and thriftiness of one corporation, and the other one escapes. In that respect, is not the excess-profits tax vicious?

Mr. GREEN of Iowa. The gentleman is quite correct. But it states only one among many important objections to the excess-profits tax, although this perhaps is the leading objection. The harder a man works, the more attention he gives to his business, the more he is taxed.

Mr. MCKENZIE. That applies to two people engaged in the same business.

Mr. GREEN of Iowa. The gentleman is again correct.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. Mr. Chairman, may I have 15 minutes more?

Mr. FORDNEY. Yes; I yield to the gentleman 15 minutes more.

Mr. LAYTON. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes; I yield to my friend from Delaware.

Mr. LAYTON. Is not the diminution in the amount of money in the shape of taxes from excess profits and surtax accounted for by the provision in the law which allows any one of these men to give for religious or educational purposes any amount of money they see fit and have that amount deducted from their taxable income?

Mr. GREEN of Iowa. That is true, but it is of a rather small amount.

Mr. LAYTON. It is not a small amount in my State.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. KING. I have not heard anybody discuss certain provisions of the bill in the last two days. I want some information on them so that I can vote for it.

Mr. GREEN of Iowa. What information does the gentleman want?

Mr. KING. I would like to know why the committee decided to exempt debentures, Edge debentures or debentures issued by banks and factories built up in England and other places, in Armenia, for instance, where labor is cheap. Why do you exempt them? If you can explain that I may be able to vote for the bill. Were any experts called in to give information on that matter?

Mr. GREEN of Iowa. Is the gentleman talking about the provision for foreign traders?

Mr. KING. Yes. I have not heard anybody on the committee speak of that. It seems to me as if somebody on the outside had dragged that into the bill and that the committee has not considered it. Has the committee had the advice of experts in regard to it?

Mr. GREEN of Iowa. So far as I am concerned I do not care whether the foreign traders' provision stays in the bill



or not. The committee will present to-morrow an amendment that will altogether change the provision. It will provide that nobody shall be considered a foreign trader unless at least 50 per cent of his income is derived from a business carried on abroad.

Mr. KING. May not that tend to drive American capital out of the country?

Mr. GREEN of Iowa. I do not think so. So far as the foreign trader provision is concerned, in my judgment, it is not of enough importance to discuss it. I do not care whether it is in the bill or not.

Mr. REED of West Virginia. If an American places his investments in a foreign country, he is taxed over there, is he not?

Mr. GREEN of Iowa. Yes. He pays a great deal more tax over there than he does here.

But I want to say a word about excess-profits taxes and the surtax. It is not only that the excess-profits tax puts a premium upon inefficiency and waste and inattention to business, but further than that, neither this committee nor any other body can ever frame an excess-profits tax that will work out fairly, not merely between corporations and individuals, but fairly between corporations engaged in the same business. Originally the excess-profits tax was framed—and I helped to prepare it—in such a way that it took in not only corporations but individuals and partnerships, and in a large number of cases we found we would be penalizing partnerships, and we changed the law. After we had exempted partnerships we were surprised when we were shown certain people would be paying as a partnership \$600,000 more than they would as a corporation. Naturally, they wanted to know if that was fair. The real fact about it, gentlemen, is that at present, although you do not know it, we are taxing individuals and copartnerships in business by reason of the surtaxes. Those are the parties that are suffering, not the little corporations, because they run up into the surtax, and we can not equalize them by any excess-profits tax. The only thing we can do is to put this tax on corporate incomes, just as we have done.

Now, another thing with reference to this repeal of the surtax: If we were going to get this money it would be a different thing. I think I have shown by the statements of the former Secretary of the Treasury and of the present Secretary of the Treasury, and the gentleman from Michigan [Mr. FORDNEY], I think, has shown how rapidly these returns on the higher incomes were going down to nothing. Soon you will get nothing from them. What will happen under the plan of this bill instead of putting their money into tax-exempt securities they will put it into business, and we will get more money out of these millionaires than we get now, and that is the great justification for the repeal of these taxes.

Now, let us come to some other meritorious features of this bill. Over 600,000 people will be benefited by the raise in the exemptions we have made, which do not benefit the men in the higher brackets. Oh, the gentleman from Texas [Mr. GARNER] came here, and although he did not have tears in his eyes, because he could hardly squeeze them out, yet with a sob in his voice he said we were doing nothing for the poor man. Who is this "poor man" that we are not doing anything for? Why, he gets a \$2,500 exemption up to \$5,000 net income, and the man who has a net income of \$5,000 is not a poor man. This does not include the allowance for children and dependents, and if he has three children you can add \$400 apiece more under this bill. He then has an income of over \$6,200, this "poor man" for whom the gentleman from Texas was trying to work up your sympathies yesterday. Do you think that a man who has an income above this amount is so poor that he ought to pay no income taxes? Yet it is not true that we have done nothing for him. He helped pay the transportation taxes, the insurance taxes, the so-called luxury taxes, and others that we have repealed.

Gentlemen on the other side talk about this bill taking the taxes off of wealth and putting it on the poor man. The statement is false. On the contrary, the bill increases no taxes upon anything or anybody. Under this bill alone among the civilized nations of the world we impose no taxes upon the necessities of life. The really poor man, who indulges in no luxuries, pays no taxes to the Federal Government.

Mr. BARBOUR. Will the gentleman yield?

Mr. GREEN of Iowa. Yes; I will yield.

Mr. BARBOUR. Will the gentleman explain a little more fully the statement he has just made that if a man has an income of \$6,200 he gets the benefit of the \$2,500 exemption?

Mr. GREEN of Iowa. The term "net income" in the income tax law means the income after taking out losses and other

deductions authorized by the law. The term "net income" includes the income after the deductions are taken out. That is about all I have time to say.

Mr. BARBOUR. I am looking for information in this matter.

Mr. GREEN of Iowa. That is the situation.

Mr. SEARS. Will the gentleman from Iowa yield?

Mr. GREEN of Iowa. I yield to the gentleman from Florida.

Mr. SEARS. What about the young lady stenographer working for \$1,500 a year. What is done for her?

Mr. GREEN of Iowa. Nothing except to take the taxes off some of her clothing and reduce some of her general expenses, reduce her car fare and such things. We have done a whole lot of things, if you will consider them all. The young lady is not suffering.

Mr. SEARS. The gentleman knows there is no difference between this bill and the other bill as far as the young lady stenographer working for \$1,500 a year is concerned. There is no exemption.

Mr. GREEN of Iowa. There is an exemption of \$1,000 in the income tax. Under this bill she will pay an insignificant and petty sum, just as she had to before, and she is better able to pay it than a lot of married men.

Now, my friend from Texas [Mr. GARNER] said this bill would not benefit the average Member of Congress. It will not, because most of them will just about be outside the limit, so that they can not get in under it. I would have been glad, like he would, I suppose, to have had the exemption extended. But there is this about it: The Member of Congress is in a worse position than anybody else. He has got all these expenses here over and above his ordinary expenses that he can not deduct, but which everybody else can deduct. So it is not fair to compare the situation of the average Member of Congress with the ordinary person, who has none of these expenses to pay.

This bill takes off the transportation tax, one of the greatest burdens there was upon the business of the country—a freight tax that the farmer paid both going and coming, a tax which by reason of increase in the rates, when you remember that the farmer has to pay it both ways, is now equivalent to something like 15 per cent above what the old rates were that were in force before the war. This bill abolishes the nuisance taxes, which were paid by everybody. It takes the tax off clothing. It gives the farmer an opportunity to exchange his land for another piece of land without paying any tax whatever if the two pieces are of the same value. It reduces the tax on capital sales so that people can make sales now and the Government will get more and more business will be done. It has redeemed the pledge of the Republican Party to simplify the taxes which are still imposed. These changes in the administrative provisions which the gentleman from Texas [Mr. GARNER] talks about, that he said we had made in the interest of the taxpayer, are in the interest of the taxpayer in this way, because they simplify the taxes as far as it is possible to do so. Further, we have provided a board to prepare a simplified return, if that can be done.

The raise in the exemptions and the increased allowance to dependents will benefit 2,000,000 taxpayers to the extent of \$70,000,000. The tax on insurance premiums, so annoying to the companies and exasperating to the policyholder, is repealed. We have even repealed the tax on proprietary articles, so that it can no longer be said that there is a tax on the "poor man's medicines." In the next calendar year we reduce the taxes over \$400,000,000, now paid mostly by people of small means, as I am not including the reduction in the surtaxes and the corporation taxes.

Gentlemen, the Republican Party pledged itself to simplify the taxes, to reduce the taxes, to place them upon a more equitable basis, to place them where the Government would get a better return and the burdens upon the taxpayer would be lessened, and we have done it all. We will get more out of these big taxpayers in the long run than we do now by the reduction of the surtaxes, if the Treasury experts are correct on this subject, and I know of no better authority.

Now, Mr. Chairman, why does the Democratic Party continue to appeal, as it has for over half a century, to the prejudices and passions of the multitude? Why do Democratic Members now, why will Democratic orators in future, rave against those who have worked, saved, and accumulated when discussing this bill? It can only be because they have not the facts nor argument to support their position. The Republican Party has never in the past proposed any financial policy that has not reverted to the benefit of the whole Nation, rich and poor alike, and this bill is another example of that fact. [Applause.]

## APPENDIX.

Table showing 7,899 representative corporations classified according to amount of invested capital and ratio of net income to invested capital during the taxable year 1917.

Corporations having invested capital of—	Proportion or percentage of net income to invested capital.															Total.
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	Under 7.	7 to 9.99.	10 to 14.99.	15 to 19.99.	20 to 24.99.	25 to 29.99.	30 to 39.99.	40 to 49.99.	50 to 59.99.	60 to 69.99.	70 to 79.99.	80 to 89.99.	90 to 99.99.	100 to 124.99.	125 and over.	
	Corresponding tax (percentage of net income).															
	No tax.	0 to 6.	2 to 10.6.	8 to 14.25.	12.25 to 18.4.	16.8 to 22.8.	21.5 to 31.	30 to 36.8.	38 to 40.6.	40 to 43.4.	42.8 to 45.5.	45 to 47.1.	46.6 to 48.4.	48 to 50.7.	50.4 to 60.	
Under \$10,000.....	5	3	1	5	2	5	19	40	40	45	28	18	15	37	51	314
\$10,000 to \$20,000.....	5	2	4	29	65	114	178	136	83	60	21	20	11	14	9	751
\$20,000 to \$40,000.....	8	10	185	249	271	204	264	118	53	20	9	10	5	6	9	1,421
\$40,000 to \$60,000.....	30	93	195	202	151	119	103	53	23	17	6	3	1	4	1	1,001
\$60,000 to \$80,000.....	59	67	146	124	105	66	65	36	10	5	3	1	1	4	1	693
\$80,000 to \$100,000.....	43	58	114	88	60	52	54	15	10	9	1	1	3	4	.....	512
\$100,000 to \$150,000.....	116	99	193	128	96	64	83	39	21	6	7	4	2	3	3	864
\$150,000 to \$200,000.....	78	57	114	65	56	29	41	19	8	2	2	3	1	.....	2	477
\$200,000 to \$250,000.....	51	48	82	57	38	22	23	11	9	2	.....	2	2	2	.....	349
\$250,000 to \$300,000.....	48	27	65	23	21	14	15	11	.....	2	3	2	2	2	.....	235
\$300,000 to \$400,000.....	54	38	65	46	26	20	30	10	5	.....	6	1	.....	1	.....	302
\$400,000 to \$500,000.....	35	20	39	28	26	14	22	7	3	2	.....	.....	.....	.....	1	197
\$500,000 to \$750,000.....	47	24	56	40	26	21	23	15	9	5	1	.....	.....	1	.....	268
\$750,000 to \$1,000,000.....	32	14	34	18	14	13	17	4	2	1	.....	.....	.....	.....	.....	149
\$1,000,000 to \$1,500,000.....	32	13	37	20	11	8	10	5	2	1	.....	.....	1	.....	.....	140
\$1,500,000 to \$2,000,000.....	22	10	14	12	6	.....	5	.....	.....	.....	2	.....	.....	.....	.....	71
\$2,000,000 to \$3,000,000.....	15	7	18	9	5	3	2	.....	.....	.....	.....	.....	.....	.....	.....	59
\$3,000,000 to \$4,000,000.....	7	7	6	9	3	1	.....	2	.....	.....	.....	.....	.....	.....	.....	35
\$4,000,000 to \$5,000,000.....	4	3	5	3	1	.....	2	1	.....	.....	.....	.....	.....	.....	.....	19
\$5,000,000 to \$7,500,000.....	10	3	6	2	2	.....	2	.....	.....	.....	.....	.....	.....	.....	.....	25
\$7,500,000 to \$10,000,000.....	2	.....	3	1	.....	1	1	.....	.....	.....	.....	.....	.....	.....	.....	8
Over \$10,000,000.....	4	3	2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	9
Total.....	707	606	1,384	1,158	985	770	959	520	280	177	89	65	44	78	77	7,899

## ANALYSIS OF PRECEDING TABLE.

These statistics represent 7,899 corporations, covering more than 100 subdivisions of industry, mostly in the general classes of manufacturing, mercantile, and mining industries, selected at random, as they were used in the regular work of deciding appeals under sections 210 and 205 of the excess-profits tax law. These are all normal cases in which no appeal was taken. They are believed to make a very representative showing.

All the corporations are classified according to size measured by invested capital. They are then tabulated in columns 1, 2, 3, etc., according to the percentage of net income to invested capital. Corporations included in column 1 made less than 7 per cent and consequently had no tax to pay. Corporations included in column 5 earned from 20 to 25 per cent on their invested capital in the taxable year; and similarly corporations included in column 15 earned more than 125 per cent upon their invested capital in the taxable year.

Inasmuch as the rate of taxation depends primarily upon the rate of profits, the taxes rise gradually as we move up from column 1 to column 15. Corporations entered in column 1 have no tax at all to pay

because they earned less than 7 per cent. Corporations entered in column 5 would pay the taxes which correspond with a rate of earning varying between 20 and 25 per cent; in such cases the tax will vary from 12.25 per cent of the net income to 18.4 per cent of the net income. Corporations entered in column 15 will in all cases pay more than 50 per cent of their net income as excess-profits tax.

The table clearly establishes the fact that the excess-profits tax does bear with much greater burden upon small corporations than upon large corporations. Of the corporations here reported which have no excess-profits tax to pay (column 1) there are only 10 having less than \$20,000 capital, and there are 16 having more than \$5,000,000 capital. In the highest group where the excess-profits tax exceeds 50 per cent of the net income we find 60 corporations having invested capital of less than \$20,000, and not one single corporation having a capital of more than \$5,000,000. The smaller corporations are very inadequately represented in the columns which carry light taxes; they are very much overrepresented in the columns carrying heavy taxes. The general import of the figures is well expressed by the following summary conclusions:

Corporations having invested capital of—	Ratio of net income to invested capital.									
	Less than 20 per cent (tax less than 12.25 per cent of net income).		20 to 40 per cent (tax from 12.25 to 31 per cent of net income).		40 to 60 per cent (tax from 30 to 40.67 per cent of net income).		60 per cent and over (tax over 40 per cent of net income).		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Less than \$20,000.....	54	5.1	383	35.9	299	28.1	329	30.9	1,065	100
\$20,000 to \$100,000.....	1,671	46.1	1,514	41.7	318	8.8	124	3.4	3,627	100
\$100,000 to \$500,000.....	1,576	65.0	640	26.4	143	5.9	65	2.7	2,424	100
\$500,000 to \$5,000,000.....	518	69.9	171	23.1	40	5.4	12	1.6	741	100
\$5,000,000 and over.....	36	85.7	6	14.3	0	0.0	0	0.0	42	100
Total.....	3,855		2,714		800		530		7,899	

Mr. COLLIER. I yield 10 minutes to the gentleman from Mississippi [Mr. QUIN].

Mr. QUIN. Mr. Chairman, the gentleman from Iowa [Mr. GREEN] has certainly told us something new to-day. He has announced that this bill is for the benefit of the poor people and against the interests of the rich people, and he has attempted by suggestions that he called arguments to prove that. He also announced that the Republican Party in its last campaign made certain definite promises to the American people, and by what he calls arguments he attempted to demonstrate that the Grand Old Party had carried out that pledge in bringing this measure before this Congress. To my mind, if my friend from Iowa is sincere in his statement, he has to an amazing degree fooled himself. [Applause.] If any man with ordinary horse sense who can read and write will analyze this bill he will find that

it proposes to take the burden of taxation off the rich and powerful and to shift it to the shoulders of the masses of the American people. There is no escape from that conclusion when you come to a logical analysis of this bill. I ask the gentleman from Iowa if this bill does not take the burden of taxation as far as it can from those who already have and make big money? And if it does that, where does it place that burden? You are bound to raise and you are raising at least \$3,000,000,000 by this bill. When you take off the burden from these great fortunes of the United States, where are you going to get that vast sum of taxes?

Mr. GREEN of Iowa. Does the gentleman want an answer?

Mr. QUIN. If the gentleman will yield to me more time he may answer, but I have only 10 minutes. You announced to



this House that you were doing a just thing when you took off the surtaxes. Can you tell us why it is honest to the American people to take off the surtaxes from great fortunes and great incomes and at the same time add to the taxes to be paid by people in moderate circumstances and all poor people? If the gentleman wanted to do as he said he was doing, why did he not add to the burdens on the rich? Why did he not increase the inheritance taxes paid by those who inherit hundreds of thousands and millions of dollars from legally favored parents or relatives?

If you propose to do what you said the Republican Party pledged itself to do, why did you put in the bill the statement and declaration that the surtaxes are to be repealed. If you carry out that pledge, why is it under the terms of this bill that you exempt from taxation the money that is invested in foreign enterprises by international banking that proposes to put with their American capital in Europe and Asia, operating with pauper labor in competition with American labor and capital invested on American soil that must pay taxes?

You can not come with such sophistry as that, for billions of dollars will be invested in these foreign corporations, and you take the enterprises out of the United States into foreign countries, where they are going to get their labor for almost nothing, and you exempt these international corporations from paying taxes to the American Government. Do you call that honest to the hundred millions of American people? Oh, gentlemen, it stinks! [Laughter and applause on the Democratic side.] Then, when you further propose under the bill to eliminate from taxation by taking the excess-profit tax off these great corporate enterprises of the Republic, who is going to pay it? You know that you ultimately intend to shift that onto the backs and into the stomachs of the poor people of the United States. [Applause on the Democratic side.] You know by this measure you are adding to the burdens of the plain people. The gentleman from Iowa pretends that the increase of \$500 in amount of exempt incomes is relieving that class from all taxes. He knows all of that class and all the farmers and laboring people were taxed tenfold when the tariff bill passed this House by Republican votes a few weeks ago. You put in the tariff bill the instrumentality by which every poor man and every poor woman in the United States is bound to pay tribute to the powerful and rich corporations of this Republic. You know when you make a statement that the American people accepted the pledges you made them last fall that you cut off their trousers at the knees in the tariff bill, but in this tax bill you are taking their breeches. [Laughter and applause on the Democratic side.] Then you say the bill is in behalf of the poor people, the people in moderate circumstances, and against the interests of the great fortune holders of the Republic. The bill stops the surtax on big incomes. Can the gentleman from Iowa believe his own words? He said the reason that they took off the surtaxes was that these fellows who are bringing in the powerful incomes are putting their money into tax-free securities, and he wants to exempt them from paying taxes to the Federal Government to keep them from putting their money into county, State, and municipal bonds. Who can believe such sophistry as that?

I know it is not pleasant to tax anyone. I am sorry that it is necessary for the American Government to reach out with its strong arm to tax heavily even the rich, but this great debt which the Government owes must be paid. These bonds that the Government has issued must be redeemed and the interest must be paid. I believe the American Government ought to pay every dollar of these bonds at their face value. I do not believe when we called on the people from patriotic motives to invest their little savings, and some even borrowed the money to do it, in running the bonds down to 85 cents on the dollar and making the poor fellow take 85 cents. The Government ought to stand behind the citizen so that he does not lose 15 cents on the dollar invested with the Government. Here under this bill you are proposing that the man who holds in a small way the credit of this Government shall take the burden of paying these taxes. You are proposing that iniquity under this scheme that you call a bill for taxation. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. COLLIER. Mr. Chairman, I would like to know how the division of time stands.

The CHAIRMAN. The gentleman from Michigan has used 236 minutes and the gentleman from Texas has used 157 minutes.

Mr. GREEN of Iowa. Mr. Chairman, I yield 30 minutes to the gentleman from Oregon [Mr. HAWLEY].

Mr. HAWLEY. Mr. Chairman, after a few preliminary remarks it is my intention to comment on the administrative features of the bill, to show you how they affect the taxpayer in relieving him from the burdens of taxation, how they simplify the return, and prevent evasions in the collection of taxes. After that, if I have the time, I expect to comment briefly on the excess profit and surtax provisions of the bill.

In 1914 we with the rest of the world were going about our ordinary businesses not contemplating the disruption of normal conditions soon to occur. With the outbreak of the war and our entrance into it our industries were gradually diverted from their usual channels. Billions of dollars were used for the destructive purposes of war, and so destroyed. At the end of the war we found ourselves burdened with a great debt and the greater burden of disorganized industry, with business men uncertain as to what they should do, with what confidence they could proceed, and where the necessary capital for reorganization of the industry could be obtained. Some legislation has been enacted by Congress for the purpose of relieving the situation, but in the long run the business of the country must grow upon the profits and the development of business. No safe and sound rule other than that can be found.

The Republican members of the Committee on Ways and Means considered the question from this angle: What can we do and what ought we to do to again get industry back to the same condition, with the same outlook, that it had in 1914? The conditions of industry have been made much harder. There has been an increase in the wage schedules which will tend to be permanent. Greater burdens have been placed upon industry.

The Ways and Means Committee, when it began to study this question, asked first of all this, What is the least possible amount that the Government can get along with for the years 1922, 1923, and for subsequent years? There had been submitted to us an estimate for more than four and one-half billions of dollars as required for the ordinary expenditures of the Government. We said that no such sum can be expended, that the people of the country can not stand it, that it is a sum too large to be provided for the annual expenditures of the Government in any event, and we asked the spending departments to make reestimates of their expenditures. When those were reported to us we were still dissatisfied, and we held conferences with various officials of the Government and insisted that we were not willing to provide for the expenditures of the Government a dollar more than was needed after exercising the most rigid economy; and we also said that the best way to reduce expenditures is to reduce the income out of which expenditures can be made. We called in the distinguished chairman of the Committee on Appropriations [Mr. MADDEN], a man of great ability and efficiency, and conferred with him on these matters, and we have his absolute and unqualified support. We intend in the next few years to see to it that the expenditures of the Government are made only for the most necessary and essential purposes. Our bill as originally prepared released some \$644,000,000 for industry for the year 1922, but under the amendment of the caucus it will release \$400,000,000 only, but the amount will be increased for subsequent years. By releasing this money from Government expenditures we allow it to go into industry for the consumption of raw materials, for the creation of necessary commodities, for the payment of wages and salaries, for the payment of dividends on stocks and interest on bonds issued by corporations and in the hands of the millions of our people. By making this arrangement, taking off the legislative brake, then from the usual sources money can be collected from investors in small and large amounts which will enable industry to refinance itself and also provide for new enterprises.

We went in good faith into the preparation of this bill, understanding that the budget system, adopted by the country, was to be a measure of real efficiency. We took it for granted that this system if properly developed and used will reduce the expenditures of the Government.

I have been a Member of the House now for nearly 15 years. The spending departments of the Government are not the economic branches of the Government. The executive in all its branches is not economical and never has been. Another body, which I shall not name, is not an economical body in that it actually makes reductions of expenditures. The body that actually insists upon reductions, that accomplishes relief for the American people, is the House of Representatives of the United States.

Having then the new budget system, having the cooperation of the Appropriations Committee, we undertook this program of economy and secured an agreement from the spending depart-

ments that they would reduce their expenditures by very nearly \$900,000,000. [Applause.]

Mr. BYRNS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. BYRNS of Tennessee. I do not want to break into the line of the gentleman's argument, but I notice in the report a statement that the bill was framed with the idea that among other reductions was one of something like \$350,000,000 in the various departments for the fiscal year 1922. I have been waiting with a great deal of interest ever since this debate began to have some gentleman from the Ways and Means Committee, representing those who favor the bill, tell the House just how these reductions are to be put into effect, and where they are coming from. The gentleman has stated the sum, but there is no explanation as to how these economies are to be effected.

Mr. HAWLEY. I have not those figures in detail here. I have the last letter of the Secretary of the Treasury, which I shall insert in the Record. The figures have been printed in the press from time to time. For instance, the War Department proposed to expend \$575,000,000 originally, and they have agreed that they can get along with \$400,000,000. We have a saving of \$100,000,000 in the Navy Department, and the Agricultural Department will reduce its expenditures by \$25,000,000. In the Shipping Board there will be a reduction of \$100,000,000. These are only a few of the items.

AUGUST 10, 1921.

HON. JOSEPH W. FORDNEY,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: On the basis of the understanding reached at our conference yesterday with the President, I am now able to submit figures as to reductions in the estimated expenditures of the Government for the fiscal year 1922, and in that connection present herewith new estimates as to the revenue needs of the Government for the fiscal year, with recommendations as to the reduction and revision of taxation.

1. Reduction in ordinary expenditures: The administration, in cooperation with the Committee on Ways and Means, has determined to reduce the ordinary expenditures of the Government for the fiscal year 1922 by at least \$350,000,000 below the revised estimates presented by the Treasury on August 4. It is understood that this saving will be distributed, according to the best estimates now available, substantially as follows:

	Last revised estimate.	New estimate.	Net reduction.
War Department.....	\$450,000,000	\$400,000,000	\$50,000,000
Navy Department.....	487,225,000	387,225,000	100,000,000
Shipping Board.....	200,000,000	100,000,000	100,000,000
Department of Agriculture.....	123,000,000	98,000,000	25,000,000
Railroads.....	545,000,000	495,000,000	50,000,000
Miscellaneous.....			25,000,000
Total reduction.....			\$350,000,000

To accomplish this reduction it will be necessary for the administration, with the assistance of the Director of the Bureau of the Budget, to put forth its utmost efforts to insure economy in every Government activity, and for Congress on its part to give the most whole-hearted cooperation, not only by the avoidance of new expenditure but also by the limitation or repeal of various outstanding balances and authorizations. The reduction which is estimated in the railroad payments assumes that about \$50,000,000 of the expenditure heretofore estimated to fall within the fiscal year 1922 will either prove unnecessary as settlements progress or be deferred to the fiscal year 1923.

2. Reduction in public debt expenditures: It is understood that the Treasury will provide for two items of estimated public debt expenditure for the fiscal year 1922 out of other public debt receipts during the year, as follows:

Net redemptions of war savings securities.....	\$100,000,000
Retirement of Pittman Act certificates.....	70,000,000
Total.....	170,000,000

This will mean a reduction of \$170,000,000 below the previously estimated net public debt expenditure for the year. It is understood that the sinking fund requirements of the Victory Liberty loan act, amounting to \$265,754,865 for the year, will be observed, and the miscellaneous debt reductions required to be made out of receipts specially earmarked for the purpose will not be disturbed.

3. Total reduction in expenditure: The aggregate reduction in expenditure for the fiscal year, on the basis above established, will be \$520,000,000, leaving an estimated total expenditure of about \$4,034,000,000.

4. Receipts from sources other than internal revenue: It is understood that the administration will make every effort, with the cooperation of Congress and the assistance of the Director of the Bureau of the Budget, to increase realization on salvageable property remaining from the war, particularly in the War Department, the Navy Department, and the Shipping Board. It is hoped that with increased receipts from salvage and a new tariff law effective by December 31, 1921, the total receipts from sources other than internal revenue during the fiscal year 1922 will be as follows:

Customs.....	\$370,000,000
Salvage (including sales of surplus war supplies).....	200,000,000
Other miscellaneous revenue.....	287,643,000
Total.....	\$857,643,000

5. Revision of taxation: On the basis of the estimated reductions in expenditure to be made during the current fiscal year, the administration recommends that the internal tax laws be revised so as to produce a total of \$3,000,000,000 of internal revenue for the calendar year 1922, as follows:

Normal income tax.....	\$470,000,000
Income surtaxes.....	380,000,000
Ten per cent corporation income tax.....	445,000,000
Additional 2½ per cent corporation income tax (as partial substitute for excess-profits tax).....	111,250,000
Back collections of income and profits taxes.....	300,000,000
Miscellaneous internal revenue.....	1,293,750,000
Total.....	3,000,000,000

Specifically this revision would involve (1) the repeal of the excess-profits tax effective January 1, 1921, with a 2½ per cent flat tax on corporation incomes as a partial substitute; (2) the repeal of the higher surtax brackets to a maximum of 32 per cent, effective January 1, 1921, and a maximum of 25 per cent effective January 1, 1922; (3) the reduction of the transportation tax by one-half, effective January 1, 1922, and its repeal, effective January 1, 1923; (4) the repeal or modification of certain miscellaneous taxes imposed under section 630 (with a substitute tax on carbonated waters, etc.) and under section 904 of the revenue act of 1918; and (5) sufficient readjustments in miscellaneous taxes to assure aggregate internal revenue for the calendar year of \$3,000,000,000. In connection with these readjustments, if the suggested additional flat tax on the net income of corporations is to be fixed at 2½ per cent, it will be necessary to make up the resulting loss in revenue by means of the miscellaneous internal taxes, in part through the substitute tax on carbonated waters and in part through increases in existing stamp taxes. On the other hand, if the flat additional tax is to be fixed at 5 per cent, it might be possible in that connection to regard the last 2½ per cent as a substitute for the capital-stock tax and repeal the capital-stock tax, relying on the tax on carbonated waters and other readjustments in miscellaneous taxes to provide the necessary revenue.

The additional revenue necessary for the fiscal year 1922 will be made up, it is estimated, by the overlapping of receipts collected under existing law and to some extent by collections of back taxes.

The suggested revision automatically provides for further reductions in taxation for the calendar year 1923 through (1) the complete repeal of the transportation tax, effective January 1, 1923; (2) the reduction of the surtaxes to a maximum of 25 per cent, effective January 1, 1922; and at the same time there is to be anticipated a falling off in collections of back taxes in the calendar year 1923.

6. Additional authority for the Secretary of the Treasury: In order to carry out this program and provide further for the financing of the short-dated debt the Secretary of the Treasury should have enlarged authority for the issue and retirement of notes under section 18 of the second Liberty bond act, as amended, with provision for a total of \$7,500,000,000 at any one time outstanding. The existing authority is for \$7,000,000,000, and about \$3,850,000,000 of Victory notes and \$311,000,000 of Treasury notes are already outstanding thereunder. The additional authority is necessary in order to carry out the program for dealing with the short-dated debt outlined in my letter to you of April 30, 1921. I attach for your convenience a draft of amendment appropriate for this purpose.

I can not too strongly emphasize that the program agreed upon at yesterday's conference and outlined in this letter depends upon the reductions in expenditure which the administration expects to accomplish, and that the anticipated savings can be effected only by the most consistent and determined efforts to cut expenditure. The estimates of receipts, on the other hand, represent the utmost expected to accrue during the year, particularly in view of the uncertainties resulting from the depression in business and the shrinkage in incomes and profits.

Cordially, yours,

A. W. MELLON, Secretary.

Mr. BYRNS of Tennessee. Those figures are set forth in the report in round numbers, but there is no statement as to just how those economies are to be effected. The gentleman speaks of \$25,000,000 to be saved in the Agricultural Department. Just where is that coming from? Is it coming from the good-road fund, is it coming out of the sums which have been appropriated and expended for the expansion of agriculture, or is it coming out of some other fund in the Department of Agriculture?

Mr. HAWLEY. It will be apportioned throughout the department, as I understand it, where there can be a saving without reducing the efficiency of the department.

Mr. BYRNS of Tennessee. Our total appropriations for the Department of Agriculture are something less than \$40,000,000, and I am wondering where you are going to get the \$25,000,000 reduction for this year.

Mr. HAWLEY. There will be a reduction in all expenditures where such reductions will not affect the proper discharge of the functions of the department.

Mr. BYRNS of Tennessee. Then, as I understand, all the information which the Committee on Ways and Means has had in the preparation of this bill with reference to these reductions is the statements of the heads of these departments that they propose to apportion it and in some way make reductions?

Mr. HAWLEY. It is more than that. We have not those figures all worked out in detail, as they will come in the estimate of appropriations and the letter of the Secretary of the Treasury. And it was not necessary that we have. Who knows better than the heads of the spending departments the economies they can effect? They gave to the revision of estimates careful attention. The statement was made to us that the heads of the various departments and others who are interested in the spending departments have gone over the



matter thoroughly, and we understand they know practically where they are going to make the reductions.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. GREEN of Iowa. And the Ways and Means Committee told them they were not going to get any more?

Mr. COCKRAN. Regardless of the requirements? Will the gentleman allow me a question? I just want to ask the gentleman from Iowa if the Committee on Ways and Means made the declaration that they would reduce these appropriations regardless of the requirements of the departments? The gentleman does not answer. Perhaps it is just as well not to press that. I do not want to make the gentleman uncomfortable.

Mr. HAWLEY. I can answer the gentleman.

Mr. COCKRAN. If the gentleman will answer.

Mr. GREEN of Iowa. I did not hear the gentleman from New York.

Mr. HAWLEY. It is not the intention to cripple any Government function in its necessary expenditure, but we do believe that at present we can reduce, and should, expenditures to those things that are absolutely essential.

Mr. COCKRAN. Well, I want to ask either gentleman from Verona—and either one can answer this question. Was the feasibility of these reductions—and when I say feasible I mean compatible with efficiency of Government—decided by the committee or decided by the officers of the Treasury Department?

Mr. GREEN of Iowa. All of us with the chairman of the Committee on Appropriations went over the matter.

Mr. COCKRAN. Then, why does not the gentleman state it to the House? The gentleman admits the House is the body to finally decide.

Mr. GREEN of Iowa. The House has the power of reducing expenditures—

Mr. COCKRAN. How would it know? Will not the gentleman tell the House when, how, and where this House is to reduce expenditures, for this is the body that must do it?

Mr. HAWLEY. I can not yield for a speech. I will say to the gentleman that in general we will tell the House how expenditures will be reduced, first, in the separate appropriations—

Mr. COCKRAN. The gentleman will not tell us now.

Mr. HAWLEY. How can I tell the gentleman the contents of appropriations bills that are yet to be submitted? We are cooperating with the Committee on Appropriations, which intends to carry through the program of economy.

Mr. COCKRAN. That is it, the gentleman has answered fully, and I thank him very much.

Mr. HAWLEY. The bill proposes to accomplish several things: (1) Decrease the burden of taxation on persons and on industry; (2) to make such changes in the administrative provisions as will simplify the law, effect a greater economy in collections, and obviate inequalities in the levy of taxes; (3) to meet the general demand for a simplification of the return; (4) to prevent evasions in the payment of taxes. These were the four primary purposes of the bill. It is not, gentlemen, as you will notice, a general bill rewriting the existing law. Since the other purposes depend upon the proposed reduction of taxation primarily, I will comment, first, upon the provisions affecting such reduction which may be more conveniently presented in tabular form.

The following statements are the estimates made by Treasury authorities:

#### ESTIMATED REVENUE TO BE COLLECTED.

	Calendar year.	
	1922	1923
Internal revenue:		
Income taxes—		
Individual.....	\$900,000,000	\$750,000,000
Corporate.....	400,000,000	535,000,000
Excess profits.....	450,000,000	.....
Back taxes, income and profits taxes.....	300,000,000	350,000,000
Miscellaneous.....	1,037,410,000	1,044,720,000
Total internal revenue.....	3,087,410,000	2,679,720,000
To these totals there are to be added:		
Customs.....	450,000,000	450,000,000
Miscellaneous.....	487,000,000	487,000,000
Total income.....	4,024,000,000	3,616,000,000

#### CALENDAR YEAR GAINS AND LOSSES FROM PRESENT LAW.

	Calendar year.	
	1922	1923
Losses:		
Corporation income tax.....	.....	\$445,000,000
Excess-profits tax.....	.....	265,000,000
Transportation taxes.....	\$262,000,000	6,500,000
Life insurance.....	6,300,000	60,000,000
Cereal beverages, soft drinks, etc.....	60,000,000	6,000,000
Musical instruments.....	6,500,000	2,000,000
Sporting goods.....	2,000,000	8,500,000
Candy.....	8,000,000	280,000
Electric fans.....	280,000	4,510,000
Fur articles.....	4,510,000	.....
Total.....	349,590,000	797,780,000
Gains:		
License tax on vendors of soft drinks.....	10,000,000	10,000,000
Tax on cereal beverages.....	15,000,000	15,500,000
Tax on carbonic acid gas.....	2,000,000	2,000,000
Tax on soft drinks, fruit juices, and sirups.....	12,000,000	12,000,000
Tax on perfumery, cosmetics, and proprietary articles.....	8,000,000	8,000,000
Total.....	47,000,000	47,500,000
Net reduction in taxation.....	302,590,000	750,280,000

#### ESTIMATED RECEIPTS FOR FISCAL YEAR.

Income taxes:		
Personal.....	\$900,000,000	\$810,000,000
Corporate.....	456,000,000	482,000,000
Excess-profits tax.....	669,000,000	185,000,000
Miscellaneous internal revenue.....	1,175,000,000	1,044,000,000
Back taxes, income and excess-profits.....	235,000,000	335,000,000
Total.....	3,435,000,000	2,853,000,000
To these totals there are to be added the following items:		
Customs.....	370,000,000	450,000,000
Miscellaneous.....	487,000,000	487,000,000
Total income.....	4,292,000,000	3,793,000,000

The following tables will state the situation from another angle:

#### SUMMARY OF TAX CHANGES.

The following table is a recapitulation of the principal changes in rates contained in the bill, with estimated gains and losses such changes will occasion:

Estimated changes in annual revenue receipts under proposed new rates for 12-month period.

[Rates not fully in force until calendar year 1923.]

	Loss.	Gain.
Repeal of excess profits <sup>1</sup> .....	\$450,000,000	.....
Increase of corporation income tax from 10 per cent to 12½ per cent <sup>1</sup> .....	.....	\$133,750,000
Reduction of surtax rates on individual incomes (maximum 32 per cent) <sup>1</sup> .....	90,000,000	.....
Increased exemption of heads of family: To \$2,500 for incomes not in excess of \$5,000.....	40,000,000	.....
Additional exemption for dependents increased to \$400 from \$200.....	30,000,000	.....
Repeal of tax on transportation (freight, passenger, and express) as of Jan. 1, 1922.....	262,000,000	.....
Repeal of tax on life insurance.....	6,300,000	.....
Repeal of tax on beverages (secs. 623 and 630).....	60,000,000	.....
License tax on sellers of soft drinks.....	.....	10,000,000
Tax of 6 cents on cereal beverages.....	.....	12,000,000
Tax of 5 cents on carbonic acid gas.....	.....	2,000,000
Tax of 2 cents a gallon on fruit juices of soft drinks.....	.....	.....
Tax of 3 cents a gallon on still drinks, not mineral and table water.....	.....	12,000,000
Tax of 10 cents a gallon on fountain sirups.....	.....	.....
Repeal or reduction of excise taxes:		
Section 900—		
Paragraph 5 (sporting goods).....	2,000,000	.....
Paragraph 9 (candy).....	8,000,000	.....
Paragraph 13 (electric fans).....	280,000	.....
Paragraph 19 (fur articles).....	4,510,000	.....
Section 904.....	15,000,000	.....
Change in section 907, perfumery, cosmetics, and proprietary medicine (5 cents tax on manufactures).....	.....	8,000,000
Total.....	968,080,000	177,750,000
Net loss.....	790,330,000	.....

<sup>1</sup>Effective Jan. 1 1922.

While the above table indicates a net loss in revenue receipts of \$790,330,000, only a portion of this loss will be reflected in revenue collections for the fiscal year ending June 30, 1922.

Inasmuch as the repeal of the excess-profits tax and reduction of surtax rates on individual incomes do not become effective until the calendar year of 1922, \$406,250,000 of the contemplated loss of revenue will not be reflected in revenue collections prior to the calendar year of 1923.

With the time at my disposal I will not have the time to read these tables I have prepared, but with the consent of the committee I shall include them in my remarks. The committee first endeavored to obtain as detailed and accurate an estimate as possible of the expenditures of the Government for the fiscal years ending in 1922 and 1923. As I have already said, the first estimates were unsatisfactory. The second estimates were unsatisfactory. The third estimates conformed to the estimates made by the chairman of the Appropriations Committee and the majority leader of the House and to our own figures. We think they show very nearly the correct amounts that can be raised and expended by the Government with profit to the country for the years 1922, 1923, and for subsequent years.

FOR THE RELIEF OF THE TAXPAYERS.

The debate so far has centered around a few of the provisions of the bill, which contains many meritorious features, to some of which I now desire to call attention. The limit of time will permit comment upon the more important matters in each. The relief for the people in the items of taxation is accomplished in many other paragraphs. I will only briefly state them. They have already been explained at considerable length by preceding speakers.

The deduction for married persons and heads of families is increased for those whose net incomes do not exceed \$5,000 from \$2,000 to \$2,500 and the exemption for children is raised from \$200 to \$400 each. This affects a great proportion of the people of the United States.

The elimination of a tax on freight, passenger, and Pullman tickets and express affects practically every section of the country, and is a relief to nearly every citizen. Some question was raised the other day as to why the tax was removed on express and not on the parcel post. The reason for that is this, that the express rate applies to carload lots as well as to smaller shipments. In the shipment of perishable commodities like fruit immense quantities are sent by express. The tax on parcel post applies to a very limited amount of articles or shipments that would be directly in competition with the express, and the express tax was a heavy tax on commodities which could but ill afford to bear the tax. The money lost to the Treasury by a repeal of the excess-profits tax is replaced in part by the increase of the corporation tax from 10 per cent to 12½ per cent.

Young America was relieved of the tax on sporting goods. The tax on clothing in section 904 was repealed. The taxes on the so-called luxuries, on proprietary medicines, on beverages, on toilet preparations, and so forth, is changed from a retail tax to a manufacturer's, producer's, or importer's tax. Now, if the gentlemen will take their bills I will call attention, so far as time permits, to some of the provisions of the bill.

In section 202 (d) provision is made for the exchange of property, where no gain or loss is recognized. Under the present law this has caused the Treasury a very great deal of difficulty. Two men exchange a farm, one practically as valuable as the other. Men have exchanged stocks and bonds in order to consolidate their holdings of a particular kind or kinds of securities in which there was no gain or loss recognized. The amendment liberalizes the law in the interest of the taxpayer and provides explicit rules for determining whether any gain or loss has resulted. It also relieves such transactions from delay, simplifies the tax return, and promotes such exchanges of property.

Mr. SINNOTT. Does this provision apply to an exchange of lands within the exterior limit of forest reserves, public land for private land?

Mr. HAWLEY. If such exchanges are authorized by law, then this provision would govern in determining whether gain or loss had occurred.

In section 204 (b) provision is made for the spreading of loss of any taxpayer over two succeeding years under proper restrictions. Many taxpayers have great losses in one year, and if they are not allowed to spread such losses over the two succeeding years it will be very burdensome to them. The recent flood at Pueblo, Colo., destroyed considerable sections of the business section. Taxpayers who suffered the loss of a great portion of their property had already made incomes which they will have to return. This amendment will adjust their taxes so that they can pay them and continue in business.

In section 206 new definitions are provided for capital gain and capital loss, and there is definitely fixed the amount of capital gain to be taxed in the case of any transaction involving the sale of capital assets. For instance, a farmer sells for \$75,000 a farm that cost him \$50,000. Under the present law the surtaxes are so high that many transactions are prevented from consummation, to the detriment of the development of the community. The owner feels it will be better for him to retain his

property than to sell it and pay the very high rate of tax. Now, we propose that such transaction shall not pay a tax in excess of 12½ per cent of the amount of the gain in transactions where the net income and capital gain together exceed \$29,000 or more. If the net income and capital gain together are less than \$29,000 the taxpayer will pay in the appropriate brackets, and the rate will be lower.

Mr. STAFFORD. I find on page 12 the stated tax of 15 per cent. Where is the provision for 12½ per cent?

Mr. HAWLEY. It has been reduced to 12½ per cent by reason of other provisions of the bill.

Mr. STAFFORD. That is to be a committee amendment?

Mr. HAWLEY. That is to be a committee amendment.

In section 213 provision is made for the deduction of traveling expenses of persons traveling on business. This will affect the commercial travelers of the country, and especially those who are traveling on a commission basis. Heretofore they have not been allowed this deduction, while those traveling on a salary have. This is a measure of justice and will also encourage the men who wish to enter business for themselves.

Mr. FESS. Will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. FESS. The gentleman has gone over section 211. That exemption No. 9, page 15, "amounts received as compensation, family allotments and allowances," and so on—is a very valuable item. Did the committee consider including in this item the item of exemption of pensions from other wars?

Mr. HAWLEY. Yes. That will be offered as a committee amendment.

Section 214 modifies the rule now in force as to bad debts, which requires that they be charged off in toto or not at all, by allowing them to be charged off in proportion to their collectibility as found by the commissioner. Heretofore if a man had what he thought was a bad debt of \$1,000 the commissioner could either allow him to charge that off, if it was proven that it was absolutely a bad debt, or, if he could not prove it was a bad debt in toto, he could not charge any of it off. Now we propose to allow him, if the commissioner says he can realize \$500 out of it, to allow him to charge off only \$500. This will enable many business men to close accounts which are now being held open by reason of their contention that the debts are bad and can not be collected in whole, while the commissioner contends they are not wholly bad.

Section 217 provides that where property has been destroyed, requisitioned, or condemned and the taxpayer is recompensed for such property and immediately proceeds to invest the moneys received in other similar property—that is, replaces the property destroyed or taken—he shall not be esteemed to have made a gain by the transaction. If he uses the money paid to him for it in the building of another property of that same kind—for instance, a vessel, a house, or whatever may have been taken or destroyed—he shall not be counted to have made a gain or a loss; that is, where property is taken or destroyed and replaced with the moneys received there shall be no gain or loss recognized.

Section 248 is amended so that corporations may make either separate or consolidated returns; but having once chosen to make a separate return or a corporate return they can not change that without the consent of the Commissioner of Internal Revenue. Heretofore corporations were inclined to change from the corporate form to the separate form if one or the other favored them in the reduction of the amount of taxes they would have to pay. But under this provision, after they have elected once, they can not change that election except by consent of the commissioner.

Section 251 is liberalized in the interest of the taxpayer in the penalty provision. You will notice that most of these amendments are liberalizations of the law in behalf of the taxpayers, relieving them of unnecessary burdens, making plain what the law means, leaving no doubt as to its intent, so that it would not be a matter of construction or regulation, but a matter of law, that anyone who reads it can understand what is intended.

Section 252 limits the time in which the commissioner can reexamine the returns and reassess taxes on any taxpayer. Heretofore it has been five years. We propose to make the limit three years hereafter, except that the five-year period is retained for past years, back to 1917. This will compel the Government to close out its account with every taxpayer. A great many business transactions are suspended and are not consummated for the reason that the person intending to buy says, "What liabilities are there on this property?" And, among others, there is stated to be a certain amount of tax in dispute. Men do not like to buy property especially when the amount of tax in dispute is large. Many very important trans-



actions have been lost, and this will open up the way to their settlement.

Section 255 provides for a credit or refund to the taxpayer for excess taxes paid in previous years where the commissioner decreased the invested capital of the taxpayer and such taxpayer failed to take adequate deductions in the previous years.

Section 404 provides the time in which the executor of an estate may be discharged from personal liability for additional taxes that may be later assessed. Heretofore the time has been unlimited. The bill reports a period of one year. I think it will be reduced probably to a period of six months, so that executors can close up estates and allot to the beneficiaries of the estates the amounts due to them and the executors be relieved from any further personal liability.

Section 901 provides a limitation of 15 months for the assessment of additional capital stock, except in case of a false return.

Section 1001 provides that the commissioner and the taxpayer may make an agreement as to the amount of taxes due, which will be conclusive and binding upon all parties, and which may not be set aside by any court of the United States except in cases of malfeasance or fraud or misrepresentation.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. HAWLEY. Mr. Chairman, may I have 15 minutes more?

Mr. GREEN of Iowa. I yield to the gentleman 15 minutes more.

The CHAIRMAN. The gentleman from Oregon is recognized for 15 minutes more.

Mr. HAWLEY. This provision of the law has been urged by every Secretary of the Treasury in recent years. Very many times the amount in dispute is considerable, and the questions in doubt are so evenly balanced between the Government and the taxpayer that it is very difficult to say without a long and expensive suit how much ought to be paid. The taxpayer will in nearly every instance be willing to pay more than he thinks he ought to pay if he can get his property relieved of the burden of the unpaid tax that is upon it. The Government is many years behind with the collection of the revenues under the income taxes.

These are provisions for simplifying the returns, making the situation more favorable to the taxpayer and affording opportunity of early settlement, which will enable the Government to close out these accounts with the taxpayers, getting the money into the Treasury and getting immense quantities of what are now known as back taxes.

Mr. SMITH of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. SMITH of Michigan. How much is involved in litigation on the income tax?

Mr. HAWLEY. I do not know exactly how much is involved in litigation, but a billion dollars is yet to be collected, in round figures.

Mr. SMITH of Michigan. A great many cases are now pending, are they not?

Mr. HAWLEY. Yes; there are a great many disputes pending, both in the courts and in the department.

Section 1002 will enable the Treasury to make regulations that are not retroactive, unless such regulation is occasioned or required by a court of competent jurisdiction. Under the present law if the Treasury Department makes a regulation it must apply to all similar cases heretofore dealt with. This provision in the pending bill enables the Secretary of the Treasury to make a new regulation without reopening all the cases that have been previously considered and settled and make it unnecessary to reopen thousands of settled cases.

Section 1010 is to relieve the taxpayer and simplify the return by the segregation of exemptions in the case of Liberty bonds. That has already been discussed at some length, and I will not refer to it further except to say that it removes one of the most confusing and difficult schedules in the tax return.

Mr. LONDON. Mr. Chairman, will the gentleman yield there in connection with that for a short question?

Mr. HAWLEY. Yes.

Mr. LONDON. Is it not because of that that the Government has been enabled to discover how much money has been invested in tax-free bonds? By answers to those questions the Government now is enabled to find out how much money is invested in tax-free bonds, is it not?

Mr. HAWLEY. We asked the officials of the Treasury about this elimination. They said that the information they obtained was interesting but of no particular value in the tax law.

Mr. LONDON. It is valuable to that extent, that we know how much money has been invested. Otherwise we would never be in possession of that knowledge.

Mr. HAWLEY. We must know, if the gentleman will permit, how much money has been invested by the outstanding tax-free bonds that are out of the hands of the original owners of the issues.

Mr. LONDON. This gives the extent of the distribution and the number of holders of the bonds.

Mr. HAWLEY. Yes; but the gentleman must take this into consideration: He might report this year the ownership of \$100,000 of tax-free bonds, and a month after the report was in he might find opportunity to sell them at an advantage, and by the time the Treasury examined the return the information would be of no value. Such transfers in large amounts are continually being effected.

Mr. LONDON. Except that it would be valuable in giving the aggregate.

Mr. HAWLEY. Yes; at the time; but it might be of no value to the Government at a later date, and would be an untrustworthy basis for any statistical use.

The Government has been subjected to a great deal of criticism for the existing law. In section 1003 we propose no taxpayer shall be subject to unnecessary examinations and investigations, and that only one inspection of a taxpayer's books and accounts shall be made for each taxable year, unless the taxpayer requests otherwise, or unless the commissioner notifies the taxpayer in writing that an additional inspection is necessary. We had instances before us where the books of a corporation or an individual had been examined four or five times, with four or five different assessments of taxation. There ought to be one levy of tax, one determination of it. It ought to be settled once for all when a man pays his tax, unless there should be good cause for a reexamination.

Section 1003 is one of the most important for the relief of the taxpayer. I quote it in full:

No taxpayer shall be subjected to unnecessary examinations or investigations, and only one inspection of a taxpayer's books of account shall be made for each taxable year, unless the taxpayer requests otherwise, or unless the commissioner, after investigation, notifies the taxpayer in writing that an additional inspection is necessary.

Mr. CONNELL. Mr. Chairman, will the gentleman yield?

Mr. HAWLEY. Yes.

Mr. CONNELL. There should not be another examination unless the first examination was wrong, and in that case the taxpayer should be notified in writing, should he not?

Mr. HAWLEY. The gentleman is right, and we so provide. Of course the commissioner would not cause a frivolous examination to be made or an examination to be made on a frivolous ground. I have recited these provisions briefly because the time will not permit more comment on each provision. But these provisions for the relief of the taxpayer, the provisions for the simplification of the return, are involved in those already recited.

#### SIMPLIFICATION OF THE FORM OF THE RETURN.

There is a great deal of complaint made of the tax return itself. It was framed in a Democratic Treasury. I desire to say this about it, that there is not a line in that return that is not required by some provision of the law, and the Treasury Department is not to blame for the return. It is to be commended for the return. All the items in that return are required by some provision in the law, and if they had left any of them out then the taxpayers could have said, "You did not ask me about this, and I made no report about it, because evidently you did not want any information about it."

Now, the only way to simplify the return is to straighten out the difficulties and inconsistencies in the law and to provide for the relief of the taxpayer, and then to eliminate all unnecessary requirements. The amendments we propose will greatly simplify the return. The repeal of the excess-profits tax will eliminate one of the most vexatious of questions—that of invested capital and the provisions that provide for its ascertainment.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. HAWLEY. I yield to the gentleman from Texas.

Mr. HARDY of Texas. Is it not also a fact that when this law was passed it was new to our legislation, and that experience has given us a great deal of knowledge that we did not have at that time?

Mr. HAWLEY. Section 203, in the simplification of the return, determines the vexed question relative to the price or value of property as of March 1, 1913, in conformity with the decision of the Supreme Court in the case of the Merchants Loan & Trust Co. against Smietenka, decided March 28, 1921. I had intended to comment somewhat at length upon that. It is a very important feature in the bill. The Supreme Court required us to go back to the cost of the property prior to 1913 in certain instances. The rule of the law is made clear now



as to what constitute gains and losses in the sale of property under this decision of the Supreme Court, and everyone interested in economic law will do well to study this decision of the Supreme Court and find what the final decision of the court is in the definition of gain in the sale of property. The court states the rules in the following language:

Income may be defined as a gain derived from capital, from labor, or from both combined, provided it be understood to include profit gained through the sale or conversion of capital assets.

Section 203 also provides for the exchange of property for property of comparable value without reckoning gain or loss.

Section 210 simplifies the return by repealing the provision of the present law which requires every taxpayer to make a return of his tax-free securities and the interest received thereon.

Other simplifications have been effected; and in addition we provide in the bill a board consisting of three of the tax-paying public and three heads in the Treasury, to be a standing board to serve without pay to study both the return and the law, so that at any time when good and valid cause is found for changing the form of the return it can be modified; or if they find that the law can be amended in the interest of simplification they can report that to Congress. We believe that a much simpler form can be framed that will enable the taxpayer to prepare his return without doubt or difficulty.

#### TO PREVENT ERASURES.

In the administration of the law many instances were found where advantage was taken of its provisions to evade or to attempt to evade taxation. Section 203 modifies the existing law as to gifts or bequests so as to prevent an evasion of the tax by the gift of property, for instance, to a man's wife, who might sell the property at a profit without payment of tax on the net gain realized. If the man had sold the property at a profit he would have had to account for the gain. This is to provide that if property is given in this way to secure the evasion of the tax the tax shall nevertheless be imposed.

Section 214 prevents wash sales. For instance, a short time—a day or so—before the return was made a broker would sell a million dollars worth of stock and report a loss of \$100,000 or some other sum. The day after the return was filed he would buy back his stock—that is, in other words, he would claim a loss of \$100,000—and in order to prevent such wash sales we inserted the provision in section 214.

Section 219 provides that the holder of a life or terminable interest acquired by gift, bequest, devise, or inheritance shall not be reduced if the property is sold at a loss—that is, if I am receiving a \$5,000 income from a trust estate and the trustee sells out the estate and takes a loss of \$3,000, my income can not be held to be reduced for the purposes of taxation by the amount of the loss. I am not to be allowed that \$3,000 loss. I must pay taxes on my \$5,000 income. The trust estate will be allowed to claim the \$3,000 loss in its accounts. This was a source of frequent attempts at evasion.

Section 220 prevents the evasion of the tax on dividends on stock. Dividends on stocks of foreign corporations sent to this country are not taxable if that foreign corporation pays a tax in this country, and many of the foreign corporations, having wise counsel, found that if they bought a \$100 railroad bond, the interest on which was taxable even to the amount of \$1, they could send thousands and hundreds of thousands of dollars in dividends into this country tax free because they paid \$1 tax in this country. We have put into the law a provision which will prevent a patent evasion of the law in that form.

Section 226 is to prevent the formation of corporations for the purpose of preventing the imposition of the surtax upon their stockholders or members. Such corporations were formed in the endeavor to evade the law. We provide legislation by which that will be prevented in the future.

Section 228 is to prevent an abuse of the permission to deduct taxes paid in foreign countries.

Section 248 permits a corporation to make separate or consolidated returns; but having chosen one form, having made a choice at one time, they must adhere thereto unless permitted otherwise by the commissioner.

Section 249 is to authorize the commissioner to consolidate the returns of a parent corporation with those of subsidiary corporations, and particularly with those of foreign subsidiaries. In an attempt to evade taxation they would make separate returns and divide up the income and keep out of the high brackets or transfer the greater proportion to foreign subsidiaries; but now by consolidating the return, giving authority to do that when the circumstances warrant, we can prevent an evasion of the tax.

#### REPEAL OF SURTAXES AND THE EXCESS-PROFITS TAX.

In the short time yet at my disposal I can only make a brief statement upon the repeal of the excess-profits tax and of the surtaxes.

Outside of the agricultural population the greater proportion of the people depend for their livelihood upon employment provided by others. Many others are dependent wholly or in part upon dividends on stocks and interest on bonds of corporations, and the number of persons of small means who own a few shares or bonds is very large.

Business enterprise, either in the individual or corporate form, furnishes millions with employment, and when business is stagnant large numbers are unemployed. There are now some 5,000,000 of our people out of work. The success of business enterprises is of vital interest to all our people, and any action that promotes trade and industry is of primary importance to all. Business needs for its reconstruction hundreds of millions of dollars. While Congress may enact legislation to furnish credit, it has a better and more legitimate means at hand and that is by reducing the taxes, to leave in the hands of enterprise the moneys not necessary for the economical administration of the Government. We have therefore provided that when this bill is in full effect taxes will be reduced by some \$900,000,000.

The excess-profits tax is not a scientific tax. The standard of invested capital is an arbitrary basis, opening wide opportunities for overvaluation and causing similar corporations to pay widely different amounts on the same earnings.

The chart of the gentleman from Arkansas was based upon an assumption, the chief error in the deductions from which is that large corporations made a high percentage in income and smaller corporations made lower percentages. A study of the actual returns as tabulated in the reports of Treasury officials shows that the assumption is wrong. An examination of the table on page 41 of the hearings on the revenue act of 1918 and other tables shows that the smaller corporations entered the high brackets in much greater numbers than the larger—that is, the repeal of this tax will especially benefit the smaller organizations. But aside from this, the chief argument is the urgent necessity for the reconstruction of industry, that labor may be provided with wages, markets with necessary commodities, and our people be able to purchase and use the products of farm and factory. It might be inferred from some of the arguments against the repeal that the earnings of corporations inured to the benefit of the few. They pay up to 75 per cent of such earnings for labor and services; they distribute large sums to investors, who pay, according to their circumstances, income taxes; they are important factors in the welfare of the public generally. If any do harm, the remedy is to regulate them and not injure all corporations, good or bad, as a class.

In 1918 the excess-profits tax earned about \$1,250,000,000; in 1921 it will earn about \$445,000,000 and less in 1920. It is not a tax adapted to peace conditions. I regret that I do not have time to develop the argument, or to refer to the surtax, but in the revision and extension of my remarks, which I will presently ask, I will so do.

I believe this bill will materially aid in the rehabilitation of our industrial and economic life, so opening the door to the employment of millions, the market for our varied products, and will inaugurate a new era of prosperity. [Applause.]

By unanimous consent Mr. HAWLEY was given leave to revise and extend his remarks in the RECORD.

Mr. COLLIER. I yield one hour to the gentleman from New York [Mr. COCKRAN]. [Applause.]

Mr. COCKRAN. Mr. Chairman, I am opposed to this bill because the purposes for which it is framed are vicious, because the result it must produce will be disastrous, and because the means adopted to force its enactment are ridiculous and pernicious.

The procedure under which we are considering this measure shows on the part of its authors remarkable prudence of a certain kind—the kind generally attributed to the ostrich which is said to hide its head in the sand under the belief that it is then completely screened from observation and secure from pursuit. The committee by this rule effectively preventing any amendments except such as are offered by the Ways and Means Committee evidently believes it has afforded Members an excuse for supporting this bill notwithstanding certain provisions which can not be defended before any intelligent American constituency, whereas it merely allows them to cover their foolish heads, leaving exposed a much larger surface to invite vigorous applications of leather propelled by indignant muscles. [Laughter and applause on the Democratic side.]



The gentleman from Oregon [Mr. HAWLEY] who has just taken his seat has—quite unconsciously, I think—thrown a flood of light upon the degree of abasement to which this body has been reduced by the Committee on Rules and by its own slavish submission to that extraordinary body. He told us the exact conditions under which this bill has been framed. And in the light of that revelation I think it entirely safe to say that never before in the history of civilized society has a scheme of taxation—much less of taxation on such stupendous scale—been proposed to a representative body under conditions so extraordinary, so preposterous, that were it not for the momentous issues involved we would be constrained to consider this measure an extravagance of comic opera rather than a serious proposal of legislation.

It is now disclosed to us that the responsible officers of the Treasury reported to the Ways and Means Committee, after careful consideration, the wants of the Government for the coming year to be \$4,550,000,000, whereupon they were sent back and told that they must reduce the amount of those estimates. The gentleman from Oregon did not tell us how the reductions were to be effected, nor do I think the committee cared much about methods. It seems to have been concerned only in reducing the estimates. No inquiry was made as to the feasibility of running the Government for a lesser amount. The committee with an eye single to the next election and the promises made by Republican platforms and politicians before the last election simply resolved that it would not raise so large a revenue, no matter what the public necessities might actually require.

Well, the Treasury folk came back with lower estimates, but only to be told that the reduction was not sufficient. They returned again with these figures now before us which, it is claimed, afford some shadow of justification for cutting off \$700,000,000 of revenue from what the Secretary had declared necessary to anything like an efficient administration of the Government. And this it has undertaken to do without giving the House one scintilla of information as to the method by which these reductions are to be effected. In fact, I think I can say, without presuming very much, that the gentlemen of the Ways and Means Committee do not know themselves.

Is this exaggeration? Among all the members of that committee, the fullest embodiment of its wisdom is surely the gentleman from Iowa [Mr. GREEN], who has entertained us to-day with such varied animadversions on the behavior of the minority. I would like to ask him if he can answer now the question that was put by the gentleman from Tennessee [Mr. BYRNS] to the gentleman from Oregon [Mr. HAWLEY] asking how these reductions were to be accomplished; what activities of the Government would be affected by them? The gentleman from Oregon was silent then, and silent he remains. The gentleman from Iowa I see moving uneasily in his seat as though possessed of some knowledge struggling for expression, and so I welcome him to his feet. [Laughter.]

Mr. GREEN of Iowa. Has the gentleman read the report?

Mr. COCKRAN. I have read it most carefully.

Mr. GREEN of Iowa. I am sorry the gentleman has not got the information he wants, because it is right there.

Mr. COCKRAN. If the gentleman will read me one line of information—

Mr. GREEN of Iowa. Nobody could convince the gentleman from New York.

Mr. COCKRAN. The gentleman might try. I do not ask for conviction; I only ask for a contribution, however slight, to my knowledge. [Laughter.]

Mr. GREEN of Iowa. The gentleman said he could not get it from the report.

Mr. COCKRAN. I did, and I say now I can not get it from the gentleman.

Mr. GREEN of Iowa. That is not my fault.

Mr. COCKRAN. It is not the fault of the gentleman, because he does not possess it. [Laughter.] Nor does any other member of the committee. Now, the limit of the gentleman's information might be matter of little public interest under ordinary conditions, but it is of tremendous significance to the people of the country for the light it throws on the methods of procedure imposed on this House by the Committee on Rules.

By whom, according to the Constitution, should the wisdom or the necessity of these reductions be decided? By this House. And yet we are actually allowed to know as much about it as the gentleman from Iowa, and that is to describe a state of complete innocence wholly unaffected by the slightest information. [Laughter.]

Mr. Chairman, to state that is to state something so astounding that it would have been deemed totally unthinkable by a Member of the House 20 years ago. The decline in consequence of this body has been so rapid of late that we are now reduced

to about the same level as the Electoral College. And how could it be otherwise? What possible weight or value could be attached to any discussion or action of ours concerning this measure when not one of us is allowed to propose an amendment or even to understand the grounds on which the reductions it proposes are based. Discussion of a revenue bill under these conditions is about as intelligible, about as comprehensible, about as defensible, as if some enterprising gentleman should undertake to discuss after a general election the merits of presidential candidates with a view to affecting the vote of the Electoral College.

Action by the electors is now a mere formality required by the Constitution to make legally effective the vote of the people, which in choosing them has already decided the election and the choice of a President. Yet the Electoral College, as the framers of the Constitution planned it, was to be the most independent body in our whole political system. In the convention at Philadelphia more time was devoted to establishment of safeguards which it was hoped would make the choice of a President the untrammelled, uninfluenced act of the Electoral College than to any other feature of our political system. In spite of every precaution the functions of the college have shrunk to a mere formality, because its members were incapable of defending its independence. And the same fate seems to be impending over this body, if it has not already overtaken us. There is now but one real legislative chamber in this country. A mere formality remains to be observed by us. Before the real legislative body can take jurisdiction of a revenue measure this House must adopt the clause "Be it enacted."

Everything else that we may do here is disregarded by the other body as mere surplusage. And surplusage it should be considered. For it is not the product of the House, but of a few Members. And it is not the fruit of any information acquired by the committee on the subject with which it deals. The committee that reported it and the whole House are admittedly in profound ignorance of every matter that they are required by the Constitution to decide in framing a revenue bill. How could any one of our enactments carry weight with anybody when the authors of this bill, challenged to give a reason for their extraordinary course in disregarding the judgment of responsible Treasury officers as to the revenue necessary to maintain the Government of the country, can not tell us in what particulars administration of the departments will be affected by the reductions they urge us to vote?

Mr. Chairman, I shall not burden the House at this time with further discussion of the ridiculous condition to which we are reduced. I will return to it later for the purpose of asking Members on both sides to unite in an effort to restore the dignity and credit of representative government in this country.

Judging from the vicious system under which we are forced to consider this bill, the stupidities and depravities embraced in it are almost incredible. [Laughter on the Democratic side.] The stupidities are so many and so varied that even to enumerate them would exhaust all the time at my command. I will confine myself to pointing out its depravities and the baleful results they must inevitably produce.

There is one provision that embraces every depravity which could possibly discredit and condemn a measure submitted to a legislative assembly in a democratic community. I refer to its open, undisguised establishment of a discrimination in the taxes to be levied on the citizens of this Republic. You gentlemen of the Republican Party have been levying discriminating taxes for a long time, but hitherto they were disguised under the pretense that they would benefit the people whom they despoiled. Under the system of plunder by protective tariffs deference was paid at least to the forms of our Government and the essential principles that underlie it. Here both forms and principles are disregarded cynically and openly.

I do not think any gentleman on the Republican side of the House will pretend that all citizens of the country, under the system of remitting surtaxes on the largest incomes proposed in this bill, will be subject to equal taxation. I shall not undertake to discuss the merits or demerits of high income taxes. Far more important than the rate of any tax is the capital necessity that it be equal. I do not care what the plea in justification may be. I say without any hesitation or reserve that unequal taxation under any circumstances whatever is impossible in a democracy. When it is established, democratic institutions are ipso facto abolished. No stronger proof of this could possibly be afforded than the argument by which it is sought to justify these proposals.

We are told that certain holders of property are too powerful to be brought under the law imposing a progressive or graduated income tax unless special exemptions are made in their favor. Am I exaggerating here, gentlemen on the other side? Your



silence concedes that this statement of your position is absolutely correct. Now, what is the true significance of that argument and of the statement on which it rests? I think it will be conceded on all sides that under no form of government can anyone within its jurisdiction be permitted to deny its power or successfully resist its authority and at the same time remain its subject. There can not be in any political system a force greater than the Government. The greatest force must always be the Government. These possessors of great wealth who can not be made to bear taxation that they do not like are to-day on your own showing stronger than the Government. They therefore are the Government of the United States, and you gentlemen on the Republican side are but the instruments through which they are exercising their powers. [Applause on the Democratic side.]

This I admit is a strong statement—a very strong statement. Let us see how far it is justified.

Here is the table [indicating], prepared by the gentleman from Arkansas [Mr. OLDFIELD], more eloquent than any speech that could be delivered by human lips or conceived by human mind. It shows that under this proposed law a remission of \$20 is made to the man with an income of \$70,000 a year, and a remission of \$604,720 is made to the person with an income of \$2,000,000. How is that extraordinary proposal defended? You say it is because you can not help it. Are you trying to help it? Has it proved impossible to make these collections in the past? If the Government had actually failed to make them, the beneficiaries of the scheme now before us would not be here forcing you to unmask yourselves before the American people. [Applause on the Democratic side.] These taxes have been collected. There is no doubt about that. But there is little doubt that the Government will not be allowed to continue collecting them. Why? Because these men have placed your party under obligations during the election which you are now called upon to redeem. Ah, your masters have cracked the whip over your heads, and they have told you, their instruments, that you must now carry out the purposes for which they financed your election. [Applause on the Democratic side.]

Mr. Chairman, this table is striking, but what it suggests is more striking still. It shows that between the man who has an income of \$70,000 a year and the man who has an income of \$2,000,000 or \$20,000,000 there is no difference in the rate of taxation; but there is a difference, a tremendous difference, a crushing difference between the rate paid by a man with an income of five or six thousand dollars a year and the rate paid by a man with an income of \$70,000 a year. Is that equal taxation? You do not pretend that it is. You acknowledge that it is unequal and to justify that inequality you declare yourselves impotent to enforce the law against a small section of the community whose power to make you impotent (at least the origin and source of that sinister power) is disclosed by the published list of campaign contributions. [Applause on the Democratic side.]

Mr. Chairman, one effect of this discrimination between the rates prescribed by this bill for the very rich and the rates it imposes on possessors of moderate means is to disclose strikingly the length of the distance this country under Republican ascendancy has already traveled along the path which leads away from democratic government and straight to class government. You are establishing now a precedent that one set of men, who are the very richest, can boldly come before the country and declare they must be exempt from any taxation they do not like; that only the taxes they are willing to pay can be imposed on them; that Congress may tax them with their permission, but it can not tax them according to what it may deem necessary for the safety of the Nation. Taxation on that burdensome scale must be imposed on others less favored by fortune. That is your position by your own statement. And it shows that the old political system under which all citizens controlled the Government in equal measure is displaced by a new order, which is here—under our eyes—exercising for the benefit of its members the powers of Government, control of which it has succeeded in acquiring.

I hold in my hand a book to which the gentleman from Arkansas [Mr. OLDFIELD] made allusion to-day in his very striking speech—*Dynastic America*. It shows that practically the whole industrial system of this country to-day is in the hands of 200 families. The author points out that those persons who now control every important source of employment in this land did not establish themselves the fortunes they possess. They inherited them. Ownership of these fortunes being hereditary, we have in the light of this bill established among us feudalism on the ruins of democracy. And we have reached this condition of feudalism exactly as it was reached in Europe

more than a thousand years ago. So true it is that there is nothing new in vice nor in the fruits of vice.

I am sure that to my friend from Ohio, Mr. LONGWORTH, who is an accomplished historian as well as a very able politician, I am saying nothing new when I remind him that after the old civilization fell before the blows of barbaric invaders its lands and treasures were divided among the conquerors according to the prowess shown in battle. The lands allotted to each one reverted back at his death to the tribe or the chief, when they were once more subject to distribution as a reward for effective service in the field. Gradually there grew up a system of preferring for the succession to the last possessor his eldest. And finally toward the close of the ninth century this custom of regarding the eldest son as the legitimate successor to the possessions of his father was recognized and confirmed as a right by the King. And thus feudalism became established.

The feudal baron or lord owned everything produced by his vassal. As lords of the soil or "landlords," they exercised supreme authority over all its inhabitants. The authority of the King was nominally great. It was actually negligible. The men who controlled the means of subsistence were then, as they are now, the actual rulers, transmitting their authority from father to son. That system is precisely the one to which the proposal of taxation actually pending shows we have come. With this bill in operation we will have feudalism—financial feudalism, industrial feudalism—in full operation all around us.

As the lands of the feudal baron were obtained originally by conquest and pillage, so the domination of our industrial system by its present rulers was established through kindred methods. Our first "captains of industry" did not rise to control of industrial enterprises by superior skill in production. With the exception of Rockefeller in the oil corporation and Havemeyer in the sugar corporation, I do not know of a single industry that was organized into a trust or monopoly by any person who had been connected with its commercial development. Control of them was acquired by financiers, promoters, speculative adventurers, who used them to exploit securities issued in enormous volume without any regard to actual or honest values, robbing the people and the stockholders with a cheerful but rigid impartiality. [Laughter and applause.]

These original depredators have now practically all gone on the long journey from which none returns. The enormous fortunes they acquired have passed to their families. This list here shows there are 200 of them. Now, these families tell us that they must be treated as a separate class, and that audacious claim you have confirmed by extending to them a peculiar but merciful taxation. It has actually come to pass in these United States that a man with an income of \$2,000,000 is to be relieved from \$604,000 of the sum he must now contribute to the support of the Government, but the man with an income of \$60,000 or less will still be compelled to give up every penny that the law now exacts from him. The country in which such a proposal can be made—much less adopted—has ceased to be a democracy.

Enactment of this measure is the formal proclamation of a revolution in our conditions, political and economic, which has been in progress for a generation. As King Charles the Bald, when he confirmed the right of the eldest son to succeed to his father's lands, gave recognition to a condition already in existence and by that recognition formally established the feudal system, so you by this measure are formally recognizing and proclaiming the feudal system in industrial America which has been in process of development for several years, first, through laws which allowed certain persons to use and abuse for their own enrichment the power of this Government to levy taxes under a protective tariff, and which now manifests at once its existence and its power when it forces you to discriminate between them and all others in the method of levying internal taxes. [Applause on the Democratic side.] And so we find history—the dreary history of democracy strangled in the house of its friends—repeating itself in this land of ours and through the agency of this body which was established to defend and maintain democratic government.

It may be that these views of mine are not shared by some on this floor. But there is one conclusion to which I think all—on this side at least—will agree. The moment gentlemen begin to legislate on the assumption that any power in this country is stronger than the Government, then—I will not say they are deliberately foresworn, but I do insist they have forgotten the A B C of their duties to the American people and to this Constitution. [Applause on the Democratic side.]

Mr. Chairman, enactment of this measure with these objectionable provisions will involve more than betrayal of the Constitution; more—much more—than subversion of democratic government. It will endanger the whole structure of our social



order, imperiling seriously if not fatally the security of property. Discriminations in favor of the very rich at the expense of the less fortunate are certain to provoke deep popular resentment. And this resentment is very likely to find expression in impositions vastly more burdensome than these discriminations in their favor can possibly be advantageous to the beneficiaries of this legislation.

So much for the political depravity of this measure. Let us now consider its financial depravity, which I venture to say is equally deep and even more portentous.

The report of the Committee on Ways and Means embraces a statement by the Secretary of the Treasury showing the revenues which will be necessary for support of the Government during the coming year. Now, Mr. Mellon either is fit for his place or he is not.

Mr. WARD of North Carolina. I suppose that is so.

Mr. COCKRAN. I do not think gentlemen will dispute that. We will start with that postulate. His capital duty is to keep accurate account of the country's revenues and expenditures. In discharge of that duty he came before the Committee on Ways and Means, a body charged with the framing of revenue legislation for our consideration—God save the mark—for our consideration—I am using the language of the Constitution; I wish I could say I am using the language warranted by actual experience [laughter]—came before the committee and informed it that the necessities of this Government will require a revenue of \$4,550,000,000.

Obviously if the estimates he furnished on a matter of such momentous importance be unreliable his complete unfitness for the great office he holds is undeniable. He is still Secretary of the Treasury, and therefore we must assume that in submitting these estimates he was expressing the deliberate judgment of this administration.

Mr. Mellon explained that he had made allowance for every reduction of which he could be certain, while refusing to accept as actual reductions paper promises of reductions, none of which in the experience of mankind has ever yet been realized. There never was a department, I think, in any government—certainly none in this Government of ours—that failed to expend all the money that it could get. [Laughter and applause.]

Now, after the Secretary of the Treasury told the committee in this formal report or statement that after having carefully examined every expense and pruned away everything that could possibly be spared he had reached the conclusion that it will require \$4,500,000,000 to run the Government, we have before us here a bill providing for a revenue \$750,000,000 less than the amount declared by Mr. Mellon to be the minimum required to meet the national necessities.

It is true that the committee claims new estimates were submitted—not by Mr. Mellon but by other Treasury officials—and these later estimates are said to justify their action.

It does not appear that anyone ever inquired what particular governmental activities would be affected by these reductions. And in the absence of all information on that subject how can we determine whether it is safe to make them? But this is precisely what you are required to determine under your oath of office. To determine all matters of taxation—the extent of it—whether the safety of the Government permits it to be decreased or requires it to be increased—is the task and duty especially assigned to you by the Constitution. You can not delegate that task to the Senate, nor to any of the executive departments, nor to all of them combined. You can not shift it to anybody. You must perform it yourselves, or you are fore-sworn, perjured, disloyal to your oaths and duties. [Applause on the Democratic side.]

Now, conceive what we are asked to do—what, under the rule of procedure adopted before this debate began, we are forced to do.

We have here several estimates of national expenditures, differing radically from each other. The first, Mr. Mellon tells us, is the result of the most painstaking scrutiny and rigid pruning. Of the manner in which the others were reached we have no information whatever. The aspect of this situation, which is without parallel or precedent in the whole range of human experience, is that we are required to decide whether the stupendous sum of \$750,000,000 can be cut from the careful estimates of the Secretary without running serious risk of imperiling the efficiency, if not the security, of the Government; and on this subject of transcendent importance not one of us has been afforded the slightest information. Even though there had been no differences in the estimates, it would still have been our duty to ascertain for ourselves the reasonableness and accuracy of them. But when estimates are in conflict that duty becomes the most pressing and imperative that can possibly devolve on us.

Suppose the first estimate should prove to be correct and it should turn out that these sums which we now refuse to raise are absolutely necessary for support of the Government. What then? Gentlemen opposite seem to contemplate calmly—almost gaily—the necessity of curing a deficit by an issue of bonds. They appear to be without the slightest realization of the disastrous consequences such a course must entail. I warn them now that in deliberately risking, if not forcing, a deficit at this time these gentlemen composing the majority are playing with fire—with fire that may develop into the most destructive conflagration in the history of mankind.

I see before me a gentleman whose knowledge of finance, I think, is second to none in this country. He not only understands it in the abstract, by study, but he has gained extensive familiarity with it in actual operation.

I ask Senator BURTON if he believes that an issue of bonds, amounting, say, to a billion dollars could be floated to-day at less than a 6 per cent rate of interest?

Mr. BURTON. I will say that it would depend somewhat on the time.

Mr. COCKRAN. I am speaking of this time.

Mr. BURTON. One has been issued for less.

Mr. COCKRAN. The last was at 5½ per cent.

Mr. BURTON. The money market is toward a lowering of the rates of interest, and there is every indication that that condition will continue.

Mr. COCKRAN. On the conditions existing to-day (without the confession of insufficient revenue which the issue of an additional billion would involve) the gentleman will not stand up here and pledge his great reputation to the statement that such a loan could be floated if it bore less than 6 per cent interest? I doubt very seriously whether such a loan could be floated even at 6 per cent. In view of the fact that, besides being an addition to the volume of our debt, the issue of such a loan would be a confession of failure to raise sufficient revenue, if it could be floated under such conditions even at 7 per cent, I think it would be an operation entitled to rank among the very greatest achievements in the history of finance.

Mr. MILLS. Will the gentleman yield?

Mr. COCKRAN. With pleasure.

Mr. MILLS. I would like to know where the gentleman gets his figures for that deficit of \$1,000,000,000 a year for the year 1922?

Mr. COCKRAN. I get it from Mr. Mellon.

Mr. MILLS. Is the gentleman using Mr. Mellon's original estimate of some \$4,500,000,000?

Mr. COCKRAN. I am, indeed.

Mr. MILLS. Is the gentleman also using the estimate of the Ways and Means Committee as to the revenue needed for 1922?

Mr. COCKRAN. Was the gentleman present when I asked questions about how its conclusions as to the probable expenditures of the Government were reached by the authors of this bill?

Mr. MILLS. I do not think I was.

Mr. COCKRAN. If the gentleman had assisted more closely at the proceedings of this body, he would have learned that the Committee on Ways and Means has no information itself, and therefore none to give us on that most important subject. And the House was plunged in that state of ignorance by the Committee on Rules when, using unnecessarily and unmercifully the party whip [applause on the Democratic side], it compelled adoption of the rule under which not one of us is able to express an opinion on any section of this bill, and which for that reason made your speech yesterday (one of the best of this session) absolutely fruitless and valueless.

Mr. MILLS. I will ask the gentleman whether it is a fact that the Ways and Means Committee has presented to the House an estimate of the revenue yield amounting to an excess of \$4,300,000,000. Is not that so?

Mr. COCKRAN. Why, no. It has given no estimate based on any facts that have been disclosed to us.

Mr. MILLS. I would ask the gentleman—

Mr. COCKRAN. I certainly have never seen one. I think the gentleman is suffering from absence.

Mr. MILLS. I refer the gentleman to the report of the Ways and Means Committee.

Mr. COCKRAN. The report is the very one on which I have been asking members of the Ways and Means Committee to give me light.

I should make it understood here that I will yield to any gentleman on the other side who wishes to question me, provided the time occupied in answering him is not taken out of the time assigned to me. Two minutes have already been spent in this colloquy. Will the gentleman from Iowa assure me as much

additional time as I may occupy in answering the questions of gentlemen on his side?

Mr. GREEN of Iowa. How much time does the gentleman want?

Mr. COCKRAN. As much time as may be consumed by these interruptions. Do I get it?

Mr. GREEN of Iowa. Yes.

Mr. COCKRAN. Now, will the gentleman from New York [Mr. MILLS] point to any statement based on facts, not to some conclusion that is worthless, in the Ways and Means Committee report?

Mr. MILLS. I will. I refer the gentleman to page 4 of the report of the Ways and Means Committee as to the estimated income for the fiscal year.

Mr. COCKRAN. On what is it estimated?

Mr. MILLS. It is estimated, first, on the estimate of the Treasury Department—which is the best estimate you can get—based on existing revenue laws, less the estimate of the Treasury Department of losses to be sustained by amendment to the law. And the gentleman would find that the Treasury Department estimates of revenue for the fiscal year 1922 were \$4,427,643,000, or only some seventy-odd millions less than the original estimate of expenditure of the Secretary of the Treasury on August 6 of this year. [Applause on the Republican side.]

Mr. COCKRAN. The gentleman is giving us estimates based on other estimates and these on still other estimates. I have taken the Secretary's statement of expenses and revenue, and on the difference between that and the sum which the bill proposes to raise I am basing this discussion. You admit here a loss of \$377,790,000 in this very report from which you read.

Mr. MILLS. The fiscal year 1922.

Mr. COCKRAN. I am speaking now of the next fiscal year.

Mr. BYRNES of South Carolina. May I say to the gentleman from New York [Mr. COCKRAN] that in the statement referred to by his colleague [Mr. MILLS], containing a total revenue of \$4,423,000,000, it includes estimated revenue for 1922 of \$3,376,000,000, and the estimated revenue under the present law is \$3,570,000,000. So that if his figures are correct upon which that total is based, he is going to reduce but \$200,000,000 instead of \$700,000,000.

Mr. DUNBAR. Will the gentleman yield?

Mr. COCKRAN. I will yield, bearing in mind that the time occupied in answering this gentleman is not to be deducted from the time allotted to me. I now have spent four minutes answering one set of questions from the other side of the Chamber.

Mr. DUNBAR. Will the gentleman yield?

Mr. COCKRAN. On the same condition.

Mr. DUNBAR. Secretary Mellon's report on August 3 for expenditure, made before the Ways and Means Committee, was \$4,554,000,000. There have been reductions expected since then.

Mr. COCKRAN. Where and how? That is what we want to know.

Mr. DUNBAR. That is stated in the report.

Mr. COCKRAN. There is not a word showing the particular activities of the Government which will be affected by these reductions.

Mr. DUNBAR. Will the gentleman permit me to tell him?

Mr. COCKRAN. Certainly. That is the very information I am trying to get.

Mr. DUNBAR. The estimate made by Mr. Mellon is \$4,554,000,000. There have been savings which have been accomplished or which will be effected.

Mr. COCKRAN. By whom?

Mr. DUNBAR. By Congress.

Mr. COCKRAN. Congress is not suffered to know anything about what it is doing or asked to do in this respect.

Mr. DUNBAR. I will tell you where: The War Department, \$50,000,000; the Navy Department, \$100,000,000; the Shipping Board, \$100,000,000; the Department of Agriculture \$25,000,000; the railroads, \$50,000,000; miscellaneous, \$25,000,000.

Mr. COCKRAN. That "miscellaneous" is good. Tell us what they are. [Laughter on the Democratic side.]

Mr. DUNBAR. I have not analyzed them.

Mr. COCKRAN. You never will.

Mr. DUNBAR. You asked me where the estimates were. I am giving them to you. What I know about the efficiency of Republican administration leads me to know that—

Mr. COCKRAN. There it is, "the efficiency of the Republican administration" is to solve all our difficulties—

Mr. DUNBAR. Will the gentleman let me continue?

Mr. COCKRAN. Yes; certainly.

Mr. DUNBAR. That brings our expenditures down to \$4,204,000,000.

Mr. COCKRAN. How do you know that these estimates are correct?

Mr. DUNBAR. An estimate is an estimate. [Laughter on the Democratic side.]

Mr. COCKRAN. Exactly. Just that and nothing more.

Mr. DUNBAR. How does the gentleman know that any statement he makes is anything other than an estimate? [Laughter on the Republican side.]

Mr. COCKRAN. I have some knowledge of the operation of my consciousness, and I am inquiring about estimates, not making any. But you are undertaking to enlighten us on something that you can not possibly know anything about—somebody else's estimates.

Mr. DUNBAR. These estimates are made of the reductions that are to be made, and when it is stated they will be made we have the right to believe that they will be made, and the Republican Party always carries out its promises. [Applause on the Republican side.]

Mr. COCKRAN. Let the gentleman go on. This is most interesting. Go ahead. Do not let anybody interrupt you. Go on. [Laughter.]

Mr. DUNBAR. Our receipts for this year will be \$4,200,000,000.

Mr. COCKRAN. You don't say! [Laughter.]

Mr. DUNBAR. And I will say further that in the estimate of expenditures provision is made and estimates are made of a reduction of our national debt of \$550,000,000. Now, what right have you to dispute and deny these figures unless you can prove that they are not true? [Applause on the Republican side.]

Mr. COCKRAN. Mr. Chairman, I am basing my argument on Mr. Mellon's statement, the author of these estimates, that they represent the minimum of the Government's requirements.

Mr. DUNBAR. I gave you Mr. Mellon's estimate.

Mr. COCKRAN. We have it here—\$4,500,000,000—and you are appropriating \$750,000,000 less.

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

Mr. COCKRAN. Let me answer one gentleman at a time. You say that these estimates, which contradict other estimates, about which Congress knows nothing, should be considered sufficient basis for action by use, who are sworn to act on our own knowledge and on our own knowledge alone. You tell us that reductions in the expenses of government are to be made by certain departments and because they are to be made, therefore, you assume they are made. And in my judgment it is absurd—preposterous, vicious in the last degree—to say that we can justify ourselves in taking action on this matter of supreme importance involving the safety of our whole financial system on such vague speculations and conflicting statements.

Mr. DUNBAR. They are to be made.

Mr. COCKRAN. And therefore, being yet to be made, they are made. [Laughter on the Democratic side.]

Mr. CARTER. Mr. Chairman, the gentleman has no right to interrupt the gentleman from New York without permission.

Mr. COCKRAN. Oh, pray, do not interfere with him. I have obtained 10 minutes additional time by reason of these interruptions. I am very much obliged for them.

There is one eminent authority that the gentleman now interrogating me seems to be quoting and paralleling. I do not know whether the gentleman ever saw the opera "The Mikado."

Mr. DUNBAR. How does the gentleman know I never saw it?

Mr. COCKRAN. I asked if you had not.

Mr. CARTER. Mr. Chairman, the gentleman has no right to interrupt.

Mr. COCKRAN. No; no. Please let him go on. The gentleman will remember then that Koko, who had been appointed lord high executioner, having been ordered by the Mikado to execute some one, reported in much detail the execution of a certain wandering minstrel whom, instead of actually killing, he had induced to leave the neighborhood but who subsequently turned out to be the heir apparent. It having then become necessary to confess that there had been no execution at all, Koko explained his action to the sovereign by saying, "You see, when your Majesty commands a thing to be done it is as good as done, and if it is as good as done it's done; and if it's done, why not say so?" [Laughter.] The gentleman tells us that the reductions will be made, and if they are to be made they are made, therefore why not legislate accordingly. [Laughter.]

Mr. REAVIS. Mr. Chairman, will the gentleman yield?

Mr. COCKRAN. I yield now to the gentleman from Nebraska but under the same conditions as those made previously with the gentleman from Iowa [Mr. GREEN].



Mr. GREEN of Iowa. I have answered questions out of my own time. Can not the gentleman give way?

Mr. COCKRAN. I can not give away one minute of the time allotted to me by my associates for the purpose of helping place our attitude before the country. Will the gentleman from Iowa accept the terms?

Mr. GREEN of Iowa. Yes.

Mr. REAVIS. You accept the estimate of the Secretary of the Treasury?

Mr. COCKRAN. It is the only thing before us.

Mr. REAVIS. I want to ask a question. The statement is made—

Mr. COCKRAN. By whom?

Mr. REAVIS. By the heads of these departments charged with the responsibility of their functions; men who are intimately acquainted with the activities and the expenditures that are to be made have made the statement that they will effect the economies stated in the report. Why do you choose to believe as absolutely correct the statement of the Secretary of the Treasury, who is not at the head of those departments, and still refuse to accept the statement of those who are responsible for their activities?

Mr. COCKRAN. Because if the matter is a subject of dispute between two sets of officers, and we have no accurate information of our own, it is a crime in my judgment to legislate in a way that involves a possibility of producing a deficit. [Applause in the Democratic side.]

Mr. REAVIS. And the estimate of the Secretary of the Treasury was sent to the committee, based on the statement of the heads of the departments that they would effect these economies. Why do you refuse to accept the statement of the departments?

Mr. COCKRAN. I do not accept or reject either statement. I complain of the fact that we have no information on which to decide intelligently between these conflicting estimates. As the gentleman describes it himself, the Secretary of the Treasury is in contradiction to officers of the Treasury, and the complaint I make is that we are proceeding here upon the say so, the estimate, the guess of some officers, which is in conflict with the estimate or the guess of others, to take action which may have consequences that will be irreparable, while the Constitution requires that we inquire for ourselves into every circumstance on which these varying estimates are based and then act upon our own judgment, enlightened by the facts.

Mr. REAVIS. If we wanted to determine a probable expenditure within a department, to whom would we apply for the facts?

Mr. COCKRAN. We would apply to the proper officers, and then judge for ourselves—

Mr. REAVIS. The proper officer would be the head of the department, and the report is based upon the statements of the heads of the departments.

Mr. COCKRAN. And if the head of the department made two contradictory statements, we should reject them both and seek other avenues of information. [Applause.]

Mr. REAVIS. The only statement upon which the gentleman relies is the statement of the man who has made contradictory statements.

Mr. COCKRAN. My complaint is that we have no statement on which anybody can rely, and that without a single statement on which anybody can rely you are reducing these taxes and taking the risk of a deficit which if it occurs must be met by an issue of bonds. And that, I fear, will work the catastrophe which I was about to describe when I was interrupted by the enlightening questions of the gentleman who evidently took his cue from Koko in the Mikado. [Applause and laughter.]

Mr. OLIVER. Will the gentleman yield?

Mr. COCKRAN. I yield to the gentleman from Alabama.

Mr. OLIVER. Accepting the statements of the gentleman from Nebraska [Mr. REAVIS] as the basis of the estimate, I would like the gentleman from Nebraska to answer whether the proper officer of the Navy, who is the chief of operations, has indicated to anyone that there can be a saving of \$100,000,000 in the Navy? On the other hand, he has stated to members of the conference committee recently that there would be a deficit rather than a saving, and I ask whether or not that officer has in any way indicated that there will be a saving of \$100,000,000.

Mr. REAVIS. If the gentleman is asking me, he has not stated to me one way or the other.

Mr. COCKRAN. Now, Mr. Chairman, I return to the proposition from which I was diverted by these interruptions. An issue of bonds at this time to supply a deficiency in the revenues necessary to maintain the Government will work havoc unspeakable in our industrial life. I have said—I repeat it, and

it is confirmed by every one of these interruptions—there is no evidence before the House on which anybody could rely that these estimates of national expenses which the Secretary of the Treasury says are based on the expenses of the year before—not on mere guesses—can safely be disregarded, and that being so I charge it would be nothing short of a crime—a crime of grave proportions—to refuse the revenues which the Treasury asks upon an assumption of economies which have not been made, and which many dispute can be made.

Suppose it should turn out that the estimates of the Secretary were correct and a deficit is the result of disregarding them? What will be the consequence? Clearly there must be an issue of bonds. If we are driven to that course, with bonds already outstanding bearing 5½ per cent interest and enjoying tax exemption selling just at par, a new issue made necessary by insufficient revenues to meet the expenses of the Government would be impossible to market except at a much higher rate of interest. And what will be the effect of that? Now, I appeal to my friend from Ohio [Mr. BURTON] to cast aside for a moment these shackles of party loyalty which sometimes hamper his intellectual processes and to give us the benefit of those clear-minded opinions which have been reflected in his published works upon economics, by telling us what will be the effect.

I do not think the gentleman will dispute that it must depreciate gravely the value of bonds bearing a lesser interest—that is to say, of all outstanding national obligations. And what must be the effect of that? A vast mass of these Government bonds are pledged to secure loans extended to persons engaged in various industrial operations. With a decline in their value there will be a decline in the credits based on them, and that of itself will create a panic graver than any this country has ever seen—a panic beside which the panics of 1873 and 1893, each of which lasted four or five years, will be as a gentle zephyr compared to a tropical cyclone. Each of these panics was caused by comparatively slight disturbances in the machinery of exchange, and it lasted through some five years of ever-deepening misery and distress. Yet here you are basing all these estimates of the amount of revenue to be yielded by this bill on the idea that this, the gravest industrial disturbance the world has ever seen, will be overcome—at least that recovery from it will begin—during the next year. This whole legislation is based concededly on the expectation of better times next year.

I venture to warn you now that entirely independent of this bill—no matter what laws you may enact—with trade everywhere depressed—with imports declining, at the alarming rate shown by reports of the Government, and certain to decline further under operation of the new tariff framed avowedly to restrict them—conditions are approaching which will be harder, more desperate, than any this country has ever seen. Not a condition of panic but a cataclysm of destruction will be the dreadful result if on top of our present difficulties we should be forced to go out into the market and try to borrow a billion dollars, which we could only obtain—if we could obtain them at all—at rates so high that the value of all our outstanding securities would be greatly reduced, with a resultant injury to our credit which at this time is incalculable.

Mr. Chairman, I do not want to dwell on difficulties which are often aggravated by discussion or description of them. I have spoken what I believe to be the truth. I have uttered the warning which a sense of duty impels me to give. Now the responsibility is with the majority, where the people have lodged the power of legislation.

Mr. Chairman, how much time have I remaining? I had an hour and ten minutes altogether.

The CHAIRMAN. The gentleman has 25 minutes remaining.

Mr. COCKRAN. Mr. Chairman, there is one feature of the provision reducing the highest surtaxes which I have not yet mentioned and to which I ask attention now. You remember it has been defended chiefly on the ground that the Government can not collect these very high surtaxes because owners of large incomes will avoid them by diverting their capital to tax-exempt securities. The value which this argument deserves is one of the things that has been shown very clearly by the course of this debate, restricted though its scope has been by the Committee on Rules.

The gentleman from Massachusetts [Mr. TREADWAY], who spoke here with a degree of candor that is entirely creditable to him, bemoaned the existence of some fifteen or eighteen billions of tax-exempt securities, denouncing them as a serious menace to the financial stability of the country by reason of the safe asylum they afforded vast masses of capital eager to escape taxation. I think the whole House agrees that tax-exempt securities in great numbers are in themselves a public menace. Certainly we on this side believe that there should not

be in this whole country any property or element of value exempt from taxation. Neither man nor thing should be exempt from contributing to the support of the Government that protects them.

And yet in this very bill you are proposing to increase the number of tax-exempt securities indefinitely. Under this measure American money can be invested abroad to any amount and earn for its owners returns, profits, or incomes aggregating millions and hundreds of millions every year, all of which will be exempt from taxation; that is to say, you give money, capital employed in England, France, Russia, anywhere throughout the world, an advantage which you refuse to give it here. You penalize the employment of capital at home and at the same time you increase indefinitely the number of tax-exempt securities, to the existence of which you attribute the incapacity of the Government to compel owners of great wealth to contribute their just share to its support. Was ever pretense so shallow advanced to afford justification for surrender so abject to the demands of a small and arrogant but, as these proposals show, all-powerful class?

Mr. LONDON. Will the gentleman yield?

Mr. COCKRAN. Yes.

Mr. LONDON. I want to know if we would not have to maintain an extensive Navy to protect these investments abroad?

Mr. COCKRAN. Oh, the question of disarmament is entirely too extensive to discuss here.

Mr. Chairman, how is the House to regain possession of its constitutional powers and employ them to deliver our country from the class domination which this measure confirms by the discriminatory system of taxation which it establishes and from the peril of financial disaster which its failure to provide sufficient revenue for support of the Government invites? It can be done in one way. You can defeat the previous question. That would compel the managers or leaders who have taken us into their keeping to rearrange the procedure and give the majority of the House, as well as the minority, an opportunity to perfect the bill by proper amendments and at the same time to obtain the full information, on which alone they can discharge their sworn duty.

Mr. Chairman, conceive for a moment our actual situation. We are stumbling along in the dark to performances of the most important task which ever was imposed on the House of Representatives, and we are denied opportunity even to express an opinion by a separate vote on any one of the various proposals submitted by us or access to information by which such a vote could be enlightened.

Members on both sides have been alike the victims of this preposterous tyranny which has robbed the House of all consequence, respect, or right to respect.

I appeal especially to the young men of the majority to strike down the domination of the Committee on Rules, by which you are reduced to a position in our political system as contemptible as members of the Electoral College. When the Constitution gave you power over the purse, it gave you every power. The condition you are in is your own fault. Speeches have been delivered in the course of this debate which embodied suggestions that certainly deserved discussion, if not adoption. The gentleman from New York [Mr. MILLS] made a speech yesterday conveying an original suggestion for applying to actual government a philosophic idea which would have well repaid discussion extending over one or even three days. It was of special value in these days, because it indicated a possible new and abundant source of revenue, when the whole puzzle of civilization is where to find additional revenue. He might as well have whistled it to a comic tune from the front steps of this building. In the Senate such a suggestion would have been received with the interest and considered with the attention it deserves. But it did not and could not under the rules receive any consideration whatever by this House, although it is intrusted by the Constitution with control of the purse, and therefore not merely with the right to originate all appropriations and revenue bills, but with the task of finding the sources from which these appropriations and revenues are to be drawn.

It is exceedingly doubtful if a single member of the Committee on Rules understood or is capable of understanding the subject broached by the gentleman from New York. The gentleman from Iowa [Mr. GREEN], with that ever present smile like the light nailed to the mast of a ship at sea, interrupted him to remark that he was 50 years ahead of the House. Why was he 50 years ahead of the House? Only because the House is not allowed to consider any proposal or suggestion by a Member. Had we been allowed to consider that proposal it might not have been adopted. I would probably have voted against it. But, even if rejected, discussion of it would un-

doubtedly have produced conclusions of substantial value to us and to the country. The House is always wiser than any of its Members; but its wisdom is the aggregate wisdom of all its Members when they are allowed entire freedom of speech. When a legislative body is gagged by a small fraction as we are gagged, the wisdom of that small fraction will always be the measure of the House's wisdom. Here a proposal appealing to the highest intelligence of the House is stifled by intelligence which is certainly not its highest. Surely it is a condition little less than appalling to find the abilities of the House—and they are shining—stifled by its stupidities.

Again I appeal to gentlemen on the other side, and ask them to free themselves and the House from this baleful, hateful, debasing domination which robs the office they hold of all dignity.

Mr. Chairman, this appeal is not addressed to the personal interest of Members, to their discretion, or their favor. It is an appeal to their duty, to their oaths, to their consciences as officers of a great Government.

Consider, sir, for one moment the essential character of our office. What is the main function of a representative body? First, and above all, to fix the amount of money that will be contributed for the support of the Government, to appropriate those moneys among the different departments, and to decide the sources from which these supplies are to be drawn.

Representative bodies were not established originally for legislation but for the purpose of providing moneys by taxation for support of the Crown; that is to say, of the government. The power to legislate grew out of the power to levy taxes. The early Parliaments consisted of the owners of property—in those days the landowners or landlords—the lords spiritual and temporal as they were termed assembled to consider and decide what assistance they would give the King in his military enterprises.

With the growth of cities and boroughs, through the development of industry, caused mainly by the crusades and the necessity for furnishing supplies and means of transportation to those great bodies of men, a very considerable volume of wealth was created by men who were not among the lords of the soil. To make its owners contribute to the King's support became a matter of great urgency in times of conflict. It was an English King who first hit upon the plan of summoning the boroughs to send representatives to Parliament. Why? Not to take part in legislation but solely to give the King subsidies, as they were then called. Besides the lords of the soil there were also men who, for individual military service, had been given grants of land, called knights' fees, not sufficient, however, to entitle them to seats among the peers. These holders of knights' fees were also summoned to meet in their different counties or shires and elect representatives to Parliament for the purpose of granting subsidies to the King.

All these elected representatives met with the other orders and voted the supplies, after which they were sent away, the lords, spiritual and temporal, remaining in session to do the business of the realm. The proclamation of Edward I dismissing the burgesses and knights of the shire—as these representatives of counties have always been called—from attendance on Parliament after they had voted supplies is still extant.

Gradually these county representatives and representatives of the boroughs came to make common cause in remonstrating to the King against wrongs committed by his officers and to unite in demanding redress of these grievances as a condition of granting appropriations. This gave rise to a system of procedure under which the King when Parliament assembled appointed commissioners to receive petitions addressed to him by representatives from different parts of his realm. The English King was ruler then over larger territories in France than in England. And so in the first records of Parliament we find that commissioners were appointed for Guienne, Aquitaine, Anjou, and other French territories, for English counties, the various ridings of Yorkshire, for Wales, for Scotland, and for Ireland, to receive the petitions of the commons. When the King was informed by petition that his officers had committed acts which were charged to be in violation of the ancient law of England, if he acknowledged the justice of the charge he said, "Le roi le veut"—the King wills it. And this was a promise that the offense would not be repeated, which was in effect a statute forbidding it. If the King denied that the act was unlawful, he said, "Le roi s'en avisera"—the King will consider it. And this was equivalent to rejection of that particular proposal of legislation. In the course of time the "Knights of the Shires" and the representatives of the boroughs and guilds demanded that they be allowed to meet separately from the Lords. Their demand was conceded, and thus was formally established the House of Commons.



They met for the first time as a separate body in the Abbot's House at Westminster. Anyone who has been in the chamber of the British House of Commons can see that to this day it is modeled upon a monastic refectory, which was its original meeting place. The House of Commons of England grew steadily in consequence till it became the whole legislative power. It became not merely the depository of all power in England but the most important legislative body in the world entirely through the jealous vigilance with which its members always guarded and asserted their right to control the public purse. And it was undoubtedly the intention of the framers of our Constitution to give this body all the power and importance of the House of Commons when they gave us power over the purse. But we have suffered that control to be taken from us, or, rather, we have thrown it away, and for that reason we have sunk as low as the House of Commons has risen in importance. How far we have fallen from that place of dignity the framers of the Constitution intended for us will be apparent from a resolution calling attention to a gross disregard of our privileges and rights by the Executive and the Senate on a very recent occasion, which I shall offer before we adjourn to-day.

Only a few weeks ago the President of the United States entered the Senate Chamber and addressed to it a communication respecting a bill then pending before it which directly affected expenditure of the public revenue. He did not even take the trouble to send for us. Yet under the Constitution he has no right to address one body of Congress to the exclusion of the other on a legislative matter. He may consult the Senate on matters affecting Executive functions, but on matters of legislation he can only address Congress, and Congress, theoretically, at least, consists of the Senate and the House of Representatives.

We have long been the object of silent contempt; now we are treated with open contempt. You gentlemen, after all, are somewhat concerned in the dignity of this House. Will you support this resolution which I shall place in the basket? It is a privileged resolution and therefore is one on which you will be required to vote. That necessity can not be evaded; it must be faced. I hope your vote upon it will show more independence and be more for the dignity of the House than the one cast a few days ago which is now driving you to consider this bill in a manner the Constitution forbids. Mr. Chairman, here is the resolution which I propose to offer:

Whereas on the 12th day of July in the present year of our Lord, 1921, the Hon. Warren G. Harding, President of the United States, appeared before the Senate, having then before it for consideration an unfinished business Senate bill 506, to provide adequate compensation for veterans of the World War, and "standing at the Vice President's desk" then and there addressed to it verbally a communication which appears in the CONGRESSIONAL RECORD of that day as part of the regular proceedings of the Senate; and

Whereas the Constitution of the United States, which empowers the President to address recommendations respecting legislation to Congress, does not authorize him to address such communications to either House of Congress to the exclusion of the other; and

Whereas such exclusion of this House from the right conferred upon it by the Constitution to share in all communications which the President may address to Congress respecting legislation is an invasion of its privileges which, if unrebuked, is likely to be frequently repeated, to the grave impairment of the position assigned to it by the Constitution in the political system of the country: Now, therefore, be it

*Resolved*, That a special committee of nine Members be appointed by the Speaker to consider what measures should be taken to vindicate the rights and privileges which have been violated and invaded by this action of the President in addressing a communication respecting legislation to the Senate and not to the Congress, as required by the Constitution; and be it further

*Resolved*, That said committee report its conclusions to this House, together with recommendations for such action thereon as in its judgment will be effective to prevent recurrence of such unwarrantable, illegal, and unconstitutional violation of its rights, invasion of its privileges, and injury to its dignity.

Mr. Chairman, I venture to hope that this resolution will be adopted. I venture to hope that the Speaker will rise to the necessity, the opportunity, that is before him and that under his leadership we may all unite in taking such action that never again will this House be openly flaunted by the Executive and one branch of Congress or denied the rights bestowed on us by the Constitution.

Mr. Chairman, the speakership has occupied many times in the course of history positions of great difficulty, but of these difficulties in the past it made opportunities by which it became the great pillar and bulwark of parliamentary institutions. Under the ancient formula the King charged the Commons to go "and choose a stout man from among your number to speak for you and present your petitions." And the speaker had need to be a stout man in those days, for when he presented the claims of the Commons he often took serious personal risk. Old Peter Wentworth was thrown into prison by Queen Elizabeth for presenting a remonstrance of the Commons against granting monopolies by royal warrant; but the Commons stood by him,

and even that despotic princess was compelled to liberate him. When the whole existence of Parliament trembled in the balance, when the power and privileges of the Commons were in process of vigorous assertion against encroachments by the Crown, an arbitrary King, Charles the First, invaded the house to arrest with his own hand Hampton, Pym, and three other members who were the most conspicuous of its leaders and champions. Not being able to discern them, he turned to the speaker and ordered him to point them out or declare where they were, but that officer, who Macaulay said up to then had been known as a man unusually timid and weak of purpose, got down on his knees and said:

May it please your Majesty, I have neither eyes to see nor tongue to speak in this house but as the house is pleased to direct me, whose servant I am.

The courage on that day—January 4, I think it was, 1642—of William Lenthall saved the existence and established the power of the House of Commons, and raised him to a high place in the temple of fame.

I hope this House will rise to the vindication of its dignity and the assertion of its powers and that Members on both sides will unite in commissioning the present Speaker, for whom I have the most profound respect, to face the forces which have disregarded our rights with the declaration that he is the mouth of the House to declare its privileges, that he is the eyes of the House to discover any attempt to invade them; and by appointment of a committee strong enough to make that declaration effective establish not merely the dignity of this body but the integrity of our Constitution.

That Constitution has sought to make us what we ought to be. Let us make ourselves what we were intended to be, the dominant element of this constitutional system, the voice through which the opinions of the American people will always find full and complete expression, the shield of their liberties, the champion of their rights, the chief means through which justice, equality, and boundless prosperity will be made their permanent possessions throughout all the years that are to come. [Great applause.]

Mr. Chairman, before I yield back the remainder of my time, which I believe is four minutes, I shall—obeying the rules of the House—deposit in the basket as though I were doing something surreptitious, this resolution, which is intended to assert its dignity and maintain its power. [Applause.]

The CHAIRMAN. The gentleman yields back three minutes.

Mr. GREEN of Iowa. Mr. Chairman, I yield 45 minutes to the gentleman from Ohio [Mr. LONGWORTH]. [Applause.]

Mr. LONGWORTH. Mr. Chairman, my eloquent friend from New York [Mr. COCKRAN] did me the honor to say that he regarded me as an able historian. For such a compliment from the very accomplished scholar from New York I feel deeply grateful, and I confess that I never enjoyed listening more to a historical dissertation than I did to the speech of my friend from New York. May I say, however, and I say it with the greatest respect and admiration for my friend, that it occurs to me that his speech might more properly have been made on the floor of the House of Commons than in the American Congress [applause on the Republican side], for they in England are more interested in hearing about kings and mikados and lords, temporal and spiritual, than we are here in Washington. [Applause on the Republican side.] Now, let me say to my friend from New York and to the House that it is not because of this rule under which we are operating that it is utterly futile to discuss the merits of this bill in an attempt to swing to our support Members of that side. It is not the rule that prevents that. It is the new system under which you are operating, this system which became evident at the time when the tariff bill was before the House, that no man on that side dared to say a word of what ought to be done with regard to a tariff or revenue bill until a telegram had come from Scotland Neck, N. C. [Applause on the Republican side.] And it is true of this bill, that not one of you had made a remark for or against any definite policy until you received a telegram from Scotland Neck, N. C. Under the new form of the administration of your party organization a telegram has taken the place of the Burleson victoria. [Laughter and applause on the Republican side.] Now, there is one evident thing that evolves itself out of the eloquent speech of my friend from New York, one definite and positive statement that stands out before all others in his speech, and that is that we are not justified in founding taxation or revenue legislation upon the estimates of the Treasury Department.

If that were true, the Congress could not legislate either in the way of appropriations or raising revenue, because from time immemorial revenue bills and appropriation bills have been based upon estimates. That side when in control of the affairs



of this House during the war could not have brought in any of the great revenue bills necessary to pay our expenses, because every one of them was based on estimates from the Treasury, and, furthermore—and the gentleman from New York would have realized it had he been a member of the Ways and Means Committee at that time—that every one of them was based upon figures furnished by exactly the same men who furnish them to-day. And I will ask the gentleman from Mississippi or any other Democratic member of the Ways and Means Committee if he distrusts the figures and estimates made by Mr. McCoy?

Mr. COLLIER. I do not distrust Mr. McCoy's figures; I believe he is one of the most reliable actuaries we can find; but we did not know anything about the figures.

Mr. LONGWORTH. The figures upon which this revenue bill is based are Mr. McCoy's.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. LONGWORTH. I have not the time to yield.

Mr. BYRNES of South Carolina. The gentleman asked a question and I would like to answer it.

The CHAIRMAN. The gentleman declines to yield.

Mr. COLLIER. I will say this: It is true we got our estimates from the department, but when we got them from the department we got estimates that the committee knew something about and the membership of the House knew something about, and we did not get estimates from the Secretary of the Treasury one day that were held up for several weeks and a different estimate coming in with the Democrats not knowing of them by reason of being barred from the committee, and the committee estimate is the one we are relying upon. [Applause on the Democratic side.]

Mr. LONGWORTH. But the gentleman knows that the figures upon which this last estimate has been based are the figures furnished by Mr. McCoy, and every Democratic Member—

Mr. COLLIER. The gentleman does not know.

Mr. LONGWORTH (continuing). On the Ways and Means Committee from the beginning—and I sat with them in these last revenue bills after the war was on—every figure upon which we acted was furnished by exactly the same department of which he is the head, and on which we are now acting.

Mr. GREEN of Iowa. If the gentleman will permit, there is only one difference, and that is that we have taken more pains to verify the estimates on the part of the committee than before.

Mr. LONGWORTH. That is undoubtedly true.

Mr. COLLIER. I will yield two minutes to the gentleman if he will permit me to answer a statement that he has charged me with, that I know where those figures came from. How could I know or how could any other minority member know when you only invited us before the committee when the hearings were on the important matter of whether we should reduce the tax on cough drops and candy? But when the officials of the Treasury Department came in, with the exception of two parts of days when the Secretary was there, the minority was barred from the committee. And I do not know where your figures come from, speaking for myself.

Mr. LONGWORTH. In reply to the gentleman from Mississippi, the "gentleman from Ohio" admits he took a long chance when he imputed knowledge to him.

The gentleman from Texas [Mr. GARNER] and his colleagues have been complaining, they have been shedding tears, almost, about the fact that they were not invited to cooperate in the formation of this bill.

I repeat the question I asked this morning of the leader of the Democracy. When in our history, when in the history of this country in the formation of any tariff or revenue bill, was the minority invited to cooperate with the majority? The gentleman from Tennessee was not sure of his facts, because he said that the minority had been invited to cooperate with the majority during the formation of the revenue bills of 1916 and 1917. And I read, and I am going to read again in a moment, the minority report of the committee on the 1917 bill. The fact is, gentlemen, that during the eight years from 1911 to 1919, when the Democratic Party was in control of the affairs of this House, up to the time that we had actually gone into the war, never were the Republican members of the Ways and Means Committee invited to join with the Democrats. And it ill becomes the Democracy now, four years after the war is over, to complain that we are partisan or have not treated them fairly.

I read from the report of the minority, signed by every member of the minority of the Ways and Means Committee, dated January 13, 1917, mind you—at a time when every sen-

sible man knew that our entry into the war was a matter of weeks, if not days, even then, for the purposes of making partisan capital out of their revenue bills, they refused to permit the minority to cooperate with them. Here is the report. I will read a part of it:

The minority members of the Committee on Ways and Means agree with the report of the majority members that the United States Treasury is in a depleted condition and that provision must be made for the raising of additional revenue to meet the current appropriations by Congress.

Minority members, however, condemn the method now provided as the method of providing revenue now proposed, as an unwarranted and burdensome tax upon industry, which if enacted into law will be reflected upon the labor employed and will add to the price of commodities and the rapidly increasing cost of living.

The latter sentence applied to the excess-profits tax, which was invented by the Democracy at that period. The closing sentence of that report was as follows:

The minority members of the Ways and Means Committee, having no opportunity to formally confer with the majority in the matter of raising revenue to meet the Treasury deficiencies, decline to accept responsibility for the bill which the majority has submitted to the House.

And the Democrats are complaining now, four years after the war is over, that we have not treated them fairly. As a matter of fact, even if we had desired to show them the courtesy of asking their cooperation in the framing of this great revenue bill, they themselves from the beginning made it impossible. From the beginning they have boastfully announced that they proposed to put every stumblingblock they could invent in the way of the passage of this bill or any revenue bill that was made by the Republican Party. The result of having enjoyed their cooperation would simply have been to delay indefinitely the bringing in of this bill at a time when the country is groaning under the burdens of taxation due to the wasteful extravagance and shiftless administration of the affairs of this Nation in the last administration. [Applause on the Republican side.] The Republican members of the Ways and Means Committee, together with the Republican membership of this House, assembled in conference, are responsible for this bill, and we accept the responsibility and accept it cheerfully.

No party which ever came into power in this or any other country inherited the heritage of debt from their opponents so colossal and appalling.

At the time of the last Republican convention it seemed impossible that a real reduction of taxation could be made so early as this, and so there was no absolute definite promise in our platform as to reduction.

But since that time, by reason of the policy of rigid economy enforced in this Congress and by the administration, we have proved it possible not only to equalize burdens but actually to reduce taxes to the extent of \$900,000,000, and that without proposing any new form of taxation to put upon the shoulders of the American people. [Applause on the Republican side.]

It is true that for the first year all of that reduction will not be apparent. The second year will show more than \$600,000,000 net reduction. For myself I am perfectly frank to say that I very much regret that the total amount of reduction should not have been made to apply immediately. I believe that a mistake was made in deciding in conference to make the repeal of the excess-profits taxes and of the high surtaxes effective as of the 1st of next January instead of the 1st of last January. But it was the will of the majority of my party, and I acquiesced. But these two forms of taxation, to my mind, are the greatest of all shackles to business and industrial enterprise that now exist, and I wish they might have been gotten rid of at once. However, the assurance that they will both be repealed next year will undoubtedly do a great deal to restore a more healthy condition of business and industry in this country.

The business of this country to-day is sick. Large numbers of men are out of employment. Capital is in hiding. This is due in some degree, no doubt, to the inevitable reaction after the most disastrous and devastating war of all the centuries. But it is also due in great degree to a tax burden insupportable in time of peace. Of all taxes the excess-profits tax is the most burdensome not only on the American producer but on the American consumer. I do not assert that the tax necessarily is always passed on as such, but in a rising market such as we had during the war and some time after this tax was undoubtedly passed and multiplied in the passing.

For myself, I supported the excess-profits tax during the war because it produced an enormous revenue, something like a billion and a quarter of dollars. But I opposed it before the war and I oppose it now. It, together with the cost-plus contract system, was more responsible for the high increase in the cost of living than anything else in my opinion. I believe, and



I said so at that time, that instead of the excess-profits tax we ought to have had a war-profits tax. We ought to have taken 80 per cent, or perhaps more, of all the difference that men made between before the war and during the war, and if we had done that we would never have needed the cost-plus system. It would not have made much difference whether men made large profits or not, because they would have been compelled to put 80 per cent back into the Treasury of the United States, and it would not have resulted in a steadily increasing cost of everything that the American people had to buy.

This excess-profits tax, as I said, first appeared in the revenue law of 1917. It took at that time quite a mild form. It was a tax of 8 per cent on excess earnings above 8 per cent based on the invested capital of corporations and partnerships. At that time the Republican Party went on record solidly against it, and we are now proposing to repeal it; and if I may be pardoned—

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. I am going to read now what I said at the time as to what I believed would be the effect of the excess-profits tax. Will the gentleman permit me to read before answering his question?

In opposing the amendment to strike out the excess-profits tax, which received the affirmative vote of every Republican in the House and the opposing vote of every Democrat, I said this:

You propose as a means of raising a revenue of some \$225,000,000 a tax unique in the history of this country, a tax never before heard of either in time of peace or in time of war. You propose a tax upon business, a tax upon the business of the country, big and little, and particularly little; a tax based not upon magnitude of operation, but upon economy of operation; a tax to be imposed simply and solely upon efficiency of production. You propose a tax which would be borne in the main not by men of large capital but men of small capital. You propose to tax American citizens who by intelligent, progressive, and economical management of their resources have done a prosperous business and to let those of larger capital, but whose methods have been wasteful, extravagant, and unprogressive, go free.

The result of this new policy, conceived apparently in praise of shiftlessness, wastefulness, and extravagance, will be to punish thrift, economy, and progress.

This new taxation scheme is the last and strongest link in the chain that the Democratic Party have been forging to shackle American business at home and abroad. The tax they propose is a direct tax on success, on success not necessarily great or distinguished but upon plain, ordinarily moderate success, success that distinguishes efficiency from shiftlessness and thrift from wastefulness.

Mr. YATES. Will the gentleman give us the date?

Mr. LONGWORTH. That was January 13, 1917. Something more than a year afterwards the Secretary of the Treasury, Mr. McAdoo, said this of the working of the excess-profits tax in his letter to the Ways and Means Committee June 5, 1918:

The distinction between the war-profits tax and the excess-profits tax is not a matter of form but of substance. By a war-profits tax we mean a tax upon profits in excess of those realized before the war. By an excess-profits tax we mean a tax upon profits in excess of a given return upon capital. The theory of a war-profits tax is to tax profits due to the war. The theory of an excess-profits tax is to tax profits over and above a given return of capital. A war-profits tax finds its sanction in the conviction of all patriotic men, of whatever economic or political school, that no one should profit largely by the war. The excess-profits tax must rest upon the wholly indefensible notion that it is a function of taxation to bring all profits down to one level with relation to the amount of capital invested and to deprive industry, foresight, and sagacity of their fruits. The excess-profits tax exempts capital and burdens brains, ability, and energy. The excess-profits tax falls less heavily upon big business than small business; because big business is generally overcapitalized and small business is often undercapitalized.

The war-profits tax would tax all war profits at one high rate; the excess-profits tax does, and for safety must, tax all excess profits at lower and graduated rates. Any graduated tax upon corporations is indefensible in theory, for corporations are only aggregations of individuals, and by such a tax the numerous small stockholders of a great corporation may be taxed at a higher rate than the very wealthy large stockholders of a relatively smaller corporation. The object of a graduated tax should be to make taxes fall upon the rich, who are best able to pay them. The graduated excess-profits tax disregards this and often produces the reverse result.

It seems that the experience of the Treasury Department in the administration of that tax substantially justified what I had said the year before.

May I say to my friend from Kansas that my advocacy of the repeal of both the excess-profit tax and the higher surtaxes is not for the purpose of benefiting wealth, as such, but to bring the money into the Treasury that is now absent and to benefit particularly small business. Our experience of the excess-profit tax has been this: In the very beginning many of the larger corporations were heavily caught by it because it was based on invested capital, and they had not had the opportunity in the beginning to pad up their invested capital so as to relieve their profits from the imposition of the very highest of the surtaxes; but they soon found out how to do it, and from then on the big corporations—the highly organized corporations of great capital—have made themselves practically exempt from the excess-profits tax. But that has been impossible for the small corporations of \$50,000 or \$100,000 capital,

close corporations officered by a few men who give their entire time practically to the business of their concerns. They can not pad their capital. They can not have issues of securities and transfers of securities. They are the ones who have been paying the excess-profits tax. And, moreover, as I say, I do not assert that in every case the excess-profit tax has been passed on. In the beginning it could not be passed at all; but in the rising market that came along, when men found that they could get what they charged, they began to figure in their prices the excess-profits tax, sometimes double and triple what their actual excess-profits tax was going to be; and that was characteristic of the return for 1919-20 and up to this year.

Another method that was found of avoiding it was in the tremendous increase in advertising, because by making large expenditures for advertising corporations could help themselves at the same time and spend enough out of their income to bring their return on invested capital below the higher rates of the surtax. It has been avoided, it has been dodged, and year after year it will be dodged all the more—and quite legitimately—so that instead of raising a billion and a quarter of dollars it is estimated that for this calendar year it will raise only \$450,000,000.

One of the worst features of it is with regard to the difficulty of figuring invested capital both from the standpoint of the taxpayer and of the Treasury. It is to the last degree complicated and annoying. No other country has ever, so far as I know, imposed a tax based on returns from invested capital. All the excess-profit taxes upon which France and England and Germany and other countries relied for raising their war revenues were taxes based not upon return on invested capital but upon the actual difference in the return before the war and during the war.

Mr. LINEBERGER. Will the gentleman yield?

Mr. LONGWORTH. I yield to my friend.

Mr. LINEBERGER. Is it not a fact that not only was the prophecy of the gentleman from Ohio, made in 1917, afterwards confirmed by the experience of Mr. McAdoo, the Democratic Secretary of the Treasury, but that it was also confirmed afterwards by Mr. Wilson, the Democratic President? And as late as 1920, in the Democratic platform, did they not practically go on record for a repeal of the excess-profits tax?

Mr. LONGWORTH. Absolutely; and I am about to read a quotation from that.

Mr. LINEBERGER. And it was not a party matter at all until this bill came up, was it?

Mr. LONGWORTH. Not at all. May I first read—I think it will be enlightening to my friends, particularly on the other side—the views of a very distinguished Democrat on this subject?—I think you will concede that the gentleman whose words I am about to read has not been regarded generally as a conservative type of Democrat, but rather as one perhaps very radical, who yields an immense power to punish people who vote against progressive ideas.

I read from the New York American an editorial of September 24, 1919, signed by William R. Hearst. I think this will be interesting to gentlemen, those progressive (?) Democrats, those new Democrats, who act on telegrams and repudiated the sound advice of their party leaders throughout the last campaign.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. BYRNES of South Carolina. Does the gentleman say that William R. Hearst is a Democrat?

Mr. LONGWORTH. He is a Democrat. Does the gentleman deny it?

Mr. BYRNES of South Carolina. I know he supported the President of the United States in the last election.

Mr. LONGWORTH. The gentleman knows that, does he?

Mr. BYRNES of South Carolina. Yes; he supported him in his newspapers and the gentleman from Ohio knows it.

Mr. LONGWORTH. No; I think he supported the gentleman's friend, Mr. Cox. May I add that your candidate for the Presidency in the last campaign went considerably further in his tax program than any Member on this side of the House, because he recommended the repeal of the excess-profits tax and practically all of the income taxes, and to substitute a turnover-sales tax, and he advocates it now. [Applause on the Republican side.]

Let me read this very philosophical, and I think peculiarly well-written article, with which I agree absolutely:

There are certain taxes which fall not only with peculiar injustice but with peculiar injury upon individuals and business enterprises.

Excess-profit taxes were defensible during the war because any kind of tax was in a sense defensible even to the point of confiscation, the interests of the Nation being wholly superior to the interests of any individual or industry. But now that the war is over and the crying

need for funds at any cost, even at the sacrifice of business progress, is ended, there should be more intelligent judgment and discrimination in the imposition of taxes.

The most harmful taxes—that is, those most harmful to industry, to the development of new enterprises and the wider employment of labor—should be removed, and taxation steadily reduced until it again reaches the plane of legitimate governmental necessity.

The excess-profits tax had the special excuse for existence during the war period that it was supposed to fall, and did to a certain extent fall, upon those industries which made peculiar profits out of the war. Now that the war is over and no industries can be making such profits that reason for the excess-profits tax is removed. The excess-profits tax now falls with notable injustice upon new enterprises, the very kind of enterprises that it should be the purpose of the Government to encourage, not only for the development of industry but for the additional employment of labor.

Such a form of unjust taxation is a burden upon a new enterprise, indeed, a blight upon a new enterprise, and there is no excuse for maintaining it, no reason for retaining it.

Mr. O'CONNOR rose.

Mr. LONGWORTH. Does the gentleman from Louisiana subscribe to that article?

Mr. BYRNES of South Carolina. Does the gentleman from Ohio subscribe to it?

Mr. LONGWORTH. Absolutely; I always agree with a Democrat if he is right.

Mr. BYRNES of South Carolina. And he agrees with a Republican when he is right?

Mr. LONGWORTH. Yes; and that is the reason I more often agree with the Republicans than with the Democrats. Now, let me read this contribution from the ablest financier connected with the last Democratic administration. I do not know whether any of you gentlemen are prepared to controvert my description of him, but I refer to Secretary of the Treasury, CARTER GLASS, who in his report to Congress of December, 1919, said:

The Treasury's objections to the excess-profits tax even as a war expedient (in contradistinction to a war-profits tax) have been repeatedly voiced to the committees of the Congress. Still more objectionable is the operation of the excess-profits tax in peace times. It encourages wasteful expenditure, puts a premium on overcapitalization and a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies. In many instances it acts as a consumption tax, is added to the cost of production upon which profits are figured in determining prices, and has been, and will so long as it is maintained on the statute books, continue to be a material factor in the increased cost of living.

Does the gentleman from Louisiana agree with CARTER GLASS?

Mr. O'CONNOR. I only rose to ask the gentleman a question, and when the gentleman answers my question I will endeavor to answer the question that he proposed to me a moment ago and which was answered by the gentleman from South Carolina [Mr. BYRNES]. What did this tax yield in the year when Mr. McAdoo wrote the letter which the gentleman has read?

Mr. LONGWORTH. That was in 1919, and I think it yielded \$700,000,000, or about that. It ran up as high as \$1,200,000,000 and has fallen down to \$450,000,000.

Mr. O'CONNOR. The gentleman asked me if I subscribed to the policy laid down by Mr. Hearst in regard to the excess-profits tax. If that was a good tax for the purpose of paying the war debt during the war, it is a good tax now, and will remain a good tax until the war debt, or a large part of it, is paid.

Mr. LONGWORTH. The gentleman believes in retaining all of the war taxes.

Mr. O'CONNOR. I would continue the excess-profits tax and the higher surtaxes until the expenses of the war are paid off. If the principle was good during the war as a method of financing the war debt it is good now, and I challenge the gentleman to contradict me successfully upon the principle I urge.

Mr. LONGWORTH. I dare anybody to run for office in an election in Ohio advocating the continuance of the war taxes. I am in favor of cutting out all war taxes of every description.

Mr. MONDELL. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. MONDELL. Does the gentleman think a man could successfully run for Congress anywhere where there is any real sentiment demanding the continuation of war taxes?

Mr. LONGWORTH. Not where the right of suffrage is not greatly curtailed. [Laughter on the Republican side.]

Mr. BYRNES of South Carolina. Will the gentleman yield for a question?

Mr. LONGWORTH. I yield.

Mr. BYRNES of South Carolina. If the gentleman believes that, why did not he repeal the war taxes instead of repealing the surtax and the excess-profits tax?

Mr. LONGWORTH. Because the excess-profits tax and the surtaxes were the most obnoxious taxes of any in the bill and are purely war taxes.

Mr. BYRNES of South Carolina. You have left in all the other war taxes—the tax on medicines of the poor people, on moving pictures—

Mr. LONGWORTH. Oh, we are not talking about that; we are talking about the big things, not the picayune things.

Mr. BYRNES of South Carolina. Yes; the gentleman and his party look only at the millionaires—the big things.

Mr. LONGWORTH. Now, I am going to talk about a big thing and about a big man. It is remarkable how suddenly those men who were criticizing only the other day some gentlemen on this side of the House for making what they called slighting remarks about former President Wilson have actually repudiated everything that he stood for during and since the war regarding the revenues. They have forgotten the messages of three great Secretaries of the Treasury; they act only upon telegrams. [Laughter.] What does this mean, if it means anything? And I ask the attention of some gentlemen who used to be supporters of President Wilson, who used to think that he spoke the Democratic doctrine, when they say now that they want to keep up all of the war taxes forever and forever. President Wilson, on December 2, 1919, said in this House:

The Congress might well consider whether the higher rates of income and profits taxes can in peace time be effectively productive of revenue, and whether they may not, on the contrary, be destructive of business activity and productive of waste and inefficiency.

I see the gentleman from Louisiana does not approve this sentiment.

Mr. O'CONNOR. Oh, my attention was just momentarily distracted. I am paying profound attention to the gentleman.

Mr. LONGWORTH. The gentleman disagrees with President Wilson, but I want to read this, because whether he disagrees with it or not it comes from a man of high standing with regard to the difference between peace taxes and war taxes. To continue what the President said:

There is a point at which in peace times high rates of income and profits taxes discourage energy, remove the incentive to new enterprise, encourage extravagant expenditures, and produce industrial stagnation with consequent unemployment and other attendant evils.

It will be seen how far the Democracy as at present organized has gotten away from their leaders in the last administration. To my mind it is lamentable, it is pathetic, to see the doctrines of this great man, whom formerly they worshiped, set at naught and trampled under foot merely because of a telegram from Scotland Neck, N. C. [Laughter.]

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. COLLIER. The gentleman has been reading the position of former President Wilson.

Mr. LONGWORTH. Yes.

Mr. COLLIER. Can he read anywhere anything where a Democrat laid down the doctrine—President Wilson or any other Democrat—which says that the way to reduce these war taxes is to take the taxes off the wealth of about 2,000 people in this country and put those taxes onto the hundred million of other people in the country. Can the gentleman find anything like that?

Mr. LONGWORTH. I fear that the gentleman was so absorbed in discussion that he did not hear my reading of what President Wilson said, but he said precisely that thing.

Mr. COLLIER. I did not hear that.

Mr. LONGWORTH. The gentleman did not?

Mr. COLLIER. I certainly did not hear the gentleman or anyone else ever read that President Wilson advocated the taking of the taxes off the wealth of the country and the putting of them on the backs of the poor people of the country.

Mr. LONGWORTH. Oh, nobody has ever advocated that.

Mr. COLLIER. That is what this bill does.

Mr. LONGWORTH. Oh, the gentleman dreams that. He has not read the bill.

Mr. COLLIER. There may be some dreaming done here, but there is going to be an awakening some day because of this bill.

Mr. LONGWORTH. The gentleman has not read the bill or thought about it, because all he thought necessary was to read the telegram. [Laughter.]

Mr. COLLIER. I admit that we had very little opportunity to discuss the bill.

Mr. LONGWORTH. I shall submit to any unprejudiced mind, if such there be on that side of the House for the moment, on this taxation proposition, what President Wilson said, and ask whether it does not specifically recommend the lowering of the higher taxes on incomes and the doing away with the excess-profits tax. Let me repeat what I have just said:

The Congress might well consider whether the higher rates of income and profits taxes—

Note this, gentlemen, because this is a matter of great historical significance; it is from a great state paper on the subject of taxation:

The Congress might well consider whether the higher rates of income and profits taxes can in peace time be effectively productive of



revenue, and whether they may not, on the contrary, be destructive of business activity and productive of waste and inefficiency. There is a point at which in peace times high rates of income and profits taxes discourage energy, remove the incentive to new enterprise, encourage extravagant expenditures, and produce industrial stagnation, with consequent unemployment and other attendant evils.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. The gentleman from Mississippi construes that to mean that we shall continue the war taxes.

Mr. COLLIER. The gentleman from Mississippi does not do anything of the sort, if the gentleman from Ohio will be kind enough to yield.

Mr. LONGWORTH. Of course, the trouble is that the gentleman and his party have given no consideration to this question. They have forgotten the teachings of their former master, and now—

Mr. COLLIER. The gentleman from Ohio knows that when it was advocated that the higher surtaxes be reduced sometime in the future it meant that when that reduction was made it would be made at a time when the expenses of the country permitted a reduction all along the line, and I declare again that you can not find where any Democratic President said that the high taxes on one class should be relieved and the others left as they were.

Mr. LONGWORTH. Why, of course. That is what I have been saying all along. The gentleman from Mississippi and his colleagues are opposed to any reduction of the tax burden at this time. They are perfectly consistent about it.

They say we can not afford to do it, and we ought not to do it, and the gentleman from Louisiana says we ought to continue all the war taxes until every bond is paid off.

Mr. O'CONNOR. I did not say all the war taxes.

Mr. COLLIER. Will the gentleman permit one interruption and I will agree not to ask any more. Will the gentleman permit one other interruption?

Mr. LONGWORTH. If that is a promise, I will.

Mr. COLLIER. I want to say this, gentlemen. The gentleman says we do not want any reduction. If you reduce the surtax just one-half from \$66,000, just one-half from what you have made, you can get away from all these nuisance taxes which are so noxious to the American people. That is what the Democrats want to do; that is one of the things we want to do and will do in about two years.

Mr. LONGWORTH. That is one of the little things that was telegraphed you to do, but the main things you were telegraphed about and have got to do is to vote against any increase of the surtax, any decrease of the excess-profits tax, and any increase of the corporation tax. Here are your instructions from Mr. KITCHIN, and I will read them to you. Oh, yes, my friend from North Carolina may be a sick man, most unfortunately, but he certainly can whip your crowd into line.

Mr. O'CONNOR. Will the gentleman just permit—

Mr. LONGWORTH. Let me read what Mr. KITCHIN's views are first, and then you will have what the views of all on that side are. [Applause on the Republican side.]

(Confidential.)

SCOTLAND NECK, N. C., August 16, 1921.

HON. FINIS J. GARRETT,  
Acting Minority Leader, House of Representatives,  
Washington, D. C.:

I suggest—

He uses only the word "suggest," but we all know what he means—

I suggest that you see RAYBURN and have caucus called so that Democrats may line up, if possible, against the tax program of the Republicans, especially against the repeal of the excess-profits tax and substituting a flat 15 per cent tax on all corporations and against the reduction of the surtaxes on big incomes as proposed.

And a little further on he says:

I am thoroughly convinced that if the Democrats join with the Republicans in repealing the excess-profits tax and substituting the 15 per cent corporation tax and on reducing the high surtaxes on incomes of the millionaires and multimillionaires, thus vindicating and justifying the Republican program, it will prove to be a most fatal mistake, both for the Democratic Party and every individual Democratic Member voting for it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. May I have 15 additional minutes?

Mr. FORDNEY. I yield 15 minutes additional to the gentleman from Ohio.

Mr. LONGWORTH. So that is the program. Now, all the rest of this picaresque business about medicinal preparations and taxes on Coca-Cola, in which so many gentlemen on that side profess interest, are matters of no moment in discussing this matter, either from the question of revenue or policy. Those are the three major propositions upon which they have received their orders.

Mr. MONDELL. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. MONDELL. Does the gentleman understand that the gentleman from Mississippi has not read the dispatch from Scotland Neck? He does not seem to agree to the proposition just read.

Mr. LONGWORTH. Well, I think he misread it; he has not been reading these matters very carefully lately.

Mr. LONGWORTH. The gentleman wants—

Mr. O'CONNOR. I am thoroughly in accord with Mr. KITCHIN's program.

Mr. LONGWORTH. Why, the gentleman did not have to tell us that; we knew that.

Mr. O'CONNOR. I thought the gentleman had some doubt about it.

Mr. LONGWORTH. Now, I am not so much complaining about the repudiation of their former leaders by the Democracy in this House, the former President and three great Secretaries of the Treasury, as I am complaining about their flat repudiation of the platform on which every one of them ran in the last campaign. [Applause on the Republican side.]

Mr. O'CONNOR. Will the gentleman yield for just a moment?

Mr. LONGWORTH. I will.

Mr. O'CONNOR. The gentleman has been very good-natured. Inasmuch as I have asked him a question in reference to the excess-profits tax, I desire to make it clear that I would repeal or abolish all war taxes, except the excess-profits tax and the higher surtaxes, which I think ought to continue, at least until a part of the great war debt is extinguished or paid.

Mr. LONGWORTH. The gentleman does not want to have the higher surtaxes continued?

Mr. O'CONNOR. Oh, yes; those taxes—

Mr. LONGWORTH. I mean on incomes.

Mr. O'CONNOR. I would relieve the poor and the near poor as much as possible from the burdens of governmental support. I would make the men who come into the world equipped for the acquisition of money pay for the privilege that the Government and nature gives them. That method of taxation would equalize in a measure the inequalities of birth and intellect and good fortune.

Mr. LONGWORTH. This repudiation may be based on their view of expediency. But to repudiate deliberately the platform upon which every one of you sought the suffrages of your constituents is quite another thing.

You state in your platform:

The continuance in force in peace times—

That must worry my friend from Louisiana [Mr. O'CONNOR], because this bill and the Democratic platform both make a distinction between war tax and peace tax, and he makes no such distinction.

Mr. O'CONNOR. Will the gentleman yield?

Mr. LONGWORTH. I can not yield.

The continuance in force in peace times of taxes devised under pressure of imperative necessity to produce a revenue for war purposes is indefensible and can only result in lasting injury to the people.

We advocate tax reform and a searching revision of the war revenue act to fit peace conditions, so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditure. We demand prompt action by the next Congress for a complete survey of existing taxes and their modification and simplification with a view to securing greater equity and justice in tax burden and improvement in administration.

There could not be a more accurate description of this bill or a higher compliment of the foresight of the then Democrats who wrote this platform than the bill we are now considering. [Applause on the Republican side.] But you tear up the platform and substitute the message from Scotland Neck! [Laughter.] We are advocating a repeal of the higher surtaxes, and, I repeat it, not to relieve wealth from taxation, but to make more wealth subject to taxation. I observe that the great historian laughs at that.

Mr. COCKRAN. If that was in a history, it would make it a joke.

Mr. LONGWORTH. Does anyone deny that the immense industrial depression from which we are suffering to-day is due to the lack of capital? There can be no real business revival unless we have more capital, and for this we must rely mainly on the accumulations of investors that the high taxes of the last three years have either largely confiscated or driven out of sight. Men who were active producers have become non-producers. There is a certain point where income taxes defeat themselves where revenue is concerned. That is precisely what President Wilson says. Men who would cheerfully give up two-thirds of their income in time of war will not do so in time of peace, and there is no way to compel them to do it. Every sort of means is employed, and in most cases I believe entirely legitimately, to avoid payment of the high surtaxes. Of course,

the great outstanding refuge is in nontaxable State, county, or municipal bonds. The amount of such issues has increased enormously in the past two years. For the purposes of revenue, the development of the country and the employment of labor, capital so invested is as effectively absent as if it did not exist.

Gentlemen on the Democratic side of the House have talked about the tremendous amount of money we were going to sacrifice for the benefit of these people with the higher incomes. The total amount of revenue that we are expected to derive this year from all the incomes over \$66,000 is \$90,000,000 only. Two or three years ago it would have been five or six or seven times that much perhaps, but to-day the capital from which those incomes were produced has gone into hiding. It is not productive and does not give employment to labor, and does not produce anything that is of good to the country. It is simply lying idle and is exempt totally from taxation. And I repeat that the effect of the reduction of these high surtaxes to a point where men are willing in times of peace to pay them will be to immensely increase the revenues of the Treasury and to bring employment to labor and to restore business and industry.

Mr. BARBOUR. Will the gentleman yield there?

Mr. LONGWORTH. Yes.

Mr. BARBOUR. Instead of stopping at \$66,000, would it not have been possible to have sort of averaged the thing all the way down the line and given everybody the benefit below the \$66,000?

Mr. LONGWORTH. I would be the first one to advocate some program of that sort when the revenue is going to permit it. Now it is impossible. To carry a decrease through all the brackets would have caused a loss of revenue that would be appalling.

Mr. BARBOUR. Would it not have averaged so that the amount of loss would have been the same?

Mr. LONGWORTH. No other country in the history of the world has ever maintained in times of peace an income tax as high as 25 per cent. It is utterly impossible, and the history of the world shows it, that in time of peace where there is opportunity to shift investment or to give away property and to dodge legitimately some way or other, that taxes of more than 25 per cent can be collected. It is perfectly absurd to suppose that a man will pay 75 per cent on his income when he can put his property where he escapes taxation. President Wilson recognized that in his message. Secretary Glass recognized it, Secretary Houston recognized it, and Secretary McAdoo recognized it.

Of all the large number of major tax reductions, that of the surtaxes on incomes alone can be said to be in any sense a tax on wealth as such. The relief to the general public by the repeal in the tax on freight will be more than \$130,000,000 a year, half again as much as the relief afforded to the payers of the high surtaxes, and will affect millions of people. The relief to the traveling public afforded by the repeal of the tax on passenger fares will amount substantially to the same sum as that afforded to payers of the higher surtaxes and will apply to millions of people. All together the repeal of the transportation taxes will reduce the burden on the American people more than \$260,000,000, and yet apparently the Democracy proposes to vote against a bill which confers these benefits.

Mr. COLLIER. Mr. Chairman, will the gentleman yield there?

Mr. LONGWORTH. Yes.

Mr. COLLIER. I wish to commend the committee for removing the tax on transportation, but I want to ask the gentleman this question: You say that will save \$130,000,000?

Mr. LONGWORTH. On freight alone.

Mr. COLLIER. Yes; \$130,000,000 on freight. I just wanted to ask the gentleman if he does not think the greater part of that saving will be taken up in the increase over the Payne rate of the tax on structural steel in another bill that was put in a short time ago?

Mr. LONGWORTH. The gentleman knows his question is absurd, and I am not going to answer it.

Now, let us take another tax change in the interest of the plain people, whom the gentleman from Mississippi [Mr. COLLIER] so vociferously but mistakenly assumes to represent. An increase in the exemption to all heads of families of \$2,000 to \$2,500 will directly affect over 3,000,000, and it will relieve them of a burden of over \$40,000,000. The additional exemption of dependents from \$200 to \$400 each will relieve them to the extent of \$30,000,000, and will affect I do not know how many families in this country.

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Certainly.

Mr. BARBOUR. I have been trying to find out for my own information—and I believe other gentlemen are interested—why the committee stopped at \$5,000 in granting this exemption of \$2,500. If you are going to exempt one man, why not exempt another? Why make a distinction?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LONGWORTH. Will the gentleman give me 10 minutes more? I will try to finish.

Mr. FORDNEY. I yield to the gentleman 10 minutes more.

The CHAIRMAN. The gentleman from Ohio is recognized for 10 minutes more.

Mr. LONGWORTH. Of course, our desire to benefit the taxpayer was absolutely limited by the amount of revenue we could afford to lose. We have to consider a great revenue measure not from the point of view of the popularity of what we do so much as the essential justice of what we do, and we ought to discard this demagoguery that we have heard preached here so much to-day. A vote against this bill simply means a vote to definitely postpone the beneficent results that will accrue to the smaller income taxpayers of this country in regard to their exemption both as to the amount and with regard to their dependents.

Of all the irritating taxes in the present law, that upon the sale of soda water and ice cream sold at counters probably stands first. Its repeal is going to save the public something like \$30,000,000, and it is going to affect almost every schoolboy and schoolgirl in this land. And yet the Democratic Party is going to vote to make that impossible.

There is another item in this bill, a small one perhaps, that has been referred to only incidentally, I believe, but which is, to my mind, of great importance. One of the most serious situations in the country to-day is the lack of small homes, and the main reason for it is the difficulty of getting the capital necessary for their building. In my part of the country and very prevalently throughout the country the smaller homes, the homes costing from \$1,500 to \$4,000, are built through the cooperation of building associations. Owing to the great increase in the attractiveness of tax-exempt securities, money has been withdrawn from investment in building associations and has gone where it did not have to pay taxes, and the consequence has been that instead of the capital applicable to home building increasing, it has been decreasing.

This bill carries this provision: We make the first \$500 of income received from capital invested in the stock of building associations exempt from any tax at all. We put it on the same basis to the extent of \$500 as all other nontaxable investments. There is no question now but that the stock in a building association amounting to \$10,000 will be a reasonably attractive investment and will result in a great increase of capital available for the building of small homes throughout the country. This is a small thing on paper, perhaps, but I believe it is a big thing in the interest of the plain people of this country, and Democrats propose to vote against it.

For some reason or other, which has always been a mystery to me, the Democratic Party in its wisdom in the last revenue bill put a tax of 10 per cent on sporting goods, so that a boy who wants to buy a baseball bat or a pair of roller skates pays twice the tax that the purchaser of jewelry or electric pianos pays.

What the philosophy of such a proposition as that is I can not imagine, and yet it has occurred to Democratic Members to tax the schoolboy and the schoolgirl who wants to buy anything to play with, to exercise with, twice what they tax the man or woman who buys automobiles and diamonds. We have reduced these taxes 50 per cent.

Mr. BYRNES of South Carolina. Mr. Chairman, will the gentleman yield? I want to ask the gentleman if he voted for that bill.

Mr. LONGWORTH. I yield to the gentleman.

Mr. BYRNES of South Carolina. Did the gentleman vote for that bill?

Mr. LONGWORTH. Of course the gentleman from Ohio, when the war revenue bills were here, voted for them, in order to carry on the war, but he voted against this Democratic tax in the Committee on Ways and Means.

Mr. BYRNES of South Carolina. Why did the gentleman vote for it and then come in here and ask us to explain why we voted for it?

Mr. LONGWORTH. Of course, the gentleman is opposed to lifting the taxes except upon Coca-Cola and things like that. Of course, if the gentleman believes in taxing baseball bats twice as much as diamond rings, he is entitled to his opinion.

Mr. BYRNES of South Carolina. I do not believe in taxing them at all. Why do not you repeal that tax?



Mr. LONGWORTH. Of course, the gentleman is going to vote against any reduction.

Mr. BYRNES of South Carolina. I am in favor of absolutely repealing it.

Mr. LONGWORTH. I know; but the gentleman is going to vote against reducing it.

Mr. BYRNES of South Carolina. Why do not you repeal it?

Mr. LONGWORTH. The gentleman says he is in favor of repealing it, but he is going to vote against reducing it.

Mr. BYRNES of South Carolina. Yes; because you are going to leave 5 cents on every baseball bat and every baseball that the boys of this country buy in times of peace.

Mr. LONGWORTH. Yes; and the gentleman is going to vote against reducing it.

Mr. BYRNES of South Carolina. Will the gentleman give us a chance to vote on it separately? I will promise to vote to cut it out.

Mr. LONGWORTH. We shall see—perhaps.

Mr. BYRNES of South Carolina. Yes.

Mr. LONGWORTH. The gentleman's record will show that he voted against reducing it.

Mr. BYRNES of South Carolina. Will the gentleman give the House a chance to vote on it separately?

Mr. LONGWORTH. Does the gentleman think I control the opportunity to vote?

Mr. BYRNES of South Carolina. The gentleman is a member of the Ways and Means Committee, and his vote is very influential. Is he in favor of giving the House a chance?

Mr. LONGWORTH. The gentleman flatters me. I will use great influence to do it.

Mr. BYRNES of South Carolina. You will?

Mr. LONGWORTH. Yes.

Mr. BYRNES of South Carolina. We will see how much influence the gentleman has.

Mr. LONGWORTH. But the gentleman, of course, will vote against reducing it.

Another very important thing we propose to do is to lead the taxpayer as far as possible out of the maze of difficulties thrown around him by the present taxation system for which that side of the House is responsible. Gentlemen who have attacked this bill have said that the new administrative provisions were written in for the benefit of the rich taxpayer exclusively. It only proves their utter ignorance of these provisions, because a large number of them are written in for the precise purpose of preventing evasion of legitimate taxes by wealthy people. The administrative features of this bill are the result of accumulated experience in carrying out the details of the most complicated law ever placed upon the statute books. They will serve immensely to simplify the collection of the revenue not only from the standpoint of the Treasury but of the taxpayer. They would be well worthy of enactment alone, even if no changes were made in the general policy of taxation.

The passage of this bill means a gross reduction of taxes to the extent of nearly \$900,000,000 to the American people. It is a long step toward the restoration of industrial prosperity. As such we support it, and gladly accept all responsibility for its enactment. [Applause.]

Mr. COLLIER. I yield 20 minutes to the gentleman from New York [Mr. GRIFFIN].

Mr. MONDELL. Will the gentleman yield for a moment? I understand the gentleman from Michigan [Mr. FORDNEY] expects to run continuously until perhaps 10 o'clock?

Mr. FORDNEY. Yes.

Mr. MONDELL. Or even later if the Members are disposed to stay?

Mr. FORDNEY. Until an opportunity is given to Members who wish to speak. There are a number of gentlemen on this side who wish to speak, and therefore I think we had better run without recess.

Mr. COLLIER. I think so. I have a number of requests. Instead of making it an arbitrary adjournment at 10 o'clock, if the House wants to continue even later it will be very agreeable to us.

Mr. FORDNEY. And see if we can finish.

Mr. BYRNES of South Carolina. Yes. I yield 20 minutes to the gentleman from New York [Mr. GRIFFIN].

Mr. GRIFFIN. Mr. Chairman, it is rather amusing to hear the gentlemen on the other side quote last year's Democratic platform with approval. They may well do so, for there was not much difference between the two platforms, or, for that matter, between the two parties, in devotion to the law of expediency. The fact is that both parties needed money to run the last campaign. Both thought it wise to sound a very soft key in framing their platform. There was not much difference in the tone, only the Republicans struck first, and received the

indorsement of the profiteers before the gentle little peep of the Democratic managers was heard.

#### GRAFT KNOWS NO PARTY.

I am, therefore, not very much disturbed when I have the folly of the last campaign flung in my face. That is only the tribute of vice to virtue. The repeal of the excess-profits tax is arrant folly, whether or not it is indorsed by men calling themselves Republicans or Democrats. Graft knows no party. It is natural to expect reactionary views from the party which has nurtured the special interests for 50 years; but they come with ill grace from Democracy, whose proper place should be close to the hearts of the people. There was no hope for a Democratic victory last fall and there never can be hope for any party that takes its political economy from financial adventurers.

#### "SHIFTY METHODS."

I was amazed at almost the first statement in the majority report. It says that in framing the tax "the committee has sought out new methods of reducing rather than shifting tax burdens."

This statement is prompted by the prodding of a guilty conscience. They know that they have shifted the burdens, and they know that they will be indicted by the American people for their guilt. But, aside from that, their plea of "not guilty" shows utter misapprehension of the problem which confronts them. The object of this legislation is to raise revenue. To accomplish that they should not have balked at the prospect of increasing a tax here or there. The consumer is always willing to pay the piper and will never murmur. What he objects to is the unjust discrimination in favor of the rich and against the poor.

The great common people of the land who have been harassed and annoyed by inequitable and burdensome taxes expect that the burden will be lifted from their backs and shifted about in such manner that every class will be compelled to bear a share of taxation proportionate to its means. Shifting a tax is not an economic crime. On the contrary, it becomes a duty when taxes bear inequitably.

But how has the committee met the problem?

It has lifted the burdens from the backs of the profiteers—the men who have been making excess profits—and left the void unprovided for, so that, eventually, they will have to be distributed upon the backs of men of small income and upon the consumers.

Please examine the following table taken from page 3 of the majority report:

#### SUMMARY OF TAX CHANGES.

The following is a recapitulation of the principal changes in rates contained in the new bill, with estimated gains and losses such changes will occasion. Estimated changes in annual revenue receipts under proposed new rates for 12-month period. (Rates not fully in force until calendar year 1923:)

	Loss.	Gain.
Repeal of excess profits <sup>1</sup> .....	\$450,000,000	
Increase of corporation income tax from 10 per cent to 12½ per cent <sup>1</sup> .....		\$133,750,000
Reduction of surtax rates on individual incomes (maximum, 32 per cent) <sup>1</sup> .....	90,000,000	
Increased exemption of heads of family: To \$2,500 for incomes in excess of \$5,000.....	40,000,000	
Additional exemption for dependents increased to \$400 from \$200.....	30,000,000	
Repeal of tax on transportation (freight, passenger, and express) as of Jan. 1, 1922.....	262,000,000	
Repeal of tax on life insurance.....	6,300,000	
Repeal of tax on beverages (secs. 628 and 630).....	60,000,000	
License tax on sellers of soft drinks.....		10,000,000
Tax of 6 cents on cereal beverages.....		12,000,000
Tax of 5 cents on carbonic acid gas.....		2,000,000
Tax of 2 cents a gallon on fruit juices of soft drinks.....		
Tax of 3 cents a gallon on still drinks, not mineral and table water.....		12,000,000
Tax of 10 cents a gallon on fountain sirups.....		
Repeal or reduction of excise taxes:		
Section 900—		
Paragraph 5 (sporting goods).....	2,000,000	
Paragraph 9 (candy).....	8,000,000	
Paragraph 13 (electric fans).....	280,000	
Paragraph 19 (fur articles).....	4,510,000	
Section 904.....	15,000,000	
Change in section 907, perfumery, cosmetics, and proprietary medicines (5 cents tax on manufactures).....		8,000,000
Total.....	\$968,090,000	177,750,000
Net loss.....	790,340,000	

<sup>1</sup> Effective Jan. 1, 1922.

This table is printed in the majority report, I presume, because it is considered as furnishing a strong recommendation of the pending bill. Let us see. First, you will note, it shows that the pending bill will deprive the Government of tax re-

ceipts aggregating \$968,000,000. On the other hand, the taxes substituted in the place of those remitted will bring in \$177,750,000. In other words, the Government suffers a net loss in taxation of \$790,330,000.

#### A FALLACY EXPOSED.

With these figures as their basis, the proponents of the bill make the boast that the burdens of taxation are lessened to the tremendous extent of \$790,330,000, or about \$7 for every man, woman, and child in the country. And the appeal is then made to the heads of families by saying that every family of five is relieved from taxation to the extent of \$35 per annum.

Wonderful, if true, my friends. But look at the figures again, if you please. From whom do you take off this great burden? You take off \$450,000,000 from the makers of excess profits and another \$90,000,000 from those who have been paying surtaxes on incomes in excess of \$66,000 per annum. Poor fellows! It was a shame to have taxed them so long. The man who can make \$66,000 per annum on his investments is certainly in dire straits and needs immediate relief. But do not humbug the people by pretending that when you are relieving the profiteers and plutocrats of \$540,000,000 per annum in taxation you are putting \$35 per annum in the pocket of every head of a family in the United States.

#### A DEFICIT INSTEAD OF A GAIN.

The taxes of which you are relieving the profiteer and plutocrat will admittedly create a deficit in the national income.

How is this deficit to be raised? Obviously, if the makers of excess profits and the recipients of big incomes are excused, the burden must fall all the heavier on the average citizen. If not to-day, then to-morrow. Why fool yourselves and humbug the people by pretending that reductions in the expenses of government are going to make up the deficit. The national income is reduced \$790,330,000 and the manner of running the Nation's affairs within the sum to be raised by this bill is left to chance or future makeshifts.

#### NO EXCUSE FOR REPEAL OF EXCESS-PROFITS TAX.

There is no excuse for this deficit except the desire to get rid of the excess-profits tax. This is the keynote of the entire bill.

The propagandists who started the campaign for their abolition two years ago have invented many objections.

What are excess profits? Excess profits are simply profits in excess of a reasonable return on capital invested. Why should any honest man be dismayed at the proposition that no one should make unreasonable returns upon capital invested? We saw the wisdom of imposing a tax on excess profits during the war, while the profiteers were wallowing in ill-gotten gains exacted from the mothers, the wives, and the children of our soldiers who were sacrificing their all for their country. The purpose of the excess-profits tax was simply to exact from the profiteers a fair proportion of the profits which they mulcted out of the American people.

But the moment that the war ceased a propaganda was inaugurated to repeal the excess-profits tax. Let me say this to the profiteers: It is easy enough to get rid of the excess-profits tax. All you need do is to stop making excess profits. When you do that the occasion for the tax will cease automatically.

#### OBJECTIONS TO THE EXCESS-PROFITS TAX.

There are valid objections to the excess-profits tax, but not sufficient to warrant its repeal. It is aimed at the profiteer, and unless profiteering is deemed a blessing that purpose of curbing the unconscionable should be kept in mind. There was an opportunity for statesmanship, for real scientific tax revision. Instead of trying to correct the manifest defects we behold an abject surrender, on the part of this Congress, to wealth and influence and the average tax-paying citizen is forgotten.

First of all, a distinction should have been made between income derived from actual service and income derived from capital. For there is a manifest difference in the status of the man who has, perhaps, inherited a hundred thousand dollars and without doing a tap of work draws an income out of it of \$10,000 a year, and the man who earns \$10,000 a year by his brains and industry, and who has no capital except his brains and industry. The salaried man is in a different category in the very nature of things and he should not be penalized by heavy taxation. He adds to the world's wealth by actual work. The other lets his money work for him while he dawdles away in idleness.

The present inequitable distinction between partnerships and corporations should be corrected. The term "capital invested" should be given the meaning that was in the mind of Congress when the present revenue bill was passed. Capital invested means the monetary value of the property employed in carrying

on the business, and the tax should be computed upon that amount and not upon watered capital.

If that were done, there would be no premium put on overcapitalization and much of the comfort that some of the gentlemen on the other side take from CARTER GLASS's report of December, 1919, would be considerably abated. It would also take considerably from the force of Mr. McDoo's argument in his letter to the Ways and Means Committee, June 5, 1918, when he said:

The excess-profits tax falls less heavily upon big business than small business, because big business is generally overcapitalized and small business is often undercapitalized.

#### THE REMEDY.

The remedy, therefore, is not to repeal the excess-profits tax, but to stop overcapitalization. Stop the issuance of stock dividends and compel corporations to distribute their earnings to their stockholders instead of manipulating them to avoid taxation. The evil of allowing this practice to continue is well illustrated in the following table, which shows 90 corporations which have issued stock dividends of over 100 per cent, on which, of course, taxation was avoided under the decision of the Supreme Court of the United States in March, 1920:

Companies issuing stock dividends of 100 per cent and over.

Name.	Rate.	Payable.
	Per cent.	
Abbeville Cotton Mills.....	100	.....
Burnite Coal Briquette.....	100	Nov. 15
Crane Company.....	200	Dec. 20
Dixon (J.) Crucible.....	150	Do.
Eagle Lock.....	100	.....
Globe-Wernicke.....	100	Dec. 1
Hargraves Mills.....	100	.....
Magnolia Petrol.....	100	Dec. 28
North Texas Oil.....	500	Nov. 20
Oak Tire & Rub.....	100	Nov. 19
Parker Cotton Mills.....	100	.....
Port Huron Sulph. & Pap.....	150	.....
Rothschild & Co.....	100	Dec. 31
Stand. Oil of Ind.....	150	Dec. 18
Todd Shipyards.....	100	Nov. 13
Weirton Steel.....	200	.....
Cadet Knitting.....	200	Oct. 1
Dunn Petrol.....	100	Do.
Graton & Knight Mfg.....	150	.....
Orono Pulp & Pap.....	100	.....
St. Regis Paper.....	400	.....
Washington Ice.....	150	.....
White (R. H.) Co.....	100	.....
Gilmers (Inc.).....	100	.....
Glenwood Mills.....	100	Sept. 1
Goodyr. Tire & Rub.....	150	July 1
Hanes (P. H.) Kmt.....	150	Do.
Inman Mills.....	300	.....
Do.....	100	.....
Manhat.-Texas Pet.....	100	July 20
Montreal Oil.....	100	Aug. 2
New York Oil Co.....	100	.....
Premier Tire & Rub.....	100	.....
Ralston Purina Co.....	400	.....
Raphael Weill & Co.....	100	Aug. 20
Reyn (R. J.) T.....	200	Aug. 16
Do.....	200	Do.
Saxon Mills.....	200	.....
Shomme Oil & Gas.....	500	Aug. 30
South Porto Rico Sug.....	100	Aug. 6
Tidewater Oil (Tex.).....	300	.....
Tiffany & Co.....	300	.....
Internal Mat. Truck.....	100	May 11
Kittanning Ir. & Stl.....	150	.....
Minneapolis Stl. & Mach.....	100	.....
Monomac Spin.....	100	.....
Nashua Mfg.....	100	.....
New England Invest.....	100	Apr. 9
New Eng. Road Mach.....	240	.....
Nicholson File.....	100	.....
Nonquitt Spinning.....	100	May 15
Northwest Leath.....	333	.....
Pacolet Mfg.....	100	Apr. 15
Piedmont Mfg.....	100	.....
Queen City Cot. Mills.....	100	.....
Riverside Mfg.....	100	.....
Royal Worcester Corset.....	200	.....
Salmon Falls Mfg.....	100	May 1
Seaconnet Mills.....	100	.....
Star Rubber.....	100	.....
Truat & Hine Co.....	100	.....
Turner (J. Spencer).....	100	.....
United Fuel Gas.....	200	Apr. 15
Watertown Agr. Insur.....	100	.....
Waterhead Mills.....	900	.....
Whit-Glessner.....	400	.....
Woodside Cot. Mills.....	100	.....
American Glue.....	150	May 15
Amoskeag Mfg.....	100	.....
Bank of America.....	200	.....
Chapman Valve Mfg.....	100	.....
Columbia Motors.....	700	.....
Easley Cot. Mills.....	300	.....
Elmhurst Invest.....	1,000	Apr. 15
Fairbairn Bearing Co.....	100	.....
Federal Motor Truck.....	100	May 1
Fishburg Yarn.....	100	.....
Franklin Yarn.....	2,000	.....



Companies issuing stock dividends of 100 per cent and over—Continued.

Name.	Rate.	Payable.
	Per cent.	
Genl. Amer. Tk. Car.	200	May 1
Grant Yarn Co.	300	.....
Harvey Crude Oil.	100	.....
Appleton (F. H.) Sons.	200	July 16
Art Metal Const.	100	June 16
Bromp. Pulp & Pap.	100	Aug. 7
Bruns-Balke-Coll.	200	.....
Clifton Mills.	100	.....
Cramp (Wm.) & Sons.	150	July 1
Crowell & Thurlow S. S.	200	Sept. 10
Dwight Mfg.	100	.....
Fall River Bleach.	150	.....
Standard Oil Co. (Nebraska).	200	May, 1921

I have taken upon my shoulders the thankless, but I hope not useless, task of analyzing the propagandists' objections to the excess-profits tax.

#### I. THAT THE EXCESS-PROFITS TAX PYRAMIDS THE COST TO THE CONSUMER.

This propaganda has been devised with ingenious sophistry. The people are told that the excess-profits tax pyramids the cost to the consumer. The plausibility of this assertion is that it is offered as a conclusion instead of as a premise. If one says that costs are pyramided to the consumer, he states an obvious fact, but it is not true to say that the pyramiding is the consequence of the tax. Just the reverse is the truth—the tax is the result of the pyramiding. It is because of the pyramiding—in other words, the profiteering—that the tax is imposed. The manufacturer or tradesman who does not pyramid or profiteer does not have to pay the excess-profits tax. The moment he stops profiteering his burden in the way of an excess-profits tax ceases.

Remember, too, that the pyramiding began a long time before the excess-profits tax was imposed. The profiteering began before we entered the war. The price level of commodities worth \$1 in 1914 had risen to \$1.61 in March, 1917, and in October, 1917, when we passed the excess-profits tax law, it had risen to \$1.81. Not even the reduction of the excess-profits tax sufficed to satisfy the profiteers' greed, for although the reduction was made in 1919, nevertheless in April, 1920, the price level had climbed to \$2.66.

#### II. THAT THE EXCESS-PROFITS TAX IS UNPRODUCTIVE.

The next objection we hear against the excess-profits tax is that it is unproductive. Well, that is simple. If it is unproductive it will cease to function. But what are the facts? The table printed on page 3 of the majority report estimates that the effect of the repeal of the excess-profits tax will be to deprive the Government of taxes to the extent of \$450,000,000. Is that a revenue income to be sneezed at? According to the latest figures of the Commissioner of Internal Revenue, the yield from internal-revenue taxation last year was \$812,000,000 less than in the year before. Of that sum \$731,000,000 is believed to be due to loss in income, excess-profits taxes, and in surtaxes. Evidently there is a progression downward. That is a good sign; but it is also an argument against the repeal of the tax, for when profiteering ceases the occasion for the tax will automatically disappear. That point has, obviously, not yet been reached, because, according to Commissioner Blair's report, the income and excess-profits taxes represented 70 per cent of the total collections. Last year the yield from the excess-profits tax was approximately \$720,000,000. Next year they figure it will be \$450,000,000.

This great addition to the national income, derived from the excess-profits tax, it is now proposed by this bill to abandon and throw to the winds. It may be a very negligible quantity in the opinion of the majority; but the great body of the American people from whose pockets the additional revenue will be drawn to make up its loss are likely to have a different opinion.

#### III. THAT THE EXCESS-PROFITS TAX IS EXPENSIVE TO COLLECT.

The third objection to the excess-profits tax is that it is expensive to collect. Let us see whether it is or not. The collection of revenue taxes in this country has always been more economical than the collection of customs duties. I have prepared a table, which I will insert in the RECORD, showing the income from internal revenue and customs receipts since 1914. In 1914 the cost of collecting the internal revenue was 1.46 per cent. The cost of collecting the customs receipts was 3.35 per cent. In 1920 the cost of collecting internal revenue was 0.54 per cent, practically half a cent on the dollar. The cost of collecting the customs duties was 3.9 per cent.

In the second revenue district, embracing within it the city of New York, we collected \$1,135,453,216.52. And do you know the cost of collecting that in the second district? It was just three-fifths of a mill per dollar.

Cost of collecting internal revenue and customs receipts, 1914 to 1920.

[See p. 790, Annual Report Secretary of the Treasury, 1920.]

Year ending June 30—	Internal revenue.		
	Receipts.	Expenses of collecting.	Per cent.
1914.....	\$380,041,007.30	\$5,542,353.55	1.46
1915.....	415,669,646.00	6,236,048.55	1.50
1916.....	512,702,028.78	6,259,047.67	1.22
1917.....	809,386,207.73	6,974,140.11	.86
1918.....	3,695,043,484.81	12,003,214.07	.32
1919.....	3,840,230,994.85	20,149,911.83	.52
1920.....	5,399,149,245.06	29,432,643.50	.54

Year ending June 30—	Customs receipts.		
	Receipts.	Expenses of collecting.	Per cent.
1914.....	\$292,320,014.51	\$9,804,771.72	3.35
1915.....	209,788,672.21	9,268,403.58	4.42
1916.....	213,185,845.63	9,074,471.95	4.26
1917.....	225,962,393.38	9,850,189.63	4.36
1918.....	182,758,988.71	9,836,325.53	5.38
1919.....	183,428,624.78	10,020,851.28	5.46
1920.....	323,536,559.25	10,023,315.74	3.09

So that instead of the internal-revenue taxes being more expensive to collect they are actually collected at one-sixth of the cost of the collection of the customs duties. As the revenue collection machinery became more effective the cost dropped from 1.46 per cent in 1914 to 0.52 of 1 per cent in 1919. In other words, it costs only about a half cent to collect a dollar of internal revenue while it costs over 3 cents to collect a dollar of customs duties.

#### IV. THAT THE EXCESS-PROFITS TAX IS SHIFTED OVER UPON THE CONSUMER.

Another objection that we hear is that the excess-profits tax is shifted over upon the consumer. That is plain sophistry. There is no shifting process whatever. The excess profits are extorted from the consumer in the beginning. If the profiteer has to give up a portion of his ill-gotten gains to the Government by way of taxation, of course he can play the baby act and claim that the consumer pays the tax; but the consumer also pays the excess profits. And please note that the profiteer does not pay the tax until he has exacted enough to pay the tax and very much more. Why should the profiteer complain when he is compelled to disgorge? His plea is like that of the highwayman who when compelled to give up his booty cries out, "This is coming out of the pockets of the toiler, the widow and the orphan whom I robbed like a gentleman. Have pity on them, kind sir." And in a sense he is right, even as the profiteer is right when he pleads that the tax he is compelled to pay out of his ill-gotten gains comes out of the pockets of the consumer. So it does, but he can stop it by ceasing to exact excess profits. Let him be content with reasonable profits and he need not worry about the tax. He should not be permitted to extort excess profits at all. The Government in collecting the tax is, to a certain degree, sharing in his guilt. It should confiscate all of his unconscionable profits as it does property stolen by the highwayman. But there is one consolation the excess-profits maker has. He need not make them. The moment he ceases profiteering, that moment the tax ceases to function. The fifth objection is:

#### V. THAT CAPITAL IS DIVERTED FROM INDUSTRIAL CHANNELS AND IS INVESTED IN TAX-EXEMPT SECURITIES.

The answer to that is, first, that the class of investment that seeks exempt securities is not to be found in industrial speculation. That is evidenced by the fact that there was enough capital engaged in industry and making excess profits to such an extent last year as to yield the Government excess-profits taxes of \$720,000,000. Why did not that money seek tax-exempt securities? Evidently it was in business, doing business on the old plan, piling up excess profits. And on those profits a tax was paid to this Government of \$720,000,000. Evidently it paid these investors to use their capital to pile up excess profits rather than to invest it in tax-exempt securities.

Obviously, the objection is false on its face. Its mere statement gives the answer. Take, for instance, a million-dollar corporation which gouges out of the consumers an income of 50 per cent upon its invested capital, namely, \$500,000. Under the present law it pays a tax of \$178,860, leaving it a net profit of \$321,140. That, it will be noted, is 32 per cent on the capital invested. What tax-exempt security does anyone know of that gives as generous an income as that? Does anyone know of a tax-exempt security that pays 32 per cent on the capital invested? No; my friends, you must plead a better excuse than that. Under the present bill you propose to reduce the excess-profits taxes on such a corporation to \$75,000. In other words, you will let them keep \$425,000 out of the half million of income, or 42 per cent of the capital invested. Does anyone know of any tax-exempt security that pays 42 per cent on the capital invested? I think not.

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. TINCHER. There were a few companies that paid rather substantial excess-profits taxes in 1919 which are now in the hands of receivers, or were in 1920, by reason of losing not only contemplated profit but their entire capital. Does the gentleman think that an excess-profits tax is conducive to the resumption of that line of work by other companies? There was no provision in the tax law to reimburse these companies that lost their capital by way of investment.

Mr. GRIFFIN. I think the probability is that they robbed one another; that the directors were at each other's throat. No profitable business ever goes into the hands of a receiver unless there is fraud somewhere.

The next objection is:

VI. THAT THE EXCESS-PROFITS TAX DISCRIMINATES AGAINST THE CORPORATION WITH SMALL INVESTED CAPITAL.

This is only a reiteration of the propaganda that has been industrially circulated for years, and this is my answer: Instead of the excess-profits tax injuring the small corporation, the reverse is true. It helps the small corporation by curbing the profits of the large corporation. That was the idea underlying its first application. You will recall that when the Government during the war started fixing the price of copper and other metals it set a price high enough to encourage the least profitable mines to increase their production. That price of course would necessarily yield the easily worked mines a great advantage in profit. The excess-profits tax was therefore worked out to offset this advantage. It may tax heavily the corporation with small capital but big profits, but it can not hurt the small corporation with small profits.

In fact, the chief complaint against this measure before us is that while decreasing the tax on the large corporation it increases the tax on the small corporation beyond all reason. If gentlemen here have part 5 of the hearings, I direct their attention to the diagram on page 443.

Comparative table showing the taxes paid by corporations under the old law and under the proposed law.

Invested capital.	Income of 5 per cent on capital.		Income of 10 per cent on capital.		Income of 15 per cent on capital.		Income of 20 per cent on capital.		Income of 25 per cent on capital.		Income of 33 1/3 per cent on capital.		Income of 50 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000.....	None.	\$37.50	None.	\$75	None.	\$112.50	None.	\$150	None.	\$187.50	None.	\$250	\$50	\$37
\$10,000.....	None.	75.00	None.	150	None.	225.00	None.	300	None.	375.00	\$133.33	500	732	750
\$15,000.....	None.	112.50	None.	225	\$25	337.50	\$100	450	175	562.50	588.00	750	1,738	1,125
\$20,000.....	None.	150.00	None.	300	100	450.00	200	600	444	750.00	1,210.67	1,000	2,744	1,500
\$25,000.....	None.	187.50	\$50	375	175	562.50	300	750	875	937.50	1,833.33	1,250	3,750	1,875
\$35,000.....	None.	262.50	150	525	325	787.50	716	1,050	1,521	1,312.50	2,862.67	1,750	5,546	2,625
\$50,000.....	\$50	375.00	300	750	640	1,125.00	1,340	1,500	2,490	1,875.00	4,406.67	2,500	8,240	3,750
\$75,000.....	175	562.50	550	1,125	1,330	1,687.50	2,380	2,250	4,105	2,812.50	6,980.00	3,750	12,730	5,625
\$100,000.....	300	750.00	800	1,500	2,020	2,250.00	3,420	3,000	5,720	3,750.00	9,553.33	5,000	17,220	7,500
\$150,000.....	550	1,125.00	1,300	2,250	3,400	3,375.00	5,500	4,500	8,950	5,625.00	14,700.00	7,500	26,200	11,250
\$200,000.....	800	1,500.00	1,980	3,000	4,780	4,500.00	7,580	6,000	12,180	7,500.00	19,846.67	10,000	35,180	15,000
\$250,000.....	1,050	1,875.00	2,660	3,750	6,160	5,625.00	9,660	7,500	15,410	9,375.00	24,993.33	12,500	44,160	18,750
\$300,000.....	1,300	2,250.00	3,340	4,500	7,540	6,750.00	11,740	9,000	18,640	11,250.00	30,144.00	15,000	53,140	22,500
\$350,000.....	1,550	2,625.00	4,020	5,250	8,920	7,875.00	13,820	10,500	21,870	13,125.00	35,286.67	17,500	62,120	26,250
\$400,000.....	1,800	3,000.00	4,700	6,000	10,300	9,000.00	15,900	12,000	25,100	15,000.00	40,433.33	20,000	71,100	30,000
\$500,000.....	2,300	3,750.00	6,060	7,500	13,060	11,250.00	20,060	15,000	31,560	18,750.00	50,726.67	25,000	89,060	37,500
\$750,000.....	3,550	5,625.00	9,460	11,250	19,960	16,875.00	30,460	22,500	47,710	28,125.00	76,460.00	37,500	133,960	56,250
\$1,000,000.....	4,800	7,500.00	12,860	15,000	26,860	22,500.00	40,860	30,000	63,860	37,500.00	102,193.33	50,000	178,860	75,000
\$1,500,000.....	7,300	11,250.00	19,660	22,500	40,660	33,750.00	61,660	45,000	96,160	56,250.00	153,660.00	75,000	268,660	112,500
\$2,000,000.....	9,800	15,000.00	26,460	30,000	54,460	45,000.00	82,460	60,000	128,460	75,000.00	205,126.67	100,000	358,460	150,000
\$5,000,000.....	24,800	37,500.00	67,260	75,000	137,260	112,500.00	207,260	150,000	322,260	187,500.00	513,923.67	250,000	897,260	375,000
\$10,000,000.....	49,800	75,000.00	135,260	150,000	275,260	225,000.00	415,260	300,000	645,260	375,000.00	1,028,593.33	500,000	1,795,260	750,000



Note how as the profiteering increases the tax diminishes. Finally, when it gouges an income of 33½ per cent it will only be required to pay a tax of \$500,000 instead of \$1,028,593.33. Lastly, when it has its hand fully into the game and can rob like a brigand of old, deriving an income of 50 per cent upon its capital, or \$5,000,000 per annum, it will pay a tax of \$750,000 instead of \$1,795,260. In other words, it is to be presented by this Republican Congress with a donation out of the pockets of the consumers of \$1,045,260 as a slight token of esteem; as an evidence of admiration for its adherence to the lofty principles which actuated the broad-minded brigands of history. [Applause on the Democratic side.]

Mr. COLLIER. Mr. Chairman, I yield to the gentleman from Michigan [Mr. WOODRUFF] such time as he may desire.

The CHAIRMAN. The gentleman from Michigan is recognized for one hour.

Mr. WOODRUFF. Mr. Chairman, it is with some temerity that I take the floor at this time, for I find myself entirely out of harmony with the majority of the House, as represented by the Ways and Means Committee, and its proposal to repeal the excess-profits tax and reduce to 32 per cent the tax on the larger individual incomes.

I am a Republican, Mr. Chairman, and I believe in the principles which have been enunciated in the different platforms adopted by our national conventions. Under Republican administrations the country has developed in a way that has caused the whole world to stand aghast at the progress we have made. Under Republican leadership and under the operation of a protective tariff our industries have been put upon their feet and have been allowed to develop until we have become one of the foremost, if not the foremost, industrial nations in the world. That the laboring man has reaped some measure of benefit from the protective tariff is evidenced by the fact that during the years since the theory of a protective tariff has been put into practice he has been able to live in some degree of comfort and, at the same time, lay something by for a "rainy day," while the laboring man of other countries has been paid barely enough to supply himself with the actual necessities of life. The policy of a protective tariff and the benefits derived therefrom have proved the case and the verdict has been rendered by the American people.

This is and must continue to be a Government of parties, and the men and women affiliated with the parties must of necessity be partisan. They must, as a usual thing, be content to follow the leadership of their party. But, Mr. Chairman, when this leadership seeks to direct one's footsteps along pathways which seem to lead in directions other than those which will end in common justice to all men, paths which will inevitably lead to the shifting of the burden of taxation to the shoulders of those least able to bear this burden, then, Mr. Chairman, comes the time when one must, if he would continue to live at peace with his conscience, differ openly, freely, frankly with such leadership.

There is no man who more willingly follows the leadership of his party than do I—there is no man who follows the leader-

ship of his party more gladly than I—when it is at all possible to do so. When I am in doubt as to the proper course to pursue, when the arguments for and against a given proposition seem to me equally forceful, I gladly give my leaders the benefit of the doubt, and follow their leadership. But, Mr. Chairman, when they cause to be introduced in the House, and ask me to help pass, a bill such as is under discussion at this time, I must decline to give them my support.

When I sat in this Chamber on the 12th of April this year and listened to our President, when he said in that great message:

The country does not expect and will not approve a shifting of the burdens—

I believed that then and there the great Republican Party was committed to carry out that pledge to the letter. I was sure this Congress under his leadership would present to the country a revenue measure which would so distribute the burden of taxation as to merit the approval of every fair-thinking man. I believed these taxes would be so apportioned that every man should pay according to his ability to pay, for it is upon this basis all taxes should be assessed. And, Mr. Chairman, when I first heard that it was the intention of the Ways and Means Committee to report a bill to the House which would raise the proportion of the tax to be collected from the farmer and out of the living wage and the pay envelope from 24.6 per cent to 50 per cent, I could not believe it possible. And yet we have the proof of it in the bill before the House to-day.

This bill repeals the excess-profits tax, which applies only to corporations, and raises the flat corporation tax 2½ per cent. That this proposed action is inimical to the interests of the smaller corporations and those business institutions satisfied to realize a reasonable return upon their investment, I propose to clearly show by the following letter and table prepared by Mr. Howard Clinton Beck, certified public accountant, of Baltimore, Washington, and Detroit. A study of this table will show indisputably that this proposed law will, to an unjustified extent, relieve the larger and more prosperous corporations from taxation, and in a like measure add to the burdens of those corporations less able to pay. This is a condition which in all equity should not exist, for, in addition to its inherent unfairness, it tends to concentrate the wealth of the country in the hands of a favored few and thereby increases their economic control of the Nation.

BALTIMORE, August 17, 1921.

HON. ROY O. WOODRUFF,

House of Representatives.

MY DEAR MR. WOODRUFF: Herewith you will find a copy of my corporation income tax exhibit as the committee has reported the bill, namely, 12½ per cent normal tax, with \$2,000 exemption and no excess-profits tax.

When I reached Baltimore this morning I found that my assistants had already started a typewritten copy, so decided to finish it that way rather than to send you one of the original printed copies revised. I trust that this few hours delay will not inconvenience you.

MR. FREAR and MR. OLDFIELD, of the Committee on Ways and Means, have also requested similar copies, which I am sending by this mail.

Very truly,

HOWARD C. BECK.

#### EFFECT OF THE REPEAL OF THE EXCESS-PROFITS TAX.

The new revenue bill reported by the Ways and Means Committee of the House of Representatives contains a provision for the repeal of the present excess-profits tax on corporations and an increase in the normal tax from 10 to 12½ per cent.

The effect of this proposed law on those corporations whose invested capital is from \$5,000 to \$10,000,000, and who are earning from 5 per cent to 50 per cent thereon, is shown in the following exhibit. Those corporations whose capital and income are in the block between the heavy black lines will pay more tax under the proposed law, while those to the right and below the second black line will pay less tax.

Invested capital.	Income of 5 per cent on capital.		Income of 6 per cent on capital.		Income of 8 per cent on capital.		Income of 10 per cent on capital.		Income of 15 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$10,000	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$15,000	None.	None.	None.	None.	None.	None.	None.	None.	\$25.00	\$31.25
\$20,000	None.	None.	None.	None.	None.	None.	None.	None.	100.00	125.00
\$25,000	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50	175.00	218.75
\$30,000	None.	None.	\$10.00	\$12.50	\$30.00	\$100.00	150.00	187.50	325.00	406.25
\$35,000	\$30.00	\$62.50	100.00	125.00	200.00	250.00	300.00	375.00	640.00	687.50
\$40,000	175.00	218.75	250.00	312.50	400.00	500.00	550.00	687.50	1,330.00	1,387.25
\$45,000	300.00	375.00	400.00	500.00	600.00	750.00	800.00	1,000.00	2,020.00	1,625.00
\$50,000	550.00	687.50	700.00	875.00	1,000.00	1,250.00	1,300.00	1,625.00	3,403.00	2,562.50
\$55,000	800.00	1,000.00	1,000.00	1,250.00	1,400.00	1,750.00	1,900.00	2,250.00	4,780.00	3,500.00
\$60,000	1,050.00	1,312.50	1,300.00	1,625.00	1,800.00	2,250.00	2,600.00	2,875.00	6,160.00	4,437.50
\$65,000	1,300.00	1,625.00	1,600.00	2,000.00	2,200.00	2,750.00	3,340.00	3,500.00	7,540.00	5,375.00
\$70,000	1,550.00	1,937.50	1,900.00	2,375.00	2,600.00	3,250.00	4,020.00	4,125.00	8,920.00	6,312.50
\$75,000	1,800.00	2,250.00	2,200.00	2,750.00	3,000.00	3,750.00	4,700.00	4,750.00	10,300.00	7,250.00
\$80,000	2,300.00	2,875.00	2,800.00	3,500.00	3,800.00	4,750.00	6,000.00	6,000.00	13,060.00	9,125.00
\$85,000	3,550.00	4,437.50	4,300.00	5,375.00	5,800.00	7,250.00	9,400.00	9,125.00	19,960.00	13,812.50
\$90,000	4,800.00	6,000.00	5,800.00	7,250.00	7,800.00	9,750.00	12,800.00	12,250.00	26,860.00	18,500.00
\$95,000	7,300.00	9,125.00	8,800.00	11,000.00	11,800.00	14,750.00	19,600.00	18,500.00	40,660.00	27,875.00
\$100,000	9,800.00	12,250.00	11,800.00	14,750.00	15,800.00	19,750.00	26,400.00	24,750.00	54,460.00	37,250.00
\$105,000	24,800.00	31,000.00	29,800.00	37,250.00	39,800.00	49,750.00	67,260.00	62,250.00	137,260.00	93,500.00
\$110,000	49,800.00	62,250.00	59,800.00	74,750.00	79,800.00	99,750.00	135,260.00	124,750.00	275,260.00	187,250.00

## EFFECT OF THE REPEAL OF THE EXCESS-PROFITS TAX—continued.

Invested capital.	Income of 20 per cent on capital.		Income of 25 per cent on capital.		Income of 33 1/3 per cent on capital.		Income of 50 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000.....	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50
\$10,000.....	None.	None.	\$50.00	\$62.50	\$133.33	\$166.67	660.00	375.00
\$15,000.....	\$100.00	\$125.00	175.00	218.75	588.00	375.00	1,360.00	687.50
\$20,000.....	200.00	250.00	444.00	375.00	1,126.67	583.33	2,060.00	1,000.00
\$25,000.....	300.00	375.00	875.00	531.25	1,593.33	791.67	2,760.00	1,312.50
\$35,000.....	716.00	625.00	1,521.00	843.75	2,526.67	1,208.33	4,160.00	1,937.50
\$50,000.....	1,340.00	1,000.00	2,490.00	1,312.50	3,926.67	1,833.33	7,160.00	2,875.00
\$75,000.....	2,380.00	1,625.00	4,105.00	2,093.75	6,980.00	2,875.00	12,730.00	4,437.50
\$100,000.....	3,420.00	2,250.00	5,720.00	2,875.00	9,553.33	3,916.67	17,220.00	6,000.00
\$150,000.....	5,500.00	3,500.00	8,950.00	4,437.50	14,700.00	6,000.00	26,200.00	9,125.00
\$200,000.....	7,580.00	4,750.00	12,180.00	6,000.00	19,846.67	8,083.33	35,180.00	12,250.00
\$250,000.....	9,660.00	6,000.00	15,410.00	7,562.50	24,993.33	10,166.67	44,160.00	15,375.00
\$300,000.....	11,740.00	7,250.00	18,640.00	9,125.00	30,140.00	12,250.00	53,140.00	18,500.00
\$350,000.....	13,820.00	8,500.00	21,870.00	10,687.50	35,286.67	14,333.33	62,120.00	21,625.00
\$400,000.....	15,900.00	9,750.00	25,100.00	12,250.00	40,433.33	16,416.67	71,100.00	24,750.00
\$500,000.....	20,060.00	12,250.00	31,560.00	15,375.00	50,726.67	20,583.33	89,080.00	31,000.00
\$750,000.....	30,460.00	18,500.00	47,710.00	23,187.50	76,460.00	31,000.00	133,960.00	46,625.00
\$1,000,000.....	40,860.00	24,750.00	63,860.00	31,000.00	102,193.33	41,416.67	178,860.00	62,250.00
\$1,500,000.....	61,660.00	37,250.00	96,160.00	46,625.00	153,660.00	62,250.00	268,660.00	93,500.00
\$2,000,000.....	82,460.00	49,750.00	128,460.00	62,250.00	205,126.67	83,083.33	358,460.00	124,750.00
\$5,000,000.....	207,260.00	124,750.00	322,260.00	156,000.00	513,926.67	208,083.33	897,260.00	312,250.00
\$10,000,000.....	415,260.00	249,750.00	645,260.00	312,250.00	1,028,593.33	416,416.67	1,795,260.00	624,750.00

Just what the smaller or less prosperous corporations, large or small, will think of this proposed legislation when they learn what it will do to them is stated very clearly in the following letter, which I have just received.

DETROIT, MICH., August 16, 1921.

Hon. ROY O. WOODRUFF,

Representative, Washington, D. C.

OUR DEAR SIR: Having noticed in a newspaper yesterday that you are interesting yourself in protecting the "little fellow" in the revision of the tax law, we quote herewith letters that we recently sent to our local Congressman, State Senators, and Hon. JOSEPH W. FORDNEY:

"As tax revision is in the air we are respectfully asking you to give thought and consideration to the 'little fellow,' with the hope that you will use your influence in that direction.

"Our feeling is that small corporations do not make profits on their capital invested beyond a very moderate amount, and also that officers as a rule receive very modest salaries.

"Many large corporations pay exceedingly large salaries to the officers and besides make a large percentage upon capital invested.

"For the protection of small corporations we deem it inadvisable to eliminate the credit of \$3,000 in 'Schedule C—Excess-profits credit.' Also the \$2,000 exemption, 'Item 9, Schedule D—Computation of taxes.' We have no objection, however, to excess-profits tax and surtax, and we 'little fellows' would like to make enough to be able to participate with the big fellows in paying such forms of tax. Hence we dislike to see the tax of 10 per cent, 'Item 11, Schedule D,' increased. These relate to reports for corporations, 1920, page 1, of return.

"Also we believe that there should be exemptions for taxes on individuals."

We hope for the day when taxes can be reduced, but we feel that the Republican Party has got to maintain a good name to be borne out through action. Consequently, efforts should be in justice as much as possible to all classes of people, and we feel that the "high-ups" should stand the brunt.

Here in Michigan our legislature has slapped a tax upon corporations and the question arises in our minds that, although taxes have to be raised, even if money is often unwisely spent: Why should corporations, large and small, be assessed when many individuals, either alone or in partnership, in business escape?

The writer and many other staunch Republicans, being proud of the party's achievements, fully desire to have the G. O. P. continue in office, but we feel that the continuance will be only as long as the party will serve the people in a just manner, as the people are watching for results.

With our esteem, and thanking you for any effort you may use not for mere individuals but for the good of the country at large, we are,

Yours, very truly,

THE JOHN JOHNSON CO.,  
P. M. COLVILLE,  
Secretary and Treasurer.

After studying the effect of the repeal of the excess-profits tax upon the smaller and the less prosperous corporations it is well that one be given the opportunity of glancing over the following table:

Effect of reductions of surtax on individual incomes as proposed in H. R. 8245.

Income.	Reduction.
\$70,000.....	\$20
72,000.....	60
74,000.....	120
76,000.....	200
78,000.....	300
80,000.....	420
82,000.....	560
84,000.....	720
86,000.....	900
88,000.....	1,100
90,000.....	1,320
92,000.....	1,560

Income.	Reduction.
\$94,000.....	\$1,820
96,000.....	2,100
98,000.....	2,400
100,000.....	2,720
150,000.....	12,720
200,000.....	24,720
300,000.....	52,720
500,000.....	114,720
1,000,000.....	274,720
1,500,000.....	439,720
2,000,000.....	604,720
5,000,000.....	1,594,720

I invite the especial attention of those men in the country who have incomes ranging from \$5,000 to \$70,000 per year to this table. I call attention to the fact that while men with incomes ranging from \$70,000 per year to \$5,000,000 or more have had their taxes very materially reduced nothing has been done toward reducing the burden of those whose incomes are not so large. The injustice done these people is very graphically illustrated by simply comparing the reduction given the man having an income of \$70,000 when he pays his taxes with that given the man having an income of \$5,000,000 when he pays his, remembering all the while that those having incomes ranging from \$5,000 to \$70,000 receive no reduction in their taxes whatsoever.

The excess-profits tax law was passed by Congress when the United States entered the war, and the gentleman from Ohio [Mr. LONGWORTH] is correct when he states it is a war measure. It was put into effect to help pay the expenses of war. The present surtaxes on incomes were put into effect for precisely the same reason.

The country approved that action, notwithstanding the statement of the proponents of this proposed repeal. That the Democratic Party received the rebuke it did in the last election was not due to their responsibility for placing this law upon the books.

It was in spite of it. It was due entirely to their advocacy of an unsound foreign policy and to a demonstration of waste, extravagance, and inefficiency such as the world has seldom seen. These are the things which caused the repudiation of the Democratic Party and nothing else.

As I have just stated, when this law was enacted approximately \$1,300,000,000 was needed to run the Government for that year, and yet to-day, when the estimated current expenses for the year are more than \$4,000,000,000, the leadership of this House proposes to repeal the law and lose to the Treasury through this repeal and the reduction of the surtaxes on individual incomes an estimated \$540,000,000.

I could understand and give a reluctant approval to this bill, perhaps, if the expenses of the war had been paid. This law was and is a war measure, created to help pay for the war. The fact that the war is over signifies nothing, for it has yet to be paid for. The bills have been created but have not been paid. The only ones who have paid their obligations in full are those American boys who in France or elsewhere gave their lives as a result of the war, or who are to-day so badly injured or so ill that they will never again know a comfortable day.



They have paid and have paid in full. The rest of us have only promised to pay.

The indebtedness resulting from the war is, in round numbers, \$24,000,000,000. In this figure is included the sums owed us by our former allies, which is nearly \$10,000,000,000. It is certain that some of this latter amount will not be paid, and it is by no means certain that any of it will be paid, for to date none of them have even been able to meet the interest charges. So it is safer to assume that the American people must meet this entire obligation and proceed accordingly.

There is an interest charge of nearly \$1,000,000,000 annually that must be met before anything can be applied to the principal. This in itself constitutes a sum which, a few years preceding the war, was sufficient to pay the entire cost of government for two whole years. It is necessary, and vitally so, that this interest shall be met and that a substantial payment be made upon the principal each year. It is only in this way a reduction can be made in this enormous yearly interest charge. To accomplish this it is imperative that this House refuse to yield to the demand of its leadership and vote to retain these laws upon the statute books. If this is done, it is clear it will not be necessary to refund all of the obligations coming due within the next year, which is the declared intention if this bill should pass.

The thing that every Member of this House should keep clearly in mind is that we have a tremendous burden of debt which must be paid. We can put off the day of payment for a time, but we can not do so indefinitely. To do this would be to invite our economic destruction.

The chairman of the committee and others have stated that everybody who has appeared before the committee has "yelled" to have his taxes reduced. Unquestionably those who are to receive such enormous benefits from the repeal of the excess-profits tax and the reduction of the surtaxes on individual incomes were ably represented before the committee. But how about the 90,000,000 of American people whose incomes are below the income-tax level and who will not be relieved by the passage of this bill? How about these 90,000,000 who will have to shoulder the burdens the other 15,000,000 are now unloading upon them. They were represented before the committee by the farm organizations, yes, but apparently these representatives were not able to reach the ears of the committee to the same good effect as were the representatives of the more fortunate millions of the country.

The argument is made that the business man does not pay the excess-profits tax; that this is passed on to the consumer; that the manufacturer secures his profits just as surely under the law as he would were it not upon the statute books, and that as soon as this law is repealed he will be satisfied with a reasonable profit and the consumer relieved of the burden he now bears.

At the same time the proponents of this proposed repeal state that as soon as "business" is relieved of this burden everything will begin to move, men will be employed, the wheels will turn, and everybody will be immediately placed upon a prosperous basis.

Now, if this latter is true, and all that business asks or wants is an opportunity to do business upon a basis that will assure it a fair return upon its investment, why is it the wheels have not begun to turn long ago? Under the present law the profits of corporations are exempt from taxation to the amount of \$3,000. In addition to this they are allowed a profit of 8 per cent upon their invested capital; and this is also exempt from taxation. The excess-profits tax is applied only to profits in excess of those I have just mentioned, and for the next 20 per cent of the earned profits of the corporation, after the above exemptions have been eliminated, but 20 per cent is taken by the Government, or \$1 out of every \$5. When the profits of the corporation have exceeded the 8 per cent exemption and the 20 per cent just mentioned then the Government takes for its share \$2 out of every \$5, but only out of such profits as exceed the 8 per cent and the 20 per cent just enumerated, allowing the corporation in the one case to keep for itself out of its excess profits \$4 out of every \$5 and in the other \$3 out of every \$5. Surely this is not an exorbitant price to pay for the privilege of doing business in a country where such profits are possible.

No corporation comes under the provisions of the present law and pays no excess-profits tax unless its profits exceed 8 per cent.

No man can be more concerned about the welfare and legitimate success of our business institutions than am I. But, Mr. Chairman, money is not grown upon bushes, although profiteers of this country must have been led to believe differently by the way money rolled into their pockets during and following the war, and when profits are exorbitant and beyond the bounds of reason it is clear the people have been compelled to pay for

the goods they bought, or the service they have received, sums in excess of that which they should have been compelled to pay.

Before the war 8 per cent return upon an investment was considered a mighty fair investment, and if it was fair then—if it was attractive then, as it was—why is it that it is not so considered to-day? And why is it the claim is made that this tax is a detriment to the transaction of business? The law specifically exempts from taxation profits of all corporations up to the amounts I have heretofore stated, and if these corporations were satisfied to do business on the basis which was satisfactory to the investing public before the war they can, if they have the power they are credited with having, start the wheels of industry with the full knowledge that this law can not, by the wildest stretch of the imagination, curtail their activities in any way, because, Mr. Chairman, if they make no excess profits they pay no excess-profits tax, and can not be injured by the retention of this law upon the statute books.

If the claims of the proponents of the repeal of this law are true, immediately upon the repeal of the law the wheels of industry will begin to hum. If we are to believe this statement we must also believe the masters of industry and commerce have the power to start the wheels of industry at their convenience.

And the wheels have not been started, Mr. Chairman, so, if the above be true, is it not fair to assume that big business is not satisfied with the profits which would accrue to it while this law is in force, but rather is determined to force, through the power it wields in our economic life, the bringing about of conditions which will allow it to continue the making of enormous profits and enable these great business organizations at the same time to retain them all?

What I have said and what I shall say in regard to this particular phase of this subject applies not to the business institution which has been conducted upon a fair basis, which, through conditions of competition or an honest desire to render service to the public, has been conducted in such a way as to give this service, while at the same time retaining to itself an honest profit upon the capital invested. My remarks can not apply to them for the reason that the provisions of the excess-profits tax law can not penalize them to any great extent. If they have an excess-profits tax to pay it must of necessity be of so small a sum that the paying of the same can not in any way jeopardize the investment they have made. But, Mr. Chairman, my remarks are directed to those business institutions which, through the workings of a monopoly or a "gentleman's agreement," are placed in a position where they can and do exact from a long-suffering public the last red cent the traffic will bear. It is to these I address my remarks.

That the claims of the proponents of this bill that excess profits are passed on to the consumer and that it is the latter who pays the bill are utterly without foundation I propose to show by reading a part of a statement made to the Ways and Means Committee by Prof. David Friday, of the University of Michigan, during the early part of the year, and I will add that Prof. Friday is one of the foremost authorities on economics in the country to-day. A little study of the figures he submits will give even the members of the committee a slightly clearer conception of the facts. I quote as follows:

#### EFFECT OF EXCESS-PROFITS TAX ON THE RISING PRICE LEVEL.

To one acquainted with the course of prices, profits, and taxes there are disturbing facts which do not harmonize easily, to say the least, with this glib theory which finds in the excess-profits tax the chief cause of the rising price level. The price level did not wait for the advent of the excess-profits tax in America. It started its ascent in July, 1915, and continued it blithely until in March, 1917, the month previous to our entrance into the war, it stood at 160 per cent of the 1913 level. It continued its rise until July, 1917; at that time it stood at 185. No excess-profits tax law had yet been passed. The first law was passed in October, 1917, but no material rise in price occurred for some months thereafter.

Under the first excess profits tax law the combined corporations of the United States paid 15.27 per cent of their reported net income in excess-profits tax. After doing so they had remaining net income equal to 210 per cent of the highest amount which they had earned in any prewar year.

For the year 1918 excess-profits rates were increased to the point where they absorbed approximately 25 per cent of the profits of that year. In 1919 the rates were materially reduced. As against \$2,400,000,000 of taxes in 1918, they yielded only one-half that amount in 1919. Prices in 1918 averaged 197 as against 175 in 1917 and 160 the month previous to our entering the war. Despite the reduction of the tax in 1919 prices stood at 238 in December of that year.

What we have then is a rise of 60 per cent in the price level before any excess-profits tax was either levied or discussed, and a further rise of 27 points before the tax was passed. Then a comparatively slight rise in prices during the period of our highest excess-profits taxes, and a renewed and rapid rise when the amount of the tax was cut in half.

If one were satirically inclined, he might affect to look with apprehension upon a further reduction in the excess-profits tax. This brief review of the course of prices and of taxes certainly casts serious doubt upon the assertion that "the effect of excess-profits taxes on business enterprises, and on the high cost of living, is so evident as to require little explanation."

Nor does a study of the course of profits lend any support to the statement that "for every \$6 or \$7 taken from the consumer, ostensibly for excess-profits tax, only \$1 ever reaches the United States Treasury." It would follow from this that profits had increased not merely by the amount of the tax but that they had far outrun the amount collected from the Government. But this is not what the statistics of profits disclose. They show profits as follows before deducting taxes:

1913	\$4,339,551,000
1914	3,940,000,000
1915	5,310,000,000
1916	8,768,000,000
1917	10,730,000,000
1918	9,500,000,000
1919	8,500,000,000

The figures for the years 1918 and 1919 are based upon estimates so carefully made that the final published figures will be but slightly different. After paying excess-profits taxes the amount of net income remaining from 1917 to 1919 was as follows:

1917	\$9,100,000,000
1918	7,100,000,000
1919	7,300,000,000

It is not true, therefore, that profits have increased since the imposition of the excess-profits tax. Nineteen hundred and seventeen was the high-water mark of profits, and the tax was not imposed until the year had almost closed. After paying taxes the profits of 1918 and 1919 are far less than they were in 1916.

It is evident from the foregoing that the claim that the excess-profits tax is passed on to the consumer is without foundation and that this tax is paid out of the profits instead. This undoubtedly accounts for the tremendous campaign of propaganda with which the country has been flooded for months, propaganda which had for its purpose the preparation of an unsuspecting public for this shifting of the tax burden.

One of the many so-called "reasons" given as an excuse for the repeal of the excess profits tax law is that the burden on business is so great that money is being driven out of the regular channels of investment and is seeking refuge in tax-exempt securities; that as soon as this law is repealed this money will be taken out of these securities and once more invested in industrials and other lines. I would like to ask the advocates of this theory just where the money is coming from with which to buy these securities? Who is to furnish the money with which to replace the money now invested in these securities? It takes money, real money, to purchase these securities from the present holders, and if it is available for this purpose it is available to go into the lines into which the money would go which it is to replace.

I maintain that the principle of taxing property is correct. It is the theory upon which taxation is based the world over. In this country we have something over \$16,000,000,000 tied up in tax-exempt securities. Some authorities place the figure as high as \$30,000,000,000.

Money invested in Government, State, county, or municipal bonds is just as surely capital as is that invested in any other kind of a security and should at all times be subject to taxation. When a man invests his money in a security that can not be taxed he removes just that amount from the taxable resources of the country and thereby increases the burden of taxation for all the others. The policy of issuing tax-exempt securities is a most vicious one and Congress should take the necessary steps to put an end to it.

#### AMERICAN PROFITEERS.

During and since the war we have witnessed an orgy of profiteering in this country that will be the shame of the Nation for generations to come. The profiteers, under the provisions of the excess profits law and the surtax provisions, have been compelled to divide these profits with the Federal Treasury. Some of their ill-gotten gains have gone into the Treasury of the United States to help pay the running expenses of the Government, thereby lessening, by precisely the sums they paid, the amount of money raised by the other Federal taxes, which very largely fall upon the less fortunate people of the country.

There has always been an objection by big business to the imposition of the excess-profits tax and the surtaxes on individual incomes. They opposed these laws when the laws were passed. If the Congress had listened to them at that time as attentively as it would seem to be listening now, these laws would not have been placed upon the statute books, and \$9,396,645,809.04, the amount received from the excess-profits tax since the inception of the law, would have been lost to the Treasury.

Does anyone argue that had this law not been placed upon the statute books these profits would have been less than they were? Does anyone believe these profiteers would have been less greedy than they proved themselves to be? And does anyone contend that, given the same opportunity in the future, these selfsame individuals would be less quick to avail themselves of the opportunity of gouging enormous profits from a helpless public?

I believe human nature does not change so quickly, Mr. Chairman, and given the opportunity to make enormous profits, and keep them all, the American profiteer will respond as promptly to the impulse of his greed as he did when he was compelled to divide some of his profits with the Treasury of the United States.

The chairman of the Ways and Means Committee and other gentlemen favoring this bill announce with great impressiveness that this law reduces the tax burden \$7 per capita for the entire population, and would have you believe that each individual in the United States would be relieved of the tax burden to this amount. This is ridiculous upon the face of it, as I have shown. We may be able to meet the Government expenses, under the provisions of this bill, but I doubt it. And if we do not, Mr. Chairman, or when the time comes to liquidate our enormous war debt, will the gentlemen who are so ardent in their admiration of the supposed virtues of this bill rise in their place in this House and demand that the law, which is now in effect, be placed back upon the statute books, or will they write into the law new consumption taxes and thereby still further place the burden upon the poorer people of the country?

The profiteers of the Nation realize just as clearly as we that if this bill is passed they, for all time, will be free to continue their nefarious practice without a check of any kind upon them. A law drawn to punish these commercial highbinders has been declared unconstitutional by the Supreme Court of the United States, so they are relieved of fear from that direction. If this measure which is now before us is passed they will be in a position to do as they please, for we can not reach them through the courts, nor can we reach them through the process of taxation.

Mr. Chairman, I believe this bill to be a most vicious one. I believe it to be a bill which thrusts upon the shoulders of the farmers, the laboring man, and the people in moderate circumstances, a burden greater than they can bear. It fastens upon them the burden of paying the greater portion of the enormous war debt, while it relieves the ones who can afford to pay.

Our party platform did not commit us to the repeal of these specific provisions of the law. Our President did commit us to a definite line of action at the opening of this session when he stated in this Chamber "the country does not expect and will not approve a shifting of burdens," and it is upon this commitment I shall stand.

Mr. Chairman, I am in favor of some of the provisions of this bill. I am in favor of the abolition of the so-called nuisance taxes, and I would like to vote for those provisions. I would also like to vote for the repeal of the transportation taxes, but I would much rather vote for a substantial reduction in the transportation rates. It is the rates which have been increased more than 100 per cent, in many instances, that creates the burden upon the consuming and manufacturing public, and not the 3 per cent tax on the freight rate. But I can not vote for the provisions of the bill of which I approve without voting also for those provisions which I know will result in the shifting of the burden of taxation to those least able to carry this burden. I would like to vote for the additional exemption on individual incomes and the additional exemption on account of dependent children. I would like to vote for some of the other provisions of the bill, but I can not do so, Mr. Chairman, because the House yesterday passed a gag rule, which I voted against, which precludes the possibility of amending this bill in any way without the approval of the committee.

If this bill is not amended to eliminate the repeal of the excess-profits tax and to eliminate the reduction of the maximum surtaxes to 32 per cent, and thereby make the larger and more prosperous corporations and the more wealthy people of the country bear their fair share of this burden of taxation, I shall vote against the bill. It is only by so doing that I can hope to square my vote with my conscience and with the welfare of the people whom I have the honor to represent.

Mr. TREADWAY. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. ACKERMAN].

Mr. ACKERMAN. Mr. Chairman, to my mind the Republican members of the Committee on Ways and Means are to be heartily congratulated upon the care and thoroughness they have taken in the preparation of the revenue measure we have now under consideration. Taxation even in lessened form is at no time an agreeable subject to contemplate and to be compelled to ask our countrymen to willingly submit to a program which is expected to raise annually nearly four times what the entire debt of the country was prior to our entering the war in 1917 is not a joyous proceeding. However, the 22,000,000 of Liberty-bond holders upon whom almost the entire payments will fall realize that the aftermath of war exacts a toll in the beginning corresponding to the magnitude of the colossal un-



dertaking which closed with the signing of the armistice in November, 1918.

For the purpose of obtaining a proper perspective we turn back the pages of history and review what has taken place since 1850 and succeeding years as tabulated by the Census Bureau, and we have the following figures of the condition of the country:

When the population was 23,000,000 in 1850 the wealth was \$7,000,000,000, or \$300 per individual.

When the population was 31,000,000 in 1860 the wealth was \$16,000,000,000, or \$516 per individual.

When the population was 38,000,000 in 1870 the wealth was \$24,000,000,000, or \$630 per individual.

When the population was 50,000,000 in 1880 the wealth was \$43,000,000,000, or \$860 per individual.

When the population was 62,000,000 in 1890 the wealth was \$65,000,000,000, or \$1,050 per individual.

When the population was 76,000,000 in 1900 the wealth was \$88,000,000,000, or \$1,160 per individual.

When the population was 81,000,000 in 1904 the wealth was \$107,000,000,000, or \$1,320 per individual.

When the population was 95,000,000 in 1912 the wealth was \$187,000,000,000, or \$1,990 per individual.

When the population of 1921 of 108,087,000 is considered, the probable wealth of the country, making allowances for the deflation of from forty to fifty billions from the price peak of last year, must approximate \$400,000,000,000. Let us see if we can not justify this conclusion:

The increase in population since the census of 1910 is 13,087,000, and at the average wealth of individuals of \$1,990, as ascertained by the census of that date, equals \$26,043,913,000. That item added to the \$187,000,000,000 previously existing makes a total of \$213,000,000,000. As evidenced by the latest census bulletins of 1921, farm values have risen from \$38,000,000,000 in 1912 to \$77,000,000,000 in 1921, an increase of over 100 per cent. The value of the farms in 1912 was a little over 19 per cent of the value of all properties. Using that as a basis, the entire wealth of the country would figure out \$385,000,000,000. The income of the country in 1912 was \$33,800,000,000, according to the statistician of the National City Bank in New York, and in 1920 it was \$73,400,000,000. For years the average income of the country has been at the rate of 18 per cent on the estimated valuation. For more than a year past a prominent metropolitan journal—Commerce and Finance—in New York City has held to the estimate of \$500,000,000,000 in its weekly statistics published for the information of its readers as to the wealth of America. Despite the deflation of from forty to fifty billions caused by the buyers' strike, yet with the gold pouring into the country by the tens of millions each week the estimate of \$400,000,000,000 can not be far astray at the present time.

Senator SMOOR, according to the New York Times, in 1919 estimated the entire wealth of the world to be \$960,000,000,000. Granting that as a premise, we have, therefore, 41 per cent of the world's wealth, based upon the above calculations. Our national debt being \$25,000,000,000, it is less than 7 per cent of our joint possessions, for every citizen is a stockholder in the Government. If we exclude the \$10,000,000,000 due from our allies, our debt is about 3½ per cent of what a generous Providence has placed in our hands and for which we are stewards. The question naturally arises, How should the funds be provided for the maintenance of so vast a property while distributing the burden so that those who are in the minor scales of attainment shall be encouraged to obtain the major heights of opportunity by sharing a lesser burden while in the process of accretion, and those who have patriotically paid the almost confiscatory though necessary war rates of taxation, not longer to be vexed into devising ways, legitimate though they may be, of escaping payment, but of encouraging them to be of further service to their fellow man by investing their incomes in productive enterprises? If such a result can be reached, will not the many have the opportunity of adding to their possessions instead of drawing on and depleting their storehouse of what has hitherto been laid up by habits of thrift in the past?

This thought seems to have been uppermost in the minds of the Ways and Means majority, and an examination of the figures will show that 50 per cent more consideration has been given to those on the lower rungs of the ladder than to those farther up. To those who are still called upon to bear huge burdens let us not be too captious because of what the war imposed upon us. We have faced about. Crescendo will be replaced by diminuendo from now on. Did we not with the help of the Almighty help win the war? If we had lost it, we know what a price we would have been made to pay. Therefore while setting our feet, as has been done, in the right direction of lessened expenditures and decreased taxes to the extent of

nearly \$800,000,000, let us have a faith, a vision, and confidence in the future. There is much encouragement to the small business man in the bill, because of the provisions that losses may be deducted until liquidated, through a series of years, and of the tribunal for the final settlement of disputed items. Vexatious taxes have been eliminated and remedial measures for the collection of the remainder promised.

What the country wants to know is, What are the conditions it has to meet? It is now informed of the views of the House, and the sooner we can complete that program the sooner will employment increase. Uncertainty, when business is considered, acts like a poison gas. It resembles a fog in which we grope for light. Remove the uncertainty and business must forge ahead.

The United States of America has never gone backward and if we maintain our faith in the motto stamped on our coins, "In God we trust," I am confident we will make further progress. Let us consider our blessings, far and beyond those vouchsafed to many. Let us courageously face the future and the opportunities of the present, let us buckle up our courage with a firm resolve, for this is the zero hour to "go over the top," and the sooner that idea permeates the body politic the sooner will there be increased activity, producing increased revenue, which in turn will permit of lessened taxation later on. What we need is to think in terms suited to our greatness. The committee's majority has made the path more easily to be traversed and our thanks are due to it for the expedition exhibited in framing and reporting the measure. [Applause.]

Mr. BLANTON. Mr. Chairman, I rise to a point of order. How much time did the gentleman have?

The CHAIRMAN. The Chair understood the gentleman from Massachusetts to yield 10 minutes to the gentleman from New Jersey.

Mr. BLANTON. I did not understand; I thought he was recognized for an indefinite time.

Mr. ACKERMAN. Mr. Chairman, I desire to ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman has that privilege under the rule adopted. The gentleman yields back nine minutes.

Mr. COLLIER. Mr. Chairman, I yield one and a half minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I just wanted to say that we are maintaining our usual record here on bills of this importance. On this little bill that involves \$3,000,000,000 or \$4,000,000,000 we are now discussing it with 14 Congressmen present; only 14 Congressmen out of 435. That is the kind of representation that our good Republican friends are giving the country.

Mr. TINCHER. Will the gentleman yield right there?

Mr. BLANTON. I will not yield unless the gentleman claims there are more than 14 present, because the gentleman may get all the time that he wants.

Mr. TINCHER. I have not had any time.

Mr. BLANTON. I do not want the gentleman to intersperse any facetious remarks in my speech. I want to say that this is not the kind of representation that ought to be given by Democrats or Republicans. You would get better bills passed, better tariff bills and better revenue bills, if the Members would stay on this floor and find out what they are voting on. We are keeping up the usual record of having about 15 Members here. If the gentleman from Kansas wants to ask whether there are now 15 Members present, I will yield, because one more has come in, and by actual count there are now exactly 15 Members present, including the distinguished Speaker, who is honoring us with his presence here.

Mr. TINCHER. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I can not yield now, because my time is up.

Mr. TREADWAY. Mr. Chairman, I yield one hour to the gentleman from Illinois [Mr. COPLEY].

Mr. COPLEY. Mr. Chairman and gentlemen of the committee, in this country of ours, where everyone pays taxes in some form or other, and almost everyone who pays taxes votes for the men who make the laws that place the burden of taxation upon their shoulders, it is absolutely necessary that such tax laws as we enact should meet the approval of the majority of this country, or, perhaps speaking more correctly, that they should be as little obnoxious as possible to a majority of the people of this country. And this tax bill, prepared and presented by the Republican members of the Ways and Means Committee and directed toward its passage by the Republican membership of this House, is our answer to the challenge of the gentlemen who have discussed this question from the other side of the aisle yesterday and to-day. It has not taken 10 years' service in Congress for me to see that there are two principles of economics that are not taught in any university in this



country or are not included in any textbook. The first is that any tax is just that is levied against the other fellow and the second is that any unjust tax may become just if its burdens can be passed on to some one else. The need of this Government for money in a hurry-up manner is the real reason for the present chaotic condition of the tax laws of this country. I am not going to abuse anyone for those laws. I voted for them, and I voted for them because I believed at the time they were absolutely necessary for the welfare not only of the people of this country but for the welfare of the civilization of the world, and I would have stood most anything in the line of taxation. But not to recognize their ill effect now would be a very great mistake on my part.

The excess-profits tax probably stands in the way of our getting back to normal more than any other law on the statute books of this country. It was responsible for four of the greatest evils under which the people of this country have labored; and whereas, as has been well said this afternoon, the effect is very much minimized in a falling market, yet the effect will be felt the moment we find a stable condition, and it will prevent our again rising to a period of prosperity. The first of these four evils is that it lends itself to the first of those two principles to which I refer—it can be passed on to some one else. Every commodity goes through from three to ten hands. The excess-profits tax, pyramided in each one of these processes, becomes staggering to contemplate when it finally finds a resting place in the hands of the ultimate consumer. It is responsible for the high cost of living, and I think I can easily demonstrate that to you by a simple process of arithmetic. For instance, I think we will all agree that no man can do any business in a good year for less than 10 per cent profit. Nineteen hundred and fourteen was a bad year; 1920 and 1921 are bad years; 1922 may be worse. Perhaps we will have two or three bad years. And anyone in business must make more money than he can earn from interest when the other fellow does the work and does the worrying, and consequently 10 per cent is the least possible earning under which good business conditions can be maintained in good years. I am going to mention only one of these processes for illustration—the retail trade—and bear in mind, when I use this I am not singling out the retail trade because it has been the only offender, but because it is the one with which most of us come in closest contact.

Now, to make 10 per cent under the tax law of 1918, the merchant would have been compelled to make 13 per cent before his excess-profits tax and the corporate income tax were taken out. And if he decided he wanted to make 12 per cent instead, it would have been necessary for him to mark his goods at such a figure that they would net him 17.4 per cent. The first excess profit tax law, of 1917, was passed on October 3 of that year, and it was made retroactive to the 1st of January, but the payment was mercifully put forward to the following year, and the arrangement was made that it might be paid in four equal installments. Every prudent business man provides use for his money as fast as he has it in sight. And the consequence was that most of the men had spent their money for that year, either in the form of luxuries or in the form of extending their business, or the form of investments, none of them liquid, and in order to get the money to pay that tax the following year it was absolutely necessary for the merchant to raise his prices in order that he might have money sufficient with which to pay the tax, which he could not have foreseen and which was made retroactive to the 1st of January, or nearly 10½ months prior to the time when the law went into effect.

Then came the law of 1918. Why, it was not introduced until late in August of that year. It did not pass the House until October and did not become a law until the 24th of February, 1919, and yet was made retroactive. This was an enormous increase in taxes. It could not have been foreseen. The merchants had set aside—had they been prudent—enough to pay the tax of 1917 during 1918. Here was a doubling of taxes, and there was but one way to provide for that, and that was to raise the prices, and we have the anomalous condition in this country of prices having been raised after the armistice was signed and after we were out of the war. And so the business men of this country found it was the only way by which they could easily raise the money necessary to provide for the unforeseen tax that was made retroactive for 14 months. Now, supposing that these merchants felt that in the uncertain condition not only of taxation and of business, but not knowing when another tax might be passed and not knowing whether or not it, too, would be retroactive, they had better make 16 per cent.

It would have been necessary for him to mark his goods at such a figure as would net him 25 per cent before the tax was taken off, and yet if he was a mild profiteer and said he wanted 20 per cent, it would require a profit of 59 per cent in order to

net him 20 per cent. If, on the other hand, he was a real profiteer and desired 100 per cent, it would require between 525 and 550 per cent profit before the taxes were taken off.

Now, I think the people of this country will agree, at any rate the Members of Congress ought to agree, that there is another axiom in business in the matter of fixing prices in this country, and that is that the great department stores in the great cities make the prices. Although their overhead is so enormous, yet per unit of business it is so much less than that of the smaller stores that prior to the outbreak of this war in Europe they were pressing very heavily upon the small merchants all over this country. The Members of Congress ought to easily understand that.

For the first seven years that I was here that basket into which the gentleman from New York [Mr. COCKRAN] so dramatically dropped a bill this afternoon was filled with bills proposing to tax department stores in every conceivable kind of form; proposing to exclude their catalogues from the mails, to exclude their letters from the mails. Why? Because all over this country they were bearing very heavily upon the small merchants. But since the excess-profits tax has been a law I think you gentlemen will agree with me there have not been many of such bills placed in the basket.

Now, the small merchant finds himself in the position of the meek, who have the promise of the Scriptures that they shall inherit the earth; and the small merchant, taking advantage of his opportunity, has been able to more than hold his own from that time to the present. Of course, each business is allowed an exemption of \$3,000, but in the case of the large stores that exemption was negligible.

I doubt if John Wanamaker could lock or unlock his doors for \$3,000 per year, and I am perfectly willing to guarantee that he can not sweep out his place for ten times that amount. That tax, gentlemen, did not mean much to him, but to the small merchant it did amount to a great deal. He had the opportunity to raise his prices as the big merchant was compelled to do or hold prices down, and put the big store practically out of business. In that contest in the mind of the small merchant human nature won, and he raised his prices as well.

I am perfectly willing to say to you that four-fifths of all the merchants in this country never averaged in profits more than \$3,000 a year prior to the outbreak of this war. They were allowed that for exemption, and they were allowed by interpretation to give these comfortable salaries to themselves as managers and their wives as helpers and bookkeepers, and their daughters and other members of their family, and generally to escape taxation altogether. And so, although the price of living was enormously increased, this Government did not collect, through the operation of the excess-profits law, more than about 25 per cent of the actual excess profits, and the actual increase of living turned on the working out of the excess-profits tax law.

The second of these evils under which we are suffering is that the excess-profits tax law destroys initiative in this country.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. COPLEY. Certainly.

Mr. BLANTON. Which one of us eight or nine men is the gentleman trying to convince?

Mr. COPLEY. The fact of the matter is, I am trying to get this out of my system. [Laughter.] I think perhaps the gentleman from Texas can appreciate that better than any man in this House.

Mr. BLANTON. Would the gentleman like to have an audience? The occupants of the press gallery have gone and the visitors' gallery is empty. I can get the gentleman an audience if he wants one.

Mr. COPLEY. I have the best audience of all—the Official Reporter.

Mr. BLANTON. But they get tired sometimes.

Mr. COPLEY. He may get tired before I get through with my speech, but with a relay or two I hope he will get through. [Laughter.]

It means destruction of initiative. A young man can not afford to go into business under this excess-profits tax. It is true he is allowed 8 per cent exemption. As a matter of fact a young man of integrity and industry and ability can not possibly borrow money at less than 8 per cent; but even so, the interest that he pays on that money is allowed only as a cost of doing business, and it is not allowed in his capital account, and he will pay under the present law almost exactly 50 per cent of any profits he might make, and this destroys not only initiative in this country, but the opportunity for bright, able, industrious, and courageous young men who have heretofore made this country what it is. Why, it is the industry and the courage and determination of that kind of men which took this country, scarcely 300 years ago, a wilderness, and made out



of it the industrial marvel of the world. To-day the humblest workman in this country is better fed on better and more wholesome food and better prepared, and so are his family, and he is better clothed and better shod and better housed, and his children are better schooled, and he and his family have the benefits of better sanitation, and on the average their lives are longer and happier than the bluest-blooded men who surrounded the throne of George III when this country was born as a Nation. Now we are losing them, because the young men have not the opportunity or the incentive that they formerly enjoyed.

The third of these great evils is that the excess-profits tax has done more to rivet monopoly on this country than any other law that was ever written on the statute books of this country. A merchant under the operation of this law could count his losses as well as his gains, and consequently if he owned a store and was exceedingly prosperous he would start another and perhaps lose money while he was getting it on its feet, and every man of business knows it is difficult to establish a new business without a loss.

As soon as it was in a stable financial condition he could start another and another, and more chain stores have been started and more chain store companies have been brought forth under this excess-profits tax law than ever before in the entire history of this country combined.

Now, the same thing is true of every other line of business just as it is with the retail merchant. It has done more to rivet monopoly on this country than any other law that has ever been on the statute books.

Again, we come to the fourth, and that which to my mind is the greatest evil that has befallen this country since the Pilgrim Fathers landed at Plymouth Rock. I refer to the great orgy of extravagance that has beset the people of this country, and all because of the excess-profits tax law. If a man under the law of 1918 were making over 20 per cent he would be compelled to pay 82.6 cents out of every dollar to the United States Government as a tax, and consequently any excuse that he could possibly find that would allow him to spend that in some form or other in which he benefited, either in his pleasure or some other way, was eagerly seized upon. I personally know more than 50 men living west of the Allegheny Mountains who made anywhere from 1 to 10 trips a year to New York, not because they needed to do so but because out of every dollar which they spent on the trip only 17.4 cents was their own money. The rest was the money of the United States. Instead of writing, telegraphing, or telephoning they would jump on the train and go down to New York. They had a dollar's worth of fun for this 17.4 cents. They filled the hotels; they filled the sleeping cars; they spent money like drunken sailors. On one occasion when I was making a trip from here to Chicago on my way home I found six other men in the smoking room of the Pullman, and they were marveling because the hotels and trains were so crowded. I gave them this explanation, and five of those six men admitted to me that that was exactly why they were on the trip.

The next morning I asked one of these men who he was and what his business was, and he told me that he lived in a western State and that his business was to get concessions at fairs in the West and Northwest to sell pop corn and candy, and he wanted to buy a couple of pop-corn machines; so he put his wife on the train with himself and went down to New York to investigate the pop-corn machines. The cost of the trip to him and his wife was more than the cost of the two pop-corn machines that he bought. That is ridiculous, but nevertheless it is true. And that sort of extravagance percolated through every grade of society, and no longer did the people of this country buy intelligently. No longer did they ask what the price of anything was. No longer did they ask themselves whether or not they could afford to buy it or whether it was wise. They made but one statement—"Give me the best."

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. COPLEY. I am very glad to do so.

Mr. STEVENSON. The gentleman does not contend that that condition prevails now?

Mr. COPLEY. It does not; but, as I said in the beginning of my remarks, just the moment we start up again in industry in this country you are again going to have that same condition, if this excess profit law now on the statute books is retained, because then there will be excess profits to pay. Of course, they are not being earned at this time.

Mr. BLANTON. Will the gentleman yield there?

Mr. COPLEY. I shall be very glad to yield to the gentleman from Texas.

Mr. BLANTON. The gentleman will also note that the people generally have profited by the situation he mentions, because he will find that in the last three years there have been more

large donations to churches and schools than have ever been made before.

Mr. COPLEY. The gentleman is anticipating my speech, because he is not correct so far as I have gone, and I will tell him why—because the Treasury Department has not allowed an exemption for corporate giving.

Mr. BLANTON. But I was speaking of individual giving.

Mr. COPLEY. I am coming to that in a moment. This has had to do with the excess-profits tax alone.

Mr. BLANTON. I have been following the gentleman all through his speech.

Mr. COPLEY. This has to do with the excess profits alone up to the present time.

Mr. MONDELL. Will the gentleman yield, if I do not interrupt him?

Mr. COPLEY. I am very glad to yield to the gentleman from Wyoming.

Mr. MONDELL. Has the gentleman studied the effect of the excess-profits tax on business of a speculative and venturesome nature like mining and oil development and all that sort of thing?

Mr. COPLEY. Certainly. I was going to discuss that as a general objection. I have been giving you these four specific objections. Any one of them is sufficient. Now, as a general objection in business, no man can start a new business, no man would dare attempt a hazardous business if he is to lose a lot of money in starting it, unless, as I said in analyzing the second objection, if he loses a lot of money in starting it the losses can be charged against some other business which he has organized.

Unless he can do that it might take him a hundred years to make a fair business profit, even when he got it on a profitable basis. So that because he could not credit his losses in the beginning to the earnings that he was going to have in the future, no man dared start an ordinary business, and I will challenge him to show me any man who has started one, unless it had something to do with the war. No man dared start an ordinary business, to say nothing of a hazardous business. It resulted, as the gentleman well knows, in shortening the gold supply of this country. The oil supply of this country will show its effects inside of the next year or so.

The natural-gas supply will also show it. Why? All the wild-catters had to quit, although the tax law did make a special arrangement for oil and natural gas. Now, I would like to discuss for a moment the effect of removing these surtaxes on the higher brackets of individual incomes. Excess-profits taxes and surtaxes in the high brackets both are covered by the mantle of sound political doctrine in the world taxes on the ability to pay. This Government was organized for the purpose of guaranteeing to every man his life, liberty, and the pursuit of happiness. Life and liberty are equally dear, life particularly to all men and liberty to all self-respecting persons. The pursuit of happiness may be very much modified by the enjoyment of an income and may be very much enhanced by the enjoyment of a large income. And yet these two taxes, when carried to an extreme, entirely defeat the purpose for which they were laid. I have shown what the excess-profits taxes have done to the people of this country. The income tax in higher brackets has added its share. It has made money so high in this country that the average industry could not get it at any reasonable price. Under the present graduated income tax—and I have no apology to offer, for I voted for it, too, as I thought it was necessary—but we find in times of peace that under the highest brackets the man instead of having 8 per cent on an 8 per cent investment would have less than 2½ per cent, and consequently he will not buy that investment. He buys tax-exempt securities, and then as a result all the great industries of this country, the railroads, the telephones, all the utilities, gas and electric light, and things we all need, find it impossible to raise money except at such ruinous rates of interest that they are compelled to raise their rates and thereby add to the high cost of living to the people of the country.

I wish there was some way in which we could tax these incomes. I have been very much interested, and I am violating no confidence when I say that the members of the Ways and Means Committee, the Republican membership, have been very much interested, in this so-called spending tax. I have no question whatever but what the people of this country, through the Treasury Department and through the Ways and Means Committee and Finance Committee of the Senate, will give this proposition adequate study within the next two months. I will add that, notwithstanding the authority of the eloquent gentleman from New York, it is going to take more than two or three days to work out a proposition as novel as that; in the meanwhile this bill is a step in the right direction.

Mr. COLLIER. Will the gentleman yield?

Mr. COPLEY. I will gladly yield.

Mr. COLLIER. The gentleman is referring by the pending tax to the proposition of the gentleman from New York [Mr. MILLS]?

Mr. COPLEY. Yes; I said the eloquent gentleman from New York [Mr. COCKRAN] without any disparagement to the other gentleman from New York [Mr. MILLS].

Mr. COLLIER. But the gentleman is referring to the proposition advocated by Mr. MILLS?

Mr. COPLEY. Yes. As I say, I violate no confidence by saying that it impressed itself on the Ways and Means Committee, but there was no time to work it out. In the meanwhile we brought in this tax bill, and if it does not work as well as we hope it will we will probably substitute something else, and if the so-called Mills bill promises as well as many think it may we are very likely to substitute that. And, after all, I would like to say that perhaps that is the only way that you can tax the rich people of this country without having them shoulder it onto some one else.

Under the present law you destroy industry when you tax the higher and larger incomes in the high brackets. I will say to my good friends on both sides of this aisle that I do not believe that the reduction of the income tax in the high brackets is going to be followed by the benefits which the present Secretary of the Treasury and all three of his predecessors have indicated is their opinion.

I do not believe it is going to be followed by any benefits comparable whatever to the opinions that they have expressed, but I do think that within a very few months from now we will have a way to tax not the largest income of this country, possibly, because they are usually accumulated by thrift and not by spendthrifts, but by taxing large incomes generally through the medium of a spending tax. The principle is correct. We may find some bug under the chip, as we did in the excess-profits tax and the income tax, but it is worth while to study and study very carefully. Meanwhile the bill under discussion is a decided improvement, and that is a step in the right direction.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. COPLEY. Yes.

Mr. BLANTON. The gentleman realizes that every family in the United States must have medicine.

Mr. COPLEY. Yes.

Mr. BLANTON. And that it is harder for a poor man's family to get it than a rich man's.

Mr. COPLEY. Yes.

Mr. BLANTON. Medicine for some poor families is quite an item. Why does the gentleman tax medicine?

Mr. COPLEY. Oh, I shall ask the gentleman to let me make this speech in my own way, and then he can talk to me about his own speech. I have not come to the medicine part of it yet. The gentleman's mind moves very fast and is ahead of mine all of the time.

Mr. LONGWORTH. May I suggest to the gentleman that his party brought in and he voted for a bill that taxed medicine twice as high as this bill does.

Mr. BLANTON. Oh, I was not here then.

Mr. LONGWORTH. We have reduced the tax on medicine.

Mr. BLANTON. Why did you not take it off absolutely if you want to help the poor people of the United States?

Mr. COPLEY. Mr. Chairman, let me say to the gentleman before I finish what I have to say about the spending tax, that it is a tax put upon spending, upon extravagance, and of necessity puts a premium upon thrift. I want to register at this moment the statement that the entire civilization of the world is based solely upon thrift, and that without thrift the civilization of the world would go to pieces in a very short time. This spending tax, based as it is on the proposition of exempting some of the necessary expenses of life, moderately, then increasing the rate as the expenditure goes up, may offer a solution of the one problem that has troubled most of the great economists of the world, and that is how we may get the money without defeating the object you have in mind.

Mr. BOX. Mr. Chairman, will the gentleman yield?

Mr. COPLEY. Yes.

Mr. BOX. I am much interested in what the gentleman says about the spending tax, and I have read the hearings in which Mr. MILLS appeared in advocacy of the tax. As I remember it, he stated as an objection to the present tax the fact that wholesale perjury was being committed to avoid the payment of the tax. Does the gentleman recall that testimony?

Mr. COPLEY. I should not like to pass any judgment upon that. If my memory is correct, it is in the hearings.

Mr. BOX. Does the gentleman think that can be avoided if men are disposed to swear out from under the obligation of citizenship?

Mr. COPLEY. If the Department of Justice is properly administered, and I am not throwing any bricks at any man, it can stop this wholesale perjury, and the gentleman knows it as well as I do. Any man with an income subject to tax does not want to go to jail. Put a few of them in jail and that would put an end to the matter. I submit that to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. There are over a billion dollars of taxes unpaid owing to the Government.

Mr. COPLEY. And I will tell you why. It is because, like any new enterprise of such gigantic proportions as that involved in the investigation of millions of accounts, no Treasury Department could possibly have assimilated it within the period of time that it has been in operation, but when we once get firmly established, when we find what the gentleman's income is and what mine is and all the rest of them, it is going to be a much simpler matter to administer from that time on.

Mr. BLANTON. But it is admitted that the men will not pay the taxes and they are not forcing payment of them.

Mr. COPLEY. That does not make it any more difficult, because they do not do it. I am not discussing the motives as to why it is not done, but I am answering my friend here that if wholesale perjury has been committed, it is the fault of the Department of Justice that they have not put men in jail.

Mr. BOX. Does the gentleman think the Government ought to back up in its efforts to collect of the men owing it because of their perjury?

Mr. COPLEY. I do not; and I shall again register with the gentleman what I said a moment ago. No man who has an income sufficient to lay himself liable to an income tax wants to go to jail, and if you put a few of them in jail it would be a wholesome lesson, and you would not have so much perjury in the future. I think that is the answer to it. While I am on the subject of thrift, I would just like to call attention to one thing. The distinguished chairman of the committee mentioned this yesterday in his remarks. He said that the wealth of this country in 1910 was estimated at \$187,000,000,000, which is about \$1,900 per person, if it was all divided up equally, and only about \$35 of that in cash.

That included all of the real estate, improved and unimproved, the value of all lands on which buildings are erected, and on which they are not, and the value of all the farm lands of the country. None of the value of this land is the result of man's work, except some inconsequential percentage where reclamation has brought some land into value, and yet counting all of that as the wealth of this country, had it all been divided up in 1910 it would have amounted to less than \$1,900 per person. Deducting the value of the lands, city lots, not including the buildings, for they are the result of man's work, the entire wealth of the country in 1910 per capita would have been less than \$1,500, and this is the significant thing that I desire to call to the attention not only of the Congress but of the people of the country.

White men have been on this continent for over 300 years, and that means that they have saved less than \$5 per person for every year the white man has been here. That seems ridiculous, and yet they doubled that wealth almost in the 10 years between 1900 and 1910. If you will go back to the first census of wealth in this country, the accumulation amounted to less than \$1.25 per person per year that the white man had been on this continent, a ridiculously small amount, and yet it is a greater accumulation in 300 years in this country than is shown in England in the entire eight or nine hundred years which she can claim as a civilized nation, and even greater than France with 900 to 1,000 years of civilization. The point I make is that we can not afford to jockey very much with the thrift of the people of this country or the thrift of the people of the world. That is the only thing which stands between civilization and annihilation of civilization.

We ought to give every opportunity to the people of this country not only to create but all encouragement we possibly can to save in order that we may increase the margin between civilization and the annihilation of civilization.

Mr. BLANTON. Mr. Chairman, will the gentleman yield to me just for the purpose of asking the gentleman from Wyoming a question?

Mr. COPLEY. I will.

Mr. BLANTON. I want to ask the gentleman from Wyoming when we may expect the antibeer bill to come back from conference to the House?



Mr. MONDELL. The gentleman knows probably as much as I do about the condition of the conference.

Mr. BLANTON. It is subject to be called up at any time?

Mr. MONDELL. I do not understand the conferees have agreed.

Mr. BLANTON. I understand they have.

Mr. MONDELL. Well, the report has not been presented.

Mr. BLANTON. May I ask the gentleman from Wyoming whether he will permit that conference to be reported to the House before this bill has been acted upon?

Mr. MONDELL. It has not been my thought that we would take up any other business until this bill has been voted on.

Mr. BLANTON. Until the bill passes Saturday afternoon at 3 o'clock. The antiebeer bill has been shoved aside and probably will not be passed—

Mr. COPLEY. Do not shove my argument aside. Wait until I have finished.

Mr. MONDELL. We are going to conclude our business before we recess.

Mr. BLANTON. If that is the program, I think we ought to have a quorum here.

Mr. COPLEY. I will have finished in three or four minutes.

Mr. BLANTON. I will wait for the gentleman. I withdraw it for the present, but if the majority leader is going to side-track the antiebeer bill conference until after this bill is passed and have debate with just a handful of men here, I think we ought to keep a quorum.

Mr. MONDELL. The gentleman can make the point of no quorum if he wants to do so, but no one is side-tracking anything. No report has been made by the conferees on the antiebeer bill, and the gentleman knows that perfectly well.

Mr. BLANTON. It could be brought up at any time.

Mr. COPLEY. Mr. Chairman, I would like to finish this.

Mr. BLANTON. The conference report is in order at any time.

The CHAIRMAN. The gentleman from Illinois did not yield to anybody.

Mr. COPLEY. I will yield to anyone if it has to do with this particular question. Now, we must encourage thrift in this country all we possibly can. I do not know that this can be definitely proven, but I think it can, Dr. Fess. The University of Pennsylvania and Yale University have had a lot of archaeologists in the valley of the Mesopotamia and they have found cities that perished six or seven thousand years before the birth of Christ. They had a type of civilization, perhaps, just as great as ours in this country 60 or 70 years ago. They had international mails. They were entirely snuffed out, and again in recent years we see Greece and Rome entirely snuffed out, and when you see the small margin of safety in the wealth that has been accumulated by the people of this country, the most marvelous accumulation the world has ever known, when you see the small margin that stands between us and annihilation, I am led irresistibly to the conclusion that when peoples have gone back on the one sane process of accumulating wealth, they are absolutely doomed to destruction. Now, I am not a pessimist—

Mr. O'CONNOR. Will the gentleman yield for a question?

Mr. COPLEY. I shall be very glad to do so.

Mr. O'CONNOR. I am very much interested in the gentleman's discussion. What is that one sane way of accumulating wealth?

Mr. COPLEY. Work, produce, and save a little of what you produce.

Mr. FESS. Will the gentleman yield for a question?

Mr. COPLEY. I will be very glad to yield.

Mr. FESS. I think the gentleman has made a very unusually strong statement all through his address, and I have listened to it with great pleasure. It strikes me, the emphasis he has placed, that capital has to have an opportunity of investing in order that enterprise can be productive in the employment of labor.

Mr. COPLEY. Yes; and I want to add to that because I am coming to that point, the greatest industrial corporation in the world, the United States Steel Corporation. I study its annual report carefully. I never had a dollar in my life invested in it, but it is the most illuminating document that comes to my attention. Last year the average number of employees was 267,000. Excluding all administrative officers and sales agents, the average wage paid was \$6.96 to each one of those 267,000 employees, men and women; and yet add the salary of the administrative officers and the commissions paid to the sales agents, dividing them all by the total number of employees, and they would get a little less than 4 cents a day in addition, and I want to say to any man in this room, if he thinks an organi-

zation of trained men under the great leadership of Judge Gary is not worth 4 cents a day to the wages of the workers, I think he had better have his head repaired. There is something wrong with it. I will take up the returns on capital which I am just coming to. If every dollar of profit of the United States Steel Corporation for last year—1920—was divided up among its workmen and not one cent paid to the owner or possessor of the capital, it would have made a difference of less than \$2.22, or less than one-third of the returns to labor was earned by the United States Steel Corporation for capital. Further, that was an abnormal year, better than the average year for capital.

The average return to owners of the United States Steel Corporation since it has been organized has been \$1.10 per day for each man and woman employed by it. That is one of the most efficiently administered corporations in the world. The estimates I get from the experts of the Treasury Department state that the return on capital would amount to 87 or 88 cents a day for the working man and woman in this country, if divided equally between all workmen and if capital received not one cent.

Mr. FESS. And your chief concern in not penalizing this industry to the point of inability to employ labor is not the value to capital but the value to the labor of the country?

Mr. COPLEY. Absolutely.

Mr. FESS. That is the thing that our friends across the aisle do not seem to appreciate.

Mr. COPLEY. Do not put sand in the gears; I was getting along pretty well with them before the gentleman got in here. I hope to convert a few of them, and I will say that the best of them are here now. [Laughter.]

Gentlemen, this excess profits tax law, which the committee first decided to take off as of January 1, 1921, when it came before the Republican membership of the House they decided to take off on January 1, 1922. I myself personally think it is an advantage to the people of this country. Those who will pay it have already provided for that in their profits, and we will just be giving it to them. Now, then, the corporate income tax, which was intended by the Republican members of the committee to be added beginning the 1st of January, 1921, by direction of the Republican membership of the House is going to be added on January 1, 1922. Again, I think that is an advantage. The real fact is this, as was made clear by my colleague from Ohio [Mr. LONGWORTH]: In the falling market that we have had the past year the excess-profits tax has not borne very heavily on the people of this country, and we can exact and take it without doing any harm to anyone at the present time for the rest of this year. And the corporate income tax, which has been increased 2½ per cent, will be added on the 1st of January next year, and we will have no more of the evil effects of retroactive taxation to which I have referred.

I am not a pessimist, but I do not think we are going to start up all business the next six months by any manner of means. I have read carefully the history of my country, and I will say to you that after the Revolutionary War, from 1785 to 1791, we had times worse than we have to-day. Nobody worked and everybody hated everyone else.

Mr. FESS. And we had continental money that was not worth anything.

Mr. COPLEY. And they drank whisky worse than they do now.

We had a period of prosperity right after that which excited the envy of England and France. We were in a war with France actually, but we did not declare war. She sank our warships and we sank hers wherever we met. Later on the war was switched to England, and we had an actual war with her, and when it was over, in 1815, again we had a period worse than we have to-day. It lasted for five or six years. Then that was followed almost immediately by such a period of prosperity that at the time I went to school in my elementary history it was referred to as the "era of good feeling" in this country.

I have seen in my own life the period from 1893 to 1897. I went through it and I know what it was; after we were all settled and started right again we had a period of prosperity, we had another era of good feeling in this country for 12 or 15 years. And I have no alarm but what we are going to follow exactly that same cycle now. The proper thing for us to do is to establish ourselves on a firm and sane basis, and then we can begin to work. Whereas I am not satisfied with this law in all of its particulars, and while I do not think many men in this House are, we must legislate by parties, and I have got to give up something I want because some other fellow has got to have some part of what he wants, and whereas I do not think

it is a perfect law from my standpoint, and perhaps no other man on this side thinks it is perfect from his standpoint, yet we all of us agree, and I think every man on the Democratic side agrees, that it is a step forward and in the right direction.

Now, gentlemen, there is only one sound basis in this country, in this world, and that is to follow the mandates of the Almighty when the curse of Cain was placed on the head of man. He decreed that he should live by the sweat of his brow alone. Now, if I might presume, I would just add that which I am sure was intended to go with it, that we not only work, but that we produce and save a little of what we produce, and we will get back in due course of time to prewar prosperity, contentment, and happiness. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. O'CONNOR].

The CHAIRMAN. The gentleman from Louisiana is recognized for 10 minutes.

Mr. O'CONNOR. Mr. Chairman and gentlemen of the committee, years ago down in old New Orleans I heard a celebrated civilian say that he was convinced that men equally honest, sincere, and conscientious would always differ on political and legal questions and subjects. If there ever existed any man who ought to be cocksure about anything in this world, the distinguished jurist, patriot, and philosopher that I referred to was that man. His profound knowledge of human nature and of the law that runs through all things, his long and splendid service to State and to the people among whom he was born and reared and in whose hearts and affections he was impregnably intrenched, made him for us a Nestor whose simple pronouncements were stored up as proverbs of wisdom and benevolence. I shall never forget our patriarch. I shall never forget his great language. I concede to others what I wish granted unto myself, the sincerity of my convictions and the right to decently express my judgment upon matters affecting the welfare of my countrymen. No man possesses the infallible touchstone of truth. Men equally intellectual and honest will arrive at opposite conclusions from a given state of facts, though uninfluenced by any other desire or motive than to ascertain and pronounce the truth. This apparent intellectual antagonism is the result of the difficulty of determining what is truth, for on account of constantly shifting standards of morality, the needs of society and the policies to be adopted in hopes of effectuating the common good, it is utterly impossible to lay down for all of the people any doctrine or theory and get them to all agree that it is a truth.

True, indeed, is that what is apparently gospel to-day may be generally denounced to-morrow as a fallacy or heresy. Was it not Pilate who asked the Nazarene, "What is truth?" and walked away as if there were no answer to his query. Influenced by the above considerations, I have approached the discussions on this important measure. I do not believe that a man is necessarily a slave of the rich merely because he champions a system of taxation that would relieve wealth of what he may deem shackles, but which his opponent thinks is a menace to the happiness of the masses and a danger to the Republic. I do not believe a man is a demagogue because he believes that those who were born with a spirit to acquire wealth and who have it should support the Government which protects and defends them and their acquisitions. Somewhere between the two extremes may be found a common ground on which the conservative element of our people may stand and determine the question until a changed condition requires an alteration in the plan adopted. I believe that it was Macaulay who years ago said that if the law of gravitation were involved with a political or financial consideration there would be those among us who would rise to controvert the theory of the operation of that law.

For two days distinguished Republicans have with signal ability attempted to demonstrate that the proposed bill is the acme of legislative and financial skill. Talented advocates of the measure have urged that it means a tremendous reduction in taxation; that it will enforce a reduction in governmental expenditures by cutting appropriations to the bone and limiting unnecessary activities that are said to be the bane and curse of business. Republican leaders declare the bill to be the last word in congressional wisdom, and that its merits will prove themselves in the immediate future. Able Democratic leaders and spokesmen assail the measure fiercely as being defective in scientific arrangement and purposely devised to fool the people with the idea of a fiscal reform until the next congressional election, after which a bond issue will be inevitable to cover the certain deficit that will result from the failure of the bill to provide the necessary revenue to operate the Government.

On its face the measure is a rich man's bill. In its operation it will relieve the rich and powerful of the payment of hundreds of millions of taxes annually, taxes that the Government undeniably needs to pay the interest on the war debt and provide a sinking fund to ultimately pay the debt itself. It will, to the extent that it relieves the rich, oppress the poor and their kinsmen, the moderate in circumstances. I do not believe that it will strike the people of the country as a solemn declaration of wisdom. I do not think it will bring to them glad tidings of a great joy; but, on the contrary, will carry to them a message of grief and despair. Recent reports show that the cost of living has gone up 2 per cent in the last month in 14 of the principal cities of the United States, and in answer to a demand from the United States Senate the Commissioner of Labor stated that there were at present out of employment 5,750,000 persons, which means that there are 20,000,000 of your countrymen and countrywomen who are looking into the night of gloom and misery at this very moment. Again, it is only recently that the Senate recommitted a bill which was intended to give to the soldier boys of this country an adjusted compensation, on the ground largely that it would be utterly impossible at this time to meet the sums required to do anything like justice to our heroic legion that swept across the Atlantic Ocean behind the flag of our land. Just at the time that life is giving gloom and disaster and trial to the masses of our countrymen and when it should be the obligation of the Government to hold out hope to the weary and oppressed, a measure is brought in which means that the rich and powerful are to be relieved of what should be deemed a sacred obligation, the privilege of supporting the magnificent country which has given them an opportunity to become opulent, great, and strong, unmindful of the cry of the millions and millions that know not what the morrow may bring forth. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BLANTON. The gentleman spoke of sidetracking the soldier bonus bill. I wanted to ask him if he does not remember the pledges that were made on the hustings before election last year as to what would be done with respect to the obligation that is due to the soldiers concerning the bonus?

Mr. O'CONNOR. I do not know whether pledges were made or not. I know it is due them and that they ought to be given the adjusted compensation that they seek.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. O'CONNOR. No; I have only eight minutes. You will excuse me. I hate to refuse.

Mr. GREEN of Iowa. The gentleman is quite excusable in the short time he has.

Mr. O'CONNOR. No substantial relief is given to those who have to pay income taxes except to those fortunate persons whose incomes are over \$66,000 a year, and some of which run into millions of dollars per annum. And just when there is a cry on the part of business from ocean to ocean to adjust or lower the wages and earnings of the toilers to something like prewar standards the Republican Party tells the country that capital and wealth shall have no longer a restriction in the way of an excess-profits tax to prevent gold from securing without let or hindrance all that the traffic will bear, all that it can wring from the people by outrageous and unconscionable profits. The price of labor is to be forced by economic law and the power of organized wealth to a minimum, but gold is to be given by legislative edict a free rein to plunder the people at one of the most unhappy and unfortunate periods in our history. The only corporations that have to pay an excess-profits tax are those that make excess profits even upon a watered and fraudulent capitalization. Instead of the corporations being forced to forego their outrageous exactions and profits the road is paved for them and the chariot on which they will drive through the hearts of the men and women who have given their sons as a holocaust to their country's needs.

No corporation that makes but a reasonable profit has to pay an excess-profits tax. I have no hostility to wealth; but I do realize that the civilized world is suffering from the terrible tribute that is exacted from flesh and blood by corporations that are forced to earn dividends on billions of dollars of capital for which no service to God or humanity was ever rendered, upon billions of dollars of capital that are a fraud and a robbery of the living and of those that have still to come out of the ground and play their part in the grand drama of life. For these monster organizations instead of being compelled to earn a fair profit upon a legitimate and honest capitalization have full sway to extort from the people of the United States a vast portion of the wealth of each year to pay interest and dividends upon that which, I repeat, never had a real existence and which



never represented anything on earth except the privilege to plunder the American people. It is these corporations dishonestly and unfairly capitalized that hold the people of to-day in bondage and will keep future generations in financial vassalage. If it were not for the unfair methods of big business the railroads of this country could operate upon less than half the present rates. Not only are the railroad companies themselves unfairly capitalized but everything used and purchased for construction and equipment comes from companies that are overcapitalized. The supreme importance of railroad rates may be understood by never losing sight of the fact that the present civilization is founded, bottomed, and dependent for its continuance upon the transportation of the country and the world.

I wish that I could see the virtue in this bill that its proponents say it does possess. True it is that the measure carries some good features, and I would be glad to vote for them if I were accorded an opportunity to do so. But the Republican rule precludes such judgment. You must under that rule take the good with the bad or the bad with the good. It is the same rule by which adroit and sagacious and crafty men have accomplished their purpose in all the ages. It is a sugar-coated pill.

To use an expression coined out of the vitalism of necessity and the genius of our language to furnish phrases that reach the understanding of the masses: This bill means a biscuit for the people and the whole bakery for their masters. Yes; masters, my countrymen, for this measure is a recognition of our masters, and it is an expression of their oppressive and tyrannical will. How long will the Republic last? How near is the industrial and commercial empire to this generation? Are the millions soon to become nothing more than hewers of wood and drawers of water in the land of their birth, vassals and serfs of an industrial system the most of which is a superstructure of financial legerdemain craft, cunning, water, and robbery? Are we to sink under a system that will make for riots and fellahens? Must labor be restrained and interdicted even while big business is hoisting the pirate flag and preparing to loot the world without even the necessity of paying tribute to the Government that tolerates their exactions and cruelties?

To relieve big business and its allies in the shape of gigantic corporations of any embarrassment that might result from padding accounts, overcapitalization, and every species of sculdugery that ingenuity can devise to defeat the payment of the tax a mighty propaganda was put in motion months ago to repeal the excess profits and higher surtax. The press, always powerful, lent its aid, and with this tremendous influence to support them the propagandists have won the biggest prize in the history of the world, five hundred and forty millions per annum. The wages of labor, in the interest of the business of the country, must be stabilized, which means that in order to bring about the so-called readjustment there must be a lowering of the scale. So it is whispered in the temples of the strong. Economic law inexorably make in times of readjustment for a reduction in the wage of man, it is declared, while rapacity is freed from even the embarrassment of perpetuating a record that might evidence its culpability and guilt.

Let me quote from one of the best papers ever written on the subject of this tax. An analysis of the statistics contained in the detailed report as to corporation incomes and income and excess-profits taxes in the report of the commissioner for the calendar years 1917 and 1918—the 1918 report being the first and only one containing the details of corporate income and income and excess-profits taxes arranged in classes according to the amount of profits each made—show that 180 corporations made annually from \$5,000,000 up to \$300,000,000 and over. The Steel Corporation made over \$500,000,000 net profits in 1918 and had a net income of \$2,554,000,000, and, while paying only \$203,000,000 income tax, paid \$848,000,000 excess-profits taxes, while the over 300,000 corporations making from nothing up to \$100,000 net income yearly paid only \$285,000,000 excess-profits taxes. One thousand and twenty-six corporations, with a net income of \$4,253,000,000—more than one-half of the total corporate income of all the 317,559 corporations—while paying only \$333,000,000 income tax, paid \$1,422,000,000 of excess-profits tax; that is, paid over one-half, or nearly two-thirds, of the entire excess-profits tax, and \$344,000,000 excess-profits tax more than the remaining 316,500 other corporations. At a glance one will see that the proposed proposition is one to relieve a few hundred of the biggest profiteering corporations in the United States, and not, as Mellon says, "to unclog business." It also shows the small amount of income tax paid in proportion to the excess-profits tax paid.

It further shows the conscienceless and exorbitant profits on invested capital; they made from 20 to over 50 per cent on the capital invested. Of course, the excess-profits tax will not be as much hereafter as in 1917, 1918, and 1919, but the proportion between these big, rapacious, profiteering corporations and the balance of the corporations will remain the same, and, in fact, will be more in favor of the big corporations, for the reason that these corporations have a monopoly and can at will fix and keep up their prices. The only possible check against their avarice and greed is an excess-profits tax. The 9,634 corporations making \$250,000 yearly profits and over paid in excess-profits taxes \$2,217,000,000, over five times as much as they paid in income taxes and about seven-eighths of the entire excess-profits taxes. The repeal of the excess-profits tax will relieve these few corporations of hundreds of millions of taxes wrung from the people by conscienceless profiteering, but will not relieve the more than 300,000 other and smaller corporations, as some would seem to think. One will see at once that the more than 300,000 other corporations will derive but little benefit from the excess-profits tax repeal, and the Government will be deprived of hundreds of millions of dollars, not four hundred and fifty million or less, estimated by the guessers at the Treasury Department, but much more than \$600,000,000 annually, which the Government will sorely need. According to the returns as detailed in the reports of the Commissioner of Internal Revenue since January 1, 1916, up to and including the present commissioner's report of July 12, 1921, the corporations in the United States made net profits from January 1, 1916, to January 1, 1921, in round numbers \$50,000,000,000—to be exact, \$47,000,000,000.

After deducting all the taxes they paid since January 1, 1916—income, excess-profits tax, and other war taxes—they have a clear profit left of \$38,000,000,000, more than four-fifths of which was made by less than 10,000 corporations and more than half of which was made by 1,026 of the big profiteering corporations, which includes the Steel Trust, the Bethlehem Steel Co., the Du Pont companies, the various Standard Oil companies, the Coal Combine, the Wool Trust, the meat packers, etc. Let us bear in mind always that these same corporations were filling their coffers with these fabulous billions for the profit of their stockholders while our brave boys in France were spilling their blood for the protection and defense of their country. Remember, too, that not a large stockholder or officer or director of one of these rapacious corporations ever faced a German gun, braved a danger, took a risk, made a sacrifice, or endured any suffering during the entire war, but remained at home in safety, 3,000 miles from the danger line, and made the war and its resulting stress of their Government and the people an opportunity to plunder and profiteer upon both to the extent of these fabulous billions while our boys in France were being killed and their eyes being shot out and their legs and arms being shot off.

And yet we are blandly informed by its Republican champions that this is a scientific taxing scheme and that it will work wonders in the way of affording business interests the relief from taxation that is strangling their best efforts to bring about normalcy. We are smugly assured that as a consequence of this measure which will so considerably reduce the revenue and which has apparently caused Secretary Mellon some anxiety, that the Government will be forced to make the reduction in appropriations promised in order to avoid what would be confessedly a public calamity, a bond issue, and that economy in the public affairs and the expenditure of public funds will have a beneficial effect upon the attitude of the masses and engender a spirit of economy which will be of untold advantage to the Nation. What a confession these words from Republican statesmen imply. Why has not that economy by which we are to save in reduced appropriations \$350,000,000 been put into effect heretofore? There can be but one plea to this indictment—guilty of extravagance upon an almost unheard-of scale. And if the excess-profits tax be the iniquity, from the business standpoint that resorts to questionable methods to evade it, and the shackling influence that your propagandists say it has, if it be the old man of the sea around the neck of capital as thundered from the citadels and fortresses of wealth, the great newspapers of the country, why do you not make the repeal effective for the year 1922, instead of making it effective for 1922? If it be in the interest of the national welfare that you repeal the higher surtaxes in order that money should go into lucrative enterprises instead of into tax-exempt securities (as if there were no investment in those securities prior to the passage of the act complained of), why did you not put it into effect for this calendar year instead of making it effective for the year of 1922? Why the delay? I hold that the taxes should be continued until a part of the vast sum the Government owes as a result of the World War is paid.

You say that I am in error in this regard. I do not differ with you nor from you in principle, but only in degree, for you want it to go into effect next year and I want it to go into effect a little later. You Republicans voted for it as a war measure, not to be used as a machine gun to shoot and kill the foe but to raise money to pay the huge expenses of the war, and yet to-day, when our indebtedness is as great if not greater than when you voted for these measures, you decry them as a fiscal policy and as a method of raising the funds to extinguish the debt. Gentlemen, I can not follow your logic, if there be logic in your position. Your proposed bill is faulty for another reason, so clearly and felicitously expressed by the editor of the Washington Herald that I take the liberty of placing in these remarks the editorial referred to:

ELEVEN COLUMNS OF AMENDMENTS.

The one extreme fault of the new revenue bill, as the Herald sees it, is the fact that it is not a bill for a new law but a series of amendments of 20,000 words in the total. To make the law one law these two will have to be read, studied, and construed together. Instead of simplifying, this will greatly complicate the law as a whole and make its construction more the work of a "Philadelphia lawyer" and impossible to the average business man.

Why the committee chose this method rather than rewriting and making one complete act is beyond any but congressional ken. It should not be made more necessary than before to hire a lawyer to find what the tax is, even by a man of moderate income. It should not be made necessary to read the two laws together when they could be easily combined in one. Reference to sections, subdivisions of sections, and the fact of amendment, which are all mystifying, would not appear, and only the one document would have to be consulted.

The amendments as offered by the committee were published by the New York Times and fill 11 columns of small type set solid. To place these amendments into the present law will make an old-fashioned New England patchwork quilt. In its form as amendments the bill will create a temper among taxpayers not favorable to the congressional majority. The mere convolutions created will arouse hostility and profanity. All of this can be avoided by merely rewriting the law as a whole, really simplifying it as promised and not making it vastly more complex, as is now proposed.

Let me make a few observations with respect to some remarks made by men who have the reputation of being among the most gifted of America's sons—able, intellectual, forceful, and philosophical, but with whose philosophical dissertations I do not agree. We are sagely and solemnly informed that if we do not repeal the excess-profits tax and the higher surtaxes that the business talent of the country will go on a strike, place their money in tax-exempt securities which all told amount to \$16,000,000,000, lock up the billions and billions that are still left, and that under the sad conditions that would exist without a repeal there would be no one to take the great places made vacant by the withdrawals of the great captains. Extraordinary! Why is it that this has not happened during the last several years? What a lack of knowledge this implies on the part of the speech makers and statesmen who make such pronouncements as to the laws that control and direct the actions of human beings in going through this scheme of things called life. Some are born to spend and some are born to save is an aphorism based on the law that flows from anatomical construction and the mental attitude that results from such construction. A money-maker can no more resist the "temptation" to make money than he can resist any other law of his existence. Men will always follow and heed the law of their lives. Homer sung his immortal Iliad to gratify his desire for song, practically begging his way from door to door in his blindness and poverty and wretchedness. All of the glories of our literature were offered almost as a free contribution to the world of letters by men who ate their bread in tears and sorrow without so much as a thought of the financial reward that should have followed. The masterpieces of art, of sculpture, and painting were not inspired by a financial inducement. The artists would have expressed their soul's longing if they had to pay for such expression instead of securing a reward for their efforts. All of the great discoveries of science came to us as a result of the joy found in the pursuit of knowledge, and the wonderful pleasure that follows a visit to the skies is the only reward asked for by the astronomer.

A great money-maker is just so because he was born with a genius for the game that has cost so much to the human race. Barter under our civilization being no longer possible, the medium of exchange has come in and with its jugglery has brought and wrought woe unto the world. It is its fluctuations and the inability of Europe, Asia, and Africa to buy our goods and not the excess profits and higher surtaxes that are at the bottom of our troubles to-day. I do not mean, my friends, that merely because a man is endowed, let us say, with the instinct of money-making that he ought to be taxed to death; but I do say that he ought to pay for the joy of securing by way of his talents in some cases more than 10,000 of his country men and women. I repeat, I am not antagonistic to respectable wealth,

but I refuse to cringe when near criminal and rascally money crack the whip. I have a respect for earned riches, just as I have respect for honest toil. I believe in protecting the public and private wealth of this land. But each and every citizen ought to pay in accordance with his ability to pay. This bill violates that principle and I shall vote against it. I am sorry that I am not permitted to give my assent and record my vote in favor of those virtuous provisions that the bill does carry. But the Rules Committee has decreed otherwise, and I must vote for the bill practically as it was reported and will be amended by the Ways and Means Committee or vote against it. I shall do the latter unhesitatingly, as the bill, in my judgment, is fraught with the greatest peril for the American people.

I thank the members of the committee, Republican and Democratic, for the courtesy shown me throughout this address. I find fault with the work of the Republican and not the Republican himself, as he is my countryman with a different viewpoint, but blood of my blood and bone of my bone, and is just as honestly, sincerely, and patriotically endeavoring to promote the general welfare and secure the common good.

Mr. TAGUE. Mr. Chairman, may I ask how the time stands?

The CHAIRMAN. The gentleman from Texas has consumed 4 hours and 24½ minutes; the gentleman from Michigan has used 6 hours and 56 minutes.

Mr. TAGUE. Mr. Chairman, I yield 20 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, to-day the gentleman from Massachusetts [Mr. TREADWAY] discussed the situation from the business man's standpoint, from the standpoint of making your income and your outlay balance. He said that the Republican members of the Ways and Means Committee, in conjunction with the executive department, had arranged it so that the income and the outlay would balance; that that was the ideal situation. I grant you that it is the ideal situation. Now, if that be the case, I want to know about the proposed \$500,000,000 additional bonds provided for in this bill, and I asked the gentleman from Massachusetts and he said that he would come to it later. He may have come to it later, but if he did it was at some time when I was not paying attention to his remarks. I asked the gentleman if they had so arranged it that they were going to make the income and the outlay balance why this provision in section 1009 for the increase of the bonded indebtedness or time indebtedness of the Government of \$500,000,000 was put in, and the gentleman said that he would come to it later. It is a good deal later and I have not heard from him yet.

I think it was done deliberately, because they know that they have prepared a bill that will not bring in within \$500,000,000 enough to pay the expenses of the Government as they propose to administer it, and they propose to sell time certificates with which to pay the running expenses. [Applause on the Democratic side.] They propose to take off \$406,000,000 of income and excess-profits tax and sell bonds to make it up. These people, instead of getting a tax receipt, as I do, will get a 5½ per cent Government bond for their \$406,000,000.

Let us see what the amendment is:

SEC. 1009. Subdivision (a) of section 18 of the second Liberty bond act, as amended, is amended by striking out the words and figures "for the purposes of this act, and to meet public expenditures authorized by law, not exceeding in the aggregate \$7,000,000,000," and inserting in lieu thereof the words and figures "for the purposes of this act, to provide for the purchase or redemption of any notes issued hereunder, and to meet public expenditures authorized by law, not exceeding in the aggregate \$7,500,000,000 at any one time outstanding."

I know that they will say that this is to purchase the notes already outstanding. But wait.

The notes already outstanding under limitation of law can not exceed \$7,000,000,000, and they propose to add \$500,000,000 more for the purpose of paying the expenditures authorized by law; and we have the proposition that this committee does not purpose to balance accounts but to increase further the permanent debt of the United States for the purpose of paying the running expenses of the Government.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I beg to be excused. I do not want to be discourteous, but I want to make a speech that will be connected. The gentleman from Massachusetts [Mr. TREADWAY] also said practically, and he said in so many words, that on the question of the excess-profits tax the platforms of the Democratic and the Republican Parties last year were the same, and they are the same, and neither one of them pledges anybody to repeal the excess-profits tax. There is not a word said about that, and that statement which has gone through here unchallenged apparently is entirely incorrect. But he is correct in that the Democratic and Republican planks on the revision of taxation



are practically and absolutely the same in sense and meaning. I have heard from various impassioned orators here who appealed to the "mandate of November" last that everything that the Democrats proposed to do had been repudiated absolutely. If the Democratic platform stood then for the repeal of the excess-profits tax and the Republican Party stood for the same thing, and the Democratic platform was repudiated, then the Republican platform was also repudiated, and there is nothing on which to stand for the repeal of the excess-profits tax.

The gentleman from New York [Mr. MILLS] yesterday entertained us with a statement that the dearth of capital for the farmers for which we seek is the result of the excess-profits tax. He made a brilliant speech in establishing the fact that it was the excess-profits tax which was running capital into tax-free bonds, and therefore getting it away from where it was taxable. Then he came on and said that the fact that we were asking that farm loan bonds be provided for by this Government indicated that there was no capital for that kind of investment, that it had been run away by the excess-profits tax and the high surtaxes. The gentleman certainly overlooked the fact that the farm loan bonds are tax-free bonds, and if his theory is correct, instead of going around with all sorts of legislation and endeavoring to get an investment of this capital in those bonds, they would be rushing for them, because they would be running away from the excess-profits tax to buy a tax-free farm loan bond. That is about as logical as all of these arguments about the excess-profits tax.

The gentleman from Illinois [Mr. Copley] this evening went on to state that the people were radical in their expenditures, lavish in their expenditures when the excess-profits tax was staring them in the face, because they wanted to consume the profits so that they would not have to pay them to the Government. Everyone was extravagant for a while, but I want to call attention to one of the beneficent results of the excess-profits tax. In my district there are probably 20,000 people engaged in working in the cotton mills, and they are splendid citizens of the Anglo-Saxon race, patriotic citizens who sent their boys without the draft into the Army, and one company made up from a mill in my district got 2 congressional medals that were awarded out of 76. What was the result of the excess-profits tax down there? I admit that the corporations spent a good deal of their money as a result of that in improvements, and I will tell you the result.

There is not a mill village in my district to-day that has not got new, splendidly equipped cottages for their workmen, with electric lights, sewage system, and every convenience, and why? Because the mills made a great deal of money and they realized that what they did not spend in improvements they would have to pay a large percentage of to the Government, and they went to work and equipped and built those splendid villages, and those people have better houses than nine-tenths of the working people of the United States, all because of the excess-profits tax. The money did not run to tax-free securities, but it ran into improvements for the benefit of the working people of the country, who make the wealth and on whose backs the burden of this country is laid. I can prove that by the gentleman from Ohio [Mr. Fess] who spoke to me not long ago about what he saw while passing through that country, seeing the splendid houses of the mill villages.

The gentleman from New York [Mr. MILLS] also took the position that it was the proper thing to lay a tax on expenditures. The gentleman from Iowa [Mr. GREEN], the ranking member of the Committee on Ways and Means, approved of the proposition but said that the gentleman from New York was just a little ahead of his time. We hear a good deal about aggravating taxes and nuisance taxes. Put into effect the proposition to tax according to what a man spends and graduate it according as he spends it, and the United States Government will have to have an auditor behind every man in the country who has any money to spend. How would you ever carry it out? By the way, speaking of the gentleman from New York, I wonder how he would think a man like the late Russell Sage was bearing his part of governmental expenses when he was drawing his millions and living on \$60 a month or thereabouts, and all of that exempt under the plan of Mr. MILLS? Is that the kind of a tax that the gentleman from New York got from, I suppose, his relative, John Stuart Mill of some 50 or 75 years ago? I understand very well why he is in favor of this bill. It is because it cuts down the income taxes, it cuts down the big corporate income taxes, it cuts down enormously where he is interested.

I just looked in the Congressional Directory to see what the gentleman has to say about himself. He is only 37 years of age and is a Napoleon of finance. He says that he is a director

of the Atchison, Topeka & Santa Fe Railroad. There is a man living in New York who is the director of a railroad which does not come east of Chicago. He is a director of the Lackawanna Steel Co., of the Mergenthaler Linotype Co., of the Shredded Wheat Biscuit Co., of the Crex Carpet Co., and a trustee of the New York Trust Co., and was elected to the Sixty-seventh Congress. I can understand very well why he is in favor of this bill, and why he is in favor of putting the burden of this Government on what people spend. You take a man who is 37 years of age who has reached that zenith in the financial world where he can be a director of all those corporations, and he must certainly have a great deal more money coming in than he spends. He wants to pay a tax only on what he spends and salt down that which he does not spend and let the other fellow who has to spend all he makes to support his family pay the tax on everything that he makes, and the distinguished ranking member of the Committee on Ways and Means from Iowa [Mr. GREEN] advocates the same principle, but says that it is a little too early. The gentleman will not live to see that enacted into law, and if they get the idea out in Iowa that they are going to have an auditor after every farmer to see what he spends, the gentleman will never live, politically, to see very much more legislation enacted in this country.

The gentleman from Illinois [Mr. Copley] this afternoon said that business was in a chaotic condition because the taxing system was adopted in a hurry during the war, and as a result business got in a chaotic condition. But business never got into that condition until the fall of 1920, two years after the armistice was signed. When did the Republican Party have an opportunity to revise the tax laws of this country? They were called together on May 19, 1919, and were requested to revise all the tax laws of this country and place them on a more logical and equitable basis. Did they do it? They stayed in session from May 19, 1919, until March 4, 1921, with the exception of a few months, with a clear majority in both Houses, with the President asking them to revise the taxing system, and they did not even introduce a bill for the purpose of making one solitary honest effort to do anything. Then they come in here and complain of the chaotic condition that began in the fall of 1920 resulting from the legislation which they had had an opportunity since May 19, 1919, to revise, and did not even introduce a bill or make a motion looking thereto. Well, why are they revising it now? Why, they are revising it because of their contract with the moneyed people. To the great corporations last year they said if they would put them across they would revise it and revise it so as to lift the burden from the people who had large incomes, from the people who are profiteering in this country, and so they are carrying out their promise. There is one thing about moneyed people—I have dealt with them a good deal—and that is that wherever they put up a dollar they are going to have security for it, and they know what security they take, and if you renege on your contract, if you back down on your proposition, they are going to foreclose their mortgage, and "the devil is to pay" if you do not do like they tell you to do. Now, another gentleman [Mr. Copley] says that there is one thing to the credit of the excess-profits tax now, and I want to emphasize it.

What did he tell you? He tells you that the excess-profits tax has operated to put the country merchant on an equality with the great department stores and the mail-order houses of the cities; that if it has not done anything else, it deserves to be retained on the taxes of this Nation for the purpose of preventing the return to the system whereby the people of the rural communities are induced to buy inferior goods frequently from mail-order houses, and the merchant who is paying the taxes in the towns and helping to build up the country is starving because of a lack of custom which has been induced to go away by their remarkable promises and their poor performances. Now, from a Republican standpoint, that is one thing it has done. I am glad to find it out. I know a good many others are. Now, the gentleman from Ohio [Mr. LONGWORTH] says that the big corporations—that is, above \$100,000—got busy right away, when the law was passed. They knew how to pad their accounts; they knew how to pad their capital stock and get ready to get around and absorb their excess profits. He made that statement to-day; but he said the fellows from \$10,000 to \$100,000 were unable to do that. That is what he said, and that was the argument for the taking off of the excess-profits tax. Well, now, let us see where that will land us. Because we have a lot of malefactors of great wealth—as Mr. Roosevelt said years ago, and it is one of the best definitions I have heard—because we have a lot of malefactors of great wealth, who will not obey the law and deliberately go to work to avoid the law, therefore we will repeal the law. Is that



the way the gentleman from Ohio believes in the enforcement of law in this country? [Applause on the Democratic side.] They called a man who evaded war service a slacker, and imprisoned him. This bill confers a favor on the financial slacker and gives him consideration above the patriotic law-abiding citizens who honestly returned their profits and paid their taxes. The hounded "slacker" Bergdoll has been exiled and imprisoned. The financial slacker is being rewarded by being relieved of a financial burden of \$406,000,000 annually. Mr. LONGWORTH says they are slackers, and he knows them, and would not misrepresent them.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TAGUE. I yield five minutes to the gentleman from Texas [Mr. Box]. [Applause.]

Mr. BOX. Mr. Chairman and gentlemen, I incorporate as a part of my remarks the statement made by the gentleman from South Carolina [Mr. STEVENSON], with reference to the political and business connections of the gentleman from New York [Mr. OGDEN L. MILLS]. I take it from the Congressional Directory, which is usually made up from data furnished by the Members.

Ogden L. Mills, Republican, of New York County, \* \* \* A. B. Harvard, 1904, and LL. B. Harvard Law School, 1907; \* \* \* has been treasurer of the Republican county committee of New York County since 1911; elected to the New York State senate in 1914; reelected to the senate in 1916. \* \* \* was delegate to the Republican national convention in 1912, 1916, and 1920; was chairman of the advisory committee on policies and platform of the Republican national committee; has been for several years past president of the New York State Tax Association; is chairman of the committee on executive budget of the National Tax Association and a member of the Harvard University committee on economic research; \* \* \* is a director of the Atchison, Topeka & Santa Fe Railway system, the Lackawanna Steel Co., Mergenthaler Linotype Co., Shredded Wheat Co., Crex Carpet Co., a trustee of the New York Trust Co., and a member of the State and city bar associations; was elected to the Sixty-seventh Congress, November 2, 1920. \* \* \*

I quote the following extract from the remarks made yesterday by the latter gentleman. In speaking of incomes large enough to be taxable and the failure of the Government to collect from them what was due it, he said:

They increased, but the Government ceased to get them for the purpose of taxation.

Further on in his remarks he said:

The people felt that it was too high, that it was unjust. They made false statements. Public sentiment supported the evasion, and the tax could not be collected.

Where and among whom did public sentiment support the tax dodging of the rich? What portion of the American public supported perjury to avoid the obligations of citizenship? Who releases these men from the rules that bind honest men in order that wealth may play the slacker?

In the same connection I quote that part of his statement, carefully and deliberately made before the Ways and Means Committee, appearing on pages 23 and 24 of their hearings of July 26, 1921, as follows:

In my own State the personal property tax was a joke. When men were required to list their property they simply perjured themselves. They thought nothing of that, because everybody was doing it and nobody considered it wrong.

Yes, sir; they did that because the rates were so high that they felt that they were justified in evading it. \* \* \* He is beating the income tax to-day. He is beating it through the so-called system of losses, which is a very difficult thing to stop, or when he can not show a loss he is beating it by giving the security or profit to his wife, and she sells it and makes the profit. I know there is a bill before you that is supposed to meet that situation; but when you close that door he will open another. Therefore you can not say that your present tax is being collected, and that is a sufficient answer to what you say in regard to the advantage to the rich man. \* \* \*

\* \* \* Let me call your attention to this fact: That from 1916 to 1919 the money in circulation was doubled and bank deposits were doubled. There is not the slightest manner of doubt that those large incomes were doubled, and yet we find that three years after 1916, when the maximum rate had been applied, they were actually reporting less taxable income than in 1916. In 1919 they were only just beginning to learn how to get from under the income taxes.

What of the gentleman's statement that public sentiment "supported" this perjury? I state without argument that any sentiment which supports perjury to hide slacker wealth is basely depraved. That holy thing named "patriotism" has a feeble and smothered voice in men and communities or groups of men whose sentiment supports perjury for such purposes.

I refuse to believe that so depraved a sentiment predominates in any American Commonwealth. Under this view I can accept the gentleman's statements only on the theory that his many official Republican Party connections and activities and his numerous intimate relations with Wall Street, railroad, and corporation magnates have corrupted the air he breathes and blurred the sky he sees. But his statements must be accepted

as a correct interpretation of the standards of the groups from whose ideals he judges the standards of his people.

His statement of facts and practices and of depraved sentiment must be restricted to the group he knows best by one who refuses to believe that all of America or all of his own great Commonwealth has been debauched by greed. On his statement, thus restricted, I base the following suggestions:

This bill proposes to relieve the men who have done these things, in large part at least, because they have done them. In their report stating their reasons for presenting this bill the Republican majority of the Ways and Means Committee says, on page 6:

\* \* \* For the year 1916 net income amounting to \$992,972,985 was included in the returns of taxpayers having net income over \$800,000 a year.

This aggregate fell to \$731,372,153 for the year 1917 and to \$392,247,329 for the year 1918. There is little reason to believe that the actual income of the richer taxpayers of the country had fallen in that interval. \* \* \*

This bill proposes not merely to favor the rich, but the guilty rich, the criminal rich.

When great wealth evades, by solemn oath falsely made, its share of the taxes it is swearing the burden onto the moderately prosperous and poor.

What must be the view of the boy who went from home into hard service and danger, did his duty, and was mutilated, or of the family of one who had his life blotted out in the service of the Nation, and while he was performing hard service and facing danger and death, men of the class whose sentiment the gentleman expresses were swearing out from under the obligations to sustain that boy and his Government while he was at the front, to sustain him or his dependent ones thereafter and to pay the just obligations incurred in the hour of peril?

Though he has fought our battles and braved death, he must now pay more than his share of the obligations of the Government because men who were profiteering on him and his friends at home have avoided their obligation and he must now, in his moderate circumstances or poverty, bear it for them, as this bill provides.

This illustrates a deplorable standard of citizenship in certain circles, the circles whose sentiments the gentleman expresses. To the extent that it is true, it is a sad affair. The gentleman having these extensive and high political connections and numerous intimate business associations, who now asks for the "relief" of these perjurers, can not be prejudiced against them. There is no reason why he should misstate the facts against them. He is pleading especially for them. Such a standard of citizenship, such a state of "public sentiment" in any great group carries the mind back to the days of class privilege, backward some 300 years, to the time not far removed from the Dark Ages, when one who interpreting corrupt Europe as he saw it then, and with the Dark Ages as a not distant background, said of it:

Through tatter'd clothes small vices do appear;  
Robes and furr'd gowns hide all. Plate sin with gold,  
And the strong lance of justice hurtless breaks;  
Arm it in rags, a pigmy's straw doth pierce it.

The gentleman's intimate, political, and business acquaintance are closely connected with the statement he makes, the crime he outlines, the apology he makes for it, and his advocacy of this bill. The same close association between the same elements run through the bill itself. The same apology is made one of the reasons for the passage of the law by the majority members of the Ways and Means Committee in the words quoted above and in many of the speeches made by the advocates of this measure before this House.

If the criminal rich are creating in American society and Government the condition which the gentleman himself describes, so much akin to the corrupt class-ridden, enslaved life of the Europe of 300 years ago, as described by the "great master," then those of us who prize manhood, who want to preserve the future of our country for our children had best be on our guard, and instead of acknowledging the domination of criminal, slacker wealth, should, like brave men, assert the dignity, sovereignty, and power of the Nation, first, by saying that nothing is above it; next, by saying that certainly crime has no power to dominate it; and further, by saying and showing that the people who have endured hardship and the men who have borne hard service shall not have their burden increased in order to favor the men who have committed unpatriotic, base crime.

There is among sound-minded people no sympathy for the man who played the slacker, much less committed perjury to protect his body from hardship, mutilation, and death when the



public peril demanded the sacrifice. Their scorn and vengeance should blast the men who perjured their souls to hide their slacker wealth from the service of their country when its needs and laws called for it for use in the protection of all. [Applause.]

Mr. TAGUE. Mr. Chairman, I yield to the gentleman of Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, the debates on this bill have been so able and learned that I do not speak with any thought that I can add much of value to the discussion, but I have some very deep convictions on the principle involved in this legislation. I have been taught all of my life that the burdens of government should rest most heavily upon those best able to bear them, and I contend that when we may prudently have a reduction of taxes the benefits of such reduction should fall impartially and fairly among all classes of people.

Mr. Chairman, as I grow older I have an increased respect for property rights. I want to see this Government preserved in all of its integrity, with its guaranties to the protection of life and property and the pursuit of happiness. I want to protect those who come after us as well as all now living in the right to work out their salvation and to accumulate something for themselves and their families. I would have this right preserved for all time in a just Government of free and equal opportunities among men.

Just here let me say, Mr. Chairman, that if I were called upon to point out the chief danger that confronts property rights in this country I would point to the unfairness and injustice practiced by the holders of great wealth, and, worst of all, that they dare place their advocates in the great Congress of the American people. [Applause on the Democratic side.]

The right to accumulate and hold property is essential to progress. Property rights and human rights are so closely related that it is not easy always to separate them. Both have proper places in the scheme of government. I have no prejudice against men of great wealth, though sometimes I pity them. I guess if I had time to devote to money-making I would like to leave some share of wealth for my children; but above all I wish my boy, whose success and happiness I value far above my own, to know enough of the hardships and struggles of life to develop the strength of real character and to link his sympathies to the masses of mankind. The best way to preserve property rights is to administer the Government so fairly and impartially that no fair-minded man may have cause to question the equality of all men and all classes before the law. [Applause.]

How do the provisions of the bill before us square with these principles? The gentleman from Ohio [Mr. LONGWORTH], who has just addressed us, says the bill effects a saving of between \$700,000,000 and \$800,000,000 in taxes to the people, but when the gentleman was called on to tell to whom the saving goes he got busy looking in another direction and did not answer.

That is the question which is going to be asked from one end of this country to the other, and it will have to be answered. Why, I read even in a Washington newspaper yesterday morning enough on the front page to arouse the opposition of any average man to every Member of Congress supporting this bill. The article began with big headlines about tax reduction carried in the bill, but the very first item set down was \$450,000,000 to the few profiteers who pay excess-profits taxes. Right below this item was the amount saved to the heads of families in this land, those who are rearing and educating the children to whom we expect to hand down our liberties, in whose keeping we are to place the Nation's flag and intrust the destiny of our institution, and the saving to them was only \$40,000,000. [Applause.]

The farmers of the country, according to the report of the Commissioner of Internal Revenue, pay income taxes in excess of any other class of individuals. This class of our population has suffered to the extent of billions and billions on account of the slump in prices during the past 12 months. Staple farm products are lower in purchasing power than they were for the four-year period preceding the war. Under present disturbed conditions and oppressive and prohibitive railroad rates upon the necessities of life, no man can foresee the end of the struggle through which they are passing. But the farmers of the country are denied any substantial benefits from this legislation. [Applause on the Democratic side.]

The records of the Internal Revenue Bureau show that corporations of the United States have made net profits amounting to \$47,000,000,000 during the past five years. After paying taxes of all sorts there is left net profits of \$38,000,000,000. Four-fifths of this amount was made by less than 10,000 corporations, and more than \$19,000,000,000 was made by about 1,000 corporations—such as the Steel Trust, Du Pont companies, Standard Oil, Bethlehem Steel, and others. These corporations, numbering only about 10,000 out of a total of 317,000 in the United States, are paying more than half of our excess-profits taxes. So it will be seen these big corporations that took advantage of the Nation while its life was jeopardized by war and profited and plundered to the extent of billions and billions, are the chief beneficiaries of a tax bill which gentlemen have the effrontery to declare is a measure affording the people relief from war taxes. [Applause.]

The repeal of the excess-profits tax and putting in its place a flat 12½ per cent corporation tax will result in shifting something like \$500,000,000 of taxes from a few big profiteering corporations to the large number of smaller ones of smaller earnings. It will increase at least 50 per cent on 250,000 corporations making only a small per cent on invested capital and reduce in like amount the taxes on the 10,000 big corporations, some of which make 50 per cent and more. To make clear what I have in mind, here are the tables made by a recognized expert and not questioned as to accuracy:

Effect of the repeal of the excess-profits tax.

The new revenue bill reported by the Ways and Means Committee of the House of Representatives contains a provision for the repeal of the present excess-profits tax on corporations and an increase in the normal tax from 10 to 12½ per cent. The effect of this proposed law on those corporations whose invested capital is from \$5,000 to \$10,000,000, and who are earning from 5 per cent to 50 per cent thereon, is shown in the following exhibit. Those corporations whose capital and income are in the block between the heavy black lines will pay more tax under the proposed law, while those to the right and below the second black line will pay less tax.

Invested capital.	Income of 5 per cent on capital.		Income of 6 per cent on capital.		Income of 8 per cent on capital.		Income of 10 per cent on capital.		Income of 15 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000.....	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$10,000.....	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$15,000.....	None.	None.	None.	None.	None.	None.	None.	None.	\$25.00	\$31.25
\$20,000.....	None.	None.	None.	None.	None.	None.	None.	None.	100.00	125.00
\$25,000.....	None.	None.	None.	None.	None.	None.	None.	None.	175.00	218.75
\$30,000.....	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50	325.00	406.25
\$35,000.....	None.	None.	\$10.00	\$12.50	\$80.00	\$100.00	150.00	187.50	375.00	468.75
\$40,000.....	\$50.00	\$62.50	100.00	125.00	200.00	250.00	300.00	375.00	640.00	800.00
\$45,000.....	175.00	218.75	250.00	312.50	400.00	500.00	550.00	687.50	1,330.00	1,662.50
\$50,000.....	300.00	375.00	400.00	500.00	600.00	750.00	800.00	1,000.00	2,020.00	2,525.00
\$55,000.....	550.00	687.50	700.00	875.00	1,000.00	1,250.00	1,300.00	1,625.00	3,400.00	4,250.00
\$60,000.....	800.00	1,000.00	1,000.00	1,250.00	1,400.00	1,750.00	1,900.00	2,250.00	4,780.00	5,975.00
\$65,000.....	1,050.00	1,312.50	1,300.00	1,625.00	1,800.00	2,250.00	2,600.00	2,875.00	6,160.00	7,700.00
\$70,000.....	1,300.00	1,625.00	1,600.00	2,000.00	2,200.00	2,750.00	3,300.00	3,500.00	7,540.00	9,425.00
\$75,000.....	1,550.00	1,937.50	1,900.00	2,375.00	2,600.00	3,250.00	4,020.00	4,125.00	8,920.00	11,175.00
\$80,000.....	1,800.00	2,250.00	2,200.00	2,750.00	3,000.00	3,750.00	4,700.00	4,750.00	10,300.00	12,875.00
\$85,000.....	2,300.00	2,875.00	2,800.00	3,500.00	3,800.00	4,750.00	6,050.00	6,000.00	13,000.00	16,125.00
\$90,000.....	3,550.00	4,437.50	4,400.00	5,500.00	5,800.00	7,250.00	9,450.00	9,125.00	19,950.00	24,875.00
\$95,000.....	4,800.00	6,000.00	5,800.00	7,250.00	7,800.00	9,750.00	12,850.00	12,250.00	26,850.00	33,625.00
\$1,000,000.....	7,300.00	9,125.00	8,800.00	11,000.00	11,800.00	14,750.00	19,600.00	18,500.00	40,600.00	50,625.00
\$2,000,000.....	9,800.00	12,250.00	11,800.00	14,750.00	15,800.00	19,750.00	26,450.00	24,750.00	54,400.00	68,125.00
\$3,000,000.....	24,800.00	31,000.00	29,800.00	37,250.00	39,800.00	49,750.00	67,250.00	62,250.00	137,250.00	172,500.00
\$4,000,000.....	49,800.00	62,250.00	59,800.00	74,750.00	79,800.00	99,750.00	135,250.00	124,750.00	275,250.00	347,500.00

## Effect of the repeal of the excess-profits tax—Continued.

Invested capital.	Income of 20 per cent on capital.		Income of 25 per cent on capital.		Income of 33 per cent on capital.		Income of 50 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000.....	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50
\$10,000.....	None.	None.	\$50.00	\$62.50	\$133.33	\$166.67	660.00	375.00
\$15,000.....	\$100.00	\$125.00	175.00	218.75	583.00	375.00	1,360.00	687.50
\$20,000.....	200.00	250.00	444.00	375.00	1,126.67	583.33	2,060.00	1,000.00
\$25,000.....	300.00	375.00	875.00	531.25	1,593.33	791.67	2,760.00	1,312.50
\$35,000.....	716.00	625.00	1,521.00	843.75	2,526.67	1,203.33	4,160.00	1,987.50
\$50,000.....	1,340.00	1,000.00	2,490.00	1,312.50	3,926.67	1,833.33	7,160.00	2,875.00
\$75,000.....	2,380.00	1,625.00	4,105.00	2,093.75	6,980.00	2,875.00	12,730.00	4,437.50
\$100,000.....	3,420.00	2,250.00	5,720.00	2,875.00	9,553.33	3,916.67	17,220.00	6,000.00
\$150,000.....	5,500.00	3,500.00	8,950.00	4,437.50	14,700.00	6,000.00	26,200.00	9,125.00
\$200,000.....	7,580.00	4,750.00	12,180.00	6,000.00	19,846.67	8,083.33	35,180.00	12,250.00
\$250,000.....	9,660.00	6,000.00	15,410.00	7,562.50	24,993.33	10,166.67	44,160.00	15,375.00
\$300,000.....	11,740.00	7,250.00	18,640.00	9,125.00	30,140.00	12,250.00	53,140.00	18,500.00
\$350,000.....	13,820.00	8,500.00	21,870.00	10,687.50	35,286.67	14,333.33	62,120.00	21,625.00
\$400,000.....	15,900.00	9,750.00	25,100.00	12,250.00	40,433.33	16,416.67	71,100.00	24,750.00
\$500,000.....	20,080.00	12,250.00	31,560.00	15,375.00	50,723.67	20,583.33	89,060.00	31,000.00
\$750,000.....	30,460.00	18,500.00	47,710.00	23,187.50	76,460.00	31,000.00	133,960.00	46,625.00
\$1,000,000.....	40,860.00	24,750.00	63,860.00	31,000.00	102,193.33	41,416.67	178,880.00	62,250.00
\$1,500,000.....	61,060.00	37,250.00	96,160.00	46,625.00	153,660.00	62,250.00	268,660.00	93,500.00
\$2,000,000.....	82,460.00	49,750.00	128,460.00	62,250.00	205,126.67	83,083.33	358,460.00	124,750.00
\$5,000,000.....	207,260.00	124,750.00	322,260.00	156,000.00	513,923.67	208,083.33	897,260.00	312,250.00
\$10,000,000.....	415,260.00	249,750.00	645,260.00	312,250.00	1,028,593.33	416,416.67	1,795,260.00	624,750.00

The tables show that corporations making 8 and 10 per cent on invested capital are to have their taxes increased 50 per cent, and those making 20, 30, 40, and 50 per cent are to have a decrease of 50 per cent or more.

The same principle which governs in repealing the excess-profits tax, and thereby shifting the burdens from the big corporations to the little corporations, applies to the provisions of the bill which reduces the income taxes on those whose income exceeds \$66,000 a year.

Here are the figures prepared by an expert, and not disputed:

## Effect of reductions of surtax on individual incomes as proposed in H. R. 8245.

Income.	Reduction.
\$70,000.....	\$20
72,000.....	60
74,000.....	120
76,000.....	200
78,000.....	300
80,000.....	420
82,000.....	560
84,000.....	720
86,000.....	900
88,000.....	1,100
90,000.....	1,320
92,000.....	1,560
94,000.....	1,820
96,000.....	2,100
98,000.....	2,400
100,000.....	2,720
150,000.....	12,720
200,000.....	24,720
300,000.....	52,720
500,000.....	114,720
1,000,000.....	274,720
1,500,000.....	439,720
2,000,000.....	604,720
5,000,000.....	1,594,720

Over 5,126,000 get no reduction except by reason of the little additional exemption of \$500 to married persons and heads of families. The records in the office of the Commissioner of Internal Revenue show that 5,126,000 returns for 1919 averaged \$3,500 yearly; that 18,000 who made returns of incomes of \$50,000 or more in the same year averaged \$142,000; 254 who made returns of \$500,000 or more averaged \$1,740,000, and 65 who made returns of a million or more averaged \$2,350,000. The bill before us gives decreases in taxes to the 18,000 with enormous incomes, but gives no reduction to the 5,126,000 whose average income was only \$3,500.

The gentleman from Ohio [Mr. LONGWORTH] says he is dealing with "big things and big men." There was more of frankness in his statement than he probably intended. In this connection I ask why it is we are collecting only about \$100,000,000 from inheritances. Why are we not as wise as France and Great Britain? A fair increase in our rates on inheritances, such as is levied in Great Britain, would yield from \$750,000,000 to \$1,000,000,000. What young man worthy of the protection and opportunity offered by such a Government as ours, when its credit is impaired, would not be willing to pay his Government a portion of these millions falling into his hands by operation of law and without effort on his part? Here is a chance to deal with "big things" in a way to protect the Public Treasury, and at the same time curtail the evils that lie in the concentration of immense wealth.

A fair example of the viewpoint and purpose of the framers of the bill is found in the provision relieving the express companies of about \$17,000,000 but retaining the tax on parcel post, which is the farmer's express.

The gentleman from Ohio [Mr. LONGWORTH] in thinking of "big things and big men" forgets that the first draft of this bill retained the transportation tax along with all of the petty consumption taxes; a tax of \$10 on all automobiles—following the principle running throughout the bill by making a farmer with his Ford pay the same tax as a millionaire in his Packard. Then it was proposed to place a 2-cent tax on checks regardless of amount, and to raise first-class postage to 3 cents.

Of course, the bill has been improved since then. In fact, every time there is the least opportunity to consider it, some improvement is made. Nobody has ever dealt with it since it left the hands of those who originally inspired it without reducing the outrages which it contains. Those who framed the bill attempted to make the repeal of the excess-profits tax and higher income surtaxes retroactive to January 1, 1921, thereby robbing the Treasury of the taxes due for that period and turning them over to the profiteers who according to their contention had already passed them along to the public. The argument offered in support of these provisions of the bill is that these taxes restrict the employment of capital in business activities, but in face of this argument it was deliberately planned to make the law effective since January 1 of the present year, when no one dreams that the bill can pass until near the end of the year. What excuse could any fair-minded man find to continue the petty annoying war taxes paid by the poor in a bill deliberately designed to shield millionaires and multimillionaires in shirking the duty they owe their Government? The affrontery of such a contention is only equaled by the selfishness of the men who inspired it. [Applause.]

The bill on its face contradicts the boasts and pretenses of big reductions in taxation. On page 82 specific authority is conferred upon the Secretary of the Treasury to float additional securities to the extent of half a billion. This reveals what is really intended. I regard that provision as one of the most dangerous in the bill, because I am not simple enough to believe that it would have been included unless it is contemplated that the authority shall be used. I do not know of anything more unpatriotic, more unwise, or more dangerous than would be an attempt to run the Government on credit at this time. To float a half billion of securities would in all probability necessitate a further increase in interest rates to be paid by the Government and further depreciation of Government bonds—most of which are now scattered throughout the country—and force their sale at further sacrifice. It would further restrict the supply of credit and bring additional suffering among the small bankers, merchants, and farmers throughout the country.

I have heard so much about preparedness that I almost hate the word. But I do want to see the country prepared for defense in case of any possible conflict. I do not mean by this that every producer in the country should be put in uniform and made an officer in the Army, but I should like to see the credit of the Government restored, its debts paid, and its securities marketable at par. Any war that may come in future will be a war of resources. Nothing could be more dangerous to the



safety of the country in case of conflict with a foreign power than an enormous bonded debt with constant impairment of credit. Ought we not as a matter of national safety and security pay off the Nation's debt and keep ourselves in position to marshal resources unequaled by any other nation on earth?

Mr. Chairman, when war was declared Congress passed a conscription act through which to raise an Army to fight the war. I thought it was a mistake; I think so yet. I think it was a mistake to turn over all of the man power and all the resources of this Government to the Army officers. When they got charge a swarm of profiteers gathered in Washington hunting contracts, fastening unfair bargains on the Government, and robbing the people while our boys were dying on the fields of France. It is idle to charge that these men were Democrats. The Army officers have never wanted to surrender the power placed in their hands during the war, and the Republicans in this House have been their staunchest defenders in their efforts to maintain that power. Every time there has been a reduction in the Army or Navy appropriations, or in the size of the Army or Navy, Democrats in this House have forced it.

After all that could be done by those of us who were trying to break the hold of the Army officers and relieve the people from the burdens and extravagance brought on by the War and Navy Departments, the present Secretary of the Treasury says that we are to spend for the present fiscal year more than \$1,000,000,000 on the Military Establishment of the country, and in the face of these statements you have the face to talk about economy and reduction of taxation!

The gentleman from Michigan [Mr. FORDNEY] indulges in unkindly criticism of President Wilson and the peace conference at Paris. I did not think President Wilson should have gone to Paris, and I said so then. But at that time the eyes of every nation on earth were fixed upon him. He was the outstanding, dominating figure of the world. Not a man on your side of the aisle dared to open his mouth in criticism. I do not know of a more serious indictment ever brought against your party than your admission that you failed to function even as an opposition party. Heaven alone knows what will become of the country if you have complete control of it very long. [Applause.]

When we entered the war we committed ourselves to the policy of conscription to raise an Army, and we determined to tax the wealth of the country in financing the war. The gentleman says the war is over. I deny it. The fighting is over. Our boys have done their part, and they did it nobly. They have finished the job we gave them. They wrote a glorious page in the records of this Republic which will be read through succeeding centuries. If one of those boys had complained against those to whom he owed obedience, he would have been court-martialed. If he had run away from the duties imposed upon him, he would have been tried for desertion and shot. The financial burdens of the war have not been discharged. Pay day is at hand. I will not say that all the millionaires and multimillionaires may be so classed, but every profiteer who is now seeking to shirk his duty to the Government should be branded as a selfish, cowardly deserter. [Applause on the Democratic side.]

It would be an everlasting shame, a stigma upon every man responsible for it in any position, high or low, to allow these men to take advantage of war to accumulate billions while our boys were facing German shells and gases and thousands of them dying to vindicate the sovereignty of our Government, and then be allowed to pocket their billions, leaving the boys who fought the war to stagger under a bonded debt the rest of their lives.

The American people are not going to stand for it, gentlemen. What are you saying to the boys who fought the war in answer to the appeal for assistance to tide them over the distressed period following the conflict? Your answer is that the Government must economize. But you are spending a billion a year on the Army and Navy—half of it unwisely and unnecessarily. And you are granting relief of over half a billion a year to those who made their billions during the war and much of it by reason of the war.

I agree with the gentleman from Michigan [Mr. FORDNEY] that one of the great mistakes of the Wilson administration was taking over the railroads. But it was not a party matter; it was done because it was thought necessary to the successful conduct of the war. The Wilson administration took over the roads and operated them during the stress and excitement of war, and, of course, it proved expensive. A Republican Congress in time of peace deliberately restored the roads to the control of the owners, but continued Government liability. Under the guaranty in the bill which a Republican Congress passed the Government lost in a period of six months nearly \$1,000,000,000, to say nothing of the increased charges imposed

by the roads during that time under the provision of the same bill, amounting to nearly \$1,000,000,000.

The Government took over the railroads to assist in the conduct of the war and upon the insistence of the owners. When they were returned to private control the owners asked Congress to guarantee prosperous earnings until the period of readjustment should be passed. The Republican Congress unhesitatingly wrote the law just as the owners of the roads demanded, and the Government has been paying the bill.

Now we are confronted with a proposition to hand the railroads a half billion more and take chances on getting back the money. How can you look a brave boy in the face with your answer in the light of these facts? Nothing for the brave boys who risked their lives on the fields of France—all for reducing the taxes of the rich and paying the railroads their loss! [Applause on the Democratic side.]

As I listened to gentlemen on the Democratic side in this debate, it occurred to me they were unfair in one respect. In going over the items of the bill and setting forth the figures they omitted one item which the rich have been paying. The gentlemen have not given credit for the enormous campaign funds contributed to Republicans last year, both in the primaries and in the general election; and, of course, they are going to be called on to make larger contributions next year! [Applause.]

Mr. FORDNEY. It was fully awarded on the 2d day of November last.

Mr. STEAGALL. Let me say to the gentlemen that all contributions to Republicans were not made for the November election. It happened that there was an investigating committee of the Senate in operation during the primaries last year, and when the Republican convention met it was found that every candidate for the Republican nomination for President, who had been seriously considered up to that time, was caught in such connection with campaign corruption funds that the exigencies of politics required the nomination of a new man!

Mr. CHANDLER of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I regret that I have not time to yield now. If you will get me more time, I shall be glad to yield to you.

Mr. CHANDLER of Oklahoma. Did you vote to take the railroads over? I did not; did you?

Mr. STEAGALL. I will say this to the gentleman: The Democratic administration, forgetting party affiliation during the war, and coming in contact with Republican influences, made a great many mistakes, and some of its followers are not so much to blame as others. [Laughter.]

I was about to say, you take my friend over there from Kansas [Mr. TINCHE], when he gets out among the farmers of his district—

Mr. STEVENSON. Mr. Chairman, will the gentleman yield for one question?

Mr. STEAGALL. Yes.

Mr. STEVENSON. I desire to call the gentleman's attention to the fact that there was no vote on taking over the railroads. They were taken over in 1916 without a vote, and this Congress ratified the action of the President.

Mr. FORDNEY. I beg the gentleman's pardon. The gentleman is in error. That was done in 1917.

Mr. STEAGALL. I am willing to take my share of the blunder that was made. I am not going to turn around at this late day and cowardly accuse the others for what all of us did.

I started out to talk of my friend from Kansas [Mr. TINCHE] when he goes out campaigning among the farmers, and they begin to get full information about this legislation—the little light that has dawned since your caucus concerning soft drinks is not a circumstance to what people are going to find out later on—I can see my friend from Kansas when some smart fellow gets him on the stump and tackles him about his vote on this bill.

Mr. CHANDLER of Oklahoma. I am not from Kansas.

Mr. STEAGALL. I did not refer to you. I know where you are from. [Laughter.]

The CHAIRMAN. The gentleman is not recognized.

Mr. STEAGALL. I know where the gentleman is from, and I know how he voted on the tariff bill! I am talking about the gentleman from Kansas [Mr. TINCHE] when he gets to talking to the farmers of his State on this bill, and they begin to draw the figures on him, and the gentleman is unable to run away from them, as has been attempted here to-day, what will be his defense? The gentleman from Ohio [Mr. LONGWORTH] furnishes the answer. He says, why "the Democratic platform indorsed the provisions of this bill!" Some farmer will reply: "To hades with the Democratic platform. I voted against it."



Then the gentleman from Kansas will say, "President Wilson indorsed it." Then the farmer will reply: "My God, are you not the man who was cussing Wilson all over this country in the last campaign; didn't we elect you to Congress because we were opposed to him?" But the gentleman from Ohio has another witness ready—a witness that will pass in any court. He introduced William Randolph Hearst, and, of course, that will be sufficient! [Laughter.]

Oh, gentlemen, you will need better excuses than were suggested by the gentleman from Ohio!

They say this legislation was indorsed in the Democratic platform. I deny it. It was not in the Democratic platform. It was not in the Republican platform. It was not in any platform, and it will never be in any platform adopted by any great party in this country. You would no more have made known to the American people in your platform that you intended to do what this bill does than a burglar upon entering a house would wake up its occupants before he tried to get away with his loot. [Laughter.]

You know I have really been sorry for some of you gentlemen yesterday and to-day. I looked over at you when the gentleman from Texas [Mr. GARNER] was hurling his shells over on you in his masterly speech yesterday afternoon, and I was really anxious about you. This morning you came in looking as if there was a little more hope of life. But when "Billy" Oldfield got after you with his unanswerable array of figures you sank down again as if you had stood all you could, and when the gentleman from New York [Mr. COCKRAN] was speaking it looked as though some of you would not survive!

The gentleman from Ohio [Mr. LONGWORTH] seems to rejoice at the absence of the gentleman from Scotland Neck, and well he may. If CLAUDE KITCHIN had been here you could never have survived the operation without an anæsthetic. [Laughter and applause.] In this connection I desire to read a telegram:

SCOTLAND NECK, N. C., 3.40 p. m. August 11, 1921.

C. H. ENGLAND, Washington, D. C.:

Wife just got your telegram. I am a little tired; just have finished my minority report. Have never felt better in my life, and am now ready to take a good rest. I wrote on statistics too hard. Ought to have Price to help. But it is over now. Tell those who read the report of my relapse to read my report on the revenue bill and see if it sounds like that of a relapsed invalid. Will send report to Oldfield to-night.

CLAUDE KITCHIN.

[Applause on the Democratic side.]

The gentleman from Ohio [Mr. LONGWORTH] refers sarcastically to the telegram from Scotland Neck to the Democratic caucus. You had a lot of trouble as it was when your caucus was held, but if you will call a caucus and read the unanswerable argument in the message from the great Democrat of Scotland Neck and repeal your rule and unshackle the Members of this House so they may vote under their oaths of office and their responsibility to their constituents, the members of your own party will strip the bill of more of its outrages and amend it until its authors would not recognize it. [Laughter.]

I congratulate you upon the changes already made in the original draft of the bill. Every hour the discussion lasts in this House witnesses demand from various quarters for other changes. Every one that has been made has improved it. In fact, there is no danger of the suggestion of any amendment that would not be helpful. But you gentlemen who are supporting this bill are a long way removed now from those who will be most desirous of changing it when they find out all that is in it. You will never know the complaint that exists until you get back home among the plain people of this country. The truth is you gentlemen who are voting for this bill ought to call off all plans for a recess. The work and worry that awaits you when you get home to explain this bill will make the strain of the summer's labors here seem like a vacation. [Laughter.] If this bill ever becomes a law you who vote for it are going to be kept busy explaining from now until next election. But most of you will be relieved after that. In the next campaign you are going to have to talk about things that the people are familiar with. In the last campaign you talked about the thing you thought the American people know least about. That is always the Republican method of campaigning. You never dare go before the people a second time on the same definite issue.

Why, we all remember how your party fought when the Democrats, back in the nineties, began the fight to enact an income tax law to tax the idle wealth of this country. During the Civil War an income tax was levied to raise funds with which to support the Union Armies, but soon after the war the Republican Party repealed the law. In its stead they adopted the method of levying taxes, not according to the amount of property owned by the taxpayer nor the ability of the taxpayer to meet the burden, but according to what the taxpayer consumed. You levied the taxes upon the head of the

family, not in proportion to his wealth but according to how many children he had to be supplied with the necessities of life. When the Democratic Party began the fight to restore the income tax you opposed taxing incomes of any sort or size. You denounced us as anarchists. You said we were trying to destroy property rights and strike down the Constitution. So if you had had your way during the recent war we should have witnessed the spectacle of this Nation entering the home and taking the son from his mother's arms and sending him across the sea to fight the battles of a Government that dared not levy a dollar of taxes on the incomes of our millionaires and multimillionaires with which to support our armies on the firing line. [Applause.]

You appealed then, as you did last year, to the fears of the people. But since that fight was won and injustice and absurdity of your position established you search always for a new issue on which to attempt to mislead the people. You have never dared fight any battle on an issue upon which the people were educated or upon which contests had ever been waged before. Last year you seized upon a question of international law to find a new issue—an issue that even the most intensive advocate of popular sovereignty among those who framed our Government never dreamed should be settled by popular vote.

I warn you now that the next contest is going to be fought out in normal times and along normal lines. The League of Nations will not be the issue. You are going to have to face the plain people of America and give account of the deeds done in this Congress and the outrages perpetrated against them. Their vengeance will be as overwhelming as it is deserved. You will not be permitted to make the appeals made in the last campaign. [Applause.]

The CHAIRMAN. The gentleman's time has expired.

Mr. TAGUE. I yield 10 minutes to the gentleman from Alabama [Mr. JEFFERS].

Mr. JEFFERS of Alabama. Mr. Chairman and Members of the House, it had not been my purpose to offer the gentlemen of this House any thoughts of mine during these deliberations on such important measures as the tariff, which we have already had before us, or the tax which we now have before us. I thought perhaps it might be wiser for a new man in this body to serve a little longer probational period. But, gentlemen, as I have listened to what has been said on both sides of this House it has occurred to me that it was my duty to say something before you in an effort to bring to your minds a thought which it appears to me has escaped you thus far entirely. You have been talking in terms of money. One of the speakers on yesterday said he was talking about big money and big men; and he was, and that seems to me to be the only class that the Republican speakers have appeared to talk about or to kotow to in their speeches on this bill.

Now, my friends, I want to call your attention to a fact which some of you evidently do not realize thoroughly. I do not charge you with being unpatriotic citizens, but some of you evidently do not seem to realize that the farmers of this Nation and the middle class of the people of this Nation gave, in the bodies of their sons, by far the largest quota of men who stood before the German guns, protecting with their bodies the scoundrelly profiteers whom this bill especially relieves. [Applause.] I say to you that 200,000 farmers gave more in personal income tax returns than any other one class of people, and they furnished, in the bodies of their boys, some of whom are now back on their farms trying to make a living, the largest quota of the men who, as I say, stood between German bullets and the worthless hides of these profiteers. And now, while you are protecting these profiteers with this made-to-order alleged revenue bill, you are forgetting the farmers whose sons protected the rascally scoundrels who were grafting on the people of this country and on this Government during the very time while those boys were in the trenches. [Applause.] I want to tell you, my friends, that the boys who lie to-night enfolded in the flowered bosom of mother earth in France left to us as citizens of this country a legacy to fulfill, and if we are true to our God and to our country we will fulfill the legacy they left to us. My idea of it is embodied in a poem written by Edwin Markham, which I will repeat, in the hope that this legacy left to us by these boys will reach your minds and hearts:

They sleep; they took the chance  
In Italy, in Belgium, in France.  
For us they gave their youth to its last breath;  
For us they plunged on into the gulf of death.

With high, heroic heart  
They did their valiant part.  
They gave the grace and glory of their youth  
To lie in heaps uncouth.  
They turned from these bright skies  
To lie with dust and silence in their eyes.



Yet they have wages we know not of—  
Wages of honor and immortal love.  
For they went down only to live again  
In the eternal memory of men—  
To be warm pulse beats in the greatening soul  
That drives the blind world onward to her goal.  
They are not dead; life's flag is never furled;  
They pass from world to world.  
Their bodies sleep, but in some nobler land  
Their spirits march under a new command.  
New joys await them there  
In hero heavens, wrapt in immortal air.

Rejoice for them, rejoice;  
They made the nobler choice.  
How shall we honor their deed,  
How speak our praise of their immortal breed?  
Only by living nobly, as they died,  
Tolling for truth denied.  
Loyal to something bigger than we are—  
Something that swings the spirit to a star.

Ah, my friends, I tell you that in these few lines is embodied the legacy and the duty left to us, that we should—

Live nobly as they died,  
Tolling for truth denied,  
Loyal to something bigger than we are—  
Something that swings the spirit to a star.

And I charge every man who votes for this infamous alleged revenue bill with this reduction in these surtaxes on these profit hogs, I charge every man that votes for it with that reduction in it, with not following after the real truth, but with following after a false principle and a policy that is false to all the traditions of this country which we love and the country for which those matchless American boys were willing to toil fearlessly over the rugged path of duty even though that path led straight to the door of death itself, where they paid the supreme price with a brave smile upon their lips and a word of cheer to their beloved "buddies," who were left behind to "carry on" for God and country and for the protection of the flag and the homes of our country.

If we are to fulfill our obligations to the memory of those boys, we must be fair to the whole people and not to favor any certain class. To the Republicans I will say that it was your duty, as the majority in power, to frame a bill that would be fair to all and not made to order for the special protection of a certain class. Do not forget that you have in this bill made provision to tax the poor man's medicine; do not forget that in this bill you have made provision for a tax on carpets, trunks, valises, lights and fixtures, umbrellas, and things of that sort that the average man must buy. You are levying a jewelry tax, hitting jewelers and all who purchase any sort of jewelry or ornaments. At the same time you have with one fell swoop cut off millions of dollars of taxes which should come out of profits of these multimillionaires who made these millions out of the very lifeblood of the youth of this land, and who now should be forced to contribute heavily to this Government in the form of taxes.

Is it noble that we now relieve the very rich man and the money-soaked war profiteer while no material relief is offered for the farmer or average merchant or the great mass of the public?

Would it not be fair to continue to assess these people who are rolling in wealth until the burden caused by war expenditures, which were, of course, unavoidable, is relieved? Upon their purses now this burden really should fall most heavily.

The secret of it all is this: The money masters of this country contributed very, very heavily to the campaign funds of the Republican Party last year. Having furnished the money then, they are now demanding their pay. You have heard the voice of your masters, and you are delivering the goods, without regard or concern for the great mass of the general public of this country, and that, of course, includes the farmers.

If you follow the legacy left to you by the boys who could not come back from "over there," you will make these millionaires pay what is due to this Government. In the name and for the sake of the men that crossed the seas and stood in the trenches, and who fought magnificently for you and for me, who now lie under the countless rows of little white crosses on the fields of France, if you prove true to the legacy left to us by them you have got to make these profiteers pay, and if you do not you will be deliberately forsaking truth, so often denied, and following after the false, as it appears to my mind to-day. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. TAGUE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. HARDY].

Mr. HARDY of Texas. Mr. Chairman and gentlemen of the committee, history is repeating itself. In one of the first attempts at discussion of the political issues of the day that I ever made in my life I discussed the old war tariff and war

income tax of the sixties. In the closing years of the great War between the States the party then in power in order to secure revenue enacted two laws: An income tax law and a very high tariff law. When that war came on we had a low tariff and all parties were well satisfied with it. It had practically ceased to be an issue in campaigns, but when the great necessity arose for revenue to prosecute the war, the party in power naturally looked around for some way to raise revenue and they passed the income-tax law and a very high tariff tax. The authors of those laws, though Republican, apologized for each of them, saying that they were war measures but that when the war was over they would be repealed.

The war was fought and won by the northern side, and after the war was over the representatives of great wealth, those affected by the income tax, came to the Republican Party, the party then in power, and said: "You passed an income-tax law and justified it as a war measure, and now the war is over we ask you to repeal it." And the Republican Party did repeal it because they were asked to do it by the great wealth of the country, the special interests. But when the poor man whose back bore the burden of the increased tariff came to the same party in power and said: "When you raised the tariff taxes you apologized and said it was a war measure; the war is over, now reduce taxation," they said nay, nay, and from that day to this the party then in power has advocated a high and ever higher tariff and increased the burden of the masses. [Applause on the Democratic side.]

Gentlemen, that history is repeating itself to-day. When the Democratic Party passed the tax law now in force the great war that drained our resources in money, even more than the war between the States, was on and the party in power had to resort to every possible means in order to raise revenue to support and push the war. Let me say in passing that history will record that no people on the face of the earth ever made such efforts and accomplished such wonders in financing in such a short length of time. We raised \$30,000,000,000 and more than \$30,000,000,000 by taxes and loans to our people to prosecute the war; to finance ourselves, and help finance our allies. We sent over 4,000,000 of men across the water in a time that would seem unbelievable, and the historian will record our country's achievement—it matters not under what party—as the greatest achievement in the annals of time of any nation on the face of the earth. [Applause on the Democratic side.]

What else? Ah, we passed certain tax measures as war measures, and when you were making your race in 1918 and seeking to control both Houses you said that you were more loyal to the policies of the administration than even the Democrats were. You came into power by your avowed and boasted support of these very measures. Last year the presidential election came on. You changed your tone and blamed the Democratic administration for all the burdens and hardships of those taxes. You ignored the fact that you had been in control of the law-making branch of the Government for two years and said that when you were put in power in the White House and both Houses of Congress you would relieve the people of the war taxes. Now, what do you do? History is repeating itself; you are relieving the great wealth of the country and you are relieving it by shifting the burden to the smaller wealth of the country. That is what you are doing. Let me tell you people that you take the highest tax brackets and reduce them and let the lower ones remain unchanged or raise them.

Let me explain that as it applies to corporations and individuals. If a \$50,000 corporation earns only 5 per cent on its capital, you increase its tax from \$50 to \$62.50. If a \$10,000,000 corporation earns 25 per cent, as a great many of them have done and will do, you decrease its taxes. Such a corporation would earn \$2,500,000. Under present law it is taxed \$645,260. Under this bill it is taxed \$312,250, a decrease of \$395,010. Under this bill the taxes of about 1,000 huge corporations, which are required to pay an excess-profits tax only on net earnings above 10 per cent, will have remitted to them over a half billion of dollars of taxes, and that \$500,000,000 of taxes is made up from the increased taxes of smaller corporations, earning smaller dividends, and from other taxes on the unprivileged man. And yet we were told by the Republican President that his party was not going to shift the burdens of taxation.

But this evening I heard on the Republican side a sneer at Mr. KITCHIN because of his telegram from Scotland Neck. I am going to read you a part of that telegram now. It will be in the RECORD, but let me read to you a part of it:

According to the returns as detailed in the reports of the Commissioner of Internal Revenue, since January 1, 1916, and up to and including the commissioner's report of July 12, 1921, the corporations of the United States made net profits from January 1, 1916, to January

1, 1921, in round numbers, of \$50,000,000,000; to be exact, \$47,000,000,000. After deducting all the taxes they paid since January 1, 1916, income, excess-profits, and other war taxes, they have a clear profit left of \$38,000,000,000, more than four-fifths of which was made by less than 10,000 corporations, and more than half of which was made by 1,026 of the big profiteering corporations, which includes the Steel Trust, the packers, the Bethlehem Steel Co., etc.

I want to tell you that you can sneer at that Scotland Neck telegram as much as you please, but the whole telegram speaks in live terms of what the policy expressed by this bill means. [Applause on the Democratic side.]

Do you know that that means that 1,026 of these great profiteering corporations earned from 1916 to 1921, after the payment of all taxes, more than nineteen billions of dollars, which is enough to pay the war debt of this United States. These are the people that this bill sets out specially to relieve.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. HARDY of Texas. I have not the time. Why, 10,000 of these big corporations made a net income, after paying all taxes, in five years, more than enough to pay the debt that this country incurred, including what it loaned to our allies, and if to-night we had in the Treasury the net profits of these 1,026 biggest corporations alone, we would have enough to wipe out the debt of the Nation. [Applause.] Yet when you draw a bill for the relief of the people, you relieve them of more than three-fourths of their excess-profits tax which they would have paid if this bill is not passed.

I want to ask some of you people from the great farming regions of the West, interested alike with the farming population of the South, what you think about this. I would like to see that telegram posted in every hamlet and village of your home State. I would like to see it on the walls of all your schools. I would like to have your children learn it by heart, because it is true and it means something. Are we here to serve 1,026 corporations by relieving them? Yes; history is repeating itself. We are going to relieve the people, and when we come to the work we find that we are working to relieve the great, fatted bond owners and corporations of the country. The Steel Trust made a profit of over a billion dollars, as I remember it, in one year, after paying excess-profits tax on an income running to 50 per cent of its invested capital, and you say that you are afraid that you will discourage such industries by tax burdens, and therefore that you relieve them from the excess-profits tax. Oh, you know what I mean. You, my Republican labor friend from Wisconsin. Are you in favor of it? Do you like it? No, you don't; and if you could get out from under the whip and spur of your party lash you would not vote for it.

There are not 10 per cent of the Members here from the great agricultural belt of this country, West, South, or Middle West, or even in the back regions of New York State, who do not know that this bill is in the interest of great bloated capital and against the interest of the multitude of the people. Vote for it if you want to. It is as good ammunition as we can have in the next campaign, but I hate to see the same old story which from age to age, from generation to generation, has repeated itself, so that every generation finds special pets of governmental policies and favoritism winding their way up to the top of the mountain, while the great multitude must sink into the level of the plains below.

I do not care what the purpose was in the heart or mind of the framer of the pending bill, but these two tables show that its effect is to relieve the biggest corporations and place heavier burdens on the smaller ones; to relieve the larger individual income-tax payers and leave the burdens on the smaller ones, just the same as they are now. The revenue necessities of the Government are not affected by the manner in which, or source from which, taxes are raised. Whatever is remitted in favor of one class of taxpayers must be shifted to some other shoulders. This bill raises the taxes on some 300,000 small corporations, or corporations making small earnings, all the way from \$12.50 to \$20,000 each, and lowers the taxes on some 10,000 larger and greedier corporations making exorbitant earnings from \$60 to \$1,170,510 each. This is shown by the first table, taken in connection with official statistics, as to the number and capital of all the corporations in the United States. It must be borne in mind that there are a number of corporations having more than \$10,000,000 capital and paying larger taxes than those shown in this table. These, of course, will be relieved or benefited still more. It is contended that the present excess-profits tax is unjust and oppressive, but I submit to the average man that when the law permits a corporation to earn a net profit of 10 per cent before imposing an excess-profits tax, and when the higher excess-profits tax is shown to apply only where earnings run from 20 to 50 per cent, it does not lie in the mouth of any such corporation to

complain. I may be deemed socialistic, communistic, or bolshevistic; but I frankly say I have no sympathy with such complaint.

The second table shows the reduction of taxes on incomes of individuals. Individuals having a net income of less than \$70,000 get no reduction. The little men with incomes of \$5,000 to \$25,000 continue to pay the highest war tax. These get no relief, no lessening of their burdens. Relief from tax, lowering of tax, is reserved for the very wealthy alone. This bill is not different in kind or character from the two other so-called reconstruction measures of the Republican Party. This will make the third such measure when it is passed. The first was the Esch-Cummins railroad bill. Under it the Government has paid and will pay the roads over a billion dollars to guarantee that their earnings from March 1, 1920, to September 1, 1920, after they were turned back to private owners, should be equal to what they were at the period of their highest earnings before they were taken over by the Government, notwithstanding the fact that they had broken down under private operation and had to be taken over when they were taken over by the Government to avoid an utter failure of transportation during the war. And under it the roads were practically given authority, which they at once availed themselves of, to raise their rates sky-high, and State legislatures are petitioning Congress to restrain them in some way. What burdens these high rates have placed on the people God only knows. While every product of the labor of the common people has fallen from 100 to 500 per cent, the railroad charges are from 50 to 75 per cent higher than in war times by the kind benevolence of the Esch-Cummins law.

The second great constructive law is their tariff bill, passed by the House but hanging up in the Senate. It may succeed, as it is intended, in keeping out all importations of any goods that might compete with our manufacturing and other monopolists. If it does, the high prices paid by the farmer and wage earner to these monopolists will be a plenty.

The pending bill is the third great measure. I ought to add that they have had under advisement a claim of the railroad owners for \$500,000,000 damages for alleged inefficiency of labor since they took back their roads, and that a bill is pending to take 10-year notes of the roads for the sums expended by the Government in betterments and permanent improvements amounting to about \$750,000,000, and then somehow cause bonds to be issued on these notes, and \$500,000,000 of cash to be raised for the roads somehow on these bonds. Whether this will in the end amount to a gift of the \$750,000,000 and of the \$500,000,000 time alone will tell.

All sorts of excuses are given for these measures of special benevolence. They profess to be reducing taxes on great wealth to keep that wealth from retiring from industry and hiding itself from the tax gatherer in tax-exempt bonds. They forget that the big corporations they favor earned over \$25,000,000,000 in the five years from January, 1916, to January, 1921, and that there are only about \$16,000,000,000 of tax-exempt securities, most of which is already owned by the very wealthy individuals and corporations. Their other excuses are as flimsy and as false as this, but for many months a propaganda never equalled has been carried on so that a large part of the public believe to-day that the excess-profits tax is the only thing that stands in the way of a return to prosperity and happiness. If I thought that was true or even partly true, I would vote to repeal the excess-profits tax, even though the vote cost me my right arm. But I know it is not true, not even in part true.

The dallying and delay of the Republican Party in dealing with vital and pressing issues is the greatest hindrance to our recovery. Even wrong treatment is better than delay, because it removes uncertainty and gives opportunity for adjustment.

A strong people can stand anything better than stupid failure or refusal to decide vital questions. President Wilson knew this. When the Republicans won the House and Senate in 1918 he knew that any legislation necessary for the healing of the wounds of the war, for the reconstruction of our industrial life, must be passed by a Republican House and Senate. And he called them to meet on May 19, 1919, and urged them to frame and pass the laws necessary. Two years and three months have passed since then and no law of general and prime importance save the Esch-Cummins law has yet been passed. Even the tariff and this law will probably not pass before December or January.

The Republican Party ever since they came into power have played politics, and the big interests, who know what party serves them best, have backed them to the last dollar. In the day of readjustment and reconstruction they wanted the Republican Party in power. They have had their will. The Democrats have not delayed or obstructed or attempted to



delay or obstruct legislation. For one I would gladly see this administration a glorious success. I care not what party gives it, I want wise and righteous government. This is no time for petty partisanship. The world is even sicker than it was during the war. Famine and hunger stalk over a great part of the world. Disorder, unrest, idleness, and poverty reign over half the world. Our own country suffers with the rest. The winter is coming, and the coal barons hold the very lives of the poor in great cities at their mercy and the mercy of the railroads. The greed and glutting of wealth is entrenched in power. International commerce is dead; all trade and business is sick. How long. How long, O Lord, before something can be done to heal a sick world?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HARDY of Texas. In what I have said I spoke of some tables which would show what relief this bill would give and to whom. I present these tables. One shows the effect of the bill on corporations with capital running from \$5,000 to \$10,000,000 and earning from 5 to 50 per cent on capital invested. The second table shows the effect of the bill on individual incomes ranging from \$70,000 to \$5,000,000. Incomes for individuals below \$70,000 are not given. The taxes on them remain as at present. They are not big enough to be relieved to any extent whatever or to enlist the solicitude of the framers of this bill. Here are the tables:

*Effect of the repeal of the excess-profits tax.*

The new revenue bill reported by the Ways and Means Committee of the House of Representatives contains a provision for the repeal of the present excess-profits tax on corporations and an increase in the normal tax from 10 to 12½ per cent.

The effect of this proposed law on those corporations whose invested capital is from \$5,000 to \$10,000,000, and who are earning from 5 per cent to 50 per cent thereon, is shown in the following exhibit. Those corporations whose capital and income are in the block between the heavy black lines will pay more tax under the proposed law, while those to the right and below the second black line will pay less tax.

Invested capital.	Income of 5 per cent on capital.		Income of 6 per cent on capital.		Income of 8 per cent on capital.		Income of 10 per cent on capital.		Income of 15 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000.....	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$10,000.....	None.	None.	None.	None.	None.	None.	None.	None.	None.	None.
\$15,000.....	None.	None.	None.	None.	None.	None.	None.	None.	\$25.00	\$31.25
\$20,000.....	None.	None.	None.	None.	None.	None.	None.	None.	100.00	125.00
\$25,000.....	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50	175.00	218.75
\$35,000.....	None.	None.	\$10.00	\$12.50	\$80.00	\$100.00	150.00	187.50	325.00	406.25
\$50,000.....	\$50.00	\$62.50	100.00	125.00	200.00	250.00	300.00	375.00	640.00	687.50
\$75,000.....	175.00	218.75	250.00	312.50	400.00	500.00	550.00	687.50	1,331.00	1,386.25
\$100,000.....	300.00	375.00	400.00	500.00	600.00	750.00	800.00	1,000.00	2,020.00	1,625.00
\$150,000.....	550.00	687.50	700.00	875.00	1,000.00	1,250.00	1,300.00	1,625.00	3,400.00	2,562.50
\$200,000.....	800.00	1,000.00	1,000.00	1,250.00	1,400.00	1,750.00	1,980.00	2,250.00	4,780.00	3,500.00
\$250,000.....	1,050.00	1,312.50	1,300.00	1,625.00	1,800.00	2,250.00	2,660.00	2,875.00	6,160.00	4,437.50
\$300,000.....	1,300.00	1,625.00	1,600.00	2,000.00	2,200.00	2,750.00	3,340.00	3,500.00	7,540.00	5,375.00
\$350,000.....	1,550.00	1,937.50	1,900.00	2,375.00	2,600.00	3,250.00	4,020.00	4,125.00	8,920.00	6,312.50
\$400,000.....	1,800.00	2,250.00	2,200.00	2,750.00	3,000.00	3,750.00	4,700.00	4,750.00	10,300.00	7,250.00
\$500,000.....	2,300.00	2,875.00	2,800.00	3,500.00	3,800.00	4,750.00	6,060.00	6,000.00	13,060.00	9,125.00
\$750,000.....	3,550.00	4,437.50	4,300.00	5,375.00	5,800.00	7,250.00	9,460.00	9,125.00	19,960.00	13,812.50
\$1,000,000.....	4,800.00	6,000.00	5,800.00	7,250.00	7,800.00	9,750.00	12,860.00	12,250.00	26,860.00	18,500.00
\$1,500,000.....	7,300.00	9,125.00	8,800.00	11,000.00	11,800.00	14,750.00	19,660.00	18,500.00	40,660.00	27,875.00
\$2,000,000.....	9,800.00	12,250.00	11,800.00	14,750.00	15,800.00	19,750.00	26,460.00	24,750.00	54,460.00	37,250.00
\$5,000,000.....	24,800.00	31,000.00	29,800.00	37,250.00	39,800.00	49,750.00	67,260.00	62,250.00	137,260.00	93,500.00
\$10,000,000.....	49,800.00	62,250.00	59,800.00	74,750.00	79,800.00	99,750.00	135,260.00	124,750.00	275,260.00	187,250.00

Invested capital.	Income of 20 per cent on capital.		Income of 25 per cent on capital.		Income of 33½ per cent on capital.		Income of 50 per cent on capital.	
	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.	Tax under present law.	Tax under proposed law.
\$5,000.....	None.	None.	None.	None.	None.	None.	\$50.00	\$62.50
\$10,000.....	None.	None.	\$50.00	\$62.50	\$133.33	\$166.67	660.00	375.00
\$15,000.....	\$100.00	\$125.00	175.00	218.75	588.00	375.00	1,360.00	687.50
\$20,000.....	200.00	250.00	444.00	375.00	1,126.67	583.33	2,060.00	1,000.00
\$25,000.....	300.00	375.00	875.00	531.25	1,593.33	791.67	2,760.00	1,312.50
\$35,000.....	718.00	625.00	1,521.00	843.75	2,526.67	1,208.33	4,160.00	1,937.50
\$50,000.....	1,340.00	1,000.00	2,490.00	1,312.50	3,926.67	1,833.33	7,160.00	2,875.00
\$75,000.....	2,380.00	1,625.00	4,105.00	2,093.75	6,980.00	2,875.00	12,730.00	4,437.50
\$100,000.....	3,420.00	2,250.00	5,720.00	2,875.00	9,533.33	3,916.67	17,220.00	6,033.00
\$150,000.....	5,600.00	3,500.00	8,950.00	4,437.50	14,700.00	6,000.00	26,200.00	9,125.00
\$200,000.....	7,580.00	4,750.00	12,180.00	6,000.00	19,846.67	8,083.33	35,180.00	12,250.00
\$250,000.....	9,660.00	6,000.00	15,410.00	7,562.50	24,993.33	10,166.67	44,160.00	15,375.00
\$300,000.....	11,740.00	7,250.00	18,640.00	9,125.00	30,140.00	12,250.00	53,140.00	18,500.00
\$350,000.....	13,820.00	8,500.00	21,870.00	10,687.50	35,286.67	14,333.33	62,120.00	21,625.00
\$400,000.....	15,900.00	9,750.00	25,100.00	12,250.00	40,433.33	16,416.67	71,100.00	24,750.00
\$500,000.....	20,060.00	12,250.00	31,580.00	15,375.00	50,726.67	20,583.33	89,060.00	31,000.00
\$750,000.....	30,460.00	18,500.00	47,710.00	23,187.50	76,460.00	31,000.00	133,930.00	46,625.00
\$1,000,000.....	40,860.00	24,750.00	63,860.00	31,000.00	102,193.33	41,416.67	178,860.00	62,250.00
\$1,500,000.....	61,660.00	37,250.00	96,160.00	46,625.00	153,660.00	62,250.00	268,660.00	93,500.00
\$2,000,000.....	82,460.00	49,750.00	128,460.00	62,250.00	205,126.67	83,083.33	358,460.00	121,750.00
\$5,000,000.....	207,260.00	124,750.00	322,260.00	156,000.00	513,926.67	208,083.33	897,260.00	312,250.00
\$10,000,000.....	415,260.00	249,750.00	645,260.00	312,250.00	1,025,593.33	416,416.67	1,795,260.00	624,750.00

After studying the effect of the repeal of the excess-profits tax upon the smaller and the less prosperous corporations it is well that one be given the opportunity of glancing over the following table:

*Effect of reductions of surtax on individual incomes as proposed in H. R. 8245.*

Income.	Reduction.
\$70,000.....	\$20
72,000.....	60
74,000.....	120
76,000.....	200
78,000.....	300
80,000.....	420
82,000.....	560
84,000.....	720

Income.	Reduction.
\$86,000.....	\$900
88,000.....	1,100
90,000.....	1,320
92,000.....	1,560
94,000.....	1,820
96,000.....	2,100
98,000.....	2,400
100,000.....	2,720
150,000.....	12,720
200,000.....	24,720
300,000.....	52,720
500,000.....	114,720
1,000,000.....	274,720
1,500,000.....	439,720
2,000,000.....	604,720
5,000,000.....	1,594,720

Mr. FORDNEY. Mr. Chairman, I yield now to the gentleman from Illinois [Mr. MICHAELSON].

Mr. MICHAELSON. Mr. Chairman and gentlemen, I entertain objections to the pending bill because it seems to be built on the theory that the way to restore prosperity and happiness to our countrymen is to lift the tax burden from the comparatively few excessively rich and the parasite class generally and shift it to the backs of the producing masses, who are less able to pay.

Abraham Lincoln said, "You can not fool all the people all the time." I have been back among my constituents, men and women of moderate means, and I believe I know what they are thinking. While I do not pretend to superior powers of divination, I believe I understand the thoughts of the producing classes of our people in the Mississippi Valley and the adjacent States—the thoughts of the farmer, the laborer, the home owner, the salaried man, and the modest manufacturer.

I do not believe we are fooling them in any particular by the assertion that the pending measure is going to reduce taxes for everybody. It is not. The main beneficiaries of this bill are the very rich—the class which could and should practice a little of the patriotism and unselfishness they were so loud in proclaiming when the sons of the poor and the middle class were dying in French trenches; at a time, also, when the very rich were adding untold millions to their swollen fortunes in unjustifiable war profits.

Many of those to whom this measure extends a protecting hand may be found to-day in European spas, neither toiling nor spinning, but spending like drunken sailors, and in scandalous carryings-on, the unearned and unmerited millions that came out of the pockets of American toilers and American farmers.

We are fooling no one. My fear is that the Republican Party, which could remain in power indefinitely, is short-lived unless we here in Congress keep in mind constantly all the people, preferably the unfortunate, and not merely the special-privilege class that has already fattened too long off of Government wet-nursing. In their disgust and anger people are apt to vote the Democratic party back into power. That would be jumping from the frying pan into the fire. But that is the way of our people. They vote out the unfaithful without stopping to consider whether the next régime will be any better.

So I say, I am thoroughly convinced that a revulsion of sentiment is sweeping the Middle West, based on the growing feeling that the party now in power is not measuring up to its traditions but is becoming the abject servant of the predatory and special-privilege class. One reason for this is the refusal to adjust the compensation of the overseas veterans and their belief that at the same time we are voting millions of the taxpayers' money to the holders of watered railroad securities. Out in the stock-raising and grain belt of the Middle West I am convinced the feeling is growing that the Government to-day is more completely under the domination of the Wall Street interests than ever before.

One specific objection to the pending measure is the proposed repeal of the excess-profits tax. The committee estimates that this repeal will reduce the revenue by at least \$450,000,000 annually. True, the insurrection has temporarily defeated the abominable plan to make this repeal retroactive as of January, 1921. But there are rumblings on the other side of the rotunda. We are informed that the Senate will insist on this provision. It may yet go in.

United States Senator CAPPER has given it as his opinion on the floor of the Senate that excess profits, above a reasonable return, which were pocketed by the favored class during the war, totaled more than \$8,000,000,000. W. Jett Lauck, the noted economist and statistician, testifying before a committee of Congress, has estimated that excess war profits retained by the exploiting class totaled around \$14,000,000,000. It is this special-privilege group which we now propose to relieve from taxation.

The theory upon which this proposal is based is that the swollen-fortune class is now injuring business by investing their enormous incomes in tax-exempt securities and in taking advantage of the Supreme Court's decision exempting stock dividends; but that if we will be gracious enough to remit their taxes they will come out of their tax-exempt bombproof dagouts and condescend to invest a part of their millions in business enterprises. I pause to observe that the small home owner, the toilers in the fields, and the middle class generally are unable to take advantage of tax-exempt securities and stock dividends or to hire eminent lawyers to tell them how to evade taxation.

I also inquire as to the claimed 100 per cent patriotism of those special-privilege forces who denounced as traitors to this country those who insisted at the time that the Government

should promptly conscript excessive wealth, as well as fighting men, for the World War.

With 5,000,000 idle men in this country to-day, many of them overseas veterans, walking the streets hungry and without a place to sleep, the Congress now proposes to surrender to the excess-profit exploiters, to remit one-half billion dollars of their taxes because they threaten to put their piles of gold in tax-exempt securities if we do not bend the knee to them. This is shameful. This is not the spirit of the forefathers. It is not the true voice of the Republican Party which, under Abraham Lincoln, struck the shackles from human slaves. Human enslavement by the entrenched money power of the Nation is little less reprehensible.

Where do you propose to make up the loss of this half billion surrender to the already favored class? The committee estimates, among other offsets, that it can add \$10,000,000 by a tax on soft drinks, \$12,000,000 on cereal beverages, \$2,000,000 on soda water, and \$12,000,000 on still drinks. Who will pay this? Mr. Morgan and Mr. Rockefeller and the Astors and the Goulds and the Vanderbilts? I have traveled a good bit since I saw the light of day, but I never observed these 300 per cent patrioteers lined up at a soda fountain counter. No; they will not pay it. If you want to see the people who will pay it take a little journey through the great west side of Chicago or the congested districts of any of our large cities. The class whom you propose to favor with tax exemptions of half a billion dollars do not refresh themselves at soda fountains. They do not have to. They have all the beverages they require in their own cellars—and it is not soda water. It is the poor and the children you propose to tax to make up the exemptions you would extend to great wealth.

It has been stated on the floors of Congress that more than 34,000 millionaires were made in this country by the World War. It is this class you propose to favor, because they are not patriotic enough to share with all the people even their proportionate burden of the World War costs.

At the same time we propose to refund the billions of principal and accrued interest owing this Nation by the European militarists. And on that record you are going back to the common people to ask their approval in the coming elections. In my opinion if that record is made up many of you who go back will stay there. You will not return here.

I raise the same objection to the proposed repeal of the high surtaxes, and for the same reasons I have advanced against the repeal of the excess-profits tax. I will submit an amendment not only retaining the higher surtaxes up to net incomes of \$1,000,000 but providing that on incomes exceeding \$1,000,000 the surtax on all in excess of \$1,000,000 shall be 100 per cent.

I hold that in this age, under present world conditions, while millions are dying of starvation throughout the world and unbearable taxes for the poor and the middle classes threaten to overturn the very ideals on which this Government is founded—that at such a time as this no individual should be permitted by this Government to retain any part of a net income in excess of \$1,000,000. Secretary of the Treasury Mellon has reported that there were 63 such persons in 1919.

I now come to the exemption which I believe is morally justifiable. It is a further exemption for those at the bottom. I shall propose an amendment exempting from all income taxation net personal incomes up to and including \$5,000, this exemption to apply equally to men and women without regard to whether they are married or single. We have amended the Constitution of the United States to extend equal ballot rights to women. Equal taxation rights, equal property rights, should follow. If women are the equals of men at the ballot box when the representatives of the people are chosen, then they are, by every rule of right and justice, entitled to full equality in all activities of the human family. For that reason I make no distinction as between male and female, single or wedded.

If the Republican majority in this Congress will exempt from income taxation incomes up to \$5,000, and not only maintain but increase the tax on swollen fortunes, even to the extent of conscription in extreme cases, the Republican Party, in my opinion, will restore itself to the confidence and affection of an overwhelming majority of true Americans and will be retained in power, as it would deserve to be, so long as it legislates for all the people and not a small group of shameless profiteers and international exploiters.

Any other course, in my judgment, would be fatal, and probably would mean the dissolution and certain death of the once beneficent instrument of representative government perfected under Abraham Lincoln.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Ohio [Mr. Fess] 20 minutes.



Mr. FESS. Mr. Chairman, last April, when we were not so pressed for time, I discussed rather fully the taxation question. At that time I pointed out what I regarded as the fundamental requirements to be met both by legislation and by the process of economic law. I am not inclined to rehash the argument that was offered at that time, neither am I inclined to repeat the arguments that have been offered by Members of the House in the serious discussion at the present time of this most important matter—too important to be treated as many have treated it on the Democratic side of the House. I want to call attention to the seriousness of the problem as I see it, and leave the responsibility for refusing to meet it to those who want to assume that responsibility. The Government is costing us about six times what it cost us in 1914. This charge upon the Treasury is a condition that we face and which can not be met by either vituperation or mere irresponsible statements. It is unnecessary for us to state why that staggering burden is now upon us. The big thing with us is how can we meet it. It can not be done by demagogic harangue such as we have been served by the Democratic Members here. The program of the Congress has been to reduce the cost of government saddled upon us in the recent orgy of wild expenditures wherever it can be done. We have outlined the plan, and when the detailed statements of the items of reduction are mentioned as proposed in this bill, we are met by the opposition with statements that the reduction will not be made. This opposition thus far displays its purpose to prevent the reduction so far as it can go. Whether it be made or not, the real point of discussion now before us is, What shall we do with this war tax which still exists on our statute books?

This administration has already taken the most significant and far-reaching steps to accomplish the reduction of taxation, and in opposition, I regret to say, of our Democratic friends, which meets us at every point, as in the budget, the peace resolution, the reorganization program, and now we have it on the tax question. It is our duty to meet the question of extravagance in spite of this opposition, and we will meet it wherever it can be done. The crying need of the country is to resume a normal state of production that consumption may be possible. Our chief duty therefore is to reduce the high cost of production, which is still largely on a war basis. We are told by the producer that he still must pay war taxes, war transportation, war rents, war interest, and so forth. One of the items of that cost, if not the chief item, and with which the Government has to do and should be chiefly concerned, is taxation. I want now to warn the country that we can talk until we are blind about the elements in the cost of production and the necessity of its reduction. The Government itself can not make any reduction, except as we can cut out on items of Government expenditure, on the one hand, which is the only way to bring about a reduction in taxation, because the cost of Government is the measure of taxation. That is what we are here to do. First, we must cut to the very bone every appropriation which is made. Under the Director of the Budget that process is now going on. Second, we must reorganize governmental activities to eliminate waste by duplication. That is rapidly proceeding under a congressional commission, which will soon be ready to report. Third, we must avoid any new legislation that involves any great expenditure of money which can be avoided. Valuable legislation is suspended which were it not for the necessities of the Treasury would at once be enacted. Our particular business has been in the reduction of the cost of the Government. It is now to reduce the taxation as far as our ability to cut the cost will permit us to do it.

As I see it, the supreme thing in this reduction of the burden of taxes is, first, to free the capital of the country that has been driven by confiscatory taxation under the cover of tax exemption into unproductive channels so that it can be induced to go into productive industry. I am charged by those who do not agree with me politically when I thus speak with speaking in the interest of capital and of the capitalists instead of speaking in the interest of the people, but they should remember that capital makes possible the employment of people and their consumptive power. Of course, no one here fails to observe the deep concern of our Democratic friends over the necessity to make political capital. The cry of relieving the rich at the expense of the poor is familiar to everyone. It is a Democratic objection to every effort to build up American enterprise through the investment of capital in those industries that employ American labor. It too frequently displays its animus in an attempt to array the less fortunate against the more fortunate. Carried to its logical conclusion we would have bolsheviki Russia at our own doors. No good can ever come from setting the masses against the classes.

The interest of each is that of the other. The employer depends upon the employee, and vice versa. The producer depends upon the consumer.

There is no such thing as consumptive power unless capital can invest in productive industry, and you can talk until you are blind that in your protests you are speaking in the interest of the people when you punish capital for investing. What on earth will people do if there is no employment that gives them the ability to consume the product of the American farmer? Employment depends upon the freedom of capital to invest. Deny that freedom by confiscatory taxation and there is no employment of labor.

Mr. HARDY of Texas. Will the gentleman yield right there?

Mr. FESS. I do not want to be discourteous, but I should like to pursue my thought. And when I speak of the freedom of capital to invest in productive industry I have no interest in the capitalist as a class. I do not think, so far as I know, there is a man in the seventh Ohio district who will be affected specifically by the reduction of these high surtaxes. I may be mistaken, and there might be some in the district. If so, I do not know him as such, and no one has appealed to me on his behalf. I am not speaking for him if he is in the district, or elsewhere, to relieve him of paying high taxes. My interest is in the employment of this capital that is not free to invest in productive industry, which is the source of the employment of labor, but which, on the other hand, is driven into channels which do not employ labor steadily.

I am speaking for this investment in order to augment the consumptive power by the payment of wages to labor and the creation of a market to the farmer in the district which I represent, in the State in which I live, and in the Nation of which we have the honor to be citizens. It is these interests for which I speak primarily, and not for the man whom you say I am protecting as a capitalist. That is why I urge the adoption of this tax measure.

Now, gentlemen of the committee, if I were to put my vote to repeal the excess-profits tax and to reduce the surtax—which seems to be the objective of our Democratic friends—if I would put it upon the basis that it is asked to be done by distinguished representative American citizens, why look at the argument from higher sources of authority that we would have, argument that would be conclusive. It has been asked specifically by President Wilson in a special message to Congress; it has been asked by Secretary of the Treasury CARTER GLASS, whose statement of the reasons for the repeal was powerful and cogent. There is not a Member of the House on either side of the aisle who served with him in the House and who closely observed his attitude toward measures who would not give due respect to the opinion of CARTER GLASS. As a Republican, I followed him in the adoption of the Federal reserve system, even though he brought it before the House as a party measure. I respect his ability. He usually rises above mere party advantage in legislation. Secretary Houston, his successor, took the same position in the demand for the repeal of these laws. When I say that I put it upon the best of authority on either side of the aisle—Democratic authority of the Wilson administration and now Republican authority of the present administration—I have splendid support from the Democratic authority and I have splendid support from Republican authority.

The distinguished Democrat, candidate for the Presidency in the last election, who is my neighbor and whom you recognize now as your leader, stated publicly that those two things must be done. We have placed in this bill the repeal of the excess-profits tax and the lowering of the high surtax. This position was taken by him both before and during the campaign. The Democrats attempted to make it an issue between parties, and Members here all recall how they criticized Republicans because we did not act at once upon the demand for repeal. The Democrats were right then, but now, when we proceed to do what we were then criticized for not doing, unitedly they repudiate all their leaders, eat their own words, and declare the repeal the "most vicious of all legislation."

While the wording in both national platforms of the two parties did not specifically use the language used in this bill, everybody understood that both the Democratic and Republican national platforms stood for the repeal of the two war taxes, namely, the excess-profits tax and a reduction of the surtax. Their demand could not be better worded than the plank in the San Francisco platform. [Applause on the Republican side.] So much for Democratic and Republican authority for these reductions. But I do not put it upon that basis. I do not put it upon the basis, either, of a war tax enacted to win the war, and by its very wording was to last only to the end of the war. Neither do I put it on the basis that it is going to be particu-

larly favorable to this class or that class, to this section or that section. It is not that basis upon which I put it. I put the repeal of the excess-profits tax upon the basis that it is the most unscientific and uneconomic tax that has ever been put upon the statute books of the Nation.

This tax, legitimate in time of war, can not be defended as a sound theory in time of peace.

It penalizes thrift, industry, economy, and frugality and favors indolence, extravagance, and industrial stupidity.

It violates every principle of economic production, and thereby weakens the consuming power of a community.

It discourages the expansion of established businesses and prevents the opening of new enterprises.

No man nor group of men will ever enter upon any hazardous business in which there is to be a loss for some time upon the assurance that in time the enterprise will insure profit enough not only to pay up all losses but to profit in the long run. This assurance is forbidden by the excess-profits tax.

Had such a law been on the statute books of the country as a permanent system of taxation, we would not now have our wonderful standing before the world.

The testimony before the Finance Committee of the Senate was all to the effect that this item was included in the cost items in the market. The manufacturer put it on the wholesaler, who paid it once. He in turn put it on the jobber, who paid it twice. He in turn put it on the retailer, who paid it three times; and he put it upon the consuming public, who paid it all the time. This tax lies close to the bottom of much of the high level of cost of living. It is not to be tolerated as a permanent system of taxation.

The table shown here by the gentleman from Arkansas was all hypothetical. It showed what would be paid if a corporation made so much profit. But the difficulty is that the corporation will not only not make the profit but it will not care to risk continuance. Hundreds of sales which would be made were this tax eliminated are not made simply because the owner can not afford to sell at such a penalty. This is especially true in real estate transactions.

What the table should show is the comparison of what the corporations would pay as shown in the chart, and what they really did pay as shown by the Treasury figures.

That chart is upon the same basis of the assurance given of yore—"if the heavens fall we will all catch larks."

The fact is the excess-profits tax will repeal itself if we do not do it by law with the consequence of further disaster to business.

I voted against it in 1916, before we were in the war. I voted for it as an uneconomical proposition in 1917, when we were in war. I wonder whether our Democratic friends know that on the 17th of May, 1919, the Republicans met in caucus in this room and decided that while it was the privilege of individual Members to resist a proposition submitted by the President, we as a party would not resist any measure that President Wilson would put on the basis of winning the war. [Applause on the Republican side.] That was the caucus action, and I think it was the proper thing to do.

Mr. HARDY of Texas. It would have been a suicidal thing to do otherwise.

Mr. FESS. And friends of ours criticized us on the basis that we had gone too far.

Mr. STEVENSON. I think the gentleman got the date wrong. The gentleman said May, 1919; it was May, 1918.

Mr. FESS. I thank the gentleman. It was in 1917, soon after we had entered the war.

Mr. STEAGALL. Will the gentleman yield?

Mr. FESS. Yes; I will yield to the gentleman.

Mr. STEAGALL. You also said on every stump in the campaign of 1918 you were more loyal to the President than we were and would stand by him, and said it was an insult to say you would not do it, before you got here, and you said you would have been insulted again if—

Mr. FESS. The Republicans were in the minority in that Congress, yet they cast more numerical votes than your party did, which was in the majority. That is why I said it, and that is why I now repeat it, to refresh the country.

Mr. CARTER. Will the gentleman from Ohio permit me just a moment?

Mr. FESS. I do not want this to get into a party discussion.

Mr. CARTER. I am not going to precipitate a party discussion.

Mr. FESS. I will yield to my friend from Oklahoma.

Mr. CARTER. I just wanted to say, if the gentleman will remember, the Democrats never were in the majority during the war Congress.

Mr. FESS. Oh, yes; they were. They organized the House in the election of Champ Clark as Speaker.

Mr. CARTER. I mean from 1918 on.

Mr. FESS. Yes; and you were in the control of Congress before, prior to the Sixty-sixth Congress.

Mr. CARTER. Well, we were not in the majority; we organized the House by having some independent votes.

Mr. FESS. I want my friend to understand his party was in the majority in this House until March 4, 1919, when the Democrats were displaced by the Republicans at the election on the 5th day of November prior to November 11, 1918, when the war ended by the armistice. Does the gentleman remember that?

Mr. CARTER. The gentleman is mistaken about that.

Mr. FESS. No; I am not mistaken. Never until this good hour have I heard any man deny that the Democrats did not control the Sixty-fifth Congress.

Mr. CARTER. We were not in the majority.

Mr. FESS. I am right. If you were not in the majority, how could you have the Speaker, the chairmen of all the committees, the supreme control of the machinery of the House?

Mr. HARDY of Texas. Will the gentleman yield?

Mr. FESS. I do not want to be discourteous, but my friends are deflecting me. You are trying to compel me to make a political speech, and I do not want to do it. I am anxious to confine myself to a serious discussion of the bill before us.

Mr. HARDY of Texas. My impression is that the gentleman is wrong when he said that more Republicans voted for the Democratic administration than Democrats.

Mr. FESS. The "gentleman from Ohio" is not in error. I made this statement, that on eight of the major war measures the Republicans, in the minority, cast more votes numerically than the Democrats. I made that statement as a matter of fact, easily verified, if anyone cares to do so.

Mr. HARDY of Texas. I am sure the gentleman is wrong.

Mr. FESS. I made that statement for the press, giving the measures, the dates of passage, and the number of votes, Democrat and Republican, which statement was published everywhere and verified by the figures.

Mr. HARDY of Texas. That is not right, because I hunted up the Record.

Mr. FESS. I can not yield further. It was not until the Democratic leadership saw that Republicans would take control of all war legislation in support of the Government did they finally line up behind the Government.

I was trying to say when this colloquy came up that my concern in the repeal of these war-tax features is not because they were simply war measures. We would have a duty to repeal them on that basis; that is, war legislation should not continue in peace times. But I do not put it on any of those bases.

My concern about the repeal of these two features of the present tax bill is to give freedom to the business of the country to employ the labor of the country in industry without taking the risks incident to business and the additional penalty of confiscation of 80 per cent of profits over a profit of 8 per cent. The consumptive power of a nation which supplies the home market of our producers depends most largely upon productive industries. When you have consumptive power you have the ability to sell the products, whether of the factory or the farm, which is the basis of American prosperity. I am therefore speaking on this issue for the integrity of American business to employ American labor steadily and at a wage that will insure the maintenance of our standard of living, which insures general prosperity of all our people.

Now, I want to know what is going to be the fate of any country which will not take the steps, if possible, to start the industries of the country. I do not want to overlook any legislation that will relieve 5,000,000 people now out of employment, walking the streets, wanting to work, and no work to do. My colleagues, I seriously believe that the biggest concern in America to-day is to know how to start and keep going the labor-employing industries in America. We all want to see the way open to invest every dollar of the country's capital in the industries to employ its labor at a steady wage and at a good scale of pay. That is the biggest thing in the American world to-day. It can not be done by denouncing capital and hog tying it by confiscatory laws. It can be done by giving it a chance for profitable investment. It can not be done by Democratic policies, in attempting to array the employee against the employer, the masses against the classes, as illustrated in this debate. It will be assisted by Republican efforts to give relief, as proposed in this bill.

In order to get the money freed from the incubus of the penalizing law that makes it impossible for capital to go into a productive industry, but in sheer defense compels it to seek



refuge in unproductive investment, we also propose to reduce the higher surtaxes.

Now, it is no use for me to talk about these great incomes going into nontaxable investment. I discussed that fully last April here when this matter had not yet come up as a bill for discussion. I made the statement then that we had before the war only \$3,000,000,000 tax-exempt securities. Now we have the enormous amount of \$16,000,000,000. At least \$5,000,000,000 of this increase has occurred in the last three years. Every Member here knows that this staggering increase is taken up by big capital. From both sides of the aisle many Members have said that the reduction of the surtax rate is not the remedy, but say these Members we should forbid the tax-exempt issue rather than to reduce the surtaxes. Now, everybody knows, or should know, I think—and I do not want to be exaggerative or superlative in my adjectives—that you can not by Federal action forbid the issuance of tax-free bonds in the State of Ohio or in Indiana or in Tennessee, or any other State of the Union. You may possibly forbid tax-free bonds in the city of Washington, which is Federally governed. But you can not do it in any other city like Baltimore, Boston, or New York, or any municipality. And when Members urge that we ought to tax these securities anyway, even though they are made free of tax by the States, that we should tax them by the Government, it is enough to say you can not do that under our system of government.

I think every lawyer here will concede that McCullough vs. Maryland made it final when John Marshall said that taxation carries the power to destroy; therefore the State can not tax a Federal security and, vice versa, the Federal Government can not tax the State security. There is no such thing as the Federal Government taxing a State obligation without the consent of the State, and there is no such thing as our forbidding a State to issue its securities. These securities exist without permission of the Federal Government. They remain tax free because the Government has no power to tax them. And this is all useless talk about our prohibiting the States issuing and the cities issuing \$16,000,000,000 of tax-free securities, simply because we have no authority without a constitutional amendment to do it. If we submit it as an amendment to the Federal Constitution, if the House here and the Senate will join in recommending it as an amendment by two-thirds vote, it would have to go to the States and be ratified by three-fourths of them to become effective. I ask my friend from Pennsylvania, who sits before me, would your State vote to take away from itself the power to issue tax-exempt securities? I do not think it would do it. I do not think Ohio would. Therefore I think it is folly to talk at this hour against the reduction of the surtax on the basis that it is not the proper procedure, but that we ought to forbid their issuing these tax-free securities.

Now, my friend, the eloquent young Member from the fourth Alabama district, has made a moving appeal here, in speaking about the wickedness of the men who will not put their money in taxable industries but hide it away in tax-free securities. No informed man will doubt that the vast amount of money which has taken up this \$16,000,000,000 tax-exempt bonds is supplied by the holders of big incomes which seek this refuge from confiscatory taxation, but which, on the other hand, would enter productive investment if the penalty for success was not applied by war-tax demands. A comparison of the Treasury figures of 1920 and 1921 with 1918 and 1919 shows a remarkable diminution of the number of big income taxpayers in the later years. That means they have entered the tax-exempt market.

Now, members of the committee, there is no use in damning a business man for seeking protection in tax-exempt investment when the Government takes 73 per cent of his income if invested in tax-bearing industry. He refuses to take a chance to invest in productive industry that will be taxed at such rates and invests in tax-exempt securities where no risk is involved. There is no use of condemning him. If it were in time of war, we would all condemn it as unpatriotic, but it is not unpatriotic for a man to defend himself from confiscatory taxation in peace time, and you will get nowhere by simply damning him for doing what every man would do. [Applause.]

I want you to note these facts as a matter of computation in arithmetic. You take the State of New York, which has a form of taxation on its own bonds and then allows a tax-free security ranging at 6 per cent, say.

Here is a computation. If a man in New York has \$20,000 and wants to invest it, he has the choice of investing it in this tax-free security at 5½ per cent. I take the tax-free security at 5½ per cent, because that is the rate in the last issue of the short-term certificate of three years. The investor can choose to invest it in this 5½ per cent security or invest it in productive industry, subject to the present taxation laws. If he invests

it in the 5½ tax-free security, his income or profit from his investment is definite; he gets 5½ per cent income. If he invests it in productive industry upon which he pays the present tax, he would have to make 7.01 per cent profit to realize the 5½ per cent after the tax is paid. If his investment is \$50,000, he would have to make a profit of 8.71 per cent. If his investment is \$100,000, he would have to make 14.02 per cent profit. If his investment is \$200,000, he would have to make 17.42 per cent. If it is \$500,000, he would have to make 22.11 per cent in order to realize his 5½ per cent after all tax is paid. If an investor wishes to invest \$1,000,000 so as to realize 5½ per cent assured if invested in tax-free bonds, he would have to make 23.96 per cent profit.

Now, if a man with, say, \$500,000 income has his choice to invest it in productive industry where labor is employed in a going concern, or in tax-exempt securities, where capital does not steadily employ labor, his choice would be determined by results. He could invest it in a 5½ per cent tax-free security and realize \$28,750 profit on his investment. But if he invests it in a productive industry under the present tax laws he would have to make 22.11 per cent, or \$110,500, to realize the \$28,750 after all the taxes were paid. No one can doubt what a sane business man would do. He will not take the risk, for he will not make 22.11 per cent, or \$110,500, to begin with. He will take the safe course and put it where he is safe, but, unfortunately, where the Government gets no tax; and he does precisely what any sane man would do, and it is perfectly silly to stand here and argue that he ought to invest it in productive industry and denounce him as unpatriotic because he takes the safe course. The tax is so high that it operates like prohibitive tariffs, by cutting off revenue.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield for a brief question?

Mr. FESS. No; I regret I can not yield.

My concern is to discourage the investment of the millions of money in tax-free securities upon which we collect no taxes, or at least to remove the compelling force which drives it to do so, and to divert them into the productive industries, every one of which will employ labor of the country, and then you have opened the way to prosperity, which in the end will increase the revenue. [Applause on the Republican side.]

That is precisely the trouble with these war taxes, and there will be no better times until we can find a way for capital to employ the labor of America that is now out of employment. [Applause on the Republican side.]

This bill goes a step further to relieve the burden. The committee fully realize the handicap of the country by the high cost of transportation. The rail problem is closely identified with the prosperity of the country. Rates of transportation are too high, yet there is no chance to reduce them so long as the operating expense is on the present high level. The roads are making an effort to reduce this high cost level. They have already reduced the employee force 400,000 and have inaugurated other economies which promise better service at less expense to the public. This is managerial rather than governmental. But Congress can reduce the cost of transportation by a repeal of the transportation tax, which is a saving to the public of about \$300,000,000 annually. This bill proposes in the main to reduce taxes to the enormous amount of \$700,000,000, or more than the total cost of all expenses of the Government in 1912—a decisive achievement in economy.

The assaults of our Democratic friends are not sincere. Their statements are without foundation. They daily proclaim we have taken the tax off the rich and placed it on the poor; that we have exempted the rich and burdened the poor. Of course, no one believes such statements, not even the authors. They are made in the baldest manner without a scintilla of fact to support them. The repeal of the excess-profits tax is primarily in the interest of the public. They injure the small corporation more than the large, as shown by the Treasury figures submitted by Chairman FORDNEY.

The lowering of the surtax is not primarily to relieve the rich, but to invite the development of industry, the basis of our prosperity, without which we will be nationally prostrated. Surtaxes are still maintained from 8 per cent to 32 per cent, graduated up to \$66,000 income. No income above it escapes that tax, as the Democrats would have the public believe. The present law graduated the surtax up to 65 per cent as the maximum. This bill graduates it up to 32 per cent. Between 32 and 65 per cent the figures show a very small amount of revenue in 1920 as compared with 1918 and 1919, which shows that it has reached the height where the law defeats its purpose.

The statement that the bill removes the tax from the large and places it on the small incomes is equally untrue. The corporation income tax is a flat tax of 12½ per cent, applied to every

corporation under this bill precisely as the 10 per cent corporation income tax applies under the present law.

The material relief in the bill is found in the exemption from income tax of \$2,500 raised from \$2,000 and applied to incomes not above \$5,000. In this class of taxpayers we have the largest number. The bill is not complete, but it is a vast improvement over the present system. It also clarifies and simplifies the system so as to avoid interminable disputes. It recognizes fundamental principles of tax reform. It seeks productivity and equity. It has the virtue of certainty of taxation, economic administration, and convenience of taxpaying, all of which are violated by the present system. We earnestly desire to start the wheels of industry, to remove unemployment in our centers, to insure efficient production, and to fully utilize our elements of national prosperity, all of which await a rational liquidation of war conditions, in which this legislation is an important step. Republicans will be courageous enough to take hold of the problem, and do it in the face of this demagogic opposition, knowing that this opposition will resist on every hand our efforts to clean up the horrible mess of the last eight years.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. RAMSEYER].

The CHAIRMAN. The gentleman from Iowa is recognized for 10 minutes.

Mr. COLLIER. Mr. Chairman, I do not want to take this out of the time of the gentleman from Iowa, but I would like to ask the chairman how the time stands, with the gentleman's permission?

Mr. RAMSEYER. If it is not taken out of my time, I have no objection.

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY] has consumed 7 hours and 22 minutes. The gentleman from Texas [Mr. GARNER] has consumed 5 hours and 32 minutes. The gentleman from Iowa [Mr. RAMSEYER] is recognized for 10 minutes.

#### PRESIDENT HARDING'S IDEAL OF WAR FINANCE.

Mr. RAMSEYER. Mr. Chairman, on May 14, 1917, when the first war revenue bill was under consideration on the floor of this House, I made a somewhat extended speech on the "Conscription of wealth." I repeat here a few sentences from that speech:

If we need soldiers, we go where the men are and conscript them. If we need money, we should pursue the same course—go where the dollars are and conscript them.

The men who will fight this war must come from those now living, so the funds to finance this war should be taken from the wealth now in existence. Property should be forced to sacrifice as well as men.

The property we will use and need in this war must come from our citizens. We can not get it from any other country. We can take that property and pay for it by taxation, or we can place the greater part of the financial burden, by bonds, on those who are not here to speak for themselves. The former course is the manly and patriotic course; the latter appeals to me as unmanly and cowardly.

The men who framed the war revenue bill of 1917 did not see fit to enact into law my views of what was right and just under the circumstances. Whether they failed to comprehend the principles then advocated or feared the Caesars of finance I shall not now undertake to say. A very able and distinguished leader has within the last six months announced to the world that the principles which a few sought to apply to the last war, as outlined in my speech, should be applied in case of a future war. That leader is none other than President Harding. In his inaugural address, referring to future wars, the President had the following to say about the proper and just way to finance war:

I can vision the ideal republic, where every man and woman is called under the flag for assignment to duty for whatever service, military or civil, the individual is best fitted; where we may call to universal service every plant, agency, or facility, all in the sublime sacrifice for country, and not one penny of war profit shall inure to the benefit of private individual, corporation, or combination, but all above the normal shall flow into the defense chest of the Nation. There is something inherently wrong, something out of accord with the ideals of representative democracy, when one portion of our citizenship turns its activities to private gain amid defensive war, while another is fighting, sacrificing, or dying for national preservation.

Then we should have little or no disorganization of our economic, industrial, and commercial systems at home, no staggering war debts, no swollen fortunes to flout the sacrifices of our soldiers, no excuse for sedition, no pitiable slackerism, no outrage of treason. Envy and jealousy would have no soil for their menacing development, and revolution would be without the passion which engenders.

Because Congress failed to enact into law for the last war the principles advocated by President Harding for a future war, we have now just what President Harding in his speech said should be avoided under his "ideal republic." We have "disorganization of our economic, industrial, and commercial systems at home"; we have "staggering war debts"; we have "swollen fortunes to flout the sacrifices of our soldiers"; and we have

or have had, whether there be excuse for it or not, "sedition," "slackerism," and "treason."

The principles advocated by the President in his inaugural address are fundamental. The evils which followed the improper and reckless financing of the war must be rectified as soon as possible. The staggering war debt must be paid and revenues raised to meet the enlarged running expenses of the Government. The problems immediately before us are to devise equitable and just means to meet the expenditures of the Government and to pay off the national debt. It is now too late to regret that the President's ideal for future war was not placed into practical effect for the conduct of the last war. Let us hope, if unfortunately we should get into war again, that the President's ideal for the conduct of the next war will have more supporters than the advocates of the same ideal had during the last war.

#### IDEAL OF PEACE FINANCE.

There is, I hope, to be a long period of peace between the last war and the next war. The sooner we forget the blunders of the last war and settle down to tackle the peace-time problems in a sane, just, and sensible way the better it will be for us and for those who come after us. We need to raise some money—according to the Treasury Department, \$4,500,000,000, which amount was reduced \$500,000,000 one night last week. Frankly I think the Treasury's original estimate more accurate than the estimate we have before us now. How shall we raise the amount needed? It is evident that "The country does not expect and will not approve a shifting of burdens."

Income and profits taxes should not be so high as to stifle enterprise or discourage initiative. Laws should be so framed as to encourage men to invest their money, to accumulate property, and to amass wealth. The more property owners we have the happier will be our people and the safer will be the Nation. You make it possible for every family by industry to acquire a home, and there will be no end to the life of this Republic. This happy condition can not be brought about on the theory "that the poor should pay the taxes and the rich accumulate more money."

In passing I want to say one word about the inheritance tax or estate tax. I introduced a bill to more than double the present estate tax. I appeared before the Ways and Means Committee and had a courteous hearing. What happened to my bill I do not know. I am unable to find any trace of it in the bill now before the House. For those of you who are interested in the subject, I refer you to my statement in the CONGRESSIONAL RECORD of August 16. I placed that statement in the RECORD principally to inform Members of the House what countries like Great Britain and France were realizing from their estate tax laws, and bring before you and the country anew the arguments of Theodore Roosevelt and Andrew Carnegie on that subject. Taking into consideration that the national wealth of the United States is from three to five times greater than the national wealth of Great Britain, if we would impose the same rates on estates as they do in Great Britain, we would collect each year from \$600,000,000 to \$1,000,000,000. The arguments for such a tax are self-evident.

The Ways and Means Committee, which refused or neglected to report out my bill, is not going to offer any arguments against it. Their attitude is, "Let sleeping dogs lie." They know that an amendment to increase the estate tax would pass this House by an overwhelming vote, therefore they neither speak nor act. Furthermore, that committee will not act until it is forced to do so by a tidal wave of public opinion. Just as sure as I had White House support within four years after I advocated the conscription of wealth for war purposes, just so sure will I have White House support within the next four years for increased taxes on estates. If you gentlemen on the Ways and Means Committee desire to popularize this bill and make it more equitable, you will offer amendments, or permit the offering of amendments, to increase the tax on estates.

#### PAYMENT OF THE NATIONAL DEBT.

Mr. Chairman, there is another matter I desire to discuss, and that is relative to making the necessary provisions for the payment of the national debt by the generation that made it. There is a quiet but forceful movement—or, rather, conspiracy—on foot to refund our national debt into long-time securities running all the way from 50 to 100 years. This movement is backed by the men who would rather draw interest from the Government on tax-free securities than to contribute their just share to the payment of the national debt.

What I want to call your attention to now is this: I have prepared a concise statement on the law and the position of the Republican Party as announced in our last party platform upon the payment of the national debt. We hear it stated fre-



quently here from Members on the floor of the House, and we see it in the public press, that the national debt is not to be paid off by this generation and that when our children will be great-grandfathers and great-grandmothers that debt will still be unpaid. I have looked up the law touching the payment of the national debt and read that carefully, and then I turned to the Republican platform adopted in 1920, together with the annotations upon that platform. I have prepared a concise statement along that line that I want to read to you, and if I misstate either the law or the Republican policy as declared in its platform I invite any gentleman present to rise and correct me.

I now call your attention to existing law on the payment of the national debt. The older Members here know, and the younger Members should know, that under existing law if honestly administered, and not repealed or nullified, the people of this country will be entirely relieved from the war debt in 25 years, provided foreign nations pay their interest regularly and ultimately the principal.

The way the law works is this: Our bonded indebtedness is in round numbers \$20,000,000,000, and our floating indebtedness, in round numbers, is \$3,000,000,000. Section 6 (a) of the Victory Liberty bond act of March 3, 1919, provides for a cumulative sinking fund to apply on the payment of the bonded indebtedness less what the foreign Governments owe us. The total bonded indebtedness of \$20,000,000,000 less the \$10,000,000,000 owed by the foreign Governments leaves the \$10,000,000,000 covered by the sinking fund provided for in the act of March 3, 1919, and which according to the Government actuary estimate will be retired in 25 years. To pay the sum of \$10,000,000,000 loaned to foreign Governments, section 3 of the first Liberty bond act of April 24, 1917, and section 3 of the second Liberty bond act of September 24, 1917, contain provisions for the application of repayments of loans to foreign Governments to the retirement of outstanding Liberty bonds. That is, the sinking fund plus the repayment by foreign Governments will retire the entire bonded indebtedness.

The policy of the Government as written in the acts referred to is just and wise and should be carried out to the letter. The men who fought under the flag during the war have discharged their obligations to the country. The wealth of the Nation must bravely face its obligations by discharging the debts created in carrying on the late war. [Applause.]

But, my goodness, cry those who advocate the saddling of the national debt on generations yet unborn. We taxed our people heavily during the war while other nations financed themselves much less by taxes and more by borrowing. That is true. That is why we are solvent and other nations are "busted"; and the more they depended on bonds and the less on taxes, the more "busted" they are. The more bravely a nation faces its war obligations and the sooner it discharges them, the sooner will that nation return to normalcy and prosperity.

#### THE REPUBLICAN PLATFORM ON PAYMENT OF NATIONAL DEBT.

Republicans who advocate refunding the national debt into long-time securities are heedless of the party pledges to the voters during the last campaign. The Republicans in their national platform in regard to the floating indebtedness made this declaration:

The next Republican administration will inherit from its Democratic predecessor a floating indebtedness of over \$3,000,000,000, the prompt liquidation of which is demanded by sound financial considerations.

I call your attention to the words "prompt liquidation." The sense in which "liquidation" is used in this party declaration can have no other meaning except that of "payment." Sound financial considerations dictate that the floating indebtedness should be paid off by 1923.

Let me read you another party pledge in the Republican platform of 1920:

Moreover, the whole fiscal policy of the Government must be deeply influenced by the necessity of meeting obligations in excess of \$5,000,000,000, which mature in 1923.

I read this from the Republican Campaign Textbook of 1920, on page 141. The annotator of the platform—who the gentleman was I do not know, but evidently one who was chosen by the party leaders to give the voters the proper interpretation of the platform—has this to say:

To the largest possible extent these obligations should be finally paid and not refunded at maturity. The refunding of a debt of \$5,000,000,000 in time of peace, without the stimulus of war patriotism and without the help of the gigantic organization which placed and distributed the Liberty loans, is at best a difficult and might prove an impossible undertaking.

Gentlemen on the floor of this House speak of refunding both the floating indebtedness and the indebtedness which matures in 1923. By whose authority do they speak? They do not speak by the authority of the Republican Party platform of 1920, and

they do not stand on that platform. They openly and willfully repudiate the pledges made by the Republican Party to the voters of the country. The annotator of the Republican platform on page 141 of the Textbook further states:

The best preparation for the grave task which will confront the Treasury in 1923 is a preceding record of debt extinguishment, ample provision for a sinking fund, and the assurance of current receipts sufficient to meet current expenditures.

Right here let me tell you that I am frankly of the opinion that the bill reported by the Ways and Means Committee will not do that.

Mr. GERNERD. May I ask the gentleman a question?

Mr. RAMSEYER. Certainly.

Mr. GERNERD. Does not the gentleman realize that the present administration is taking care of the sinking fund under that very provision?

Mr. RAMSEYER. I have referred to the sinking fund.

Mr. GERNERD. I would almost infer that the Republican Party, according to the gentleman's statement, was not carrying that out.

Mr. RAMSEYER. No; I am not charging that the Republican Party is recreant. The gentleman misunderstood me entirely. I am simply answering statements that have been made on the floor of the House, from which statements one would infer that the Republican Party had declared against the retirement of the public debt.

Mr. GERNERD. According to Secretary Mellon's statement I find that there is a sinking fund already provided of \$245,000,000.

Mr. RAMSEYER. That sinking fund will take care of the \$10,000,000,000 I referred to a few moments ago, and, according to the actuary's statement, will retire that \$10,000,000,000 in 25 years; but what the Republican platform is speaking about here is the \$3,000,000,000 of floating indebtedness and the \$5,000,000,000 of Victory bond indebtedness which becomes due in 1923, and which the annotator says should have "a preceding record of debt extinguishment and ample provision for a sinking fund" for this particular part that the annotator was speaking of, to wit, the floating indebtedness and the indebtedness which comes due in 1923. I am not finding fault with the Republican platform or what the annotator says about it. I stand squarely on that; but I do find fault with the remarks of gentlemen who are in conflict with the Republican platform and the annotations which were authoritatively made on that platform.

The Secretary of the Treasury, with all the advice of skilled experts, estimated on April 30 last that the expenditures for this fiscal year would be over \$4,500,000,000. He stuck by these figures against protests by Members of this House until a few days ago, when he reduced his estimates over night by over \$500,000,000. The Secretary in his letter to Chairman FORNEY, April 30, 1921, spoke of reducing the short-dated debt by nearly a billion dollars within the next two years. That, of course, would be in addition to the reduction of the bonded debt for which a sinking fund has been provided. I usually have a high regard for the figures emanating from the Treasury Department, but the revised figures of that department as disclosed in the statement of August 10 are in my opinion not based on reliable data, and the recommendation to reduce the expenditures by reducing the public-debt expenditure by \$170,000,000 is wholly indefensible. It is an undertaking to shift the debt, which we created and which we ought to pay and which the Republican platform pledged the country we would pay, onto the backs of our children who are not old enough to comprehend and to protest.

I am in sympathy with every effort of the administration and of Congress to reduce the national expenditures, but I wish to impress upon you with all candor and with all the force at my command that it is wiser to collect a little more than the Treasury will need than to collect a little less. To make inadequate provision for the payment of the national debt according to the policy that Congress enacted into law and according to the pledge that we Republicans made to the country last year is simply a concession to those individuals and interests who want to put off the payment of the national debt for 50 or 100 years.

Since my service in Congress I have compared and studied estimates of expenditures and actual expenditures made by both Treasury officials and Members of Congress. I have already stated that I usually have a high regard for Treasury estimates. I have the highest regard for Members of Congress, but I realize that in making estimates Members of Congress are actuated by somewhat different impulses than are Treasury officials, and there is always danger that Members of Congress get their facts and hopes on estimates of public expenditures somewhat mixed.

To illustrate my point, last June a year ago Members of this House estimated the expenditures for the fiscal year ending June 30, 1921, to be \$4,373,395,279.07. The amount actually expended was \$5,605,024,861. The amount actually spent by this Government during that fiscal year, 1921, is 25 per cent more than was estimated by the distinguished Members of this House during June, 1920. Unless the estimates for this fiscal year are based on more accurate data than the estimates of a little over a year ago, and if this bill is not amended in the Senate, our Treasury Department will be on the rocks before June 30, 1922.

Since my service in Congress the estimates of expenditures have never come anywhere near the actual expenditures of a year later. Yes; I know you will say that it is the overhang of the war that makes this uncertainty. For a number of years I have taken considerable interest in reading the annual financial statement of the British secretary of the exchequer. Comparing the British exchequer estimates of expenditures a year ago with the actual expenditures a year later, I find the difference between estimates and actual expenditures is just 1.5 per cent.

I hope with our new budget system that in the future we can come nearer making the estimates and actual expenditures tally. Surely, if in Great Britain their treasury and parliamentary experts can, with all the uncertainties incident to the aftermath of the war, make their estimates a year in advance of the expenditures come within 1.5 per cent of the actual expenditures, it occurs to me that the Treasury and parliamentary experts of our Government can come nearer making the estimates hit the mark of actual expenditures than they have in the past.

Wisdom dictates that we budget for a surplus at the end of this fiscal year rather than a deficit in the Public Treasury. I hope that the bill before us will do this before it becomes a law. [Applause.]

Mr. Chairman, I offer for printing in the RECORD as a part of my remarks a letter from the Treasury Department, dated August 10, 1921, section 3 of the first Liberty bond act, approved April 24, 1917, section 3 of the second Liberty bond act, approved September 24, 1917, and section 6(a) of the Victory Liberty bond act, approved March 3, 1919:

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
COMMISSIONER OF THE PUBLIC DEBT,  
Washington, August 10, 1921.

Hon. C. WILLIAM RAMSEYER,  
House of Representatives.

MY DEAR CONGRESSMAN: Answering your letter of August 9, and your personal call at the department this morning, the following information is furnished:

The law establishing the cumulative sinking fund is contained in section 6(a) of the Victory Liberty loan act, approved March 3, 1919. An explanation of the operation of the fund appears on pages 113 and 114 of the Secretary's report for the fiscal year 1920. The Government actuary estimates that through the operation of the cumulative sinking fund the debt covered by the sinking fund will be retired in 25 years.

It should be noted that the sinking fund computation is based on the amount of Liberty bonds and Victory notes outstanding July 1, 1921, less the par amount of obligations of foreign Governments purchased under the several Liberty loan acts and held by the United States on July 1, 1920. To cover this latter sum section 3 of the first Liberty bond act, approved April 24, 1917, and section 3 of the second Liberty bond act, approved September 24, 1917, contain provisions for the application of repayments of loans to foreign Governments to the retirement of outstanding Liberty bonds.

Copies of the acts above referred to and of the Secretary's report for 1920 are inclosed for your information. I am also inclosing copies of the hearings before the Committee on Ways and Means, House of Representatives, and before the Senate Committee on Finance at the time the Victory Liberty loan bill was under consideration, your attention being invited to pages 14, 27, 57-9 of the former and to page 21 of the latter for references to the sinking fund.

Very truly, yours,

WM. S. BROUGHTON,  
Commissioner.

#### FIRST LIBERTY BOND ACT, APPROVED APRIL 24, 1917.

SEC. 3. That the Secretary of the Treasury, under such terms and conditions as he may prescribe, is hereby authorized to receive on or before maturity payment for any obligations of such foreign Governments purchased on behalf of the United States, and to sell at not less than the purchase price any of such obligations and to apply the proceeds thereof and any payments made by foreign Governments on account of their said obligations to the redemption or purchase at not more than par and accrued interest of any bonds of the United States issued under authority of this act; and if such bonds are not available for this purpose the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at such time be subject to call or which may be purchased at not more than par and accrued interest.

#### SECOND LIBERTY BOND ACT, APPROVED SEPTEMBER 24, 1917.

SEC. 3. That the Secretary of the Treasury is hereby authorized, from time to time, to exercise in respect to any obligations of foreign Governments acquired under authority of this act or of said act approved April 24, 1917, any privilege of conversion into obligations bearing interest at a higher rate provided for in or pursuant to this act or said act approved April 24, 1917, and to convert any short-time

obligations of foreign Governments which may have been purchased under the authority of this act or of said act approved April 24, 1917, into long-time obligations of such foreign Governments, respectively, maturing not later than the bonds of the United States then last issued under the authority of this act or of said act approved April 24, 1917, as the case may be, and in such form and terms as the Secretary of the Treasury may prescribe; but the rate or rates of interest borne by any such long-time obligations at the time of their acquisition shall not be less than the rate borne by the short-time obligations so converted into such long-time obligations; and, under such terms and conditions as he may from time to time prescribe, to receive payment, on or before maturity, of any obligations of such foreign Governments acquired on behalf of the United States under authority of this act or of said act approved April 24, 1917, and, with the approval of the President, to sell any of such obligations (but not at less than the purchase price, with accrued interest, unless otherwise hereafter provided by law), and to apply the proceeds thereof, and any payments so received from foreign Governments on account of the principal of their said obligations, to the redemption or purchase, at not more than par and accrued interest, of any bonds of the United States issued under authority of this act or of said act approved April 24, 1917; and if such bonds can not be so redeemed or purchased the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at such time be subject to redemption or which can be purchased at not more than par and accrued interest.

#### VICTORY LIBERTY BOND ACT, APPROVED MARCH 3, 1919.

SEC. 6. (a) That there is hereby created in the Treasury a cumulative sinking fund for the retirement of bonds and notes issued under the first Liberty bond act, the second Liberty bond act, the third Liberty bond act, the fourth Liberty bond act, or under this act, and outstanding on July 1, 1920. The sinking fund and all additions thereto are hereby appropriated for the payment of such bonds and notes at maturity, or for the redemption or purchase thereof before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds and notes are retired. The average cost of the bonds and notes purchased shall not exceed par and accrued interest. Bonds and notes purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued. For the fiscal year beginning July 1, 1920, and for each fiscal year thereafter, until all such bonds and notes are retired there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund, an amount equal to the sum of (1) 2½ per cent of the aggregate amount of such bonds and notes outstanding on July 1, 1920, less an amount equal to the par amount of any obligations of foreign Governments held by the United States on July 1, 1920, and (2) the interest which would have been payable during the fiscal year for which the appropriation is made on the bonds and notes purchased, redeemed, or paid out of the sinking fund during such year or in previous years.

The Secretary of the Treasury shall submit to Congress at the beginning of each regular session a separate annual report of the action taken under the authority contained in this section.

Mr. TAGUE. Mr. Chairman, I yield to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD. Mr. Chairman, I had not intended to speak upon this bill. It has been prepared by the Republican members of the Committee on Ways and Means, without the assistance of the Democratic members of that committee, and brought in here under a rule passed by the Republicans, over the protest of the Democrats, the effect of which rule will be to prevent any amendments being offered by the Democrats. This is certainly not right. This deprives the country of any constructive ideas the Democrats may have about the legislation now about to pass.

After reading the bill carefully I decided to discuss one feature of the bill only. There are many other features that I do not approve and yet there are some features in the bill that are good. I shall vote against the bill, believing that it contains more vicious matter than good. But I shall not let the debate proceed further without entering a protest to one provision of the measure.

Democrats and Republicans alike all over this country have pledged to the people the repeal of the tax on soft drinks—that is to say, on soda water, coco cola, ice creams, and so on. This bill pretends to repeal this tax and yet there is a provision in the bill putting a tax on all vendors of cool drinks which will put many cool-drink establishments in the country districts out of business and will force many of those who stay in business to charge as much for cool drinks as have been charged heretofore, and the people who are expecting to be relieved of the tax on cool drinks will be disappointed. There is also a provision calling for a straight tax on sirups used in the manufacture of cool drinks. This will of necessity be paid eventually by the small dealer or by the consuming public. I venture the assertion that if this bill passes in its present form there will be no reduction in the price of cool drinks and ice creams. How long is Congress to fool the people about this proposition? Long before last election, because of the great clamor for the repeal of the soda-water tax, the House of Representatives passed, by an almost unanimous vote, a bill to repeal this tax. The country was informed that the law would be promptly enacted. The bill went over to the Senate, but never reached the President, and since that time has slept the sleep that knows no awakening. Why did not that bill pass? The Republicans were in the majority in both Houses



and are to blame for its failure to pass, and my friends on the Republican side will be to blame when this bill passes and gives no relief to the boys and girls and people who patronize the cool-drink stands.

This bill will make very little impression on the country in many respects except that it will shift the burden of taxation from the shoulders of those more able to pay to those less able to pay. In its present form it will be a deception to the hundreds of people who want the tax taken from soft drinks. It will be very much like the case of the old Negro who had caught the possum and baked him together with the necessary sweet potatoes and then fell asleep while thinking of the sweetness of the "possum and taters." Another Negro came along and taking in the situation ate the "possum and taters," and put the bones and potato peels at the feet of the sleeping darkey after having greased his lips and fingers. The old darkey awoke and observing the possum bones and potato peels near by and the grease upon his lips and fingers remarked, "I may have ate that possum but if I did it made the least impression on my constitution of any possum I ever ate." [Applause.]

Thus it will be with this bill. It will make the least impression upon the 6 cents the little boys and girls spend for ice cream that was ever made by any bill.

Mr. Chairman, the question of taxation is a very important one, and the tax upon cool drinks and cool-drink establishments is one of the small items in this bill. But the policy of the Republican Party, as evidenced in this matter, establishes their theory of deception, as shown through the bill. There has been a faithful promise made to relieve these taxes which has not been kept, in fact. In other words, the bill purports to repeal a tax which is not repealed. When you gentlemen go back to your districts next summer and meet your people they will ask you why did not you repeal the soda-water tax as you promised. You may tell them that you did, and they will say, "Yes; but the man who sells cool drinks to us charges the same amount as before." You may see the cool-drink man, then, about the matter. He will explain to you just as I am now doing that while you took off the tax of each drink you placed other taxes which must eventually be paid by the consumer.

Gentlemen, I hope that some Republican will offer an amendment to strike out these objectionable features, so that there will not be the \$10 tax left on the vendors of cool drinks and so that the tax on sirups used in the manufacture of cool drinks will be repealed. I object to the tax on cool drinks because it is a tax on refreshments which the children buy and which the common people buy, and if we can not get legislation to relieve taxes which must be paid by children, then how are we to except legislation to relieve the burdens of the grown-ups? If you leave this tax to be paid by the children of the country and by those who buy cool drinks, the children of the country will rise up and accuse you of being untrue to them. And of the next election it may be truthfully prophesied that "A little child shall lead them" that shall vote to overthrow you. [Applause.]

Mr. TAGUE. I yield one minute to the gentleman from Oklahoma [Mr. CARTER].

Mr. CARTER. Mr. Chairman, all through the campaign, from every stump in the country last fall we heard the statement that the Democrats were in the majority during the war Congress, and a few moments ago when I interrupted him the distinguished gentleman from Ohio [Mr. Fess], with his usual assumption of dictum, said, "I would have the gentleman understand that the Democrats were always in the majority at that time." I have just gotten from the library the CONGRESSIONAL RECORD for January, 1918, the only one available for the moment, and I find that on that date this House was composed of 208 Democrats, 213 Republicans, and 14 independents and vacancies.

Mr. TAGUE. I yield 15 minutes to the gentleman from South Carolina [Mr. BYRNES].

Mr. BYRNES of South Carolina. Mr. Chairman and gentlemen of the House, this is not a bill to raise revenue; this is a bill to create a deficit. There is not a member of the Ways and Means Committee familiar at all with the subject who does not know that my statement is true. I am satisfied that the membership of the House generally does not know it. But the men who framed this bill know that in doing so they failed to provide the revenue with which to run this Government for this fiscal year, and by circumstantial evidence I can prove that deliberately they are creating a deficit during the fiscal year.

On July 19 the Director of the Bureau of the Budget wrote the President of the United States a letter, in which he claimed that from the appropriations made and the unexpended balances available for this year he would save \$112,000,000. Last week I analyzed that statement and showed how absurd it was. And

in the face of that, this report calls attention to an agreement arrived at at the White House between the Ways and Means Committee and the President by which they said they would reduce expenditures available for this year in the sum not of \$112,000,000, but of \$350,000,000.

This afternoon the gentleman from New York [Mr. COCKRAN] stated this was impossible. Two gentlemen on this side questioned the accuracy of his statement. Why, they said, the administration said they would reduce the appropriation \$350,000,000. There is not a man on the Appropriation Committee who will dare to say that he believes that it is possible at all. They set forth in this report how they will save \$350,000,000. I hope the membership of the House will look at it. They say they will save in the War Department \$50,000,000. That is an absurdity on its face. The Director of the Budget said he would save \$15,000,000 in the War Department, and he could do that, but this committee says they will reduce the amount appropriated by \$50,000,000.

In the Navy Department they say they will reduce the expenditures \$100,000,000. I made diligent inquiry into it. The officials of the Navy Department do not know where they can save more than \$10,000,000. There is no bureau official of the Navy Department who will dare to say that they can save \$100,000,000. I talked with many men who were before the subcommittee having charge of naval appropriations, and not one of them says that they can save \$100,000,000. I heard it said that they could save \$40,000,000 out of the sum appropriated to build destroyers. I inquired of Admiral Taylor, head of the Bureau of Construction and Repairs, and he said that all of that money except \$10,000,000 was obligated. There is not a dollar that could be saved over and above the \$10,000,000. And yet the majority of the Ways and Means Committee are trying to fool the people of the country by saying that they will save \$100,000,000.

Now, of the Shipping Board they say that they will save \$100,000,000 out of the expenditures estimated by the Secretary of the Treasury August 4. He estimated \$200,000,000.

In a deficiency bill in March, 1921, you gave them \$25,000,000 for the construction of ships, and by another deficiency bill a week ago you gave them \$48,500,000, which was only expected to run them six months. In other words, you are giving them \$75,000,000 and informing them that they are expected to come back in December, that this was only to carry them six months. In the face of that you come in here and tell Congress and the country that you are going to save \$100,000,000 from the Shipping Board funds. Save it, how? From an organization which, according to the Bureau of Efficiency in a statement sent me this morning, has more employees to-day than they had on January 1 of this year; an organization in which three men are drawing \$90,000 a year; an organization paying \$9,500 a year to a man whose duty, according to the testimony, is to tell them when the Merchant Marine Committees of the House and the Senate meet. It is impossible to save \$100,000,000 in a year from the Shipping Board funds.

Now they say that they will save from the Department of Agriculture \$25,000,000. Think of it. The total appropriation for the Department of Agriculture is \$33,000,000, and if they save \$25,000,000 they will bankrupt the department and they will have to go out of business. I heard a rumor that they were going to save it from the funds of Federal aid for roads. I asked the Director of the Office of Public Roads and he said that every dollar had been allotted to the States in September, 1920, and he can not withdraw a dollar, and yet they are trying to deceive the people of the country by saying that they are going to save \$25,000,000 from the Department of Agriculture.

Mr. MONDELL. Will the gentleman yield?

Mr. BYRNES of South Carolina. Yes.

Mr. MONDELL. Why is my friend feeling so badly about it? Mr. BYRNES of South Carolina. Because I hate to see them trying to fool the people. [Applause on the Democratic side.] I think that it is the duty of the party in power to the people not to try and deceive them with such political bunk as you are trying to deceive them with here. [Applause on the Democratic side.]

You promised to reduce expenses and did not do it, and now you say you are going to reduce \$350,000,000, when you know you can not do it. You make this claim because you know there is going to be a deficit by April 1 of this fiscal year, and when there is a deficit we will have to issue bonds. You will violate your duty under the Constitution to provide revenue. You do it to fool the people, believing that they will never know you are going to issue bonds. You think you can get away with it, but the bill discloses the truth. Turn to page 82 and you will find that knowing you would have to issue bonds in time of peace,



you have authorized the Secretary of the Treasury to increase the amount of bonds from \$7,000,000,000 to \$7,500,000,000 to pay the authorized expenditures of this fiscal year. [Applause on the Democratic side.] If you did not intend to do it, why do you make this authorization at this time? Because you know that you are not providing sufficient revenue, and then when you issue certificates you will depreciate the value of the Liberty bonds of the people of the country, and when these bonds are depreciated below the price they are at now, you think they will not know the cause, but I have confidence in the minority side of the House and believe they will inform the people. You fooled them once last fall, but you can not do it again. You tell us in this report that you are reducing by some \$450,000,000 the amount paid by the rich people of this country in excess profits and in surtaxes. You are doing that. Instead of giving them a tax receipt for it, you are going to sell them \$500,000,000 worth of certificates, and you are going to give these men of wealth \$500,000,000 worth of securities instead of \$500,000,000 worth of tax receipts.

Mr. MONDELL. Why should the gentleman from South Carolina feel so funeral about it?

Mr. BYRNES of South Carolina. Because the people of this country whose incomes are in excess of \$65,000 a year should pay that money into the Treasury, instead of your relieving them of one-half of their taxes, so that instead of paying the taxes and getting a tax receipt they can purchase bonds of the United States paying them interest. That is the reason, and it is a sufficient reason. My friend thinks he can fool the people all of the time. He tells them that he is reducing the taxes. He does take \$642,000 off Mr. Rockefeller and off the Secretary of the Treasury I have no doubt, for I assume that he comes within that class, but I feel that way about it because while you save that amount of money for them and for J. Pierpont Morgan by this bill you are levying a 5 per cent tax on every kid who buys a baseball or a baseball bat. When you take \$600,000 off Mr. Mellon or Mr. Rockefeller, you are levying a 5 per cent tax upon the patent medicine which may be purchased by a poor man to save his very life in the rural sections of the country. When I mentioned this medicine tax this afternoon to the gentleman from Ohio [Mr. LONGWORTH], he said, "That is a little thing," and he was not interested in it. No; he is not interested in it, and the gentleman from Wyoming [Mr. MONDELL] may not be interested in it, but the man whose income is not over \$100 a month, who can not afford to send for a doctor who would charge him \$4 a visit when he lives some distance from the town, out in the West or the South or the Northwest, is interested in it. It is a big thing when you go to his home and tell him that his medicine costs him more. You should say to him, "All right, old fellow, don't you worry, for I have struck \$642,000 off Mr. Morgan's taxes for this year." When some kid wants to buy a baseball for a dollar that his uncle or some one has given him, and goes to a sporting goods store—

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of South Carolina. No.

Mr. GREEN of Iowa. Of course not, when the gentleman makes a statement of that kind—

Mr. BYRNES of South Carolina. The trouble is that the facts that I am stating are getting under the gentleman's shirt, and that is the only way to reach his brain.

Mr. GREEN of Iowa. When the gentleman states facts, all right, but he ought not to stand up there and romance.

Mr. BYRNES of South Carolina. You can tell the laboring man who is working on a per diem basis when the doctor goes to see him and tells him the medicine costs him more not to pay any attention to it, for you have reduced the tax on golf balls. That will help him. You might tell him that you have taken the tax off electric fans, when he is freezing to death, being unable to buy coal this winter because of your transportation charges.

Mr. GREEN of Iowa. When did we reduce the taxes on golf balls?

Mr. BYRNES of South Carolina. You now propose to reduce the tax on golf balls in this bill.

Mr. MONDELL. The gentleman just spoke about the taxes on sporting goods, because he was feeling so sorry for the boy who had to buy a baseball.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. BYRNES of South Carolina. Will the gentleman give me two minutes more?

Mr. TAGUE. I yield two minutes more to the gentleman.

Mr. BYRNES of South Carolina. The gentleman from Wyoming has not read the bill; if he had, he would know that the

tax on sporting goods was 10 per cent and that you have reduced it to 5 per cent.

You did this. You reduced the taxes on Mr. Mellon and Mr. Rockefeller \$500,000 and \$600,000 and you levy a tax on medicines, you levy a tax on soft drinks and levy a tax upon candy, you levy a tax upon moving pictures, you levy a tax upon many articles that are used by the people. You do not reduce the tax on incomes from \$5,000 to \$66,000. You take all off the rich people of this country who contributed to your campaign last fall. [Applause on the Democratic side.]

Mr. WINGO. Will the gentleman yield? I would like to ask him a question.

Mr. BYRNES of South Carolina. I yield.

Mr. WINGO. Under the bill they increased the amount exempted from taxation by a provision which makes it possible for a man to invest his fortune in foreign securities and foreign properties. The gentleman understands the provision I refer to?

Mr. BYRNES of South Carolina. I do.

Mr. WINGO. Has the gentleman made any estimate as to how much that is worth a year to "Herb" Hoover?

Mr. BYRNES of South Carolina. No. But if he has any such investments I have no doubt it is worth considerable to him. There never was any doubt in my mind of what was going to be the result of this situation. I know it was worth a great deal to the Republican Party to win the last election, as long as they have the internal revenue offices and other offices in this country.

Mr. COLLIER. Mr. Chairman, I yield to the gentleman from Massachusetts [Mr. TAGUE].

Mr. TAGUE. Mr. Chairman and gentlemen of the committee, I have listened very attentively to every speech that has been made on this floor since this debate began, and as a member of the Ways and Means Committee—I say Ways and Means Committee, although neither myself nor any minority member of the committee has ever been permitted to take part in the activities of that committee in the framing of this bill—I believe this bill is not in keeping with the promises that have been made to the people of this country by the Republican Party.

There seems to be a difference of opinion, and I suppose there always will be, on the matter of taxation. It is one question that almost any two or three men in any gathering will disagree upon. Mr. Chairman, I listened to our chairman [Mr. FORDNEY], whom we all respect and admire, as he delivered his speech yesterday, in which he paid a fitting tribute to our boys who went across, and alluded to his own fine son who we are all so glad came back home to him, and he told of the great service that the boys had rendered to the country. I wondered then how any Member of this House, after listening to him reading this bill, knowing of the great profits that have been made by those who were pilfering and robbing the people and making large profits while your boy and the other boys were on the other side fighting for the country, fighting for the men who were robbing them, could vote to take from the shoulders of these profiteers, not a burden unequally distributed but a just tax, which they now seek to avoid and which falls on the poor people of the country.

The taxes of the country should be so distributed that they shall be borne by those best able to pay them. This bill does not do that, but, instead, takes the burden off the rich and places it upon the poor people. I believe the time has not come when, having conscripted the young men and after having taken from the fathers and mothers of this land their sons and sent them across the sea, and after they had sacrificed their lives for the protection of this country, and after these mothers had given up their all—that the time has not yet come when we should say to these profiteers—say to these men who nobody will deny have been robbing the people right and left—that the time has come to relieve them of their just burden of taxation. [Applause on the Democratic side.]

I differ with the majority membership of the Committee on Ways and Means in the matter of distributing taxation. I do not believe that we should begin at the top, with the man of wealth, and then go to the bottom. The gentleman from California [Mr. BARBOUR] has been trying all day and yesterday to get some one on the committee to tell him why they have not equally distributed the burden of debt so that the \$5,000 man should receive the same consideration given to the \$10,000,000 man, and no one has answered him. They told you that they had relieved the married men by increasing their exemption to \$2,500; that they had allowed him \$400 for every child. Whom would you relieve if it were not the fathers and mothers of the country who are raising the children who are to be the future men and women of our country? What great privilege have you given them when you give them only \$500



more exemption and \$200 more exemption for the upkeep of their children? I believe this should be entirely eliminated, and no man of family should be taxed who earns less than \$5,000. Why, you pay \$400 a year for the keeping of a horse. Yet you say you are paying tribute to these people. I believe in beginning where the debt weighs the heaviest—on the common people, and relieve them first. I would relieve the unjust taxation directly from the shoulders of the common people of the country. I would take off the profits from their clothing and the jewelry and the soda water that you have taken off, but I would not leave there a tax of 5 cents on the carbonic acid gas that goes to the making of the soda water; neither would I add a tax on the fruit sirups that go to make up the glass of soda water. I would take all these taxes off before I would start to take off the excess-profits tax on the great profits that have been accumulated and made by these great multimillionaires of the country.

I take issue with the gentleman from Ohio [Mr. Fess] when he says that these men should not be condemned. They should be condemned for their selfish un-Americanism. In the speeches that have been made on this floor I believe the greatest condemnation has been made of some men of wealth that has ever been made on any floor of any tribunal in the history of the world. It is a just condemnation. Think of it—tax-exempt securities of sixteen billion and the country struggling under this terrible debt! What are you going to say to your farmers out in Kansas and other parts of the country when you tell them that the men on Wall Street in New York have taken their money out of the industries of the country and placed it in tax-exempt securities?

Only a few days ago you were pleading here for assistance to the farmers of the country and wanting the Government to raise money in order that they may carry on their enterprises. Are you going to get it from the men who put their money in tax-exempt securities? Think of it—\$16,000,000,000! An increase of \$13,000,000,000 in three years. The most cowardly thing that could be done, when they know that this country is struggling under the most gigantic debt that any country has ever been called upon to meet. And no men in the country profited more or to a greater degree than did these selfish un-American capitalists who are now putting their money into tax-exempt securities, trying to evade their duty to their country.

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. TAGUE. Yes.

Mr. HARDY of Texas. These men made \$38,000,000,000 of profit during the war. There are only \$16,000,000,000 of these tax-exempt securities, and so they have got \$22,000,000,000 left, and they can not put that into these securities, because there are not securities to put them into.

Mr. TAGUE. The gentleman is correct. Surely it should not be necessary in a great, free country like this that we should sit here idle, as Members of this Congress, representing the people from all parts of the country, and have it said that a few hundred capitalists can snap their fingers in the faces of the American people and say to them, "Unless you come to our way of thinking and bargaining, we refuse to do our duty as Americans."

Where is their patriotism? Shame on them if they have any shame. I saw these men as the boys were marching away; I saw these men as they stood on the sidewalk, and they waved the boys good-by. Their great capital was at stake then and they were willing to promise the boys anything as these good boys went away, and 70,000 of them now lie dead in France, never to return. What are you going to say to the mothers of those boys? Have they paid their debt? They paid their debt, and it is our duty to see to it that these profiteers who robbed the mothers and fathers of the land while their boys were lying dead in France pay their debt also. [Applause on the Democratic side.]

It is not my intention to take up the time of the committee in discussing this bill, for it has been very carefully covered by the ranking member of the minority, who has so successfully disclosed the injustice of it. He has clearly shown how it is an attempt to relieve the rich and to injure the poor, and no one has yet successfully denied his claim.

Your attempted criticism of the position taken by the minority members in the report that has been filed is in keeping with your effort to deceive the people, and, as usual, you are in error.

The report is an expression of the views of every member of the minority, and your attempt to find fault with the report shows clearly that it disturbs you very much.

You do not attempt to answer this report, but you try to dispose of it by saying that it is the view of only one man, our leader [Mr. KIRCHIN], but when the vote of the House is taken

it will show that the Democrats are a solid unit with him and the rest of the committee.

You can not answer that report, for you know that it is true, and when read by the people of the country it will receive the approval of every man and woman who believes in a just and fair distribution of the country's taxes.

Where in this bill have you shown an equal and fair distribution of the taxes? True, you have taken off some of the taxes because the people have demanded that you should, and as far as you have gone in this direction we agree with you, but you have not gone as far as you should.

True, you have some good sections in the bill, but you have spoiled this good by doubling the relief to the rich who have doubled their fortunes during the late war at the expense of the boys of the country who were giving up their lives for their country.

You can not deceive the people by this method.

I do not contend that we should punish the rich because they are rich, but I do not believe that they should be the chosen people to receive relief until some reduction of the debt of the country is made.

The action of this committee in doing this is a great injustice to the people who have done their duty to their country by giving their sons, by making great sacrifices in helping to win the war, while these rich men were living in luxury watching their immense fortunes grow larger while the majority of the people grew poorer.

Your action in repealing the excess-profits tax is one of the glaring injustices that you have done to the small corporations of the country when you cut the taxes of the large, water-soaked corporation and increase every corporation making less than \$66,000 per year. You can not answer to the country why you have done this and show that it is fair.

Your answer for reduction of the higher surtaxes, that they should be repealed because the men who have this wealth have taken their money out of the active industries of the country and placed it in tax-exempt securities, is a surrender to the man who believes that he and his wealth are of more importance than is the country that has given him the opportunity to make these fortunes, and has given him protection while he has been doing so.

It is an open defiance of the rights of the people, and is a protection of the classes at the expense of the masses.

The report of the minority clearly points out the injustice of your bill and gives the figures to prove our contention.

I intend to quote some of these figures in my speech, for they are the figures given by the experts of the Treasury and can not be denied, and your inability to deny them should be the grounds upon which this bill should be defeated and a new bill drawn which meets the wishes of the people for a fair and just revision of the taxes of the country.

The proposed scheme in the Republican tax program of repealing the excess-profits tax and substituting therefor a flat 12½ per cent tax has for its purpose and will result in relieving about 2,000 of the big profiteering corporations making 15, 20, 30, 40, and 50 per cent, and over, of at least \$500,000,000 and putting this amount on the small and weak corporations making not over 8 or 10 per cent on invested capital, numbering over 100,000; the purpose and result will be to make the burdens of those most able to bear them lighter and the burdens of those least able to bear them heavier, which is violative of every fundamental principle of the Democratic Party.

An analysis of the statistics contained in the detailed report as to corporation incomes and income and excess-profits taxes in the report of the commissioner for the calendar years 1917 and 1918—the 1918 report being the first and only one containing the details of corporate income and income and excess-profits taxes arranged in classes according to the amount of profits each class made—shows that 180 corporations making annually from \$5,000,000 up to \$300,000,000 and over (the steel corporation made over \$500,000,000 net profit in 1918) had a net income of \$2,554,000,000, and while paying only \$203,000,000 income tax paid \$848,000,000 excess-profits taxes, while the over 300,000 corporations making from nothing up to \$100,000 net income yearly paid only \$285,000,000 excess-profits taxes.

One thousand and twenty-six corporations, with a net income of \$4,255,000,000, more than one-half of the total corporate net income of all the 317,559 corporations, while paying only \$333,000,000 income tax, paid \$1,422,000,000 of excess-profits tax; that is, paid over one-half, or nearly two-thirds, of the entire excess-profits tax, and \$344,000,000 excess-profits tax more than the remaining 316,500 other corporations. At a glance one will see that the proposed proposition is one to relieve a few hundred of the biggest profiteering corporations in the United States, and not, as Secretary Mellon says, to unclog business. It also



shows the small amount of income tax paid in proportion to the excess-profits tax paid. It further shows the conscienceless and exorbitant profits on invested capital they made, from 20 to over 50 per cent on the capital invested.

Of course, the excess-profits tax will not be as much hereafter as in 1917, 1918, and 1919, but the proportion between these big rapacious profiteering corporations and the balance of the corporations will remain the same and, in fact, will be more in favor of the big corporations, for the reason that these corporations have a monopoly and can at will fix and keep up their prices. The 9,634 corporations making \$250,000 yearly profits and over paid in excess-profits taxes \$2,217,000,000, over five times as much as they paid in income taxes and about seven-eighths of the entire excess-profits taxes. The repeal of the excess-profits tax will relieve these few corporations of hundreds of millions of taxes wrung from the people by conscienceless profiteering, but will not relieve the more than 300,000 other smaller and weaker corporations as the Republicans would seem to think.

One will see at once that the more than 300,000 other corporations will derive but little or no benefit from the excess-profits tax repeal, and the Government will be deprived of hundreds of millions of dollars—not four hundred and fifty millions or less, estimated by the guessers at the Treasury Department, but much more than \$600,000,000 annually, which the Government will sorely need.

An analysis of the returns as detailed in the reports of the Commissioner of Internal Revenue since January 1, 1916, up to and including the present commissioner's report of July 12, 1921, will show that corporations in the United States made net profits from January 1, 1921, in round numbers \$50,000,000,000—to be more exact, \$47,000,000,000. After deducting all the taxes they paid since January 1, 1916, income, excess-profits tax, and other war taxes, they have a clear profit left of \$38,000,000,000, more than four-fifths of which was made by less than 10,000 corporations and more than half of which was made by 1,026 of the big profiteering corporations, which includes the Steel Trust, the Bethlehem Steel Co., the Du Pont companies, the various Standard Oil companies, the coal combine, the Woolen Trust, the meat packers, and so forth. Let every Democrat and Republican bear in mind always that these same corporations were filling their coffers with these fabulous billions for the profits of their stockholders while our brave boys in France were spilling their blood for the protection and defense of their country.

Remember, too, that not a large stockholder or officer or director of one of these rapacious corporations ever faced a German gun, braved a danger, took a risk, made a sacrifice, or endured a suffering during the entire war, but remained at home in safety 3,000 miles from the danger line and made the war and its resulting stress of their Government and the people an opportunity to plunder and profiteer upon both to the extent of these inconceivable billions, while our boys in France were being killed and their eyes being shot out and their legs and arms being shot off. In the face of these ugly and staggering facts, is it possible that any patriotic Member, Republican or Democrat, can consent to relieve these big profiteering corporations of hundreds of millions of dollars yearly and putting these millions upon the small and weak and nonprofiteering corporations making from 8 and 10 per cent and less upon invested capital, which a 12½ per cent flat rate will do, and especially in view of the further fact that the Republicans have passed in the House a tariff bill which gives these same profiteering corporations the power to exact yearly from the people from three to five billion dollars profits above the world market price?

I trust no Democrat will join with the Republicans in this monstrous scheme. The 12½ per cent flat tax on corporations, even retaining the present exemption of \$2,000, will increase the tax of the smaller and weaker corporations making 6, 7, and 8 and 10 per cent on invested capital—which number about 250,000—at least 50 per cent and decrease the taxes of these big profiteering corporations from 33½ to over 50 per cent, which make 20, 30, 40, and 50 per cent, and over, on invested capital, which corporations number less than 10,000. What an impregnable position would it be and what an appeal it would make to the sense of right and justice of the people for the Democrats to take the position that not a dollar of taxes should be reduced on these profiteering corporations and on the millionaires and multimillionaires that reaped harvests of wealth during the war as long as a single dollar of war indebtedness remains, or as long as there is a single disabled or wounded soldier, or a single widow or orphan of a dead soldier, or a single veteran in need.

Why in the name of right and justice should these big profiteering corporations and the millionaires and multimillionaires who filled their rapacious maw with these fabulous billions of blood money be relieved of taxation while we not only keep but actually increase the war taxes on hundreds of thousands of small and weak corporations and keep the war income taxes on millions of our fellow citizens who and whose sons went to the trenches in defense and protection not only of their country but of the profits and wealth of these same corporations and millionaires and multimillionaires? Not one of them made a sacrifice, braved a danger, endured a hardship financially or otherwise for their country during the war, but was millions richer after the war than before, without a scar or scratch. It would be a thousand times better to keep the excess-profits tax and high surtaxes on under the existing law and relieve altogether the more than 4,000,000 of our less fortunate citizens whose income is under \$5,000, or our more than 5,000,000 whose income is under \$10,000, every dollar of which in both classes is needed for the support of themselves and their families and the education of their children.

We thoroughly agree with President Wilson in his message to the extra session of May, 1919, that the principal, permanent sources of our internal revenue hereafter should be the income tax, the inheritance tax, and the excess-profits tax.

Let the membership of the House, especially the Democrats, not overlook another important fact which demonstrates clearly that the repeal of the excess-profits tax is an absolute surrender to and obedience of the will and command of the big corporate interests and one of the most vicious pieces of legislation that was ever proposed or advocated openly by any public man since the beginning of the Government. It further demonstrates the fact that the Member voting for it will and must look hereafter to these corporate interests for support rather than to the plain people.

According to the report of the Commissioner of Internal Revenue on the details of corporate incomes and income and excess-profits taxes, the last of such reports being for the calendar year of 1918, 9,534 corporations making annual profits of \$100,000 and over had a net income of \$6,621,000,000. Their excess-profits taxes amounted to \$2,218,000,000. After deducting this large amount of excess-profits taxes from their net income they still have left \$4,403,000,000. The other 308,000 corporations in the United States had a net income of only \$1,738,000,000. They paid an excess-profits tax of \$287,000,000. After deducting this from their net income they had left only \$1,450,000,000.

In other words, these 9,534 big corporations had left, after paying all excess-profits taxes, \$4,403,000,000, while the 308,000 other corporations had left only \$1,450,000,000. The 9,534 corporations, after paying all excess-profits taxes, had left over three times as much as the entire 308,000 other corporations. Yet the Republicans feel that they must rush to the relief of these 9,534 corporations to the extent of hundreds of millions of dollars yearly.

Another important fact showing the absolute control and domination over and of the Republicans by the big profiteering corporate interests: One thousand and twenty-six corporations, each averaging over \$3,000,000 profits annually, not one making less than \$1,000,000 profits a year, had a net income of \$4,253,000,000, and after deducting the \$1,422,000,000 excess-profits tax paid, had a clear profit left of \$2,831,000,000. The 308,000 remaining corporations in the United States in the classes making under \$100,000 profits annually, averaging much less than \$2,000 each, had a net income of only \$1,738,000,000.

Deducting the \$278,000,000 of excess-profits tax paid leaves these 308,000 corporations only a net profit of \$1,451,000,000, while the 1,026 corporations, after paying all excess-profits taxes, have left a clear profit of \$2,831,000,000, twice as much as the remaining 316,000 corporations in the United States. Any system that will produce such results in the United States should be abolished. It is absolutely incredible that even a Republican, much less a Democrat, could vote for such a system, which he most assuredly does in voting for the repeal of the excess-profits tax for the relief of such corporate interests. What will the answer be to one's constituent when he asks, "Why were you so anxious to relieve these corporations that profiteer and still continue to profiteer on the people, and not only refuse to vote for the small 10 per cent corporations in your own community, but to actually increase his war taxes at least 50 per cent; and why were you so willing to vote to relieve these corporate profiteers and refuse any relief for the millions of farmers and daily wage earners and doctors and lawyers and merchants in your and every other community in the United States?" Let every Member who votes for this vicious, monstrous Republican corporate interests'



scheme to repeal the excess-profits tax begin now to conjure up excuses to give to his constituents in the primary and the election why he so voted. To do this will take until the primary and the election day.

Let us give one simple illustration of the monstrosity of the Republican scheme to repeal the excess-profits tax and put the flat 12½ per cent corporation tax on all corporations. As we have said, and it can be mathematically demonstrated, the flat corporation tax with the repeal of the excess-profits tax will increase the tax of corporations making 6, 7, 8, and 10 per cent at least 50 per cent and will decrease the taxes of big corporations making 20, 30, 40, and 50 per cent and over at least 50 per cent, and some much over 50 per cent. Mr. Beck, public accountant in the State of Michigan, has demonstrated it by taking every class and kind of corporation with capital from \$5,000 up to and over \$10,000,000, on each class of corporation making from 5 up to 50 per cent, and has worked out the amount of taxes each corporation in the several classes pay under existing law and will pay under the proposed law.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. FORDNEY. Mr. Chairman, I yield to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Chairman and gentlemen of the committee, I have listened with a great deal of interest to what has been said so far on this measure, and I am convinced that it will meet the approval of the people in simplifying the tax returns and in deducting the excess-profits taxes and reducing the surtaxes. I am sure that it is a good measure for the country. Our wheels of industry have stopped in more than one-half of the factories, and more than 5,000,000 workmen are idle. Nobody in peace times would carry on a business or be justified in starting a factory when he knew that he would have to pay more than one-half of all the earnings and perhaps more in taxes to the Federal Government. Many of the patriotic citizens worked full time and overtime during the war to help win, but we are now at peace and are passing through the reconstruction period. It may be that the dire calamity predicted by our Democratic friends will be visited upon us if we pass this bill. But my chief concern is for my country, and I am sure that the passage of this bill will grant some needed relief to all.

It is necessary to the successful operation of any corporation to provide for its finances and to so operate it that it will produce enough surplus out of its own earnings to pay its current expenses, its upkeep, and to meet its indebtedness. We are now considering a measure to carry on the greatest corporation in the world, that of the United States Government, and to produce enough revenue to pay certain of its indebtedness. In this we are aided by a committee composed of men of learning, integrity, ability, experience, and success in their own affairs, the Ways and Means Committee. I want to testify to their untiring energy. I know that they have spent many long days of hard work in its preparation, and while it may not be perfect or please everyone it represents the embodiment of their judgment after listening to many witnesses and business men from all parts of the country.

I want to mention one feature of the bill that impresses me in reading it, and that is there is no new experiment, fad, or chance work in its make-up. The single taxer, the sales taxer, the tax on spending, the theorist, and the experimenter have all been heard, but their new ideas must wait, for they have not been engrafted into this bill. This bill is based upon sound, well-established, and good financial business principles. It imposes no new system of taxation. It imposes no new tax. It travels along no new road. The committee knew what they were doing and just what they wanted to accomplish. I was privileged to attend some of the hearings. It seemed to make no difference whether the witness was an expert or a layman, he received careful and painstaking attention, and now the result of their efforts and deliberation is brought here and submitted for our approval. I think we ought to approve it. It is not exactly such a bill as I wanted. It may not be exactly the bill you wanted. Some think the excess-profits tax should remain. Some think it ought to provide for more inheritance taxes in the case of large estates running up into the millions.

I probably would not have reduced the luxury taxes. Perhaps many of you would have had a different method of taxation, or provided for other taxes, or the retention of some that are eliminated. But the committee was not legislating for my individual case, or to meet my wishes or yours, or any other private interests. Why, it was interesting to listen to the witnesses. Every witness knew full well that we had to have the money and that we had to pay the running expenses of the Government and its debts. But the witness could give the most

convincing reasons why he should not be taxed, and why the tax ought to be put on the other fellow or on some other business. Gentlemen, it takes courage, intelligence, and an intricate knowledge of government and its needs to prepare such a bill, and it is among the impossibilities to have it please everybody. And one cogent reason given by you Democrats here on the floor of the House is that it will wreck the Republican Party. This reason ought not to appeal to a Democrat to vote against it.

Reduction of taxes was what the committee sought to accomplish. Not more taxes, but less taxes and still have enough left to pay the expenses of Government, economically run, and make payment on our national debt. Taxation can not be reduced like finance, to an exact science. They ought to be imposed equitably, uniformly, and as far as possible so that each person would pay his just proportion, no more, no less.

It appears from the report of the committee that the enactment of this bill will save the people the gross amount of \$790,330,000, and I wish to incorporate herewith the table of estimated changes:

Estimated changes in annual revenue receipts under proposed rates for 12-month period.

	Loss.	Gain.
Repeal of excess profits <sup>1</sup> .....	\$450,000,000	
Increase of corporation income tax from 10 per cent to 12½ per cent <sup>1</sup> .....		\$133,750,000
Reduction of surtax rates on individual incomes (maximum 32 per cent) <sup>1</sup> .....	90,000,000	
Increased exemption of heads of family: To \$2,500 for incomes not in excess of \$5,000.....	40,000,000	
Additional exemption for dependents increased to \$400 from \$200.....	30,000,000	
Repeal of tax on transportation (freight, passenger, and express) as of Jan. 1, 1922.....	262,000,000	
Repeal of tax on life insurance.....	6,300,000	
Repeal of tax on beverages (secs. 628 and 630).....	60,000,000	
License tax on sellers of soft drinks.....		10,000,000
Tax of 6 cents on cereal beverages.....		12,000,000
Tax of 5 cents on carbonic acid gas.....		2,000,000
Tax of 2 cents a gallon on fruit juices of soft drinks.....		
Tax of 3 cents a gallon on still drinks, not mineral and table water.....		12,000,000
Tax of 10 cents a gallon on fountain sirups.....		
Repeal or reduction of excise taxes:		
Section 900—		
Paragraph 5 (sporting goods).....	\$2,000,000	
Paragraph 9 (candy).....	8,000,000	
Paragraph 13 (electric fans).....	280,000	
Paragraph 19 (fur articles).....	4,510,000	
Section 904.....	15,000,000	
Change in section 907, perfumery, cosmetics, and proprietary medicine (5 cents tax on manufacturers).....		8,000,000
Total.....	968,080,000	177, 50,000
Net loss.....	790,330,000	

<sup>1</sup> Effective Jan. 1, 1922.

Responsible estimates show that under the provisions of the bill taxes will be reduced in the aggregate \$193,640,000 for the fiscal year of 1921, \$377,990,000 for the following calendar year, and \$790,330,000 for 1923.

Economists in their writings affirm that all taxes levied against the producer and manufacturer are paid by the ultimate consumer. If this is a sound doctrine, it can readily be observed that the great reduction made by this bill will bring relief to all the people. Economically considered, a manufacturer adds taxes to his fixed and overhead charges. These charges in turn are added to the cost of his product and correspondingly increase the price to the consumer.

The country will be relieved by the passage of this bill from excessive taxation, which ought to aid industry, and as there is soon to be held in this city a conference for the purpose of reducing armament and military upkeep the future seems promising for better times. There is every reason to believe that much good will come from this meeting. We are at peace with the world, and no nation is looking for war. It is the most expensive establishment connected with our Government. The efficiency of huge battleships is now in question and made more so by the recent experiments of the bombing planes. During the late war the efficiency of the battleship was also greatly modified by the submarine. Former Secretary of War Baker recommended a standing army of 576,000 men. We have reduced the number to 150,000. Our best defense is our young men who have returned from the late World War, who could readily be prepared for action in a very short period. This makes it more unnecessary to provide for a large standing army, since in time of danger they would all return to the colors.

I remember that when war was declared against Spain, the veterans of the Civil War, through the G. A. R., proffered to President McKinley 1,000,000 men in arms, and I am sure that double that number of ex-service men from the World War

would respond now, so why needs be a large standing Army. With a reduction in our armament which bids fair to be agreed upon by the peace convention, and the readiness of our young men trained to war, we can certainly cut down the vast expense of our Military Establishment.

But some say our danger is not from without, and I for one am in favor of lessening our danger from within and disposing of the anarchist and all those who would destroy our Government by force, either by deportation or confinement.

The transition from a large war footing to peace is a great change. There are many problems to solve. Much can be said about many of them, but I have every faith that in due course we will be back to normalcy and our country go forward to that destiny which makes for superiority among the nations of the earth.

We are the greatest nation on earth: First, in inventive genius; in fine arts; in manufacture, commerce, and agriculture; in high, lofty, and ennobling purpose for the uplift of humanity and the betterment of the human race. Our churches are more numerous and schools and colleges better attended than in any other nation. Here the blessings of liberty are secured to us and to our posterity by the greatest charter ever penned by the hand of man. If need be, we can feed and clothe a large portion of the world. We have a population of over 100,000,000 of people. We have increased in population three times since the Civil War, and can support a billion inhabitants. Our national wealth is estimated at \$350,000,000,000, which is more than that of all our European allies in the late World War save Russia. Turning to page 405 of the World's Almanac for 1921, we find the wealth of nations to be:

United States	\$350,000,000,000
United Kingdom	120,000,000,000
France	92,500,000,000
Italy	35,500,000,000
Belgium	12,000,000,000
Japan	23,500,000,000

While our indebtedness and that of the same countries amounts to—

United States	\$24,300,000,000
Deducting our foreign loans	10,000,000,000

Leaves our total present indebtedness— 14,300,000,000

United Kingdom	39,300,000,000
France	46,000,000,000
Italy	18,000,000,000
Belgium	4,000,000,000
Japan	1,300,000,000

The following interesting table is taken from a book published by the Bankers' Trust Co., of New York City:

*Debts and interest charge compared with estimated wealth and income of principal belligerents in the late war per capita basis.*

Population.	Nation.	Debt per capita.	Wealth per capita.	Interest per capita.	Income per capita.
107,000,000	United States	\$224	\$2,803	\$9.34	\$360
46,000,000	Great Britain	782	2,608	34.24	337
40,000,000	France	500	2,250	45.00	300
36,000,000	Italy	350	1,111	15.22	208
65,000,000	Germany	600	1,231	30.00	154

This shows that our capital wealth is more per capita than that of any of our European allies and that our indebtedness per capita is much less.

At the end of the chapter the author says:

It is gratifying to know that the trial to which we have been compelled to submit for the purpose of cleaning the world from German autocracy has left us in a position where we are strong financially and able to do most effective work in assisting to carry through a reconstruction program which will make the world finer and better than it was at the beginning of the conflict.

With national wealth of \$350,000,000,000 and net national indebtedness of \$14,000,000,000; with twenty-five times more wealth and resources than the debts we owe, it will only be a matter of a short time in our national life when our indebtedness will all be liquidated. No one is in danger of financial stress when he has resources twenty-five times greater than his debts. I think we should mobilize all our resources, get our foreign loans into interest-bearing bonds, dispose of our surplus war material, reduce expenditures, and practice economy wherever possible, and thus relieve our national burden. There is no good reason for ominous times. If anyone thinks so, just let him look at the financial affairs of other nations, and then take courage. It was our misfortune to be forced into the great World War, but we won and added luster to our national fame. I believe if we had not entered the war when we did that it would have been prolonged many months, if not years, that not only our national existence would have been at stake

but more of our youth would have been sacrificed and our indebtedness greatly increased. So let us meet our duty cheerfully, not complainingly or begrudgingly but determined to do our part as well as our soldier boys did theirs. Let us adopt the motto of the Postmaster General, when he says, "Come on, let's go!"

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. KNIGHT].

Mr. KNIGHT. Mr. Chairman and gentlemen of the committee, nothing is easier in theory than to formulate an ideal system of taxation. The crossroads philosopher, the statesman redolent of the meadow, no less than bankers and learned Members of Congress, often present solutions entirely satisfactory, at least to themselves. As a matter of fact, however, the perfect scheme of taxation yet remains to be invented.

The bill now before us is not perfect. On the contrary, it has many defects. But when we consider the unusual difficulties of the situation, if one desires to be candid, he must admit that the Ways and Means Committee has presented us with a remarkably good bill. Personally, I object to the reduction of the surtaxes on the larger incomes while no reductions have been made on the smaller ones, and I shall vote against this provision of the bill; but if this fails I shall nevertheless vote for the bill itself. I shall do this because it is infinitely a better measure than the law under which we are now operating. In its repeal of the excess-profits tax it lifts the ban upon legitimate business, which has slowed down the wheels of industry almost to the stopping point and has so paralyzed initiative, deadened effort, and demoralized all calculations for the future as to leave us halting and uncertain whether to try to go forward or to stop and give up the ghost at once.

Even as a war measure this provision of the present law was wholly indefensible from any standpoint, as the direct consequence of its operation was to dry up the very sources from which it was attempted to draw revenue. With its blighting burden suspended over business no man would, nor indeed could, expand his enterprises. Under its baneful operation its dead hand clutched all incentive by the throat and made us—from the smallest to the greatest—stand marking time, preferring to endure the evils of the present rather than fly to others we knew not of.

I do not propose to discuss the fallacy that such a tax fell upon those best able to bear it and consequently saved the people to some extent, for the veriest tyro in taxation knows that all such burdens are passed on to the consumer, and that, in added costs to production, he pays it in the last analysis. The manufacturer adds it to his product and passes it on to the retailer. The retailer adds it to his prices and passes it on to the consumer. This is so clear that it needs no discussion.

Much has been said in this debate about the injustice of putting a 12½ per cent tax, in lieu of the excess-profits tax, upon the small corporation. The small corporation was hit harder by this excess-profits tax than anyone else. Thousands of these corporations had only a nominal capital, and therefore their earnings showed very large. In many cases they were ruined, while the big concerns, organized for stock-selling purposes, were able to show an apparent invested capital that gave them exemptions which reduced their tax often to the vanishing point. The bill now before us removes this burden from the small corporation, organized for legitimate business and not for stock-selling purposes, and in its exemption of \$2,000 of earnings lifts the ban from honest business. If the bill did no more than this it would be a constructive measure eminently worthy of the support of the country.

I wish now, Mr. Chairman, to discuss something which I consider of the very greatest importance. During this debate there have been two ideas continually brought to the front. One of these is that the possession of great taxable property is in some way a crime, while high taxation is a blessing in that it is a means of punishing that crime. It is hardly necessary to say that such reasoning is wholly and absurdly unsound. I am not going to defend the uses sometimes made of the great estates accumulated in this country. Much less have I any desire to defend the methods by which some of these fortunes have been accumulated. But to make war with the destroying weapon of taxation upon all great property possessions because some of them have been accumulated dishonestly and used offensively and unwisely is as foolish as it would be to assume that because a man had his pockets picked once all men are pick-pockets. The possession of property is in itself no more a sign of depravity than is its absence a sure mark of virtue, and any effort to imbue the public mind with any such false idea is injurious and pernicious.

Even more unsound is the theory that high taxation is a good thing. Those who know anything of economics must



realize that exactly the reverse of this proposition is true. Taxation saps the resources of a nation and does not create anything that adds to its happiness or wealth. It breeds and sustains governmental activities, with their attendant train of offices and officials, which add nothing of value to the public welfare. Taxes create no great enterprises which add to the wealth of a country nor to the happiness and well-being of its people. But they do call into existence bureaus, boards, and commissions, with their attendant shoals of useless officials. They promote not the welfare of the people, not wealth nor happiness, but pap suckers and hangers-on who are leeches upon the body politic, reaping of the people's substance where they have not sown. Through such a system nations die, and the highways of history are strewn thickly with the bleaching bones of dead nations that have disregarded this fundamental fact. Yet notwithstanding this plain teaching of history, we are disregarding the lesson and with accelerating steps are treading the same road that has so often led to doom.

The war is not responsible for this false and fatal idea in government. Long before the war there was a nation-wide propaganda for high taxation. It sought to impress the masses with the idea that the rich were not carrying their share of the tax burden, and such is human nature that, in the vain delusion that the rich would be punished while they would escape, they authorized these new burdens of taxation. They did not understand that they were going to be hoisted by their own petard. But such was the case—and always will be when a people adopt high taxation as a method of punishment.

But there was another delusion involved which was even more dangerous. There has grown up in this country a tremendous sentiment for State socialism. Its adherents would be shocked if they were accused of being disciples of Karl Marx or of following in the footsteps of those ideas and ideals that were practiced by the late German Empire. But they are doing nothing less. They have conceived the false idea that there is some latent and inherent virtue in government that enables it to do better those things which a people should always be left to do for themselves. As a consequence, every State capital at every session of every legislature is flooded with demands for the creation of activities which, if the experience of the ages means anything, should never be undertaken by any government.

From the States these paternalistic ideas have converged upon the National Capital, until to-day Congress is besieged by every class and coterie which has conceived an idea beneficial to itself and therefore, in its opinion, to the whole country. There is nothing under the sun these advocates of Government aid do not seek to compel us to undertake. Unfortunately, I think we have yielded to these demands of the advocates of the new freedom, who would, by governmental action, make the lion and the lamb lie down together while the little child might play in safety upon the hole of the adder. They would abolish by governmental decree not only poverty and want, but vice and temptations, disregarding the age-old truth that very little, and possibly nothing at all, can be done by laws to make mankind good until the sentiment back of them is so overwhelming as to compel their enforcement. But the idea is rampant in the land that we must be born under governmental operation, that our children should be educated by the Nation, that health and happiness are all proper subjects of legislative decree, and consequently should be sustained, fostered, nurtured, and promulgated by new departments. Right now there are enough bills before Congress to convert the Government into one vast nursery—and possibly a madhouse—if half of them were enacted and enforced.

In view of these undoubted facts it requires neither a philosopher nor a seer to see how dangerous it is to accustom the people any further to the idea that high taxes are a blessing. The duty of the House is rather to cut out all these frills and get back to first principles and teach the people that taxation is not a good thing further than to provide protection for life and property and to secure to our people a fair share of equality of opportunity. [Applause.]

Mr. Chairman, we must do this or pay a heavy penalty for our failure to do so. Already our departure from first principles is costing our people most dearly. In my own State, taxation in a few years has increased from \$6 to \$22 per capita. In the Nation it is now not far from \$60 per capita, or an average annual assessment against each family of the usual size of about \$400. Unfortunately, there are not sufficient returns from which to make an accurate estimate of the average wages paid, but from such data as we have it is fair to conclude that it does not exceed \$1,000 a year. That tells a story that should challenge the interested attention of every man and woman in America, for the thing can not go on as it is now going. We

can not continue to stray after the strange gods we have been taught to worship without quick and widespread disaster to the whole Nation.

I did not share them, and I do not now indorse the paternalistic theories of the last administration. Whether as promulgated by Col. House's hero, Philip Dru, or as handed down by the master amidst the flame and thunder of Mount Vernon, they sounded beautifully, but they have not made the world safe for democracy, or for anything else, except the taxgatherer and the profiteer. They have almost destroyed legitimate business and have brought the Government to where the people are struggling under a load of strange and useless taxes to the very verge of bankruptcy. I am not going to blame my Democratic friends for all the wild orgy which has followed this attempt to remake a Nation that was quite good enough for most of us. We had more than our share of Republican hogs, who not only got into the trough with all four feet but tried to stand in it sideways. I admit, sir, that while all too many of them were Republican hogs, the Democratic Party, nevertheless, created the trough and it can not escape the responsibility.

Those on the other side, who are now so generous in their criticism of this bill, had full opportunity to prevent most of this disgrace to the country. They were in full power, but instead of showing their independence of the throne they bowed the knee and humbly did the bidding of the master at the other end of the Avenue.

Why did not they, with full power in their hands, frame a revenue bill that would not have destroyed the prosperity of the country? Then was the time to have shown the inerrant wisdom which now emanates from their side. But they did not. The idols of Baal were not more silent than they in the dazzling light of the new freedom. It comes, therefore, with bad grace from those whose policies fastened upon the Nation an era of extravagance, waste, and graft the like of which no country has ever seen, policies that created 20,000 new war millionaires, to lecture us upon our delinquencies to the people. I am willing to vote for a capital tax to pay the expenses of the war out of the wealth amassed by the war. But I can hear our friends over there talking about something else not under discussion, if such a proposition were before us. I am sorry to see politics injected into this discussion, for this is neither the time nor the place for the exhibition of partisan spirit. Neither party is entirely free from responsibility for the condition of the country.

Both parties have been guilty of weakly yielding to the clamor of class interests even before we entered the war, and both have joined to write upon the statute books a mass of paternalistic laws which are in large measure responsible for the exorbitant burden of taxation that now afflicts the country. The war itself only created new opportunities for the rapid development of the virus which had already been deeply implanted in the body politic. It is not necessary for any ghost to "burst the ponderous and marble jaws of the tomb and once more revisit the glimpses of the moon" to tell us where this pernicious idea must end, if we do not turn back to the ways of sanity and simplicity in government. There is nothing new or strange about it, except that a people so sensible and practical as we are should have yielded so quickly and rapidly to this arch heresy of the ages. From the days of the Pharaohs one mighty nation after another has yielded to its seductive plea, and we have seen, as a consequence, each one of them become the roosting place of the bat and the owl. Such a system inevitably not only destroys the resources of the people but saps their vitality, weakens initiative, deadens energy, and leaves them at last easy victims of the very forces which they created.

We have already created this Frankenstein. He is with us, wherever a legislative body meets in this country from the town council to the Congress of the United States. A veritable mania for regulating everything and everybody is upon us. More than 160,000 laws have been passed in this country in the last five years, ranging in their scope from preserving the purity of the breed of the bulldog to securing for us a front seat at the shining throne of grace. The voice of the uplift fills the land and under its seductive persuasion we are no longer willing to let a harassed people work out their own destiny. On the contrary, we beseech lawmakers—to whom at home we would not pay \$25 a week—to create governmental agencies, to spend our money, to care for our bodies, and to save our souls.

At every State capital there is a bewildering array of commissions grinding out salvation and grinding up the taxpayers' money. They not only tell us what we shall eat and drink but also what we shall think. Not even the lowly but vociferous jackass has escaped their solicitous ministrations, for in my own State we have a commission to teach him the way he should go. As a consequence, the costs of State governments

have doubled and tripled in the last 10 years until now, in many places, the people absolutely have not the money to pay their taxes. I need not advert to Washington where one can hardly walk out of the Capitol without stepping on a bureau chief. In fact we have just about handed the Government over to bureaus, commissions, and boards, and it is a dull day in Congress when we do not create a few additional assistants of something. Hordes of pap suckers consuming the people's substance and creating nothing but deficits swarm over and around us until we almost despair of any hope of return to the simpler and better days of the Republic.

And standing now as we do, at the parting of the ways, we must decide whether we shall return to the ideas of the fathers that made this the greatest, the freest, the happiest people in all the tides of time, or whether we shall follow the alluring light of the so-called new freedom that in the name of progress marries death and leads down to hell.

This bill, as I have said, is not perfect, but because it is a step back toward a sane economy I shall vote for it. I myself may not believe that it is going to raise all the revenues we shall need. In fact, I very much doubt it. But be it so, it will nevertheless lighten the burden of taxation to some extent for one year. What happens after that is in our own hands. I can not speak for others, but for myself I shall vote against every appropriation bill that comes into this House when the money is not absolutely necessary to provide for the orderly and economical administration of the Government.

I shall vote for no appropriations to create supermen, for none to stretch the American people upon the procrustean bed of a standardized education, for none to perpetuate the follies of further making the Government the wet nurse of the people.

This is a matter which should not appeal to one but to all parties. I shall, in my humble way, fight for everything that may cause my own party to rededicate itself to this, our ancient faith. I call to my friends on the Democratic side, to my colleagues on this side, who may have heard the voice of the siren of the new freedom, to the red-blooded American people everywhere, to close up the ranks regardless of party, and to stand shoulder to shoulder in a new advance to rescue our country from the dangers into which it has fallen, to eradicate the evils we have brought upon ourselves, and to return to that sanity, simplicity, and economy with which its affairs were once conducted. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield one minute to the gentleman from Alabama [Mr. ALMON].

Mr. ALMON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the Record by printing therein a letter from the American Farm Federation Bureau, expressing its views on this subject.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to extend his remarks in the Record by printing the letter referred to. Is there objection?

There was no objection.

Mr. FORDNEY. Mr. Chairman, I now yield to the gentleman from Connecticut [Mr. TILSON].

Mr. TILSON. Mr. Chairman, in approaching the consideration of this bill the financial situation in which we find ourselves should first be taken into the account. We are just emerging from a devastating war in which we incurred a national indebtedness of nearly \$25,000,000,000 in addition to the vast expenditures made from current revenues and the untold billions of loss suffered by private individuals. The interest on the national war debt alone now exceeds the aggregate of the sums required to pay the total expenses of the Government for any year prior to the war.

During the war taxes were imposed to raise the enormous sum of \$8,000,000,000 in a single year. This amount was somewhat reduced soon after the war closed, but even last year about \$6,000,000,000 were realized.

Let us consider for a moment the effect of a constant drain of this magnitude upon the lifeblood of the business of the country. Abundant capital is the very first requisite of a prosperous community. Upon it every industry must draw and all commerce must depend. It is staggering to contemplate the withdrawal of eight billions, six billions, or even four billions of liquid capital each year from productive enterprise to be used up in paying the running expenses of the Government. The present unhappy and depressed state of business throughout the entire country is the logical, inevitable result of such a course.

The present Congress is confronted with the problem of stopping just as far as possible this "bleeding white" process and at the same time providing for the necessary running expenses of the Government, the payment of the interest on the public debt, and a proper sinking fund for its final payment.

The first element of the problem was to ascertain as nearly as possible the amount absolutely necessary to defray the expenses of the Government. After an orgy of extravagant expenditures in nearly every department of the Government unequaled in the annals of free, self-governing nations, it is no easy task to even stop the increase in the rapidly mounting expenditures, much less to materially reduce them.

The executive heads of the present administration, however, have entered upon the task with a will and determination indicative of success. Our Democratic friends insist that the proposed economies can not be realized, but we believe that they can and should be.

Having ascertained as nearly as possible the amount necessary to defray expenses and accumulate a proper sinking fund, the next step was to determine what taxes imposed by existing law could be eliminated and still raise the necessary amount. It was realized that it is impossible to relieve directly the man of very small income from any tax burden now borne by him for the good reason that no tax is now directly laid upon him. The income of a married person is already exempted to the extent of \$2,000. This bill increases the exemption to \$2,500 for married persons having an income not in excess of \$5,000, but the great majority of persons do not have an income amounting to \$2,500. It is believed therefore that the best and only way to relieve the tax burden of the great mass of the people is to take the burden off of productive enterprise just as far as possible, so that business may revive and prosperity again prevail.

As to what taxes are most destructive of business and stand as the greatest obstacle in the way of a return of prosperity there is no difference of opinion among financiers and economists who have considered the question, and there is no party line dividing them. In a message to Congress shortly after the war ended, President Wilson said:

The Congress might well consider whether the higher rates of income and profits taxes can in peace time be effectively productive of revenue, and whether they may not, on the contrary, be destructive of business activity and productive of waste and inefficiency. There is a point at which in peace times high rates of income and profits taxes discourage energy, remove the incentive to new enterprise, encourage extravagant expenditures, and produce industrial stagnation, with consequent unemployment and other attendant evils.

Secretary McAdoo said of the excess-profits tax:

The excess-profits tax must rest upon the wholly indefensible notion that it is a function of taxation to bring all profits down to one level, with relation to the amount of capital invested, and to deprive industry, foresight, and sagacity of their fruits. The excess-profits tax exempts capital and burdens brains, ability, and energy. The excess-profits tax falls less heavily upon big business than small business, because big business is generally overcapitalized and small business is often undercapitalized.

Gov. Cox, the Democratic candidate for President in 1920, said during the campaign, and he was standing on the Democratic platform:

The excess-profits tax had the special excuse for existence during the war period that it was supposed to fall, and did to a certain extent fall, upon those industries which made peculiar profits out of the war. Now that the war is over and no industries can be making such profits, that reason for the excess-profits tax is removed. The excess-profits tax now falls with notable injustice upon new enterprises, the very kind of enterprises that it should be the purpose of the Government to encourage, not only for the development of industry but for the additional employment of labor.

Such a form of unjust taxation is a burden upon a new enterprise—indeed, a blight upon a new enterprise—and there is no excuse for maintaining it, no reason for retaining it.

Former Secretary of the Treasury CARTER GLASS, now United States Senator from Virginia, in a report to Congress said:

The Treasury's objections to the excess-profits tax even as a war expedient (in contradistinction to a war-profits tax) have been repeatedly voiced to the committees of the Congress. Still more objectionable is the operation of the excess-profits tax in peace times. It encourages wasteful expenditure, puts a premium on overcapitalization, and a penalty on brains, energy, and enterprise, discourages new ventures, and confirms old ventures in their monopolies.

In my judgment Senator GLASS is the soundest and safest financier on the Democratic side to-day.

On the Republican side it is well known that President Harding, Secretary Mellon, the Treasury experts, and all others whose opinions are entitled to weight in this connection agree with President Wilson and his Secretaries of the Treasury that the excess-profits tax on corporations and the very high surtaxes on individual incomes are not only the most injurious taxes upon the business of the country but that they are rapidly defeating the very purpose for which they were enacted. The tax returns in the Internal Revenue Commissioner's office prove conclusively that the high surtaxes not only fail to produce revenue, but they cause a heavy loss of revenue from capital now being invested in tax-exempt securities, which would otherwise be invested in productive enterprises. There is also



the further loss of remunerative employment for labor that would follow the employment of additional capital in industry.

There is every reason why these two forms of taxes should be now repealed and no good reason whatever why they should not be. In fact, not a single argument has been advanced why they should be retained. The reckless assertion several times repeated during this debate that the effect of the repeal of these taxes is to shift the burden from the rich to the poor is unsupported by facts or argument, because it is impossible to produce either in support of such an assertion.

It is regrettable that it has been found necessary in order to replace a portion of the revenue lost by the repeal of the excess-profits tax to add an additional 2½ per cent to the tax on incomes of corporations. It is especially unfortunate in the case of public service corporations, which do not have control over the rates to be charged for service.

As you all know, the bill as first drafted by the Committee on Ways and Means provided for the immediate repeal of the excess-profits tax and the higher surtaxes, so that the revised taxes would be levied upon incomes received during the calendar year 1921. It became apparent, however, that a majority of the House favored carrying forward the date of repeal to January 1, 1922, so that the revised taxes would be levied upon incomes for the year 1922. In my judgment this was a serious mistake, but ours is a Government by majorities.

The repeal of the transportation taxes is of the next importance to the business of the country, and thereby to the person of small income as well as to all others.

The repeal of many of the so-called nuisance taxes and the material reduction of many others will be acceptable to everyone more as a relief from petty annoyance than from the magnitude of the burden itself. The greatest benefit from the repeal of these taxes will be the general effect upon the volume of business which will be helpful to all.

The increase in the exemption of married persons from \$2,000 to \$2,500 on incomes below \$5,000 will benefit a comparatively few very worthy persons and the increase of the exemption for dependents from \$200 to \$400 will help a few others.

To simplify our tax laws just as far as possible consistent with the adequate protection of the revenues has been the earnest effort of the committee. We believe that we have succeeded to a considerable extent in this bill. In addition to this, a commission is provided for, composed of taxpayers and experts of the Treasury, to work out together a simplification of tax returns, so as to cause the taxpayer as little of expense and inconvenience as is possible.

When a final vote on this bill is reached the effect of the question to be decided will be whether the present law, passed in time of war and imposing taxes not only heavy and grievous to be borne in time of peace but vexatious in their application and unnecessarily harmful in their effect, shall continue to be the law, or whether the changes which I have briefly outlined shall be made.

A vote for the bill means a vote for the repeals and modifications to which I have referred, while a vote against the bill is a vote to retain the present law, with all its unnecessary burdens, its petty annoyances, and the certainty that it will continue to restrict legitimate business and retard the return of prosperity. It would seem that between two such alternatives there should be no hesitation.

Mr. FORDNEY. Mr. Chairman, I yield 15 minutes to the gentleman from North Dakota [Mr. BURNES].

Mr. BURNES. Mr. Chairman and gentlemen of the committee. In the time allotted to me it is impossible to detail my views either on this bill specifically or on income taxation in general. Suffice it to say that I am in hearty accord with the beliefs of the Republican Party and of the people in general who believe that the bulk of the revenue required to operate our Government should be obtained through an income tax upon individuals and corporations. Many novel plans of taxation are being suggested from time to time, and practically every one of such plans have some merit in them. The objection to most of them, even those which may appear scientific in principle, is that the difficulties of administration are so great as to make them impractical. The fundamental test that must be applied to every system is whether the taxes are levied and collected in accordance with the taxpayer's ability to pay them. Most important factors also are the effects that such taxes have upon the productive industries of the country.

It must be remembered that all our industries are actually dependent upon each other. The laborers and capitalists of our large industrial centers depend upon the basic industry of agriculture, not only for the products which they place upon their tables to form their daily diet but also in many cases for their

raw materials required to keep their industries going, and last, but not least, are in the final analysis almost entirely dependent upon the agricultural interests to buy their finished products. When the farmers of the country cease to buy, whether it be from choice or necessity, every other industry is in a bad way and general stagnation results. Likewise, agriculture can not prosper unless manufacturing, mining, and other industries prosper. Idle men in industrial centers can not buy wheat, meat, cotton, wool, fruits, or any other products of the farm, either in their raw or finished state. Capital must be awarded fair returns, otherwise the owners thereof will not and can not furnish employment to labor. Then, again, a transportation system serving the needs of the people for a reasonable cost, but rendering a service that is prompt and efficient, is a prime requisite for progress in any civilized State. All these things must be borne in mind when revising tax schedules.

The revenue act of 1918, which we are about to amend, was the product of war times. I understand that during the war revenue legislation was not treated in a partisan way. I regret that party politics is playing such a prominent part in connection with this bill.

It is unfortunate that the able Democratic members of the Ways and Means Committee did not see fit to join their Republican colleagues upon that committee in drafting the bill so that the country might have had the benefit of the combined work, energy, and judgment of leading men from both parties on this momentous question which has heretofore not been a party issue. It is always easier to sit back and pick holes than it is to plan and construct and build, but I predict that the country will not look with favor upon the efforts of the minority with reference to this bill, for the debates here and the permanent records will show that its attitude has been that of trying to gain party advantage rather than to make constructive criticisms or offer constructive suggestions for improvement. As Republicans and Democrats alike are entitled to share in both the credit for the good and the responsibility for the bad in former revenue acts the obligation to correct the present admitted defects is likewise joint.

We must not forget that while the war is over this is, and for years must remain, a war-revenue measure. The war debt is not paid. You and I and every other citizen have still the largest portion of our share of that debt to pay. The only Americans who have paid their portion in full are those who were left to sleep in the fields of Flanders and of France. I regret to be forced to admit that our society is so constituted that even the service men, who fought so bravely and so well and who were ready to sacrifice their all for their country—that even they must apparently continue to sacrifice further by helping to pay the enormous cost of the war.

Sums of money so large that they would have seemed incredible a few years ago must be raised in order to meet the just and honest obligations of our Nation to its many creditors, practically all of whom are American citizens and not least of whom are the disabled service men and their dependents to whom the Nation owes a debt that can never be paid in dollars and cents. Shortly it is to be hoped that less need be raised each year for the maintenance of armaments for military defense.

I do not regard this bill as perfect. Probably no one does that. It must of necessity be more or less a result of compromises, for on no question is there a greater variance of opinions among our people than on the question of taxation. It is, however, the composite judgment not only of the Ways and Means Committee but also of the majority of this House, of the House itself, and, I believe, of the general public. The practical question for determination for each individual Member, it seems to me, is whether this bill is, on the whole, preferable to the existing law. To my mind there can be but the one answer—that it is.

On the whole, I think the bill will be well received by the country. The reductions provided, while not as large as had been hoped, are very substantial. The elimination of all transportation taxes will possibly give the most immediate and direct benefit to all industries and to all the people. Everyone will "thrice welcome" the repeal of the so-called "nuisance taxes." Increasing exemptions for dependent children to \$400 per child gives relief just where it is needed the most, and increasing the exemption for married men to \$2,500 where incomes are less than \$5,000 also helps many of the vast middle classes of the country. Such provisions as these would amply answer the false charge that the common people were forgotten in order to help more powerful interests.

I am, however, one of those who believe that the bill was much improved in the Republican conference, and as one of the most humble Republicans I have no objection to acknowl-

edging with thanks the congratulations of the ranking Democratic member of the Ways and Means Committee, who so highly commended the work of the conference and so warmly congratulated its membership. I have not the time to detail my views on the excess-profits tax and the higher surtaxes. Regardless, however, of possibly valid arguments for eventually repealing the excess-profits tax and the higher brackets of surtaxes, any attempt to make such repeal retroactive to January 1 last was indefensible. The possible objection to such taxes is not that of the inability of the taxpayer to pay, but rather that excess-profits taxes are passed on to the consumer in a pyramided form, and that the very high surtaxes, with normal taxes amounting to more than 70 per cent, force large incomes into tax-exempt securities with a disastrous effect not only upon the revenue of the Treasury but also upon the productive enterprises of the country generally. Assuming such arguments to be sound they constitute, in my mind, special reasons why the repeal should not be retroactive for the excess-profits tax for this year will have been collected from the public before the bill becomes a law, and cutting down the large surtaxes can not possibly help the situation in the investing market this year. The persons or corporations helped by such repeal should regard themselves very lucky to be relieved in the future.

At the same time it must not be assumed that large incomes will not continue to pay enormously large taxes. The maximum rate, including normal and surtaxes, will under the terms of this bill be reduced to 40 per cent, which, relatively speaking, is still a very high rate. It is to be hoped that further issues of tax-exempt securities may be promptly prevented, for that would to a large extent simplify the problem of getting proper revenue from large incomes.

Most pernicious in my mind, however, was the proposal to shift most of the loss from such retroactive repeals to all corporations, large or small, by increasing their normal tax for this year from 10 to 15 per cent. That would have increased by 50 per cent the tax of every ordinary corporation throughout the country making a profit on its invested capital of about 10 per cent or less, and, at their expense, relieved profiteering corporations making much larger and sometimes extortionate profits. The work of the conference, therefore, made it possible not to increase the normal corporation tax for this year.

I also sincerely hope for and commend the necessary amendment to the earnest consideration of the Ways and Means Committee the possibility of not increasing such normal tax commencing with January 1, 1922. While an increase from the present rate of 10 per cent to 12½ per cent, commencing next year, is much better than the original proposal of an increase from 10 to 15 per cent, commencing last January, I know from personal experience and observation that even a tax of 10 per cent is a mighty heavy burden upon the relatively small corporations in my State, whether they be banks, mercantile establishments, farmers' elevators, farmers' stores, or what not. They often have a difficult task to show a gain on the right side of the ledger of from 4 to 8 per cent on their invested capital. The increase proposed means a burden of \$133,750,000, much of which is imposed upon those companies least able to bear it.

Let me submit for the candid consideration of the Members of this body the proposal for an early amendment to the revenue bill wiping out entirely the so-called normal tax on corporations against the corporation itself and substituting in lieu thereof a tax upon the profits of the corporation when they reach the individual stockholder in the form of dividends. This would mean no loss of revenue to the Government, but rather a likelihood of an increase. Of course, to prevent an evasion of the tax by failure to declare dividends there would have to be a tax of about the present normal tax, or a little larger, on all undistributed profits. An excess-profits tax could be levied or not, as desired. If excess-profits taxes are to be eliminated as a permanent proposition, then the tax on the undistributed profits should probably be graduated within about the same limits as taxes against individuals—say from 10 to 40 per cent, depending upon the rate of return on the investment. In such way the earnings of the corporation would eventually carry such a rate of tax as the individual stockholder pays on his income. To illustrate: A widow or other person of small means, whose total net income is less than \$4,000 above exemptions, receiving a dividend from a corporation like the Great Northern Railway Co., would pay a tax of 4 per cent; a stockholder of more ample means but whose net income including dividends is just below \$8,000 would pay a tax of 10 per cent; a stockholder whose net income is \$66,000 or more would, under the rates proposed in the present bill, pay a total tax of 40 per cent; a stockholder whose total income, including dividends, is less than his exemption would pay no tax.

To-day the income from the "widow's mite" and from the funds of the millionaire stockholder, both invested in corporations earning normal profits, pay the same rate of 10 per cent. Next year, under the terms of the present bill, the rate will be 12½ per cent. Is this based upon the fundamental principle of collecting taxes in accordance with ability to pay? Perhaps even a more important argument in favor of such proposal is this: A corporation engaged in any business will, as a business proposition, estimate its normal tax, treat it as part of its overhead expense, and pass it on, or at least try to do so, to the public with which it deals. If you eliminate that tax and levy it against the profits in the hands of the stockholder, that overhead expense will not be a factor in the price charged the public for the corporation's product or service. The result then would be that the tax would not be shifted, but would be paid by the person who should pay it, the person actually benefited by the income and not the consuming public. [Applause.]

Mr. TILSON. Will the gentleman yield?

Mr. BURTNESS. Certainly.

Mr. TILSON. I think a great deal of what the gentleman says. This piling of taxes on a corporation simply because it is an aggregation of capital, in my judgment, is unwise, and I think the gentleman is on the right tack when he insists that it should be paid by the person who receives the benefit of the corporation rather than by the corporation.

Mr. BURTNESS. It is plain to be seen, as far as the Government is concerned, it will get the same amount, if not a larger amount, of revenue in the long run.

Just a word in closing, particularly to those Republican Members who, like myself, come from the agricultural States of the great Northwest. This bill is not exactly to our liking, but we have received many considerations we asked for. I was pleased to hear the gentleman, the fearless and possibly sometimes stubborn fighter from Wisconsin [Mr. FREAR], yesterday state on the floor that he was going to vote for the bill. The Republican conference met us more than half way in acceding to our views. It is only fair for us to support this measure wholeheartedly. It is a great improvement over our present laws. A vote against this bill is a vote to continue the present taxes so harassing to agriculture and all other businesses, and in my humble judgment could not be justified. Let us all help to swell the majority for a bill which, it seems to me, will aid in reestablishing good times throughout the land, which will aid all those industries which I referred to at the beginning of these remarks and which are so dependent each upon the other. [Applause.]

Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to; accordingly the committee rose, and Mr. FESS having assumed the chair as Speaker pro tempore, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 8245, had come to no resolution thereon.

#### ADJOURNMENT.

Mr. FORDNEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 4 minutes p. m.) the House adjourned to meet to-morrow, Friday, August 19, 1921, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

207. A letter from the Acting Secretary of the Navy, transmitting a tentative draft of a bill to provide for the establishment and maintenance of marine schools, and for other purposes; to the Committee on Naval Affairs.

208. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination of Carters Creek, Va.; to the Committee on Rivers and Harbors.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. JOHNSON of Kentucky, from the Select Committee to Investigate Grover Cleveland Bergdoll, submitted a report (No. 354) on the escape of Grover Cleveland Bergdoll from the United States Disciplinary Barracks at Fort Jay, N. Y., which said report was referred to the House Calendar and ordered to be printed.



## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 8192) granting a pension to Catherine Kennedy, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. BURTNESS: A bill (H. R. 8296) granting the consent of Congress to the counties of Cass, N. Dak., and Clay, Minn., and their successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Red River of the North at a point suitable to the interests of navigation between the cities of Fargo, N. Dak., and Moorhead, Minn.; to the Committee on Interstate and Foreign Commerce.

By Mr. ROACH: A bill (H. R. 8297) authorizing the Secretary of the Treasury to convey certain lands to the State of Missouri for the enlargement of State capitol grounds of that State; to the Committee on Public Buildings and Grounds.

By Mr. GRAHAM of Illinois: A bill (H. R. 8298) to amend section 1044 of the Revised Statutes, United States, relating to limitations in criminal cases; to the Committee on the Judiciary.

By Mr. FLOOD: Joint resolution (H. J. Res. 190) requesting the Secretary of State to furnish Congress with information concerning the imprisonment in France of certain American soldiers; to the Committee on Foreign Affairs.

By Mr. COCKRAN: Resolution (H. Res. 177) authorizing the Speaker of the House of Representatives to appoint a special committee of nine Members of the House to investigate certain charges concerning the address of the President before the Senate on July 12, 1921; to the Committee on Rules.

By Mr. OSBORNE: Memorial of the city council of the city of Santa Monica, Calif., pertaining to the Federal Government pledging the support of the city of Santa Monica in the execution of any plan of defense which may be inaugurated by the Federal Government within the legal limits of the city of Santa Monica; to the Committee on Naval Affairs.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FAIRCHILD: A bill (H. R. 8299) authorizing the Secretary of War to donate to the town of Pelham, county of Westchester, N. Y., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. GOULD: A bill (H. R. 8300) granting a pension to Ellen Johnson Spor; to the Committee on Invalid Pensions.

By Mr. KINDRED: A bill (H. R. 8301) for the relief of Annie Piquet; to the Committee on Claims.

Also, a bill (H. R. 8302) for the relief of George E. Watts; to the Committee on Claims.

Also, a bill (H. R. 8303) for the relief of James Cowie; to the Committee on Claims.

Also, bill (H. R. 8304) for the relief of Eugene Fitzpatrick; to the Committee on Claims.

Also, a bill (H. R. 8305) for the relief of James W. Airlie; to the Committee on Claims.

Also, a bill (H. R. 8306) for the relief of Thomas Humble; to the Committee on Claims.

Also, a bill (H. R. 8307) for the relief of George Warrack; to the Committee on Claims.

Also, a bill (H. R. 8308) for the relief of Robert C. Mathieson; to the Committee on Claims.

Also, a bill (H. R. 8309) for the relief of Albert Weatherell; to the Committee on Claims.

Also, a bill (H. R. 8310) for the relief of Richard Hargreaves; to the Committee on Claims.

Also, a bill (H. R. 8311) for the relief of Charles Fraser; to the Committee on Claims.

Also, a bill (H. R. 8312) for the relief of Alexander Leggat; to the Committee on Claims.

Also, a bill (H. R. 8313) for the relief of John Fainrington; to the Committee on Claims.

Also, a bill (H. R. 8314) for the relief of Edward Gifford; to the Committee on Claims.

Also, a bill (H. R. 8315) for the relief of Harry Ferguson; to the Committee on Claims.

Also, a bill (H. R. 8316) for the relief of David Inverarity; to the Committee on Claims.

Also, a bill (H. R. 8317) for the relief of Edward Telford; to the Committee on Claims.

Also, a bill (H. R. 8318) for the relief of Charles Steele; to the Committee on Claims.

Also, a bill (H. R. 8319) for the relief of George Crandles; to the Committee on Claims.

Also, a bill (H. R. 8320) for the relief of John Ritchie; to the Committee on Claims.

By Mr. LEHLBACH: A bill (H. R. 8321) granting an increase of pension to Clayton E. Blackwell; to the Committee on Invalid Pensions.

By Mr. McLAUGHLIN of Michigan: A bill (H. R. 8322) granting an increase of pension to Emma Oliver; to the Committee on Invalid Pensions.

By Mr. MILLS: A bill (H. R. 8323) granting a pension to Rebecca L. Jamison; to the Committee on Invalid Pensions.

By Mr. REED of West Virginia: A bill (H. R. 8324) granting an increase of pension to William W. Waters; to the Committee on Pensions.

By Mr. ROBSON: A bill (H. R. 8325) granting an increase of pension to Robert L. Abston; to the Committee on Pensions.

By Mr. ROSE: A bill (H. R. 8326) granting an increase of pension to Mary A. Stroup; to the Committee on Invalid Pensions.

By Mr. SPEAKS: A bill (H. R. 8327) granting an increase of pension to Maggie Schweigert; to the Committee on Invalid Pensions.

By Mr. ZIHLMAN: A bill (H. R. 8328) granting a pension to Lucinda Bittner; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2470. By the SPEAKER (by request): Resolution from the secretary of the San Diego County Federated Trades and Labor Council, of San Diego, Calif., relative to the enforcement of law and order; to the Committee on the Judiciary.

2471. Also (by request), letter from G. W. Lawson, secretary of the Minnesota State Federation of Labor, transmitting a copy of a resolution adopted by the convention of the federation relative to the freedom of Ireland; to the Committee on Foreign Affairs.

2472. By Mr. DARROW: Resolution of the Henry H. Houston, 2d, Post, No. 3, American Legion, of Philadelphia, in favor of adjusted compensation; to the Committee on Ways and Means.

2473. By Mr. FULLER: Petition of the Vulcan Detinning Co., of Streator, Ill., protesting against a tariff duty on tin-plate scrap; to the Committee on Ways and Means.

2474. Also, petition of the Rockford (Ill.) Mitten & Hosiery Co., favoring the American valuation plan as proposed in the Fordney tariff bill; to the Committee on Ways and Means.

2475. Also, petition of the Lewis-Leidersdorf Co., of Rockford, Ill., protesting against increase of tax on tobacco and of increased tariff rates; to the Committee on Ways and Means.

2476. Also, petition of the Joseph Saenger Mercantile Co., of Belleville, Ill., protesting against the American valuation of imports; to the Committee on Ways and Means.

2477. Also, petition of the La Salle (Ill.) Council of the American Association for the Recognition of the Irish Republic, opposing enactment of the Penrose bill (S. 2135) for refunding the debts of the Allies; to the Committee on Ways and Means.

2478. Also, petition of the Mutual Life Insurance Co. of Illinois, favoring repeal of section 503 of the revenue act; to the Committee on Ways and Means.

2479. Also, petition of the American Farm Bureau Federation, opposing repeal of the excess-profits tax and the lowering of the surtax rates; to the Committee on Ways and Means.

2480. Also, petition of the Shoe Travelers' Association of Chicago, favoring reduced rates for commercial travelers; to the Committee on Interstate and Foreign Commerce.

2481. By Mr. KINDRED: Papers accompanying bills for the relief of the following persons: George E. Watts, James Cowie, Eugene Fitzpatrick, James W. Airlie, Thomas Humble, George Warrack, Robert C. Mathieson, Albert Weatherell, Richard Hargreaves, Charles Fraser, Alexander Leggat, John Fainrington, Edward Gifford, Harry Ferguson, David Inverarity, Edward Telford, Charles Steele, George Crandles, and John Ritchie; to the Committee on Claims.

2482. By Mr. KISSEL: Petition of W. W. Barbour, president of the Linen Thread Co., 96-98 Franklin Street, New York City, relative to the Fordney tariff bill (H. R. 7456); to the Committee on Ways and Means.

2483. By Mr. KRAUS: Petition of sundry citizens of Wabash, Ind., against the passage of House bill 4388; to the Committee on the District of Columbia.

2484. Also, petition of sundry citizens of Wabash, Ind., against the passage of Senate bill 1948; to the Committee on the District of Columbia.

2485. By Mr. LINTHICUM: Letter from the National Automobile Chamber of Commerce, Washington, D. C., relative to taxation; to the Committee on Ways and Means.

2486. Also, petition of John P. Lauber, Resisto Manufacturing Co., Edward O. Charlton, and others, of Baltimore, Md., favoring Towner-Sterling bill; to the Committee on Education.

2487. Also, petition of Hilgartner Marble Co., of Baltimore, Md., urging repeal of special tax on insurance premiums; also, petition of Lyon, Conklin & Co., of Baltimore, Md., urging reduction in Government expenditures by commensurate tax measure; also, petitions of F. E. Lane, Stevens Bros., and Bagby Furniture Co., of Baltimore, Md., protesting against repeal of war tax on mail; to the Committee on Ways and Means.

2488. Also, petition of Guy K. Mitchell, of Baltimore, Md., favoring retention of Senate amendment in antibeer bill; to the Committee on the Judiciary.

2489. By Mr. RAKER: Petition of Grand Parlor, Native Sons of the Golden West, of San Francisco, Calif., indorsing the refusal of the Department of State to recognize any attempted grant of the island of Yap, or any other of the Pacific islands, to the Empire of Japan; to the Committee on Foreign Affairs.

2490. Also, petition of E. Goss & Co., of San Francisco, Calif., protesting against increased duties on imported tobacco and urging reduction in taxes on cigars; also petition of the California Glove Co., of Napa, Calif., together with letter relative to the present income tax law; to the Committee on Ways and Means.

2491. Also, petition of California Commandery, Military Order of Foreign Wars of the United States, of San Francisco, Calif., relative to compensation for military services; to the Committee on Military Affairs.

2492. Also, petition of William M. Wheeler, of Soper-Wheeler Co., of San Francisco, Calif., indorsing Senate bill 2084, providing for the prevention of loss of timber from insect infestations on public lands in Oregon and California; to the Committee on Appropriations.

2493. By Mr. SWING: Petition of residents of Lama Linda, Calif., protesting against the compulsory Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

## SENATE.

FRIDAY, August 19, 1921.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we thank Thee that our lives are in Thy keeping. We thank Thee for all the providences which enrich those lives and ask Thee for that sense of dependence upon Thee that whatever comes to us we may know is of a Father's good pleasure. Direct us in the duties of this morning, be with us constantly, and may we see Thy face always, whatever may be the surroundings of time and sense. We ask in Christ Jesus' name. Amen.

### NAMING A PRESIDING OFFICER.

The Secretary, George A. Sanderson, read the following communication:

UNITED STATES SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, D. C., August 19, 1921.

To the SENATE:

Being temporarily absent from the Senate, I appoint Hon. C. L. McNARY, a Senator from the State of Oregon, to perform the duties of the Chair this legislative day.

ALBERT B. CUMMINS,  
President Pro Tempore.

Mr. McNARY thereupon took the chair as Presiding Officer.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Tuesday, August 16, 1921, when, on request of Mr. LODGE, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### RETURN OF SOLDIER DEAD FROM FRANCE.

Mr. LODGE. Mr. President, some time ago by request I had printed in the RECORD a letter by Mr. Owen Wister and a letter from Mr. Thomas Nelson Page in regard to the return of the bodies of our soldiers from France.

I have now been asked to print a reply from Col. H. F. Rethers, Quartermaster Corps, Chief American Graves Registra-

tion Service, replying to what was said in those letters. I think it only proper that the reply should be printed, and I therefore ask that it may be printed in the RECORD without reading.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 8, 1921.]

OUR SOLDIER DEAD—A PROTEST FROM FRANCE AGAINST MR. WISTER'S STATEMENT.

To the Editor of the New York Times:

Under the caption, "Plea for our dead in France," an article from the pen of Owen Wister, dated Paris, April 14, appeared in the New York Times which has been given wide circulation in the United States and has presented to the reading public a gross misrepresentation of the work of the American Graves Registration Service, Quartermaster Corps, in Europe, and cast a highly slanderous slur upon the personnel assigned to the solemn and sacred duty of returning to the United States the remains of the soldier dead who fell abroad.

From other articles appearing in the same issue it would appear that a controversy is raging in the United States between two factions, one urging for the return of the dead and the other for their retention abroad. It is not the purpose of this letter to enter in any way into this controversy, as this service is a governmental agency engaged in a solemn duty to carry out a policy dictated by higher authority, but in passing it may be said that it is to be extremely regretted that this controversy has reached such a stage that one faction will resort to flagrant falsehood and insult in what seems to be an effort to add weight to its argument.

The American Graves Registration Service has been operating since the autumn of 1917, and from a small organization, composed of scattered burial detachments with our fighting divisions of those harrowing days, it has grown to a service which has successfully combed the fighting area wherein America's troops were engaged, has located the graves of our dead, concentrated them into large cemeteries or plots, maintained these cemeteries in such shape as to receive commendation from all, and is now entrusted with the sacred obligation of returning our fallen comrades to their native land. This solemn duty is being performed silently and without ostentation, with every precaution taken by means of orders and instructions and direct supervision by commissioned officers of the Army to insure careful and reverent handling of the dead. That this is being done in a fitting manner is testified by many letters of commendation received from parents and relatives who at their request have been permitted to be present when the bodies of their loved ones were exhumed.

During the fall of 1920 the Massachusetts State Memorial Commission visited the American cemeteries of France and under orders of the Secretary of War were extended every assistance possible in the fulfillment of their mission. They were granted by the undersigned an authorization to inspect the activities of this service in such cemeteries as were being operated by the field parties, and I desire to quote from their printed report the following extract, which is only one of the highly commendatory references which were made toward this service:

"Massachusetts has, up to this time, been the only State to make an independent and thorough examination of this unattractive but very necessary work of the Graves Registration Department, to ascertain if their findings are to be given full faith and credit by our people. Our inquiry and investigation appear to justify the claims of the department that every effort has been made to do the business part accurately, decently, and with all respect, and after that to bestow the honors due to the heroic dead. The commission, standing with devoted American officers and civilians in charge of the work, and in the presence of a thousand receptacles of the dust that was the living wall against which the Hun raged in vain, expressed their admiration of the devoted work of the department and their perfect satisfaction with it."

It is needless to refute categorically the ghastly imputations flowing from the facile pen of Mr. Wister, as their own exaggerations brand them as falsehoods, but it is considered the duty of the writer to reply to the allegations in general on behalf of the service and its personnel. To show that the article mentioned was either the figment of the author's brain or was not based upon first-hand knowledge, it may be said that he never witnessed the operations at the cemetery "Seringes-et-Nesles." It is a matter of record that Mr. Wister visited the cemetery before operations had started and tried to secure information from personnel by asking questions which clearly showed their intent. It is true that he later visited this cemetery during operations, but was not admitted, for when a cemetery is under operations the work is screened from the public for obvious reasons, and only the nearest of kin or their delegated representatives are permitted to witness the removals, and then only of the particular body in which they are interested.

As to the personnel whom the writer of "Plea for Our Dead in France" has so slanderously attacked in his statement: "It (the body) is sprinkled with disinfectant and shipped to Hoboken. Those who sprinkle never embalmed in their lives; they came from the slums and anywhere, and they look it," it is appropriate to mention that the following are the Government's requirements in engaging the technical personnel, who are directly engaged in handling the remains and in whose hands the body remains from the time of exhumation until laid away and sealed in its final casket: "An applicant for supervisory embalmer must be 28 years of age and must have had three years' and preferably five years' actual experience in embalming, and preferably hold a license as an embalmer." "An applicant for appointment as assistant embalmer must be 21 years of age, must be a graduate of an embalming school or have had one year's actual experience in embalming." It is true that not all of the assistant embalmers are professional embalmers, but are men who have won promotions from lower ratings by long and faithful service, and who, by the instructions they have received from supervisory embalmers, have proven themselves qualified assistants for this work.

By process of elimination the unfit of the technical personnel were long ago returned to the United States, and it is they who are so prone to vilify this service. Those remaining are skilled operators with a high sense of appreciation of the reverence of the duty in which they are engaged. Furthermore, it is appropriate to remark that of the American personnel on duty with this service (and the actual handling of bodies is only intrusted to Americans), over 90 per cent are ex-service men, the majority of whom performed long and meritorious service at the front.



With this class of men, men who stood the test of iron and fire, saw their comrades fall by their side and knew what heroes' deaths they died, is it not natural that they would have a keen appreciation of the fitness of things and reverently care for the mortal remains of their brothers in arms? Can it be conceived that an ex-service man would perform this sacred duty intrusted to him by "dragging the bodies from the graves"? We think not, and are satisfied that the reading public will pay scant attention to a screech that can not glorify its author, nor strengthen his argument, and can only by its gross misstatement of facts tear the heartstrings and cause needless anguish to the sorrowing relatives of our heroic dead.

H. F. RETHERS,  
Colonel, Quartermaster Corps,  
Chief American Graves Registration Service.

PARIS, May 20, 1921.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhues, its enrolling clerk, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1942) for the relief of the owners of the dredge *Maryland*.

#### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolutions, and they were thereupon signed by the Presiding Officer (Mr. McNARY) as Acting President pro tempore:

S. 1794. An act to authorize the Secretary of War to release the Kansas City & Memphis Railroad & Bridge Co. from reconstructing its highway and approaches across its bridge at Memphis, Tenn.;

S. 2301. An act granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River;

H. R. 1945. An act for the relief of E. W. McComas;

H. R. 2117. An act for the relief of the city of West Point, Ga.;

H. R. 4813. An act changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year, beginning July 1 each year;

H. R. 5621. An act for the disposal of certain lands in the town sites of Fort Madison and Bellevue, Iowa;

H. R. 6514. An act granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.;

S. J. Res. 88. Joint resolution granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York; and

H. J. Res. 153. Joint resolution permitting the admission of certain aliens who sailed from foreign ports on or before June 8, 1921, and for other purposes.

#### DIVISION OF CUSTOMS, DYE AND CHEMICAL SECTION (S. DOC. NO. 67).

The PRESIDING OFFICER laid before the Senate the following communication from the President of the United States, which was read and, with the accompanying estimate of appropriation, referred to the Committee on Appropriations and ordered to be printed:

THE WHITE HOUSE,  
Washington, August 18, 1921.

THE PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit for the consideration of Congress a supplemental appropriation for the Division of Customs, Dye and Chemical Section, in the amount of \$7,000. The greater portion of this amount is required to meet pay rolls, and the balance for the payment of traveling expenses necessary in making investigations.

By the dye and chemical control act, 1921 (42 Stat., 18, 19), Congress authorized the transfer of unexpended balances under the war trade board section, Department of State, for the use of the Treasury Department in continuing the work being performed by the war trade board section. Under this authorization the sum of \$6,356.76 was transferred to the credit of the dye and chemical section, Division of Customs, 1921. The unexpended balance was not available for the service of 1922. But under a decision of the Comptroller General, dated July 5, 1921, \$2,635.19 of the amount so transferred was made available for the service of the fiscal year 1922, up to August 27, 1921, the close of the three-month period of control provided in the act of May 27, 1921, above referred to. This appropriation is exhausted. A bill is now pending which, if it becomes a law, will extend the activities of the dye and chemical section to January 1, 1922, but without carrying any appropriation therefor.

It is assumed from this that Congress desires to continue the activities of the dye and chemical section under this act, and

an emergency is thus created which will require an appropriation. As such emergency exists on account of laws enacted after the passage of the regular appropriation bills, no further explanation under section 203 (a) of the budget and accounting act seems necessary, or, indeed, possible.

Respectfully,

WARREN G. HARDING.

#### THE DYE INDUSTRY.

Mr. McCUMBER. Mr. President, I desire to call the attention of the Senate to the fact that the dye act with the embargo feature by operation of law expires on the 27th day of August and unless the act is granted a longer life there will be no law governing the importation of dyes whatever.

In view of the fact that we are liable to have a recess or a brief adjournment in a very short time the committee thought best to report the bill (H. R. 8107) to control importations of dyes and chemicals, with an amendment which also extends the provisions of the emergency tariff bill, both to be extended until the 1st day of January, 1922, and to ask for its early consideration.

Of course, when the date of August 27 was fixed, or the three-month period for the dye embargo, it was supposed that by that time we would in all probability have effectuated legislation covering the same subject, but we will not do so, for the general tariff bill it is feared will not become a law much before the 1st day of January, 1922.

I was instructed by the committee to report the dye bill with an amendment extending the emergency tariff act and also with an amendment to include the Agricultural bill, both to cease to exist and operate on the 1st day of January, 1922, at which time in all probability we will have perfected and passed a new tariff bill.

Therefore, Mr. President, I move at this time to proceed to the consideration of House bill 8107.

Mr. TOWNSEND. Mr. President, I demand the regular order.

The PRESIDING OFFICER. The Chair is of the opinion that the motion of the Senator from North Dakota will not be in order until morning business is closed.

Mr. McCUMBER. Very well. I desire to give notice that at the close of the morning business I shall renew the motion.

The PRESIDING OFFICER. Petitions and memorials are in order.

#### PETITIONS AND MEMORIALS.

Mr. FLETCHER presented a communication from C. S. Long-acre, general international secretary Religious Liberty Association of Takoma Park, Washington, D. C., transmitting the memorial of Isidor Cohen and sundry other citizens of Miami, Fla., remonstrating against the enactment of Senate bill S. 1948, providing for compulsory Sunday observance, etc., which were referred to the Committee on the District of Columbia.

Mr. SHORTRIDGE. Mr. President, I wish to present a communication from a citizen of California, accompanied by certain resolutions passed by an organization of that State concerning pending legislation, and I respectfully ask that the communication and the resolution be printed in the RECORD.

There being no objection, the communication and resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

AMERICAN ASSOCIATION FOR THE RECOGNITION  
OF THE IRISH REPUBLIC,  
CONGRESSIONAL DISTRICT COUNCIL,  
Fresno, Calif., August 12, 1921.

HON. SAMUEL M. SHORTRIDGE,  
United States Senator, Washington, D. C.

DEAR SIR: I most earnestly object to the passage of the Penrose bill, because the placing of such power in the hands of one man may prove disastrous to our national finance; the matter of foreign debts should be handled by Congress exclusively, and the interest and principal of these foreign debts should be paid at once.

Prudent regard for our national welfare would suggest the refusal of German Government bonds in payment of Europe's indebtedness to us.

Great Britain, our principal debtor, pleads inability to pay, although she is expending vast sums for battleship construction and the exploitation of weaker peoples, thus contributing much to the disturbance of the peace of mankind. Our ex-service heroes, who saved England from disaster, and our own liberal citizenship who furnished this money should be our first consideration.

May I ask you, therefore, to use your good offices to insist upon a prompt payment of the interest and a reasonably prompt payment of the principal of all money due us from foreign Governments, to oppose the Penrose bill and similar legislation and not to agree to any settlement such as is suggested by Great Britain until she recognizes the elected government of the republic of Ireland.

Yours, very truly,

T. E. COLLINS,  
Chairman Fresno Branch A. A. R. I. R.

## Resolution.

Whereas there has been introduced into the Senate of the United States the so-called Penrose bill (S. 2135) authorizing the Secretary of the Treasury "to refund or convert and to extend the time of payment of the principal or the interest, or both, of any obligations now owing to the United States of America, and from time to time receive bonds and obligations of any foreign Government in substitution for those now or hereafter held by the United States of America"; and

Whereas this bill confers upon the Secretary of the Treasury greater powers than should be vested in any one man, and removes from the jurisdiction of Congress a matter which should only be settled by the Congress; and

Whereas the Government of Great Britain, although owing the United States some \$5,000,000,000, which is now past due, is spending millions of dollars on battleship construction and on the furtherance of imperialistic designs throughout the world, and is giving a liberal bonus to its ex-service men, while our Government, on the plea that the condition of the Treasury will not warrant it, is unable to provide even a moderate bonus for our ex-service men:

**Resolved**, That the members of Fresno (Calif.) Branch of the American Association for the Recognition of the Irish Republic most vigorously oppose—

(1) Any and all suggestions made by any foreign Government or by their agents or friends in this country to cancel, refund, or reduce this indebtedness.

(2) The passage of the Penrose bill or any such legislation giving such sweeping authority to the Secretary of the Treasury in the matter of foreign loans.

**Resolved**, That we demand that the President and the Congress of the United States take the steps necessary to secure the prompt payment of the interest and the reasonably prompt payment of the principal of all obligations due us from foreign Governments.

**Resolved**, That we further demand that Congress agree to no settlement of the British debts until Great Britain recognizes the elected government of the republic of Ireland.

**Resolved**, That copies of this resolution be forwarded to the President of the United States and to Senator HIRAM JOHNSON and Senator SAMUEL M. SHORTRIDGE with the request that they present the resolution to Congress and have it read into the CONGRESSIONAL RECORD.

By direction Fresno Branch, No. 33, American Association for the Recognition of the Irish Republic.

F. E. COLLINS, President.

FRESNO, CALIF., August 12, 1921.

Mr. SHORTRIDGE. I also hold in my hand a telegram received from Honolulu and a letter written by the sender of the telegram concerning matters of very grave importance and affecting pending legislation. As that legislation may have to do with the interests of the Hawaiian Islands, I think it would be helpful to Senators to read this communication, and I ask that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it will be printed in the RECORD as requested.

The telegram and letter referred to are as follows:

HONOLULU, HAWAII,  
August 6, 1921.

Senator S. M. SHORTRIDGE,  
Washington, D. C.:

Business outlook sugar industry bad. Shortage labor delaying harvest 1921; sugar loss enormous. Prevents proper cultivation 1922 crop; prevents planting 1923 crop. Acreage being abandoned, which means American requirement must be met by sugar raised under foreign flag; urge you support emergency labor bill now in Congress. Our efforts are to retain American control industries and islands. Want only unskilled field labor which does not compete with citizen labor. Japanese question real menace.

J. W. JONES.

HAWAIIAN EMERGENCY LABOR COMMISSION,  
EXECUTIVE BUILDING, TERRITORY OF HAWAII,  
Honolulu, Hawaii, August 6, 1921.

Senator SAMUEL M. SHORTRIDGE,  
Washington, D. C.

DEAR SENATOR SHORTRIDGE: Confirming my wire of even date herewith, your attention is invited to the serious national and industrial aspects connected with our Hawaiian situation.

We are short of labor to such an extent that our harvest of the 1921 crop is greatly delayed, and there will be a great loss of sugar. The same shortage of labor prevents proper cultivation of the 1922 crop and prevents planting for the 1923 crop.

When it is borne in mind that it takes 18 months for a crop of cane to mature and therefore there must be three crops under cultivation at the same time in order to harvest yearly, the critical financial as well as industrial situation may be readily understood when a shortage of labor exists.

The Japanese situation presents the phase that the Japanese Government always has intended to own these islands—if I am correctly informed, they have not to this day acknowledged through diplomatic channels American ownership, as was done by the other powers—and it is a fair inference from their activities during the time of the Monarchy, the Provisional Government, and the Republic to the time of annexation, when the Japanese stood on the sidewalks cursing the little band of Americans (of whom I was one) marching up the street with American flags upon receipt of the news of annexation, and from the facts developed in the various strikes of the Japanese and the insolent boasting of the Japanese here to our residents, that their intentions have not changed.

Sincerely,

J. W. JONES.

Mr. SHORTRIDGE also presented two memorials signed by 198 citizens of the State of California, remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc.; which were referred to the Committee on the District of Columbia.

Mr. CARAWAY. Mr. President, I have a letter and statement which I have received from the Hope Chamber of Com-

merce, a shipping association of my State, protesting against the high freight rates. I ask unanimous consent that it be referred to the Committee on Interstate Commerce and printed in the RECORD.

The statement itself covers five shipments, two carload shipments of cantaloupes and three of peaches, and in each case it shows that the transportation company received in freight charges from 60 to 70 per cent of the entire sales price.

There being no objection, the matter was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD in full, as follows:

HOPE CHAMBER OF COMMERCE,  
Hope, Ark., August 13, 1921.

HON. T. H. CARAWAY,  
United States Senate, Washington, D. C.

DEAR SIR: In behalf of the farmers and truck growers in southwest Arkansas, we appeal to you for aid in procuring an immediate reduction in express and freight rates on perishable products. The extortion that is being practiced with the knowledge of the Interstate Commerce Commission is damaging to the morale of this and adjoining communities. The farmers are clamoring for a square deal. They have a right to expect some little return from their labor, yet the railroads want, and are exacting, practically the whole of the sale price of our truck crops.

The freight and express charges are simply sapping the life out of the fruit and truck industries of southwest Arkansas. Is there not some remedy for it and will you give the Arkansas farmers the benefit of your intellect and wide experience in finding that remedy? When we examine the returns on car-load shipments and find that seven-eighths of the sale price is exacted as freight toll, we are reminded that "the difference between Jesse James and the railroads is that Jesse rode a horse."

In order that you may realize the nature of our distress, I am inclosing a sheet showing returns on car lot and express shipments by local shippers.

We would greatly appreciate anything you could do for us, and assure you that there is need for immediate relief.

Very sincerely,

HOPE CHAMBER OF COMMERCE,  
C. A. TUNNELL,  
Secretary-Manager.

Returns on car-load and express shipments of fruit and truck with itemized account showing cost of transportation, commission charges, and net receipts to the grower.

## SHIPPED TO PITTSBURGH, PA.

One car of cantaloupes, shipped by Hope Fruit & Truck Growers' Association, sold for	\$586.20
Freight to Pittsburgh, Pa.	361.16
Drayage	17.31
Commission	58.62
Crates, packing, and loading	187.28
	624.37
Loss to grower	38.17

## SHIPPED TO CHICAGO, ILL.

One car of cantaloupes, shipped by Hope Fruit & Truck Growers' Association, sold for	\$417.60
Freight, commission, and loading	371.86
Net to grower	45.74

## SHIPPED TO CINCINNATI, OHIO.

One car of cantaloupes, shipped by Hope Fruit & Truck Growers' Association, sold for	\$448.60
Freight, commission, and loading	355.97
Net to grower	92.63

## EXPRESS SHIPMENTS.

(By the Hope Fruit & Truck Growers' Association.)

30 bushels peaches to St. Louis, Mo., sold for	\$75.00
Express	\$43.48
Commission	11.25
	54.73
Net to grower	20.27
10 bushels peaches, Atchison, Kans., sold for	24.00
Express	\$14.47
Commission	4.80
	19.27
Net to grower	4.73
59 bushels beans, peaches, and cucumbers, Topeka, Kans., sold for	125.00
Express	\$83.20
Commission	12.50
	95.70
Net to grower	29.30

Mr. SHEPPARD. Mr. President, I ask unanimous consent to have inserted in the RECORD certain resolutions, in the nature of a petition, which have been passed by the Legislature of Texas on the subject of an immediate reduction of freight-transportation rates on farm and ranch products.

The PRESIDING OFFICER. The matter of printing in the RECORD communications from State legislatures is covered by the rule of the Senate, which provides that they shall be so printed. The resolutions presented by the Senator from Texas will, therefore, be printed in the RECORD and referred to the Committee on Interstate Commerce.



The resolutions were referred to the Committee on Interstate Commerce, as follows:

House concurrent resolution 5, relating to the Interstate Commerce Commission and excessive freight rates.

Whereas the increase in all interstate freight and express rates on all railroads which was granted by the Interstate Commerce Commission has resulted in restricting the movement of all commodities, especially products of the farm and ranch; and

Whereas said freight rates are so high on many classes of freight, notably fruit and truck, as to prohibit the shipment of the same, and in many instances the value of commodities shipped is absorbed by the freight, thereby making said freight rates confiscatory and prohibitive, and entirely destroying the value of such commodities; and

Whereas said freight rates result in a reduction of the price received by the producer, an increased cost to the consumer, and a restriction of the area of distribution; and

Whereas the wages of railway employees have been reduced 12 per cent beginning July 1, 1921; and

Whereas the United States Senate Committee on Interstate Commerce is at this time considering the transportation problem: Now, therefore, be it

*Resolved by the house of representatives (the senate concurring), That, in view of the facts as herein set forth, the Congress of the United States is earnestly requested to give the matter of freight rates most careful consideration, and the Senate Committee on Interstate Commerce is respectfully urged to devote its best efforts toward an immediate reduction in freight rates on farm and ranch products; and, be it further*

*Resolved, That our Senators and congressional Representatives be requested to do all in their power to amend the Federal transportation act of 1920, known as the Cummins-Esch bill, so as to repeal the features wherein encroachments are made upon the proper supervision and jurisdiction of the railroad commission of Texas; and that a copy of these resolutions be sent to each Senator and Representative in Congress from Texas.*

CHAS. G. THOMAS,  
Speaker of the House.  
JNO. H. BAILEY,  
President of the Senate.

I certify that house concurrent resolution 5 was adopted by the house July 21, 1921.

C. L. PHINNEY,  
Chief Clerk of the House.

I certify that house concurrent resolution 5 was adopted by the senate August 10, 1921.

W. V. HOWERTON,  
Secretary of the Senate.

Mr. NELSON presented the memorial of R. G. Champlin and sundry other citizens of Vernon Center, Minn., remonstrating against the enactment of Senate bill 2135, to enable the refunding of obligations of foreign Governments owing to the United States of America, etc., which was referred to the Committee on Finance.

Mr. CAPPER presented a petition of sundry citizens of Beattie and Home, both in the State of Kansas, praying for the recognition of the republic of Ireland by the Government of the United States, which was referred to the Committee on Foreign Relations.

#### SPECIAL REPORT ON FLORIDA SEMINOLES.

Mr. FLETCHER. Mr. President, I desire to present a special report on the Florida Seminoles by Capt. Lucien A. Spencer, special commissioner to the Seminoles. I want to have it printed as a Senate document, but perhaps it should first go to the Committee on Printing. I move that it be referred to the Committee on Printing.

The motion was agreed to.

#### REPORTS OF COMMITTEE ON MILITARY AFFAIRS.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 29) authorizing the Secretary of War to grant to Lloyd E. Gandy, of Spokane, Wash., his heirs and assigns, the right to overflow certain lands on the Fort George Wright Military Reservation, at Spokane, Wash., on such terms and conditions with respect to improvements to be made on the present target range as may be prescribed by the Secretary of War, or in lieu of such improvements to be made on the present target range the Secretary of War may accept a conveyance to the United States of such other lands to be designated by the Secretary of War as may be deemed suitable for a target range in exchange for such overflow lands; that to facilitate the acquisition of the necessary additional lands the Secretary of War is authorized to condemn land necessary and suitable for target-range purposes, such condemnation to be at the expense of said Lloyd E. Gandy, grantee, his heirs and assigns, reported it without amendment and submitted a report (No. 262) thereon.

Mr. FLETCHER, from the Committee on Military Affairs, to which was referred the bill (S. 2138) providing that the Government property known as the St. Francis Barracks, at St. Augustine, Fla., be donated to the State of Florida for military purposes, reported it without amendment and submitted a report (No. 263) thereon.

#### COMPILATIONS OF TREATIES, CONVENTIONS, ETC.

Mr. LODGE. I report back favorably from the Committee on Foreign Relations with amendments the resolution submitted by me on the 10th instant, and I ask for its present consideration.

The Senate, by unanimous consent, proceeded to consider the resolution.

The amendments were, on page 1, line 7, to strike out "from" and insert "since"; and, in line 8, after the numerals "1910," to strike out the words "to June 30, 1921, inclusive," so as to make the resolution read:

*Resolved, That there be prepared, under the direction of the Committee on Foreign Relations, a revised supplement to the compilation entitled "Treaties, Conventions, International Acts, and Protocols Between the United States and Other Powers, 1776-1909," to include treaties, conventions, important protocols, and international acts to which the United States may have been a party since January 1, 1910.*

The amendments were agreed to.

The resolution as amended was agreed to.

#### BILL AND JOINT RESOLUTIONS INTRODUCED.

Bill and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WATSON of Georgia (for Mr. HARRIS):

A bill (S. 2430) to authorize the construction of a bridge across the St. Marys River, at or near Wilds Landing Ferry, between Camden County, Ga., and Nassau County, Fla.; to the Committee on Commerce.

By Mr. CALDER:

A joint resolution (S. J. Res. 105) to change the rate of compensation paid to stenographers to committees of the Senate; to the Committee to Audit and Control the Contingent Expenses of the Senate.

By Mr. HEFLIN:

A joint resolution (S. J. Res. 107) to regulate the speed limit of automobiles and other motor vehicles in front of the Capitol in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BRANDEGEE:

A joint resolution (S. J. Res. 108) authorizing the erection on public grounds in the city of Washington, D. C., of a memorial to Jeanne d'Arc; to the Committee on the Library.

#### RELIEF OF DISTRESS IN RUSSIA.

Mr. KING. Mr. President, I introduce a joint resolution, which I desire to read and make just one observation. It will take only a moment.

*Resolved, etc., That the President is hereby authorized to take from any surplus drugs, medicines, and medical supplies of his selection and of the value of \$5,000,000 from the medical stores of the War Department and use and apply the same for the relief of sick and suffering people in Russia. The value of said supplies, to wit, the sum of \$5,000,000, shall be credited to the War Department and charged against the appropriation of such supplies authorized by this act, and for this purpose this act shall be regarded as an act appropriating \$5,000,000 for the purchase of such medical supplies.*

The joint resolution (S. J. Res. 104) authorizing the President to use Army medical supplies for the relief of famine sufferers in Russia was read twice by its title.

Mr. KING. Mr. President, may I add just one sentence? The word which we are receiving from authoritative sources in Russia shows the catastrophe which is overwhelming the people of that unhappy land. Millions are dying from starvation and millions are in need of drugs and medicine and medical supplies. I am advised that the War Department has a considerable surplus supply of medical stores. This resolution merely provides that \$5,000,000 worth of those supplies shall be sold, to be used by the President of the United States in Russia, and an appropriation shall be carried covering the amount.

It will really be a matter of bookkeeping. The War Department will get credit for \$5,000,000 and the corresponding charges will be made upon the books of the Treasury Department.

I move that the joint resolution be referred to the Committee on Appropriations.

The motion was agreed to.

#### AMENDMENT OF TARIFF BILL.

The PRESIDING OFFICER (Mr. McNARY) submitted an amendment intended to be proposed by him to House bill 7456, the tariff bill, which was referred to the Committee on Finance and ordered to be printed.

#### RAILWAY ADJUSTMENT.

Mr. TOWNSEND. From the Committee on Interstate Commerce I report back favorably with amendments the bill (S. 2337) to amend the transportation act of 1920, and for other purposes, and I submit a report (No. 261) thereon.

Mr. LA FOLLETTE. Mr. President, that report was not presented to the committee and I have had no opportunity to examine it. I therefore ask leave to file a minority report, if I should desire to do so, within the next three days.

The PRESIDING OFFICER. Without objection, leave will be granted.

Mr. BORAH. Mr. President, may I ask if it is the intention of those in charge of the railroad bill to urge its passage prior to the recess?

Mr. TOWNSEND. Mr. President, I recognize the fact that there are measures pending before the Senate which must be disposed of. I assume that the Senate is going to determine for itself whether it will dispose of the road bill, which, I trust, will be done this morning in a very few moments. I understand that notice has been given to call up after that the emergency deficiency appropriation bill and the bill for the extension of the emergency tariff act. I understand also that the Senate has practically agreed to the proposition that a bill relating to agricultural credits, which passed the House and the Senate and is now in the House with the Senate amendments, must be finally considered before the Senate adjourns.

I desire to call up the so-called railroad bill or funding bill, which I have just reported from the committee, at the very earliest opportunity. I have not considered the question whether all this work can be done or whether the road bill can be considered before the recess or not. That proposition I have not considered. I am instructed, and am inclined to follow the instruction, to call the bill up at the very earliest practicable opportunity.

Mr. BORAH. We have passed a resolution to adjourn next Wednesday. Manifestly we could not pass any railroad bill, and ought not to undertake to pass any railroad bill, between now and next Wednesday. Manifestly, too, we would not undertake to pass that kind of a bill when we are running shy of a quorum about every two hours. I only wish to say that if there is going to be an effort to pass this bill there will have to be a full Senate or a reasonably full Senate. I do not mean to pass upon the merits or demerits of this bill, but it is an important measure. I want it considered under circumstances which will permit of proper and wise consideration.

Mr. KING. Mr. President, the other evening when the executive session had closed and the Senate had gone back into legislative session for the purpose of adjournment, I gave notice that I would move to reconsider the vote by which the Senate had agreed to adjourn on Wednesday next unless I could receive assurance that no effort would be made to jam through this railroad measure. I did receive such assurances as were satisfactory to me, and so I did not press the motion.

Mr. TOWNSEND. Mr. President, if the Senator from Utah will yield—

Mr. KING. Certainly.

Mr. TOWNSEND. I know of no disposition on the part of anybody to jam through the railroad legislation. Nobody has suggested such a thought to me. It is legislation that some of us believe ought to be enacted. I understand, I think, as well as anybody that if we are to recess on Wednesday next we can not give the bill the consideration to which it is entitled, but it is possible that the House may not agree to the proposed recess. That has not yet been decided. I have made the report as all other reports are made.

I consider it of very great importance and of as urgent necessity as I do other measures, and I repeat to the Senator that I have no disposition, and I know of no other Senator who has a disposition, to jam legislation through. In fact, I do not know of any way to jam legislation through the Senate.

Mr. KING. Mr. President, I did not use the word "jam" offensively. I used it in connection with my efforts to secure an understanding that the bill would not be called up for consideration or passage during the period between now and the time when we shall take a recess. Of course the measure is so important that it will take a very long time—perhaps weeks—properly to consider it.

I wish to say to my friend from Michigan that I regret very much that full hearings were not had and that further testimony, that might have elucidated somewhat more fully other phases of the matter, was not presented to the Senate. It is to be hoped that between now and the time when Congress again meets we shall have further enlightenment and further facts presented to the Senate upon this very important question.

The PRESIDING OFFICER. Is there further morning business?

Mr. LA FOLLETTE. I should like to say, Mr. President, while this matter is receiving the attention of the Senate, that I believe that this bill should be returned to the Committee on Interstate Commerce with an order from the Senate that it in-

vestigate this subject and receive the testimony of witnesses in opposition to this bill who desire to be heard and who ought to be heard if the Senate is to be fully advised as to its merits. At the proper time I may submit a motion of that kind to the Senate. For the first time, I think, in the history of Congress hearings were had upon one side only, namely, those who were promoting the passage of the bill for extending the credit of the Government to the railroads to the tune of hundreds of millions of dollars, and the committee by a vote of those who are in favor of the bill refused the testimony from others who were opposed to the passage of the bill. That is a matter of such grave importance, establishing as it does a bad precedent, that I think it should receive the condemnation of the Senate.

No committee is more than the mere servant of the Senate. It is for the Senate to say what information it wants in reference to proposed legislation; and I am very certain that the Senate of the United States has not yet reached the time when it is willing to consider a bill upon a lopsided investigation of facts. I believe the Senate wants all proposed legislation thoroughly investigated by its committees. If hearings are to be held, not only should the facts and opinions presented by those who favor the legislation be taken, but the facts and opinions of those who oppose the proposed legislation should likewise be received. This ought to be the rule if the Senate is to be truly helped by committee investigations and committee hearings upon proposed legislation.

Mr. TOWNSEND. Mr. President, I dislike very much now to enter into this discussion. All these points will later be discussed in full. The committee acted in such a manner that it may properly defend its action. It did refuse to go into what it considered extraneous matters, but did not deny itself or the Senate any hearings which it thought were pertinent to the particular question that we had under consideration. All this, however, will be discussed later.

Mr. HITCHCOCK. Have the hearings been printed to which reference has been made?

Mr. TOWNSEND. They have. Is morning business closed, Mr. President?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

#### INTERSTATE HIGHWAY SYSTEM.

Mr. TOWNSEND. The morning business now having been closed, I ask unanimous consent that the amendment reported by the Senate Committee on Post Offices and Post Roads to the amendment of the House of Representatives to Senate bill 1072 be laid before the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Michigan?

Mr. McCUMBER. A moment ago I gave notice that at the conclusion of the routine morning business I would move that the Senate proceed to the consideration of the bill (H. R. 8107) to control importations of dyes and chemicals, but the Senator from Michigan informs me that the bill which has been the unfinished business has reached a stage in which there is likely to be a vote upon it at any time, thus disposing of the matter. I wish to state, however, that upon the disposition of the road bill I shall move that the Senate take up House bill 8107.

Mr. TOWNSEND. Mr. President, I made a request for unanimous consent to have the unfinished business laid before the Senate.

Mr. KING. A parliamentary inquiry. Is the matter referred to by the Senator from Michigan before the Senate, Mr. President?

The PRESIDING OFFICER. By unanimous consent, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the amendment of the Committee on Post Offices and Post Roads to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Caraway	Hale	Kellogg
Borah	Culberson	Harrell	Kenyon
Brandegee	Curtis	Harrison	King
Broussard	Dillingham	Hedin	Knox
Calder	Fletcher	Hitchcock	Ladd
Cameron	Glass	Jones, N. Mex.	La Follette
Capper	Gooding	Jones, Wash.	Lodge



McCormick	Oddie	Smoot	Walsh, Mass.
McCumber	Phipps	Stanley	Warren
McKellar	Polindexter	Sterling	Watson, Ga.
McLean	Pomerene	Sutherland	Watson, Ind.
McNary	Reed	Swanson	Willis
Nelson	Sheppard	Townsend	
New	Shortridge	Trammell	
Norbeck	Simmons	Wadsworth	

Mr. CURTIS. I desire to announce the absence of the Senator from Pennsylvania [Mr. PENROSE], on account of official business. I will ask that this announcement stand for the day.

I also desire to announce the absence of the Senator from New Hampshire [Mr. KEYES], on account of a death in his family.

Mr. SIMMONS. I wish to announce that my colleague [Mr. OVERMAN] is unavoidably absent from the Senate.

Mr. HARRISON. I desire to announce the absence of the Senator from Rhode Island [Mr. GERRY], on account of illness.

The PRESIDING OFFICER. Fifty-seven Senators having answered to their names, there is a quorum present. The Secretary will state the pending amendment to the amendment.

The ASSISTANT SECRETARY. The pending amendment is that offered by the Senator from Indiana [Mr. NEW], on page 17, line 18, in the amendment reported by the Committee on Post Offices and Post Roads to strike out "\$100,000,000" and in lieu thereof to insert "\$75,000,000."

Mr. POMERENE. Mr. President—

Mr. WADSWORTH. Mr. President, we were in the midst of the roll call when the Senate adjourned last evening.

Mr. LODGE. There is nothing in order but a continuation of the roll call. There is a roll call pending. On the call of the roll last evening the presence of a quorum was not disclosed.

Mr. HEFLIN. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. HEFLIN. At the last session of the Senate the roll call was in progress when the Senate adjourned because we did not have a quorum. Does not that vacate the roll call and leave the matter open before the Senate for discussion this morning?

The PRESIDING OFFICER. The present occupant of the chair thinks it does not. The Secretary will call the roll on the amendment offered by the Senator from Indiana to the amendment reported by the committee.

The reading clerk proceeded to call the roll.

Mr. CALDER (when his name was called). I have a pair with the senior Senator from Georgia [Mr. HARRIS]. I transfer that pair to the senior Senator from Maryland [Mr. FRANCE] and vote "yea."

Mr. CARAWAY (when his name was called). I have a pair with the junior Senator from Illinois [Mr. MCKINLEY]. I transfer that pair to the Senator from South Carolina [Mr. DIAL] and vote "nay."

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from Vermont [Mr. PAGE] and vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. ELKINS]. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and vote "nay."

Mr. LODGE (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the junior Senator from Maryland [Mr. WELLER] and vote "yea." I ask that this announcement as to the transfer of my pair may stand for the day.

Mr. SIMMONS (when Mr. OVERMAN's name was called). I desire to announce the unavoidable absence of my colleague [Mr. OVERMAN]. I will ask that this announcement stand for the day.

Mr. POMERENE (when his name was called). I have temporarily a general pair with the junior Senator from Missouri [Mr. SPENCER]. I do not know how he would vote, and I therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. REED (when his name was called). I have a pair with the Senator from Michigan [Mr. NEWBERRY]. In his absence I am compelled to withhold my vote.

Mr. STANLEY (when his name was called). I have a pair with the junior Senator from Kentucky [Mr. ERNST] and am compelled, therefore, to withhold my vote. If permitted to vote, I should vote "nay."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Iowa [Mr. CUMMINS] and will vote. I vote "yea."

Mr. SUTHERLAND (when his name was called). I transfer my pair with the senior Senator from Arkansas [Mr.

ROBINSON] to the junior Senator from New Hampshire [Mr. KEYES] and will vote. I vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT], who is absent. Being unable to obtain a transfer of that pair I am obliged to withhold my vote. If permitted to vote, I should vote "nay."

Mr. WARREN (when his name was called). I have a general pair with the Senator from North Carolina [Mr. OVERMAN]. I transfer that pair to the junior Senator from Delaware [Mr. DU PONT] and vote "yea."

Mr. WILLIAMS (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. PENROSE]. In his absence I will have to withhold my vote. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MCCORMICK. I have a general pair with the junior Senator from Wyoming [Mr. KENDRICK], which I transfer to the junior Senator from Wisconsin [Mr. LENROOT] and vote "yea."

Mr. BROUSSARD. I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. I am unable to secure a transfer of that pair, and therefore am obliged to withhold my vote.

Mr. JONES of New Mexico (after having voted in the negative). I am unable to secure a transfer of my pair with the Senator from Maine [Mr. FERNALD], who, I observe, has not voted. I am compelled therefore to withdraw my vote.

Mr. FLETCHER (after having voted in the negative). I have a general pair with the Senator from Delaware [Mr. BALL], who is absent. I transfer that pair to the Senator from Montana [Mr. MYERS] and allow my vote to stand.

Mr. HARRISON. I desire to repeat the announcement that the junior Senator from Rhode Island [Mr. GERRY] is absent on account of illness.

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Mexico [Mr. BURNUM] with the Senator from Louisiana [Mr. RANDELL];

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from New Jersey [Mr. FRELINGHUYSEN] with the Senator from Montana [Mr. WALSH].

The result was announced—yeas 28, nays 22, as follows:

#### YEAS—28.

Borah	Harrell	Lodge	Sterling
Brandegge	Jones, Wash.	McCormick	Sutherland
Calder	Kellogg	McCumber	Townsend
Capper	Kenyon	McLean	Wadsworth
Curtis	King	McNary	Warren
Dillingham	Knox	Nelson	Watson, Ind.
Hale	La Follette	New	Willis

#### NAYS—22.

Ashurst	Gooding	Norbeck	Simmons
Cameron	Harrison	Oddie	Swanson
Caraway	Heflin	Phipps	Walsh, Mass.
Culberson	Hitchcock	Polindexter	Watson, Ga.
Fletcher	Ladd	Sheppard	
Glass	McKellar	Shortridge	

#### NOT VOTING—46.

Ball	Frelinghuysen	Nicholson	Smith
Broussard	Gerry	Norris	Smoot
Burnum	Harris	Overman	Spencer
Colt	Johnson	Owen	Stanfield
Cummins	Jones, N. Mex.	Page	Stanley
Dial	Kendrick	Penrose	Trammell
du Pont	Keyes	Pittman	Underwood
Edge	Lenroot	Pomerene	Walsh, Mont.
Elkins	McKinley	Randell	Weller
Ernst	Moses	Reed	Williams
Fernald	Myers	Robinson	
France	Newberry	Shields	

So Mr. New's amendment to the amendment reported by the committee was agreed to.

Mr. NEW. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The Assistant Secretary read as follows:

I move to amend by striking out the figures "\$5,000,000" in line 6, section 26, page 20, and substituting therefor the figures "\$2,500,000"; to strike out the figures "\$10,000,000" in line 8, same section and page, and to substitute therefor the figures "\$5,000,000"; and to strike out the words and figures "but not to exceed \$3,000,000" in line 10, page 20, section 26.

Mr. SIMMONS. Mr. President, what page does this amendment refer to?

The PRESIDING OFFICER. Page 20, the section beginning on line 3.

Mr. NEW. It is the section relating to forest trails.

Mr. KING. Mr. President, may we have the amendment stated again? Some of us did not have the committee amendment before us at the time.

The PRESIDING OFFICER. The Secretary will restate the amendment.

The ASSISTANT SECRETARY. On line 6, page 20, section 26, strike out the figures "\$5,000,000" and substitute therefor "\$2,500,000."

On line 8, strike out the figures "\$10,000,000" and substitute therefor "\$5,000,000."

On line 10, page 20, strike out the words and figures "but not to exceed \$3,000,000."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana.

Mr. NEW. Mr. President, this amendment merely cuts in half the appropriation made for the building of forest trails, and I do not think there is serious objection to that on the part of the committee itself. Of course, I am not speaking for the committee; I have no authority to do that; but I think the amendment is one that can well be adopted, under the circumstances.

Mr. TOWNSEND. Mr. President, I think there is very serious objection on the part of the committee to a reduction in these items.

During the last fiscal year, ending June 30, there was a \$3,000,000 appropriation for this work plus the \$1,000,000 a year theretofore appropriated under previous laws. There is not any doubt but that the national forests of the country are entitled to proper protection. The people who live adjacent to those forest reserves are also entitled to some consideration in passing through the forests. I do not believe there ever has been an adequate appropriation for this particular item.

The part which the Senator from Indiana proposes to strike out, namely, "not to exceed \$3,000,000," would, in my judgment, materially interfere with the plans which the committee had in mind. We made this appropriation of \$5,000,000 for next year for the purpose of aiding in the construction of roads and trails through the forests and in the forests for their protection, for the protection of the property, and for the benefit of the people who live adjacent to the forests.

The States themselves are not able and they ought not to be required to build all of these roads. In fact, they are not permitted to do so under the law. We make that especial provision, "not to exceed \$3,000,000," to be expended by the Secretary of Agriculture, for the benefit of the people who live adjacent to the forests, and it is a provision that tends to carry out the purpose of this bill, namely, to get an efficient system of roads.

Furthermore, Mr. President, we have not given the public-land States, or the States that contain these forests, any benefit under the special provision we have made for the division of the money in the public-land States. That is, we have not allowed them under the rule of apportionment to count the area of the public forests in the particular fraction or subdivision that we make for the benefit of the public-land States.

Therefore it seemed to us—and I think it will to you if you understand the proposition correctly—that we ought to make this special provision for the national forests, for these trails for the protection of the Government property, worth billions, throughout the whole United States. It seemed to us that we were doing as little as we could afford to do in providing for these trails and roads through the forests, and we owe a duty to the people living adjacent to the forests that we shall furnish them with reasonably acceptable facilities for traveling from one part of the State to another, in the course of which journey these forests are an obstacle.

Now, Mr. President, just a word more, because I do not want to occupy the time of the Senate unduly.

This \$5,000,000 increases what the Forest Service actually had last year by \$1,000,000. Last year it had the \$1,000,000, and the authorization for that will expire in 1926. It will have that amount next year. We are appropriating for this purpose \$3,000,000, which will expire on June 30, and that provision is no longer operative.

Now, we have provided \$5,000,000, which makes an increase of \$2,000,000 for this purpose, and make provision that it shall be divided by the Forest Service and the Department of Agriculture, which is looking after the roads we are providing for here. It may be divided so that not to exceed half of it, or \$3,000,000, shall be devoted to this particular purpose of road building.

There may be some question, Mr. President, as to whether we ought to make provision for two years. We do not do that in reference to the roads, but we did put in the \$10,000,000 for next year, because we believed that the system of protection, to be properly carried out, should have a two-year total. Therefore we put that in for the benefit of the public lands.

Mr. BORAH. Mr. President, I want to say a word in regard to this amendment. I do not know whether the able Senator

from Indiana is entirely familiar with the situation which confronts us in the Western States.

I may be in error as to the exact per cent, but it was only a short time ago when, according to my recollection, 79 per cent of the State of Idaho was withdrawn from public entry and dedicated to eternal silence. It is under the control of the National Government. The management of it and caring for it are under the National Government. It is withdrawn from taxation. Our State is getting along by taxing the small percentage of the entire area of the State which remains after this immense area has been withdrawn. In a State which has 79 per cent of its land withdrawn from public entry, and the State compelled to find taxes from the other part of it, the Senator from Indiana can see in what position we are left out there to take care of our public roads and everything else.

Not only that, Mr. President, but unless these forests are penetrated by public roads, and unless methods are provided for by which they can be easily crossed and recrossed, there is not only a great loss year by year to the National Government by reason of fire but there is a constant menace to all the communities anywhere near the forests.

I did not anticipate that this was coming up for discussion, but I would like to see the Senator familiar with the loss which year by year has followed since the creation of the forest reserves by reason of fire, and the report is to the effect that that loss must continue unless these roads are built, and methods are provided by which the forests in this way can be at least better protected.

So I say, Mr. President, that so long as the National Government withholds these lands from entry, so long as it withholds them from taxation, so long as they are a menace to the communities by reason of the danger which they constantly carry, the National Government ought to see to it that they are taken care of in a proper way.

Unless that is done, as I have said, not only does the National Government lose much more than is involved in this appropriation year by year, but the different communities lose by reason of the danger.

Mr. WARREN. The loss is many times this appropriation.

Mr. BORAH. As is well said by the Senator from Wyoming [Mr. WARREN], the loss is many, many times this appropriation. We are informed that the reason they can not be protected is because of the want of roads, and so on, and I beg the Senator from Indiana to consider that before he urges this amendment, because I think that, as a matter of fact, it would be a very serious mistake to adopt the amendment.

If the National Government is growing weary of taking care of the national forests, or if it has come to the conclusion that the expense is too great, all the Western States ask of the National Government is to turn the lands loose, and we will take care of them; we will build roads, and we will build homes, and we will reduce the land to taxation, and build Commonwealths, such as is contemplated under our theory of Government. It amounts to a condemnation of a State, to an inhibition against growth and progress and against the education, security, and happiness of the people of a State to withdraw vast areas, cut off taxation, and then leave the withdrawn areas in such condition that they are a menace to the property and lives of the people.

Mr. ASHURST. Mr. President, it is really unnecessary for me to say a word, or for anyone to say a word, after the masterful arguments which have been made against this amendment. The Senator from Michigan, the chairman of the committee, who doubtless does not have many national forests in his State—

Mr. TOWNSEND. None that will receive any benefit under this.

Mr. ASHURST. None, the Senator says. He has exhibited here this morning a width and breadth of statesmanship of which I am very proud. He has taken the broad, national view of the question, followed and supplemented by the able argument of the Senator from Idaho.

Let me ask Senators to reflect for a moment upon the State of Arizona, with 11,000 square miles of national forests, and a great many Senators believe that in those national forests cattle and sheep are free commoners, and may be taken there if the flock masters wish to take them there. Not so at all. When you take your sheep or cattle into a national forest you pay the Federal Government a very high price per annum to go upon those forest lands.

You withhold those immense domains in our State from settlement and cultivation. You make our citizens pay extortionate sums for the privilege of taking their cattle and sheep thereon, and you fine and imprison our citizens who go without a permit on those forest domains. Yet we are to be deprived of this



just appropriation for building roads and trails through those forests.

This provision in the bill providing for an adequate appropriation to build trails and roads in the forests is granted in appreciation of the abuses under which we labor; granted, in a manner, to compensate those States because of the oppressions under which they are placed by the administration of these forests. This is a good bill now, I think; it is a splendid bill, because the forestry question is taken care of, as well as the interstate roads.

Last year alone there was paid to the Federal Government as fees for grazing live stock on these national forests \$2,000,000, paid by our citizens who temporarily grazed their sheep and cattle thereupon. It is not like the great Mississippi Valley and the plains of 40 or 50 years ago, when sheep and cattle were free commoners and could go as they pleased. Now we are reduced to a system somewhat like that which obtains in the Black Forest of Germany or the tenant system of Ireland, where they pay to go upon the land. Yet, under the amendment proposed by my distinguished friend from Indiana, the appropriation is to be cut in two, and that condition, which has been almost intolerable in the Western States, is to be perpetuated.

I again congratulate the Senator from Michigan on his broad view of this important question, and the cause of the Western States can rest on his argument alone, if necessary.

Mr. NEW. Mr. President, the Senator from Idaho and the Senator from Arizona appeal to me, as Senators residing in States where there are forest reserves, to withdraw this amendment, on the ground that the money to be spent in accordance with the provisions of the bill as drawn is to be spent in the general interest of protection against forest fires.

Mr. President, I think both Senators may reasonably appeal to me on that score. I doubt if either of them, having been raised in the West, as they have, have spent more time in the forests, and know more about fires and the devastation they have wrought in this country, or have suffered more pecuniarily as the result of them, than I have.

Mr. President, there is not a line in this section, as I read it, which indicates that the money is to be spent for that purpose. I do not think anybody will find a line or a suggestion in that section indicating that the money is to be spent for that purpose. I fully agree with all that both Senators say about the necessity of making ample provision against forest fires. It is absolutely true that not only in the States they represent but in many others we have suffered, and suffered enormously, as a result of forest fires, and upon the assurance of the Senator from Michigan that that is the purpose—

Mr. TOWNSEND. If the Senator will yield, I will state that we already have a law on this subject, and the object of forest roads and trails is for the protection of the forests. That is what they are used for. We have a force of foresters who go out into the forests. It is for the purpose—and there is no other purpose—of allowing that protection to be efficient that roads and trails are necessary through the forests.

Mr. NEW. I quite understand that, Mr. President, from long experience of my own, and with the understanding that this money is to be expended with that primary object in view, I withdraw the amendment.

The PRESIDING OFFICER. Is there objection to the withdrawal of the amendment? The Chair hears none, and the amendment is withdrawn.

Mr. NEW. Before I conclude, Mr. President, permit me to say that my attention has been called to the fact—at least I think it is a fact—that in the amendment which was adopted a short time ago reducing the amount of the general appropriation from \$100,000,000 to \$75,000,000 a further provision should be made by striking out the figures "\$50,000,000," in line 19, page 17, and inserting in lieu thereof "\$25,000,000."

The PRESIDING OFFICER. The Secretary will state the amendment.

The ASSISTANT SECRETARY. In section 23, page 17, line 19, strike out "\$50,000,000" and insert in lieu thereof "\$25,000,000."

Mr. NEW. That is right.

Mr. TOWNSEND. I supposed that was included in the other.

Mr. NEW. I thought so, too; but it appears not to have been.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Illinois?

Mr. NEW. I wish to merely add, before taking my seat, that that merely completes the amendment which was adopted a little while ago, and is necessary for its completion. Now I yield to the Senator from Illinois.

Mr. McCORMICK. Before we turn from the first paragraph of section 26 will the Senator from Michigan explain why it is

necessary to appropriate not only \$5,000,000 for the fiscal year ending June 30, 1922, which is proper enough, but also an additional sum for the ensuing fiscal year?

Mr. TOWNSEND. The reason which actuated the committee in carrying an appropriation for next year, as well as this year, was that the forests had been neglected—there is no doubt about that—and in talking this matter over with the Forest Service, which I think is a conscientious service and doing a great work, while they indicated that they believed they could get along with \$5,000,000 additional this year, and, of course, could get along with whatever is apportioned to them, they made a showing to us that was very convincing that if they could have the prospect of a \$10,000,000 additional appropriation they could give very much more protection to the valuable forests of this country than they could if it were simply limited to one year.

Mr. McCORMICK. The Senator means that the area is so great that in the development of their plans they must know what they can have in a certain time?

Mr. TOWNSEND. That is the idea of the committee and of the service.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana to the committee amendment.

Mr. HEFLIN. I thought he had withdrawn that.

Mr. TOWNSEND. No; the Senator from Indiana makes a motion merely to reduce the \$50,000,000 to \$25,000,000, in accordance with the reduction of the total appropriation to \$75,000,000. That means that \$25,000,000 are to be expended for the first six months and \$50,000,000 for the second six months. The Bureau of Public Roads has just informed the Senator from Kansas [Mr. CURTIS] that that can be done without embarrassing the road operation for this year. We have reduced the total appropriation by \$25,000,000 and now we cut that \$25,000,000 from the first \$50,000,000 that is to be expended out of money now on hand.

Mr. SIMMONS. Mr. President, I wish to make an appeal to the Senator from Indiana against reducing the amount immediately available as low as \$25,000,000.

Mr. LODGE. The total amount has been reduced \$25,000,000.

Mr. SIMMONS. Yes; I know the total amount has been so reduced, but I am speaking about the amount that is immediately available. I regret very much that we did reduce the total amount. That has been reduced to \$75,000,000, and now the proposition of the Senator from Indiana is to make only \$25,000,000 of that immediately available and the other \$50,000,000 available in six months from the date of the passage of the bill.

I wish to say to the Senator from Indiana that while there is an unexpended balance of former appropriations for road work, every dollar of that unexpended balance, as I am advised, has been contracted for, so that there is now no fund for the making of future contracts. Therefore the \$25,000,000 which would be made available now is the only sum that could be used in making contracts for future work. The road building must be done by contracts. Those contracts anticipate the future and provide for the work of months, probably six months in advance. Twenty-five million dollars distributed among the 48 States would provide very little money upon which to base future contracts.

I hope the Senator will be a little more liberal toward road construction and divide this sum of \$75,000,000 something like equally. Let half of it, or, say, \$35,000,000 of it, be immediately available and the balance available six months from the date of the passage of the bill. I ask if the Senator does not think that would be justified under the circumstances?

Mr. NEW. No; Mr. President, I can not accord the request of the Senator from North Carolina, much as I regret to have to refuse it. In my judgment it would be impossible to expend judiciously more than \$25,000,000, which the amendment proposes to make immediately available during the rest of the road-building season. We have, then, six months hence, \$50,000,000 more available for the making of contracts, and they can certainly be made with that fact in mind. I think that to make \$25,000,000 immediately available, in addition to the very considerable unexpended balance now in the Treasury, will suffice for the immediate needs. I do not know just what that balance is.

Mr. TOWNSEND. Mr. President, I may say that I have made inquiry and ascertained that the balance of Federal money to be expended this year is \$130,000,000.

Mr. NEW. To be expended this year?

Mr. TOWNSEND. During the year 1921.

Mr. NEW. During the year 1921. \$130,000,000. Does not the Senator from North Carolina think that answers the objection which he raises?

Mr. SIMMONS. I did not understand the statement of the Senator from Michigan.

Mr. TOWNSEND. It appears there is about \$130,000,000 of Federal money now on hand to be expended this year. That has been practically all assigned, but it has not been expended. It will cover the work that will be performed during this year. We are adding \$25,000,000 to that sum. It would suit me if the Senator would amend the six months' proposition by making it available on January 1 next, so it would come within the fiscal year ending June 30, 1922, instead of saying the balance shall be expended after six months. The bill has been pending for some time. I would just as soon have it stated that the balance of \$50,000,000 shall become available on January 1 next.

Mr. SIMMONS. That would be better than nothing. I would be glad if that could be done.

Mr. TOWNSEND. This will not embarrass the road program at all, as the Senator will discover if he will confer with the Bureau of Good Roads. This amount of money will care for the whole situation in a reasonably satisfactory manner.

Mr. SIMMONS. The Senator is willing that the \$50,000,000 shall become available on the 1st of January, 1922?

Mr. TOWNSEND. Yes.

Mr. NEW. I think we have found something that we were not looking for in the shape of the statement that there is \$130,000,000 of unexpended balance.

Mr. TOWNSEND. It is all assigned, and the work on the contracts already let has not yet been completed, of course.

Mr. NEW. I have no doubt it is all assigned and that any other sum that we appropriate will be very quickly assigned, but I think that revelation should disabuse the minds of Senators of the thought that there is any danger of embarrassment to the road-building department.

Mr. SMOOT. Mr. President, I hope the Senator from Michigan will not accept the proposed amendment fixing January 1, 1922. That will fall within the present fiscal year, and I wish to say to the Senator from Michigan that we have about all the obligations that we can possibly meet during the present fiscal year.

Mr. TOWNSEND. How does that come within this fiscal year?

Mr. SMOOT. The fiscal year ends June 30, 1922.

Mr. TOWNSEND. What is six months from to-day?

Mr. SMOOT. Six months from to-day would be in February, but that would be in this fiscal year also.

Mr. TOWNSEND. Would not the other provision be within the same time?

Mr. SMOOT. As I understood the Senator, it is to be divided into two six-month periods.

Mr. TOWNSEND. No; \$25,000,000 is immediately available upon the passage of the act and \$50,000,000 six months from the date of the passage of the act.

Mr. SMOOT. I thought it was a year.

Mr. TOWNSEND. No; it is all the same proposition.

Mr. SMOOT. It would make no difference at all so far as that is concerned either one way or the other. It is only a difference of a month.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Indiana [Mr. NEW]. [Putting the question.] The ayes seem to have it. The ayes have it.

Mr. WILLIAMS. Mr. President, I rose before the question was put and was trying my best to attract the attention of the Chair without screaming. The amendment has been declared carried?

The PRESIDING OFFICER. It has.

Mr. WILLIAMS. Then the topic of my conversation has ceased to exist.

Mr. WADSWORTH. Mr. President, I desire to offer an amendment to section 8, upon which the Senate spent so much time yesterday, to be found at the bottom of page 7 of the bill. The section now reads:

That the Secretary of War be, and he is hereby, authorized and directed to transfer to the Secretary of Agriculture upon his request all surplus war material, equipment, and supplies not needed for the purposes of the War Department but suitable for use in the improvement of highways—

And so forth.

I move to amend by inserting, after the word "supplies," at the end of line 23, the words "now on hand and," so that it will read:

That the Secretary of War be, and he is hereby, authorized and directed to transfer to the Secretary of Agriculture upon his request all surplus war material, equipment, and supplies now on hand and not needed for the purposes of the War Department but suitable for use in the improvement of highways—

And so forth.

Mr. HARRISON. Mr. President, how does that differ from the amendment offered yesterday by the Senator? The Senator offered an amendment then that was voted down.

Mr. WADSWORTH. I moved then to strike out the entire section. If the words which I suggest are not inserted it means that a continuing policy over an indefinite period of time is established that whenever the War Department has anything surplus which may be considered as useful for roads it shall be turned over free of charge to the States. We have discussed this provision. Of course, I am opposed to it, but my contention was roundly beaten yesterday. I do ask that the Senate confine it to those materials which the War Department now has on hand.

Mr. TOWNSEND. I understand from the reading of the bill, and certainly the committee had in mind, that that referred to surplus war materials, just as it states. The Senator contends that any future supplies bought during the time of peace—

Mr. WADSWORTH. I contend that they are war supplies, certainly. They are purchased by the War Department for use of the troops potentially in war.

Mr. TOWNSEND. Every provision that we have ever had for this purpose had reference to the surplus materials that were bought in consequence of the war.

Mr. WADSWORTH. I want to have it nailed down, so that we may understand exactly what it means.

Mr. HEFLIN. Mr. President—

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Alabama?

Mr. WADSWORTH. I yield.

Mr. HEFLIN. If this amendment is agreed to, the road departments in the various States can only share in the surplus supplies which the Government now has on hand. If other camps are abandoned hereafter and other motor trucks, explosives, and so forth, are brought in, under the proposed amendment the road departments of the States can not get such material.

Mr. WADSWORTH. I yielded for a question, but the Senator is making a statement in my time. The Senator is mistaken. If he will look at the language, if he has a copy of the bill before him, he will see that it reads:

All surplus material, equipment, and supplies not needed for the purpose of the War Department.

Mr. HEFLIN. "Now on hand."

Mr. WADSWORTH. The camps are now on hand, are they not? The materials are now on hand, are they not?

Mr. HEFLIN. They are now on hand, but they are being used and have not been declared to be surplus materials.

Mr. WADSWORTH. It does not make any difference if they are now on hand.

Mr. HEFLIN. But later on the War Department will say this camp was abandoned after the bill was passed and therefore the materials are not subject to be distributed.

Mr. TOWNSEND. I think the Senator understood this matter as I do and as every member of the committee did. What we were seeking to do was to make available the surplus material that was good for road building, that was on hand and had been purchased as the result of the war. We had a lot of war material all over the United States. We wanted to utilize that surplus war material for road building. If the construction should be placed on this that any material which the War Department might purchase in the future in the ordinary operation of that department should be turned over, I do not think any of us would concede that we had considered it in that light.

I wish to confine this, as I think it was the intention of the committee, to the material that was purchased because of the late war and that is on hand now and not necessary for the operation of the War Department.

Mr. HEFLIN. That is the very material to which I have reference, which now may be in use in camps that have not yet been abandoned, but which may be abandoned. The Secretary of War would probably make the contention that those were supplies on hand at the time this bill passed, and I fear that under the amendment proposed by the Senator from New York we could not then distribute war materials which might come in hereafter from abandoned camps.

Mr. WADSWORTH. In order to disabuse the Senator of that idea I should like to change the form of my amendment so that the language will read:

All war material, equipment, and supplies now or hereafter declared to be surplus and not needed—

And so forth.

The PRESIDING OFFICER. The Chair understands that the Senator from New York desires to modify his amendment.

Mr. WADSWORTH. I do, by striking out of line 23 the word "surplus" where it occurs after the word "all" and inserting, after the word "supplies," at the end of the line, the words "now or hereafter declared to be surplus and from stock now on hand and."



Mr. HEFLIN. I have no objection to that.

Mr. WADSWORTH. So that it will read:

Transfer to the Secretary of Agriculture upon his request all war material, equipment, or supplies now or hereafter declared to be surplus and from stock now on hand and not needed—

And so forth.

Mr. HEFLIN. I have no objection to that.

Mr. TOWNSEND. I think that is all right.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to amend so as to read:

Now or hereafter declared to be surplus and from stock now on hand and not needed.

Mr. TOWNSEND. I have no objection to that amendment, because I think it states the clear intent of the committee.

The PRESIDING OFFICER. The pending question is on the amendment proposed by the Senator from New York [Mr. WADSWORTH] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. WILLIS. Mr. President, since this section is now under consideration, I desire to ask unanimous consent to have placed in the RECORD two letters which have come to me this morning from the Bureau of Public Roads. Senators will recall that in the discussion during the last two days criticism has been indulged in with reference to the conduct of that bureau in connection with sending material out to the different States. I think everyone is entitled to his day in court, and I therefore ask unanimous consent to have these two communications from the Bureau of Public Roads printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letters referred to are as follows:

UNITED STATES DEPARTMENT OF AGRICULTURE,  
BUREAU OF PUBLIC ROADS,  
Washington, D. C., August 19, 1921.

HON. FRANK B. WILLIS,  
United States Senate.

MY DEAR SENATOR WILLIS: Having reference to the discussion concerning the distribution of war equipment to Ohio, the impression created as to the use of surplus materials by the State of Ohio should be cleared up by placing the following facts in the RECORD:

1. This bureau holds a certificate by former Commissioner A. R. Taylor, dated March 26, 1920, requesting a large number of items specified for delivery under the act of March 15, 1920. Among other items the request includes 2,000 feet rubber hose and 500 feet steam hose.

2. The allotments to the State made by the bureau are taken directly from the certificate made by the commissioner, but we have to rely upon the inventories and specifications furnished by the War Department. Our records show that no materials or equipment have been shipped to the State of Ohio which had not been previously requested by the proper officials of the State highway department. It is undoubtedly true in Ohio, as it is in all of the other 47 States, that more or less material either in unserviceable condition or not corresponding to the specifications of the inventories has been shipped by the War Department. The Department of Agriculture does not make the shipments to the States. All shipments are made by the War Department.

3. As illustrative of the value that is being received by the State of Ohio from this equipment, two exhibits are submitted, as follows:

(a) Mr. C. H. Lindsay, in charge of securing all equipment for the State of Ohio, advised the bureau that because of the failure of contractors to complete contract for Federal-aid road between Cleveland and Columbus, it was necessary for the State to take over the work and to supply equipment estimated to cost about \$270,000. It was possible from the equipment delivered to the State to obtain approximately \$251,000 worth of the necessary equipment, leaving only \$19,000 to be spent for new equipment.

(b) A letter written by Robert N. Waid, deputy highway commissioner, under date of May 17, 1921, sets forth in detail the immense value the war surplus has been to the State.

There is no evidence to show that the State of Ohio has not utilized all equipment in such a manner as to secure a very large value from it. Certainly the public has received greater value than had this material passed into the hands of speculators and junk dealers. The matter of disposing of this surplus property is really a big salvaging operation, and the problem is to secure the greatest possible value from this surplus for the taxpayers.

Very truly, yours,

THOS. H. MACDONALD,  
Chief of Bureau.

STATE OF OHIO,  
STATE HIGHWAY DEPARTMENT,  
Columbus, May 17, 1921.

MR. THOMAS H. MACDONALD,  
United States Office of Public Roads,  
Department of Agriculture, Washington, D. C.

DEAR SIR: Word has recently been received in this department to the effect that the policy of distributing road-building machinery to the various States may be discontinued. Unquestionably such a step would work a serious hardship on our proposed program here in Ohio.

During the past two years road building has been slowed up to a large extent due to war conditions. This is especially true of maintenance, as what little material could be secured and what labor could be had was usually secured by the contractors who were able to take advantage of their knowledge of local conditions. It is planned during the present season to catch up with our maintenance program. The large amount of motor equipment which has been allotted to us is being utilized to do our own hauling on all projects on both construction and maintenance where the work is not let by contract. The 10-ton tractors are being fitted out with heavy graders and ditch machinery to cover all our roads and make sure that ditches are put in first-class condition. Also, a fleet of them is being equipped with trailer wagons to use in connection with the camps where we propose to

utilize prison labor. Cast-iron pipe, pumps, engines, fence posts, metal sheeting, and all such supplies are being utilized in many different ways and permit of our doing a large amount of work by force account. This is especially advantageous in our maintenance program, where it is next to impossible to specify the work for a contract.

We are still in need of such equipment as concrete mixers, steam shovels, air compressors, small tools, machine-shop units and supplies, additional motor equipment and accessories, camping outfits and other equipment of a similar nature.

To now stop the distribution of this equipment, which is being utilized for replacement and for enlarging our operations, would make necessary an entire change in our plans and mode of operation and would seriously curtail the program of road building and adequate maintenance at a time when it appears that our goal of serviceable roads throughout the entire State is about to be realized.

We earnestly trust that the policy of distributing surplus war supplies may not only be continued but may be extended to include other much-needed road-building equipment.

Yours, very truly,

ROBERT N. WAID,  
Deputy Highway Commissioner.

Mr. WADSWORTH. May I call the attention of the Senator from Michigan and other Senators, if they are interested, to section 20 of the amendment? I do not do it in a hostile spirit, but in order to get a little better understanding of what the policy is to be. As I understand from that section, the Secretary of Agriculture may file a notice with any Cabinet officer who has jurisdiction over public lands to the effect that he would like to have portions of those public lands transferred to a State highway department to be used either as a right of way for a highway or as a source of materials, and if the Secretary who receives the notice or the application or the requisition from the Secretary of Agriculture does not within a period of four months decline on the ground of public interest to make the transfer, the transfer takes place automatically. This language is used.

Such land and materials may be appropriated and transferred to the State highway department for such purposes and subject to the conditions so specified.

From the legal standpoint, what does that amount to in the matter of the transfer of the title? Can the land be subject to taxation by the State?

Mr. TOWNSEND. I think that the legal effect would be for the department that has charge of such lands to transfer them under the authority granted to the department of roads in each particular State where they are needed, and that when the purpose for which they are turned over shall have been served, then they would go back to the department. I do not think it would even be necessary to execute a deed for their transfer if the consent of the department were obtained to use the lands for the purpose of obtaining material such as gravel or clay or for any similar purpose for which it would be necessary to use the land in the construction of roads by the State. When the need for the use of the lands for road purposes shall cease, they will go back to the department. If there were objection on the part of the department to the use of the lands for such purposes, the department could file its objections and state that such use would interfere with the purpose for which the reserves were originally created, and that would end the matter. The section will operate simply as permission to a particular department to allow the road department in a particular State to use certain lands for road purposes, and when the lands shall cease to be useful for those purposes they would go back to the department which originally had jurisdiction of them.

Mr. WADSWORTH. I do not know what the interpretation of the word "appropriated" would be. "Appropriate" is a pretty strong term. When lands are appropriated they are taken completely, as I understand.

Mr. TOWNSEND. I might say to the Senator—

Mr. WADSWORTH. I am in sympathy with the general proposition of making it easier for the Western States to build roads through the public lands.

Mr. TOWNSEND. I have no doubt everyone is.

Mr. WADSWORTH. If I had my way about it I would follow very closely the suggestion which the Senator from Idaho made this morning.

Mr. TOWNSEND. I desire to state to the Senator from New York that I have given this matter some attention, but there still remain some matters in controversy as to the wording of this particular provision. As a member of the conference committee which must meet the conferees of the other House I should feel free to make any change in the language in order to carry out the idea that we all have in mind and to which I think there is no possible objection anywhere.

Mr. KING. Will the Senator from Michigan yield to me?

Mr. TOWNSEND. I yield.

Mr. KING. Does the Senator have in mind any reservations or territory that would be affected by this provision other than forest reserves and military reservations?

Mr. TOWNSEND. For the time being State highway commissions might want to use certain material on the public lands. Roads are being constructed through the public lands. The States are compelled to build such roads and to furnish the material; if the Government has on its lands any material which could be used without detriment to the particular object for which the lands were set aside, it is the duty of the Government to allow the States to use it.

Mr. KING. Unquestionably that is true; and I am not so sure but that under legislation beginning with the act of July 14, 1866, followed by other acts in the seventies, in the eighties, and by subsequent legislation in the nineties, the power exists to go upon the public domain—not upon reservations, however—for the purpose of obtaining stone or gravel or sand which may be needed for the construction of roads. I am not sure that we should need this proposed legislation with respect to the public lands. However, I am in favor of it.

SEVERAL SENATORS. Question!

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the committee as amended.

The amendment of the committee as amended was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the House of Representatives as amended by the Senate.

Mr. KING. Does that question relate to the entire measure?

The PRESIDING OFFICER. Yes.

Mr. KING. I want to make an inquiry before the measure is finally passed upon.

The PRESIDING OFFICER. The Chair will suggest that the Senate is considering an amendment of the House of Representatives to the Senate bill.

Mr. KING. Mr. President, before the amendment is passed upon I wish to make an inquiry of the Senator regarding one or two matters. I direct the attention of the chairman of the committee to section 21 for the purpose of getting his construction of what I regard as a very important provision of this bill. That section provides:

That the commission—

That is, the Secretary of Agriculture, as the bill has now been amended—

shall prescribe and promulgate all needful rules and regulations for the carrying out of the provisions of this act—

I am not sure that I have any fault to find with that—including—

Mr. TOWNSEND. That provision confers authority to make recommendations to Congress.

Mr. KING. The provision continues—

including such recommendations as the commission may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon.

There is no purpose, I assume, to intrude the Federal Government in the economies of the State and to enact penal regulations or laws by Congress which will interfere with the control by the States of its highways.

Mr. TOWNSEND. Absolutely none. The words refer to recommendations. Originally it was intended that they should be promulgated by a commission which would have given great study to the subject and which could make recommendations which would be of great value in dealing with this question. The words relate now purely to recommendations on the part of the Secretary of Agriculture.

Mr. KING. Does the Senator feel that the first two lines of the sentence—

That the commission shall prescribe and promulgate all needful rules and regulations for the carrying out of the provisions of this act—

would be construed to be limited by the following words which I have quoted, having reference to recommendations, so that the Secretary of Agriculture, in the rules and regulations which he may promulgate, may take charge in a penal way of the highways of the various States?

Mr. TOWNSEND. I do not think that would be possible. I do not think he could do that if he wanted to. There would be no legal right to do that. He could make the rules necessary for carrying out the provisions of this act, and it is necessary that such rules should be made; there should be rules and regulations in regard, for instance, to the letting of contracts and all other necessary matters which go with this bill to carry out its provisions.

Mr. KING. The Senator has not lived in a Territory, as some of us have; the Senator has not lived in a State where there are thousands—I was about to say tens of thousands—of petty officials who get their instructions from Washington and carry out regulations and rules and prescriptions and orders and ordinances and rescripts that are promulgated here

in Washington and who make life unbearable to the people who live in the public-land States. With the voracious appetite of Federal officials for the promulgation of rules and regulations, violations of which are denominated crimes and offenses, and to enforce the criminal statutes and the criminal regulations, I want to be sure that there will be no power given to the Department of Agriculture to promulgate rules and regulations, a violation of which would be a crime with respect to matters which belong essentially to the States.

Mr. TOWNSEND. I do not think there is anything in this bill that the Senator need fear in that respect.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. I am through, Mr. President.

Mr. FLETCHER. Mr. President, I can not quite see the force of that provision. I do not make any objection to it, but I presume that the concluding clause, beginning in line 24, "including such recommendations as he may deem necessary for preserving and protecting the highways and insuring the safety of traffic thereon," does not mean that such recommendations are to have the force of law, but they are merely recommendations which he shall make to the Congress or to the State authorities or to other authorities.

Mr. TOWNSEND. They will be made to Congress, of course, but they will be published and they will be available to the States.

Mr. FLETCHER. The recommendations, then, are not to have the force of law?

Mr. TOWNSEND. Not at all.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the amendment of the House of Representatives to Senate bill 1072 as amended by the Senate.

The amendment to the amendment was agreed to.

Mr. TOWNSEND. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Michigan will state his parliamentary inquiry.

Mr. TOWNSEND. Mr. President, I listened to the debate on yesterday, which disclosed that there were some complications in connection with the bill known as the prohibition bill which resulted from asking for a conference and then getting the measure in such condition that it has been delayed for weeks. The question I wish to ask the Chair is this: The pending measure is a Senate bill, having originated in the Senate, and being known as Senate bill 1072. The bill went to the House, was amended by the House, and was returned to the Senate, where it was referred to the Committee on Post Offices and Post Roads, and amended by that committee, and the Senate has now adopted the amendment. Under the circumstances is the Senate in a position to insist upon its amendment and ask for a conference? If it is, I want to make such a motion; but if it is going to complicate the matter, as was the case with the bill to which I have referred, and will delay action, I do not want to make the motion.

The PRESIDING OFFICER. The present occupant of the chair thinks the Senator from Michigan has the right to ask for a conference.

Mr. TOWNSEND. I have a right to ask for a conference, but should that motion be accompanied with a motion to insist upon the Senate amendment to the House amendment?

Mr. McKELLAR. How can we get the bill in conference otherwise?

Mr. TOWNSEND. The House could ask for a conference—I can readily understand that—but I do not know whether we could ask for a conference, the bill being a Senate bill.

Mr. CURTIS. Under the rules, it is perfectly proper for the Senator to move that the Senate insist upon its amendment to the House amendment and ask for a conference.

The PRESIDING OFFICER. The present occupant of the chair is of the opinion that it has been the practice here for many years to ask for a conference.

Mr. TOWNSEND. Then, I move that the Senate insist on its amendment—

Mr. FLETCHER. I do not see how we can insist on a Senate amendment to a Senate bill unless we substitute the Senate bill for a House bill.

Mr. CURTIS. The amendment is to an amendment of the House.

Mr. FLETCHER. But we have been acting upon a Senate bill; that is the situation now.

Mr. WARREN. I do not understand that we have passed the bill, and we can not ask for a conference until we have passed the bill.



Mr. FLETCHER. No; but we have been acting upon a Senate bill. That is the situation now.

Mr. WARREN. Mr. President, I do not understand that we have passed the bill, and we can not ask for conferees until we have passed the bill.

Mr. TOWNSEND. We have passed the bill.

The PRESIDING OFFICER. We are acting at this time upon a message from the House of Representatives—the House amendment to the Senate bill.

Mr. TOWNSEND. If I could be informed as to just how to proceed in this matter so as not to delay action, I should be glad to take that course.

Mr. SIMMONS. Mr. President, I did not understand that we were considering the Senate bill. I thought we were considering amendments to a House bill.

Mr. TOWNSEND. We have before us the original Senate bill, known as the Phipps bill. That bill passed the Senate months ago. It went to the House. The House struck out all after the enacting clause and inserted what is known as the Dowell bill. The Senate bill as so amended came back to the Senate, and the Senate now has amended that same Senate bill. We amended the House provision, of course. We passed the bill originally.

Mr. SIMMONS. Then we are really considering a Senate bill.

Mr. TOWNSEND. What is the motion, then? The motion is to insist upon our amendments to our own bill. We passed that bill once.

Mr. SIMMONS. No, Mr. President; it seems to me that if we are considering a Senate bill it would be premature to move for the appointment of conferees. If it were a House bill, and we amended it, we could then ask for a conference; but I do not see how, on a Senate bill, we can ask for a conference until the House has acted upon it and disagreed to it.

Mr. TOWNSEND. That is the thought I had, that if we asked for a conference on it we would just get confused, as we have been in regard to the prohibition bill.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. TOWNSEND. I do.

Mr. McKELLAR. I desire just to make this statement: The Senate passed what was known as the Phipps bill and sent it over to the House. The House amended that bill and sent it back to us. Ordinarily the rule would have been that a conference would have been asked for and conferees appointed; but we simply sent it to the Senate committee instead, and the Senate committee recommended that certain amendments be adopted. The Senate has adopted those amendments, and it seems to me perfectly in order under those circumstances for the Senator from Michigan to ask for a conference. In other words, we are in the same position as if we had disagreed to the House bill when it first came back and asked for a conference. That is all there is about it. It has just gone through the committee and come back. We have acted upon the amendments of the committee. It is in exactly the same situation, and it seems to me that the Senator should ask for a conference.

Mr. HEFLIN. Mr. President, it seems to me that the Senator from Tennessee is right, because the bill has been the property of the Senate since it came from the House; and if the Senate saw fit to refer it to a committee to suggest certain changes in it, and then the Senate ratified those changes suggested by the committee, it is proper to ask for a conference now, just as it would have been at the time it came over from the House.

Mr. CURTIS. Mr. President, this is a rule that I think ought to settle the matter—Rule XI:

The amending House may insist at once upon its amendments and ask for a conference.

Mr. SIMMONS. Mr. President, the trouble I have is that in the bill we are considering there is not a line which indicates that the House has ever had anything to do with the bill. If it had been a proposal to strike out all except the enacting clause and insert, then what the Senator says would be right; but there is not a line here that indicates that this bill has ever been to the House.

Mr. PITTMAN. Mr. President, I think the Senator will realize that he is in error in that statement.

Mr. SIMMONS. I have the bill before me.

Mr. McKELLAR. It is S. 1072, and that is the original Phipps bill.

Mr. PITTMAN. If the Senator will let me finish, the Phipps bill was remedial legislation. It was to take care of a condition in the West that blocked the building of roads. The House reenacted the same thing. The House, however, dealt slightly with general legislation. By reason of that fact the

chairman of the committee thought he should go further. The Senate has stricken out of the bill a very large portion of the general legislation suggested by the committee as an amendment to the House amendment; but the House bill did carry the Phipps provision with regard to the amount that was to be put up by the public-land States. That is the real issue, and the only addition in the bill as amended by the Senate is the appropriation; nothing else.

I think the suggestion of the Senator from Tennessee is entirely right. It has been the practice in this body very lately, when a bill gets into this condition, having been passed by both Houses with substitute bills, to throw it immediately into conference. It seems that it facilitates things to do it.

Mr. TOWNSEND. Mr. President, I think I will make that motion. It seems to me the proper course from the advice I have received from those who understand this matter.

Mr. FLETCHER. I think the motion is in order. The Senator from North Carolina has been laboring under the mistake of reading the heading "S. 1072," omitting to read that this is an amendment and not the bill itself.

The PRESIDING OFFICER. The Chair is informed that the House on the 27th day of June passed the bill with an amendment, which is here in the possession of the Secretary.

Mr. FLETCHER. Precisely.

Mr. SIMMONS. This, then, is an amendment to that House bill. Then that is right.

Mr. TOWNSEND. I move that the Senate insist upon its amendment to the amendment of the House and ask for a conference on the disagreeing votes of the two Houses and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan.

The motion was agreed to; and the Presiding Officer appointed Mr. TOWNSEND, Mr. STERLING, Mr. PHIPPS, Mr. McKELLAR, and Mr. WALSH of Massachusetts conferees on the part of the Senate.

#### URGENT DEFICIENCY APPROPRIATIONS.

Mr. WARREN. I move that the Senate proceed to the consideration of H. R. 8117, the urgent deficiency appropriation bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. WARREN. I ask that the formal reading of the bill be dispensed with and that the bill be read for amendment, the committee amendments to be first considered.

Mr. HEFLIN. Mr. President—

Mr. HARRISON. This is quite a short bill. I do not see any necessity for waiving the first reading of the bill.

Mr. WARREN. Otherwise it simply means reading it twice under the rules.

Mr. HEFLIN. Mr. President, I have no objection to taking up this bill at this time. I was just trying to ask the Senator from Wyoming if he would let it be temporarily laid aside in order that I may call up a bill which is very short, and to which I am sure there will be no opposition, to permit the people of Birmingham, Ala., to have a stamp made for use during the semicentennial of that city, which occurs in October of this year, just such a measure as was passed for Chicago. It will take only a minute.

Mr. WARREN. I wish first to complete getting the bill up and make ready to proceed with it.

I ask that the formal reading of the bill be dispensed with and that it be read for amendment, the committee amendments to be first considered.

Mr. HARRISON. Mr. President, I think I shall object to dispensing with the formal reading of the bill.

The PRESIDING OFFICER. Objection is made.

Mr. WARREN. Then, of course, I can not comply with the request of the Senator from Alabama. The bill is in the possession of the Senate, and I ask that the Secretary proceed to read it.

The reading clerk proceeded to read the bill.

Mr. KING. Mr. President, did the Secretary read the appropriation for the District of Columbia?

The PRESIDING OFFICER. The formal reading simply calls for the reading of the House text.

Mr. KING. Very well.

Mr. HARRISON. Mr. President, I withdraw the objection to waiving the formal reading of the bill.

Mr. KING. Providing it is all read, so as to give us a chance to consider it.

Mr. WARREN. I presume I shall be asked to pass over one or two of the first amendments when we come to them, and I am ready to accede to that request until later in the consideration of the bill; but I ask that the formal reading be dispensed with.

The PRESIDING OFFICER. Without objection, the formal reading of the bill will be dispensed with.

#### BIRMINGHAM SEMICENTENNIAL.

Mr. HEFLIN. Mr. President, I ask for the consideration of Senate bill 2420.

The PRESIDING OFFICER. Does the Senator from Wyoming yield to the Senator from Alabama?

Mr. WARREN. I wish to say that in the short time available I ought not to yield for anything, but if this bill will lead to no discussion I will yield for its consideration.

Mr. HEFLIN. It will not lead to any, Mr. President. I am anxious to get it over to the House.

Mr. WARREN. I shall be obliged to object if there is any discussion.

The PRESIDING OFFICER. The Senator from Alabama asks unanimous consent for the present consideration of the bill (S. 2420) authorizing and directing the Postmaster General to permit the use of a special canceling stamp at the post office of Birmingham, Ala., bearing the words "Birmingham semicentennial." Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Post Offices and Post Roads with an amendment, in line 6, after the word "semicentennial," to insert "October 24 to 29, 1921," so as to make the bill read:

*Be it enacted, etc.,* That the Postmaster General be, and he is hereby, authorized and directed to permit the use in the Birmingham, Ala., post office of special canceling stamps bearing the following words: "Birmingham semicentennial, October 24 to 29, 1921."

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill authorizing and directing the Postmaster General to permit the use of a special canceling stamp at the post office of Birmingham, Ala., bearing the words 'Birmingham semicentennial, October 24 to 29, 1921.'"

#### COLUMBIA INSTITUTION FOR THE DEAF.

Mr. POMERENE. Mr. President, there was but little opportunity for morning business this morning, the road bill having been taken up shortly after the Senate met. I now introduce a joint resolution and ask that it may be referred to the Committee on Military Affairs. I merely want to say a word or two about it.

Mr. WARREN. Does it require the expenditure of any money?

Mr. POMERENE. I am going to ask to have it referred to the committee. I will state the object of it after it is read.

The joint resolution (S. J. Res. 106) directing the Secretary of War to transfer one truck to Columbia Institution for the Deaf, Washington, D. C., was read the first time by its title and the second time at length, as follows:

*Resolved, etc.,* That the Secretary of War be and hereby is directed to transfer to the Columbia Institution for the Deaf, Washington, D. C., one truck of 1½ tons capacity, with a hand-operated dump body, if possible.

Mr. POMERENE. Mr. President, I happen to be one of the directors of the Columbia Institution for the Deaf. Our appropriations have been very much limited, so much so that the institution is embarrassed in procuring necessary equipment and making necessary repairs. A truck is needed for the purposes of the institution, and it has developed heretofore, as it was again developed in the Senate within the last few days, that the War Department has acres and acres of trucks which are rusting out in the open fields.

Mr. WARREN. Inasmuch as I allowed this joint resolution to be introduced, I hope the Senator will not recall the situation in regard to the Army truck matter, which has been gone over in the Senate.

Mr. POMERENE. I ask that the joint resolution be referred to the Committee on Military Affairs. The committee can take it up with the War Department. I have not any doubt that the Congress will prefer to turn over one of the trucks now on hand which are not now needed by the War Department rather than to vote the money that would be necessary to buy a new one.

The PRESIDING OFFICER. The joint resolution will be referred to the Committee on Military Affairs.

#### URGENT DEFICIENCY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes.

The PRESIDING OFFICER. The Secretary will resume the reading of the bill.

The reading clerk resumed the reading of the bill.

The first amendment of the Committee on Appropriations was, on page 1, after line 6, to insert:

Miscellaneous expenses: For such miscellaneous expenses as may be authorized by the Attorney General for the Supreme Court of the District of Columbia and its officers, including the furnishing and collecting of evidence where the United States is or may be a party in interest, including also such expenses other than for personal services as may be authorized by the Attorney General for the court of appeals, District of Columbia, fiscal year 1921, \$5,500.

Sixty per cent of the foregoing sum for the District of Columbia shall be paid out of the revenues of the District of Columbia and 40 per cent out of the Treasury of the United States.

Mr. KING. Mr. President, the first item in this bill calls for an appropriation for the District of Columbia.

I do not have before me the District appropriation act for the fiscal year 1922, but my recollection is that we appropriated over \$19,000,000 for that year and that the appropriations for the District have been increasing by leaps and bounds.

Mr. WARREN. The Senator perhaps observes that this is for 1921 and not the last appropriation act.

Mr. KING. Nineteen hundred and twenty-one?

Mr. WARREN. It applies more particularly to the act providing appropriations for 1921, passed in 1920.

Mr. KING. Then it was not taken care of in former deficiency bills?

Mr. WARREN. No. At the beginning of the fiscal year, the 1st of July, they bring in these deficiencies. But let me say to the Senator that this is entirely for the courts, and I think we are rather fortunate that we have only that much in the deficiency bill at the end of a year. It is only a matter of \$5,500.

Mr. KING. For 1921 there were appropriated for the District of Columbia, leaving out the odd figure, \$18,000,000. For the following fiscal year, 1922, the appropriations for the District were over \$19,000,000. As indicative of the tremendous increase in the District appropriations let me call attention to the year 1907, when the appropriations were \$12,841,000; for 1918 they were \$14,000,000 plus; for 1919 they were \$15,000,000 plus; for 1920 they were \$15,000,000 plus; for 1921 they were \$18,373,000; and for the current year more than \$19,000,000. Mr. President, the Congress has been exceedingly generous to the District of Columbia in its appropriations. Yet the claim is constantly made that the District has been denied adequate appropriations.

I desire to present some figures showing the appropriations made in various States of the Union so that we can form some idea of what is being done for the District. Take, for instance, the State of Wisconsin: The entire appropriations for that great Commonwealth in the year 1919 for all purposes were only \$17,000,000 plus, and the District of Columbia received this year more than \$19,000,000, and last year received nearly as much, and is now submitting an estimate for a deficiency appropriation. My recollection is that we have already appropriated large sums to meet deficits for last year.

Missouri appropriated but \$15,000,000 plus in 1919; Connecticut, \$12,000,000; Indiana, \$14,000,000; the State of Washington, \$12,000,000; Iowa, \$11,000,000; Kentucky, \$11,000,000; Maryland, \$11,000,000; Virginia, \$10,000,000; Georgia, \$8,000,000; Maine, \$8,000,000; Kansas, \$7,000,000; Alabama, \$7,000,000; Louisiana, \$7,000,000; Tennessee, \$7,000,000; Oregon, \$7,000,000; Nebraska, \$6,000,000; Colorado, \$6,000,000, and so on down the list to Nevada, which appropriated \$1,316,059. In these figures I have omitted those calling for less than the million mark. The great Empire State of New York expended but \$90,151,412 in 1919. The District of Columbia has received these large appropriations, three and four times as much as some of the Commonwealths, sums larger than the great States of Missouri, or Connecticut, or Wisconsin, or Minnesota have appropriated and used in carrying on all the State organizations and discharging all of the State functions. These figures do not show the amounts expended by the municipalities or the county organizations, which, undoubtedly, are larger.

I saw in the newspaper the other day, Mr. President, that estimates were now being prepared by the District Commissioners for the coming fiscal year, and that they would probably aggregate \$30,000,000. There seems to be no end to the voracity of some of the officials of the District of Columbia and some of the departments of the Federal Government.

Mr. JONES of Washington. Mr. President—



The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Washington?

Mr. KING. Let me complete this sentence and then I will yield. Many of the States of the Union, discharging all of the responsibilities resting upon them to provide for State expenses, excluding municipal and county governments, do not spend amounts equal to those appropriated and spent for the District of Columbia. Now I yield to the Senator from Washington.

Mr. JONES of Washington. Mr. President, in connection with the comparison the Senator has made between the appropriations of the various States and appropriations for the District of Columbia, I merely wish to suggest this fact, which might be overlooked: In the District of Columbia the appropriations are made to cover all the various activities—the matter of schools, roads, parks, and everything of that sort—while the State appropriations to which the Senator refers do not cover municipal appropriations for streets and parks and do not cover the county appropriations, I take it, which are made largely for roads and schools and all that sort of thing. I think if the Senator would take the appropriations, not only for the States proper but appropriations for the various counties for county purposes, and appropriations of the various cities for city purposes, he would find that the amounts in the various States would be increased very much, would be larger than he has given. Yet, I think that would be a little bit fairer comparison with the appropriations for the District of Columbia than the one which he has made. I do not say that there is not too much money appropriated for the District of Columbia, but I thought I ought to suggest that in connection with the comparison the Senator has made.

Mr. KING. What the Senator says is substantially true, and I did not call attention to these figures for the purpose of indicating that there were not other expenditures for municipal and county purposes. Indeed, I expressly excluded the cities and other political subdivisions. The Senator may be interested to know, though, that all of the appropriations made by all of the States of the Union for 1919 aggregated only \$635,370,153, and that the expenditures of all the cities having more than 30,000 population were but \$1,201,923,310. And it will be remembered that the expenses of the States and municipalities were much higher in 1919 than in any previous year. They responded to the extravagant demands created by war conditions. I have been unable to obtain full information as to the residue of the appropriations made in the other political subdivisions of the States, but my information is, Mr. President, that the entire amount—that is, all appropriations made by all States, cities, and political subdivisions within the States—would be less than two and one-half billions.

Let me add right here that 48 Republics, 48 autonomous States, including all political subdivisions and cities within their borders, discharged the great responsibilities of sovereign States and expended approximately but \$2,500,000,000 in 1919, while the Federal Government during the same year expended some five or six billion dollars for what might be denominated purely governmental expenses, besides ten or twelve billion dollars growing out of the war.

The amount of taxes paid by the people of the United States to the Federal Government is entirely disproportionate to the amounts paid to the States for the maintenance of State Governments, and the benefit which the people derive from the Federal Government is not commensurate with the tremendous burden which is imposed upon them.

Federal taxation is too high and must be reduced. I have pleaded with Democrats and I have conjured Republicans to lighten the burdens of taxation. We pass huge appropriation bills only to have them followed in a few days or a few weeks with deficiency appropriation bills. Gen. Dawes has been appointed for the purpose, if possible, of improving executive administration and securing economies in governmental expenditures, and he reported recently in a letter to the President of the United States that he had discovered where more than \$112,000,000 might be saved. I promptly introduced a bill requiring the various amounts which he reported could be saved to be covered back into the Treasury of the United States. I should state that twenty millions of the amount which Gen. Dawes reported resulted from the postponement for the year of construction now being carried on by the Government, so that after all this item is not a saving but only a postponement of an obligation. I make the prediction, Mr. President, that my bill will die in the committee. It will not be reported, because the committee will not believe there has been any such saving. Those fancied savings reported by Gen. Dawes are purely paper savings. The claim will fade away. There are no savings, there will be no savings, and in those departments where Gen. Dawes has reported that there will be savings I predict

that there will be deficiencies. I fear that Gen. Dawes will discover that he is impotent against this bureaucratic tide that will surge against Congress and will drag him under its powerful sweep.

Gen. Dawes is doing excellent work. I wish he had more power. I wish he had authority to coordinate where authority is now denied him and to discharge right and left in the departments where he finds inefficiency and unnecessary employees. We were promised a reduction of the number of employees in Washington to the prewar number. This has not been done and will not be done. There are now more than double the number of Federal employees within the District than there were in 1916. Our Republican friends will retain most of them and may add thousands of additional ones.

Returning to the statement as to the estimates now being prepared by the District officials which, it is reported, will call for \$30,000,000 for the coming fiscal year, it would seem that if this information is accurate these officials seem utterly oblivious to the conditions of the country and the empty Treasury which is before us.

The United States, it is insisted by many, shall pay one-half of all the expenses of the District. The United States should make contribution for the District government and it should be just and generous, but it should not be called upon to pay a portion so large as will stimulate unwise and extravagant demands for appropriations, largely upon the theory that the property of the District owned by private persons will escape much of the burden.

What is needed here to-day is an overhauling of the administrative branches of the District. I hope that the present commissioners will devote their energies sedulously to remedying some of the evils which exist in the District, and that they will apply the pruning knife and cut down expenses and produce efficiency and bring the District government to a higher state of efficiency than it has yet attained. In saying this I am not condemning past administrations. The fact is that the District as a whole, taking it by and large, has been well governed and perhaps sets an example to most of the municipalities of the United States.

But there has developed here an insatiable appetite for appropriations. There are organizations in the District—and I am not complaining about organizations—that see only the particular point in which they are interested, and they batter at the doors of Congress for appropriations for their particular interests. Other organizations make representations because of the peculiar interest which they have in the District government. The result is that the demands for appropriations are entirely too great. It will be impossible to meet them. Indeed, there should be reductions in some departments so that the appropriations for 1923 will be less than those of 1922.

I should like to ask the chairman of the committee, or the Senator from Washington [Mr. JONES], temporarily in charge of the bill, in view of the very liberal appropriation carried in the bills for 1921 and 1922, why we are called upon now to meet a deficiency? Can the Senator explain the estimate and give any reason for the deficiency?

Mr. JONES of Washington. I have a statement here from the Department of Justice with reference to the deficiency, in which they say:

The deficiency in this appropriation is due to the increased cost of heating and lighting in the courthouse building, which is accomplished through the plant of the Department of the Interior, the unit charge for heat having been greatly advanced; to the extraordinary cost of subsisting prisoner witnesses in the Arnstein case, which was tried twice; and to the unusual expense of printing briefs, records, and court calendars at the Government Printing Office.

The total payments under this appropriation, including overdrafts, were \$26,627.90, while the unpaid bills covering authorized items aggregate \$2,861.74, making a total of \$29,489.64. The total amount heretofore appropriated is only \$24,000.

It is an actual deficiency actually incurred in the fiscal year 1921. It is submitted to the Senate in regular form, and these are the reasons given by the department why those overexpenditures were necessary.

Mr. KING. The Senator will remember, however, that when the District bill was up for consideration, both in 1920 and in 1921, there was some discussion in regard to the increased court costs, including the care of prisoners, and so on, and my understanding was that we had made very liberal appropriation to meet all possible contingencies.

Mr. JONES of Washington. Apparently we did not. Apparently, as they say, there was necessity for the deficiency. I do not know much about the Arnstein case, but they say the prisoner witnesses in that case, which had to be tried twice, had to be subsisted, and apparently a large number of witnesses had to be cared for. I have no doubt they did not pay out any more than the statute authorizes to be paid for witnesses and pris-



oners. They had to do it. On this showing I do not think there is any ground upon which we can criticize the department for doing anything improper.

Mr. KING. May I inquire of the Senator whether the plant furnishing the light and heat is under the control of the District?

Mr. JONES of Washington. Apparently not.

Mr. KING. Or is it the power plant owned by the local power company?

Mr. JONES of Washington. All I know about this is what is said in the memorandum from the department, which states that—

The deficiency in this appropriation is due to the increased cost of heating and lighting in the courthouse building, which is accomplished through the plant of the Department of the Interior, the unit charge for heat having been greatly advanced.

Apparently they got their heat and light from the Interior Department and not from the local company.

Mr. KING. Does the Senator know whether the Interior Department obtains light from the power company that supplies the District?

Mr. JONES of Washington. I understand they have their own plant.

Mr. KING. Then it means that the Government greatly increased the unit cost?

Mr. JONES of Washington. Apparently so. I suppose it is a good deal like the general idea of the Government in business; it is more expensive.

Mr. KING. If the Government had anything to do with it, then the reason of the increased cost is apparent. If it furnishes light or heat, it will do so at a cost greatly in excess of that which would be charged by private corporations under proper regulations.

#### FREE TRANSIT THROUGH PANAMA CANAL.

During the delivery of Mr. KING's speech—

The PRESIDING OFFICER (Mr. KENYON in the chair). The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (S. 665) to provide for free tolls for American ships through the Panama Canal.

Mr. JONES of Washington. I ask unanimous consent that the unfinished business may be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JONES of Washington. I ask that the pending appropriation bill may be proceeded with.

The PRESIDING OFFICER. Without objection, it will be proceeded with.

#### BURIAL OF UNIDENTIFIED AMERICAN SOLDIER.

Mr. WADSWORTH. I report back favorably without amendment from the Committee on Military Affairs the bill (H. R. 7255) authorizing bestowal upon the unknown unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., the congressional medal of honor and the distinguished service cross.

I ask the Senator from Washington [Mr. JONES] if he will yield in order that I may ask unanimous consent to temporarily lay aside the pending appropriation bill for the passage of the bill which I have just reported?

Mr. JONES of Washington. Very well, if it leads to no discussion.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill reported by the Senator from New York?

There being no objection, the bill was considered as in Committee of the Whole, and was read as follows:

*Be it enacted, etc.,* That the President of the United States be, and he hereby is, authorized to bestow with appropriate ceremonies, military and civil, the congressional medal of honor and the distinguished service cross upon the unknown unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., on November 11, 1921.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### URGENT DEFICIENCY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes.

After the conclusion of Mr. KING's speech—

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

The amendment was agreed to.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Borah	Hefflin	McKellar	Simmons
Broussard	Hitchcock	McNary	Smoot
Cameron	Jones, N. Mex.	New	Stanley
Capper	Jones, Wash.	Nicholson	Sutherland
Caraway	Kellogg	Norbeck	Townsend
Curtis	Kenyon	Oddie	Trammell
Dillingham	King	Phipps	Wadsworth
Fletcher	Knox	Pomerene	Walsh, Mass.
Gooding	Ladd	Reed	Warren
Hale	La Follette	Sheppard	Watson, Ga.
Harrison	Lodge	Shortridge	Willis

The PRESIDING OFFICER. Forty-four Senators have answered to their names. There is not a quorum present. The Secretary will call the names of absent Senators.

The reading clerk called the names of the absent Senators, and Mr. ASHUEST answered to his name when called.

The PRESIDING OFFICER. Forty-five Senators have answered to their names. There is not a quorum present.

Mr. WARREN. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

Mr. SWANSON, Mr. NELSON, Mr. CALDER, Mr. POINDEXTER, and Mr. GLASS entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty Senators have answered to their names. A quorum is present.

Mr. WARREN. I ask unanimous consent that the order directing the Sergeant at Arms to request the attendance of absent Senators be vacated.

The PRESIDING OFFICER. Without objection, it is so ordered. The next amendment of the committee will be stated.

The next amendment of the Committee on Appropriations was, on page 2, line 21, after the words "United States," to strike out the additional proviso in the following words:

*Provided further,* That not more than three officers or employees of the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation shall be paid an annual salary or compensation in excess of \$12,500.

Mr. HARRISON. Mr. President, as I understand, we have reached the committee amendment proposing to strike out the proviso beginning in line 21, down to and including line 25, on page 5, of the pending bill.

The PRESIDING OFFICER. That is the pending amendment.

Mr. HARRISON. The Senate committee proposes to strike out the proviso incorporated in the House bill. That proviso relates to the appropriation of \$48,500,000 to provide for administrative purposes, including the employment of attorneys. The proviso is designed to limit the expenditure so that not more than three officers and employees shall receive in excess of \$12,500 a year.

Mr. President, I offer an amendment to the House text so that it will read:

No officer or employee of the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation shall be paid a salary or compensation at a rate in excess of \$12,000 a year.

Mr. WARREN. Mr. President, will the Senator allow us to pass over that amendment for the time being until we go through with the remainder of the bill? I should prefer that course if the Senator is willing to let the amendment of the committee be laid aside with his amendment to it, to be considered later on.

Mr. HARRISON. That is perfectly agreeable, although I should like to discuss the proposition.

Mr. WARREN. Unless there is objection, we may pass over the committee amendment and the Senator's amendment to it, the matter to be taken up later.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

Mr. HARRISON. One moment, Mr. President. I desire to discuss this proposition at this time.

[Mr. HARRISON addressed the Senate. After having spoken, with interruptions, for more than two hours, he yielded the floor for the day.]

#### EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

#### RECESS.

Mr. CURTIS. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until to-morrow, Saturday, August 20, 1921, at 12 o'clock meridian.



## NOMINATIONS.

*Executive nominations received by the Senate August 19, 1921.*

## TREASURY DEPARTMENT.

## COLLECTOR OF CUSTOMS.

James W. Roberts, of Great Falls, Mont., to be collector of customs for customs collection district No. 33, with headquarters at Great Falls, Mont., in place of Andrew J. King.

## APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

## JUDGE ADVOCATE GENERAL'S DEPARTMENT.

Maj. Allen Mitchell Burdett, Infantry, with rank from July 1, 1920.

## ORDNANCE DEPARTMENT.

Capt. Guy Humphrey Drewry, Coast Artillery Corps, with rank from December 15, 1919.

Capt. Edison Albert Lynn, Coast Artillery Corps, with rank from December 15, 1919.

First Lieut. Edwin Fry Barry, Coast Artillery Corps, with rank from October 26, 1917.

## FIELD ARTILLERY.

Capt. Ward Currey Goessling, Infantry, with rank from July 1, 1920.

Capt. Leo Vincent Warner, Infantry, with rank from November 2, 1920.

## INFANTRY.

Capt. Willis Dodge Cronkhite, Quartermaster Corps, with rank from July 1, 1920.

## DEPARTMENT OF LABOR.

## CHIEF OF THE CHILDREN'S BUREAU.

Grace Abbott, of Nebraska, to be Chief of the Children's Bureau in the Department of Labor.

## POSTMASTERS.

## ARKANSAS.

Horace C. Haitt to be postmaster at Charleston, Ark., in place of J. L. Goodbar. Incumbent's commission expired January 12, 1921.

Harriet M. Shrigley to be postmaster at Coal Hill, Ark., in place of J. W. Atkins. Office became third class April 1, 1921.

Reese D. Henry to be postmaster at Dierks, Ark., in place of Aubrey Gore, resigned.

## CONNECTICUT.

Matthew E. McDonald to be postmaster at Simsbury, Conn., in place of M. E. McDonald. Incumbent's commission expired July 21, 1921.

## IDAHO.

Pearl Lewis to be postmaster at Carey, Idaho, in place of W. C. Eldredge, resigned. Office became third class July 1, 1920.

## IOWA.

Robert B. Light, to be postmaster at Deep River, Iowa, in place of L. E. Light, resigned.

Elsie N. Morgan to be postmaster at Smithland, Iowa, in place of C. A. Smith, resigned. Office became third class October 1, 1920.

Lizzie D. McCormick to be postmaster at Letts, Iowa, in place of L. D. McCormick. Incumbent's commission expired August 7, 1921.

## KANSAS.

John B. Schwab to be postmaster at Morrowville, Kans., in place of J. H. Waterman, resigned. Office became third class April 1, 1921.

## KENTUCKY.

Peter H. Butler to be postmaster at Smiths Grove, Ky., in place of S. P. Cooke. Incumbent's commission expired July 21, 1921.

George A. Seiler to be postmaster at Covington, Ky., in place of O. S. Ware, resigned.

## LOUISIANA.

Enola E. Barrick to be postmaster at Bonami, La., in place of L. M. Linck, resigned.

Ida H. Boatner to be postmaster at Rochelle, La., in place of L. P. Duke, resigned.

## MASSACHUSETTS.

Jesse W. Crowell to be postmaster at South Yarmouth, Mass., in place of J. W. Crowell. Incumbent's commission expired July 21, 1921.

## MINNESOTA.

Henry J. Gunderson to be postmaster at Bagley, Minn., in place of Axel Ringborg, resigned.

Charles J. Moos to be postmaster at St. Paul, Minn., in place of O. N. Rath. Incumbent's commission expired February 15, 1920.

Benjamin Baker to be postmaster at Campbell, Minn., in place of J. S. Stearns, resigned.

Emil M. Blasky to be postmaster at Mahanomen, Minn., in place of L. G. Sanders, resigned.

## MISSOURI.

Samuel F. Wegener to be postmaster at Blackburn, Mo., in place of D. A. Major, resigned. Office became third class April 1, 1921.

Harry F. Gurney to be postmaster at Kidder, Mo., in place of C. T. McMurtrey. Office became third class January 1, 1921.

Wilbur N. Osborne to be postmaster at Williamsville, Mo., in place of J. T. Lacy. Office became third class January 1, 1921.

## NEBRASKA.

John B. Fuller to be postmaster at Comstock, Nebr., in place of C. E. Lewin, resigned.

## NEW YORK.

J. Fred Hammond to be postmaster at Canton, N. Y., in place of D. E. Sullivan. Incumbent's commission expired March 22, 1920.

Frank S. Harris to be postmaster at Sacandaga, N. Y., in place of F. S. Harris. Office became third class July 1, 1921.

## NORTH CAROLINA.

Clyde H. Jarrett to be postmaster at Andrews, N. C., in place of W. B. Walker, resigned.

Carl McLean to be postmaster at Laurinburg, N. C., in place of G. H. Russell, resigned.

## NORTH DAKOTA.

Belle Elton to be postmaster at Deering, N. Dak., in place of T. F. Huston, resigned.

Jessie M. Robison to be postmaster at Werner, N. Dak., in place of J. M. Robison. Office became third class January 1, 1921.

Will H. Wright to be postmaster at Woodworth, N. Dak., in place of W. M. Hambleton, resigned.

May K. Retzlaff to be postmaster at Kenmare, N. Dak., in place of L. A. Holmes, removed.

## PENNSYLVANIA.

Fred W. Allison to be postmaster at Roscoe, Pa., in place of W. A. Furlong, removed.

## RHODE ISLAND.

John C. Sheldon to be postmaster at Hills Grove, R. I., in place of F. L. Harris, resigned. Office became third class January 1, 1921.

## TENNESSEE.

Allison Z. Hodges to be postmaster at Bethpage, Tenn., in place of S. L. Yates, resigned. Office became third class April 1, 1921.

## TEXAS.

Wilson P. Hardwick to be postmaster at Pottsboro, Tex., in place of C. E. Parham, resigned.

John S. Sloan to be postmaster at Roscoe, Tex., in place of W. P. Copeland. Incumbent's commission expired August 7, 1920.

Theodore Miller to be postmaster at Rusk, Tex., in place of O. B. Slayden. Incumbent's commission expired July 21, 1921.

## VIRGINIA.

Willard B. Alfred to be postmaster at Clarksville, Va., in place of W. W. Wood, removed.

Cuthbert Bristow to be postmaster at Urbanna, Va., in place of R. A. Milligan, deceased.

## WISCONSIN.

Christian R. Mau to be postmaster at West Salem, Wis., in place of C. F. A. Mau, resigned.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 19, 1921.*

## DEPARTMENT OF JUSTICE.

## UNITED STATES DISTRICT JUDGE.

G. J. Lomen to be United States district judge, second division, district of Alaska.

## UNITED STATES ATTORNEYS.

Arthur G. Shoup to be United States attorney, first division, district of Alaska.

Sherman Duggan to be United States attorney, third division, district of Alaska.

Guy Erwin to be United States attorney, fourth division, district of Alaska.

## UNITED STATES MARSHAL.

Morris W. Griffith to be United States marshal, second division, district of Alaska.

## MARSHAL, CANAL ZONE.

Horace D. Ridenour, of Indiana, to be marshal, district of the Canal Zone.

## DEPARTMENT OF THE INTERIOR.

## REGISTER OF THE LAND OFFICE.

Edgar T. Conquest to be register, United States land office, Sterling, Colo.

## POSTMASTERS.

## ILLINOIS.

Elijah Williams, Tonica.  
William C. Ohse, Yorkville.

## KANSAS.

Marie C. Walker, Brownell.  
Peter H. Adrian, Buhler.  
William W. Barney, Fort Dodge.  
Fred L. McDowell, Garfield.  
William H. Dennis, Hardtner.  
Fred Carlson, Lost Springs.  
Edmond Houdyshell, Pawnee Rock.  
John H. Sunley, Ransom.  
David H. Pugh, Tampa.  
Walter C. Ray, Wilmore.

## NEW HAMPSHIRE.

Charles F. Southard, North Haverhill.

## UTAH.

Anthony W. Thomson, Ephraim.  
Almon L. Downing, Scofield.

## WEST VIRGINIA.

Oma E. Kimes, Belleville.  
Samuel L. Clark, Cass.  
Robert K. Pearrell, Hedgesville.  
Elmer J. Dacey, Holden.  
Roy E. Curtis, Hundred.  
Lida Steinke, Jaeger.  
William P. Jett, Lost Creek.  
Walter B. Crickmer, McAlphin.  
Charles M. Jarrell, Oak Hill.  
Winters B. Crookshanks, Ward.

## HOUSE OF REPRESENTATIVES.

FRIDAY, August 19, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Lord, as we begin the work of this day in this quiet moment we would have our relationship to Thee solemnized. We would unite our breaths in saying, "Holy, holy, holy, all glory be to Thee. Only Thou art holy." And forbid that we should ever take Thy name in vain. Clothe us with the garment of strength without the sense of toil and with the spirit of service without the thought of hardship. Dwell in all of our breasts and there shall be a union of heaven and earth, of day and night. And then divine might shall embrace human frailties. And at the close of the day turn weariness into rest, and we shall hear, "Well done, thou good and faithful servant." Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## THE DREDGE "MARYLAND."

Mr. SEARS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1942) for the relief of the owners of the dredge *Maryland* and agree to the Senate amendments.

The SPEAKER. The gentleman from Florida asks unanimous consent to take from the Speaker's table and agree to the Senate amendments a bill which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 1942) for the relief of the owners of the dredge *Maryland*.

Mr. STAFFORD. Mr. Speaker, may we have the Senate amendments reported?

The Senate amendments were read.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, reserving the right, I want to ask the gentleman if the term "and costs" refers to court costs, or does it take any claim that they might make for any expense outside of court?

Mr. SEARS. I do not think it does. To be frank with the gentleman, I am not positive about it.

Mr. BLANTON. I notice the Senate put in an amendment providing that "and costs" should be included.

Mr. SEARS. They struck that out.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The question is on agreeing to the Senate amendments.

The Senate amendments were agreed to.

## ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills and joint resolution of the following titles, when the Speaker signed the same:

H. R. 4813. An act changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year, beginning July 1 each year;

H. R. 6514. An act granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.;

H. R. 2117. An act for the relief of the city of West Point, Ga.;

H. R. 1945. An act for the relief of E. W. McComas;

H. J. Res. 153. Joint resolution permitting the admission of certain aliens who sailed from foreign ports on or before June 8, 1921, and for other purposes; and

H. R. 5621. An act for the disposal of certain lands in the town sites of Fort Madison and Bellevue, Iowa.

The SPEAKER announced his signature to enrolled bills and joint resolution of the following titles:

S. J. Res. 88. Joint resolution granting consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the port of New York authority for the comprehensive development of the port of New York.

S. 2301. An act granting the consent of Congress to Old Trail's Bridge Co. to construct a bridge across the Missouri River.

S. 1794. An act to authorize the Secretary of War to release the Kansas City & Memphis Railroad & Bridge Co. from reconstructing its highway and approaches across its bridge at Memphis, Tenn.

## THE REVENUE.

The SPEAKER. The House automatically resolves itself into the Committee of the Whole House on the state of the Union for the further consideration of the revenue bill.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 8245), with Mr. WALSH in the Chair.

The CHAIRMAN. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

## TITLE II.—INCOME-TAX AMENDMENTS.

SEC. 201. Section 200 of the revenue act of 1918 is amended by adding at the end thereof two new paragraphs, to read as follows:

"The term 'foreign trader' means a citizen or resident of the United States less than 20 per cent of whose gross income for the three-year period ending with the close of the taxable year (or for such part of such period immediately preceding the close of the taxable year as may be applicable) was derived from sources within the United States as determined under section 217.

"The term 'foreign trade corporation' means a domestic corporation less than 20 per cent of the gross income of which for the three-year period ending with the close of the taxable year (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under section 217."

Mr. DUNBAR. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Indiana moves to strike out the last word.

Mr. GARRETT of Tennessee. Mr. Chairman, is an amendment offered?



The CHAIRMAN. A pro forma amendment is offered. The gentleman from Indiana moves to strike out the last word.

Mr. DUNBAR. Mr. Chairman and gentlemen of the committee, in the debate on yesterday the assertion was frequently made by Members on the Democratic side of the House that in the provision contained on page 82, to which amendment is offered to insert \$7,500,000,000 instead of \$7,000,000,000, which is an authorization for the issuance of Treasury notes, the increase was anticipated, because there was to be an increase of \$500,000,000 in our public debt, due to the fact that the appropriations for the coming year would exceed our expenditures.

Mr. GARNER. Will the gentleman yield?

Mr. DUNBAR. Yes, sir.

Mr. GARNER. I do not want to take the gentleman off his feet, neither do I want to disturb him in his argument, but I want to get the attention of the gentleman from Michigan [Mr. FORDNEY].

Mr. Chairman, I do not desire to make a point of order against the speech being made by the gentleman now occupying the floor, but I do want to call attention of the gentleman from Michigan that under the rule under which we are now proceeding to consider this bill it is impossible to offer an amendment unless it is read under the 5-minute rule, if the Committee on Ways and Means have preferential amendments under the rule.

The gentleman is discussing a portion of the bill to which the amendment he has offered does not apply, and I want to give notice now to the gentleman from Michigan that hereafter I shall be compelled to make a point of order against the discussion of any amendment to strike out the last word, unless the amendment is confined to that particular word. I do that in order to protect the minority in their effort to get the bill read under the 5-minute rule, so that we can offer pertinent amendments. I give that notice now, but I will not make the point of order at this time.

Mr. LONGWORTH. That applies to both sides of the House?

Mr. GARNER. To any amendments of this character.

Mr. LONGWORTH. To both sides of the House?

Mr. GARNER. It certainly applies to both sides.

Mr. DUNBAR. I will state that this authorization is for the purpose of converting into Treasury notes of from three to five years outstanding obligations which are now in existence, and which it is thought best to fund in order that the Treasury Department may be relieved of the embarrassment of notes frequently falling due. On March 31, 1921, the outstanding short-term obligations amounted to \$7,570,000,000. Four billion one hundred millions of those fall due in May, 1923; \$2,474,000,000 fall due within a year. The war savings stamp certificates, amounting to \$723,000,000, fall due in 1923. The amount of these short-term obligations outstanding on July 31 was \$7,419,000,000. The authorization for the issue of Treasury notes which may fall due in from one to five years is only \$7,000,000,000. Now, in order to fund all these short-term obligations into Treasury notes it was necessary to have authority to issue \$7,500,000,000 of Treasury notes.

Mr. MOORE of Virginia. How much of that total that is outstanding has been placed since the 4th of March?

Mr. DUNBAR. Three hundred and eleven millions dollars has been placed since the 4th of March, and placed on June 15 of this year. I will state that it was asserted on the floor of the House yesterday that the United States Treasury could not borrow a billion dollars without creating a panic. I want to say that on June 15 our Treasury Department borrowed in the open market \$311,000,000 at the rate of 5½ per cent interest, and this was oversubscribed many times.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Virginia. Mr. Chairman, will the gentleman yield right there?

The CHAIRMAN. Does the gentleman yield; and if so, to whom?

Mr. DUNBAR. I will yield to the gentleman from Virginia, who rose first.

Mr. MOORE of Virginia. I will ask my friend if this is not a fact: As I understand from my friend, the short-time indebtedness has been increased in the last few months between \$300,000,000 and \$400,000,000?

Mr. DUNBAR. No, sir. That short-time indebtedness took the place of other indebtedness.

Mr. MOORE of Virginia. Has the gentleman the figures that will show the amount of the indebtedness accrued from time to time and the replacements?

Mr. DUNBAR. I have not the figures to show the replacements, but I have the figures showing how they are due from time to time.

Mr. MOORE of Virginia. Will my friend allow me to make one further observation?

Mr. DUNBAR. Yes.

Mr. MOORE of Virginia. I have believed that this increase of half a billion dollars is a sort of insurance policy against the failure to make the reduction in expenditures that are reported by the majority of the Committee on Ways and Means are to be effected.

Mr. DUNBAR. No, sir; not at all.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. DUNBAR. Certainly.

Mr. STEVENSON. If this is only to take up outstanding obligations, as the gentleman states, I would like to know why they included, in addition to the "redemption of notes issued hereunder," the words "and to meet public expenditures authorized by law"? If that is not made for the purpose of paying some of the current expenses of this Government, what is it there for? [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. DUNBAR. Mr. Chairman, may I have a minute in which to answer the gentleman's question?

The CHAIRMAN. The gentleman from Indiana asks unanimous consent to proceed for one minute. Is there objection?

Mr. DUNBAR. I will state that in every note issued by the United States Government, whether it is to be issued exclusively for the funding of the debt or to be used to pay current expenses, that phraseology is always to be used. If it were to borrow \$700,000,000 to-day to pay off \$700,000,000 worth of notes falling due to-day, that phraseology of authorization must be used, has always been used, and always will be used.

Mr. STEVENSON. And then it makes it, therefore, perfectly possible to use this to pay current expenses, and that is the reason why it is used?

Mr. DUNBAR. Just as it is possible to use every dollar obtained from the current receipts for the payment of any debts which to-day may mature. [Applause.]

The CHAIRMAN. The time of the gentleman from Indiana has again expired. Without objection, the pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

#### TITLE II.—INCOME TAX AMENDMENTS.

SEC. 201. Section 200 of the revenue act of 1918 is amended by adding at the end thereof two new paragraphs to read as follows:

Mr. LONGWORTH. Mr. Chairman, I ask that the two paragraphs in section 201, page 2, be passed over for the present for the reason that a committee amendment will probably be offered which has not yet been entirely agreed upon.

The CHAIRMAN. The Chair thinks the committee would have the right to offer the amendment under the rule.

Mr. LONGWORTH. I will withdraw my request if the understanding is that the committee will not be precluded from going back and offering the amendment to parts of the bill that have been read.

The CHAIRMAN. The Chair understands that the provision of the rule is that the committee amendments to any part of the bill shall be offered at any time and shall take precedence of other amendments. If these two paragraphs are now read and no amendment is offered and some other part of the bill is read, the committee would have the right to offer amendments to these two paragraphs.

Mr. LONGWORTH. Whether they have been read or not?

The CHAIRMAN. Yes.

Mr. GARRETT of Tennessee rose.

The CHAIRMAN. For what purpose does the gentleman from Tennessee rise?

Mr. GARRETT of Tennessee. To see if I understand clearly the ruling or opinion of the Chair.

The CHAIRMAN. The gentleman may not have heard the Chair.

Mr. KING. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Tennessee has already propounded a parliamentary inquiry to the Chair.

Mr. GARRETT of Tennessee. Mr. Chairman, do I understand the Chair to hold that under the special rule it will be in order after a paragraph has been read and passed without there having been any consent given for a return to that paragraph for the committee to return to it and offer an amendment?

The CHAIRMAN. That is the interpretation which the Chair thinks is warranted from the language of the third paragraph of the rule, which the Chair will read, and with which the gentleman is probably familiar:

Thereafter the bill shall be considered for amendment under the five-minute rule. The committee amendments to any part of the bill shall be in order at any time and shall take precedence of other amendments.

The Chair thinks that that language will permit a committee amendment to be offered to any part of the bill, although that part of the bill had been read without any action having been taken or any amendments having been made to it.

Mr. KING. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KING. Will an individual be permitted to offer an amendment, for instance, to strike out these two paragraphs after they have been read? And will he be permitted to return to that section for the purpose of moving to strike it out?

The CHAIRMAN. The Chair thinks not, if a Member not a member of the committee desires to offer an amendment. If no member of the committee is seeking to offer an amendment, a Member not a member of the committee can offer his amendment at the conclusion of the reading of any paragraph.

Mr. KING. Has the reading of this paragraph been concluded?

The CHAIRMAN. The Chair is informed that the reading of the paragraph is not concluded. It was interrupted by the request of the gentleman from Ohio [Mr. LONGWORTH]. The Clerk will conclude the reading of the paragraph.

The Clerk read as follows:

The term "foreign trader" means a citizen or resident of the United States less than 20 per cent of whose gross income for the three-year period ending with the close of the taxable year (or for such part of such period immediately preceding the close of the taxable year as may be applicable) was derived from sources within the United States as determined under section 217.

Mr. KING. Mr. Chairman, I move to strike out lines 2 to 17, inclusive, on page 2.

The CHAIRMAN. The Chair will state that the first paragraph, lines 2 to 4, inclusive, have been read and passed, and lines 12 to 17 have not yet been read. The only paragraph open to amendment is paragraph from line 5 to line 11.

Mr. FORDNEY. I will say to the gentleman that an amendment will be offered to change that when we get the amendment prepared.

Mr. GARNER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman from Illinois [Mr. KING] is offering an amendment.

Mr. KING. I desire to offer an amendment to strike out lines 12 to 17, inclusive.

The CHAIRMAN. The Chair will state that that paragraph has not yet been read, and that, therefore, the amendment is not yet in order.

Mr. KING. Then I move to strike out lines 5 to 11, inclusive.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KING: On page 2, strike out beginning with line 5 to line 11, inclusive.

Mr. LONGWORTH. Mr. Chairman, I offer a preferential amendment to perfect the paragraph.

The CHAIRMAN. The gentleman from Ohio offers a preferential amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. LONGWORTH: Page 2, strike out lines 5 to 17, inclusive, and insert two paragraphs to read as follows, the first paragraph to begin with quotation marks and the second paragraph—

Mr. GARNER. Mr. Chairman, I rise to make a point of order. The portion of the bill from lines 12 to 17, inclusive, has not been read, and the gentleman from Ohio offers an amendment which undertakes to strike out that provision of the bill.

Mr. LONGWORTH. Mr. Chairman, I will ask to modify my amendment so that it shall relate to the first paragraph, which the gentleman from Illinois [Mr. KING] moves to strike out.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to modify his amendment by making it applicable only to lines 5 to 11, inclusive. Is there objection?

Mr. WINGO. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman can make his point of order against the amendment when the amendment has been reported. The question is whether there is objection to modifying it.

Mr. WINGO. No; just so I do not lose my right to make the point of order.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Committee amendment offered by Mr. LONGWORTH: Page 2, strike out lines 5 to 11, inclusive, and insert a paragraph as follows, to begin with quotation marks:

"The term 'foreign trader' means a citizen or resident of the United States or domestic partnership, (1) 80 per cent or more of whose gross

income for the three-year period ending with the close of the taxable year (or for such part of such period immediately preceding the close of the taxable year as may be applicable) was derived from sources without the United States as determined under section 217, and (2) 50 per cent or more of whose gross income for such period or such part thereof was derived from the active conduct of a business without the United States, either on his own account or as the employee or agent of another."

Mr. WINGO. Mr. Chairman, there was a great deal of confusion, so that it was difficult to hear everything. As I understand now, lines 5 to 11 have been read, and the gentleman from Ohio offers a substitute for that. My point of order is not only against the text of the bill but against the substitute, because it is not germane to section 200 of the revenue act to which it seeks to add new paragraphs. Section 200 of the act, unless I am mistaken—if I am mistaken the gentleman can correct me—is on page 21 of the pamphlet headed "Laws of the Sixty-fifth Congress relating to financing the war," is it not?

Mr. LONGWORTH. It is under Title II.

Mr. WINGO. Section 200, which it seeks to amend, is the definition of corporations, is it not?

Mr. GREEN of Iowa. No.

Mr. WINGO. It says:

That when used in this title the term "corporation" includes joint-stock companies or associations and insurance companies; the term "domestic" means created under the law of the United States, or of any State, Territory, or District thereof.

And so forth.

Those are the different things that are sought to be defined, and I want the Chair to note—

Mr. GREEN of Iowa. Is the gentleman reading from section 201?

Mr. WINGO. I am undertaking to read what I understand to be section 200 of the act of 1918.

Mr. STAFFORD. I call attention to the fact that the gentleman is reading from the revenue act of 1917. The revenue act of 1918, as the gentleman will see if he will turn to it, is found beginning on page 81 of the compilation; and referring to section 200 of the war revenue act of 1918, which section 201 of this bill attempts to amend, he will find that the amendment proposed is entirely proper.

Mr. WINGO. I was in error as to the particular one, but I suggest that section 200, which the gentleman from Ohio has very kindly shown me, undertakes to define certain terms; first, the "taxable year," second, the "fiscal year," third, the term "fiduciary," fourth, the term "withholding agent," next the term "personal service corporation," next the term "paid," and next the term "paid or accrued." Those are the different things.

The CHAIRMAN. Does the gentleman from Arkansas contend that an amendment to be offered to section 200 of the revenue act of 1918 of this bill must be germane to section 200 of the revenue act?

Mr. WINGO. Certainly. When you offer an amendment to a section it must be germane. I have just read the section, and it does not include the term "foreign trader." That is the point.

Mr. MANN. Does the gentleman mean to say that if we want to amend an act of Congress or law we can not add anything to it?

Mr. WINGO. You can not offer an amendment to a section that is not germane to it, as I understand it. Is that true or not?

Mr. MANN. The same thing would be applicable to a law. Does the gentleman mean to say we can not amend a law and add anything entirely new?

Mr. WINGO. I know so little about parliamentary law that I would not undertake to answer that question, but I will ask the gentleman from Illinois a question. Can you amend a section except by a germane amendment?

Mr. MANN. Why, certainly we can by a new act of Congress add a new section, whether it is black, white, red, or yellow.

Mr. WINGO. You can amend any section by an amendment, whether it is germane or not?

Mr. MANN. Absolutely; this is a new act of Congress.

Mr. WINGO. If the Chair thinks I am in error—

Mr. MANN. You do not subject bills to the rules with reference to amendment.

Mr. WINGO. I am under the impression that when you offer an amendment to a section that it must be germane to that section.

The CHAIRMAN. The Chair is ready to rule. The gentleman from Arkansas makes the point of order to the amendment offered by the gentleman from Ohio on the ground that the proposed amendment is not germane to section 200 of the revenue act of 1918. The Chair will state that the rule of germaneness applies to amendments offered to a bill under consid-



eration, but there is nothing in the rules of the House that requires when a former act is sought to be amended that the amendment under consideration should be germane to the former act sought to be amended, either to the paragraph or section. The rule requires that the proposed amendment to the bill shall be germane to the subject matter of the bill under consideration.

Mr. WINGO. Mr. Chairman, I want to be sure that I understand the ruling of the Chair. If there is a bill which the committee proposes to amend, then anywhere in that bill is it proper to amend any section of the law by adding to that section matter not germane to the section?

The CHAIRMAN. The Chair was about to state that the rule of germaneness does not require a measure under consideration, proposing an amendment to a former act, to be germane to any part of the former act or the act itself. An entirely different subject by way of amendment could be added to any particular section of the former act by a bill under consideration. The Chair overrules the point of order.

Mr. LONGWORTH. Mr. Chairman, it is only fair to say that this is, strictly speaking, not a committee amendment. The situation is this: It is an amendment that has been informally agreed upon, but it was understood this morning that it would be passed over until to-morrow for final action by the committee. I am convinced, however, that a large majority of the committee are in favor of this amendment.

Mr. GARNER. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. GARNER. I want to call the gentleman's attention to the situation he is going to find the committee in. I understand we passed over the amendment this morning at the suggestion of some Republican Members. Suppose, after analyzing the amendment and discussing it, you come to the conclusion that you ought to amend it in a different form than this; under the rule you would not be permitted to go back and offer an amendment to this particular paragraph again.

Mr. LONGWORTH. The gentleman was probably absent this morning—

Mr. GARNER. No; I was not absent; the gentleman from Ohio asked a question and the Chair properly ruled that under the special rule you could go to any part of the bill at any time and offer a committee amendment, it having preference over any other amendment that might be offered. But having once offered an amendment and it once being adopted, I doubt very seriously whether the special rule gives you the power to go back and amend it again.

Mr. LONGWORTH. The situation would be the same in any paragraph that has been amended.

Mr. GARNER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GARNER. If the Committee of the Whole House on the state of the Union should adopt the amendment offered by the gentleman from Ohio, would the committee, or the membership of the committee, or the Committee on Ways and Means itself by formal action, have the power to substitute another amendment for the one the Committee of the Whole adopted at this time?

The CHAIRMAN. Does the gentleman mean that the Committee of the Whole having once acted on a committee amendment to a particular paragraph, whether the Committee on Ways and Means subsequently have the power to offer an amendment changing the action of the Committee of the Whole?

Mr. GARNER. That is it.

Mr. MANN. That would depend. I suggest to the Chair how the matter came before the committee. There are many cases where it could do it and many where it could not.

Mr. GARNER. I am trying to get what information I can in a parliamentary way now.

Mr. MANN. For instance, suppose we adopted an amendment striking out or inserting special language in the paragraph. That is agreed to by the committee. That would not prevent the committee subsequently under this special rule striking out the entire paragraph and substituting language for it or striking it out entirely.

Mr. GARNER. What limits have we, if any, under the special rule?

Mr. MANN. That is not under the special rule; that is ordinary parliamentary usage.

Mr. GARNER. Let me ask the gentleman from Illinois a question. This section has been read under parliamentary law. It is passed on and we read another section of the bill. How could you get back to the former section under parliamentary law?

Mr. MANN. Under the special rule the Committee on Ways and Means can offer an amendment to any part of the bill at any time.

Mr. GARNER. Yes; but the gentleman says that this could be done under parliamentary law, and I was asking how it could be done under parliamentary law. Here is what I want to understand, whether the Ways and Means Committee to-morrow morning, if it saw fit to change the amendment as offered by the gentleman from Ohio, would have the power to return and amend this again?

The CHAIRMAN. The Chair will say that the Chair does not care at this time to interpret the special rule as compared with the ordinary rules of the House. He prefers to reserve his ruling until the case arises. There are different ways in which the motion might be submitted under ordinary rules of the House, which might or might not be in conflict with the special rule. The Chair prefers to wait until the particular case arises before answering the parliamentary inquiry of the gentleman from Texas.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. TOWNER. Mr. Chairman, because of the noise in the Hall, I could not just understand the statement made by the Chair. I want to make this suggestion: We are not, of course, acting now under the general rules of the House, and yet I presume to a certain extent that we will be bound by the rules of the House even where there is an apparent contradiction. I agree with the gentleman from Illinois [Mr. MANN] that if we should adopt in Committee of the Whole a specific amendment, that thereafter that could not in any form be practically reconsidered, but certainly under the rule, Mr. Chairman, that we have now adopted, this could be done: Suppose we should amend this paragraph in a specific way and that thereafter the committee should bring in an amendment rewriting it; even though it change the language that was specifically passed upon, in other words, the larger would include the lesser always, and in any case in which it could be said that was true, the right which is granted by the special rule would give the committee the power to bring in at any time any amendment which has been considered by them and which would affect in general the purposes of the bill, even though it might change some of the action that had already been taken.

Mr. LONGWORTH. Mr. Chairman, in order that no question may be raised, and that it may not be necessary to determine the right of the committee to go back at this time, I ask unanimous consent to pass over these paragraphs for the present.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that the paragraphs 5 to 11 and 12 to 17 be passed over. Is there objection?

Mr. KING. Mr. Chairman, reserving the right to object, I have made a motion here to strike out the paragraph which has just been read. If this is passed over by unanimous consent, I shall be precluded from that.

The CHAIRMAN. The gentleman's motion would be pending if the paragraphs were passed over. Is there objection?

Mr. GARNER. Mr. Chairman, I want to ask the gentleman from Michigan one question before we pass over these paragraphs. Will the gentleman tell the committee who suggested the amendment that is now in the bill at this particular point?

Mr. FORDNEY. The Treasury Department.

Mr. GARNER. Did any other Cabinet officer suggest this amendment?

Mr. FORDNEY. No; I think not.

Mr. GARNER. I understood that the gentleman from Michigan gave as a reason for this to some of his colleagues at one time that there was another Cabinet officer who suggested this amendment, and that that is how it came to be in the bill.

Mr. LONGWORTH. Mr. Chairman, if I may claim some pride of authorship—

Mr. GARNER. I want to know whether the gentleman from Michigan would make the same statement on the floor of the House that I heard he made in the secret Republican conference. If he would, I think it would be of interest to the country. I understood that the only reason that he gave in the Republican conference for this provision being inserted in the bill was that Herbert Hoover suggested it, and I understand that Mr. Hoover at the same time has a large portion of his property invested in foreign countries.

Mr. LONGWORTH. Mr. Chairman, I make the point of order that the gentleman can not discuss what occurred in the Republican conference. [Laughter.]

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio.

Mr. FORDNEY. Mr. Hoover never made any such suggestion to me, and I have not seen him in respect to the matter.

Mr. GARNER. Did the gentleman make that statement to the Republican conference?

Mr. FORDNEY. Mr. Chairman, I demand the regular order. [Laughter on the Democratic side.]

The CHAIRMAN. The regular order is, Is there objection?

Mr. GARRETT of Tennessee. Mr. Chairman—

The CHAIRMAN. Is there objection?

Mr. GARRETT of Tennessee. Mr. Chairman, I object.

Mr. LONGWORTH. Then I should like to be heard upon the amendment.

The CHAIRMAN. The Chair would state that the gentleman from Ohio has one minute remaining, he having yielded to the gentleman from Iowa [Mr. TOWNER].

Mr. LONGWORTH. Oh, the gentleman from Iowa was speaking on the parliamentary situation.

The CHAIRMAN. The gentleman from Iowa was yielded to by the gentleman from Ohio.

Mr. FORDNEY. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio have an additional five minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the gentleman from Ohio may proceed for five minutes. Is there objection?

There was no objection.

Mr. LONGWORTH. Mr. Chairman, I repeat that it is only fair to say that the committee has not yet officially adopted this amendment; but unquestionably it represents the opinion of a majority of the committee, because it limits the operation of this section in such a way that no man who was merely a holder of foreign securities would be relieved from taxation. It adds to the provision in the bill these words:

Fifty per cent or more of whose gross income for such period or such part thereof was derived from the active conduct of a business without the United States either on his own account or as the employee or agent of another.

I am prepared to admit that without this amendment the provision in the bill might be open to perhaps serious objection, because it would enable a man who has 80 per cent or more of his capital invested in foreign securities without any labor on his part to be exempt from taxation on that portion of his income; but where he is compelled to have it invested in an active working business—at least 50 per cent of all his capital in an active going business—all objection, to my mind, is entirely removed. I am entirely confident, Mr. Chairman, that this would be offered as a committee amendment to-morrow, and I only offer it at this time in my individual capacity because the gentleman from Illinois [Mr. KING] offers to strike out the section as it now reads. I am not prepared to say that I would not have supported such a motion. I had some doubts as to the provision incorporated in the original bill, but I want to explain to this committee that this amendment which I have offered, and which would be offered to-morrow as a committee amendment, removes any possible danger that might arise from it. It removes any possibility that some very rich man would transfer all of his investments abroad and be exempt from taxation on 80 per cent of them.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. FESS. I understand the purpose of this is to avoid double taxation—taxation here and taxation abroad.

Mr. LONGWORTH. Men in active, going business in foreign countries are subjected to great disadvantages when they are compelled to pay the full income tax on the return from that investment.

Not long ago the House by, I believe, a unanimous vote passed a bill exempting American citizens who had business in China from tax on that business there.

Mr. FESS. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. FESS. I want to ask my colleague whether the committee considered the possibility of laying a tax upon the foreign investment to make up the difference between what this tax would be and what is placed by the foreign Government? Would that be practicable?

Mr. LONGWORTH. I should very much doubt if that would be practicable. But when we have this so hedged around—in the first place, 80 per cent of his income must be derived from foreign investment and 50 per cent of his holdings must be invested in active business abroad—it removes practically any objection that may be.

Mr. FESS. The purpose of my colleague is simply to encourage our foreign trade?

Mr. LONGWORTH. To encourage our foreign trade, to encourage men who have business abroad and are put at a disadvantage to the competition in other countries with reference to paying our income tax.

Mr. KING. Would it not encourage the deportation and expatriation of American capital in foreign industries?

Mr. LONGWORTH. I am one of those who believe it is a very good thing commercially that American citizens should be actively engaged in foreign trade of all sorts, if it is legitimate, to promote our exports. We must look after our exports as well as our home market—

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. When American citizens are at a disadvantage, as they are at the present time, this seems to us fair.

Mr. KING. Mr. Chairman, I desire to rise to oppose the amendment. Mr. Chairman and gentlemen of the committee, if the committee amendment is adopted, it will certainly very much improve the bill in the particular in which it has been criticized, but, as a matter of fact, it does not relieve all the evils which will result, in my judgment, from the passage of this measure, and which, as a matter of fact, will result in the loss of millions of dollars in taxation to the Government of the United States and will result in the expatriation and removal of millions of dollars of capital from the United States to foreign countries for manufacturing purposes. Now, by cutting out the amendment as it now stands, which will be done by the substitute, we get rid of one evil which was proposed and is proposed in this bill. Without this amendment, as a matter of fact, there will be a lot of men who will buy debentures of an Edge bank who would be absolutely free from taxation by the Government of the United States. Instead of having farm-loan bonds exempt, municipal bonds exempt from taxation, we would have foreign bonds and foreign debentures exempt, and that feature of it the committee has cut out, but unfortunately they still leave in that objectionable feature which permits manufacturers in this country to build plants out of the United States and in various parts of the world and thereby exempt them from the payment of income tax. Now, the argument suggested by the distinguished gentleman from Ohio [Mr. FESS] that there should be an equalization of taxation, and so forth, because these concerns pay taxes in foreign lands, is not applicable. There is no income tax charged by any foreign nation whatever. It is true they have to pay taxes upon the factories and upon the personal property, but no income tax whatever is exacted by foreign nations from an American citizen engaged industrially abroad. Why, we hear they are establishing silk factories in Italy with American capital, lace factories in France with American capital. A concern in New York, a printing concern, a publishing concern, proposes to put up a plant in Germany, and Henry Ford is erecting or about to erect a large factory in Cork, Ireland. Now, under this provision he will be exempt from all income received from that factory—

Mr. LONGWORTH. Oh, no; will the gentleman yield?

Mr. KING. Or practically so.

Mr. LONGWORTH. Only provided 80 per cent of the entire income was invested, which, of course, would not apply in this case. You can not get 80 per cent of Mr. Ford's—

Mr. KING. But suppose instead of having a small factory at Cork he moves his entire plant over there? The more money you take up and transport away to build factories over there in Europe the less amount of income you get. I know a concern—and it is a very good illustration—that makes a small article in this country which is also made in Japan. They were about to move the factory to Japan on account of not having a tariff put on the article manufactured, but they have every prospect of having that tariff put on, so they are not going to Japan; but if you offer them this reward by relieving them from their income tax on a million dollars a year they will simply transfer their manufacturing plant to Japan, and my judgment is they will move it at a very early date.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GARNER. Mr. Chairman, I move to strike out the last word. I do not suppose that it will do any good to appeal to the Republicans with reference to these amendments. If it would, this is one amendment that this Committee of the Whole ought to give two hours' consideration to, because there is not a half dozen men in the House that know—or, probably, there is not a single one that knows—the full effect of this amendment. For instance, the Standard Oil Co., to give one illustration, can organize a subsidiary corporation, entirely independent of the Standard Oil Co. itself, and move over to China or any other country and get comparatively full exemption from tax on income from that source.

Mr. LONGWORTH. Mr. Chairman, I want to call the gentleman's attention to the fact that he is not discussing this amendment under consideration.

Mr. GARNER. If the gentleman wants to do that, all right. I am talking about this amendment—

Mr. LONGWORTH. It applies to individuals only.



Mr. GARNER. Then individual owners of the Standard Oil Co., if desiring to avoid their taxes, will each individually organize their business in foreign countries and have the Standard Oil Co. sell them their goods at cost and make their entire profit in a foreign country.

Let me get the attention of the gentleman from Michigan [Mr. FORDNEY]. You know he was called here, and I think very justly, "old man, honest JOE FORDNEY." Being honest, though not being quite as discreet as some of the astute politicians of the Republican organization, he tells the truth now and then, regardless. In your conference he told you the truth, that the only reason that it is in this bill is that Herbert Hoover told him to put it in.

Mr. FORDNEY. The gentleman is mistaken. The information is not correct. I did not say anything of the kind as you have just repeated it.

Mr. GARNER. What did you say to them?

Mr. FORDNEY. I did not say anything of the kind.

Mr. GARNER. Let "Honest Joe" tell what he did say.

Mr. FORDNEY. No; I will not.

Mr. GARNER. Mr. Chairman and gentlemen of the committee, that ought to illustrate to you the reason you should look into this amendment and see what effect it will have. You want money in this country to go into new enterprises and develop this great Republic. The reason you reduced the surtax was that you wanted money to go into American business. You repeal the excess-profits tax because you want money to go into new business. Here is a direct bid to send all the money out of the country. But that is not the purpose of it. The purpose of it, and of every provision in this bill, is to exempt somebody of large means from taxation.

Mr. GREEN of Iowa. I think probably the gentleman heard what I said about this provision in the bill yesterday. So far as I was concerned, I had no objection to its going out, and I feel quite sure the Ways and Means Committee is perfectly willing to have a vote of the House on it. But does not the gentleman understand that if a company should go abroad under the present law and incorporate over there to escape taxation, say the Standard Oil Co., it could have one of these subsidiary corporations over there?

Mr. GARNER. I am very glad to hear the gentleman from Iowa make that statement. On the first day of debate in this House I selected a sort of fly and threw it over Connecticut way, and said something about the occupation tax and tax on soft drinks, and I got a bite. The gentleman said that they were in favor of repealing it, and, lo and behold, the Republican membership of the Ways and Means Committee decided to strike that out of the bill. Let us hope the gentleman's conversion, or contention of his original opinion, may influence the Members over there, and there will be the same result with this amendment that we had with the medicine amendment this morning. Give the honest Democrats a chance to vote and we will knock it out as we did the medicine amendment.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GARNER. Mr. Chairman, I ask to proceed for two additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. GARNER. Brother GREEN, if you will put your motion in the Committee on Ways and Means and permit us to vote on it, as we did on the tax on medicines this morning, we will get enough Republicans to join with the unanimous Democrats to put it out of business.

Mr. FORDNEY. We did not vote this morning on your motion.

Mr. GARNER. The gentleman from Michigan, of course, would like it to appear that the Republicans put the medicine amendment out of the bill. But every Democrat voted for it, and the Republicans were divided, and when we catch you dividing, Joe, you know what we do to you. The result is that the people of this country, as long as the proposed law is in existence, will probably buy their medicine free of any tax by this Government, and the Democrats are entitled to credit for it. You can not make it any other way.

Mr. FORDNEY. That could not be so. You have not got the votes.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. FORDNEY. Mr. Chairman and gentlemen, I will speak very briefly on the amendment. The House will remember that we have been appealed to for the last two years to give relief to citizens of the United States doing business abroad. The Ways and Means Committee some months ago reported a bill to the House to relieve citizens of the United States doing business

in China, for the reason that our citizens doing business in China must pay a tax imposed by our Government on profits made abroad, while the English Government impose no tax upon their citizens doing business abroad. Therefore the citizens of the United States are at a great disadvantage in doing business in a foreign country, paying a heavy tax when their competitors pay none.

I have in my possession a report made last fall by a tariff commission in Canada. That commission traveled about in Canada from east to west and held hearings in the various cities throughout Canada on the question of their tariff law, and in that report that commission says there were 600 factories in Canada last fall, all American capital, employing 85,000 Canadian citizens or people in those factories, and where their competitors from Great Britain pay no tax to the English Government, our citizens do pay to our Government. The way the law operates is this: That a citizen of the United States doing business in a foreign country is subject to our taxes the same as if he did business here, except that whatever tax is imposed upon him in that foreign country is deducted from the taxes here, and if our taxes are higher than those imposed by a foreign country upon our countrymen doing business there, then they pay the difference here. But if the foreign tax is greater than ours, they are excluded from the payment of tax here at all.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes; I yield.

Mr. KING. Would not a United States citizen producing oil in Mexico come under the provisions of this amendment?

Mr. FORDNEY. He would in the condition set out in the paragraph and in the amendment as offered by the gentleman from Ohio [Mr. LONGWORTH]; yes; he would be relieved to that extent. But the point is, Why should he not be, in order that he may compete in a foreign country with his foreign competitors there? That is the only excuse.

Mr. KING. Why should he be relieved from the payment of income tax when he is a citizen of this country?

Mr. FORDNEY. Personally, my friend, I am in favor of striking the whole thing from the bill. If we can not get that, then I want to better it as far as possible.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. TOWNER. Mr. Chairman, my particular interest in this matter lies in the fact that the existing law taxes Americans doing business in the Philippines as well as in foreign countries, and this provision of the law, if it remains in the bill, will present the application of our taxing laws to Americans doing business in the Philippine Islands.

The way that law works in the Philippine Islands is this: Every other foreign country exempts its own nationals doing business in the Philippine Islands from all forms of taxation on business and income derived exclusively on business done in the Philippines, so that if the nationals pay the local taxation that is all the charge that is made upon them on such business. Now, Americans doing business in the Philippine Islands are compelled to pay the local taxation of the islands. In addition they are under obligation to pay all of the income tax which is provided in the bill, both corporation, individual, and every other form, upon all business that they do not only in the United States but in the Philippine Islands as well. Of course, you can readily see what a handicap is placed upon American traders in the Philippine Islands, upon all Americans doing business in the Philippine Islands.

Gentlemen, it occurs to me that there should be no possible question but that we ought to pass this bill in its original form and certainly in the form suggested by the amendment to guard against any injustice that might arise.

Gentlemen, let us be careful about these matters. Let us remember what has been so strongly urged, especially on the minority side of the House, that if we desire to develop the trade of the United States, if we desire to sell the surplus products in foreign countries, we have got to encourage and develop our trade with foreign countries. How can we do it? There is hardly any other method but to send our Americans there to handle American business, to become centers of American trade.

Mr. KING. Of what advantage would it be to have a button factory in the United States removed to Japan except to promote the income of the owners?

Mr. TOWNER. Let me say to the gentleman that cases will be exceedingly few in which button factories will be removed. It will never be removed from the United States, because it could not do business in the Philippine Islands.

Mr. KING. I instanced the case of a button factory being moved to Japan.

Mr. TOWNER. It will remain near where it is. It will remain near the source of the raw materials in the United States. It will remain here. But the sale of the products, the putting of them on the market there, the establishment there of a market for our surplus products must be placed in the hands of Americans trying to promote American trade and the distribution of American products in foreign markets, and especially in our own possessions like the Philippine Islands.

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. TOWNER. I yield for a brief question.

Mr. HUSTED. Is it not true, so far as the Philippine Islands are concerned, that our own people in the islands labor under a greater disadvantage than anybody else doing business there?

Mr. TOWNER. Yes. I have expressly stated that such is the case, and the gentleman has stated it very well. We are placed in our own territory, under our own flag, at a disadvantage and compelled to trade at a disadvantage with foreigners who do not pay any taxes imposed by their home country.

Let us not be deceived by this proposition that American capital is to be sent out of America. The capital will not be sent out unless it is to the advantage of the United States that it be sent out, unless it is to the advantage of the United States to spend it in those countries. I sincerely hope this amendment will be adopted, and I sincerely hope we will not allow ourselves to have this section stricken out. [Applause.]

The CHAIRMAN. The pro forma amendment will be withdrawn.

Mr. WINGO. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Arkansas moves to strike out the last two words.

Mr. WINGO. Mr. Chairman, let us forget politics for a moment and analyze just what you are doing. I think, from what I have discovered from the statements made here, that if gentlemen will study what you are proposing to do in the bill and what you say you are doing, you will follow the judgment of the gentleman from Michigan [Mr. FORDNEY], frankly expressed, and cut this out.

Now, let us see what you do. It is not, as the gentleman from Iowa [Mr. TOWNER] says, a question of the Philippines. If you want to bring in a provision here that will undertake to put our people doing business in the Philippines upon the basis that he suggested—to remove that handicap—that is a different proposition. But that is not the proposition. What is the proposition, gentlemen? Let us go back a few months. It was not many months ago that you brought in a bill and passed it through here granting exemption from taxation to an American corporation doing business in China. At that time many of you supported it with a great deal of reluctance, and you said you did it on account of our peculiar interest in developing the trade of the East.

I remember quite well the gentleman from Texas [Mr. GARNER] warned you then that you were merely getting the nose of the camel under the tent, and that sooner or later you would come in here with the bald proposition to exempt all of them. That is just exactly what you propose to do not only by the tax bill as it was written but even with the amendment that is now offered. Candor compels me to admit that at first blush on first reading it looks to me like the substitute is really better than the text, but when you consider the effect of the proposal you are doing something that I do not believe you want to do. Let us see. The proposed substitute that is offered provides that a "foreign trader" means a citizen or resident of the United States 80 per cent or more of whose gross income was derived from sources without the United States or 50 per cent or more of whose gross income was derived from the active conduct of a business without the United States. Well, gentlemen, standing alone, that might not be as bad as it appears. The gentleman from Iowa [Mr. GREEN] was wrong when he said the gentleman from Texas was not discussing the pending question, because he said this proposition applies only to individuals, and the gentleman's illustration was as to subsidiary corporations. But turn to page 24 of the bill with me, gentlemen. I am not making a partisan appeal to you, but I am appealing to your intelligence as a lawyer who is really interested in this question, and I would like to have you turn to page 24, line 17, of the bill, where it says—

The following items of gross income shall not be included as income from sources within the United States:

(1) Interest other than that derived from sources within the United States as provided in paragraph (1) of subdivision (a);

(2) Dividends from foreign corporations and from foreign trade corporations.

Those are exempt from income taxes. Now, gentlemen, you do not want to go that far. Why? Regardless of which side of the aisle we sit on, do we not all agree that the policy of tax exemption was entered upon at a time when we never contem-

plated that there would be such volume of outstanding tax obligations as we now face, and is it not agreed on both sides among thoughtful men that we ought to try to devise some plan by which we can meet that evil? And yet what do you do? At a time when you bring in one provision of your bill and say, "We are compelled to relieve certain incomes from surtax and excess-profit taxation, because the men who are getting these incomes and these profits, unless we do remove the tax burden from them, will take their income and capital and invest it in tax-exempt securities," then why in another provision of the bill should you turn around and broaden the avenues of tax-exempt securities and make them not American securities, bonds issued for the purpose of securing funds first for the support of the Government of the United States, and then bonds of municipal corporations for the support of municipalities; next road-district bonds and school-district bonds issued for the purpose of building public enterprises in the United States, the money to be spent here?

Why say you are going to try to shut down on them and then say to a man, "We will not let you invest in such securities of the United States and of the States and municipalities and road districts and school districts; we will not let you evade taxation in that way by investing in tax-exempt securities of which the American people get the benefit, but go and invest your money in foreign corporations and your gross income from that source will be absolutely exempt from taxation"? Gentlemen, I ask you to go back to your committee and reconsider that. The first impulse of the gentleman from Michigan was correct. You had better cut this out. You let down the bars and you add an incentive to these gentlemen under which they will say, "No; I can go and invest in foreign securities. I can go and put my money in foreign corporations. I can organize foreign corporations and I can snap my finger in the face of the American taxpayer"; and even though the Navy of the United States may be called upon to defend and uphold the rights of that foreign trader in a foreign land, and the American people be taxed to support that Navy and the consular agents in that country, that man will be absolutely exempt from paying the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HARDY of Texas. I ask unanimous consent, that the gentleman's time be extended one minute.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the time of the gentleman from Arkansas be extended one minute. Is there objection?

There was no objection.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. WINGO. I will.

Mr. HARDY of Texas. I do not know that I understand this bill, but if it provides that the income derived by American citizens from foreign corporations shall be exempt from taxation by this Government it goes further than the Chinese corporation act did, which was of peculiar application to conditions there. The people interested did not want exemptions for the incomes derived from those corporations.

Mr. WINGO. Of course, I may be in error. If I am wrong I want to know it, but I believe page 24 of the bill, together with this language, has the effect which I state. What is it we are trying to escape now? What is the law now? Is it that they get credit for the taxes paid in foreign countries? Is not that correct? And if the American tax be greater, then they have to pay the difference.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MILLS. Mr. Chairman and gentlemen of the committee, I must confess that in the original draft I think the section was open to criticism in that it exempted income from investments abroad received by the resident American citizens, but the amendment would seem to cure that provision and so not add to the tax-exempt securities.

Now, the answer to all of this argument is a very simple one: That the provisions of this bill really recognize the situation which already exists—clearly in so far as the corporations are concerned, and almost as certainly in so far as individuals are concerned. Suppose that an American corporation does a large foreign business. Does it have to submit to taxation by this Government on that business under existing law, under the revenue act of 1918? It does not. Through a very simple expedient, the forming of a foreign subsidiary corporation, through the simple further step of the purchase of an American bond, it comes under section 216 of the revenue act of 1918, which you will find on page 14 of that act. It says:

A corporation is exempt from dividends which it receives from another corporation that is taxed under the provisions of this bill.



Now, see the result. Corporation A forms a subsidiary corporation, B, to carry on business in China. Corporation B purchases an American bond and therefore becomes a taxpayer on the revenue derived from that bond. Whereupon corporation A, the parent corporation, is entirely exempt from the tax on dividends received from China. So, to-day, if American business takes out a foreign charter it escapes this taxation.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. GREEN of Iowa. What the gentleman says is true, and it makes no difference whether they purchase a \$500 bond or a \$50 bond.

Mr. MILLS. Yes; and all this provision does is to recognize the situation and remove the inducement of taking out a foreign charter and inducing American business men to do business under an American charter. So, in so far as losing revenue is concerned, even as far as individuals are concerned, the chances are very small, if not infinitesimal.

Mr. COCKRAN. Will the gentleman yield?

Mr. MILLS. Yes.

Mr. COCKRAN. I would like to know how the gentleman sees inducement in this to foreign corporations to do business under an American charter.

Mr. MILLS. I say to-day we offer a positive inducement to Americans doing business abroad to take out a foreign charter and to incorporate abroad in order to avoid taxation. You will not get taxes from them anyhow.

Mr. OLDFIELD. Will the gentleman yield?

Mr. MILLS. I can not; I am afraid if I do I will not have a chance to say that which I wish to say, particularly to my Democratic friends. They have been a good deal troubled owing to the fact that the United States is becoming a creditor Nation, and that we, even though we are a creditor Nation, have imposed a protective tariff, and they wonder under those circumstances how our export business can live. Now, it is very true that prior to 1914 we were a debtor Nation, and that, excluding invisible items, we exported some \$400,000,000 in excess of the imports to pay the interest on the foreign debt. It is true to-day that we shall have in the long run to import \$600,000,000 or \$700,000,000 more goods than we export goods in order to receive interest on the money now owed us; unless a very familiar economic phenomena takes place, and that is unless American capital seeks an opportunity for investment and trade abroad. If it does that, that capital can be exported in the form of American goods, and we will maintain our export market, even though we be a creditor Nation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LONGWORTH. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended five minutes.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that the gentleman's time be extended five minutes. Is there objection?

There was no objection.

Mr. MILLS. If you study the history of England during the great industrial development of the last century you will find that England, though a creditor nation, continued to export more than she imported, and what was the answer? England was exporting capital the world over, and that export of capital subsequently developed the export market of Great Britain. If you study the history of this country after the Civil War, you will find that, although we were a debtor Nation, we were importing more goods than we exported. What was the answer? We were importing foreign capital to develop the railroads and other great industrial enterprises. Now, the situation is reversed; we are a creditor Nation, and are confronted with the problem of developing and preserving the export market. Anything that will tend to develop American trade abroad will enhance the export of our goods. My friends on the other side are the last men in the world, in view of their previous theories, who should object to anything that will develop the American export market.

Mr. COCKRAN. Will the gentleman yield?

Mr. MILLS. I will.

Mr. COCKRAN. I would like to ask the gentleman if England ever in the development of the export of her capital exempted income derived from money invested abroad from the operation of the income tax?

Mr. MILLS. Oh, yes. If the gentleman will study the subject, I think he will find throughout all of the great British Dominions that there is no tax paid to Great Britain.

Mr. COCKRAN. Oh, I am not speaking of the British Dominions, I am speaking of England.

Mr. MILLS. The major part of Great Britain's money invested abroad is in British Dominions.

Mr. COCKRAN. Will the gentleman say now before this House that the English have found it necessary to exempt the earnings of money invested abroad by an Englishman from the English income tax?

Mr. MILLS. If he is a resident Englishman?

Mr. COCKRAN. If he is a resident Englishman.

Mr. MILLS. No; I do not think they have, but neither does this bill exempt a resident American unless he is in active business abroad, and the gentleman will find that an Englishman in active business outside of England will not be paying his British income tax. [Applause on the Republican side.]

Mr. LONDON. Mr. Chairman, the tax bill takes care of plutocracy as a whole. This amendment is to take care of a particular group of plutocrats; it is to relieve Americans who make their money abroad from paying taxes. There is no more expensive citizen than one who invests in a foreign country. Look at our experience with Mexico. During the last 15 or 20 years we were on the verge of war with Mexico on half a dozen occasions, and we are on the verge of war with Mexico to-day, principally because American capital has found there a field for ready exploitation. World commerce in the past was an agent for peace, bringing nations together, but modern commerce is just as frequently a promoter of war. Modern investments involve very often concessions and franchises from Governments. Where you deal with oil, iron, or railroads in a foreign land it means dealing with a foreign Government and the exercise of pressure upon the foreign Government. Weak nations yield, stronger ones resist. Now and then the strong nations get into a fight among themselves about the control of the helpless nations and the markets they offer. Have you learned nothing from the World War? These investors in foreign lands will be urging you to enlarge your Army and Navy so as to back them up in their demands. It is now proposed that those who are to do business abroad are to be relieved from the expense of supporting their Government. You are to grant exemptions to them, you are to favor them specially. This favoritism assumes an impudent form. It is claimed that the American investor abroad will be at a disadvantage because he will also have to pay taxes in the land where he makes the investment. When we discussed the tariff bill it was argued that we should have an American valuation, upon the theory that the collapse of foreign exchange has made the moneys of Europe worthless. Outside of every other consideration, is it not clear that they will pay their taxes abroad in worthless foreign paper? Is this Congress to become openly and avowedly a soviet of plutocracy? Are the directors of railroads and the attorneys of railroad companies to be permitted to lay down the law to the American people? Is there any limit to their arrogance? Is there anything that they would not dare? Are they so sure of continuing in power? The Republicans won in the last election because the people were so thoroughly disgusted with war and those responsible for it, and they were successful in their appeal to every racial and national prejudice, but they may not be able to repeat the performance. I would advise the Republicans to be careful. There is a limit even to the stupidity of the mass. It may some day wake up and find out what you are trying to do.

Mr. COCKRAN. Mr. Chairman, I want to express deep acknowledgment to my colleague from New York [Mr. MILLS], who has just taken his seat. I stated yesterday that the theory of this measure in its exemption of the rich from taxation is that you can not tax them anyway and I insisted that such an attitude by Congress amounts to a confession that we have a force inside the body politic which is stronger than the Government itself. The speech of the gentleman from New York confirms that statement. I remarked yesterday, and I repeat it to-day, for the purpose of pointing out the effect of such a position, that inside the State there can not be two supreme forces. The supreme force, whatever it may be called, must always be in fact the Government. If there is anything stronger than the nominal Government, then that thing itself is the Government. If now we are to be told—the necessities of the Government to the contrary notwithstanding—that there is in this country a force, an element, that we can not subject to the same taxation, the same rate of taxation, the same system of taxation as all other men and women, then we have confessed that this Government, this democratic Government, is at an end. The force which is beyond our control has by that very fact placed us under control.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. COCKRAN. If the gentleman will not take it out of my time. Will the gentleman yield me the time sufficient?

Mr. GREEN of Iowa. Unfortunately I do not control the time.



Mr. COCKRAN. Then I can not yield in the short time that I have.

Mr. GREEN of Iowa. I would like to have the gentleman tell us how we could tax State and municipal securities?

Mr. COCKRAN. The gentleman nearly always makes a contribution to truth by the absurdity with which he invests an assertion of error. No one has suggested that we should or could tax such securities. But we have had everyone here complaining about the multiplication of tax-exempt securities. I do not suppose the gentleman himself will claim it is a desirable feature of our economic system that fourteen or fifteen billion of dollars are exempt from taxation.

Mr. GREEN of Iowa. Certainly not.

Mr. COCKRAN. Yet you propose by this measure to increase that amount indefinitely. When it becomes law a billion or \$50,000,000,000 of capital invested abroad and yielding perhaps enormous profits will be entirely free from taxation by the Government. Though all the capital of this country were employed abroad, all income derived from it will be free from taxation if this system be adopted.

But the matter to which I would call attention—the subject to which I referred yesterday—is the change in our whole system, industrial and political, which these proposals emphasize and encourage. We are rapidly establishing dynastic control of industry—and a dynasty always involves a tyranny. There is but one thing for which a dynasty ever wanted to establish itself or a tyrant to exercise tyranny, and that is to get possession of other people's money. Nobody ever heard of a tyrant oppressing a subject merely to injure the person of his victim, but always to empty his pocketbook. And the way by which it was effected was always through partial taxation. There is no other way whereby a Government can empty the pocketbook of the citizen. This is precisely the effect which these provisions must produce.

Every dollar that you remit here to the wealthy interests of the community—who are endangering the security of all property by this undue exemption from the burdens of government which they seek—must be paid by others.

There is but one basis of security for property, and that is equality of all before the law—equality of burdens as well as of privileges. I am not asserting this principle now for the first time. I stood here on the floor of this House many years ago and opposed imposition of an income tax which was confined to 80,000 of our population. And I opposed it on the ground that discrimination between citizens in the burdens they must bear would inevitably lead to discrimination in the privileges they enjoy.

That proposal was to impose on a small class a special tax, and I foretold then that some day or other the same argument would be used to justify extension of special privileges to the very class that was then being singled out for special burdens. That forecast is now fulfilled. You are here claiming a special privilege now for possessors of the very largest fortunes in the country, and indeed in the world. But I warn you now that the persons you intend to benefit will ultimately be the chief sufferers from this discriminatory legislation.

Property can never be secure when by such legislation as this it discredits the impartiality, the equality—that is to say, the justice—of the law which it must invoke for its own protection. Let it once be apparent to the multitude that any force can overcome the law, can defy it, can shape it, not according to justice but according to the desires, the prejudices, the cupidities of a class which is stronger than the Government, and other forces will spring up and challenge the Government in other ways that may work fearful results to the whole body of civilized society.

These other forces will not be able to control Republican majorities in Congress or to control the press, so that their iniquities will be concealed and their selfish purposes clothed with such deluding descriptions as the gentleman from New York has just contributed to this debate. But finding rich men permitted to escape their duty to the Government while they are forced to pay every dollar of its expense, these less fortunate multitudes may adopt methods of redress subversive of order and fatal to the security of all property.

Mr. Chairman, I am no enemy to property. I believe defense and protection of property to be among the principal duties and purposes of government—the most important of its duties next to protection of human life. I believe property that is the fruit of a man's industry is as much entitled to protection as is the skin that covers his body. I believe his property, the creation of his hands, is part of himself, and as such it is to be protected by all the resources of society; and through that protection its production will always be encouraged and enlarged. But the property which should be sacred is that produced by

industry. No man can make a fortune too large for me if it be made through extending the volume of production. For a man can not increase by industry his own property by one dollar without increasing the property of the community by many hundreds of dollars. But any man who exacts a dollar or saves a dollar by perverting to his own purposes the power of government is not in possession of the fruits of industry but the fruits of swindling and of oppression. [Applause on the Democratic side.] And it is against such abuse and perversion of government that we cry out; we on this side are contending for the safety of all property when we protest against any extension of exemption from taxation or from any of the responsibilities which all citizens owe to the country which protects them.

These holders of foreign securities and foreign property would expect our Government to protect them if they were denied the benefit of equal laws in foreign countries. But for this protection they want to escape from paying a penny. It is on our protection that they rely when they engage in these foreign enterprises. They would not invest a dollar in them if they did not count upon the power and the willingness of this country to protect them in all their interests. Yet now you want to exempt them from the payment of one dollar toward the support of that Government.

Mr. Chairman, this House to-day has the power to do anything in the way of relieving one set of men at the expense of others from burdens which must be met if the Government is to live, and it is, I am afraid, disposed to go just as far as its power extends in the denial of equal justice to all citizens. It will undoubtedly adopt this measure. Nothing that I could say will avert that wrong which I fear will also prove to be a calamity. I warn you now that just as we find the very rich coming back here to-day and claiming special exemption from taxation as a consequence of the unequal burden of taxation placed upon them years ago, so after this inequality has been perpetrated you will find a returning wave of inequality, imposing on the beneficiaries of this injustice injuries which will vastly exceed all the benefits they can possibly derive from it. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUSTED. Mr. Chairman, I move to strike out the last four words. Mr. Chairman, I do not think I can add very much to the admirable statement of my colleague from New York [Mr. MILLS], which fully expresses my views. This amendment should be adopted and the paragraph as amended should be retained in the bill. It is apparent from the debate that some gentlemen on the floor of the House feel that all American capital should be employed exclusively within the United States, but that is not my view, and that, I believe, is a very narrow, insular view. I believe there is nothing that would help this country so much to-day, that would get our business upon its feet, that would stabilize industrial conditions, not only in this country but throughout the world, as the employment of American capital abroad. [Applause on the Republican side.] You can not secure the employment of American capital abroad unless the conditions of doing business are favorable—you could not get any common-sense American business man to do it unless he can do business on equal terms with other men who are employing their capital in a nation where he seeks to invest his own. We had this question up in relation to China, and it was made perfectly clear to the Committee on the Judiciary of this House, and this House unanimously adopted their views, that Americans could not do business in China unless they were placed upon equal terms with their competitors, and so we passed the legislation, and to-day the gentleman from Iowa [Mr. TOWNER] cites the situation in the Philippine Islands where Americans in islands of their own are under a greater disadvantage than anybody else doing business there, and when you admit the principle as to China and when you admit the principle as to the Philippine Islands, you admit the principle the world over. It is not a question of escaping taxation, because American individuals or American corporations who do business abroad have to pay the local taxes where they do business, whatever those taxes may be—income taxes and all other taxes. It is a question of so loading down the American business man with the American tax plus the foreign tax that he can not do business on equal terms with others, and if we are to have an export market, if we are to send our goods abroad, we have got to employ American capital abroad. As the gentleman from New York [Mr. MILLS] said, that has been the policy of Great Britain, that was the way in which she expanded her trade, and that is the only way in which trade abroad can be permanently extended so that it will remain there, and we can build up a great foreign business for the manufactures of the Nation.

The CHAIRMAN. The time of the gentleman has expired.



Mr. FORDNEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that all debate on this amendment and all amendments thereto close in five minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. GARRETT of Tennessee. Mr. Chairman, the gentleman from New York [Mr. HUSTED], who has just addressed the committee, suggested that there seemed to be many here who felt that American capital should be invested exclusively in America. That is not correct, Mr. Chairman. I do not think there are many who believe that. But I do believe that most thoughtful Americans are of the opinion that American capital invested by Americans outside of America should not be given protection and privilege beyond American capital invested by Americans in America. [Applause on the Democratic side.] I do not refer now to the amendment of the gentleman from Ohio [Mr. LONGWORTH], but to the amendment brought in by the committee to the original act, and, if I understand it correctly, that is what it proposes. American capital invested abroad always calls for American force, American power, to protect it in its rights. Why, therefore, should that capital be given a privilege not given to American capital? Why should American capital invested in America have to bear the whole expense of protecting American capital invested abroad? [Applause on the Democratic side.] The Longworth amendment to the proposed committee amendment improves upon the committee proposition, but the King amendment is the one that should prevail, to strike the entire matter from this bill. [Applause on the Democratic side.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. LONGWORTH].

The question was taken and the amendment was agreed to.

Mr. KING. Mr. Chairman, there is a motion before the committee to strike out the paragraph.

The CHAIRMAN. The Chair will state that the amendment of the gentleman from Ohio was to strike out the paragraph and insert new language. That motion being carried the pending motion to strike out the paragraph falls.

Mr. KING. I move to strike out the paragraph as amended.

The CHAIRMAN. The Chair will state that that motion is not in order.

Mr. GARNER. Why is it not?

Mr. GARRETT of Tennessee. Will the Chair hear me?

The CHAIRMAN. Yes.

Mr. GARRETT of Tennessee. The very ground upon which the Chair sustained the point of order was that the gentleman from Ohio was offering a preferential amendment to perfect the text. I know division could be demanded, but that is neither here nor there.

The CHAIRMAN. The Chair will state that at the time the gentleman from Ohio stated he intended to offer a preferential amendment, in the Chair's recollection, the amendment had not been reported, and it did not develop until afterwards that the motion was to strike out and insert. The rulings, in the recollection of the Chair, state that a committee having stricken out language and inserted language and substituted an entire new paragraph, that a pending motion to strike out falls by the action of the committee. That action upon the motion to strike out the entire paragraph could only be had on the failure of the motion to strike out and insert.

Mr. GARRETT of Tennessee. Mr. Chairman, I respectfully appeal from the decision of the Chair.

The CHAIRMAN. The gentleman from Tennessee appeals from the decision of the Chair.

Mr. EVANS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. EVANS. Is the motion to reconsider the vote by which the change has just been made in order now?

The CHAIRMAN. The Chair will state that the motion to reconsider is not in order in the committee.

The question is, Shall the decision of the Chair stand as the judgment of the committee?

The question was taken, and the Chair announced that the yeas seemed to have it.

Mr. LONGWORTH. Division, Mr. Chairman.

The CHAIRMAN. The gentleman from Nebraska [Mr. REAVIS] will take the chair.

The committee proceeded to divide.

Mr. GARRETT of Tennessee. Mr. Chairman, I will ask for tellers, if it is in order at this time, if that will relieve the Chair.

Mr. REAVIS assumed the chair.

The CHAIRMAN. The question is on ordering tellers.

Tellers were ordered.

Mr. LONGWORTH and Mr. GARRETT of Tennessee took their places as tellers.

The committee again divided; and there were—ayes 110, noes 76.

So the decision of the Chair stood as the decision of the committee.

Mr. WALSH resumed the chair.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The term "foreign trade corporation" means a domestic corporation less than 20 per cent of the gross income of which for the three-year period ending with the close of the taxable year (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under section 217.

Mr. LONGWORTH. Mr. Chairman, I offer a second portion of the amendment which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LONGWORTH: Page 2, strike out lines 12 to 17, inclusive, and insert a new paragraph, inclosed in quotation marks, to read as follows:

"The term 'foreign trade corporation' means a domestic corporation (1) 80 per cent or more of the gross income of which for the three-year period ending with the close of the taxable year (or for such part of such period as the corporation had been in existence) was derived from sources without the United States as determined under section 217, and (2) 50 per cent or more of the gross income of which for such period or such part thereof was derived from the active conduct of a business without the United States."

Mr. GARRETT of Tennessee. Mr. Chairman, I demand a division of the question.

The CHAIRMAN. The gentleman from Tennessee demands a division of the question. The Chair will state that a motion to strike out and insert is not a divisible question.

Mr. KING. Mr. Chairman, when will be the proper time to offer a substitute?

The CHAIRMAN. The gentleman from Ohio is recognized.

Mr. LONGWORTH. Mr. Chairman, this amendment is in the same wording as the last, and applies to corporations as well as individuals. That is all I care to say now.

Mr. KING. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. KING. I desire to offer a substitute to the motion offered by the gentleman from Ohio.

The CHAIRMAN. Does the gentleman from Ohio [Mr. LONGWORTH] yield the floor?

Mr. LONGWORTH. I yield the floor.

The CHAIRMAN. The gentleman from Illinois [Mr. KING] offers an amendment, which the Clerk will report.

Mr. KING. I move to strike out, on page 2, lines 12 to 17, inclusive.

Mr. LONGWORTH. Mr. Chairman—

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. KING: Page 2, strike out, beginning with line 12, up to and including line 17.

Mr. KING rose.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry. The CHAIRMAN. The gentleman will state it.

Mr. LONGWORTH. The vote will be had first, will it not, on the amendment I offered? It is in the nature of a perfecting paragraph, and we should vote first upon it, I think.

Mr. GARNER. Mr. Chairman, I submit to the Chair that if you take the vote on the amendment of the gentleman from Ohio first, according to the rule of the Chair, just sustained by the membership of the committee, then the motion of the gentleman from Illinois would not be in order.

The CHAIRMAN. Does the gentleman from Texas contend that the gentleman from Illinois can offer a motion to strike out the paragraph and substitute that for the motion offered by the gentleman from Ohio to strike out and insert?

Mr. GARNER. There ought to be some way, Mr. Chairman, and there is some way, under the rules of this House, if this committee will enforce them, where there is an opportunity to test out in this House whether they want this provision in the law or not.

Mr. TILSON. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Certainly.

Mr. TILSON. There was a perfectly plain way by which it could have been done. Vote down the amendment of the gentleman from Ohio, and then the motion of the gentleman from Illinois would be in order. Having voted up the motion of the gentleman from Ohio, the motion of the gentleman from Illinois falls. That is all there is to it. The parliamentary way was

to vote down the amendment of the gentleman from Ohio. We did not do it, but voted it up, and with that disposition of the matter the motion of the gentleman from Illinois falls, and nothing further is now in order.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LONGWORTH. I will put my inquiry in the form of a statement. This is the first time I ever heard, even from that side of the House, that a motion to strike out took precedence over a motion to strike out and insert.

Mr. GARNER. No gentleman on this side took that position.

Mr. LONGWORTH. The gentleman just took that position.

Mr. GARNER. No. I said the Chair sustains the motion of the gentleman from Illinois, which was to strike out.

Mr. LONGWORTH. I move a vote on my motion.

The CHAIRMAN. The question is on agreeing to the motion offered by the gentleman from Ohio—to strike out from line 12 to line 17 and insert.

Mr. GARRETT of Tennessee. The Chair holds that this motion is not divisible?

The CHAIRMAN. The Chair has expressly so stated.

Mr. MANN. The Chair announced that.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from Ohio.

The question was taken, and the Chairman announced that the ayes appeared to have it.

Mr. KING. A division, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois asks for a division.

The Committee divided; and there were—ayes 92, noes 78.

Mr. KING. I demand tellers, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois demands tellers.

Tellers were ordered, and the Chairman appointed Mr. LONGWORTH and Mr. KING to act as tellers.

The committee again divided; and the tellers reported—ayes 103, noes 85.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 202. Section 201 of the revenue act of 1918 is amended to read as follows:

Mr. GREEN of Iowa. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: Page 2, strike out lines 18 and 19 and insert in lieu thereof the following: Section 202 (a). Subdivisions (a), (b), (c), and (d) of section 201 of the act of 1908 are amended to read as follows:

Mr. GREEN of Iowa. Mr. Chairman, this is a case where the committee originally took in a little too much territory. We amended the whole of section 201, which was not intended. Section (e) of 201 was to be repealed because it is being amended. This amendment simply changes the situation to conform to the intent of the committee, and only amends the particular subdivisions that were originally intended to be amended by the committee.

I do not know whether on this subject we will hear considerable talk about this being in the interest of the wealthy and shifting the taxes upon the backs of the poor. If we do, it will have just as much application as all of this talk that we had yesterday upon the same subject, when the bill does not increase the taxes of anybody.

Mr. MANN. Mr. Chairman, will the gentleman yield for a question?

Mr. GREEN of Iowa. Certainly.

Mr. MANN. Why do you insert (a) following section 202 in your amendment? That is section 202 of this bill.

Mr. GREEN of Iowa. If the gentleman has the printed report of the amendment, he will find in it amendment No. 5, which becomes (b) in this provision. That is the reason why this is altered to (a).

Mr. MANN. That is to be (b) of this new section?

Mr. GREEN of Iowa. Yes; that is to be (b) of this new section.

Mr. STAFFORD. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the committee amendment.

The amendment was again read.

Mr. GREEN of Iowa. Mr. Chairman, up until yesterday, and perhaps at the present time, I had supposed that, as a rule, the wealthy gentlemen of the South were high-minded, honorable gentlemen. I have met a number of them, and they appeared to be such. So far as I could see, they were not only honorable

and high-minded, but stood high in reputation, as I supposed, in their communities in that respect. But yesterday I heard gentlemen of the South talking about "the criminal rich," "the grasping profiteers," "the idle rich." I have forgotten the other adjectives they applied to the wealthy, but there were some even worse epithets that were applied to those who were wealthy, and I wondered if I was wrong in the opinion that I had formed. When I met these gentlemen I formed such a high opinion of them, that I would dislike very much to have it shaken in any kind of a way by the remarks of the gentlemen who ought to know better than I do.

Mr. HARDY of Texas. Will the gentleman yield in order to supply that term?

Mr. GREEN of Iowa. Yes.

Mr. HARDY of Texas. A celebrated Republican called them malefactors of great wealth.

Mr. GREEN of Iowa. Those gentlemen down South there?

Mr. HARDY of Texas. I think that is what he called them.

Mr. GREEN of Iowa. Oh, no.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENSON. Mr. Chairman, it was the testimony of the Republican members of the Ways and Means Committee that men of large incomes and that men and corporations that made excessive profits were deliberately covering up their incomes and their excess profits, and we took it for granted that it was the neighbors of the gentlemen who were making the statement, and those were the men that we were denouncing, and they were not the men from down South who have these incomes, because they have been paying their income taxes and their excess-profits taxes on their excess profits where they have not honestly expended them.

Mr. GREEN of Iowa. Who made such a statement as that to which the gentleman referred in his opening remarks?

Mr. STEVENSON. The gentleman from Ohio [Mr. LONGWORTH] stated that, corporations of above \$100,000 capital were able so to shift their capital stock and bad accounts as to get around it, while those under \$100,000 were not. He was one of the gentlemen who stated it. Mr. MILLS, of New York, stated that large capitalists were seeking investments that were shielded from these taxes.

Now, Mr. Chairman, the gentleman, beginning to apologize here about this being in favor of the big rich before anybody said a word about it, reminds me of an old colored man who was very deaf, whom I defended once for stealing corn. After a fair trial, the jury acquitted him. They brought in a verdict of not guilty; but the old man could not hear it, and he was so conscious that he was guilty that he said to me, "Boss, ask the judge to be easy with me. It was mighty poor corn." [Laughter.] So the gentleman began apologizing even before he was accused on this particular amendment, and it shows the consciousness of the guilt on that side of doing exactly what we are charging them with.

Mr. GREEN of Iowa. It shows how ready the gentleman from South Carolina is to repeat the same statements that he made yesterday.

Mr. GARNER. Mr. Chairman, the gentleman from Iowa [Mr. GREEN] of course did not explain his amendment. It did not need any explanation, however, except to say—and this ought to be said in the beginning of the consideration of the amendments to this bill that will be offered by our Republican friends in order as they term to "perfect" it—here is a provision in this bill inserted after weeks of consideration of the bill by the committee, while surrounded by all the experts in the Treasury Department as well as the draftsmen of the House, which if it had stayed in the bill as it is would have been absolutely indefensible. And why was it placed in that way? Who drew the original section? Somebody drew it either ignorantly or maliciously, one of the two. If he drew it ignorantly, I want to know which one of the Ways and Means Committee it was.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. GARNER. I will.

Mr. GREEN of Iowa. I will inform the gentleman that with the exception of merely polishing up the bill it would not make a particle of difference whether this amendment is adopted or not.

Mr. GARNER. That does not answer my question. I yield to the gentleman to tell me whether this was ignorantly drawn or maliciously drawn in the first instance.

Mr. GREEN of Iowa. I do not think that it was either.

Mr. GARNER. Who drew it?

Mr. GREEN of Iowa. The Treasury experts.

Mr. GARNER. Now, we are beginning to get at who drew this bill. That is what I am trying to get at, and what I am



taking advantage of on this amendment, to illustrate to this committee, and to the Republican membership of it, that your Committee on Ways and Means knew nothing about this bill. It was not drawn by them, but was drawn by the Treasury Department experts. They themselves do not know what is in it, because they have not explained it. As they go through this bill and offer these amendments, various and sundry as they will be, some 70 amendments already agreed to by the committee to be offered to this bill and still another meeting of the Ways and Means Committee to be held to-morrow morning to agree to more, they do not know what is in it, and the membership does not. I call attention to it now in order that the Committee of the Whole as it goes along with this bill may realize what Members are voting on, to wit, a lot of propositions submitted by the Treasury Department that they do not know anything about, and the Ways and Means Committee know less. [Applause and laughter.]

Mr. FORDNEY. Mr. Chairman, I move to strike out the last word. The gentlemen on the Democratic side of the House yesterday engaged in very serious sarcasm and criticism of the men who prepared this bill and presented it to the House. It was repeatedly stated by gentlemen from that side of the House yesterday that this bill had been drawn in the interest of the rich and against the poor, and more than once it was stated by gentlemen on that side of the House that the bill had been drawn and was intentionally drawn by the Republicans in order to relieve persons who had contributed to the Republican campaign fund. No more unjust criticism could have been offered by any man. I know nothing about any man's contribution to the Republican campaign fund except my own. I know how much I gave to that campaign fund, and I do not believe I ever made a better investment in the interest of the general public. [Applause and laughter.] One gentleman, a very dear friend of mine, a fine man, brought in here yesterday a chart to point out how the small corporations are being fleeced by this bill and the large corporations favored. A week or 10 days ago I asked the Treasury Department for a statement showing the amount of taxes paid by the corporations of this country with the average amounts of capital, from small capital up to the largest. About 5 o'clock last evening the Treasury Department handed me that statement, and I call the attention of the House to that very question which was so much discussed yesterday by our Democratic friends. The chart shown by the gentleman [Mr. OLDFIELD] was drawn theoretically and did not accurately illustrate the facts. I had gone over that chart heretofore. I knew it was incorrect. It was drawn by a theorist. Here is the situation: Of 115,000 corporations out of a total of 317,000, or a fraction more than one-third of all the corporations in the United States, here is what the Treasury Department says about them:

Ten thousand six hundred and eighty-nine corporations having an average capital of \$1,319,511 paid taxes on incomes of less than 5 per cent. There was \$14,104,000,000 invested in those corporations.

The next step downward, 21,865 corporations, with a total capital of \$15,925,000,000 and with an average capital of \$728,000, paid taxes on less than 10 per cent income.

The next step downward, 22,684 corporations, with a total capital of \$8,962,000,000 and an average capital of \$395,000, paid taxes on incomes of less than 15 per cent. Nearly one-half of all the large corporations paid taxes on less than 15 per cent income.

The next step downward, 17,388 corporations, with an average capital of \$315,000, paid taxes on less than 20 per cent income. But when you get down to the small corporations, an average given here last of all, 2,194 corporations, with an average capital of \$61,000, paid taxes on incomes of more than 100 per cent, and an average per cent of their income of 67.4 per cent was paid in taxes. The small corporations, as shown by these figures, which I will put in the Record for the benefit of the Members of this House—the small corporations are the only ones that made excessive profits. They are favored under this law by being given the exemption provided for in existing law, and an exemption of \$2,000 on a \$5,000 corporation is an exemption of 40 per cent of their capital. Two thousand dollars exemption on a \$10,000 corporation is 20 per cent. Therefore these small corporations must have an income of 20 to 40 per cent before they get into the tax column at all.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. FORDNEY. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Michigan asks that his time be extended five minutes. Is there objection?

There was no objection.

Mr. GARNER. Will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. GARNER. In connection with putting the figures in the Record, is the gentleman going to show us who prepared them in the Treasury Department?

Mr. FORDNEY. I made the request of Dr. Adams, who has been assisting the committee in amendments, especially those relating to the administrative features of the bill, and I asked him 10 days ago for these figures, and Dr. Adams handed me them as coming from the Commissioner of Internal Revenue's office about 5 o'clock yesterday afternoon. He showed me a large chart from which the figures were copied in my presence.

Mr. GARNER. Does not the gentleman think, so that there can be no question about their being authentic figures, that he ought to have some responsible person, either the Secretary of the Treasury or the Commissioner of Internal Revenue, write him a letter saying that these are the official figures?

Mr. FORDNEY. I will ask the Commissioner of Internal Revenue to certify to these, and yet I know of no Republican who would question that he was not ready to certify to them.

I will proceed. Mr. Chairman, in addition to the statement which I was making before this little unpleasantness occurred I want to say that the majority portion of the taxes stricken from the existing law by the provisions of this bill affect the people of small incomes and not the rich beneficially. They go to the poor people. I have shown how the exemptions given to the heads of families and the additional allowance to children amounts to \$70,000,000 on that one item alone, and it can not be said that it goes to other than poor people. The transportation tax applies to the poor the same as the rich because God made more poor people than he did rich, and of that \$276,500,000 stricken from the existing law a majority portion benefits the poor. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. The question is upon the amendment offered by the gentleman from Iowa.

The question was taken, and the amendment was agreed to. The Clerk read as follows:

SEC. 201. (a) "That the term 'dividend' when used in this title (except in paragraph (10) of subdivision (a) of section 234 and paragraph (4) of subdivision (a) of section 245) means any distribution made by a corporation to its shareholders or members, whether in cash or in other property, out of its earnings or profits accumulated since February 28, 1913; except that a distribution made by a personal service corporation out of earnings or profits accumulated since December 31, 1917, and prior to January 1, 1921, shall not be taxable.

Mr. GREEN of Iowa. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: Page 2, line 26, strike out the semicolon, all the remainder of the line, and all of lines 1, 2, and 3 on page 3, and in lieu thereof insert a comma and the following:

"Except a distribution made by a personal service corporation out of earnings or profits accumulated since December 31, 1917, and prior to January 1, 1922."

Mr. HERRICK. Mr. Chairman, I offer an amendment as a substitute to the one pending.

Mr. GREEN of Iowa. Mr. Chairman, this amendment is made necessary by the change which we made in the original bill setting forward the date one year, when the change in the corporation tax was effective. That is all there is to it. I will say, however, just one word in reply to what the gentleman from Texas said as to the manner in which this bill was drawn. It was drawn just exactly in the same manner as the revenue law which is now on the statute books, but the drafting part of it in that case, in this case, and doubtless in all other bills to follow will be left to the drafting clerk of the committee, Mr. Beeman, and Treasury experts whom we found to be of great assistance. The gentleman from Texas himself has greatly commended them on many occasions and aided us, as I remember, in passing an appropriation to pay for their services. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: Page 3, line 9, strike out the words "in stock dividends or otherwise," and the comma following such words.

Mr. STAFFORD. Mr. Chairman, that paragraph has not been read.

The CHAIRMAN. It is a committee amendment, and it is not necessary the paragraph should be read.

Mr. GARRETT of Tennessee. Is the gentleman offering that as a committee amendment?

Mr. GREEN of Iowa. Yes; Mr. Chairman, this amendment is offered simply to perfect the text. Under the decision of the Supreme Court, it is now impossible to tax stock dividends, and for that reason the committee thought those words had best be omitted. I ask for a vote.

Mr. GARNER. Mr. Chairman, that may be sufficient explanation, but I am frank to say this morning the Ways and Means Committee took these amendments en bloc. I do not know whether you have got it before you or not, but this list contains 58 amendments, running all the way from page 1 to page 80, line 24; and then there is a supplemental list of amendments, No. 2, which runs the total of amendments to 64.

Mr. GREEN of Iowa. I will yield to the gentleman, but I have not yielded the floor.

Mr. GARNER. If the gentleman yields the floor I will take it in my own right. Mr. Chairman, I demand recognition. The gentleman asked for a vote.

The CHAIRMAN. The gentleman from Texas was recognized, the gentleman from Iowa having asked for a vote.

Mr. GARNER. The gentleman from Iowa can sit down if he wants to. [Applause on the Democratic side.] Mr. Chairman, I merely want to say to the committee what must be in the mind of each of you and is in the mind of the members of the Ways and Means Committee, at least the minority of them, and that is it is impossible for us to know the effect of these amendments. They were not considered in the committee this morning except they were considered en bloc. Mr. GREEN of Iowa may have, or Mr. HAWLEY, I have forgotten which—probably I should not refer to what occurred in the committee—

Mr. MANN. Mr. Chairman, I make the point of order that the gentleman can not narrate what took place in the Committee on Ways and Means.

Mr. GARNER. I agree with the gentleman, and I withdraw the statement.

The CHAIRMAN. The Chair sustains the point of order.

Mr. GARNER. But I will state this, that these amendments were reported from the Ways and Means Committee. I have a right under the rules to say they were never considered by the committee.

Mr. GREEN of Iowa. The gentleman has the right to say it, but that does not make it correct.

Mr. GARNER. I do say it, and I want some gentleman to controvert it.

Mr. TILSON. Did the gentleman say that no opportunity was given him for consideration?

Mr. GARNER. Oh, sir, I do; and if the gentleman wants me to recite, I will tell him what happened in the committee.

Mr. TILSON. Was not opportunity given to you to consider the amendments?

Mr. GARNER. Opportunity nothing! If we had taken up the amendments, even to read them, we would be over there in the committee room now.

Mr. TILSON. But you had an opportunity to do it.

Mr. GARNER. The gentleman says we had an opportunity. If the Ways and Means Committee had been considering the amendments they reported on this bill, they would have been in session at this hour and you would not have been through the first stage, to say nothing of the second. I want the membership to understand that when we fail to comment on the effect of these amendments it is because we have had no opportunity to gain information, no opportunity to consider them. It was half past 10 o'clock when the committee was called together this morning, with the House meeting at 12. The result is that the entire business considered was whether or not the amendments should be put en bloc, and the motion was carried. We did not and could not know anything about what we were deciding in the very nature of things. Then as to the amendment the gentleman from Iowa [Mr. GREEN] has offered now, I doubt if there is a man here who knows what the effect of it will be. The gentleman gets up and makes a statement and demands a vote, and the committee votes, and that is all the information you have. Probably that is all you need, because when we give you information it does not seem to do any good.

The CHAIRMAN. The time of the gentleman from Texas has expired. The question is on the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: Page 3, after line 21, insert a new paragraph, to read as follows: "(b) Subdivision (c) of section 201 of the revenue act of 1918 is repealed, to take effect January 1, 1922."

Mr. GREEN of Iowa. Mr. Chairman, the committee will doubtless remember that in calling attention to one of the previous amendments I stated the committee had found it necessary to repeal this section as having no further application under the present law, and that was the reason for one of the prior amendments. I am sorry the gentleman from Texas [Mr. GARNER] does not understand these amendments, but I do not know how we can make up his deficiencies. I explained the previous amendment very clearly, to the effect that we could not tax stock dividends any more on account of the Supreme Court decision. If the gentleman is not able to understand that, it certainly is not my fault.

Mr. LONDON. Will the gentleman from Iowa yield?

Mr. GREEN of Iowa. Yes.

Mr. LONDON. What has the committee substituted for the stock dividends?

Mr. GREEN of Iowa. We have not substituted anything.

Mr. LONDON. There was no effort made to reach the stock dividend?

Mr. GREEN of Iowa. There is no way in which the stock dividends can be taxed under the Supreme Court decision. A different kind of a tax, of course, could be imposed.

Mr. LONDON. But the committee has not found any way to do so?

Mr. GREEN of Iowa. No.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers another committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: On page 5, line 17, strike out the word "less" and insert in lieu thereof the words "not more."

Mr. GREEN of Iowa. The draftsman of the committee and the Treasury expert felt the language could be improved. It appeared as the language originally stood that there was no disposition of the case where the two instances mentioned in the paragraph were exactly equal. In order to cover a case of that kind the amendment is offered.

The CHAIRMAN. The question is on the committee amendment.

Mr. GARNER. Mr. Chairman, I merely want to call the attention to, or rather refer to, what the gentleman said about my not having any information about this. I have not any information about it, and what I complain of, Mr. Chairman, is that the entire membership of this House has not any information about it. If we had information touching this particular amendment, under the rules of the House we might want to offer an amendment to an amendment, or rather an amendment striking out the entire section, as we did in the first amendment this morning.

But in our ignorance, in our lack of information as given to us by the committee, except a statement as to what it means, it is impossible to act on it intelligently. It is no reflection on the committee of the House; it is no reflection on the membership of the House. It is a reflection on the Ways and Means Committee in their failure to give you the information in a proper report coming from their committee. They have not given you the information with reference to this administrative act. They have given you some information, such as a change in the system of taxation, but there is just as much effect upon the taxing of the people in their exemption and modification of the returns as in levying the tax itself. I do not understand it, and I do not believe that you do.

Mr. MANN. The gentleman from Texas thinks we ought to delay a reduction of the taxes until the general ignorance of the Democrats has been overcome? [Laughter.]

Mr. GARNER. No. I just want to do this, Mr. Chairman: I do want to be honest enough to point out to the gentleman from Illinois that the ignorance of the entire Republican side, as well as the Democratic side, is dense on this subject, including the gentleman from Illinois.

Mr. MANN. Speaking for yourself?

Mr. GARNER. I am speaking for you now.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers another committee amendment, which the Clerk will report.



The Clerk read as follows:

Committee amendment: Page 5, line 18, strike out the word "more" and insert in lieu thereof the words "not less."

Mr. GREEN of Iowa. Mr. Chairman, this is offered for the same reasons as were given for the amendment to the former paragraph.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers another committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 6, line 7, after the word "a" insert the words "definite and."

Mr. GREEN of Iowa. Mr. Chairman, I am not sure that this really changes the effect of the bill at all, but it is made in order to conform to another part of the bill to which this paragraph is related. I ask for a vote.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers another committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 7, line 15, after the word "and," strike out the word "of" and insert in lieu thereof the word "in."

Mr. GREEN of Iowa. Mr. Chairman, this is simply a misprint, the fault of the printer.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 9, line 22, strike out the colon, all the remainder of line 22, all of lines 23 and 24, and in lieu thereof insert a period.

Mr. GREEN of Iowa. Mr. Chairman, these words, originally inserted in this place, seem to belong more properly further along by reason of the change of the bill changing the year when the corporation taxes go into effect.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 10, line 1, strike out the words "herefore or hereafter" and insert after the word "paid" the words "before or after the passage of the revenue act of 1921."

Mr. GREEN of Iowa. Mr. Chairman, this amendment is made necessary in order to make the language clear and correct. It is merely clerical.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 10, after line 8, insert a new paragraph, to begin with quotation marks, and to read as follows:

"(b) If a taxpayer makes return for a fiscal year beginning in 1921 and ending in 1922, his tax under this title for the taxable year 1922 shall be the sum of: (1) The same proportion of a tax for the entire period computed under this title (as in force on Dec. 31, 1921) at the rates for the calendar year 1921 which the portion of such period falling within the calendar year 1921 is of the entire period, and (2) the same proportion of a tax for the entire period computed under this title at the rates for the calendar year 1922 which the portion of such period falling within the calendar year 1922 is of the entire period: *Provided*, That in the case of a personal service corporation the amount to be paid shall be only that specified in clause (2)."

Mr. GREEN of Iowa. Mr. Chairman, this amendment is made necessary by the fact that we set forward the year in which the corporation taxes take effect, and by the further fact that the fiscal year of the taxpayer does not always correspond with the calendar year, and as a result part of the income of the taxpayer will be taxed at the rates provided for one calendar year,

and then, his fiscal year extending over another year, a portion of it will be paid under the rates provided for the following year. Besides this there are changes in the bill where the administrative provisions apply. This is to provide for cases of that kind.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 10, strike out lines 9 to 20, inclusive, and insert in lieu thereof the following paragraph, inclosed in quotation marks:

"(c) If a fiscal year of a partnership begins in 1920 and ends in 1921, or begins in 1921 and ends in 1922, then (1) the rates for the calendar year during which such fiscal year begins shall apply to an amount of each partner's share of such partnership net income (determined under the law applicable to such year) equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year, and (2) the rates for the calendar year during which such fiscal year ends shall apply to an amount of each partner's share of such partnership net income (determined under the law applicable to such calendar year) equal to the proportion which the part of such fiscal year falling within such calendar year bears to the full fiscal year."

Mr. GREEN of Iowa. Mr. Chairman, this paragraph, like the one which was amended by the previous amendment, is in the bill as it now reads in accordance with the dates originally fixed when the new corporation taxes should go into effect. With the change of the year it not only became necessary in respect of partnerships, corporations, and individuals to set forward the year, but it also gave rise to the situation that I spoke of before, in which the fiscal year of the taxpayer, which in this particular case is a copartnership, pays for part of the year according to the rates of one year, and then, going over into another year different from the calendar year, pays according to a different rate. Gentlemen will remember that the taxes are imposed by calendar years, whereas taxpayers can pay in accordance with the fiscal years, and have been so doing, and those who have had fiscal years different from the calendar years, of course, would have to go on paying in that manner. This amendment is brought about by that situation.

Mr. HAWLEY. Will the gentleman yield?

Mr. GREEN of Iowa. I yield to the gentleman from Oregon.

Mr. HAWLEY. In addition to the difference in rates of the two years, there is also a difference in the administrative provisions.

Mr. GREEN of Iowa. Yes; there is a difference in rates and a difference in administrative provisions, and the change in the rates is not made in all instances at the same time as the change in the administrative provisions.

The CHAIRMAN. The question is upon the committee amendment.

The committee amendment was agreed to.

Mr. GREEN of Iowa. I offer a further committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 10, line 23, after the word "follows," insert a comma and the words "to take effect January 1, 1922."

Mr. GREEN of Iowa. Mr. Chairman, the purpose of this amendment is simply to postpone until January 1, 1922, the effect of these provisions with reference to capital gain and capital loss, to correspond with the time when the change in the corporation taxes takes effect.

Mr. MANN. Will the gentleman yield?

Mr. GREEN of Iowa. I yield to my friend from Illinois.

Mr. MANN. Would it not probably be a little better to insert that language after the word "section"—"adding at the end thereof a new section to take effect January 1, 1922, to read as follows"?

Mr. HAWLEY. Either that or else strike out the colon and insert a comma.

Mr. MANN. In other words, this is supposed to be a quotation.

Mr. HAWLEY. I think the gentleman ought to accept the suggestion of the gentleman from Illinois.

Mr. GREEN of Iowa. I have no objection to accepting the suggestion of the gentleman from Illinois. It would need the word "and" there, I believe.

Mr. MANN. "A new section to take effect January 1, 1922, to read as follows." It does not make any great difference, I take it.

Mr. GREEN of Iowa. Will the gentleman restate his suggestion? I am not sure that I have got it.

Mr. TILSON. It is to amend by inserting it after the word "section."

Mr. MANN. I suggest that the amendment would be in a little better form if it was inserted after the word "section" in line 22.

Mr. GREEN of Iowa. I accept the amendment.

The CHAIRMAN. The gentleman asks to modify his amendment in the manner indicated. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Modified amendment: Page 10, line 22, after the word "section" insert a comma and the words "to take effect January 1, 1922," and a comma.

The CHAIRMAN. The question is upon the committee amendment.

The committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 11, lines 5 and 8, strike out the figures "1920" and insert in lieu thereof in each instance the figures "1921."

Mr. GREEN of Iowa. Mr. Chairman, this simply sets forward the date in each case one year to correspond with the dates when the change in the corporation taxes takes effect.

Mr. STAFFORD. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. STAFFORD. If the gentleman purposes to change the date as found in line 8, page 11, does he intend to make a corresponding change in line 5 on the same page?

Mr. GREEN of Iowa. The amendment does both. Perhaps the gentleman did not hear the amendment fully read. The gentleman is correct, that both should be changed.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. GREEN of Iowa. I offer the following amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 12, line 8, strike out the figures "\$40,000" and insert in lieu thereof the figures "\$29,000."

Mr. GREEN of Iowa. Mr. Chairman, when the bill was originally prepared the committee fixed the maximum amount which ought to be allowed for either capital gain or capital loss at 15 per cent. Subsequently, in order that an individual or copartnership might not be compelled to pay more than a corporation, which under the change in the corporation rate was made 12½ per cent, we changed this maximum of gain or loss as provided in the next paragraph from 15 to 12½. This change necessitated a change in the amount of net income and capital gain taken together, which was fixed at \$40,000 originally as being the amount which would pay 15 per cent.

Now, having changed the rate to 12½ per cent, this needs to be changed to \$29,000, which is approximately the income which would pay 12½ per cent.

The CHAIRMAN. The question is on the committee amendment.

Mr. GARRETT of Tennessee. Mr. Chairman, I would like to ask the gentleman one or two questions, if I may.

Mr. GREEN of Iowa. I yield.

Mr. GARRETT of Tennessee. What effect will this amendment have on the amount of revenue raised under this particular provision?

Mr. GREEN of Iowa. The Treasury Department thinks that the ultimate result will be to bring in more revenue. The gentleman will remember that it is often stated under the provisions of the present law a man would refrain from making a sale of land or other property constituting capital assets because he would have to pay so large a proportion to the Government that he would not realize very much out of it. It would so increase his income taxes that he would not make the sale. This amendment, of course, will reduce the rates in many instances which people will pay on sales of real estate and in some instances on sales of personal property that are capital assets, but it is quite certain that it will bring about sales which otherwise would not occur. The gentleman is aware that a large portion of property is being held which people would like to sell but will not sell on account of the amount it would add to their surtaxes, and therefore they refrain from selling and the Gov-

ernment gets no return. It has been the opinion of all of the experts of the Treasury—at least of Secretary Houston and Secretary Glass—I do not remember whether Mr. McAdoo expressed an opinion or not—that the ultimate working out of this would bring more revenue into the Treasury.

Mr. GARRETT of Tennessee. Mr. Chairman, I move to strike out the last word. This means losses after December, 1921?

Mr. GREEN of Iowa. Yes.

Mr. GARRETT of Tennessee. And, of course, it means gains after December, 1921?

Mr. GREEN of Iowa. Losses that are realized after that period and gains that are realized after that period, but the computation would go back to 1913.

Mr. GARRETT of Tennessee. 1913 is still the basis of computation?

Mr. GREEN of Iowa. Yes; but that applies only where the property is in the hands of the same owner.

Mr. STEVENSON. Mr. Chairman, I desire to ask the gentleman from Iowa a question. The language of the bill is:

The term "capital loss" means deductible loss resulting from the sale or exchange of capital assets consummated after December 31, 1921.

Suppose a sale had been consummated before December 31, 1921, and the papers had been taken and, subsequently, when you came to foreclosure your security is found to be deficient and you suffer a loss of \$1,000 on a \$5,000 transaction; will you be able to set that up in your income tax return for the year in which that loss is divulged? That is a very large question.

Mr. GREEN of Iowa. The gentleman is an excellent lawyer and can probably interpret that word "consummated" as well as I.

Mr. STEVENSON. Consummated means completed.

Mr. GREEN of Iowa. Yes.

Mr. STEVENSON. The sale may be consummated without a single dollar of money being paid. Obligations may be taken, but the security may turn out afterwards to be useless. If the gentleman had used the word "sustained" instead of the word "consummated" I would have less difficulty. You have apparently good paper, with good security, on the 31st of December; you have consummated your transaction, but when you come to foreclose that in the next July you suffer a 50 per cent loss. The loss is sustained when you make the sale.

Mr. TILSON. Even then, could not the gentleman get credit for it as a bad debt? It is a loss.

Mr. STEVENSON. It would not be a bad debt. It is an actual loss.

Mr. TILSON. It is a bad debt up to that time, and is supposed to be good before that, but in the end it is a loss.

Mr. STEVENSON. Yes.

Mr. TILSON. The gentleman could set it off then.

Mr. STEVENSON. You could set it off then, but by using the term "consummated" you cut off on the 31st of next December the claim of a loss arising from the sale of assets that was consummated and completed before the 31st of December, notwithstanding the fact that you may suffer a loss when you come to foreclose your securities.

The CHAIRMAN. The time of the gentleman from South Carolina has expired. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following committee amendment which I send to the desk.

The Clerk read as follows:

Committee amendment: Page 12, lines 14 and 15, strike out the figures "15" and insert in lieu thereof, in each instance, the figures "12½."

Mr. GREEN of Iowa. Mr. Chairman, I have already explained this. We have made the rate 12½ per cent to correspond with the rate the corporation would pay.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. STAFFORD. I understand that the rate that is proposed is for the purpose of taxing, in many instances, unearned increments of land values.

Mr. GREEN of Iowa. In many instances it would apply to that. It is not entirely for that purpose.

Mr. STAFFORD. In those cases that have heretofore occurred, when property has been owned by a corporation, if the increased profits arising from the sale of real estate would take the transaction into the 20 per cent or the 40 per cent class, the owner of the property would be compelled to pay a tax to the Government of 40 per cent.

Mr. GREEN of Iowa. He would if he should sell it, but the experience of the Government has been that under the circumstances he would not sell.



Mr. STAFFORD. The gentleman does not contend that there have not been sales of real estate when the corporation has paid 20 per cent on the transaction because of profits arising out of unearned increment.

Mr. GREEN of Iowa. There have been very few.

Mr. STAFFORD. I think if the gentleman would examine the records of conveyances he would find many cases. I wish now to ask why the gentleman reduces it 2½ per cent when it is a matter of taxing unearned increment, something over which the owner has been in no wise potential in the matter of increasing the value.

Mr. GREEN of Iowa. The gentleman will remember that we made the corporation tax 12½ per cent. If a corporation should sell any of its capital assets, it would pay only 12½ per cent, and the committee was of opinion that an individual ought not to pay any more than a corporation, and, therefore, we fixed the maximum rate of 12½ per cent.

Mr. GERNERD. Mr. Chairman, I move to strike out the last word. There are two things to which I would like to direct the attention of the committee. The first thing I have in mind is the matter of the chain-store corporations. Instead of being owned and controlled by one great corporation, they are now beginning to break them up and to incorporate each store separately. The result is that we are getting thousands of small corporations which will be reached by this very bill. The effort of trying to cripple the large corporations by added burdens is compelling them to dissolve wherever practical from one large corporation into many smaller ones. By the provisions of this bill they will not escape.

Last night I heard complaints about the inheritance taxes. I want to cite an illustration of just how it is possible to defeat such a tax. I have in mind a man who died in my vicinity about a year ago. He knew he was quite ill and he took his chances. He had five children. He conveyed a property here and transferred some stock there, and in this manner reduced his estate, and when he died he was worth just a little over \$100,000. Yet I know that less than a year before that he was reputed to be worth over a half million dollars. I believe the new bill in this respect to be just and equitable. If, however, this provision is so unjust, why did not our Democratic friends correct it when they framed the present bill? They had the opportunity. When you impose an excessive tax you defeat the very object sought.

You are not going to get it by excessive taxes. The rich men are gradually beginning to realize that there is a way to get around it, and a shrewd lawyer and a man who knows how to make a success in business soon learns how to protect himself.

Mr. MILLER. And going to die.

Mr. GERNERD. Yes, sir. Mr. Chairman, I desire to extend my remarks.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. GERNERD. Yes, sir.

Mr. STEVENSON. Was the gentleman referring to the rich man down South which my friend, Mr. GREEN, referred to awhile ago, or referring to some rich man up North?

Mr. GERNERD. I do not know whether you have many rich men down South.

Mr. CARTER. We have not.

Mr. GERNERD. I tell you if you had more real business men in the South, your views would be different.

Mr. STEVENSON. I wanted to know where you located the men who avoided the law.

Mr. GERNERD. I do not know that your men are so much better in the South than they are in the North.

Mr. STEVENSON. But the gentleman from Iowa made a statement awhile ago, and I wanted to know where your man was.

Mr. GERNERD. My friend, when it comes to avoiding the law, I do not think anybody has it over the fellows down South.

Mr. STEVENSON. I thought that was about what the gentleman thought.

Mr. GERNERD. Mr. Chairman, the 6th day of April, 1917, shall always be regarded as the beginning of a new epoch in this country's history. On that fateful day we declared war upon Germany. We were unprepared and without a definite policy of action. Immediately our energies were diverted from peaceful pursuits into agencies of war. Our young men were called into military training; every available factory was converted into a munition plant. New weapons of warfare were being devised by the inventive geniuses of the Nation. The bankers began the marshaling of our financial assets. Millions of unproductive acres of land were seeded for the purpose of feeding the allied armies. Our womanhood learned the art of knitting socks and scarfs, and began the making of millions

of bandages with which to protect the wounds of the unfortunate. Everybody was cooperating; there was but one dominant spirit—the winning of the war. With such a spirit behind them, the American youth sailed across the perilous sea into a foreign land to conquer or to die. Ever true to the great traditions of our country, they achieved undying fame by their valorous deeds, and preserved the civilization of the twentieth century from disintegrating. Upon hitherto unknown fields they made the great sacrifice; though silent, their heroic spirit shall forever enshrine the scenes from which their souls took their eternal flight.

We are proud of that achievement. Time alone will justify the effort. Now that the martial spirit has died away we have again resumed the avenues of peace. We must put forth the same unselfish and strenuous effort to liquidate our great war obligations and to meet the abnormal burdens that we assumed as a part of the great venture in winning the war. We took little heed of the financial cost. There was no time to hesitate. Action alone was the slogan of the hour.

To-day we are experiencing a great industrial and economical depression. Millions are out of employment; business is inactive. Money is plentiful, but is seeking unproductive investments. Our granaries are filled with grain, but there are few buyers. We are drifting in a state of uncertainty. It is the convalescent stage that follows after a great crisis.

On the 4th of March last the Republican Party, under the gallant leadership of President Harding, assumed the gigantic task of restoring this Government upon a sound, normal, and efficient basis. That responsibility was assumed with high courage and supreme confidence. That same spirit continues to-day. Every department of the Government breathes a new spirit. Remarkable progress has been made. A rigid economy has been inaugurated and every governmental department is being stripped of inefficiency, duplication, and waste, and millions of dollars have already been saved to the Nation.

In order that we may thoroughly appreciate what the Harding administration is confronted with, I shall endeavor to present an impartial statement of our financial obligations, most of which we inherited as the result of the World War and the mismanagement of governmental affairs after the signing of the armistice.

We must raise in taxes and other governmental revenues \$4,250,000,000 to meet the current expenses for the fiscal year ending June 30, 1922. This is a staggering sum of money, but the Harding administration accepted the reigns of government as it found it. There can be no evasion from this responsibility. It is a business in which everyone is vitally interested and must cooperate with a willing spirit. Criticisms and excuses fail to bring constructive results, and the Harding administration has tackled the problem with a firm resolution. What the principal items are that make up this great expenditure I shall endeavor to state. Our public debt to-day amounts to \$23,996,522,863.75, whereas on June 30, 1914, just before the beginning of the World War, our public debt was but \$1,027,000,000. In other words, the public or per capita debt of each person of the United States prior to the World War was \$8.65. To-day it is somewhat in excess of \$224.81.

To meet the interest upon this public debt we must raise this year \$922,650,000. This is a fixed annual charge and will continue until that debt is paid. Before the World War the entire per capita debt was \$8.65, now the annual interest charge alone per capita is \$8.62. Of the total public debt there is owing us by foreign Governments \$9,436,225,329.24, on account of which we are not receiving a penny of interest. England owes us \$4,166,318,358.44; France, \$2,950,762,938.19; and Italy, \$1,648,034,050.90. This makes a grand total of \$8,765,115,347.35, leaving a balance owing by other foreign countries, such as Belgium, Cuba, Greece, and others, of \$670,109,881.89, of which amount Russia owes \$187,729,750, which is regarded as a total loss.

Our Government advanced to the allied Governments, prior to the signing of the armistice on November 11, 1918, \$7,077,114,750, and after that date \$2,503,708,927.18. There has been repaid on account of this foreign indebtedness \$114,540,505.93. I am in favor that these foreign Governments pay interest upon the amounts that we have loaned them, and which is the very effort that President Harding is now making. In order that this may be accomplished, Secretary of the Treasury Andrew Mellon has proposed the refunding of this entire foreign debt, and I firmly believe that Congress will shortly pass the necessary legislation which is expected will cause these foreign nations to pay interest upon their obligations until such time as they are able to repay us that which we so generously advanced them at the height of the war. This is one of the great objects of the Harding administration, and



every effort will be put forth to accomplish this desirable result.

More than 50 years have passed since the close of the Civil War. The ranks of the Grand Army have faded away until but a few of these sturdy men remain. Nevertheless, the pensions for those remaining, and the widows of the deceased veterans, will cost the Government this year \$246,584,639.64. Veterans of the Spanish-American War will receive in pensions \$6,171,569.82, while the survivors and the dependents of the Mexican and Indian wars will cost in excess of \$1,565,862.41; thus it will be observed that the Pension Bureau will require the surprising sum of \$254,322,071.87 to satisfy the claims that have been recognized, and these will be continuing obligations until terminated by the death of the dependents.

The untiring efforts that the Government is putting forth to care for the ex-service men will require a gross expenditure of \$530,000,000. At present 154,960 young men are being cared for, owing to disabilities that they incurred through their military service. All over the country hospital accommodations have been placed at the disposal of the young men whose health has been impaired by the exposures they endured. In the great work of rehabilitation there are enrolled 107,824 men, who are being educated and taught useful occupations in order that they may contribute toward their own maintenance. On August 1 last 27,084 men were patients in hospitals provided for by the Bureau of War Risk. This is a stupendous undertaking, but no American who has a just appreciation of what these young men did in behalf of their country would have our Government do less. The cost of this work is still progressing, and it is calculated that within the next two years it will mount to the enormous sum of \$1,000,000,000 annually.

The maintenance of the Army and Navy will require \$738,686,819.03; of this huge sum the Army's share is \$328,013,529.80, while that of the Navy is \$410,673,289.23. The appropriations for this year were cut to the very bone, and I take pleasure in stating that I joined the forces in cutting the Regular Army from 238,000 to that of 150,000. While there was a great deal of agitation throughout the country to still further reduce our military and naval forces, it was impossible to do so without disorganizing and endangering our national defense. The Congress of the United States is not unmindful of the people's desire for rigid economy, but our unpreparedness before the war cost us such staggering sums of money that the security of the Nation could not again be jeopardized through mistaken motives. Great Britain and Japan have not abated their program of building additional armaments, and President Harding, realizing that a halt must be made in this endeavor for supremacy has challenged the moral conscience of the world by calling a conference to be held at Washington on the 11th day of November next for the purpose of discussing with the nations the wisdom of adopting a policy of disarmament. Until a sincere understanding is arrived at between England, France, and Japan, our Army and Navy must be maintained upon a substantial basis in order that the honor and safety of the Nation may not be imperiled.

The Treasury Department must provide \$265,754,864.87 as a sinking fund in accordance with the act of Congress dated March 3, 1919. This requires that a sum equivalent to 2½ per cent of our public debt, exclusive of that loaned to the foreign Governments, must be raised each year, and in addition thereto a sum equal to the interest upon the Liberty bonds and Victory notes that have been retired and the interest upon those that are to be retired during the current year. In accordance with this plan the Liberty bonds and Victory notes are to be paid for within a period of 40 years.

To take care of our fortifications, lighthouses, and life-saving stations will cost us \$8,038,017. Very few of us think of the American Indian, who is being taken care of by Uncle Sam. His children are educated by Government schools and hospitals are maintained upon the different reservations to care for his health. To provide for his means requires \$9,761,554.67. Our Diplomatic and Consular Service costs very much less than any of the leading nations of the world, and yet our expenditures for this purpose will amount to \$9,326,550.79. The District of Columbia, which includes the city of Washington, which is under the jurisdiction of Congress, will cost us \$19,512,412.99, while our navigable rivers and harbors cost us to maintain them in a navigable condition \$15,250,000.

It is conceded on every hand that the most efficient department of the Government is that of the Postal Department. To operate this great institution will cost the Government \$574,057,552. Fortunately this is the one agency of the Government

that is nearly self-supporting, and yet the deficiencies for this year are estimated at \$65,000,000. The legislative, executive, and judicial departments of the Government will cost this year approximately \$145,348,018.75. There are many other governmental agencies too numerous to mention that are an essential and vital part of our Government which cost us to maintain in excess of \$80,000,000 annually.

By these figures it can be seen that a great business proposition confronts the Harding administration. There is but one way to raise this huge sum of money, and that is by taxation. The actual cost of operating the Government aside from the great fixed war obligations is easily within the control of efficient administration. Every effort is made to cut expenses, and I am confident that in less than two years the business of the Government will be upon a sound and efficient basis. This is our Government, and every citizen must play his part. There can be no escape from taxation. The only ones who have paid their full tribute as the result of the war are they who made the great sacrifice. It is for us to emulate their fine spirit and to cooperate in a truly American fashion with those intrusted with the responsibility of the Government. There can be no relief from burdensome taxation for years to come, and the present Congress can only try to equalize and distribute that burden as equitably as possible. The Republican Party, guided by its splendid President, can be relied upon to extricate us from the financial abyss that we now find ourselves in. Faith, patience, and perseverance on the part of every American will soon return us to an era of prosperity and real happiness.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 12, line 15, after the word "be," insert a semicolon and the following: "But in no case where the taxpayer derives a capital net gain shall the total tax be less than 12½ per cent of the total income."

Mr. GREEN of Iowa. Mr. Chairman, this is a case where the Treasury experts and the draftsmen came in very usefully. They called our attention to the fact that without this provision the provision we had made in the preceding paragraph would enable a man to split up his tax between capital gain and net income and succeed in paying less taxes, and it was to prevent a thing of that kind happening that we offer this amendment.

Mr. MANN. Will the gentleman yield for a question?

Mr. GREEN of Iowa. I will.

Mr. MANN. The language is, "But in no case where the taxpayer derives a capital net gain shall the total tax be less than 12½ per cent of the total net income." Suppose he has an income now of \$4,000 and his capital net gain is \$10 or \$15, would he still have to pay 12½ per cent of the total net income?

Mr. GREEN of Iowa. No.

Mr. MANN. That is what this says. Of course, I never have been able to understand what was going to be done by reading a law, but that is what it says. That is not what it means.

Mr. GREEN of Iowa. I will call the gentleman's attention to the fact that this whole section (b) only applies to those whose income was as the bill was originally drafted, \$40,000, but reduced to \$29,000, and this particular paragraph has no application to those having incomes below that sum.

Mr. MANN. Well, of course, as I said before, I never know what is meant by reading the language, but it says "But in no case where the taxpayer gains a capital net gain shall the total tax be less than 12½ per cent of the total net income." Of course, I could tell you without going there that somebody in the Treasury Department drew the language, because they never have and never will learn how to draw language which means what it says.

Mr. GREEN of Iowa. Ordinarily I would accept the interpretation of the gentleman from Illinois, and I often find him correcting me to my great advantage, but in this particular case I would like to correct him to his advantage.

Mr. MANN. I am only asking for information.

Mr. HAWLEY. Will the gentleman yield?

Mr. WHITE of Maine. Will the gentleman yield?

Mr. GREEN of Iowa. The gentleman from Maine has been trying to.

Mr. WHITE of Maine. The gentleman says this only applies in particular cases—that is, in cases where the net income and capital net gain together exceed \$29,000—but it does not say so.

Mr. GREEN of Iowa. That is exactly—



Mr. TILSON. It is all predicated upon it.

Mr. WHITE of Maine. That is the gentleman's construction of it, but that is not what the language says. This is general language applying to capital net gain, without any limitation upon it whatsoever.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. GREEN of Iowa. Let me call the attention that if my friend will examine provision (b), page 12, he will observe that the two paragraphs are linked together and apply only to the case of any taxpayer other than a corporation whose ordinary net income and capital net gain together exceed \$29,000. Now, wait a moment, please. It provides there shall be levied and collected in this case of this particular taxpayer, in lieu of the taxes imposed by sections 210 and 211, a tax to be computed in the manner stated in the second paragraph.

Mr. WHITE of Maine. Well, will you be safe in many cases where the tax from capital net gain—in those cases where the ordinary net income plus capital net gain exceeds \$29,000, that would be done, but you have simply used the words "capital net gain," and on the preceding page 11 is the definition of capital net gain, and it is not limited in the way in which the gentleman suggests.

Mr. GREEN of Iowa. Well, but in this case it reads like that which I hold in my hand.

Mr. WHITE of Maine. The language says "in no case."

Mr. GREEN of Iowa. As applied to this particular taxpayer.

Mr. WHITE of Maine. That is what it says. Your amendment says "in no case." That is not in this particular case defined in section (b), but it says "in no case."

Mr. GREEN of Iowa. In no case of those specified.

Mr. CHINDBLOM. Does the gentleman contend that because in the beginning of paragraph (b) you have named a certain class, that in the following paragraph you can not make an exception that will be beyond that class?

Mr. GREEN of Iowa. No; if the first subdivision was a part of the paragraph. It is a part of the first class, and when you make it a part you can not go beyond that.

Mr. CHINDBLOM. If you go beyond that class it is a gain?

Mr. MANN. I would like to ask the gentleman what is the necessity for a taxpayer with a net income of \$29,000 to pay a tax of 12½ per cent if the law provides he shall pay more than that?

Mr. GREEN of Iowa. The law provides in some instances that he should pay more.

Mr. MANN. Is there any instance of where a man with an income of \$29,000 should pay more?

Mr. GREEN of Iowa. No.

Mr. MANN. This must be an income of at least \$29,000. What is the necessity for putting it in that he should pay at least 12½ per cent when the income might be more than that?

Mr. GREEN of Iowa. The Treasury expert thought it could be split up between his total net income and the capital gain, so that he would pay less. And that is the reason it was thought best to insert this provision.

Mr. TILSON. Would there be any objection, in order to make it perfectly clear and beyond any sort of doubt, to inserting, after the word "tax" in the amendment, "computed under this section," so that it will read "the total tax computed under this section be less than 12½"? That would make it clear, so that no one could possibly misunderstand it.

Mr. GREEN of Iowa. If the gentleman will permit, the gentleman from Oregon [Mr. HAWLEY] also suggests the use before the word "case," in the amendment, the words "no such," making it read "no such case."

Mr. TILSON. That will make it certain.

Mr. GREEN of Iowa. I am a little afraid that the gentleman's amendment, without reading it over, would be a little bit too broad.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent to modify the amendment by inserting, after the word "no" in the first line of the amendment, the word "such," making it read "but in no such case."

The CHAIRMAN. The gentleman asks unanimous consent to modify his amendment. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the modified amendment.

The Clerk read as follows:

Modified amendment: After the word "no," the third word in the amendment, insert the word "such," so that it will read: "but in no such case where the taxpayer derives a capital net gain shall the total tax be less than 12½ per cent of the total net income."

The CHAIRMAN. The question is on the committee amendment as modified.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 17, line 2, after the word "country," insert the following: "and allowed as a credit under section 222."

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. BLACK. Mr. Chairman, we are about as near to section 208 of the bill as we will get, because I presume that under the special rule section 208 will not be read for amendment, and therefore at this point I want to make just a remark or two on that section, because it is a very important one, especially to those States which have community-property statutes. The following States have such statutes, namely, Texas, Arizona, California, Washington, Louisiana, and New Mexico. Section 208 reenacts section 213 of the present revenue law with an amendment, which I shall presently read.

Mr. LONGWORTH. Will the gentleman yield?

Mr. BLACK. In just a moment.

It defines income as in the old law and adds to the section the following language:

Income received by any community shall be included in the gross income of the spouse having the management and control of the community property.

Now, that language will cause the States of Texas, Arizona, California, Washington, Louisiana, and New Mexico to have to pay many millions of dollars more taxes than they now have to pay under existing law. Of course, I do not have the figures of the Treasury Department and can not say how much additional tax it will impose, but it will be a very substantial amount.

Now I yield to the gentleman from Ohio.

Mr. LONGWORTH. Mr. Chairman, I personally am very much interested in what the gentleman from Texas is saying, but I want to call the attention of his colleague [Mr. GARNER] to the fact that he is not discussing the provision of the bill.

Mr. GARNER. Is not doing what?

Mr. LONGWORTH. That his colleague is not discussing the provision of the bill now under consideration. The gentleman announced that he proposed to object to Members discussing matters other than the amendment under discussion.

Mr. GARNER. May I state to the gentleman from Ohio that after I permitted the gentleman from Michigan [Mr. FORDNEY] and the gentleman from Iowa [Mr. GREEN], members of the committee, to continue for some 20 or 30 minutes to discuss provisions that were not in an amendment I felt somewhat stopped from making points of order against Members who were not members of the committee.

Mr. BLACK. Now, under the community statutes of the different States which I have cited all income from property acquired during coverture is community income, and the wife absolutely owns one-half of it. It is not a fictitious right. It is not a theoretical right, but it is an actual ownership under the law. And if the husband undertakes to make disposition of any of the wife's interest in the community property by his will, it is without effect. It is true that the husband has the management and control of the community property, and has the right to sell and convey it without the wife joining in the conveyance, except as to the homestead, but the wife's interest in the property is none the less real. Under the present law if a husband and wife have an income of \$50,000, we will say, the husband has a right to render \$25,000 of it, because \$25,000 of it is his income, and the wife has a right to render \$25,000 of it, because it is her income. And the surtaxes apply on the separate returns as provided by law. But under this provision of the law, as you propose to amend it, you say that "income received by any community shall be included in the gross income of the spouse having the management and control of the community property."

Granting that one-half of the income from the community property belongs to the wife, and that proposition is well settled by a long and unbroken line of decisions from our Texas Supreme Court, I do not see the logic of forcing the wife's part of the income to be rendered on the husband's return and thus subject it to a much higher rate of surtax than would be the case if the wife is allowed to render separately. Suppose the husband is acting as trustee for some cestui que trust and in such capacity receives \$10,000 income. Would he have to render it on his own return? Certainly not. The case is not very different under the community property law, except, of course, the husband has free control and disposition of the community

income in the payment of debts of the community, and so on. But, after all, he is the owner of only one-half of the income and the wife is the real owner of the other one-half, and I am not at all clear in my mind that Congress would have the right to compel the husband to render all the income as his own.

Of course, Congress would clearly have the right to make the consolidation of the two returns permissive, but would it have the right to make the consolidation compulsory? What right has Congress to say that any owner of income shall be compelled to render his income upon another's return and thus pyramid surtaxes upon it?

Mr. GREEN of Iowa. Does the gentleman desire an answer?

Mr. BLACK. Yes; I would like to get the gentleman's views, because I think it is a very important question.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Chairman, may I have five minutes more?

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I will answer the gentleman by saying it is by the right of justice and fairness, so that those of your State who are paying taxes under the community property law will pay the same amount that they would under precisely the same circumstances in my own State, so that you would not be permitted to split up the property of husband and wife any more than could be done in my own State, and practically control it.

Mr. BLACK. That is naturally the answer that I expected the gentleman from Iowa to give, and I do not quarrel with him for making it, and yet it does not go to the heart of the question, because in the State of Iowa the wife does not own one-half of the income, and upon the death of the wife the husband has the right to dispose of the whole estate except as to the wife's dower rights. But in those States which have community property laws the wife is the real owner of one-half the property and one-half the income. Here is what Mr. FORDNEY's report says, although I can not agree to his conclusions:

Residents of States having a community property law enjoy a marked advantage over the residents of other States under the present income tax law. Income which in other States is taxed as a unit to the husband is in such States divided, and the surtaxes correspondingly reduced. The present bill proposes to restore uniformity of treatment by providing that income received by any community shall be included in the gross income of the spouse having the management and control of the community property.

Mr. FORDNEY says:

Income which in other States is taxed as a unit to the husband is in such States (community property States) divided and the surtaxes correspondingly reduced.

Well, the reason income in the other States is taxed as a unit against the husband is because in those States it belongs to the husband. The reason that in the community property States the income is divided and the surtaxes correspondingly reduced is because the law in such States divided the income, the husband owning one-half and the wife one-half.

Now, I will admit that if in this law you undertook to write a new class of taxes taxing community incomes as such Congress would have the right to do that. The taxing power is a very broad one, and such a tax would be similar to a tax on partnerships, which Congress would clearly have the right to levy. Such a tax would apply only, however, to seven States, because only seven States have a community property law. Such a new tax law would have to be general in its terms and not single out community property States by name.

That is all I have to say. I think this provision is an important one and well worthy of discussion. Of course, if the Chair would recognize me to offer an amendment I would now offer an amendment to make the provision conform to the law, as I understand it to be. Will the gentleman yield to me to do that?

Mr. GREEN of Iowa. I am unable to yield to the gentleman for that purpose. I have not the power.

Mr. BLACK. Would the Chair recognize me for that purpose?

The CHAIRMAN. The Chair would state that the paragraph has not been read, and a committee amendment is pending. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. GREEN of Iowa: Page 19, line 15, strike out the word "trusts" and the comma following such word.

Mr. GREEN of Iowa. Mr. Chairman, nobody knows how the word "trusts" ever got in there. It does not apply there. The committee did not put it in there. It crept in there by some printer's mistake. I ask for a vote.

Mr. DAVIS of Tennessee. Mr. Chairman, I ask for recognition in opposition to the amendment.

The CHAIRMAN. The gentleman from Tennessee is recognized.

Mr. DAVIS of Tennessee. I desire to obtain some information from the Committee on Ways and Means in regard to section 211, subsection 8, on page 15, which allows as a deduction the income of a nonresident alien or foreign corporation which consists exclusively of earnings from the operation of a ship or ships documented under the laws of a foreign country which grants an equivalent exemption to citizens of the United States and to corporations organized in the United States. I would like to know the occasion for this additional deduction.

Mr. GREEN of Iowa. The occasion was this: The Treasury Department found that we were getting almost nothing out of the attempt to tax these nonresident aliens or foreign corporations on their ships. The gentleman will understand that that applies to a ship of a foreign country belonging to a nonresident alien, but which in some way comes into our ports, and therefore if we undertook to do so we could collect a tax upon it, but we are in danger of retaliation by foreign countries, and those foreign countries, now that we have so much shipping on our hands, could give us the worst end of it decidedly.

Another thing: The Treasury Department found it impossible to collect anything in any event, because we could not get control of the books and we can not determine whether they are making any profit.

Mr. DAVIS of Tennessee. Mr. Chairman, I do not think those are very compelling reasons.

Mr. GREEN of Iowa. Let me ask my friend, Do you really believe that as an independent principle we ought to start in taxing ships of foreign nations, owned by foreign citizens, and built in foreign countries, simply because they come over here and come into our ports?

Mr. DAVIS of Tennessee. I think they ought to be taxed if they come under our jurisdiction, just like our own citizens. Earlier in the day the committee adopted a provision exempting from income taxation the income of American corporations earned in foreign countries, and the chief reason given for that was to avoid inducing the investment of American capital in foreign corporations.

Now you are proposing to grant an exemption from taxation to incomes of foreign corporations in the shipping business, and at a time when we have spent \$4,000,000,000, and are still spending a great deal, in an effort to build up an American merchant marine; and we all pretend to be in favor of an American merchant marine.

Here in this section we are discriminating against our own merchant marine as well as the American taxpayers. If no income is being collected from this source there is no occasion for repealing it, and if we are not exercising proper efforts to collect that income, I think we ought to undertake to do that.

Mr. LONGWORTH. I think there is this to be said, that we have heard that a number of the foreign nations very seriously object to this provision, and it appears that if it is not removed, and if we insist on trying to tax these vessels, foreign nations are very apt to take retaliatory measures; and if they did, it would be of great damage to our merchant marine. There is no question about that. We are operating under such tremendous handicaps to-day that any new taxes imposed on our merchant marine by foreign nations would be greatly to our detriment.

Mr. DAVIS of Tennessee. But does not the gentleman from Ohio believe that a much larger percentage of foreign ships engage in American merchant shipping than do American ships engage in the same business in foreign ports?

Mr. LONGWORTH. That would be difficult to answer off-hand. The trouble is that this tax has been attempted to be collected against foreign ships which simply land for a day or so. Now, that is utterly impossible.

Mr. DAVIS of Tennessee. Whenever a foreign ship comes in, it collects money from our citizens in the way of freights and rates of different kinds and, of course, earns an income in that way.

Mr. LONGWORTH. But it is difficult to segregate the amounts taken in that way. Suppose a foreign ship touches at a number of ports of different countries, among them an American port. It is a matter of the most infinite complexity and detail to determine what portion of that foreign ship's business is done with Americans. It is an extremely annoying tax; and



if foreign nations should undertake to retaliate against us, it would be a most serious damage to our merchant marine.

Mr. DAVIS of Tennessee. Eliminating those technical objections, I want to ask the gentleman from Ohio if he thinks, as an abstract proposition, that is a correct American policy?

Mr. LONGWORTH. Speaking from an absolutely theoretical standpoint, I should say the gentleman was right, but the practical difficulties are too great.

The CHAIRMAN. The time of the gentleman from Tennessee has expired. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent to offer three amendments which simply change punctuation, to be voted on at one time.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to submit three amendments involving changes of punctuation, to be voted on en bloc. Is there objection?

Mr. GARNER. Reserving the right to object, what sections are they?

Mr. GREEN of Iowa. I will send them to the desk and have them read.

The CHAIRMAN. The Clerk will report the three amendments.

The Clerk read as follows:

Page 19, line 20, after the word "Secretary" and before the quotation marks, insert a semicolon; page 20, line 1, strike out the semicolon and insert in lieu thereof a comma; page 20, line 9, strike out the semicolon and insert in lieu thereof a comma.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. GARNER. Reserving the right to object, will the gentleman from Iowa tell us just what these provisions in the bill seek to do—not the amendments that he offers, but the provisions of the bill? What is the purpose in inserting them in this bill?

Mr. GREEN of Iowa. The first one relates to contributions and gifts.

Mr. GARNER. What changes does it make from the present law? What change does "section 216, paragraph 11 of subdivision (a) of section 214 of the revenue act of 1918, amended to read as follows," make in the present law?

Mr. GREEN of Iowa. This somewhat enlarges it. It does not make any very material change. It broadens it somewhat.

Mr. GARNER. What does the gentleman mean by broadening it? That is the point. What will the loss be to the Treasury by virtue of amending the present law as proposed in this section?

Mr. GREEN of Iowa. Nothing to speak of. It does not amount to anything. The gentleman can read the words there which show what the application is now. The gifts must be made exclusively for public purposes. Gifts may be made by any corporation to community chests, funds, or foundations organized or operating exclusively for religious, charitable, scientific, literary, or educational purposes, or for the purpose of preventing cruelty to children or animals, and so on. Some of that language is not in the present law.

Mr. GARNER. Some of that language is not used. Now, what I would like to know, and I think it would be interesting to the committee, is about how much money will the Treasury lose in a fiscal year by that change in the law?

Mr. GREEN of Iowa. Nobody on earth can tell, but you can probably safely stow it away in the corner of your eye.

Mr. GARNER. I merely wanted to bring out the fact that not only did the committee not know but that there was not an expert on the face of the earth, as the gentleman says, who is able to tell us about how much money the Treasury is going to lose by virtue of that amendment.

Mr. GREEN of Iowa. Somebody will give a little more to some charitable institution, and that will be exempted. Whether it will be \$10,000 or \$1,000 I could not tell the gentleman.

Mr. GARNER. I understood there was a gentleman in the Treasury Department, and I believe there is, who is the best guesser in the United States, and I still believe that if we had him here and put him on the stand he could make an estimate of about how much the Treasury would lose by this provision in the law.

Mr. GREEN of Iowa. Nobody can put an estimate on charity and generosity or tell to what extent it will go.

The CHAIRMAN. Is there objection to the amendments being submitted and voted on en bloc?

There was no objection.

The CHAIRMAN. The question is on the amendments which have been read.

The amendments were agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 20, line 12, after the word "proceeds," insert a comma and the words "and the property acquired shall be treated as taking the place of a like proportion of the property converted."

Mr. GREEN of Iowa. Mr. Chairman, this paragraph refers to cases where property is involuntarily converted into other property. For instance, if a person has a ship at sea which is insured and it is lost at sea and he gets his insurance, this paragraph is intended to apply to a case where he immediately buys another ship of the same kind. There are other cases covered, like in the case of theft or seizure or property condemned by court. Suppose the property is a factory and it is condemned and he lets the Government take it, then he gets his condemnation money and buys other property. The amendment simply makes the paragraph a little more specific.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Page 27, line 15, after the word "repealed," insert a comma and the words "to take effect January 1, 1922."

Mr. GREEN of Iowa. Mr. Chairman, this simply postpones for a year the taking effect of the tax on personal service corporations.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was considered and agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer another committee amendment.

The Clerk read as follows:

Page 27, line 17, strike out the figures "1920" and insert in lieu thereof the figures "1921," and in the same line strike out the figures "1921" and insert in lieu thereof the figures "1922"; line 18, strike out the figures "1921" and insert in lieu thereof the figures "1922"; line 19, strike out the figures "1919" and insert in lieu thereof the figures "1920"; line 22, strike out the figures "1920" and insert in lieu thereof the figures "1921."

Page 28, line 1, strike out the figures "1920" and insert in lieu thereof the figures "1921"; line 2, strike out the letter "b" within the parentheses and insert in lieu thereof the letter "c."

Mr. GREEN of Iowa. Mr. Chairman, this is a change in the dates made necessary by our putting ahead one year the date when the tax would apply on personal service corporations.

The CHAIRMAN. The question is on the committee amendments.

The question was taken, and the committee amendments were agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I have a further committee amendment.

The Clerk read as follows:

Page 31, line 22, strike out the word "corporations" and insert in lieu thereof the word "corporation."

Mr. GREEN of Iowa. This is simply to correct a misprint.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I have a further committee amendment.

The Clerk read as follows:

Page 31, line 23, after the word "all" insert the words "income, war profits and excess profits," and in lines 23 and 24 strike out the words "by this title" and insert in lieu thereof the words "for the taxable year."

The CHAIRMAN. The question is on the committee amendment.

Mr. GREEN of Iowa. This is simply a clerical amendment made necessary by a change in the corporation tax.

Mr. GARNER. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. GARNER. This applies to war profits, excess profits, and income. Do I understand the gentleman to say that this is merely a correction of verbiage, that there is no purpose of changing the meaning of the proposed revenue act of 1918?

Mr. GREEN of Iowa. No; except as we have changed it by the whole bill.

Mr. GARNER. The question of changing the excess-profits taxes, taking effect in 1922—is that the reason you are offering this amendment?

Mr. GREEN of Iowa. Yes; this is purely clerical.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Iowa.

The committee amendment was considered and agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following further committee amendment.

The Clerk read as follows:

Page 35, strike out lines 18 to 23, inclusive, and insert in lieu thereof a paragraph, inclosed in quotation marks, to read as follows:

"(5) The above credits shall not be allowed in the case of a foreign trader; and in no other case shall the amount of credit taken under this subdivision exceed the same proportion of the tax which the taxpayer's net income (computed without deduction for any income, war-profits and excess-profits taxes imposed by any foreign country or possession of the United States) from sources without the United States bears to his entire net income (computed without such deduction) for the same taxable year."

Mr. GREEN of Iowa. Mr. Chairman, this amendment was offered because after consideration the Treasury experts thought it would be almost impossible or extremely difficult of administration to comply with the provisions of the paragraph as originally written. The principal reason that it is offered is in order to insert the language included in the parentheses to the effect that the taxpayers' income, that is, the foreign trader's income, is to be computed without deduction for any income, war-profits and excess-profits taxes imposed by any foreign country or possession of the United States.

Mr. GARNER. You put on just a little more additional exemption?

Mr. GREEN of Iowa. Oh, no; it does not allow him so much exemption.

Mr. GARNER. In what particular?

Mr. GREEN of Iowa. In the particular of the language that I have just read—it is "to be computed without deduction for income, war profits, and excess profits," and so forth.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following further committee amendment.

The Clerk read as follows:

Page 36, line 14, after the word "has," insert the word "already," and in line 15, strike out the words "under the provisions of this act."

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. GREEN of Iowa. Mr. Chairman, this is purely a clerical amendment and was made necessary by the fact that this act is an amendment to the preceding acts, and by striking out the words "provisions of this act," we avoid any conflict as to whether the words apply to this particular act or to the preceding law.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 39, line 6, after the word "repealed," insert a comma and the words "to take effect January 1, 1922."

Mr. GREEN of Iowa. Mr. Chairman, this amendment simply postpones for one year the repeal of the taxes on personal-service corporations and the substitution of other taxes.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 40, line 4, after the word "country," insert the following: "and allowed as a credit under section 238."

Mr. GREEN of Iowa. Mr. Chairman, this extends to corporations the same provisions which we have already by amendment extended to individuals. This now gives the credits to corporations in the same manner.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following further committee amendment.

The Clerk read as follows:

Page 41, line 16, strike out the semicolon and insert in lieu thereof a colon.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, a further committee amendment, which I send to the desk.

The Clerk read as follows:

Page 41, line 24, after the word "repealed," insert a comma and the words "to take effect January 1, 1922."

Mr. GREEN of Iowa. Mr. Chairman, that is made necessary by reason of our having put off the time when the change in life insurance taxes should take effect until January 1, 1922.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FORDNEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FORDNEY: Page 42, line 2, strike out the words "a new paragraph" and insert in lieu thereof "two new paragraphs," and after line 3 insert the following paragraph, to begin with quotation marks:

"(15) Contributions or gifts made within the taxable year to or for the use of: (A) The United States, any State, Territory, or any political subdivision thereof, or the District of Columbia, for exclusively public purposes; (B) any corporation or community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual; or (C) the special fund for vocational rehabilitation authorized by section 7 of the vocational rehabilitation act; to an amount which in all of the above cases combined does not exceed 5 per cent of the taxpayer's net income as computed without the benefit of this paragraph. In case of a foreign corporation or foreign trade corporation this deduction shall be allowed only as to contributions or gifts made to domestic corporations, or to community chests, funds, or foundations created in the United States, or to such vocational rehabilitation fund. Such contributions or gifts shall be allowable as deductions only if verified under rules and regulations prescribed by the commissioner, with the approval of the Secretary"; and in line 4 strike out the figures "15" and insert in lieu thereof the figures "16."

The CHAIRMAN. Does the Chair understand the gentleman from Michigan to offer this as a committee amendment?

Mr. FORDNEY. Yes; this is offered as a committee amendment. Mr. Chairman, under the law a corporation is not permitted to charge as a portion of their cost of production a donation of this kind unless it is directly donated to a hospital where the injured of the firm may be taken care of. In my own town, for instance, we have what we call the welfare league, which collects money to pay the running expenses of all the charitable institutions of the town, the hospitals, the home for the friendless, the Young Women's Christian Association, the Young Men's Christian Association. A portion of the money collected is collected from corporations, based by their pay roll, the number of employees they have.

Everyone in the town, every merchant, every corporation, every institution, contributes to the giving of money to pay the running expenses of all these charitable institutions, and the welfare league pays the bill and supervises the expenditure of each and every one of these institutions, and the portion of the money that comes from the corporations in that way to be used to support homes for the friendless under the law the Government will not permit them to use as deduction. It must be used through the hospitals in order for the corporation to get that credit. Therefore this amendment is to enable the corporations to donate in that way the same as an individual in a sum not in excess of 5 per cent of the total net income and use it as part of its deduction.

Mr. STAFFORD. Will the gentleman inform the committee when this provision will take effect? It is my understanding it is to apply to deductions this year on the returns of corporations of this year.

Mr. FORDNEY. Last January is the date fixed for it to take effect.

Mr. STAFFORD. So it will apply to donations this year?

Mr. FORDNEY. During this calendar year.

Mr. STAFFORD. On the returns to be made next January?

Mr. FORDNEY. The tax will be paid next year on the business of this year.

Mr. GARNER. Mr. Chairman, I rise in opposition to the amendment. The gentleman from Michigan asked for a vote and so I assumed that he had finished, and I did not want the committee to vote on this amendment without drawing the attention of the committee to the effect of the amendment. This is simply one more exemption from taxation of corporations. There are a number in this bill, and this is only one which includes 5 per cent of taxes. Now, I do not know whether you gentlemen want to continue to do this or not. I do not know whether you fellows from Kansas or Missouri and a few others want to vote for an amendment of this kind or not, but that is the effect of it. I imagine if I had you down before a Missouri or Kansas audience, and I would take up this one amendment and get you going before an honest country audience, that you would have some difficulty in explaining just exactly what it meant—

Mr. EVANS. Will the gentleman yield?

Mr. GARNER. Not just now. It means this: It means that, for instance, the United States Steel Corporation will take a part of the money due the Government and support a hospital



to which it will send all its employees, and pay a part of the expenses of the institution. That is what it means. It means your hospital you have to have and which you have got now, which you must pay to support as a part of the salary of the employees of the institution, that you can take out of the Treasury for the support of an institution in that way. That is what it means. I do not know whether you want to vote for it or not.

Mr. EVANS. Do I understand the gentleman to say that the legal obligation can under this be called a charity?

Mr. GARNER. I undertake to say that the United States Steel Corporation is now supporting its own hospitals—

Mr. EVANS. But the gentleman stated it had to, was compelled to.

Mr. GARNER. They do it now; and you are going to relieve them of the support of that hospital which is part of their business by allowing them to take this exemption out of the United States Treasury.

Mr. FORDNEY. Will the gentleman yield to me?

Mr. GREEN of Iowa. They will not be relieved.

Mr. ANDREWS. Will the gentleman yield to me?

Mr. GARNER. I will yield to the gentleman from Michigan. I will yield to the gentleman from Nebraska; go ahead.

Mr. ANDREWS. After eight years of Democracy we need a big hospital to keep the country on the way to convalescence.

Mr. GARNER. I am very glad I yielded to the gentleman to contribute so much to the argument.

Mr. FORDNEY. Mr. Chairman, let me say I thank the gentleman for yielding. Under the law now a corporation can maintain a hospital of its own.

Mr. GREEN of Iowa. And deduct—

Mr. FORDNEY. And deduct the expenses, even though it may pay 90 per cent of the total income, and care for their own injured or sick. These hospitals to which the corporation donates are for the sick and wounded or injured men employed by the corporation without charge to the corporation, and the corporations can donate not to exceed 5 per cent of their total income for that purpose, but if any portion of that donation is used for any other charitable institution in the town under the law the Federal Government will not permit them to deduct and use it as a portion of their general expenses.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment.

The question was taken, and the Chair announced the ayes appeared to have it.

On a division (demanded by Mr. GARNER) there were—ayes 64, noes 25.

So the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HAWLEY: Page 27, line 24, before the word "subdivision" insert the letter "a" inclosed in parentheses, and on page 28, after line 3, insert the following:

"(b) Subdivision (d) of section 28 of the revenue act of 1918 is amended to read as follows:

"(d) The net income of the partnership shall be computed in the same manner and on the same basis as provided in section 212."

Mr. HAWLEY. Mr. Chairman, this strikes out the following words from the present law:

Except that the deduction provided in paragraph (11) of subdivision (a) of section 24 shall not be allowed.

That is to do for partnerships that which we have done for corporations.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Oregon offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: On page 42, line 14, strike out the semicolon and insert in lieu thereof a comma.

Mr. HAWLEY. That is to correct a typographical error.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Oregon offers another committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 42, line 16, after the word "bears," insert the word "to."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken, and the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further amendment.

The CHAIRMAN. The gentleman from Oregon offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 42, line 17, after the word "proceeds," insert a comma and the words "and the property acquired shall be treated as taking the place of a like proportion of the property converted."

Mr. HAWLEY. Mr. Chairman, this does for corporations in the matter of replacement of property taken, requisitioned, or destroyed what we have already done for individuals.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 43, line 4, strike out the word "Section" and insert in lieu thereof the words "On and after January 1, 1922, section."

Mr. HAWLEY. Mr. Chairman, this postpones the operation of the tax until that date, in conformity with the tax law.

Mr. GARNER. Mr. Chairman, as to the amendment which the gentleman offered a moment ago on page 42, line 17, has the gentleman any data which will give an idea of how much the Government will lose annually by the insertion of that amendment in the present law?

Mr. HAWLEY. In the case of property under the present law, where a loss is sustained, for instance, by the loss of a building, and insurance money is paid, they determine as well as they can the question of loss, and if the man replaced the building he probably was not charged with the gain or loss. And so in the case of property requisitioned or otherwise taken. And this practically carries out in the law what has been the practice of the department. It will affect the revenue very little one way or the other.

Mr. GARNER. I thought the gentleman stated that this put the corporations in the same situation as individuals in the present law.

Mr. HAWLEY. Yes.

Mr. GARNER. What I wanted to know was, in changing the law so as to put a corporation on an equality with an individual, what the Government would lose in each calendar year?

Mr. HAWLEY. We have provided heretofore that individuals or partnerships that suffer a loss by destruction of property, or property taken or requisitioned, and replace the property by property of equal value, that shall not be considered a gain or loss. We provide now the same privilege for a corporation. The Treasury Department has practically done this for some years in the administration of the law. We write into the law what has heretofore been done, and therefore there can not be much gain or loss in the revenue.

Mr. GARNER. I would like to know what authority the Treasury Department had for writing this into the law when it did not exist?

Mr. HAWLEY. Because it was the right way to settle the account.

Mr. GARNER. Why do you change the law that is being administered already without any change in the law?

Mr. HAWLEY. I am one who believes we should do by law as much as we can and leave as little as possible to regulation.

Mr. GARNER. I agree with the gentleman exactly as to that. The department has been doing what they ought not to do, in administering the law which he now wants to put on the statute books.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. HAWLEY. Mr. Chairman, I would like to have one minute more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. HAWLEY. I would not impute either to the former commissioner or the present commissioner the doing of a wrong. I think they settled the accounts in the right way, but I think the authorization for their settlement ought to be a matter of law rather than a matter of regulation.

Mr. GARNER. I understood the gentleman a moment ago that he thought the law ought to be put on the statute book and not made by a bureau. Now, inasmuch as he admits that

the bureau has made this law without any authorization of statutes, that he is trying to put a law on the books now, does he not think that the bureau exceeded its authority and that it ought to have restrained itself until you could have amended the law that you seek to put in this bill?

The CHAIRMAN. The time of the gentleman has expired. The question is on agreeing to the amendment offered by the gentleman from Oregon.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Oregon offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 43, line 15, after the colon strike out the remainder of the line and all of lines 16, 17, 18, and 19 down to and including the period in line 19, and insert in lieu thereof the following:

"Provided, That the amount of credit taken under this subdivision shall in no case exceed the same proportion of the tax which the taxpayer's net income (computed without deduction for any income, war-profits and excess-profits taxes imposed by any foreign country or possession of the United States) from sources without the United States bears to its entire net income (computed without such deduction) for the same taxable year.

Mr. HAWLEY. Mr. Chairman, this does for corporations what we have heretofore done for individuals, and does away with a mathematical uncertainty and almost an impossible mathematical calculation to determine the credit before the income is determined, or the income before the credit is determined.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 44, line 8, after the word "has" insert the word "already" and in line 9 strike out the words "under the provisions of this act."

Mr. HAWLEY. Mr. Chairman, this clarifies and improves the language.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. SEARS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Florida moves to strike out the last word.

Mr. SEARS. Mr. Chairman, I have not taken up any of the time of the committee, and would not do so at the present time, because I had hoped I might have an opportunity to offer an amendment, but it seems that nothing but committee amendments will be offered, and I shall, therefore, briefly address the committee.

I might call the attention of the Members of this House to the time when the Democrats were in power. We then repealed in the House what was known as the luxury tax, about which a great deal of complaint was heard from all parts of the country. That did not pass in the Senate, because of a Republican filibuster, as I recall. At the next session of Congress, the Republicans being in control, the same bill was introduced, covering about four lines, but after a day's consideration the bill was withdrawn, and went back to the Committee on Ways and Means, and we have never heard from it since.

I find in your present bill, on page 72, that while section 904 has been repealed you have switched from section 904 articles that were formerly taxed under what was known as the luxury tax, and which included trunks, valises, purses, and so forth, to section 808. Now, we will take up on page 75 of the bill passed in 1918 carpets and rugs, 10 per cent in excess of \$5 per square yard. In the present bill if a rug is sold for more than \$3.50 you pay a tax of 5 per cent; therefore, instead of giving relief the man of ordinary means is in fact hit harder.

Mr. GREEN of Iowa. The gentleman will pardon me.

Mr. SEARS. You take trunks of the amount of \$50—

Mr. GREEN of Iowa. This is wholesale price.

Mr. SEARS. It does not say so. In the bill of 1918 you only paid a tax of 10 per cent on the price in excess of \$50. In the present bill there is a 5 per cent tax on trunks sold for more than \$30. Does that give you relief sufficient to mention? The bill that you are trying to make the people of the country believe you are repealing, the luxury tax, a trunk sold at \$30.50 is called a luxury, and you pay 5 per cent on same,

while in 1918 under the revenue act a trunk had to sell for more than \$50 before it was considered a luxury, and then you only paid 10 per cent on the amount in excess of \$50.

We find on umbrellas in the present bill you pay 5 per cent tax if sold for more than \$2.50. In the other bill, to wit, the bill of 1918, an umbrella had to be worth \$4 before it was called a luxury.

In the bill of 1918 portable lighting fixtures, including lamps of all kinds and lamp shades, the same were not taxed or considered luxuries unless sold for more than \$25, and you only paid a tax of 10 per cent on the amount in excess of \$25. Under the bill you are now considering the above articles are considered luxuries if sold for more than \$10, and you pay a tax on same of 5 per cent. It is true many of the articles taxed in the bill of 1918 are not included in this bill, but many of them are retained, and, as shown, the tax is greatly increased.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. SEARS. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield to the gentleman from Iowa?

Mr. SEARS. Yes.

Mr. GREEN of Iowa. The gentleman is entirely incorrect. If he will buy one at the stores down town at that price he will not have to pay any tax.

Mr. SEARS. I am complaining about the bill now under consideration, and certainly if the bill means what is specifically set forth therein, then my comparisons are correct. But, Mr. Chairman, I leave this for the people to decide. Oh! How long can this camouflage continue?

Oh, Mr. Chairman, it is easy enough to cut the surtax from 60 per cent or more, as a present, down to 32 per cent on the man who makes his millions. It is all right to give to the man who makes the millions all in excess thereof in order that he may have a chance to go to some theater and enjoy some luxury. The committee can figure that out without any trouble, but when you get down to the ordinary citizen it seems no relief can be given. I want to call the attention of the country to the fact that I would offer an amendment to strike these propositions from the bill if the opportunity were given me to do so.

The other day it was stated by the gentleman from Ohio [Mr. LONGWORTH] that he was talking about "big matters" and "big men." It is true he was talking about them, and I challenge anyone to show that this bill gives relief to any except the big men and the big interests. I ask any man on the other side to show me where the 4,000,000 boys who fought for \$30 a month and returned to their homes and are now working and receiving \$1,600 or \$2,000 a year get any relief in taxes on their \$600 or \$1,000 in excess of the sum of \$1,000 exemption allowed them by act of 1918.

For them and the other millions of our citizens who only receive wages barely sufficient to meet expenses it seems an impossible task to work out any system which will give them relief, but what more can we expect when you deal only with "big men and big matters"?

I have never arrayed the masses against the classes, and I would be the last man to do it. But, as was said by the distinguished gentleman from Texas [Mr. GARNER], whenever your neighbor sees there is a discrimination in taxes, then the neighbor complains. Each American citizen, if he can go into a store and buy what he wants without being discriminated against, will not complain, nor will he complain, Mr. Chairman, if there is no discrimination in taxes.

But you find shifting of taxes all through this bill. You have shifted, side-stepped, repealed, reenacted, put one section in one place and another section in another until one grows dizzy trying to keep up with you, but when the people of the country make out their returns year after next, after this bill really goes into effect, they will find that they have been handed a lemon instead of any relief along taxation lines, as they had hoped. The sad part of it is what an awakening it will be! Mr. Chairman, I sincerely trust the majority will yet correct the many inequalities, but I fear this will not be done. I trust my fears are groundless and that the Republican members of the Ways and Means Committee will eliminate these taxes and give to the people the relief, even if only in part, I believe they are entitled to.



Mr. HAWLEY. I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The gentleman from Oregon offers another committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 44, line 15, after the word "may," insert a comma and the words "for any taxable year beginning on or after January 1, 1922," and a comma, and strike out all of lines 23, 24, and 25, and lines 1 to 5, inclusive, on page 45.

Mr. HAWLEY. This is to continue in force the regulations relative to the excess-profits tax, to conform to the changes made in the other parts of the bill.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer another committee amendment.

The CHAIRMAN. The gentleman from Oregon offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. HAWLEY: Page 46, line 2, strike out the quotation marks and after line 2 insert a new paragraph, to be inclosed in quotation marks, and to read as follows:

(d) Corporations which are affiliated within the meaning of this section shall make consolidated returns for any taxable year beginning prior to January 1, 1922, in the same manner and subject to the same conditions as provided by this act as in force prior to the passage of the revenue act of 1921.

Mr. HAWLEY. This has the same purpose as the preceding amendment relating to consolidated returns.

Mr. COOPER of Wisconsin. Will the gentleman permit a question?

Mr. HAWLEY. Certainly.

Mr. COOPER of Wisconsin. That is entirely new matter, is it not?

Mr. HAWLEY. Heretofore corporations have been required

to make consolidated returns, and this provides that those which are affiliated shall make them in the same manner and subject to the same conditions.

Mr. COOPER of Wisconsin. But this particular language is new, is it not?

Mr. HAWLEY. It is new language.

Mr. COOPER of Wisconsin. I was wondering why, if it is a new provision, there should be quotation marks about it. It is not quoted from anything, is it?

Mr. HAWLEY. It is quoted matter to go into the statute.

Mr. COOPER of Wisconsin. It is new legislation on an old subject matter?

Mr. HAWLEY. Yes.

Mr. COOPER of Wisconsin. It is not quoted from any other law? I do not see why there should be any quotation marks about it when we enact it. It is not quoted from anything. It is not an old law quoted here, but it is new matter. Is not that so?

Mr. HAWLEY. Yes. It is amending the old law to read in a certain way.

Mr. COOPER of Wisconsin. It is new legislation amending the old law. It is new language applied to an old subject matter. It is not a quotation at all, and I can not see why there should be any quotation marks about it as provided in the amendment. That same comment is true of half a dozen other amendments that have been adopted with quotation marks about them. They are new phraseology relating to an old subject matter, but the sentences themselves are absolutely new and not quoted from anything else.

Mr. HAWLEY. They are put in quotation marks to show that they are added to an existing law and not simply confined to the language of this bill.

Mr. COOPER of Wisconsin. I know, but quotation marks imply a quotation. If I see quotation marks about anything, I understand that that language has been used before on some other occasion in some other law. That is not true of the subject matter about which these quotation marks are put. It is new language, a new expression entirely on an old subject matter, and not a quotation, and there should not be quotation marks about it.

Mr. HAWLEY. It is the uniform practice of the House.

Mr. COOPER of Wisconsin. It is entirely immaterial whether it is an old practice of the House or not. You never can be too soon in correcting an abuse. That is a thing which read in that way would imply to the reader not familiar with the facts that all of this language was in the law that you were amending, and it would mislead the reader.

Mr. GREEN of Iowa. It would not mislead anyone familiar with the way we have been amending laws in Congress.

Mr. COOPER of Wisconsin. Very few of the rank and file know anything about how legislation is done here. They would have the right to infer that if a new law bears quotation marks it was taken from something else.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 46, line 5, after the word "follows" insert a comma and the words "to take effect January 1, 1922."

Mr. HAWLEY. This postpones the taking effect of the new provision affecting life insurance until January, 1922.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 46, line 19, strike out the figures "1921" and insert in lieu thereof the figures "1922."

Mr. HAWLEY. Mr. Chairman, this is for the same purpose as the preceding amendment, and the date should be the same.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 50, line 17, strike out the word "paragraph" and insert in lieu thereof "and third paragraphs."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 50, line 18, strike out the word "is" and insert in lieu thereof the word "are."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 52, line 2, after the word "filed," insert a comma.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer the further committee amendment.

The Clerk read as follows:

Page 54, line 15, strike out the word "taxpayers'" and insert in lieu thereof the word "taxpayer's."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Amendment No. 50: Page 56, strike out lines 4, 5, and 6, and insert in lieu thereof a new section to read as follows:

"Sec. 257. This title shall take effect as of January 1, 1921, except sections 206, 207, 224, 237, 242, 245, and 250, and subdivision (b) of section 202, all of which shall take effect January 1, 1922."

Mr. STAFFORD. Mr. Chairman, I think the gentleman from Oregon, on an amendment of this character, should make some explanation as to the purpose of the amendment and as to the date it takes effect.

Mr. HAWLEY. This is collecting into one section and making positive enactment the changes that we have previously made as to the time of going into effect of various provisions. There is nothing new in them.

Mr. GREEN of Iowa. For instance, the very first number refers to capital gain and loss.

Mr. STAFFORD. It is a summary of the previous amendments that have been adopted?

Mr. HAWLEY. Yes.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was considered and agreed to.

Mr. HAWLEY. Mr. Chairman, I offer the following further committee amendment.

The Clerk read as follows:

Page 56, strike out lines 8 to 17, inclusive, and insert in lieu thereof a new section, to read as follows:

"SEC. 301. (a) Title III of the revenue act of 1918 is repealed, to take effect January 1, 1922.

"(b) If a corporation (other than a personal service corporation) makes return for a fiscal year beginning in 1920 and ending in 1921, the war-profits and excess-profits tax for the taxable year 1921 shall be the sum of—: (1) The same proportion of a tax for the entire period computed under the revenue act of 1918 (as in force prior to the passage of this act) which the portion of such period falling within the calendar year 1920 is of the entire period, and (2) the same proportion of a tax for the entire period computed under the revenue act of 1918 (as in force on Dec. 31, 1921) which the portion of such period falling within the calendar year 1921 is of the entire period. Any amount heretofore or hereafter paid on account of the tax imposed for such taxable year by the revenue act of 1918 (as in force prior to the passage of this act) shall be credited toward the payment of the tax as above computed, and if the amount so paid exceeds the amount of such tax, the excess shall be credited or refunded to the corporation in accordance with the provisions of section 252 of the revenue act of 1918.

"(c) If a corporation (other than a personal service corporation) makes a return for a fiscal year beginning in 1921 and ending in 1922, the war-profits and excess-profits tax for the portion of the year falling within the calendar year 1921 shall be an amount equivalent to the same proportion of a tax for the entire period computed under the revenue act of 1918 (as in force on Dec. 31, 1921) which the portion of such period falling within the calendar year 1921 is of the entire period."

Mr. HAWLEY. Mr. Chairman, an individual or a corporation can select his or its own fiscal year. If the corporation selects the fiscal year other than the calendar year, it will pay a tax on a part of its income in one fiscal year and another part of it in another fiscal year. It will also pay under different administrative provisions, and this amendment enables the Treasury to apportion the income to the two calendar years and collect the proper amount of tax.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment which I send to the desk.

The Clerk read as follows:

Page 62, line 1, strike out "provided" and insert the word "prescribed."

Mr. HAWLEY. This is to correct a typographical error.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 64, line 15, strike out all after the subdivision number and all of lines 16, 17, 18 and in lieu thereof insert the following:

"Upon all carbonic acid gas sold by the manufacturer, producer, or importer to a manufacturer of any carbonated beverages, or to any person conducting a soda fountain, ice-cream parlor, or other similar place of business, and upon all carbonic-acid gas used by the manufacturer, producer, or importer thereof in the preparation of soft drinks, a tax of 5 cents per pound."

Mr. HAWLEY. Mr. Chairman, the language in the bill as it stands puts a tax on the carbonic-acid gas when used by a person who buys it of the manufacturer. This amendment provides that the tax shall be imposed where a manufacturer manufactures both the gas and the drink.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 65, line 18, strike out the letters between the word "a" and the word "of" and insert in lieu thereof the word "penalty."

Mr. HAWLEY. Mr. Chairman, this is to correct a typographical error.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 73, line 17, strike out the figure "4" and insert in lieu thereof the figure "5."

Mr. HAWLEY. Mr. Chairman, this is to correct a typographical error.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I offer a further committee amendment.

The Clerk read as follows:

Page 75, strike out lines 4 to 10, both inclusive.

Mr. HAWLEY. Mr. Chairman, this repeals the tax originally placed on the vendors of soft drinks. The bill provides a tax of \$10 per year on each such vendor, and the committee decided to report an amendment eliminating that from the bill.

Mr. CRISP. Mr. Chairman, I want to express my hearty approval of this amendment. While there are many provisions in the bill that do not meet with my approval and which I think are discriminatory, I do not believe there was any provision in the bill as objectionable from the standpoint of equity as the provision taxing the vendors of soft drinks. Under the provision originally reported a little merchant at a crossroads town selling a few bottles of soft drinks would have to pay the same tax as a large soft-drink emporium in New York or any other city doing thousands of dollars' worth of business a year. I congratulate my Republican colleagues upon their wisdom in moving to strike this from the bill.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. CRISP. Yes.

Mr. DAVIS of Tennessee. I wish to heartily indorse what the gentleman from Georgia has said. Can the gentleman from Georgia tell us what prompted the majority members of the Ways and Means Committee to make this very just concession?

Mr. CRISP. I shall have to let the gentlemen answer for themselves. I for one have been very insistent in urging them to repent and repeal the provision. I do not know what influenced them. I would be very happy to learn that my urgent insistence had aided in bringing about this desirable result.

Mr. ALMON. Mr. Chairman, I move to strike out the last word. I wish to heartily indorse the amendment offered by the gentleman from Oregon to strike out this tax. I think it would be a very unfair tax. I am sure the amendment will meet with the approval of my constituents, for I received some 38 telegrams from one town in my district this morning urging me to do all I could to have this stricken out. I am delighted to know that it is going out.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I desire to present a further committee amendment, No. 56.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 80, line 16, strike out the word "and" and after the figures "1920" insert a comma and the word and figures "and 1921."

Mr. HAWLEY. Mr. Chairman, this amendment is made necessary by the postponement of the repeal of the provisions of the present law concerning personal service corporations.

The question was taken, and the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I present a further committee amendment, No. 57, which merely corrects a typographical error.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 80, line 21, strike out the letters between the word "the" and the word "day" and insert in lieu thereof the word "fifteenth."

The question was taken, and the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I present a further committee amendment, No. 58.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 80, line 24, strike out the word "and"; and in line 25, after the figures "1920," insert a comma and the word and figures "and 1921."

Mr. HAWLEY. This as a companion amendment to amendment No. 56.

The question was taken, and the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I present an unnumbered amendment not in the book.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 82, line 12, strike out the figures "4½" and insert in lieu thereof the figures "4½."

The question was taken, and the amendment was agreed to.

Mr. HAWLEY. Mr. Chairman, I present a further committee amendment, not numbered.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 71, line 24, strike out the figures "\$3.50" and insert in lieu thereof the figures "\$3.60."

Mr. HAWLEY. Mr. Chairman, this is an immaterial amendment and facilitates the computation of this tax.

The question was taken, and the amendment was agreed to.



Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 8245, had come to no resolution thereon.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent to address the House for two minutes in order to make a statement.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Speaker, I think that the gentlemen on both sides should understand that if they leave the city before the gavel falls for a recess they may be called back. We would not want to send the Sergeant at Arms to New York, Colorado, or Connecticut, or Alabama, to bring any of the brethren back, but I think that in fairness to those who are disposed to stay every one should understand that if they leave before the recess they leave with the possibility of being sent for. The House is entitled to a recess. Gentlemen on both sides have worked earnestly and faithfully for months, but there are certain things we must do before we recess. There is the bill for the extension of the dye embargo and the emergency tariff, there is the so-called beer bill, there is the bill now the unfinished business of the House providing aid for the export agricultural products. These and some other measures must be disposed of—I think I express the views of the House in that regard—before we recess, and if gentlemen go and there should be a lack of a quorum we would have to send for them. I think that all gentlemen who have any disposition to go must realize that it is not fair to those disposed to remain to have others take advantage of the anticipation of a recess and leave for home in advance of the beginning of the recess. A resolution for a recess will not be presented to the House until the program is, in the vernacular, "in the clear," so that no one who leaves before the hour of recess can be at all certain they shall not be asked to return.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. MONDELL. I will yield.

Mr. GARRETT of Tennessee. The gentleman has stated the resolution for the recess will not be presented until the program is "in the clear." Does that mean that the measures to which the gentleman has specially alluded constitute the entire program and that when those measures to which he has alluded are disposed of the gentleman then will present the resolution?

Mr. MONDELL. Well, there is the measure providing a high tariff on the reentry of war goods from abroad. It should be included. There is the grain futures act.

Mr. GARRETT of Tennessee. That is in conference, is it not?

Mr. MONDELL. There has been an agreement. There will be no difficulty, I assume, in regard to that. We shall also quite likely take up for consideration the railroad bill. The present plan is to take up for consideration to-morrow, after disposing of the pending bill, the bill which is the unfinished business, and dispose of it if possible before adjournment to-morrow night. I think that is about the program so far as I can recall.

Mr. STEENERSON. May I ask the gentleman if he intends to take up the Unanimous Consent Calendar and suspensions?

Mr. MONDELL. I have promised gentlemen on both sides that if it is possible to do it and it is agreeable to the Members we would try to take up Monday or Tuesday evening, perhaps, the Unanimous Consent Calendar. There are some Senate bills that in all probability would not be objected to which Members are anxious to have passed.

Mr. GARRETT of Tennessee. Pass those at night sessions?

Mr. MONDELL. Yes.

Mr. GARRETT of Tennessee. Did I understand the gentleman to state that the railroad bill would be taken up? Has that been determined?

Mr. MONDELL. Well, my present impression is that it will. I can not say that it is absolutely fixed and determined, but I hope we shall take it up Monday.

Mr. GARRETT of Tennessee. Well, I believe the resolution of the Senate provided for adjournment on the 24th?

Mr. MONDELL. Yes.

Mr. GARRETT of Tennessee. Does the gentleman hope to dispose of the several measures to which he has alluded and still be able to keep that date?

Mr. MONDELL. That is my hope. And there is another matter that I think I should refer to at this time. When the time comes I shall ask the House to adopt an amendment to

the adjournment resolution under which the recess of the House shall be for a longer period than that of the Senate. [Applause.] I have discussed the matter with the gentleman from Tennessee. My own thought is that we can possibly provide for a reconvening of the House on Monday or Tuesday of the first week of October. That is subject to change, however, after further consultation with gentlemen on both sides.

Mr. KINCHELOE. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. KINCHELOE. I understand the good roads bill passed the Senate this afternoon, and I presume it will go to conference right away. I wanted to ask the gentleman, in view of the fact that we are at a standstill in the activities of road building in various States and that in mine they lack funds, if that bill will be considered?

Mr. MONDELL. I have taken that matter up with gentlemen in both bodies, and I am under the impression it would not be possible to reach an agreement in conference on that bill before we recess. I am entirely in harmony with the gentleman's view in regard to the matter, but for the present there is still an abundance of funds. It is true that in some States there is some hesitancy about embarking upon new enterprises until we have further determined as to future appropriations. But so far as present progress is concerned I think nothing would be lost by having that matter taken up on our return.

Mr. KINCHELOE. I will say to the gentleman as to there being an abundance of Federal funds, so far as my State is concerned they have exhausted the Federal funds and have stopped their activities on roads that are only 3 or 4 miles apart that are included in a system 200 or 300 miles long.

Mr. MONDELL. My understanding is that there is about \$180,000,000 available for roads. It is true that in some States they are pretty close to the margin. But I find among the best friends of the road bill there is a good deal of doubt as to whether an agreement could be reached on that bill before we adjourn. I hope that we can reach an agreement soon after our return.

Mr. WALSH. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order there is no quorum present.

Mr. FORDNEY. Mr. Speaker, I move that the House do now adjourn.

Mr. SEARS. Mr. Speaker, I want to submit a unanimous-consent request if the gentleman from Massachusetts will withhold his point for just a moment.

Mr. WALSH. I withhold it.

Mr. SEARS. Mr. Speaker, I would like to introduce into the RECORD a small editorial from the Palm Beach Press.

The SPEAKER. The gentleman from Florida asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. WALSH. I object, Mr. Speaker.

The SPEAKER. The question is on the motion of the gentleman from Michigan [Mr. FORDNEY].

The motion was agreed to.

#### ADJOURNMENT.

Accordingly (at 5 o'clock and 27 minutes p. m.) the House adjourned until Saturday, August 20, 1921, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. VOIGT, from the Committee on Agriculture, to which was referred the bill (H. R. 8086) to prohibit the shipment of filled milk in interstate or foreign commerce, reported the same without amendment, accompanied by a report (No. 355), which said bill and report were referred to the House Calendar.

Mr. LANGLEY, from the Committee on Public Buildings and Grounds, to which was referred the bill (H. R. 8297) authorizing the Secretary of the Treasury to convey certain lands to the State of Missouri for enlargement of the State capitol grounds of that State, reported the same with an amendment, accompanied by a report (No. 356), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN, from the Committee on Agriculture, to which was referred the bill (H. R. 7401) prescribing standards and grades for spring wheat, reported the same with amendments, accompanied by a report (No. 357), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 6922) granting a pension to Lillian M. Woodard, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GORMAN: A bill (H. R. 8329) to reduce night work in post offices; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 8330) providing additional compensation to certain employees of the Post Office Department for overtime service; to the Committee on the Post Office and Post Roads.

By Mr. WINSLOW: A bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BUTLER: A bill (H. R. 8332) to provide for the establishment and maintenance of marine schools, and for other purposes; to the Committee on Naval Affairs.

By Mr. SMITH of Idaho: A bill (H. R. 8333) to add certain additional lands to Minidoka National Forest; to the Committee on the Public Lands.

By Mr. STEENERSON: A bill (H. R. 8334) to amend the laws relating to the Postal Savings System; to the Committee on the Post Office and Post Roads.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNS of Tennessee: A bill (H. R. 8335) granting an increase of pension to Laura A. Rains; to the Committee on Invalid Pensions.

By Mr. SEARS: A bill (H. R. 8336) granting a pension to Irene B. Johnson; to the Committee on Invalid Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 8337) for the relief of C. W. McClain; to the Committee on Claims.

Also, a bill (H. R. 8338) granting an increase of pension to Anna Robbins; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 8339) granting an increase of pension to Caroline Chambers; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 8340) granting an increase of pension to Charles C. Chadick; to the Committee on Pensions.

By Mr. ZIHLMAN: A bill (H. R. 8341) granting a pension to Annie M. Benton; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2494. By Mr. BRIGGS: House concurrent resolution 5 of the Texas Legislature, urging repeal of those provisions of the Cummins-Esch Transportation Act encroaching upon the powers of the State of Texas to regulate intrastate rates and the jurisdiction of the railroad commission of Texas; to the Committee on Interstate and Foreign Commerce.

2495. By Mr. BYRNS of Tennessee: Papers in support of House bill 8335, granting an increase of pension to Laura A. Rains, widow of James Rains; to the Committee on Invalid Pensions.

2496. By Mr. CLARKE of New York: Petition of John Plasket Post, No. 483, Grand Army of the Republic, of Hancock, N. Y., requesting that the date of marriage of veterans making widows pensionable be extended from 1905 to 1915; to the Committee on Invalid Pensions.

2497. Also, petition of Clarence L. Parker, of Norwich, N. Y., favoring uniform laws on marriage and divorce; to the Committee on the Judiciary.

2498. By Mr. DRIVER: Petition of the Helena Wholesale Dry Goods Co., of Helena, Mont., in support of Senate bill 848, to reduce railroad passenger rates; to the Committee on Interstate and Foreign Commerce.

2499. Also, petition of the Davis-Prieur Produce Co., of Little Rock, Ark., in support of Senate bill 848, to reduce the railroad fare throughout the country; to the Committee on Interstate and Foreign Commerce.

2500. By Mr. FULLER: Petition of the Star Union Brewing Co., of Peru, Ill., and J. A. Littau, of La Salle, Ill., protesting

against the proposed tax on cereal beverages; to the Committee on Ways and Means.

2501. Also, petition of the Heberling Medicine & Extract Co., of Bloomington, Ill., protesting against the proposed tax on proprietary medicines; to the Committee on Ways and Means.

2502. Also, petition of the Baltimore Drug Exchange Bureau, protesting against a tax on medicines; to the Committee on Ways and Means.

2503. Also, petition of the National Automobile Chamber of Commerce, relating to revision of revenue laws; to the Committee on Ways and Means.

2504. Also, petition of the Armstrong Paint and Varnish Works, of Chicago, protesting against a proposed duty on fats and vegetable oils as provided in the Fordney tariff bill; to the Committee on Ways and Means.

2505. By Mr. GILLET: Petition of A. H. Nye and other members of the father-son sheep clubs in Hampden County, Mass., urging the passage of the "truth-in-fabric" bill; to the Committee on Interstate and Foreign Commerce.

2506. By Mr. KINDRED: Copy of letter to Hon. JOSEPH FORDNEY, from Reed & Carnick, of Jersey City, N. J., relative to tax on medicines; to the Committee on Ways and Means.

2507. Also, telegram from the Pharmacal Advance Publishing Co., of New York, relative to tax on medicine; to the Committee on Ways and Means.

2508. By Mr. KISSEL: Petition of George Doubleday, president of the Ingersoll-Rand Co., 11 Broadway, New York City, relative to naval contracts; to the Committee on Appropriations.

2509. Also, petition of William J. Matheson, 21 Burling Slip, New York City, relative to proposed tariff duty on limes; to the Committee on Ways and Means.

2510. By Mr. MEAD: Letter from Eric Plagwit, secretary-treasurer of the Heine Chimney Co., of Chicago, transmitting copies of letters relative to Honolulu sugar plantation labor, one received from Mr. Guy N. Rothwell, structural engineer of Honolulu, and one sent to Mr. Arthur Brisbane; to the Committee on the Territories.

2511. Also, petition of the Buffalo Foundry & Machine Co., of Buffalo, N. Y., urging the continuation of the tariff on dye-stuffs; to the Committee on Ways and Means.

2512. By Mr. PAIGE: Petition of Lewis E. Wilkinson and others, of Ashby, Mass., opposing the passage of Senate bill 1948; to the Committee on the District of Columbia.

2513. By Mr. RHODES: Petition of Chrisanthus Moore et al., of St. Marys, Mo., favoring beer and light wines; to the Committee on the Judiciary.

2514. By Mr. SANDERS of Texas: Concurrent resolution of the Texas Legislature relating to the Interstate Commerce Commission and excessive freight rates; to the Committee on Interstate and Foreign Commerce.

2515. By Mr. SPEAKS: Papers to accompany House bill 8327, granting an increase of pension to Maggie Schweigert; to the Committee on Invalid Pensions.

## SENATE.

SATURDAY, August 20, 1921.

(Legislative day of Friday, August 19, 1921.)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The PRESIDING OFFICER (Mr. McNARY in the chair). The Senate resumes the consideration of the urgent deficiency appropriation bill.

## URGENT DEFICIENCY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes.

The PRESIDING OFFICER. On yesterday the Senator from Mississippi [Mr. HARRISON] offered an amendment to the text of the additional proviso to the United States Shipping Board item on page 2, which the Committee on Appropriations report to strike out. The Senator from Wyoming [Mr. WARREN] requested that the amendment of the committee, with the amendment of the Senator from Mississippi, be passed over. The Senator from Mississippi is entitled to the floor.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Wisconsin suggests the absence of a quorum. The Secretary will call the roll.



The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Harrison	Nelson	Sterling
Borah	Hitchcock	Newberry	Swanson
Brandee	Jones, N. Mex.	Norbeck	Trammell
Cameron	Jones, Wash.	Oddie	Wadsworth
Capper	Kellogg	Penrose	Walsh, Mass.
Culberson	Ladd	Phipps	Warren
Curtis	La Follette	Poinexter	Watson, Ga.
Dillingham	Lodge	Sheppard	Watson, Ind.
Ernst	McCormick	Simmons	Willis
Fletcher	McKellar	Smith	
Frelinghuysen	McLean	Smoot	
Hale	McNary	Stanley	

Mr. CURTIS. I wish to announce the absence of the Senator from New Hampshire [Mr. KEYES] on account of a death in his family. I will let this announcement stand for the day.

Mr. WATSON of Georgia. I wish to announce that my colleague [Mr. HARRIS] is absent on account of illness. He is sick at his home in Georgia.

The PRESIDING OFFICER. Forty-five Senators having answered to their names, there is not a quorum present. The Secretary will call the roll of absentees.

The reading clerk called the names of the absent Senators, and Mr. GOODING, Mr. HEFLIN, Mr. KING, and Mr. NEW answered to their names when called.

Mr. TOWNSEND, Mr. BROUSSARD, Mr. KENYON, Mr. HARRELD, Mr. GLASS, Mr. REED, and Mr. SUTHERLAND entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-six Senators having answered to their names; there is a quorum present.

Mr. HARRISON concluded the speech began by him yesterday. The entire speech is as follows:

*Friday, August 19, 1921.*

Mr. HARRISON. Mr. President, some weeks ago we passed what was known as the budget bill, and we were told that it was going to accomplish much; that the results would be material reductions in public expenditures. A very distinguished citizen was appointed as Director of the Budget, a man for whom we all have a high regard. He has accomplished great things, won high favor in business circles, and rendered conspicuous service to the country; but it seems peculiarly strange that in the first official act of this officer in carrying out his duties under the law as Director of the Budget he assumes so much authority, and fails to follow either the letter or spirit of the law.

The budget system was framed on the theory that the President would transmit to Congress estimates for the various bureaus, and that we would discontinue the old practice of having the heads of the departments make their estimates and send them to Congress for its consideration. The Director of the Budget has no authority under the law for transmitting estimates to Congress. He is to gather information and present it to the President. I think the distinguished chairman of the Appropriations Committee will agree with me in that view.

Mr. WARREN. Not exactly as the Senator states it. The President is the head of the budget. The President has the right to send estimates. The President does send them, and every amount in this bill is contained in some one of the estimates which the President of the United States has approved, and every one except perhaps the first item was sent over his own signature.

Mr. HARRISON. The President of the United States, under the budget law, is supposed to send the estimates here. Those estimates are prepared by the various heads of departments and scanned, so to speak, by Mr. Dawes, the director; but we find in this, his first case, that in the estimate Mr. Dawes is the man who transmits it to us and not the President of the United States. I read:

TREASURY DEPARTMENT,  
BUREAU OF THE BUDGET,  
Washington, July 20, 1921.

Hon. FREDERICK H. GILLET,  
Speaker of the House of Representatives.

DEAR Mr. SPEAKER: I transmit herewith, with the approval of the President, request for appropriation for \$125,000,000 for the period of July 31, 1921, to December 31, 1921, for the United States Shipping Board. I am of the opinion that its needs should be met by Congress in the measure and manner submitted by A. D. Lasker, chairman of the Shipping Board.

Respectfully,

CHARLES G. DAWES,  
Director of the Bureau of the Budget.

So the President up to this good hour, so far as this estimate is concerned, has not transmitted his recommendation to us. He nor Mr. Dawes has followed either the spirit or the letter of the budget law in making up the estimate and in transmitting it to Congress.

I desire to read two sections from the budget law.

Mr. KING. Mr. President, will the Senator yield?

Mr. HARRISON. Yes.

Mr. KING. Does the Senator state to the Senate that Gen. Dawes, whose duty it is to scrutinize these demands for appropriations, recommended \$125,000,000 for the Shipping Board?

Mr. HARRISON. Yes; that is his estimate here, under his signature, dated July 20, 1921.

Mr. KING. Is there any testimony before either the House committee or the Senate committee that Gen. Dawes made investigations before making that recommendation for the purpose of determining whether the appropriation was warranted, whether it was just, or whether it was extravagant and uncalled-for?

Mr. HARRISON. I am sorry to say that there is no evidence before us on the subject. The only statement of Mr. Dawes is that—

I am of the opinion that its needs should be met by Congress in the measure and manner submitted by A. D. Lasker, chairman of the Shipping Board.

There is nothing here to show that the President has transmitted it except the statement there that he sends herewith, "with the approval of the President," a request for the appropriation.

Mr. KING. Does not the budget law contemplate that the budget officer shall make a thorough examination of all requests for appropriations, so that by virtue of his examination he can put his stamp of approval upon them?

Mr. HARRISON. That was the object of the law, and from reading the newspapers one would judge that under the leadership of Mr. Dawes they are making great cuts and great savings, but the first communication does not bear out that impression at all.

Mr. KING. The Senator knows that notwithstanding the report which Gen. Dawes made to the President, showing \$112,000,000 in various departments and itemizing it as to the departments and bureaus where cuts could be made or were being made, nothing has been done toward saving, and no returns have been made to the Treasury of any of those amounts alleged to have been saved.

Mr. HARRISON. I suppose the chairman of the Appropriations Committee will bear out the statement that every year there is some amount turned back into the Treasury by various bureaus that was not used, and I dare say that the amount has been not in excess of \$112,000,000, but that that is about the sum that is usually turned back, and perhaps that was the amount that Mr. Dawes had in mind when he said that they had already saved \$112,000,000.

Mr. WARREN. Mr. President, the Senator is undoubtedly correct in that surmise, because the \$112,000,000 mentioned was a summary of advices from the heads of various bureaus and departments that possibly they could save that much in this fiscal year, and they predicated that, I assume, upon what had been saved and turned back at other times. I should say that it would be more than that rather than less.

Mr. HARRISON. Yes; so while the people were led to believe by that statement and a great many thought that Mr. Dawes had already under this budget system accomplished the miracle of saving \$112,000,000 this year, it was merely a saving that had gone on in the usual course in the years in the past; it was only due to the various bureaus turning back money into the Treasury that had been appropriated, and it was not any saving as a matter of fact.

Mr. WARREN. I may say, however, if the Senator will permit me, in that connection, that the appropriations for former years have been more liberal, as the Senator knows from the statement which the committee a short time ago had inserted in the RECORD. There are nearly a billion dollars less in the appropriations for the present fiscal year than in those of last year and the year before. So that the endeavor to save the \$112,000,000 was in the face not only of the facts stated but of the fact that they were from very much leaner appropriations than before.

Mr. HARRISON. Mr. President, I desire now to read to the Senate two sections of the budget law to show that the intention was that the President should send in the estimates, and not that the Director of the Budget should send in estimates.

The first is section 203, which reads:

The President from time to time may transmit to Congress supplemental or deficiency estimates for such appropriations or expenditures as in his judgment (1) are necessary on account of laws enacted after the transmission of the Budget, or (2) are otherwise in the public interest. He shall accompany such estimates with a statement of the reasons therefor, including the reasons for their omission from the Budget.

I read now section 206:

No estimate or request for an appropriation and no request for an increase in an item of any such estimate or request, and no recommendation as to how the revenue needs of the Government should be met, shall be submitted to Congress or any committee thereof by any officer or employee of any department or establishment, unless at the request of either House of Congress.

Of course, this estimate is not made at the request of either House of Congress, and is transmitted to Congress by Mr. Dawes himself, and not by the President.

But, Mr. President, Mr. Dawes, who is supposed, if certain news notices are to be believed, to have effected a great saving in the public expenditures, in his first recommendation to Congress for \$125,000,000 is repudiated by the appropriations committees of both the House of Representatives and the Senate, and by the Shipping Board, too. Let us analyze the proposition. We have in official capacity here one who is hailed as a close observer, who is supposed to analyze these expenditures and to save something for the people. Let us see whether or not he is doing it. His estimate for the Shipping Board is \$125,000,000. Mr. Lasker appears before the House Appropriations Committee and tells them in the beginning that he needs only \$100,000,000, because \$25,000,000 of the \$125,000,000 has already been appropriated, and he has it in hand. So we find this man who was going to be such a close observer, and cut down expenditures, and save something for the taxpayers of America repudiated in the first breath by the head of the Shipping Board.

Then comes the consideration of the request by the Appropriations Committee of the House; and what do they do? Do they give him the \$125,000,000? Do they give him the \$100,000,000? No. They cut it to \$48,500,000. So we find in that instance that the Congress is more economical than the Director of the Budget. If he proceeds along that road in the future, I can not feel that there will be any great amount saved in the coming year by this Congress. No great strides for economy may then be looked for.

Mr. WARREN. I hope the Senator has not in mind amending it by making it \$100,000,000 or \$125,000,000.

Mr. HARRISON. Indeed, I have not. I have not gotten to the congratulations yet, but I really mean it as a congratulation to the distinguished chairman of this committee and the chairman of the Committee on Appropriations of the House that they are more economical and are watching the affairs of the Government more closely and trying to economize to a greater degree than the man who has been designated by the President of the United States to cut the expenditures to the bone. You have cut the estimate from \$125,000,000 down to \$48,500,000.

Mr. WARREN. Thanking the Senator for the compliment, I do not think I deserve any part of that, as it is due to the chairman of the committee on the other side of the Capitol. I know from the debate that was had over there, and an examination of the papers, that the Senator has the opportunity to hang his very well selected and delivered remarks about the first item, because of the haste in which that was gotten up to the House. The House accepted it at once, without waiting for that which would have followed, and which in every other case has preceded. As I say, the debate there has shown that it came about as the Senator says in the first instance, if not informally, in a way that was hasty during the consideration of that first item.

As to the other item, while there has been haste, and a good deal put in the bill on this side of the Capitol, the committee has insisted that in every case we have the estimates over the signature of the President. In the first case, it was just as real in every way as the others, except the haste in which the House wished to have the first items to commence with on the appropriation bill.

Mr. GLASS. Mr. President, if I may interrupt the Senator from Mississippi, in any event I think congratulations are premature, because if the Senator from Mississippi will examine the testimony he will there discover that Mr. Lasker says he will be back in a few months for the balance of it, and maybe more.

Mr. HARRISON. I have no doubt, if the same policy is pursued in the future by Mr. Dawes and the President that is pursued in this instance, the recommendation will come to Congress to make that appropriation, and then I hope that we can again congratulate the chairman of the Appropriations Committee of the Senate and the Appropriations Committee of the House for again cutting it down to the bone, or in refusing to give it to them at all.

Mr. GLASS. The trouble is, I will say to the Senator, that nobody knows where the bone is in this Shipping Board business. It is not a bone; it is a cavity.

Mr. HARRISON. I agree with the Senator.

Mr. GLASS. The end of it, in my judgment, has not nearly been reached, if it ever will be reached.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. In the testimony, on page 7, there appears the following:

Mr. CHAIRMAN. Mr. Lasker, I noticed that Senator Jones stated on the floor once that you would require \$280,000,000, that we would have to appropriate that amount. You stated afterwards that it would require \$125,000,000. Now you say it will take \$48,000,000. Is this \$48,000,000 only a temporary appropriation, and for how long?

Mr. LASKER. I understand the \$48,000,000 is for no specific length of time. When it is exhausted we shall have to ask for more.

I might liken the situation thus: I have in mind a concern that expected last year to make \$5,000,000. When it finished the year it had lost \$8,000,000. If you would go into it I presume you would find a hundred such firms on the New York Stock Exchange. They confidently expected to make money last year, and their directors bought the stocks, but they lost from 25 per cent to more than one-half of their capital. That is what the shipping business is now.

Senator OVERMAN. Do you think this \$48,000,000 is enough to run you for the next 12 months?

Mr. LASKER. No, sir. Of course, you understand we have an appropriation of \$25,000,000 to complete construction which we inherited, which could not stop, and with which we are connected merely pro forma.

Then we have an appropriation of nearly \$65,000,000, if we can find it, out of the sale of assets. I have held—I am not trying to tell Congress—that that seemed to me to be very wasteful, because if we got our back up against the wall to pay bills we might be tempted to sell stuff at auction prices—at 10 cents on the dollar. I will not do that myself. I would rather get out.

Then this \$48,000,000 was estimated for the next six months if we paid no claims.

Senator OVERMAN. If you paid no claims for the next six months?

Mr. LASKER. Yes; it might be more and it might be less.

So the the \$48,000,000 signifies nothing at all, except simply a temporary expedient.

Mr. HARRISON. It is just a beginning.

Mr. JONES of Washington. The \$48,000,000 is not an estimate of Mr. Lasker or of the Shipping Board. The estimate they sent down was for \$100,000,000.

Mr. HARRISON. It was for \$125,000,000.

Mr. JONES of Washington. One hundred and twenty-five million dollars; but I do not know why they included \$25,000,000 which we had already appropriated for the construction of ships.

Mr. HARRISON. But Mr. Dawes did estimate for \$125,000,000.

Mr. JONES of Washington. Whether he did or not the \$25,000,000 had been actually appropriated, so that really was no estimate. In the House committee they cut it down to \$48,000,000, as they thought the evidence warranted. I am merely stating that to correct the suggestion that this was an estimate of Mr. Lasker's.

Mr. HARRISON. I quite agree with the Senator; but I can not understand the reason why a man who stands as high as Mr. Dawes does, who is blessed with so much good common sense and exceptional business qualities, who is just beginning a great work, should go into the public prints with the statement that he has saved \$112,000,000, when, as the chairman of the Appropriation Committee states, it is but the same way we have saved millions in the past, bureaus failing to expend the appropriations made for them and turning them back into the Treasury. So, as in this case, the first instance in which he makes a recommendation, it is for \$125,000,000; and he is repudiated by the Shipping Board for which he requests the appropriation and by the Appropriation Committees of the House and the Senate.

If he wants to fool somebody, and tell them we are economizing here, and that the new administration is saving money for the people and cutting down expenditures when it is not true, and everybody knows it is not true, when the facts do not bear it out, if it is merely to deceive somebody, then they can go ahead with such publicity as that. But I do not believe they will get anywhere with it, and I think the chairman of the Committee on Appropriations will agree with me about it. I can not believe that Mr. Dawes has any such idea, and excuse him on the theory of his newness in the job and the human weakness for publicity.

Mr. WARREN. Mr. President, Mr. Dawes requires no praise nor support from me as to character or ability. He has made his reputation elsewhere, and he does not have to come to the Senate to make a reputation as if elected or appointed from civil life, without business experience and war experience. He stands high in both.

When the estimate of \$125,000,000 was made it was understood to include the \$25,000,000. The Senator will remember that when we passed in the last session the second deficiency



bill the Senate included an item of \$50,000,000 more, knowing that it was necessary to pay bills; but at that time the board was completely disorganized, in fact there was no board, simply Admiral Benson alone, and it was assumed we would wait until there was a new board, and so the \$50,000,000 item was dropped.

The appropriation bills for the last two or three years have given the board no money of consequence except what they might get out of what they sold. The second deficiency bill carried \$55,000,000 out of receipts from the sale of ships, which has not been realized upon, and also carried \$25,000,000 for the completion of 19 vessels, but carried nothing for general expenses or payment of claims or the ordinary expenses up to date.

On the 1st of July there was a deficiency of about \$17,000,000 to cover various matters of daily running expenses. I happened to come across some of them, not items having relation to this bill, but matters in which they owe certain States for the oil that has been sold to them through the Interior Department, and various other things.

So that after taking the \$25,000,000 out the House then calculated on the \$17,000,000, and I think they admitted there, as it would seem we would have to admit, that the lemon has been squeezed pretty dry as to ships and items that can be sold at a reasonable price at the present time with the market as it is. So that the \$55,000,000 that we appropriated is nil unless they should be forced—and I do not even think they could be forced then—to get what they ask for out of the proceeds of the sale of ships.

So they have really had to run without appropriations of any consequence for a number of years, relying only on what the fleet earned and proceeds from ships and items sold.

Mr. WILLIAMS. Mr. President, I wish to ask a question purely for information. I do not know whether my colleague can answer it or not; perhaps if he can not, the chairman of the Committee on Appropriations may.

The newspapers carried an item not very long ago stating that the Shipping Board was about to ask for an appropriation of three hundred and some odd million dollars, and that they would need that much, because otherwise they were afraid they would have to give up the great American merchant marine. Is that true?

Mr. WARREN. Mr. President, I have on my desk here a statement of some of the largest claims that are being sued on which the United States must defend. In fact, there are thirty-five hundred claims of consequence against the United States unsettled, in a large measure, on which suit has been commenced. Whether there are \$300,000,000 of claims altogether or not I can not say, but I assume it is likely to be more rather than less. But I assume that many of those claims are spurious entirely, while as to others it will finally develop that the real, absolute claims are very much smaller than what they seek to recover now. That is one reason why it requires immediate work, with attorneys of experience in such things and of great ability.

To give the Senator an idea, this statement shows that there is one claim of \$17,493,000; another of \$14,328,000; another of \$13,000,000. Then they go on down to lesser sums, and here are two pages of claims running anywhere from \$1,000,000 to nearly \$18,000,000. That accounts for the rumor that they will ask for an appropriation of \$300,000,000.

Mr. WILLIAMS. I desired to call attention to that because I wanted to impress upon the Senate and upon the country by the inquiry and by the reply, if I am correct in my inference concerning both, that this is the most expensive form of ship subsidy ever proposed to the American people, although it is concealed under the guise of Government management of ships.

Mr. WARREN. I want to say, further, that in asking for a hundred million dollars—there was no trouble about the twenty-five, which had already been appropriated—it was thought advisable to have twenty-five million or more at hand to undertake to compromise some of these claims, to prevent long and expensive suits. But the House thought best not to allow anything upon those old claims, and hence have reduced the appropriation to \$48,500,000.

Mr. WILLIAMS. What is the estimate of the Shipping Board as to what it will have to pay on these pending claims; or have they made any?

Mr. WARREN. I have no estimate. I made inquiry along the line of the one the Senator has made. In the first place, they said they did not know; they had not gotten far enough along. In the second place, they felt it was an injustice to themselves to ask them to even closely approximate; and, still further, they did not wish to give any notoriety as to what

could be done which might be used against them when they undertook to settle the claims.

Mr. WILLIAMS. So it is not only a ship subsidy under the guise of the Government running ships, but the total amount of it is as yet unguessed at even by the Government.

Mr. WARREN. The term "subsidy" is the Senator's term. It is a mere matter of buying property. We have 1,700 ships, and I think I ought to say, if the Senator from Mississippi will permit me, that this shipbuilding business is one of those things we went into when everything was at its peak, when the tonnage was calculated on a basis of about \$300 per ton, and that the present condition, of course, is different, and the tonnage would run less than \$100 a ton; that the expensive part of it was all handled during the time of high prices. In undertaking to sell this shipping they must meet with very severe cuts, and on top of the general reduction is the fact that most of these boats are chained up, as most of the vessels of the other shipping concerns are, for want of business.

Mr. WILLIAMS. Does not the Senator really think, in the words of one of Charles Dickens's characters, that this is rather "one of those things that no fellow can tell anything about"?

Mr. WARREN. Most decidedly so. It has been heretofore.

Mr. JONES of Washington and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Mississippi yield; and if so, to whom?

Mr. HARRISON. I yield first to the Senator from Tennessee.

Mr. McKELLAR. I wish to ask the Senator from Wyoming this question—

Mr. JONES of Washington. I wish, in connection with what the Senator from Mississippi asked about, to make a brief statement. Will the Senator permit me just a minute?

Mr. McKELLAR. I just wish to ask this question in connection with what has been talked about by the Senator from Wyoming. He read of a number of suits, one of \$17,000,000, another \$14,000,000, and another \$13,000,000. What was the subject matter of those suits? Were they just damage suits, such as we sometimes see in the court records, where an immense amount of money is claimed, and where but little is expected to be recovered, or what is the nature of them? What are they about?

Mr. WARREN. They are of various natures, mostly for construction. Some are for cancellation of contracts and some for alleged shipping that has been furnished. Let me take up the \$14,000,000 suit, for instance, that of Pusey & Jones. A man by the name of Hannafig, reported to be from Norway originally, with some money, secured options upon two or three not expensive shipyards. He then obtained contracts with the Government for large shipping. He formed the corporation of Pusey & Jones, and another one of Mann & Co., I think the name was, and proceeded to build vessels on the cost-plus scheme, and to abuse it, as most all cost-plus operators did. He went on building vessels, and in the course of the very heat of prices and transactions Mann & Co. were building some ships that were wanted by the Cunard Line, so that Hannafig and his subcontractors put up the job between them to charge the Cunard Co. for the ships and \$5,000,000 more than the cost-plus. The Cunard people paid it and got those ships.

Later on when the United States was forced, in order to get its men across, to commandeer ships it commandeered those very ships from the Cunard Line. It has been discovered since that the British Government is now asking us to pay the \$5,000,000, as well as that cost-plus price of the vessels, and we are in suit about that. After the Hannafig companies had beaten the Government—to use one of the phrases of the day—out of about \$67,000,000 they come in with a claim now for \$14,328,839.31. My colleague on the committee, the Senator from Washington [Mr. JONES], will understand that and some of the others, but that is probably the worst sample of all.

Mr. KING. That seems to be a conspiracy under the law, and they ought to be sent to the penitentiary.

Mr. WARREN. I should like to find the man who instigated it. He absconded.

Mr. JONES of Washington. Mr. President, I gathered from a remark made by the senior Senator from Mississippi [Mr. WILLIAMS] that he had the impression these claims grew out of the operation of ships. They did not.

Mr. WILLIAMS. Their purchase, or operation, or claims for seizing ships and operating them during the war.

Mr. JONES of Washington. I do not understand that any of these claims grow out of the operation of ships. They all grow out of the construction or cancellation of certain contracts, so that from that standpoint I do not see how they could

be treated as a subsidy. If they did grow out of operation, I can see how it might be construed as a subsidy.

Mr. WILLIAMS. Does the Senator contend that the only deficiencies to be provided for by appropriation were the deficiencies of the Shipping Board operations which grew out of the loss of money from charter parties and from operation?

Mr. JONES of Washington. I did not know the Senator was discussing the \$48,000,000 item. There are no claims involved in the \$48,000,000.

Mr. WILLIAMS. I understand that. I am not talking about that. I am talking about the three hundred and some odd million dollars which they are going to ask Congress to appropriate.

Mr. JONES of Washington. That is not for operation. That is with reference to claims for construction growing out of the cancellation of contracts.

Mr. WILLIAMS. How much has the Shipping Board lost through operation?

Mr. JONES of Washington. I do not know.

Mr. WILLIAMS. Can the Senator guess at it?

Mr. JONES of Washington. What good would a guess do? The trouble is there are too many guesses now, and those guesses go out as facts to the country.

Mr. WILLIAMS. But the Senator does know that it has lost an immense amount of money?

Mr. JONES of Washington. No; I do not think the Shipping Board has lost a cent from operation. As a matter of fact, taking it from the beginning, it would have money to its credit if it had all the money it has obtained from operations. We have taken about \$165,000,000 of the receipts from operation and put that into the construction of ships. That is the fact.

Mr. WILLIAMS. Does the Senator from Washington contend that the operation of those ships under the management of the Shipping Board is now a paying business?

Mr. JONES of Washington. Oh, no; not now. I said from the beginning.

Mr. WILLIAMS. That is what I am trying to get at, how much we are losing per diem or per month or per year.

Mr. JONES of Washington. The Senator knows as much about that as I do. I do not know. They say different amounts.

Mr. WILLIAMS. If the Senator from Washington does not know any more about it in detail, measured in dollars and cents, than I do, his ignorance is immense—

Mr. JONES of Washington. It is immense.

Mr. WILLIAMS. Because mine is stupendous. I have been trying to find out something about it.

Mr. JONES of Washington. Mr. Lasker said he could not tell from the books.

Mr. WILLIAMS. So the man at the head of the business can not tell how much money he is losing per month.

Mr. JONES of Washington. The Senator should remember that Mr. Lasker has only recently taken charge of this stupendous enterprise and been there about two months. He has not had time to do it. He frankly comes and lays everything on the table.

Mr. WILLIAMS. If he has been there two months he has had time enough to report how much he lost the first month and probably how much he lost the second month.

Mr. JONES of Washington. He said that they can not make anything intelligible from the system of bookkeeping there. They have to get up a new system.

Mr. WILLIAMS. Well, Mr. President—

Mr. JONES of Washington. Let me tell the Senator this: He said that out of 9,000 voyages they had reports from only 3,000. There are 6,000 voyages made by ships as to which they can not tell how much money is coming to the Government or how much the Government will owe. He frankly states it. He does not try to conceal anything.

Mr. WILLIAMS. That is all, of course, laid on the back of this stupendous, wicked, gone-into-history Democratic administration.

Mr. JONES of Washington. I do not do that. I am not blaming anybody.

Mr. WILLIAMS. I want to know why this gentleman who has been two months organizing a new system of bookkeeping has not yet reached the point of being able to tell us how much was lost under his management the first month and how much it has lost under his management the second month, leaving out of consideration this wicked Wilson machine that outraged all the proprieties of every description of course. Am I to understand that the present management of the Shipping Board can not tell us how much it lost last month or the month before?

Mr. JONES of Washington. I think that is true. The ships are all over the world. Some of them are on the other side of the world and they have not gotten reports from them. They have not had time to get their systems of bookkeeping in shape. Mr. Lasker promises, if he is given a little time, that he will have his books in such shape that upon a day's notice he can tell to the dollar the amount the Government has involved, earned, and collected.

Mr. WILLIAMS. Just wait one moment—

Mr. JONES of Washington. No; I want the Senator to wait a moment on me.

Mr. WILLIAMS. All right.

Mr. JONES of Washington. The Senator may otherwise construe some of the language, but he can not find, in my judgment, where Mr. Lasker has been criticizing the past administration. Mr. Lasker in his testimony before the House committee frankly said, "I might have done the same thing if I had been in their place under the circumstances." That is my position. I say let the past go. I recognize that the last administration had a tremendous task to meet. It had a tremendous responsibility. Probably mistakes were made, mistakes of judgment, but I have not any doubt that they were honest mistakes. I am not criticizing them. I am not trying to make any party advantage out of it. I do not think this matter ought to be partisan at all. I do not believe the Senator from Mississippi ought to suggest partisanship about it.

I think we ought to try to look at the matter as a business proposition and take the position that at least the men in responsible positions and the great majority of those even in subordinate positions are trying to do the right thing and are trying to do what they can to build up the American merchant marine. They may make mistakes, they may make mistakes of judgment, and yet they have all the facts about them, and they do what they think is the right thing to do. I do not believe we ought to go on any other assumption and I am not going on any other assumption, either with the past administration or with this administration.

Mr. WILLIAMS. That may be the position of the Senator from Washington, although it is not the position of Mr. Lasker. Mr. Lasker, in the first place, said that he found the books in such condition that no human being could tell anything about the business. If that is not a criticism of the past administration, nothing can be.

Mr. JONES of Washington. It is the statement of the fact that confronted him.

Mr. WILLIAMS. Wait a moment. I do not care what it is. It must be a criticism. In another part of his testimony he refers to some very large sum of money running away up into the millions of dollars, and said that was an inheritance from the past administration. Leave the past administration out. You have crucified it, you have killed it, and politically it is dead.

I was not asking the Senator about that. I was asking the Senator why it was that this remarkable financial genius placed at the head of the Shipping Board could not give us an account of how much he lost or gained in his first month's operation or his second month's operation. If he had inefficient and incompetent and even dishonest predecessors, certainly he ought to be able to keep up the business since he got hold of it. If you or I were running a great business and put a man at the head of it as manager, and he told us after two months that he did not know where the business stood, I think we would discharge him, would we not?

Mr. JONES of Washington. No; we would not.

Mr. WILLIAMS. I would.

Mr. JONES of Washington. We would give him time and give him opportunity to acquaint himself with the details of a three-billion-dollar business spreading all over the world.

Mr. WILLIAMS. I would discharge him.

Mr. JONES of Washington. The Senator might, but I would not.

Mr. WILLIAMS. If he told me that he did not know where his predecessor was because he could not read his books, I might forgive that; but if he could not tell me where he was since he got in and had charge of the business for two months, and was able to tell me only that at some time in the future he would construct a system of bookkeeping whereby he would know, I would say, "You are so thoroughly incompetent that if you do not get out the front door I will ask the porter to kick you out."

Mr. JONES of Washington. I should like to ask the Senator how much time he would give a man to get up a new system of books in an enterprise or business like that?



Mr. WILLIAMS. I am not giving him time to get up anything, but I am asking a report of what has happened under him, which he ought to have recorded from day to day as it happened. He could not record as to ships being in India or somewhere else until he got the final report, but he should have been able to make a report as far as it really happened and had become an accomplished fact.

I understand from the Senator from Washington and from the chairman of the Committee on Appropriations and from the silence of my colleague that none of you who have been discussing this question know anything about it, so I am a little bit inclined to think—

Mr. WARREN. How does the Senator expect to make up from day to day a balance sheet of business where it is located in Paris, in London, and at other shipping points in the various countries of the world, as well as in New York, Philadelphia, and other points in this country, until we have had time to hear from those points?

Mr. WILLIAMS. I never imagined such an absurd thing.

Mr. WARREN. Whether it is absurd or not, it is the fact.

Mr. WILLIAMS. I suppose in two months he has had time to hear from some points, but he does not even give any report as to them. I said if we had a ship that was in India, and he had not heard from it, he could not make a return on whether that ship had made a gain or loss until he got the final report at the completion of the voyage. But some ships have completed their voyages.

Really at bottom, you know—I am not saying anything about anybody's intentions. I am just talking about the effect of things—men have been hounding the Congress of the United States for 30 years to get appropriations for a ship subsidy, to make the farmers, the mechanics, the lawyers, the doctors, and the school-teachers—all American people—pay to run ships at a profit, but they could not get it. They never have been able to get it. The country voted against it every time. Now, you slide in, in the way of perpetuating a war measure—

Mr. WARREN. Whom does the Senator mean by "you"? The whole Congress?

Mr. WILLIAMS. No; I do not. I mean the advocates of the bill. Now you are attempting, I will say, to slide in, under the guise of perpetuating a war measure after the war is over, and instead of having the Government devote itself to the business of running ships you are trying to continue it in the business of running ships, and you are continuing at an immense deficit—a current deficit so large that gentlemen prefer not to report it even if they can, and I am informed that they can not. So what is it? What are you trying to do?

Mr. WARREN. The Senator has run off the track.

Mr. WILLIAMS. You can not get a ship subsidy without letting the American people know what you are doing.

Mr. WARREN. There is nothing in the bill about continuing it at all. It is simply undertaking to pay what we honestly owe on the enterprise.

Mr. WILLIAMS. I understand that; and also you are continuing the Shipping Board and you are also continuing its operation of ships.

My good friend, the Senator from Washington [Mr. JONES], makes a regular paean and eulogy every now and then to the building up of the American merchant marine, but he does not offer a direct ship subsidy. It would be cheaper for the American people for Congress to appropriate \$100,000,000 a year, or some such amount, if they are willing we should do it, and let the farmers, the mechanics, the school-teachers, and the preachers pay for it, while the men who operate the ships get the profit out of it.

Mr. WARREN. Would the Senator from Mississippi vote for that? Has the Senator from Mississippi voted for a subsidy heretofore when one has been proposed? Would he vote for a subsidy now?

Mr. WILLIAMS. No, indeed; I would not vote for one. I have carried my principle of opposition to subsidies so far that I would not even by way of a protective tariff use the taxing power of the Government to put money into my pockets or the Senator's pockets.

Mr. WARREN. So the Senator from Mississippi is obliged to oppose this proposition on that principle?

Mr. WILLIAMS. I should oppose it on that ground if I had no other reason, but I have another reason for opposition. I do not refer to the appropriations which are carried in this bill. I think they have been cut very nearly to the bone. Most of the money proposed to be appropriated is to pay for something that is an accomplished fact; that is past history, and we have got to take note of it; we have got to pay our honest debts, whether they were wisely incurred or not. I subscribe to that argument, but I want somebody on the other side, in reform-

ing the Government, right now to divorce the Government from the operation of ships and other private business. The Government has already been divorced from the operation of railroads. Now, why not divorce it from the operation of ships? If a shipowner or a shipbuilder can not stand upon his own feet and make money out of his chosen vocation or business, then let him quit it.

Mr. NEW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Indiana?

Mr. HARRISON. I yield.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. The Senator from Mississippi has yielded to the Senator from Indiana.

Mr. JONES of Washington. I merely wish to ask the Senator from Mississippi [Mr. WILLIAMS] a question right along the line of his argument.

Mr. NEW. I yield to the Senator from Washington for that purpose, with the consent of the junior Senator from Mississippi [Mr. HARRISON].

Mr. JONES of Washington. I wish to ask the Senator from Mississippi a question, and I shall ask it entirely in good faith; I shall not ask it in a controversial way at all. The \$48,500,000 proposed to be appropriated here by the pending bill is for the purpose of enabling us to operate our own ships; that is, the Government's ships. I take it from the question which the Senator from Mississippi has asked that he would have the Government get out of that business. How would he have the Government do it now? He must not overlook the fact that the Government actually owns these ships; they are not privately owned ships, but they are Government-owned ships. I should like to see the Government get rid of these ships as soon as possible. I favor that just as strongly as does the Senator from Mississippi, but the Senator knows that there is not any sale for these ships now.

It seems to me there is just one of two things to do; either to do what is necessary to have as many of these ships operated as can be operated nearly at cost or else tie them up and go to all the expense that will be thereby entailed, including the deterioration that will follow. In all good conscience, I should like to have the Senator tell us what he would do with the ships now.

Mr. WILLIAMS. There is no novelty about that situation, although the subject matter, to wit, Government operation of ships, is somewhat novel. Last year I was confronted with a cotton crop which I had to sell. I found that I had to sell it at 2 or 3 cents per pound less than the cost of production, but I concluded that I had better sell it at 2 or 3 cents a pound less than the cost of production, so as to avoid great risk of selling it later on at 5, 6, 7, or 8 cents less than the cost of production. So I sold. A great many other people, not equally wise, held on to their cotton until they sold it at 12 cents below the cost of production. The longer the Government runs a business like this the more money it is going to lose, and the sooner it sells out, even at a loss, the better it will be for the Government, for the people, and for everybody else.

Mr. JONES of Washington. These ships could not be given away if the condition were attached to the gift that they should be operated.

Mr. WILLIAMS. I would not put on the condition that the ships should be run. The buyers could let them lie in the harbor and rot, if they were fools enough to do that. I do not suppose that a man would buy a ship which he could not run; I certainly would not.

When the Senator asks me what I am going to do if I am about to lose money on land and horses and mules and wheat and corn because the war is over, I answer that I want to lose as little as I can. If the Senator should ask me to enter into details as to just how much I would sell the horses and mules and wheat and corn for, I would have to tell him frankly, "I do not know." I would have to respond, "At the best price I could get"; and I should probably proceed upon the theory that the later I sold them the more I should lose.

Mr. NEW. Mr. President—

Mr. HARRISON. I yield to the Senator from Indiana.

Mr. NEW. Mr. President, I have at last discerned a thought in the discourse of the senior Senator from Mississippi [Mr. WILLIAMS] to which I subscribe, and that is that the sooner the Government gets out of the business of operating ships the better it will be for the Government and for all parties concerned.

I entirely agree with that, but, Mr. President—if the Senator from Mississippi will yield to me for a very few minutes—we simply can not step aside and wash our hands of this whole miserable mess, for it is a miserable mess. Mr. Lasker himself

has characterized it as the greatest wreck in the history of commerce, and I think he is absolutely correct in that assertion. I do not think he overstates the situation when he so designates it.

Mr. WILLIAMS. Did not Mr. Lasker call it "the most stupendous wreck," or something of that sort?

Mr. NEW. I have just stated that he said that it was the most stupendous wreck in the history of commerce. I also agree with the Senator from Virginia [Mr. GLASS], who said a few moments ago, in stating his belief that we should cut to the bone, that nobody knew just where the bone was. I agree to that, but we must remember, Mr. President, that the covering of the bone, however thick it is, was put on some time ago. The surgeon of to-day has got to locate that bone, and the particular surgeon now employed has not had time or opportunity as yet to locate it.

In reference to Mr. Lasker, the senior Senator from Mississippi thinks that it is remarkable that he has not devised a system of bookkeeping within the last 60 days or less—I have forgotten just when he took hold of the Shipping Board; but whenever it was it was not very long ago. Mr. President, I happen to know that he did not want the job of chairman of the board; he has taken it rather as a call to duty than in response to any desire he had in the matter. I regard Mr. Lasker as one of the keenest, shrewdest, ablest business men I have ever known; I think his reputation is exactly that, and I believe that he will justify that reputation if he is given time to do it. But, however that may be, as I understand the motion of the Senator from Mississippi, his amendment applies to the legal department as well as to every other department of the Shipping Board.

The Senator from Wyoming [Mr. WARREN] has mentioned three or four of the many suits and claims which have been filed against the Shipping Board. I have seen a list of them myself, and I have on my desk a partial list, including something like 40 of them. As I understand, the claims aggregate around \$350,000,000, and run anywhere from \$1,000,000 to \$17,000,000 each. They are presented by whom? The attorneys pressing those claims are men like George W. Wickersham and Bainbridge Colby. It has not been long since we were regaled with estimates and statements of how able those gentlemen were, and I am perfectly willing to concede their ability. How are we going to defend the Treasury of the United States against the assaults of such gentlemen by interposing a \$3,500 a year man? I do not think it can successfully be done.

I am for economy to the very last degree; I think it is called for; but there is such a thing, Mr. President, as false economy; I believe that to meet the attacks of the best legal talent there is in this country, and to defend the interest of the Government against suits of so large amount, presented by attorneys of the highest grade, the board must have legal talent of a similarly competent character. It is the height of folly to have the United States Treasury interest defended by mediocre talent, and we can not get the talent of the character required to defend against that sort of an attack for \$3,500 a year or \$7,500 a year either, with due apologies to the Senators upon this floor.

Mr. GLASS. Mr. President—

Mr. KING. Mr. President, will the Senator permit me to make a suggestion right there?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. NEW. The Senator from Mississippi has the floor. He has been very courteous in yielding to me.

Mr. HARRISON. The Senator from Virginia [Mr. GLASS] asked me to yield to him, and I will do so.

Mr. KING. Very well.

Mr. GLASS. Mr. President, I merely wish to advert to one remark of the Senator from Indiana. It is perfectly immaterial to me, as it is immaterial to the purpose of this discussion, who is to blame for the great expenditures of the Shipping Board. I concur entirely with the Senator from Washington in his view that the question should not be discussed in a partisan manner. I have about made up my mind, however, not to vote another dollar to the Shipping Board until somebody connected with it may be able to outline some sort of a policy and tell the Congress what ultimately is to be the amount of money that we must appropriate for the board's continued activities.

I have a very high personal regard for Gen. Dawes and a very high estimate of his skill and capabilities. I do not concur in the assumption that he has been repudiated by the chairman of the Shipping Board; on the contrary, the chairman of the Shipping Board very clearly indicates that he is coming

back to Congress pretty soon to ask not only for \$125,000,000, as estimated by Gen. Dawes, but for more than that; I have not the slightest doubt that, if matters keep on as they have been proceeding, he will come back and ask for vastly more than \$125,000,000.

Mr. President, when I was at the Treasury I served notice on the chairman of the Shipping Board that unless he would present to the Treasury his accounts for an audit, as required by law, I would not agree to let him have another dollar out of the Public Treasury. He promised to meet that requirement, but it has never been done as yet. Of the accounts presented there were rejected accounts amounting to \$1,500,000,000. Nobody knows nor has anybody any conception of what this enterprise is going to cost the Government; and, as stated, I shall not vote for another dollar to the Shipping Board until it shall establish a policy and give some approximate estimate of how much more money it is going to take from the Federal Treasury.

I do not agree with the suggestion that Mr. Lasker in two months' time ought to be able to tell this. I think Mr. Lasker was quite frank in his appearance before the committee. He does not know anything about this shipping business, and he said he did not know anything about it. It is my judgment that if he stays there two years longer he will not know much more about it than he knows to-day, for the thing is in an inextricable tangle.

Mr. WARREN. Mr. President, right along with what the Senator says, is he not reminded that it takes somebody and something to pay the men who are working at the very cause which the Senator presents; that is, to find out where we are and what it will take to close out or finish or go on with the work?

Mr. GLASS. Mr. President, the Shipping Board paid, as I recall, about \$600,000 out of the Treasury to a great auditing concern, either in New York or in Philadelphia, to find out, and they could not find out.

Mr. WARREN. That is the fault of their books. We have been struggling with that matter in the Committee on Appropriations for years. On account of the changes of the men on the Shipping Board, and on account of legislation here, and under the legislation, various orders, and so forth, there has been such confusion in that line, added to that which has been mentioned by the Senator from Washington—the absence of ships, and no settlement having been returned—that the most that they can ascertain at any time is how much money they have on hand. If they are out of money there, and their neighbors are carrying them along from day to day upon the items of the daily grind, the Senator must know that in order to complete this finding of "where they are at," and presenting it here, it will take some amount of money; and we thought that with the amount that is due others we have cut this as closely as we could.

Mr. GLASS. I have said to the Senator that I do not believe they ever will find out, and I do not think the Government ought to continue in a business which has taken three years to correct its accounts; they are not now correct. I think this Government when the war ceased should have written off its books the losses incident to this Shipping Board business. Very properly we took no account of cost during the war. We were advised by those across the seas that unless we built ships the German submarines would win the war, and we did not pause to consider the cost. That was all right. Mr. Lasker frankly said that had he then been connected with the board the likelihood is he would have done the same thing and done it no better; but it seems to me that when the armistice was signed it was the height of folly to proceed along the same extravagant line, without accounting that anybody can comprehend, without even presenting to the Treasury, as required by law, the accounts for auditing. The accounts that were presented were in such a chaotic condition that the Treasury had to reject an immense part of them as inadequate.

Mr. TOWNSEND. Mr. President, what would the Senator do now?

Mr. GLASS. What I would do would be to stop appropriating money until they can get a system of bookkeeping that will enable them to give to the Congress some comprehensive estimate of the cost of this thing.

Mr. President, when I was abroad in the fall of 1918 Admiral Sims, much to my amazement, told me in London that he did not think the United States ought to undertake the development of a merchant marine of its own. He thought that field of activity should be left to Great Britain, saying the British were our kinsmen, bone of our bone and blood of our blood, and might be relied on to come to our defense in case of war; that



they were natural seamen, and we knew nothing about it. Besides, he added, it would require a great subsidy to conduct a merchant marine, and the American people were inherently opposed to subsidies.

Mr. McKEELLAR. Mr. President—

Mr. GLASS. I did not agree with Admiral Sims. I thought we ought to have a merchant marine; but I shall presently come to agree with him if we are to proceed in the wasteful methods that have been pursued by the Shipping Board. It will bankrupt the Government if we do not put a stop to it.

Talk about not voting a bonus to the American soldier! I did not vote for the bonus, and I am not going to vote for the bonus, for many reasons, economic as well as sentimental; but I would vastly rather vote \$2,000,000,000 of bonus to men who offered their lives for their country than to be sinking other millions in this shipping arrangement. There is no bottom to it, and it will bankrupt the American Government if we do not put a stop to it.

Mr. BORAH. Mr. President, if the Senator from Mississippi will yield for just a moment, I want to say a word in connection with what the Senator from Virginia has said.

Mr. HARRISON. I yield to the Senator.

Mr. BORAH. Of course, in a measure the past is past. We can not correct it, and I agree perfectly with the proposition that there ought not to be any partisanship in trying to settle this matter. I think there ought not to be any partisanship, either, in trying to find out who is responsible for what I consider not only incompetency but crookedness in the managing of this business for the last two or three years.

Mr. GLASS. Oh, I quite agree that if there has been any crookedness it ought to be exposed, and the culprit ought to be punished.

Mr. BORAH. A business could not be run as this has been run on the mere basis of incompetency. It passes beyond that. When men are dealing with public affairs, dealing with public money and public interests, and will not keep a record of what they do, will not furnish their countrymen or the Congress with any evidence of what they did or why they did it or to what extent they did it, it is not incompetency; it is sheer crookedness. Millions have been spent, millions wasted, and no living man can tell or find out how it was spent, or why or where. I say when men deal with public funds in that way they ought to be denounced, prosecuted, and exiled from among honest men.

Mr. GLASS. I quite agree with the Senator that if there has been any dishonesty it ought to be exposed and the dishonest person ought to be punished; but very likely the Senator will find that if there have been any crooks mixed up with the conduct of the Shipping Board they are Democratic and Republican crooks alike.

Mr. BORAH. I do not think there is any politics in crookedness.

Mr. GLASS. No; nor I, either.

Mr. BORAH. That is the reason why I say there should not be any partisanship here; but it is useless, in my judgment, to stand up and say it was a mere question of incompetency.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Washington?

Mr. HARRISON. I yield.

Mr. POINDEXTER. Of course, the Shipping Board might make the excuse at times that the inefficiency with which the business of the board was conducted was due to the laws under which they were operating. I do not think they can possibly excuse themselves altogether on any such plea; but take the pending bill, for instance: I notice that there is a proviso in it that the money that is appropriated shall be used, as I now recollect the language, in substance, for operating expenses of the fleet, and that none of it shall be used for paying claims. In other words, the board is told that it can not pay its debts.

How can any business on earth be carried on under any such condition as that? It leads inevitably to failure, according to the very terms and conditions under which this money is appropriated. One of the most flagrant abuses of this board has been the delay and, as the Senator said a moment ago, its failure even to keep a record of the debts that it owes under the contracts which it has made; and here we are perpetuating this thing by the express provision of the law.

Mr. BORAH. What I have just said was incidental to what I rose to say. I agree absolutely with the Senator from Virginia that these appropriations ought to stop until we know what the policy of the future is, at least. What are we proposing to do? Is there any policy connected with the future of this affair? The Senator from Indiana [Mr. NEW] says he agrees with the proposition that we should get out. Well, is

that the policy—to get out? Are we winding up the business? Are we proposing to get out, or are we proposing to run it as a governmental institution and to continue it from time to time? If so, in my opinion this \$48,000,000 is not even a bagatelle to what we shall have to appropriate in the near future.

Mr. POINDEXTER. Mr. President—

Mr. BORAH. What I should like to know before I begin to vote any more money is, What has the future in store? Is it proposed to continue the operation of these ships by the Government? If it is not, then are we winding up this affair as we would if we were a receiver? Does anybody know what the policy is?

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. HARRISON. I yield.

Mr. KING. I think we may say that the construction placed by the past board and I think placed by Mr. Lasker upon what is known as the Jones bill contemplates a continuation of governmental operation. I agree with the Senator. We ought not to appropriate another dollar until a sane and rational policy has been adopted. It would appear that the Government should ask for a receiver and wind up a bankrupt concern and sell the ships to Americans or American companies to be operated under the American flag and take our losses and charge them off.

Mr. POINDEXTER. Mr. President, the Senator asks what the policy is and whether the Shipping Board has any policy. The nearest expression of any policy that I have seen was the statement of the new chairman of the Shipping Board, in which he said that the policy was to get Congress to appropriate \$300,000,000 for the deficiencies incurred in the operation of the fleet.

I am not advised about the number of ships that they have nor the value of them, but some one who has some knowledge of it said to me the other day that the entire fleet is not worth over \$750,000,000, and here they are asking nearly 50 per cent of the value of the entire fleet to cover a deficiency for its operation for one year! Nothing more preposterous from a business standpoint was ever proposed in the annals of government.

Mr. KING. Mr. President, I think if the Senator will subtract \$200,000,000 from the amount he has stated it will more nearly state the true value of the ships according to the views of many.

Mr. WILLIAMS. They are asking for money not only for operation but for construction. They are going on with the construction of ships that they know will lose money.

Mr. POINDEXTER. They are going on accumulating further liabilities.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Washington?

Mr. HARRISON. I yield, but I want to proceed to discuss my amendment as soon as the Senator finishes.

Mr. JONES of Washington. The Senator from Idaho [Mr. BORAH] asks what the policy is. Congress has declared its policy. Congress has declared that it is the policy of the Government to get these ships ultimately into private ownership; but Congress thus far has gone on the theory that this is not a bankrupt country.

Mr. BORAH. It will have to change its policy on that point pretty soon.

Mr. JONES of Washington. That may be true; and when we reach that point, of course, we shall probably have to change our policy with reference to dealing with these ships; but Congress has declared that we want a merchant marine. We have declared as a policy that it shall be a merchant marine ultimately owned and operated by private parties; but these ships are owned by the Government. The Government is not operating them directly. It is operating them through private parties, and it will continue to do that; and I want to say that you will find that so far as any policy is necessary or has been announced by the Shipping Board it is their policy, acting, as they said, under the law that Congress has passed, to get these ships into private ownership just as soon as it possibly can be done; but they are proceeding on the theory that this Government will act like an individual with his property. The Senator from Mississippi a while ago stated that he sold his cotton because he thought that if he held it longer he would get less for it. The shipping industry is about as low as it can possibly be. Ships all over the world are running at a loss. Ships all over the world are being tied up. Some are being run at a loss, just as any man will run his business, hoping to tide over and thinking he will make more money by

keeping it going than by stopping it. It is declared in these hearings that it will be the policy of this board to get the ships not only sold by the Government but out of operation by the Government just as rapidly as it can be done, and that the ships that can not be operated except at a loss, especially as compared with the loss that would be entailed by tying them up, will be tied up. I do not know whether Mr. Lasker has made a public statement or not, but he stated to me this morning that he believed the wise thing to do would be, if necessary, to cut the operation of the ships down to possibly a hundred, or even less, if necessary, and begin to build up with that, getting them upon a good basis, and as business improves either to sell or get more in operation. He recognizes this condition just the same as Senators here, and he is just as much against Government ownership and Government operation as any Senator on this floor, but is trying to deal with it as a business man.

Mr. GLASS. Mr. President, I suggest to the Senator that he must be mistaken about Mr. Lasker's position as to the policy with respect to a merchant marine. He was very specific in his testimony before the Appropriations Committee of the Senate. He said—

Mr. McCORMICK. What page?

Mr. GLASS. On page 15 of the Senate committee hearings, Mr. Lasker said:

I personally have been there—

That is, at the Shipping Board—

long enough to know this, that somehow, somewhere, there is a very subtle and powerful propaganda to drive the Government out of the shipping business. I can not put my finger on it, but it certainly is there.

Then, later on, Mr. Lasker said:

I think if the country once knew that we were going to lose the fleet, then it would come to a consciousness that it wants it.

That clearly indicates that Mr. Lasker is in favor of continuing the Government in the shipping business.

Mr. JONES of Washington. If the Senator will read all of the testimony of Mr. Lasker, he will come to just one conclusion; I am satisfied of that. We can pick out a sentence here or there that will give a wrong impression. But we must remember that Mr. Lasker is a business man, and has been a business man all his life. He has not been accustomed to coming before committees, and I imagine that that was the first congressional committee Mr. Lasker ever appeared before, and, naturally, it would be embarrassing.

Let me read from this testimony, too. Here is what the man he has appointed as one of the principal men to operate these ships says as to the policy, on page 115 of the hearings before the House committee, and I could pick out the very language of Mr. Lasker, if I had time to find it. This refers to Mr. Smull:

The CHAIRMAN. And undoubtedly his recommendations will have some weight with the board.

Mr. LASKER. Much weight, overwhelming weight; but I want to live in peace with my board members, and I want to make the record clear out of respect to them and out of respect to the facts.

Mr. SMULL. We intend to modify and change entirely the method of operating boats. Our idea is ultimately to sell them all and get rid of them and get the Shipping Board out of business just as soon as we can.

Mr. GLASS. Let me suggest to the Senator from Washington that the gentleman quoted by him is totally at variance with Mr. Lasker, who is at the head of the board. Further, on the same page 15, Mr. Lasker says:

I think the enemies of this country would like nothing better than for America to stop its ships; and I believe our future will be dark if this present merchant marine is not backed and established, and that America will fall to a lesser position than that she should occupy; and I think the greatest thing for this country would be for us to keep these ships running and to go further into the shipping business.

Mr. McCORMICK. Mr. President—

Mr. GLASS. I do not know how embarrassed Mr. Lasker was by his first appearance before the committee, but he was very explicit in stating the policy he would pursue.

Mr. WARREN. Will the Senator yield to me for just a moment?

Mr. HARRISON. Yes.

Mr. WARREN. The Senator has been very kind to yield to everybody, and I do not want to interrupt, except to say that the amendment which the Senator offers, and the arguments, are far afield, of course, because the whole subject of the Shipping Board, and whether we will have a Shipping Board or not, does not rest upon that particular amendment. However, I suppose that all of this debate must take place some time, so I will not object.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I yield.

Mr. BORAH. I want to take up another subject, and I will not ask the Senator to yield for so long.

Mr. HARRISON. Mr. President, of course in the management of the Shipping Board there were made a great many mistakes. It was natural that there should be. Millions of dollars were spent needlessly; higher salaries were paid than should have been. There are thousands of instances where criticism could be very properly employed. But that is in the past, and the fact that there was extravagance in its management is greater reason for most rigid economy being exercised at this time. Two wrongs never made a right. The amendment I have proposed is in the interest of economy. Its object is to assist this Congress, which came in upon a promise of economy, to show retrenchment, to really economize.

What is the situation since Mr. Lasker took charge? I would not do him injustice. I understand he is a very pleasing gentleman, a man of much ability; that he has a very large advertising business out in the Middle West; and that he rendered great service to the Republican Party in the last campaign. No doubt the leaders thought so, because he has been rewarded. I know it was very hard for Mr. Lasker to give up his remunerative position as the head of that large advertising concern to accept the "little" position as chairman of the Shipping Board. I grant that he has done it out of the fullness of his heart and the patriotic spirit that always moves men of his kind.

But he has been here two months. Of course, he has not had time to reform the Shipping Board and readjust its inner works according to his business viewpoint. I hope that he will soon more thoroughly familiarize himself with it, and that he will bring about those reforms that are in the interest of economy. But so early in his official career it makes my heart bleed to review his recommendation to the Congress and read his testimony before the Committees on Appropriations of both the House and the Senate.

I can not understand, either, the viewpoint of Senators—I care not whether they are on the other side or this side—who voted to cut down an appropriation for good roads of \$100,000,000 to \$75,000,000 only a few hours ago, and now stand sponsoring a deficiency bill which appropriates \$48,500,000 out of the Treasury—for what? For salaries ranging as high, in some instances, as \$35,000 a year. Is that the kind of economy that you are going to thrust on us?

Mr. McCORMICK. Mr. President—

Mr. HARRISON. Is that the kind of economy you are going to practice? Do you believe that the people of America are going to approve a course of voting down appropriations for good roads from \$100,000,000 to \$75,000,000, and in the next hour voting salaries of \$35,000 a year to men? That is the deficiency we are asked to approve. Now I yield to the Senator from Illinois.

Mr. McCORMICK. I wonder if the Senator will tell us what salaries were paid in the Railroad Administration and the Shipping Board under the last administration?

Mr. HARRISON. I have not looked into the Railroad Administration, but I say to the Senator that during the last administration there was not a salary paid by the Shipping Board, as I understand, of over \$12,000 a year.

Mr. CURTIS. Mr. President—

The PRESIDING OFFICER. Does the Senator yield to the Senator from Kansas?

Mr. HARRISON. I yield.

Mr. CURTIS. There were many salaries more than \$12,000. The auditor alone was paid \$15,000.

Mr. HARRISON. Were there any over \$15,000?

Mr. CURTIS. I have not the list here.

Mr. HARRISON. Does the Senator recall one over \$15,000?

Mr. CURTIS. I do not offhand, but I think I can produce the record showing what was paid the various employees. It was filed with the committee.

Mr. HARRISON. I thought the highest was \$12,000. Certainly there were not over two and I think only one who received the \$15,000 a year. I know that the man Smull, who, if this appropriation passes, will get \$35,000 a year, did work during the war, I think, for \$6,500, but he certainly never got over \$9,000 from the Emergency Fleet Corporation; and I shall show before I have finished that there are many men who have been employed by Mr. Lasker in carrying out his policy of economy and reform who worked for much less in other departments of the Government who have been transferred over to his department at much higher salaries. It reveals a perfect orgy of inexcusable extravagances and high salaries.

The testimony before the committee is that one man by the name of Laws received \$2,500 in the Department of Justice.



He graduated in law in 1913. He has been transferred now, under Mr. Lasker's direction, and is given \$10,000 a year.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Illinois?

Mr. McCORMICK. Was that salary of \$2,500 for his full time or was it a retainer?

Mr. HARRISON. He was getting a salary over in that department of \$2,500 a year.

Mr. McCORMICK. Is it not true that at the same time he was earning through his law firm \$10,000 or \$12,000 a year?

Mr. HARRISON. I never heard of it; it does not appear in the testimony. This is a young man, who, I understand, is a very excellent fellow and a splendid gentleman and a good lawyer, who was assistant district attorney at one time, who got \$2,500 a year, and he now receives \$10,000 a year.

Mr. WARREN. He had a salary of \$10,000 in addition to the salary of \$2,500. He received \$12,500—payments of \$10,000 and \$2,500.

Mr. HARRISON. I did not understand that. The Senator is certainly mistaken.

Mr. NEW. Mr. President, I can throw light on this particular case. I understand that the \$2,500 paid to this gentleman to whom the Senator from Mississippi refers was for employment in a particular case, and I know that he was in receipt of a monthly salary from his law firm, which was the firm in New York with which Mr. Root is connected, of \$1,050 a month.

Mr. HARRISON. The Senator has not thrown any light upon the case. The facts about the matter are that this young man graduated in 1913; he was employed here in the Department of Justice as one of the assistants to the district attorney. He received \$2,500 a year, and last year, I believe it was, some law firm up in New York, Mr. Root's firm, perhaps, paid him, I think, \$1,050 a month in one case, and they recommended this gentleman for employment in the Shipping Board.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HARRISON. Yes.

Mr. McKELLAR. I call the attention of the Senator and of the Senate to the testimony on page 17 of the record, as follows:

Senator CURTIS. I have a note here of one lawyer who graduated in 1913 in Washington and who was working for \$4,500, who has been taken and put in by you at a salary of \$10,000.

Mr. SCHLESINGER. Will you give me his name?

Senator CURTIS. His name is Laws.

Mr. SCHLESINGER. When I became general counsel I went to New York and asked about a dozen of the leading lawyers in New York to recommend men to me. I asked the advice of firms like those of Sullivan & Cromwell, of Mr. Root, and Mr. Guthrie, Alexander & Green, Rushmore, Bisbie & Stern. I asked a dozen of the ablest lawyers in New York to meet me and told them my troubles.

Senator CURTIS. The particular man I have mentioned, Mr. Laws, was graduated in law in 1913 in the city of Washington, and he could not possibly be earning \$10,000 a year now. He could not earn \$5,000 a year.

Mr. KING. Will the Senator yield?

Mr. WARREN. The Senator should have read a little further. I do not care to take the time of the Senator from Mississippi, however.

Mr. HARRISON. Go ahead.

Mr. WARREN. Immediately following that Mr. Lasker said:

One of the members of Mr. Elihu Root's firm in New York told me that his firm had had Mr. Laws working on the Bosch Magneto case, and that they had paid him \$1,050 a month for a year while he was working on that case.

Mr. KING. That is, in the Bosch case?

Mr. WARREN. Yes; and then they go on and tell what he is worth; that he is worth more money than they paid.

Mr. KING. Mr. President—

Mr. HARRISON. I yield to the Senator from Utah.

Mr. KING. If the Senator will permit me I should like to suggest for the consideration of the Senate an evil upon which the Attorney General has put his finger, and I hope he will correct it. Men employed in the Government service at \$1,500, \$2,000, or \$2,500 a year, all they are worth, get secret information relative to claims against the Government or matters in which the Government has a great interest. Corporations in New York, great law firms, some of whom do not observe the high ethics that ought to prevail among lawyers, seek out these young men who have that secret information and get them into their offices and utilize that information against the Government. It is an outrage, and it is no defense for young men who take those positions to come here and claim they are getting \$1,200 a month and are therefore worth that amount.

Mr. HARRISON. Reprehensible as that is, that is not the worst story of the controversy. The facts are disclosed here that practically every man who is an attorney in the legal department under Mr. Lasker came in on the recommendation of

some big law firm in New York, some of whom have cases against the Shipping Board.

That is a startling statement, but it is a true one. It is difficult to comprehend the idea of the head of the Shipping Board in obtaining as his counsel to defend cases against it, going to the lawyers in many instances who have cases against the Shipping Board.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Illinois?

Mr. HARRISON. Does the Senator rise to deny that statement?

Mr. McCORMICK. I rise to ask the Senator if it could be true that a former Alien Property Custodian had come down here to allege that the findings and the rulings of the Alien Property Custodian while he was in office were wrong, and to demand of the the present administration a reversal of his own rulings, because he had received a fee from those whose property he had sequestered while he was in office and the recovery of which he is now seeking?

Mr. HARRISON. Now, let me come back to the point that I was discussing. Here are the facts. I stated that the chairman of the Shipping Board stated and in some instances Mr. Schlesinger testified—and he was quite frank, the chairman of the committee will agree with me—that the best way to get these attorneys was to go to New York, call in the heads of some of these big firms, and have them to recommend.

Mr. WARREN. But not those who had cases against the Government.

Mr. HARRISON. Here is a case:

Mr. SCHLESINGER. Ninety-five per cent of the admiralty business in New York is handled by six or seven of the big firms. I have been working to get a head for my admiralty section—working for weeks. I have a man in mind to whom I have offered \$25,000.

Why, that is the equivalent, at the present price of oats, of 100,000 bushels, and at the present price of corn, of about 90,000 bushels. It would take 300 farmers out there to raise enough corn or oats or hay to pay that one attorney his salary of \$25,000 a year. Why, it would require 2,000 small cotton farmers in my State to sell the cotton they raise to pay three of these new employees. One hundred and five thousand dollars for three men, and that in this day of depressed financial condition, when men, women, and children by the thousands are in rags and tatters, without food and place to sleep.

Mr. McCORMICK. How much would it take to pay the claims against the Shipping Board arising out of the last administration?

Mr. HARRISON. I do not know. It may take a good deal if Mr. Lasker follows the policy of letting the attorneys who have claims against the Shipping Board recommend the attorneys to defend those cases for the Shipping Board.

Mr. WARREN. Mr. President, the Senator from Mississippi speaks of oats and corn in one case, and he spoke of road building a short time since. Those both were cases of expenditures merely, while this is a matter of the employment of attorneys and the question of whether they can by their skill so conduct these cases that we may collect millions—and I might say scores of millions—or, if not that in all cases, secure a cutting down of millions of dollars of claims.

The salaries which the Senator calls extra would probably amount to less than \$100,000. There are cases by the hundreds—yes, I might even say by the thousands—where several times that amount can be saved or collected; in fact, many millions depending upon the industry, skill, and excellence of the conduct of the cases. It seems to me that when we have to go to law with those who employ the best legal talent we should employ similar ability. For instance, the Shipping Board is the largest corporation in all the world. Altogether, taking the actual money paid in and the interest on that money, it has cost us more than \$4,000,000,000. Now, can the Senator tell me of any organization—taking, for instance, the large concerns like the steel company and others—where the compensation of their legal talent is cut down to the amount which the evidence shows the board is asking authority to pay to its legal assistants? Notwithstanding the much larger size of this concern, and the further fact of the huge sum in accumulated claims this new board has inherited, we are making no such provisions as other concerns make for their counselors.

Mr. HARRISON. I understand the theory upon which the bill was worked out and the appropriation asked for. The Senator from Wyoming agrees with the chairman of the Shipping Board that a salary of \$25,000 a year each to a good many men to defend these suits is not too much, or \$35,000 for three of the officials in the employ of the Shipping Board is not too much per year. I take it that the chairman of the committee

agrees with the chairman of the Shipping Board that it is all right to employ some of these large law firms without fixing the fee that they are to charge for defending a case, because the head of the legal department in the Shipping Board states that it was impossible to fix the fee of many of these firms that he intends to employ to assist in the defense of the cases, and would have to delay the matter and fix it after the cases went to trial and are adjudicated.

Mr. WARREN. I take it for granted the Senator with his usual industry has examined the hearings before the Senate committee?

Mr. HARRISON. That is in the hearings.

Mr. WARREN. He will also acknowledge that in some of those cases the law firms said there would be no charge.

Mr. HARRISON. Oh, yes; but we have not seen any yet. Just wait!

Mr. WARREN. There are other cases where it might be a question only of what the Government is pleased to pay. As to the wisdom or unwisdom of that in a case that is pending, with talent on the other side of men probably getting in their business very many times more than these salaries would all amount to, it is a question whether we can afford to do that or not.

Of course it is a subject open for discussion, and I think we ought to proceed in the discussion, as I think the Senator intends to do, regardless of what the old board may have done or what we would like to have in the way of salaries. He will notice that they are all subject to be passed upon by the Attorney General. Unless the Senator wishes to discredit to some extent the Attorney General—

Mr. HARRISON. Not a bit. These high salaries for lawyers themselves discredit the Department of Justice.

Mr. WARREN. Every one of those salaries goes to him for his sanction. I am one of the guilty who voted to cut down, to the extent of \$25,000,000, the appropriation contained in the good roads bill, when my State needs roads probably more than any other State. Over one-third of the area of my State is in the control of the United States, and from it we can get no taxes, and of it we get no use; yet at the present time we can delay that matter on account of the amount of unexpended money that we still have contracted and which would take the entire season to expend. But to defend the United States Government against \$300,000,000 worth of claims is quite another matter.

Mr. HARRISON. There will not be much left for road construction after the payment of these salaries of \$35,000.

Mr. WARREN. The salaries do not amount to very much the way the matter is handled.

Mr. HARRISON. That is a very bad spirit for the leaders of the Republican Party to show—to express themselves at this time that salaries do not amount to much. I want to say to the Senator that enough of them will clean up the Treasury very quickly. It takes only a few of the range of \$35,000 a year to make a big hole in the Treasury. It means a whole lot to the already overtaxed American citizen; and those sturdy farmers throughout the country whose shoulders are now stooped by the heavy loads of Government obligations that they are forced to carry, and whose pockets are empty because of the reduced prices at which they must sell their products, will receive the Senator's assertions with feelings of despair.

Mr. WARREN. In that particular road business there are no employees of any number who should receive any salaries. The money is spent through the administrations of the States and the Government together. As I said, the question is a debatable one; and it has to be based, in my opinion, entirely upon the condition that we are now in, with these 3,500 immense claims over our heads, where—I will not say all, but except those that are employed to defend the Shipping Board—nearly all of the other firms are employed in prosecution of the claims.

As to the three vice presidents, the responsibilities of each one of those are larger than of any other one shipping board official perhaps in the world. Is it too much, when you consider—

Mr. HARRISON. Did not Mr. Smull receive only \$6,500 a year during the war working for the Emergency Fleet Corporation?

Mr. WARREN. True; and the chairman of the board of the Union Pacific Railroad worked for \$1 a year all through the war. That means simply the patriotism of big men.

Mr. HARRISON. One was working for a dollar a year and was known as a dollar-a-year man. He was moved by patriotism. This man was a salaried man at \$6,500 a year—working for a compensation. And, sirs, at that time, when he

was receiving that amount, 4,000,000 boys fighting for their country were receiving in most instances \$30 a month.

Mr. WARREN. That does not indicate that he might not have six times that amount if he were in business outside of that of the Government.

Mr. HARRISON. I am glad you have Mr. Smull, and that Mr. Lasker was able to employ him, because I read from the testimony of Mr. Lasker where he said:

For 12 days I asked Mr. Smull to come here and for 12 days in New York he said it was unthinkable, and every night of those 12 days in his presence I would return my railroad accommodations and say, "I will see you to-morrow, because only with you can the American merchant marine be saved."

That may answer the question propounded by my colleague as to why it was that the chairman of the Shipping Board did not know more about its operation. He was in New York pleading for 12 days and 12 nights with Mr. Smull to come with the Shipping Board at a salary of \$35,000 a year. He would turn in his railroad accommodations when Mr. Smull said he would not come, and then Mr. Lasker would say, "I will see you to-morrow, because only with you can the American merchant marine be saved."

So that we have at the head of the Shipping Board Mr. Lasker, who has said there is only one man in all the world who can save the Shipping Board, and that is Mr. Smull, and his opinion of him was so great that he was willing to pay him \$35,000 a year when a few months ago he received \$6,500 a year from the Emergency Fleet Corporation, receiving that amount during the war when salaries were high, but now receiving \$35,000 a year, when the leaders on the other side have promised the people to retrench and to economize and to save money.

Why, they have discharged employees here in the departments by the thousands. They perhaps should have been discharged. Too many were at work here, but every one of those girls and boys making \$1,000, \$1,200, or \$1,500 a year can go back home with the message that they were giving up their employment and their salaries to make way for Mr. Lasker, the head of the Shipping Board, to pay Mr. Smull and Mr. Love and Mr. Frey \$35,000 a year. These men are getting as much as 105 of those girls who were discharged from the departments were receiving. When we hear in the future about the number of employees being discharged, please tell the American people it was only to make room for high-salaried men in the Shipping Board. I care not how many employees you discharge, it will not effect a saving for the people if you divert that saving, as in this case, to employing in their stead fewer but with salaries thirty-five times as great.

But I was diverted a moment ago when I made the statement that Mr. Lasker and Mr. Schlesinger, the head of the legal department, went to New York to get these men and consulted with the big legal firms there and took men out of their employ, who were silent partners or employees in their offices, and brought them down here and gave them jobs.

Here is an instance which furnishes proof which no man can doubt. I was reading the testimony when interrupted by the distinguished Senator from Illinois [Mr. McCormick]. The witness continued:

I have been working to get ahead for my admiralty section—working for weeks.

Mr. McKellar. From what page of the hearings is the Senator from Mississippi quoting?

Mr. HARRISON. I am reading from page 196 of the House hearings.

I have a man in mind to whom I have offered \$25,000, and I am sure that he is earning three or four or five times as much as that.

I do not know whether the Senator from Wyoming [Mr. WARREN] saw that statement; I do not know whether the statement was made before the Senate Appropriations Committee; but I am reading from the House Appropriations Committee hearings. Mr. Schlesinger says:

I am sure that he is earning three or four or five times as much as that. He comes from one of the big firms, Mr. T. K. Jones. He is coming down to see me. There are one or two things that he wants to talk over.

Now, what were those "one or two things"? Mr. Schlesinger states in his testimony what they are. Mr. Jones is offered \$25,000 a year, but Mr. Jones is holding off a little while because "there are one or two things," says this witness, which they must settle. What are they?

His firm has 200 cases against the Shipping Board.

That is what they were holding off about. Although the chairman of the Shipping Board was insisting that Mr. Jones was worth \$25,000 a year to the Shipping Board, and that he should take the employment, Mr. Jones—I do not know whether



or not it was because he thought there was some impropriety in his accepting the position—was holding off. Why? Because, says the witness—

His firm has 200 cases against the Shipping Board.

Mr. KING. Mr. President—

Mr. HARRISON. I yield to the Senator from Utah.

Mr. KING. In connection with the matter to which the Senator from Mississippi is just referring, I should like to call his attention to another very significant fact. Mr. Schwab's company has had claims against the Government aggregating approximately \$300,000,000. They still have claims against the Government, which are unsettled, aggregating, I believe, approximately \$70,000,000; that is, they are unsettled accounts. Mr. Powell was indirectly, if not directly, connected with Mr. Schwab's company. Mr. Powell is now selected, as I am advised, as the head of the claims division to pass upon the claims and settle the controversies which have arisen by reason of the claims of the Schwab or Bethlehem company.

Mr. LODGE. When were those claims created?

Mr. KING. I know what the Senator has in his mind; but I will state that claims were created during and subsequent to the World War, when there was a Democratic President, when Mr. Hurley and also Mr. Schwab himself were connected with the Shipping Board.

Mr. LODGE. Mr. President, will the Senator allow me one moment?

Mr. KING. I beg the Senator's pardon, but I am trespassing upon the time of the Senator from Mississippi [Mr. HARRISON].

Mr. HARRISON. I yield to the Senator from Massachusetts.

Mr. LODGE. I merely wish to say that the Senator from Virginia [Mr. GLASS] and the Senator from Idaho [Mr. BORAH] have taken up this question and have discussed it as I think it ought to be discussed. I think there is nothing to be gained by the attempt to turn this whole question merely to party account. The present administration got control of the Shipping Board only two months ago. Who, I ask, piled up the \$3,300,000,000 of indebtedness? It was the Wilson administration. Mr. Wilson appointed every man who was then on the board. They were all his appointees. Who heaped up this vast amount of debt? Who has heaped up these claims? It was the Wilson administration. Now, Democratic Senators come in and undertake to talk as if the Republican administration had created this situation. We are trying to get rid of the huge debt that the Democratic administration has left behind it.

I do not think anything is to be gained by assuming the attitude which Senators have taken. As the Senator from Idaho and the Senator from Virginia have suggested, I think we all ought to get together, and, as American citizens, try to deal with this unfortunate legacy of the World War and not try to make a little party capital at the expense of a man who has been at the head of the Shipping Board for only two months.

Mr. HARRISON. Mr. President, the Senator from Massachusetts certainly misunderstood what I said if he thinks there is any politics in any utterance of mine.

Mr. LODGE. I have heard no word ever uttered by the Senator from Mississippi on this floor that was not political.

Mr. HARRISON. I was merely following the leadership of the distinguished Senator from Massachusetts.

Mr. LODGE. The Senator from Mississippi could not have been doing that, because I have never spoken upon the matter.

Mr. HARRISON. No; the Senator from Massachusetts is never partisan. The Senator says that we ought to get together on this proposition. I do not know how we can get together, because some of us are not going to vote for an appropriation of \$35,000 a year to pay three employees in the Shipping Board. We think it is too much. We appreciate the fact that there are 5,750,000 men who are out of employment in the United States to-day, and that number is being augmented every minute.

Mr. LODGE. I am aware of that.

Mr. HARRISON. There are hard times everywhere; prices are not coming down; farmers can not sell their products; and I will say to the Senator that, in my opinion, that condition has arisen because he, more than anyone else in the United States, thrust the dagger into the treaty of Versailles and thereby destroyed our hope for any export trade from this country.

Mr. LODGE. What portion of our trade is export trade?

Mr. HARRISON. Our export trade amounted to somewhere around \$8,000,000,000 during the World War. It has dropped now to three or four billion dollars.

Mr. LODGE. What is the percentage of our export trade compared to the entire turnover in the United States?

Mr. HARRISON. Our export trade has now dropped to three or four billion dollars.

Mr. LODGE. But, I ask, what is the percentage of our export trade to our entire turnover?

Mr. HARRISON. Before the World War, in normal times, the balance of trade in our favor was something like four or five billion dollars, but it has gradually diminished until now we can not sell our surplus products; so that the manufacturers in the State of the Senator from Massachusetts can not get rid of their surplus goods.

Mr. LODGE. I am well aware of that.

Mr. HARRISON. That is due to the lack of markets abroad, and until those markets are found depressed conditions will continue here.

Mr. FLETCHER. Before we pass from this question—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Florida?

Mr. HARRISON. I yield.

Mr. FLETCHER. The Senator from Massachusetts, with some little heat, following the previous practice here and elsewhere, seeks to lay to the Wilson administration the indebtedness incurred by the Shipping Board. The fact ought to be pointed out that the board under the Wilson administration had engaged, to take charge of the chief expenditure of that board, Mr. Charles M. Schwab, who certainly is not a particular friend of the Wilson administration, but is a very prominent Republican, who made some reputation, which seemed to have laid the foundation for aspirations for the Presidency while he was building ships under the Wilson administration. Mr. Charles M. Schwab was director general of construction, and under Mr. Schwab was Mr. Piez, who was vice president of the Emergency Fleet Corporation, stationed in Philadelphia, and for two years had direct control over the details of construction for the Shipping Board. This enormous expenditure was occasioned under the direction of these prominent, "stand-pat," regular Republicans working in carrying out the plans to build ships and who actually carried them out.

Mr. LODGE. Who appointed them?

Mr. FLETCHER. The Shipping Board.

Mr. LODGE. Who appointed the Shipping Board?

Mr. FLETCHER. The President appointed the Shipping Board.

Mr. LODGE. That is all I have ever said.

Mr. FLETCHER. The majority of the members of the board were supposed to be Democrats, but the Senator is charging the Democratic administration, the Wilson administration, with the doings of Mr. Schwab and Mr. Piez.

Mr. LODGE. I do not want to go into charges of that kind or into the question of charges as to who is responsible for the \$3,300,000,000 that have been spent by the Shipping Board. I may say, however, that that indebtedness has not been incurred within the last two months.

Mr. FLETCHER. Precisely.

Mr. LODGE. I do not care to go back over that; I want to settle the matter as well as we can.

Mr. FLETCHER. I am perfectly willing to go back over it and place the responsibility where it belongs.

Mr. LODGE. If we go back over it and place the responsibility where it belongs, it will take us some time.

Mr. FLETCHER. The men who had charge and control of the expenditures were not Democrats at all. In addition to that, one of the great losses, as evidenced by the testimony before the committee, was in the operation of ships. Who had charge of the operation of the ships? Mr. J. H. Rossiter, of San Francisco, a prominent contributing Republican. If there is any man acquainted with the shipping business in this country it is Mr. Rossiter, and Mr. Rossiter had charge of the operations; he was the director of operations of ships under the Shipping Board.

As the Senator from Utah [Mr. KING] suggests, our friends on the other side, having come into power two years ago, were then in the majority except as to the Presidency. So that all this business has taken place under the direct control and management of prominent contributing Republicans.

Mr. HARRISON. Mr. President, I am very sorry the distinguished leader of the majority saw fit to say that I was indulging in any political speech. I am merely trying to point out the dangers to his party if the practice is indulged in by it, as is attempted in this bill. I express profound respect for Mr. Lasker. From what I have heard of him he is charming, and I wish him well. However, I can understand now, as I never could before, the slogan that was adopted by the distinguished Senator from Indiana and others in the last cam-

paign and placed under the photographs of the Republican standard bearers, "Let us be done with wiggle and wobble"; I can understand now what was then in the mind of its author—and it was he who wrote it—because certainly in the employment of counsel and in the proceeding of getting the money out of the Treasury he is not "wiggling" and is not "wobbling"; he is going straight at it. His sails are full set. He has plenty of help on board his ship and watchmen on tower here, but, sirs, if he persists in his present course he will find rocks ahead upon which his shallow bark will go to pieces.

I do not know whether the men that he has employed are Democrats or Republicans; I do not care to which party they belong; I do not care if he "fires" the Democrats there and puts in Republicans. It is a Republican administration; Republicans have that right if they choose to exercise it. I shall never lift my voice against the "firing" of a man of another party, when not protected by civil-service regulations, and putting somebody else in his place where it is desired to have a little work—I will not say crooked work—done; I say, carry out the policies of your administration. That is all right. "Fire" all of those attorneys that were in; probably none of them, in Mr. Lasker's opinion, were any good; evidently they were not from the way they are being displaced; but do not pay such large salaries to the men who are being put in.

It is commendable in Mr. Lasker—and I admire it in the distinguished chairman of the committee if he indorses it—to take care of an old gentleman about whom I am going to read now. It was not my pleasure to serve with him as a Member of the other House, but I look around me and I see men who did serve with the distinguished Joseph H. Gaines, of West Virginia.

Mr. McKELLAR. Mr. President, before the Senator goes to that, will he yield to me to ask a question?

Mr. HARRISON. I yield.

Mr. McKELLAR. I see on page 208 of the House hearings: E. Cateby Jones, chief of admiralty section; offered \$25,000 per annum.

Is that the same man who has been actually appointed?

Mr. HARRISON. He has been appointed; he is on the list.

Mr. McKELLAR. I wish to call the Senator's attention to another matter that he has overlooked.

Mr. HARRISON. Mr. Jones is the man, the Senator will understand, who was holding back because his firm had 200 cases against the Shipping Board; he felt an impropriety in accepting the place; but Mr. Lasker evidently said, "Oh, come in; it does not make any difference."

Mr. McKELLAR. Here is what took place, in addition to what the Senator has already said. I quote from page 197 of the hearings, where Mr. Schlesinger says:

If Mr. Jones accepts the position, you gentlemen will have to decide on two questions. First, do you want to settle some of these 1,700 admiralty cases and how many of them? The claimants instead of waiting 15 or 20 years, and possibly getting the full amount, might settle for 25 per cent of the face of their claims. There are many cases which could be settled very cheaply if we had the money to do it with.

That statement is made after showing that he has been talking with the big firms who have the admiralty cases against the Shipping Board.

Mr. HARRISON. Yes; the Senator is correct. What I read from the hearings was after Mr. Schlesinger says that there are one or two things Mr. Jones wants to talk over before he accepts:

His firm has 200 cases against the Shipping Board. That is what is troubling him. If we can arrange that situation, I will be very happy.

Then he says he intends to move the admiralty office to New York to deal with these admiralty cases, if Mr. Jones accepts the employment.

Mr. WARREN. Mr. President, would it not be pleasing to the Senator if he should be able to settle some of those claims for 25 cents on the dollar or even for less?

Mr. HARRISON. I hope he will be able to settle some of the claims; I do not know on what percentage, because I do not know anything about the claims.

Mr. WARREN. I assume that the Senator would like to have them settled on whatever is the smallest basis on which they can be settled.

Mr. HARRISON. When I diverted I was trying to pay a very just tribute to a man who was in public life some years ago.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Minnesota?

Mr. HARRISON. I do.

Mr. NELSON. Just to illuminate this discussion a little, I should like to inform the Senator from Mississippi that during the administration by Mr. Hurley of the Shipping Board a company had a cost-plus contract at Hog Island, and one of the incidents was that Webster & Stone, a big engineering firm of Boston, were interested in that matter, and their chief engineer, who had been getting \$12,000 a year under that firm, was put on the pay roll of the Government at \$32,000 per year.

Mr. HARRISON. Yes; that was done, I presume, at the instance of Mr. Schwab.

Mr. NELSON. No; that was before Mr. Schwab blessed the thing.

Mr. HARRISON. It was? Well, he perhaps continued it when he came on.

Mr. NELSON. It was during Mr. Hurley's administration.

Another incident to which I want to call the attention of the Senator is the case of a young man from the West who never had earned over \$4,000 before, and he was put on the pay roll of the Hog Island Shipyard at \$15,000 a year.

Then there were a couple of junk dealers. I will not give their names. The Committee on Commerce knows about them. They were each put on the pay roll at \$625 a month—the same salary that the Senator from Mississippi receives. That was done under Mr. Hurley's administration, and there were a good many other matters of a similar kind. I only refer to those incidentally.

Mr. HARRISON. I am not defending everything that happened at Hog Island, nor during the administration of the Shipping Board. Much of it, as I said before, should be condemned. I deprecate the high salaries to which the Senator has alluded, and if he does then he will vote for my amendment.

Mr. NELSON. I thought these facts might illuminate the Senator's discussion.

Mr. HARRISON. The Senator will recall that during the war the salaries were very high, and that \$15,000 at that time was not considered as large a salary as \$15,000 is now considered.

I am afraid that some of the Senators, in diverting me, do not want me to tell about a distinguished colleague of some of you over in the House—Joseph H. Gaines, from West Virginia. Now, it is commendable to take care of some of these distinguished fellows. He was a Republican Congressman. I did not serve with him. He went out just as I went in the House. He rendered great service in the last campaign. He spoke for the party in many instances, and I will read this. Mr. Lasker gave him a job at \$9,500 a year, a very good salary, and here is what he says Mr. Gaines's duties are:

Then I have Joseph H. Gaines, whom I am paying \$9,500 a year. You probably do not realize it, but we have meetings of the Merchant Marine Committees of the House and Senate probably two or three or four times a week. New legislation is coming up every day, and we are called upon to be present at those meetings and to express what we think the legislation ought to be, to draft new bills, to modify bills, and I have gotten Mr. Gaines in charge of that work.

For which he receives \$9,500 a year. Now, I ask Senators on the other side of the aisle if there is one of you who approves the employment of Joseph H. Gaines, even though he be a Republican ex-Congressman, merely to do those things that the witness says he is doing, namely, to appear before the Merchant Marine Committees of the House and Senate and to draft bills when he is requested to do it? I pause for an answer. I am wondering if a single Senator here indorses that employment and will defend the appointment of Mr. Gaines to do that kind of work and fleece the Treasury of the United States to the amount of \$9,500 a year. I again pause for an answer. Your silence is commendable.

It is enough to arouse the unemployed in this country; it is enough to blight their hope of future prosperity and an economical readjustment of affairs when they can read in the papers where as soon as Mr. Lasker takes hold of the Shipping Board—and I care not, so far as the discussion goes, how mismanaged it has been in the past—he goes to work to employ at \$35,000 a year men who have been receiving in some instances only \$6,500 a year, and goes to New York and consults large firms there who, in some instances, have cases against the Shipping Board, and has them recommend to the Shipping Board some fellow in their office to come down here and take a job at \$25,000 a year to defend suits that those firms of lawyers might afterwards bring against the Shipping Board.

Ah, do you think some of those men would have the same enthusiasm and interest in fighting some firms of lawyers on claims that they would have on others? I do not impute to them dishonesty. No doubt they are men of integrity and learning; but, Senators, you know human nature, and you can not indorse the proposition that the man in charge of the legal force of the Shipping Board should have gone to seek informa-



tion touching his appointees to firms of lawyers who had cases against the Shipping Board.

So Mr. Gaines is taken care of, probably very properly so, and it may be that he is doing his work in an excellent manner. I do not know Mr. Gaines. I may have met him at some time. I do not know what he had been making before this lucrative job was offered him; but now, it appears from the hearings, he is receiving \$9,500 a year to appear before the House Merchant Marine Committee and the Senate Committee on Commerce and draft a bill once in a while for the Shipping Board.

Ah, Senators, you had better "stop, look, and listen" before you go far with that. The people of America will not stand for any such policy. They expect you to run the Government in a businesslike way to some extent, at least, and they are not going to indorse such a practice as that which has been laid down by Mr. Lasker.

Mr. President, this is not the only party. Let me read a list of these attorneys:

E. Cateby Jones, chief of admiralty section; offered \$25,000 per annum.

Norman Beecher, admiralty adviser to general counsel—

He is to get \$10,000 a year. I do not know where they got him from—

Chauncey Parker, \$20,000 per annum; retained for chief of litigation and investigation section.

Mr. Parker was recommended to the head of the legal branch of the Shipping Board by the head of a firm of lawyers called together in New York to recommend him. I have no doubt he is a very excellent fellow and a very splendid lawyer.

Freund will be paid \$25,000 per annum as head of opinion and contracts section, if he accepts.

This man Freund worked for the Railroad Administration and received \$9,000 a year. Oh, I suppose they could have gotten him, if they wanted to, over at the Shipping Board for as much as he was receiving down at the Railroad Administration. Men are not resigning their positions now when they are fairly well paid, and \$9,000 is a fairly good salary.

I know that there are men within the sound of my voice in the Senate who can resign their places and go back into the practice of law and obtain other positions and make many times their salaries here; but men work here from patriotic motives and purposes, in the main. If it be true, as Mr. Lasker says and Mr. Schlesinger says, that they are able to obtain these men only because they want to serve their country, because they want to do something for America, then they will work for \$10,000 a year as soon as they will work for \$35,000 a year. The same spirit would prompt those men that prompts men in the Senate to stay in this body for the salary that they are paid here, when if they would resign perhaps in many instances they would make considerable more.

So there is nothing in it. I tell you that they are paying too exorbitant salaries, and we ought to stop it and not permit it; and the amendment I have proposed will stop the thing, because it provides that no salary or compensation of any officer or employee shall be in excess of the rate of \$12,000 a year.

So this man Freund was working in the Railroad Administration and receiving \$9,000 a year, and now he gets, or is to get, \$25,000 a year in the Shipping Board.

Let us go down the list.

Here is ex-Senator Sutherland—

Retained at \$5,000 per annum to give opinions to general counsel or board whenever desired.

Of course, we all remember ex-Senator Sutherland, a great lawyer, a splendid man, a fine gentleman. We all hold him in the highest esteem and for him have great respect; but he, too—I hope the Senator from Massachusetts will not think I am talking politics when I suggest the thought that there was no one in the last campaign who stayed down at Marion in company with the presidential candidate of the Republican Party more than ex-Senator Sutherland. He was by his side, right there, and it is natural that he should be taken care of.

Mr. LODGE. Mr. President, after hearing what the Senator has just said it would never occur to anyone that he was talking politics.

Mr. HARRISON. It was natural that the Senator from Massachusetts and the Senator from Wyoming should want to see ex-Senator Sutherland taken care of in some lucrative position, and he is really fortunate not to have been appointed on the Supreme Bench of the United States, because there he would have received, I think, \$12,000 a year, or something like that, but here is a much better job. Listen: He is retained, and to get \$5,000 a year, merely to give opinions to the general counsel. The general counsel receives \$20,000, I believe, or \$25,000, and I do not know why he needs advice, but ex-Senator

Sutherland needs the \$5,000 a year, and so he gets it merely to give advice to the general counsel when the general counsel requests it! That is a good, fat job. I know of none that is better. He is to get a retainer of \$5,000 merely to express an opinion to the general counsel of the Shipping Board when the general counsel asks for one.

But they did not stop at ex-Senator Sutherland. There is a former law partner of ex-Senator Sutherland provided for, a gentleman named Allison. They saw that the picking was going to be good and a dissolution of the partnership came about some years ago, or some months ago, I do not know just when. Allison is to receive \$15,000, I think, as one of the counsel. I have not read the testimony far enough to ascertain if there are any other members of the old dissolved firm and to ascertain if any more have been taken care of, but I would not be surprised if some other member of that very distinguished law firm was taken care of in the distribution of Republican patronage, either under Mr. Lasker, the new head of the Shipping Board, or some other department.

Let us go down the list a little further. Marshall Bullitt, who is assistant to the general counsel, is to receive \$25,000 a year. He was Solicitor General during Taft's administration, a position which is a very big one. Very distinguished lawyers have held the position, and it pays, I think, \$12,000 a year. Mr. Bullitt is to receive, as assistant to the general counsel, \$25,000 a year. He received favorable consideration, perhaps, because of his part and assistance in wrecking the work of Woodrow Wilson.

The next is Fletcher Dobbins, trial lawyer. I do not know where Mr. Dobbins comes from. I do not know anything about him. He is to get \$15,000 a year.

It is suggested that a safe guess is Chicago. If he comes from there, the Senator from Illinois would know about it; no, I do not think he would, either, because not a single one of these attorneys who has been appointed appears as a member of a law firm; they are not prominent enough to be in the law firms. They are only suggested by the members whose names are in the law firms.

Mr. McCORMICK. I think the Senator from Mississippi will learn that Mr. Dobbins's name appears in the name of the firm of which he is a member.

Mr. HARRISON. What is the name of that firm?

Mr. McCORMICK. Dent, Dobbins & Freeman, I think it is.

Mr. HARRISON. The Dobbins whose name is in that firm is the father of this Dobbins, is he not?

Mr. McCORMICK. That I do not know.

Mr. WARREN. The Senator must remember that these attorneys are not engaged for any length of time, only long enough to clean up the business of these claims. There is no expectation of keeping this legal strength permanently with the Shipping Board.

Mr. HARRISON. But they are paid by the year.

Mr. WARREN. Yes.

Mr. HARRISON. Employed at least for one year or more.

Mr. WARREN. No; they are not employed for even one year with any certainty of their remaining; although there may be one or two in that class. They are employed to take hold of these claims and to clean them up. Some of them at least would be discharged in a month, if the claims were cleaned up, though there might be some who would stay as long as a year.

Mr. HARRISON. I think the Senator will find he is mistaken. I will proceed further. The next is Mr. Smythe, special assistant to general counsel, who is to receive \$15,000 a year. I do not know where Mr. Smythe comes from, but I understand he is a very splendid gentleman.

The next is Mr. Greaf, opinion and contracts section, who is to receive \$10,000 per annum.

The next is B. J. Laws, who is the man who graduated in 1913, and received \$2,500 a year in the Department of Justice, who is now to receive \$10,000 a year.

The next is Mr. Hallett, opinion and contracts section, \$7,500 per annum. I understand he was in the War Risk Bureau, and received \$6,000 a year. Now he is to draw \$7,500 a year, according to this testimony before the House Ways and Means Committee.

The next is J. Goldsmith. He is in the opinion and contracts section, and is to draw \$7,500 a year.

The next is Allison, special assignments, \$15,000 per annum. He is the ex-law partner of ex-Senator Sutherland. He is to get \$15,000 a year.

The next is Aron. No assignment noted, \$10,000 a year.

Then there is Colvin, collection and claims section, \$7,500 per annum.

Then there is Joseph H. Gaines, \$9,500 per annum.

Then there is another Aron, who is to get \$12,000. And so on down the line. This does not finish it at all. It is interesting.

Mr. WILLIAMS. I notice the name Joseph H. Gaines.

Mr. HARRISON. Joseph H. Gaines is an ex-Member of Congress from the State of West Virginia, with whom I think my colleague served in the House.

Mr. WILLIAMS. I thought the name sounded familiar.

Mr. HARRISON. He went out with the Sixty-first Congress.

I want to read just a few excerpts, so as to show what the committee had to influence them in their action.

Mr. Schlesinger, testifying before the Ways and Means Committee, said:

Bear in mind that any human being, general counsel or anybody else, can not go over all these contracts. I am trying to get a man from the firm of Sherman & Sterling, one of the biggest law firms in New York. I have offered him \$25,000 a year to accept this position. I do not know whether he will accept it. He has been considering it for several weeks. I have to get competent assistants under him.

That is one whose name does not appear in the list I have read from. He will no doubt accept the \$25,000 employment sooner or later.

This head of the legal bureau, further testifying, said:

I have got to give those to special counsel. I called together the bar association leaders in New York and explained my fix to them, and the biggest law firms in New York have agreed that they would help me out and take some of these big cases; and, when they took these big cases, would charge only a reasonable fee. They have shown a fine spirit of cooperation, and I believe that when they present their bills you will not have any complaint in consideration of the character and size of the litigation involved.

He is just trusting; he just turns over the cases to them, and then he believes they are going to present a bill of reasonable size. Oh, where is the vaunted business methods that were to be inaugurated, and about which we heard so much in the last campaign?

In the testimony just above the list from which I have read appears this:

I hand to the clerk a list of attorneys already employed or who have virtually promised to come with me. As nearly as I can now prognosticate it will probably take five or six additional attorneys for the claims department; that is, to handle the less important claims, and a special counsel to handle each of the large important claims. It will take seven or eight additional lawyers in the admiralty department—

In addition to those which have already been named—

three or four in the collection or recovery department; three or four in the litigation department; and a number of special counsel in the big cases.

We do not know how many that means.

This plan of organization I believe to be the only practical one to straighten out the tangled legal affairs of the Shipping Board and will, I believe, save tens of millions of dollars.

Mr. WARREN. •Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Wyoming?

Mr. HARRISON. Does the Senator desire to have an executive session?

Mr. WARREN. The Senator has not concluded his remarks?

Mr. HARRISON. Not quite, but I have almost finished. I understood it was desired to have an executive session.

Mr. WARREN. Unless the Senator is entirely willing to proceed at once, I shall ask him to continue his address in the morning.

Mr. HARRISON. That will be perfectly satisfactory to me.

Mr. McCORMICK. Mr. President, I want to understand the meaning of this colloquy.

Mr. WARREN. I shall ask that the reading of the bill be proceeded with in the morning. Before we proceed to the consideration of executive business, I want to say that I am very glad the Senator from Mississippi has expressed proper consideration for Mr. Lasker and those who are coming in with him.

Until recently Mr. Lasker was a man whom I had never met, and I confess that I had a great many misgivings when I first heard of his appointment because he was not a shipping man. I took it upon myself to make inquiries as to his business ability, and have found that he is a man of large experience in business and a distinguished organizer, and that the advertising business of which he is the president is only one of the many industries in which he is engaged. His testimony before the House committee, which was given, as the Senator knows, before he was hardly warm in his seat, after he had been there but two or three or four weeks, was more or less immature, naturally, because this man, who is the head of the biggest advertising business in the world, as the Senator has said, could hardly become imbued with very much certainty as to all these figures in two or three weeks. But I believe the man is,

in the first place, strictly honest; I believe he is able, and I believe he will pull this Shipping Board business out into some shape if we will give him the opportunity and proper help.

Mr. HARRISON. The Senator does not understand me to try to tie his hands in any way? But the Senator seems to offer some excuse for Mr. Lasker appearing before the Appropriations Committee of the House.

Mr. WARREN. No excuse, but the facts.

Mr. HARRISON. He says that Mr. Lasker was quite young in his position at that time.

Mr. WARREN. In that position; yes. He was summoned before them almost before he had gotten into the business office.

Mr. HARRISON. Does the Senator think he deported himself better before the Senate Appropriations Committee?

Mr. WARREN. I think there was more of certainty about it, very much more, and I think the Senator himself will, in reading the entire testimony before the Senate committee, see a great difference as to its completeness over that given in the House, although Mr. Lasker is tolerably new yet in that business.

Mr. McCORMICK. If the Senator from Mississippi has concluded, I want to say a word before adjournment.

Mr. HARRISON. I have not concluded. I was only deferring my remarks until to-morrow, because I understood it was desired to have an executive session. I have a great deal more to say. The tale has not been unfolded yet.

Mr. McCORMICK. I shall be glad patiently to sit here this afternoon until the Senator has concluded.

Mr. HARRISON. I hope when I have finished we may enlist the services of the distinguished Senator from Illinois.

Mr. HEFLIN. If we are going on at some length, there are several of us who can speak this afternoon. But if the Senator from Kansas wants to make a motion that the Senate proceed to the consideration of executive business, we will defer our remarks.

Mr. WARREN. As far as the chairman of the Committee on Appropriations, who is in charge of this bill, is concerned, he would be glad to go on until 12 o'clock to-night, but many Senators have asked about an executive session, which we missed last evening, and the Senator from Mississippi seems somewhat fatigued, too, and to accommodate the greater number of Senators I suggest that we might give way.

[At this point Mr. HARRISON yielded the floor for the day.]

Saturday, August 20, 1921.

Mr. HARRISON. Mr. President, on yesterday I did not quite finish the few remarks that I desired to make. I was diverted by a good many interruptions, but since the resolution has passed that we are to take a recess or adjourn on next Wednesday, and there are several Senators who wish to speak on the question now before the Senate, I am not going to utilize more of the time of the Senate at this time, and shall yield the floor in order that other Senators may address the Senate. I may say more about the employment of these high-priced employees and attorneys just before the Senate votes on the amendment I have offered.

ADMINISTRATION OF THE CUSTOMS LAWS, ETC. (S. DOC. NO. 69).

The Presiding Officer laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation in the sum of \$100,000, required by the Treasury Department for administrative expenses for the fiscal year 1922, not hitherto anticipated, being for the administration and enforcement of the customs laws and regulations and the consideration of pending legislation, etc., which was referred to the Committee on Appropriations and ordered to be printed.

PETITIONS AND MEMORIALS.

Mr. WILLIS presented the petition of Karl C. Griffith and sundry other members of the North Hill Christian Church, of Akron, Ohio, praying for the calling of a world conference on disarmament and a reduction of the Army and Navy appropriations, which was referred to the Committee on Foreign Relations.

Mr. CAPPER presented a resolution adopted by the Cherokee County (Kans.) Bankers' Association, protesting against the proposed tax on bank checks, which was referred to the Committee on Finance.

Mr. NEWBERRY presented memorials of sundry citizens of Shelby, Coleman, and Berrien Springs, all in the State of Michigan, remonstrating against the enactment of legislation providing for compulsory Sunday observance, etc., which were referred to the Committee on the District of Columbia.



Mr. KNOX presented 30 petitions of sundry citizens of Pittsburgh, Pa., and vicinity, praying for the elimination of the 10 per cent sales tax on manufacturers of carbonated beverages in closed containers, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of McDonald, Pa., remonstrating against the enactment of Senate bill 1948, providing for compulsory Sunday observance, etc., which was referred to the Committee on the District of Columbia.

He also presented the petition of Cupps-Masters Post, No. 743, Veterans of Foreign Wars, of West Bridgewater, Pa., praying for the enactment of legislation providing adequate relief for disabled ex-service men, which was referred to the Committee on Finance.

He also presented a resolution adopted at a meeting of the Fraternal Circle Building and Loan Association, of Philadelphia, Pa., favoring the enactment of legislation exempting domestic building and loan associations from income tax where the income derived by a member from savings in shares does not exceed \$500, which was referred to the Committee on Finance.

He also presented a resolution adopted by the City Council of Wilkes-Barre, Pa., favoring the recognition of the republic of Ireland by the Government of the United States, which was referred to the Committee on Foreign Relations.

#### REPORTS OF COMMITTEES.

Mr. LA FOLLETTE, from the Committee on Manufactures, to which was referred the resolution (S. Res. 127) to investigate the causes of factory, wholesale, and retail price conditions in the principal branches of house-furnishing goods industry and trade, reported it without amendment.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 2144) for the relief of Melquiades Sanchez, reported it without amendment and submitted a report (No. 265) thereon.

He also, from the same committee, to which was referred the bill (S. 2249) authorizing the Secretary of War to donate certain obsolete ordnance to the University of South Dakota, reported it with amendments and submitted a report (No. 266) thereon.

#### REFUNDING OF FOREIGN DEBT.

Mr. PENROSE. From the Committee on Finance I report back favorably, with an amendment, the bill (S. 2135) to enable the refunding of obligations of foreign Governments owing to the United States of America, and for other purposes; and I submit a report (No. 264) thereon.

I will state in this connection that the committee authorized the favorable report of this bill with one amendment some time ago; and I have delayed making the actual report until the full report of the committee, setting forth the reasons of the committee, could be prepared. I call the especial attention of the Senate and of the country to the report, which I now file with the bill.

Mr. LA FOLLETTE. I ask leave to submit a minority report upon the bill for the refunding of the foreign debts.

The PRESIDING OFFICER. The minority report submitted by the Senator from Wisconsin [Mr. LA FOLLETTE] will be printed as part 2, Report No. 264.

Mr. KING. Mr. President, may I inquire of the Senator from Pennsylvania if it is the intention of the committee to press for consideration before the recess the measure which he has just reported?

Mr. PENROSE. Mr. President, of course I should like to press for the early passage of the bill; but I, like every other Senator, and this measure, like every other measure, are subject to the limitations imposed by the fact that we hope, at least, to adjourn on Wednesday. We have not, however, perfected the arrangements to adjourn, so that I can not answer a question which is academic until that question is settled.

Mr. KING. The Senator is of the opinion that if we should adjourn Wednesday, pursuant to the concurrent resolution which we adopted, it would not be possible, with the multitude of other measures before us, to take up this one for consideration between now and the time of adjournment?

Mr. PENROSE. All I can say is that I shall make every effort to have the Senate proceed with the consideration of this measure at the earliest practicable date.

Mr. KING. I can assure the Senator that I do not think it will be disposed of quite that quickly.

Mr. LA FOLLETTE. I think the consideration of it would not be concluded before that date.

Mr. PENROSE. I did not say anything about the conclusion of its consideration.

The PRESIDING OFFICER. The bill will be placed on the calendar.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 2431) for the relief of Israel Butts; to the Committee on Public Lands and Surveys.

By Mr. NELSON:

A bill (S. 2432) to amend sections 13, 14, 15, 17, and 18, as amended, of the Judicial Code; and

A bill (S. 2433) to aid in the disposal of the arrears of business in the several trial courts of the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. PENROSE:

A bill (S. 2434) granting a pension to Harriet Naugle (with accompanying papers); to the Committee on Pensions.

By Mr. SHEPPARD:

A joint resolution (S. J. Res. 109) relating to unexpended balances of certain appropriations; to the Committee on Appropriations.

By Mr. WATSON of Georgia:

A joint resolution (S. J. Res. 110) providing for a refund by the Federal Government to the States of certain special taxes collected on raw cotton, at close of Civil War; to the Committee on Finance.

#### RAILWAY ADJUSTMENT, LOANS AND SECURITIES.

Mr. STANLEY. Mr. President, I submit a resolution, which I ask may be read and lie on the table and be printed.

The resolution (S. Res. 135) was read, ordered to lie on the table, and to be printed, as follows:

*Resolved*, That the Secretary of the Treasury is hereby requested to furnish to the Senate a full and complete list of all securities acquired by the President of the United States under the provisions of the Federal control act, the transportation act of 1920, the act entitled "An act to provide for the reimbursement of the United States for motive power, cars, etc., approved November, 1919," or by any other act or acts, for the purpose of indemnifying the Government of the United States for loans made to the railroads of the United States or for any other purpose.

And to state the dates at which such securities were acquired and the prices thereof.

#### URGENT DEFICIENCY APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8117) making appropriations to supply urgent deficiencies in appropriations for the fiscal year ending June 30, 1922, and for other purposes.

Mr. WARREN. Mr. President, as the RECORD shows, on yesterday we laid aside until a later time the amendment offered by the Senator from Mississippi, and I wish that we might now proceed with the consideration of the bill. I also had a request to lay aside the item under "Department of State," which I am willing to have laid aside until later in the consideration of the bill, if there is no objection.

The PRESIDING OFFICER. Without objection, the amendment at the top of page 3, inserting lines 2 to 16, will be passed over for the present.

Mr. BORAH. Mr. President, I simply wish to understand the situation. I understand the item with reference to the Shipping Board and the item with reference to the disarmament conference expenses have been laid aside for the time.

Mr. WARREN. The two propositions have been passed over temporarily.

The next amendment of the Committee on Appropriations was, on page 3, after line 16, to insert:

#### DEPARTMENT OF JUSTICE.

##### CONTINGENT EXPENSES.

For miscellaneous expenditures, including telegraphing, fuel, lights, foreign postage, labor, repairs of buildings, care of grounds, books of reference, periodicals, typewriters and adding machines and exchange of same, street car fares not exceeding \$200, and other necessities, directly ordered by the Attorney General, for the fiscal years that follow:

For 1918, 25 cents.

For 1919, \$5.91.

The amendment was agreed to.

The next amendment was, at the top of page 4, to insert:

#### MISCELLANEOUS OBJECTS, DEPARTMENT OF JUSTICE.

Detection and prosecution of crimes: For the detection and prosecution of crimes against the United States, including the same objects specified under this head in the sundry civil appropriation act for the fiscal years that follow:

For 1918, \$564:

For 1919, \$728.

The amendment was agreed to.

The next amendment was, on page 4, after line 8, to insert:

Books for judicial officers: For purchase and rebinding of law books, including the exchange thereof, for United States judges, district attorneys, and other judicial officers, including the nine libraries of the United States circuit courts of appeals, to be expended under the direction of the Attorney General, for the fiscal years that follow:

For 1918, \$9;  
For 1919, \$3.

The amendment was agreed to.

The next amendment was, on page 4, after line 16, to insert:

Payment of costs taxed against the United States: For the payment of the costs taxed by the Supreme Court of the District of Columbia against the defendants in the case of the Central Pacific Railway Co. against Franklin K. Lane, Secretary of the Interior, and Clay Tailman, Commissioner of the General Land Office, for the fiscal year 1921, \$116.30.

The amendment was agreed to.

The next amendment was, on page 4, after line 23, to insert:

#### UNITED STATES COURTS.

For salaries, fees, and expenses of United States marshals and their deputies, including the same objects specified under this head in the sundry civil appropriation act for the fiscal year 1921, \$72,000.

Mr. KING. Mr. President, I notice this item is \$72,000, the next item \$29,000, and the next following \$66,000. Then follows another item of \$31,000. I should like some explanation from the chairman of the committee with respect to those items. We made very liberal appropriations for the subjects to which they refer, and it seems hardly proper for deficits to have been created.

Mr. WARREN. Mr. President, the appropriations are necessary to provide for expenditures of the department growing out of the unexpectedly great increase in the business of the courts. There have been increases in all lines of business, but the burden on the Attorney General's office, according to their report, because of prosecutions under the prohibition act, has been much greater than expected. That is also true in the case of other crimes; so that, considering all of their expenditures, the department finds itself with a deficit growing out of the unusual circumstances.

Mr. KING. Mr. President, the salaries of the United States district attorneys are fixed by law, and I can not see any reason for increasing their salaries by legislation of this character. Indeed, it would be improper.

Mr. WARREN. The item is not for salaries, but for expenses.

Mr. KING. I notice the second item, "for salaries of the United States district attorneys." That is one item. How much of the \$29,000 appropriation is to cover that?

Mr. WARREN. The words "for salaries of United States district attorneys and expenses of United States district attorneys" are only quoted here in order to put the item under that title or heading, but in reality the appropriation provided is to cover expenses.

Mr. KING. Is it to cover the expense of additional attorneys?

Mr. WARREN. If the Senator cares to have it read, I have an explanation of every item which has been prepared and sent to me by the department.

Mr. KING. I should like to have the communication read, at any rate that portion of it relating to the amendment to which I have referred. The remainder may be printed in the Record for our information.

The PRESIDING OFFICER. Without objection, the communication will be printed in the Record.

Mr. KING. I suggest that there be read the portion of it relating to the item in respect to \$29,000 and also with respect to the item of \$66,000, which seems to be "for salaries of clerks of United States district courts, their deputies, and other assistants." Their fees are fixed by law, and, if there has been an augmentation of the legal fees, I should like to know where warrant is found for it.

Mr. WARREN. Mr. President, I think in the interest of saving time, perhaps, it would be well to have the Secretary read the entire communication of the department.

The PRESIDING OFFICER. Does the Senator desire the whole document read?

Mr. KING. Let it be read. It will explain these items.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary read as follows:

DEPARTMENT OF JUSTICE,  
OFFICE OF THE ATTORNEY GENERAL,  
Washington, D. C., August 15, 1921.

HON. FRANCIS E. WARREN,  
Chairman Committee on Appropriations,  
United States Senate.

MY DEAR SENATOR: In accordance with your verbal request the following explanation is submitted of the deficiency items reported by this department to the Director of the Bureau of the Budget on July 29, 1921, and subsequently transmitted to Congress:

These deficiencies are all very small when compared with the amounts of the general appropriations to which they relate. They were not created or incurred with intent on the part of the department; neither were they caused by negligence in administration, but arose automatically in connection with the operation of the judiciary because of the great increase in the number of cases and other proceedings instituted in the courts of the United States under special legislation, such as that growing out of national prohibition, war contracts, internal revenue tax matters, admiralty and Shipping Board cases. Many of the claims pending on account of war contracts, patent infringements, war-risk insurance frauds, etc., involve millions of dollars.

The statement, which will be found on page 4751 of the CONGRESSIONAL RECORD, shows that the business of the courts of the United States, considered as a whole, has enormously increased. The number of criminal cases, however, as distinguished from civil cases and from bankruptcy and private litigation, has increased with marvelous rapidity in the last few years, and particularly during the fiscal year 1921, during which the pending deficiencies arose. The number of United States criminal cases pending at the close of June 30, 1921, was approximately eight times the number pending at the close of the fiscal year 1912.

The following detailed explanation is respectfully submitted as to each of the particular items of deficiency:

Salaries, fees, and expenses of marshals, United States courts—\$72,000

The business of the courts increased abnormally in the last half of the fiscal year, resulting in much additional process to be served, which resulted in increased travel on the part of deputy marshals and increased expenses for subsistence of prisoners pending examination and commitment.

The total amount of the overdrafts and requisitions for money with which to pay bills now in the hands of United States marshals for settlement is approximately \$67,000, and it is estimated that at least \$5,000 additional will be required to meet outstanding bills for advertising, storage, telegraph and telephone service, etc., which have not been rendered.

Fees of jurors, United States courts—\$31,000

The total expenditures under this appropriation are a fairly reliable index of the activity of Federal courts during any given fiscal year. The fees are statutory, and the number of days served by jurors is wholly under the control of the courts. During the fiscal year 1921 the total expense was nearly \$1,300,000, while the greatest like expense of any previous year was in 1920, which was only \$1,213,191.96.

The total amount of the overdrafts and requisitions for money with which to pay jurors, which have not been honored, is approximately \$60,000. There are, however, unexpended balances in the hands of various disbursing officers which will be available in due course of business. It is estimated that \$31,000 will be sufficient after all balances have been utilized.

Support of prisoners, United States courts—\$138,000

The exceptionally large number of prisoners arrested and committed under the national prohibition act, and other special acts, has caused greatly increased expense under this appropriation. Expenses for the fiscal year 1920 were only \$877,151.71, whereas they will be in excess of \$1,000,000 for 1921.

The total amount of existing overdrafts and requisitions for funds with which to pay bills already presented and awaiting settlement is approximately \$169,000. It is estimated, however, that \$138,000 will be sufficient after all repayments have been made and balances thus arising have been utilized.

Miscellaneous expenses, United States courts—\$42,000

The deficiency under this appropriation arose largely from increased compensation for technical experts employed in cases of great importance, involving large amounts in claims against the Government; from greater cost of printing and binding, which must now be executed by the Public Printer; from increased cost of fuel; from the unusual expenses incident to the death of the late Chief Justice of the Supreme Court of the United States; and from the unusually great number of masters in chancery employed under orders of court.

The total amount of the overdrafts and requisitions for money with which to pay bills now pending is approximately \$41,000. It is estimated that at least \$1,000 will be required to meet unknown liabilities covering which bills have not been presented.

Salaries and expenses of district attorneys, United States courts—\$29,000

The analysis of payments under this appropriation has not been completed. The small deficiency herein reported, however, is due to the increase in clerical assistants, due to the increased business of the courts, and also increase in travel on the part of district attorneys and their regular assistants, and the advance in the cost of telephone and telegraph service.

The total amount of overdrafts and requisitions for money with which to settle bills which have already been submitted is approximately \$21,000. It is estimated that at least \$8,000 additional will be required to meet bills which have not been rendered for office expenses, such as telephone and telegraph service.

Salaries and expenses of clerks, United States district courts—\$66,000

The deficiency in this fund is an outgrowth of the above-mentioned increase in business of the courts, which necessitated an increase in the force to care for the extra work. The comparatively recent change in the status of clerks of United States district courts from a fee basis to a salary basis has made it somewhat difficult to determine closely, in advance, the money necessary in this fund. This will be accomplished more accurately hereafter.

The total amount of overdrafts and requisitions for funds with which to settle bills now in the hands of United States marshals is approximately \$59,000. It is estimated that there will be needed at least \$7,000 additional to provide for outstanding commercial bills for office expenses which have not yet been rendered.

Miscellaneous expenses, Supreme Court, District of Columbia—\$5,500

The deficiency in this appropriation is due to the increased cost of heating and lighting the courthouse building, which is accomplished through the plant of the Department of the Interior, the unit charge for heat having been greatly advanced; to the extraordinary cost of subsisting prisoner witnesses in the Arnstein case, which was tried twice; and to the unusual expense of printing briefs, records, and court calendars at the Government Printing Office.

The total payments under this appropriation, including overdrafts, were \$26,627.90, while the unpaid bills covering authorized items aggre-



gate \$2,861.74, making a total of \$29,489.64. The total amount heretofore appropriated is only \$24,000.

Costs taxed against the United States..... \$116.30

This is an exceptional and unusual item. It is submitted to cover costs taxed by the court in a case in which the defendants were officers of the United States acting in their official capacity. The taxation of these costs by the court is substantially a judgment against the United States, which, however, must be specifically submitted to Congress, there being no provision of law for its payment.

#### CLAIMS FOR FISCAL YEAR 1920 AND PRIOR YEARS.

These amounts are composed of a large number of small miscellaneous items. A schedule of these items is herewith submitted:

BOOKS FOR JUDICIAL OFFICERS, 1919.  
West Publishing Co., St. Paul, Minn., advance sheets, volumes 256 and 257, Federal Reporter..... \$3.00

BOOKS FOR JUDICIAL OFFICERS, 1918.  
American Law Book Co., Brooklyn, N. Y., volume 14, Corpus Juris..... 6.00  
Banks Law Publishing Co., New York, volumes 245, 246, 247, United States Reports..... 3.00

DETECTION AND PROSECUTION OF CRIMES, 1918.  
Gus H. Wende, Globe, Ariz., compensation and expenses as white-slave officer—\$20 per month, \$4 to \$5 for assigned duties, and expenses not to exceed \$4 per day..... 564.00

Gus H. Wende, Globe, Ariz., compensation and expenses, same as to 1918..... 728.00

MISCELLANEOUS EXPENSES, UNITED STATES COURTS, 1920.  
C. F. J. Artz, Galveston, Tex., services and transcript of testimony—\$10 per diem and notary and folio fees..... 30.00

L. H. Lane, Boston, Mass., printing brief..... 15.80  
American Railway Express Co., New York, N. Y., freight transportation on books..... 9.55

J. S. Davis, United States marshal, Macon, Ga., expenses and fees for arresting prisoners—transportation, \$3; other personal services, \$21..... 24.00

Stone Printing & Manufacturing Co., Roanoke, Va., printing notices in condemnation proceedings..... 210.00

Frederick Denny, Buffalo, N. Y., court stenographer, compensation, 7 days at \$6 per day, \$3.50 per day in lieu maintenance, and \$8.74 travel..... 75.24

Percy R. Bittenheim, Middletown, N. Y., commissioner in condemnation proceedings; expenses and lump-sum allowance of \$500 for 19 days' services:  
Compensation..... \$354.02  
Expenses..... 45.24

Henry W. Chadeayne, Cornwall, N. Y., commissioner, etc.:  
Compensation..... \$354.02  
Expenses..... 41.10

James G. Graham, Newburgh, N. Y., commissioner, etc.:  
Compensation..... \$354.02  
Expenses..... 35.78

Treasury Department, Coast Guard, for rations furnished by Treasury Department to natives of Alaska, transportation by vessels of Coast Guard from Yakutat to Juneau, Alaska, Mar. 24, 25, 1920..... 16.16

MISCELLANEOUS EXPENSES, UNITED STATES COURTS, 1919.  
Percy R. Bittenheim, Middletown, N. Y., commissioner, etc.:  
Compensation..... \$145.98  
Expenses..... 14.57

Henry W. Chadeayne, Cornwall, N. Y., commissioner, etc.:  
Compensation..... \$145.98  
Expenses..... 54.17

James G. Graham, Newburgh, N. Y., commissioner, etc.:  
Compensation..... \$145.98  
Expenses..... 17.89

MISCELLANEOUS EXPENSES, UNITED STATES COURTS, 1918.  
Gilreath-Durham, Greenville, S. C., glasses and pitchers for use in courtroom..... 7.04

CONTINGENT EXPENSES, DEPARTMENT OF JUSTICE, MISCELLANEOUS ITEMS, 1919.  
Western Union Telegraph Co., Washington, D. C., telegraph service..... \$5.91

CONTINGENT EXPENSES, DEPARTMENT OF JUSTICE, MISCELLANEOUS ITEMS, 1918.  
Western Union Telegraph Co., Washington, D. C., telegraph service..... \$0.25

In addition to the foregoing there are included as part of this deficiency report several proposed provisions of law intended to adjust several minor matters wherein expenses were duly authorized and paid, but their allowance prohibited under late rulings of the comptroller, and to provide, as evidently contemplated by existing law, that the taxation of the court and the approval of the President when made in accordance with the provisions of section 846, Revised Statutes of the United States, shall be conclusive.

The foregoing explanations apply only to the deficiencies reported for the fiscal year 1921 and prior years. The items requested for the current year for the United States penitentiaries at Leavenworth, Kans., Atlanta, Ga., and McNeil Island, Wash., will be made the subject of a separate communication.

Respectfully,  
H. M. DAUGHERTY,  
Attorney General.

Mr. KING. Mr. President, there is one item that I desire to call to the attention of the chairman of the committee and ask whether he has any further information respecting it. I notice in the report submitted by the Attorney General that a portion of this aggregate sum is for "masters in chancery," and I do not quite understand why the Government should pay the expenses of masters in chancery. They are appointed in civil

suits, as a rule. There may have been some Government cases in which masters in chancery were appointed, yet I have no knowledge of that fact. I am wondering whether there is any information as to whether masters in chancery appointed to pass upon civil litigation are submitting to the Government expense accounts and asking the Government to pay them.

Mr. WARREN. Mr. President, I will have to refer the Senator to the department for information as to particulars of that character. The committee had before them sufficient evidence to show that there was need for a deficiency item to cover the amount carried by the bill for the purpose indicated. I imagine the Senator would hardly expect us to be able to inform him in detail as to the circumstances under which masters in chancery were employed.

Mr. KING. May I ask the Senator from Kansas [Mr. CURTIS] whether this item came under his cognizance?

Mr. CURTIS. It did not. I have no information whatever on the subject. I am sorry to say that I have been very busy with other matters and did not have the time to devote to this. I should have liked to give the matter consideration, but work on other committees prevented me from doing so.

Mr. KING. I shall pass over this item, then, though I confess that I am not at all satisfied with it. I shall go over the heads of the committee and try to obtain the information for myself before the bill finally passes.

I should like to call the attention of the Senator from Wyoming to one other matter. I observe that the majority of these deficits result from the enforcement of the Volstead Act. We gave to the Department of Justice \$7,500,000 for the enforcement of that act, plus other large appropriations, as I now recall. Notwithstanding the appropriations made, we are repeatedly called upon to meet deficits incurred by various agencies or departments charged with the work of enforcing the law. Will the Senator assure us that there will be no more deficits for 1921 growing out of the enforcement of the Volstead Act or other acts? Is this the end of the chapter, or will we have another chapter in the serial story that may run on forever and ever?

Mr. WARREN. The Senator is mistaken, though naturally so, in his quotations from the appropriation bills. The \$7,500,000 was not appropriated for the Department of Justice, but for the Treasury Department.

Mr. KING. It was for the enforcement of the prohibition act, and I intended to state that the \$7,500,000 was granted the Treasury Department to be expended by the Internal Revenue Bureau.

Mr. WARREN. Under the law and the Constitution the Department of Justice is powerless to do otherwise than to give due attention to the cases that are referred to it in the proper way from the other departments. These cases arise through the Treasury Department. Those connected with it accumulate evidence, and the courts are called upon to adjudicate the cases. The amount that it will take for the prohibition causes no one can tell. I made the remark—perhaps a foolish one, but I did not think so then, and do not now, though some prohibition people thought it was—that in order to enforce the law as it was intended, and to protect our land borders against Canada and Mexico, and our sea borders against all of the outlying countries, it would take \$50,000,000 a year to enforce absolute and complete abstinence. I still think so. Since then people very much interested in the antisaloon cause have called on me and have stated that while it was almost impossible to guard the borders absolutely, perhaps with ten or fifteen millions a year they would be able to "scotch" the traffic, as they expressed it, so that we might have respectability on all borders, and very little unlawful importation.

Mr. KING. Does the Senator expect to ask an appropriation of \$50,000,000 a year for the enforcement of the Volstead Act?

Mr. WARREN. I expect that when I do the Senator from Utah and his party will second the motion and will join with me in appropriating that sum!

Mr. KING. Mr. President, I will say frankly that I am in favor of appropriating whatever is necessary to enforce in a legal and proper way all laws that are enacted by Congress. If we have laws upon the statute books they should be enforced. The eighteenth amendment is a part of our organic law. We have enacted a law for the purpose of carrying it into effect. That law must be enforced, and I make no complaint about legitimate appropriations for the purpose of enforcing that statute. But I should like the attention of the Senator from Minnesota [Mr. NELSON], the chairman of the Judiciary Committee. I see that he is absent. However, I will make this observation in his absence:

I notice, Mr. President, that the Attorney General, according to the newspapers, has devised a plan to appoint 18 addi-

tional Federal judges and make them a sort of mobile force, transferable from Maine to Texas and from the Atlantic to the Pacific Ocean, wherever the Federal business may require their attention. Heretofore I have called the attention of the Senate to the fact that a committee of lawyers, as I am advised, has been considering the question of the power of Congress to create inferior courts to handle misdemeanors, and all petty offenses, and the violation of regulations promulgated by the departments, which entail small fines and small penalties. I suggest that the Judiciary Committee take up this matter and consider the advisability, if it is possible, if there are no constitutional objections, of creating inferior courts as adjuncts to the district courts, that may try without juries—or, if juries are demanded, make available the jurors in attendance at the district court—the misdemeanors and small cases which arise. If that should be done, in my opinion the district courts will not be overburdened as they are now with the petty misdemeanor cases, often to the exclusion of the consideration of important litigation which is pending.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment of the Committee on Appropriations was, on page 5, after line 2, to insert:

For salaries of United States district attorneys and expenses of United States district attorneys and their regular assistants, including the same objects specified under this head in the sundry civil appropriation act for the fiscal year 1921, \$29,000.

The amendment was agreed to.

The next amendment was, on page 5, after line 7, to insert:

For salaries of clerks of United States district courts, their deputies, and other assistants, expenses of travel and subsistence, and other expenses of conducting their respective offices, in accordance with the provisions of the act approved February 26, 1919, for the fiscal year 1921, \$66,000.

The amendment was agreed to.

The next amendment was, on page 5, after line 12, to insert:

For fees of jurors, fiscal year 1921, \$31,000.

The amendment was agreed to.

The next amendment was, on page 5, after line 13, to insert:

For support of United States prisoners, including necessary clothing and medical aid, etc., including the same objects specified under this head in the sundry civil appropriation act for the fiscal year 1921, \$138,000: *Provided*, That the accounting officers are authorized to reimburse from this appropriation the board of prison commissioners of the Texas State prison system in the amount of \$5 paid as discharge gratuity to United States prisoner Hattie Burr.

The amendment was agreed to.

The next amendment was, on page 5, after line 22, to insert:

For such miscellaneous expenses as may be authorized by the Attorney General for the United States courts and their officers, including so much as may be necessary in the discretion of the Attorney General for such expenses in the District of Alaska, for the fiscal years that follow:

For 1918, \$7.04;

For 1919, \$524.57;

For 1920, \$1,618.04: *Provided*, That the general accounting office is authorized and directed to settle under this appropriation for the fiscal year 1920 the bill of Judd & Detweiler, amounting to \$12, for furnishing 50 copies of the brief in the case of Isaiah Smith against United States, and to allow in the account of United States marshal for the western district of Oklahoma for the quarter ended September 30, 1920, items aggregating \$41.11, covering authorized payments for subsistence in excess of \$5 per day, cab fare, and war tax paid to H. C. Cowles, expert ecologist;

For 1921, \$41,000.

The amendment was agreed to.

The next amendment was, on page 6, after line 15, to insert:

Atlanta, Ga., Penitentiary: For miscellaneous expenditures, including the same objects specified under this head in the sundry civil appropriation act for the fiscal year 1921 for the penitentiary at Leavenworth, Kans., \$1,449.10;

For construction of water tank, \$20,000.

Leavenworth, Kans., Penitentiary: For construction, complete, of new power house, \$30,000;

For purchase of boilers, engines, and other equipment for power house, \$91,500.

McNeil Island, Wash., Penitentiary: For construction of water-works system, \$8,200.

The amendment was agreed to.

The next amendment was, on page 7, after line 12, to insert:

#### JUDGMENTS, UNITED STATES COURTS.

For payment of the final judgments and decrees, including costs of suits which have been rendered under the provisions of the act of March 3, 1887, entitled "An act to provide for the bringing of suits against the Government of the United States," certified to Congress during the present session by the Attorney General in Senate document No. 61, and which have not been appealed, namely:

Under the War Department, \$8,385.15.

Under the Navy Department, \$7,233.50.

In all, \$15,618.65, together with such additional sum as may be necessary to pay interest on the respective judgments at the rate of 4 per cent per annum from the date thereof until the time this appropriation is made.

The amendment was agreed to.

The next amendment was, at the top of page 8, to insert:

For payment of the judgment rendered against the United States by the District Court of the United States for the District of Maryland, sitting in admiralty, and certified to Congress by the Attorney General in Senate Document No. 62 of the present session, under the Navy Department, \$1,848.70.

The amendment was agreed to.

The next amendment was, on page 8, after line 6, to insert:

#### JUDGMENTS, COURT OF CLAIMS.

For payment of the judgments rendered by the Court of Claims and reported to Congress during the present session in Senate Document No. 63, namely:

Under the Treasury Department, \$166,523.02;

Under the War Department, \$126,005.04;

In all, \$292,528.06.

None of the judgments contained herein shall be paid until the right of appeal shall have expired.

The amendment was agreed to.

The next amendment was, on page 8, after line 15, to insert as section 2 the following:

#### AUDITED CLAIMS.

SEC. 2. That for the payment of the following claims, certified to be due by the several accounting officers of the Treasury Department, and by the general accounting office, under appropriations the balances of which have been exhausted or carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874, and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1919 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884, as fully set forth in Senate Document No. 64, reported to Congress at its present session, there is appropriated as follows:

For salaries and expenses, Bureau of War Risk Insurance, \$120.12.

For national security and defense, Bureau of War Risk Insurance, \$2.25.

For collecting the revenue from customs, \$12.24.

For freight, transportation, etc., Public Health Service, 1920, \$464.44.

For quarantine service, \$48.30.

For interstate quarantine service, 1921, \$469.95.

For field investigations of public health, \$18.

For maintenance of marine hospitals, Public Health Service, \$80.70.

For collecting the war revenue, \$554.75.

For collecting the income tax, \$304.50.

For miscellaneous expenses, Internal Revenue Service, \$471.

For refunding internal-revenue collections, \$1,595.63.

For refunding taxes illegally collected, \$1,537.26.

For redemption of stamps, \$9.13.

For allowance or drawback (Internal Revenue), \$201.44.

For materials and miscellaneous expenses, Bureau of Engraving and Printing, \$26.40.

For Coast Guard, \$15,543.94.

For contingent expenses, assay office at New York, 1920, \$1,000.

For contingent expenses, assay office at New York, \$65.76.

For operating supplies for public buildings, \$27.53.

For furniture and repairs of same for public buildings, \$31.79.

For repairs and preservation of public buildings, \$8.55.

For mechanical equipment of public buildings, \$29.15.

For general expenses of public buildings, \$3.15.

For judgments, Court of Claims, Treasury Department, \$437.62.

For contingent expenses, War Department, \$27.05.

For increase of compensation, War Miscellaneous Civil, 25 cents.

For increase of compensation, Military Establishment, \$8,645.64.

For contingencies of the Army, \$9.20.

For registration and selection for military service, \$1,576.29.

For contingencies, Military Intelligence Division, General Staff Corps, 1920, \$2,435.55.

For Signal Service of the Army, \$7,545.37.

For increase for aviation, Signal Corps, \$2,063.54.

For Air Service, military, \$270.90.

For Air Service, production, \$393.99.

For pay, etc., of the Army, \$3,276.85.

For mileage to officers and contract surgeons, \$768.16.

For arrears of pay, bounty, etc., \$54.89.

For general appropriations, Quartermaster Corps, \$93,017.18.

For transportation of the Army and its supplies, \$122.39.

For clothing and camp and garrison equipment, \$7.72.

For horses for Cavalry, Artillery, and Engineers, \$149.97.

For inland and port storage and shipping facilities, \$42.

For medical and hospital department, \$4,099.02.

For artificial limbs, \$41.67.

For engineer operations in the field, \$2,220.

For supplies, services, and transportation, Quartermaster Corps, \$178,956.33.

For barracks and quarters, \$5,702.32.

For ordnance service, \$543.66.

For ordnance stores and supplies, \$133.90.

For arming, equipping, and training the National Guard, \$28.16.

For encampment and maneuvers, Organized Militia, \$128.88.

For armament of fortifications, \$14,856.87.

For electrical and sound-ranging equipment, \$94.50.

For proving-ground facilities, \$175.05.

For increase of compensation, rivers and harbors, \$83.81.

For headstones for graves of soldiers, \$20.50.

For disposition of remains of officers, soldiers, and civil employees, \$51.24.

For National Home for Disabled Volunteer Soldiers, western branch, \$2.50.

For contingent and miscellaneous expenses, Hydrographic Office, \$5.85.

For contingent expenses, Navy Department, \$5.

For increase of compensation, Naval Establishment, \$16.88.

For pay, miscellaneous, \$705.38.

For aviation, Navy, \$2,065.79.

For pay, Marine Corps, \$3,603.95.

For maintenance, Quartermaster's Department, Marine Corps, \$3,262.35.

For contingent, Marine Corps, \$2,263.30.

For transportation, Bureau of Navigation, \$2,886.30.

For outfits on first enlistment, Bureau of Navigation, \$424.44.

For organizing the Naval Reserve Force, \$86.55.



For instruments and supplies, Bureau of Navigation, \$25.  
 For contingent, Bureau of Medicine and Surgery, \$809.24.  
 For pay of the Navy, \$19,963.42.  
 For provisions, Navy, Bureau of Supplies and Accounts, \$414.23.  
 For freight, Bureau of Supplies and Accounts, \$96,355.90.  
 For fuel and transportation, Bureau of Supplies and Accounts, \$54.  
 For engineering, Bureau of Engineering, \$1,383.08.  
 For equipment and operation, building for Interior Department offices, \$12.50.  
 For contingent expenses, Department of the Interior, \$3.45.  
 For scientific library, Patent Office, \$22.05.  
 For medical relief in Alaska, \$833.33.  
 For contingent expenses of land offices, \$72.05.  
 For salaries, offices of surveyors general, \$272.48.  
 For contingent expenses, offices of surveyors general, \$10.  
 For protecting public lands, timber, etc., \$21.77.  
 For surveying the public lands, \$776.57.  
 For general expenses, Bureau of Mines, \$3.66.  
 For testing fuel, Bureau of Mines, 62 cents.  
 For investigating mine accidents, \$22.17.  
 For Geological Survey, \$1.93.  
 For Army pensions, \$96.  
 For relieving distress and prevention, etc., of diseases among Indians, \$47.90.  
 For industrial work and care of timber, \$27.50.  
 For Indian school and agency buildings, \$12.75.  
 For purchase and transportation of Indian supplies, \$265.03.  
 For telegraphing and telephoning, Indian Service, \$6.71.  
 For telegraphing and telephoning, Indian Service, 1920, \$34.62.  
 For inspectors, Indian Service, \$12.85.  
 For Indian school, Fort Mojave, Ariz., \$17.82.  
 For Indian school, Lawrence, Kans., \$114.29.  
 For Indian school, Genoa, Nebr., \$44.55.  
 For Indian school, Wahpeton, N. Dak., repairs and improvements, 1920, \$10.60.  
 For support of Yankton Sioux, S. Dak., 1920, \$122.80.  
 For education, Sioux Nation, S. Dak., 10 cents.  
 For support of Indians in Utah, \$41.14.  
 For support of Indians of Colville and other agencies and Joseph's Band of Nez Percés, Washington, 91 cents.  
 For support of Chippewas of Lake Superior, Wis., \$14.19.  
 For irrigation project, ceded lands, Wind River Reservation, Wyo. (reimbursable), 1920, \$628.23.  
 For irrigation project, ceded lands, Wind River Reservation, Wyo. (reimbursable), 1921, \$427.36.  
 For public printing and binding, \$57.58.  
 For salaries and expenses, Committee on Public Information, \$3.38.  
 For national security and defense, Executive, \$415.02.  
 For national security and defense, Committee on Public Information, \$114.97.  
 For salaries and expenses, War Trade Board, \$146.48.  
 For national security and defense, Executive, \$92.92.  
 For national security and defense, Department of State, \$31,457.27.  
 For transportation of diplomatic and consular officers, \$989.94.  
 For transportation of diplomatic and consular officers, 1920, \$1,739.98.  
 For transportation of diplomatic and consular officers, 1921, \$1,581.55.  
 For contingent expenses, foreign missions, \$108,678.08.  
 For contingent expenses, foreign missions, 1920, \$16,913.62.  
 For allowance for clerks at consulates, \$400.  
 For contingent expenses, United States consulates, \$4,986.20.  
 For expenses, interpreters, and guards in Turkish Dominion, \$132.80.  
 For representation of interests of foreign Governments growing out of hostilities in Europe, etc., \$18,777.97.  
 For relief of American citizens and prisoners of war in Germany, \$240.  
 For exposition, city of Panama, 75 cents.  
 For relief and protection of American seamen, \$478.79.  
 For relief and protection of American seamen, 1920, \$5,485.29.  
 For fuel, lights, etc., State, War, and Navy Department buildings, \$78.51.  
 For preservation of collections, National Museum, \$4.53.  
 For Interstate Commerce Commission, \$45.86.  
 For salaries and expenses, United States Food Administration, \$868.52.  
 For salaries and expenses, United States Fuel Administration, \$17.19.  
 For national security and defense, Food and Fuel Administrations, educational, \$57.15.  
 For national security and defense, United States Fuel Administration, \$1.89.  
 For salaries and expenses, United States Shipping Board, \$160.81.  
 For miscellaneous expenses, Supreme Court, District of Columbia, 1921, \$1,800.52.  
 For library, Department of Agriculture, \$7.62.  
 For general expenses, Bureau of Animal Industry, \$3.08.  
 For general expenses, Bureau of Plant Industry, \$161.89.  
 For stimulating agricultural and facilitating distribution of products, \$57.16.  
 For general expenses, Forest Service, \$115.36.  
 For general expenses, Bureau of Chemistry, \$16.72.  
 For general expenses, Bureau of Entomology, \$1.10.  
 For general expenses, Bureau of Biological Survey, \$1.03.  
 For general expenses, States Relations Service, \$8.57.  
 For general expenses, Office of Public Roads and Rural Engineering, \$5.11.  
 For general expenses, Bureau of Markets, \$15.16.  
 For general expenses, Bureau of Crop Estimates, \$1.18.  
 For contingent expenses, Department of Commerce, \$2.17.  
 For national security and defense, Department of Commerce, 26 cents.  
 For commercial attachés, Department of Commerce, \$16.16.  
 For promoting commerce, Department of Commerce, \$12.43.  
 For gauge standardization, Bureau of Standards, \$38.  
 For military research, Bureau of Standards, \$7.56.  
 For general expenses, Coast and Geodetic Survey, 82 cents.  
 For general expenses, Lighthouse Service, \$40,920.46.  
 For miscellaneous expenses, Bureau of Fisheries, \$1.87.  
 For national security and defense, Department of Labor, \$190.60.  
 For contingent expenses, Department of Labor, \$4.97.  
 For salaries and expenses, commissioners of conciliation, \$1.01.  
 For expenses of regulating immigration, \$37.12.  
 For expenses of interned aliens, \$45.42.  
 For enforcement of the child labor law, 20 cents.  
 For investigation of child welfare, Children's Bureau, \$42.13.

For detection and prosecution of crimes, \$45.41.  
 For national security and defense, Department of Justice, \$43.55.  
 For salaries, fees, and expenses of marshals, United States courts, \$287.52.  
 For salaries and expenses of district attorneys, United States courts, \$1.53.  
 For fees of commissioners, United States courts, \$232.10.  
 For fees of commissioners, United States courts, 1920, \$709.82.  
 For fees of witnesses, United States courts, \$25.20.  
 For support of prisoners, United States courts, \$742.  
 For railroad transportation, \$58,106.83.  
 For compensation to postmasters, \$21.58.  
 For city-delivery carriers, 1920, \$664.94.  
 For city-delivery carriers, 1916-17, \$2,569.06.  
 For indemnity, international mail, \$322.05.  
 For indemnities, domestic mail, \$5.18.  
 For Star Route Service, \$471.76.  
 For electric and cable car service, \$103.83.  
 For Railway Mail Service, miscellaneous expenses, 45 cents.  
 For rent, light, and fuel, \$275.  
 For Rural Delivery Service, \$215.10.  
 For freight on stamped paper and mail bags, \$13.73.  
 For clerks, first and second class post offices, \$49.52.  
 For electric power, light, etc., \$137.10.  
 Total audited claims, section 2, \$790,994.43.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. FLETCHER. Mr. President, that concludes the bill, except for the two amendments passed over, does it not?

The PRESIDING OFFICER. That completes the reading of the bill, except for action on the amendments passed over.

Mr. KING. Before the amendment just read has been agreed to, I want to make some inquiries, but I will defer them until the Senator from Florida concludes.

Mr. FLETCHER. Mr. President, I want to discuss, to some extent, the provision for the Shipping Board, beginning on line 9, page 2, the item being:

For expenses of the United States Shipping Board Emergency Fleet Corporation for losses due to the maintenance and operation of ships and for administrative purposes, \$48,500,000.

With the proviso that none of that sum "shall be used for the payment of claims other than those resulting from the current maintenance and operation of vessels," and with another proviso that fees allowed attorneys shall be passed upon by the Attorney General, and the proviso at the end which the committee favors striking out—

That not more than three officers or employees of the United States Shipping Board or the United States Shipping Board Emergency Fleet Corporation shall be paid an annual salary or compensation in excess of \$12,500.

The Senator from Mississippi [Mr. HARRISON] has proposed an amendment to that provision, by which he seeks to have provided in the bill that no employee or officer shall receive more than \$12,000, without any reference to the number, changing the amount from \$12,500 to \$12,000.

Referring to that situation, Mr. President, I think it fair to review somewhat the history of the legislation creating the Shipping Board and the undertaking to establish an American merchant marine, and the proceedings under and in pursuance of that legislation. I think it important to do that now, because of the broadcast assertions in the public press, in interviews, in reports, and in discussions here, that the whole enterprise has been a colossal failure; to the effect that we now have the most stupendous commercial wreck in all history on our hands; that there have been waste, extravagance, incompetency, and inefficiency, and even worse than that—crookedness, as some express it—and rascality and graft.

The effect of all that is to create the impression in the public mind that the Government ought not further to undertake to establish an American merchant marine, that the Shipping Board should retire entirely from its activities, and that the whole effort we have been putting forth in the past should be abandoned, the ships put up and auctioned off, sold for whatever they might bring, or disposed of in some way so that the Government would be relieved of the cost of operation and of the expenses in connection with their upkeep.

Mr. President, the people who have taken that viewpoint are largely, to begin with, people who never favored the original shipping act of September, 1916, people who believe that this whole field is one for private enterprise, that it is a species of paternalism, and a launching upon untried fields, which will lead inevitably to tremendous cost, increased taxation, and failure, if the Government lends its support and its help in the great work of establishing this merchant marine.

There has been an attempt, too, to fasten the blame for what is alleged to be the colossal failure upon the Democratic administration, upon the Democratic Shipping Board, as it is called, and to assert that all this tremendous wreckage is an inheritance from the incapable and incompetent, and, worse, Democratic administration. That prompts me to review very briefly the history of this legislation.

It will be remembered that in September, 1916, we passed the shipping bill. It will be recalled that the arguments in favor of that were, briefly, that there was need of merchant ships flying our flag and carrying our commerce; that, while it is granted that it is a field for private enterprise ordinarily, private enterprise had utterly failed, and our merchant tonnage had decreased some 4,000,000 tons since 1861. At that time we were carrying only about 9.7 per cent of our commerce overseas in American bottoms. We had a weak and an insignificant position on the high seas. We were in a position of dependence upon our competitors to carry our goods to all foreign markets. So it seemed that the only possible way to relieve that situation was for the Government to step in and lend its help in the establishment of an adequate merchant marine.

The Shipping Board was appointed after some delay. Not long after that there was a resignation by the chairman, Mr. Denman, and by Gen. Goethals, general manager, and there were vacancies on the board from time to time. In the first place, they had to create an organization, composed of the very best people they could find in this country, to discharge these new and important duties.

They had to make selection of men for special work in connection with this great undertaking. It took some time to do that. Very soon afterwards the war which burst upon Europe in 1914 came to us, and it was necessary to proceed with unusual haste. The cry everywhere was "ships and more ships." We had to build docks and yards, to find materials, to enter into contracts, and to construct these ships, having in mind only speed and without regard to economy. That work was proceeded with with unusual energy, and, in my judgment, with most commendable purpose and intention, and it was pressed with all the diligence and power that could be put behind it.

It is true that the Shipping Board was by a majority nominally Democratic, as far as its politics went; but there was no politics in its work and no politics in this undertaking, and that is very clearly shown by the fact that the Shipping Board at the very outset selected men best qualified, as they understood it, to do this work, and that without regard to their political affiliations.

In 1917 Mr. Piez was elected vice president and general manager of the Emergency Fleet Corporation, the proper title being the United States Shipping Board Emergency Fleet Corporation, but for the sake of brevity I shall allude to it as the Fleet Corporation. Headquarters were removed to Philadelphia so as to be close to the center of material supply and labor supply and to be able more energetically and efficiently to prosecute the work of construction. Mr. Piez is not a Democrat. He is an old line, contributing Republican. He continued, faithfully and energetically, until April 30, 1919.

In the early spring of 1918 Mr. Charles M. Schwab was made director general of construction and put in charge of the whole work, over Mr. Piez and all others. Mr. Schwab diligently pressed the work, and it was under his direction and Mr. Piez's direction that these large expenditures were made and these enormous contracts were entered into and prosecuted. Mr. Schwab continued in that relation until late in December, 1918. He, of course, is a prominent Republican. There was some talk at one time, and I believe a dinner was held in New York, boosting Mr. Schwab as a possible candidate and the man who might receive the Republican nomination that was to follow later.

Mr. McCORMICK. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Illinois?

Mr. FLETCHER. Certainly.

Mr. McCORMICK. Was there not some talk about nominating Mr. Hoover on the Democratic or the Republican ticket?

Mr. FLETCHER. I think there was some talk of that sort. Mr. Hoover was a little uncertain whether he was a Democrat or Republican.

Mr. McCORMICK. And were not the Democrats a little uncertain, too?

Mr. FLETCHER. I never heard of any uncertainty regarding Charles M. Schwab's politics. If the Senator will look up the contribution list of the Republican Party, I think he will find that he is a very liberal contributor.

Mr. McCORMICK. Yes; for example, such a liberal contributor as B. M. Baruch to the Democratic campaign fund.

Mr. STANLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield to the Senator from Kentucky?

Mr. FLETCHER. I yield.

Mr. STANLEY. Is the Senator from Illinois questioning the Republicanism of Charles M. Schwab?

Mr. McCORMICK. Oh, the Senator from Illinois was placing Mr. Schwab in the same category as a presidential candidate as Mr. Hoover and Mr. Baruch.

Mr. STANLEY. Mr. Schwab has been accused of a great many things, rightfully or wrongfully, but I have never heard his allegiance to the policies and principles and purposes of stand-pat Republicanism questioned before. I happened as chairman of an investigating committee to have Mr. Schwab before me once for several days and heard him talk, among other things, on the beatitudes of Republicanism and protectionism. If Schwab has fallen, may the Lord save the Republican Party!

Mr. McCORMICK. And if Baruch should fall, may the Lord save the Democracy!

Mr. FLETCHER. I think it will be agreed there never was any proposal to nominate Mr. Schwab on the Democratic ticket.

Mr. STANLEY. Mr. Baruch never had any place in the councils of the Democratic Party. He has never been called upon in that way. He may have had some personal attachments, but Mr. Schwab has stood, in season and out of season, as the patron saint, friend, defender, and guardian angel of Republicanism for 20 years. I am not saying anything against Mr. Schwab. I think he is better than his party.

Mr. FLETCHER. Mr. President, I did not mean to launch into all these details, and I do not mean to imply that either Mr. Schwab or Mr. Piez played politics in connection with their work on the Shipping Board. I am simply reciting the facts.

As far as the operations were concerned, they were under the direction of Mr. Rosseter, vice president of the Pacific Mail Steamship Co., and an experienced and trained shipping man, a Republican—a contributing Republican—who has never been considered anything else. So we have the construction end of the work, where enormous sums were paid out and expended and contracted for, in charge of active, energetic, and well-known Republicans, and we have the operating end of the enterprise, where losses are claimed to have occurred in inexcusable proportion, in charge of a Republican, Mr. J. H. Rosseter, of San Francisco and of the Pacific Mail Steamship Co. Therefore the claim that a Democratic Shipping Board must be held responsible for alleged waste and extravagance and crookedness and graft must be considered in connection with the fact as to who were the men actually doing the work resulting in this alleged extravagance and inefficiency and incompetency and worse.

Mr. President, in addition to that, the Shipping Board is charged with shortcomings and offenses or held responsible for consequences with which they were in no wise properly chargeable and for which they were in no wise responsible. In fact, it has been claimed here that the Shipping Board has been incompetent, inefficient, wasteful, extravagant, and permitted graft and rascality, when, in very truth, there was no Shipping Board. It was a phantom; it was a mere name. It had no real, living existence.

Why do I say that? It will be remembered that the American merchant marine act, known as the Jones Act, upon which the distinguished chairman of the Committee on Commerce spent so many hours of diligent labor and expended without reserve his great ability, finally passed the Congress on June 5, 1920. That act provided for a new Shipping Board, with increased salaries, and it provided that the members should be appointed as soon as practicable.

What happened? The names of the members of that Shipping Board never came to the Senate until December 7, 1920. July, August, September, October, November—six months and no Shipping Board except in name. Those who were undertaking to discharge the duties of that board were living over a veritable volcano, because they did not know, and no one could tell, what moment their acts would be questioned, and legal complications might arise out of anything they undertook to do, serving under a law which provided by its terms that a majority of the members of that board were required to vote in favor of certain action before it would be taken legally by the board. The law itself prescribed that, and there was no majority of that membership.

Does anyone wish to charge the Shipping Board with responsibility for all the things that happened when there was no Shipping Board? It may be said, "Well, we had a Democratic President and he should have sent these names in and filled up the board." Granted there was unusual delay, and it was a pity that the delay took place, but I can see now better than I could see then the difficulties with which President Wilson had to contend. It is no easy matter to select the proper men to discharge the important duties of that great position, even though we have apparently unlimited material in this great country of ours. There are certain restrictions



and limitations in the act itself which impose difficulties upon the appointing power. I fully approve of those limitations. They ought to be there, but I must recognize that they are obstacles in the way of the appointing power as far as quick action is concerned.

What happened after the 6th of December, when these names came to the Senate? We had a Republican majority in the Senate. Those names were referred to the Commerce Committee and they were never acted upon. Nothing was done. They were never either rejected or confirmed. They were simply held in the air here. I am saying this as a matter of history and of fact, without meaning to imply but what if I had been in the same position our friends on the other side of the aisle were in at that time I should have pursued the same course they did, because I would have known that my President would have the naming of the Shipping Board in a short time and I would have preferred that he should do it, perhaps, than the President of the opposite party. They knew by defeating the nominations or not acting upon the nominations they would eventually fail and that President Harding would have the appointing of the membership of the Shipping Board under the act passed June 5, 1920.

So, again, we had a paralyzed Shipping Board to carry on this stupendous work, a work that is unequaled by any enterprise on earth, fifteen times greater than any single concern engaged in shipping in the world. At that time it had no head, practically, and there was no authorized, legalized board to carry on and conduct and direct that work. The wonder, Mr. President, the astounding thing is that there was not more graft, more crookedness, and more rascality than has ever been hinted at or dreamed of in connection with all of the ramifications and details of this colossal undertaking.

So the Shipping Board passed along, paralyzed, crippled, as I said, for another six months, and yet you want to blame the Shipping Board for what you call a colossal failure, when there was no Shipping Board.

When I say that I can more readily see the difficulties with which President Wilson contended than I could at that time, I mean to base that statement upon this situation. President Harding knew in November that he would have to name the members of the Shipping Board. He knew that long before he was inaugurated. Of course, he could not appoint them until after the 4th of March, but he could have selected them in the meantime and he could have had them ready to appoint on the 4th of March. But did he do that? Not at all; not until the 8th of June of this year did President Harding send the names of the members of the Shipping Board to the Senate. So President Harding as well as President Wilson took practically six months to name the members of the Shipping Board. That is the fact.

In the meantime we had, under some sort of an Executive order—the legality of which is questioned very greatly, although it is not in the public interest to raise the question, perhaps—Admiral Benson designated by the President to act as a Shipping Board. Of course, that was merely an assumption of authority, and Admiral Benson himself must have lived under terrific strain and stress and doubt and uncertainty throughout that whole period. However, he stood faithfully to his task; he did his level best; he did all that he could do; but under certain provisions of the law itself there were some things he could not do. For instance, he could not sell ships. To do that required a majority vote of the members of the board designated under the act to authorize the sale of ships; but here we were all the time crying, "Why does not the Shipping Board dispose of some of these ships?" While we had but one man acting as a Shipping Board.

So I say, Mr. President, let not the Senate assail the work of a Shipping Board which existed only in name—a phantom, an ideal—but actually was not a living, going thing, largely because the Senate itself refused to act upon nominations which were sent to it. Those nominations were sent here on the 6th of December, 1920, and they were never acted on in this body at all; it was not until June 8, 1921, that we were able to have the names of the members of the Shipping Board before us for final action and then acted. That was the situation. Cassius would say—

The fault, dear Brutus, is not in our stars,  
But in ourselves, that we are underlings.

That should be taken home by the Senate. We are partly responsible for these results, disastrous, if Senators wish to call them so; but I contend, Mr. President, that the achievements of the Shipping Board and its organization illustrated the skill and the energy, the genius and the patriotism of America as no other work in which we have engaged illustrates them.

We had less than 2,000,000 tons of American shipping under our flag in 1916, while to-day we have over 11,000,000 tons. We were carrying then, as I have stated, 9.7 per cent of our overseas trade, while to-day we are carrying nearly 50 per cent of that trade in American ships. To-day the world's total shipping is made up of 33,296 vessels of 61,974,653 gross tons. Forty per cent of the sailing ships are owned in the United States. The United Kingdom has only 411,000 tons more than it had in 1914 of the world's shipping. In 1914 Germany had over 5,000,000 tons and now she has only 654,000 gross tons. The percentage of the world's seagoing tonnage of the United Kingdom was 44½ per cent in 1914 and to-day it is only 35½ per cent. The United States in 1914 had a percentage of the world's tonnage of shipping of 4.3 per cent, while to-day it has 22.7 per cent.

Mr. SHEPPARD. May I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Texas?

Mr. FLETCHER. I yield to the Senator.

Mr. SHEPPARD. What is the world's tonnage at the present time which is being transported on the seas?

Mr. FLETCHER. It is 61,974,653 tons.

Mr. SHEPPARD. That is the tonnage of vessels?

Mr. FLETCHER. It is the tonnage of vessels of over 100 tons.

Mr. SHEPPARD. Has the Senator the figures showing what the freight tonnage is which may be carried in those vessels?

Mr. FLETCHER. Of course that changes from time to time. In 1920, in dollars, the foreign commerce of the United States alone amounted to \$13,000,000,000. I did have the actual tonnage figures, and think I can find them in a moment.

Mr. SHEPPARD. I wish the Senator from Florida would put the figures in the RECORD if he can.

Mr. FLETCHER. I can furnish the figures, so far as the foreign commerce of the United States is concerned. Expressed in net tons, the figures would show approximately as follows:

Exports.....	63,199,456
Imports.....	37,092,841
Total.....	100,292,297

In 1920 we exported \$8,228,759,748 worth of products, and our imports were valued at \$5,279,398,211, making a total of \$13,508,157,959, but of course that commerce has been falling off. I had occasion to mention that recently in a speech which I delivered in the Senate, and I think I gave the figures at that time.

What I have stated, Mr. President, indicates to some extent what we have accomplished. We have taken our place upon the seas. We no longer are dependent upon foreign ships to carry our commerce. That change in the situation has all been accomplished by this much-defamed organization which is generally designated as the Shipping Board. It has been done largely under the direction and management of such men as I have mentioned. I have not referred to them to imply at all that I question their patriotism or their efficiency or their great ability. I refer to such men as Rossiter, Schwab, and Piez. I am now referring to what they helped to accomplish in carrying out the plans and purposes indicated by Congress and prosecuted by the organization which is known as the Shipping Board and the Emergency Fleet Corporation.

Mr. President, all of these denunciations of waste and extravagance tend to impress the public with a sense that the whole enterprise has been a total failure, colossal in proportions, and that money is being asked for now to be put into a sink hole where millions and millions more must continue to go. Therefore the question is, Is it worth while to have an American merchant marine? The public is given to understand that it will be called upon to put up money time after time to continue this effort to establish and to maintain an adequate merchant marine.

I am very sorry that Mr. Lasker seems to lend what appears to be his support in that direction in the statement which he made as a foundation for the request for this appropriation in the House. He goes on to say, on page 3:

It will be a shock to Congress, as it was to the President, to hear that the net expenditures of this enterprise, paid out of the public funds last year, were \$380,000,000. To illustrate the bad condition the books are in, I will say that last year the gross operating disbursements were \$410,000,000. That represents the expense of the operation of the boats alone.

Of course, that is wholly wrong. Mr. Lasker afterwards admits that it is wrong; it is nowhere correct; it does not approach the proper figures. According to the testimony before the House committee that loss was claimed to be \$200,000,000, to begin with; subsequently it got down to \$163,000,000, and finally, before the Senate committee Mr. Lasker himself placed it at \$131,000,000. Yet here he makes public this statement, in



which he says that the loss was \$410,000,000. Then he proceeds further:

I must appear before Congress shortly to tell them it is possible the Shipping Board will require up to \$300,000,000 for the present fiscal year. I fear this will throw a lot of sand in the gear box of tax revision. The books of the board are so absolutely incomplete and incompetent that it is impossible to be sure whether that \$300,000,000 represents all we may need; we may require more; but it is the most intelligent wild guess we can make.

Why make a guess at all and give it out to the public, creating the impression that the expenditures and the loss have been many times greater than the facts disclose? Why make a guess based upon figures which he says himself were wholly unreliable, and upon books which he says are wholly untrustworthy? The effect of that statement, the effect of the arguments we have heard here, is to cause to arise the question of doubt in the public mind, as illustrated, for instance, in a very responsible publication issued on July 23. I refer to the *Traffic World*, in which it is said:

Is there anything sacred in the doctrine of an American merchant marine or any lack of patriotism in being opposed to such an institution as an economic extravagance? Can an American merchant marine be maintained without what amounts to subsidy and the taxation of the public? Is John Smith, who knows and cares nothing about the shipping business, willing to be taxed, and ought he to be taxed, in order that Bill Jones's goods may be carried in American rather than foreign bottoms? Does Bill Jones care, or ought he to care, whether his goods are carried in American or foreign bottoms? If he ought to care, why ought he? Should John Smith pay taxes so that Bill's care may be gratified? If an American merchant marine can not be maintained without taxation of the public—in other words, if it can only be maintained and operated at a loss—why not let the foreign ships have the business?

Proceeding further, the article continues:

\* \* \* If they can not support themselves and there are foreign boats that can and will carry our commerce, why try to infuse the breath of life into a dead thing? Will artificial respiration long or healthfully sustain life? Are we not wasting millions and billions of dollars—throwing good money after bad—in an effort to retain and make possible an institution that was constructed out of what seemed to be a war necessity, but whose usefulness has now ended, and which ought to be junked at the least possible loss now that the war demand for it has ended, and its expense charged to profit and loss?

We are asking these questions seriously, not with any intention of being sarcastic or humorous. We want the ideas of our readers; Congress ought to have the benefit of their ideas also. As we see it now, there is little more glory in having a merchant marine operated at a loss than in having any other kind of first-class shipwreck. Operating ships is a business. No business can be successful unless conducted on proper economic principles. To operate a merchant marine by subsidy or methods akin to subsidy is practically Government operation, from which we have been trying to get away as to our rail carriers. Are we ready for it with ocean carriers? It might be necessary with our rail carriers if private ownership should fail to function, for we must have rail transportation; but do we need it in ocean transportation? Even though private ownership may cease to function—or, rather, fail to begin to function—we still have the foreign bottoms.

I read that to indicate the effect of the kind of propaganda that is being disseminated, and the kind of impressions that are being created by what has been going on in connection with the denunciation of this enterprise as a huge wreck and a colossal failure.

Mr. Smull rather expresses, at page 115 of this hearing in the House, sentiment along that line. He says:

We intend to modify and change entirely the method of operating boats. Our idea is ultimately to sell them all and get rid of them and get the Shipping Board out of business just as soon as we can.

Mr. President, is it possible that we must now, at this date, argue to the American people the necessity of an adequate American merchant marine? Have we got to go over that ground again, and impress upon the public the vast importance to them of establishing and maintaining these merchant ships? I thought that question was all settled. I thought that when we expressed the policy of Congress in the Jones Act of June, 1920, we expressed public opinion as it existed in this country. Now, it seems that there has been an undercurrent all the while, something operating beneath the surface here in Washington and elsewhere in the great centers—in New York particularly—to discredit this whole enterprise, to brand it as a gigantic failure, and to impress upon the people of the United States that they are pouring their money into a sink hole, and the sooner they quit it and scrap the whole business the better.

Mr. President, is it possible that we have forgotten what occurred just a few years ago, when freight rates in this country went up from 100 to 1,000 per cent, when our products of mine and farm and factory weighed down the docks and terminals and warehouses on the Pacific and along the Gulf and on the Atlantic and on the Great Lakes, unable to be moved to the waiting markets overseas, because we had no ships? When the German ships were out of commission, when the British ships were commandeered largely for war uses, we were helpless as a nation, so far as overseas trade was concerned. Do we have to tell the farmers of the West of the time when the freight on a bushel of wheat from New York to Liverpool went from 3 cents

a bushel to 50 cents a bushel? Do we have to tell the farmers of the South of the time when freight rates on cotton from Galveston to Liverpool went from \$2.50 a bale to \$50 a bale?

Do we need to argue to them that while these high freight rates may be paid by the purchaser they are reflected in the price which the producer must get for his product? We were helpless. Do we have to remind our people of the time when we were paying \$400,000,000 a year to foreign ships to carry our freight across the seas?

Not only that, but just go back a little bit further than that, to a time when conditions were very clearly illustrated by some hearings that took place in the House. Mr. Rossbottom, third vice-president of the Panama Steamship Co., in his testimony before the House Committee on Merchant Marine on June 16 last, showed that when the Panama Steamship Co. came under Government control in 1906 foreign steamship companies which were operating between European ports and the west coast of South America, and which also operated between United States ports and the west coast of South America, were actually charging higher rates from the United States ports than from European ports, notwithstanding the fact that the distance from the United States ports is 2,000 miles shorter.

Here is the testimony, on pages 76 and 77 of the hearings on H. R. 5348. This is Mr. Rossbottom's testimony:

When the Government secured control of the company, Mr. Taft sent for our vice president, Mr. Drake, and myself, and practically laid down this policy: "You must not do anything that will subject the Government to criticism because of operating a railroad and steamship line; it is a departure; we can not help it; if you establish a rate you must be prepared to justify it, you must establish and maintain rates on a reasonable basis, you must not raise them simply because charter or market conditions or something else throughout the world might justify you in raising them, raise them only because your operating expenses require that that be done and endeavor to conduct the operations of the company so as to insure a reasonable return on the investment."

That was when the Government undertook to operate the Panama Steamship Co. in connection with the Panama Railroad, and it has operated it ever since. It has operated it most successfully and most beneficially to the United States.

Mr. BANKHEAD. What figure did he suggest as a reasonable return, if any?

Mr. ROSSBOTTOM. He made no suggestion; he left that to the officers and board of directors.

Acting along those lines, the first situation we encountered was this: The distance from New York to the Canal Zone is approximately 1,970 miles; say, 2,000 miles; and the distance from Europe to the Canal Zone, from the nearest port in Europe to the Canal Zone, is about 2,000 miles greater. The steamship lines from Europe, involving a haul of 2,000 miles more than the haul from the United States, were charging the shippers from Europe less than the same steamship lines were charging shippers from the United States for a haul of 2,000 miles less. That same condition also existed on traffic from the west coast to the United States and to Europe. The carriers on the Pacific coast, with the exception of the Pacific Mail Steamship Line, were all foreign steamship lines. I do not know of any reason—

Mr. BANKHEAD. Pardon me there just a moment. That was in 1894, approximately?

Mr. ROSSBOTTOM. That was in 1906.

Mr. BANKHEAD. What justification was offered for the excess rate charged by the American boats over those from European ports on that freight rate, considering the distance of the haul?

Mr. ROSSBOTTOM. It was just a question that they could get it and they got it.

We were dependent on those foreign carriers, and we had to come to their terms. That was the situation. We had no ships of our own.

There was not any reason given at all; the lines just charged the American shippers much more than some of the same lines charged their European shippers, because some of those foreign lines were also operating from the United States.

Mr. EDMONDS. In other words, they had a conference agreement and the freight coming from the United States was made to pay a higher rate than freight coming from Europe?

Mr. ROSSBOTTOM. Exactly. The same situation existed on traffic from the west coast to the United States and Europe in the rates charged by the Pacific Steam Navigation Co., a foreign line; the Chilean Line, a foreign line, and later on the Peruvian Line. The Peruvian Line was not in existence at that time, but the other two foreign lines I have named charged rates to Europe on the basis—on coffee, for instance, the rate to Europe was 60 shillings. The same commodity to New York, involving a haul of 2,000 miles less, would pay from 80 to 90 shillings. In other words, the carriers got out of the traffic whatever they could. The operating officers took that question up with the board of directors and we were instructed to arrange, as far as we could, to establish rates from the United States and to the United States on at least as low a basis as the rates from and to Europe.

It took us four years to accomplish anything in that direction, but finally we succeeded in doing it. We were able to do it because we controlled the railroad across the Isthmus and we practically controlled the rates to New York by our steamship line. We also had the right to insist with those foreign steamship lines that if they did not fall in with that policy we would not accept their cargo on the through-billing basis, but would charge the local rates across the Isthmus, which were very much higher than our charges on the through-billing basis. So that at the beginning of the war between Great Britain and Germany the rates from the United States to the countries of Central and South America, on the west coast, and the rates from these same countries to the United States, were on a parity with the rates to and



from Europe solely by the action of the Panama Railroad Co. and its steamship line.

Now, then, the European war started—  
Mr. EDMONDS. If you had not owned the railroad, you could not have done it?

Mr. ROSSBOROUGH. We could not possibly have done it if we had not owned the railroad and the steamship line between the Canal Zone and New York. The mere fact we owned the railroad and the steamship line made it possible to accomplish that purpose.

Mr. DAVIS. Still, the fact you did it resulted in a very great advantage to the American shippers and those receiving the shipments?

Mr. ROSSBOROUGH. There is no question about that. As a matter of fact, the rates from the United States and to the United States should be lower than the rates to and from Europe, because the haul is 2,000 miles less.

There is no guesswork about this. Here is an actual demonstration of what the foreign lines will do to you when they are able to do it; and it was only the institution of the Panama Steamship Co., operating our own boats, that enabled us to get rates to the United States and from the United States even equal to those to and from Europe, 2,000 miles greater haul, to and from these South American ports.

I almost hesitate to venture upon an argument in favor of an American merchant marine. It seems so obvious to me that we must have a merchant marine if we are ever to have any foreign trade at all worth while.

In addition to the commercial reasons, in addition to the economic reasons, I want to refer to the other phase of the matter, and that is the necessity of merchant ships as a part of our national defense, as auxiliaries to the Navy; and I am offering in that connection the testimony of a distinguished author from England. I refer now to Senate Document No. 335, Sixty-fifth Congress, third session, an article which I had printed as a public document entitled "The Problem of British Shipping," by Sydney Brooks. I just want to read what that author has said. This was published in British papers. I thought it was a very valuable discussion of the whole subject of shipping during the war, and especially of the question of the importance of merchant ships. It is based upon experience, not upon mere theory. It is one of the great lessons which the World War taught—a lesson which is not so emphatically applicable to the United States as to Great Britain, because we are not situated precisely as she is, but one that is still applicable to us and to any great nation.

Mr. Brooks says, on page 7:

Over one-half of the world's sea-borne trade was carried in British ships; our shipbuilding resources were unrivaled; all the lands of the earth were laid under tribute that the people of the United Kingdom might have the means to maintain life and the material to manufacture goods; our merchant navy was not only the prop of our existence, not only played the same part in British commerce as coal plays in British industry, not only sustained the whole edifice of our world-wide trading—it was also the greatest of international utilities, the most remarkable of all our contributions to the commerce of the universe, and by far the most imposing monument ever reared by the genius of British enterprise.

At that time they had 44 per cent of the world's tonnage. This continues:

It is a commonplace to remark that without the mercantile marine we could not have waged the war, much less won it. Everyone can now see that tonnage has been the basis of the whole allied effort. But we were almost criminally late in recognizing this simple quintessential fact and in shaping our policy accordingly. The war had been going on certainly for two years—in my own opinion, for two and a half years—before the nation and its rulers had begun to realize that we are not a continental but an insular power, drawing our life from the sea. So little was this foreseen or suspected at the beginning of the war that we took men from the shipyards by thousands and tens of thousands into the army and the munition factories, and practically shut down on the building of merchant vessels. Then gradually and protestingly we awoke to the reality of the U-boat depredations. We found that just at a time when our factories were demanding more and more material from abroad, and our armies were requiring unprecedented quantities of imported foodstuffs, and our allies were asking for the loan of ships and yet more ships, and half of our total tonnage had to be diverted from commercial to military uses, the German submarines were making inroads on our depleted shipping with a success that, if it could be maintained, would eventually end in paralyzing our fighting arm. There were weeks, there were months, in 1917 when the enemy's campaign seemed so likely to triumph that one could almost name the date when Great Britain's part in the war would be over. Sir L. Choliza Money stated in the House of Commons on the 14th of November that had our losses in the month of April, 1917, been maintained we should have been "in deadly danger" in six months and "ruined" in nine months. I wonder how many people realize that in the first nine months of last year we lost almost a sixth of the entire mercantile marine with which we began the war and that our output of vessels for the whole year was about 240,000 tons less than our losses during a single quarter. Our strength at sea was being steadily sapped, even though the fleet remained intact and supreme.

Such a paradoxical conjuncture of affairs would have seemed unimaginable before the war. But then before the war we really did not know the meaning of sea power. We thought it meant dreadnaughts, cruisers, destroyers, submarines, and so on. We did not realize that it also meant liners, trawlers, tankers, tramps, and the ordinary merchant vessel. We did not grasp that while the fleets represented the striking and protecting half of sea power, the carrying and supplying half consisted of the merchant marine, and that both were equally vital to the success of our military effort. We had never, therefore, envisaged a situation in which, while "the command of the seas" was

in our hands, our communications, our vital arteries, could be severed one by one through the sinking of mere trading ships. Undoubtedly, as Lord Incheape has observed, when men begin to ponder the lessons of the war there will be a great readjustment in the strategic conceptions of the functions and relative importance of the navy and the merchant marine in time of war. We have learned to rate at something like its proper value the belligerent utility of a service that has transported to five different fronts and kept fully provisioned and equipped all these millions of fighting men, besides supplying Great Britain with her essential foodstuffs and raw materials and placing over 2,000,000 tons of shipping at the disposal of her allies.

Now, ought we to forget that lesson? Is not that a sufficient demonstration of the necessity of having merchant ships in peace times as well as in war times? They are necessary as auxiliaries to any Navy we may establish.

Mr. President, passing from that, I confess to no little disappointment and chagrin, and it almost makes me ill when I read the testimony before the subcommittee of the House Committee on Appropriations. It seemed to me that possibly we had reached the time when the hope of a decent merchant marine was fast vanishing from our vision.

That testimony was significant for its vagueness, its uncertainty, its outrageous proposals, its guessing, and its brazen statements, which are admitted later on in the testimony to be wholly unfounded in fact.

The fact is that Mr. Lasker begins with a statement of some \$400,000,000 of losses from operations, finally comes down to \$300,000,000; then comes to Congress and places it at \$200,000,000; and then finally, under the very adroit, persistent, and very patient inquiries into details by the House committee, gets down to \$125,000,000, and after a while we find out that in that estimate of \$125,000,000 which he made to the House are \$25,000,000 which have already been provided for under a previous bill. That appropriation for \$25,000,000 was carried in the bill that was passed June 16, 1921.

Mr. WARREN. It was included in the second deficiency appropriation bill in the last session for the completion of the 19 ships, specifically for that purpose and for no other.

Mr. FLETCHER. Then we go further into this testimony and find the statements rambling, uncertain, unconvincing all through it, of witnesses brought in by Mr. Lasker to sustain his request for this appropriation. They admit they are guessing.

We find that Mr. Lasker begins his work here by inviting three men, two at \$35,000 a year each and one at \$25,000 a year, three men at \$95,000 to begin with, to have charge of operations. Mr. J. H. Rossiter could take all three of them on his knee and teach them their A B C's in marine transportation.

Then he says, "This is a very sick man, this American marine enterprise. He needs some very skillful treatment. He is very ill." He seems to have the idea that the proper way to treat this very sick man is to call in all the doctors he can find in the country—quacks, experts, and what not. So he assembles them.

He calls in Doctor American Steamship Owners' Association to attend the sick patient, and he calls in Doctor United States Ship Operators' Association. They are here to wait on this patient. Then he gets Mr. Schlesinger, and Mr. Schlesinger calls in all the "lame duck" and otherwise lawyers that he can find, and they come to attend this sick patient, 21 lawyers, to draw salaries amounting to \$266,000 a year. We are pleading for economy now. You have been spending too much money. You have been wasting the public money. The first proposition made to Congress by the new board is to raise the salaries of men connected with the Shipping Board \$300,000 a year!

So we have these doctors all in here to take care of this sick patient. It looks like it is going to be just as it was when the doctors were called in to attend George Washington. They are going to bleed him to death. That is what they did with Washington. That was the old practice in those days, to bleed your patient, and they bled him and killed him. He would have lived 10 or 15 years longer if it had not been for those doctors who were called in and bled him. They are not physically bleeding this sick man here, but they are going to bleed him, according to this program, and Congress is going to say, "We will refuse to supply the blood to infuse into the veins of this sick man, bleeding him as you are," with the result that the prospect is that finally the patient will die, the whole thing will go down, the whole accomplishment will disappear, and we will have no merchant marine. That is the prospect held out under this sort of showing, and the end desired, according to what has been going on.

Mr. President, we seem to have lost all conception of what money is or amounts to.

Mr. WARREN. Just when did we lose that?

Mr. FLETCHER. We have been gradually getting to it.

Mr. WARREN. Gradually getting to it? What have we done during the last three or four years? The Senator speaks of the



bleeding operation. The bleeding has been going on pretty thoroughly. When you go through the history of the Shipping Board, and into that of the Fleet Corporation, you find them taking money out of construction funds and paying salaries larger than any that are mentioned in either this bill or the remarks concerning it here on the floor.

Mr. KING. Let us tie the arteries and stop the bleeding.

Mr. FLETCHER. I would like to have the Senator from Wyoming point that out. He will not find any salaries under the Shipping Board or paid by the Emergency Fleet Corporation comparable to the ones paid by the present board.

Mr. WARREN. There was one case which happened to come up here yesterday where the salary was \$32,000.

Mr. FLETCHER. Under what?

Mr. WARREN. Connected with the Hog Island proposition.

Mr. FLETCHER. One officer of the shipbuilding company itself. It was not paid by the Emergency Fleet Corporation nor by the Shipping Board.

Mr. WARREN. He was under the pay of the United States.

Mr. FLETCHER. Not at all under the pay of the United States. He was on the pay roll of the organization which built the ships. They paid their own officers and their own men, and they paid some of them high salaries. But that was not a Shipping Board expense.

Mr. WARREN. But it was under a cost-plus contract. It was all at the expense of the Government, every dollar of it.

Mr. FLETCHER. I know about the cost-plus contracts. This was not a cost-plus contract strictly, but a fee contract. They were limited by the contract to a fee of so much on each ship.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Illinois?

Mr. FLETCHER. I yield to the Senator from Illinois.

Mr. McCORMICK. I rose to ask the same question which was asked by the Senator from Wyoming, if under these cost-plus contracts salaries paid officials of the contracting company, with the knowledge of the Shipping Board and at the expense of the Government, were not tantamount to salaries paid by the Shipping Board?

Mr. FLETCHER. No; not at all. The Government made contracts with concerns to build ships. The only contracts they could get at that time were contracts based upon what sometimes was called "cost plus," but which were not simply cost-plus but fee contracts. The fee was so much for each ship, and if there was a saving beyond a certain cost fixed in the contract, the Government shared in that, and the contractor shared in it, and the contractor paid its president, its secretary, its general manager, its officers and employees out of its own pocket. Of course, that entered into the cost of the ships eventually.

Mr. WARREN. Mr. President, the Senator states that the contracts had a limit. That is true of some of the later ones, but the larger portion of them had no limit whatever. A certain percentage of what it cost, including the salaries of the employees, and everything relating to it, was paid out of the construction fund. I tell the Senator, and an examination of those old papers will show it, that they paid all kinds of salaries, from \$20,000 to \$50,000, out of the construction fund.

Mr. FLETCHER. They did make many contracts on a pure cost-plus basis, and many of those contracts were not wise contracts. But the Army did it, the Navy did it, and everybody did it in those days. In many instances they could not have made the contracts in any other way. They had to have ships. It was a question of commanding labor and material and everything; and when the Government was in charge of the railroads and the distribution of supplies the people would not risk their money upon a big undertaking upon any other basis. But I am not justifying that any further than to give the facts, and Senators can draw their own conclusions from them. They were not employees of the Emergency Fleet Corporation or the Shipping Board—that is what I am talking about.

We seem to lose all notion about the value of the dollar.

Mr. WARREN. Mr. President—

Mr. FLETCHER. When we think of it, what is a billion dollars? What does it amount to? It is really beyond our comprehension.

I yield to the Senator from Wyoming.

Mr. WARREN. It seems that the difference the Senator wishes to make is this, that under the salaries as given in this bill they are brought to our attention in an open and above-board manner; but under the other plan, in what I believe was a corrupt way, an indecent way, a deceptive way, from the Treasury of the United States they paid out this money, which was included in the cost of the vessels, and immense salaries

were hidden in that way. You can call it salaries of the board or call it what you like, it was all money of the United States expended through the Shipping Board and the Emergency Fleet Corporation, which latter was, of course, an offspring of the parent company.

Mr. FLETCHER. I understand all that. There is a very great difference. The Senator can call it corrupt if he likes, and then he can fasten it on Mr. Piez and Mr. Schwab and Mr. Rossiter. If he wants to call them corrupt, all right, let him go ahead.

With reference to the salary paid Mr. Brush—I believe it was—a distinguished engineer of wide experience, he could earn that money in private life easily enough. But I am not going into that detail. That was a matter between him and his company, and subsequently those accounts were, of course, viséed by Mr. Piez and approved and indorsed on up through the Emergency Fleet Corporation and the Shipping Board, I take it.

I am speaking now with reference to the proposal to scrap these ships, for that is what it comes to, and I am calling attention to the fact that the people of the country are very considerably interested in that proposition. We sold Liberty bonds and the people bought Liberty bonds and paid their money for them, and the proceeds of those Liberty bonds went into these ships.

A billion dollars! We talk about it as if it is a matter of small consequence. Perhaps we will get an idea of what it means if we will stop to consider that if we stood silver dollars on edge, placed them face to face, jammed them together, and laid them from New York to Key West, 1,490 miles, we would have \$1,000,000,000. One column of dollars pushed together reaching from New York to Key West gives \$1,000,000,000. We put in those ships another column of silver dollars right alongside of that. Then we put still another column of dollars right alongside of that. So we have three columns of silver dollars laid on edge and pressed face to face reaching from New York to Key West put into these ships. It is proposed to roll them into the Atlantic Ocean and bury them like the body of Alaric and the remains of Moses, so they can never be located hereafter. I do not think we ought to do that. I do not think the American people are going to permit that to be done.

There is one inspiring thing in connection with Mr. Lasker's testimony. I do not mean to criticize him. I am simply referring to the hearing before the House committee as showing an utter lack of preparation to give the data or facts that were called for. In the Senate hearings Mr. Lasker was more reserved, more to the point, and evidently had obtained some further information. He said, on page 15 of the Senate hearings:

Mr. LASKER. I think if the country once knew that we were going to lose the fleet, then it would come to the consciousness that it wants it. But I think there is a great deal in what you say. At the same time I feel we must give the country the facts about ourselves as well as regarding the past. I hope to get to the point where we can make monthly statements.

And again, in answer to a question which I shall read, he said:

Senator JONES of New Mexico. While this country may have been losing some money in operation of ships, I may inquire, do you not think that other concerns have been losing money in the operation of ships during the last year?

Mr. LASKER. Yes; emphatically. I think the enemies of this country would like nothing better than for America to stop its ships; and I believe our future will be dark if this present merchant marine is not backed and established, and that America will fall to a lesser position than that she should occupy; and I think the greatest thing for this country would be for us to keep these ships running and to go further into the shipping business.

On page 16 of the same hearing, Mr. Lasker said this:

Senator JONES of Washington. In other words, the condition of the market of the world is such that no one will take a contract on any other basis?

Mr. LASKER. Yes. When the commerce of the world is revived, does anyone think that Great Britain is going to carry our agricultural products to competitive markets in which Australia and Canada will be wanting to sell? What would we do if we were British? We would carry our own products and let England whistle.

Another thing; when that time comes, what rates will they charge? The greatest insurance we have, to my mind—I have not become a propagandist—but the greatest insurance we have for our future overseas trade in the products of our factories and in our farm products is this merchant marine, bad as it is at this moment.

There Mr. Lasker is talking like a courageous, determined man, a patriotic citizen, a splendid official, with a correct conception of fiduciary responsibility. I wish he would put those words on placards so large they could be read a block away and post them up in every office of the Shipping Board in this country and abroad. Live up to that principle and we will have no fault to find with Mr. Lasker. I think I can say to him, at least so far as I can go with my influence, what little it may be, that we will stand behind him and back him to the limit. I believe the people of this country are going to do that,



because, in my judgment, he there defined what is the real purpose of Congress and the real policy laid down when we passed the merchant marine act of 1920.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. Certainly.

Mr. JONES of Washington. I got the impression that the Senator has an idea that Mr. Lasker before the House committee expressed some doubt about our being able to build up a merchant marine and that that possibility did not impress him. I wish to read to the Senator one statement that I have just found in his testimony before the House committee.

Mr. FLETCHER. I shall be very glad to have the Senator do that.

Mr. JONES of Washington. He said:

I believe if Congress and the press will give us half a chance that the patient can be saved.

He was referring to the merchant marine.

There is no doubt about it. If it fails I will always believe that it was because at this time it was not given a chance. I may not be up there—

I think he means he may not be chairman when that is accomplished—

I may not be up there, and it may be some one else that will do it, but it is a doable thing if Congress has the courage and if they look into it deeply enough.

Then on page 28 of the hearings he expressed a confidence which I think it would be well if all of us had, and also calls attention to the benefits, which I believe will come to the country if we do accomplish this great thing, that ought to be taken into account. He said this:

Now, while we are filled with problems and absolutely running at the height of inefficiency, and while it is going to take the most competent people a year to show anything, two years to show any efficiency, and those number of years until world trade gets in good shape to make this thing right, if Congress and the press and the country are patient and helpful, this wreck can be turned into an asset so great that from a money value it will be worth the whole \$26,000,000,000 that the war cost us. I do not mean the \$3,500,000,000 that the fleet cost us, because it will mean the maintenance of an American merchant marine; and if you do not do that, Mr. Chairman, you are left with what I stated in my premise—the option to pay a greater loss to keep the merchant marine tied up or else to sink it.

Mr. FLETCHER. I am glad the Senator called attention to that.

Mr. NEW. Mr. President—

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Florida yield to the Senator from Indiana?

Mr. FLETCHER. Certainly.

Mr. NEW. If the Senator will permit me an opportunity for an observation, he quoted a statement made by Mr. Lasker before the Senate committee from the reading of which it would appear that Mr. Lasker is in favor of the Government continuing in the operation of these ships as a Government enterprise. That is the inference that the Senator undoubtedly draws and the inference that he conveys to the Senate.

I am sure that that was not what Mr. Lasker intended to convey. What he meant, and I have had his assurance to that effect, was that the country—not the Government, but the country—should continue to have a merchant marine.

Now, Mr. President, if the Senator will indulge me a little further, I desire to say that I think it is pretty well understood that there is a rival concern which, without being too specific, is operated in the interest of another Government, and that it is to the interest of that concern and that Government to discourage an American merchant marine, in whatever form or operated under whatever name or agency. I believe that that concern is to-day spreading propaganda all over this country in discouragement of the continuation of any effort to operate American ships. I think what Mr. Lasker had in mind—and, in fact, I make bold to say so—was not that the Government should continue to operate its vessels under the Shipping Board, but that the country should continue to have a merchant marine, and that, in the course of time, these vessels may be disposed of to private American shipping concerns, which will operate them under the American flag, primarily for the benefit of those concerned, but generally, of course, for the benefit of the country.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. I yield.

Mr. JONES of Washington. I do not want to interrupt the Senator too much, but I think, in view of the situation which has just come about, it would be well for me to interrupt him now.

Mr. FLETCHER. I shall be very glad to yield to the Senator from Washington.

Mr. JONES of Washington. The Senator has quoted one statement which the Senator from Virginia [Mr. GLASS] quoted yesterday, and upon which the Senator from Virginia came to the conclusion that Mr. Lasker is in favor of the Government continuing in the shipping business and owning and running the ships as a Government enterprise. I called up Mr. Lasker on the telephone yesterday, and, directing his attention to the two quotations which had been made from his testimony before the House committee, I told him what the view of the Senator from Virginia was with reference to his ideas, as drawn from that testimony. I have a letter from Mr. Lasker this morning in reference to that matter, which, if it will not interfere with the remarks of the Senator from Florida, I should like to have read, for it bears precisely on the proposition to which the Senator from Indiana [Mr. NEW] has referred, and upon the quotation which the Senator from Florida has read.

Mr. FLETCHER. I shall be glad to have the letter which the Senator from Washington has received from Mr. Lasker read, for it may clear up the situation.

Mr. JONES of Washington. I ask that the letter which I send to the desk may be read by the Secretary.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The reading clerk read as follows:

UNITED STATES SHIPPING BOARD,  
Washington, August 19, 1921.

HON. WESLEY L. JONES,  
United States Senate.

MY DEAR SENATOR JONES: Referring to the evidence I gave before the Senate Appropriations Committee, on page 15, where I state:

"I personally have been there long enough to know this, that somehow, somewhere, there is a very subtle and powerful propaganda to drive the Government out of the shipping business. I can not put my finger on it, but it is there."

"Yes; emphatically. I think the enemies of this country would like nothing better than for America to stop its ships; and I believe our future will be dark if this present merchant marine is not backed and established, and that America will fall to a lesser position than that she should occupy; and I think the greatest thing for this country would be for us to keep these ships running and to go further into the shipping business."

I meant to convey the thought that I felt this country could not occupy its rightful place in the trade of the world unless the merchant marine was kept successfully in operation.

I did not mean operated by the Government. I have repeatedly stated that I felt we never would have a merchant marine really established until our fleet was privately owned and directed by private enterprise and private initiative.

In the present state of world conditions this is impossible, and the Government must keep its fleet going, under the provisions of the Jones Act, until trade conditions change so that private enterprise will be interested in the purchase of these ships. In the meantime, the Shipping Board, as you know, is working on a new and different plan from that under which the ships are now being operated, to wit, a plan of bare-boat charter.

At the time the request for the appropriation was made I sent with that request to Gen. Dawes, and he in turn transmitted to Congress, a printed statement in which I used the following language:

"The President, the Jones Act, and the Shipping Board are all in accord that the Shipping Board must function so as to turn these boats over, as soon as good business judgment dictates, to private owners. Unless Shipping Board boats are very soon operated along the most correct business lines, we will not have any operators or owners left in America who can buy these boats. The operators and owners unanimously feel that way; and to get Shipping Board operations on an efficient basis is the quickest and shortest step to creating a situation whereby private people can buy these boats and get the Government out of Government ownership."

The new policy which the board hopes to adopt will be with a view to making it possible for private enterprise ultimately to purchase the boats at such time as may be propitious. Personally, I do not believe, under Government ownership or Government operation, we can ever have a successful fleet, but I do feel in the meantime, and in that I am voicing the sentiments of the entire board, that everything possible should be done by the Government with its present fleet to encourage private ownership and private initiative, so that private owners will be able to buy the ships when world conditions change.

Sincerely, yours,

A. D. LASKER, Chairman.

Mr. FLETCHER. Mr. President, first, with reference to the interruption by the Senator from Indiana [Mr. NEW] I desire to say that I do not quite fully follow him in the suggestion that the Government is to step out of the business of operating ships, and that Mr. Lasker is in favor of turning the ships over to private enterprise and letting them be run by private enterprise. Does the Senator gather from Mr. Lasker's view that he wants to make a present of these ships to the International Mercantile Co., to the Munson Line, and to the Pacific Mail Steamship Co., and other steamship lines?

Mr. NEW. By no means, Mr. President.

Mr. FLETCHER. Then, the Senator does not propose to sink them?

Mr. NEW. Certainly not.

Mr. FLETCHER. He does not propose to tie them up?

Mr. NEW. No; nor do I propose to do that.

Mr. FLETCHER. Then the Government must operate them until it can dispose of them.

Mr. NEW. The Government must necessarily do just what any concern would do with its assets. It must hold them until it can dispose of them to good advantage. Mr. Lasker evidently thinks, and I certainly concur in that view, that the time will come, if the affairs of the Shipping Board are ever judiciously managed, when its vessels may be transferred to private interests and at fair prices. It can not, however, be done by any policy of scuttle.

Mr. FLETCHER. I gather, Mr. President, that the letter from Mr. Lasker really means to be in conformity with the first paragraph set out in the act of June 5, 1920, as to the policy with regard to these ships. Am I right about that, I will ask the Senator from Washington?

Mr. JONES of Washington. I think so. I think, as to Mr. Lasker's attitude, that he thinks along the line of what the Senator from Indiana [Mr. New] has suggested, that we must husband this enterprise along, encourage the development of private operators, and so on, in order that they may ultimately buy these ships.

Mr. FLETCHER. Precisely.

Mr. JONES of Washington. But in the meantime the Government ought to keep the ships going until private operators have been sufficiently assisted and encouraged in order to do that.

Mr. FLETCHER. I inferred that to be the case, and I also am pleased to infer that from his statements before the Senate committee to which I have referred. Perhaps I ought to read the first paragraph of the act under which the Shipping Board is operating, as it is very brief:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled—*

I do not know of any authority to lay down a policy other than Congress; I do not understand that it is Mr. Lasker's business to lay down or declare a policy, or that it is the business of the Shipping Board or of anybody else but Congress. This is the latest expression by Congress; it has not been altered or changed in any respect whatever and it is binding on the Shipping Board. It reads:

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws, keep always in view this purpose and object as the primary end to be attained.

That is the law, and that is the guide for the Shipping Board. What I had reference to in commenting upon Mr. Lasker's testimony before the House subcommittee more particularly was his apparent attitude of pessimism, and his severe, drastic criticism of what has been accomplished and the conditions as he found them, many of which were overstated, as he subsequently admitted, and based upon wrong information. For instance, he talks about this whole enterprise being totally bankrupt, and yet during that investigation it developed that to-day they have \$500,000,000 of liquid assets, or semiliquid assets, at any rate, most of them collectible, nearly all of them, practically, good. For instance, there was one item of \$400,000 due by the city of Philadelphia. That amount is evidently collectible. I wish more of it were due by the city of Philadelphia. However, they have of assets the amount I have indicated, to say nothing of the ships. There are due from foreign Governments and from other sources mortgages, notes, and so forth, amounting in all to \$500,000,000. Then they had in their treasury in cash \$36,000,000.

Mr. WARREN. Mr. President, will the Senator allow me to interrupt him there?

Mr. FLETCHER. I yield.

Mr. WARREN. In reference to the Senator's statement about liquid assets—semiliquid, as the Senator stated, would be a better designation—they consist of amounts which the board up to now has been unable to collect. I understand the situation is that they are uncollectible at the present time, but if they could be nursed along all of them might become good, whereas to force liquidation of the mortgages, and so forth, on the ships would simply bring home the ships without securing money.

Now, as to the cash that is in the treasury of the board, there are \$25,000,000 which we have given them for a specific

purpose that can not be used for the ordinary business of the board.

Mr. FLETCHER. I understand that, and that is not included in the cash items I have mentioned. The testimony before the House committee shows that they have \$36,000,000 in cash in their treasury. That testimony is found at page 127.

Mr. JONES of Washington. My recollection is that so far there are \$87,000,000 liabilities against that item.

Mr. FLETCHER. Yes; there are liabilities against it; but I quote from page 127 of the hearing:

The CHAIRMAN. How much cash is there in the bank?

Mr. MONTGOMERY—

He is an accountant who, by the way, is getting \$60 a day, and who has some 40 men under him, some of whom are receiving \$50 a day—

Mr. WARREN. Oh, no; that is denied, and is a matter of record. The expenditures on that account are not so extensive as the Senator intimates.

Mr. FLETCHER. To what extent is it denied?

Mr. WARREN. I think the official referred to has one employee at \$50 a day, and the other employees at less sums; and he also has a less number of employees than the Senator has suggested.

Mr. FLETCHER. I am going by the testimony.

Mr. McCORMICK. Mr. President, it might be stated in this connection that the auditor's office of the Shipping Board has been costing \$5,000,000 a year, and that no voyages have been audited within 18 months of the current date. With three thousand and more auditors employed to-day, they have not been able to bring the audit of voyages up to date.

Mr. FLETCHER. They need auditors all right, I have not any doubt. Mr. Lasker says that these accounts are away behind, and that there has been inexcusable incompetency or inefficiency there, and then he says that it is all due to the system. Now, what is the fact? Mr. Tweedale is the comptroller. Mr. Tweedale is getting \$50 for every working day in the year. Fifteen thousand dollars a year is paid Mr. Tweedale. He has been in that position for two years, and he is now retained by Mr. Lasker. If the system is rotten, why has he not changed it?

Mr. McCORMICK. Mr. President, does the Senator think he will stay there very long?

Mr. FLETCHER. I have not any idea as to that, but he is there. He is retained there by Mr. Lasker.

Mr. McCORMICK. He will probably stay about as long as the brother-in-law of the late Chief Executive, who was treasurer.

Mr. FLETCHER. Of course, that has nothing to do with this proposition. Perhaps the Senator knows all about what is in the mind of the Shipping Board. I am not a mind reader, but I do know that Mr. Tweedale is retained as comptroller, is there to-day, and he is getting \$15,000 a year, and he has been there for two years operating this system. He initiated it and worked under it. If it is bad, if the system is the trouble, why has he not changed it?

Mr. WARREN. Mr. President, I think the system will be changed if the Senator will be patient, but the first problem is to find out what we have to work on. As to the cash the Senator speaks of, of course he understands that that cash is encumbered and more than encumbered; that no money has been appropriated for general use for a long time, and that there is no money for general use.

Mr. FLETCHER. I am not denying that there are obligations and debts outstanding, and all that sort of thing. I am simply stating the fact that at the time this enterprise was alleged to be wholly bankrupt there were \$500,000,000 of semiliquid assets, \$36,000,000 in bank, and \$25,000,000 already appropriated for construction.

Mr. WARREN. The assets of which the Senator speaks are totally uncollectible to-day.

Mr. FLETCHER. No; not totally uncollectible.

Mr. WARREN. The Senator knows that if he has looked at the items.

Mr. FLETCHER. No; not at all; I do not know that. Mr. Montgomery says that the notes and accounts receivable amount to \$285,000,000, and there is a list of them here. I will put that list in the RECORD. They are set out.

Mr. WARREN. They have tried to force the collection of those items for a long time.

Mr. FLETCHER. Foreign Governments owe \$31,400,000, and so on. Here is the statement, at page 142 of the House hearings. I ask to have that inserted as part of my remarks, showing what these assets consist of.

The PRESIDING OFFICER. Without objection, it is so ordered.



The matter referred to is as follows:

*Statement of estimated quick assets as of June 30, 1921.*

Cash on hand (as per detailed schedule)-----	\$36,145,852
Notes and accounts:	
Foreign Governments-----	\$31,400,000
United States Government departments-----	15,300,000
Relief organizations-----	900,000
Vessel purchasers-----	143,700,000
Individuals, firms, and corporations-----	96,000,000
	287,300,000
Investments and loans-----	87,000,000
Materials, supplies, ship stores, etc-----	90,000,000
Total-----	500,445,852

Mr. FLETCHER. I am simply citing these facts to show that the situation was not as black as Mr. Lasker seemed at first to paint it; and I am saying now that if Congress will authorize the Shipping Board to meet their expenses and to cover their operation losses for the next year out of the sale of ships and out of these liquid assets, they will be able to do it.

Mr. WARREN. One moment. Do I understand the Senator's argument to be to the effect that we ought now to appropriate no money whatever to the Shipping Board?

Mr. FLETCHER. Quite the contrary; I am saying that we ought to make this appropriation, and I am saying that there will be put into the Treasury in that time more money out of these liquid assets than will be taken out.

Mr. WARREN. In time, yes; if we will take care of the present needs at this time.

Mr. FLETCHER. Precisely. That is what I am arguing. I am contending that there are certain large assets here, and if Congress does not want to appropriate the money to pay their expenses and to cover these supposed losses, then let them meet their expenses and their losses out of their assets; but you will not do that, and, I think, very properly. I think that is a bad policy.

Mr. WARREN. We have standing there now \$55,000,000 authorized.

Mr. FLETCHER. I understand that to come from sales. Of course there are no sales now.

Mr. WARREN. But it is impossible to cash these assets now.

Mr. FLETCHER. Some of them are in that situation—not the major portion—and we do not authorize them to realize on these assets and out of such a fund meet their expenses.

Mr. WARREN. I think the Senator, then, agrees with me, when you go behind it all, that the thing to do is to give them the little that it takes to carry them along until they can realize on their assets.

Mr. FLETCHER. That is just what I am coming to, and I am arguing that if this appropriation is made not a dollar will come out of the Treasury more than will go into the Treasury from the Shipping Board during this period.

I was referring to these matters as indicative of the apparent attitude of Mr. Lasker at that time, but the sentiments he now expresses before the Senate committee are entirely satisfactory to me, and if he will only live up to them I believe the Congress will back him up, and I am satisfied the country will be behind him. It is absurd to do anything else. We can not afford to give away these ships or to sink them or to tie them up. We can not afford to junk this great enterprise. The man who advocates it does not represent the true sentiment in this country, and if there is any strong sentiment created to that effect I shall be convinced that "B. B." is right when he says that "we have come upon a time when electricity is doing our working, gasoline is doing our playing, and the ouija board is doing our thinking."

Mr. President, regarding these alleged losses, finally everything seems to focus upon the proposition that the Government can not operate these ships without creating a tremendous expense and drain upon the Treasury, and that they have been making terrible, immense drafts upon the public funds to meet operating losses.

I want to see these ships owned by private operating companies, but I do not want to see them scrapped at present and taken off the seas; and I want to warn Mr. Lasker and the Shipping Board now that if he is not very careful when he insists upon the bare-boat charter he will cause these ships to be tied up, and he will find that there are not enough privately owned ships to move our commerce, and foreign ships will again be carrying our trade overseas, because in many places our people are not in position to run all the chances of operating ships, and especially along new routes that are now being developed.

Mr. McCORMICK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Illinois?

Mr. FLETCHER. I yield to the Senator.

Mr. McCORMICK. To what extent would the Senator have the Shipping Board continue the MO-4 charters? In what sum would he have them incur annual losses?

Mr. FLETCHER. I am going to be able to show that that annual loss, so called, is a dream or a pretense to a large extent. I will show it from the facts. There is no need for losing any money in the operation of these ships. There may have been some losses; there have been, undoubtedly; but there have been tremendous profits made in operating these ships, and there is no need for the Government to lose and continue to lose money in the operation of these ships.

Mr. McCORMICK. Mr. President, granting that that is true, if there are not too many such charters, it is so, is it not, that last year the operating loss was \$130,000,000?

Mr. FLETCHER. They estimate that, but I think I can show that that is an error. I shall get to that in a minute. I say to the Senator that I prefer this bare-boat charter contract.

Mr. WARREN. The Senator wants bare-boat charters?

Mr. FLETCHER. Yes. I prefer that, but I say we should not be in too big a hurry to insist upon it and cancel all other contracts, because if we do we will find these boats tied up. There are many portions of the country where the people are not able to invest in bare-boat charters, they have not the capital, and in other instances they are not willing to jeopardize their capital in bare-boat charters, especially along the new routes that are being developed and established. One of our policies has been to establish new routes of trade, to build up trade with countries with whom we have had but small trade in the past, and where there are great possibilities, and I think that is a wise policy. If it were left to me I would run ships to all these islands in the Caribbean and along the Gulf, to every accessible port. I would land at these islands if I did not do anything but put ashore a barrel of cabbage and take on board an old woman with a parrot. The next time you came there you would have cargoes. There would be tons of stuff that they would want to ship by your boats, and tons of stuff they would be willing to take; but it takes a little money to develop that trade. It takes a little time. We are insisting now that because we have only been operating these ships a year, and because they have lost money before the routes could be made profitable, we must quit operating the ships and abandon the routes. That is a mistake. We never expected to earn profits on a good many of these sailings from the start. It takes a little time to build up a profitable trade, to establish new routes, and to develop conditions that would cause the voyages to yield a profit. We must not forget that the ships of other countries and of private American owners have been losing money, except the large passenger liners.

Mr. President, with regard to these so-called enormous losses arising from operation, you do not frighten me very much when you talk about the Government operating ships either. The Panama Steamship Co. has been a very successful enterprise. It has made money from the start, maintained itself, and it could to-day be operating the *Leviathan* at a big profit and making money, in my judgment. The Panama Steamship Co. is a Government enterprise.

The Panama Railroad Co. is a successful enterprise. Australia is operating ships. Canada is operating ships. They have seen that they had to go into it to protect themselves. Private enterprise failed them. So you do not terrorize me very much when you talk about the danger of Government operation. This Government could operate ships. There is no necessity for their failing to do it profitably and properly. I do not favor unnecessary competition with private enterprise, but I do insist that we should have an adequate American merchant marine, American owned, American operated, for the benefit of American commerce and American industry. We should never again be in the position of a beggar of ships, a fettered and embargoed trafficker on the great highways of commerce throughout the world.

As to these losses, here is the testimony of Mr. Tweedale when last May the request was made for \$50,000,000 for the next six months, and of that sum \$21,000,000 was to be devoted to operation. Mr. Tweedale then stated, on May 9, 1921, that—

From the beginning of the operation of this fleet to May 1, 1919, we paid all the expenses of the fleet, the operation of the fleet, and in addition to that declared a profit of \$48,325,000, and also laid up \$33,000,000 for depreciation, making a total of \$81,325,000. From that point, May 1, 1919, down to March 1, 1921, the fleet was operated at a profit of \$17,000,000.

That is the testimony of Mr. Tweedale, the comptroller of the Shipping Board. What becomes of all this hullabaloo about the great losses in operations—first \$400,000,000, then \$300,000,000, then \$200,000,000, then \$166,000,000, finally \$131,000,000? We

do not know what it is. We have not any reliable books, and do not know what it is.

The testimony of the comptroller, given at page 4951 of the CONGRESSIONAL RECORD, shows a profit from operations of \$17,000,000 up to March 1, 1921.

Mr. JONES of Washington. I do not know just how those figures were arrived at, but I think it emphasizes the statement which Mr. Lasker has made several times, that it is practically impossible to get at the real truth of the situation from the books. Mr. Tweedale stated before the Appropriations Committee the other day that if we had in hand all of the operating profits we would have plenty of money to run us at least through the next year. That must be more than \$17,000,000, so that I think the profits on operation are even much greater than the \$17,000,000 that is referred to there.

Mr. FLETCHER. Precisely.

Mr. JONES of Washington. As a matter of fact, from \$165,000,000 to \$185,000,000 of operating receipts have been put into the construction of ships.

Mr. FLETCHER. That is exactly the situation. They have been putting it into the construction of ships. We have been building ships which perhaps we should not have built; I do not know. But it was advised by Mr. Rossiter, it was advised by the Shipping Board and by people who were acquainted with shipping, that we ought to have a balanced fleet; that is to say, we ought to have some passenger ships, and therefore we have gone and built some of those passenger ships.

The *American Legion*, one recently launched, is now operating successfully and filling a place that ought to be filled by a Government ship. The *Washington* is coming on, and those ships cost money. We have taken money out of the revenues derived from operation and put it into more ships.

Mr. President, further in connection with this bogey man, "excessive losses from operations," I would call attention to the statement in the hearings before the House committee on page 160 by Mr. Keen, as follows:

JULY 30, 1921.

Subject: Operating costs.

Complying with your request would advise that the average yearly vessel expense, including wages, subsistence, fuel, miscellaneous expense, and fixed charges (maintenance 50 cents per dead-weight tonnage month; overhead  $\frac{1}{2}$  cent per dead-weight tonnage day; insurance  $3\frac{1}{2}$  per cent per annum on valuation of \$100) omitting port and cargo charges and expenses, as reflected by preliminary reports on voyage results submitted by managing agents is \$348,804.95.

Based on 603 voyages of vessels of various tonnages, distributed costs per dead-weight tonnage year are as follows:

Wages	\$8.4029
Subsistence	2.7681
Fuel	13.8104
Miscellaneous expense	4.0908
Fixed charges	11.3322

Total vessel expense average..... 40.3964

C. P. STONE, Staff Assistant.

So that the difference between the cost and revenues derived from operating has only been about 40 cents per dead-weight ton per year, according to this showing. We had an average of some 7,000,000 tons in operation; 40 cents a ton on 7,000,000 tons would be the loss in operating those vessels, according to that statement.

Then it is estimated further in this testimony that the loss from operation could be fairly put at about \$49,000,000, instead of \$200,000,000. As the Senator from Washington [Mr. Jones] has said, the whole thing is largely a matter of guess. But the record does show that the revenues from operations have amounted to \$379,000,000.

I think an accurate statement about the cost of operating and the losses would be about as follows:

Based on results of operation during the 10 months, July 1, 1920, to April 30, 1921, using terminated voyages as a basis, and managing agents' reports, which necessarily must be at least partially estimated to show the results of such voyages, the following figures are produced:

Gross revenue	\$379,254,708
Expenses, including repairs, insurance, and overhead	409,091,306

Net loss from operation..... 29,837,597

Mr. KING. What period does that cover?

Mr. FLETCHER. That is from July 1, 1920, to April 30, 1921.

If depreciation on original cost (average, \$200 per dead-weight ton) on a 10-year life basis, which we have been using, were added, it would amount to \$149,451,725. This, if added to the operation loss, would increase the total loss to \$179,289,322.

That is 10 per cent depreciation on these ships, at \$200 a ton, which, of course, is an unreasonable charge.

If figures above used to cover insurance, repairs, and depreciation were reduced from January 1, 1921, to a figure more commensurate with present conditions, insurance and repairs would be reduced by \$16,798,838 (divided: insurance, \$11,199,188, and repairs, \$5,599,650). Depreciation would be reduced by \$41,996,980.

If the reduced figures mentioned were used, and I think they are considered ample, the results shown above would be changed and appear as follows:

Gross revenue	\$379,254,708
Expenses, including repairs, insurance, and overhead	396,053,546
Net loss from operation	16,798,838

I think that is about right.

Mr. HITCHCOCK. That is for what period of time?

Mr. FLETCHER. That is from July 1, 1920, to April 30, 1921.

Mr. HITCHCOCK. That is during the period when the freight rates have been abnormally low?

Mr. FLETCHER. The freight rates were abnormally low when these losses were incurred. Before that they made tremendous profits. On one voyage one of these Government ships cleared over \$600,000, and it has only been since the commerce has fallen off and business has gone down that the losses have been taking place, and private shipowners have suffered in the same way.

Mr. HITCHCOCK. Why should such an enormous appropriation as \$125,000,000 be necessary under those circumstances?

Mr. FLETCHER. I do not think it is, and that is why I think the House did the wise thing to cut it down to \$48,500,000. I think that ought to be sufficient. I will show the Senator in a few minutes just exactly how that was worked out.

It should not be overlooked that during the period in question the first five or six months covered business which was obtained during the period of much higher rates and before the serious reduction in tonnage occurred. If depreciation on the reduced rate, i. e., 5 per cent on \$100 per D. W. T. valuation, instead of 10 per cent on \$200 per D. W. T., were added, it would increase this loss to \$30,797,784.

I think 5 per cent on an estimated value of \$100 a ton would be about the proper allowance for depreciation, instead of 10 per cent on \$200 a ton.

If the entire fleet had been laid up the cost of such lay up, based on that expended on that portion of the fleet out of service for the period in question, which basis, however, is hardly a fair one on account of the question of proportion entering therein, the loss, including depreciation, would have approximated \$74,000,000.

So that we were confronted with this situation—either sink the ships, tie them up, or operate them. There were just three alternatives. A man would be considered insane who insisted upon sinking them. It was found that if they were tied up the upkeep and expense would more than equal the cost of operation. Therefore there was nothing to do but to undertake to operate them, and we are not responsible for consequences growing out of such conditions as existed in New York and in Habana—strikes, congestion, and that sort of thing—which have happened, and the general demoralization of markets and disorganization of trade, all of which have caused this reduction in the freight rates and falling down in the profits of operation.

A very striking way of showing that loss would have been greater had all ships been tied up is found in the fact that for the four months, January to April, 1921, inclusive, the only period for which I have such figures worked up, shows loss per D. W. T. per day from operations:

	Cents.
For vessels in service	3.253
For steel vessels laid up	3.811
For wooden vessels laid up	2.619

Note that the steel boats in which we are particularly interested when laid up cost 3.811 cents, while those in service cost 3.253 cents.

That is as nearly a correct statement of the result of operation, I think, as can be derived from the books and from all the information and all the facts which could be furnished at this time.

Clearly, Mr. President, this estimate of losses from operation has been very greatly exaggerated and overstated. As I said, the request was modified to \$125,000,000. It developed in the hearings that \$25,000,000 had already been provided for ship construction under the act of June 16, 1921. Therefore that was eliminated. That leaves us \$100,000,000 to deal with. What made that up?

There was an item for claims of \$24,000,000. The House takes the position that we should not make a blanket appropriation of money to adjust claims and leave it to the Shipping Board entirely to administer and pay out that fund as they may see fit. They felt that the Shipping Board ought to consider the claim, reach a settlement as to the claim, a chimney-corner settlement, or litigate the matter and try it out; determine what claims there are and what is the amount of each, and then submit a report to Congress, get the approval of Congress, and have Congress, if it approves, then make the appropriations to pay the claims.

I am not disposed to quarrel with that view. I think it really is the wisest course. The committee of the House makes a very strong statement in that connection. I think perhaps it is the wisest course not to make an appropriation of millions of dollars to be handled as the Shipping Board may see



fit in the adjustment of claims, and yet I can see how in all probability the other plan is going to be a very expensive thing for the Government.

I can see how the Government could save millions of dollars if they would only make this appropriation of \$24,000,000 to apply on claims, because I know personally of claims against the Shipping Board, which have been audited and about which there is no dispute, where the parties themselves have got together and submitted their books, and they have been checked up by Mr. Tweedale and his auditors, and the amount agreed upon, and yet they can not get their money. Many of the claims have been pending for 6 or 12 months or even 2 years, and still the Shipping Board does not pay the claims which they themselves have audited and admit are due.

Mr. JONES of Washington. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Washington?

Mr. FLETCHER. Certainly.

Mr. JONES of Washington. Does not the Senator think also that it is very likely there are many claims about which there may be no substantial dispute as to the principles upon which they should be settled, and possibly the amount that would be due under those principles could be compromised at a great saving to the Government if the parties could get a cash settlement?

Mr. FLETCHER. I was just coming to that. I have not any question in the instances I have mentioned that the parties would be perfectly willing to accept a 25 per cent discount to get the cash to-day. The Government would save that much. It would be an almost unconscionable act on the part of the Government, because it ought really to pay those claims in full, and it ought really to pay interest. But outside of the question of interest the parties, because of the long delay, are embarrassed in their business; they are on the verge of bankruptcy and will not insist on full payment, but would be willing to discount 25 per cent in many cases in order to get cash for the balance at once.

Mr. JONES of Washington. I agree with the suggestion which the Senator makes as to the claims where a different amount has been arrived at, or probably could be agreed upon, that it would be unconscionable. Of course if a compromise or reduction in those cases should be agreed upon, and there are cases where there is honest dispute as to the amount actually due just as between individuals, a compromise could be reached that would not be unconscionable and yet possibly would save the Government millions of dollars.

Mr. FLETCHER. Quite true. I think there is no question that there are hundreds of cases like that where the parties would be willing to say, in effect, "There is a little dispute about this, but we will forgive it and not count it, and let it go in order to get a settlement." I believe the Government would save money if we appropriated the \$24,000,000 and let the Shipping Board adjust such claims.

At the same time I can not very well quarrel with the principle for which the House seems to stand, that they ought to report to Congress the amounts involved and let Congress pass upon them and make appropriation when they determine whether the settlements meet with the approval of Congress or not. That causes further delay. It not only does that, but it is a cumbersome lot of detail to impose upon the committees of Congress. We ought to be willing to trust the Shipping Board to do this. We trust them with hundreds of millions of dollars in other ways and we ought to be willing to trust them with an appropriation like that, and let them save the Government and satisfy the people and reach an earlier adjustment of many of the pending claims.

Mr. JONES of Washington. Mr. President, the Senator has been here a great many years, and I wish to ask him if it is not his observation and experience that where amounts are sent down here by representatives of the Government as the amounts due, there is very little investigation made by committees; that, as a matter of fact, the committees are not suited or equipped with the machinery to investigate the claims and pass upon them, and we have to accept very largely the judgment of the officials of the Government or else arbitrarily appropriate a smaller amount and in that way compel the claimant to take less than is honestly due?

Mr. FLETCHER. I think the Senator is entirely correct in that. The committees of Congress have not time to go into an investigation of all the different claims. It simply means that the creditors of the Government, honest people who have done their level best to meet their responsibilities and their obligations, having legitimate claims for damages or for what not, have to wait an indefinite time to let the Shipping Board determine what they believe the amounts should be and then report to Congress and ask for an appropriation.

Mr. JONES of Washington. I beg the Senator's pardon for interrupting again, but it also occurs to me that that simply furnishes additional employment for the lawyers at additional expense to the claimants.

Mr. FLETCHER. I think that is also another strong reason why the appropriation ought to be made now for the Shipping Board to apply on these claims, or, as Mr. Lasker expressed it rather facetiously in his testimony, "to play with." In other words, it is not nearly enough to settle all the claims, but it will enable the Shipping Board to satisfy the most pressing ones and meet the needs of honest contractors and creditors who are on the verge of bankruptcy because they can not get the money that the Government owes them. It is a shameful situation to keep people in.

Mr. SHEPPARD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Texas?

Mr. FLETCHER. With pleasure.

Mr. SHEPPARD. I wish to say to the Senator that I was advised by the chairman of the Shipping Board a few days ago that he expects to take up and settle these claims at an early date.

Mr. FLETCHER. I do not see how he can do so. He may determine the amount due, but he has not any money to pay the claims. The pending bill expressly excludes anything for the settlement of claims. They asked for \$24,000,000 for that purpose, but the House denied it, and the bill now does not carry that item. They can not pay anybody any money on claims. Mr. Lasker can get the people together and determine what is due them, and then he has to make the report to Congress and ask for an appropriation later on, possibly a year from now. It is unfortunate that these people may have to wait that long. I should be very glad to vote for an increase in the amount of \$24,000,000 for that purpose, but I presume the committee thrashed that out and thought they had better stand by the bill as it came from the House.

That entered into the \$100,000,000 left after the \$25,000,000 was taken out as having been already appropriated. The other items are \$67,000,000 estimated as operating loss, and administration of the Shipping Board, \$9,000,000, and that made up the \$100,000,000. They took out the \$24,000,000 as applying to claims, so we have left only the other two items, totaling \$76,000,000. Then the House committee, and finally the House itself, estimated that they could save during the next year \$13,700,000 on repairs, because material and labor and that sort of thing are going down. They estimated that they could save \$44,300,000 in wages, fuel, subsistence, and the like. I think these are mere estimates, and there is no very firm support for them by any facts, so far as I can gather.

Then they estimated they could save \$5,000,000 on operating contracts by changing those MO-4 contracts to charter contracts, and so forth. This makes a total saving which they thought they could make for the year of \$54,300,000. Dividing that by 2, so as to cover the six months' period mentioned in the bill, we have \$27,150,000; and therefore we have \$67,000,000 operating cost, \$9,000,000 administration of the Shipping Board, making \$76,000,000, less \$27,150,000 that it was thought might be saved, leaving \$48,850,000. That is how they arrived at the figure \$48,850,000.

Mr. KING. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Utah?

Mr. FLETCHER. Certainly.

Mr. KING. Unfortunately I was called from the Chamber, so I have not had the advantage of the admirable address which the Senator is making. But as I understand, the Senator is analyzing the statement showing the assets of the corporation and attempting to demonstrate that the corporation can continue to operate without requiring further appropriations from the Government, if a proper use is made of the assets of the Shipping Board amounting to approximately \$500,000,000, a portion of which are liquid, and by canceling the present contracts, known as MO-4 contracts, which I regard as vicious if not corrupt, or at least corrupt in their results, and writing new contracts, bare-boat contracts, and the Senator, as I understand, reaches the conclusion that the Shipping Board may continue to operate without entailing further appropriations by the Government, if it collects its liquid assets, cancels outstanding improvident contracts, and ties up its ships until proper operating contracts are written or the ships are sold.

Is that the Senator's position?

Mr. FLETCHER. I question the matter of losses from operation, although I think under present conditions they are suffering loss in some instances. Mr. Smull, for instance, testified in the House hearings that where operators had only a few



boats they were losing money, but where they had an ample supply of boats they were making profits now. There are some losses from operation.

Certainly the Shipping Board will need the \$9,000,000 to pay their expenses. They will need, I think, for the next six months provision in the sum of \$48,000,000 to which I have referred. I think they will need that. But I am positive that they will be able to pay into the Treasury during that period more money than will be carried by the bill, from realizing on their assets and from operations as well.

I do not believe that there is now any great burden on the country in connection with the ships. I believe there is no reason why they should not hold their own beginning in the very near future, and that we ought to make it possible for the Shipping Board to take advantage of every condition in order to put the enterprise upon a safe basis, and that in the future the boats can be operated at a profit even by the Government—perhaps not all of them, but to a considerable extent that can be done.

Mr. KING. Will the Senator pardon me so I may get his views, as I prize them very much and they would have great influence in determining the course which I shall pursue with reference to this matter. I have assumed from what little I have heard of the Senator's remarks that he favors a policy something like that outlined in my suggestions or questions.

As I view the situation with the imperfect knowledge that I have regarding the condition of the Shipping Board affairs, I am inclined to think such a policy should be pursued, and I suggest to the Senator that if he has not already done so he may further elaborate this point:

Require the Shipping Board to collect all of the assets which are collectible; reduce to cash at the earliest possible moment, without undue sacrifice, whatever assets the board possesses; cancel the improvident and vicious MO-4 contracts, under which the operators get a large profit, and in many instances speculate, plunder, and rob, by the subsidiary organizations which they create and under which they furnish to the ship-operating companies the supplies which they need and the repairs which are necessary; cancel those contracts, even if it necessitates temporarily tying up to the docks substantially all the ships; rewrite the contracts which have been made with bona fide contractors for the purchase of ships; reduce the price from \$200 per ton, which was the war price, to a legitimate and fair basis of \$50 or \$60 per ton; give those who have purchased an opportunity to operate the ships along proper routes without competition from the Government; and then make, with respect to the other ships, bare boat contracts under the most favorable terms for the Government. Does not the Senator think that such a policy would relieve the Government of millions of dollars of expenditures which it will be compelled to make if we continue the present policy; if we continue in existence the present MO contracts; and, in the end, would preserve a merchant marine not in the hands of the Government but in the hands of bona fide purchasers owing allegiance to the United States and operating the ships under the American flag?

Mr. FLETCHER. Mr. President, generally speaking, I think the Senator from Utah has outlined a very wise policy and one which is being now pursued. I think there is not very great difference between what the Senator has said and the policy announced in the so-called Jones Act and which is announced now by the Shipping Board. It may take a little time to work it out; it can not be done in a day or a month or, perhaps, in a year.

Mr. JONES of Washington. If the Senator will permit me, I desire simply to reiterate the answer of the Senator from Florida to the Senator from Utah. I desire to say to the Senator from Utah that I think he has, in the statement which he has just made, outlined substantially what the Shipping Board is trying to arrive at just as quickly as possible.

With reference to the cancellation of these contracts, there is, of course, a difference of opinion about that. Those who are directly on the ground and who have the work in hand seem to think that it would be very disastrous to cancel those contracts outright; that the condition of things is such that it can not be done. However, they do propose to get rid of those contracts just as soon as possible. My recollection now is that Mr. Lasker told me that the Shipping Board expected to have a new form of contract and to get rid of the other contracts in about 30 days, and that he has expressed to me substantially the idea that the Senator from Utah has here expressed, that if in order to do that it be necessary to tie up nearly all of these boats for a while, that that would probably be done. So I may say that, on the whole and in a general way, the policy outlined by the Senator from Utah just now is substantially what the Shipping Board is trying to follow and ultimately to reach.

Mr. FLETCHER. Mr. President, undoubtedly it would be disastrous to shipping and disastrous to our trade generally at once to order that the MO-4 contracts be canceled and that we now enter upon a bare boat charter basis exclusively. There must be some regard had of the conditions, of the situation as it is, and of the needs of the country.

Mr. President, I shall not detain the Senate longer. I had no idea of speaking at this length. I hope the Senate will adopt the provision of the bill for this appropriation. As I said a moment ago, it does not mean that there is going to be any drain upon the Treasury. The Shipping Board would be much better off if we should allow them to meet their needs out of their assets and out of operating revenues; but we refuse to do that, and, of course, the only thing that we should do and can do is to make the direct appropriation and let what is realized from the assets and revenues go into the Treasury itself, the result being that they will put into the Treasury more money than they will take out under this appropriation.

During the delivery of Mr. FLETCHER's speech,

Mr. PHIPPS. Mr. President—

Mr. FLETCHER. I yield to the Senator from Colorado.

Mr. PHIPPS. Under date of July 18 Mr. Lasker made a statement which was sent to the Speaker of the House and it was printed as a public document. I have made inquiry and as far as I can learn it has never been printed in the CONGRESSIONAL RECORD. The statement contains much information of importance which may have escaped the notice of Members of the Senate. I think it would be advisable to have it printed in the RECORD, and therefore make that request. It is not a lengthy statement.

The PRESIDING OFFICER. Without objection, the statement will be printed in the RECORD.

Mr. PHIPPS. I suggest that the ordinary form of print be used rather than the smaller type.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

STATEMENT OF CHAIRMAN LASKER OF THE SHIPPING BOARD.

JULY 18, 1921.

Mr. LASKER. This has been a very difficult thing to ascertain. I have Mr. Tweedale and the other auditors here in order not to do them any injustice. But the books are in deplorable condition. In any commercial institution they would not be called books at all. They were started in the stress of war and continued in the stress of incompetency until Mr. Tweedale and the others are now trying to straighten them out. Any of our great corporations would have been in receivers' hands long ago had its books been kept as those of this organization have been and are kept, and the operations of the fleet necessarily must be just as incompetent as the books are because it is impossible to operate any business if there isn't a figure on which remote reliance can be placed.

In the presence of the men who have had charge of the books for 15 months—and I ask them to challenge me if I am stating anything incorrectly—I want to say it is inconceivable that an institution like this could be in existence and be turned over to men to administer in the shape it is. Had the books been kept with a view to cheating and deceiving Congress and the country they could not have been kept in much different shape than they have been—and I measure the words I am using. It has almost worn me out physically and mentally to get anything from the books that could be regarded as complete.

Last year, nominally out of the Public Treasury, approximately \$100,000,000, actually authorized by Congress, was expended on the Shipping Board. This sum represented the total of appropriations. One might deduce from this that only a hundred million was used by the board during last year. When I showed to the President a few minutes ago the figures I am about to reveal to you he was shocked and dismayed that such a condition could exist. As a matter of fact, the Shipping Board used during the last fiscal year approximately \$380,000,000. Besides the \$100,000,000 appropriated by Congress and \$80,000,000 on hand at the beginning of the fiscal year, it sold assets for \$200,000,000, all of which money went back into the enterprise. Then, in addition, it received from operation of vessels, and so forth, \$300,000,000, which was also spent, thus making a total expenditure by the Shipping Board of \$680,000,000. This \$300,000,000 received from operations when deducted from the \$680,000,000 received from all sources shows a net expenditure of \$380,000,000, although the public records show \$100,000,000 to be all that had been appropriated by the Congress for the year. This is an astounding case of absolute deception of the country and Congress. I know and want to explain that Admiral Benson and Mr. Tweedale had not the remotest thing to do with such gross misrepresentation. They were acting in



accordance with the system under which the books had been kept from the hour the institution started and they were so busy trying to straighten out the mix up in settlements and operations that they never had the time to try to systematize the records. The only reason this situation has become apparent now is because coming in as a new administrator I desired to find out for my own guidance what the loss had been. This necessitated calling in outside auditors before the facts could be ascertained. I do not guarantee the figures now; they are the best we could secure from the books, and we are assured by Mr. Tweedale's assistants, all of whom are here, that they will prove fairly reliable.

It will be a shock to Congress, as it was to the President, to hear that the net expenditures of this enterprise, paid out of the public funds last year, was \$380,000,000. To illustrate the bad condition the books are in I will say that last year the gross operating disbursements were \$410,000,000. That represents the expense of the operation of the boats alone. Of that amount there is yet no exact accounting for \$310,000,000. This item represents money disbursed for the board by the operators of Government-owned boats who have as yet failed to make a full accounting. It is only fair to say that the operators of a boat are always, on the average, a few months behind in reporting the accounts, because if a boat leaves to-day on a four months' voyage money is being paid out for her that can not be accounted for until she shall have finished her trip; but obviously for 75 per cent of the year's operations to be unaccounted for demonstrates a complete breakdown and shows further that the new Shipping Board has inherited a collapse that will take its every effort and tremendous patience to resuscitate.

As I look into the details I find them worse than my worst expectations. Approximately \$200,000,000 represents absolute loss in operations of the fleet. There were expended \$160,000,000 on construction of ships, divided as follows: One hundred and forty-nine million dollars on steel ships and the rest on miscellaneous ships, including an item of \$3,000,000 for wood, composite, and concrete ships. What these newly acquired assets are worth is highly questionable.

The plans for the steamer *The American Legion*, which starts on her first trip in a few days, were redrawn seven times, and it is easy to see how that would run up the cost. First, *The American Legion* was designed as an Army transport, then as a Navy transport, then as a hospital boat, then as a cattle boat, and after spending money on all these blue prints it was decided to transform her into a passenger ship—and she is a very beautiful and fine passenger ship—but she cost between six and seven million dollars, and that was before she sailed her first mile. As a matter of fact, her real worth is probably half what she cost. So you can see assets such as that are pretty sick assets. But, after all, there is a fleet. It is the largest fleet many times over that the world has ever known. So, our task is to make what was a liability into an asset, for, of course, the fleet must be operated. And if we can solve the problem of how to successfully operate these ships, it will be worth all the money the war cost to put the American merchant marine back on the map. If it had not been for the war, we would not have this merchant marine, so we must turn our backs on the sad past and look constructively and patiently to the future.

I must appear before Congress shortly to tell them it is possible the Shipping Board will require up to \$300,000,000 for the present fiscal year. I fear this will throw a lot of sand in the gear box of tax revision. The books of the board are so absolutely incomplete and incompetent that it is impossible to be sure whether that \$300,000,000 represents all we may need; we may require more, but it is the most intelligent wild guess we can make.

The President instructed me that during his administration the public is to have the facts—and all the facts—and that when we show losses on operations of the Shipping Board, they shall be the actual losses. Anything realized from the sale of assets from now on must be covered into the Public Treasury and not expended as in the past. The President wants the country to get not, as in the past, a picture that shows what did not happen, but even though it might show that we ourselves are incompetent, to publish all we really lose. Now, it is necessary to ask the Congress for \$300,000,000 to carry us through the coming year, though we will try the first six months to get along on \$100,000,000 to \$125,000,000. We will not hide our losses. When I say we may need up to \$300,000,000 for the coming year, it is with the hope that from that sum we will be able to pay not only the losses of operations but also to settle finally a part of the claims and the lawsuits pending against the Shipping Board. These latter amount to more

than \$300,000,000 themselves, but we anticipate settling them for fifty cents on the dollar, because many of them are padded.

Congress already has appropriated \$25,000,000 to finish the construction of ships. It is estimated operations will lose \$150,000,000. The reason the loss from operations will be so great, in spite of the efficiencies and economies we will introduce, is that the first six months of the fiscal year just closed were very good commercially. The last six months were poor. Most people are looking forward during the 12 months we have just entered upon to dull times, so that we may expect hard sledding during that period. Moreover, it will be several months until the change of policies we hope to put into effect begin to reflect or even to become active, and we are compelled to go on in the very incompetent way the boats are being operated while we are moving to introduce business methods and reforms.

The boats are being operated to-day in the following shocking manner: An operating company is allocated a number of boats. They are allowed a commission of 5 per cent flat on gross revenue. The boat can lose all kinds of money—the taxpayers pay the losses, but the operator makes money just the same, because he gets his 5 per cent commission.

I have actually heard of a boat turning back in midsea to take a cargo on which the operator made \$400 and the Government lost \$8,000; and this boat was halfway across the China Sea when they turned her back to get that cargo at Manila. It is nobody's fault that the present system prevails. These boats were built when American operators had no experience, and a system had to be developed to get them moving. As long as times were fine the system did not work out so badly; but anybody can see that a system whereby the operator has nothing at stake, whereby the Government loses and he wins, is a system that makes for inefficiency. We must grin and bear that system for some months to come, because to establish such a charter system as will be developed by the new vice presidents of the present board is a matter almost as difficult in a minor way as it was to negotiate the peace treaty at Versailles. It is a highly technical matter, which must be approached with the greatest care.

To show the condition of incompetence that exists, the present basis of doing business went into effect in March, 1920, and out of 9,000 voyages made only 3,000 are accounted for to date.

The President has inherited in the Shipping Board the most difficult business problem ever given to a President to work out. Every condition surrounding it was sick. Beginning with world trade conditions, which are the worst ever known, and coming down to the ships themselves, sickness prevails. Such ships as they had ways to build were laid down when the war started. Many of them do not fit into the trade and are expensive to operate. The carrying business of the world is sick, and the morale of the men on the boats, because of all of these conditions, is likewise pretty sick. No matter how quickly and efficiently the new board and its officers function, the flood tide of loss from the policies of the past can not be stopped for months to come, and the deficit for the coming year will reflect the sad history of the past rather than the reorganized effort of policies inaugurated by the new board. However, the new Shipping Board is not disheartened. Startling as these figures I have given are, they prove to us that with patience something can be done, and out of this wreck, Phoenixlike from its ashes, a real American merchant marine can arise that will be worth all the penalty we have suffered, and when prosperity comes to the world our merchant marine will be the greatest insurance that America will get its full share.

[At this point the chairman dictated the tabulated statement attached hereto.]

I will say this as to the wooden ships: I announced in New York that the wooden ships had cost \$240,000,000. This is incorrect. I failed to include the cost of uncompleted ships of this type. The total loss on wooden ships, including those uncompleted, is \$313,000,000. I was \$73,000,000 shy. These vessels are practically worthless. We are making an inventory of the assets as fast as we can, and when that inventory is completed we will know what the wooden fleet is worth and, of course, we will know the value then of all other vessels and properties as well. Besides the liabilities I have spoken of there are unknown liabilities because the books have been kept so badly. For instance, there is shown miscellaneous disbursements of \$307,000,000 in operations. That means \$307,000,000 advanced to operators. They may come to us and show we owe them much more than that amount. The whole system of operations was basically so improper that it will take a year or more until we can determine the extent of the unknown liabilities. Two hundred auditors to-day are working in the offices of operators. Think of the expense—waste and unnecessary ex-

pense on us—200 auditors trying to dig into these books to secure information on the 6,000 uncompleted voyages.

Until this year the Shipping Board was permitted to sell ships and surplus materials and to use the cash received for expense purposes. This procedure is now forbidden. In order to keep the board running, Congress authorized it to use \$55,000,000 to be derived from the sale of ships and materials. There is no chance of our getting any such sum from those sources. This is a basically wrong thing to do anyway; therefore I am going to ask Congress to withdraw that permission and require us to cover into the Treasury all moneys derived from sales. I do not want to be at the head of a business that is run in any such fashion. If department heads do not have to account for money they use it is easy enough for them to fool me and fool themselves; it makes for criminal waste and extravagance, just as undoubtedly it has in the past.

*Tabulated statement in round approximate figures given to the press by Chairman Lasker.*

RECEIPTS.	
1. Appropriated by Congress.....	\$100,000,000
2. Treasury credit on July 1, 1920.....	80,000,000
3. Received from sale of ships and other capital assets.....	200,000,000
Subtotal.....	380,000,000
4. Received from operation of ships.....	300,000,000
Total.....	680,000,000
EXPENDITURES.	
Operating and general overhead expenses.....	409,000,000
New ship construction.....	160,000,000
Construction of dry docks, marine railroads, and vessel equipment.....	6,000,000
Miscellaneous inventory supplies (fuel, etc.).....	18,000,000
Advances to foreign branches and advances to receivers.....	15,000,000
Miscellaneous disbursements.....	72,000,000
Total.....	680,000,000

After the conclusion of Mr. FLETCHER's speech,

Mr. JONES of Washington. Mr. President, I had intended to address the Senate for a short while on the shipping situation, but I understand that the Senate is shortly to adjourn or take a recess. There are also other Senators who desire to speak, so I shall not take any further time to-day. I have, however, received a letter from the President giving his views upon the situation and stating what he thinks really would be the wise thing to do. I ask that the letter may be read at the desk, which will include it in the RECORD.

The PRESIDING OFFICER. If there is no objection, the letter presented by the Senator from Washington will be read.

The reading clerk read as follows:

THE WHITE HOUSE,  
Washington, August 20, 1921.

MY DEAR SENATOR JONES: I could not fail to note the dissatisfaction expressed in both House and Senate over the very unsatisfactory condition of the affairs of the Shipping Board, and the reluctance of Congress to make appropriations for the continued activities of the board without putting specific restraints upon the board's activities in employing agents of relief.

From your position you are probably as familiar with the affairs of the board as I am, and I hope you will make it a point to lay the exact but unpleasant truth before your colleagues.

The Shipping Board situation is wholly an inheritance from the previous administration. It would avail nothing to attempt to outline how the intolerable state of affairs came about. Our great problem is curing the situation. The difficulty of this task became very apparent to me and had its reflex in the delay in the final selection of the Shipping Board. It was no easy thing to bring capable men to the solution of this task. Chairman Lasker is making a very heavy sacrifice to give his time and talents to his most difficult work. He has been able to bring many disinterested advisers to his assistance, but it is impossible for the board, in creating its various departments, to establish such organizations by the ordinary methods of Government appointment and compensation. Many of the men called to service have been obliged to completely sacrifice their private interests, and in some cases the sacrifice is made with the knowledge that the period of employment with the Government is only temporary. Under these conditions, and because of the fact that hundreds of millions are involved, it is unavoidable that some compensations in responsible places are much beyond the ordinary run of Government compensation. There are approximately two hundred millions involved in claims against the Shipping Board. No business man would venture upon the settlement of these claims without highly capable, legal representation. The staggering losses in operation can only be cured by a board of operators whose members know something concerning the business. These men could not be secured with-

out giving up private pursuits which are vastly more profitable than the average administrative salary under the Government, and Chairman Lasker has proceeded with my very hearty approval in the acquirement of men equal to this task. If their knowledge of the business will enable us to put an end to operating losses, as we very much hope to do, their acquirement for Government service will be justified a hundredfold. The error heretofore committed seems to have been the employment of incapable men at excessive salaries, while the present program calls for capability, and the compensation is vastly less than in private pursuits. I have been at some pains to assure myself that there is no overpayment in selecting men for specific places, and I believe I can assure you that this overpayment has been avoided in recent appointments.

I do not venture to make promises for the Shipping Board. I would like the Congress to know that we are speedily arranging the discontinuance of many lines of service which are being operated at a loss to the Government, and we are hoping soon to have an end to all of the unfortunate charter contracts under which the charterers are made whole and share in the profits, if any, while the Government bears the brunt of all the losses. This is a very intolerable arrangement and is being ended as speedily as the situation will permit. It must be kept in mind at all times that the administrative agents who are now asking for the confidence and the cooperation of Congress are in no wise responsible for the condition of affairs which has shocked the country and given the Congress such great concern. They have only recently been called to the service of correcting the intolerable state of affairs which we inherited, after which it is very much hoped they may make gratifying progress toward the firm establishment of an American merchant marine. We must not fail in our efforts now. There have been unspeakable losses and unutterable wastes. These things must be charged to the great war emergency and the feverishness of the country to build ships in a period of great anxiety and to then establish a merchant marine on the basis of the abnormal conditions which prevailed during the war emergency. We have time to think soberly now, and the correction of this situation is a matter of firm resolution, and capable hands have undertaken the work. The waste can be halted almost instantly. The losses must be brought to a minimum at a very early day, and I very much hope that the cooperation of the Congress and the administration will lead to gratifying results in the establishment of American carriers by sea which will meet our aspirations in founding a new and ample American merchant marine. We can not allow the discouraging things which have gone before to prevent us facing this situation frankly, and I think it wholly consistent to resolve that the solution of this task is not an impossible thing to American genius and capacity.

Very sincerely,

WARREN G. HARDING.

HON. WESLEY L. JONES,  
United States Senate.

Mr. McCORMICK. Mr. President, in this connection I ask unanimous consent to have printed, in context with the letter of the President addressed to the Senator from Washington, a letter from the chairman of the Shipping Board.

Mr. HARRISON. I should like to know if there is any difference between the two letters; I have only heard one read.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 20, 1921.

HON. MEDILL McCORMICK,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: Confirming our conversation of to-day, I hold that the American taxpayer must not be indefinitely burdened with uncontrolled losses for the establishment of an American merchant marine. I hold that we must establish as speedily as we may a privately owned merchant marine.

The losses must be cut down. Not merely because Congress demands it but because the American merchant marine can not be established along the lines upon which we have been proceeding. When I said we would need \$300,000,000, I am sure I was within the facts. This money will have to be paid out by Congress either within the coming year or in future years. It is needed largely to pay claimants and litigants and to settle debts of the past which have not yet been entered on the books. The present administration of the Shipping Board will not be affected by the refusal of Congress to pay these unliquidated debts inherited from the past administration. These debts were made by the Wilson administration and must at some time be liquidated, now or later; and I do not want Congress to rest under the misapprehension that in seemingly cutting down the Shipping Board estimate of appropriation it has really saved or can save any money.

The appropriation the House voted for the period fixed in the bill it passed is not at variance with our first request and will meet our present needs.

It is the unanimous purpose of the board to change immediately from the present inherited basis of governmental operation through commission managers to one of bareboat charter.



The present inherited basis whereby the operator has nothing at stake makes not only for chicanery but for incompetence, so that the ships are not operated in a manner to build up permanent good will for the American merchant marine. This system, regardless of the waste involved, should be ended, because there can be no building of a future American merchant marine by a system such as the present inherited one, which makes for unsatisfactory service and waste.

The bareboat charter basis will put the Government entirely out of the operation of its ships. We hope within 30 days to work out such a plan in all its details. To get transferred from the present basis to the bareboat charter basis will require many months. We are not hopeful that we will be able to bareboat many ships in the present condition of the world markets and, therefore, we will have to tie up the greater part of the fleet, but we are hopeful of working out a bareboat charter basis so favorable that competent operators will begin leasing our boats faster than they now think possible; we hope that with the first upturn of world trade our fleet will again be operating in great measure without the Government assuming the responsibility and risks of operation. I believe firmly that America's future will be measured by the tonnage it has on the seas of the world. But I believe just as firmly that the only hope of having the seas filled with American tonnage is for the Government to retire from ownership and operation and to use its powers to encourage private ownership and private initiative.

On this program I expect very definitely to cut the operating losses within a few months to a minimum and in the future, for operating purposes, to ask modest appropriations from Congress.

We could not give our program to the House committee, because we had not been here long enough to work it out. We did not want to give out our program until we could give it to the operators of the country in detail and we figured that could be done in 30 days. But it seems to me that the present discussion has made it proper to say that within a year we hope to be out of Government operation entirely, with the operating losses entailed thereby, and that as soon as there is a healthy upward movement in world trade we hope to be out of Government ownership.

Sincerely, yours,

A. D. LASKER, *Chairman.*

Mr. SHEPPARD. Mr. President, I offer an amendment to the bill now under consideration in order that it may be pending, and I ask that it may be read.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The READING CLERK. In the proper place in the bill it is proposed to insert the following:

Amendment of Mr. SHEPPARD, H. R. 8117:

"Unexpended balances: That all of the unexpended balances of the appropriations chargeable with the settlement of claims resulting from the suspension or termination of contracts or other procurement obligations of the War Department, consequent upon the suspension of hostilities, and with the adjustment of claims under the act entitled 'An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes,' approved March 2, 1919, as provided in the 'second deficiency act, fiscal year 1921,' are hereby made available until June 30, 1922, for the payment of any award made by the Secretary of War under the act entitled 'An act to provide relief in cases of contracts connected with the prosecution of the war, and for other purposes,' approved March 2, 1919, without reference to the purpose of the original appropriations from which the said unexpended balances are taken."

Mr. SHEPPARD. Mr. President, this amendment carries no appropriation, and does not require the expenditure of a single additional dollar. It merely applies money already appropriated to the object which Congress intended; but it is made necessary by the construction given to the appropriation act by the general accounting office.

I thought, and I am sure all other Senators thought, when we passed the deficiency act of June 5, 1920, that we were providing, as far as the appropriation would go, for the payment of all claims arising out of contracts terminated or suspended by the War Department on the cessation of hostilities and all contracts adjusted under the Dent Act. The language which Congress employed, it seems to me, makes that intention plain; but the comptroller general has held that in directing that the unexpended balances which we appropriated should remain on the books of the Treasury to the credit of the original appropriation, we limited the use of the money to contracts made or which might have been made under the original appropriations, and to contracts related in purpose to the original appropriations, notwithstanding the fact that in the appropriating clause of our act we indicated no such limitation on the use of the money. In my judgment Congress did not intend to provide for some claims adjusted under the Dent Act and not to provide for others. Obviously, we intended to treat all of those claims alike, and this amendment simply makes that intention effective.

I merely submit this explanation in order that the matter may be considered by the proper committee.

Mr. WARREN. Has the Senator at hand the finding of the comptroller in that matter?

Mr. SHEPPARD. I have not the text of it, but I will try to get it by Monday.

Mr. WARREN. I hope we will have it by Monday.

Mr. KING. The Senator intends to offer that as an amendment to the pending bill, does he?

Mr. SHEPPARD. I do offer it now, and ask that it may be considered as pending.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. WARREN. Mr. President, I understand that a number of Senators expect to address themselves to the two remaining items of the appropriation bill; and unless some Senator is ready to proceed to-night I shall move that the Senate proceed to the consideration of executive business.

Mr. BRANDEGEE. Mr. President, before that motion is made, my attention was diverted from the Senator's remarks of a few moments ago. Has the Senator decided whether he will move an adjournment or a recess?

Mr. WARREN. I shall ask that we recess until Monday, and I should prefer that we meet at 11 o'clock in the morning. That will be a new week, and we shall be all fresh, and probably it will be a lovely morning. I shall ask that we may recess until 11 o'clock.

Mr. BRANDEGEE. I want to suggest to the Senator that there are many bills on the calendar in which a good many Senators are interested, and the rule provides for taking up those matters on Monday morning. The only way in which we can do it is to have an adjournment and a morning hour. I think the Senate at least once a week ought to take up the calendar for a couple of hours, and I hope the Senator will make a motion to adjourn. I do not object at all to meeting at 11 o'clock.

Mr. WARREN. Will not the Senator ask that the duties of Calendar Monday may be performed on Tuesday?

Mr. BRANDEGEE. The truth is that nothing will be gained by doing that. This emergency appropriation bill can be passed just as well if we come in an hour earlier on Monday morning, and I should rather like to insist on the regular order about Calendar Monday. Of course I do not want to call for a quorum now. I know that we would not get a quorum if the suggestion of its absence were brought to the attention of the Chair, but I feel that we ought to adjourn.

Mr. WARREN. I understand the Senator to object to that kind of an arrangement, but that does not affect my request that the Senate proceed to the consideration of executive business.

#### AMENDMENT OF NATIONAL PROHIBITION ACT—CONFERENCE REPORT (S. DOC. NO. 68).

Mr. STERLING. Mr. President, I present the conference report on the disagreeing votes of the two Houses on H. R. 7294 and ask that it may be printed, and printed in the Record and lie on the table.

The PRESIDING OFFICER. Without objection, the report will be received and printed as requested.

Mr. JONES of Washington. Mr. President, is this a complete agreement?

Mr. STERLING. It is a complete agreement.

The report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H. R. 7294, "An act supplemental to the national prohibition act," having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 14.

That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 15, and agree to the same.

That the House recede from its amendment to the amendment of the Senate numbered 10, and agree to said Senate amendment.

That the House recede from its disagreement to the amendments of the Senate numbered 17, 18, and 19, and agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate numbered 32, and agree to the same with an amendment as follows:

In lieu of the matter proposed in the amendment of the House to the amendment of the Senate insert the following:

"Sec. 6. That any officer, agent, or employee of the United States engaged in the enforcement of this act, or the national prohibition act, or any other law of the United States, who shall search any private dwelling as defined in the national prohibition act, and occupied as such dwelling, without a warrant directing such search, or who while so engaged shall without a search warrant maliciously and without reasonable cause search any other building or property, shall be guilty of a misdemeanor and upon conviction thereof shall be fined for a first offense not more than \$1,000, and for a subsequent offense

not more than \$1,000, or imprisoned not more than one year, or both such fine and imprisonment.

"Whoever not being an officer, agent, or employee of the United States shall falsely represent himself to be such officer, agent, or employee and in such assumed character shall arrest or detain any person, or shall in any manner search the person, buildings, or other property of any person, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not more than \$1,000, or imprisoned for not more than one year, or by both such fine and imprisonment. And the House agree to the same.

THOMAS STERLING,  
KNUTE NELSON,  
*Managers on the part of the Senate.*

ANDREW J. VOLSTEAD,  
HATTON W. SUMNERS,  
*Managers on the part of the House.*

#### EXECUTIVE SESSION.

Mr. WARREN. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened, and (at 3 o'clock and 45 minutes p. m.) the Senate adjourned until Monday, August 22, 1921, at 11 o'clock a. m.

#### NOMINATIONS.

*Executive nominations received by the Senate August 20 (legislative day of August 19), 1921.*

##### PROMOTIONS IN THE DIPLOMATIC SERVICE.

##### SECRETARIES OF EMBASSY OR LEGATION OF CLASS 2 TO SECRETARIES OF EMBASSY OR LEGATION OF CLASS 1.

Willing Spencer, of Pennsylvania.  
Charles B. Curtis, of New York.  
H. F. Arthur Schoenfeld, of the District of Columbia.

##### SECRETARIES OF CLASS 3 TO SECRETARIES OF CLASS 2.

Matthew E. Hanna, of Connecticut.  
Frank D. Arnold, of Pennsylvania.  
Louis A. Sussdorff, jr., of New York.  
John C. Wiley, of Indiana.  
Ferdinand L. Mayer, of Indiana.  
Stokley W. Morgan, of Arkansas.  
Benjamin Thaw, jr., of Pennsylvania.

##### SECRETARIES OF CLASS 4 TO SECRETARIES OF CLASS 3.

Jay Pierrepont Moffat, of New York.  
Richard B. Southgate, of Massachusetts.  
James Clement Dunn, of New York.  
Myron A. Hofer, of Ohio.  
Frederick F. A. Pearson, of Rhode Island.  
Harold M. Deane, of Connecticut.  
W. Merritt Swift, of the District of Columbia.  
Edward C. Wynne, of California.

##### SECRETARIES OF EMBASSY OR LEGATION OF CLASS 4.

Warden McK. Wilson, of Indianapolis, Ind.  
Jefferson Patterson, of Dayton, Ohio.  
Elbridge D. Rand, of Los Angeles, Calif.  
Raymond E. Cox, of New York City.  
Percy A. Blair, of the District of Columbia.  
Thomas L. Daniels, of Dellwood, Minn.  
Lawrence Dennis, of Cambridge, Mass.  
John H. MacVeagh, of New York City.  
John Sterett Gittings, jr., of Baltimore, Md.  
W. Roswell Barker, of Minneapolis, Minn.  
James Orr Denby, of Evansville, Ind.  
Hugh Millard, of Omaha, Nebr.  
Watson K. Blair, of Chicago, Ill.

#### DEPARTMENT OF JUSTICE.

##### UNITED STATES ATTORNEYS.

Fred M. Harrison, of Alaska, to be United States attorney, second division, district of Alaska, vice J. M. Clements, resigned.

Ira K. Wells, of Kansas, to be United States attorney, district of Porto Rico, vice Miles M. Martin, resigned.

##### UNITED STATES MARSHAL.

S. Green Proffit, of Virginia, to be United States marshal, western district of Virginia, vice Thomas G. Burch, resigned, effective October 1, 1921.

#### DEPARTMENT OF THE INTERIOR.

##### REGISTER OF THE LAND OFFICE.

Mart T. Christensen, of Wyoming, to be register of the Land Office at Cheyenne, Wyo., vice William Reid, removed.

##### RECEIVER OF PUBLIC MONEYS.

Isaiah E. Yoder, of Wyoming, to be receiver of public moneys at Cheyenne, Wyo., vice Luke Voorhees, term expired.

##### APPOINTMENT IN THE OFFICERS' RESERVE CORPS.

##### TO BE BRIGADIER GENERAL.

Adrian S. Fleming (late brigadier general, United States Army), from July 30, 1921.

##### POSTMASTERS.

##### ARKANSAS.

Patrick F. Maskell to be postmaster at Hartman, Ark., in place of L. J. Oberste. Office became third class January 1, 1921.

##### CALIFORNIA.

Bert Woodbury to be postmaster at Fall Brook, Calif., in place of Bert Woodbury. Incumbent's commission expired July 21, 1921.

##### COLORADO.

Ramond Roberg to be postmaster at Buena Vista, Colo., in place of M. E. Mason. Incumbent's commission expired March 16, 1921.

##### INDIANA.

Edward B. Spohr to be postmaster at Jamestown, Ind., in place of E. B. Spohr. Incumbent's commission expired July 21, 1921.

Charles H. Callaway to be postmaster at Milton, Ind., in place of C. H. Callaway. Office became third class April 1, 1921.

William A. Holtel to be postmaster at Oldenburg, Ind., in place of W. A. Holtel. Office became third class July 1, 1921.

##### IOWA.

Dean Taylor to be postmaster at Fairfield, Iowa, in place of J. W. Dole. Incumbent's commission expired June 29, 1920.

##### KANSAS.

Anna M. Hood to be postmaster at Montezuma, Kans., in place of A. M. Hood. Office became third class January 1, 1921.

##### LOUISIANA.

Lawrence O. Barry to be postmaster at Grand Coteau, La., in place of L. O. Barry. Office became third class April 1, 1921.

##### MARYLAND.

Edwin S. Worthington to be postmaster at Darlington, Md., in place of E. S. Worthington. Incumbent's commission expired March 16, 1921.

Robert B. Whittington to be postmaster at Marion Station, Md., in place of E. A. Lankford, removed.

##### MASSACHUSETTS.

George G. Henry to be postmaster at Ashfield, Mass., in place of G. G. Henry. Office became third class July 1, 1921.

Ralph L. Getman to be postmaster at Cheshire, Mass., in place of R. L. Getman. Office became third class July 1, 1920.

##### MINNESOTA.

Adolph Wernicke to be postmaster at Bingham Lake, Minn., in place of Adolph Wernicke. Office became third class April 1, 1921.

William R. Gates to be postmaster at North St. Paul, Minn., in place of E. A. Orth, resigned.

Emil A. Voelz to be postmaster at Danube, Minn., in place of E. A. Voelz. Office became third class July 1, 1920.

Leslie A. Persons to be postmaster at Garvin, Minn., in place of L. A. Persons. Office became third class July 1, 1920.

Frank H. Griffin to be postmaster at Good Thunder, Minn., in place of F. H. Griffin. Incumbent's commission expired January 15, 1921.

Myrtle M. Goodwin to be postmaster at Hills, Minn., in place of M. M. Goodwin. Office became third class January 1, 1921.

Anthony R. McManus to be postmaster at Wendell, Minn., in place of A. R. McManus. Office became third class January 1, 1921.

Pearl C. Heigl to be postmaster at Winsted, Minn., in place of P. J. Mahon, resigned. Office became third class April 1, 1921.

##### MISSOURI.

Henry H. Haas to be postmaster at Cape Girardeau, Mo., in place of T. J. Juden. Incumbent's commission expired April 13, 1920.



## NEBRASKA.

Charles A. Shoff to be postmaster at Grafton, Nebr., in place of C. A. Shoff. Office became third class July 1, 1921.

## NEW HAMPSHIRE.

Harry B. Burt to be postmaster at Amherst, N. H., in place of H. B. Burt. Office became third class January 1, 1921.

Fred A. Hall to be postmaster at Brookline, N. H., in place of F. A. Hall. Office became third class January 1, 1921.

Arthur G. Robie to be postmaster at Hookset, N. H., in place of A. G. Robie. Office became third class October 1, 1920.

Harriette H. Hinman to be postmaster at North Stratford, N. H., in place of H. H. Hinman. Incumbent's commission expired December 20, 1920.

Effie T. Smith to be postmaster at North Woodstock, N. H., in place of E. T. Smith. Incumbent's commission expired March 16, 1921.

## NEW JERSEY.

Laura Mennel to be postmaster at Maple Shade, N. J., in place of Laura Mennel. Office became third class April 1, 1921.

Delaware D. Marvell to be postmaster at Woodbury Heights, N. J., in place of D. D. Marvell. Office became third class October 1, 1920.

## NEW YORK.

Hanna H. Pugsley to be postmaster at Highland Mills, N. Y., in place of Hanna Hallock, name changed by marriage.

Walter J. McMahan to be postmaster at Sonyea, N. Y., in place of W. J. McMahan. Office became third class January 1, 1921.

Mabel S. De Baun to be postmaster at Suffern, N. Y., in place of J. R. Comesky, resigned.

Charles M. Roes to be postmaster at West Haverstraw, N. Y., in place of C. M. Roes. Office became third class July 1, 1920.

## OHIO.

Mary C. Lauer to be postmaster at Tiltonsville, Ohio, in place of M. C. Lauer.

## PENNSYLVANIA.

Harry E. Marsh to be postmaster at Bareville, Pa., in place of H. E. Marsh.

Marshall M. Smith to be postmaster at Gaines, Pa., in place of M. M. Smith.

Edwin A. Hoopes to be postmaster at Pocomo Manor, Pa., in place of E. A. Hoopes.

Lizzie A. Steffy to be postmaster at Ronks, Pa., in place of L. A. Steffy.

Joseph Straka to be postmaster at Universal, Pa., in place of Joseph Straka.

## UTAH.

Etta Moffitt to be postmaster at Kenilworth, Utah, in place of Etta Moffitt.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate August 20 (legislative day of August 19), 1921.*

## SUPREME COURT OF THE PHILIPPINE ISLANDS.

Manuel Araullo to be chief justice.

Charles A. Johns to be associate justice.

Norberto Romualdez to be associate justice.

## ASSISTANT DIRECTOR DEPARTMENT OF COMMERCE.

Oliver Paul Hopkins.

## APPRAISER OF MERCHANDISE.

Frank W. Morse to be appraiser of merchandise, customs collection district No. 18, headquarters at Tampa, Fla.

## PROMOTIONS IN THE ARMY.

## INFANTRY.

Roswell Emory Round to be first lieutenant.

O. D. Wells to be first lieutenant.

## ORDNANCE DEPARTMENT.

Arthur Burnola Custis to be captain.

## MEDICAL CORPS.

Thomas Matthew Calladine, jr., to be captain.

Arthur Wheeler Drew to be captain.

Arthur Luis Guerra to be captain.

## DENTAL CORPS.

John Samuel Ross to be captain.

Harold Snell Whitney to be captain.

Hugh James Ryan to be captain.

## VETERINARY CORPS.

Wilfred Josiah Stokes to be major.

James Earl Noonan to be first lieutenant.

Gardiner Bouton Jones to be first lieutenant.

## PROMOTIONS IN THE NAVY.

Luther M. Overstreet to be captain.

James D. Moore to be lieutenant commander.

Phillip C. Ranson to be lieutenant.

William F. Dietrich to be lieutenant.

Fred M. Rohow to be assistant surgeon.

Frank M. Moxon to be assistant surgeon.

John E. Morgan to be passed assistant dental surgeon.

## TO BE ASSISTANT CIVIL ENGINEERS.

John C. Gebhard.

Henry R. Lacey.

Robert E. Bassler.

Frederick R. Hewes.

John Allen Scoville.

Paul James Halloran.

Paul Albert Edward Flux.

John Jacob Gromfine.

John James Chew.

Algert Daniel Alexis.

Rufus Chester Harding.

Charles Theodore Dickeman.

Edwin Delmer Miller.

## TO BE ASSISTANT PAYMASTERS.

Walter Guerry.

Walter E. Scott.

John M. Speissegger.

## TO BE CHIEF PAY CLERKS.

Arthur H. Patten.

Harley F. Wight.

## MARINE CORPS.

## TO BE CAPTAINS.

Louis Cukela.

Jacob Lienhard.

Frederick Israel.

Victor F. Bleasdale.

Merwin H. Silverthorn.

Walter Sweet.

Fred J. Zinner.

Prentice S. Geer.

John Groff.

William W. Rogers.

Curtis T. Beecher.

George F. Stockes.

Tom E. Wicks.

Muri Corbett.

James P. Schwerin.

William M. Radcliffe.

John H. Parker.

## TO BE FIRST LIEUTENANT.

James L. Denham.

## POSTMASTERS.

## COLORADO.

George W. Karn, Granada.

Louis A. Barnes, Silt.

## IDAHO.

Caroline H. McDavitt, Heyburn.

Fred J. Rogers, Midvale.

George S. Mitchell, New Meadows.

Esmeralda C. Taylor, Rockland.

Kathryn M. Boss, Rogerson.

Leigh V. LeGore, Roselake.

Russ H. Merriman, St. Joe.

## INDIANA.

Lyman R. Rainforth, Leavenworth.

## KANSAS.

Edna N. Carlile, Jamestown.

John F. Nuttmann, Paxico.

Louis H. Wapler, Wakefield.

## MAINE.

Henry W. Owen, jr., Bath.

George P. Pulsifer, Poland.

## MASSACHUSETTS.

Alexander F. Gray, Charles River.

Leo D. Glynn, East Long Meadow.

Horace L. Upham, Fiskdale.

Mary E. Rathbun, Hinsdale.

## MICHIGAN.

Arthur H. Hawkins, Clayton.

Daphne P. Smith, Weidman.

## MINNESOTA.

Charles J. Moos, St. Paul.

Thorwald O. Westby, Avoca.

Arthur F. Johnson, Barrett.

John N. Peterson, Beltrami.

Mabel L. Markham, Clear Lake.

Olga P. Hatling, Dalton.

Blanche L. Burgess, Dent.

Lizzie A. Schmidt, Dundee.  
 Louis A. Dietz, Easton.  
 Christian Widenhoefer, Fisher.  
 Matilda Blodgett, Ghent.  
 Genevra E. Ristvedt, Hanley Falls.  
 William E. Murphy, Holdingford.  
 Ole Kleppe, Newfolden.  
 Lee M. Bennett, Pillager.  
 Charles B. McLain, St. Paul Park.  
 Peter Moen, Shelly.  
 Pearl M. Hall, State Sanatorium.  
 August W. Petrich, Vernon Center.  
 Mathias J. Olson, Wolverson.

## NEBRASKA.

Cora E. Saal, Brock.  
 Laurence B. Clark, Firth.  
 Elias E. Rodysill, Johnson.  
 Birge L. Neumann, Oakland.  
 Minnie M. Mason, Salem.  
 Inez M. Griffith, Verdon.

## OHIO.

Charles A. Saunders, Findlay.

## PENNSYLVANIA.

Charles H. Truby, Apollo.  
 Zeta N. Shumaker, Jerome.  
 Joseph A. Conrad, Latrobe.

## TEXAS.

Mae Sheen, Mertzon.  
 Robert L. Parker, Toyah.  
 Landon M. Hatcher, Troy.  
 Fred W. Hines, Wiergate.

## HOUSE OF REPRESENTATIVES.

SATURDAY, August 20, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, again Thy light has shone upon the darkened earth, for Thine is the government, and Thine is the power, and Thine shall be the glory forever. Look upon our country. May Thy blessings be diffused throughout our whole land. May we walk and have fellowship with men of humble estate. May Thy truth, which is the divinest of all virtues, be wrought more and more into our laws, our institutions, and our citizenship. If disappointment is our burden, if infidelity is our load, if the unrevealed trouble is our cup, if the bruised reed is our portion—O, if the fading flower of earthly love is our cross—touch the clouds and dispel them and transform them into a promise and blessing. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

## CONCERNING MILITARY MATTERS.

Mr. KAHN. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter that the Secretary of War sent to me, as chairman of the Committee on Military Affairs, regarding military matters.

The SPEAKER. The gentleman from California asks unanimous consent to print in the RECORD a letter sent to him by the Secretary of War regarding military matters. Is there objection?

There was no objection.

Following is the letter referred to:

WAR DEPARTMENT,  
 Washington.

Hon. JULIUS KAHN,  
 Chairman Military Affairs Committee,  
 House of Representatives, Washington, D. C.

MY DEAR MR. KAHN: Referring to our conversation, I am inclosing herewith, in memorandum form, a conservative statement, I think, of some of the accomplishments of the War Department during this administration.

I think you will see from a perusal of the memorandum that the War Department, under this administration, is not only making every possible effort to economize in the expenditure of funds but is earnestly carrying out the intent of Congress, as expressed in the act of June 4, 1920, and the recent appropriation bill decreasing the Army to 150,000 men.

Sincerely, yours,

JOHN W. WEEKS,  
 Secretary of War.

## A MEMORANDUM SUMMARIZING THE WORK OF THE WAR DEPARTMENT FROM MARCH 4, 1921, TO AUGUST 18, 1921.

In connection with the general effort of the Government to economize in its expenditures, I would like to invite attention to the progress made by the War Department, under Secretary Weeks, since March 4, in effecting economies by a businesslike administration of that department.

At the beginning of his administration the Secretary was confronted with the twofold problem of eliminating a prospective deficiency estimated at that time at \$15,000,000 and at the same time carrying into effect with diminished appropriations the provisions of the national defense act imposing upon him the duty of organizing all those military units necessary for an efficient and immediate mobilization of the manpower of the Nation. The difficulties of the execution of this mission were subsequently increased through the reduction of the strength of the Army from 242,000 to 150,000 men. This reduction alone will cost approximately \$6,000,000, due to statutory requirements regarding the payment of bonuses, travel allowances, etc., to these discharged soldiers.

Realizing from the outset the unfavorable financial situation of the Nation and the necessity for reducing Government expenditures for current operation in every possible way, the present administration of the War Department wherever feasible has put into effect all possible measures of economy, even to the extent of restricting activities which would ordinarily be considered necessary, wherever this could be done without a positive injury to the service. It has consistently adhered to the principle that the availability of funds appropriated by Congress for a specific purpose is not an adequate reason for their expenditure, and that such funds are to be withheld from expenditure unless an unavoidable necessity for their disbursement exists.

For the fiscal year 1921 an aggregate of \$13,451,440 of the funds appropriated by Congress for the support of the Army, and for construction and other work in connection with it, was withheld by Secretary Baker and not apportioned to the operating services for expenditure. This sum was returned by Secretary Weeks to the Treasury as an unexpended balance. This saving of appropriated funds was accomplished notwithstanding the fact that after the beginning of the present administration an estimate was made based on previous expenditures from this appropriation that a deficiency of \$15,000,000 would be created under "General appropriations, Quartermaster Corps." The economy measures taken were such that no deficit under this or any other appropriation resulted, but the War Department was enabled to turn into the Treasury an unexpended balance of over \$13,000,000.

Among the more important measures of economy which have been put into force may be mentioned:

(a) Restrictions placed upon the transportation of personnel and supplies, and the use of motor and water transportation, as well as the substitution for civilian employees of qualified enlisted men wherever possible.

(b) A general reduction of the civilian personnel on duty in Washington and in the field service; the former amounting in the period from March 1 to August 1, 1921, to 33.1 per cent, and the latter to 13.7 per cent, a total reduction in five months of 14,156 employees on the War Department civilian pay roll. During the same period a complete survey was made of the rate of pay of all civilian employees to adjust this rate to correspond with the rate paid in the vicinity for like or similar work.

To avoid, if possible, the necessity of creating a deficit a careful and detailed survey of all appropriations available to the War Department for the fiscal year 1922 has been made in cooperation with the Director of the Budget. As a result of this survey there have been reported to the Director of the Budget sums aggregating \$27,000,000 which were set aside and withdrawn from availability for expenditure, subject only to their release by the Director of the Budget by authority of the President in case such action should become unavoidable.

In addition, the Secretary has withheld the sum of \$13,955,255 from apportionment to the several operating services for obligation or expenditure, with the intention of retaining as much as may be possible of these amounts as ultimate savings.

These withdrawals of more than forty million have been made to avoid, if possible, the necessity of creating a deficit and of making a request to Congress to relieve the embarrassment which was referred to by the President in his message to Congress, returning with his approval the bill for the support of the Army for the fiscal year 1922.

In an effort to finance the War Department on the appropriations made without the creation of a deficit orders have been issued for the abandonment of many Army cantonments, the movement of troops by marching, where practicable, the declaration of much material as surplus, and reforms in business administration. Among the most important articles declared surplus, both from the point of view of the sale value and of the cost of operation if retained in service, was a large number of ships of all classes, including Army transports.

A considerable saving has been effected since March 4, 1921, by the relinquishment of real estate in excess of Army needs. Through an exhaustive survey of all Government real property under control of the War Department 97 parcels were disclosed which are regarded as surplus. Some of these parcels are now being disposed of in accordance with existing law. In view of the fact that there is no authority of law for the disposal of the greater part of this surplus real estate held by the War Department, a bill has been prepared in the War Department which will authorize the Secretary of War to dispose of any real estate no longer required for military purposes. It would be possible to declare other properties surplus if funds were available to transport supplies therefrom to storage facilities which the Government must retain. Certain port properties acquired during the World War have been transferred to the Shipping Board under the provisions of the merchant marine act of June 5, 1920, and any rentals derived from leasing them to outside agencies passes to the credit of the Shipping Board, although their original cost was charged to the Military Establishment.

A new system of peace-time storage of war reserves and of current supplies has been projected and has been put into effect to the extent that general appropriations will permit of the movement of supplies from temporary or rented storage facilities. Under this system a general reserve or general intermediate depot has been organized in important localities where there are supplies pertaining to two or more supply branches of the Army, and a line officer has been assigned as depot commander for the purpose of coordinating the activities of the branches represented in the depot and to effect the fullest possible measures of economy with respect to maintenance and operation. While the resulting economies can not be accurately stated at this time, the saving effected at the New York general intermediate depot



alone from the reduction in personnel total \$312,164.12 for the quarter ending June 30, 1921. The report so far completed by the commanding officer, Washington general intermediate depot, indicates that its savings, growing out of economies effected by the consolidation of activities and the release of rented properties, will amount to \$103,466 per annum.

Despite the fact that most of the surplus property in general demand by the public had already been disposed of, the department has since March 4 been able to materially increase declaration of surplus, and sales thereof, as shown by the following figures:

Cost value of surplus declared since Mar. 4-----	\$103,989,187.25
Cost value of amount sold-----	121,615,851.35
Transferred to other departments-----	32,069,675.98
Amount received from sales-----	23,394,693.18

With a view to economy in expenditures in connection with the transfer of personnel to and from foreign garrisons the tour of duty for officers and enlisted men in Panama and Hawaii has been extended from two to three years. It is estimated that a saving to the Government of \$305,561 will thereby be effected during the current fiscal year.

A big saving has been effected in the overhead expenses of the Army and the upkeep of camps which in the ensuing fiscal year would run into several million dollars by the discontinuance of the following cantonments:

Camp Devens, Mass.  
Camp Sherman, Ohio.  
Camp Pike, Ark.  
Camp Grant, Ill.  
Camp Jackson, S. C.  
Camp Bragg, N. C.  
Camp Meade, Md. (except Franklin cantonment).

About 10,000 public animals have been disposed of with a view to effecting a saving on the cost of forage.

In order to keep transportation expenditures at a minimum, instructions have been issued prohibiting unnecessary changes of station of officers and directing that no officer of any grade who has had a change of station within two years will, for the present, be moved without the specific approval of the War Department.

On March 15 instructions were issued to corps area commanders suspending until after June 30, except in emergency cases, all travel of officers and enlisted men connected with the Army in order to avoid an impending deficit in the appropriation "Transportation of the Army and its supplies" for the fiscal year ending June 30.

A revision of basic allowance to officers and enlisted men, which will carry out a substantial reduction in the issue of transportation and equipment has been completed. This revision will result in a material saving in the cost of operation of the Army due to this item. Most of the articles of equipment issued without cost to officers in the World War are now required to be purchased by the officers, thus returning to the procedure in vogue before the war. The system of establishing money clothing allowances for enlisted men in force before the war in lieu of issue in kind has been restored. Our prewar experience has shown this system to be not only more economical but also conducive to contentment and improved morale on the part of the enlisted men.

A definite policy has been followed in the full and complete use of all the equipment procured during the war by not authorizing the issue of new types as long as there is a stock of equivalent articles available for the use of the Army.

In response to the desire of the Congressional Joint Committee on Printing to be able to do business with but a single agency of the War Department on the matter of Army printing, over which this committee exercises supervision, and in order to make for greater efficiency and economy to be expected from the operation of all Army printing plants by a single supply service, the War Department has developed a plan whereby the Quartermaster Corps takes over the operation of all Army printing plants as a utility common to the entire Army.

The appropriations for the fiscal year 1921 were \$3,500,000 for vocational training and for the pay of expert civilian instructors. Similar appropriations for the current fiscal year carried only \$1,200,000. It was necessary to provide some other means whereby instructors and instruction material for vocational work in post schools could be developed and whereby experts required in all trades of the various branches of the Army could receive more advanced instruction than that supplied by post schools. Measures of economy not only made this necessary, but also the great desirability to devise standardized courses of instruction, and a corps of instructors taken from the personnel of the Army itself rather than civilians, which could be drawn upon to handle the training of these various classes of skilled workmen and technicians for the various arms of the service, who would be needed in the event of any war expansion of the Army.

In matters connected with patents, a considerable economy has been effected through the organization of a patent section in the office of the Judge Advocate General. This section has, since March 4, charge of the prosecution in the Patent Office of more than 1,400 applications for patents, many of which are of great military value, others of important commercial value, under all of which the United States will be permitted to manufacture, use, and sell the patented article without any expense to the Government for royalties. This section has also prepared the defense, for the Department of Justice, of 51 cases now pending in the Court of Claims, involving more than \$82,000,000, and is now preparing the defense in cases involving over \$150,000,000.

On March 4, 1921, there were awaiting settlement before the War Department Claims Board 439 claims. Since that date new claims coming in have swelled this total to 746. On July 31, 1921, this number had been reduced to 164. During the period March 4, 1921, to July 31, 1921, 582 claims have been disposed of. Relief was denied on 203 of these, while a favorable settlement between the board and the contractor was reached on 379 by payments in award of \$13,101,880.79, thereby retiring contracts which, if they had been fully performed, would have required an expenditure of \$204,210,103.92. A net saving of \$191,108,223.14 has, therefore, been effected. In the outstanding cases on July 31, 1921, the total contractual obligation amounts to about \$125,000,000, on which the contractors claim about \$34,000,000. The total administrative expense of the War Department Claims Board for all purposes during this period is a minor fraction of 1 per cent of the total contractual obligations retired, or about \$160,000.

It might be pointed out that in spite of all the necessary economies which had to be effected some very large projects have been carried out, including the return of some 19,000 bodies of American soldiers from overseas. In this respect the Secretary of War has prescribed a more liberal policy with reference to detailing suitable military escorts at distributing points and in providing the firing squads at funerals of deceased overseas soldiers by directing that these details be provided even at the expense of training and other activities.

One of the most important problems to be solved by the Secretary of War was in connection with the reduction of the enlisted strength of the Regular Army to 150,000 men, exclusive of Philippine Scouts, pursuant to the provisions of the Army appropriation act for the current fiscal year.

In general, two methods of effecting the required reduction presented themselves, namely, to retain all of the existing units, reducing the enlisted strength of each, or to reduce the number of existing units, retaining each unreduced in enlisted strength.

Application of the first method would have resulted in retaining a large number of units, each with its necessary overhead, each requiring separate quarters and maintenance, and each skeletonized below effective peace strength.

Application of the second method would have been productive of effective units and of the maximum economy in the way of overhead and maintenance, but would have reduced the number of units below that necessary for meeting the various missions of the Army.

A compromise between the two methods was finally adopted. Where necessary and possible, units have been reduced somewhat in strength; in all other cases the number of units has been reduced.

For example: Infantry regiments have been reduced in strength from 1,490 to 1,312 and in number from 65 to 45. Cavalry regiments have been reduced in strength from 818 to 641 and in number from 17 to 14. Field Artillery regiments have not been reduced in strength, but have been reduced in number from 33 to 16. Engineer regiments have not been reduced in strength, but have been reduced in number from 13 to 7. Coast Artillery railway and tractor regiments have been reduced in strength from 1,066 to approximately 829 and 729, respectively, and in number from 7 to 2. The auxiliary branches have been reduced in similar proportions.

Reduction in the number of units will necessitate corresponding changes in distribution. For example, the foreign garrisons will be reduced as follows: Philippines Islands, one regiment of Infantry; Hawaii, one regiment of Infantry and one of Cavalry; Panama, one regiment of Infantry.

The Coast Artillery personnel in each will be reduced by 10 per cent.

The number of combat units available for station in the United States, including those temporarily stationed in Germany, will be reduced as follows:

Infantry regiments, from 39 to 22.  
Cavalry regiments, from 15 to 13.  
Field Artillery regiments, from 26 to 9.  
Coast artillery regiments, from 7 to 2.  
Engineer regiments, from 10 to 4.  
Auxiliary branches in similar proportions.

The number of garrisons in the coast defenses of the United States will be reduced to that essential to the security of vital localities. Approximately seven coast defense commands will be placed in the hands of caretakers.

The following tabulation shows the resulting distribution of strength to the various branches of the Army:

Infantry -----	58,800
Cavalry -----	11,184
Field Artillery -----	19,174
Coast Artillery -----	18,110
Air Service -----	10,300
Engineers -----	6,519
Signal Corps -----	3,000
Quartermaster Corps -----	11,200
Finance Department -----	709
Ordnance Department -----	2,976
Chemical Warfare Service -----	776
Detached enlisted men -----	6,543
Medical Department -----	8,591

Total (including Philippine Scouts) ----- 157,882

The plan of reorganization, as outlined above, has been completed, and is at the present moment being put in operation as rapidly as possible. Orders have already been issued for placing the surplus units on inactive status, and instructions are being issued for the reorganization of those units retained on active status.

In general, it is believed that this plan of reorganization will provide for meeting the various missions of the Army in the best possible manner consistent with the strength authorized. This plan admits of stationing a large number of the remaining units in permanent posts throughout the country, thus releasing a number of the temporary cantonments with a consequent and considerable economy in the cost of maintenance of the Army. Under the plan only these divisional cantonments are to be retained: Camp Dix, N. J.; Camp Travis, Tex.; and Camp Lewis, Wash.

Further economy has been effected by requiring the changes of station, in the majority of cases, to be made by marching in lieu of transportation by rail.

The foregoing recital briefly summarizes the various measures taken by the War Department in response to the urgent demands of economy. But there remains the positive side of the problem, how within the limits of the appropriation to realize the mission of providing for the military defense of the country as established by the national defense act of June 4, 1920.

The fundamental principles embodied in the national defense act are as set forth by the Secretary of War in the following extract from General Orders, of July 18, 1921:

"An examination of the statute shows that the new law is based on the idea that in the future, as in the past, great wars are to be fought in the main by armies composed of citizen soldiers temporarily drawn into active military service. We still have the conception of a small Regular Army in time of peace, reinforced upon the outbreak of war by such additional citizen forces as the particular emergency may require. This is our traditional mode of military expansion, and this method is clearly contemplated in the act of Congress.

"But whereas in the past the necessary citizen forces have been completely extemporized or materially reorganized upon the occurrence of an emergency, the new law provides that they shall be allocated territorially, that their officers and men shall be assigned to local units, and that as funds become available provision shall be made for the training of these officers and men. In other words, the war force required for immediate mobilization in the event of emergency is to be constituted in time of peace and filled as far as practicable through the enrollment or enlistment of qualified volunteers. Under such a system it is reasonable to expect that the units of the National Guard will be maintained at sufficient strength to be effective as a first reinforcement for the Regular Army, and that the units of the



Organized Reserves will at least include a corps of officers, noncommissioned officers, and specialists, organized and trained to receive and train the recruits required in an emergency demanding large forces.

"It is with the requirements of this larger war establishment in view that the peace organization of the Regular Army must be determined. The law provides a limited number of regular enlisted men and a number of regular officers in excess of the number required for service with the Regular Army proper. This provision shows clearly the intent of Congress that a portion of the officers authorized are to be employed in the organization, administration, and development of the National Guard, the Organized Reserves, the Reserve Officers' Training Corps, and the citizens' training camps. It is the President's desire that the Regular Army shall be so organized as to carry out this intent of Congress to the fullest extent. The Regular Army should, therefore, be formed in a limited number of organizations, each at effective military strength, with the view of releasing the maximum number of selected officers and enlisted men for service with these other branches of the Army of the United States."

While the basic plan for the development of the citizen components of the Army had been formulated by the appropriate committees of the General Staff, composed in part of National Guard and reserve officers as provided for in the organic law, a vast amount of constructive work remained to be done. This work has been carried on with the greatest energy and with the result that considerable progress has been made in the development of these forces.

The basis upon which plans for the organization of both the National Guard and the Organized Reserve have been drafted is the reconstruction of the great combat divisions which won such high distinction during the World War. With the reconstitution of these units, with their numbers, their flags, and their history, it is believed that there will be a revival and continuation of the spirit and the traditions that led them to victory in the great conflict.

The basic plan for the reorganization of the National Guard provides for the organization of this component into 18 divisions and a small proportion of corps and Army troops, so that when combined with the Regular Army, both together will be able to furnish on mobilization the essential combat elements of three field armies, one from the Regular Army and two from the National Guard. The basic idea underlying the plan was to provide for all of the necessary units required under the law for an immediate mobilization in an emergency declared by Congress, with a view to avoiding the necessity for reorganization on mobilization which was such an unhappy feature of the mobilization of 1917. All of the National Guard divisions, or their subordinate units which participated in the World War, have been reconstituted, and three additional divisions have been organized. The following table shows the progress in percentages of units organized on March 1, 1921, and on July 31, 1921:

Divisions.	Mar. 1, 1921.	July 31, 1921.
	Per cent.	Per cent.
26.....	58	71
27.....	89	92
28.....	73	89
29.....	41	61
30.....	34	52
31.....	40	66
32.....	71	78
33.....	30	57
34.....	71	74
35.....	64	79
36.....	16	23
37.....	78	78
38.....	9	43
39.....	34	52
40.....	22	27
41.....	42	53
43.....	25	40
44.....	47	54
45.....	39	63

The total strength of all units of the National Guard that have been authorized and recognized by the War Department during the period January 1, 1921, to date are as follows:

	Author- ized.	Recog- nized.
January 1.....	208,153	74,884
April 1.....	211,670	85,198
July 1.....	212,076	113,630
Present date <sup>1</sup> .....	225,000	124,000

<sup>1</sup> Estimated.

It is believed that the development of the National Guard is assured along sound tactical lines. An important feature of this development is the harmonious mutual support and cooperation existing between the States and the War Department.

With reference to the training and instruction of this component, instruction camps have been held or are being held in States having recognized units. The character of the instruction has been restricted to basic training in view of the fact that on an average 80 per cent of the enlisted personnel of the new National Guard have had no previous training. These camps have been conducted under the supervision of corps area commanders, who have freely rendered all aid in instructors and matériel. As a general rule, all of these camps have been successful in accomplishing the object in view. It is estimated that a total of 454 Regular Army officers will be required for duty with the National Guard.

In order to forestall confusion in an emergency, a definite policy has been determined and announced providing for bringing the National Guard officers into Federal service in the event of that force being drafted.

In time of peace the procurement of National Guard officers is largely in the hands of the States. On March 4, 1921, there were 3,562 federally recognized National Guard officers. There are now 6,123 such officers, a most substantial and satisfactory increase for so short a period.

The development of the National Guard having been assured, the initiation of the organization of the Organized Reserves was taken up about April 1, 1921. The Organized Reserves are a purely Federal force and are raised, trained, supported, and employed by the United States under the powers granted to Congress by the Constitution, and in a war of any magnitude will constitute the major component of the Army of the United States. Its members have a war obligation only, subject to a maximum training period of 15 days each year. Under the basic plan this component will provide for 3 field armies, or 27 Infantry divisions, and the required corps, army, and general headquarters reserve troops, and in addition for any deficiencies in the first three armies comprising the National Guard and the Regular Army. In order that the organization of this component might be effected in an orderly manner a large amount of time and labor has been expended in the preparation of basic regulations. Special regulations published about June 1, 1921, is the basic regulations, and sets forth in a comprehensive manner the plan for the organization, training, administration, and mobilization of units. Supplementary to these and of equal importance are Special Regulations for the Enlisted Reserve Corps and for the Officers' Reserve Corps. These regulations cover all matters relating to the enlisted and commissioned personnel of the reserve.

As soon as the basic regulations were available tables of allotments showing the units of the Organized Reserves were prepared and published. Based upon these tables, studies have been made in each corps area covering the plans for organization and localization of units. These studies have been approved by the War Department, and corps area commanders and their assistants are now actively engaged in making the plans effective. In this connection groups of selected officers of the Regular Army and a small number of enlisted men have been recently placed at the disposal of corps area commanders to assist in the organization of these units. The initial quota consists of 168 officers and 262 enlisted men, and will be augmented later. The total number of officers of the Regular Army that will be required for duty with the reserves is estimated at 1,500. During the present season assemblies of reserve officers are being held to discuss plans for the organization of units and for such instruction as may be given.

It is expected that by the end of the year 1921 all of the National Guard and National Army divisions or their subordinate units which served in the World War will have been reconstituted, with their names, numbers, and other designations, and their war records will be preserved as well as a measure of the military strength developed at such great cost during the war.

By the end of the present calendar year the assignment of reserve officers will have been completed and the organizations will be ready to begin the enlistments.

In order to insure uniformity in the selection of general officers of the reserve forces, provision has been made for a board composed of general officers of the Regular Army, Officers' Reserve Corps and National Guard to make recommendation to the Secretary of War relative to all candidates for appointment or Federal recognition as general officers.

A policy has been developed and put into operation that each reserve officer be given an assignment in time of peace to an office he is to fill upon mobilization. Decentralization in making these assignments is essential. With the exception of a few officers reserved for War Department activities, the assignments are delegated to corps area and department commanders. The data bearing on suitability for assignment has been furnished the corps area commanders for about three-fourths of the present reserve officers, and the actual assignments are now being rapidly made as the units of the Organized Reserves are organized.

In connection with the World War organizations, only a part of the historical work done has been published, on account of lack of funds. The following publications have been printed for distribution to the National Guard, Reserve Officers' Training Corps units, the service schools, and the Army in general, to public libraries, to civilian historical organizations, and to the public through the press:

Monograph No. 7: Organization of the Service of Supply, American Expeditionary Forces.

Monograph No. 9: Blanc Mont (Meuse-Argonne, Champagne).

Monograph No. 10: Operations of the Second American Corps in the Somme Offensive.

Records of the World War, field orders, Second Army Corps.

Records of the World War, field orders, Fifth Division.

In addition to the above a pamphlet has been prepared and supplied to regimental and similar units of the Regular Establishment tracing the history of the existing regiments. Another work has been the preparation of a complete set of outlines of divisional histories of all the divisions which were in existence at the time of the armistice. Copies of the latter, the first official publication of this class, have received wide distribution.

I shall now briefly describe the measures taken by the War Department to carry into effect the provisions of the national defense act relative to the training, particularly those relating to the Reserve Officers' Training Corps, citizens' military-training camps, the Organized Reserves, and the service schools.

The Reserve Officers' Training Corps has completed the most successful year of its operation and has established beyond all doubt that its graduates constitute the main source of officer replacement for the Officers' Reserve Corps. The practice was established at the close of the school year in June of presenting the commissions in the reserves to the graduates during commencement exercises in the same manner that the diplomas are presented. Reserve Officers' Training Corps graduates of less than 21 years of age were given certificates of qualification effective for five years at their discretion. Approximately eleven hundred college graduates received commissions or certificates in June and July. It is the expectation that the development of the Organized Reserves with the actual assignment of officers to organizations will appeal to the young men graduating from the colleges each year, and that they will generally avail themselves of the privileges of their certificates. The completion of the college year finds the Reserve Officers' Training Corps more firmly established and more generally appreciated and esteemed than ever before.

The summer camps conducted in the various sections of our country during June and July were highly satisfactory to the War Department, and fulfilled their purpose most effectively. The students enrolled at



the various colleges for the different branches of the reserves were segregated in camps according to branches, where they received the specialized training pertaining thereto.

The variety of units has been extended so that young men are now specially instructed and trained as Infantry, Artillery, Cavalry, Engineer, Signal, Quartermaster, Ordnance, Air, Medical, Dental, and Veterinary officers and directly commissioned as such.

Approximately 90,000 students completed the year's training in units located in every State and Territory, including Hawaii and Porto Rico.

The detail of officers on reserve officers' training camp duty at the schools and colleges has not only supported that feature of the national policy of preparedness, but it has brought the Army in close contact with the leading educational institutions of the country.

Under the authority contained in the national defense act, citizens' military training camps were established throughout the United States, with one or two camps in each corps area. Preliminary reports and the personal inspections indicate that the conduct of these camps and the success attending the efforts of the Government to provide military training for civilians have been characterized generally by excellence of results.

Although the age limits established for the course are 16 to 35 years, only a very small percentage of men of mature age have attended the camps this year. In view of the fact that young men of high-school age have constituted the great majority in attendance, the War Department has exercised especial care to provide for correct conduct, wholesome recreation, profitable training, and the most productive use of time.

The number of candidates attending the citizens' military training camps this year was limited by the appropriation made by Congress for the purpose. The number authorized to attend was 11,085, while the number of applicants was 40,589. It is seen, therefore, that only 27 per cent of the total number of applicants could be given the opportunity to attend the camps this year. This oversubscription could not have been foreseen, however, and while it was necessary to deny attendance to approximately two-thirds of the applicants, it was made clear that those rejected this year would be placed upon the preferred list for next year. This number, together with the number of new applicants as the result of the representations of enthusiastic candidates attending camps this year, serve to indicate that a sound popularity attaches to the project of citizens' military training camps so wisely provided for by Congress.

The training of reserve officers has been greatly facilitated by the spirit of cooperation and helpfulness which they have manifested, and especially their disposition in time of peace to volunteer for training and instruction without expense to the Government.

In order that the limited appropriations for the training of Organized Reserves may be supplemented, the War Department has provided for the formulation and conduct of correspondence courses in each corps area. These courses will have for their purpose the theoretical training of officers and noncommissioned officers during periods when field service can not be provided for or is not desirable. It is believed that this provision for correspondence courses will serve to meet the demand of economy in many cases where active service is not absolutely necessary.

Provisions have been made for opening in all territorial commands correspondence schools for officers of the National Guard and Organized Reserves.

Work of the general service schools and special service schools has been carefully coordinated to the end that all overlapping of instruction has been eliminated.

Courses at the special service schools under instructions from the War Department have been arranged to provide that officers will receive such special instruction as will qualify them for duty with the Organized Reserves, National Guard, reserve officers' training camp units, and citizens' military training camps.

Courses at the special service schools have been arranged to supply instructors, both commissioned and enlisted, to carry on the work of educational and vocational training in post schools.

Special service schools have been directed to prepare instructional matter for educational and vocational training.

The foregoing summary outlines in a general way the measures that have been taken to carry out the provisions of the national defense act relative to the mobilization of the man power of the Nation. But the act also contains important provisions relative to the mobilization of supply.

Under the provisions of the act the Assistant Secretary of War is charged with the supervision of the procurement of all military supplies and the assurance of adequate provision for the mobilization of matériel and industrial organizations essential to war-time needs. This provision of the act has been made effective, and an exhaustive study is now being made in the office of the Assistant Secretary of the records of the War Industries Board and the Council of National Defense in connection with the problems of industrial mobilization. This will form the basis of the plans for industrial mobilization to be worked out in detail by the supply branches of the War Department.

The problem in industrial mobilization has been divided into its elements—commodities, labor, power, and transportation—and a large number of officers in the various supply branches have been assigned the duty of preparing special reports in detail. In this work the services of reserve officers will also be utilized to a great extent. Reserve officers engaged in industrial pursuits will be assigned to the study of their own specialties. Many reserve officers have volunteered their services in this connection, and their hearty response to the War Department's proposals indicates an appreciation of the importance of the industrial-mobilization plans.

In March last an orderly, systematic method of determining the requirements of the War Department in all articles of supply was prepared and put into effect. The working out of this plan will show just how much of every article will be required for a war reserve. When this plan is completed we shall have for the first time in American history a definite mobilization policy for war, and in so far as appropriations will permit we shall have the reserve munitions necessary to sustain that mobilization until production can be relied upon.

When sufficient progress has been made on these computations a definite statement will be presented to Congress showing just what reserves are deemed necessary in order that Congress may determine what degree of preparation for defense of the country it will provide.

Meanwhile these computations of requirements, made on a definite basis, are disclosing daily new quantities of surplus, which are being promptly declared and disposed of. Within the past 60 days over \$5,000,000 worth of surplus property has been disclosed directly by these computations, and it can now be seen that a still greater surplus will result therefrom.

As soon as the eventual mobilization policy is arrived at in the manner above described the requirements in reserves thereunder and the further disclosure of surplus that results therefrom will be quickly calculated, and within a very few months the declaration and disposal of all surplus supplies of the War Department will be completed.

An important departure has been made in a recent reorganization of the General Staff. Up to the present time the organization of the War Department General Staff has been unscientific and dependent to a large extent upon the personalities of individual members. The faults of this organization were magnified tremendously on the entrance of the United States in the World War, and the organization of the General Staff built up within the War Department to meet the problems presented, though unavoidable and necessary to meet the demands of the moment, was nevertheless unwieldy and productive of many faults, particularly the assumption of administrative and operative duties that should have been performed by existing operating agencies.

Hitherto the War Department General Staff has been constituted a single indivisible unit, and the principle of General Staff organization has never been recognized that in the event of war one portion of the central control must take the field prepared to assist the commanding general in the conduct of military operations while another portion must remain in the War Department prepared to conduct the equally important operations connected with the mobilization of men and matériel.

In the past and prior to the World War the War Department General Staff was so absorbed in routine, peace-time administration that its military head had had no time for deliberate preparation for military operations. Our history has been, therefore, that at the outbreak of hostilities there has been a sudden rupture of the peace-time organization resulting in an extemporized and unprepared field headquarters on the one hand, and on the other hand a mobilization machinery depleted and disorganized just at the moment when full activity was demanded.

An analysis of section 5(b) of the national defense act, as amended, shows the duties of the War Department General Staff to be divided into two categories: First, the duty of mobilizing the manhood and the resources of the Nation and their preparation, training, concentration, and delivery to the field forces, and, second, the use of the military forces for national defense, i. e., actual employment of the armed forces against the enemy.

It is a fundamental principle that, if efficient execution of plans is to be expected, those engaged in their formulation and preparation should also be charged with their execution. The application of this principle is the basis for the new organization.

This new organization divides the General Staff into five divisions, the first four divisions to be known as G-1, G-2, G-3, G-4, dealing with such questions of personnel, intelligence, operations and training, and supply as affect the mobilization of men and matériel for war, and with those duties of a routine and continuing nature necessary in peace and war, and a fifth division to be known as the war plans division, which will be charged with the formulation of plans for the actual employment of the armed forces in the national defense, this division constituting the nucleus of the general headquarters of the field forces.

The reorganization, therefore, contemplates that the Chief of Staff will be charged with the larger problems connected with the organization and training of the Army of the United States, including the National Guard and Organized Reserves, as well as the Regular Army, and that portion of his staff will be charged with the preparation of plans for actual field operation in the national defense, and upon the outbreak of war will expand and take the field as the General Staff at general headquarters.

It further contemplates that another portion of the War Department General Staff, under the Deputy Chief of Staff, now known as the executive assistant, will be charged with the preparation of plans for mobilization of men and matériel in time of war, and with the routine business of the War Department in peace and war. It therefore permits the Chief of Staff, upon the outbreak of hostilities, to take the field with a headquarters consisting of a trained personnel which has prepared the plans of campaign, while his principal assistant (the Deputy Chief of Staff in time of peace) will become the Chief of the War Department General Staff, retaining that portion of the personnel which has worked out the plan of mobilization of men and matériel. Expansion of the staff will thus be simplified and safeguards against breakdown assured.

The order promulgating the new organization provides for a clear-cut definition of duties between the personnel bureau of The Adjutant General's Department, provided for in the national defense act, the War Department General Staff, and the chiefs of branches and bureaus of the War Department. In respect to those matters concerning the personnel of the Army with which the personnel bureau is charged by law, the order places that bureau on an operating basis with full authority to act in accordance with the policies and plans established by the General Staff.

In so short a space I have only been able to outline in a general way the measures which the War Department has taken in the interests of economy, cooperation with Congress, and organization for national defense. Most of these projects are only in their initial stages and will require many years for their full development. In my opinion, one of the greatest accomplishments to be placed to the credit of the present administration of the War Department is the selection of Gen. Pershing and Gen. Harbord as chief of staff and Deputy Chief of Staff, respectively, two officers who distinguished themselves in war capacities which so eminently fit them for their present positions. By this action we are assured that the lessons of the Great War will not be lost, but that they will be crystallized in War Department policy which will be transmitted to the oncoming generation of younger officers.

#### THE REVENUE.

The SPEAKER. Under the rule, the House resolves itself into Committee of the Whole House on the state of the Union for the further consideration of the revenue bill, with Mr. WALSH in the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 8245, with Mr. WALSH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the revenue bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes.

Mr. TILSON. Mr. Chairman, I offer a committee amendment, No. 65, on list No. 3.

The CHAIRMAN. The gentleman from Connecticut offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 15, line 15, after the word "Acts" insert a comma and the following: "or as pensions from the United States for service of the beneficiary or another in the military or naval forces of the United States in time of war."

#### MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having resumed the chair, a message from the Senate by Mr. Craven, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2420. An act authorizing and directing the Postmaster General to permit the use of a special canceling stamp at the post office of Birmingham, Ala., bearing the words, "Birmingham semicentennial."

The message also announced that the Senate had passed without amendment bill of the following title:

H. R. 7255. An act authorizing bestowal upon the unknown unidentified American to be buried in the Memorial Amphitheater of the National Cemetery at Arlington, Va., the congressional medal of honor and the distinguished service cross.

The message also announced that the Senate had insisted upon its amendment to the amendment of the House of Representatives to the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the State in the construction of rural post roads, and for other purposes," had requested a conference with the House on the disagreeing votes of the two Houses thereon and had appointed Mr. TOWNSEND, Mr. STERLING, Mr. PHIPPS, Mr. MCKELLAR, and Mr. WALSH of Massachusetts as the conferees on the part of the Senate.

#### THE REVENUE.

The committee resumed its session.

Mr. TILSON. Mr. Chairman, subsection 9 of section 211 provides that the amount received as compensation, family allotments, and allowances under the provisions of the war risk insurance and vocational rehabilitation acts shall be exempted from the operation of the income tax. This amendment proposes to add to this exemption sums received as pension from the United States for service of the beneficiary or another in the military or naval service of the United States in time of war.

It is the judgment of the committee that so far as possible the veterans of all our wars should be placed upon a plane of equality. We are in this bill exempting amounts received as compensation, and so forth, by the soldiers of the World War; therefore we think that we should also exempt sums received as pensions by the veterans of former wars. This is the entire purpose of this amendment.

Mr. BURTON. Mr. Chairman, will the gentleman yield for a question?

Mr. TILSON. Certainly; I yield to the gentleman from Ohio.

Mr. BURTON. I am asking for information. Has there been a similar exemption in prior revenue bills? Is this the first time that the amounts received by pensioners of the Civil War have been exempted from taxation?

Mr. TILSON. So far as I am able to inform the gentleman, this is the first legislation on the subject.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. TILSON. I yield to the gentleman from Tennessee.

Mr. GARRETT of Tennessee. As I understand the effect of the proposed amendment offered by the gentleman from Connecticut, it will be to exempt all funds derived by way of pensions—

Mr. TILSON. For service in time of war—

Mr. GARRETT of Tennessee. For service in time of war from the income tax. Of course, under the exemptions that exist under the general income tax law there are none now who are really receiving pensions on account of their financial condition that are having to pay anything. That is true, is it not?

Mr. TILSON. There are pensioners who are receiving more than the amount of the present exemption. There are pensioners who are receiving more than \$1,000, which is the lower limit of the exemption.

Mr. GARRETT of Tennessee. It would apply to pensioners receiving above \$1,000? Those would be the ones that would be particularly affected?

Mr. TILSON. Correct.

Mr. GARNER. Mr. Chairman, let it be understood also that there are many men also drawing pensions in this country who have an income of \$100,000 or \$500,000. They, of course, are being exempted as well as the man whose income is only a few dollars above \$1,000. Of course, the gentleman would not want to make those people pay any more than he could help.

Mr. TILSON. Does the gentleman wish to discriminate between veterans of the different wars? Does he desire that some shall be exempted and that others shall not be exempted?

Mr. GARNER. I will say this to the gentleman from Connecticut that it might have been well for the committee to have looked into the matter and tried to ascertain the situation. Instead of doing that they merely sought the thing, without finding out who would be exempted, and to what extent, and what the loss to the Treasury might be.

Mr. LONGWORTH. Suffice it simply to state that we are perfectly satisfied to have this understood to be a Republican amendment. [Applause on the Republican side.]

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. TILSON. Mr. Chairman, I offer another amendment, which is No. 66 on the printed list No. 3.

The CHAIRMAN. The gentleman from Connecticut offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Page 38, line 6, strike out the word "on" and insert in lieu thereof the word "under."

Mr. TILSON. Mr. Chairman, this is only a verbal amendment. It is believed that the language proposed to be substituted is better and clearer than the language in the bill.

Mr. SEARS. Mr. Chairman, I move to strike out the last word in order to get some information. I have tried to keep up with this bill, and I admit it is somewhat difficult to do so. I have before me list No. 1 and list No. 2 of amendments to be proposed by the Republican members of the Ways and Means Committee. I understand there are some other amendments. Has a list of them been printed?

Mr. TILSON. Yes; there is a third printed list; No. 3 containing amendments passed upon by the full committee this morning.

Mr. SEARS. Can the minority Members and the other Members of the House secure that list?

Mr. TILSON. The minority members of the Ways and Means Committee already have copies and other Members of the House can secure them.

Mr. SEARS. I will state to the gentleman that I tried to secure them but could not. I simply want to get the information.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. TILSON. I yield to the gentleman from Texas if I have the floor.

The CHAIRMAN. The gentleman from Florida [Mr. SEARS] has the floor unless he yields it.

Mr. SEARS. Upon the statement of the gentleman that I can get the list I will make another effort to get it, and I yield the floor.

Mr. BLANTON. I want to ask the gentleman from Connecticut a question. The gentleman from Ohio [Mr. LONGWORTH] stated into the Record a moment ago that a certain particular amendment was a Republican amendment. The gentleman from Connecticut knows that it would not be possible on this bill for any Democrat to get an amendment adopted or even to offer an amendment.

Mr. TILSON. Some of the Democrats on the Ways and Means Committee have been quite influential and helpful in the preparation of some of these amendments.

Mr. BLANTON. But the gentleman's party has fixed it so that no Democrat can even offer one. They are all Republican amendments.

Mr. TILSON. The rule does not so provide; but I am willing to accept the credit for them.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a committee amendment, which is No. 67 of list No. 3.

The CHAIRMAN. The gentleman from Iowa offers a committee amendment, which the Clerk will report.



The Clerk read as follows:

Committee amendment: Page 39, strike out lines 9 to 18, inclusive, and insert in lieu thereof the following, each paragraph to begin with quotation marks and the last paragraph to end with quotation marks: "Sec. 233 (a). That in the case of a corporation subject to the tax imposed by section 230 the term 'gross income' means the gross income as defined in sections 213 and 217, except that:

"(1) In the case of life insurance companies there shall not be included in gross income such portion of any actual premium received from any individual policyholder as is paid back or credited to or treated as an abatement of premium of such policyholder within the taxable year.

"(2) Mutual marine insurance companies shall include in gross income the gross premiums collected and received by them less amounts paid for reinsurance.

"(b) In the case of a foreign corporation or a foreign trade corporation, gross income means only gross income from sources within the United States, as determined under the provisions of section 217."

Mr. GREEN of Iowa. Mr. Chairman, this amendment and the amendments following, to and including No. 81 on the printed list, constitute a very important change in the bill, to which I wish to call the attention of the Members of the House. The committee finally decided, after considerable discussion, to put all of the insurance companies on the same basis for taxation. The basis of the taxation of all of the insurance companies is to be their net return from invested income—net income. That is to be taxed the same as that of other corporations, at the rate of 12½ per cent. This, however, is subject to one exception. Gentlemen will remember that under the provisions of the law as it now stands the fraternal companies are not taxed. I think there has been some question whether the fraternal companies were obliged to make a return. At all events they were not taxed, and under this bill as now amended they will not be obliged to make any returns. And I might also state that most of the mutual companies—that is, the Farmers' Mutual and companies of that class—will pay very little, if any, tax, because these provisions include the repeal of the premium tax so far as it applies to insurance companies and the repeal of the taxation on the issues of stock so far as it applies to insurance companies and makes them pay only this one tax on their invested income. The small mutual companies have, as a rule, no income from investments.

Mr. CONNELL. Does that include both fire and life insurance companies?

Mr. GREEN of Iowa. Both fire and life.

Mr. WHITE of Maine. Does this have any application to the taxes provided in section 503 of the act of 1918, and in particular does it affect the tax on casualty insurance? As I understand the act of 1918, section 230 levies a tax on corporations, and then it refers to section 1000—

Mr. GREEN of Iowa. If my friend will pardon me, I have not the old law before me, and while I am tolerably familiar with it, I can not remember it by sections.

Mr. WHITE of Maine. Section 503 imposes on casualty insurance companies a tax of 1 cent on each dollar or fractional part thereof of the premium charged under each policy. Does the amendment in any way affect the premium tax?

Mr. GREEN of Iowa. This particular amendment will not, but it will be affected by amendments offered further on. What section does the gentleman refer to?

Mr. WHITE of Maine. Section 503, on page 52 of the compilation.

Mr. GREEN of Iowa. The casualty companies will be treated in the same manner under these amendments.

Mr. WHITE of Maine. Then this section 503 will be repealed?

Mr. GREEN of Iowa. It will be repealed or so modified that it will not affect casualty companies. Amendment No. 71, which will soon be offered, will fix the status of the casualty companies.

Mr. McKENZIE. I desire to ask the gentleman from Iowa whether under the proposed amendment the small township mutual farmers' insurance companies will be required to make any returns? At present they are not subject to any tax, but they have to make a return, and they are complaining about that.

Mr. GREEN of Iowa. I am inclined to think that they will still have to make a return, but under the provisions as we now have them the return will be very simple. They will only have to show that they have no invested capital and get no interest from invested capital.

Mr. TREADWAY. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. TREADWAY. In connection with the inquiry of the gentleman from Illinois, is not the reference he makes to the form of return, and does not that have to do with the administrative features of the bill rather than the law itself, and is not there a decided effort to simplify the return?

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. GREEN of Iowa. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GREEN of Iowa. The gentleman from Massachusetts is quite correct that these provisions with reference to returns are not carried in the law. If the law made it necessary, the return would have to be made. I am inclined to think that the way the law is written the companies will not have to make a return, but will have to show that they are receiving no money from invested income.

Mr. CHALMERS. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. CHALMERS. Did I understand the gentleman to say that fraternal insurance companies would not be taxed and would not be required to make returns?

Mr. GREEN of Iowa. They will not pay any tax, and under the construction of the Treasury experts they will not be required to make a return.

Mr. CHALMERS. What about the tax?

Mr. GREEN of Iowa. They are not taxed.

Mr. KETCHAM. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. KETCHAM. I would like to inquire if the exemptions granted insurance companies are broad enough to include the kind of companies that we have in Michigan designated as "windstorm" insurance. Are the exemptions broad enough to include companies of that sort?

Mr. GREEN of Iowa. They will not have to pay any tax unless they have a fund that is put out at interest from which they get returns.

Mr. KETCHAM. Neither a premium tax nor an application tax?

Mr. GREEN of Iowa. No; nor any of these various forms to which insurance companies have been subjected. This tax has been one of the most annoying to the public generally, and to the insurance companies, that they have ever been subjected to. The policyholder has been the goat and has been compelled to pay it. The insurance companies have complained about the annoyance of being required to do so much book-keeping, and so the insurance companies have complained about it. It has also been one of the most exasperating taxes to the general public. The committee hesitated about placing insurance companies on the same basis for fear that we would lose a large amount of revenue. While the Treasury estimates have not been made up, I have had insurance actuaries go over it, and their estimate is that the Government will not lose any great amount of revenue.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. GREEN of Iowa. I will yield to the gentleman.

Mr. SMITH of Michigan. The gentleman stated that the mutual life insurance companies would pay very little, if any, tax at all. Can the gentleman state the difference between the stock companies and the mutual life companies?

Mr. GREEN of Iowa. I will say to the gentleman that there are some big mutual insurance companies that make very large investments—life insurance companies that have invested many millions of dollars in income-producing securities. These companies will have to pay under this provision, and I think it is right that they should pay on their net income. But small farmers' insurance cooperative companies and small cooperative companies that have no sum invested will not have to pay anything. That is the only distinction.

Mr. HUSTED. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. HUSTED. Do all kinds of insurance companies come within the provisions of this amendment?

Mr. GREEN of Iowa. Yes; every kind of an insurance company.

Mr. BRAND. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. BRAND. It includes fire insurance companies?

Mr. GREEN of Iowa. Yes.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. BRAND. Mr. Chairman, I ask unanimous consent that the gentleman have two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BRAND. Is there any provision in the revenue bill that levies a tax on the premium of policyholders in insurance companies?

Mr. GREEN of Iowa. That is the present law and we repeal that.

Mr. BRAND. Is there anything in this law that provides for it?

Mr. GREEN of Iowa. Not if these amendments are adopted, and I believe they will be when understood; they will commend themselves to gentlemen on both sides of the House. Now, in reference to this particular amendment this does not involve the repealing clause at all. The repealing clause only takes effect January 1, 1922, and up to that time it is necessary that some of the present laws should be kept in force, and that is the only intention of this amendment.

Mr. GARNER. Mr. Chairman, so far as I know these amendments from 67 to 81 are good amendments. If I correctly understood the statement made by those responsible for them this morning, they have for their purpose the relieving of insurance companies from all kinds of excise tax levied by the Federal Government and substitute the 12½ per cent tax on the net returns from their investment. I believe that is a correct statement of what was reported to the committee this morning. There is at least one thing in that that the committee has not looked into, and that is this: Take the New York Life Insurance Co., for instance. It will charge its entire overhead expense to its investments and not one dollar to its receipts from premiums and other sources. There ought to have been some protection against that procedure. I do not know whether the committee investigated that or not, but if you take the net income from investment each company will charge up all of its overhead expense and all other expenses to the income from its investment, which will materially reduce the net receipts from that particular source. But I think the amendment probably ought to be adopted, even without any restrictions or any clauses protecting the Treasury from unfair dealing by insurance companies. That ought to be worked out, and perhaps will be worked out in the Senate.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. GREEN of Iowa. The matter has been worked out by the Treasury experts. They told us that the life insurance companies would pay a little less under this plan than they were paying now. We originally had the corporation tax fixed at 15 per cent, as the gentleman will remember, and the Treasury experts then estimated that they would pay more than they are paying now, but that on account of the simplification they would rather pay more.

Mr. GARNER. I understand that. They will pay a little less than they do now; especially will this be true of a company like the New York Life Insurance Co. But I want to pass from that for a moment and call the attention of the Republican membership especially to the result of the amendments to this bill, and as I see the gentleman from Ohio [Mr. BURTON] sitting in front of me I want to call his attention to it especially.

Mr. BURTON. Mr. Chairman, if the gentleman from Texas will yield, I think his apprehension in regard to the charging up of the expense of overhead to the invested funds is not well founded.

Mr. GARNER. I hope it is not.

Mr. BURTON. Every insurance company of any magnitude has its different branches, and it would be a bald fraud to attempt to charge the expense of agencies and the soliciting of life insurance, the securing of life insurance, to invested funds. There is a mortgage department and other departments connected with investments, and those properly are chargeable against the income on investment, but nothing else.

Mr. GARNER. Mr. Chairman, I hope the gentleman is correct. What I intended to call the gentleman's attention to is this: The Ways and Means Committee when it reported this bill said they had cut the taxes to the bone, that we could not run the Government with one cent less than they were proposing to take from the people. Gentlemen will remember that statement. Gentlemen will remember the conflict between the Treasury Departments and the Committee on Ways and Means. Gentlemen will remember that the Secretary of the Treasury told the Ways and Means Committee that he needed \$4,625,000,000. The Ways and Means Committee told him that he would have to get along with less money, and they were right. The matter was taken up with the President, and after all these conferences the Treasury said that it could get along with what was actually provided for in the bill—a certain sum. They drew the bill, and they brought it here and said that this was the least possible money that they could get along with. And what has happened? This House has cut out of this bill \$150,000,000. How are you going to get it? No one has offered a single species of taxes to replace the \$150,000,000. What is going to happen? The Secretary of the Treasury is going to have to issue certificates of indebtedness for the purpose

of running the Government. In other words, you are going to run on credit for the next two years.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GARNER. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. LONGWORTH. The gentleman evidently overlooks the fact that these figures were estimated upon the proposition that the excess-profits taxes and the high surtaxes would be repealed as of January 1 last. The fact that the present bill provides that they shall not be repealed until January 1 next makes a difference of some \$550,000,000 in the amount necessary.

Mr. GARNER. Mr. Chairman, if the gentleman from Ohio is correct, he ought to repeal some more taxes, because the House has taken off the bill only \$150,000,000, and he says that they have \$400,000,000 more than they need. The two ends of that dilemma are much the same. If that is true, why are you collecting so much? I want to tell you Republicans what you are going to vote on when we reach the motion to recommit, so that you can turn it over in your minds and see whether or not you want to go on record for or against it. If I have the opportunity under the rules of the House, I shall make a motion to recommit this bill; I am going to offer a motion to recommit, striking out the surtaxes alone. You are going to have an opportunity to vote in this House as to whether you would like this bill better with the surtaxes stricken out or with them left in, as in the present law.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. GARNER. Yes.

Mr. LONGWORTH. I have just had the privilege of reading the minority views. In those views it is stated not only that the surtaxes but the excess-profits taxes should be stricken out. Does the gentleman go back on that report?

Mr. GARNER. Mr. Chairman, the gentleman from Ohio would be very glad to have an opportunity for his side to give some other excuse for cutting down the surtaxes, and he would like to have me put that in, but the gentleman from Ohio, shrewd as he is, capable as a politician and statesman, as we all know, will never set his trap shrewdly enough to catch the Democrats in a position of putting up to the Republicans an easy dodging proposition. We know that not 10 per cent of you can go back to your constituencies and defend your votes cutting down the surtaxes as you propose to cut them in this bill.

We are going to put you on record on that one question. The gentleman does not care, but there are some others over there who care whether they have to go back to their constituency and tell them that they voted to take the taxes off the incomes of the rich, who have annual incomes above \$66,000, and place them on somebody less able to pay.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARNER. I will yield to the gentleman.

Mr. LONGWORTH. The gentleman did not sign this report.

Mr. GARNER. The gentleman from Ohio wants to talk about some report—

Mr. LONGWORTH. Is this the minority report or what is it?

Mr. GARNER. Oh, the gentleman would like to stir up friction among the Democrats, but he will have a devil of a hard time doing it. [Laughter and applause on the Democratic side.] Mr. Chairman, if I thought there was one-tenth of the friction on this side of the House and the discontent and the disagreement with the party organization that there is on that side of the House I would despair of ever seeing the Democratic Party in power again. You know, as the country knows, that your Ways and Means Committee can not submit this bill with information as to its contents, purposes, and effects to your conference and get their support for the bill. But we know there never has been any time when a Democratic Ways and Means Committee did not submit its bill with full explanation to its party caucus and obtain from the entire caucus approval of its action. You seem to be afraid of your bill or of your caucus. One of these causes prevented you from taking your membership into your confidence, in so far as you know its contents. Indeed, those who wrote the bill do not appear to have taken you very much into their confidence.

Mr. FREAR. Will the gentleman yield?

Mr. GARNER. I will.



Mr. FREAR. Believing as I do this is an economic and not a political proposition, I ask the gentleman why he has not in his motion to recommit included the excess-profits tax?

Mr. GARNER. I just told the gentleman.

Mr. FREAR. I did not hear.

Mr. GARNER. There are some gentlemen on this side of the House—

The CHAIRMAN. The time of the gentleman has expired.

Mr. FREAR. I ask that the gentleman have five additional minutes.

Mr. GARNER. I ask that I may have three minutes.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to proceed for three minutes additional. Is there objection? [After a pause.] The Chair hears none.

Mr. GARNER. I said, Mr. FREAR, if they were all like you, I would put it in, but I have 300 heathen over here. [Laughter and applause.]

Mr. SEARS. And although the gentleman from Wisconsin spoke against it he said he would vote for it, so he, too, would not count.

Mr. FREAR. I said it would be easy to defend it—

Mr. GARNER. No doubt if they were all like you, but when I have 300 heathen to deal with, in the name of God, I am going to do the best I can. I want somebody to go back to Missouri, to Nebraska, to Iowa, and throughout the farming sections of this country and meet some man on the stump, and when he reads this motion to recommit and asks him why he did not vote to retain these high surtaxes against this lot of excessively rich people, I want him to face that proposition where he can not get away from it by saying that something else was in the motion. [Applause on the Democratic side.] You are going to have to meet it squarely. You are going to have to give your reason why, and you are not going to be able to assign any other cause because I am not going to let you.

Mr. CHALMERS. May I ask the gentleman a question in order to relieve the gentleman's anxiety? It took only one session for our side to get behind our committee, and I understood it took the gentleman's party about four times on that side.

Mr. GARNER. Oh, we had no trouble at all, my dear sir, we had such a love feast that we just continued it. [Laughter and applause on the Democratic side.] That is the only reason. Mr. Chairman, I just took the floor for two points. First, I wanted to call attention to the fact that you are cutting down \$150,000,000 by this bill when your report says you had cut it to the bone.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARNER. You have got to issue certificates of indebtedness; you are going to run the Government on credit for a year or two. I probably ought not to say that because there is not a man here, Democrat or Republican, who does not know that this bill is a mere enacting clause to be perfected in another body.

Mr. LONGWORTH. Will the gentleman yield for another question?

Mr. GARNER. Yes.

Mr. LONGWORTH. What was the vote in your Democratic love feast on this proposition?

Mr. GARNER. I do not know what proposition the gentleman is talking about.

Mr. LONGWORTH. On the motion to recommit the gentleman has just outlined.

Mr. GARNER. The gentleman from Texas was requested to make the motion that I am going to make.

Mr. LONGWORTH. What was the vote?

Mr. GARNER. None of your business. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONGWORTH. Mr. Chairman, I move not to strike out the last word, and I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed for 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. LONGWORTH. Mr. Chairman, I hold in my hand perhaps the most remarkable document that has ever been submitted to a Congress of the United States. It purports to be the views of the minority on this revenue bill. It is signed by but one member of the Committee on Ways and Means. The gentleman from Texas, when this bill was first reported, asked and received unanimous consent to present the views of the minority by 12 o'clock midnight on Friday. Why, together with his able colleagues, was it impossible to draft the minority report before 12 o'clock on Friday? Answer: Because they could not receive a telegram from Scotland Neck, N. C., before that time.

This report says:

While we oppose many provisions of the bill, we will have time to discuss only the two principal provisions of the Republican tax program.

Who is "we"?

Against both of these two principal propositions, the repeal of the excess profits and the reduction of the surtax, "we enter our protest." Who is "we"?

We must confess embarrassment—

Mark the engaging ingenuousness of this sentiment—

We must confess embarrassment and disadvantage in the fact that no Democratic member of the committee has been permitted by the Republican members to be present at any discussion of the proposed measure and no Democratic eye has been given the privilege of seeing even one word in the measure reported until the day of reporting.

Whose "Democratic eye"? Who is "we"? In addition to the honorable gentleman from Scotland Neck there are among the minority members of the Ways and Means Committee the Hon. JOHN M. GARNER, of Texas; the Hon. COLLIER, of Mississippi; the Hon. OLDFIELD, of Arkansas; the Hon. CAREW, of New York; the Hon. MARTIN, of Louisiana, and perhaps another one or two. But it does not make any difference. They are ciphers. They do not even sign a report. Just "we."

Mr. COLLIER. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. COLLIER. Do the gentleman and his colleagues on the committee approve and indorse the majority report of the Ways and Means Committee as presented to this House?

Mr. LONGWORTH. Did the gentleman sign the minority report?

Mr. COLLIER. Do you approve and indorse the majority report?

Mr. LONGWORTH. I want to find out the gentleman's qualifications before he addresses me the question.

Mr. COLLIER. If you do, why did you not sign it? Did the gentleman sign that majority report?

Mr. LONGWORTH. Did the gentleman sign this report?

Mr. COLLIER. He is a member of the Ways and Means Committee. And did the chairman of the committee who presented the majority report sign it?

Mr. LONGWORTH. The gentleman from Mississippi is unmindful of the rules of the House. The majority report is not signed by members. Is not the gentleman aware of that fact? Did he ever see a majority report signed by members of the committee?

Mr. COLLIER. A great many of them.

Mr. LONGWORTH. Never.

Mr. COLLIER. Do you indorse this majority report?

Mr. LONGWORTH. The gentleman is entirely ignorant of the rules of the House. On the contrary, the minority report is signed.

Mr. COLLIER. Say yes or no; do you indorse it?

Mr. LONGWORTH. I do indorse it.

Mr. COLLIER. Why did you not sign it?

Mr. LONGWORTH. Because under the rules of the House—

Mr. MANN. A majority report is the report of the committee, and the minority report contains the views of those who sign it.

Mr. LONGWORTH. The gentleman from Mississippi is disqualified from asking me that question. Get a reputation and some knowledge of the rules of the House before you ask a question which shows such fundamental and abysmal ignorance of the rules of the House. [Applause and laughter on the Republican side.]

Mr. COLLIER. Possibly one reason I do not wish to acquire reputation is that I may acquire one like the gentleman from Ohio has.

Mr. LONGWORTH. The truth is, you were not asked to sign it. You have taken your orders, but you have disobeyed them to the extent of the motion to recommit. The gentleman from Texas [Mr. GARNER] has let the cat out of the bag. He talks about a love feast of the Democratic Party. As a matter of fact, it was a dog fight. They had four different caucuses. They fought like tigers in the caucuses. The sick man at Scotland Neck—and nobody is sicker for him than I am—is well enough to control every one of the well men. They can not speak, they can not even bark, until he gives them permission. [Laughter.] They are going to depart from the program to this extent only, that the gentleman from Texas succeeded, after four days of the most intense and bitter fighting that ever took place in the Democratic caucus, in limiting the motion to recommit to one proposition. He thinks that by limiting to one proposition out of what they describe as a vicious, monstrous program, they may be able to induce some

of the brethren on the Republican side to vote to sustain the Democratic report.

Think of these six honorable gentlemen—and they are all honorable men—they are not even accorded the courtesy of an opportunity to sign the report. Of all the pusillanimous, cowardly, silly propositions that has ever come to view in my service in Congress this report comes first.

Mr. REED of West Virginia. Will the gentleman yield?

Mr. LONGWORTH. I will.

Mr. REED of West Virginia. On page 4 of this report the pronoun changes from "we" to "I." [Laughter.]

Mr. LONGWORTH. I am greatly obliged to the gentleman for his illuminating suggestion.

Mr. OLDFIELD. Will the gentleman yield for one question?

Mr. LONGWORTH. May I call the attention of the gentleman from West Virginia to the fact that not only is the pronoun changed from "we" to "I," but it is emphasized in italics.

Mr. OLDFIELD. Will the gentleman yield?

Mr. LONGWORTH. Is the gentleman a member of the Ways and Means Committee?

Mr. OLDFIELD. The gentleman knows whether I am or not. Will the gentleman yield?

Mr. LONGWORTH. Certainly, to a colleague, if he claims that right.

Mr. OLDFIELD. I heard the gentleman when he said to the gentleman from Mississippi [Mr. COLLIER] only a moment ago that a majority report was not signed by the majority members of the Ways and Means Committee. I hold in my hand a report, Tariff Reports, Miscellaneous, 1911-12, on this excise tax bill, reported March 14, 1912, signed by OSCAR UNDERWOOD and all the majority members of the Ways and Means Committee.

That is the report. You stated a moment ago that we never did it.

Mr. LONGWORTH. Is there a minority report?

Mr. OLDFIELD. I think there is a minority report.

Mr. LONGWORTH. Is that signed by the Republican members?

Mr. OLDFIELD. I think it is.

Mr. LONGWORTH. Certainly; we signed.

Mr. OLDFIELD. You made a statement a moment ago that we did not sign it. It was an error.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LONGWORTH. Mr. Chairman, may I have five minutes more?

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed for five minutes more. Is there objection?

There was no objection.

Mr. LONGWORTH. Who signed this minority report? Mr. KITCHIN. Not another man. You were not even consulted. We have the courage of our convictions when we disagree with the majority. We are not ashamed to sign our names. [Applause on the Republican side.]

Mr. OLDFIELD. Did you sign this majority report in this bill?

Mr. LONGWORTH. I did not, because it was not necessary, but I approve the bill. Does the gentleman approve of the minority report?

Mr. OLDFIELD. Absolutely, word for word.

Mr. LONGWORTH. Then why does not the gentleman offer a motion to recommit in accordance with the report?

Mr. OLDFIELD. The gentleman from Texas [Mr. GARNER] explained why we decided that way, and that it was wise.

Mr. LONGWORTH. Oh, you thought "it was wise."

Mr. OLDFIELD. I think this report will show it.

Mr. LONGWORTH. There never has been submitted, so far as I know, to the House of Representatives in its history a minority report that was not signed by the minority members of the committee.

Mr. MANN. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. MANN. There is no difficulty about the parliamentary law. The report of the committee is not usually signed at all. It is presented by a member of the committee. Sometimes it is signed. Minority views are not a report of the committee. They are only the views of the gentlemen who sign. Under the rules those minority views can be dropped into the basket and printed as a supplement to the report, so that the minority views only represent the views of those who sign. But in this case they represent, I suppose, the views of Mr. KITCHIN, who did not even sign the report.

Mr. LONGWORTH. Yes; but he put the "I" in italic. That is the Democratic "I." [Laughter.]

Mr. Chairman, that is all I have to say on this subject. [Applause on the Republican side.]

Mr. GARRETT of Tennessee. Mr. Chairman, I take it that the country is not now and will not be so much interested in what a small minority without power to carry out its suggestions may suggest as it is and will be in what the tremendous majority is about to do. [Applause on the Democratic side.] The gentleman from Ohio [Mr. LONGWORTH] has just demonstrated that he knew about as much about what happened in the Democratic caucus as the minority members of the Committee on Ways and Means know of what happened in the Committee on Ways and Means after the majority had withdrawn themselves to make up this bill. [Applause on the Democratic side.]

Oh, it is true that we upon this side of the Chamber have been embarrassed by the absence of that gallant leader, the Hon. CLAUDE KITCHIN [applause on the Democratic side], but we have not been as much embarrassed by his absence as you gentlemen would have been by his presence. [Applause on the Democratic side.]

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield?

Mr. GARRETT of Tennessee. This whole bill from beginning to end, upon the initiative of the majority of the Committee on Ways and Means, has been made a purely partisan proposition.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield for a question?

Mr. GARRETT of Tennessee. I yield to the gentleman.

Mr. LONGWORTH. Will the gentleman join me in a proposition to take the tax off telegraph messages?

Mr. GARRETT of Tennessee. Is the gentleman prepared to make a motion to recommit the bill to do that?

Mr. LONGWORTH. I ask the gentleman to join me.

Mr. GARRETT of Tennessee. The gentleman will have to qualify on what he is going to propose before I am willing to join him. [Laughter.]

Why, Mr. Chairman, there was no occasion for this bill to have had the party lines drawn upon it by the majority. There was no reason why the minority members might not have been invited from the beginning to sit with the majority, dealing with this question of internal revenue taxes. It is true it has been the custom in the past in making up tariff bills for the party in power to make up its bill independent of the minority members. It has not been true in making up independent revenue bills. The majority chose to adopt this course for the first time.

The gentleman from Ohio talks of orders from a man in North Carolina to a small minority, of which he is the chosen leader. What orders did the majority receive from the White House? [Applause on the Democratic side.] Conference after conference was held, if current newspaper rumor is correct, and you are the responsible party charged under the Constitution with the duty of initiating this revenue legislation. We have not been permitted to have the slightest part or parcel in the making of this measure. We have not been permitted to offer a single amendment; we will not be permitted to offer a single amendment. This talk in the consideration of committee amendments will continue until up to the very minute that the hour of 3 arrives. No individual Member on either side of this House will have the opportunity to present a single suggestion in legislative form as to what ought to be done on this great bill, designed to raise from \$3,500,000,000 to \$4,000,000,000 and affecting, as no other character of legislation affects, every man, woman, and child in the Republic. What necessity was there for the rule? Yet your rule was even more drastic than the rule under which you forced the consideration of the tariff measure itself. Oh, the gentleman from Ohio will not succeed—

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. GARRETT of Tennessee. I ask to proceed for two minutes more.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent for two additional minutes. Is there objection?

There was no objection.

Mr. GARRETT of Tennessee. The gentleman from Ohio and his colleagues will not be able to succeed, by making criticisms of a sick man in North Carolina, in diverting attention from the methods that they have pursued and the acts they have performed in making up this bill. [Applause on the Democratic side.] Nor will they be able to dictate to us the battle line



that we shall form in our motion to recommit. That one poor privilege is left us, and that is all that is left us, and we shall at least choose that battle line in our own way and according to our own wishes. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. FREAR rose.

Mr. FORDNEY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. The gentleman from Michigan moves that all debate on this amendment and all amendments thereto close in 15 minutes. The question is on agreeing to that motion.

The motion was agreed to.

Mr. FREAR. Mr. Chairman, I am one of those who believe in party discipline and believe in party regularity wherever it is possible to bring any political significance into the case. I will not allow myself to be dragged into a false position on a matter that is purely economic and not political. I supported the tariff bill because I thought we made it better than the Underwood law that was then in existence, which had been drawn by the opposite party. I shall support this bill and vote for it, because I believe it is better than existing law. But I want to say a word further. I fear that some of the criticisms aimed at this bill, which same criticisms have been presented in committee, are true. I fear that we are skating on thin ice and that we have a very small margin of revenues on which to go. In the next session we are going to be confronted with new appropriations by gentlemen who are going to urge them upon us, and we have no margin in this bill on which to go. Now, what is the situation between the two elements of the House here who are complaining politically one of the other? I have no voice to criticize either. The proposition as I now understand it is what is going to be submitted in the motion to recommit? It is to be limited, I understand, to the question of surtax, and in that \$90,000,000 additional is involved. I am going to vote for the bill. I could not move to recommit if I so desired; but the important part of this bill, to my mind, is that \$450,000,000 is involved in the excess-profits tax, and that tax stricken from existing law by the committee bill, in my judgment, ought to have been included in this motion to recommit. Then we would have some margin of revenue on which to go. As it is to-day, gentlemen, this \$90,000,000 is almost negligible in the total amount of \$4,000,000,000 to be raised that is involved in this bill. We ought to have had the whole \$540,000,000 involved in the excess-profits tax and surtax repeal included in any motion to recommit. From this amount the bill now provides a substitute of only \$111,000,000, which is involved in the 2½ per cent corporation increase tax, which makes a loss from these two sources of \$425,000,000. I am not discussing the merits of these two taxes, which I considered at length during general debate.

Now, Mr. Chairman, all I care to say is this: The proposition before us is an economic proposition, and I sincerely think that our party is going to be placed on the defensive hereafter, and if we fail to come up to the proper measure because of the failure to provide sufficient revenues, if we endeavor to continue ordinary expenses of Government by means of certificates of indebtedness which we ought to meet by taxation, then we are going to place ourselves in a much worse position than we would be by retaining the excess-profits tax and the high surtaxes. I expect to vote for the bill. It has many praiseworthy features. I desire to vote for any motion to recommit that will help strengthen the bill by placing a larger amount of money in the Treasury with which to meet the incoming appropriations during the next fiscal year. That is my position.

Mr. BURTON. Mr. Chairman and gentlemen of the committee, there is not time for an extended argument, but I wish to make a few suggestions. In my judgment one very fundamental fact in regard to taxation has been overlooked in this discussion. That is the general tendency to diffusion of all taxation upon consumers, whatever the rates or objects, and upon whomsoever levied. Every home in the United States, however humble, bears to-day an important part of the burden of this excess-profits tax and of this surtax. There is a delusion which has gripped a great many people that taxes can be imposed upon the rich which must be paid by them alone, and that is the worst excuse for extravagance that ever could be devised. In the old times the economists very generally agreed that wherever you placed taxes the one who first paid passed the tax on to the next. That is not true as a universal principle. It does not apply to inheritance taxes nor to gifts, though so eminent a financial writer as Prof. Bastable maintained that in its ultimate effect upon society an inheritance tax was passed on to the consumer. It does not apply to imposts upon certain classes of luxuries, such as diamonds. The rule of diffusion is

affected by the elasticity of prices, and by prices that are fixed by custom. There are obvious illustrations of the shifting or incidence of taxes. An increase in the taxes on land and houses increases rentals on renewals; so does a tax to be paid by the holder of mortgages or notes increase rates of interest; transportation taxes increase freight rates and the cost of commodities. On the other hand, a tax imposed upon the lessor by the owner of land leased for 99 years can not be shifted to the lessee, nor, indeed, can the tax on an outstanding note or mortgage be shifted but the lender immediately takes into account the increased burden of taxation, and in any future transaction increases the rate. An exception exists where there is a monopoly in the control of any article and the price is fixed irrespective of the actual cost to the producer; also when an increase in price commensurate with the tax diminishes the demand and threatens a diminished market. Thus while the rule is not of universal application, the imposing of all taxes tends to raise prices, to increase the cost of all facilities, and the whole mass of population must bear the burden. So I say to my friend from Wisconsin [Mr. FREAR] that in repealing the excess-profits tax and in repealing the surtax we are not standing on thin ice, but we are standing on fundamental grounds based on the very best principles of taxation. [Applause.]

The justification for these taxes was the enormous expenditures of the war. They were entirely appropriate in a time of expansion and exceptional profits, but they are especially burdensome when levied for a series of years in which depression succeeds activity and many of the gains which were thought to have been realized have been wiped out by subsequent losses.

The excess-profits tax throws the door wide open for evasion and dishonesty. A dishonest taxpayer can manipulate inventories and reports of income. Everyone who has examined the subject knows that salaries have been swollen to unusual proportions, that exorbitant amounts are expended for advertising, and the whole tendency of the tax is to destroy careful, prudent management and proper conduct of the business. All these things occur because so large a share of the excess profits must be paid to the Government.

Again, the tax—indeed, more than the tax—is passed on to the consumer. It enables producers to claim an exaggerated share of the expenses of operation as part of the cost, and can readily be utilized as a camouflage for profiteering.

Surtaxes upon incomes are of comparatively recent origin. They were first adopted by Italy in 1864, later by Austria in 1898. The former method in English-speaking countries was to establish a uniform or flat rate. The first income-tax law enacted in the United States imposed uniform rates upon all incomes; a later act in 1864 provided a rate of 3 per cent on incomes below \$10,000 and 5 per cent above that sum.

With the development of great fortunes, however, progressive taxation is just and equitable. As regards surtaxes, the transfer of the cost to the general body of the public is not quite so obvious as in the case of the excess-profits tax, but in the first place the rate imposed by the present law of 65 per cent in addition to the normal tax is unprecedented. In England at the time when the war was at its very height the maximum rate of income taxes was substantially less than under the existing law in the United States. It was universally understood that these heavy surtaxes were to be temporary. Then, too, from the standpoint of yield or effectiveness, it is possible for the men of largest wealth to take advantage of investments such as the issues of tax-free Liberty and Victory bonds, also State, county, and municipal bonds, and thereby avoid taxation entirely. Even if these securities were not tax free, these heavy surtaxes would impose a serious restraint upon business, in that they discourage investment in industrial enterprises.

The country is now feeling the effect of both the excess-profits tax and these heavy surtaxes in that new undertakings are halted and opportunities for activities which otherwise would exist are abandoned.

I can not quite understand why such an outcry has been raised by the opposition that this bill results in grinding the faces of the poor and that it is contrary to the principles of democracy to repeal the surtaxes and diminish excess-profits taxes.

It was my impression that the act of 1913 as it was first reported in a Democratic House and passed and then reported by the Democratic majority of the Senate Finance Committee made no distinction between incomes, but the gentleman from Texas [Mr. GARNER] informs me that I am in error in this regard. The House bill of 1913 did include a moderate surtax, but at any rate many of the Democratic Senators vigorously opposed the larger and more comprehensive surtaxes imposed by the bill as it finally became a law. A prominent Democratic leader, having this part of the bill in charge, in opposing an



amendment brought forward by Republican Senators for higher surtaxes, said:

The motive behind this amendment offered is not revenue. It is a punitive, vindictive motive. It is to punish and take from those who have large incomes, not because the Government needs the money but because the Government has the power to do it.

The hope of the country rests with this House of Representatives. The people expect us to reform the system of taxation. One of the main factors in the success of the Republican Party last autumn was the expectation that taxes would be diminished. The Republican platform promised at least by plain intimation that the surtaxes and excess-profits taxes should be done away with, and the Democratic platform was even more pronounced in this regard. The attention of the House has already been called to the opinions of Democratic Secretaries of the Treasury and to the message of President Wilson. The platform of the Democratic Party says:

We condemn the failure of the present Congress to respond to the oft-repeated demand of the President and the Secretaries of the Treasury to revise the existing tax laws. The continuance in force in peace times of taxes devised under pressure of imperative necessity to produce a revenue for war purposes is indefensible and can only result in lasting injury to the people. The Republican Congress persistently failed, through sheer political cowardice, to make a single move toward a readjustment of tax laws which it denounced before the last election, and was afraid to revise before the next election. We advocate tax reform and a searching revision of the war revenue acts to fit peace conditions so that the wealth of the Nation may not be withdrawn from productive enterprise and diverted to wasteful or nonproductive expenditure. We demand prompt action by the next Congress for a complete survey of existing taxes and their modification and simplification with a view to secure greater equity and justice in tax burden and improvement in administration.

There can be one meaning, and only one meaning, in this declaration; a demand that the recommendations of a Democratic President and Democratic officials for the repeal of the excess-profits taxes and the decrease of the surtaxes should be observed.

The minority has asserted that inheritance taxes should have been higher than proposed in this bill or in the existing law. Now I wish to express my belief in these taxes as among the fairest methods of raising revenue, most readily administered, and creating the least injury to the orderly course of events. But the States must have revenue. Gov. Cox, Democratic candidate for the Presidency last November, advocated leaving inheritance taxes to the States. However much I may differ from him in other questions, in this I believe he was right. A natural division would be the imposition of income taxes by the Federal Government and of inheritance taxes by the State governments.

I am not fearful of the issuance of Treasury certificates in case there is a deficiency of revenue. Our hope is that revenues will be sufficient. We must economize, and the spur of possible deficiency in income will be helpful rather than otherwise.

The country is suffering from the high cost of living; just as long as taxes are high the expense of each consumer will be high; especial attention rests upon appropriations made at Washington. This House must do its duty in relieving the burdens of the people and in promoting a revival of industry and commerce. New policies must be adopted suitable to a condition of peace and in the hope that peace will become the settled condition in the future. The hope of the world is in the disarmament conference to be held next November. [Applause.]

Mr. TREADWAY. Mr. Chairman, when this discussion was diverted into a political and partisan line, and when later we were favored by a discourse on certain very fundamental principles by the gentleman from Ohio [Mr. BURTON]—before these two circumstances arose we were discussing a very important amendment, and as the time for debate has now been limited by the House I think it is quite advisable that we get back for the remaining few minutes to the discussion of the subject that is before us.

The amendment, as explained by my colleague [Mr. GREEN of Iowa], simply places all kinds of insurance companies upon the same plane, so far as items of taxation are concerned. Included in that is the premium paid both by life-insurance companies and fire-insurance companies. There has been a distinction in the law previously as to these premium payments. Now they are to be placed on a general parity—all treated alike. The former tax on premiums on fire insurance has been collected from the purchaser of the policy and not from the company. This has been a particularly onerous tax on those who have become holders of policies in mutual fire-insurance companies, which are made up of policyholders themselves and not for profit. And as there are very many such insurance companies in New England, particularly mutual fire-insurance companies, in which a great many people of moderate means hold

policies, it will readily be seen that we are again acting in behalf of the masses, and, if I may be allowed to repeat myself in behalf of Mr. Average Man, contrary to the viewpoint that has been taken by our Democratic friends throughout this discussion.

Mr. JEFFERIS of Nebraska. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. JEFFERIS of Nebraska. Does this include fraternal accident insurance companies?

Mr. TREADWAY. It does not include fraternal insurance companies; whether it would include one with the word "accident," I am not certain. Fraternal insurance companies of all kinds are exempt, and the provisions of the law do not apply to them.

Mr. Chairman, I call for a vote on the amendment. The Committee on Ways and Means will later offer an amendment repealing the whole of section 503, which will undoubtedly be agreeable to the gentleman from Nebraska.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 41, line 14, after the word "is," strike out the remainder of the line and all of lines 15 to 22, inclusive, and insert in lieu thereof the following: "repealed, to take effect January 1, 1922."

Mr. GREEN of Iowa. Mr. Chairman, the section that is repealed is a section with reference to deductions allowed insurance companies under the law that will be repealed January 1, 1922.

Now, I want to say one word to my friend from Texas and to the Democratic side generally. The gentleman from Texas says that he is going to offer an amendment in the form of a motion to recommit, which he frankly admits is not based on any principle, is not based on any theory, but one which is simply and solely a political trick with which he expects to catch Republican flies. The amendment is a fraud, and I can show it.

Mr. GARNER. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. GARNER. Does the gentleman think there is no principle of government or economic principle involved in cutting down the surtaxes from 73 to 40 per cent?

Mr. GREEN of Iowa. No political principle involved when you come in with a report saying that both the excess-profits tax and the provisions with reference to surtax ought to be repealed, and then come in and say we think we can get a few more Republican votes if we only retain the higher surtaxes.

Mr. GARNER. Will the gentleman yield?

Mr. GREEN of Iowa. Not until I get through; and let us see how much principle you have. You will have no principle in that particular, because the gentleman from Texas knows if anybody knows, and there is no economist among the Democrats, not one, who would claim any knowledge of political economy who will say that the proposition he is going to make would get more money from the rich people.

Mr. Chairman, I have certain well-defined ideas with reference to these surtaxes in the upper brackets. I have been opposed to reducing the surtaxes to the point fixed in the bill, which is 32 per cent, making with the normal tax a total of 40 per cent. Forty per cent of a man's income is a tidy sum, yet I doubt if it is high enough at present. It is perfectly evident that his proposal, which will be offered through a motion to recommit, would, instead of collecting more money from the rich than would be collected under this bill, collect less, and nobody knows it better than the gentleman from Texas. Every year the receipts from these taxes have been diminishing rapidly, until it is perfectly evident that soon we will get nothing from them and the parties who have been taxed will have their investments in tax-exempt securities, from which the Government will never get a dollar of revenue. If the gentleman will present a motion to reduce the surtaxes and normal tax to 50 per cent and put a tax of 10 per cent on gifts above \$5,000, so that they can not divide up their property, I will support it. This would make the multimillionaires pay more taxes. The proposition of the gentleman from Texas is a fraud, for it will do just the opposite of what he claims for it.

Mr. SISSON. Mr. Chairman, I rise in opposition to the amendment, and I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.



Mr. Sisson. Mr. Chairman and gentlemen of the committee, I had not intended to say anything on this bill until my friend from Iowa stated that there was no principle involved in the question that the gentleman from Texas [Mr. GARNER] phrased when he stated that he was going to make a motion to recommit the bill and strike out the provision you have in relation to the surtax.

Mr. Chairman and gentlemen of the committee, there is a great principle involved in this matter. In my judgment, unless you tax the income of the very rich in the future this Republic will drift rapidly into socialism. If you will make an investigation of the amount of property controlled by princes, by dukes, by earls, by lords of the past who were inveighed against when we established this Republic, you will find that there are individuals now who by virtue of certain special privilege laws are levying greater tribute upon the masses of the people, upon those who labor and toil, than were ever levied in past history by kings and princes and potentates for their own use and benefit. Now, you had just as well make up your minds that you are going to call a halt. I have heard a great deal about shifting the burden, but I never have heard of a man inveighing against a tax when he knew he could shift it to the other fellow.

You will not find gathered around the Ways and Means Committee room those men who know that when you put the taxes on them they will be able to shift the tax onto the other fellow. Why, they know that they will get a profit on the tax itself. The people who come to these committees and inveigh against taxes are the people who pay them. We all know that is true. They are practical business men. It is not what they do not pay that hurts them; it is what they are paying now and can not shift to the backs of the poor that causes the howl. There never was a juster, a fairer, principle announced in taxation than that you should tax the man who has the great property, who has the great income, because when men have incomes that run up into the thousands and millions, you may take from them many dollars and you do not deprive a single member of their family of a school book or a pair of shoes. You may call this demagoguery if you please, but every time a man makes an announcement of that kind or character some gentleman is ready to rise up and say he is a demagogue. This is not demagoguery, it is pure democracy. When the people of America would establish a government of their own, if you will read the debates in Parliament, if you will read the statements of men of wealth who were generally Tories in the legislatures of the various Colonies, you will find that all were classed as demagogues who spoke for the people. Every step that the human family has made at one time or the other was led by some one who was called a demagogue. Abraham Lincoln was called an arrant demagogue; Thomas Jefferson was called a demagogue; Pym and Hampden in England were called demagogues. All of the people who inveigh against the privileged classes, who inveigh against those who are intrenched behind special privilege laws, must undergo the severe criticism of being called a demagogue.

Gentlemen of the House, make up your minds that you are to be confronted in the near future not simply by questions between Democracy and Republicanism but by something far more serious. What I fear is that there is another party being born in America—a party that is appealing not to those people who are willing to stand by individual efforts and what they may produce.

I believe in individual effort and in protecting individual effort without any assistance by law, but there is a great movement not only in America but in the world, and it is finding lodgment here, to the effect that by a community interest of certain great property rights the masses of the people will be better protected than by private ownership of these institutions, and this thing which does not appear now greater than a man's hand is finding lodgment in the hearts and minds of people. Men may smile and laugh as they please, but your property, your millions, your stocks and bonds, your factories will be as nothing if this movement once gains foothold. What became of the great leather industry of Russia? It was wiped out in one day. The reason I select that industry is because it was the greatest industry in all Russia. Take the leather and shoe industry of that Empire, and it excelled the world. They might not tan a hide as quickly as we do, but they used the old, natural process of tanning, and they made the best leather, the best harness, the best saddles in the world. Their factories were prosperous, and yet those industries were wiped out in one day by soviet law. Do not imagine that your private property, when you see your smoking factories, when you see your railroads that bind together the oceans, over which with incredible speed is being borne the commerce of the world—do not imagine that that property is safe and secure as an investment, except as in the minds and hearts of the people they are willing to back

it up. In other words, you Republicans can not much longer fool the masses of the people. Like a mighty Niagara, when the ground swell comes, when the masses have lost confidence in both of these old political parties, you will be able no longer to control them.

You know, every one of you, that the charge made in reference to these income taxes is true, that when you get above \$66,000 the average rate decreases, so that proportionately the richer the man is the less tax he pays. You can not answer that charge before the masses of the people. You may go before those people who contribute heavily in campaign funds, you may go to those people who enjoy these special privileges, who control the press, and you may get some indorsement there, but get among the masses of the people, the people who produce the wealth, those people to whom you appealed when you asked them to send you here, and you will find no encouragement at all. They will get their eyes open.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. Sisson. Yes.

Mr. GREEN of Iowa. Mr. Chairman, I do not want to make any reply to what the gentleman is saying, but I rise simply to congratulate him on the evidence that he is now giving of a return to good health and a recovery from the severe accident which he has suffered, and in that I know all the Members on this side of the House will join as well as those upon his own. [Applause.]

Mr. Sisson. I thank the gentleman.

Mr. GREEN of Iowa. The loss of his services would have been a great loss to the country. He has always fought graft wherever found. The gentleman from Mississippi has been one of the most valuable Members of this House in the interest of economy in Government, and I know that he will continue his efforts to reduce Government expenses, and support any proper proposal to that end, no matter from whom it comes.

Mr. Sisson. I am going to do the best I can to help you cut down expenses, right to the bone, and these men with whom I have served on the Committee on Appropriations will all tell you that I am willing to go down the line with them, and I play no politics in that committee. I hope that in what I am saying now I am not playing politics, but I have an interest in the future of my Government. I have children who will live after me I hope, and I want them to live in a Government where equal opportunity, not in mere words, but in fact, shall exist.

I want a Government where you tax not nakedness and hunger, but where you tax property and great incomes. If you do that, you will have behind that Government the muscle, the brain, the blood, the heart of the masses of the people, and they will defend it against all enemies and for all time. [Applause.] It takes that to make a great Government, and in saying this I want my Democratic colleagues and my Republican colleagues also to remember that there is a principle involved in this great question, a great principle of where you shall place the tax to run the Government—whether you shall place it on those who are best able to bear it or on those who are not able to bear it. I would rather put a little too much on the man who has hundreds of thousands and millions left after paying the tax than to take just a little bit too much from the poor fellow, because I would not deprive a child of a schoolbook or one single piece of necessary wearing apparel. When a man has an income of \$66,000 it does not matter how much you tax him above that sum.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. Sisson. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. Sisson. If a man has an income of a million dollars a year, so far as that man is concerned, so far as his family is concerned, you may take 100 per cent of what he makes above that and no member of his family will ever want for anything during the entire year. In Australia when a man makes an income of over \$500,000 they tax the amount above that 100 per cent.

Take all of it, in other words. If in America a man makes more than a million dollars I shed no tears if you take all the balance of it. [Applause.]

Mr. FORDNEY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the committee amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment, No. 69.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 41, strike out lines 23 and 24 and insert in lieu thereof the following:

"Sec. 242. Paragraphs (11), (12), and (13) of subdivision (a) of section 234 of the revenue act of 1918 are repealed, to take effect January 1, 1922."

Mr. GREEN of Iowa. This is simply part of the insurance amendment.

The question was taken, and the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment, No. 70 of the printed list.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 46, line 6, strike out the word "life."

The question was taken, and the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment, No. 71.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 46, strike out lines 14 to 26, inclusive, and lines 1, 2, and 3 on page 47 and insert in lieu thereof the following, each paragraph to begin with quotation marks:

"Sec. 243. That in lieu of the taxes imposed by sections 230 and 1000 there shall be levied, collected, and paid for the calendar year 1922 and for each taxable year thereafter upon the net income of every insurance company a tax as follows:

"(1) In the case of a domestic insurance company, 12½ per cent of its net income;

"(2) In the case of a foreign insurance company 12½ per cent of its net income from sources within the United States."

The question was taken, and the amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that committee amendments 72 to 78, inclusive, being committee amendments, be read by the Clerk and voted upon en bloc.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that amendments Nos. 72 to 78, inclusive, be reported, considered, and voted upon en bloc. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the amendments.

The Clerk read as follows:

Page 47, line 4, strike out the words "a life" and insert in lieu thereof the word "an."

Page 47, line 14, after the word "membership," strike out the word "of" and insert in lieu thereof the word "or."

Page 47, line 17, strike out the words "a life" and insert in lieu thereof the word "an."

Page 48, line 11, strike out the word "An" and insert in lieu thereof the words "In the case of life insurance companies, an."

Page 49, line 14, strike out the words "a life" and insert in lieu thereof the word "an."

Page 49, line 23, strike out the word "life."

Page 50, line 8, strike out the words "life insurance company" and insert in lieu thereof the words "insurance company not exempt under the provisions of section 231."

The question was taken and the amendments were agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer a further committee amendment. I will offer committee amendments Nos. 80 and 81, and ask that they be reported and voted upon en bloc. I pass over amendment No. 79 temporarily.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the two amendments referred to may be considered and voted upon en bloc. Is there objection?

Mr. SEARS. Reserving the right to object, what becomes of amendment No. 79?

Mr. GREEN of Iowa. That is passed over temporarily.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

Page 61, line 22, after the word "transportation," insert the words "and insurance."

Page 61, line 24, after the figures "501," insert a comma and the following: "and sections 503 and 504."

The amendment was agreed to.

Mr. LONGWORTH. Mr. Chairman, I offer the following amendment. Page 63, line 8, strike out the figure "6" and insert in lieu thereof the figure "4."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 63, line 8, strike out the figure "6" and insert in lieu thereof the figure "4."

The question was taken, and the amendment was agreed to.

Mr. LONGWORTH. I offer a further committee amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 69, strike out lines 8 to 10, inclusive, and insert in lieu thereof the following:

"Sec. 802. Subdivision (5) of section 900 of the revenue act of 1918 is amended to read as follows:

"(5) Tennis rackets, nets, racket covers and presses, canoe paddles and cushions, polo mallets, golf bags and clubs, lacrosse sticks, balls of all kinds, including tennis, golf, lacrosse, billiard, and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games), and all similar articles commonly or commercially known as sporting goods, except skates, snowshoes, skis, toboggans, baseball bats, gloves, masks, protectors, shoes, and uniforms, football helmets, harness uniforms and goals, basket-ball goals and uniforms, baseballs, basket balls, and footballs, 5 per cent;"

Mr. LONGWORTH. Mr. Chairman, this amendment applies to the section on so-called sporting goods. It reduces the taxes generally on all sporting goods from 10 per cent to 5 per cent, and exempts from taxation altogether those particular articles which are of real athletic necessity. Those exempted from taxation are skates, snowshoes, skis, toboggans, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness, uniforms and goals, basket-ball goals and uniforms, baseballs, basket balls, and footballs.

There never was any excuse, Mr. Chairman, for putting twice the tax on sporting goods that was put on automobiles and jewelry. That was done for some reason that I have not been able to fathom in the present revenue bill. I made as vigorous objection to it as I could at that time. I could not see any sense in imposing a tax on a small boy that wanted a baseball bat twice as high as on a man or woman who purchased a diamond ring or an automobile or an electric piano. We have an opportunity now to take off some of these tax burdens that the Democratic Party imposed on the consuming public. We are taking it altogether off of baseballs and baseball bats, such as my friend from Massachusetts used when young, and who was one of the most competent players that ever played on the Harvard baseball team.

Mr. TREADWAY. In view of the fact that the gentleman from Ohio did not designate what member of the Harvard team he was referring to in his remarks, let me state that the gentleman from Massachusetts [Mr. GALLIVAN], to whom he evidently refers, has two other colleagues on the Massachusetts delegation who were very able ball players at Harvard, namely, Messrs. WINSLOW and FROTHINGHAM. [Applause.]

Mr. LONGWORTH. And, as I understand, each one of those gentlemen played on Harvard nines that smeared Amherst.

The CHAIRMAN. The question is on the committee amendment.

Mr. TAGUE. Mr. Chairman, I would like to have the amendment again read.

The CHAIRMAN. The Chair is informed that the amendment has been sent temporarily away from the desk. Is the gentleman from Massachusetts willing to allow the debate to proceed and have the amendment reported when it is returned to the House before the vote is taken?

Mr. TAGUE. That will be all right.

The CHAIRMAN. The amendment will be again reported before the vote is taken.

Mr. SEARS. Mr. Chairman, I move to strike out the last word.

The distinguished gentleman from Ohio [Mr. LONGWORTH] just stated that now for the first time they had an opportunity to take off this tax on goods used by athletes—sporting goods. I am in hearty accord with removing that tax, but I would like to remind the gentleman from Ohio that, though his memory is generally correct and very accurate, for the moment he has forgotten, for he knows that for the past two years, if he had desired to do so, he could have taken this tax off of these goods, as the Republicans were in control of both the House and the Senate. And it is hardly fair for the gentleman to now say that he is glad that this is the first opportunity that he has had to take this tax off of these goods.

The CHAIRMAN. The Clerk will again report the committee amendment.

The amendment was again read.

Mr. APPLEBY rose.

The CHAIRMAN. For what purpose does the gentleman from New Jersey rise?

Mr. APPLEBY. I move to strike out the last word.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn, and the gentleman from New Jersey [Mr. APPLEBY] is recognized.

Mr. APPLEBY. As I understand it, this amendment exempts from taxation baseballs and baseball bats, and paraphernalia connected with baseball games, as well as footballs and football paraphernalia, basket-ball material of all kinds, and skates. I think it is a splendid idea, and I am glad the committee decided to report the amendment. It is an assurance to the dad who has to pay the bill for all of these things now required by the rising generation that Congress is legislating for all classes, including the boys' fathers. And inasmuch as



I have had the privilege of appearing before the Ways and Means Committee, I take this opportunity of seconding the proposition of getting before the House such an important and what I am sure will be a popular amendment. Some weeks ago I introduced a bill, H. R. 7885, which included in its provisions the striking out of this entire paragraph. This morning, through the courtesy of the chairman of the Committee on Ways and Means, I had the pleasure of appearing before that committee and urging that a committee amendment be presented this afternoon removing the tax from these articles so necessary to the proper physical development of the boys and girls of this country. I said to the committee, and from the reporting of this amendment I now know that they agreed with me, that while it was true that this material was used in professional sports, yet it was so essentially a part of the educational and recreational life of our youth that it was a grave mistake to penalize them for the sake of the small amount of revenue derived from the tax on these goods. Like many of my colleagues, I had the pleasure of playing baseball and football in my youthful days, and know what it means to every boy. Let me assure you, gentlemen, that if you pass this amendment the boys of this land will rise up and call you blessed, and in addition to this you will have the genuine and sincere thanks of the fathers and mothers, the educators, and the medical profession for your wisdom in adopting the same. [Applause.]

Mr. GARNER. Mr. Chairman, I wish the gentleman who offered the amendment would say just what is exempted from taxes under this amendment.

Mr. LONGWORTH. Taxes generally are reduced on the entire paragraph and taxes relieved entirely on the following articles: Skates, snowshoes, skis, toboggans, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness uniforms and goals, basket-ball goals and uniforms, baseballs, basket balls, and footballs.

Mr. GARNER. Will the gentleman let me have that?

Mr. LONGWORTH. Does the gentleman desire to include golf balls?

Mr. GARNER. Mr. Chairman, I want to say to the gentleman from Ohio that I congratulate him in repealing the tax on these various articles. I want to especially congratulate him and his colleagues for taking off the tax on skates and toboggans. You are going to need a lot of them next year, and you want to buy them cheap. [Laughter.] I understand you are preparing for November, 1922, and you want to be relieved from this tax. And I congratulate you on it.

But, Mr. Chairman, this only illustrates what I said in the beginning, that if the Democratic Party were in power in this House it would repeal all the taxes except those I enumerated in my opening argument. You are only coming gradually to the position that the Democratic Party took in the beginning. You have repealed by committee amendment, forced upon you by argument of the Democratic minority and forced upon you by mutineering Members of your own side of the House, and by a storm of protest from the country, a large proportion of the taxes originally set out in the program in your conference.

The country is to be congratulated that at least the debate on this bill has brought about the repeal of certain taxes existing in the bill that was framed by the Republican conference. You had already been driven to abandoning the stamp tax on checks, the flat tax of \$10 on all automobiles, whether they be \$250 Fords owned by poorer people, or \$10,000 machines owned by the very rich. Your administration wanted that kind of a bill out and out, but you had to reform it where the people caught its vicious parts and camouflage it more. The Republican conference, in the first place, did a good job over what the Ways and Means Committee did. Now, the Committee of the Whole House on the state of the Union has done a much better job than the Republican conference did. So, if we had time and opportunity for the Democrats to join with you over there, a good portion of whom believe in the reduction of these taxes, we would finally make this a fairly good bill.

Mr. LONGWORTH. Do I understand the gentleman is lamenting the fact that we have not taken the tax off of jewelry?

Mr. GARNER. The gentleman from Ohio has so much jewelry. I thought we might as well leave that part of it to him, and especially the golf ball part. He speaks of golf balls. I have no doubt if the gentleman had his own way he would take it off of all kinds of balls. I do not blame him for what he did. I believe all of them ought to be repealed. No tax ought to be placed on them at all, including baseballs, or on any other kind of balls.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The question was taken and the amendment was agreed to.

Mr. TIMBERLAKE. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The gentleman from Colorado offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. TIMBERLAKE: Page 67, line 18, after the word "same" insert a comma and the following: "or admissions to any exhibit, entertainment, or other pay feature, conducted by such association as a part of any such fair, if the proceeds therefrom are used exclusively for the maintenance and the operation of such agricultural fairs."

Mr. TIMBERLAKE. Mr. Chairman, the object of this amendment is to broaden the scope of paragraph (b) in section 703, which provides that no tax shall be levied under this bill for any admission to agricultural fairs where none of the profits are distributed to the stockholders or members of the association conducting the same; and this amendment simply enlarges that a little, so that any pay features within the fair are treated in the same way where all these profits are expended in promoting the fair by the association.

Mr. SEARS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Colorado has the floor. Does the gentleman yield?

Mr. TIMBERLAKE. I yield.

The CHAIRMAN. The gentleman from Florida is recognized.

Mr. SEARS. Mr. Chairman, I think I ought to make a brief statement in fairness to myself. Several of my Republican colleagues have come to me this morning, as have several of my Democratic colleagues, and stated they understood that I would demand the reading of the engrossed copy of this bill. I can not understand how this report got out. I have never dreamed of making any such demand. I have never intimated to anyone that I would make any such demand. I shall not make it, and I trust no Member on this side of the House will make a demand for the reading of the engrossed copy of the bill. [Applause.]

I feel I should make this statement, because evidently many of my friends have heard that I would make it; I do not know how many. I trust the Members of the House know me well enough to know I am sincere when I say that I hope no Member of the House will demand the reading of the engrossed bill.

Mr. FULMER rose.

Mr. FORDNEY. Mr. Chairman, I move that the debate on this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Michigan moves that all debate on this amendment and all amendments thereto close in five minutes. The question is on agreeing to that motion.

The motion was agreed to.

Mr. FULMER. Mr. Chairman, I move to strike out the last three words.

The CHAIRMAN. The gentleman from South Carolina moves to strike out the last three words.

Mr. FULMER. Mr. Chairman and gentlemen of the House, I am indeed glad to have the opportunity to discuss and to vote upon this amendment to amend the revenue bill so as to exempt agricultural fairs from paying a war tax on all pay features conducted by them. On account of the one-sided plan employed for the consideration of this measure, so intensely vital to all the people, only a very few Members of this House have a chance to offer amendments or to present their views in behalf of the American people.

My interest in this matter was recently enlisted by my friend, D. Frank Efrid, secretary of the South Carolina State Agricultural and Mechanical Association. Yesterday I ascertained from the gentleman from Oregon [Mr. HAWLEY] that his committee had considered an amendment of this nature, but without effect, and that it seemed as if the tax would have to stand as it is.

Feeling that it was unjust to tax these necessary features of the agricultural gatherings of this Nation, which are conducted not for profit but for the inspiration and education of the great masses of the people, and that these handmaidens of our greatest industry were being overlooked, like red-headed stepchildren, I consulted Mr. Wallace, our Secretary of Agriculture, and found him heartily in favor of the removal of this tax on the very thing he is trying so hard to upbuild, but, naturally, by reason of the separation of the departments of Government, unable to take the initiative.

In a few minutes the committee was to assemble for its final meeting, and the outlook for reconsideration of the matter, so as to get it presented to this House in the only permissible way, was discouraging, but at the eleventh hour I found a strong friend on the committee in the gentleman from Colorado [Mr.

TIMBERLAKE], who agreed to request Secretary Wallace's views and present them to the committee.

And so, gentlemen, Mr. TIMBERLAKE has presented this amendment with his committee's indorsement. We are spending millions of dollars on the Department of Agriculture in county and State demonstration work, both in the home and on the farm, and I can not see how a single Member of this House could vote to preserve this tax, as its retention in the bill would make for the stifling of the very thing that our appropriations are intended to foster.

I find Secretary Wallace a splendid man, using his fertile brain and his practical experience to expand his department and help the agricultural interests of the country. This is the basic industry of the Nation, and we should stand for every movement to advance it.

I am also glad to have had the privilege of voting to remove from this bill the \$10 tax on retailers of soft drinks and the tax on patent medicines, and if I had a chance—as I ought to have as a Member of Congress, but debarred by gag rule especially designed to put this bill over, regardless of what I or others may think of it—I would offer an amendment to remove all the nuisance taxes and substitute some better source for deriving our national upkeep.

As a new Member I want to say a few words concerning some of the arguments I have heard here on the floor of the House to-day and almost every day during the last five months. I feel very much like a minister in my section of the great State of South Carolina whose piety, brotherly love, and religion kept him from fighting, but who, when chased around his home by an angry citizen, finally became tired and got his dander up and stopped running and faced his pursuer and said:

Brother, I have stood this as long as I can and now I am going to throw off my coat and my religion until I give you hell.

[Laughter.]

Gentlemen, I feel like throwing aside my modesty and laying down my partyism and proceeding to give you my mind and the minds of the American people on the procedure of the present Congress.

Mr. Chairman and gentlemen of the House, the American people are suffering to-day as never before in the history of our great country, and I believe and they believe that it is because the Congress fails to function in the way of building constructive legislation in a businesslike and common-sense manner. In my campaign last summer I charged that, on account of the unbusinesslike procedure on the part of the Sixty-sixth Congress, in wasting its time, "shooting hot air" and playing politics, and on account of the unbusinesslike management of the Federal Reserve Board, composed of seven men whose policy redounds to the interest of big business and to the great harm of little business, unless this policy was reversed bankruptcy would be rampant.

You know sometimes our Negroes get hold of this Tinkham doctrine that is disseminated on the floor of this House and before they get straightened out somebody "stretches" a few of them. And so, on a certain occasion the neighborhood turned out the next morning to view the body of a Negro swinging from a limb of a big oak tree, and attached to his body they found a card bearing these words, "In statu quo." No one seemed to be able to explain this foreign language, so they sent over the way for a country-school teacher. When the professor arrived he adjusted his glasses, looked the words and the remains over, and remarked:

My friends, it has been quite a while since I read any Latin, but if my memory serves me right these words mean that this here negro is in a hell of a fix.

[Laughter.]

I am going to predict to this Congress that unless you cut out this legislating and speech making for political purposes, shooting hot air and wasting the taxpayers' hard-earned money, and proceed to use your time in building constructive legislation, tending to reduce red tape and waste, in less than 12 months you are going to have this country in that kind of statu quo that the professor called "a hell of a fix." [Applause.]

Much has been said about business men refusing to put their money into new enterprises, and the usual reason given is that they are seeking ways to evade the burden of taxation. As a business man, I can tell you why they are tired of taxation as handed out by the Congress. It is because business has ceased to be the light by which you are guided; because the interests of the few are prevailing over the interests of the many; because you allow the United States Chamber of Commerce and scores of other outside organizations, which are organized for the protection of the few to write the important legislation that comes before this body.

This House has had but little to do with the writing of this bill, and the Members know but very little about it; and what "gets" me, as a new Member, is that you bring it in here under a special rule that absolutely denies the Congress, which should truly represent the American people, a chance even to offer an amendment. Not only does the Committee on Ways and Means acknowledge that it did not write this revenue bill now under so-called "consideration," but it is acknowledged that the tax money of the American people has been paid out of the Treasury of the United States to "experts" for their services in preparing it when you yourselves are already paid to do it.

The revenue act of 1918 must have been written by, and I understand it was written by, expert auditors and accountants, and the business man is kicking because it is so complicated and tied up with red tape that not one man out of a thousand men can make out his tax returns, and this has resulted in the opening up of thousands of offices by accountants and the employment of thousands of experts in the revenue department, thereby costing the taxpayers, I am told, over \$30,000,000 to run this division, loaded with expert parasites who are sapping the lifeblood out of the producer and consumer.

And then, too, practically all business concerns have to call in one or more of these so-called experts or some attorneys to untangle the maze for them, thereby costing them millions of dollars for the unjust necessity of hiring outside assistance for making out their returns. And even then they have no assurance that they will not be called upon during the following five years for alleged additional taxes due.

I have in mind the case of a South Carolina merchant who has just been notified that he has been assessed additional taxes of \$9,000 for the years 1917, 1918, and 1919, when the man had submitted as correct returns as he and paid assistants could make under the complicated schedules, which are differently interpreted by different experts. And this merchant, a patriotic citizen, honest and intelligent, was allowed, during one of the hardest periods to raise cash that this country has ever known, just 30 days in which to pay. The collector did not persecute him. It was the law.

Ah, gentlemen, you are long on creating commissions and new departments and paying off your political debts by placing in high-salaried positions those to whom you are obligated, regardless of the test of fitness!

I understood that the Federal reserve system was not created for the purpose of making money, but that it was to take care of just such a situation as is confronting the American people to-day. To my mind it is one of the finest systems that could be devised, but in some strange way it seems that seven men can make or break any section of our country. When one reads the combined statement of the 12 Federal reserve banks, made at the close of business May 25, he is struck with the indignant feeling that they have violated right and reason by charging unreasonable rates of discount to member banks. That statement shows that, after paying 6 per cent dividends to the stockholders on a paid-in capital of \$102,173,000, they actually have a surplus of \$202,036,000, besides \$35,271,000 reserved for Government franchise tax.

I have a bill now pending before the Banking and Currency Committee to restrict the rediscount rates to an amount not exceeding 5 per cent. But it is wasted time on my part, because the majority of the committee will not report the bill. I have also introduced a concurrent resolution urging the Federal Reserve Board to give earnest consideration to the prompt lowering of the rediscount interest rate on Liberty bonds to 4 per cent and on agricultural paper to 5 per cent. But instead of a businesslike disposition of the matter this, too, is allowed to slumber peacefully.

We find also from the reports of the Comptroller of the Currency and of the Federal Reserve Board, covering the business of the regional reserve banks of the Nation during the last 12 months, that there is a decrease in the per capita circulation of nearly \$400,000,000; a restriction in credits of \$1,029,826,000, and a shrinkage in deposits of \$2,303,562,000, making a grand total reduction of \$3,733,388,000 in the financial strength of the people.

At the same time the gold reserve shows an increase of \$502,472,000 within the same period—now standing at \$2,620,638,000—and according to the report of the Comptroller of the Currency there could now be issued by the Federal reserve banks safely and legally \$2,692,000,000 additional reserve notes or there could be granted \$3,076,869 additional deposit credits.

Now, gentlemen, if these statements are true why is it that the Federal reserve banks are allowed to continue to hold rediscount rates at 6 and 7 per cent, when everybody knows that they can be reduced to from 4 to 5 per cent on commercial and



agricultural paper, and thereby do more to restore confidence and relieve the situation than any one thing that could be done?

It is all clear to my mind. Over a year ago operations of the Federal land banks were held up under an injunction. Between then and the time when a decision was rendered in the bank's favor—probably a year—the money sharks of Wall Street were having a velvet time loaning millions on farm lands at high rates of interest, with several per cent commissions going to middlemen operating between the borrowers and the lending companies.

Not only that, but some weeks ago you had a chance to vote a loan of \$100,000,000 to this same land bank, instituted to help the farmer, to take care of thousands of applications for loans that are coming to it from the agricultural districts of America, so that they could use this money to save crops and prevent bankruptcies. But you cut this needed amount down to \$25,000,000, knowing at the time that this bank could not sell its bonds, bearing 5 per cent, to the business world, because there was the chance to demand better rates based on the high rediscount rates of the Federal reserve banks, and it seems to me that these rates remain at this high level to allow these war-time profiteers to place their money in high-rate interest-bearing bonds and mortgages.

I do not believe there is a man on the floor of this House who can state the running expenses of this Federal reserve system that is penalizing and overcharging the country by high rediscount rates, with penalties for short reserve balances, and spending thousands of dollars for high salaries, for which there is apparently no restriction of law.

I charge you with creating departments and placing at their head your political creditors, with good salaries and with plenty of appointees under them at salaries even larger than Congress stipulates for Cabinet heads.

There is the head of the Shipping Board, the advertising man who was so efficient in publicity matters that he was called on last year to herald to the world the virtues of the Republican Party. He comes in for this \$12,000 position, and apparently he is not to be interrupted from carrying on his special line of work, as he has a technical assistant at \$20,000, several attorneys drawing from \$25,000 to \$35,000—more than twice as much as is paid to justices of the Supreme Court of the United States—three or four at \$15,000, and a whole flock with salaries ranging from that down to \$7,500, a total of 21 lawyers at an annual expense of some \$266,000. And Mr. Lasker says that the half has not yet been told, and it is even stated that before he gets through with his attorney personnel these salaries will amount to between \$500,000 and \$1,000,000 a year. God save the country!

Abraham Lincoln said you could fool all the people a part of the time, but that you could not fool all the people all the time. Mr. Chairman and gentlemen of this House, I want to say to you that our people are reading and thinking more than ever, and they are fast realizing that Congress is a joke, and that instead of bringing relief to the country you are pursuing a policy that is creating bread lines, insanity, suicide, and bankruptcy, which, if not checked by wholesome measures, lead to bolshevism and revolution. [Applause.]

Mr. FORDNEY. Mr. Chairman, all time has expired on this amendment.

Mr. SWING. Mr. Chairman, I ask unanimous consent to ask the gentleman from Colorado one question.

The CHAIRMAN. The Chair will state that debate was closed by vote of the committee. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. HADLEY. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The gentleman from Washington offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 61, line 21, after the word "due," insert the following: "While the title to such gross estate remains in the heirs, devisees, or distributees thereof; but no part of such gross estate shall be subject to such lien, or to any claim or demand for any such tax if the title thereto has passed to a bona fide purchaser for value."

Mr. HADLEY. Mr. Chairman, the bill contains a provision on page 61 introducing new matter into the law, and it is designed to operate to expedite the closing of estates in the hands of executors so that there may not be unnecessary delay. It provides, in effect, that the Commissioner of Internal Revenue, on written application for an early receipt to the executor, on the payment of the amount of inheritance tax due, shall as soon as possible ascertain the amount due and notify the executor, and in any event within one year. At the end of that sec-

tion, however, is a proviso to the effect that, while the executor may be relieved from personal liability upon the payment of the amount due, the discharge shall not operate to discharge the gross estate from the lien of any additional tax that may thereafter be found due. Upon further consideration, the committee were clearly of the opinion that that would perpetuate an uncertain and contingent lien for an indefinite period of time unless it was qualified. The effect of the amendment now offered is to qualify that proviso and the section so as to operate to cut off any lien on the property of the estate for any additional tax whatever after the discharge of the executor, and from any subsequent tax that may be ascertained when the estate has passed into the hands of a bona fide purchaser; but it would still remain upon the gross estate while it remains in the hands of the heirs, devisees, or distributees, on the theory that there might be, possibly on account of fraud, mistake, or newly discovered property, an equitable claim which when ascertained ought to be paid by them.

Mr. WHITE of Maine. Will the gentleman yield?

Mr. HADLEY. I yield to the gentleman from Maine.

Mr. WHITE of Maine. As I understand, under the practical operation of the present law it is pretty nearly impossible for an executor to settle an estate and be sure that he has absolved himself from personal liability or that he has closed the estate in such a way that third persons taking from heirs or devisees are free from liability.

Mr. HADLEY. The gentleman is correct.

Mr. WHITE of Maine. As I understand it, then, this amendment which you now propose aims to cure that evil, and permits the executor to file a petition or application with the Commissioner of Internal Revenue to free himself from individual liability and the estate in the hands of third persons from any lien from taxes?

Mr. HADLEY. It not only does that but it operates to expedite the settlement of the estate in the hands of the executor and protects it from any additional lien in the hands of bona fide purchasers.

I ask for a vote.

The CHAIRMAN. The question is on the committee amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. I offer a committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a committee amendment, which the clerk will report.

The Clerk read as follows:

Committee amendment: Page 70, strike out lines 11 to 24, inclusive, and page 71, strike out lines 1 to 22, inclusive, and insert in lieu thereof the following:

Section 808 and subdivisions (20) and (21) of section 900 of the revenue act of 1918 and the paragraph immediately following said subdivisions are amended to read as follows:

"(19) Yachts and motor boats not designed for trade, fishing, or national defense; and pleasure boats and pleasure canoes, if sold for more than \$15, 5 per cent."

Mr. GREEN of Iowa. Mr. Chairman, this amendment does three things. It strikes out the taxes on perfumes, extracts, toilet waters, and so forth, also the tax on proprietary medicines, and reduces to 5 per cent the tax on yachts. The committee believe that the Government will get more money from a 5 per cent tax than it now gets from the 10 per cent tax.

I ask for a vote.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. GREEN of Iowa. I offer a committee amendment.

The CHAIRMAN. The gentleman from Iowa offers a further committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 71, line 23, and page 72, lines 1, 2, 5, 7, 9, 11, and 12, strike out the subdivision numbers "(23)," "(24)," "(25)," "(26)," "(27)," "(29)," and "(30)," respectively, and insert in lieu thereof "(20)," "(21)," "(22)," "(23)," "(24)," "(25)," "(26)," and "(27)," respectively.

Mr. GREEN of Iowa. Mr. Chairman, this amendment merely makes the necessary clerical changes to correspond to the preceding amendment.

The committee amendment was agreed to.

Mr. FORDNEY. Mr. Chairman, I offer the following committee amendment:

The CHAIRMAN. The gentleman from Michigan offers the following committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 75, after line 3, insert a new section to read as follows:

SEC. 902. Section 1003 of the revenue act of 1918 is amended by adding at the end thereof a new paragraph to read as follows:

"On and after January 1, 1922, the tax imposed by this section shall apply only in the case of yachts or boats over 5 net tons and over 32 feet in length."

Mr. FORDNEY. Mr. Chairman, the effect of this amendment is to relieve motor boats less than 32 feet in length and less than 5 tons capacity.

The CHAIRMAN. The question is on the amendment.

The amendment was considered and agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 74, line 7, after the word "special," insert the words "and stamp."

Mr. GREEN of Iowa. Mr. Chairman, that is to accord with the previous amendments that have been adopted.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 75, after line 3, insert a new section to read as follows:

"Sec. 903. Subdivision (2) of Schedule A of title 11 of the revenue act of 1918 is amended to take effect January 1, 1922, to read as follows:

"2. Bonds, indemnity and surety: On all bonds executed for indemnifying any person who shall have become bound or engaged as surety, and on all bonds executed for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, and on all policies of guaranty and fidelity insurance, including policies guaranteeing titles to real estate and mortgage guarantee policies, and on all other bonds of any description, made, issued, or executed, not otherwise provided for in this schedule, except such as may be required in legal proceedings, 50 cents: *Provided*, That policies of reinsurance shall be exempt from the tax imposed by this subdivision."

Mr. GREEN of Iowa. Mr. Chairman, this amendment is practically the same as amendment 87 in the printed list, with some clerical changes.

Mr. BLANTON. What is this 50 cents for?

Mr. GREEN of Iowa. That applies to the bond. The 50 cents is just the same as in the present law.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word to ask the gentleman a question.

The CHAIRMAN. The gentleman from Iowa has control of the time.

Mr. GREEN of Iowa. I will yield to the gentleman.

Mr. BLANTON. The 50 cents provided for in this amendment is what, 50 cents on a thousand?

Mr. GREEN of Iowa. No; that is a document tax.

Mr. BLANTON. It is not 50 cents on each thousand contained in the bond?

Mr. GREEN of Iowa. Oh, no.

Mr. JOHNSON of Mississippi. This is not a tax on bail bonds?

Mr. GREEN of Iowa. No.

Mr. JOHNSON of Mississippi. For instance, if a man was convicted of a crime or charged with a crime and he gives bond, you do not put a tax on that bond?

Mr. GREEN of Iowa. No.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. GREEN of Iowa. Mr. Chairman, I offer the following committee amendment.

The Clerk read as follows:

Page 74, after line 6, insert a new section to read as follows:

"Sec. 814 (a) If (1) any person has, prior to August 15, 1921, made a bona fide contract with a dealer for the sale or lease, after the tax takes effect, of any article in respect to which a tax is imposed by section 900 of the revenue act of 1918 (as amended by this act) or by this subdivision, and in respect to which no corresponding tax was imposed by such section 900 as in force prior to its amendment by this act, and (2) such contract does not permit the adding, to the amount to be paid thereunder, of the whole of the tax imposed by such section 900 as amended by this act, then the vendee or lessee shall, in lieu of the vendor or lessor, pay so much of the tax imposed by such section 900 as amended by this act as is not so permitted to be added to the contract price.

"(b) If (1) any person has, prior to August 15, 1921, made a bona fide contract with any other person for the sale or lease, after the tax takes effect, of any article in respect to which a tax is imposed by section 900 of the revenue act of 1918 (as amended by this act) or by this subdivision, and in respect to which a corresponding but greater tax was imposed by such section 900 as in force prior to its amendment by this act, and (2) such contract does not permit the deduction, from the amount to be paid thereunder, of the whole of the difference between the corresponding tax imposed by such section 900 prior to its amendment by this act and the tax imposed by such section as amended by this act, then the vendor or lessor shall refund to the vendee or lessee so much of the amount of such difference as is not so permitted to be deducted from the contract price.

"(c) If (1) any person has, prior to August 15, 1921, made a bona fide contract with any other person for the sale or lease, after the tax takes effect, of any article in respect to which a tax was imposed by section 900 of the revenue act of 1918 as in force prior to its amendment by this act and in respect to which no corresponding tax is imposed by such section as amended by this act, and (2) such contract does not permit deduction from the amount to be paid thereunder of the tax imposed by such section 900 prior to its amendment

by this act, then the vendor or lessor shall refund to the vendee or lessee so much of the amount of such tax as is not so permitted to be deducted from the contract price.

"(d) The taxes payable by the vendee or lessee under subdivision (a) shall be paid to the vendor or lessor at the time the sale or lease is consummated, and collected, returned, and paid to the United States by such vendor or lessor in the same manner and subject to the same penalties and interest as provided by section 502 of the revenue act of 1918.

"(e) Any refund by the vendor or lessor under subdivision (b) or (c) shall be made at the time the sale or lease is consummated. Upon the failure of the vendor or lessor so to refund, he shall be liable to the vendee or lessee for damages in the amount of three times the amount of such refund, and the court shall include in any judgment in favor of the vendee or lessee in any suit for the recovery of such damages, costs of the suit and a reasonable attorney's fee to be fixed by the court.

"(f) As used in this section, the term 'dealer' includes a vendee who purchases any article with intent to use it in the manufacture or production of another article intended for sale."

Mr. KINCHELOE. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. KINCHELOE. I want to ask the gentleman a question not pertaining exactly to this amendment. In studying this report of the majority members of the Ways and Means Committee I figure it that you are going to have \$193,640,000 less revenue than you figure you will have by your own report.

Mr. GREEN of Iowa. I have not the report at hand and can not turn to it now, but I know there is a mistake in that addition.

Mr. KINCHELOE. On page 4 is it not true that there is a mistake?

Mr. GREEN of Iowa. Yes.

Mr. KINCHELOE. Is it not a fact that you will have \$193,640,000 less revenue than you say you will have in the report?

Mr. GREEN of Iowa. All of us know about that, but since the report was made we increased the revenue provided for by the bill by more than \$300,000,000.

Mr. KINCHELOE. I do not know, but would like to get some information.

Mr. FORDNEY. When these amendments are out of the way we shall be very glad to explain that.

Mr. KINCHELOE. Very well.

Mr. GREEN of Iowa. Mr. Chairman, this amendment is intended to prevent an injustice being created by our change in taxes in an instance like this. Where a tax is now placed on a retail dealer with respect to certain goods in a few instances we have changed the tax and put it on the manufacturer. Let us say that the manufacturer has contracted to deliver those goods at a certain price some time in 1922. He will be subject to the tax, unless he made some provision about it in the contract, without getting any repayment for it. This amendment provides that he can make the vendee pay the tax, and also provides for cases where the tax has been reduced for making a corresponding reduction.

The CHAIRMAN. The question is on the committee amendment.

The amendment was agreed to.

Mr. TILSON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 56, amend the new section previously inserted by the Committee of the Whole as a substitute for lines 4, 5, and 6 by inserting before the figures "242" the figures "241" and a comma, and by striking out before the figures "250" the word "and," and by inserting after the figures "250" a comma and the word "and," and the figures "903."

Mr. TILSON. Mr. Chairman, I ask unanimous consent that this amendment be voted upon, owing to the parliamentary situation. Yesterday we agreed to this section which it is now proposed to amend. It was correct at that time. By reason of changes made by the Committee of the Whole this morning it is necessary to insert two more section numbers. The amendment which I have sent to the desk adds these two numbers to the list already in the bill.

The CHAIRMAN. The question is on agreeing to the committee amendment.

Mr. SEARS. Mr. Chairman, I want to ask the gentleman a question. This morning I asked him about this list No. 3 of amendments. I was not able to get a copy of it at that time, although I made efforts to do so. I now have it, and I find on page 3 that amendments numbered 83, 84, and 85 are stricken out. Evidently those amendments were agreed on by the committee or they would not have been printed. Has the committee since decided not to offer those amendments?

Mr. TILSON. No; these were amendments which were tentatively agreed to by certain members of the committee. They were printed for submission to the full committee, but before the full committee met, and in some cases after the full committee met, certain changes were made in the amendments.



Therefore it was necessary to rewrite them, and these particular amendments on list No. 3 were then stricken out.

Mr. GREEN of Iowa. The new amendments are broader than the original amendments.

Mr. TILSON. The new amendments, the entire committee, Democrats and all, think will serve the purpose better than those printed in the list.

Mr. SEARS. Did the Democratic members meet also?

Mr. TILSON. They did each morning, and participated in passing upon all of these amendments.

Mr. SEARS. Will amendment No. 84 be offered?

Mr. GREEN of Iowa. That will not be necessary now.

Mr. SEARS. Why?

Mr. TILSON. It related to the striking out of certain articles in section 21, as I remember it. That entire section has been stricken out. Therefore the amendment is now unnecessary.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. TREADWAY. Mr. Chairman, I offer the following committee amendment which I send to the desk.

The Clerk read as follows:

Page 77, after line 5, insert a new section, to read as follows, and renumber the subsequent sections in accordance therewith:

"Sec. 1005. (a) There is hereby established a commission to be known as the 'tax investigative commission' (hereinafter in this section referred to as the 'commission'), and to be composed of nine members, as follows:

"(1) Three members who shall be Members of the Senate, to be appointed by the President of the Senate;

"(2) Three members who shall be Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives; and

"(3) Three members who shall represent the public, to be appointed by the President.

"(b) Any vacancy in the commission shall be filled in the same manner as the original appointment. The members representing the public shall serve without compensation except reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of the duties vested in the commission by this section. The members who are Members of the Senate and House of Representatives shall serve without compensation in addition to that received for their services as Members of the Congress.

"(c) The Secretary of the Treasury shall furnish the commission with such clerical assistance, quarters, stationery, furniture, office equipment, and other supplies as may be necessary for the performance of the duties vested in the commission by this section.

"(d) It shall be the duty of the commission—

"(1) To investigate the effect upon the Federal revenues of tax-exempt State and municipal securities, and possible methods of Federal taxation of such securities;

"(2) To investigate the effect of the existing differences in law between the Federal taxation of individuals and partnerships and of corporations;

"(3) To investigate the taxation of expenditures and the reduction of the tax rates upon savings as means for raising revenues, stimulating thrift, and redistributing the burdens of taxation;

"(4) To investigate the effect of income and profits taxes upon the accumulation and investment of liquid capital; and

"(5) To make from time to time such recommendations as it deems advisable pursuant to such investigations, and to report on or before the first Monday in December of each year to the President and to the Congress as to its activities.

"(e) The expenditures of the commission shall be allowed and paid upon the presentation of itemized vouchers therefor, approved by the commission and signed by the chairman thereof. Reimbursement under the provisions of subdivision (b) of the members representing the public shall be made out of moneys in the Treasury of the United States. All other expenditures of the commission shall be paid one-third out of the contingent fund of the Senate, one-third out of the contingent fund of the House of Representatives, and one-third out of moneys in the Treasury of the United States. For the expenditures of the commission which are to be paid out of moneys in the Treasury of the United States there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$5,000.

"(f) The commission shall cease to exist on December 31, 1922."

Mr. GARRETT of Tennessee. Mr. Chairman, I reserve the point of order on the amendment.

Mr. TREADWAY. Mr. Chairman, this section provides for the appointment of a special commission, the life of which will extend until December, 1922, a little over a year from the time this bill goes into effect. The purpose of the appointment of the commission is to give sufficient time to a complete study of the taxation problem with which we are confronted to-day, in so far as the opportunity is afforded now for investment in a kind of security which is tax exempt. Members of the House are, of course, familiar with the decisions of the Supreme Court and are familiar with the constitutional provision because of which it is claimed the Federal Government can not tax municipal securities.

Mr. SMITH of Michigan. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. SMITH of Michigan. I presume the gentleman has in mind the sixteenth amendment to the Constitution, which gives the United States the right to impose and levy a tax upon

the income of every individual, it makes no difference from what source it comes.

Mr. TREADWAY. I am glad the gentleman from Michigan has referred to that point. I am not a lawyer, but I realize there are able lawyers who hold that we can tax municipal securities. There are lawyer Members of this body who are of that opinion. I hope that opinion is correct. I wish it were possible to-day to write into the statute a law taxing municipal securities, but if the committee had reported such a provision there is such diversity of view among leading jurists themselves, that, of course, such a law as we might have written would have been taken to the Supreme Court, and it would naturally have held up the application of the law for an indefinite period of time.

Therefore it seemed wise to the Committee on Ways and Means in dealing with this subject not directly to legislate at this time, but leave the matter open for the time being and have it placed in the hands of an expert commission, three experts on taxation selected by the President from the public and three Members from each branch of the Congress selected by the respective presiding officers. If the commission should bring in a favorable report of suggested legislation it would not in the opinion of the committee delay the legislation on this very important point. We are, I think, all anxious to see some way of avoiding this tremendous opportunity of escaping taxation on the part of the investment public. So, Mr. Chairman, it was thought by the committee that in all likelihood time would be saved by bringing in this form of legislation for the appointment of a board to study the problems and report as soon as opportunity might offer.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for two minutes more.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that the time of the gentleman from Massachusetts may be extended for two minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. TREADWAY. I yield to the gentleman from Illinois.

Mr. MANN. Mr. Chairman, this amendment provides for the expenditures of a commission which are to be paid out of moneys in the Treasury. There is hereby authorized to be appropriated the sum of \$5,000, which is one-third of the total expense. Does the Committee on Ways and Means in offering this amendment understand that that limits the right to make an appropriation hereafter to \$5,000?

Mr. TREADWAY. In view of the fact that three Members are not to be paid and the other six are to be Members of the Congress drawing a salary now, it was thought that \$15,000 would be ample to cover the costs to be incurred for expenses only.

Mr. MANN. Well, of course, the purpose of this provision inserted in the bill is to authorize an item in an appropriation bill which is not subject to a point of order. Does the committee understand by this an item proposing to appropriate any more than \$5,000 would be subject to a point of order?

Mr. TREADWAY. Well, I do not think that point has been brought up, but as far as the committee are concerned we are perfectly willing that the total expenses of the commission should be limited to \$15,000.

Mr. MANN. I am talking about what the committee understands to be the effect of this provision. Is it the purpose—

Mr. TREADWAY. No; I will say to the gentleman that the point that he raises was not brought up in the committee.

Mr. MANN. Is it the purpose to provide beyond the appropriation of \$5,000, unless it is limited to that?

Mr. TREADWAY. No; it is not. We did not desire directly to bring in an item of appropriation, because we knew it would be subject to a point of order.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. MONDELL. Mr. Chairman—

The CHAIRMAN. Does the gentleman from Tennessee make the point of order?

Mr. GARRETT of Tennessee. I am willing to reserve the point of order still further, but I shall make it.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that I may speak for 10 minutes.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent that he may speak for 10 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. MONDELL. Mr. Chairman, I hope the amendment which has just been offered may be adopted. It is important that we shall have an investigation and a settlement of many questions of tax laws and taxation policies.



Mr. GARNER. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. GARNER. I do not see how the gentleman can be in earnest about that when he asked unanimous consent to speak for 10 minutes, which will bring the conclusion of his remarks to 5 minutes to 3 o'clock, and under the rule at that time the committee will be compelled to rise, and it is not possible to discuss or vote on this by tellers before 3 o'clock after the gentleman gets through.

Mr. MONDELL. If the gentleman wants to demand tellers that might be true, but if no such demand is made we shall adopt the amendment.

With the passage of the tax bill on which we are about to vote, the House will have performed its part in providing for the reduction of war taxes promised and pledged by the platform of both parties and anxiously awaited by all of the American people.

There has been some impatience voiced because it has not been possible, in carrying out an orderly program of legislation, to reach the problem of tax reduction at an earlier date. We who are familiar with the history of legislation in this session realize that there has not been an hour of unnecessary delay. We know that from the time the Congress met in April until now there has been a definite program continuously and faithfully adhered to, which has brought this revision of the tax laws to fruition, so far as the House is concerned, at the earliest moment possible.

The difficulties encountered have been almost insuperable; they have only been overcome by the most careful study by the Treasury of the innumerable questions involved and through the adoption of a policy of the most rigid economy in public expenditures on the part of the Congress and the executive departments.

The almost unbelievable profligacy of expenditure under the Democratic administration during the war, the reckless and criminal extravagance, the wicked waste of the people's money not only left us with a legacy of almost \$30,000,000,000 of war debt, but bequeathed to us heavy obligations of expenditure which, in spite of every effort at economy, projects the vexatious and exasperating shadow of the overhang of the war's cost into this period nearly three years subsequent to the signing of the armistice.

In a situation and condition of business stagnation, of financial and industrial depression following the war, in the presence of an appalling overhang of war costs, we have been called upon to revise the tax laws. While there may be some little criticism because we have not acted sooner, there can be no well-founded, intelligent criticism of the solution reached in the lifting of the war burdens of taxation in a sum in excess of \$600,000,000 per annum.

In view of the continued enormous demands upon the Treasury in payment of expenditures inherited from the war period and war conditions it has been impossible to reduce the Federal tax levies to the point to which they should be reduced when normal conditions have been reached. But the effort has been to first remove those burdens that are clearly recognized as those of war and emergency; to afford relief from those levies most annoying, vexatious, and troublesome; to repeal those classes of taxes which most seriously derange and interfere with the normal flow of business, which hamper, restrict, and discourage productive enterprise, which are in many cases not only inequitable but absolutely confiscatory.

There is, of course, ground for difference of opinion as to some of the details of the legislation. But this can be said without the possibility of successful contradiction—that in any forum where decisions are reached through appeals to reason, truth, and justice the principles of the bill, as a measure scaling war taxes toward the normal, will have full support and approval.

The features of the bill which have been most discussed, as well as those many admirable features which have not figured largely in the debate, are not only approved and commended from the viewpoint of justice and equity in tax reductions and adjustments, they carry out with remarkable fidelity the pledges of the Republican platform, the declarations of the party candidates, and the implied and expressed promises made from every rostrum during the campaign.

Not only are the provisions of the bill before us in harmony with sound principles of revision of war-time levies and with Republican platform and campaign promises and pledges, they are, curiously enough, in harmony with the recommendations made in the Democratic platform and by practically every Democratic leader whose views on questions of finance and taxation are entitled to consideration. The major and most discussed provisions of the measure have been repeatedly and

specifically recommended by a Democratic President, by three successive Democratic Secretaries of the Treasury, and by the Democratic presidential candidate in the last campaign. All these advocated the repeal of the excess-profits and higher surtaxes.

It is true that the Democrats on this floor have practically all turned their backs on the recommendations made by President Wilson, by Secretaries McAdoo, Houston, and Glass, and by their late candidate for the Presidency, Mr. Cox. And having repudiated all of these leaderships they have hung, expectant, hesitating, and uncertain but always submissive, upon the successive and contradictory telegraphic mandates from Mr. KITCHIN, at Scotland Neck, N. C.

Just recently it is true they have departed from the views and the mandates of the gentleman in his obscure village in North Carolina, and in their motion to recommit, I understand they propose to follow not his view but that of the gentleman from Texas [Mr. GARNER].

That is about what we might expect. The party having abandoned all of its heretofore acknowledged leaders, having turned its back upon the pledges and promises and recommendations of its President and its presidential candidate, and its Secretaries of the Treasury and all others whose opinions are entitled to any consideration anywhere in matters of finance and taxation, it is not remarkable that they shift from Texas to North Carolina and from North Carolina back to Texas.

As I said, relative to the discussion of the Fordney tariff bill, so one may truthfully say relative to the consideration of this measure, that the minority has failed utterly in its duty and responsibility. At no time either in committee hearings or in the debate on the floor has there come to my ears any word of reasonable constructive criticism. There has been a persistent and continuous flood of exaggeration, inaccuracy, misstatement, bold, bald, and ill-considered assertions.

Nothing much has been heard from the Democratic side except the declarations of gentlemen on the other side that the passage of this bill is certain to defeat our party. If I were anxious for the defeat of the Republican Party and I felt that the bill was as bad as they claim to think it is, I would not go around with the funereal air that has held them in its thrall all through this discussion. They would be joyful above all things if they really thought the bill would not be approved by the American people. [Applause on the Republican side.] The gentlemen, while proclaiming that the passage of this bill means defeat of our party, and in that case, of course, the return of theirs to power, have proceeded in all their speeches as if they were marching to their own funerals to the strains of the Dead March from Saul. [Applause on the Republican side.]

I have listened in vain for calm, reasonable, or reasoning argument. Everything done, everything proposed, has been condemned in general and in detail, without rhyme or reason, without argument to support the reckless assertions made, without attempt to suggest or offer substitutes or alternatives.

While the attitude of the opposition has lacked every element of reasonableness, of statesmanship, and of logic, it has, we recognize, been the necessary, the unescapable, the inevitable result of a complete abandonment of the leadership of all those they have heretofore looked to for council and advice in matters of this kind. President, presidential candidates, Secretaries of the Treasury, experts on finance and taxation—all these have been repudiated on behalf of the advice conceived of a mistaken view of political expediency and wired from North Carolina.

Mr. Speaker, it shall remain for a later Congress to fully revise the tax schedules in order to reduce tax levies and burdens to the position that shall be warranted when we shall have passed beyond the shadow of the war overhang and enter upon the normal flow of national life and business. In this measure we have relieved the burden where it is most clearly of a war and emergency character and relieved it and lightened it for the benefit of every class and condition in the Nation. While there will necessarily be some dissent as to detail, the measure will, in the main, be enthusiastically received as material and most welcome relief from the more vexatious portion of the war burden.

We have lifted rather than shifted the most oppressive and annoying of the war taxes. We have kept faith, and while some will rail against the measure for purely partisan purposes, it will receive the applause and commendation of the great body of the American people.

The bill is sound, the bill is sane, the bill is sensible. The bill will appeal to the sound judgment of the American people, and those who vote against it will vote to retain upon the



statute books the present utterly indefensible war taxes. [Applause on the Republican side.]

Mr. FORDNEY. Mr. Chairman—

The CHAIRMAN. The gentleman from Michigan is recognized. [Loud applause on the Republican side, the Members rising.]

Mr. CONNALLY of Texas. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The Chair has recognized the gentleman from Michigan [Mr. FORDNEY]. Will the gentleman from Tennessee [Mr. GARRETT] further reserve his point of order?

Mr. GARRETT of Tennessee. I will further reserve the point of order.

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY] is recognized.

Mr. FORDNEY. Mr. Chairman and gentlemen of the committee, I will not have sufficient time to explain to the committee the various amendments to existing law, but I will print in the Record a brief statement summarizing the changes in the law that this bill provides. But this is what the bill will do in the way of relieving the people from taxation. The changes made up to the time of the introduction of the bill and the report from the Committee on Ways and Means, reduced taxation \$790,330,000. Since that time the committee has met and made additional changes in reductions of taxes amounting to \$28,000,000, or a total of \$818,000,000 reduction of taxes provided for by this bill as compared with existing law.

Mr. KINCHELOE. Will the gentleman yield?

Mr. FORDNEY. I will.

Mr. KINCHELOE. In interrogating the gentleman from Iowa [Mr. GREEN] a few moments ago, I said your report shows on page 4 that this bill will produce \$193,640,000 less in internal-revenue tax than you say it will. I understood the gentleman then to say that he could easily explain that and would do so.

Mr. FORDNEY. I do not understand the gentleman.

Mr. KINCHELOE. If the gentleman will turn to his report on page 4 where he starts with the estimated losses in internal-revenue tax for 1922 by reason of the passage of this bill he will see that the total is \$193,640,000. Then, if he will notice in the total amount of internal-revenue tax for 1922 estimated that this bill will produce he will see that this amount of \$193,640,000 is also included in that.

Mr. FORDNEY. As I understand the gentleman's question, it is this: The estimates given in the report show for the calendar year of 1922. I have so far spoken on the calendar year of 1922, but the figures he refers to are upon the principle, as the bill was introduced in the first place, which applied to one-half of the present fiscal year in the calendar year of 1921.

Mr. KINCHELOE. Will the gentleman yield for another question?

Mr. FORDNEY. I will.

Mr. KINCHELOE. But if the gentleman will turn to his report, where he starts with the losses, this bill over 1918 shows a total of \$193,640,000. And then you say you added that \$193,640,000 to your revenue.

Mr. GARNER. I will help the gentleman from Michigan out. The report was made on the bill as reported by the Ways and Means Committee, but was not made on the Republican conference's position. That is the difference exactly. The report as written does not amount to anything.

Mr. FORDNEY. Let me see if the gentleman is all wise. The bill as it was introduced provided for a repeal of certain taxes to take effect January 1, 1921. As the bill will finally be voted on to-day these taxes take effect on January 1, 1922. That makes the difference, I think, that the gentleman refers to.

Mr. KINCHELOE. Another question.

Mr. FORDNEY. I have only three or four minutes.

Mr. KINCHELOE. I will say to the gentleman this report shows your bill will yield—

[Cries of "Regular order!"]

Mr. FORDNEY. And then in some of those reports some of the figures were based upon the fiscal year and others upon the calendar year, and in the bill as reported in the first place by the Ways and Means Committee, as I have said, some of the repeals that were to take effect last January are now changed to next January.

Mr. Chairman, I ask for a vote on the amendment.

Mr. TREADWAY. I ask for a ruling, Mr. Chairman.

Mr. CONNALLY of Texas. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the House, the gentleman from Wyoming [Mr. MONDELL] a few

minutes ago announced to this House that in passing this bill the Republicans are keeping their platform pledges. I want to ask the gentleman from Wyoming where in the Republican platform is the pledge that 10,437 payers of the tax on large incomes in excess of \$66,000 shall be relieved, whereas the income-tax payers of small income shall not be similarly relieved?

Mr. MONDELL. Does the gentleman want an answer?

Mr. CONNALLY of Texas. In a moment. I have got some more questions before I yield; then you can answer them all at once.

Mr. MONDELL. The answer is, the bill does not do anything of the sort. [Applause on the Republican side.]

Mr. CONNALLY of Texas. Oh, "the bill does not do anything of the sort" does not answer the question. I want to ask the gentleman from Wyoming where in his platform is the pledge that corporations doing a foreign business like the Standard Oil Co. shall be free from the payment of domestic income taxes on foreign business?

Mr. LONGWORTH. There is no such provision in the bill.

Mr. CONNALLY of Texas. I want him to point out in his platform the pledge that promised to raise the normal tax on little corporations from 10 per cent to 12½ per cent? Where is the promise in his platform to raise the tax on small corporations? Where in his platform is the pledge that he will pass a tax bill that will create a deficit of \$300,000,000 and force the issuance of bonds in time of peace?

Mr. MONDELL. Mr. Chairman, the answer is again what it was before, that it is not so. [Applause on the Republican side.]

Mr. CONNALLY of Texas. O, Mr. Chairman, loud voices and much noise do not answer arguments. [Laughter and applause.] I want to ask the gentleman where in his platform is the pledge that the Republican Party will not increase the tax on the great inheritances in this land but promises to add to the tax of the small taxpayer and promises an increase of his burden? [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Texas has expired. The hour of 3 o'clock having arrived, in accordance with the rule the committee will rise and report the bill and the amendments to the House.

Accordingly the committee rose, and the Speaker resumed the chair.

Mr. COCKRAN. Mr. Speaker, I rise to a question of the highest privilege.

Mr. MANN. The gentleman can not do it until the bill is reported.

Mr. COCKRAN. I rise to a question of the highest privilege, that takes precedence of everything.

Mr. MANN. The House can do nothing but hear the report of the Chairman of the committee.

Mr. BLANTON. Let the gentleman wait until the report of the Chairman is made.

Mr. COCKRAN. I could interrupt even the reading of the Journal.

Mr. WALSH. This is a different question from the reading of the Journal.

The SPEAKER. The Chair thinks the report of the Chairman of the committee ought first to be received. It will take only a few minutes.

Mr. COCKRAN. I withdraw my motion.

Thereupon Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill (H. R. 8245) to reduce and equalize taxation, to amend and simplify the revenue act of 1918, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. The gentleman from Massachusetts [Mr. WALSH], Chairman of the Committee of the Whole House on the state of the Union, reports that that committee, having under consideration the bill (H. R. 8245) to amend and simplify the revenue act of 1918, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass. The gentleman from New York [Mr. COCKRAN] is recognized.

Mr. COCKRAN. Mr. Speaker, I now rise to the question of privilege embodied in the resolution which I sent to the Speaker's desk.

The SPEAKER. It refers to the privileges of the House.

Mr. MANN. Mr. Speaker, I make the point of order that the gentleman from New York can not present the resolution and

have it considered by the House. The rule under which we are operating provides that the committee shall rise and receive the report of the committee.

The proceedings of the House could not be interrupted by any question of privilege or anything else of a sort which involves a motion, and nothing can come before the House that does not involve the right of a motion. Hence the gentleman has no right to interrupt the proceedings under a rule which expressly cuts out all intervening motions of any kind except a motion to recommit.

Mr. COCKRAN. Mr. Speaker, it has been held here by an authority quite as eminent as the gentleman from Illinois [Mr. MANN], though not as bold, that a question of privilege takes precedence of everything, sets aside the procedure under a special rule, can be met by nothing but a motion to adjourn, can be offered while the Journal is being read—

Mr. MANN. Everybody who knows anything about the rules of the House knows that; but here is a special rule of the House which is governing the matter now before the House.

Mr. COCKRAN. It has been held, Mr. Speaker, that a question of privilege may interrupt the reading of the Journal. I do not know whether the gentleman from Illinois will consider as respectable authority the "Constitution, Manual and Digest," published under direct authority of this House.

Mr. MANN. I think the manual is a respectable authority. I think the gentleman from New York is respectable, but no authority on the question. [Laughter and applause.]

Mr. COCKRAN. The gentleman from New York does not pretend to be authority. He is only anxious to submit to it and to induce the gentleman from Illinois to follow that example. [Applause.] Mr. Speaker, with due submission to the authority of the Chair, and asking the indulgence of the gentleman from Illinois, may I now read?—

A question of privilege may interrupt the reading of the Journal or the consideration of a bill under a special order, or a proposition to suspend the rules, or the consideration of a matter on which the previous question has been ordered.

The first thing the House is concerned about is the protection of its dignity, of its importance, of its functions, of its power, of its very life. When that is in question everything else is suspended until the major matter is decided. I now ask to have this resolution, which I send to the Clerk's desk, raising a question of the highest privilege, reported to the House.

Mr. MANN. Mr. Speaker, a question of privilege may interrupt the reading of the Journal, may interrupt a bill which is being considered under a special order of the House, may come in after the previous question is ordered, but here is a rule providing that no intervening motion shall be submitted until the final passage of the bill with the exception of the motion to recommit; and the learned gentleman from New York, so familiar with the rules of the House, can find no precedent, because there is no precedent, which holds that you can interrupt the proceeding by a question of privilege where the rule provides that there shall be no intervening motion. That provision in the rules goes back to the days when there were efforts at filibustering, and the purpose of putting a provision in the special rule that there should be no intervening motion was to bring a vote upon the main proposition without a chance to delay it by filibuster. If you permitted every Member of the House to raise a question of privilege, either personal or a privileged question, you would utterly ruin the provision of the rule, and the original purpose of that provision in the rule is still to be subserved by proceeding to a vote to the final passage upon the bill without injecting a foreign proposition. [Applause.]

Mr. COCKRAN. Mr. Speaker, the gentleman from Illinois possesses one quality which is almost invulnerable in debate, and that is the capacity to add to rules or laws whatever may be necessary to make his position logical. Thus he inserts into these rules the word "may." It is not to be found in the book. I will read again, although it seems to me I was sufficiently clear before.

A question of privilege may interrupt the consideration of a bill under a special order or a proposition to suspend the rules.

Then in Hinds' Precedents there are many cases, one case after another, where this very question came up—where the House was operating under a special rule—and the question of privilege took precedence of everything, because it was necessarily a question affecting the very life of the House itself.

Mr. WALSH. Mr. Speaker, I raise the question of consideration of the gentleman's question of privilege.

Mr. MANN. When the House is considering a bill under a special rule—and we consider many bills under a special rule—that only brings the bill before the House for consideration.

That does not limit the right to offer intervening motions, as this rule does.

Mr. GARRETT of Tennessee. Mr. Speaker, surely it will not be held that this is not a special order. If I understand the correct meaning of a special order, it is the same thing, a special rule that is brought in. It is something which modifies a general rule of the House. It is another name for a special rule or special resolution.

Mr. MANN. If the gentleman will permit—

Mr. GARRETT of Tennessee. Certainly.

Mr. MANN. It would be quite in order to bring in—which has been frequently done—a rule for the immediate consideration of a bill in the House. That is under a special order. That is the kind of a case referred to in the precedents.

Mr. GARRETT of Tennessee. No; but it says that it may interrupt the consideration of a bill under a special order.

Mr. MANN. "The consideration of a bill under a special order"; why, certainly.

Mr. COCKRAN. Mr. Speaker, may I have that resolution read? I think I have the right to have the resolution read. The House does not know at this moment just what it is that we are talking about.

The SPEAKER. This is a question for the Chair to decide; but without regard to a consideration of the wishes of the House at such a moment as this, of course the Chair must consider it simply in the light of parliamentary law and not in the light of its reasonableness. Now, it has been held constantly that a question of privilege may be presented at any time, and the Chair finds in the precedents one case which it seems to the Chair can not be distinguished from this, where in the House a certain time was set apart by a rule for the business of the House, but a question of privilege was brought in, and it was allowed, on the theory that the rights and privileges of the House and its Members take precedence of everything else. If the House wishes to consider, any person who thinks it is a proper time to bring it up has the right, and the Chair feels constrained to rule that if it is a question of privilege of the House the gentleman brings up, he has the right to present it.

Mr. WALSH. Mr. Speaker, I raise the question of consideration.

Mr. COCKRAN. But I have the floor.

Mr. WALSH. I have the floor to raise the question of consideration.

Mr. COCKRAN. I can not be taken off the floor in that way.

The SPEAKER. The question of consideration can always be raised. The gentleman has no right to debate.

Mr. GARRETT of Tennessee. Mr. Speaker, can the question of consideration be raised before the resolution is reported?

The SPEAKER. The Chair thought the gentleman from New York was claiming the right to debate.

Mr. COCKRAN. I am claiming the right to have the resolution reported.

The SPEAKER. The gentleman claims that it is a question of the privileges of the House and the Chair thinks it should be laid before the House. The Clerk will report it. [Applause on the Democratic side.]

The Clerk read as follows:

Whereas on the 12th day of July, in the present year of our Lord 1921, the Hon. Warren G. Harding, President of the United States, appeared before the Senate, having then before it for consideration an unfinished business Senate bill 506, "to provide adequate compensation for veterans of the World War," and, "standing at the Vice President's desk," then and there addressed to it verbally, without notice to this House and in its absence, a communication, which appears in the CONGRESSIONAL RECORD of that day as part of the regular proceedings of the Senate; and

Whereas the Constitution of the United States, which empowers the President to address recommendations respecting legislation to Congress, does not authorize him to address such communications to either House of Congress to the exclusion of the other: Now, therefore, be it

Resolved, That such exclusion of this House from the right conferred upon it by the Constitution to share in all communications which the President may address to Congress respecting legislation is an unconstitutional violation of its rights, an illegal invasion of its privileges, and an unwarrantable injury to its dignity.

Mr. COCKRAN. Mr. Speaker—

Mr. MONDELL. Mr. Speaker, I move to lay the resolution on the table.

Mr. COCKRAN. I respectfully claim that having presented the resolution I have the floor.

The SPEAKER. The Chair overrules that point; it is always in order to move to lay a matter on the table.

Mr. COCKRAN. Provided he has the floor.

The SPEAKER. The Chair recognizes the gentleman.

Mr. COCKRAN. It occurs to me that having offered the resolution, under any ruling that I have been able to discover I am entitled to the floor.



The SPEAKER. The gentleman from New York is mistaken, because it would then be in the power of any Member by offering a resolution to get the floor for an hour's debate. That was the reason for the motion to lay on the table.

Mr. WALSH. Mr. Speaker, I withdraw the question of consideration.

The SPEAKER. The question is on the motion of the gentleman from Wyoming to lay the resolution on the table.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 288, nays 106, answered "present" 4, not voting 32, as follows:

## YEAS—288.

Ackerman	Fairfield	Lampert	Riddick
Anderson	Faust	Langley	Roach
Andrews	Fenn	Larson, Minn.	Robertson
Ansorge	Fess	Lawrence	Robison
Anthony	Fish	Layton	Rogers
Appleby	Fitzgerald	Lea, Calif.	Rose
Arentz	Focht	Leatherwood	Rosenbloom
Atkeson	Fordney	Lee, N. Y.	Rossdale
Bacharach	Foster	Lehlbach	Ryan
Barbour	Frear	Lineberger	Sanders, Ind.
Beck	Free	Little	Sanders, N. Y.
Beedy	Freeman	London	Schall
Begg	French	Longworth	Scott, Mich.
Benham	Frothingham	Luce	Scott, Tenn.
Bird	Fuller	McArthur	Shaw
Bixler	Funk	McCormick	Shelton
Black	Gahn	McFadden	Shreve
Blakeney	Gensman	McKenzie	Siegel
Bland, Ind.	Gerner	McLaughlin, Mich.	Sinclair
Bland, Va.	Glynn	McLaughlin, Nebr.	Sinnott
Boles	Goodykoontz	McLaughlin, Pa.	Slemp
Bond	Gorman	McPherson	Smith, Idaho
Bowers	Gould	MacGregor	Smith, Mich.
Brennan	Graham, Ill.	Madden	Snell
Brooks, Pa.	Graham, Pa.	Magee	Snyder
Brown, Tenn.	Green, Iowa	Mann	Speaks
Browne, Wis.	Greene, Mass.	Mapes	Sproul
Burdick	Greene, Vt.	Merritt	Stafford
Burke	Griest	Michaelson	Steenerson
Burrhoughs	Hadley	Michener	Stephens
Burness	Hardy, Colo.	Miller	Strong, Kans.
Burton	Haugen	Mills	Strong, Pa.
Butler	Hawley	Millsbaugh	Summers, Wash.
Cable	Hays	Mondell	Sweet
Campbell, Kans.	Hersey	Moore, Ill.	Swing
Campbell, Pa.	Hickey	Moore, Ohio	Taylor, N. J.
Cannon	Hicks	Moore, Ind.	Taylor, Tenn.
Chalmers	Hill	Morgan	Temple
Chandler, N. Y.	Himes	Morin	Thomas
Chandler, Okla.	Hoch	Mott	Thompson
Chindblom	Hogan	Mudd	Tilson
Christopherson	Houghton	Murphy	Timberlake
Clague	Hukriede	Nelson, A. P.	Tincher
Clarke, N. Y.	Hull	Nelson, J. M.	Tinkham
Clouse	Humphreys	Newton, Minn.	Towner
Cole, Iowa	Husted	Newton, Mo.	Treadway
Cole, Ohio	Hutchinson	Nolan	Underhill
Colton	Ireland	Norton	Vare
Connally, Tex.	Jeffers, Nebr.	Opp	Vestal
Connell	Johnson, Ky.	Osborne	Voigt
Connolly, Pa.	Johnson, Miss.	Paige	Volk
Cooper, Wis.	Johnson, Wash.	Parker, N. J.	Volstead
Copley	Jones, Pa.	Parker, N. Y.	Walsh
Coughlin	Kahn	Patterson, Mo.	Walters
Crowther	Kelley, Mich.	Patterson, N. J.	Ward, N. Y.
Curry	Kelly, Pa.	Perkins	Wason
Dale	Kendall	Perlman	Watson
Dallinger	Kennedy	Peters	Webster
Darrow	Ketcham	Petersen	Wheeler
Davis, Minn.	Kiess	Porter	White, Kans.
Dempsey	King	Pringley	White, Me.
Denison	Kinkaid	Purnell	Williams
Dowell	Kirkpatrick	Radcliffe	Winslow
Dunbar	Kissel	Ramseyer	Wood, Ind.
Dunn	Kieczka	Ransley	Woodruff
Dyer	Kline, N. Y.	Reavis	Woods, Va.
Echols	Kline, Pa.	Reber	Woodyard
Edmonds	Knight	Reece	Wurzbach
Elliot	Knutson	Reed, N. Y.	Wyant
Ellis	Kopp	Reed, W. Va.	Yates
Evans	Kraus	Rhodes	Young
Fairchild	Kreider	Ricketts	Zihlman

## NAYS—106.

Almon	Cullen	Harrison	Martin
Aswell	Davis, Tenn.	Hawes	Mead
Bell	Deal	Hayden	Moore, Va.
Blanton	Dominick	Huddleston	O'Brien
Bowling	Drewry	Jacoway	O'Connor
Box	Driver	Jeffers, Ala.	Oldfield
Brand	Dupré	Jones, Tex.	Oliver
Briggs	Favrot	Kincheloe	Overstreet
Brinson	Fields	Kindred	Padgett
Buchanan	Fisher	Lanham	Park, Ga.
Bulwinkle	Flood	Lankford	Parks, Ark.
Byrnes, S. C.	Fulmer	Larsen, Ga.	Parrish
Byrnes, Tenn.	Gallivan	Lazaro	Pou
Cantrell	Garner	Lee, Ga.	Quin
Carew	Garrett, Tenn.	Linthicum	Rainey, Ala.
Carter	Garrett, Tex.	Logan	Rainey, Ill.
Clark, Fla.	Gilbert	Lowrey	Raker
Cockran	Goldsborough	Lyon	Rankin
Collier	Griffin	McClintic	Rayburn
Collins	Hammer	McDuffie	Riordan
Crisp	Hardy, Tex.	McSwain	Rouse

Sanders, Tex.	Stedman	Tague	Wilson
Sandlin	Stevenson	Ten Eyck	Wingo
Sears	Stoll	Tillman	Wise
Sisson	Sullivan	Tyson	Wright
Smithwick	Summers, Tex.	Vinson	
Steagall	Swank	Weaver	

## ANSWERED "PRESENT"—4.

Herrick	Kunz	Rucker	Ward, N. C.
Bankhead	Dickinson	Keller	Rodenberg
Barkley	Doughton	Kitchin	Sabath
Britten	Drane	Luhning	Stiness
Brooks, Ill.	Elston	Maloney	Taylor, Ark.
Classon	Hudspeth	Mansfield	Taylor, Colo.
Codd	James	Montague	Upshaw
Cooper, Ohio	Johnson, S. Dak.	Montoya	Vaile
Cramton	Kearns	Ogden	Williamson

## NOT VOTING—32.

So the motion to lay the resolution on the table was agreed to.

The Clerk announced the following pairs:

On the vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).

Mr. ELSTON (for) with Mr. TAYLOR of Arkansas (against).

Mr. CODD (for) with Mr. TAYLOR of Colorado (against).

Mr. CRAMTON (for) with Mr. MONTAGUE (against).

Mr. BROOKS of Illinois (for) with Mr. MONTAGUE (against).

Mr. CLASSON (for) with Mr. BARKLEY (against).

Mr. RODENBURG (for) with Mr. RUCKER (against).

Mr. WILLIAMSON (for) with Mr. UPSHAW (against).

Mr. KELLER (for) with Mr. VAILE (against).

Mr. BRITTEN (for) with Mr. DOUGHTON (against).

Mr. DICKINSON (for) with Mr. SABATH (against).

Mr. STINESS (for) with Mr. MANSFIELD (against).

Mr. LUHRING (for) with Mr. DRANE (against).

Mr. MONTAÑA (for) with Mr. HUDSPETH (against).

Mr. RUCKER. Mr. Speaker, did the gentleman from Illinois [Mr. RODENBURG] vote?

The SPEAKER. He did not.

Mr. RUCKER. I voted "no." I am paired with the gentleman from Illinois. I desire to withdraw my vote of "no" and answer "present."

The name of Mr. RUCKER was called and he answered present. The result of the vote was announced as above recorded.

The SPEAKER. Under the rule the previous question is ordered on the bill and all amendments to final passage, without intervening motion, except one motion to recommit.

The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. GARNER. Mr. Speaker, I offer the following motion to recommit, which I send to the desk and ask to have read.

The Clerk read as follows:

Mr. GARNER moves to recommit H. R. 8245 to the Committee on Ways and Means with instructions to report the same forthwith with the following amendments, striking out the language in lines 4, 5, 6, 7, 8, 9, and 10 on page 13, which is as follows:

"Sec. 207. That section 211 of the revenue act of 1918 is amended by adding at the end thereof a new subdivision to read as follows:

"(c) For the calendar year 1922, and each calendar year thereafter, the rate upon the amount by which the net income exceeds \$66,000 shall be 32 per cent instead of the rates specified in subdivision (a) in respect thereto."

Mr. LONGWORTH. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the motion to recommit.

Mr. GARNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken, and there were—yeas 169, nays 230, answered "present" 1, not voting 30, as follows:

## YEAS—169.

Almon	Byrnes, S. C.	Dominick	Gorman
Andrews	Brynes, Tenn.	Doughton	Griffin
Aswell	Cable	Dowell	Hammer
Barbour	Cantrill	Drewry	Hardy, Tex.
Beck	Carew	Driver	Harrison
Bell	Carter	Dupré	Hawes
Black	Christopherson	Favrot	Hayden
Bland, Va.	Clague	Fields	Hoch
Blanton	Clark, Fla.	Fisher	Huddleston
Bowling	Cockran	Flood	Hull
Box	Collier	Frear	Humphreys
Brand	Collins	Fulmer	Jacoway
Briggs	Connally, Tex.	Gahn	Jeffers, Ala.
Brinson	Cooper, Wis.	Gallivan	Johnson, Ky.
Browne, Wis.	Crisp	Garner	Johnson, Miss.
Buchanan	Cullen	Garrett, Tenn.	Jones, Tex.
Bulwinkle	Davis, Minn.	Garrett, Tex.	Keller
Burke	Davis, Tenn.	Gilbert	Kelly, Pa.
Burness	Deal	Goldsborough	Ketcham

Kincheloe  
Kindred  
King  
Kleccka  
Knight  
Kopp  
Kunz  
Lampert  
Lanham  
Lankford  
Larsen, Ga.  
Lazaro  
Lee, Calif.  
Lee, Ga.  
Linthicum  
Little  
Logan  
London  
Lowrey  
Luce  
Lyon  
McClintic  
McDuffie  
McSwain

Martin  
Michaelson  
Moore, Va.  
Murphy  
Nelson, A. P.  
Nelson, J. M.  
Nolan  
O'Brien  
O'Connor  
Oldfield  
Oliver  
Overstreet  
Padgett  
Park, Ga.  
Parks, Ark.  
Parrish  
Perlman  
Pon  
Quin  
Rainey, Ala.  
Rainey, Ill.  
Raker  
Ramseyer

Rankin  
Rayburn  
Riordan  
Robson  
Rosenbloom  
Rouse  
Ryan  
Sanders, Tex.  
Sandlin  
Schall  
Sears  
Sinclair  
Sisson  
Smithwick  
Speaks  
Stafford  
Stegall  
Stedman  
Steenerson  
Stevenson  
Stoll  
Strong, Kans.  
Sullivan  
Summers, Tex.

Swank  
Swing  
Tague  
Ten Eyck  
Thomas  
Tillman  
Tyson  
Vinson  
Voigt  
Volk  
Volstead  
Ward, N. C.  
Weaver  
Willson  
Wingo  
Wise  
Woodruff  
Woods, Va.  
Wright  
Young  
Zihlman

## NAYS—230.

Ackerman  
Anderson  
Ansorge  
Anthony  
Appley  
Arentz  
Atkeson  
Bacharach  
Beedy  
Begg  
Benham  
Bird  
Bixler  
Blakeney  
Bland, Ind.  
Boles  
Bond  
Bowers  
Brennan  
Brooks, Pa.  
Brown, Tenn.  
Burdick  
Burroughs  
Burton  
Butler  
Campbell, Kans.  
Campbell, Pa.  
Cannon  
Chalmers  
Chandler, N. Y.  
Chandler, Okla.  
Chindblom  
Clarke, N. Y.  
Clouse  
Cole, Iowa  
Cole, Ohio  
Colton  
Connell  
Connolly, Pa.  
Copley  
Coughlin  
Crowther  
Curry  
Dale  
Dallinger  
Darrow  
Dempsey  
Denison  
Dunbar  
Dunn  
Dyer  
Echols  
Edmonds  
Elliott  
Ellis  
Evans  
Fairchild  
Fairfield

Faust  
Fenn  
Fess  
Fish  
Fitzgerald  
Focht  
Fordney  
Foster  
Free  
Freeman  
French  
Frothingham  
Fuller  
Funk  
Gensman  
Gerner  
Glynn  
Goodykoontz  
Gould  
Graham, Ill.  
Graham, Pa.  
Green, Iowa  
Greene, Mass.  
Greene, Vt.  
Griest  
Hadley  
Hardy, Colo.  
Haugen  
Hawley  
Hays  
Herrick  
Hersey  
Hickey  
Hicks  
Hill  
Himes  
Hogan  
Houghton  
Hukriede  
Husted  
Hutchinson  
Ireland  
Jeffers, Nebr.  
Johnson, Wash.  
Jones, Pa.  
Kahn  
Kelley, Mich.  
Kendall  
Kennedy  
Kess  
Kinkaid  
Kirkpatrick  
Kissel  
Kline, N. Y.  
Kline, Pa.  
Knutson  
Kraus  
Kreider

Langley  
Larson, Minn.  
Lawrence  
Layton  
Leatherwood  
Lee, N. Y.  
Lehlbach  
Lineberger  
Longworth  
Luhling  
McArthur  
McCormick  
McFadden  
McKenzie  
McLaughlin, Mich.  
McLaughlin, Nebr.  
McLaughlin, Pa.  
McPherson  
MacGregor  
Madden  
Magee  
Mann  
Mapes  
Merritt  
Michener  
Miller  
Mills  
Millsbaugh  
Mondell  
Moore, Ill.  
Moore, Ohio  
Moore, Ind.  
Morgan  
Morin  
Mott  
Mudd  
Newton, Minn.  
Newton, Mo.  
Norton  
Olpp  
Osborne  
Paige  
Parker, N. J.  
Parker, N. Y.  
Patterson, Mo.  
Patterson, N. J.  
Perkins  
Perlman  
Peters  
Petersen  
Porter  
Pringey  
Purnell  
Radcliffe  
Ransley  
Reavis  
Reber  
Reece  
Reed, N. Y.

Reed, W. Va.  
Rhodes  
Ricketts  
Riddick  
Roach  
Robertson  
Rogers  
Rose  
Rossdale  
Sanders, Ind.  
Sanders, N. Y.  
Scott, Mich.  
Scott, Tenn.  
Shaw  
Shelton  
Shreve  
Siegler  
Sinnott  
Siemp  
Smith, Idaho  
Smith, Mich.  
Snell  
Snyder  
Speaks  
Sproul  
Stafford  
Steenerson  
Stephens  
Strong, Kans.  
Strong, Pa.  
Summers, Wash.  
Sweet  
Swing  
Taylor, N. J.  
Taylor, Tenn.  
Temple  
Thompson  
Tilson  
Timberlake  
Tinker  
Townner  
Treadway  
Underhill  
Vare  
Vestal  
Volk  
Volstead  
Walsh  
Walters  
Ward, N. Y.  
Wason  
Watson  
Webster  
Wheeler  
White, Kans.  
White, Me.  
Winslow  
Wood, Ind.  
Woodyard  
Wurzbach  
Wyant

## ANSWERED "PRESENT"—1.

Rucker

## NOT VOTING—30.

Bankhead  
Barkley  
Britten  
Brooks, Ill.  
Classon  
Codd  
Cooper, Ohio  
Cramton

Dickinson  
Drane  
Elston  
Hudspeth  
James  
Johnson, S. Dak.  
Kearns  
Kitchin

Maloney  
Mansfield  
Montague  
Montoya  
Ogden  
Rodenberg  
Sabath  
Stiness

Taylor, Ark.  
Taylor, Colo.  
Upshaw  
Valle  
Williamson  
Yates

So the motion to recommit was rejected.  
The Clerk announced the following pairs:  
Mr. KITCHIN (for) with Mr. BRITTEN (against).  
Mr. MANSFIELD (for) with Mr. KEARNS (against).  
Mr. DRANE (for) with Mr. CRAMTON (against).  
Mr. TAYLOR of Colorado (for) with Mr. CODD (against).  
Mr. RUCKER (for) with Mr. RODENBERG (against).  
Mr. MONTAGUE (for) with Mr. BROOKS of Illinois (against).  
Mr. BANKHEAD (for) with Mr. YATES (against).  
Mr. UPSHAW (for) with Mr. CLASSON (against).  
Mr. BARKLEY (for) with Mr. WILLIAMSON (against).  
Mr. TAYLOR of Arkansas (for) with Mr. OGDEN (against).  
Mr. HUDSPETH (for) with Mr. STINESS (against).  
Mr. SABATH (for) with Mr. DICKINSON (against).

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. GARNER. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. The gentleman from Texas demands the yeas and nays. Obviously a sufficient number, and the yeas and nays are ordered.

The question was taken, and there were—yeas 274, nays 125, answered "present" 1, not voting 30, as follows:

## YEAS—274.

Ackerman  
Anderson  
Ansorge  
Anthony  
Appley  
Arentz  
Atkeson  
Bacharach  
Beedy  
Begg  
Benham  
Bird  
Bixler  
Blakeney  
Bland, Ind.  
Boles  
Bond  
Bowers  
Brennan  
Brooks, Pa.  
Brown, Tenn.  
Browne, Wis.  
Burdick  
Burke  
Burroughs  
Burtess  
Burton  
Butler  
Cable  
Campbell, Kans.  
Campbell, Pa.  
Cannon  
Chalmers  
Chandler, N. Y.  
Chandler, Okla.  
Chindblom  
Christopherson  
Clarke, N. Y.  
Clouse  
Cole, Iowa  
Cole, Ohio  
Colton  
Connell  
Connolly, Pa.  
Cooper, Wis.  
Copley  
Coughlin  
Crowther  
Curry  
Dale  
Dallinger  
Darrow  
Davis, Minn.  
Dempsey  
Denison  
Dowell  
Dunbar  
Dunn  
Dupré  
Dyer  
Echols  
Edmonds  
Elliott  
Ellis  
Evans  
Fairchild  
Fairfield

Faust  
Fenn  
Fess  
Fish  
Fitzgerald  
Focht  
Fordney  
Foster  
Frear  
Free  
Freeman  
French  
Frothingham  
Fuller  
Funk  
Gahn  
Gensman  
Gerner  
Glynn  
Goodykoontz  
Gorman  
Gould  
Graham, Ill.  
Graham, Pa.  
Green, Iowa  
Greene, Mass.  
Greene, Vt.  
Griest  
Hadley  
Hardy, Colo.  
Haugen  
Hawley  
Hays  
Herrick  
Hersey  
Hickey  
Hicks  
Hill  
Himes  
Hoch  
Hogan  
Houghton  
Hukriede  
Hull  
Husted  
Hutchinson  
Ireland  
Jeffers, Nebr.  
Johnson, Wash.  
Jones, Pa.  
Kahn  
Kelley, Mich.  
Kelly, Pa.  
Kendall  
Kennedy  
Ketcham  
Kless  
King  
Kinkaid  
Kirkpatrick  
Kissel  
Kleczka  
Kline, N. Y.  
Kline, Pa.  
Knight  
Knutson  
Kopp  
Kraus  
Kreider

Langley  
Larson, Minn.  
Lawrence  
Layton  
Lazaro  
Leatherwood  
Lee, N. Y.  
Lehlbach  
Lineberger  
Longworth  
Luce  
Luhling  
McArthur  
McCormick  
McFadden  
McKenzie  
McLaughlin, Mich.  
McLaughlin, Nebr.  
McLaughlin, Pa.  
McPherson  
MacGregor  
Madden  
Magee  
Mann  
Mapes  
Merritt  
Michener  
Miller  
Mills  
Millsbaugh  
Mondell  
Moore, Ill.  
Moore, Ohio  
Moore, Ind.  
Morgan  
Morin  
Mott  
Mudd  
Murphy  
Nelson, A. P.  
Newton, Minn.  
Newton, Mo.  
Nolan  
Norton  
Olpp  
Osborne  
Paige  
Parker, N. J.  
Parker, N. Y.  
Patterson, Mo.  
Patterson, N. J.  
Perkins  
Perlman  
Peters  
Petersen  
Porter  
Pringey  
Purnell  
Radcliffe  
Ramseyer  
Ransley  
Reavis  
Reber  
Reece  
Reed, N. Y.  
Reed, W. Va.  
Rhodes  
Ricketts

Riddick  
Roach  
Robertson  
Robson  
Rogers  
Rose  
Rossdale  
Ryan  
Sanders, Ind.  
Sanders, N. Y.  
Schall  
Scott, Mich.  
Scott, Tenn.  
Shaw  
Shelton  
Shreve  
Siegler  
Sinnott  
Siemp  
Smith, Idaho  
Smith, Mich.  
Snell  
Snyder  
Speaks  
Sproul  
Stafford  
Steenerson  
Stephens  
Strong, Kans.  
Strong, Pa.  
Summers, Wash.  
Sweet  
Swing  
Taylor, N. J.  
Taylor, Tenn.  
Temple  
Thompson  
Tilson  
Timberlake  
Tinker  
Townner  
Treadway  
Underhill  
Vare  
Vestal  
Volk  
Volstead  
Walsh  
Walters  
Ward, N. Y.  
Wason  
Watson  
Webster  
Wheeler  
White, Kans.  
White, Me.  
Williams  
Winslow  
Wood, Ind.  
Woodyard  
Wurzbach  
Wyant

## NAYS—125.

Almon  
Aswell  
Beck  
Bell  
Black  
Bland, Va.  
Blanton  
Bowling  
Box  
Brand  
Briggs  
Brinson  
Buchanan  
Bulwinkle  
Byrnes, S. C.  
Byrnes, Tenn.  
Cantrill  
Carew  
Carter  
Clague  
Clark, Fla.  
Cockran  
Collier  
Collins  
Connally, Tex.  
Crisp  
Cullen  
Davis, Tenn.  
Dominick  
Doughton  
Drewry  
Driver

Fayrot  
Fields  
Fisher  
Flood  
Fulmer  
Gallivan  
Garner  
Garrett, Tenn.  
Garrett, Tex.  
Gilbert  
Goldsborough  
Griffin  
Hammer  
Hardy, Tex.  
Harrison  
Hawes  
Hayden  
Huddleston  
Humphreys  
Jacoway  
Jeffers, Ala.  
Johnson, Ky.  
Johnson, Miss.  
Jones, Tex.  
Keller  
Kincheloe  
Kindred  
Kunz  
Lampert  
Lanham  
Lankford  
Larsen, Ga.

Lea, Calif.  
Lee, Ga.  
Linthicum  
Logan  
London  
Lowrey  
Lyon  
McClintic  
McDuffie  
McSwain  
Mead  
Michaelson  
Moore, Va.  
Moore, N. Y.  
O'Brien  
O'Connor  
Oldfield  
Oliver  
Overstreet  
Padgett  
Park, Ga.  
Parks, Ark.  
Parrish  
Pon  
Quin  
Rainey, Ala.  
Rainey, Ill.  
Raker  
Rankin  
Rayburn  
Riordan

Rouse  
Sanders, Tex.  
Sandlin  
Sears  
Sinclair  
Sisson  
Smithwick  
Stegall  
Stedman  
Stevenson  
Stoll  
Sullivan  
Summers, Tex.  
Swank  
Tague  
Ten Eyck  
Thomas  
Tillman  
Tyson  
Vinson  
Voigt  
Ward, N. C.  
Weaver  
Willson  
Wingo  
Wise  
Woodruff  
Woods, Va.  
Wright



## ANSWERED "PRESENT"—1.

Rucker

## NOT VOTING—30.

Bankhead	Deal	Kitchin	Stiness
Barkley	Dickinson	Maloney	Taylor, Ark.
Britten	Drane	Mansfield	Taylor, Colo.
Brooks, Ill.	Elston	Montague	Upshaw
Classon	Hudspeth	Montoya	Vaile
Codd	James	Ogden	Williamson
Cooper, Ohio	Johnson, S. Dak.	Rodenberg	
Cramton	Kearns	Sabath	

So the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. JOHNSON of South Dakota (for) with Mr. KITCHIN (against).

Mr. ELSTON (for) with Mr. TAYLOR of Arkansas (against).

Mr. CRAMTON (for) with Mr. DRANE (against).

Mr. KEARNS (for) with Mr. MANSFIELD (against).

Mr. RODENBERG (for) with Mr. RUCKER (against).

Mr. Codd (for) with Mr. TAYLOR of Colorado (against).

Mr. BROOKS of Illinois (for) with Mr. MONTAGUE (against).

Mr. WILLIAMSON (for) with Mr. UPSHAW (against).

Mr. CLASSON (for) with Mr. BANKHEAD (against).

Mr. OGDEN (for) with Mr. SABATH (against).

Mr. STINESS (for) with Mr. BARKLEY (against).

Mr. MONTAYA (for) with Mr. DEAL (against).

Mr. DICKINSON (for) with Mr. HUDSPETH (against).

The result of the vote was announced as above recorded.

On motion of Mr. FORDNEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. BEGG. Mr. Speaker, my colleague Mr. KEARNS is in the hospital and prevented from being present. He asked me to make the statement that had he been present he would have voted yea on this measure.

## SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 2420. An act authorizing and directing the Postmaster General to permit the use of a special canceling stamp at the post office of Birmingham, Ala., bearing the words "Birmingham semicentennial, October 24 to 29, 1921"; to the Committee on Post Offices and Post Roads.

## ENROLLED BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bills and joint resolution:

H. R. 1945. An act for the relief of E. W. McComas;

H. R. 6514. An act granting Parramore Post, No. 57, American Legion, permission to construct a memorial building on the Federal site at Abilene, Tex.;

H. R. 4813. An act changing the period for doing annual assessment work on unpatented mineral claims from the calendar year to the fiscal year beginning July 1 each year;

H. R. 2117. An act for the relief of the city of West Point, Ga.;

H. R. 5621. An act for the disposal of certain lands in the town sites of Fort Madison and Bellevue, Iowa; and

H. J. Res. 153. Joint resolution permitting the admission of certain aliens who sailed from foreign ports on or before June 8, 1921, and for other purposes.

## LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to—

Mr. STEDMAN, for one week, on account of important business.

Mr. Codd (at the request of Mr. SCOTT of Michigan), indefinitely, on account of illness.

Mr. JOHNSON of Kentucky, indefinitely, on account of illness.

## GRAIN FUTURES.

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent to recommit the bill H. R. 5676 to the committee of conference.

The SPEAKER. The gentleman from Iowa asks unanimous consent to recommit to the committee of conference the bill which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 5676) taxing contracts for the sale of grain for future delivery and options for such contracts, and providing for the regulation of boards of trade, and other purposes.

The SPEAKER. Without objection, it will be recommitted. There was no objection.

## CONFERENCE REPORT—AMENDMENT OF NATIONAL PROHIBITION ACT.

Mr. VOLSTEAD, from the committee of conference, presented a conference report on the bill H. R. 7294, an act supplemental to the national prohibition act, for printing under the rules.

## ORDER OF BUSINESS.

Mr. MONDELL. Mr. Speaker, the gentleman from Pennsylvania [Mr. McFADDEN] desires to call up the unfinished business, Senate bill 1915, to amend the War Finance Corporation act, and we hope to pass that bill without recess or adjournment. I do not know how long a time will be required to give the bill such further consideration as it should have, but I hope the Members will all stay, that we may be able to dispose of the bill this afternoon or this evening at a reasonably early hour.

Mr. BLANTON. Will the gentleman yield?

Mr. MONDELL. I will.

Mr. BLANTON. How soon may we expect this antibeer bill to be called up from conference?

Mr. MONDELL. Quite soon, I hope.

Mr. BLANTON. It could be called up now by unanimous consent.

A MEMBER. It might not. [Laughter.]

Mr. WALSH. Mr. Speaker, I ask for the regular order.

## REPORT OF BOMBING TESTS.

Mr. HICKS. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. The gentleman from New York asks unanimous consent to address the House for one minute. Is there objection? [After a pause.] The chair hears none.

Mr. HICKS. Mr. Speaker, last month there were held off the Virginia Capes some bombing experiments by aircraft. The reports on those tests have now been made public by the joint Army and Navy board, and as they contain a great deal of information that is of interest and of value, I ask unanimous consent to insert them in the RECORD.

The SPEAKER. The gentleman from New York asks unanimous consent to insert in the RECORD the report which he has indicated. Is there objection? [After a pause.] The Chair hears none.

## WAR FINANCE CORPORATION ACT, APRIL 5, 1918.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 1915.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 1915) to amend the War Finance Corporation act, approved April 5, 1918, as amended, to provide relief for producers of and dealers in agricultural products, and for other purposes, with Mr. STAFFORD in the chair.

The CHAIRMAN. When the committee last considered this bill there was pending an amendment to subsection 22, which, without objection, the Clerk will again report.

The Clerk read as follows:

Amendment by Mr. WINGO: Page 2, line 24, after the word "be" strike out the words "exported or" and insert after the word "export" the words "or domestic trade."

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. WINGO. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. That motion has been made and it is not in order. The gentleman has spoken on this amendment. Will the gentleman ask unanimous consent to proceed?

Mr. WINGO. I want to expedite matters, and I trust the Chair will aid the gentleman and myself if he can. I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. The gentleman asks unanimous consent to proceed for five minutes. Is there objection? [After a pause.] The Chair hears none, and the gentleman from Arkansas is recognized.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph close in 10 minutes, and that I be given the right to use five minutes of that time.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on the pending amendment close in 10 minutes. Is there objection?

There was no objection.

Mr. WINGO. Mr. Chairman, I would like to have the attention of the gentleman from Pennsylvania [Mr. McFADDEN]. I understand it is the gentleman's intention to oppose the amendment that has been offered?

Mr. McFADDEN. It is.

Mr. WINGO. Does not the gentleman think we should be frank with the House and state what the agreement is with reference to section 24, so that the House may understand? I am willing to go into that.

Mr. McFADDEN. Yes.

Mr. WINGO. I think it will expedite the consideration of the measure and save time. I suggest to the House that we ought to try to expedite the consideration of the bill. I had intended to offer another amendment of the same tenor to the subparagraph (a), but I shall not do it. I am willing to test it out on this. I understand it is contended that an amendment to section 24—

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Will the gentleman wait until I have finished this sentence? The amendment to section 24 is to insert after the words "United States," in line 13, on page 5, the following language, "or any cooperative association of producers in the United States." That is the amendment that we have agreed to and which the gentleman intends to offer, is it?

Mr. McFADDEN. That is the amendment I shall offer.

Mr. WINGO. I understand some gentlemen representing these different cooperative organizations in the West contend that the War Finance Corporation state they will interpret section 24 with the proposed amendment as authorizing advances to carry products until they can be sold in domestic trade in an orderly manner, and that Mr. Meyer has so advised them. Can the gentleman assure the House that that will be the interpretation?

Mr. McFADDEN. I can say I can not assure the House of what the War Finance Corporation will do in an administrative way. I am told by the people advocating this idea that these people are satisfied with this amendment now, and that they have had a conference with the War Finance Corporation, and that they are satisfied.

Mr. WINGO. Is it the understanding of the gentleman that the amendment that we have agreed upon to section 24 will meet the same end as the pending amendment, which specifically provides for advances to producers to carry farm products until they can be sold in domestic trade in an orderly manner?

Mr. McFADDEN. I have been told by the War Finance Corporation that that will have that effect.

Mr. WINGO. Is it the gentleman's opinion?

Mr. McFADDEN. It is the opinion of the managing director of the War Finance Corporation, with whom I have spoken heretofore about the effect. It is his opinion that it will satisfy the demands of these people.

Mr. WINGO. Other Members have received a letter similar to those that I have received, and the gentleman no doubt has been told what I have been told. I want to be candid. I think these gentlemen have been misled. I do not think the amendment to section 24 will authorize advances to carry farm products until they can be sold in domestic trade in an orderly manner. Understand me; I do not question the sincerity of Mr. Meyer. My own idea is that we ought to say by express language what they say they think they can do by administrative interpretation of it. When the representative of one of these cooperative associations of producers first came to me he insisted that section 24 should be amended, and I took the matter up with the chairman of the committee and the attorney of the War Finance Corporation and worked out the amendment to section 24 I have referred to. Monday several Members from the West came to me and insisted that the amendment was not sufficient and that the attorney for some of these associations had said it was insufficient. I first insisted that the gentlemen see the chairman of the committee and the Republican leaders. Finally when the attorney for these associations came to me and insisted that the amendment to section 24 we had agreed to was insufficient, and insisted that section 22 must be amended as I have offered in the pending amendment, I agreed with his view and sought to get his view accepted. I agreed if no western Republican was willing to make the fight I would, and as none of them would agree to do so, I offered the amendment. Since then Mr. Meyer has convinced them he can and will do under section 24 what I seek to provide for under my amendment to section 22; that is, authorize advances to producers to carry farm products until they can be sold in domestic trade in an orderly manner. I doubt it, and think we should do by clear, specific language what he proposes to do by interpretation. But the Republicans from the West have deserted the amendment, so I suppose it will be voted down, but the responsibility will be theirs, not mine.

Mr. McFADDEN. Mr. Chairman, in my time I want to ask my friend from Arkansas [Mr. Wingo] a question or two. I understand that he is willing to withdraw his amendment to subdivision (a), on page 2, providing we accept this amendment on page 5, which we have discussed, as to cooperative associations composed of persons engaged in producing such products?

Mr. WINGO. No. The gentleman misunderstood me in the confusion. I said that the language on page 5 amending section 24 would not be sufficient, but that instead of the belief

that these gentlemen have been led to entertain, that my pending amendment is necessary; but it seems the gentlemen who want to take care of these organizations are ready to take Mr. Meyer's assurance that he can and will take care of them under section 24. I am not willing to have them come up in the future and say, "You have given us a gold brick." I believe Mr. Meyer is sincere. He believes that in the amendment we have agreed to, on page 5, section 24, he can do what we provide specifically here in my amendment, on page 2; but I do not think so, and I do not want to take the responsibility of telling these producers' organizations that it will do that.

Mr. McFADDEN. I have been interested in the success of these gentlemen who have been discussing this agreement, and I am willing to accept their opinion as to what the effect of the arrangement will be. I hope the committee, in voting on this amendment, will vote down this amendment, because I believe the matter is amply protected in my other amendment, and I believe it will take care of the interest of those who are claiming that they must be taken care of by the amendment which has now been offered.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. SUMNERS of Texas. Will the gentleman please indicate to us what provision in this bill will take care of the commodities which are not to be sold in export?

Mr. McFADDEN. I will call the attention of the gentleman to the amendment we put in the bill, on page 2, which says "or lack of a market for the sale of same," and also, on page 3, beginning line 6—

or to any association composed of persons engaged in producing such products for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner.

Mr. SUMNERS of Texas. That is the point. You take a ranchman with a herd who has been pressed for credit, and the local bank can not extend more credit. How will he be protected in that herd?

Mr. McFADDEN. The gentleman will see, on page 5, that it provides for—

advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock.

That fully protects the matter that the gentleman refers to.

Mr. MONDELL. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I will.

Mr. MONDELL. As I understand it, the intent of the committee was and is to furnish full facilities for export and for the reasonable holding of agricultural products, including live stock. But they do not desire to have a provision inserted in the bill which would be a plain invitation to long-time hoarding for higher prices.

Mr. SUMNERS of Texas. Will the gentleman yield there for just a moment again?

Mr. McFADDEN. I will.

Mr. SUMNERS of Texas. It is in testimony before the commission that many of these ranchmen living in the West are unable to get relief through their local banks, first, because they are extended, and second, because the local banks by reason of their low capitalization can not give them the money which they require; and the great difficulty in extending relief to people of that sort is that the local banks through which the money is to be advanced are so congested and extended that they can not act as the medium through which the relief can go to the man suffering for lack of credit.

Mr. McFADDEN. This bill provides that these cattlemen can form themselves into associations and go direct to the War Finance Corporation for relief.

Mr. SUMNERS of Texas. What is that provision?

Mr. McFADDEN. On page 3—

To any person engaged in the United States in dealing in or marketing any such products, or to any association composed of persons engaged in producing such products.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. The question is on the amendment of the gentleman from Arkansas [Mr. Wingo].

The question being taken, on a division (demanded by Mr. Wingo) there were—ayes 35, noes 70.

Accordingly the amendment was rejected.

Mr. JONES of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. JONES of Texas: Page 3, line 6, after the word "to," insert the words "any person or."

Mr. JONES of Texas. Mr. Chairman, I offer this amendment to provide a method whereby individuals may borrow directly



in sections of the country where it is impracticable to form associations and where, when a man wants to borrow money in considerable amount, he leaves the country in which he is located and goes to one of the larger centers. It would not be necessary to establish these agencies. In fact, it might be necessary to arrange this method for only a few sections of the country. Some people have argued that there should be agencies established all over the country. I do not contend that that is practicable at the present time, although the big insurance companies and the big cattle loan companies maintain their local agencies, finding that they are cheaper and that the money can be furnished at a lower rate than through the local institutions which take care of all the people in the communities. That proposition would not be wise at the present time because of the expense of such an organization, but there are many people in the cattle-growing sections who borrow money in tremendous amounts at times. They do not want to give to any bank the 2 per cent interest and the commission in addition thereto in order to secure the benefits of this law. There are men in the district I represent who own thousands of cattle. Why should they or men with a lesser number be required to go to a bank and pay 2 per cent interest besides the commission which this bill permits in order to have the privilege of borrowing under this bill? Having property in the requisite amount and securities of the necessary kind, if the local bank can not provide the money, why not make provision whereby such a man may go direct to the War Finance Corporation, if it is important enough for him to secure the relief desired in that manner? The local banks perform a legitimate function. But I see no reason why the measure should require all loans to pass through the local institutions. It might be a burden on such institutions. Some of them have already made loans to the limit and can not afford to indorse any more paper or rediscount any more securities.

Mr. LUCE. Will the gentleman yield?

Mr. JONES of Texas. I yield to the gentleman from Massachusetts.

Mr. LUCE. As the measure now stands the War Finance Corporation is to be allowed to lend the money to any individual on the face of the globe outside of the United States. Has the gentleman yet been able to see why that provision should apply only to the foreign borrowers?

Mr. JONES of Texas. I can not see any good reason why it should. Moreover, if this bill is intended to relieve the situation that its proponents claim it will relieve, why not so draft it as to give broad enough power to those who will have it in charge to grant the relief where the relief will be most needed? As I understand it there are men in all the cattle-raising sections—I know it is true in the section that I have the honor to represent—who can not secure the essential credit from the local banks because of the fact that the local banks are loaded down. Many of those men, when they come to finance their propositions, do not deal with the local agencies, but they go direct to Kansas City or Chicago or the other places where money is available and thus obtain it. There are many smaller cattlemen, ranchmen, and farmers who can not afford to go to those centers of financial supply, and who are compelled, therefore, to depend upon the local agencies in the main to grant them relief. You have prepared a bill which provides that they must pay the local banking institutions—upon which in many instances they do not rely—before they can secure the relief of this bill. By putting in this amendment you do not require them to loan directly. You simply give the power to those who have the carrying out of this measure in charge to make these loans directly if they find it advisable to do so. Can anyone object to the granting of these powers if you believe in the intrinsic merits of the bill? You want the bill to grant the relief that is planned. You fashion the bill for a certain purpose. Why not provide that if a man has the security, and the loan is of sufficient importance enough to deal directly, he may go right around the local institution without paying the 2 per cent and paying the commission?

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES of Texas. I ask for three minutes more.

The CHAIRMAN. The gentleman asks for three minutes. Is there objection?

There was no objection.

Mr. JONES of Texas. You provide here that the local bank may charge 2 per cent interest for acting as the intermediary and in addition to that may charge a commission. I contend that 2 per cent might be enough to make the loan prohibitive. Otherwise a man might have security sufficient and want a loan that would justify direct communication with the center.

Mr. WINGO. I understand the gentleman's amendment is to add the words "any person" after the word "to," in line 6, page 3?

Mr. JONES of Texas. "Any person or."

Mr. WINGO. Does it not say in the beginning—

To any person engaged in the United States in dealing in or marketing any such products?

Mr. JONES of Texas. Dealing in or marketing. That does not necessarily mean producing. In fact, does not include producing at all.

Mr. WINGO. Oh, yes.

I understand the gentleman now; does the gentleman know of anybody engaged in producing for export exclusively? They produce to sell to domestic customers as well, do they not?

Mr. JONES of Texas. There are some men engaged in producing to a limited extent and in exporting sales of produce. This is not the only place to offer an amendment to cure the defect.

Mr. WINGO. Section 24 is intended to cover the gentleman's point.

Mr. JONES of Texas. It does not. Does the gentleman mean to say that under section 24 the War Finance Corporation can lend directly to a cattleman in my district?

Mr. WINGO. Mr. Meyer says they can, and all these important gentlemen on the other side are satisfied that they can.

Mr. JONES of Texas. Mr. Meyer may think so, but I do not. Does the gentleman from Arkansas [Mr. Wingo] think so? I do not think he does.

Mr. McFADDEN. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Pennsylvania moves that all debate on this amendment and amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. SUMNERS of Texas. Mr. Chairman, as a man coming from the South, I want to thank the committee for this bill. It goes a long way toward taking care of the cotton situation, because so large a part of cotton is exported.

But with regard to the live-stock interests and the grain interests, but more particularly with regard to live stock, I think the bill could be materially improved. It must be understood that the greatest difficulty at present in relieving the agricultural situation—and I speak advisedly—arises out of the fact that the banks in the agricultural districts are extended and are declining to indorse additional paper or incur additional liability. The second difficulty in regard to the banks, especially in the cattle country, is that they are banks of small capitalization and are not able to loan the amount of money necessary to relieve the cattlemen.

Mr. McFADDEN. Will the gentleman yield?

Mr. SUMNERS of Texas. I will.

Mr. McFADDEN. The gentleman realizes that this bill provides for the relief of all banks with frozen credits, and that they will have additional money for the aid of the cattlemen.

Mr. SUMNERS of Texas. I appreciate the fact that you put into the bill a feature that is not incorporated in the Federal reserve bank system, but the average bank is in a situation where it does not want to incur additional liability, either directly or indirectly. It wants net liquidation. The ranchman ought in this emergency not to have his fortune and the preservation of his herds left dependent upon the judgment or the whim of an independent intermediary agency, if it can possibly be avoided.

Mr. MADDEN. Could not they hypothecate the securities with the War Finance Corporation?

Mr. SUMNERS of Texas. Let me complete my statement. As the result of that situation they are putting their she stock and calves on the market. It was in testimony before the commission the other day that in one State of the Northwest there was a 240,000 ranch cattle shortage. The grass is there but this deflation craze has driven them from the ranches to slaughter.

Mr. McFADDEN. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes; certainly.

Mr. McFADDEN. While the bill was under consideration in the committee representatives of the cattlemen from the gentleman's own State were in the city and invited to appear before the committee. They informed the chairman through their representative that they did not care to be heard, that they were satisfied that the bill took care of their needs.

Mr. PARRISH. Will the gentleman from Texas yield for me to answer the gentleman from Pennsylvania?

Mr. SUMNERS of Texas. I yield.

Mr. PARRISH. I will say that the cattlemen from our State who appeared before the War Finance Corporation were told very frankly and firmly by the War Finance Corporation that they would not consent to the amendment and that was the reason the men went home. They went home with the understanding that they would let the bill have a test, but they did



not believe it would prevent the sacrifice of the she cattle and calves.

Mr. SUMNERS of Texas. From the standpoint of the ranchmen the difficulty is in getting relief which may be provided through the local banks. There is a fundamental objection to much of the relief program. Unless the local banks will function in distributing the funds, the individual in distress, with good security, is left helpless. I want as far as possible a route around these extended banks, which may be used when they refuse to function. This whole bill is written primarily to deal with commodities ready for exports. Provision for export is important. But we have something else which is important, orderly marketing and the preservation of our herds.

The notion of deflation has gone to seed. We are deflating the farming country of its ability to produce. We are purchasing a reduced total of bank discounts with the calves, she stuff, and immature animals sent to slaughter. That is absurd. We must stop it. If the bank will facilitate the loan, all right. If it will not, I want some way to get to the ranchman and save his herd. Market is important, of course, but only an orderly market of commodity ready for market. This procession of immature stuff going to market is a thing we need to stop, not encourage; then you ought to do everything possible to strengthen the position of the man who does not want to sell what is not ready for sale. I hope I am understood. I realize the importance of a foreign market, but we want also to protect and preserve the very foundation upon which the economic future of the ranch country depends—the ability of the men to hold their she stuff and immature animals, their stock, working capital, the machinery of their plant—nothing should be left undone that we can do to strengthen the position of the farmer and ranchman who is being pressed by his bank and by the merchant, and the only thing he can do is to move out from his ranch or farm to the market the live-stock equipment of his place. The interest of the country is that it should be kept off the market.

Having said this much, I do not propose to offer any amendments. I am not unappreciative of the good features of this bill. I have not spoken in criticism of the bill as a whole. I have tried to emphasize the importance of strengthening the bill at the point indicated. It is a good bill, however, as it is, and I am earnestly supporting it; and I hope, gentlemen of the committee, you will carefully consider, before the bill is finally voted on, the points raised and see if you can not agree to the proper amendment.

Mr. McFADDEN. Mr. Chairman, I do not care to discuss this amendment except to state that I think it is unnecessary. I hope the amendment will be voted down. I am assured by the War Finance Corporation, which is to administer this bill, that the bill as written will take care of these situations, and I hope, therefore, that the amendment of the gentleman from Texas will be voted down.

Mr. PARRISH. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. PARRISH. Of course, we appreciate the attitude of the House in passing this bill, but we fear that unless an amendment like this be adopted you are not going to furnish the relief to the individual with a small herd, say, two or three hundred. The records from Fort Worth, one market, show that they have marketed there since the 1st of January 286,000 cattle, less than the same period last year, but they have sold and slaughtered 37,000 calves among those. In other words, the tendency is to deplete the herds of the country. Unless some relief is afforded as suggested I do not think you are going to relieve the situation. You may help it, but you will not relieve it, because you do not provide for the individual loan.

Mr. A. P. NELSON. Permit me to suggest to the gentleman that this is strictly an emergency measure. It is to end July, 1922, practically only a year from now, and it is absolutely impossible to build up an organization of officers and clerks within the War Finance Corporation which can deal with every individual in the country who is engaged in agriculture or in the production of live stock. The amendment of the chairman, which he is to offer at the suggestion of the committee in its proper place, will take care of the matter. Under the section that we are now discussing an association of producers can get relief direct from the War Finance Corporation.

Mr. PARRISH. But there are no associations of cattlemen to whom you can make these loans, and that is where the bill falls down. There are associations of producers of other products, but there is no association of cattlemen, and the loan can not be made unless it be made to the individual.

Mr. A. P. NELSON. May I still further say to the gentleman that if he looks at the first portion of the bill he will find

that in this act the term "person" includes partnerships, corporations, and associations as well as individuals.

Mr. JONES of Texas. But by the expression in section (a) you exclude any person engaged in producing, except he be a member of an association.

Mr. MADDEN. If we adopt the suggestion made in the amendment of the gentleman from Texas, we will have a million men on the pay roll.

Mr. JONES of Texas. This does not require that.

Mr. LUCE. Mr. Chairman, will the gentleman yield? I want the gentleman to inform the committee, if it will take a million men on the pay roll to loan to individuals in this country, how many more will be required to loan to every individual on the face of the globe?

Mr. MADDEN. Oh, we do not intend to do that.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise.

Mr. LUCE (interrupting the reading). Mr. Chairman, I ask unanimous consent that the committee may return to the paragraph just under consideration, and I do this because the chairman of the committee had given me to understand that there were committee amendments to be presented and I withheld certain amendments which I desire to present, feeling that the committee amendments ought first to be acted upon.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to return to the consideration of subsection 22 for the reasons stated. Is there objection?

Mr. ANDERSON. Mr. Chairman, reserving the right to object, what amendment does the gentleman propose to offer?

Mr. LUCE. The first amendment that I desire to offer is to substitute for the words "staple agricultural," in line 20, page 2, the word "domestic" in order to conform with section 21, which we are amending.

The CHAIRMAN. Is there objection?

Mr. ANDERSON. Mr. Chairman, reserving the right to object, is that the only amendment the gentleman desires to offer?

Mr. LUCE. I have other amendments, but on the assurance of the chairman of the committee that he had committee amendments to offer, I delayed offering mine.

Mr. A. P. NELSON. Mr. Chairman, may we have the amendment read, so that we may all know what it is?

Mr. WINGO. Mr. Chairman, on the statement of the gentleman from Massachusetts that he acted on the assurance of the chairman of the committee, I think the committee ought to permit the gentleman to return to the section.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to return to section 22 for the purpose of offering certain amendments. Is there objection?

Mr. BRAND. Mr. Chairman, reserving the right to object, does the gentleman propose to offer an amendment to strike out anything in the act or are they to add to or insert?

Mr. LUCE. I have certain amendments that I trust will improve the act. They have been drawn with some care, and I desire to present reasons why they should be considered.

Mr. BRAND. Does the gentleman object to saying whether he has any amendment to lines 21 and 22 of section 22?

Mr. LUCE. A change of wording which I think will more conform to the spirit of the bill.

Mr. BRAND. Does the gentleman object to saying what it is?

Mr. LUCE. In place of "a market for the sale of" I would prefer, in order to bring out what is meant, the words "foreign buyers able to pay for the."

Mr. WINGO. That amendment would not be in order, as the Committee of the Whole has acted on that provision.

Mr. LUCE. Then, I should be unable to present it.

Mr. WINGO. Let me offer this suggestion to the chairman of the committee. How many amendments has the gentleman from Massachusetts to offer to this particular section?

Mr. LUCE. Five.

Mr. WINGO. The one that was suggested would not be in order. That would leave four. Could not an agreement be reached to limit the time for the consideration of these amendments? The chairman wants to get through and so do other gentlemen.



Mr. LUCE. I do not desire to delay consideration of the bill, but I do desire to present argument in favor of certain changes of the bill from which I have been precluded—

Mr. WINGO. I was just suggesting that we reach an agreement with the gentleman from Pennsylvania.

Mr. McFADDEN. When the gentleman spoke about offering an amendment I did not understand that he wanted to return to the section we were on, section 22. We had finished reading that section and were considering the next section. Other amendments had been adopted, and I intended to convey the information to the gentleman that we had committee amendments on other sections.

Mr. LUCE. I understood they were for the section under consideration.

Mr. McFADDEN. I am not going to object to it if the House wants to do it.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

Mr. ANDERSON. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard, and the Clerk will continue the reading.

The Clerk read as follows:

Sec. 23. Notwithstanding the limitation of section 1, the advances provided for by section 21 and section 22 of this act may be made until July 1, 1922. The corporation may from time to time extend the time of payment of any such advance or advances through renewals, substitution of new obligations, or otherwise, but the time for the payment of any advance made under authority of section 21 shall not be extended beyond five years from the date upon which such advance was originally made, and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made.

All advances made under section 21 or under section 22 of this act shall be made against the promissory note or notes, or other instrument or instruments in writing imposing on the borrower a primary and unconditional obligation to repay the advance at maturity, with interest as stipulated therein, with full and adequate security in each instance by indorsement, guaranty, pledge, or otherwise. The corporation shall retain the power to require additional security at any time.

The CHAIRMAN. The Clerk will report the committee amendments.

Mr. WINGO. Mr. Chairman, I suggest to the chairman that he ask unanimous consent for a certain amount of time on this section—

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: On page 4, line 18, after the figures "21," insert the words "and section 22."

Mr. LUCE. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. LUCE. I desire to oppose the amendment.

Mr. McFADDEN. I would like to arrive at a time for discussion of this amendment.

The CHAIRMAN. Does the gentleman yield?

Mr. LUCE. I do not.

Mr. WINGO. Mr. Chairman, I make the point of order I had been recognized, and the Chair asked me to wait until the committee amendments were read.

The CHAIRMAN. The Chair did not recognize the gentleman from Arkansas, because it is always in order under the procedure of the House first to report the committee amendments before recognizing a gentleman.

Mr. WINGO. But it is also in order to recognize a Member for the purpose of discussing a committee amendment.

The CHAIRMAN. The gentleman from Arkansas did not ask for recognition after the committee amendment had been reported. The Chair was putting the question on the committee amendment when the gentleman from Massachusetts asked for recognition. The gentleman from Massachusetts.

Mr. LUCE. Mr. Chairman, this adds to the law an extension of time in the matter of section 22. I object to putting into the statute any restriction because of the palpable situation of Europe at the present moment. We propose as the bill now stands to lend money to the inhabitants of Poland, Rumania, Czechoslovakia—

Mr. McFADDEN. Will the gentleman yield there?

Mr. LUCE. I decline to yield. We propose to lend it to the citizens of Germany, of Greece, of Turkey, of Montenegro, together with two or three score of other nationalities in various parts of the globe—to their individual citizens. The latest news from Russia is that about 10,000,000 starving men are saying to each other, "There is food to the west; why not go and get it?" If the hordes of Russia do go and get it, as they did again and again and again through the Middle Ages, they will sweep over Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and Greece. Then it would be preposterous to try to collect debts due from the inhabitants of Poland or any of these other

nations in three years. If the amendment had said 30 years, it would have been more reasonable. The uncertainties in Germany are such that any day a cable may bring us the news of another revolution. We are told that in Hungary at any moment there may be a change to monarchy. From every corner of Europe comes news suggesting the danger of investing money there. Now, inasmuch as we have decided to loan your money and my money and that of the taxpayers to the Germans and to the Poles and to the Hungarians and Czechoslovakians, why stultify ourselves by putting in any such limit as three years for payment? Nobody expects that the \$10,000,000,000 owed us by Europe will be repaid in three years. Most people do not expect it will ever be repaid. The interest on that is running at the rate of more than a million dollars a day. The debt already owed to us by Europe, by its nations and its individuals, is approaching \$18,000,000,000. I want to call attention to the fact that the public debts of the world have increased in the period since the opening of the war from \$35,000,000,000 to \$293,000,000,000.

The staggering possibilities that these figures suggest may indicate to the House how unwise it will be for us to try to secure that any foreign debtor of the United States shall be pressed for payment. Would it not be a real hardship, after we had lent money to the cotton manufacturer of Chemnitz or of Frankfurt, to ask him to repay this money in so short a time as three years? If we are going to dispense our charity in this way, if we are going to lend money that in many instances may never be repaid, why not give it to them outright? Why not incorporate an amendment here saying that the War Finance Corporation shall month by month contribute to the Red Cross \$100,000,000 of our money? Why not make it clear that we propose to contribute to the cotton manufacturer of Chemnitz in order that the cotton grower of Texas may sell his goods? Why not make it clear that we propose to lend credit to the boot and shoe manufacturers of Lancaster, England, in order that the growers of cattle in some American Lancaster may find a market? Let us clarify the situation and let the country know what we are proposing to do with a thousand million dollars of American money.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. Mr. Chairman, I move to strike out the last word in support of the amendment.

Mr. McFADDEN. Mr. Chairman, I move that all debate on this amendment and on section 23 and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. WINGO. Mr. Chairman, I always enjoy listening to the gentleman from Massachusetts [Mr. LUCE]. Those of you who are not members of the Committee on Banking and Currency have discovered from his speech that he was not present in the committee when it considered this bill, because he said he was opposed to this amendment, when the pending amendment was to make section 22 subject to the 3-year limitation of the bill instead of the 5-year one of existing law. If he had been in the Committee on Banking and Currency, of which he is a very influential member, he would have known the object of the committee amendment there was to take the operations of the War Finance Corporation out of the realms of indefiniteness and long time; and this amendment reduces the time on loans from five years to three years. If the gentleman were as familiar with the present existing law as I naturally, knowing him by reputation to be a man of studious habits, would be led to believe, he would know we are trying to avoid the very dangers to which he refers. And this being a nonpartisan bill, I feel it my duty to come to the support of the administration against the undeserved onslaught of the gentleman. I sincerely regret he believes, and wants his colleagues to believe, that the Republican administration, under the lead of conservative Senators, wants us to scatter gold to the ends of the earth and feed the cold of Poland and clothe the naked of Czechoslovakia. Let no such fears disturb his soul. You can not by law in a parliamentary way on this bill prevent the War Finance Corporation financing the export of Texas cotton, to which the gentleman refers, except to limit the time. That is all. So the gentleman can not do anything unless he does this, namely, instead of opposing this limitation, move to cut out three and substitute one. Then he might do something, because the limitation not only goes to section 22 but to section 21, the present existing law, about which, if the gentleman read his mail this morning he received a notice from the War Finance Corporation telling him of a particular arrangement made yesterday under existing law by which it is financing the export of cotton from Georgia. Vote this bill up or down, cotton will still be financed under existing law. Your administration claims it is trying by this bill to provide advances to cover

holding of farm products for sale in domestic trade in an orderly manner and to meet the needs of the western cattlemen.

And it pains me to see the gentleman from Massachusetts undertaking by his unwise and reckless utterances to reflect upon the present administration and lead the country to believe it is going to go out recklessly and scatter the funds of this Government agency over the face of the earth. In all my suspicion of the present administration I have never for one moment thought it would do that, and I regret that the gentleman would try to create that suspicion among his colleagues on the Republican side.

Mr. LUCE. I am sure I can express the gratitude of the President and the whole Republican Party for the aid brought to it by the sterling qualities and evident capacity of the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. I comprehend. [Laughter.]

Mr. LUCE. Now, will the gentleman tell me whether the Committee on Banking and Currency of the House recommended to this body that we should lend the money to individuals in other parts of the globe?

Mr. WINGO. The Committee on Banking and Currency recommended to cut out subsection (b). We voted down the recommendation of the committee and went between the tellers to do so, yet the gentleman was absent on the coast of Massachusetts enjoying its cool breezes while we were here sweltering on last Saturday, trying to put through the bill. I have no doubt if the gentleman had been here then and thrown the weight of his great intellect against those of us who were working for practical aid for the farmers the tide would have been turned the other way. His colleagues missed him then, and no doubt suffered from the lack of his masterful leadership. [Applause.]

Mr. McFADDEN. Mr. Chairman, when we voted on this amendment I strenuously fought against the adoption of the amendment permitting loans to foreign corporations. The committee, however, felt otherwise, and voted it in the bill. I will say to the gentleman here now, for the benefit of the Members of the House, that I will propose an amendment which I think will remedy the situation which he mentions here. For the gentleman's benefit I will read it now. This is the amendment:

Amendment offered by Mr. McFADDEN: On page 5, line 7, at the end of the paragraph, insert the following: "All notes or other instruments evidencing advances to persons outside of the United States shall be in terms payable in the United States in the currency of the United States and shall be secured by adequate guaranties or indorsements of banks, bankers, or trust companies in the United States or by chattel mortgages, warehouse receipts, or other instruments in writing conveying or securing marketable title to agricultural products in the United States."

If the committee sees fit to safeguard the amendment which was put in the other night by the adoption of my amendment, I am sure it will cover the situation which the gentleman has raised, and we can safely vote for the bill with that amendment in.

Mr. Chairman, I offer the following amendment.

Mr. STEVENSON. Mr. Chairman, have we disposed of these committee amendments?

The CHAIRMAN. No. The question is on agreeing to the first committee amendment. Is the amendment which the gentleman from Pennsylvania sends to the Clerk's desk an amendment to the committee amendment that is pending?

Mr. McFADDEN. No. It comes after that.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 19, strike out the word "five," and insert in lieu thereof of the word "three."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 20, after the word "may" strike out the comma and the language "and the time for the payment of any advance made under authority of section 22 shall not be extended beyond two years from the date upon which such advance was originally made."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: On page 5, line 7, at the end of the paragraph insert the following: "All notes or other instruments evidencing advances to persons outside of the United States shall be in terms payable in the United States in the currency of the United States and shall be secured by adequate guaranties or indorsements of banks, bankers, or trust companies in the United States and by chattel mortgages, warehouse receipts, or other instruments in writing conveying or securing marketable title to agricultural products in the United States."

Mr. BLACK. Mr. Chairman, I rise to oppose the amendment unless the gentleman from Pennsylvania wants time in which to advocate it.

The CHAIRMAN. The gentleman from Texas is recognized. Mr. BLACK. If the gentleman is going to argue his amendment, probably it will be better for him to do that before I oppose it.

Mr. McFADDEN. I will do that. The other day—

Mr. STEVENSON. Before the gentleman begins his argument, will he yield to me to call attention to one feature of his amendment?

Mr. McFADDEN. I will.

Mr. STEVENSON. You say that they must have these indorsements and chattel mortgages on goods in this country. Does the gentleman mean to require them, notwithstanding they have got the indorsement of the National City Bank, that they must also have a chattel mortgage, too? Does not the gentleman think he had better use the word "or" there?

Mr. McFADDEN. Yes. I accept the gentleman's suggestion.

Mr. STEVENSON. You will find that that would destroy the whole business.

Mr. McFADDEN. When we voted on the amendment the other day I believe there was a misunderstanding in the House as to that section. I believe that those who at that time were advocating that amendment permitting the loans to be made to foreigners have changed their minds on that subject. There is no question but that the people of this country want to confine their advances for foreign trade to people who are able to pay.

Now the War Finance Corporation is besieged from time to time by people in foreign countries who want to borrow money so that they can purchase goods in this country, and they have no security whatever to offer. What the gentleman from Massachusetts [Mr. LUCE] has said regarding loans to people in Serbia and Poland and Hungary and Czechoslovakia is true. The War Finance Corporation has been able to stem the tide as to that class of people, because they had no security, and the law did not permit them, as they interpreted it, to make loans to those people. Now, if the Congress of the United States gives that authority by this amendment, it is going to be extremely embarrassing to the War Finance Corporation.

And, furthermore, I want to point out this other fact: If they do make these loans, they are depending upon repayment of these loans to be made to farmers from funds to be derived from the sale of their own securities. You know that in this country the market is strained to-day. You must have gilt-edge security to get money. It is going to impede the operation of the War Finance Corporation greatly in the sale of their securities if the investing public understands that the securities back of those loans are the unsecured obligations of those people back in those foreign countries. I hope the War Finance Corporation will not be given authority to make loans in that manner.

The other day, in discussing this question, I suggested that the method of marketing our goods abroad had entirely changed; that these people abroad are not now anticipating their wants, but are buying from hand to mouth and paying as they go. In that connection I have a letter here from the Director of the War Finance Corporation in which he quotes a banker who has recently returned from the other side, who confirms that statement, and I want to quote here also from a letter which has just been received from a Georgia cotton exporter, who says this—

Mr. JOHNSON of Mississippi. Mr. Chairman, is the gentleman going to put that letter in the RECORD? I want to see it. I am interested in it.

Mr. McFADDEN. I am going to put certain sections of it in. I quote from this letter of the Georgia exporter. He says:

[Extract from letter dated Aug. 17 from a Georgia exporter who has just returned from Europe.]

I feel sure that the cotton merchants in Europe are in position to finance their requirements through their connections in America. \* \* \* From my observations I feel sure that the consumption of American cotton during the next 12 months will be not less than 12,000,000 bales. With the small crop which we are producing, this will leave a very small carry-over into the crop beginning 1922. It will be a calamity under present conditions if the American farmer is not provided with sufficient credit by which he can market his cotton over a period of 12 months, which is absolutely necessary in order to avoid



sacrificing of the present stock on hand and the small stock which we are now producing.

I feel that the consumption of American cotton in Germany during the next 12 months will equal the consumption of American cotton in England. Unemployment among the textile mills of Germany is very small and the mills are running on full time. On account of the depreciation of the mark the German spinner and the German merchant will buy from month to month, which will make it absolutely necessary that sufficient financial arrangements be made in this country for the crop to be marketed over a period covering the entire year.

I want to call your attention particularly to the fact that this Georgia cotton dealer says that the cotton merchants of Europe are in a position to finance their requirements through their connections in America now.

Mr. BRAND. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BRAND. I would like to know who that gentleman is. Where is the letter from?

Mr. McFADDEN. I will give you that information later.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WINGO. I understand that the gentleman is willing to have the word "and" changed to "or"?

Mr. McFADDEN. Yes.

Mr. WINGO. I am willing to accept the amendment with that change.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to modify the amendment by striking out the word "and" and inserting the word "or."

The CHAIRMAN. The Clerk will report the modified amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Strike out the word "and," after the word "States," and insert in lieu thereof the word "or," so that as modified the amendment will read: At the end of the paragraph (page 5, line 7) insert the following: "All notes or other instruments evidencing advances to persons outside of the United States shall be in terms payable in the United States in the currency of the United States and shall be secured by adequate guaranties or indorsements of banks, bankers, or trust companies in the United States or by chattel mortgages, warehouse receipts, or other instruments in writing for securing marketable title to agricultural products in the United States."

Mr. STEVENSON. No. The "or" is in the wrong place. It should be "indorsements of banks, bankers, or trust companies in the United States or by chattel mortgages," and so forth.

The CHAIRMAN. The gentleman from Pennsylvania will please indicate where the change should be made.

Mr. McFADDEN. The gentleman from South Carolina is correct in his statement.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Strike out the word "and," after the words "United States," in the sixth line of the amendment and insert in lieu thereof the word "or," so that as modified the amendment will read: "All notes or other instruments evidencing advances to persons outside of the United States shall be in terms payable in the United States in currency of the United States and shall be secured by adequate guaranties or indorsements of banks, bankers, or trust companies in the United States, or by chattel mortgages," etc.

Mr. LUCE. Mr. Chairman, I rise nominally to oppose the amendment, but really to ask the chairman of the committee a question in order that we may have no misunderstanding. I will ask him whether in his judgment this nullifies subsection (b) on page 3, providing for loans to foreign concerns?

Mr. McFADDEN. I think it safeguards it.

Mr. STEVENSON. That is what it does.

Mr. McFADDEN. It does not nullify it, but safeguards it.

Mr. LUCE. May we have a little more clarity in this matter? Under this amendment will it still be possible for the War Finance Corporation to loan money to Johann Schmidt, a textile manufacturer of Chemnitz, and refuse to loan money to John Smith, a textile manufacturer of Philadelphia?

Mr. McFADDEN. I do not believe it will permit that. The Pennsylvania man will get his relief under this bill as it is now drawn.

Mr. LUCE. Where?

Mr. McFADDEN. If Johann Schmidt, in Poland or wherever he is, wants to get a loan and has the proper security and can convince the War Finance Corporation that he is good, and can put up the surety and the guaranty that this amendment provides, he will be accommodated.

Mr. LUCE. He will, but will John Smith, of Philadelphia, also be accommodated?

Mr. McFADDEN. Providing there are sufficient funds.

Mr. LUCE. Will the gentleman show me where there is authority to loan money to John Smith, a textile manufacturer of Philadelphia?

Mr. McFADDEN. Not as an individual, perhaps, unless he is an exporter.

Mr. LUCE. Then, will the gentleman explain to me why we should put on the statute books of the United States permission to Johann Schmidt, of Chemnitz, to borrow our money, and refuse to allow John Smith, of Philadelphia, to do the same thing?

Mr. McFADDEN. The gentleman knows very well that I am not very hot for this proposition.

Mr. LUCE. That is precisely what I want to bring out.

Mr. McFADDEN. What I am trying to do is to correct it so that the War Finance Corporation will not take any chances.

Mr. LUCE. It is forbidden to this War Finance Corporation to encourage and help an American manufacturer of American cotton manufacturing for home consumption, but it can encourage and help the German manufacturer of American cotton no matter for whose consumption. Let us have that clear on the record.

Mr. WINGO. I challenge that assertion.

Mr. LUCE. Let us have it clear on the record that this bill encourages the German manufacturer while not providing aid to the American manufacturer unless he is an exporter.

Mr. WINGO. No man in his right senses—to use the gentleman's own language—would ever make the charge that subsection (b) would authorize a loan to John Smith, of Hamburg, and not authorize a loan to John Smith, of Philadelphia, for the same purpose. The trouble with the gentleman is that he did not hear the hearings and he has not read them. He was not in the committee when this was being considered, and he comes in here and charges his administration with bringing in something that will authorize German loans when it does not do it. Every member of the committee, with the exception of two, are opposed to making loans to foreign Governments by the War Finance Corporation, and I am not going to sit silent and have the gentleman, after he has stayed away for weeks, come in here and criticize the committee and question its intelligence in this way, when, if he will simply read the bill, if he knows the present existing law, he will know that the Banking and Currency Committee have tried to bring some order out of the chaos, first, of existing law, and, second, the hotchpotch that the Senate has sent to us. The gentleman from Pennsylvania is not "hot" for this, as he says, because he is a very conservative man. He would like to close up the War Finance Corporation business now, but pressure has been brought to bear on him by his administration to meet a distressing situation in the West, and he said:

I will agree to it, provided you will bring the business to a close July 1, 1922. I will agree to it if instead of permitting them to make one-year loans and five-year extensions you will cut it down to three years. I will agree to it if you will put in this last section, which will provide for automatic retirement of the capital stock of the War Finance Corporation at a certain time.

I deny that the gentleman from Pennsylvania and his committee have brought in a wild-eyed thing here that will authorize loans to anybody in Hamburg, Germany, for any purpose. Here is what it does: If a man comes over here and applies to the War Finance Corporation and gives adequate security to purchase American commodities and spend that money with the holders of those commodities in the United States to break the jam in farm products, then if in the judgment of the War Finance Corporation it is a safe loan and the security is good they can allow that money to be spent in this country and thereby help liquidate some frozen loans and break the jam in credits as well as commodities.

Mr. ANDERSON and Mr. McFADDEN rose.

The CHAIRMAN. The gentleman from Minnesota [Mr. ANDERSON] is recognized.

Mr. ANDERSON. If the gentleman from Pennsylvania desires to close the debate on this, I will not ask recognition.

Mr. McFADDEN. I ask for a vote.

The CHAIRMAN. The question is on the amendment.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 24. Whenever in the opinion of the board of directors of the corporation the public interest may require it, the corporation shall be authorized and empowered to make advances upon such terms not inconsistent with this act as it may determine to any bank, banker, or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening, and marketing of live stock. Such advance or advances may be made upon the promissory note or notes, or other instrument or instruments, in such form as to impose on the borrowing bank, banker, or trust company a primary and unconditional obligation to repay the advance at maturity with interest as stipulated therein, and shall be fully and adequately secured in each instance by indorsement, guaranty, pledge, or otherwise. Such advances may be made for a period not exceeding one year, and the corporation may from time to time extend the time of payment of any such advance through renewals, substitution of new obligations or otherwise, but the time for the payment of any such advance shall not be extended beyond two years from the date upon which such advance was originally made. The aggregate

of advances made to any bank, banker, or trust company shall not exceed the amount remaining unpaid of the advances made by such bank, banker, or trust company for purposes herein described.

"The corporation may, in exceptional cases, upon such terms not inconsistent with this act as it may determine, purchase from domestic banks, bankers, or trust companies, notes, drafts, bills of exchange, or other instruments of indebtedness secured by chattel mortgages, warehouse receipts, bills of lading, or other instruments in writing conveying or securing marketable title to staple agricultural products, including live stock. The corporation may from time to time, upon like security, extend the time of payment of any note, draft, bill of exchange, or other instrument acquired under this section, but the time for the payment of any such note, draft, bill of exchange, or other instrument shall not be extended beyond three years from the date upon which such note, draft, bill of exchange, or other instrument was acquired by the corporation. The corporation is further authorized, upon such terms as it may prescribe, to purchase, sell, or otherwise deal in debentures, promissory notes, or other obligations, adequately secured, issued by banking corporations organized under section 25 (a) of the Federal Reserve Act: *Provided*, That no purchase of debentures, promissory notes, or other obligations of the said banking corporations shall be made nor any loan or advance be made to said banking corporations except for the purpose of assisting the said banking corporations in financing the exportation of agricultural and manufactured products from the United States to foreign countries. No such promissory notes, debentures, or other obligations shall be purchased which have a maturity at the time of such purchase of more than three years.

"Advances or purchases may be made under this section at any time prior to July 1, 1922."

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 5, line 16, after the word "upon," strike out the word "the."

The amendment was agreed to.

Mr. WINGO. Mr. Chairman, that same amendment should be made to page 4, line 25, after the word "against," strike out the word "the."

The CHAIRMAN. Is there objection to returning to page 4, line 25?

There was no objection.

The Clerk read as follows:

Page 4, line 25, after the word "against," strike out the word "the."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 2, after the word "beyond," strike out the word "two" and insert in lieu thereof the word "three."

Mr. BLACK. Mr. Chairman, the War Finance Corporation act was originally passed April 5, 1918, and its purpose, as declared in the act itself, was to assist the various industries of the United States, including agriculture and live stock, to meet the production needs for a successful prosecution of the war. At the time the law was originally passed, the problem was not one of marketing but of production. There was no trouble then about a profitable market. The act provided that the corporation capital stock should be \$500,000,000, and all of it should be subscribed by the United States Government. The directors provided for were the Secretary of the Treasury and four other directors to be appointed by the President and confirmed by the Senate.

Mr. Eugene Meyer, jr., was appointed managing director, which position he also now holds. The total amount of loans and advances made by the corporation up to the date of its last annual report, November 30, 1920, was \$353,061,000, more than two-thirds of which have already been paid back with reasonable interest. When prices went so high in the early part of 1920 and trade was apparently booming, Secretary Houston decided that the activities of the corporation were no longer necessary, and so the most of its active operations closed, and its capital stock not then invested in loans was turned back into the Treasury, where it was credited on the books to the War Finance Corporation.

After the tremendous decline in the price of farm products last fall and the general slowing down of export trade, Congress, by special enactment, revived the activities of the corporation, and Mr. Eugene Meyer, jr., was again appointed managing director, and since the revival of its activities the corporation has already made considerable amounts of advances in aid of export trade. The purpose of the present bill is to broaden powers of the corporation with the purpose in view of enabling it to give more effective relief and assistance to our marketing problems. The provisions of the bill recognize that the problem is now no longer one of production, as was the case in 1918 when the corporation was organized, but is now largely one of marketing. Therefore the bill provides that advances may be made for periods not exceeding one year to any person dealing in or marketing any farm products or to any association composed of persons engaged in producing such products for the purpose of assisting such person or association to carry such products until they can be exported or sold for export in an orderly manner.

The bill does not provide for loans to be made to individual producers, but contemplates that advances shall be made to organizations of producers, such, for example, as the American Farm Bureau's cotton pool in Texas and other similar organizations in other States. Also loans and advances may be made to banks and bankers under terms which will insure the use of the money advanced, as contemplated by the law. Under the bill the banks will not be permitted to charge more than 2 per cent in excess of the interest rate which they pay the War Finance Corporation. This should insure a maximum rate of 8 per cent for any money advanced by the War Finance Corporation.

Section 24, which provides for loans and advances to banks and associations of producers, also provides that in exceptional cases the War Finance Corporation may purchase outright notes, drafts, and so forth, secured by chattel mortgages or other legal security on agricultural products, including live stock. It is under this provision of the bill that Mr. Eugene Meyer, managing director of the War Finance Corporation, stated before the Banking and Currency Committee that the corporation expected to render relief in proper cases to cattle growers to prevent them from having to sacrifice their breeding herds.

It is a very similar provision to the language in the original act, which reads:

The corporation shall be empowered and authorized in exceptional cases to make advances directly to any person, firm, corporation, or association conducting a going and established business in the United States, whose operations are necessary for the prosecution of the war,

And so forth.

It was under this provision of the original law that the corporation made cattle loans aggregating \$7,527,000, and nearly all of which have been paid back. The principal difference in the original law and the language of the present bill is that in the former loans could be made in exceptional cases, direct to the individual cattle grower, whereas in this bill it must be loaned to him either through a bank or association of producers or must be advanced to him by purchase of his note secured by chattel mortgage or other adequate security from the cattle growers' bank or his association of producers.

Mr. Chairman, I am not expecting the bill to work any miracles. Profitable markets for agricultural products and manufactured goods are not and can not be made by merely passing a law, and I have never tried to fool the public by endeavoring to make them think so.

But this bill should and will help. It should go a long way to prevent the dumping of farm products on the market faster than the trade will be able to absorb them. It should do much to assist in clearing away the snags which lie in the path of our export trade. If it does these two things it will prove a very great help and fully justify the enactment of this law.

Mr. JONES of Texas. Mr. Chairman, I rise to oppose the amendment. Mr. Chairman, this is the section to which my friend from Arkansas referred and I have a great deal of confidence in him and in his judgment. He referred to Mr. Meyer, whom I have no doubt is a very brilliant man, who says that under this section he claims he will have the right to pay out money directly to the producer. The language of the act says "any bank, banker, or trust company." I never heard of a bank or trust company being classed as a producer of agricultural products.

Mr. WINGO. If the gentleman from Texas will permit, I suggest that the gentleman from Pennsylvania [Mr. McFADDEN] has not yet offered the amendment that will take care of those associations of producers.

Mr. JONES of Texas. I hope he puts that in, though still that will not entirely reach the thing I was driving at. He said that under the bill as drafted, under section 24, the corporation could loan direct to the producer, according to Mr. Meyer, and that would raise the question of when a banker is not a banker, and I suppose the answer would be, when he is a producer. On the next page it authorizes the buying of paper, but it must be bought through the bank. That is what I object to. It is not the question so much of having a system of lending direct to the producer, as it is a sort of musket behind the door. You have the musket behind the door to shoot the burglar, if he comes, but you do not expect to shoot anybody. The fact that you are prepared will in many instances deter him.

It is a club by virtue of which you can keep them in line. If the local institution would not do business, would not do its duty, you would have the privilege of making the loan direct to the producer. That would not require you to establish agencies all over the country. Some one suggested that would take a great deal of money. It would not. The farm loan bank uses the same system, the insurance companies all over this country use the same system, and you would not have to use it simply



because you had the privilege of using it. I simply want to have the musket behind the door. I would not advocate the establishment of all these agencies, but there are instances where the local bank is loaded up with its loans, where it lends in small sums—and it does a valuable service, because it takes care of the smaller man—and it can not handle the situation adequately. Under the terms of the bill—and I favor it because I think it will give some relief—if a cattleman wants to borrow \$50,000 or \$100,000 or \$25,000 or \$10,000, he must go through the local institution and pay that institution its 2 per cent and a commission, if they see fit to change it. If you had the privilege whereby you could borrow directly, you might be able to better hold these institutions to the care of the regular service and use the pending measure for the emergency. It simply would furnish you a route around the institutions to hold them in line. It might never be necessary to use it, just as it may never be necessary to use the musket behind the door. I would like to see the law so worded that if there were a local institution which refused to take care of the local notes without charging the 2 per cent and a high commission, those in charge of the War Finance Corporation could say, "We will send out one of these local agents of the Farm Loan Board or we will call upon the local agent of some insurance company or some cattle loan company to investigate these securities and pass on them, if necessary, if you do not do this thing on a reasonable basis." As I intimated a while ago, there are some men in the cattle business who borrow in amounts where they find it advisable to pass by the local institutions. Sometimes they want to borrow more than the local institution is capitalized for. That is often true with cattlemen. I have known of loans four or five times more than the capital and surplus of the local banks. Why force that individual to go through a local institution and pay 2 per cent and pay a commission? And why force the local institution to put its name on this paper and thus add to its responsibilities.

The CHAIRMAN. The time of the gentleman from Texas has expired. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 6, line 20, strike out the word "two" and insert in lieu thereof the word "three."

The CHAIRMAN. The question is on the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 7, line 10, strike out the word "five" and insert in lieu thereof the word "three."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amend section 24.

Page 5, line 13, after the word "States," insert a comma and the words "or to any cooperative association of producers in the United States."

Page 5, line 18, after the word "banker," strike out "or," and in the same line after the word "company," insert a comma and the words "or cooperative association."

Page 6, line 4, strike out the word "or."

Page 6, line 5, after the word "company," insert a comma and the words "or cooperative association."

Page 6, line 6, strike out "or."

Page 6, line 7, strike out the word "company" and insert a comma and the words "or cooperative association."

Mr. McFADDEN. Mr. Chairman, I do not think there is any need to go into a lengthy discussion of this amendment. It has been discussed all through the debate. This is the agreement with the people who were claiming they were not properly taken care of—these associations. I ask for a vote.

Mr. WINGO. Mr. Chairman, I want to say just a few words. I do not want this amendment to go without saying for the record that I do not think it does what representatives of the farm associations have been assured it will do. I am going to read from a letter from one of these gentlemen who took the matter up with Mr. Meyer, the chairman, and Mr. Henderson, his counsel:

They gave assurances of their intention to interpret the term "advances" in section 24 as inclusive of advanced payments or partial payments. This interpretation will make the amendment offered by Mr. McFADDEN to section 24 satisfactory.

It was stated by several very important men in this House that our people had suggested the terms of the amendment to section 24 under

the impression that it would sufficiently extend the powers of the War Finance Corporation to include financing for domestic trade, and that they had indicated their satisfaction with Mr. McFADDEN's amendment on that account.

Now, gentlemen, what is proposed? You voted down an amendment which I offered which would provide for carrying farm products until they could be sold in the domestic trade in an orderly manner because we have been assured by the writer of this letter—many of you received it—you have been assured by the representatives of these farm organizations, you have been assured by representatives of the producers' associations, that the interpretation of section 24 under the amendment now submitted would authorize the same thing that was covered by my amendment. Gentlemen, as a lawyer I am going to say it will not do it, and I am not going to lead the farmers to believe it will do it.

If Mr. Meyer wants to stretch his authority and interpret that way, I shall not challenge it. That is what the administration proposes to do, and I think they ought to have said so in square, explicit language, because I am opposed to anything being left to vague interpretation in our statutes. I think the limitation ought to be clear and the authorization specific in its terms, and you do not do it. This amendment ought to be adopted to satisfy some other objections, but it will not take care of the question of carrying farm products until they can be sold in an orderly manner in domestic trade, as you have promised. I intend to cover the matter in a motion to recommit by providing for an amendment to paragraph (a), section 22, so that the language will read:

To carry such products until they can be sold for export or in domestic trade in an orderly manner.

That will give you a chance to clearly and specifically provide for doing what you insist you intend to do.

Mr. KING. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

Mr. CHINDBLOM. Mr. Chairman, a point of order—is it an amendment to the pending amendment?

The CHAIRMAN. The Chair can not tell until it is reported. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. KING—

Mr. KING. I will withhold that until there is a vote taken on the other amendment.

The CHAIRMAN. The gentleman withdraws his amendment. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 6, lines 24 and 25, after the word "in" in line 24, strike out the following: "debenture, promissory notes, or other obligations," and insert in lieu thereof the word "acceptances."

Mr. KING. Now, I will not take up the time of the committee—

Mr. McFADDEN. Will the gentleman yield?

Mr. KING. I will.

Mr. McFADDEN. I will say to the gentleman that will be satisfactory to the committee, and I accept it.

Mr. KING. I was going to state that both the chairman and the gentleman from Arkansas and other members of the committee—

Mr. WINGO. It is acceptable to this side.

The question was taken, and the amendment was agreed to.

Mr. KING. Mr. Chairman, I have three perfecting amendments which I send to the Clerk's desk, and I ask to have them read and acted upon in order.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 7, lines 2 and 3, after the word "of" in line 2, strike out the following: "debentures, promissory notes, or other obligations," and insert the word "acceptances."

Page 7, lines 4 and 5, after the word "made" in line 4, strike out the following: "or any loan or advance to be made to said banking corporation."

Page 7, lines 8 and 9, after the word "such" in line 8, strike out the following: "promissory notes, debentures, or other obligations," and insert the word "acceptances."

Mr. McFADDEN. Mr. Chairman, I will say they are acceptable to the committee.

The question was taken, and the amendment was agreed to.

Mr. KING. Mr. Chairman, under the regulations and rulings of the Federal Reserve Board an Edge corporation may not have outstanding at the same time both acceptances and debentures except with the approval of said board. It seems that when requested by one of the Edge law companies for a ruling, the



board held that a bank having outstanding acceptances could not issue debentures. This means that there are two kinds of Edge corporations; one kind is an acceptance bank which issues longer term commercial import and export credits to exporters and importers; the other kind does a debenture business, which, generally speaking, means making long-time loans to foreign countries. They do not deal with the individual importer and exporter, but make large capital loans abroad. Although the Edge law has been on the books for more than 18 months, but two concerns are now in operation under it, to wit, the First Federal Foreign Banking Association, New York, and the Federal International Banking Co., New Orleans. The third one, a \$100,000,000 corporation, now in the process of organization, called the Foreign Trade Financing Corporation, of New York, is a purely debenture concern, and it is to this character of Edge corporation that this amendment is confined.

As I have said, these regulations of the Federal Reserve Board split the Edge banks into two classes—first, the nondebenture-issuing class, and, second, the debenture-issuing class. Without the consent of the Federal Reserve Board, which rule is subject at any time to revocation, an Edge bank can not have outstanding both acceptances and debentures. Of the former, independently of the fact that they function with less liability than is placed upon domestic and other branch banks doing a foreign business, their operation deals directly with exporters and importers. They grant them lines of credits, take their foreign drafts for discount or collection, and do a general international banking business. Reducing a single transaction of an exporter through one of these of the nondebenture-issuing type to such language as a layman, such as I, may understand, it runs something like this: An exporter, having his cargo loaded on ship, draws a draft upon his foreign customer on terms as agreed and attaches negotiable bills of lading, invoices, insurance certificates, and other necessary documents. This documentary draft is to be sent abroad by the bank for collection.

The exporter then draws a second clean draft on the bank for the face amount due him. Upon handing the clean draft into the bank, the bank honors it by stamping across the face the word "accepted," and that it will be paid at a named place. It then becomes an "acceptance." This is signed by duly authorized officers of the bank. The bank, after taking out the interest in advance or discounting the draft or acceptance, then immediately gives the exporter a check for the amount. When the proceeds of the foreign collection are received, the advance made to the exporter is paid off. Such a banker's "acceptance" is therefore said to be self-liquidating. At maturity, if not paid in this self-liquidating manner, the banker must pay it. If the bank should fail, the exporter would have to pay. The term should be long enough to cover the period from the shipment of the goods to the return of the funds. Edge law banks, however, have been given the special privilege of issuing acceptances up to a year in tenure. The purpose of creating the second or clean draft which the bank accepts, in the words of a financier, is to allow the bank "to refund itself," which, in plain English, means that the Edge bank can sell these "acceptances" to a member bank of the Federal reserve system, which can in turn rediscount them at a Federal reserve bank and which, through the joint operation of the Federal reserve agents at such reserve banks, the United States Treasury, the Federal Reserve Board, and the Bureau of Engraving and Printing are transmuted from mere "acceptances" into Federal reserve notes, which to-day constitute the principal paper money found in the pockets of the people. The form and quality of the paper and the engraving has by this operation improved, but, after all, the draft or acceptance is merely put in another form and guaranteed by the taxpayers of the United States, because these "acceptances" when honored by Edge banks are, in banking terms, known as "eligible for rediscount."

It is not by these amendments intended to hamper or disturb Edge banks doing simply an acceptance business, and it will not interfere with Edge banks of the debenture-issuing type. They can continue their proposed gigantic sale of debentures to the people of the country if they find the people sufficiently gullible, and for which these bankers have been laying plans for two years. These plans involved the audacious assumption that the American citizen was as "docile" as Lord Northcliffe has said he was, and that he would loan enough of his savings to penniless Europeans to rehabilitate the whole of Europe so that the poor debtor of Europe would have enough money put into his pockets in this manner to pay at least his international banker what he owes him.

But the American people did not "bite," and if this bill passed without these amendments being adopted your Uncle Sam will take scraps of paper in return for his gold. Private

enterprise repudiated this scheme. The very men who advocate it would not finance it and why should our Government, already owed more than ten billions of dollars by foreign Governments, continue to act as the European angel to the tune of many billions more?

As the bill now has been amended and corrected as I suggested, I shall give the bill my vote. [Applause.]

Mr. LANKFORD. Mr. Chairman, I have an amendment which I wish to offer.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LANKFORD: On page 5, line 15, strike out the period after the word "stock" and insert a comma and the following: "or may have discounted or rediscounted notes, drafts, bills of exchange, or other negotiable instruments issued for such purposes."

Mr. McFADDEN. Will the gentleman yield? I have not any objection to that amendment I will say.

Mr. WINGO. I have no objection.

Mr. LANKFORD. I thank the gentlemen.

The question was taken, and the amendment was agreed to.

Mr. LANKFORD. Mr. Chairman, I am glad that I made several speeches on this amendment before I offered it. I have been very anxious about this amendment for 10 days or more and have discussed the amendment with the gentleman from Pennsylvania [Mr. McFADDEN], the chairman of the Committee on Banking and Currency, and also with the gentleman from Arkansas [Mr. WINGO], the ranking Democrat on this great committee. I have also discussed the necessity of this amendment with many Members of the House, both Democratic and Republican, and have received assurances that I was right and that the amendment should be adopted.

I appreciate very much the approval given this amendment by the chairman of the committee and by the ranking Democrat on the committee, and I am sure that the entire country, and especially the farmers, who are now so sorely in need of help, will appreciate very much the adoption of this amendment which has just been voted by the House.

The amendment enables the War Finance Corporation to buy from the banks of the country notes, drafts, bills of exchange, or other negotiable instruments issued for agricultural purposes and discounted or rediscounted by the banks. This amendment will help every farmer in the country who is indebted for supplies whether mules, guano, or other farm supplies as well as every farmer who wishes this fall and winter to buy on a credit a mule or guano or other farm supplies. It will help every man who is helping to carry the burden of the farmer. Thus, Mr. Chairman, the amendment will help the whole Nation, for when we help the farmer and those who are helping the farmer we help all.

I am anxious for this bill to be passed, and that speedily, and then I want the banks of the country to take advantage of the law and extend every courtesy possible under the provisions of this act to the farmers and those who are carrying the obligations of the farmers. I want the banks to obtain money from the War Finance Corporation for the purpose of enabling them to make advances under this act to the farmers. In this way the present deplorable situation can be greatly relieved.

I am very hopeful, Mr. Chairman, that this bill as amended will do much good. Many valuable amendments have been adopted. Some of these have made unnecessary some amendments I intended to offer. In my speech on this bill I recently pointed out several defects in it. I also pointed out these same defects in a recent speech by me on a bill which I introduced the first of the month to authorize the War Finance Corporation to buy from the banks of the country \$500,000,000 worth of farmers' notes and other securities of farmers held by the banks.

This bill now goes a long way along the line pleaded for by me. I am glad the Congress is putting this bill in pretty good shape, and I hope that much good will come of it.

I have during the last week looked up many rulings of the officials of the regional banking system and of the directors of the War Finance Corporation, and have discussed this bill with those interested in its passage and who will have charge of the administration of the bill, and I am convinced that the bill will be liberally construed so as to give a much-needed relief to the farmers of the country.

The bill does not do all that I would gladly do for the farmers. As an emergency measure I would give more relief than is here authorized. I am one of those, though, who will take a half loaf of bread if I can not get a whole loaf, and I will take all that I can get for my people and for the farmers of the Nation if I can not get all I desire for them. While this bill does not authorize direct loans to farmers, it authorizes advances on the notes and other negotiable instruments of farmers through the



banks. It saves red tape and delay and expenses of direct loans.

Let me say just here that I firmly believe that this measure will do infinitely more good for the farmer by the authorization of the purchase of farmers' notes held by banks than would be accomplished by a provision for the loaning of money to the farmers directly. In order for the farmer to borrow money directly from the War Finance Corporation he would be forced to pay for an abstract and for drawing of papers and for an appraisal. Then there would be great delay as well as the great expense just mentioned.

This is an emergency measure, authorized by the serious conditions of farming sections, which were brought about by the war and the conditions following the war. Speedy relief is necessary. Let us provide the means for the relief. As soon as this bill is passed the banks all over the farming sections can renew the notes of farmers and make new loans to farmers and sell these notes by indorsement to the War Finance Corporation. The banks will get relieved from their present great burden and will help the farmer and at the same time get in position to help other farmers and other people.

Thus a great financial refreshing should come to the now paralyzed farming sections. There is a much mistaken idea that if there is much money in the big banking centers and that if big business prospers then the entire country and all the people thereof are prosperous. It is not so. The ocean has been full of water since the beginning of time and yet there are desert lands near the seas on every continent. Through the ages the Nile River has flowed full of water by the parched deserts of Egypt and Nubia and yet they were not watered. The waters of the Great Salt Lake and of the mighty Shoshone and of the wonderful Colorado Rivers of the West through the aeons of past time never gave a refreshing to the sagebrush deserts which touched their very shores.

A country is never watered naturally by the water in the big stream, the lakes, and the ocean. But oh, my, what a refreshing there is everywhere when a good rain falls everywhere "on the just and the unjust." Every tree, every plant, every flower, and every twig of grass is watered. All animal life, even to the humblest worm of the dust, gets its share. Every brook, every creek, every rivulet, and the mighty rivers of the earth are filled. The waters, after doing their God-given mission, go hurrying back to the great ocean.

What a mighty refreshing there has been. So it is in prosperity. Ofttimes by the side of great wealth is squalor and want. Not far from Wall Street are the rags of poverty and the cries of hunger and nakedness. We may legislate here to make the rich richer and the mighty mightier, and the great common people will still be in want, and the Nation will be growing weaker. But let our legislation be for the masses and for common people and let the blessings of good legislation fall like the rain to help and to bless the farmer, the laborer, and the common folks and their children.

And, Mr. Chairman, the benediction which falls on them will flow to others and no one will be left out. Our beloved land will blossom like a rose, under the influence of the new life-giving help. The prosperity of the farmer, the laborer, and the common people will flow into the small streams of industry, commerce, and finance. These will flow into the great rivers of wealth of the country and all will flow back into the great ocean of the Nation's everlasting existence. And what a blessing all will have received. [Applause.]

Mr. LUCE. Mr. Chairman, I have an amendment to offer.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Amend section 3, in line 15, on page 5 by striking out the period and inserting in lieu thereof a comma and the words, "and the preservation of agricultural products," so as to read: "including the breeding, raising, fattening, and marketing of live stock and the preservation of agricultural products."

The CHAIRMAN. Without objection, the amendment will precede the amendment just adopted—

Mr. WINGO. I object. I think that will destroy the meaning of the amendment just adopted.

The CHAIRMAN. Then is it to follow the amendment just adopted or should it be inserted between the text and the amendment just adopted?

The Chair is directing an inquiry to the gentleman from Massachusetts. The committee has just adopted an amendment following the word "stock," in line 15. The Chair wishes to inquire of the gentleman whether he desires to have his amendment to follow the amendment just adopted or to precede it?

Mr. LUCE. It should precede it.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts to have his amendment inserted at the place indicated? [After a pause.] The Chair hears none.

Mr. EVANS. Mr. Chairman, may we have it reported as it will read should it be adopted?

The CHAIRMAN. Without objection, the amendment will be reported as it would read if amended as indicated. [After a pause.] The Chair hears no objection.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Amend section 3, in line 15, on page 5, by striking out the period and inserting in place thereof a comma and the words "and the preservation of agricultural products," so as to read: "Including the breeding, raising, fattening, and marketing of live stock and the preservation of agricultural products."

The following amendment was also read:

Amendment by Mr. LANKFORD: "or may have discounted or rediscounted notes, drafts, bills of exchange, or other negotiable instruments issued for such purpose."

Mr. LUCE. The purpose of this amendment is to call attention to the very singular situation now presented by this bill. It says to a canner in New York State, "You must rely on your own resources and those which are furnished by the national banking system to assist your operations. But if you will ship your berries or fruit across the lake into Canada we will lend our money to the Canadian canner, who thereupon will be able to send back the canned goods to us if the tariff does not prevent." I can not too much emphasize the strangeness of this situation. The argument proceeds on the assumption that the way to save the American farmer is to send his raw material out of the country to be manufactured. I want to get into the Record just a word in behalf of the American manufacturer. I want to put in the Record the fact that in the first six months of this year 2,013 manufacturing establishments in this country went into bankruptcy, with liabilities rising \$100,000,000. The farmer is not the only American citizen who needs relief. If we are to dispense here the credit of the country, if we are to put at the command of any one class or group the resources of the public Treasury, why stop at the boundary of that class or group?

Where, sir, does an agricultural product end? When the bean—and I speak of the bean as the vegetable most familiar to a Bostonian—when the bean has been ensconced within its tin case, is it an agricultural product or not? Who will tell me? The purpose of my amendment is to allow the bean to get inside its tin cylinder with the help of the resources of the United States Treasury. You are going to help the man who grew the bean; why not help the man who cans the bean? Then, to be sure, we shall have laid a proper foundation for the masses of the people to come up here and say, "Give us some help for the man who eats the bean." Why draw the line in the dispensing of class and group favoritism?

It is solely, sir, for the purpose of pointing out to the House what is being achieved in the way of embedding class legislation in the statute books of the country that I offer the amendment, and with no confidence whatever that even my good friend, Dr. LAYTON, from a State where they can everything most deliciously, could persuade this House that the help of the United States Treasury ought to be brought to the relief of the man who puts the fruit inside the tin.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the amendment. I want to say to the committee, and especially to the gentleman from Massachusetts, that I think it is a very dangerous thing to accept an amendment, even of importance, to a measure like this without any more consideration than we are able to give it here in the committee. I will say to him also that the committee has given very close attention to the preparation of this bill during the time we have had it under consideration. I regret the fact that the gentleman was not present in the committee to have the benefit of the discussion there.

Mr. LUCE. Mr. Chairman, I had not meant to advert upon the remarks of the gentleman from the other side in this matter, but, inasmuch as my own chairman has brought this up, as a matter of personal justice I will ask him if it is not a fact that by telegram I asked to be informed when this matter would be considered by the committee and considered in the House?

Mr. McFADDEN. I will say to the gentleman, in answer to that, that the clerk of the committee was instructed to notify all the members—and we notified all the members—in regard to it.

Mr. LUCE. The gentleman has not quite met my question. Did I not by telegram ask to be informed when this matter would come before the committee?

Mr. McFADDEN. Not to my knowledge.

Mr. LUCE. I received a communication purporting to give me the information that I would be informed.



Mr. McFADDEN. The clerk of the committee may have done so, but I do not recollect sending you such a telegram. On the contrary, we were told by the gentleman when he left on his vacation that under no circumstances was he to be recalled within a period of six weeks.

Mr. KING. Mr. Chairman, I want to say in behalf of the gentleman from Massachusetts that I think he was entitled to the short vacation. There is not a more hard working member on the committee than the gentleman, and while I was surprised he was not here at that time, I think he was justified in being away. He gives most careful and conscientious consideration to every piece of banking legislation that comes before the committee, and it does seem to me that the gentleman should not be criticized for being absent once from a committee meeting out of four or five hundred meetings which we have held.

Mr. McFADDEN. Mr. Chairman, I want to call the attention of the committee to the seriousness of accepting the amendment in this manner, and I hope it will be voted down.

The CHAIRMAN. The question is on the amendment of the gentleman from Massachusetts [Mr. LUCE].

The amendment was rejected.

Mr. LUCE. Mr. Chairman, I submit an amendment.

The CHAIRMAN. The gentleman from Massachusetts submits an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Amend section 3 in line 15, page 5, by striking out the period at the end of the sentence and inserting in place thereof a comma and the words "and for their conversion into articles of consumption," so as to read, "including the breeding, fattening, and marketing of live stock and for their conversion into articles of consumption."

Mr. ANDERSON. Mr. Chairman, I make the point of order that the amendment has been adopted in that place and it is not in order to offer a further amendment.

The CHAIRMAN. The Chair overrules the point of order.

Mr. LUCE. This amendment is submitted in order that I may further present to the committee my contention that the program here is to aid one group in the community while distinctly disregarding the needs of another group, the manufacturing group. And I want to call attention to the fact particularly that the result of this measure will accrue more to the benefit of Germany than to any other foreign country.

I hold in my hand a statement printed within a few days in a Boston paper by Col. Haskell, of the Great Northern Paper Co., in which he points out that by reason of the rates of exchange now prevailing the German manufacturer has the advantage of very low labor costs, and that on account of the low prices of material he has a decided advantage over his competitors elsewhere in Europe and in the United States. This week the newspapers have reported the great speculation on the German bourse, compelling its closing temporarily, due to the manipulation probably started by the German Government in order still further to depreciate the value of the mark in Germany. This juggling with finance is to-day enabling the German manufacturers to secure from the German workers an amount of product which, measured in cost, is probably nowhere to be matched. The result is that the whole business world dreads the competition of Germany at this moment. It is the most dangerous element in the business situation.

Three-quarters of the cotton used in Germany comes from America. The textile industry is the oldest German industry. The practical effect of this measure is to supply credit to the German manufacturer and therefore to release by so much his own credit for the other purposes of business. This bill will aid the textile manufacturer in Chemnitz, in Frankfort, in Wittenberg, and the other great German textile centers—will aid him to compete with the textile manufacturer in Fall River, in Lowell, in Philadelphia.

Possibly gentlemen have jumped at the conclusion that for some factious or personal purpose I am taking the time of the House. I want to be relieved of any such suspicion. It is my duty to the manufacturers and wage earners of Massachusetts to remonstrate against a measure which so palpably gives an advantage to our competitors in the land of the Hun.

We have but ceased from a great war. How can I go before the boys of the American Legion and explain to them why no sooner do they come back and resume their wonted activities at loom or bench than we pass a bill to give aid to the German in his new warfare on the battle fields of commerce, a bill to give him the advantage in competing with us in the markets of South America, Africa, and the Orient? I do not greatly begrudge giving help to the cotton grower of the South or the wheat grower of the West. If this bill simply contented itself with furnishing to the southern cotton planter or the

western wheat grower money to carry his product yet longer until he might get through this disastrous period without ruin, I would not be on my feet so frequently this afternoon. I would not strongly object to and denounce that proposal by itself. But I do denounce the idea of permitting a governmental agency to lend our credit to our competitors while refusing it to our own manufacturers.

If you adopt this amendment and allow the credit of the War Finance Corporation to be lent to the manufacturers in our textile centers, then I shall have little ground to complain. Turning to the question of hides, I will vote with my heartiest good will to help the stock raisers in any reasonable way. But when I see that the purpose of the bill is to encourage the making of the hides into shoes, not in an American Lancaster, but in Lancaster, England, then I must protest. [Applause.]

Mr. WINGO. Mr. Chairman, I want to say a word regarding the amendment of the gentleman from Massachusetts [Mr. LUCE]. The gentleman's eloquence is always dangerous when he comes to pleading for the New England manufacturer. I want the House to know what his amendment is. He offers as an amendment to the provision providing for longer credit to the cattle growers, to save their breeding stock, an amendment to take care of the manufactured products. There is not a single packer that came before our committee and asked for the relief which the gentleman from Massachusetts wants to give them. There is not a single packer who says he can not now get through the ordinary banking channels all the credit he needs. Then, why does the gentleman wish to help the packers with a provision that the War Finance Corporation can make the same advances to them—because they are the manufacturers of the cattle—whom we are now trying to take care of? The gentleman overlooks the purpose of the bill entirely. Under our present banking system there is no safe way, it is contended by the Federal Reserve Board, to make long-time loans to the cattle breeders, because a banking corporation that has demand deposits can not afford to make one-year, two-year, and three-year loans. So in order to tide them over the present situation it is intended by this provision to let the War Finance Corporation take care of these cattle breeders with a three-year loan. That is the object of it. Why give a three-year loan to a packer simply because you give these cattle breeders out West an opportunity to save their breeding cattle?

The CHAIRMAN. The question is on the amendment of the gentleman from Massachusetts [Mr. LUCE].

The question being taken, the amendment was rejected.

Mr. LUCE. Mr. Chairman, I submit an amendment.

The CHAIRMAN. The gentleman from Massachusetts submits an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Amend section 3 by striking out in line 8, on page 6, the comma and the words "in exceptional cases," so as to read "the corporation may upon such terms not inconsistent with," etc.

Mr. LUCE. The committee having—perhaps with excellent judgment and not wholly to my surprise—got in the habit of rejecting my amendments, I shall not be disappointed if this one does not prevail. Nevertheless, I present it in order that the committee may consider the expediency of incorporating in the statute law a provision like this, "in exceptional cases," with no court of adjudication and no indication as to what the provision means. The motion may also serve to let me carry a little further the line of argument, Mr. Chairman, which your hammer so rudely, yet necessarily, interrupted at the end of my last five minutes. The motion lets me call attention to the fact that a recent number of the CONGRESSIONAL RECORD reporting the proceedings in the Senate conveyed to the country the information secured by the Secretary of Labor to the effect that at this very moment there are fewer persons employed than at the high peak of employment by more than 5,700,000. There are in this country nearly 6,000,000 at this moment unable to secure employment, and you present here a bill intended to help those who have roofs over their heads, those with food in their kitchens; yet you refuse every proposal that I make tending to aid in some slight degree such of nearly 6,000,000 citizens of the United States as would work gladly if they could get the chance, but to whom the gloomy industrial conditions bring an outlook for the coming winter that may well rouse dread in every imagination. One more reason, therefore, you may find why with caution, why with timidity and apprehension, you should approach all proposals in this crisis to aid one part of the country at the expense of the rest of the country. Well may you think twice before you say to the producer of raw materials, "We will give an advantage to the foreign manufacturer of these materials and so make it all the harder



for the stream of wheat and oats and cotton and wool and hides to pass through the processes that result in the utilities sent out to the world by the manufacturers of the northern part of our own land."

At this time one man out of every five in the shoe-manufacturing industry is out of work; and this applies not alone to New England, but to Cincinnati, St. Louis, and many other shoe-manufacturing centers. I ask you if it is fair to those men to say that the hide raiser shall have at command the credit and support of the National Treasury, but that the shoe manufacturer shall not? Is it fair that you shall aid the ranchman of the West, but that you shall not aid the shoe worker of Lynn and Brockton and Haverhill and Philadelphia and Cincinnati and St. Louis?

As a matter of fact I am not seriously asking favors for my section. I am standing here for that time-honored maxim, "God helps those who help themselves." New England does not come here and make request for the bounty of the Nation. New York, Pennsylvania, New Jersey, Delaware do not come here asking for relief. We will fight our own battles. Though with millions out of work we will somehow get through the winter. We will muddle through. We will do it on our own resources, on our own capacity for thrift and self-reliance. We do not begrudge you help, but we say it is not fair that a hundred men in these two Houses should stand together to get undue, selfish, excessive favors from the Public Treasury at the expense of the rest of the country. It was by agrarian movements in the years so long ago that the foundations of Rome were undermined. The agrarian movement in Russia has played its part in the downfall of that nation. Time and again in the history of the world we have seen what comes when the farmers, when the agrarians, demand special privilege. Then it is that agrarian movements retard the progress of the world through their selfishness. Against their menace I warn.

So I urge once more that we return to the true principle of a republic, where every man should stand on his own legs and remember that God helps those who help themselves.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, the gentleman from Massachusetts [Mr. LUCE] having wandered from the New England of to-day to Rome of ancient days, it has occurred to me that it might not be a bad idea to come back to the present hour and present conditions. I do not understand that it is the purpose of this bill to grant anyone special privileges. I do not understand that it is the purpose of this bill to open the doors of the Treasury to the relief of any particular class or classes. If I understand the purpose of the bill, it is to use an organization having governmental sanction, under governmental control, for the purpose of enabling the capital of the country—a very considerable portion of which is to be found in the country from which the gentleman from Massachusetts comes—to enable the capital of the country to be safely invested on the firm basis and foundation of stable and valuable products, to the end that these products may be carried for the reasonable period required to find a market, and may be marketed to the best possible advantage, and that the capital thus employed shall obtain a secure and a fair return. If this is not a fair and reasonable and a highly laudable plan and purpose, then I can think of no plan or purpose to enhance the prosperity of the country that would be approved by the gentleman from Massachusetts.

Mr. LAYTON. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. LAYTON. I would like a little information. Do I understand that the advantages of this bill are as open to the Delaware canner, or any other Delaware enterprise, as it is to the cotton grower of the South?

Mr. MONDELL. I want to be entirely frank and entirely fair, and it is my opinion that it would be beyond a question. Gentlemen may conjure up fanciful or possible situations in which in their view and opinion there would be less benefit secured than in some other situation. If I read the bill to any purpose I think its provisions are such that it will be beneficial to the Delaware canner as I hope it will be to the cotton grower, to the woolgrower, and to the cattle raiser.

Mr. LUCE. Will the gentleman yield?

Mr. MONDELL. Yes.

Mr. LUCE. The bill refers to stable agricultural products; would the gentleman say that flour manufactured in Minneapolis is a "stable agricultural product"?

Mr. MONDELL. I know of nothing much more stable than flour properly warehoused.

Mr. LUCE. The gentleman has not answered my question. Is flour an agricultural product?

Mr. MONDELL. Is it a mineral product?

Mr. LUCE. It is a manufactured product.

Mr. MONDELL. It is a product obtained by manufacture or improvement of an original product, so is wool, after it has been clipped from the sheep's back, sorted, and carefully pressed into a bag. After cotton has been picked and pressed into a bale to a certain extent it is a manufactured product; it has gone through a certain process beyond the material in its original state. Flour is a product of agriculture. I do not know how you could otherwise class it.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate on this amendment close in five minutes. Is there objection?

There was no objection.

Mr. LAYTON. Mr. Chairman, I would like to address a question to the chairman of the committee and gentlemen on the other side who are members of the committee, and who doubtless have studied this question. I want to renew my question that I put to the gentleman from Wyoming. Under the provisions of this bill, is the capital of the United States just as available for the Delaware canner, the Delaware manufacturer of powder, and the Delaware manufacturer of anything we have got, as it is to the cattle growers and cotton growers of the South?

Mr. BLACK. Under section 21—

Mr. LAYTON. Yes or no.

Mr. BLACK. Yes.

Mr. LAYTON. Is that the opinion of the chairman?

Mr. McFADDEN. Section 21 of the War Finance act as it now stands permits loans to manufacturers for the purpose of the exportation of their goods and loans for that purpose are being made now. There is nothing in this act to prohibit it.

Mr. LAYTON. I will accept that as coming from authority. But I want to say that as far as I am personally concerned I am opposed to all of this sort of legislation. I do not believe that the Government of the United States ought to use the people's money for any such purpose as this. It is socialistic, and in the long run you will find it so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 25. (a) The corporation shall have power and is authorized and empowered, upon request therefor by the Federal Farm Loan Board, created by the Federal farm loan act approved July 17, 1916, as amended, to make advances to Federal land banks, at a rate of interest not exceeding the rate of interest charged by Federal land banks for loans under the provisions of such Federal farm loan act, as amended, and to accept as security therefor farm loan bonds issued by such Federal land banks maturing within five years of the date of issue, or to purchase such bonds from the capital, earnings, reserve fund, or other assets of such corporation to the amount of \$100,000,000 during the calendar year ending December 31, 1921, and \$100,000,000 during the calendar year ending December 31, 1922.

(b) Every Federal land bank shall have power, subject to the provisions, limitations, and requirements of the Federal farm loan act approved July 17, 1916, as amended, and of this section, to receive and pay interest upon such advances, to issue farm loan bonds as security therefor, to issue and sell farm loan bonds, to buy the same for its own account at any time, and to retire any or all of such bonds at or before maturity.

With the following committee amendment:

Beginning on line 14, page 7, strike out all of the remainder of page 7 and all of lines 1, 2, 3, 4, 5, 6, 7, 9, and 10 on page 8.

The CHAIRMAN. The question is on the committee amendment.

Mr. STEAGALL. Mr. Chairman, I desire to be recognized in opposition to the amendment.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McFADDEN. I would like, if possible, to reach an agreement for time for debate on this amendment.

Mr. STEAGALL. I ask the gentleman to withhold that until I have talked for a few minutes.

Mr. McFADDEN. The gentleman, of course, is entitled to five minutes. I was going to suggest that he confine the debate to 15 minutes.

Mr. BRAND. Mr. Chairman, I would like to have two minutes.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that debate upon this section and all amendments thereto be limited to 17 minutes, 10 minutes to be controlled by the gentleman from Alabama [Mr. STEAGALL], 5 minutes by myself, and 2 minutes by the gentleman from Georgia [Mr. BRAND].

The CHAIRMAN. Is there objection?

There was no objection.



Mr. STEAGALL. Mr. Chairman, the purpose of this bill is to grant relief to the agricultural sections of the country where financial accommodations can not be had to transact business in an orderly way. We are trying to find legitimate, safe agencies through which the War Finance Corporation may supply ample credit to the farmers of the country, to enable them to market their products in an orderly fashion and to protect them against forced and abnormal marketing. What are we undertaking to do? I am not going to enumerate all of the various agencies to whom credit is extended by the provisions of this bill. We have gone the limit, with one exception. Of course, we do not provide for direct loans to the farmer. But we provide for loans to banks of all kinds, exporters, dealers, any well-recognized financial institutions, associations, trust companies—we cover the whole range. No one has been able to suggest an amendment to the bill without being answered with the statement that such a provision is unnecessary, that its purpose is accomplished by the present language of the bill, except when it is proposed to recognize the Federal land banks. Every institution assisting farmers in matters of credit seems to be covered by the provisions of this bill, except the farm loan system. We authorize the War Finance Corporation to buy the securities of the Edge corporations, which are export corporations authorized to do all sorts of business in foreign countries, and the securities of which are based on risks which no regular banking institution would for a moment consider. Who will say that such securities are as desirable as bonds of the Federal land banks? Certainly these international banks are not in touch with the farmers as are the Federal land banks. We propose in a few days, if plans now under way are carried out, to authorize the War Finance Corporation to purchase \$500,000,000 of bonds of the railroads of the country. Who would contend that these bonds are as safe as Federal land bank bonds?

I submit there is not a provision in the bill for the extension of credit upon any other security that is as safe and sound as the bonds of the land banks, with all of the safeguards thrown around the securities floated by the Federal land banks of the country. Then what more legitimate agency could be found through which to extend financial accommodations to relieve the situation that exists in the agricultural sections of the country than to provide some plan that will enable the land banks to do business? Under the provisions of the bill by which accommodations can be extended to the farmer you put a middleman between him and the money to be obtained. You have a provision in here which authorizes interest charges, and further charges for special services and fees, and all that sort of thing, authorized to be charged the farmer before he gets a dollar of money made available by this measure. But if you let the War Finance Corporation assist the Federal land banks to do business you give the farmer the benefit of the provision of the Federal farm loan act which limits the amount of interest that can be charged to 6 per cent. Under the provisions of this bill the farmer when he goes to obtain his loan is up against the same proposition that he is up against when he goes to market his products. He has a bunch of middlemen between him and what he is after. I know it is insisted that it is not practical in this legislation to make direct loans to farmers. I know what a personnel it would necessitate in the War Finance Corporation, and I know how difficult it would be to inaugurate such a system, especially for mere emergency purposes. I recognize the objections to it, and that is the idea upon which the bill was founded—that a banking institution with headquarters in Washington could not engage in making direct loans to the farmers of the country. Therefore we have selected banks and various other agencies and have authorized the War Finance Corporation to extend credits to them in order that they may take care of the farmer.

Why not put the land banks to doing business? We had a bill before us a few days ago by which we increased their facilities by the amount of \$25,000,000. But everybody knows such a sum was not sufficient. I know the argument submitted against the proposal to extend \$100,000,000 annually for two years. Take Mr. Lobdell's letter. I have great respect for him. He points out defects in the section which can and will be cured if we retain it. But all he says is that the banks can continue to run under the supply of capital or turnover which they now have. That is as far as he goes, but he says that they can not at all take care of the demands for loans. That is in the statement of Mr. Lobdell. The fact that the banks can run does not mean an adequate operation with regard to the necessities they were created to supply. Take our ordinary commercial banks, and in my State all of them are running and will continue to run. But many of them are like the Federal land banks. They have their doors open and their office force

and all necessary formalities but not sufficient funds to meet the demands upon them for credit. That is what Mr. Lobdell says in his statement with reference to the condition of the Federal land banks. They loaned \$9,000,000 in June and \$12,000,000 in July, but they have applications on hand for over \$150,000,000 upon the best security that can be found in this country. This is a permanent system to which the Government is forever committed to and which it is going to stand by.

The system has its organization already in touch with the farmers of the country, and its branches, with complete personnel in every section, with everything required except funds, and more than \$150,000,000 applications on hand.

But not half the applications for loans have been made that would have been made if it had not been recognized everywhere that the land banks were not in a condition to take care of the demands upon them. How can we justify this stinting, starving policy toward the land banks, the safest institution we have, through which accommodations may be extended to farmers, and then attempt to extend aid through all these other institutions which act as middlemen, all of them standing between the farmer and the supply of money and taking out interest and other charges before the farmer can get his loan? [Applause.]

We have the opportunity by retaining this provision for assistance to give a large measure of real relief. The section can be perfected and every valid objection removed and real results accomplished. The psychological effect alone would enable the Federal land banks to sell their bonds and do business, even if the War Finance Corporation did not buy a dollar's worth of bonds or make a loan of a single dollar. [Applause.]

Mr. McFADDEN. Mr. Chairman, I want to call the attention of the committee to the fact that when the Farm Loan Board was last before our committee we granted them the authority, and the House acquiesced, to have \$25,000,000 additional capital. Now the Federal farm loan system functions. Those were all the funds which the farm loan system said they needed. Now they are on record as opposed to this authority, and I want, for the benefit of those Members who were not here the other day and have not read the RECORD, to quote from Mr. Lobdell's letter the following:

If it be the policy of Congress to place the Government in the farm loan business and provide funds for that enterprise from the Public Treasury, that is entirely a question for Congress, but if such be the congressional desire, it should be clearly expressed and the farm loan system should be remodeled accordingly that those intrusted with its administration may proceed in harmony with such desire.

I said the other day it was impossible with the limited capacity of the present farm loan system to handle this \$200,000,000 within the period of time which would give the necessary relief that is asked for on the part of the gentlemen who are supporting this amendment. I want to quote further from his letter:

The second provision is for the purchase of farm loan bonds without mention of rate, such bonds to mature within five years. The same objection suggested above would apply to the issue of a five-year bond. Manifestly such a bond could not be paid from the proceeds of a 20 or 30 year loan, and the banks would find themselves under the necessity of refunding at the end of that period, and the fact that these banks had out \$200,000,000 of paper which they must pay in five years, without a corresponding accrual, would, in the judgment of the board, detract from their credit in the general market and interfere with their stable and orderly operation much beyond the value of any immediate impetus.

I want to call the attention of the committee to just how embarrassing that might be if the Federal farm loan system should be called upon at an unexpected time to go into the market and borrow \$200,000,000 to take up the demands when it came to the liquidating period of the War Finance Corporation.

Mr. STEAGALL. Will the gentleman yield for an interruption?

Mr. McFADDEN. I am sorry—

Mr. STEAGALL. Just a question. Will the gentleman agree to an amendment not limiting the bonds to five years so that objection will be eliminated?

Mr. McFADDEN. I do not think it would eliminate all of these objections, because, my friends, the farm loan system might be called upon at the end of this period just the same to repay this \$200,000,000, and it would create uncertainty in the minds of the investing public as to the security of the bonds.

Mr. MONDELL. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. MONDELL. Is it not true that no one connected with the farm loan system and, so far as you know, no one who is seeking loans from the farm loan banks, has asked for this provision?



Mr. McFADDEN. The Secretary of the Treasury is opposed to it, the Treasury Department is opposed to it, and further than that I want to quote what Mr. Lobdell says further in regard to this:

In conclusion, permit me to urgently suggest that in this time of stress patience, sound judgment, and courage are essential on the part of all of the friends of the farm loan system lest in our anxiety for greater accomplishments we "kill the goose that lays the golden egg."

The gentleman from Alabama has just pointed out the fact that the Federal farm loan system have loaned \$9,000,000, and he has failed now to call attention to the fact that on or about the 1st of May it sold \$40,000,000 worth of bonds, and under the authority we are giving them now in the last amendment to the farm loan act the system is calling upon the Treasury for from nine to eighteen million dollars a month that is to be loaned to the farmers, and on or about the 1st of October they are going to get out another issue of about fifteen to eighteen million, and it will function in an orderly manner and gradually take care of the demand, and not call upon the Public Treasury or a semipublic institution. Therefore I contend it is most necessary that this be stricken out of the bill, and I hope that the amendment will prevail and this provision will go out of the bill.

The CHAIRMAN. Does the gentleman from Georgia wish to use his two minutes?

Mr. BRAND. No; the reason why I do not is that I understand the ranking member of the minority is going to make a motion to recommit.

Mr. McFADDEN. Mr. Chairman, I ask for a vote on this amendment.

The question was taken, and the amendment was agreed to.

The Clerk read as follows:

SEC. 26. The aggregate amount of all advances made under sections 21, 22, and 24, and of all notes, drafts, bills of exchange, or other securities purchased under section 24 remaining unpaid, shall not at any one time exceed \$1,000,000,000.

The committee amendment was read, as follows:

Page 8, line 11, strike out the figures "26" and insert in lieu thereof "25."

The question was taken, and the amendment was agreed to.

Mr. PARKER of New Jersey. Mr. Chairman, I move an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 8, line 15, strike out "\$1,000,000,000" and insert "\$500,000,000."

Mr. PARKER of New Jersey. Mr. Chairman, if this bill is to pass, in order to finance the carrying of crops it ought to provide enough money, but it ought not to provide too much. We want no more Shipping Board extravagance, and this board should not have too much money to loan in any direction, because it is not, like a bank, under the Comptroller of the Treasury.

Now, I want to ask fairly of gentlemen who are in favor of this bill, the ranking member of the minority especially, that they suggest how much is necessary. Of course, exports only use part of a revolving fund for a short time. The real call for a large loan will be for the carrying of crops, and I suppose all will agree with me that the Government would not expect to advance the whole value of the crop that is intended for export, but to help the banks by giving them half as much as they will have to lend to carry the whole amount.

A bale of cotton is worth about \$60, and half of its value is \$30, and 6,000,000 bales, which is a large amount to be carrying, would be only \$180,000,000. Perhaps we export about 300,000,000 bushels of wheat in a year. Half its value, at 60 cents a bushel, is about \$180,000,000, making \$360,000,000 for cotton and wheat. I do not know so much about cattle, but if we had to carry 2,000,000 steers, at \$50 apiece for half their value, it would amount only to \$100,000,000 more, making less than \$500,000,000 in all. I see no reason why such a sum as a billion dollars should be provided in order that the War Finance Corporation should be tempted to make loans which may not be carefully guarded. Therefore I move that the total amount be reduced to \$500,000,000, because that will carry through the year—without reference to the fact that most of the money is brought back from export in a few months—by loans of half the value 6,000,000 bales of cotton, 300,000,000 bushels of wheat, and 2,000,000 steers. That is enough money to advance in that way.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. Mr. Chairman, I want to take a minute to call the attention of the gentleman to what is evidently his misinterpretation of this provision. This limitation is not simply on the agricultural end of it, but the manufacturing end, too.

Section 21 is the present existing law. This new part we are putting in here is covered by sections 22, 23, and 24, and if the gentleman were to have his amendment adopted he would not affect cotton. Cotton would be taken care of, because I am convinced that the exporters of it would be able to demonstrate that they should continue to do what they are doing now, and the contracts are already made, I think, to take care of most of the exports of cotton that would be made to the associations that are incorporated. If the gentleman wants to cut down and shut out the railroads, I will go with him.

Mr. PARKER of New Jersey. The railroads are not in this bill.

Mr. WINGO. No. Under present existing law the corporation can issue bonds in an amount equal to six times the capital stock. That would be \$3,000,000,000. The committee is trying to limit it here. Under present existing law it could use every bit of it for the purposes of sections 21, 22, 23, and 24. We have cut it down to \$1,000,000,000. I think the gentleman has overlooked that fact.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 27. The corporation is empowered and authorized to investigate upon its own initiative or in cooperation with other governmental agencies foreign market conditions and to advise where disposition may be advantageously made of such agricultural products.

Also, the following committee amendment was read:

Strike out all of section 27.

The CHAIRMAN. The question is on the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 28. Whenever in this act the words "bank, banker, or trust company" are used they shall be deemed to include any reputable and responsible financing institution with resources adequate to the undertaking contemplated.

Also, the following committee amendment was read:

Page 8, line 21, strike out the figures "28" and insert in lieu thereof the figures "26."

The amendment was agreed to.

Also, the following committee amendment was read:

Page 8, line 24, after the word "institution," insert: "incorporated under the laws of any State or of the United States."

The CHAIRMAN. The question is on the committee amendment.

The question was taken, and the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 29. In order to enable the corporation to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized to furnish to the corporation for its confidential use such reports, records, or other information as he may have available relating to financial condition of national banks to which the corporation has made or contemplates making advances, and to make, through his examiners, for the confidential use of the corporation, examinations of banks, bankers, or trust companies, other than national banks, to which the corporation has made or contemplates making advances: *Provided*, That no such examination shall be made without the consent of such bank, banker, or trust company.

Also, the following committee amendment was read:

Line 3, page 9, strike out the figures "29" and insert in lieu thereof the figures "27."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 30. No person, bank, banker, or trust company receiving money under the provisions of this act shall loan such money at a rate of interest greater than 2 per cent per annum in excess of the rate of interest charged or received by the corporation upon such money.

Also the following committee amendment was read:

Page 9, line 16, strike out all of section 30.

The amendment was agreed to.

Also the following committee amendment was read:

Page 9, after the section stricken out, insert a new section as follows:

"SEC. 28. No bank, banker, or trust company, or other firm, corporation, or association receiving an advance under the provisions of this act shall loan such money at a rate of interest greater than 2 per cent per annum in excess of the rate of interest charged or received by the corporation upon such advance, nor shall any such bank, banker, or trust company charge any commission in connection with any such loan, except as reasonable compensation for any special services or risks undertaken by such bank, banker, or trust company, or other firm, corporation, or association. The limitation contained in this section shall not apply where the loan is made by the bank, banker, or trust company, or other firm, corporation, or association without recourse against any domestic borrower."



Mr. McFADDEN. Mr. Chairman, I move to amend the committee amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment to the committee amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: Amend the committee amendment known as section 28 as follows: On page 10, line 1, after the word "advance," strike out down to and including the word "association" in line 5 of the same page.

Mr. McFADDEN. Mr. Chairman, there has been some controversy among members of the committee and others as to this committee amendment. I would suggest to those Members that if they are still in opposition to this as the committee proposes, my amendment corrects, I believe, what the controversy was over.

Mr. WINGO. The gentleman's amendment is to cut out the features that some Members object to, which would permit commissions, and the bill then would still leave the limitation of 2 per cent except in case where the bank bought the paper without recourse on the indorser? Of course, a larger rate sometimes prevails there.

Mr. McFADDEN. The gentleman is correct about that.

The CHAIRMAN. The question is on the amendment to the committee amendment.

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is now on the committee amendment as amended.

The committee amendment as amended was agreed to.

The Clerk read as follows:

SEC. 4. Section 21 of the War Finance Corporation act is hereby amended by striking out paragraphs (b) and (c) thereof, and by striking out at the beginning of the first paragraph the letter (a).

With a committee amendment as follows:

On page 10, line 10, after the figures "21," insert the words "of Title I."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 5. The first paragraph of section 12 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"SEC. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its notes or bonds in an amount aggregating not more than four times its paid-in capital, such notes or bonds to mature not less than six months nor more than five years from the respective dates of issue, and may be redeemable before maturity at the option of the corporation, as may be stipulated in such notes or bonds, and to bear such rate or rates of interest as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such notes or bonds shall have a first and paramount floating charge of all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such notes or bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine.

"The power of the corporation to issue notes or bonds may be exercised at any time prior to January 1, 1927, but no notes or bonds shall mature later than July 1, 1927."

With a committee amendment, as follows:

Page 10, line 14, after the figure "5," strike out "the first paragraph of section" and insert "section" before the figures "12" and after the figures "12" insert "Title I."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 10, line 19, strike out the word "four" and insert in lieu thereof the word "three."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next one.

The Clerk read as follows:

Committee amendment: Page 11, line 9, after the word "prices," insert "at not less than par."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I move to amend, on page 11, lines 13 and 14, by striking out the figures "1927" in each line and inserting "1925" in each line in lieu thereof. It is necessary because of the previous amendments that have been made, but it was overlooked by the committee.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: Page 11, lines 13 and 14, amend by striking out the figures "1927" in each line and inserting "1925" in lieu thereof.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 6. Paragraph 1 of section 13 of the War Finance Corporation act is hereby amended and reenacted to read as follows:

"That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such notes or bonds of the corporation and to rediscount notes or other negotiable instruments secured by such notes or bonds and indorsed by a member bank. Discounts or rediscounts under this section shall be at an interest rate equal to the prevailing rate for eligible commercial paper or corresponding maturities."

With a committee amendment, as follows:

Page 11, line 15, after the figures "13," insert the words "of Title I."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read the next committee amendment.

The Clerk read as follows:

SEC. 7. That section 15 of Title I of the War Finance Corporation be amended and reenacted to read as follows:

Mr. McFADDEN. Mr. Chairman, I move to amend, page 12, line 4, after the word "Corporation," by inserting the word "act," so that it will read "the War Finance Corporation act."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amend page 12, line 4, after the word "Corporation," by inserting the word "act."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read the next committee amendment.

The Clerk read as follows:

SEC. 15. That all moneys of the corporation not otherwise employed may be kept on deposit, subject to check, with the Treasurer of the United States or in any of the Federal reserve banks, or may, upon the direction of the board of directors of the corporation, with the approval of the Secretary of the Treasury, be invested in bonds or other obligations of the United States issued or converted after September 24, 1917, or upon like direction and approval may be used from time to time in the purchase or redemption of any bonds issued by the corporation.

The Federal reserve banks are hereby authorized to act as depositories for and as fiscal agents of the corporation in the general performance of the powers conferred by this title.

Beginning July 1, 1922, the directors of the corporation shall proceed to liquidate its assets and wind up its affairs, except as specifically provided in this title, but the directors of the corporation, in their discretion, may from time to time prior to such liquidation sell and dispose of any securities or other property acquired by the corporation.

After July 1, 1922, the corporation may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special deposit, out of money belonging to the corporation, or from time to time received by it in the course of liquidation or otherwise, an amount equal to the aggregate amount of all outstanding bonds or notes of the corporation, including principal and interest to maturity. Moneys so deposited shall constitute a special fund for the payment of principal and interest of such bonds or notes, or for the purchase or redemption of such bonds or notes at not more than par and accrued interest, and may be drawn upon or paid out for no other purpose.

Whenever there shall have been deposited in such special fund an amount equal to the aggregate amount of all bonds or notes of the corporation then outstanding, including principal and interest to maturity, the corporation may, with the approval of the Secretary of the Treasury, pay into the Treasury of the United States as miscellaneous receipts any moneys belonging to the corporation or received from time to time in the course of liquidation or otherwise in excess of a reasonable reserve to meet all liabilities and expenses during liquidation. Whenever any such payment is made an amount of capital stock of the corporation equal in par value to the amount so paid in shall be canceled and retired.

All net earnings of the corporation not required for its operations shall be accumulated as a reserve fund until such time as the corporation liquidates under the terms of this title.

Any balance remaining after the payment of all the corporation's debts and after the retirement of all its capital stock as herein provided shall be paid into the Treasury of the United States as miscellaneous receipts, and thereupon the corporation shall be dissolved.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. PARKER of New Jersey. Mr. Chairman, on page 13, line 17, the letters "Secretary" ought to be made to read "Secretary." It is a misprint.



The CHAIRMAN. There is a misspelling of the word "Secretary." The question is on agreeing to the amendment.

Mr. McFADDEN. Mr. Chairman, may we have the amendment reported? I did not catch it.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from New Jersey.

The Clerk read as follows:

Amend, page 13, line 17, by striking out the letters "Secretary" and inserting the word "Secretary."

Mr. WINGO. Mr. Chairman, have all the committee amendments been read?

The CHAIRMAN. Yes. All but the last committee amendment.

Mr. WINGO. Before you vote—and I promise not to delay the proceedings of the committee—some of the Members may not understand what this amendment is, and therefore I will explain it. It is to bring to a close the operations of the War Finance Corporation at a definite time and provide for its automatic liquidation. Under the present law no one can say when this War Finance Corporation will cease to function. Under the present law it can go ahead for 12 months after the proclamation of the President is issued declaring peace, and the Lord only knows when that proclamation is coming. I hold in my hand the leading evening Republican paper of this city, and in its first column, first page, I read—

CONGRESS' SCHEME OF MAKING PEACE FOUND INEFFECTIVE—PRESIDENT HARDING AND MR. HUGHES MUST CARRY BURDEN OF GERMAN PACT—TEUTONS ARE UNWILLING TO JUMP THROUGH HOOP—DEMAND VOICE IN TERMS, SOMETHING THEY DID NOT GET AT VERSAILLES—COURSE OF UNITED STATES IN DOUBT.

The strategy behind the United States Government's negotiations with Germany over the making of a new peace treaty is just coming to light. It is one of the most interesting inside stories which official Washington has developed since the war.

The truth is President Harding and Secretary Hughes have been loath to announce to the world that the plan whereby Congress was to make peace by resolution is, after all, ineffective. The executive branch of the Government is finding out that it alone carries the burdens of making peace with Germany, and that the Germans are not jumping through the hoop at the mere nod of Washington, but are actually asking for a voice in making the treaty—a procedure in contrast to the moments at Versailles when the Allies framed a treaty and called the German delegates into the room and commanded them to sign on the dotted line.

#### UNITED STATES WANTED LEVERAGE.

When Congress passed the joint resolution declaring peace it was believed that peace had been accomplished and that a formal proclamation of peace would follow in the natural course of events. The Department of State opposed such a course, putting up the argument that if America announced by proclamation that she is at peace with Germany the United States would be playing its last card, so to speak, and would have no leverage upon Germany in the negotiations of a peace treaty.

Every man who comprehended the Constitution knew the so-called peace resolution was dangerous political "bunk." So that the object of this proposition is to provide a definite date, without regard to date of peace proclamation, for the winding up and liquidation of the affairs of this corporation. I thought that explanation ought to go into the Record.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from New Jersey [Mr. PARKER].

The amendment was agreed to.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill with the amendments to the House.

The CHAIRMAN. The gentleman from Pennsylvania moves that the committee do now rise and report the bill with the amendments to the House. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Fess, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (S. 1915) to provide relief for producers and dealers in agricultural products, and for other purposes, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to the final passage.

The SPEAKER. The gentleman moves the previous question on the bill and amendments to the final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. LUCE. Mr. Speaker, I ask for a separate vote on the amendment at the bottom of page 3, lines 16 to 24, inclusive.

Mr. BLANTON. Mr. Speaker, I raise the point of no quorum present.

Mr. STEVENSON. I hope the gentleman will withhold that.

Mr. BLANTON. The previous question has been ordered.

Mr. STEVENSON. I know, but—

Mr. BLANTON. I will withdraw it for the present.

Mr. STEVENSON. Mr. Speaker, the gentleman from Massachusetts [Mr. LUCE] speaks of that as an amendment. It is not an amendment. It was a committee amendment proposed and defeated, and therefore it is not a part of the bill.

The SPEAKER. Of course, then, the request of the gentleman will not be granted. Is a separate vote demanded on any amendment? If not the Chair will put the amendment in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

Mr. WINGO. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. The gentleman from Arkansas offers a motion to recommit, which the Clerk will report.

The Clerk read as follows:

Mr. WINGO moves to recommit S. 1915 to the Committee on Banking and Currency with instruction to report the bill back immediately with the following amendments:

Amend the bill by striking out, on page 3, line 9, the words "exported or," and insert in line 10, page 3, after the word "export" the following words: "or in domestic trade."

Amend the bill by adding to section 11 of Title I of the War Finance Corporation act an additional paragraph to read as follows:

"The corporation shall be empowered to purchase from the Federal land banks farm loan bonds in an amount not exceeding \$100,000,000 during the calendar year 1921, and an amount not exceeding \$100,000,000 during the calendar year 1922."

Mr. WINGO. I move the previous question on the motion to recommit.

The SPEAKER. The gentleman from Arkansas moves the previous question on the motion to recommit.

The previous question was ordered.

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. Will the gentleman withhold that for some subsidiary motions? There are two or three unanimous-consent requests, and so forth.

Mr. McFADDEN. I withdraw the motion.

#### HOUSE OF MEETING ON MONDAY.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that when the House adjourn to-day it be to meet on Monday at 11 o'clock.

The SPEAKER. The gentleman asks unanimous consent that when the House adjourn to-day it adjourn to meet on Monday at 11 o'clock. Is there objection?

Mr. BLANTON. Reserving the right to object, may I ask the gentleman whether the conference report on the beer bill is going to be taken up on Monday?

Mr. MONDELL. I do not know. The first business on Monday will be the unfinished business now pending. The conference report on the beer bill will be taken up as soon as we can get to it.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

#### LEAVE OF ABSENCE.

By unanimous consent leave of absence was granted—

To Mr. MARTIN, for five days, on account of sickness in his family.

#### COMMITTEE TO INVESTIGATE PAY AND ALLOWANCES.

The SPEAKER. The gentleman from Pennsylvania [Mr. BUTLER] has resigned from the Committee to Investigate Pay and Allowances in the several services provided for in the act of May 18, 1920, and the Chair appoints the gentleman from Indiana [Mr. KRAUS] in his stead.

#### CONTRACTS FOR THE SALE OF GRAIN FUTURES.

Mr. HAUGEN. Mr. Speaker, I present a conference report on the bill (H. R. 5676) for printing under the rule.

The SPEAKER. The Clerk will report the title.

The Clerk read as follows:

An act (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes.

## ADJOURNMENT.

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 32 minutes p. m.) the House adjourned under its previous order to Monday, August 22, 1921, at 11 o'clock a. m.

## EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

209. A letter from the President transmitting estimate of appropriation in the sum of \$240,450 required by the Department of Agriculture for expenses of that department for the fiscal year 1922 not hitherto anticipated (H. Doc. No. 107); to the Committee on Appropriations and ordered to be printed.

210. A letter from the vice chairman of the national legislative committee of the American Legion, transmitting report of the activities of the American Legion, as provided for in the act of incorporation of September 16, 1919; to the Committee on the Judiciary.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. WOODRUFF, from the Committee on the District of Columbia, to which was referred the bill (S. 2131) to extend for the period of seven months the provisions of Title II of the food control and the District of Columbia rents act, approved October 22, 1919, and for other purposes, reported the same without amendment, accompanied by a report (No. 358), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. SANDERS of Indiana, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, reported the same without amendment, accompanied by a report (No. 359), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN, from the Committee on Agriculture, to which was referred the bill (S. 2330) to extend the time for payment of grazing fees for the use of national forests during the calendar year 1921, reported the same without amendment, accompanied by a report (No. 360), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. McSWAIN: A bill (H. R. 8342) to empower the Attorney General of the United States to fix the compensation of clerks of the United States district courts; to the Committee on the Judiciary.

By Mr. MacGREGOR: A bill (H. R. 8343) to provide for the printing and editing of the report of the International Waterways Commission upon the international boundary between the Dominion of Canada and the United States through the St. Lawrence River and Great Lakes; to the Committee on Printing.

By Mr. SINNOTT: A bill (H. R. 8344) to authorize the Secretary of the Interior to grant extensions of time under oil and gas permits, and for other purposes; to the Committee on the Public Lands.

By Mr. KELLEY of Pennsylvania: A bill (H. R. 8345) to provide that the principal officer of each executive department shall attend certain sessions of the Senate and House of Representatives; to the Committee on the Judiciary.

By Mr. McKENZIE: A bill (H. R. 8346) granting the consent of Congress to the board of supervisors of Whiteside County, Ill., to construct a bridge across Rock River; to the Committee on Interstate and Foreign Commerce.

By Mr. WOOD of Indiana: A bill (H. R. 8347) to authorize the New York Central Railroad Co. to construct a bridge across the Grand Calumet River within the corporate limits of the town of Gary, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Idaho: Joint resolution (H. J. Res. 191) making Army officers on retired list eligible for appointment to civil office in the Government of the United States upon waiver of retired pay during such incumbency; to the Committee on Military Affairs.

By Mr. HUTCHINSON: Joint resolution (H. J. Res. 192) relating to unexpended balances of certain appropriations; to the Committee on Appropriations.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLOUSE: A bill (H. R. 8348) for the relief of Arkley Christian; to the Committee on Military Affairs.

By Mr. GRAMTON: A bill (H. R. 8349) granting a pension to Mary A. Waite; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 8350) granting a pension to Jemima Trowbridge; to the Committee on Invalid Pensions.

By Mr. GOLDSBOROUGH: A bill (H. R. 8351) for the relief of Thomas H. Caldwell; to the Committee on Military Affairs.

By Mr. HERSEY: A bill (H. R. 8352) authorizing the Secretary of War to donate to the town of Madawaska, Me., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. IRELAND: A bill (H. R. 8353) granting a pension to Mary De Mott; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 8354) granting an increase of pension to James H. Raney; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 8355) granting a pension to Martha Montgomery; to the Committee on Pensions.

Also, a bill (H. R. 8356) granting a pension to Reuben J. Smith; to the Committee on Pensions.

By Mr. REED of New York: A bill (H. R. 8357) to reimburse surviving Civil War prisoners; to the Committee on Invalid Pensions.

By Mr. SINNOTT: A bill (H. R. 8358) for the relief of Israel Butts; to the Committee on the Public Lands.

By Mr. SNELL: A bill (H. R. 8359) granting an increase of pension to Julia Laroue; to the Committee on Invalid Pensions.

By Mr. VINSON: A bill (H. R. 8360) granting a pension to Robert L. Hester; to the Committee on Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2516. By Mr. BARBOUR: Resolution adopted by the Grand Parlor of Native Sons of the Golden West, at forty-fourth annual session held at Stockton, Calif., from April 18 to 21, 1921, indorsing the action of the State Department in refusing to recognize any attempted grant of the Island of Yap to the Empire of Japan, etc.; to the Committee on Foreign Affairs.

2517. By Mr. CHINDBLOM: Petition of Cornelius Murphy Council, American Association for the Recognition of the Irish Republic, opposing settlement of British debt to the United States, or postponement of interest payments, and opposing Senate bill 2135; to the Committee on Foreign Affairs.

2518. By Mr. CONNELL: Resolutions from Division 15, Ancient Order of Hibernians, Scranton, Pa., protesting against the refunding of the debt of the Allies; to the Committee on Ways and Means.

2519. By Mr. CULLEN: Resolution from Chicago Mortgage Bankers' Association, relative to taxation; to the Committee on Ways and Means.

2520. By Mr. FULLER: Petition of the American Net & Twine Co., the R. J. Ederer Co., the Fish Net & Twine Co., and the National Net & Twine Co., relative to the tariff on nets, twine, etc.; to the Committee on Ways and Means.

2521. Also, petition of the W. T. Rawleigh Co., of Freeport, Ill., protesting against proposed tax on medicines; to the Committee on Ways and Means.

2522. Also, petition of the American Bottle Co., of Streator, Ill., protesting against tax on cereal beverages; to the Committee on Ways and Means.

2523. Also, petition of the Rockford (Ill.) Bolt Co., opposing tax on letter mail; to the Committee on Ways and Means.

2524. Also, petition of J. A. Stapleton, of Streator, Ill., concerning proposed tariff on wool; to the Committee on Ways and Means.

2525. Also, petition of the Melchior Supply Co., of Chicago, Ill., protesting against proposed tax on toilet goods; to the Committee on Ways and Means.

2526. Also, petition of the Streator (Ill.) Drain Tile Co., for repeal of excess-profits tax; to the Committee on Ways and Means.

2527. By Mr. GALLIVAN: Telegrams from Regan & Kipp Co.; M. S. Page & Co.; A. Paul & Co.; L. D. Holton; A.



Stowell & Co.; Shreve, Crump & Low Co., A. M. Horne, treasurer; Albert R. Kerr, president Massachusetts and Rhode Island Retail Jewelers' Association; Alberts Sons (Inc.); Frank Nathan; Bill Dorrety; Boston Jewelers' Association; the E. B. Horn Co.; Howard & Co.; G. E. Homer; M. Hahn; B. Kuhn; Jason Weiler & Sons; Thomas Long Co.; Hodgson, Kennard & Co.; Frank A. Andrews Co.; and the Ripley Howland Co., H. B. Burnham, president and treasurer, all of Boston, protesting against the continuance of the tax on jewelry; to the Committee on Ways and Means.

2528. Also, petition of James W. Reardon and T. Noonan & Sons Co., of Boston, opposing tax on medicines and toilet articles; to the Committee on Ways and Means.

2529. Also, telegrams from A. Shirley Ladd, secretary of the Grain Dealers' Mutual Fire Insurance Co., of Boston, and the Massachusetts Bonding & Insurance Co., by T. J. Falvey, president, relative to insurance taxes; to the Committee on Ways and Means.

2530. By Mr. JOHNSON of Washington: Petition of citizens of Kelso, Wash., urging defeat of H. R. 4388; to the Committee on the District of Columbia.

2531. By Mr. KINDRED: Telegrams from Edward Jordan Kiel Co. and W. M. Stevenson & Co., of New York, protesting against the proposed tax on umbrellas; to the Committee on Ways and Means.

2532. By Mr. KING: Petitions of Mrs. R. R. Swaynie and other citizens of Quincy, Ill., and George W. Anderson and citizens of Andover, Ill., opposing the passage of a compulsory Sunday observance bill; to the Committee on the District of Columbia.

2533. By Mr. KISSEL: Telegram of Herman H. Holl, 1207 Myrtle Avenue, Brooklyn, N. Y., opposing tax on cereal beverages; to the Committee on Ways and Means.

2534. Also, telegram of the Associated Leather Goods Manufacturers, 3 West Twenty-ninth Street, New York City, opposing tax on purses, pocketbooks, and shopping and hand bags; to the Committee on Ways and Means.

2535. By Mr. MEAD: Letter from J. A. Bucker and four others, of Depew and Lancaster, N. Y., urging the passage of the Winslow-Townsend bill (H. R. 7994); to the Committee on Interstate and Foreign Commerce.

2536. By Mr. NEWTON of Missouri: Petition of 47 citizens of St. Louis, Mo., urging immediate consideration and passage of the Winslow-Townsend bill; to the Committee on Interstate and Foreign Commerce.

2537. By Mr. RAKER: Petitions of the Viavi Co., of San Francisco, relative to tax on proprietary medicines; Godfrey Eacret, president California Gold and Silver Smiths Association, of San Francisco, Calif., relative to tax on jewelry and other special excise taxes; C. C. Teague, Santa Paula, Calif., relative to the excess-profits tax; and the Baltimore Drug Exchange Bureau, Baltimore, Md., relative to placing a tax upon the sale of patent or proprietary medicines; to the Committee on Ways and Means.

2538. By Mr. SINNOTT: Petition of citizens of Hood River County, Oreg., opposing the Sunday observance bill (H. R. 4388); to the Committee on the District of Columbia.

2539. By Mr. TEMPLE: Resolution of Beaver Lodge, No. 366, Independent Order of Odd Fellows, West Bridgewater, Pa., favoring the passage of the Towner-Sheppard bill; to the Committee on Interstate and Foreign Commerce.